VENUS METALS
CORPORATION LIMITED

Venus Metals Corporation Limited

ABN 99 123 250 582

Half-Year Financial Report

31 December 2010

VENUS METALS CORPORATION LIMITED

ABN 99 123 250 582

CONTENTS

VENUS METALS CORPORATION LIMITED

ABN 99 123 250 582

CORPORATE INFORMATION

Directors

Terence William Hogan OAM – Non Executive Chairman

Matthew Vernon Hogan – Managing Director

Craig Richard Rosendorff – Non Executive Director

Company Secretary

Sergio Noto

Registered Office & Principal Place of Business

Mezzanine Level
BGC Centre
28 The Esplanade
PERTH WA 6000

Telephone: +61 8 9321 7541
Facsimile: +61 8 9486 9587

Email: info@venusmetals.com.au

Solicitors

Blakiston & Crabb
1202 Hay Street
WEST PERTH WA 6005

Auditors

Stantons International
1 Havelock Street
WEST PERTH WA 6005

Share Registry

Security Transfer Registrars Pty Ltd
Suite 1
770 Canning Highway
APPLECROSS WA 6153

Australian Securities Exchange

2 The Esplanade
PERTH WA 6000

ASX Code: VMC

Website

www.venusmetals.com.au

VENUS METALS CORPORATION LIMITED

ABN 99 123 250 582

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2010.

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Mr Terence Hogan OAM (Chairman)
Mr Matthew Hogan, Managing Director
Mr Craig Richard Rosendorff
Mr Kerry Taylor, Resigned (21/09/2010)

RESULT OF OPERATIONS

The net loss of the Company for the six months to 31 December 2010 is $2,351,208 (31 December 2009: $355,818). The net loss was largely due to exploration costs and share based expenses.

REVIEW OF OPERATIONS

During the half-year the Company carried out exploration work on the following projects:

- Yalgoo Iron Ore Project
- Argyle Smoke Creek Alluvial Diamond Project
- Telfer North Super Project
- West Murchison Base Metals Project
- Gawler West Craton Super Project

1. YALGOO IRON ORE PROJECT

Venus's Yalgoo Iron Ore project is centrally placed within Western Australia's emerging Mid West Iron Ore Province approximately 80 kilometres north of the world-class Gindalbie Metals Ltd Karara Iron Ore Project. The Yalgoo Iron Ore Project area consists of six exploration licences of 234 km2 covers Yilgarn Craton Archaean Banded Iron Formation units are comparable to those hosting the Gindalbie Metals Limited/Ansteel Karara Iron Ore Project Magnetite.

The exploration programme at YIOP in 2010 includes total RC drilling of 22,373m (130holes) and 2308m of diamond core drilling (9 holes). Venus commissioned geological consultants Widenbar and Associates to produce a preliminary JORC complaint resource estimate for Bilberatha Hill. Widenbar Associates estimated JORC Compliant Inferred Magnetite Mineral Resource of 443.9 Million Tonnes at Bilberatha Hill (refer Table1).

Table 1: JORC Inferred Mineral Resource Summary

Material	Fe Cut-off	Tonnes	Fe	Al2O3	SiO2	P	LOI
Oxide	20	71,100,000	30.51	2.02	48.22	0.042	1.31
Fresh	20	372,800,000	30.24	1.75	47.86	0.048	0.86
Total	20	443,900,000	30.29	1.79	47.91	0.047	0.94

JORC Inferred Magnetite Mineral Resource of 443.9 Million Tonnes exceeds the Company's previously announced target estimate tonnage range for Bilberatha Hill of: 268MT – 420MT.
The strike length of Bilberatha orebody is approximately 1.6 km, the BIF extends up to 630m below surface vertically (and is still open at depth), and the true thickness varies from 100m to 220m with an average of approximately 170m.

Metallurgical Testing

Venus commissioned ("METS") to undertake a scoping study of the Yalgoo Iron Ore Project.

Recent metallurgical test programme conducted on diamond drill holes YGDD001 and YGDD002 showed fresh magnetite BIF samples can easily be beneficiated. At -4 mm, while it rejected 19% of the feed mass to waste, the loss of iron was negligible. Approximately 94-99% of iron was reported to the magnetic concentrate. **This highly encouraging result is expected to improve the project economics with the reduction in costs for downstream grinding.**

Davis Tube Recovery (DTR) tests conducted on samples from YGDD002 confirmed the production of high grade magnetite concentrate (Table 2). The concentrates produced from the low sulphur ore zone can be sold as a premium quality direct reduction concentrate.

Table 2: Davis Tube Concentrate of YGDD002

YGDD002											
Master Composite	Hole Depth (m)			Recovery (%)		Calc'd Fe Head Grade (%)	DTR Concentrate Grade (%)				
	Start	End	Diff	Mass	Fe		Fe	SiO_2	Al_2O_3	P	S
1	140.3	174.3	34.0	44.2	89.1	34.8	70.1	2.7	0.02	0.01	0.01
2	174.3	196.8	22.5	38.6	80.8	33.0	69.0	3.1	0.03	0.01	0.43
3	196.8	210.5	13.7	44.8	88.5	35.8	70.7	2.0	<0.01	0.01	0.02
4	210.5	223.5	13.0	40.9	81.9	34.2	68.5	4.6	0.02	0.02	0.17
5	223.5	358.2	134.8	46.5	92.9	35.6	71.2	1.4	<0.01	0.01	0.03
6	358.2	396.5	37.9	35.3	81.2	30.8	70.7	1.5	0.02	0.01	0.22

2. Argyle Smoke Creek Alluvial Diamond Project

Nine Prospecting Licences covering parts of Smoke Creek were granted. A further thirteen prospecting licence applications are pending. The 1979 discovery of alluvial diamonds in Smoke Creek led to the discovery of the world-class Argyle diamond deposit. Prior to mining operations commencing at Argyle in 1985, Argyle Diamond Mines (ADM) mined parts of Smoke Creek.

Venus commissioned geological consultants Widenbar and Associates to produce a preliminary resource estimate for the Smoke Creek alluvial diamond project, which lies adjacent to the primary deposit which hosts Argyle Diamonds Limited current mine. The project area comprises nine Prospecting Licences covering parts of Smoke Creek. The area subject to resource modelling covers previous ADM Mining Leases held in Smoke Creek where ADM carried out reconnaissance bulk sampling programmes for diamonds in the 1980s and 1990s.

The resource estimate is based on the ADM-mapped extent of "C Terrace Gravels", and the published results of ADM's reconnaissance bulk sampling. The document produced by ADM at surrender of the mining leases is very comprehensive in describing sampling methodologies and it is considered that the data is valid and useable for resource estimation. The Resource Estimate has been classified in the Inferred category as defined by the 2004 edition of the JORC code. Widenbar Associates has reviewed

the drilling, sampling and assaying data used in the estimate and considers it to be of sufficient quality to support the resource classification applied.
JORC Inferred Resource has been estimated at:17.9 Mt at an average grade of 28 CPHT for 5,000,000 carats, using a cut-off of 10 CPHT.

Argyle Diamonds Ltd has operated its Argyle diamond mine in WA since 1985 although it had commenced alluvial diamond mining at nearby Smoke Creek in 1983. Argyle was the largest diamond mine in the world for many years, peaking at approximately 42.8m.carats in 1994. Argyle Diamond Mines operated an alluvial mine in Smoke Creek for many years, supplementing the hard rock AK1 production with the alluvial product which had a better quality distribution, including approximately 0.4% pink product. This distribution coincides with the known 1990's production at the Bow River alluvial diamond mine located in Limestone Creek which is the other drainage channel from AK1.

The Venus Smoke Creek Alluvial Diamond Project contains the same diamondiferous gravels to those already mined by Argyle in Smoke Creek.

3. TELFER NORTH SUPER PROJECT

Telfer North Super Project tenements were applied for to cover a multitude of "world-class" exploration targets, based on the strategy of targeting concealed parts of productive Proterozoic Orogenic Belts utilising GIS-based state-wide aeromagnetics and structural interpretation.

Gravity surveys at **Mt Morris** IOCG/base metal target*(E45/3396)

The gravity results **indicate three discrete 2 mGal gravity highs typical of Iron oxide-Copper-Gold deposits**.

Geophysical consultants Resource Potentials have modelled the gravity high as North-South striking three discrete gravity highs over a length of approximately 7km and over a width of 2km. The gravity anomaly amplitudes are comparable to other IOCG deposits e.g. Carapateena, Ernest Henry and Eloise as indicated in table 3.

On review of historical exploration drilling by BHP in 1993/1994 (Davis,1994) shows that the drillhole ANN1 intersected Proterozoic basement at 256m with the hole ending at 360m. The hole was drilled to the south-west of the southern gravity anomaly and it did not test the gravity anomaly as shown in Figure 1. **The drill hole encountered fractured granitic basement with pegmatitic lenses. Minor sulphides were encountered and the geological environment is regarded to be very encouraging for IOGC type deposits.**

Newcrest's drillhole MR0602 is located on the central gravity anomaly, but did not intersected basement. The drilling was abandoned at 165m due to running sands (Wright and Stewart, 2007). It is also located on the flank of a magnetic feature visible in the regional magnetic (400m line spaced) data and has not effectively tested either the magnetic or gravity response. The remainder of the holes in this region were all too shallow and did not reach basement.

Resource Potential's 3D depth modelling (gravity inversion modelling) on the VMC Bouguer gravity anomaly has been conducted and indicates a **depth to the source to be approximately 250m for the southern gravity anomaly, 275m for the central gravity anomaly and 310m for the northern gravity anomaly.** This compares well to the drill results at ANN1 and modelling completed by BHP on gravity and ground magnetics over two regional traverses close to ANN1.

The shallow depth to basement as proven by the BHP drilling and as indicated by the geophysical modelling makes drill testing of the Mt Morris gravity targets an eminently feasible proposition for the Company. The company is now preparing a programme of work for a drilling programme at the Mt Morris targets as soon as practicable.

Gravity survey results over Venus's **Radi Hills** IOCG/base metal target* (E45/3398) (located approximately 207 kilometres north-northwest of Telfer) show that the **Radi Hills magnetic high has a coincident "bullseye" 5 mGal gravity high typical of Iron oxide-Copper-Gold deposits**.

Geophysical consultants Resource Potentials have modelled the gravity high as a northwest-striking 3km x 2km body centred between two discrete magnetic anomalies. The gravity anomaly is comparable to other large IOCG deposits (refer Resource Potentials table 3 below, modified from Vella 2007).

Table 3: Gravity anomaly amplitudes of Radi Hills and Mt. Morris compared with other IOCG deposits.

Deposit	Magnetic Anomaly Amplitude	Magnetic Anomaly Dimensions	Gravity Anomaly Amplitude	Gravity Anomaly Dimensions
Olympic Dam	1400nT	8km across	17mgal	8km across
Wirrda Well	1800nT	6km x 9km	6mgal	6km x 9km
RADI HILLS*	***1500nT***	***3.5km x 2.5km***	***5mgal***	***3km x 2km***
Prominent Hill	7000nT	700m x 500m	5mgal	2.5km x 1km
MT MORRIS*	***800nT***	***8km x 5km***	***2mgal***	***7km x 2km***
Carapateena	200-300nT	1.5km x 1km	2-2.5mgal	2km x 2km
Ernest Henry	7000 - 10000nT	1.2km x 700m	2-3mgal	1.2km x 700m
Eloise	1100nT	750m x 250m	1mgal	1km x 500m

The Radi Hills IOCG target is interpreted by Venus to occur within Proterozoic basement of the Paterson Orogen which to the south of Venus's Wallal project area hosts the giant 27 million ounce Telfer gold deposit and the world-class Kintyre uranium deposit.

Venus structural interpretation of newly-acquired aeromagnetic imagery over the **Citadel project area** (E45/3435) identified a prominent doubly-plunging anticline similar to the structure hosting the giant 27 million ounce (Moz) Telfer gold deposit, the "Telfer Dome". The Citadel North Dome is interpreted to be an eight kilometre long doubly-plunging anticline formed within an interpreted dextral transpressional structural setting characterising the Proterozoic Paterson Orogen of Western Australia. The anticlinal structures are known to host other world-class gold ore bodies The increased regional magnetic response at Citadel may be originating from granite intrusions at depth, a geological setting that is considered by Venus to be favourable for gold mineralisation (gold mineralisation at Telfer is generally interpreted to be sourced from a syn-tectonic granite at depth).

4 West Murchison Base Metals Project

Significant results were announced from the Companies co-funded CSIRO reconnaissance water bore sampling program. Venus Metals has 5 tenement applications totalling 1429 sq km in the northwest Yilgarn Craton covering exploration targets for base metals and uranium.

In July 2010, CSIRO researchers in collaboration with Venus Metals collected 86 shallow groundwater samples from established wells and water bores for hydrogeochemical analysis and mineral exploration interpretation over Venus Metals tenements in the area. The CSIRO researchers believe that "**Ground water interacts with mineralised rocks and creates a geochemical signature that may be much greater in size than the mineral deposit as the ground water is more mobile than the surrounding minerals**".

Samples were collected and analysed according to the methods in Noble and Gray (2010). QA/QC was ensured using duplicates (inserted 1 in 15) and a contamination parameter determined from previous work on groundwater of the northern Yilgarn (Gray et al., 2009). Mineral saturation indices were created using PHREEQE and Geochemists Workbench.

Elemental and mineral saturation data were mapped and compared to the regional groundwater of the adjacent northeast Yilgarn Craton (Gray et al., 2009). Elevated groundwater uranium was found in the Yarloo Well and Meka project areas with this signature being similar to groundwater signatures observed around calcrete hosted U prospects in the northeast Yilgarn Craton.

Significantly, the sample collected at Yarloo Well has strongly elevated Cu and Zn values. CSIRO researchers report that **"The groundwater is more saturated with respect to these secondary copper minerals than any other sample previously collected in the northeast Yilgarn regional groundwater. The Yarloo Well groundwater chemistry is similar to that found in groundwaters near the Jaguar VMS deposit,"** located 300 km north of Kalgoorlie, WA.

A recent ground inspection by Company geological consultants at Yarloo Well revealed sheared "mafic greenstone" lithologies in spoil material around the well, indicating shallow bedrock in the well area. Regional geological and aeromagnetic data at Yarloo Well also indicate potential prospective geology in the Yarloo Well area. Small copper mines with abundant secondary copper minerals are located within mafic lithologies at Twin Peaks, approximately 10 km northwest of Yarloo Well.

The CSIRO sample results warrant thorough follow up exploration work, with the potential prize being a significant blind VMS copper zinc discovery in the Yarloo Well area.

5 Gawler West Craton Super Project

The Gawler West Craton Super Project (TESP) comprises granted Exploration Licences E69/2637 (Gatum Gatum Bore) & E69/2628 (Moodini), and pending Exploration Licence applications (E69/2630, 2785, 2786) with the latter forming the Madura project area. The tenements cover Proterozoic Albany-Fraser Orogen exploration targets interpreted beneath relatively thin Eucla Basin sediments. The orogen contains the relatively recently discovered world-class Tropicana gold deposit (>5 Moz).

The 193 block Moodini Exploration Licence covers a 42 kilometers strike length of the aeromagnetically interpreted continental-scale Mundrabilla Fault which is considered by Venus to be the western boundary of the South Australian Gawler Craton. The Mundrabilla Fault is considered to be prospective for "Olympic Dam type" Iron Oxide-Copper-Gold (IOCG) deposits. Gravity surveys were completed within the Moodini project area over two discrete but extensive aeromagnetic highs situated along the interpreted position of the craton-scale Mundrabilla Fault (Moodini North and Moodini South targets respectively). On the 23 June 2010 Venus announced the identification of the Moodini North and Moodini South IOCG targets. The targets are interpreted to occur within a tectonically favourable margin of the Gawler Craton and are coincident magnetic and gravity highs typical of known IOCG deposits like the super-giant Olympic Dam IOCG deposit.

Inversion modelling of gravity data was completed to confirm the target locations and to estimate depth to bedrock. Programme of Work (PoW) approvals were obtained from the Department of Mines and Petroleum and drilling to commence in March 2011.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes have occurred in the state of affairs of the Company after reporting date other than the following:

(i) the company raised $4,000,000 from the issue of 2,000,000 fully paid ordinary shares and 1,000,000 free attaching options with an exercise price of $3.00 per share; and

(ii) 2,339,940 options were exercised post half year end up to the date of this report to raise a gross $875,976 (1,939,940 options at $0.40c each and 400,000 options at $0.25c each)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration for the half-year ended 31 December 2010 as required under Section 307C of the Corporations Act 2001 is set out on page 19.

Signed in accordance with a resolution of the Board of Directors.

MV Hogan
Managing Director

Perth, 11th day of March 2011

VENUS METALS CORPORATION LIMITED

ABN 99 123 250 582

STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	Half-year ended 31 Dec 10 $	Half-year ended 31 Dec 09 $
Administration expense	2(b)	(1,518,003)	(207,269)
Exploration expenditure	2(b)	(873,136)	(148,131)
Operating result		**(2,391,139)**	**(355,400)**
Earnings before interest and taxes and amortisation (EBITA)		**(2,391,139)**	**(355,400)**
Amortisation		(58,065)	(5,762)
Earnings before interest and taxes (EBIT)		**(2,449,204)**	**(361,162)**
Net financial income	2(a)	97,996	5,344
Loss before taxes		**(2,351,208)**	**(355,818)**
Income tax		-	-
Net Loss after tax		**(2,351,208)**	**(355,818)**
Other comprehensive income		-	-
Income tax on other comprehensive income		-	-
Total Comprehensive loss for the period		**(2,351,208)**	**(355,818)**
Net Loss for the period			
Attributed to:			
Members of Venus Metals Corporation Ltd		**(2,351,208)**	**(355,818)**
Non-controlling interest		**-**	**-**
		(2,351,208)	**(355,818)**
Total Comprehensive loss for the period			
Attributed to:			
Members of Venus Metals Corporation Ltd		**(2,351,208)**	**(355,818)**
Non-controlling interest		**-**	**-**
		(2,351,208)	**(355,818)**
Earnings per share			
Basic loss per share (cents per share)		(7.60)	(1.30)

The statement of comprehensive income should be read in conjunction with the accompanying condensed notes.

VENUS METALS CORPORATION LIMITED

ABN 99 123 250 582

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Note	As at 31 Dec 10 $	As at 30 Jun 10 $
CURRENT ASSETS			
Cash and cash equivalents	3	6,204,198	4,969,544
Trade and other receivables		551,065	157,416
Other current assets		344,590	305,755
TOTAL CURRENT ASSETS		7,099,853	5,432,715
NON-CURRENT ASSETS			
Trade and other receivables		81,465	81,000
Plant and equipment		276,468	171,325
Capitalised mineral acquisition costs		1,316,770	1,106,770
TOTAL NON-CURRENT ASSETS		1,674,703	1,359,095
TOTAL ASSETS		8,774,556	6,791,810
CURRENT LIABILITIES			
Trade and other payables		850,727	609,383
Provision for employee entitlements		38,309	27,777
Other current liabilities		3,172,186	749,610
TOTAL CURRENT LIABILITIES		4,061,222	1,386,770
TOTAL LIABILITIES		4,061,222	1,386,770
NET ASSETS		**4,713,334**	**5,405,040**
EQUITY			
Issued capital	4	8,469,089	7,681,117
Reserves		1,789,136	917,606
Accumulated losses		(5,544,891)	(3,193,683)
TOTAL EQUITY		**4,713,334**	**5,405,040**

The statement of financial position should be read in conjunction with the accompanying condensed notes.

VENUS METALS CORPORATION LIMITED

ABN 99 123 250 582

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Share Capital	Share Options Reserve	Accumulated Losses	Total	Non-controlling interest	Total Equity
	$	$	$			$
As at 1 July 2010	7,681,117	917,606	(3,193,683)	5,405,040	-	5,405,040
Total comprehensive income for the period						
Loss			(2,351,208)	(2,351,208)		(2,351,208)
Other comprehensive income						
Total Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income for the period	-	-	(2,351,208)	(2,351,208)	-	(2,351,208)
Transactions with owners recorded directly into equity						
Contributions by and distributions to owners						
Shares issued during the year	210,000	-	-	210,000	-	210,000
Options issued during the period	-	-	-	-	-	-
Transaction costs	-	-	-	-	-	-
Share-based payment transactions	-	871,530	-	871,530	-	871,530
Share options exercised	577,972	-	-	577,972	-	577,972
Balance at 31 December 2010	**8,469,089**	**1,789,136**	**(5,544,891)**	**4,713,334**	**-**	**4,713,334**

The statement of changes in equity should be read in conjunction with the accompanying condensed notes.

VENUS METALS CORPORATION LIMITED

ABN 99 123 250 582

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Share Capital	Share Options Reserve	Accumulated Losses	Total	Non-controlling interest	Total Equity
	$	$	$			$
As at 1 July 2009	3,343,458	358,605	(1,923,799)	1,778,264	-	1,778,264
Total comprehensive income for the period						
Loss			(355,818)	(355,818)		(355,818)
Other comprehensive income						
Total Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income for the period	-	-	(355,818)	(355,818)	-	(355,818)
Transactions with owners recorded directly into equity						
Contributions by and distributions to owners						
Shares issued during the year	600,000	-	-	600,000	-	600,000
Options issued during the period	-	-	-	-	-	-
Transaction costs	-	-	-	-	-	-
Share-based payment transactions	-	71,162	-	71,162	-	71,162
Share options exercised	1,000	-	-	1,000	-	1,000
Balance at 31 December 2009	**3,944,458**	**429,767**	**(2,279,617)**	**2,094,608**	-	**2,094,608**

VENUS METALS CORPORATION LIMITED

ABN 99 123 250 582

STATEMENT OF CASHFLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	Half-year ended 31 Dec 10 $	Half-year ended 31 Dec 09 $
Cash flows from operating activities			
Interest received		108,024	5,344
Payments to suppliers and employees		(395,384)	(352,139)
Exploration expenditure		(941,296)	-
Net cash flows used in operating activities		(1,228,656)	(346,795)
Cash flows from investing activities			
Payments for plant and equipment		(163,209)	(30,322)
Payments for acquisition of tenements		-	-
Cash calls from Farm-in		6,000,000	-
Payments to suppliers and employees of Farm-in		(3,950,988)	-
Security Deposits paid		(465)	-
Net cash flows used in investing activities		1,885,338	(30,322)
Cash flows from financing activities			
Proceeds from issue of shares		-	601,000
Proceeds from exercise of options		577,972	-
Costs of the offer		-	-
Net cash flows used in financing activities		577,972	601,000
Net decrease in cash and cash equivalents		1,234,654	223,883
Cash and cash equivalents at beginning of financial period		4,969,544	491,503
Cash and cash equivalents at end of financial period	3	6,204,198	715,386

The cash flow statement should be read in conjunction with the accompanying condensed notes.

Note 1: Basis of Preparation and Accounting Policies

The general purpose financial statement for the half-year ended 31 December 2010 has been prepared in accordance with AASB 134: *Interim Financial Reporting Urgent Issues Group Interpretation* and the *Corporations Act 2001.*

It is recommended that the half-year financial statement be read in conjunction with the annual report for the year ended 30 June 2010 and considered with any public announcements made by Venus Metals Corporation Limited during the half-year ended 31 December 2010 in accordance with continuous disclosure obligations of the *ASX listing rules.*

The half-year financial statement does not include all notes of the type normally included within the annual report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half-year financial statement has been prepared on accrual basis and on a historical cost basis.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest dollar, unless otherwise stated.

Going Concern Basis

The financial statement has been prepared on the going concern basis, which contemplates continuity of normal business activities and realization of assets and settlement of liabilities in the ordinary course of business. The going concern of the Company is dependent upon it maintaining sufficient funds for its operations and commitments. The directors continue to monitor the ongoing funding requirements of the Company. The directors are confident that sufficient funding can be secured if required to enable the Company to continue as a going concern and as such are of the opinion that the financial statement has been appropriately prepared on a going concern basis.

Changes in Accounting Policy

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Accounting Standards not previously applied

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 30 June 2010, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the company include:

Note 1: Basis of Preparation and Accounting Policies (Cont'd)

- Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the classification of expenditures on unrecognised assets in the statement of cash flows.

The adoption of these amendments has not resulted in any changes to the company's accounting policies and have no affect on the amounts reported for the current or prior periods.

Note 2: Loss from Ordinary Activities

	31 Dec 10 $	31 Dec 09 $
(a) Financial Income		
Interest income received from other persons	97,996	5,344
(b) Expenses		
Administration expense	1,518,003	207,269
Exploration Expenditure	873,136	148,131

Note 3: Cash and cash equivalents

	31 Dec 10 $	30 Jun 10 $
Cash at bank	93,456	500,649
Cash in hand	168	1,885
Short-term bank deposits	6,110,574	4,467,010
	6,204,198	4,969,544

Reconciliation of Cash and cash equivalents

Cash at the end of the financial period as shown in the Statement of Cash Flows is reconciled to items in the Statement of financial position as follows:

Cash and cash equivalents	6,204,198	4,969,544

Note 4: Issued capital

	31 Dec 10 $	30 Jun 10 $
32,320,578 fully paid ordinary shares	8,997,398	8,209,426
Transaction costs relating to share issues	(528,309)	(528,309)
	8,469,089	7,681,117

(a) Ordinary Shares	31 Dec 10 $	30 Jun 10 $
At the beginning of reporting period	7,681,117	3,343,458
Options converted	577, 972	16,925
Shares issued during the year	210,000	4,600,000
Transaction costs during the year	-	(279,266)
At reporting date	8,469,089	7,681,117

(a) Ordinary Shares	31 Dec 10 No	30 Jun 10 No
At the beginning of reporting period	30,613,149	27,237,501
Options converted	1,557,429	42,313
Shares issued during the year	150,000	3,333,335
At reporting date	32,320,578	30,613,149

Note 5: Segment Reporting

The entity operates predominantly in the mineral exploration industry in Australia. For management purposes, the entity is organised into one main operating segment which involves the exploration of minerals in Australia. All of the entity'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 entity's as one segment. The financial results from this segment are equivalent to the financial statements of the entity's as a whole.

Note 6: Contingent Liabilities and Contingent Assets

The Company's activities in Australia are subject to the Native Title Act of the Commonwealth or State. The Company is not aware of any other matters that cannot be resolved through the normal legal process should they arise.

The Company is not aware of any other matters that may impact upon its timely access to the land that comprises the Company's project areas.

Note 7: Capital Exploration Expenditure Commitments

On 15 August 2008 the Company entered into a contract with Messrs Parry, Hill and Asphar to acquire tenements and a term of the contract is to pay Royalties is 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 (defined below) 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 Company 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 17 October 2008 the Company entered into a contract with Barber Exploration Pty Ltd and Graham Alfred Hawkes ("Hawkes") to acquire tenements and a term of the contract is to pay Royalties is as follows:

(i) 1.5% gross royalty payable to Hawkes in respect of all diamonds and any other minerals produced from the Tenements;

Note 8: Events Subsequent to Reporting Date

1. On 17 January 2011 the Company announced a private placement with European investors.

   The highlights of the placement are as follows:

   - Placement of 2,000,000 shares at AUD$2.00 per share to raise AUD$4 million;
   - Issue of 1,000,000 free attaching options (each option exercisable at AUD$3.00 on or before 30 June 2012). The options are subject to acceleration provisions such that, if at any time during the term of the options, Venus shares have a closing price on ASX for 10 or more consecutive trading days of more than AUD$4.00, Venus may elect to accelerate the exercise of the options to a date not less than 20 days after Venus notifies the option holders about the accelerated exercise.

   The proceeds raised under the Placement will be used by Venus for:

   - Exploration drilling, bulk sampling and feasibility studies; and
   - General working capital purposes.

   The consultants to the transaction will be entitled to receive a fee of 5% of the share placement.

2. Since 31 December 2010 up to the date of this report, the Company has received proceeds of $875,976 from the exercise of options.

Other than the above, there has been no matters or circumstances that have arisen since 31 December 2010 that has significantly affected or may significantly affect:

(a) the Company's operations in future years; or

(b) the results of those operations in future years; or

(c) the Company's state of affairs in future years.

VENUS METALS CORPORATION LIMITED

ABN 99 123 250 582

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the condensed financial statements and notes as set out on pages 10 to 17 are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 31 December 2010 and the performance for the half-year ended on that date of the Company; and

   (c) the financial report also complies with International Financial Reporting Standards.

2. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

....

MV Hogan
Managing Director

Perth, 11th day of March 2011.

Level 1, 1 Havelock St
West Perth WA 6005
Australia
PO Box 1908
West Perth WA 6872
Australia

t: +61 8 9481 3188
f: +61 8 9321 1204

w: www.stantons.com.au
e: info@stantons.com.au

Stantons International Audit and Consulting Pty Ltd
(ABN 84 144 581 519) trading as

Stantons International

Chartered Accountants and Consultants

11 March 2011

Board of Directors
Venus Metal Corporation Limited
Mezzanine Level, BCG Centre,
28 The Esplanade,
PERTH WA 6000

Dear Sirs

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 Review Director for the review of the financial statements of Venus Metals Corporation Limited for the period ended 31 December 2010, 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 review; and

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

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

John Van Dieren
Director

Level 1, 1 Havelock St
West Perth WA 6005
Australia
PO Box 1908
West Perth WA 6872
Australia

t: +61 8 9481 3188
f: +61 8 9321 1204

w: www.stantons.com.au
e: info@stantons.com.au

Stantons International Audit and Consulting Pty Ltd
(ABN 84 144 581 519) trading as
Stantons International
Chartered Accountants and Consultants

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Venus Metals Corporation Ltd, which comprises the condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Venus Metals Corporation Ltd.

Directors' Responsibility for the Half-Year Financial Report

The directors of Venus Metals Corporation Ltd are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Venus Metals Corporation Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Venus Metals Corporation Ltd on 11 March 2011.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Venus Metals Corporation Ltd is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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

Stantons International Audit and Consulting Pty Ltd

John P Van Dieren
Director

West Perth, Western Australia
11 March 2011