ANNUAL REPORT 2018

VENUS METALS
CORPORATION LIMITED

ABN 99 123 250 582

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REVIEW OF OPERATIONS

During 2017-18, Venus Metals Corporation Ltd (VMC, Venus or the Company) consolidated its explorations tenements and carried out exploration activities on its diverse portfolio of projects focusing mainly on vanadium, cobalt-nickel, gold and lithium. The highlights of the exploration activities are summarised below:

Youanmi Vanadium Project

- Metallurgical testwork, carried out on two composites (oxide and fresh) of diamond drill core samples from the Youanmi Vanadium Project, delivered positive results.
- Vanadium-enriched magnetic concentrate grades averaging 1.40% V_2O_5 were obtained from fresh rock drill core assaying 0.71% V_2O_5 with concentrate grades up to 1.46% V_2O_5. Vanadium-enriched magnetic concentrate grades averaging 1.32% V_2O_5 were obtained from oxidised material assaying 0.67% V_2O_5. Concentrate grades were reported up to 1.37% V_2O_5. The test work showed an excellent rejection of deleterious elements and compounds for downstream processing *(refer ASX release 19 July 2018).*
- The test work also confirmed strong recovery into solution of V_2O_5 by simple atmospheric sulphuric acid leach testing of oxide vanadium ores, together with co-extraction of nickel, copper and cobalt. The proof-of-concept of high recoveries from simple atmospheric sulphuric acid leach testing of oxide vanadium ores could make bulk mining and acid leach processing an attractive development path for initial scoping study work *(refer ASX release 5 September 2018).*
- A 6000 m RC drilling program is planned to commence as soon as all statutory approvals and heritage clearances have been obtained. The drilling will support advanced metallurgical testing and is aimed at establishing a large measured resource.

Youanmi Gold Project

- VMC entered into two option agreements to enable it to purchase the historical Youanmi Gold Mine (MLs), and all associated infrastructure and mine village.
- Widenbar and Associates (Widenbar) was commissioned by VMC to provide an updated JORC 2012 Mineral Resource Estimate for Youanmi Deeps and the Youanmi Near Surface Deposits.
- **The total JORC 2012 Complaint Resources of both Underground Youanmi Deeps and Near Surface Deposits at Youanmi Gold Mine is now estimated as 1,190,600 ounces of gold** (**2.41 Million tonnes** grading **8.5g/t for 657,900 ounces** at the Underground Youanmi Deeps and **10.07 Million tonnes** grading **1.65g/t for 532,700 ounces** at Youanmi Near Surface Deposits) *(refer ASX releases 28 May 2018 and 29 June 2018).*
- A Heli-borne EM XciteTM (HEM) survey was completed targeting potential conductive horizons along 23 km of the prospective Youanmi Shear between the Penny West and the Youanmi Gold Mines. **25 mid- to late channel EM Conductors were identified and eight of these conductors may represent priority targets for sulphide-related gold mineralization** and are considered high-priority for follow-up work *(refer ASX release 23 March 2018).*

Youanmi Lithium Project

- Venus entered into an Option Agreement with Lepidico Ltd (ASX:LPD) on terms under which Lepidico is to explore for lithium mineralisation in Lepidolite bearing pegmatites on exploration licence E57/983 *(refer ASX release 26 July 2018).*
- Lepidico confirms multiple lepidolite mineralised pegmatites (an intercept of 9 m @ 20% lepidolite) through drilling at the Youanmi Lepidolite Project *(LPD ASX release 11 September 2018).*

Youanmi Co-Ni Project

- Reconnaissance RAB drilling of 77 holes for 1902 m (Stage 1) was completed at the Vidure, Malbec and Merlot prospects in the Currans Well area. Drilling intersected significant Co mineralization (>400ppm Co in 4-metre composite samples). The **current shallow drilling delineated mineralisation trends** for future exploration at the Vidure, Malbec and Merlot prospects *(ASX release 31 January 2018).*
- AC drilling (Stage 2) comprising 77 holes for 3022 m was completed at the Estonia, Estonia East and Stone Tank Bore Prospects.

  At **Estonia Prospect**, **two north-trending zones of significant Co-Ni mineralization** extend over **strike lengths of c. 1.8 km and 1 km**, with **widths of up to c. 250m**. Best results include:

  ES25 16m @ 843ppm Co & 0.71% Ni from 8m including 8m @1002ppm Co & 0.76% Ni from 12m
  ES27 20m @ 504ppm Co & 0.56% Ni from 16m Including 4m @1490ppm Co & 0.84% Ni from 20m
  ES39 20m @ 0.76% Ni from 8m including 8m @ 1.07% Ni from 12m

  At **Stone Tank Bore Prospect**, **significant Co and Ni intercepts form a c. 500m long east-trending zone**. Best results include:

  ST17 12m @ 917ppm Co from 24m including 4m @ 1490ppm Co from 24m
  ST18 12m @ 687ppm Co & 0.75% Ni from 16m including 4m @ 950ppm Co & 1.05% Ni from 20m

  (refer ASX release 2 March 2018)

Poona Lithium-Tantalum Project

- A 'Giant mineralised pegmatite' (c. 1.3km x 300m), informally named Jackson's Reward Pegmatite, was identified 20km east from the well-known lithium – tantalum mineralized pegmatites at Poona (*ASX Releases dated 11 Oct 2017 and 30 Oct 2017).*
- A recent review of historical company reports revealed geochemical data for some 500 stream sediment analyses by Pacminex Pty Ltd and Newcrest Mining Ltd from 1973 and 1992 respectively. Six high priority target areas for lithium based on tin (Sn) anomalies were identified based on stream sediment data *(ASX release 31 January 2018).*
- A systematic soil sampling program was completed at the Jackson's Reward Pegmatite and selected Sn high-priority areas to generate lithium targets for RC drilling.

1. YOUANMI VANADIUM PROJECT

Metallurgical Test work

The Company commissioned METS Engineering Group ("METS") to develop a series of metallurgical tests suitable for the diamond core composite samples to assess the response of this ore to the conventional magnetic concentration methods used for similar vanadium deposits. This testwork was carried out on two composites; oxide and fresh. These composites were made up from historical half core sections, selected to include a spread through the orebody and to target the average grade of high-grade domains present within the orebody. The preliminary results shown that the V_2O_5 grade can be doubled for both the fresh rock and oxide Youanmi samples by producing a magnetic concentrate whilst rejecting significant amounts of gangue constituents present in the material.

- **Vanadium-enriched magnetic concentrate grades averaging 1.40% V_2O_5** have been obtained from fresh rock drill core assaying 0.71% V_2O_5. Concentrate grades up to **1.46% V_2O_5** were obtained.
- **Vanadium-enriched magnetic concentrate grades averaging 1.32% V_2O_5** have been obtained from oxidised material assaying 0.67% V_2O_5. Concentrate grades were reported up to **1.37% V_2O_5.**
- Importantly, the test work has shown an excellent rejection of deleterious elements and compounds for downstream processing *(ASX release 19 July 2018).*
- Recovery of vanadium up to 92.8% in the fresh composite; Recovery of vanadium of 83.1% into a concentrate with a combined silica and alumina grade of less than 4.5% *(ASX release 13 August 2018).*

Major Breakthrough

A recent geological review of the Youanmi Vanadium Oxide Project identified a widespread and remarkably even distribution of high vanadium values throughout the oxide inferred resource material from surface down to 50m depth. The friable, crumbly soft oxide ores are derived from deeply weathered vanadiferous gabbro, circumstances unique to Youanmi.

The metallurgical test work by METS Engineering Group was initiated to see if the widespread vanadium values (together with low levels of copper, nickel and cobalt) in the abundant soft, friable oxide ore could be successfully leached by an acid leach atmospheric process. The test work was conducted on a random drill sample of the abundant, deeply weathered vanadium oxide gabbroic material that overlies the fresh rock Youanmi vanadium resource. Assays showed a head grade of 0.41% V_2O_5 for this sample *(ASX release 5 September 2018).*

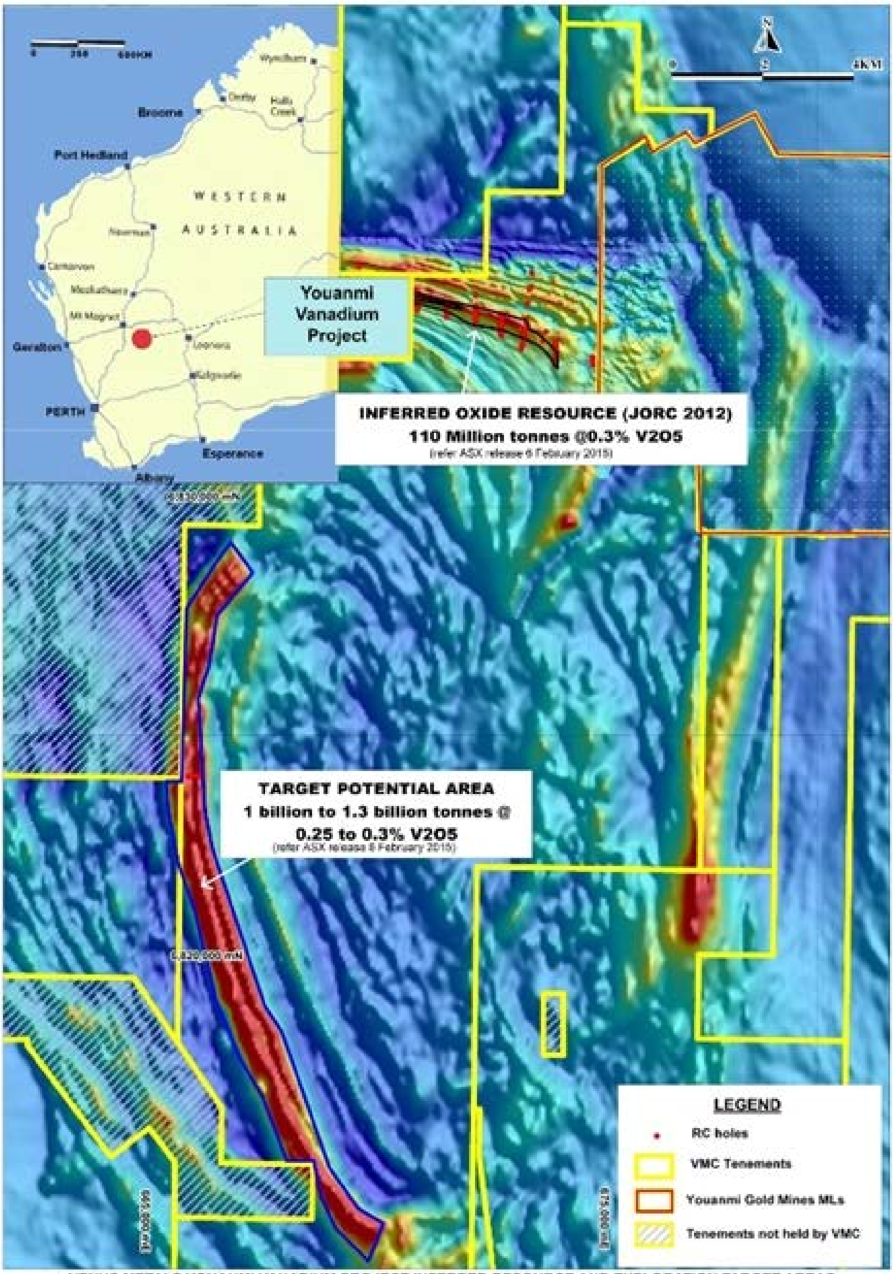
- **The test work confirms vanadium recovery into solution of between 66.9% and 69.58% V_2O_5 by simple atmospheric sulphuric acid leach testing of oxide vanadium ores, together with co-extraction of nickel, copper and cobalt.**
- **This success in Proof-of-Concept testing has major implications for the Youanmi Vanadium Oxide Project and its potential economics**.

Project Overview

VMC's Youanmi Vanadium deposit is located on tenement E57/986 (198.5 km^2), located about 42km southeast of the world-class vanadium mine at Windimurra (owned by Atlantic, subsidiary of Droxford International Limited). Youanmi Vanadium has good access to major infrastructure such as gas pipeline, roads and port facilities. VMC holds a 90% interest in this tenement.

Widenbar and Associates ("WAA"), in 2015, reviewed the historical drilling, sampling and assaying data, and produced a **JORC 2012 compliant Inferred Mineral Resource estimate of 330.6 Million Tonnes @ 0.29% V_2O_5, 5.95% TiO_2 and 19.41% Fe** (0.10% V_2O_5 cut-off, 350m RL base) for a resource of **951,000 tonnes of Vanadium Pentoxide**. This inferred resource includes a high-grade component of **167.7 Million tonnes @ 0.41% V_2O_5, 7.52% TiO2 and 24.6% Fe** (0.25% V_2O_5 cut-off) for a **Vanadium Pentoxide resource of 683,000 tonnes** *(ASX release 6 Feb 2015).*

Areas south of the current inferred resource exhibit similar aero-magnetic signatures over a strike length of 14 to 15 km (Figure 1). Assuming the untested 14km of strike length hosts similar mineralisation to the Inferred Resource in the drilled area, **an exploration target potential* of 1.0 to 1.3 Billion tonnes at 0.25% to 0.30 % V_2O_5** (Lower Cut-Off: 0.1% V_2O_5) has been postulated *(ASX release 6 Feb 2015).*



VENUS METALS YOUANMI VANADIUM PROJECT INFERRED RESOURCE AND EXPLORATION TARGET AREAS

Figure 1

* "The exploration potential quantity and grade is conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource."

Forward Planning

Venus is now planning a rapid advancement of the Project. This includes:

- an immediate +6000m RC drill program to provide a large amount of oxide material for representative advanced metallurgical testing;
- aiming to complete a scoping study treating 5mtpa oxide ore grading 0.3% V_2O_5 or better;
- commissioning of advanced metallurgical testing by METS; scoping study work by METS following the metallurgical testing; and
- relevant mining lease applications.

2. YOUANMI GOLD PROJECT

Transformational Deal for Venus – Youanmi Gold Mine Purchase Option

The Company has entered into two option agreements to enable it to purchase the historical Youanmi Gold Mine (MLs), and all associated infrastructure and mine village *(refer ASX release 28 May 2018).*

The Youanmi Gold Mine is located 480km to the northeast of the city of Perth, Western Australia. The project is accessed by the sealed Great Northern Highway for a distance of 418km from Perth to Paynes Find and thence for 150km by the unsealed Paynes Find to Sandstone road. The Youanmi Gold Mine has historical production of 667,000 ounces of gold grading 5.42 g/t from open pit and underground operations conducted between 1908 and its closure in 1997. **Substantial indicated and inferred gold resources remain at the Youanmi Mine.**

Youanmi Deeps and Near Surface JORC2012 Compliant Mineral Resource Estimation:

Widenbar and Associates (Widenbar) was commissioned by Venus to provide an updated JORC 2012 Mineral Resource Estimate for both the Youanmi Deeps and for the Youanmi Near Surface Deposits. The current resources for Youanmi Deeps are based on various estimates undertaken between 2004 and 2006 by Ravensgate Consulting on behalf of Goldcrest. The published resource for Youanmi Deeps had a JORC 2004 and NI 43-101 compliant mineral resource of 2.4 Million Tonnes at 8.5 g/t Au for 658,000 ounces of gold as at 30 June 2008. The resource is quoted between local RL elevations of 660m and 1,300m. An updated JORC 2012 compliant resource for Youanmi Deeps is presented in Table 1 *(refer ASX release 28 May 2018)*. (see Table 1 for details) and shown in Figure 3.

Table 1. Youanmi Deeps 2012 JORC Compliant Mineral Resource Estimate

YOUANMI DEEPS MINERAL RESOURCE MAY 2018			
Class	**Tonnes**	**Au g/t**	**Au Ounces**
Indicated	808,000	8.1	210,200
Inferred	1,605,000	8.7	447,700
Total	**2,413,000**	**8.5**	**657,900**
Note 4 g/t Au Cut-off			

The **Youanmi Near Surface Deposits** comprise the Youanmi Main Pit, the "Four Pits" area, Commonwealth, the Plant Zone Deposits and the Palaeo-channel Deposits. There are also adjacent minor mineralised areas to the west of the main mineralisation in addition to the resource contained within two Tailings Storage Facilities (TSF1 and TSF2).

New resource block models were generated for the Youanmi Near-Surface Deposits based on a comprehensive database of historic drill hole data which had been compiled in 2010. Widenbar generated new resource models using updated data and revised geological interpretations and produced an updated JORC 2012 compliant Mineral Resource Estimate (Table-2) *(refer ASX releases 28 May 2018 and 29 June 2018).*

Table 2. Youanmi Near-Surface Deposits JORC2012 Mineral Resource Estimate

Resource	Cut-off	Tonnes	Au	Au
Classification	g/t Au	(Millions)	g/t	Ounces
Indicated	0.5	4.72	1.76	266,200
Inferred	0.5	5.36	1.55	266,500
Total	**0.5**	**10.07**	**1.65**	**532,700**

Further upside potential exists if by way of developing a single "Super Pit" that connects and combines all existing pits into one big open cut, and through the additional gold exploration targets* below. Widenbar have estimated the following exploration targets (refer Tables 3 & 4) and these are in addition to the JORC 2012 Resource Estimates already provided.

Table 3. Youanmi Gold Mine Near Surface Deposits Exploration Target

Exploration Target Potential**	Au g/t
Approximately 2.0 to 2.6 Million tonnes	**Approximately 1.05 to 1.30**

Table 4. Youanmi Gold Mine Exploration Target - Deeps** (below existing JORC 2012 resource estimate)

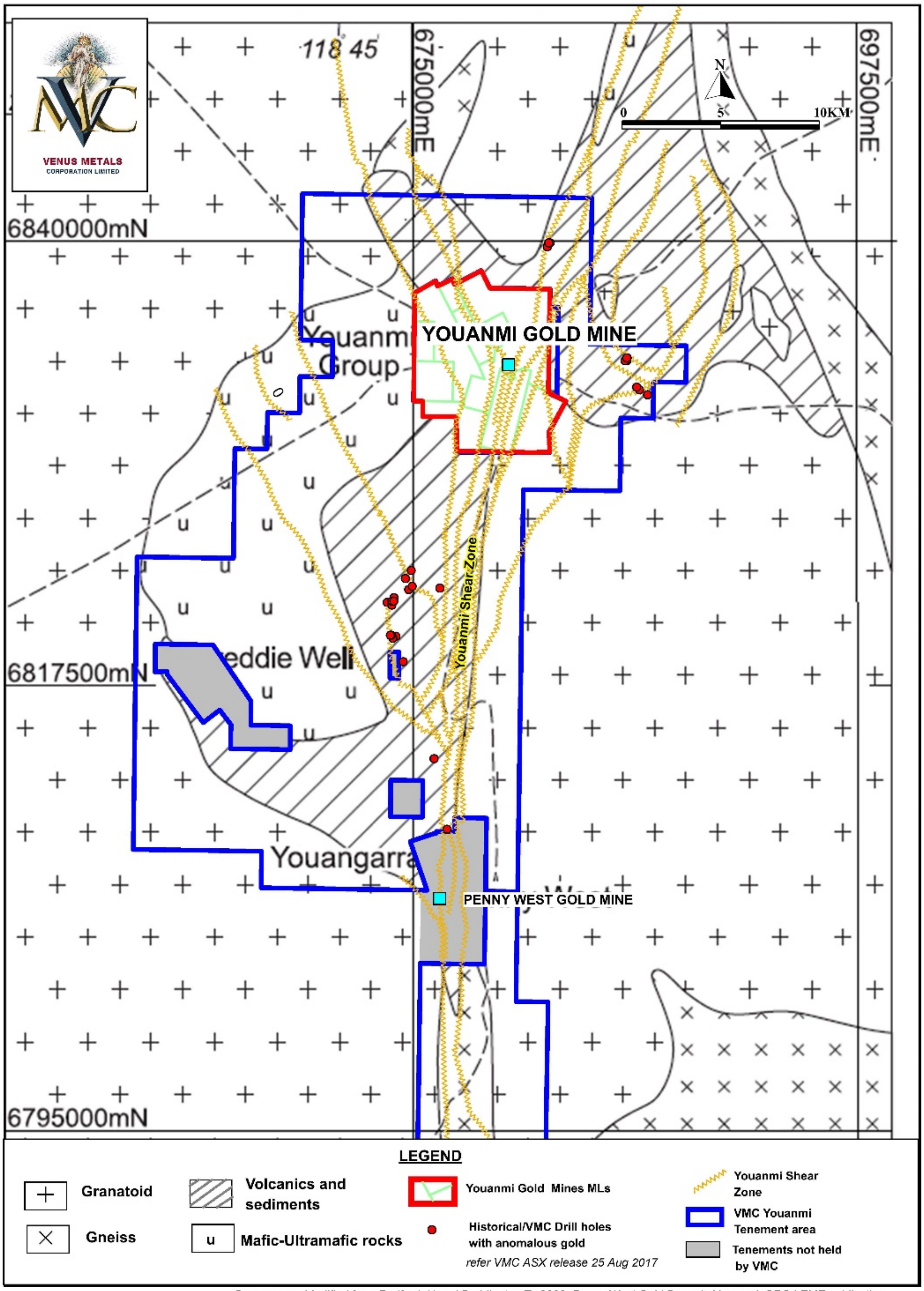
Exploration Target Potential**	Au g/t
Approximately 135,000 to 200,000 tonnes	**Approximately 10 – 15**

**An estimate of the exploration target potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade, which are conceptual in nature, relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource, and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Youanmi Gold Project (under option) Forward Planning:

Complete due diligence prior to exercise of the purchase options; Commence scoping studies on the Near Surface Deposits for the "Super Pit" concept; Drilling to upgrade resources for planning purposes; Engineering studies for high volume treatment alternative; Pre-feasibility studies and project finance discussions; Preliminary discussions with open pit and underground mine operators and Regional exploration to drill test identified targets.

Venus exploration tenements cover c.650 km^2 at Youanmi. They surround the Youanmi Gold Mine area, and include 40 km strike of prospective greenstone along the Youanmi Shear (Figure 2).



Source map: Modified from Radford, N and Boddington.T., 2003, Penny West Gold Deposit, Youanmi, CRC LEME publication

Figure 2. Location of Youanmi Gold Mine MLs and VMC tenements

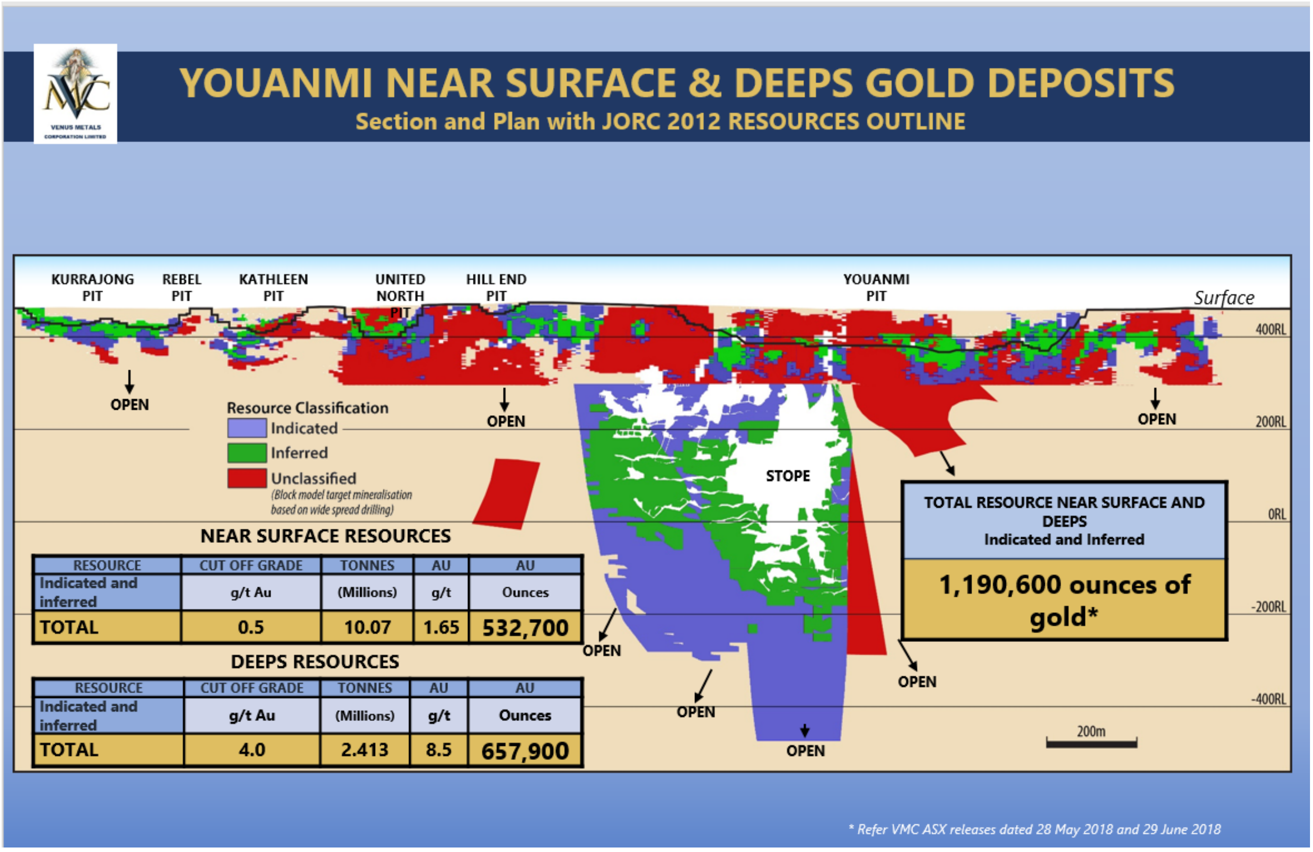


Figure 3. Youanmi Near Surface & Deeps JORC2012 Resources Outline

Heliborne Electro-Magnetic (HEM) Survey

The Xcite[TM] survey was completed on 250 m spaced flight lines, oriented east-west across the shear zone, and covering approximately 19 km of strike within VMC's tenements. Additional lines were also flown to the south covering the historical Penny West Gold Mine to determine if an electromagnetic signature could be delineated.

Interpretation of the HEM final survey data was carried out by independent geophysical consultancy Core Geophysics. The EM survey showed that subtle responses are closely associated with the known gold occurrences and the mapped shear zone. This suggested that HEM responses to shear/sulphide associated gold mineralisation are detectable as subtle, weak to moderate strength, early to mid-time signals. The HEM anomalies were classified and prioritized based on their geological setting and anomaly strength. A total of 25 mid- to late-channel conductors were identified within and adjacent to the Youanmi Shear zone; 8 of these conductors (highlighted as red circles in Figure 4) may represent priority targets for sulphide-related gold mineralisation and are considered high- priority for follow-up work *(refer ASX release 23 March 2018)*.

The HEM survey confirmed the correlation of EM responses with known gold mineralization and, hence, similar EM responses on Venus' ground along the Youanmi shear zone appear prospective. All of the priority conductors on VMC's ground are under transported cover. The Company is planning further field evaluation of the priority targets along the Youanmi Shear Zone in preparation for drill testing.

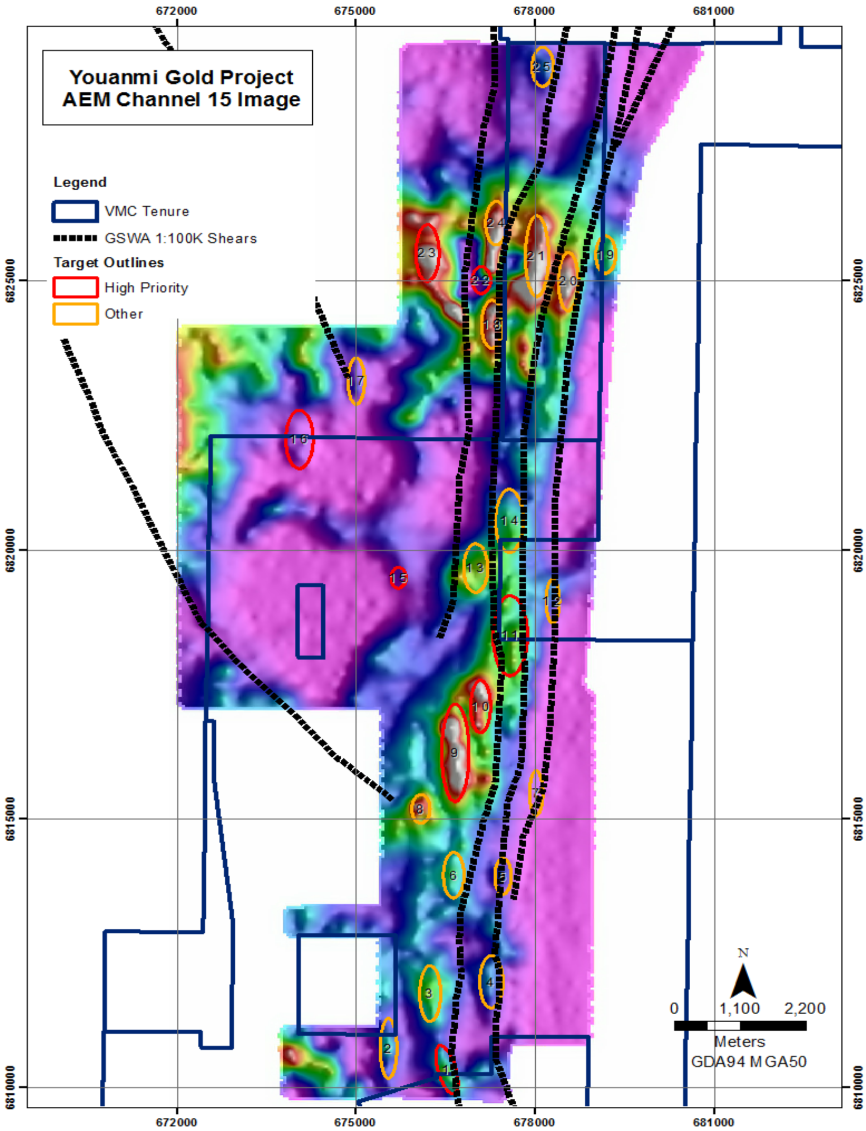


Figure 4. Location of EM Targets identified from recent HEM Survey

3. YOUANMI LITHIUM PROJECT

Venus entered into an Option Agreement with Lepidico Ltd (ASX:LPD) ("Lepidico") on terms under which Lepidico is to explore for lithium mineralisation in Lepidolite bearing pegmatites on exploration licence E57/983 located in the Murchison District in Western Australia, approximately 20 km southwest of the historical Youanmi gold mine(under option to purchase by Venus). Lepidico owns the technology to a metallurgical process (L-Max® Process) that has successfully produced lithium carbonate from non-conventional sources, specifically lithium-rich mica minerals including lepidolite and zinnwaldite.

- On signing: Venus to receive \$50,000 cash and \$120,000 in Lepidico fully paid ordinary shares. Lepidico earns a 12-month option to explore the tenement.
- During the option period the parties intend to negotiate the terms of a farm-in and joint venture agreement on the following indicative terms:
    - o Venus to receive \$350,000, comprising 50:50 cash and shares; shares issued at 5 day VWAP. Lepidico will have a 4-year period to complete a full Feasibility Study leading to a Decision to Mine to earn an 80% interest in the Lithium Rights.

- o Venus's 20% will be free-carried to a Decision to Mine and Venus will be carried through project finance, with cost of finance to be repaid from 100% of Venus's share of production.
- o Venus is to receive a benefit linked to the price of lithium carbonate equivalent received by Lepidico on sale of L-Max® products from material sourced from the Rights.
- o If at any time in the 4-year period, Lepidico spends $2 million on project expenditure Lepidico will earn a 51% interest in the Rights.

The deal with Lepidico gives Venus a guaranteed path to market for its share of any lithium concentrate produced should exploration be successful. For further details of Youanmi Lithium Project please refer Lepidico ASX release 26 July 2018.

Lepidico has completed its maiden reverse circulation ("RC") drilling program at the Youanmi Lepidolite Project. Drilling has confirmed the presence of multiple lepidolite-bearing pegmatites within three separate targets in the northern half of E57/983 (Figure 5). Highlights includes

- Target 1 hosts a 4 – 5 m thick lepidolite-bearing pegmatite 250 m in strike and open in all directions.
- Target 2 returned a pegmatite intercept of 9 m @ 20% lepidolite.

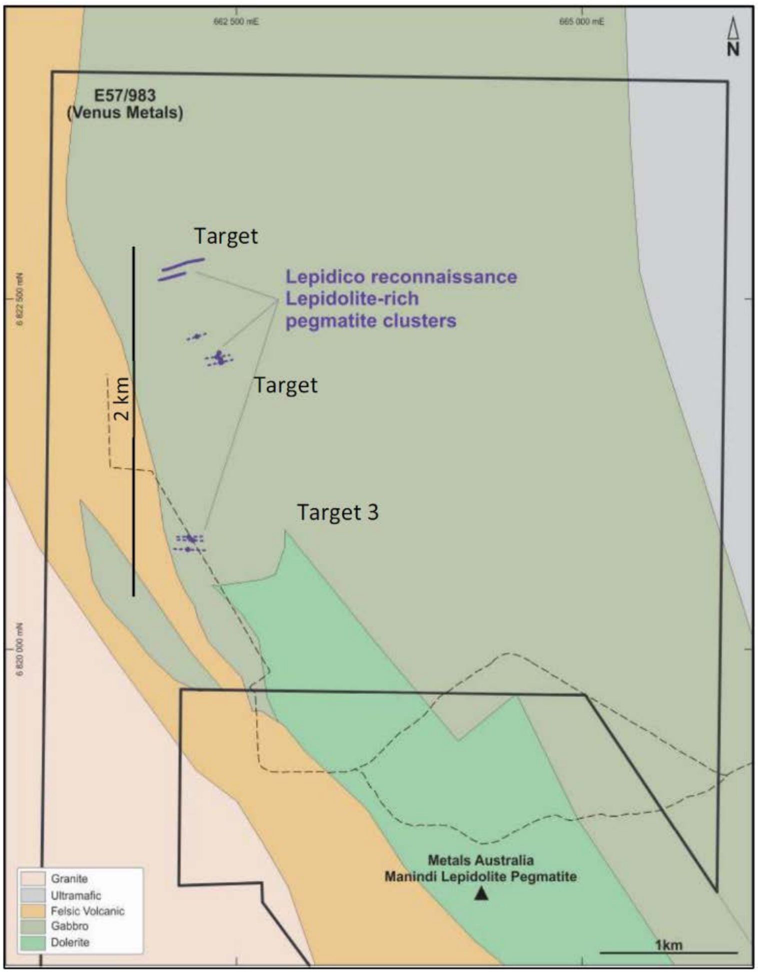


Figure 5. Location of Lepidolite-rich pegmatite Clusters at E57/983

Source: LPD ASX release 11 September 2018

A follow up program is being planned for implementation following receipt of assay results to collect additional information on this extensive lepidolite field *(refer LPD ASX release 11 September 2018)*

4.YOUANMI COBALT-NICKEL-SCANDIUM PROJECT

The Currans Well area, which includes the Vidure, Malbec and Merlot prospects (on tenements E57/1011, E57/986 and P57/1365) and the Stone Tank Bore, Estonia and Penny West North prospects (E57/1019), is located on the southern margin of the Youanmi greenstone belt and also covers gabbroic rocks of the Youanmi intrusion. The area hosts several Ni, Cu, Au, Pt and Pd prospects including Vidure, Merlot and Malbec, with gossanous zones exposed at surface.

A reconnaissance RAB drilling programme was carried out at Vidure, Malbec and Merlot prospects November-December 2017. The drilling tested extensive areas of ferruginous lateritic duricrust, and mottled and saprolitic clays for supergene Co-Ni mineralization. Drilling comprised 77 vertical RAB holes for a total of 1902m. The results show several significant (>400ppm Co) intercepts in 4-metre composite samples (ASX release 31 January 2018). The area of mineralization appears to be associated with weathering and supergene enrichment of disseminated and massive sulphide in the gabbroic bedrock, and supergene enrichment of Ni and Co on ultramafic bedrock.

A reconnaissance air core drilling programme comprising 77 holes for a total of 3022 m was completed in January-February 2018 at Estonia and Stone Tank Prospects. Thick intersections of high-grade cobalt and nickel, and anomalous scandium were encountered (Figure 6) at shallow depth.

At the Estonia Prospect, drilling outlined two north-trending zones of significant Co-Ni mineralization that may extend over strike lengths of c. 1.8 km and 1 km respectively, with widths of up to c. 250m *(refer ASX release 2 March 2018).* Best results include:

ES25	16m @ 843ppm Co & 0.71% Ni from 8m including 8m @1,002ppm Co & 0.76% Ni from 12m
ES27	20m @ 504ppm Co & 0.56% Ni from 16m including 4m @1,490ppm Co & 0.84% Ni from 20m
ES39	20m @ 0.76% Ni from 8m including 8m @ 1.07% Ni from 12m

At the Stone Tank Bore Prospect, significant Co and Ni intercepts form an east-trending zone, c. 500m long include:

ST17	12m @ 917ppm Co from 24m including 4m @ 1,490ppm Co from 24m
ST18	12m @ 687ppm Co & 0.75% Ni from 16m including 4m @ 950ppm Co & 1.05% Ni from 20m

Anomalous scandium (Sc) is also associated with the Co-Ni mineralization. The best Sc results are:

ST01	12m @ 96ppm Sc from 12m
ST02	12m @ 83ppm Sc from 8m

Planned Future Work:

Infill drilling and drill-testing of several new targets along strike is planned.

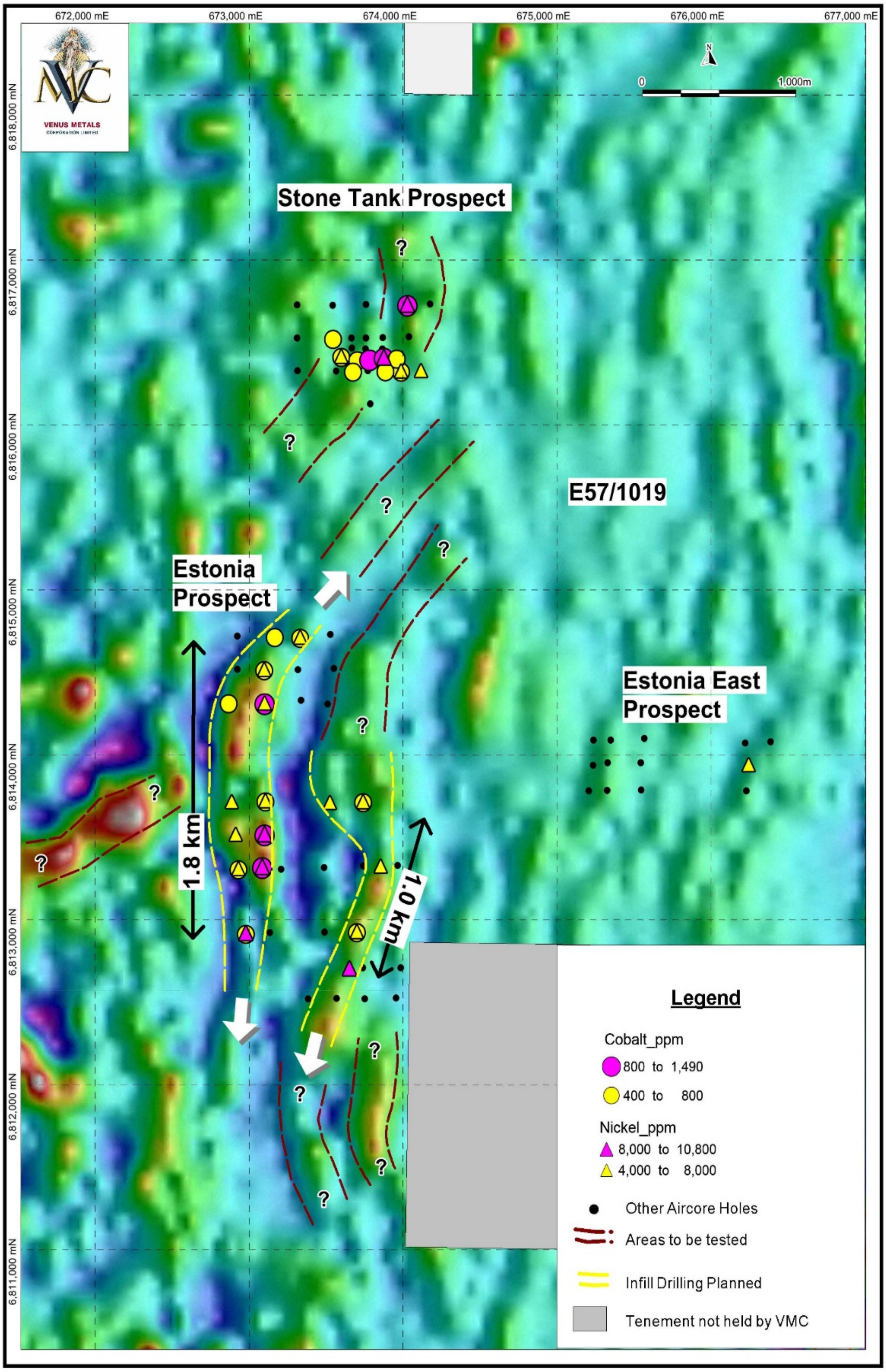


Figure 6. Location of Infill drilling and new target areas to be tested shown on aeromagnetic image

4. POONA LITHIUM – TANTALUM PROJECT

The Poona Project area is located in the Murchison Mineral Field, approximately 560 km to the north-northeast of Perth. VMC's three exploration licenses (EL 20/885-Poona & EL 20/896-Poona East, and EL20/929) cover c. 460km^2 and the tenement area includes several documented lithium and tantalum occurrences including Patons Lode and Poona Reward. Previous work by VMC included rock chip sampling on E20/885 which returned high-grade lithium assays of up to 2.58% Li_2O *(refer to ASX release dated 6 Oct 2016).* Subsequent reconnaissance RC drilling yielded anomalous Li and Rb intercepts including 9 m @ 0.77% Li_2O and 0.28% Rb from surface in PORC002, including 3 m @ 0.96% Li_2O and 0.35% Rb from 3 m depth *(refer to ASX release dated 23 Nov 2016).*

The wide-spaced drilling combined with rock chip results confirms a strike extent of the "Poona Trend" of more than 1,000m and a width of up to 250m. Importantly, this initial work has not adequately tested the prospect and further work is warranted.

Field mapping at Poona East identified a giant outcropping pegmatite body, now known as the Jackson's Reward Pegmatite. It is approximately 1.3km long and 0.3km wide, with a potential strike extent of 3.5km indicated by numerous smaller pegmatite dykes and pods flanking the main pegmatite body and extending into areas of cover (Figure 7). Small beryllium workings occur within the central portion of the pegmatite which presents largely as rubbly subcrop. The Jacksons Reward Pegmatite intrudes along a splay off a major northeast trending regional fault zone, the Big Bell Shear, which hosts the Big Bell 5M oz Au deposit 20km to the southeast.

The Jacksons Reward Pegmatite, located c. 20km from the well-documented lithium-tantalum mineralized pegmatites at Poona, defines this part of VMC's tenements as a new exploration province for these metals *(refer to ASX releases dated 11 Oct 2017 and 30 Oct 2017).*

A review of historical company reports revealed a total of some 500 stream sediment analyses by Pacminex Pty Ltd2 and Newcrest Mining Ltd3 from 1973 and 1992 respectively. Based on the historical tin (Sn) data from these surveys, additional high-priority lithium target areas have been outlined. Historical tin (Sn) anomalies in first and second order streams *(refer ASX Release 31 January 2018)* to the west of Jackson's Reward appear to be associated with north-trending pegmatites and show anomalous Li and Ta concentrations of up to 129 ppm Li_2O and up to 29 ppm Ta_2O_5. Other potential pegmatite targets on ELs20/885 and 20/896 that are based on historical stream sediment Sn (tin) anomalies are yet to be tested.

Soil sampling was completed across the Jacksons Reward Pegmatite on a 400m by 40m grid (measuring c. 1.6km x 1km) for a total of 130 samples; an additional 39 rock chip samples were taken from across the pegmatite and near historical Beryl workings. A further 19 soil samples and 13 first and second order stream sediment samples were collected to test a historical Sn anomaly in stream sediments c. 1.5km west of Jackson's Reward.

Highly anomalous lithium (up to 2756 ppm Li_2O) and tantalum (up to 768 ppm Ta_2O_5) in rock chips *(refer ASX release dated 26 April 2018)* confirmed the presence of LCT pegmatites at Jackson's Reward, Poona East Li-Ta Project, E20/896 (Figure 6). The soil sampling also outlined lithium-rich zones over a strike length of c. 1.6km with up to 220 ppm Li2O. At Jackson's Reward, Li and Ta anomalies in skeletal soil on out- and sub-cropping granite and pegmatite extend for more than 1.6km and remain open to the north and south, varying in width between approximately 40m and c. 200m, and appear to continue into colluvium along strike.

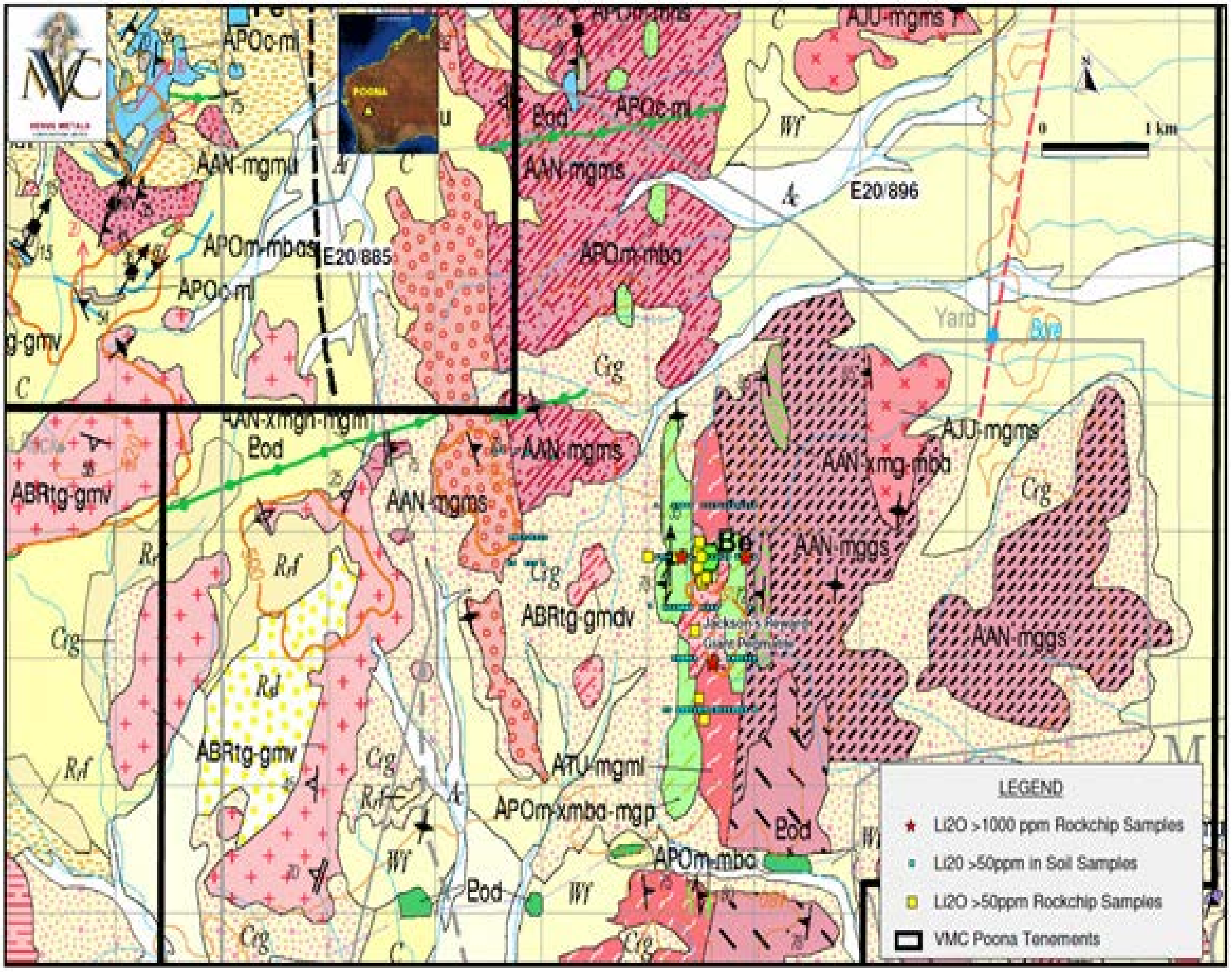


Figure 7. Location of anomalous Li_2O in Soil/Rock chip Samples_E20/896

Competent Person's Statement

The information in this release that relates to the Youanmi Near Surface and Youanmi Deep Deposits Mineral Resources and exploration targets is based on information compiled by Mr Lynn Widenbar, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Widenbar is a full time employee of Widenbar and Associates Pty Ltd. Mr Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Mr Widenbar consents to the inclusion in the release of the matters based on his information in the form and context that the information appears.

The information in this report that relates to the Processing and Metallurgy Youanmi Vanadium Project is based on and fairly represents, information and supporting documentation compiled by Damian Connelly who is a Fellow, CP (Met) of The Australasian Institute of Mining and Metallurgy and a full time employee of METS. Damian Connelly has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Damian Connelly consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this release that relates to the Youanmi Vanadium Project is based on information compiled by Mr Barry Fehlberg, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Fehlberg is Exploration Director of Venus Metals Corporation Limited. Mr Fehlberg has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Mr Fehlberg consents to the inclusion in the release of the matters based on his information in the form and context that the information appears.

The information in this report that relates to Exploration Results is based on information compiled by Dr Matthias Cornelius, Consultant Geologist of Venus Metals Corporation Ltd, who is a member of The Australian Institute of Geoscientists (AIG). Dr Cornelius has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Cornelius consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report has also been prepared by Mr Kumar Arunachalam, who is a Member of The Australasian Institute of Mining and Metallurgy and a full-time employee of the Company. Mr Arunachalam has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Arunachalam consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Venus Metals Corporation Limited planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should," and similar expressions are forward-looking statements. Although Venus Metals Corporation Ltd believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2018.

DIRECTOR

The names of Directors in office during the financial year and until the date of this report are as follows.

Directors were in the office for this entire period unless otherwise stated.

Alan Gordon Birchmore (appointed 21 May 2018)
Matthew Vernon Hogan
Barry Fehlberg (appointed 8 May 2018)
Selvakumar Arunachalam
Terence William Hogan (passed away 1 May 2018)

COMPANY SECRETARY

Patrick Tan (appointed 1 July 2018)
Dean Calder (resigned 1 July 2018)

PRINCIPAL ACTIVITIES

The principal activities of the Group during course of the financial year were the exploration of mineral tenements in Western Australia.

There were no other significant changes in the nature of the activities of the Group during the year.

OPERATING RESULTS

The loss of the Group amounted to $1,737,482 (2017: loss of $1,841,800).

DIVIDENDS PAID OR RECOMMENDED

No dividend has been declared or paid by the Company and the Directors do not, at present, recommend a dividend.

REVIEW OF OPERATIONS

For details on the Review of Operations refer to pages 2 to 16.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no other significant changes in the state of affairs of the Group that occurred during the financial year.

EVENTS SUBSEQUENT TO REPORTING DATE

On 12 July 2018, the Company issued 1,600,000 shares to Directors under placement of shares approved by shareholders at the general meeting on 12 July 2018 under Listing Rule 10.11. The proceeds of $192,000 from the placement was received in May 2018 and reported as shares to be issued in Note 16.

On 26 July 2018 the Company received $67,000 (include $17,000 for GST) cash and $120,000 fully paid ordinary shares under an Option Agreement with Lepidico Ltd for them to explore for lithium mineralization in Lepdolite bearing pegmatites on exploration licence E57/983 located in the Murchison District in Western Australia.

On 3 September 2018 the Company has entered into a convertible loan agreement with Bazco Pty Ltd (Bazco), an entity controlled by Mr Barry Fehlberg, an Executive Director of the Company, pursuant to which Bazco will advance A$400,000 (Principal) to the Company.

The convertible loan has been negotiated on arm's length terms, and the Company is not required to provide any security for the convertible loan. The convertible loan will accrue interest at a rate of 8% per annum. The convertible loan is repayable on the date that is 12 months following the date of advancement of funds.

On or at any time prior to the Repayment Date, the Company may elect to: (a) repay the Principal in cash; or (b) subject to shareholders approving the conversion under the ASX Listing Rules, issue up to 2,000,000 fully paid ordinary shares in the Company, ranking equally with the then existing shares at an issue price of $0.20 per Share in satisfaction of the Principal. Any interest accrued on the Principal will be repaid in cash. Shareholder Approval will be sought at the Company's 2018 Annual General Meeting.

If Shareholder Approval is obtained prior to the Repayment Date and provided the Convertible Loan has not already been repaid or converted, Mr Fehlberg may only elect to convert the Convertible Loan into up to 1,000,000 Shares at an issue price of $0.20 per Share, with the balance of the Convertible Loan and any interest accrued to be repaid in cash or converted at the election of the Company

On 20 September 2018, the Company entered into Farm-in and Joint Venture Agreement with AIC Resources Limited (AIC) on part of its Doolgunna Tenement Package. AIC is to earn 80% interest in the five tenements by spending $175,000 within 2 years and the Company will have a right of 20% free-carried interest through to a decision to mine.

Other than the above, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affair of the Group, in the future financial years.

LIKELY DEVELOPMENTS

Other than likely developments contained in the "Review of Operations", further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION

There were no known significant breaches of the Group's licence conditions or any environmental regulations to which it is subject.

DIRECTORS' REPORT

DIRECTORS' MEETINGS

Director	Number eligible to attend	Number attended
Alan Birchmore	3	3
Matthew Hogan	13	13
Barry Fehlberg	4	4
Selvakumar Arunachalam	13	13
Terry Hogan	9	9

INFORMATION ON DIRECTORS

Alan Gordon Birchmore AO
Non - Executive Director/Chairman (appointed 21 May 2018)

Qualifications
AAII, FAICD

Experience
Alan Birchmore has had extensive management experience in Australia, the UK, Europe, South America and the United States. His activities have included gold, diamonds, iron and supply base/marine support to the offshore oil and gas industry.

As CEO of NYSE listed Bond International Gold Inc, he was responsible for a worldwide workforce of 3,300 employees, including the initial construction and start-up of the Super Pit at Kalgoorlie. Once commissioned, he negotiated the joint venturing of that operation with America's Homestake Gold. Through Northern Mining, he was a founding member through to development of what is now Argyle Diamonds.

Mr Birchmore was founding Chairman of St Barbara Mines (Gold) at its ASX listing and also led the listing of Mermaid Marine Australia Ltd as its Chairman. More recently he chaired United Minerals Corporation NL (UMC) culminating in a scheme of arrangement with BHP Billiton to merge UMC's proposed iron ore mine, with the adjoining BHP Billiton Area C iron ore production hub.

Mr Birchmore was appointed by the WA Government to Chair the Albany Port Authority and later Fremantle Ports.

Directorships Held in Other Listed Entities
In the past three years Mr Birchmore has not held directorships in any ASX listed companies.

Relevant Interest in Shares and Options as at the date of this report
1,550,000 ordinary shares.
541,667 options ex-price 20c expiring 30/11/2019.

Matthew Vernon Hogan
Managing Director (appointed 22 May 2018)
Non-Executive Chairman (resigned 22 May 2018)

Qualifications
MAICD

Experience
Mr Matthew Hogan until February 2010 was the Chief Executive Officer of United Minerals Corporation NL (UMC), which successfully discovered the Railway direct shipping iron ore deposit in the Central Pilbara. In February 2010 UMC was acquired by BHP Billiton for $204m through a scheme of arrangement.

Mr Hogan has over 25 years' experience in the stockbroking industry and was closely involved in bringing a number of company listings to the ASX, the underwriting of shareholder entitlement issues and corporate placements.

Mr Hogan has previously worked in the business services division of international accounting firm Ernst & Young.

Relevant Interest in Shares and Options as at the date of this report
805,000 ordinary shares.
1,500,000 options ex-price 25c expiring 30/11/2019.
60,000 options ex-price 20c expiring 30/11/2019.

Directorships Held in Other Listed Entities
In the past three years Mr Hogan has not held directorships in any ASX listed companies.

Barry Fehlberg
Executive Director (appointed 8 May 2018)

Qualifications
BSc (Hons), MAusIMM

Experience
Mr Fehlberg has 50 years of successful experience in exploration for gold, base metals, diamonds and iron ore.

Mr Fehlberg has been director of exploration for various ASX listed Companies since 1978, and during his career he has made numerous discoveries in all these commodities.

In 1980 he led the drilling team for Spargos Exploration N.L. that discovered the depth extensions of the Bellevue Gold mine which was successfully brought into production.

In more recent times, Mr Fehlberg led the exploration team as Technical Director that discovered the Railway Iron Ore deposit for United Minerals Corporation NL. This Company was taken over by BHP Billiton in 2010 in a $204 million transaction.

Mr Barry Fehlberg is an Honours Geology graduate of the University of Adelaide (1968).

Relevant Interest in Shares and Options as at the date of this report
2,530,000 ordinary shares.
2,232,536 options ex-price 20c expiring 30/11/2019.

Directorships Held in Other Listed Entities
In the past three years Mr Fehlberg has not held directorships in any ASX listed companies

DIRECTORS' REPORT

Selvakumar Arunachalam
Executive Director/General Manager

Qualifications
MAusIMM M.Sc (Geology), M.Tech (Hydrogeology), PG Dip in Geothermal Tech (NZ), Dip in Science (GIS) (NZ)

Experience
Mr Selvakumar Arunachalam has over 30 years' experience in geology in India, New Zealand and Australia.

Mr Arunachalam until February 2010 was also an employee of United Minerals Corporation NL.

Directorships Held in Other Listed Entities
In the past three years Mr Arunachalam has not held directorships in any ASX listed companies.

Relevant Interest in Shares and Options as at the date of this report
175,000 ordinary shares.
1,000,000 options ex-price 25c expiring 30/11/2019.

Terence William Hogan OAM
Non-Executive Director (passed away 1 May 2018)

Qualifications
B.Ec. (UWA), FCPA

Experience
Mr Terence Hogan was engaged in the stockbroking industry for more than 47 years. He is the past Chairman of the former Perth Stock Exchange.

Mr T Hogan is a past Chairman and Director of various public companies and past Chairman of various Anglican agencies.

Directorships Held in Other Listed Entities

During the past three years Mr T Hogan has not been a director of any ASX listed companies.

Relevant Interest in Shares and Options as at the date of his passed away (1 May 2018)
37,500 ordinary shares.
500,000 options ex-price 25c expiring 30/11/2019.
3,129,167 options ex-price 20c expiring 30/11/2019.

DIRECTORS' REPORT

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for each Director of the Group and for the Executives receiving the highest remuneration.

Remuneration Policy

The Group's policy for determining the nature and amount of remuneration and amount of emoluments for Board members of the Group is as follows:

The Group's remuneration policy for Executive Directors is designed to promote superior performance and long term commitment to the Group. Executives received a base remuneration which is market related.

The remuneration policy, setting the terms and conditions for the Executive Directors and other Senior Executives, was developed by the Board after seeking professional advice from independent external consultants.

The Board's policy reflects its obligation to align Executives' remuneration with Shareholders' interests and to retain appropriately qualified Executive talent for the benefit of the Group. The main principles of the policy are:

- reward reflects the competitive market in which the Group operates;
- individual reward should be linked to performance criteria; and
- Executives should be rewarded for both financial and non-financial performance.

Executives are also entitled to participate in the employee share and option arrangements.

The Executive Director and Executives receive a superannuation guarantee contribution required by the government, which is currently 9.50%, and do not receive any other retirement benefits.

Group Performance, Shareholder Wealth and Director and Executive Remuneration

The remuneration policy has been tailored to increase goal congruence between Shareholders, Directors and Executives. There have been two methods applied in achieving this aim, the first being a performance based bonus based on key performance indicators, and the second being the issue of options to the majority of Directors and Executives to encourage the alignment of personal and Shareholders' interests.

Employment Agreements

Remuneration and other terms of employment are formalised in employment agreements.

M V Hogan – Managing Director (Appointed 22 May 2018)

- Updated term of agreement – commenced 1 July 2018
- Base salary of $175,000 per annum plus superannuation
- Provision of four weeks annual leave
- May be terminated by Mr Hogan by giving to the Company one months' notice in writing
- May be terminated by the Company by giving 12 months' notice in writing to Mr Hogan

Non-Executive Chairman (Resigned 22 May 2018)

- Terms of agreement commenced 31 March 2017
- Base salary of $25,000 per annum plus superannuation
- Provision of four weeks annual leave
- May be terminated by Mr Hogan or by the company giving one month's notice in writing

B Fehlberg – Executive Exploration Director (Appointed 8 May 2018)

- Term of agreement – commenced 1 July 2018
- Base salary of $105,000 per annum plus superannuation
- Provision of four weeks annual leave
- May be terminated by Mr Fehlberg by giving to the Company one month's notice in writing
- May be terminated by the Company by giving 12 months' notice in writing to Mr Fehlberg

S Arunachalam – Chief Executive Officer / Executive Director

- Updated Term of agreement – commenced 31 May 2017
- Base salary of $175,000 per annum plus superannuation
- Provision of four weeks annual leave
- May be terminated by Mr Arunachalam or by the Company by giving one month's notice in writing

Non-Executive Directors

Fees to Non-Executives Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' remuneration consists of set fee amounts and statutory superannuation. Directors' base fees are presently up to $30,000 per annum.

Non-Executives Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The total compensation for all Non-Executive Directors, last voted upon by shareholders at the 2010 AGM, is not to exceed $250,000 per annum. There is no provision for retirement allowances for Non-Executive Directors apart from statutory superannuation. Non-Executive Directors are eligible to be granted options to provide a material additional incentive for their ongoing commitment and dedication to the continued growth of the Group.

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)

Details of Remuneration for the year ended 30 June 2018 and 30 June 2017

		Short Term		Post-employment	Share-based payments		S300A(1)(e)(i) Proportion of remuneration performance related
	Year	Salary & Fees	Non-monetary benefits	Superannuation Contribution	Options	Total	
		$	$	$	$	$	%
Key Management Person (Directors)							
Matthew Vernon Hogan	2018	81,250	14,740	7,719	9,242	112,951	-
	2017	219,629	11,543	16,031	47,131	294,334	-
Alan Gordon Birchmore (appointed 21 May 2018)	2018	-	-	-	-	-	-
	2017	-	-	-	-	-	-
Barry Fehlberg (appointed 8 May 2018)	2018	-	-	-	-	-	-
	2017	-	-	-	-	-	-
Selvakumar Arunachalam	2018	175,000	30,763	16,625	6,161	228,549	-
	2017	154,167	3,557	14,646	31,421	203,791	-
Terence William Hogan (passed away 1 May 2018)	2018	32,500	-	3,088	3,081	38,669	-
	2017	22,500	-	2,138	15,710	40,348	-
Total	**2018**	**288,750**	**45,503**	**27,432**	**18,484**	**380,169**	
Total	**2017**	**396,296**	**15,100**	**32,815**	**94,262**	**538,473**	

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)

Options awarded and vested during the year

Terms and Conditions for each Grant during the year

	Year	Awarded No.	Award date	Fair value per option at award date ($)	Exercise price ($)	Expiry date	No. unvested during the year	No. vested during the year
Key Management Person (Directors)								
Matthew Vernon Hogan	2018	-	-	-	-	-	-	750,000
	2017	1,500,000	30/11/2016	0.05	0.25	30/11/2019	750,000	750,000
Alan Gordon Birchmore (appointed 21 May 2018)	2018	-	-	-	-	-	-	-
	2017	-	-	-	-	-	-	-
Barry Fehlberg (appointed 8 May 2018)	2018	-	-	-	-	-	-	-
	2017	-	-	-	-	-	-	-
Selvakumar Arunachalam	2018	-	-	-	-	-	-	500,000
	2017	1,000,000	30/11/2016	0.05	0.25	30/11/2019	500,000	500,000
Terence William Hogan (passed away 1 May 2018)	2018	-	-	-	-	-	-	250,000
	2017	500,000	30/11/2016	0.05	0.25	30/11/2019	250,000	250,000
Total	**2018**	**-**	**-**	**-**	**-**	**-**	**-**	**1,500,000**
	2017	**3,000,000**	**30/11/2016**	**0.05**	**0.25**	**30/11/2019**	**1,500,000**	**1,500,000**

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)

Options lapsed during the year

	Year	Awarded No.	Award date	Fair value per option at award date ($)	Exercise price ($)	Expiry date	No. lapsed during the year
Key Management Person (Directors)							
Matthew Vernon Hogan	2018	-	-	-	-	-	-
	2017	500,000	01/10/2014	0.12	0.20	30/11/2016	500,000
Alan Gordon Birchmore (appointed 21 May 2018)	2018	-	-	-	-	-	-
	2017	-	-	-	-	-	-
Barry Fehlberg (appointed 8 May 2018)	2018	-	-	-	-	-	-
	2017	-	-	-	-	-	-
Selvakumar Arunachalam	2018	-	-	-	-	-	-
	2017	500,000	01/10/2014	0.12	0.20	30/11/2016	500,000
Terence William Hogan (passed away 1 May 2018)	2018	-	-	-	-	-	-
	2017	300,000	01/10/2014	0.12	0.20	30/11/2016	300,000
Total	**2018**	**-**	**-**	**-**	**-**	**-**	**-**
	2017	**1,300,000**	**-**	**-**	**-**	**-**	**1,300,000**

Value of options held by key management personnel, exercised and lapsed during the year

For details on the valuation of the options, including models and assumptions used, please refer to note 17.

There were no alterations to the terms and conditions of options awarded as remuneration since their award date.

DIRECTORS' REPORT

REMUNERATION REPORT (Audited) (continued)

Options and rights over equity instruments

The movement during the reporting period in the number of options over ordinary shares in Venus Metals Corporation Limited held, directly, indirectly or beneficially, by key management persons, including their related parties, is as follows:

	Balance 1 July 2017	Granted as compen-sation	Exer-cised	Net change Others[1]	Held at 30 June 2018	Vested during the year	Vested and exercisable at 30 June 2018
Directors							
M V Hogan	1,500,000	-	-	60,000	1,560,000	750,000	1,560,000
A G Birchmore (appt 21 May 18)	541,667*	-	-	-	541,667	-	541,667
B Fehlberg (appt 8 May 2018)	2,232,536*	-	-	-	2,232,536	-	2,232,536
S Arunachalam	1,000,000	-	-	-	1,000,000	500,000	1,000,000
T W Hogan	2,200,000	-	-	1,429,167	3,629,167	250,000	3,629,167
	7,474,203	**-**	**-**	**1,489,167**	**8,963,370**	**1,500,000**	**8,963,370**

*Balance on appointment

	Balance 1 July 2016	Granted as compen-sation	Exer-cised	Net change Others[1]	Held at 30 June 2017	Vested during the year	Vested and exercisable at 30 June 2017
Directors							
M V Hogan	1,860,000	1,500,000	-	(1,860,000)	1,500,000	750,000	750,000
S Arunachalam	587,500	1,000,000	-	(587,500)	1,000,000	500,000	500,000
T W Hogan	3,171,250	500,000	-	(1,471,250)	2,200,000	250,000	1,950,000
	5,618,750	**3,000,000**	**-**	**(3,918,750)**	**4,700,000**	**1,500,000**	**3,200,000**

[1] Other changes represent options that were acquired, expired, transferred or were forfeited during the year.

Shareholdings of key management personnel

The movement during the reporting period in the number of shares in Venus Metals Corporation Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2017	Acquired	On exercise of options	Other change [1]	Held at 30 June 2018
Directors					
M W Hogan	180,000	55,000	-	-	235,000
A G Birchmore (appointed 21 May 18)	650,000*	-	-	-	650,000
B Fehlberg (appointed 8 May 18)	1,480,000*	250,000	-	-	1,730,000
S Arunachalam	175,000	-	-	-	175,000
T W Hogan (passed away 1 May 18)	6,458,502	-	-	(6,421,002)	37,500
	8,943,502	**305,000**	**-**	**(6,421,002)**	**2,827,500**

**Balance on appointment*

	Held at 1 July 2016	Acquired	On exercise of options	Other change [1]	Held at 30 June 2017
Directors					
M W Hogan	4,396,545	-	-	(4,216,545)	180,000
S Arunachalam	175,000	-	-	-	175,000
T W Hogan	5,742,500	-	-	716,002	6,458,502
	10,314,045	**-**	**-**	**(3,500,543)**	**6,813,502**

[1] Other change represents on and off-market trade

End Remuneration Report

DIRECTORS' REPORT

Shares issued on exercise of Options

During the year no shares were issued on exercise of Options.

OPTIONS

At the date of this report unissued shares of the Company under option are:

Expiry date	Exercise price	Number of shares
Director & Employee Options		
30-Nov-2019	$0.25	3,000,000
		3,000,000
Non-Employee Options		
30-Nov-2019	$0.30	2,400,000
30-Nov-2019	$0.20	57,037,722
		59,437,722
Total		**62,437,722**

These Options do not entitle the holder to participate in any share issue of the Company.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

The Company has agreed to indemnify the following current directors of the Company, Mr A G Birchmore, Mr M V Hogan, Mr B Fehlberg, and Mr S Arunachalam against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premium

Since the end of the previous financial year the Company has paid insurance premiums of $14,738 in respect of directors' and officers' liability insurance for current directors, including senior executives of the Company. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain a personal advantage.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

ENVIRONMENTAL LIABILITIES

There were no environmental liabilities at the date of this report.

NON-AUDIT SERVICES

During the year there were no non-audit services provided by the Group's auditor, Stantons International.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 26 and forms part of the Director's Report for the financial year ended 30 June 2018.

This report is made with a resolution of the Directors.

Matthew Vernon Hogan
Managing Director
Perth, Western Australia

26 September 2018

Stantons International Audit and Consulting Pty Ltd
trading as
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Chartered Accountants and Consultants

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26 September 2018

Board of Directors
Venus Metals Corporation Limited
Level M, BGC Centre,
28 The Esplanade.
PERTH WA 6000

Dear Directors

RE: VENUS METALS CORPORATION LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Venus Metals Corporation Limited.

As Audit Director for the audit of the financial statements of Venus Metals Corporation Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Martin Michalik

Martin Michalik
Director

CORPORATE GOVERNANCE STATEMENT

Approach to Corporate Governance

The Group has adopted systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd edition (**Principles & Recommendations**), the Group has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Group's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Group's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

Further information about the Group's corporate governance practices may be found on the Group's website at www.venusmetals.com.au, under the section marked "Group - Corporate Governance".

The Group reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2017/2018 financial year (**Reporting Period**).

Board

Principle 1 – Lay Solid Foundations for Management and Oversight

Recommendation 1.1

The Group has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in its Board Charter.

Recommendation 1.2

The Board undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The checks which are undertaken, and the information provided to shareholders are set out in the *Group's Policy and Procedure for the Selection and (Re) Appointment of Directors* which is disclosed on the Group's website.

Recommendation 1.3

The Group has a written agreement with each director and senior executive setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Group has entered into with any director or senior executive has been disclosed in accordance with ASX Listing Rule 3.16.4.

Recommendation 1.4

The Group Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board as outlined in the *Board Charter*.

Recommendation 1.5

The Board is responsible for establishing and monitoring on an annual basis the achievement against gender diversity objectives and strategies, including the representation of women at all levels of the organisation.

The proportion of women within the whole organisation as at 30 June 2018 was as follows:

Women employees in the whole organisation	38%
Women in Senior Executive positions	0%
Women in the Board of Directors	0%

The Board acknowledges the absence of female participation on the Board of Directors. However, the Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

CORPORATE GOVERNANCE STATEMENT

Recommendation 1.5 (continued)

The Group has not set or disclosed measurable objectives for achieving gender diversity. Due to the size of the Group, the Board does not deem it practical to limit the Group to specific targets for gender diversity as it operates in a very competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

Recommendation 1.6

The Chair is responsible for the performance evaluation of the Board and, when deemed appropriate, the Board committees and individual directors.

Each of the directors (including the Chair) completes a questionnaire and the Chair discusses the responses to the questionnaire with the Board on a round-table basis. The Chair is reviewed on this basis by the rest of the Board.

During the Reporting Period, an evaluation of the Board, its committees and individual directors took place in accordance with the process disclosed above.

Recommendation 1.7

The Chair is responsible for evaluating the performance of the Group's senior executives.

The evaluation is conducted at the time of the executive's annual remuneration review and involves an interview with the Chair to discuss performance against the senior executive's contract with the Group. The Chair also evaluates the performance of the senior executives on an ongoing basis via informal discussions about performance.

During the Reporting Period a performance evaluation of the senior executives took place in accordance with the process disclosed above.

Principle 2 – Structure the Board to Add Value

Recommendation 2.1

The Board has not established a separate Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Items that are usually required to be discussed by a nomination committee are marked as separate agenda items at Board meetings when required. When the Board convenes as the Nomination Committee it carries out those functions which are delegated to it in the Group's Nomination Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Nomination Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

The full Board, in its capacity as the Nomination Committee, has not held any meetings during the Reporting Period.

The Board has adopted a Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Nomination Committee. A copy of the Nomination Committee Charter is available on the Group's website

Recommendation 2.2

The mix of skills and diversity for which the Board is looking to achieve in its membership is represented by the Board's current composition.

Set out below are details of the members of the Board during the Reporting Period and their specific skills:

Mr Alan Birchmore (Non-executive Chairman) – appointed 21 May 2018
Corporate finance – experience in strategy and business development, commercial acumen, executive leadership.

Mr Matthew Hogan (Managing Director)
Corporate finance – experience in project identification and acquisition, strategy and business development, commercial acumen.

Mr Barry Fehlberg (Executive Exploration Director) – appointed 6 May 2018
Geologist – experience in planning and managing mineral exploration projects, strategy and business development, commercial acumen.

Mr Kumar Arunachalam (CEO/Executive Director)
Geologist – experience in planning and managing mineral exploration projects.

CORPORATE GOVERNANCE STATEMENT

Mr Terence Hogan (Non-executive Director) – passed away 1 May 2018
Corporate finance – experience in strategy and business development, commercial acumen, executive leadership

Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations. During the Reporting Period, the sole independent director of the Group was Alan Birchmore. Mr Birchmore has been a non-executive director since 21 May 2018.

The Board has considered Mr Birchmore's independence that Mr Birchmore is sufficiently independent because he is not a member of management, he is free of any business or other relationship that could materially interfere with the independent exercise of his judgement and consistently makes decisions that are in the best interests of the Group. Accordingly, the Board considers Mr Birchmore to be an independent director.

The length of service of each director is set out in the Directors' Report.

Recommendation 2.4

The Board does not have a majority of directors who are independent. The Board considers that it's composition is appropriate for the Group's circumstances and includes an appropriate mix of skills and expertise relevant to the Group. The Group gives consideration to the balance of independence on the Board and will continue to review its composition.

Recommendation 2.5

During the Reporting Period, the Group's independent Chair is Mr Alan Birchmore. The Board believes that Mr Birchmore is the most appropriate person for the position of Chair because of his industry experience and knowledge. The Board believes that Mr Birchmore makes decisions that are in the best interests of the Group.

The Managing Director of the Group is Mr Matthew Hogan.

Recommendation 2.6

Given the size of the Group there is no formal induction process for new directors. Board considers that if any new director is to be appointed, that new director will be provided with a personalized induction dependent upon the skills, experience and knowledge of the Group that the new director possesses.

Principle 3 – Act Ethically and Responsibly

Recommendation 3.1

The Group has established a Code of Conduct as to the practices necessary to maintain confidence in the Group's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

A summary of the Group's Code of Conduct is available on the Group website.

Principle 4 – Safeguard Integrity in Corporate Reporting

Recommendation 4.1

The Board has established an Audit Committee and adopted an Audit Committee Charter which describes the role, composition functions and responsibilities of the Audit Committee.

The members of the Audit Committee are Alan Birchmore (Chair) and Matthew Hogan, and the Company Secretary, Patrick Tan (from 1 July 2018).

All members of the Audit Committee consider themselves to be financially literate and have an understanding of the industry in which the Group operates.

CORPORATE GOVERNANCE STATEMENT

Recommendation 4.1 (Continued)

The Group has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Group through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Group's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

The Group's Audit Committee Charter and the Group's Procedure for Selection, Appointment and Rotation of External Auditor are available on the Group's website.

Recommendation 4.2

The Managing Director and Chief Financial Officer declared in writing to the Board that the financial records of the Group for the financial year have been properly maintained, the Group's financial reports for the financial year ended 30 June 2018 comply with accounting standards and present a true and fair view of the Group's financial condition and operation results. The statement is required annually.

Recommendation 4.3

Under section 250RA of the Corporations Act, the Group's auditor is required to attend the Group's annual general meeting at which the audit report is considered, and must arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and who is in a position to answer questions about the audit. Each year, the Group writes to the Group's auditor to inform them of the date of the Group's annual general meeting. In accordance with section 250S of the Corporations Act, at the Group's annual general meeting where the Group's auditor or their representative is at the meeting, the Chair allows a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Group in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit. The Chair also allows a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

A representative of the Group's auditor, Stantons International attended the Group's annual general meeting held on 29 November 2017.

Principle 5 – Make Timely and Balanced Disclosure

Recommendation 5.1

The Group has established written policies and procedures for complying with its continuous disclosure obligations under the ASX Listing Rules. A summary of the Group's *Policy on Continuous Disclosure* is disclosed on the Group's website.

Principle 6 – Respect the Rights of Security Holders

Recommendation 6.1

The Group provides information about itself and its governance to security holders via the Investor Centre on its website at www.venusmetals.com.au as set out in its *Shareholder Communication Policy*.

CORPORATE GOVERNANCE STATEMENT

Recommendation 6.2

The Group has implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the *Shareholder Communication Policy*.

Recommendation 6.3

The Group has in place a *Shareholder Communication Policy* which outlines the policies and processes that it has in place to facilitate and encourage participation at meeting of shareholders.

Recommendation 6.4

Shareholders are given the option to receive communications from, and send communications to, the Group and its share registry electronically. The contact details of the Group and its share registry are available on the website at www.venusmetals.com.au. Further, shareholders may register to receive ASX Announcements through the website.

Principle 7 – Recognise and Manage Risk

Recommendation 7.1

The Board has adopted a Risk Management Policy, which sets out the Group's risk profile. Under the policy, the Board is responsible for approving the Group's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegates day-to-day management of risk to the Managing Director**,** who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Group's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Group employees, contractors and records and may obtain independent expert advice on any matter he/she deems appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Group's material business risks:

- the Board has established authority limits for management, which, if proposed to be exceeded, requires prior Board approval;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Group's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Group to establish and maintain its governance practices.

The Group considers the following categories of risk to have a material effect impact its business and hence are included in the Group’s risk profile.

- Market-related;
- Financial reporting;
- Operational;
- Environmental;
- Sustainability;
- Occupational Health & Safety;
- Ethical conduct;
- Reputation; and
- Legal and Compliance.

CORPORATE GOVERNANCE STATEMENT

Recommendation 7.2

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Group's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Group's management of its material business risks for the Reporting Period.

The Managing Director has provided assurance in writing to the Board that the Group's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Monthly actual results are reported against budgets approved by the Directors and revised forecasts for the year are prepared regularly.

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. The Board has developed procedures to assist Directors to disclosed potential conflict of interest.

Where the Board believes that a significant conflict exists for a Director on a board matter, the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

A summary of the Group's *Risk Management Policy* is available on the Group's website.

Recommendation 7.3

The Group does not have an internal audit function. To evaluate and continually improve the effectiveness of the Group's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Group's *Risk Management Policy*.

Recommendation 7.4

Using its risk management framework, the Board has identified the following risk categories – liquidity, strategic risk, operational, environmental, compliance, human capital, workplace, health and safety, financial reporting, market and commodity related.

As the Group is not in production nor has any major operations, the Group has not identified any material exposure to any economic, environmental and/or social sustainability risks.

However, the Group does have a material exposure to the following economic risks:

Economic risk type	**Mitigation strategies**
Market risk – movements in commodity prices	The group manages its exposure to market risk by monitoring market conditions and making decisions based on industry experience.
Future capital – cost and availability of funds to meet the Group's business needs	The Group monitors its cash reserves and manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance requirements to finance the group's current and future operations.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1

The Board has established a Remuneration Committee. The members of the Remuneration Committee are Alan Birchmore (Chair) and Matthew Hogan and Company Secretary, Patrick Tan.

During the year the Remuneration Committee has met once to discuss the remuneration of the Executive Directors.

The Board has adopted a *Remuneration Committee Charter* which describes the role, composition, functions and responsibilities of the Remuneration Committee, a copy of which is disclosed on the Group's website.

Recommendation 8.2

Details of remuneration, including the Group's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report and commences at page 20 of the Group's 2018 Annual Report. The Group has not adopted a policy regarding the deferral of performance-based remuneration and the reduction, cancellation or clawback of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Group's financial statements as it does not currently pay performance based remuneration.

Recommendation 8.3

The Group's ***Policy for Trading in Group Securities*** includes a statement of the Group's policy on prohibiting participants in the Group's Employee Share Option Plan entering into transactions or arrangements which limit the economic risk of participating in the Plan.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2018

	Note	2018 $	2017 $
Revenue	4	17,821	66,423
Administration expense		(1,099,995)	(959,047)
Exploration expense		(679,593)	(900,319)
Depreciation and amortisation expense		(7,041)	(9,816)
Share based expense		(18,484)	(91,262)
Loss on sale of investments		(13,461)	(27,945)
Other income (R&D rebate)		63,271	80,166
Loss before income tax		**(1,737,482)**	**(1,841,800)**
Income tax	6	-	-
Loss for the year		**(1,737,482)**	**(1,841,800)**
Other comprehensive income		-	-
Income tax on other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		**(1,737,482)**	**(1,841,800)**
Net loss attributable to:			
Owners of the Company		(1,737,482)	(1,841,800)
Non-controlling interests		-	-
Net loss for the year		**(1,737,482)**	**(1,841,800)**
Total comprehensive loss attributable to:			
Owners of the Company		(1,737,482)	(1,841,800)
Non-controlling interests		-	-
Total comprehensive loss for the year		**(1,737,482)**	**(1,841,800)**
Earnings per share			
Basic loss per share	8	(0.023)	(0.027)
Diluted loss per share	8	(0.023)	(0.027)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	863,699	537,725
Trade and other receivables	10	68,356	53,306
Prepayments		134,783	78,055
TOTAL CURRENT ASSETS		**1,066,838**	**669,086**
NON-CURRENT ASSETS			
Property, plant and equipment	12	40,722	48,170
Acquisition costs capitalized	11	1,573,770	1,361,770
TOTAL NON-CURRENT ASSETS		**1,614,492**	**1,409,940**
TOTAL ASSETS		**2,681,330**	**2,079,026**
CURRENT LIABILITIES			
Trade and other payables	13	188,472	263,409
Employee benefits	14	54,253	8,077
Other current liabilities	15	22,581	28,228
TOTAL CURRENT LIABILITIES		**265,306**	**299,714**
TOTAL LIABILITIES		**265,306**	**299,714**
NET ASSETS		**2,416,024**	**1,779,312**
EQUITY			
Share capital	16	22,857,323	21,191,162
Shares to be issued	16	192,000	-
Reserves	16	3,561,204	3,045,171
Accumulated losses		(24,194,503)	(22,457,021)
TOTAL EQUITY		**2,416,024**	**1,779,312**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	Attributable to owners of the Company				
	Share Capital	**Shares to be issued**	**Share Options Reserve**	**Accumulated Losses**	**Total Equity**
	$		$	$	$
As at 1 July 2017	**21,191,162**	**-**	**3,045,171**	**(22,457,021)**	**1,779,312**
Total comprehensive income for the year					
Loss for the year	-	-	-	(1,737,482)	(1,737,482)
Total comprehensive loss for the year	**-**	**-**	**-**	**(1,737,482)**	**(1,737,482)**
Transactions with owners recorded directly into equity					
Contributions by and distributions to owners					
Issue of ordinary shares	1,738,000	192,000	-	-	1,930,000
Issue of options as share based payments	-	-	18,484	-	18,484
Issue of options under rights issue to shareholders	-	-	511,653	-	511,653
Transaction costs	(71,839)	-	(14,104)	-	(85,943)
Balance at 30 June 2018	**22,857,323**	**192,000**	**3,561,204**	**(24,194,503)**	**2,416,024**

	Attributable to owners of the Company				
	Share Capital	**Shares to be issued**	**Share Options Reserve**	**Accumulated Losses**	**Total Equity**
	$		$	$	$
As at 1 July 2016	**20,056,778**	**-**	**2,807,982**	**(20,615,221)**	**2,249,539**
Total comprehensive income for the year					
Loss for the year	-	-	-	(1,841,800)	(1,841,800)
Total comprehensive loss for the year	**-**	**-**	**-**	**(1,841,800)**	**(1,841,800)**
Transactions with owners recorded directly into equity					
Contributions by and distributions to owners					
Issue of ordinary shares	1,134,384	-	-	-	1,134,384
Issue of options as share based payments	-	-	94,262	-	94,262
Issue of options under rights issue to shareholders	-	-	142,927	-	142,927
Transaction costs	-	-	-	-	-
Balance at 30 June 2017	**21,191,162**	**-**	**3,045,171**	**(22,457,021)**	**1,779,312**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		2,793	6,311
Cash paid to suppliers and employees		(1,144,183)	(1,063,988)
Exploration expenditure (net of JV cash calls)		(747,945)	(745,407)
Government grants		15,028	60,112
R&D tax credit		63,271	80,166
Net cash flows used in operating activities	9(b)	**(1,811,036)**	**(1,662,806)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment		(5,239)	(6,022)
Acquisition of listed investment		(98,406)	(49,500)
Acquisition of tenements		(200,000)	-
Proceeds from sale of listed investment		84,945	21,555
Net cash flows used in investing activities		**(218,700)**	**(33,967)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares (net of costs)		1,666,161	1,134,384
Proceeds from shares to be issued		192,000	-
Proceeds from issues of listed options (net of costs)		497,549	145,927
Net cash flows from financing activities		**2,355,710**	**1,280,311**
Net increase /(decrease) in cash and cash equivalents		325,974	(416,462)
Cash and cash equivalents at 1 July		537,725	954,187
Cash and cash equivalents at 30 June	9(a)	863,699	**537,725**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 1 Reporting entity

Venus Metals Corporation Limited (the "Company") is a company domiciled in Australia. The Company's registered address is Level M, 28 The Esplanade, Perth, WA 6000. The consolidated financial statements of the Group as at and for the year ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group Entities") and the Group's jointly controlled entities. The Group is a for-profit entity and primarily is involved in exploration for vanadium, cobalt-nickel, gold and lithium.

Note 2 Summaries of significant accounting policies

(a) Basis of Preparation

The consolidated financial statements are a general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001.* The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 26 September 2018.

(b) Going concern

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation and extinguishment of liabilities in the ordinary courses of business.

For the year ended 30 June 2018 the Group incurred a loss of $1,737,482 (2017: loss $1,841,800) and had working capital of $801,532 (2017: $369,372). Based upon the Group's existing cash resources of $863,699 (2017: $537,725), the ability to modify expenditure outlays if required, and to source additional funds, the Directors consider there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and therefore the going concern basis of preparation is considered to be appropriate for the Group's 2018 financial report.

The Board of Directors is aware of the Group's working capital requirements and the need to access additional equity funding or asset divestment if required within the next 12 months.

In the event that the Group is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and perhaps at amounts different to those stated in its financial report.

(c) New Accounting Standards and Interpretations

Accounting Policy on New and amended standards adopted by the group for the year ended 30 June 2018

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2017 affected any of the amounts recognised in the current period or any prior period, although it caused minor changes to the Group's disclosures.

New Accounting Standards for Application in Future Periods

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

  The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 2 Summaries of significant accounting policies (continued)

(c) New Accounting Standards and Interpretations (continued)

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments it is impractical at this stage to provide a reasonable estimate of such impact.

- *AASB 15: Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2018).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in

  AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

  The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

  - identify the contract(s) with a customer;
  - identify the performance obligations in the contract(s);
  - determine the transaction price;
  - allocate the transaction price to the performance obligations in the contract(s); and
  - recognise revenue when (or as) the performance obligations are satisfied.

  This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue. The directors anticipate that the adoption of AASB 15 will have no impact on the Group's financial statements.

- *AASB 16: Leases (applicable to annual reporting periods beginning on or after 1st January 2019).*

  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

  The main changes introduced by the new Standard include:

  - recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
  - depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
  - variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
  - by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
  - additional disclosure requirement.

  The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognize the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

  Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- *Other standards not yet applicable*

  There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 2 Summaries of significant accounting policies (continued)

(d) Significant accounting policies

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Venus Metals Corporation Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect thos e returns through its power over the entity. A list of the subsidiaries is provided in Note 18.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a "joint venture" and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

Details of the Group's interests in joint arrangements are provided in Note 23.

Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 2 Summaries of significant accounting policies (continued)

(d) Significant accounting policies (continued)

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 2 Summaries of significant accounting policies (continued)

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Jointly controlled operations

A jointly controlled operation is a joint venture by each venture using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operations, and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

(e) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labour,
- Any other costs directly attributable to bringing the assets to a working condition for their intended use,
- When the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and
- Capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as difference between the net proceeds from the disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 2 Summaries of significant accounting policies (continued)

(f) Property, plant and equipment (continued)

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date the asset is completed and ready for use.

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a reducing balance basis over their useful lives to the entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	40%
Computer equipment	40%
Motor vehicles	40%
Building improvements	40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to accumulated losses.

(g) Exploration and development expenditure

Exploration and evaluation costs are expensed as incurred. Acquisition expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis in determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 2 Summaries of significant accounting policies (continued)

(h) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets ate recognised initially at fair values plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents and, trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(i) Revenue recognition

(i) Interest Income

Interest income is recognised on a proportional basis taking into account the interest rate applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 2 Summaries of significant accounting policies (continued)

(j) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are generally paid within 30 days of recognition.

(l) Earnings per share

(i) Basic Earnings per Share

Basic earnings per share is determined by dividing net profits after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(m) Critical accounting estimates and judgments

The Directors evaluated estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained externally.

(i) Key Estimates – Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(ii) Acquisition Costs

The Group is required to estimate whether there has been an impairment of mineral acquisition costs capitalised.

(iii) Option Valuations

The Group, in arriving at the fair value of options granted under the share based payment standard needs to estimate the volatility factor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 2 Summaries of significant accounting policies (continued)

(n) Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and short term deposits.

The main risks arise from the Group's financial instruments are fair value interest rate risks. The Board reviews and agrees policies for managing this risk are summarised below.

Details of the significant accounting policies and methods adopted, including the criterion for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed elsewhere in Note 2 to the financial statements.

(i) Fair Value Interest Risk

The Group's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market rates.

(ii) Credit Risk

The Group does not have any material credit risk exposure to any single debtor under financial instruments.

(iii) Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows.

(o) Interest in joint ventures

(i) Reimbursement of the joint venture operator's costs

When the Group, acting as an operator, receives reimbursement of direct costs recharges to the joint venture such recharges represent reimbursements of cost that the operator incurred as an agent for the joint venture and therefore have no effect on the statement of comprehensive income.

In many cases, the Group also incurs certain general overhead expenses in carrying out activities on behalf of the joint venture. As these costs can often not be specifically identified, joint venture agreements allow the operator to recover the general overhead expenses incurred by charging an overhead fee that is based on a fixed percentage of the total costs incurred for the year, often in the form of a management fee. Although the purpose of this recharge is very similar to the reimbursement of direct costs, the Group is not acting as an agent in this case. Therefore, the general overhead expenses and the overhead fee are recognised in the statement of comprehensive income as an expense and income respectively.

(ii) Jointly controlled assets

A jointly controlled asset involves joint control and offers joint ownership by the Group and other ventures of assets contributed to or acquired for the purpose of the joint venture, without the formation of a corporation partnership or other entity.

Where the Group's activities are conducted through jointly controlled assets, the Group recognises its share of jointly controlled assets, and liabilities it has incurred, its share of liabilities incurred jointly with other venturers, related revenue and operating costs in the financial statements and share of their production.

(iii) Jointly controlled entities

A jointly controlled entity is a corporation, partnership or other entity in which each venturer holds an interest. A jointly controlled entity operates in the same way as other entities, except that a contractual arrangement established joint control. A jointly controlled entity controls the assets of the joint venture earns its own income and incurs its own liabilities and expenses. Interests in jointly controlled entities are accounted for using the equity method.

Under the equity method, the investment in the joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture in included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of comprehensive income reflects the Group's share of the result of operations of the joint venture. Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The share of the joint venture net profit is shown on the face of the statement of comprehensive income. This is the profit attributable to venturers in the joint venture.

The financial statements of the joint controlled entities are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the account policies in line with those of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 2 Summaries of significant accounting policies (continued)

(p) Provisions

A provision is recognised if, as a result of a past even, the Group has a present legal or constructive obligation that can be estimate reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized a finance cost.

(q) Employees benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit and loss in the periods during which services are rendered by employees.

(ii) Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Note 3 Operating segments

The Group operates predominantly in the mineral exploration industry in Australia. For management purposes, the Group is organised into one main operating segment which involves the exploration of minerals in Australia. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.
The financial results from this segment are equivalent to the financial statements of the Group as a whole.

Geographical information

The Group operates solely in one country, Australia.

Note 4 Revenue

	2018 $	2017 $
Interest income	2,793	6,311
Government grants	15,028	60,112
	17,821	**66,423**

Note 5 Employee benefits expenses

	2018 $	2017 $
Wages and salaries	515,896	472,173
Compulsory social security contributions	48,796	43,657
Share-based payment transaction expense	18,484	94,262
	583,176	**610,092**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 6 Income tax

	2018 $	2017 $
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Accounting loss as per accounts	(1,737,482)	(1,841,800)
Less: R&D refund	(63,271)	(80,166)
Loss from continuing operations before income tax expense	(1,800,753)	(1,921,966)
Prima facie tax benefit from ordinary activities at 27.5% (2017: 27.5%)	(495,207)	(528,541)
Tax effect of amounts which are not deductible in calculating taxable income (including R&D rebate)	12,321	76,659
Movement in unrecognised temporary differences	186,617	121,713
Tax effect of current year losses for which no deferred tax assets have been recognised	296,269	330,169
Income tax expense	-	**-**

(b) Tax losses

	2018	2017
Revenue losses	18,831,043	17,902,459
Capital losses	769,424	769,424
Total	19,600,467	18,671,883
Potential tax benefit at 27.5% (2017 27.5%)	5,390,128	5,134,768

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future profit will be available against which the Group can utilise the benefit.

(c) Deferred tax balance/(liability) not brought to account and carried forward in relation to:

	2018 $	2017 $
Tax losses	5,390,128	5,134,768
Section 40-880 deduction	77,124	66,453
Exploration acquisition costs	(331,517)	(300,057)
Investment impairment expense	91	91
Prepayment	(37,065)	(21,465)
Provisions	25,283	9,718
Plant & Equipment	4,967	8,204
	5,129,011	**4,897,712**

Note 7 Related party disclosures

Key management personnel compensation

	2018 $	2017 $
Short-term employee benefits	288,750	396,296
Post-employment benefits	27,432	32,815
Other costs	45,503	15,100
Share-based payments	18,484	94,262
	380,169	**538,473**

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as required by Corporate Regulation 2M.3.03 is provided in the remuneration report section of the Directors' Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 7 Related party disclosures (continued)

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving Director's interests existing at year-end.

Transactions with related parties

Transaction between each parent company and its subsidiary which are related parties of that Company are eliminated on consolidation and are not disclosed in this note.

Loan to key management personnel and their related parties

There are no loans made to directors or other key management personnel of the Company or the Group.

Key management personnel and director transaction

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

There were no transactions with related parties during the year apart from those discussed elsewhere in note 7.

Note 8 Earnings (Loss) per share

The calculation of basic and diluted earnings per share for the year ended 30 June 2018 was based on the loss attributable to ordinary shareholders of $1,737,482 (2017: $1,841,800) and the weighted average number of ordinary shares outstanding of 76,331,725 (2017: 67,655,172), calculated as follows:

	2018 $	2017 $
Net loss attributable to ordinary equity holders of the Group	(1,737,482)	(1,841,800)
Net loss attributable to ordinary shareholders for basic earnings	**(1,737,482)**	**(1,841,800)**
Net loss attributable to ordinary shareholders (diluted)	**(1,737,482)**	**(1,841,800)**

	2018 No.	2017 No.
Weighted average number of ordinary shares at 30 June	**76,331,725**	**67,655,172**
Effect of dilution: Share options	-	-
Weighted average number of ordinary shares (diluted) at 30 June	**76,331,725**	**67,655,172**

Potential ordinary shares were not considered to be dilutive as the consolidated entity made a loss for the year ended 30 June 2018 and the exercise of potential ordinary shares would not increase that loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 9 Cash and cash equivalents

(a) Cash and cash equivalents

	2018	2017
	$	$
Cash at bank and on hand	39,526	86,944
Short-term deposits	824,173	450,781
	863,699	**537,725**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of one and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

(b) Reconciliation of cash flows from operating activities

	2018	2017
	$	$
Loss for the year	(1,737,482)	(1,841,800)
Non-cash adjustments to reconcile loss before tax to net cash flow:		
Loss on sale of listed investment	13,461	27,945
Depreciation and amortisation	7,041	9,816
Share-based payment transaction expenses	18,484	91,263
Working capital adjustments:		
Increase in prepayments	(56,728)	(66,143)
(Increase)/Decrease in trade, other receivables and other assets	(15,050)	(20,416)
Increase/(Decrease) in trade payables, accruals and provisions	(28,762)	136,529
Increase/(Decrease) in other liabilities	(12,000)	-
Net cash used in operating activities	**(1,811,036)**	**(1,662,806)**

(c) Non-cash financing and investing activities

	2018	2017
	$	$
Acquisition cost capitalized	-	-
Outstanding fees related to option	-	-

Note 10 Trade and other receivables

	2018	2017
	$	$
Receivables from joint venture partner	33,745	-
Other receivables	34,611	53,306
	68,356	**53,306**

Receivables from joint venture partner are non-interest bearing and are on 14-day payment terms. They are neither past due nor impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 11 Capitalised acquisition costs

	2018 $	2017 $
Cost		
Balance at 1 July	1,361,770	1,361,770
Additions[1]	212,000	-
Sold during the year	-	-
Balance at 30 June	1,573,770	1,361,770
Impairment		
Balance at 1 July	-	-
Impairment	-	-
Balance at 30 June	-	-
Carrying amounts	**1,573,770**	**1,361,770**

The ultimate recoupment of capitalised acquisition costs carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the respective project areas.

(1) Additions represent option fee paid to purchase of option to acquire Youanmi Gold Mine.

Note 12 Property, plant and equipment

	Motor vehicles $	Plant and equipment $	Total $
Cost			
Balance 1 July 2017	220,016	306,594	526,610
Additions	-	5,239	5,239
Disposals	-	-	-
Balance at 30 June 2018	**220,016**	**311,833**	**531,849**
Balance 1 July 2016	220,016	300,572	520,588
Additions	-	6,022	6,022
Disposals	-	-	-
Balance at 30 June 2017	**220,016**	**306,594**	**526,610**
Accumulated depreciation			
Balance 1 July 2017	212,707	265,733	478,440
Depreciation charge for the year (1)	2,631	10,056	12,687
Disposals	-	-	-
Balance at 30 June 2018	**215,338**	**275,789**	**491,127**
Balance 1 July 2016	207,834	256,462	464,296
Depreciation charge for the year (1)	4,873	9,271	14,144
Disposals	-	-	-
Balance at 30 June 2017	**212,707**	**265,733**	**478,440**
Carrying amounts			
At 30 June 2017	7,309	40,861	48,170
At 30 June 2018	4,678	36,044	40,722

(1) Includes depreciation for farm in assets

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 13 Trade and other payables

	2018 $	2017 $
Trade payables	128,347	225,337
Accrued expenses	22,000	20,000
Other payables	38,125	18,072
	188,472	**263,409**

The Group's exposure to liquidity risk related to trade and other payables is disclosed in Note 20.

Note 14 Employee benefits

	2018 $	2017 $
Liability for annual leave	29,481	8,077
Liability for long service leave	24,772	-
	54,253	**8,077**

Note 15 Other current liabilities

	2018 $	2017 $
Farmin agreements	22,581	28,228
	22,581	**28,228**

On 4 February 2010, the Company entered into Yalgoo Iron Ore Farmin and Joint Venture Heads of Agreement (Farmin Agreement) with HD Mining & Investment Pty Ltd (HD Mining), a subsidiary of Shandong Provincial Bureau of Geology & Mineral Resources based in Jinan, P.R. of China. HD Mining has earned a 50% interest in the Yalgoo Iron Ore Project (YIOP).

Accordingly, both the Company and HD Mining have formed an unincorporated joint venture in accordance of the Farmin Agreement.

The amount $22,581 (2017: $28,228 represents the net book value of fixed assets purchased in relation to the YIOP. This amount has been included in the Note 12 Property, plant and equipment.

Note 16 Capital and reserves

Share capital

	2018 $	2017 $
(a) 85,581,359 (2017: 69,964,693) fully paid ordinary shares	22,857,323	21,191,162

	2018 No.	2017 No.	2018 $	2017 $
In issue at 1 July	69,964,693	61,626,623	21,191,162	20,056,778
Issued during the year	15,616,666	8,338,070	1,738,000	1,252,614
Share issue costs	-	-	(71,839)	(118,230)
In issue at 30 June	**85,581,359**	**69,964,693**	**22,857,323**	**21,191,162**

	2018 No.	2017 No.	2018 $	2017 $
(b) Shares to be issued*	**1,600,000**	**-**	**192,000**	**-**

*Funds were received as part of placement in May 2018 but were only issued in July 2018 after shareholder approval.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 16 Capital and reserves (continued)

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the Company's residue assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Reserves – Share Option Reserve

	2018	2017
	$	$
As at 1 July	3,045,171	2,807,982
Share-based payment transactions	18,484	94,262
Capital raising costs	(14,104)	-
Issue of listed options for cash	511,653	142,927
As at 30 June	**3,561,204**	**3,045,171**

Options

	No.	No.
As at 1 July	36,849,491	34,056,561
Issued during the year	25,588,231	36,849,491
Exercised during the year	-	(38,070)
Lapsed during the year	-	(34,018,491)
As at 30 June	**62,437,722**	**36,849,491**

Nature and purpose of the share option reserve

Share-based payment transactions

The share option reserve is used to recognise the value of equity-settled share-based payment transaction provided to employees, including key management personnel, as part of their remuneration and the value of issued options issued during the year net of listing costs. Refer to Note 17 for further details of these plans.

Note 17 Share-based payment arrangements

Description of the share-based payment arrangements

Employee Share Option Plan (ESOP)

On 15 March 2007 the Company established a share option program that entitled key management personnel to purchase shares in the Company. In accordance with this program, holders of vested options are entitled to purchase shares at a pre-determined price. Options granted carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share of the Company with full dividend and voting rights.

Options were issued to Directors and Consultants outside of the ESOP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 17 Share-based payment arrangements (continued)

The terms and conditions relating to the grant of options are as follows:

Grant date	Number of Options	Exercise Price	Vesting conditions	Expiry date
Director Options				
30/11/2016	1,500,000	$0.25	Vesting 31-Dec-2017	30/11/2019
30/11/2016	1,500,000	$0.25	Vesting 31-Dec-2016	30/11/2019
Sub total	**3,000,000**			
Consultant Options				
30/11/2016	2,400,000	$0.30	Vested immediately	30/11/2019
Sub total	**2,400,000**			

Reconciliation of outstanding share options

The number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	Number of options 2018	WAEP 2018	Number of options 2017	WAEP 2017
Outstanding at 1 July	5,400,000	$0.27	2,525,000	$0.31
Granted during the year	-	-	5,400,000	$0.27
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	(2,525,000)	$0.31
Outstanding at 30 June	**5,400,000**	**$0.27**	**5,400,000**	**$0.27**
Exercisable at 30 June	5,400,000	$0.27	3,900,000	$0.27

The options outstanding at 30 June 2018 have an exercise price in the range of $0.25 to $0.30 (2017: $0.25 to $0.30) and weighted average remaining contractual life of years 1.42 (2017: 2.42 years).

The weighted average share price at the date of exercise for share options exercised in 2018 was nil as no unlisted options were exercised (2017: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Note 17 Share-based payment arrangements (continued)

Inputs for measurement of grant date fair values

The fair value at grant date is measured using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. Expected volatility is estimated by considering historic average share price volatility. (The weighted average fair value at grant date of options granted during the year ended 30 June 2018 was nil).

The model inputs for 2018 include:

Grant Date	Expiry Date	Exercise Price	Life of option	Share price at grant date	Expected share price volatility	Dividend yield	Risk-free Interest rate	Fair value at grant date
-	-	-	-	-	-	-	-	-

The model inputs for 2017 include:

Grant Date	Expiry Date	Exercise Price	Life of option	Share price at grant date	Expected share price volatility	Dividend yield	Risk-free Interest rate	Fair value at grant date
30-Nov-16	30-Nov-19	0.25	3.4 Years	0.145	70%	-	1.61%	0.05
1-Dec-16	30-Nov-19	0.25	3.3 Years	0.140	70%	-	1.61%	0.04

Directors and consultants' expenses

The expenses recognised for directors and consulting services received during the year is shown in the following tables

	2018	2017
	$	$
Expenses arising from equity-settled share based transaction	18,484	94,262
Total expenses arising from share-based payment transactions	**18,484**	**94,262**

Note 18 Group entities

	Country of incorporation	Ownership interest 2018	Ownership interest 2017
Parent entity			
Venus Metals Corporation Limited			
Subsidiary			
Yalgoo Iron Ore Pty Ltd	Australia	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 19 Capital commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure specified by Department of Mines and Petroleum.

	2018 $	2017 $
Contracted for but not provided and payable		
Less than one year	1,217,623	537,000
Between one and five years	2,719,323	2,148,000
More than five years	-	537,000
	3,936,946	**3,222,000**

Note 20 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instrument:

- credit risk
- liquidity risk
- interest rate risk

The note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishing and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. The policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at end of the reporting period was as follows:

	Carrying amount	
	2018 $	2017 $
Cash and cash equivalents	863,699	537,725
Other receivables	68,356	53,306
	932,055	**591,031**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 20 Financial instruments (continued)

Trade and other receivables

The maximum exposure to credit risk for other receivables at the end of the reporting period by geographic region was as follows:

	Carrying amount	
	2018	**2017**
	$	**$**
Australia	68,356	53,306

Impairment losses

None of the Group's other receivables are past due (2017: nil).

Cash and cash equivalents

The Group held cash and cash equivalents of $863,699 at 30 June 2018 (2016: $537,725), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with a bank which is rated AA-, based on Standard and Poor's rating agency.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the remaining contractual maturities at the end of the reporting period of financial liabilities, excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
30 June 2018							
Trade and other payables	188,472	(188,472)	(188,472)	-	-	-	-
	188,472	**(188,472)**	**(188,472)**	-	**-**	**-**	**-**
30 June 2017							
Trade and other payables	263,409	(263,409)	(244,286)	(19,123)	-	-	-
	263,409	**(263,409)**	**(244,286)**	**(19,123)**	**-**	**-**	**-**

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 20 Financial instruments (continued)

Interest rate risk

Profile

At the end of the reporting period the interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group was as follows:

	2018 $	2017 $
Variable rate instruments		
Financial assets	863,699	537,725
Financial liabilities	-	-
	863,699	**537,725**

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of reporting period would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	100bp Increase $	100bp decrease $	100bp increase $	100bp decrease $
30 June 2018				
Variable rate instruments	8,637	(8,637)	8,637	(8,637)
Cash flow sensitivity (net)	8,637	(8,637)	8,637	(8,637)
30 June 2017				
Variable rate instruments	5,370	(5,370)	5,370	(5,370)
Cash flow sensitivity (net)	5,370	(5,370)	5,370	(5,370)

Fair values

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	30 June 2018		30 June 2017	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Assets				
Cash and cash equivalents	863,699	863,699	537,725	537,725
Other receivables	68,356	68,356	53,306	53,306
Other financial assets	-	-	-	-
	932,055	**932,055**	**591,031**	**591,031**
Liabilities				
Trade and other payables	188,472	188,472	263,409	263,409
	188,472	**188,472**	**263,409**	**263,409**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 20 Financial instruments (continued)

Financial risk management objectives

The Group's corporate treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Note 21 Operating leases

Leases as lessee

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

	2018 $	2017 $
Less than one year	-	51,512
Between one and five years	-	-
More than five years	-	-
	-	**51,512**

The office lease at 28 The Esplanade, Perth expires on 30 June 2018. The company entered a 6 months lease extension till 31 December 2018 by prepaying the 6 months rental in advance.

Note 22 Contingent liabilities

Royalties payable under the Yalgoo tenements:

On 15 August 2008 the Company entered into a contract with Messrs Parry, Hill and Asphar to acquire the Yalgoo tenements and a term of the contract is to pay Royalties as follows:

(i) a royalty of 1.25% of the FOB price of all iron ore mined, processed and sold from the Tenements; and

(ii) a royalty of 1.25% of the Net Smelter Return* from all other base and precious metals mined, processed and sold from the Tenements.

"Net Smelter Return" means the gross sales revenue received by the Group from the sale of base and precious metals produced from the Tenements, subject to all usual discounts and less the costs, expenses and liabilities incurred in connection with the smelting, refining, transporting, handling and storing the base and precious metals.

On 6 December 2017, Messrs Parry, Hill and Asphar agreed to sell and assign the Royalties to Yalgoo Iron Ore Pty Ltd for a consideration sum of $50,000, thereby releasing and discharging the Company's 50% portion of Royalties (0.625%) payable.

Guarantees

Guarantees given in respect of bank security bonds is nil (2017: nil), secured by cash deposits lodged as security with the bank.

No material losses are anticipated in respect of any of the above contingent liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 23 Joint venture

The Company has a 50% interest in the Yalgoo Iron Ore Joint Venture, an unincorporated joint venture whose principal activity is to jointly explore the tenements in Yalgoo, Western Australia with the other 50% joint venture holder, HD Mining & Investments Pty Ltd (HD Mining), for iron ore and if warranted, to develop an iron ore mining operation. The Company and HD Mining agree to fund the joint venture expenditure base on a jointly approved annual operating programmes and budgets.

The following amounts are included in the Group's consolidated financial statements.

	2018	2017
	$	$
Current assets	33,745	16,383
Current liabilities	22,581	16,383
Expenses for the year	84,575	76,742

Note 24 Subsequent events

On 12 July 2018, the Company issued 1,600,000 shares to Directors under placement of shares approved by shareholders at the general meeting on 12 July 2018 under Listing Rule 10.11. The proceeds of $192,000 from the placement was received in May 2018 and reported as shares to be issued in Note 16.

On 26 July 2018 the Company received $67,000 (include $17,000 for GST) cash and $120,000 fully paid ordinary shares under an Option Agreement with Lepidico Ltd for them to explore for lithium mineralization in Lepdolite bearing pegmatites on exploration licence E57/983 located in the Murchison District in Western Australia.

On 3 September 2018 the Company has entered into a convertible loan agreement with Bazco Pty Ltd (Bazco), an entity controlled by Mr Barry Fehlberg, an Executive Director of the Company, pursuant to which Bazco will advance A$400,000 (Principal) to the Company.

The convertible loan has been negotiated on arm's length terms, and the Company is not required to provide any security for the convertible loan. The convertible loan will accrue interest at a rate of 8% per annum. The convertible loan is repayable on the date that is 12 months following the date of advancement of funds.

On or at any time prior to the Repayment Date, the Company may elect to: (a) repay the Principal in cash; or (b) subject to shareholders approving the conversion under the ASX Listing Rules, issue up to 2,000,000 fully paid ordinary shares in the Company, ranking equally with the then existing shares at an issue price of $0.20 per Share in satisfaction of the Principal. Any interest accrued on the Principal will be repaid in cash. Shareholder Approval will be sought at the Company's 2018 Annual General Meeting.

If Shareholder Approval is obtained prior to the Repayment Date and provided the Convertible Loan has not already been repaid or converted, Mr Fehlberg may only elect to convert the Convertible Loan into up to 1,000,000 Shares at an issue price of $0.20 per Share, with the balance of the Convertible Loan and any interest accrued to be repaid in cash or converted at the election of the Company.

On 20 September 2018, the Company entered into Farm-in and Joint Venture Agreement with AIC Resources Limited (AIC) on part of its Doolgunna Tenement Package. AIC is to earn 80% interest in the five tenements by spending $175,000 within 2 years and the Company will have a right of 20% free-carried interest through to a decision to mine.

Other than the above, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affair of the Group, in the future financial years.

Note 25 Auditor's remuneration

	2018	2017
	$	$
Audit services		
Auditors of the Group		
Stantons International		
Audit and review of financial statements	35,801	26,601

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 26 Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2018 the parent entity of the Group was Venus Metals Corporation Limited.

	2018 $	2017 $
Result of parent entity		
Loss for the year	(1,737,482)	(1,841,800)
Other comprehensive income	-	-
Total comprehensive loss for the year	(1,737,482)	(1,841,800)

	2018 $	2017 $
Financial position of parent entity at year end		
Current assets	1,066,838	669,086
Non-current assets	1,614,492	1,409,940
Total assets	**2,681,330**	**2,079,026**
Current liabilities	265,306	299,714
Non-current liabilities	-	-
Total liabilities	**265,306**	**299,714**
Net assets	**2,416,024**	**1,779,312**

Total equity of the parent entity comprising of:		
Share capital	22,857,323	21,191,162
Shares to be issued	192,000	-
Reserves	3,561,204	3,045,171
Accumulated losses	(24,194,503)	(22,457,021)
Total equity	**2,416,024**	**1,779,312**

Parent entity contingencies

Other than those disclosed in Note 22, the parent entity has no other contingent liabilities as at 30 June 2018 (2017: nil).

Note 27 Youanmi and St Claire Options

On 28 May 2018, the Company entered into 2 option agreements to enable to purchase the historical Youanmi Gold Mines and all associated infrastructure and mine village.

Oz Youanmi Gold Pty Ltd Option:

The Company paid $100,000 cash as option fee to purchase all the issued shares in Oz Youanmi Gold Pty Ltd which owns the mining leases for the gold mine on and before 30 June 2019. Upon exercising the option, the Company has the choice of paying $5M (less option fee paid) in a combination of cash and shares or cash. It also has the right to assign the option. A Net Smelter Royalty of 0.5% is payable on the gold sold if the gold price is above US$900 per troy ounce.

St Claire Option:

The Youanmi Gold Mine tenements are subject to Forfeiture Applications brought in the Wardens Court by St Claire Resources Pty Ltd (St Clair). The Company paid $100,000 option fee to enable the Company the right to call upon St Claire to withdraw the forfeiture applications by making further payment of $650,000 and a royalty of 0.3% of the Net Smelter Return on the gold sold if the gold price is above US$900 per troy ounce.

This option may initially be exercised at any time up to 31 December 2018 and the Company has the right to extend the exercise period up until 30 June 2019 by making additional fee of $50,000 to St Claire.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Venus Metals Corporation Limited (the "Company"):

(a) The consolidated financial statements and notes, and the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001*, including:

  (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and its performance, for the financial year ended on that date, and

  (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

2. The directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Managing Director for the financial year ended 30 June 2018.

3. The financial report also complies with International Financial Reporting Standards as disclosed in note 2(a) to the consolidated financial statements.

Signed in accordance with a resolution of the Directors.

Matthew Vernon Hogan
Managing Director

Perth, Western Australia
26 September 2018

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
VENUS METALS CORPORATION LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Venus Metals Corporation Limited, the Company and its subsidiary ("the Group") which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Going Concern

Without modification to the opinion expressed above, attention is drawn to the following matters:

As referred to in Note 2(b) to the financial statements, the financial statements have been prepared on a going concern basis. At 30 June 2018, the Group had working capital of $801,532, cash and cash equivalents of $863,699 and had incurred a loss for the year amounting to $1,737,482. The ability of the Group to continue as a going concern is subject to the successful recapitalisation of the Group and/or commencing profitable operations. In the event that the Board is not successful in recapitalising the Group and in raising further funds and/or in commencing profitable operations, the Group may not be able to meet its liabilities as they fall due and the realisable value of the Group's assets may be significantly less than book values.

Key Audit Matters

In addition to the matter described in the Emphasis of Matter relating to Going Concern section, we have determined the matter described below to be a Key Audit Matter to be communicated in our report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
Carrying Value of Capitalised Acquisition Costs	
As at 30 June 2018, Capitalised Acquisition Costs totals $1,573,770 (refer to Note 11 of the financial report). The carrying value of Capitalised Acquisition Costs is a key audit matter due to: • The significance of the total balance (59% of total assets); • The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and • The assessment of significant judgements made by management in relation to the Capitalised Acquisition Costs.	Inter alia, our audit procedures included the following: i. Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third party documentation; ii. Reviewing the directors' assessment of the carrying value of the acquisition costs, ensuring the veracity of the data presented and that management has considered the effect of potential impairment indicators, commodity prices and the stage of the Group's projects against AASB 6; iii. Evaluation of Group documents for consistency with the intentions for the continuing of exploration and evaluation activities in areas of interest, and corroborated with enquiries of management. Inter alia, the documents we evaluated included: ▪ Minutes of meetings of the board and management; and ▪ Announcements made by the Group to the Australian Securities Exchange; and iv. Consideration of the requirements of accounting standard AASB 6. We assessed the financial statements in relation to AASB 6 to ensure appropriate disclosures are made.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 24 of the directors' report for the year ended 30 June 2018. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion on the Remuneration Report

In our opinion the Remuneration Report of Venus Metals Corporation Limited for the year ended 30 June 2018 complies with section 300A of the Corporations Act 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director

West Perth, Western Australia
26 September 2018

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 11 September 2018.

1. Distribution of Equity Securities

Ordinary Share Capital:

87,181,359 fully paid ordinary shares are held by 1,023 individual shareholders.

All issued ordinary shares carry one vote per share and carry the right to dividends.

Options:

57,037,722 listed options are held by 272 individual holders.
5,400,000 unlisted options are held by 4 individual holders.

Options do not carry right to vote.

2. Substantial Shareholders

Ordinary Shareholder	Fully paid Number	Percentage
Wendy Carolyn Hogan	8,510,400	9.76%
Total	**8,510,400**	**9.76%**

3. Distribution of Equity Security Holders

Category	Fully paid ordinary shares	Options
1 – 1,000	187	17
1,001 – 5,000	152	52
5,001 – 10,000	162	29
10,001 – 100,000	384	98
100,001 and over	138	76
Total Holders	**1,023**	**272**

The number of shareholders holding less than a marketable parcel of ordinary shares is 238.

ASX ADDITIONAL INFORMATION

4. Twenty Largest Holders of Quoted Equity Securities

Ordinary Shareholders	Number	Percentage
Wendy Carolyn Hogan	8,510,400	9.76%
Luitingh Lafras	4,032,862	4.63%
PJ Enterprises Pty Ltd	3,500,000	4.01%
Aurea Prods Pty Ltd	3,211,237	3.68%
HD Mining & Investment Pty Ltd	2,000,000	2.29%
Danzis Leslie	1,950,800	2.24%
BNP Paribas Nom Pty Ltd	1,884,869	2.16%
Oceanic Cap PL	1,604,771	1.84%
Mowbray Christopher	1,604,771	1.84%
T T Nicholls Pty Ltd	1,554,771	1.78%
Birchmore Alan G + J L	1,550,000	1.78%
Yafco PL	1,280,000	1.47%
Shahar Ran	1,095,000	1.26%
John William Thomas	1,000,000	1.15%
Walker Graham G + T J	1,000,000	1.15%
Suparell PL	1,000,000	1.15%
Inkjar PL	1,000,000	1.15%
J P Morgan Nom Aust Ltd	857,910	0.98%
Aredebeco Pty Ltd	829,771	0.95%
B & D Super PL	809,768	0.93%
Top 20 Total	**40,276,930**	**46.20%**

5. On-Market Buy-Back

There is currently no on-market-buy back.

ASX ADDITIONAL INFORMATION

6. Twenty Largest Holders of Quoted Options

Optionholders	Number	Percentage
Hogan Wendy Carolyn	7,385,501	12.95%
Hard Rock Mining Pty Ltd	5,000,000	8.77%
Mowbray Christopher	3,490,000	6.12%
Luitingh Lafras	2,500,000	4.38%
Redcode PL	2,000,000	3.51%
Yafco Pl	2,000,000	3.51%
Nathanson Marshall Brian	1,421,475	2.49%
Aurea Prods PL	1,250,000	2.19%
Oceanic Cap Pty Ltd	1,247,837	2.19%
Loktor Hldgs PL	1,000,000	1.75%
JCO Inv PL	1,000,000	1.75%
Black Planet Thoroughbred	1,000,000	2.34%
Payzone PL	985,000	1.73%
TT Nicholls PL	916,667	1.61%
Brown Tamara Jane	841,824	1.48%
John William Thomas	833,334	1.46%
Walker Graham G + T J	833,334	1.46%
CYL Trading PL	800,000	1.40%
Firgrove PL	758,334	1.33%
Coxhell Simon	664,672	1.17%
Top 20 Total	**37,927,978**	**62.99%**

ASX ADDITIONAL INFORMATION

7. Schedule of Tenements

LOCATION	TENEMENT	DATE OF GRANT	VENUS INTEREST
Yalgoo	R59/1 (previous M59/742)	21/04/2016	50% interest in iron ore 100% other minerals
Yalgoo	E59/1508	16/06/2009	50% interest in iron ore 100% other minerals
Yalgoo	E59/2187	24/02/2017	50% interest in iron ore 100% other minerals
Youanmi	E57/986	28/01/2015	90%
Youanmi	E57/983	04/02/2015	100%
Curran Wells	E57/1011	18/11/2015	90%
Youanmi	P57/1365	05/11/2015	90%
Youanmi	P57/1366	05/11/2015	90%
Youanmi	E57/985	31/03/2016	90%
Bellchambers/Sandstone	E57/984	17/03/2015	90%
Pincher Well	E57/1019	20/10/2015	100%
Youanmi	E57/982	05/09/2016	100%
Youanmi	E57/1023	05/09/2016	100%
Pincher Well	E57/1018	05/09/2016	100%
Bellchambers/Sandstone	E57/981	05/09/2016	100%
Rathbone Well	E52/3068	05/01/2016	100%
Curara Well	E52/3069	10/02/2016	100%
Jenkin Well	E52/3487	10/02/2016	100%
Orient Well (Curara West)	E52/3320	20/12/2016	100%
Poona	E20/885	26/07/2016	90%
Poona East	E20/896	09/10/2017	100%
Poona South	E20/929	06/07/2017	100%
Wodgina South	E45/4627	11/10/2016	100%
Wodgina South	P45/3004	04/11/2016	100%
Pilgangoora East	E45/4630	06/02/2017	100%
Pilgangoora East	E45/4684	04/02/2017	100%
Greenbushes East	E70/4810	07/11/2016	100%
Greenbushes East	E70/4814	07/11/2016	100%
Nardoo Hill	E09/2156	06/02/2017	100%
Narndee North	E59/2294	09/01/2018	100%
Narndee South	E59/2296	10/01/2018	100%
Curara Well	E52/3486	15/05/2018	100%
Curara Well	E52/3488	15/05/2018	100%
Curara Well	E52/3489	15/05/2018	100%
Youanmi South	E57/1078	13/06/2018	100%
Nardoo Hill West	ELA09/2307		100%
Youanmi East	ELA57/1103		100%

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