

# VXR.AU

13 October 2010  
Copper, Zinc, Gold  
Australia (WA), Brazil  
Advanced Exploration  
Exchanges: ASX:VXR

## Venturex Resources Limited

A\$ 0.09

**VXR controls a large (50 x 20km) VMS district in the Pilbara (WA) with significant exploration upside. Current resource 180kt Cu Eq grading 1.1% Cu (2.2% Cu Eq). Potential 15ktpa Cu Eq production from 1Q12. LOM 8 years. Scoping study expected 4Q10.**

### Capital Profile

Share price (A\$)	0.09
52 week range (A\$/share)	0.06 to 0.14
Number of shares (m)	655
Options and warrants (m)	77
Convertible notes (m)	0
Fully diluted (m)	732
Market capitalisation (undiluted) (A\$m)	59.0
Debt (A\$m) - Sep 10F	0.0
Enterprise value (A\$m)	59.0
Major shareholders: Nefco Nominees (19.3%), Straits Mineral Investments (16.3%)	
Avg monthly volume (m)	9
Cash (A\$m) - Sep 10F	5.0
Price/Cash (x)	11.9
Price/Book (x)	2.4
Listed company options:	No

### Production and Financial Forecasts

YEAR END: June	Jun-10a	Sep-10F	2010a	2011F	2012F
Exploration and evaluation (A\$m)	1.05	1.25	2.88	5.00	5.00
Corporate (A\$m)	0.46	0.50	2.01	1.70	1.60
Exploration/(Expl.+ Corporate) (%)	69	71	59	75	76
Funding duration at current burn (years)			1.3	0.9	0.9
Shares on issue (pr end) (m shares)	635.7	655.0	635.7	735.0	815.0
Drilling - RAB (m)	0	0	0	0	0
Drilling - Other/Diamond (m)	6,264	5,000	13,395	15,500	15,500
Land holding ('000 ha)*	34	34	34	34	34
Tenement costs (\$k per year)	-	-	-	-	-
Capital raisings (A\$m)	8.98	1.50	10.90	7.50	6.00
Funding from JV partners (A\$m)	0	0	0	0	0
Cash (A\$m)	6.3	5.0	6.3	6.2	5.9
Cash backing (Ac/share)	1.0	0.8	1.0	0.8	0.7
Net asset backing (Ac/share)	3.7	3.7	3.7	4.0	4.2

\*Copper prospective tenements only; held and under application. Quarters refer to calendar year.

### Investment Points

WA copper focus: FY11 exploration budget \$5m: 90% directed to Pilbara VMS copper (drilling 20,000m).

Scoping study and resource upgrade expected 4Q10. BFS and development decision expected 2Q11.

Substantial infrastructure in place. Low capex ~A\$70m.

Pilbara VMS: Open pit ore reserves: 3.47mt @ 2.2% Cu Eq (Whim Creek and Mons Cupri pits) - support first 5 years mine life. C1 costs <US\$1.00/lb Cu Eq\*.

VXR has defined 5 deposits to date. VMS districts of similar scale typically contain 8-19 economic deposits.

Exploration upside on 36km prospective VMS horizon; and at depth (>150m). Multiple drill ready targets.

Drilling Mons Cupri corridor 4Q10 (5,000m) - potential for significant open pit resource additions (+2.5mt, +50%) - extending low cost, open pit mine life by 1-3 yrs.

Blue sky gold discovery potential in Brazil.

### Company Comment

**Overview:** VXR listed on the ASX April 2007. Lead projects are VMS base metals in the Pilbara. It purchased Whim Creek and Salt Creek from Straits Resources (ASX:SRL) Aug '09 for \$8m in shares (on deal closure) and \$3m in shares or \$3.5m cash on decision to mine.

**Pilbara VMS province (WA):** 120km from Port Hedland. VXR holds 3 project areas prospective for VMS base metals, viz, Whim Creek, Salt Creek and Liberty-Indee; within 25km of **Whim Creek Mining Lease** where a previous open pit (2004/5, SRL), crushing circuit, and infrastructure are situated; 5km to electric grid. The Pilbara deposits occur in clusters, are shallow dipping, undulating planes, not difficult or expensive to explore at increasing depths. VXR has high potential for discovery of additional pods as limited exploration has occurred at depths below 150m, and from surface where there are numerous gossans. **Scoping Study:** Expected 4Q10 (Snowden) for a centralized plant producing Cu, Pb and Zn concentrates at Whim Creek. Expected capex A\$50m to A\$80m. The study is drawing on feasibility work completed by Straits in 2007. Proposed production rate is 600ktpa grading over 2% Cu Eq from 1Q12. LOM 8 years. Initial production is expected from open pit mining at Mons Cupri, Whim Creek and Evelyn in years 1-5; and subsequently from high grade underground ore at Salt Creek in years 5 - 8. There is good potential to extend open pit life, by 1 to 3 years, especially in the Mons Cupri corridor.

**Whim Creek:** contains the main **Mons Cupri** resource (4.94mt, 58% of total resource) - the sulphide zone is open at depth (below 250m), to the north and northwest. Resource upgrade Sep '10 added 67% to in-pit reserves and +54% to Whim Creek pit reserves. **Liberty-Indee project:** 12km VMS horizon with multiple gossans at surface. **Salt Creek project:** Potential for selective, narrow vein underground mining. High grade zinc - drill intercepts include 4.75m @ 47.8% Zn 2Q10.

**Whim Creek Heap Leach:** (VXR 50%, free carried) Small-scale SX-EW (operated by WASC0) to produce 1-2ktpa Cu cathode from 1Q11. LOM 2-3 years. Potential cashflow to VXR ~\$3mpa.

**Brazilian gold projects:** Generating a lead gold project. VXR team and properties in place. Rio Pombo: large soil anomaly; good trenching results, further trenching underway; targeting granite hosted system.

**Investment Comment:** VXR offers exploration upside with production visibility 1Q12 and leverage to the rising copper price. The company is trading at a 50-70% discount to preliminary estimates of project NPV: >A\$100m at a copper price of US\$3.00/lb and >A\$150m at spot copper price (~US\$3.75/lb). Drilling Oct '10 northwest of Mons Cupri with potential for significant resource additions (+2.5mt, +50%). Further resource and reserve revisions imminent for Salt Creek and Evelyn deposits.

### Reserves and Resources/Mineralised Material

Code for reporting mineral resources - Australian: (JORC)

Copper	Classification	Project Equity	Ore Mt	Cu %	Cu Eq* %	Cut Off %	Cu* kt	Cu Eq* Mlb
<b>Reserves</b>								
Whim Creek	Probable	100%	0.69	1.7	2.2	0.85	15	33.5
Mons Cupri	Probable	100%	2.78	1.1	2.2	0.85	61	134.6
Salt Creek	Probable	100%	1.40	1.3	2.9	0.85	41	89.5
<b>Total - Pilbara VMS</b>			<b>4.87</b>	<b>1.3</b>	<b>2.4</b>		<b>117</b>	<b>258</b>
<b>Resources (includes proved and probable reserves)</b>								
Whim Creek	Inf and Ind	100%	1.03	1.4	1.9	0.60	20	44.1
Mons Cupri	IIM	100%	4.94	0.9	1.6	0.60	80	176.4
Salt Creek	Inf and Ind	100%	1.83	1.4	3.3	0.60	61	134.5
Liberty-Indee	Inf and Ind	70%	0.66	1.8	3.6	0.60	25	38.6
<b>Total - Pilbara VMS</b>			<b>8.46</b>	<b>1.1</b>	<b>2.2</b>		<b>186</b>	<b>393.5</b>
<b>Mineralised Material (est., non compliant with JORC)</b>								
							<b>0.0</b>	<b>0.0</b>

\*Cu Equivalent = Cu% + Zn% x 0.28 + Pb% x 0.26 + Ag(ppm) x 0.008 + Au(ppm) x 0.513. NSR returns to be confirmed.

\*Metal prices: Copper US\$6612/t; Zinc US\$1983/t; Lead US\$1983/t; Silver US\$18/oz; Gold US\$1200/oz

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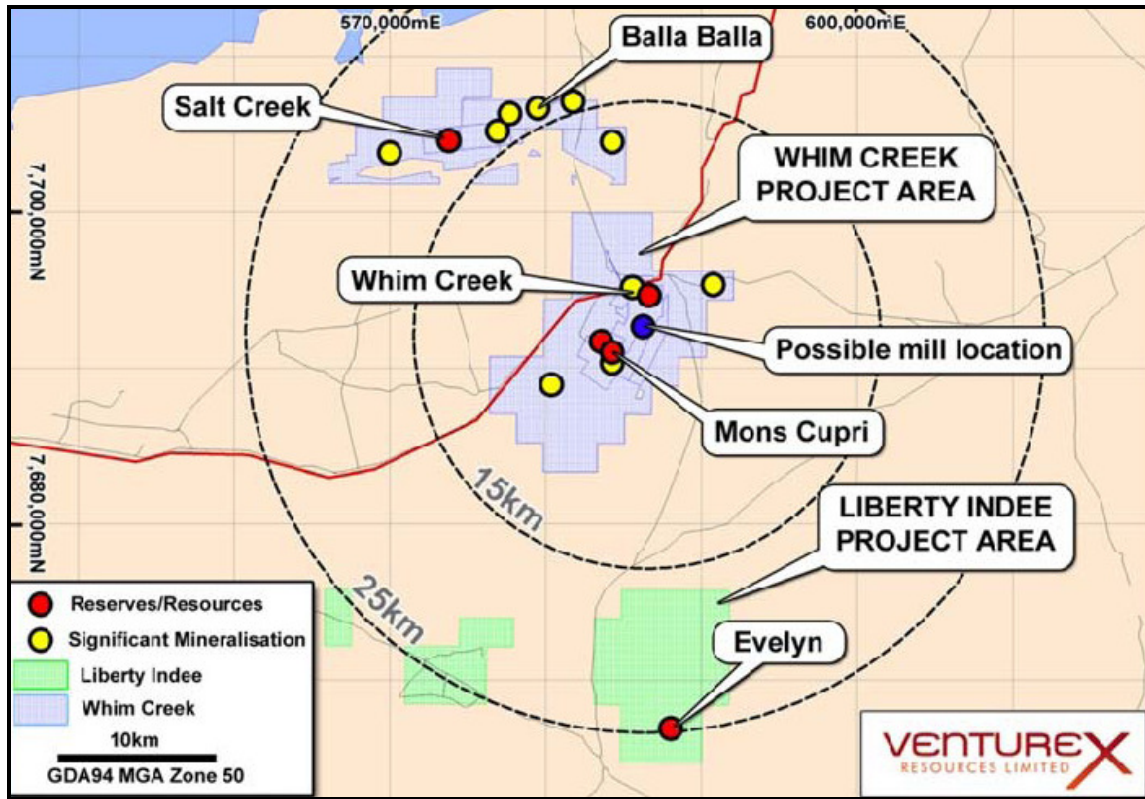
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### Key Projects

Project	Ownership/Option	Metal	JV Partner	Target Type	Process Route	Project Status	Location
Whim Creek	100%	Cu-Zn-(Pb)	none	VMS	Flotation	Scoping Study	Aus (WA)
Mons Cupri	100%	Cu-Zn-(Pb)	none	VMS	Flotation	Scoping Study	Aus (WA)
Salt Creek	100%	Cu-Zn-Pb	none	VMS	Flotation	Scoping Study	Aus (WA)
Liberty-Indee	70/90%	Cu-Zn	Ourwest	VMS	Flotation	Scoping Study	Aus (WA)
Whim Creek Heap L.	50%	Cu	WASCO		Oxide	Refurbishing	Aus (WA)
Jatoba Gold Mine	100%	Au	none		Oxide	Closed mine	Brazil
Rio Pombo	100%	Au	none		Oxide	Mid Expl.	Brazil

Pilbara VMS project (WA): VXR holds 3 project areas prospective for VMS base metals: Whim Creek, Salt Creek and Liberty-Indee - within 25km trucking distance of an established mine site at Whim Creek. VXR has defined 5 deposits to date. VMS districts of similar scale typically contain 8-19 economic deposits.



VXR: Pilbara VMS project timeline to production. Potential production 1Q12, expected from open pit mining at Mons Cupri (currently 58% of total resource), Whim Creek and Evelyn in years 1-5; and subsequently from high grade underground ore at Salt Creek in years 5 - 8.

		2010			2011				2012			
		Year 1			Year 2				Year 3			
ACTIVITY		Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
Preliminary	Resource Definition Drilling	█										
	JORC Resource Estimation	█	█									
	Scoping Study		█	◆								
Feasibility Study	Metallurgical Testwork			█	█							
	Process design			█	█							
	Pit/UG Design		█	█	█							
	Environmental Approvals		█	█	█							
	Additional Lease Applications			█	█							
Board Approval				◆								
Construction	Final Circuit Design				█	█						
	Key Contracts				█	█						
	Construction				█	█	█	█	█	█		
	Commission										█	
Production	Mons Cupri Pre-strip									█	█	█
	Mons Cupri Production									█	█	█
	Whim Creek Production									█	█	█
	Liberty Indee Production									█	█	█
	Salt Creek Development											█
	Salt Creek Production											█

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