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Operations Update

Venus Resources Limited is pleased to provide an update on the progress of its Argyle North Diamond Project.

Highlights:

- 1) Approval received from the Department of Industry and Resources to commence the planned work programme.
- 2) The construction of approximately 13 kilometres of access tracks to a total of five drill targets to be explored for the presence of buried Proterozoic aged diamond bearing lamproite pipes located under younger Devonian aged rocks to the north of the Argyle Diamond Mine.
- 3) The receipt of results from some initial rock chip samples collected from a Proterozoic quartz rich breccia with a very high barium assay and associated high strontium assay returned. These two elements are known to be associated with lamproite pipes.
- 4) A drill rig has been contracted to complete the first pass drilling programme designed to test a number of buried diamond pipe targets. Approximately 40 reverse circulation drill holes are planned to be drilled.
- 5) A new tenement application (E80/3972) located immediately to the north east of E80/3253 has been applied for. Three new targets identified.

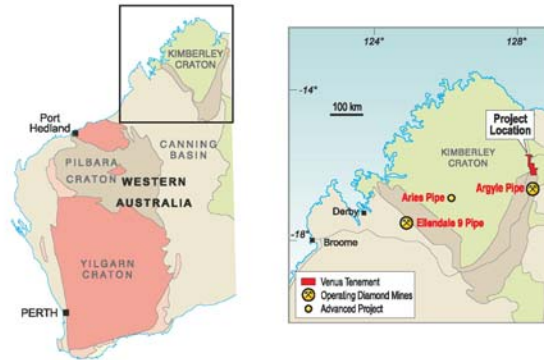
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Introduction

Venus Resources Limited has been formed to explore for buried diamond pipes on strike from the Argyle Diamond Mine under younger Devonian cover rocks.

Following the submittal of a detailed Programme of Work “POW” to the Department of Industry and Resources (DOIR) describing the planned exploration activities of Venus Resources, approval has now been received from DOIR for the work to proceed.

This work has commenced with approximately 13 kilometres of access tracks constructed providing drill rig access to a total of five targets. A drilling company has been contracted to complete the planned drilling with a total of approximately 3500 metres of reverse circulation drilling planned to commence by the third week of September.



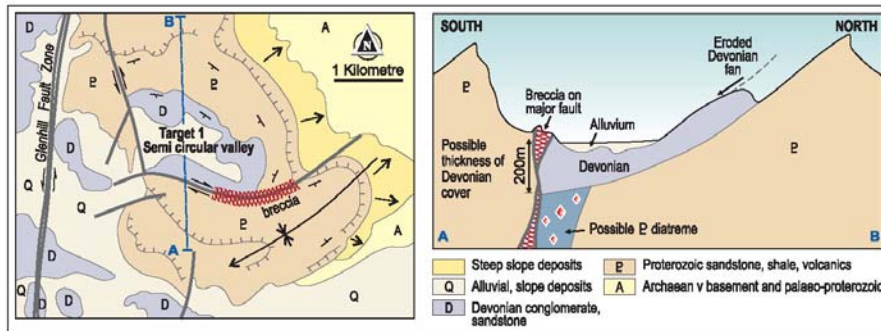
The targets will be systematically evaluated with deep RC drilling designed to drill through the Devonian cover rocks (50-100 metres depth?) and to test the underlying older Proterozoic aged rocks for the presence of diamond bearing lamproite pipes.

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Geological Model: Diamond Pipe Target 1

Rockchip Sampling

It is known from extensive research that lamproite and kimberlite diamond bearing pipes often have unique geochemical signatures related to their geological formation deep in the earth's crust (>150 km depth). Elements such as barium, cesium, rubidium, nickel, niobium and strontium can be used as pathfinders for such unusual rocks and assist in identifying areas of anomalism and prospectivity.

A "spine" of quartz breccia located approximately 500 metres south of Venus Diamond Target 1 and containing a number of small north-south trending fractures has been recently sampled. A total of 6 rockchip samples were collected with one of the samples returning significantly anomalous barium and strontium assays. The assays could be reflective of the type of geochemistry possibly expected around the perimeter of a lamproite pipe. Further sampling is planned in the coming field trip later in August.

Results are presented below.

Description	Easting	Northing	SampleNo	Ba	Ce	Cr	Nb	Ni	Rb	Sr	Ti	V	Y
			UNITS	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM	PPM
Breccia/Qtz/sst	437345	8185513	VNS001	58	10	X	X	5	71	36	120	13	4
N-Sth Fract/Qtz/sst	437375	8185515	VNS002	54	10	10	X	7	16	4	360	31	6
N-Sth Fract/Qtz/sst	437410	8185520	VNS003	1430	30	10	X	6	23	100	480	25	6
Cg SSt Qtz/fract	437460	8185525	VNS004	61	40	X	X	10	49	7	480	10	5
Vcg sst +/- Clay alt	437512	8185525	VNS005	61	70	X	X	8	81	10	490	8	4
Breccia/Qtz/sst	437567	8185535	VNS006	49	20	X	X	12	68	5	310	8	4
Breccia/Milky Qtz	437640	8185540	VNS007	144	10	X	X	11	10	9	160	6	5

New Tenement Application

A new exploration license (E80/3972) has been acquired by the Venus. E80/3972 totals 40 square kilometres and lies to the immediate north east of E80/3253. Photogeological interpretation has identified three circular anomalies located within the younger Devonian cover rocks and some preliminary work will be undertaken in the next few weeks to further evaluate these areas.

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Conclusion

Venus has now received all the necessary regulatory departmental approvals for the planned drill program to test six buried diamond pipe targets north of the Argyle Diamond Mine. Drill rig access has been established with drilling due to commence on or about the third week of September. The recent rockchip sample results, although not definitive provide early support of the possible existence of lamproite pipes in the vicinity of Target 1.

The acquisition of an adjacent tenement provides additional targets to be tested for buried Proterozoic aged lamproite pipes following granting.

The impending drill programme will test a range of defined and conceptual targets with potential for the discovery of a new diamond bearing lamproite pipe.

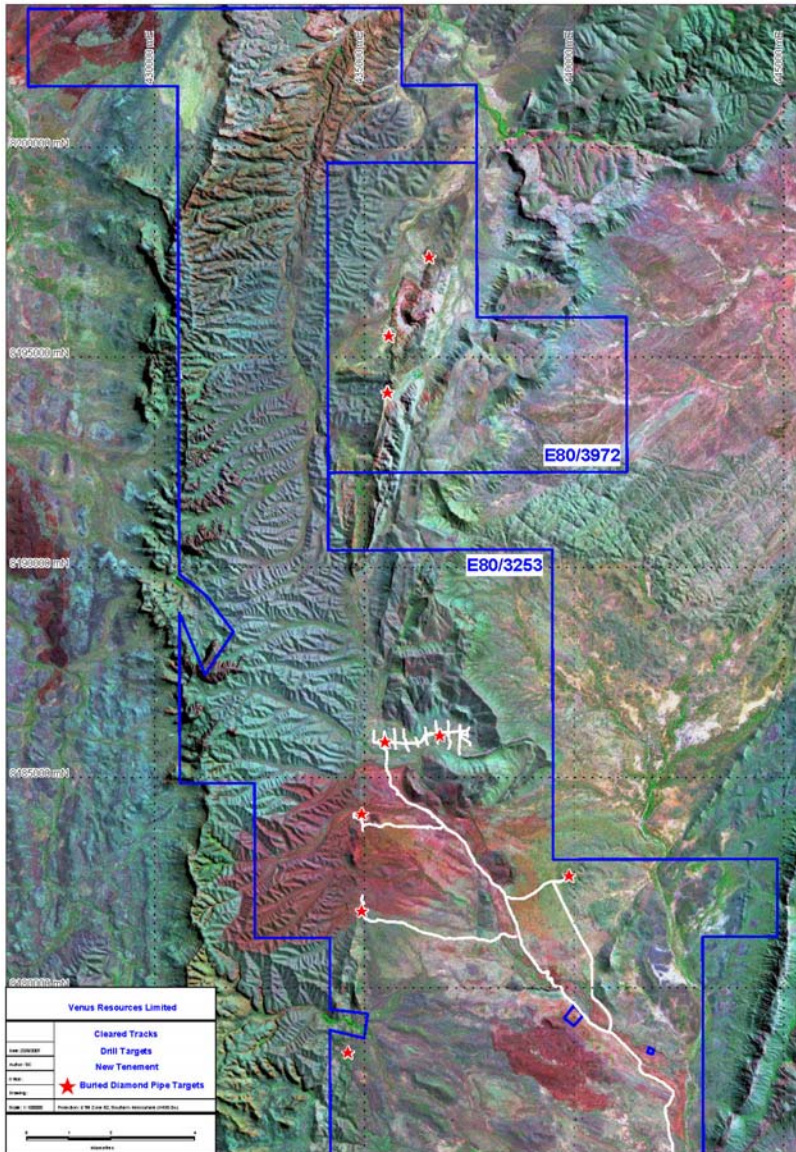
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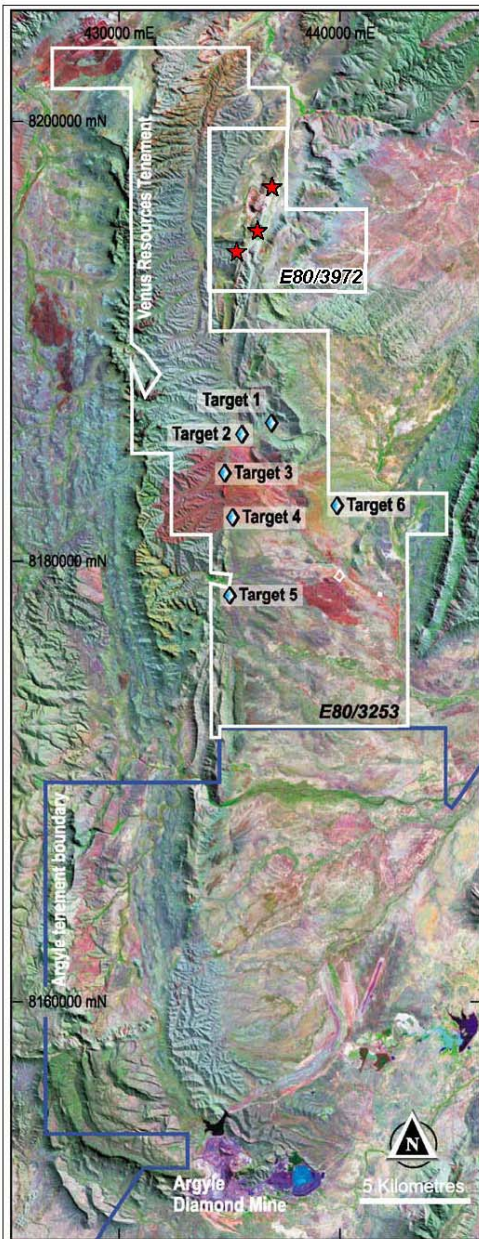


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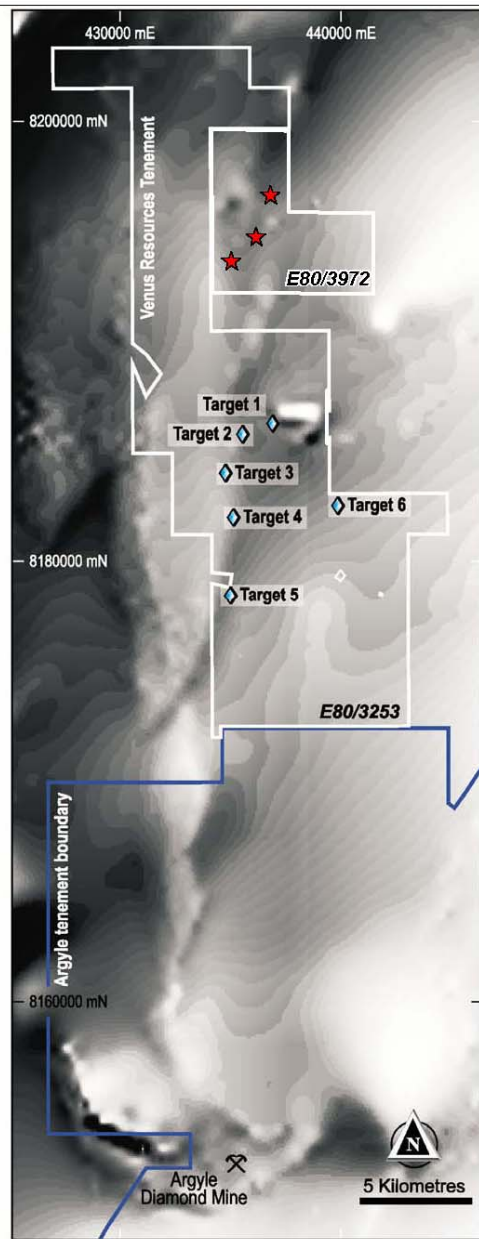
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Tenement Location on Landsat Plan



Diamond Pipe Targets on Magnetics

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 Competant 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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