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Drill Results Argyle North Project

Venus Resources wishes to advise that it has received preliminary analytical results from the recently completed drilling program at its Argyle North project.

Background

Venus Resources Limited is exploring for Argyle aged (Proterozoic: 1.2 billion years) lamproite diamond bearing pipes possibly located under younger cover rocks comprising Devonian sediments or Cambrian basalts(400 million to 600 million years old).

It currently holds one granted exploration licence and two pending applications located along strike from the Argyle diamond mine.

The first phase drilling program was designed to test a number of targets at depth below the cover rocks with detailed multielement geochemistry to be used to determine the prospectivity of the proterozoic basement rocks.

Since floating in June the company has completed a total of 30 reverse circulation holes were drilled for 4476 metres with five target areas tested. See Figure 1.

Four metre composite samples were collected from the drilling and submitted for multi element analysis, with a specific suite of elements often associated with lamproite pipes analysed for.

Please Direct Enquiries to

Simon Coxhell
Executive Director
Mobile: 0419833127

1

Matthew Hogan
Non Executive Director
Ph: 08 93217541

Venus Resources Limited
Mezzanine Level, BGC Centre
28 The Esplanade, Perth WA 6000

The key elements from the multielement suite include Niobium, Nickel, Cesium and Lanthanum which may be used to discriminate rocktypes containing geochemical signatures typical of lamproite (or kimberlite) rocks.

The majority of the targets were successfully tested with hole depths ranging from 33 to 233 metres. Unfortunately the thickness of younger cover rocks on Target 4 prevented testing of the basement zone.

As predicted by the geological model a thick sequence of Devonian sandstones and conglomerates were found to overlay Proterozoic basement rocks particularly in Targets 1 and 2, with up to 202 metres of younger cover rocks present. See Figure 2.

Targets 3 and 6 were only covered by a thin veneer (4 metres) of younger Devonian rocks with proterozoic basement lying immediately underneath.

In summary

Target 1 and Target 2

A total of 22 holes for 4049 metres were drilled in the Target 1 and Target 2 areas of the north Argyle Project. The drilling was designed to test at depth below the cover rock sequence for the presence of buried lamproites, similar in size to the Argyle diamond pipe. Drill hole spacing over the targets was a nominal 250 metres X 200 metres grid pattern.

The cover sequence varied between 40 metres and 202 metres thick and comprised cemented pebble/cobble conglomerates overlain by a variably cemented predominantly oxidised red sandstone. All holes were interpreted to have penetrated the cover sequence with Proterozoic quartzites and siltstones intersected.

Three of the 17 holes (VRC014, VRC015, VRC018) recorded weakly anomalous assays of up to 20 ppm Niobium, 183 ppm Nickel 1030 ppm Barium, 100 ppm Cesium. Field logging of the basement reverse circulation drill chips recorded siltstone lithologies which may also host low level niobium values and petrology of the bottom of hole rock chips is underway.

Target 3

Target 3 was tested with one reverse circulation hole to a total depth of 47 metres. A thin 4 metre thick veneer of younger sandstone covered the basement which comprised faulted and ferruginous quartzites. No significant results were returned.

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Executive Director
Mobile: 0419833127

2

Matthew Hogan
Non Executive Director
Ph: 08 93217541

Venus Resources Limited
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Target 4

Target 4 was tested with one reverse circulation hole to a total depth of 233 metres. Devonian sandstones were intersected with the hole failing to reach the Proterozoic basement. The drill hole collar has been preserved with the potential to reenter the hole with a diamond drill hole tail.

Target 5

Access into Target 5 could not be achieved and this target remains untested.

Target 6

Target 6 was tested with one reverse circulation drill hole to a depth of 33 metres. A thin (4 metre) veneer of Devonian conglomerates overlay Proterozoic granitic basement with no anomalous results returned.

Discussion of Results

Venus Resources has now completed first pass testing of five of its six buried diamond targets located within granted tenement E80/3253.

Targets 1 and 2 were found to be covered by variable thickness of younger Devonian aged rocks, with further work in the form of petrology now needed to confirm the basement rock types intersected from the drilling in the Target 1 area. Consideration of a follow up program designed to evaluate in more detail the significance of the results is underway.

Targets 3 and 6 were covered by a thin veneer of younger rocks with granite and sedimentary proterozoic rocks intersected with no significant results returned.

Options for extending at depth drillhole VRC01 which failed to penetrate the thick Devonian cover in the Target 4 area are being explored which may involve deepening the hole with a diamond drill hole tail.

Venus is currently reviewing its tenement holdings and additional buried diamond targets with a view to commencing the next program immediately after the wet season.

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Executive Director
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3

Matthew Hogan
Non Executive Director
Ph: 08 93217541

Venus Resources Limited
Mezzanine Level, BGC Centre
28 The Esplanade, Perth WA 6000

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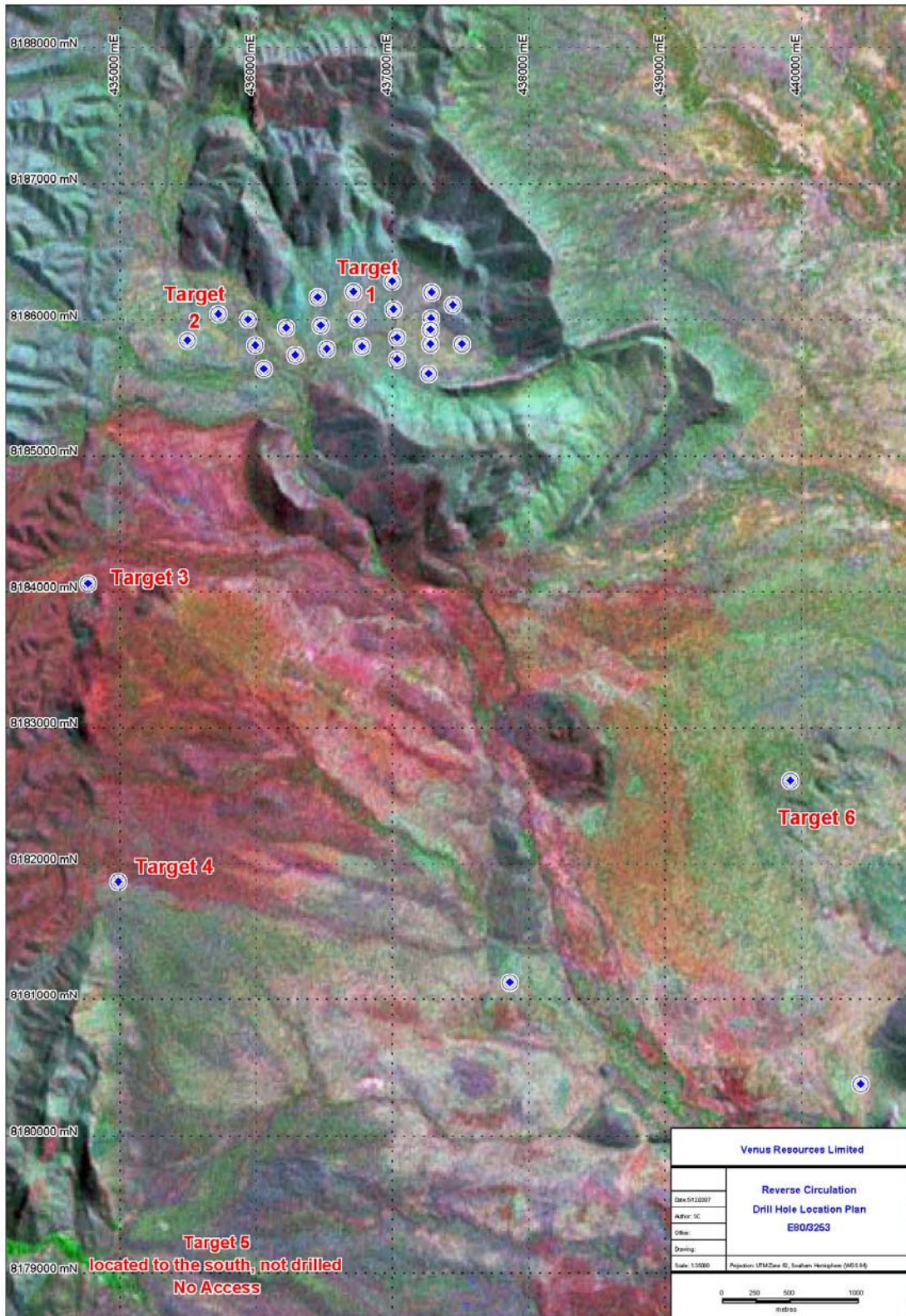


Figure 1: Drill Hole Location Plan: E80/3253

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Executive Director
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4

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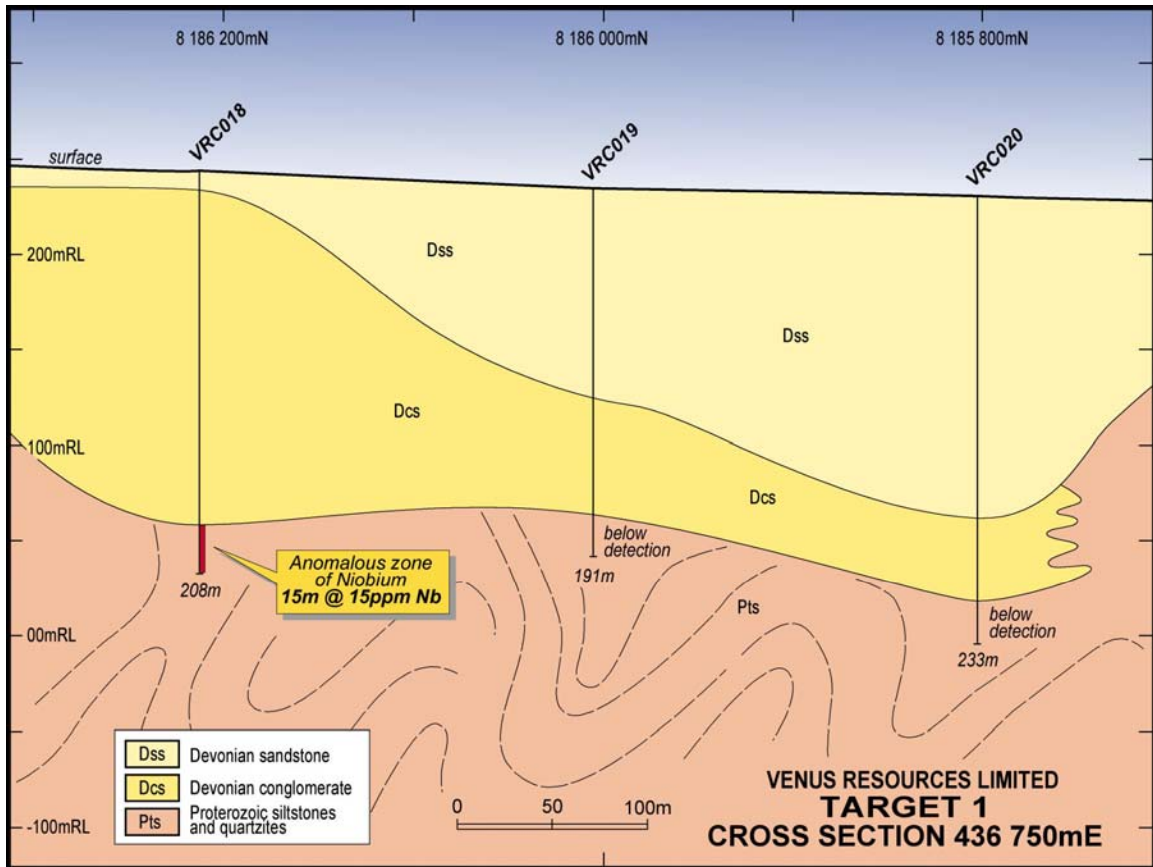


Figure 2: Cross Section 436 750E, Target 1

Simon Coxhell
 Executive Director
 Mobile: 0419833127

Please Direct Enquiries to

5

Matthew Hogan
 Non Executive Director
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Venus Resources Limited
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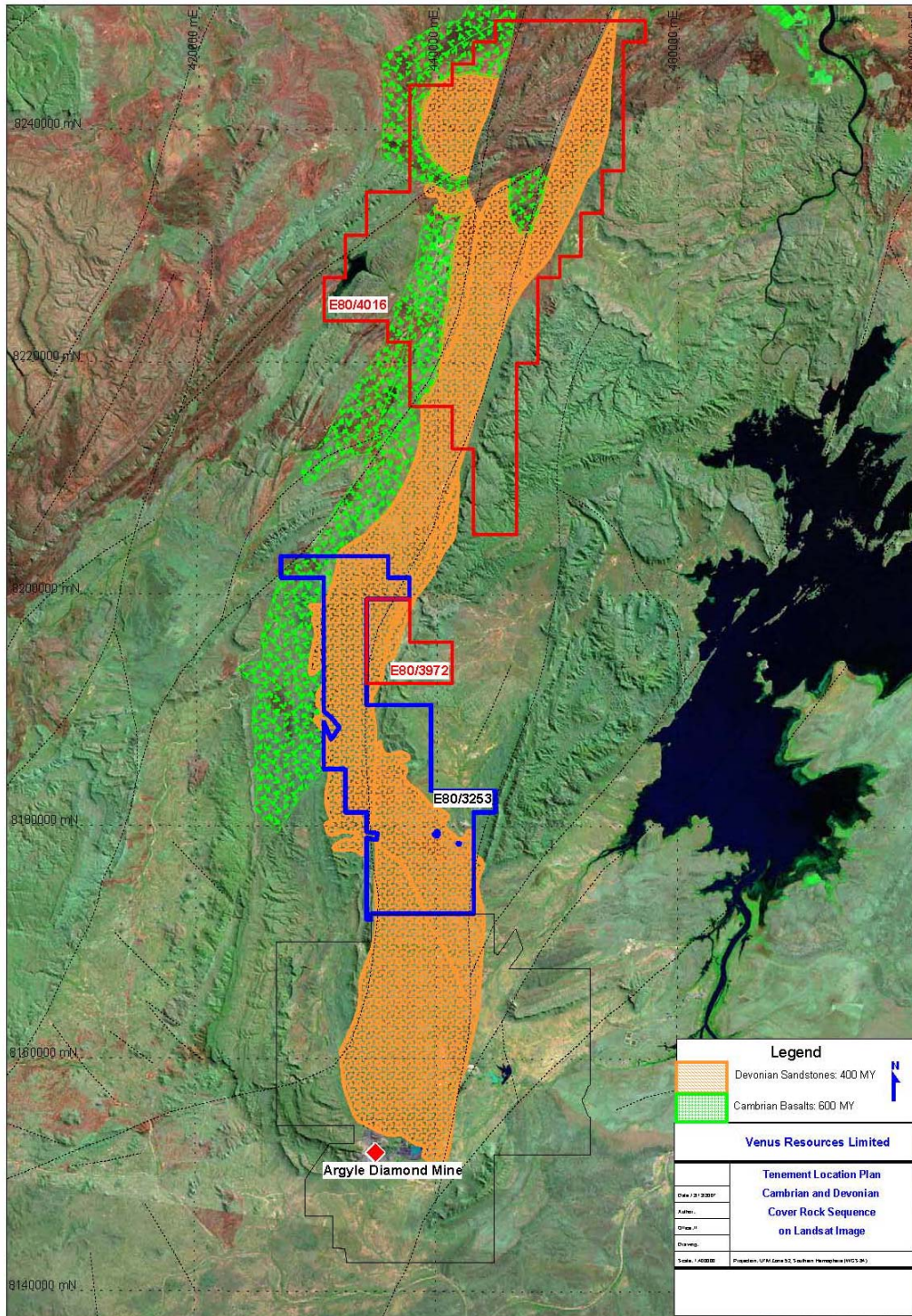


Figure 3: Venus Resources Tenement Location Plan and Younger Cover Rocks

The information in this report that relates to Exploration and Geological Work and Concepts is based on information compiled by Simon Coxhell, who is a member of the Australian Institute of Mining and Metallurgy and is a consultant of the Company. Mr Coxhell 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 Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Coxhell consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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