ASX Release: 25 October 2016 **ASX Code: VMC**

Venus Metals Corporation Limited
ACN 123 250 582

CORPORATE DIRECTORY

Mr Terence Hogan
Non-Executive Chairman

Mr Matthew Hogan
Managing Director & Company Secretary

Mr Kumar Arunachalam
Executive Director

CAPITAL STRUCTURE

Issued Shares (ASX: VMC):
61,636,623

Issued Options (ASX: VMCO):
31,521,561

Market Cap: $12 million

CONTACT DETAILS

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QUARTERLY REPORT

FOR PERIOD ENDING 30 SEPTEMBER 2016

Venus Metals Corporation Limited's activities conducted during the quarter ending 30th September 2016 include:

Poona Lithium Project:

- A program of geological mapping & sampling has been completed over the project area and identified the extensive mineralised structural and stratigraphic Poona Lithium Trend (10 km strike length). Results from Poona include rock chips **1.93% Li_2O & >0.50% Rubidium (Rb)** (ASX release 17 August 2016).
- Recent reconnaissance mapping has identified a new prospect area at Poona East and surface sampling returned a significant number of high-grade lithium assays up to **2.58% Li_2O and 1.21% Rb**, over more than 1,000 metres of strike (ASX release 6 October 2016).
- Heritage survey completed and RC drilling commenced at selected target areas.

Pincher Well Zinc-Copper Prospect:

- A preliminary Induced Polarisation (IP) survey conducted at the Pincher Well Volcanogenic Massive Sulphide Trend ('VMS') has identified significant shallow 'up-dip' extensions, to the south of the known North Dome mineralisation.
- These near-surface 'southern extensions' are UNTESTED by drilling and have the potential to significantly expand the known envelope of mineralisation.

Curara Well Gold-Diamond-Base Metals Project- Doolgunna Region

- DMP approved Programme of Work (PoW).
- Heritage survey has been completed and drilling to commence.

The exploration activities conducted by Venus Metals Corporation Limited (VMC) during the quarter ending 30th September 2016 are as detailed below:

1. Poona Lithium Project, Murchison Region

The Poona project is located in the Murchison Mineral Field, approximately 560 km to the north-northeast of Perth. The project area is composed of two exploration licenses (E 20/885 & ELA 20/896) covering more than 249 km^2. These tenements overlie a number of recognised lithium and tantalum occurrences including Patons Lode & Poona Reward.

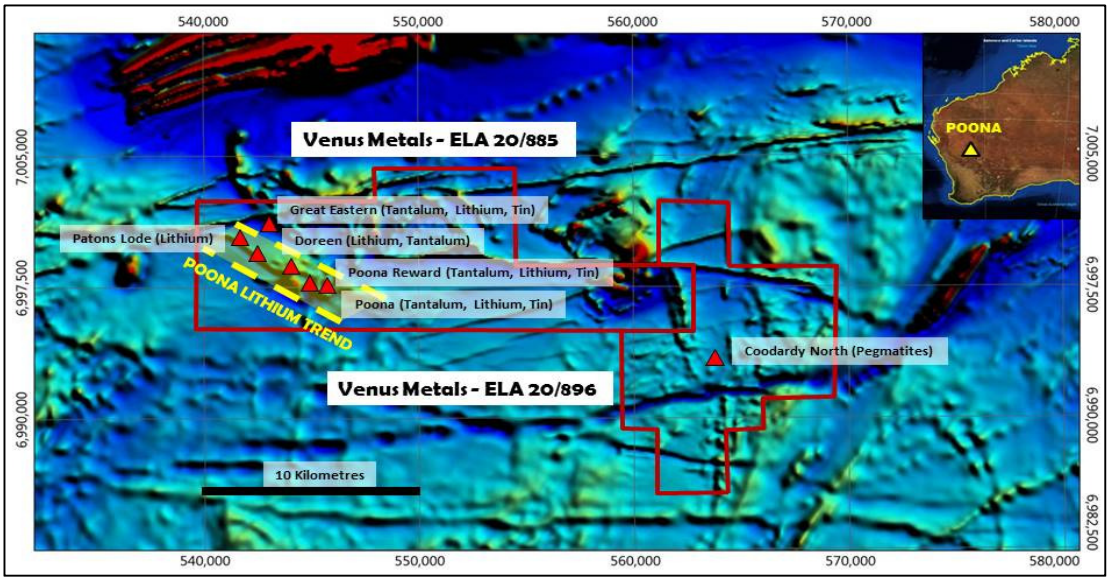

Figure 1. VMC Poona tenement areas (red) & prospect locations and mineralised trend (yellow) over regional geophysics

A program of mapping & sampling has been completed over the project area and identified the extensive mineralised structural and stratigraphic Poona Lithium Trend, which covers approximately ten kilometres of strike (Figure 1).

Surface sampling has returned a significant number of **samples in excess of 1000 ppm Li_2O** (Figure 2) with several high-grade assays including:

Sample P230	**6,998,958 N/ 544,689 E 1.93% Li_2O & >0.50% Rubidium**
Sample P231	**6,998,791 N/ 544,631 E 1.62% Li_2O & >0.50% Rubidium**

(refer ASX release 17 August 2016)

Historical exploration in the region shows the stratigraphy to consist of sheared gabbroic and ultrabasic units as well as amphibolite units. This stratigraphy has been variably intruded by various pegmatitic and quartz vein units.

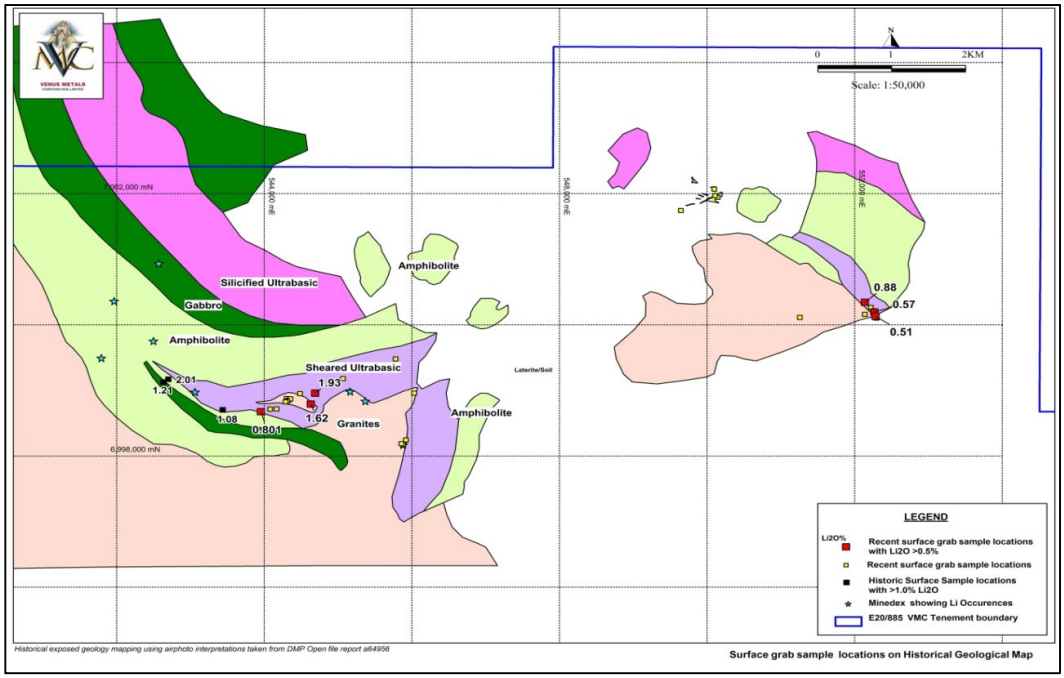

Figure 2 – Northern Poona tenement area showing geology and sampling locations, with key assays

A follow-up reconnaissance mapping and sampling has outlined a significant area of mineralised stratigraphy at **Poona East** (a new prospect area), to the north east of the main Poona Trend, which includes high-grade, pegmatite hosted lithium mineralisation.

Sampling has returned a significant number of anomalous assays, with high-grade lithium results including:

Sample P308	**7,001,156 N/ 552,658 E**	**1.72% Li_2O & 0.89% Rubidium**
Sample P312	**7,001,433 N/ 552,385 E**	**1.08% Li_2O & 0.68% Rubidium**
Sample P314	**7,001,415 N/ 552,093 E**	**1.94% Li_2O & 1.19% Rubidium**
Sample P318	**7,001,630 N/ 551,931 E**	**2.58% Li_2O & 1.21% Rubidium**
Sample P319	**7,001,929 N/ 551,664 E**	**1.29% Li_2O & 0.61% Rubidium**

(refer ASX release 6 October 2016)

The mineralisation at Poona East shows similar characteristics to that of the Poona Lithium Trend, located to the southwest, with lithium-rubidium mineralisation hosted by both the intrusive pegmatites as well as the surrounding biotite-rich schistose and amphibolite units.

Outcrop through the Poona East prospect area is limited, however the presence of both intrusive pegmatitic units and quartz 'blows' (in both sub and outcrop) is indicative of a significant hydrothermal alteration system. This style of mineralisation is typical of Canadian-style lithium-pegmatite deposits.

RC drilling commenced at Poona project with heritage and PoW approvals.

2. Pincher Well Zinc-Copper Project

The Pincher Well VMS Trend is located 600km north-northeast of Perth and forms part of Venus Metals Corporation Ltd.'s ('Venus') Youanmi gold & base metal project. The tenements (E 57/986 & 1019) hosting the Trend are situated 15 km southwest of the Youanmi Gold Mine and processing plant. The Youanmi region is well serviced by significant infrastructure associated with historical and ongoing mining operations in the region including those at Windimurra & Sandstone.

The Pincher Dome VMS Trend covers more than 5 kilometres of strike and hosts a number of known zinc and copper prospects including the Linda & Franca Gossans, PW17 zinc discovery and a substantial body of zinc mineralisation at **North Dome** (Figure 3). Drilling at North Dome, during the 1970s, outlined a shallowly dipping body of mineralisation up to 20 metres thick at more than 2% contained zinc. This body covers more than 1,000 metres of strike and is over 500 metres wide. Little exploration has been completed since that time, however a recent reinterpretation of the mineralised system by Venus Metals indicates that the mineralised envelope remains open in all directions and requires further exploration.

An Induced Polarisation ('IP') survey was recently completed by Vortex Geophysics at Pincher Well Volcanogenic Massive Sulphide Trend ('VMS'). The IP survey results where outstanding and demonstrated the following features:

- The IP was shown to be a **highly effective method of targeting disseminated zinc-copper sulphide** mineralisation at North Dome. A chargeable zone with an 8mV/V wireframe has a strike and width of **approximately 600m**, highlighting the known mineralisation on the north, as well as identifying **potential unrecognised extensions to the mineralisation to the south**,

- The survey indicates that the chargeable zone may extend further to the south bounded between the two north south lines which are 600m apart,
- **Higher chargeability zones up to 15mV/V are evident on the two southernmost east west lines and remain open to the south** (Figure 4) **and largely untested by drilling**, with the potential to **significantly expand the current exploration.** The IP shows significant untested anomalies adjacent to established mineralisation, such as:

  PW009 4.02 m @ 3.83% Zinc from 58.46 metres[1] &

  PW011 1.52 m @ 13.84 % Zinc from 93.57 metres[1]

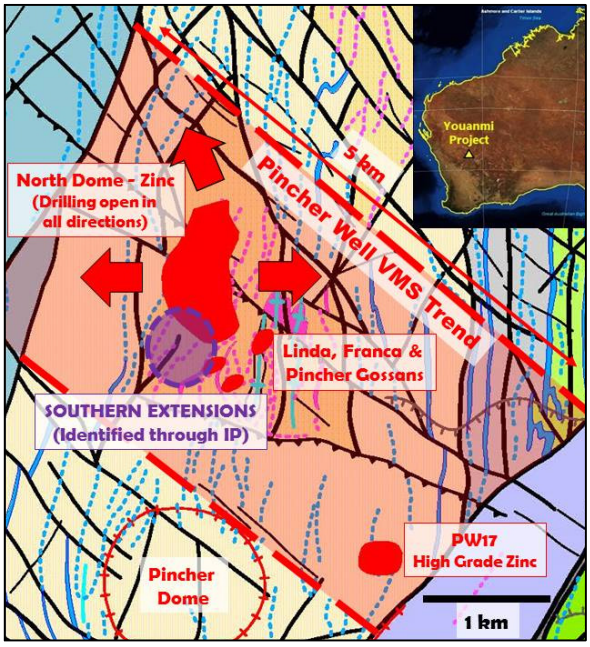

Figure 3. Interpreted Pincher Well geology with prospects, mineralisation defined by drilling (red) and untested IP target (purple)

IP survey results, analysed by Venus Metals, in conjunction with magnetics, gravity and electromagnetic ('EM') data and historical drilling, demonstrate the North Dome prospect to be a highly compelling drill target.

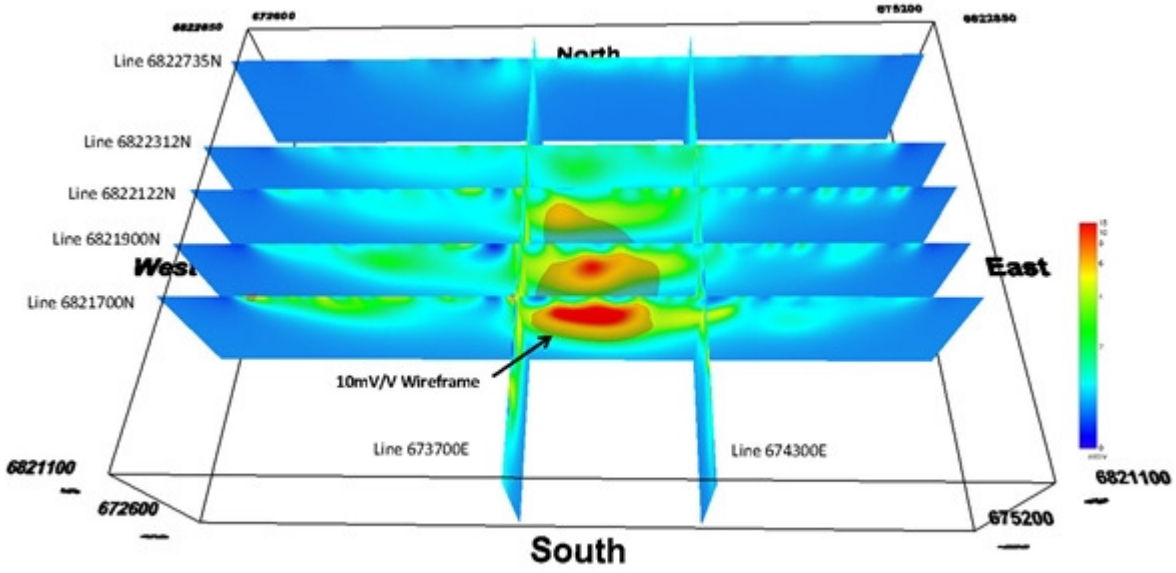

Figure 4. 3D Model of IP survey lines, with highest response (sulphide?) on the of the southern survey line

A Program of Works ('POW') is presently being prepared for submission to the Department of Mines and Petroleum (DMP) to allow the refurbishment of a number of east-west survey lines so that Venus can:

- Extend the IP survey to the south, further testing the anomaly discovered by the recent geophysical surveying,
- Undertake preliminary drill testing of the newly recognised southern extensions to the North Dome in coming weeks.

3. Curara Well Gold-Diamond-Base Metals Project- Doolgunna Region

Venus Metals Corporation Ltd ('Venus') holds two granted tenements (E52/3068 & E52/3069) and one tenement application (ELA 52/ 3320) covering 120 km^2 of the Marymia Inlier and are located approximately 10 km NE of Sandfire Resources high-grade DeGrussa Copper Mine at Doolgunna region in Western Australia (Figure 5).

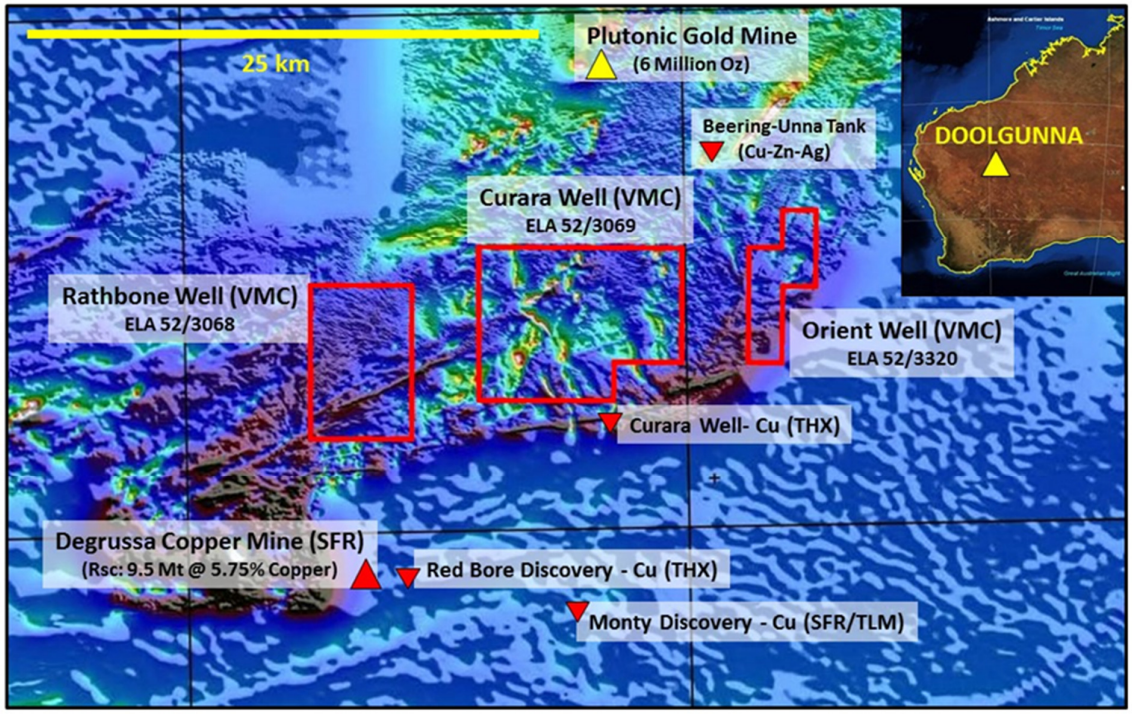

Figure 5. Location of VMC Curara Well Tenements shown on regional aeromagnetic map

The modelling of the Versatile Time-Domain Electromagnetic (VTEM) geophysical survey, and 3D inversion modelling of the recently acquired regional detailed magnetics (Figures 6 & 7), have **confirmed the presence of breccia pipe targets** within the Curara Well Copper-Gold tenement (ELA 52/3069). The VTEM survey has identified **34 anomalies, of which 8 are coincident with magnetic targets** (refer ASX Release: 14 October 2015).

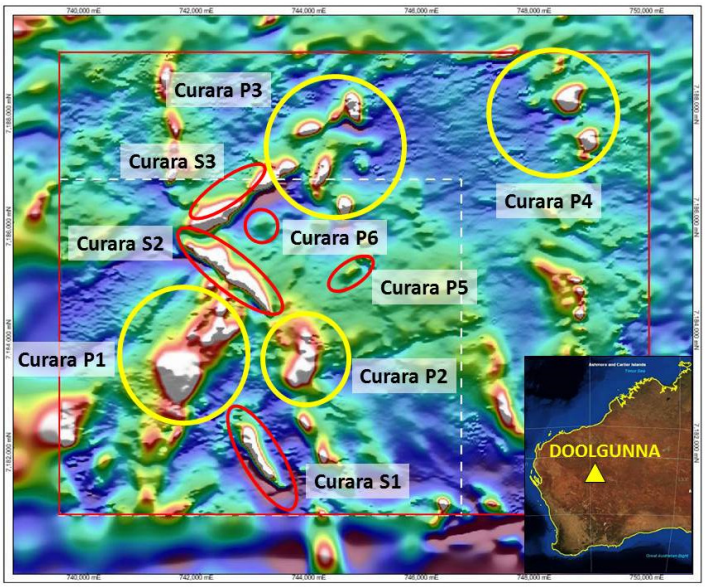

Figure 6 – Detailed magnetics image with magnetic breccia pipe targets (yellow P1-4) and additional VTEM/Magnetic targets in red

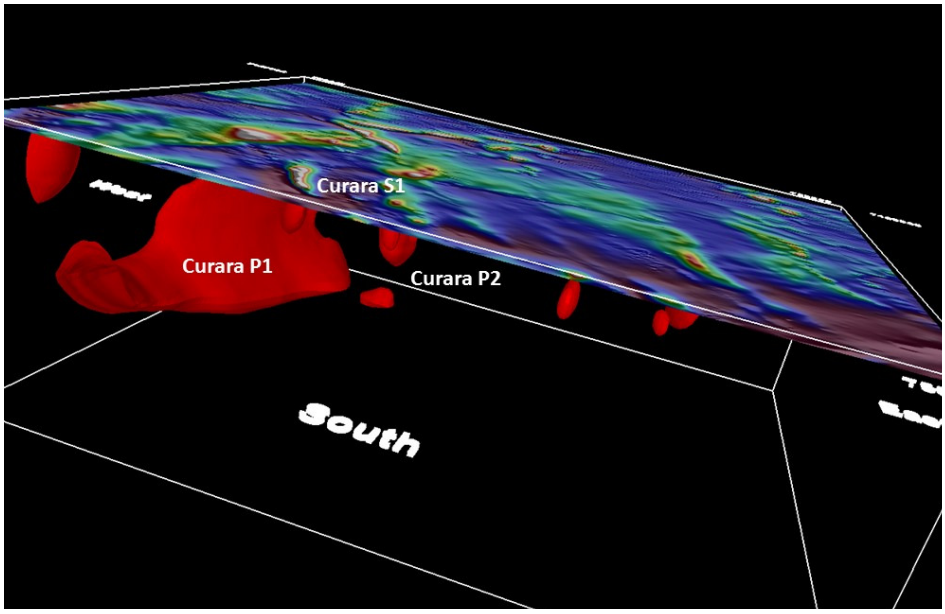

Figure 7. 3D inversion modelling of the detailed magnetics, showing the high-strength Magnetic targets in red.

Recently heritage clearance survey was completed and PoW approvals were obtained from Department of Mines and Petroleum. DMP has granted $150,000 under WA Government Exploration Incentive Scheme Co-funded Exploration Drilling Programme. Drilling is imminent.

Bibliography

1. WAMEX Report A4395, Pincher Well – Youanmi Project, Non Statutory Report: Diamond Drilling Logs & Assays Sheets, Western Mining Corporation, November, 1973.

2. WAMEX Report A73049, Pincher Hill Project, Youanmi, Annual Report for 2005-2006, Goldcrest Mines Pty Ltd, August, 2006.

Competent Person's Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr T. Putt of Exploration & Mining Information Systems, who is a member of The Australian Institute of Geoscientists. Mr Putt 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 "Australian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Putt consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Dr Fop Vanderhor, Specialist Consulting Geologist, who is a Member of the Australian Institute of Geoscientists has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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'. Mr Vanderhor 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 that relates to Geophysical Exploration IP Survey Results is based on information compiled by Mr Mathew Cooper, who is employed as a Consultant to the Company through geophysical consultancy Core Geophysics Pty Ltd. Mr Cooper is a member of the Australian Institute of Geoscientists and a member of the Australian Society of Exploration Geophysicists and has sufficient experience of relevance to the activities undertaken, 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. Mr Cooper consents to the inclusion in the report of matters based on 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 is a General Manager (Operations) of the Company. Mr Arunachalam 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 Australian code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Arunachalam consents to the inclusion in this report of the matters based on his information in the form and context that the information 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.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

VENUS METALS CORPORATION LIMITED

ABN	**Quarter ended ("current quarter")**
99 123 250 582	30 September 2016

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(77)	(77)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(152)	(152)
	(e) administration and corporate costs	(39)	(39)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(266)**	**(266)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	(50)	(50)
	(d) other non-current assets	-	-

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(50)**	**(50)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	2	2
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (proceeds for 8,000,000 shares to be issued on 4 October 2016 net of share issue cost)	1,128	1,128
3.10	**Net cash from / (used in) financing activities**	**1,130**	**1130**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	954	954
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(266)	(266)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(50)	(50)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,130	1,130

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,768**	**1,768**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	66	45
5.2	Call deposits	1,701	909
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,768**	**954**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	140
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors' salaries, fees and superannuation

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	350
9.2	Development	-
9.3	Production	-
9.4	Staff costs	-
9.5	Administration and corporate costs	120
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**470**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		Refer attachment		
10.2	Interests in mining tenements and petroleum tenements acquired or increased		Refer attachment		

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... Date: 25/10/2016
(Company secretary)

Print name: Matthew Hogan

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

Details of Mining tenements at Quarter ended 30 September 2016			
(ASX Listing Rule 5.3.3)			
Tenement ID	**Project Location in WA**	**% of Interest at the beginning of quarter**	**% of Interest at the end of quarter**
R59/1	Yalgoo	50%	50% interest in Iron and 100% interest in other minerals
E59/1508-I	Yalgoo	50% interest in Iron and 100% interest in other minerals	50% interest in Iron and 100% interest in other minerals
E57/983	Youanmi	100%	100%
E57/986	Youanmi	90%	90%
E57/984	Bellchambers/Sandstone	90%	90%
E57/965	Sandstone	100%	100%
E57/1011-I	Currans Well	90%	90%
P57/1365	Youanmi	90%	90%
P57/1366	Youanmi	90%	90%
E57/1019-I	Pincher Well	100%	100%
E52/3068	Rathbone Well	100%	100%
E52/3069	Curara Well	100%	100%
E57/985	Youanmi	90%	90%
E20/885	Poona	0%	90%
E57/981	Bellchambers/Sandstone	0%	100%
E57/982	Youanmi	0%	100%
E57/1023-I	Youanmi	0%	100%
E57/1018	Pincher Well	0%	100%