

# Venturex has a spring in its step

A RISING copper price and a lack of global copper development projects bodes well for Venturex Resources' chances of success.

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*Venturex managing director AJ Saverimutto*

A report by RFC Ambrian, released in November, highlighted the dearth of copper development options globally, which left established copper producers with few acquisition options.

That sentiment was echoed by Morgan Stanley in a bullish report released last week.

MS sees copper rising to US\$3.12 per pound by the end of the year, up from its current level of \$2.87/lb.

In addition, the bank sees a 2.4% drop in mine production this year and a 1.6% rise in demand, which "is sufficient to tighten the market, jolting it from its finely balanced state into outright deficit".

Those points might explain the strong run in Venturex's share price so far this year. Shares in the company, which are 19%-owned by leading mid tier gold producer Northern Star Resources, are up by more than 42% since the start of January. It is understood there may have been some asset-level interest in Venturex's Sulphur Springs copper-zinc project in Western Australia's Pilbara region.

Managing director AJ Saverimutto told the Resources Rising Stars Summer Series in Melbourne last week that a partial project sell-down was an option under consideration.

The company has been working with BurnVair Corporate Finance on funding the project and has reported strong interest.

"We've got nearly 11 banks in there," Saverimutto said.

"We've also got the option to do bonds."

The Australian government's Northern Australia Infrastructure Facility is also considering funding the project.

Saverimutto said he had also held talks with 20-30 potential offtakers.

Venturex released a robust definitive feasibility study for Sulphur Springs in October.

Total capital costs are estimated to be A\$169 million, including pre-strip, for a 1.25 million tonne per annum operation to produce around 15,000t of copper metal, 35,000t of payable zinc per annum.

The project has a mine life of 10.3 years, based on a life-of-mine inventory of 12.6Mt at 1.4% copper and 3.6% zinc, or a copper equivalent grade of 3.5%.

Saverimutto said it was equivalent to 5 grams per tonne gold.

"Five grams per tonne gold is high for an open pit," he said.

The company has also identified potential ways to lower capital costs, including using gas instead of diesel.

A project manager is expected to be appointed to oversee Sulphur Springs' development by the end of the month.

Earlier this month, Canaccord Genuity lifted its price target for Venturex from 55c to 60c per share.

"While the project offers robust margins at conservative metal prices, it also offers exceptional leverage to higher metal prices, and with a company-defining year ahead, we maintain a speculative buy recommendation," analyst Tim McCormack said.

Venturex shares last traded at 24.5c.