

Venturex flies under the radar as Zinc trends up

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Zincophiles reckon the galvanising metal is set to take off in coming months as the final concentrates from **MMG's** mined-out Century operation in Queensland get gobbled up and the Glen core cutbacks bite.

The long spurned metal has been doing OK, thank you very much, so far this (calendar) year in anticipation of all that, rising more than 40 per cent to \$US2104 a tonne.

There have been too many false dawns in zinc over the years to get too excited just yet. After all, the current price is still short of the 2014 average of \$US2,164 a tonne.

But the zincophiles reckon it will be different this time and that the metal is heading off to much higher levels, due in part to China's environmental crackdown on the more polluting of its indigenous operations, and the lack of investment in new non-China supplies. So expect anything zinc to do well in the months ahead. If copper can be added to the equation all the better, if the gurus at tipping these things can be relied upon.

All that makes **Venturex Resources (VXR)** look interesting. It closed on Friday at 0.7c a share for a market capitalisation of \$12.2 million. Given it holds a resource inventory across projects in the Pilbara region of Western Australia of 300,000 tonnes of copper and 900,000 tonnes of zinc, it seems clear it has been flying under the radar.

The inventory is spread between the historical copper

mining centre of Whim Creek and its Sulphur Springs deposit.

As an aside, it can be said that the beer is flowing once again at the historic Whim Creek pub, with the watering hole reopening its doors last year after a refurbishment at the hands of its new owners, the Ngarluma Aboriginal Corporation and the Ngaluma and Yindjibarndi Foundation.

Venturex acquired the pub as part of its acquisition of the Whim Creek copper project in 2010. It decided that owning and running a pub did not fit within its core corporate agenda, and pocketed \$1.7m on its sale to the indigenous groups. They made the bold decision to re-establish the pub as a function centre and tourist destination, and business is said to be booming.

Venturex in the meantime pulls in a handy pub-sized cashflow of around \$1m-a-year (and increasing) from a heap leach copper cathode operation at Whim Creek run by private operator Blackrock Metals.

That recently extended arrangement, which should run for the next three years or so, helps pay the bills and also gives Venturex access to an expert in the field of heap leach processing. But it has much bigger ambitions than that. It is assessing the opportunity for high-grade production from existing resources at Whim Creek, and has been working on finding extensions of the main Mons Cupri deposit there. The area has had precious little

exploration attention in more

than three decades.

Meanwhile, the much larger Sulphur Springs project presents a longer-term prize. A recent re-evaluation by Entech Mining has resulted in a new ore reserve of 7.3 million tonnes at 1.2 per cent copper and 3.5 per cent zinc, with a new underground mine plan expected to deliver significant operating and capital cost savings.

The original \$200m capital price tag for the project is likely to prove too much for Venturex by itself, but there are plenty of other options, including bringing in a partner and pursuing a smaller-scale start-up opportunity.

The recent identification of a high-grade supergene resource of 800,000 tonnes grading 4.2 per cent of copper for 34,000 tonnes of contained copper could prove to be just the sort of breakthrough Venturex was seeking. View all that against Venturex's meagre market cap, and it has got to be assumed that its market value will play catch-up with its peers before long, particularly when exploration updates hit the screens.

Back in May, Independent Investment Research arrived at a base case valuation of \$60m or 3c a share on the stock. Doesn't sound like much. But it is a long way from Friday's 0.7c price tag.