



VENUS METALS
CORPORATION LIMITED

4 November 2011

Sebastian Bednarczyk
Australian Securities Exchange
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Facsimile: (08) 9221 2020

Dear Sebastian

I refer to your letter dated 3 November 2011 and comment as follows:

- 1. Does the Company consider the Drilling Information (or any part of it) in the Initial Announcement to be material to the Company?***

Yes.

- 2. Does the Company consider the Advice by Spectrolab referred to in the Subsequent Announcement to be material to the Company?***

Yes.

- 3. When did the Company become aware of the Advice by Spectrolab referred to in the Subsequent Announcement? Please include comprehensive details of the relevant time and circumstances of the Company becoming aware of the Advice by Spectrolab.***

The Company's Managing Director, Matthew Hogan became aware of an email from Nigel Dunn, Managing Director of Spectrolab at around 9:00 AM AWST on Tuesday 1 November 2011 expressing doubt over the assay results conducted by Spectrolab. Matthew Hogan then called me at approximately 9:02 AM AWST and followed up with an email at 9:05AM AWST requesting a trading halt in the Company's securities with immediate effect.

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3.1 In relation to this matter, please confirm whether the Company (or any of its officers/employees) had any communications with Spectrolab (or any of its employees) prior to the Initial Announcement.

The Company had numerous communications with Spectrolab in relation to the initial assay results and Spectrolab confirmed the results were correct and reliable.

The Company was not aware of any weaknesses in Spectrolab's testing procedures used in the assay results nor was it aware of Spectrolab's doubt about the accuracy of the results prior to the Initial Announcement and the receipt of the Advice.

4. If the answer to any part of question 2 is "yes" and the Company became aware of the Advice by Spectrolab referred to in the Subsequent Announcement prior to the:

4.1. release of the Initial Announcement, please explain why the Initial Announcement was released and the Initial Trading Halt was lifted.

The Company was not aware of the Advice by Spectrolab prior to the release of the Initial Announcement on 31 October 2011 as the Company became aware of the Advice by Spectrolab at approximately 9:00 AM AWST on 1 November 2011.

4.2. Company's request for the Subsequent Trading Halt, please explain why the Company did not make an announcement earlier or request a trading halt earlier.

The Subsequent Trading Halt was requested in a timely way.

The reason why the Company did not make a further announcement until 3 November 2011 was because:

1. Spectrolab conducted a re-assay on 1 November 2011 and the results were received by the Company on early evening 1 November 2011.
2. The Directors of the Company reviewed closely the conflicting results from Spectrolab and the explanations given by Spectrolab regarding process and procedures for the assay and re-assay.
3. The Directors of the Company sought further assays of the same samples from another independent NATA accredited laboratory, SGS Australia Pty Ltd (SGS) on 2 November 2011.
4. SGS informed the Company by telephone at approximately 5:00 PM AWST on 2 November 2011 that negligible gold was detected in one metre sampling of drill hole YGRC 156.

5. If the answer to question 2 is "no", please advise the basis on which the Company does not consider the Advice by Spectrolab referred to in the Subsequent Announcement to be material.

Not applicable.

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6. Please confirm that the Company is in compliance with listing rule 3.1.

The Company confirms that it is in compliance with listing rule 3.1 as on receipt of the Advice by Spectrolab the Company immediately requested that the ASX place its securities in a trading halt.

Yours sincerely



Patrick Tan
Company Secretary

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3 November 2011

Patrick Tan
Company Secretary
Venus Metals Corporation Limited
28 The Esplanade
PERTH WA 6000

By email: ptan@venusmetals.com.au

Dear Patrick

Venus Metals Corporation Limited (the "Company")

We refer to the following:

1. The trading halt request by the Company dated 26 October 2011 and released to the market at 5:49 PM EDST on 26 October 2011 (the "Initial Trading Halt").

2. The Company's announcement released to ASX at 9:32 AM EDST on 31 October 2011 and entitled "Yalgoo Gold Project Significant New Gold Discovery" (the "Initial Announcement"). The Initial Announcement included amongst other things, the following:

"[V]ery significant gold assays from detailed sampling of drillhole YGRC 156 completed at the Yalgoo Gold Project, together with excellent results from selected composite sampling in four other holes."

(the "Drilling Information")

3. The trading halt request by the Company dated 1 November 2011 and released to the market at 12:29 PM EDST on 1 November 2011 (the "Subsequent Trading Halt").

4. The Company's announcement released to ASX at 9:19 AM EDST on 3 November 2011 titled "Yalgoo Gold Project Assay Results Reported 31 October 2011" (the "Subsequent Announcement"). The Subsequent Announcement included amongst other things, the following:

"On Tuesday 1 November 2011 the Company was informed by Spectrolab that as a result of an audit undertaken by Spectrolab of the assay results and procedures used by Spectrolab it had identified discrepancies in the results. The Company was advised by Spectrolab that due to errors by Spectrolab the results were unreliable and a re-assaying of the samples was required."

(the "Advice by Spectrolab")

We wish to draw your attention to the definition of "aware" in chapter 19 of the listing rules which states that:

"an entity becomes aware of information if a director or executive officer (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity".

Further we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

Paragraph 18 of Guidance Note 8 states:

"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."

Please note that for disclosure not to be required under listing rule 3.1, all of the exceptions under listing rule 3.1A must apply:

- 3.1A.1 A reasonable person would not expect the information to be disclosed.*
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
- 3.1A.3 One or more of the following applies.*
- It would be a breach of a law to disclose the information.*
 - The information concerns an incomplete proposal or negotiation.*
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
 - The information is generated for the internal management purposes of the entity.*
 - The information is a trade secret."*

Finally, we would like to draw your attention to ASX's policy position on the concept of "confidentiality" which is detailed in paragraphs 34 to 40 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

"'Confidential' in this context has the sense of 'secret'..." and loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts reports".

Having regard to the Initial and Subsequent Announcements, the above definitions, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Does the Company consider the Drilling Information (or any part of it) in the Initial Announcement to be material to the Company?
2. Does the Company consider the Advice by Spectrolab referred to in the Subsequent Announcement to be material to the Company?
3. When did the Company become aware of the Advice by Spectrolab referred to in the Subsequent Announcement? Please include comprehensive details of the relevant time and circumstances of the Company becoming aware of the Advice by Spectrolab.
 - 3.1. In relation to this matter, please confirm whether the Company (or any of its officers/employees) had any communications with Spectrolab (or any of its employees) prior to the Initial Announcement.

4. If the answer to any part of question 2 is "yes" and the Company became aware of the Advice by Spectrolab referred to in the Subsequent Announcement prior to the:
- 4.1. release of the Initial Announcement, please explain why the Initial Announcement was released and the Initial Trading Halt was lifted.
 - 4.2. Company's request for the Subsequent Trading Halt, please explain why the Company did not make an announcement earlier or request a trading halt earlier.
5. If the answer to question 2 is "no", please advise the basis on which the Company does not consider the Advice by Spectrolab referred to in the Subsequent Announcement to be material.
6. Please confirm that the Company is in compliance with listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Please note the ASX reserves its right under listing rule 18.7A to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **half and hour before market open (i.e. before 6:30 AM WST) on Monday, 7 November 2011.**

Your response should be sent **by facsimile on facsimile number (08) 9221 2020**. It should not be sent to the Company Announcements Office.

Yours sincerely

[sent electronically without signature]

Sebastian Bednarczyk
Adviser, Listings (Perth)