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FIRST DRILL HOLE INTO THE LARGE BILBERATHA HILL MAGNETITE TARGET AT YALGOO IRON ORE PROJECT RETURNS ENCOURAGING IRON ORE ASSAY RESULTS

HIGHLIGHTS:

- First RC drill hole, YGRC0034 into the base of the large (268 - 420 Mt) Bilberatha Hill magnetite target ("Bilberatha") returns a highly magnetic BIF iron intersection of **130m @ 32.1 % Fe from 102 -232m**.
- Drill cuttings from the Bilberatha BIF interval 100-233m are apparently softer than a typical silica-only BIF because of the presence of carbonate. **Metallurgical test work is scheduled to commence this month.**
- **An accelerated drilling program is planned to commence shortly at Bilberatha with the arrival of a diamond drill rig and a second RC rig.**

YALGOO IRON ORE PROJECT

Mid West iron ore province:

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.

Gindalbie's web site (18/06/10) shows that Karara contains a magnetite resource of 2.5 billion tonnes with an ore reserve (probable) of 522 million tonnes @ 36.3% Fe with a low 0.34:1 waste:ore stripping ratio. First production of a magnetite concentrate and blast furnace grade pellets from Karara is scheduled to commence mid-2011. The project has an anticipated 60 year mine life at an initial production rate of 8 Mtpa with a capacity to expand production to +30 Mtpa for more than 30 years. In March 2010 Gindalbie announced a long-term off-take agreement with joint venture partner Ansteel covering life-of-mine production from Karara. "Based on the 2009 Benchmark iron ore fines price and stage one production rate, the off-take agreement is worth approximately US\$580 million a year increasing to more than US\$2.1 billion a year at the project's potential production rate".

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HD Mining Farm-in & JV agreement:

Venus Metals has an iron ore farm-in and joint venture agreement with HD Mining and Investments Pty Ltd (HD Mining), a subsidiary of Shandong Provincial Bureau of Geology and Minerals. Under the terms of the agreement HD Mining is required to sole spend AUD\$8 million over a 2 year period, to earn a 50% interest in the Company's Yalgoo exploration tenements.

Venus is the manager of the exploration program during the HD Mining sole funding period.

Bilberatha Hill magnetite target

On the 21 April 2010 Venus announced the identification of the large Bilberatha Hill magnetite target* within the Yalgoo project area following geological mapping by exploration consultants Terra Search Pty Ltd (Terra Search). Terra Search used the results of their GIS-based geological mapping and rock chip assays, combined with analysis of high resolution aeromagnetic data to indicate the presence of large BIF-hosted magnetic body estimated to be in the tonnage range 268 – 420 million tonnes with an iron grade range of 30-36% Fe. Figure 1 shows the interpreted extent of the Bilberatha BIF unit in relation to analytical signal aeromagnetic imagery.

Prior to government approval of a second round of reconnaissance drilling in mid June Venus had approval to drill only one site at Bilberatha. Drillhole YGRC0034 was collared on the 1 June 2010 at the base of Bilbertha Hill (refer attached photos, and Figure 1 for its location with respect to the Bilberatha target). YGRC0034 was abandoned at 257 metres because of drilling difficulties, short of its target depth of 350 metres. The hole intersected the following:

- 0-4m: BIF scree (colluvium).
- 4-55m; brown, deeply oxidised, fine-grained, non-magnetic clayey weathered rock with the down-hole interval 10-55m five metre composite samples returning an averaging iron grade of 30.64% Fe suggestive of highly friable weathered BIF.
- 55-100m: brown to dark grey, moderately to weakly oxidised, non-magnetic to strongly magnetic mafic/ultramafic/BIF



- 100-233m: dark grey, unoxidised, strongly magnetic, carbonate-bearing BIF, with one metre samples from 102-232m returning an average iron grade of 32.1% Fe. Appendix 1 shows photographs of the BIF.
- 233-257m: unoxidised, non-magnetic mafic (hole abandoned at 257m).

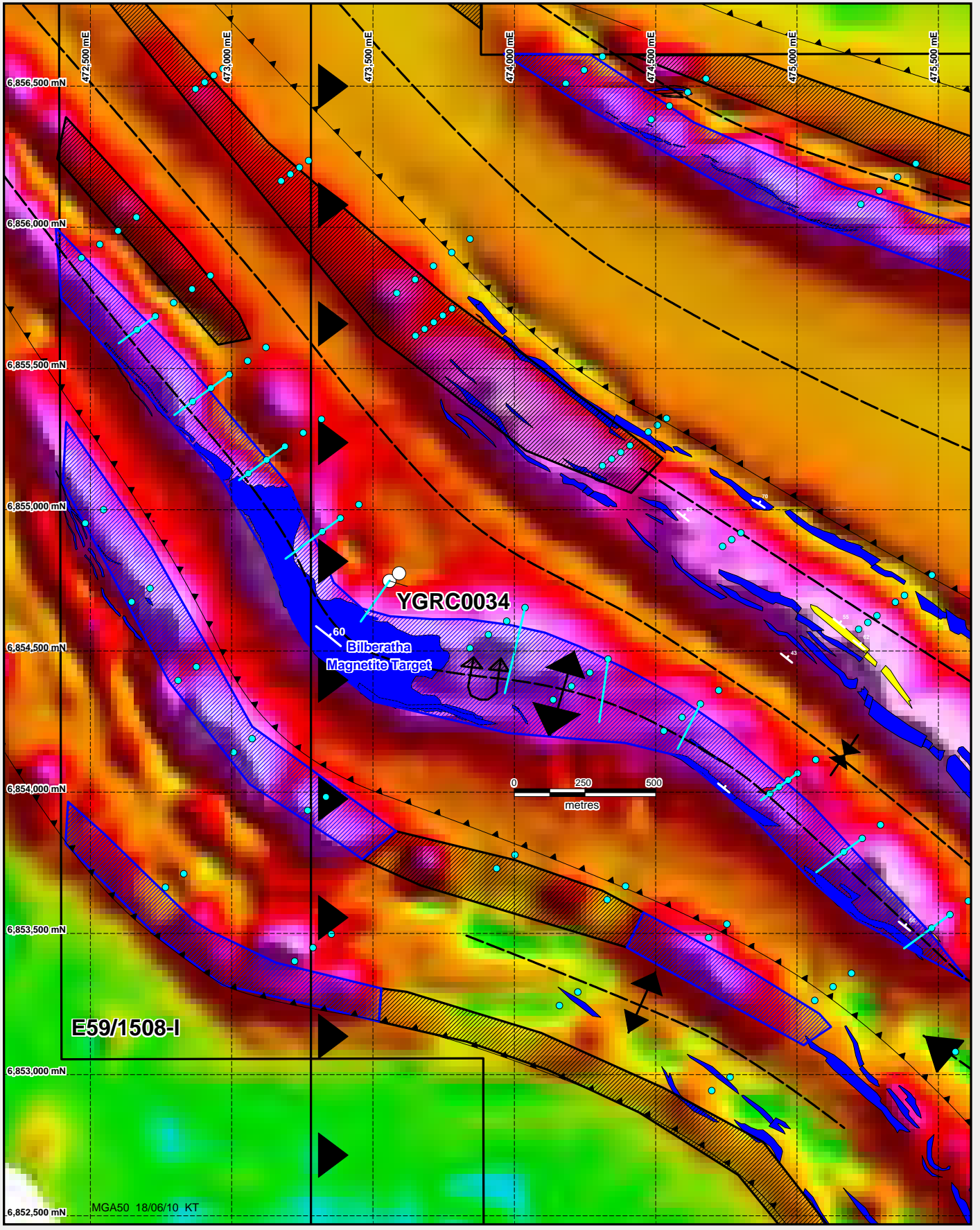
The nature of drill cuttings from the magnetite BIF interval 100-233m (refer attached photos) suggest the presence of apparently softer BIF than a typical silica-only BIF because of the presence of carbonate. The apparent softer nature of the Bilberatha BIF is considered by Venus to be sufficiently encouraging to initiate early metallurgical Davis Tube test work.

Venus considers that the intersection of 133 metres of strongly magnetic and carbonated BIF grading 32.1% Fe at Bilberatha is a very encouraging iron ore exploration result, and as such an accelerated RC and diamond drilling program is planned to commence this month to further assess the magnetite iron ore potential of Bilberatha. The location of initial follow-up deep RC and diamond drillholes is shown in Figure 1.

**The term "Target" should not be misunderstood or misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004), and therefore the terms have not been used in this context. It is uncertain if further exploration or feasibility study will result in the determination of a Mineral Resource or Mining Reserve.*

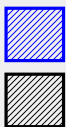
Competent Persons Declaration:

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Kerry Taylor, who is a Member of The Australian Institute of Geoscientists and is a full time employee of the Company. Mr Taylor has sufficient experience which is relevant to the style of mineralization 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 Taylor consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



VENUS METALS CORPORATION

YALGOO IRON ORE PROJECT



Venus magnetite iron target

Venus DSO iron target

- Stage 1 drillhole
- Approved Stage 2 drill sites
- Priority 1 Bilberatha drillhole

- Hematite-goethite outcrop
- BIF outcrop

Figure 1. Bilberatha magnetite target drilling



Bilberatha magnetite target - initial drillhole YGRC0034



Drillhole YGRC0034 drill cuttings



Highly magnetic carbonated Bilberatha BIF



YGRC0034 pencil magnet magnetite cluster