

Venturex bullish on Sulphur Springs



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Venturex's AJ Saverimutto

New Venturex boss AJ Saverimutto says the explorer will consider all options for funding its Sulphur Springs copper-zinc project in the Pilbara after a definitive feasibility study put a \$169 million price tag on the long-delayed development.

In what emerges as a test of the strength of base metals markets, the company has hired Burnvoir to help arrange finance for the project.

"We are confident that we will be able to move rapidly to secure an appropriate project finance package supported by strategic offtake arrangements that will allow us to start development in the near term," Mr Saverimutto said yesterday.

Sulphur Springs, near Marble Bar, hosts a 17.4mt resource and was discovered decades ago but volatile metals prices, high start-up costs and limited access to capital has hampered its development.

Venturex is eyeing an open pit and underground mine with a 1.2Mtpa processing plant producing 65,000t of 25 per cent copper concentrate and 75,000t of 50 per cent zinc concentrate over an initial 10.3-year mine life.

The study gave Sulphur Springs a pre-tax net present value of \$472 million and a pre-tax internal rate of return of 51 per cent.

The project is expected to generate about \$80 million a year in free cashflow.

Euroz analyst Andrew Clayton said securing finance for Sulphur Springs without significant dilution remained the challenge for Venturex, but noted the dearth of quality, emerging, long-life base metal producers. The broker has a 60¢ price target on the stock.

Blue Ocean Equities analyst Steuart McIntyre noted the quality of Venturex's board and management and the strength of its major shareholder, Northern Star Resources. Venturex shares closed up 0.5¢ at 17.5¢.