Resources
Rising Stars
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Venturex cuts costs, boosts value of Sulphur Springs to ‘over half a billion dollars’

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Base metal developer Venturex Resources (ASX: VXR) says it’s on the cusp of developing a new $146 million copper-zinc mine at its Sulphur Springs project in the Pilbara following the release of its eagerly-awaited definitive feasibility study this week.

In a statement to the ASX, the Northern Star Resources-backed company said it had appointed Burnvoir Corporate to assist it with arranging project finance and is confident it is on track to be “Australia’s next mid-tier copper-zinc producer.

Venturex has one of the few greenfields base metal projects currently slated for development anywhere in Australia, and says it is ideally placed to capitalise on the strong outlook for copper and zinc prices over the next few years.

“What stands out from the vast amount of work completed as part of the DFS is that Sulphur Springs is a high-quality, long-life project that will generate robust margins and strong financial returns, even using relatively conservative long-term metal price assumptions,” said Venturex Managing Director AJ Saverimutto.

The DFS outlines a combined open pit and underground mine development at Sulphur Springs, located 144km south-east of Port Hedland, which it says will produce 65,000tpa of copper concentrate and 75,000tpa of zinc concentrate annually over a 12-year mine life.

That equates to around 15,000 tonnes of payable copper metal and 35,000 tonnes of payable zinc metal annually, or life-of-mine production of 146,000 tonnes of copper and 348,000 tonnes of zinc on a payable basis.

The project is forecast to generate life-of-mine revenues of over $2.6 billion and will deliver pre-tax life-of-mine free cash-flow of $818 million, generating a pre-tax net present value (using an 8 per cent discount rate) of $472 million and internal rate of return of 51 per cent.

That all represents a big improvement on the last economic study of the Sulphur Springs project, the so-called “Value Engineering Study” delivered in February last year.

Plus, using consensus commodity prices, the pre-tax NPV increases by 31% to $617 million.

“This is a project which is well and truly ready to go,” Saverimutto said.

“It’s a straightforward development and mining proposition. It’s located in a Tier-1 mining district, close to major iron ore and lithium operations and first-rate infrastructure. Also, the permitting process for the reconfigured open pit and underground development is now in its final stages.

“With the DFS now complete, we are confident that we will be able to move rapidly to secure an appropriate project finance package supported by strategic off-take arrangements that will allow us to start development in the near term.

“Importantly, the commodity price assumptions used in the DFS are conservative compared to market fundamentals and below current spot prices.

“They are also quite conservative in comparison to the average price decks used by the major institutions.

“With this in mind, there is huge upside to this project from improving copper and zinc prices in the years ahead – a view which is increasingly held by many analysts – as well as from exploration success as we begin to unlock the potential of the 27km long Panorama VMS trend.”