

VENTUREX RESOURCES

RESOURCESTOCKS

VENTURING TO COPPER-ZINC PRODUCTION

With big deposits, low development cost and exploration upside, this company is sitting pretty for growth in forthcoming years.

PERTH-BASED VENTUREX Resources is in control of the largest volcanogenic massive sulfide (VMS) resources in Western Australia's Pilbara region.

With an overall resource base of 590,000 tonnes of copper equivalent, the company has enough confidence in the scope of its operation to push ahead with a bankable feasibility study.

"The overall game plan of the company is to develop a centralised processing facility at Whim Creek, where we will treat open pit ores from the local area and higher-grade underground ores from Sulphur Springs," managing director Tim Sugden told *RESOURCESTOCKS*.

Venturex controls five significant VMS deposits, including the two largest known deposits in the Pilbara – Sulphur Springs and Mons Cupri.

Most of the 590,000t resource base is copper, with zinc being the secondary metal, together with lead, silver and gold.

Along with the size and grade of the deposits, location is another factor working in the company's favour.

"At Whim Creek there is an established minesite with infrastructure both within and around the site," Sugden said.

"All the basic services such as roads, power, gas, water [and] accommodation village are in place."

From a development cost perspective, this substantially reduces capital requirements when the decision is made to move into production. There is a crusher in place, which is expected to be suitable with refurbishment, and Venturex has identified sites for the mill and float circuit.

A scoping study of the Whim Creek site and pre-feasibility study at Sulphur Springs indicates pre-development capital in the range of \$135-150 million.

"And that is for everything; it includes the process plant, mine development capital, haul roads and working capital," Sugden confirmed.

"It's very much a complete 'up and running' cost."

The bankable feasibility study should be completed by the end of this year.

The advances made by Venturex since it first entered the Pilbara have been extraordinary. Turning away from its original gold focus in Brazil the company has positioned itself to be an Australian leader in VMS.

Venturex started off by drilling the

Evelyn deposit; a prospect south of Whim Creek. A small (but high-grade and open-pittable) copper-zinc-gold resource was delineated, but it didn't provide the critical mass required to support a significant development.

This led to discussions with Straits Resources (now a strategic shareholder) and the purchase of the Whim Creek copper mine 35 kilometres to the north of Evelyn, which came with a significant open-pittable copper-zinc sulfide resource plus infrastructure.

"When that was added it gave us the scale and grade to pursue a development, so we conducted a scoping study on that basis and came up with a viable production plan, but it wasn't large enough nor had the longevity we were looking for in an operation," Sugden said.

Venturex then ran the ruler over the larger Sulphur Springs copper-zinc deposit, and completed the purchase from CBH Resources in February 2011.

"The addition of the high grade ore at Sulphur Springs gives us a significant scale to pursue a development – essentially doubling the scale of a standalone Whim Creek development," Sugden said.

"The beauty of it is that the cost of development is not substantially higher by increasing the scale, the margins are better and the life of the operation increases to around ten years on reserves alone.

"From the development decision it will be a 15-month construction period."

This puts commissioning in mid-2013, with 2014 being the first full year of production. But that's not the end of Venturex's VMS story. The upside potential at its land position is



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driving a massive exploration push by the company.

"We have a nice large resource, we've got a high-grade reserve that will support the operation for up to ten years and on top of that there's an enormous amount of exploration potential," Sugden said.

There are four main areas where the company will focus its effort.

The first one is the Whim Creek site and the area to the south of the Mons Cupri orebody.

"We feel there's great potential for additional pods of copper-zinc mineralisation that is not exposed at surface," Sugden said.

"But we don't have to drill down very deep, because the stratigraphy is quite flat lying, so it's fairly straightforward to test near surface geophysical and stratigraphic targets."

Drilling of these areas will be a major focus in the next six months, running concurrently with completion of the BFS.

The second growth area is Salt Creek, 17km north of Whim Creek where Venturex has identified significant high grade zinc-lead and copper systems.

"Along strike and at depth of those VMS systems there's enormous potential for duplications."

The third area is Sulphur Springs itself.

"There's a very large, single pod of mineralisation which is close to 20 million tonnes," Sugden said.

"If you look anywhere in the world where there are large pods of massive sulfide mineralisation of the scale of Sulphur Springs, there are other pods nearby. The potential for additional pods of mineralisation forming a cluster around Sulphur Springs is very high.

Venturex will be doing step-out drilling to test targets directly around Sulphur Springs. Sugden said there were great targets lined up, such as the Bledisloe with 17m at 0.5% copper intersection.

"If you've got copper then you're more likely to be in a more peripheral part of the VMS system, so we're quite excited about testing around the Bledisloe target. We could easily find the next large system there."

The fourth area is around Liberty-Indee, where exploration first started for the company.

"We've already got one significant discovery at Evelyn and there's still a lot of gossans along strike to test," Sugden said. "We've also got a couple of anomalous RC results which we want to follow up on."



Further afield, there are still the Brazilian gold assets in the company playbook. Sugden said Venturex's operations in the area came about as "something of an accident".

"In response to the GFC, we felt the best way forward was to invest in gold exploration," Sugden said.

Venturex acquired an existing Brazilian gold explorer, but soon after the transaction was completed, the Pilbara VMS story started to unfold through exploration success.

Brazil has been a quiet story for the company, but it's also been quietly building.

"We have been acquiring a lot of exploration ground in some of the more exciting gold districts in Brazil, with a big focus on the emerging Tapajos region," Sugden said.

"They are in the vicinity of large, multi-million ounce systems. We've got very similar geology; there's a lot of garimpeiro workings in alluvials, along with adits and shafts developed by the artisanal miners."

Rock chip and auger testing has commenced, and an aircore drilling program has recently started at the Rio Pombo prospect.

"We've worked hard to get the ground positions, we've just started the drilling and we're in the right address," Sugden said.

So, with a clear and easy path to copper-zinc production and the potential for a gold premium, Venturex stock will soar in forthcoming years. — **Blake Wilshaw**

Whim Creek copper mineralisation in diamond drill core

VENTUREX RESOURCES AT A GLANCE



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MARKET CAPITALISATION

\$A94.59 million (at press time)

QUOTED SHARES ON ISSUE

1,087,243,000

MAJOR SHAREHOLDERS

Regent Pacific Group 25.92%
Straits Resources 9.45%
Tim Sugden 3.68%
Argonaut Ltd (including AFM Perseus) 4.95%