

ASX/Media Release

31 October 2018

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 30 SEPTEMBER 2018

Strong progress at Sulphur Springs puts Venturex on track to develop significant new mid-tier Australian copper-zinc project

QUARTERLY HIGHLIGHTS

- Sulphur Springs Definitive Feasibility Study completed and released in early October 2018.
- Ore Reserve upgraded to 8.5Mt @ 1.4% Cu and 3.1% Zn.
- Successful completion exploration-geotechnical diamond drilling program at Sulphur Springs.
- Purchase and settlement of Spinifex Ridge camp, resulting in significant CAPEX saving.
- 15-for-1 share consolidation completed, preparing Venturex to make the transition to producer.

OVERVIEW

Venturex Resources Limited (ASX: VXR; “Venturex” or “the Company”) is pleased to provide a summary of its activities during the September 2018 Quarter, which saw the Company make continued strong progress towards its goal of advancing the 100%-owned Sulphur Springs Copper-Zinc Project in Western Australia towards development and production.

SULPHUR SPRINGS COPPER-ZINC PROJECT

The Sulphur Springs Copper-Zinc Project is located south-east of Port Hedland and includes the proposed Sulphur Springs and Kangaroo Caves mines, together with tenements covering ~27km of the Panorama trend that contains numerous advanced VMS-style exploration targets. The Sulphur Springs Project hosts a total Mineral Resource base (Sulphur Springs + Kangaroo Caves) comprising 17.4 million tonnes grading 1.3% copper, 4.2% zinc and 17g/t silver (refer ASX announcements 22 September 2015, and 21 March 2018).

Environmental Approval

The Environmental Protection Authority of Western Australian (EPA) has reviewed the Sulphur Springs Environmental Review Document (ERD) and requested that additional information be provided, predominantly associated with mine closure aspects of the project. This response to the department is currently nearing completion and will be submitted shortly.

DFS Update

During the quarter, Venturex’s main focus was on finalising the Sulphur Springs Definitive Feasibility Study (“DFS”), which was completed and released to the market in early October (see ASX announcement dated 10 October 2018). This is a significant milestone for the Company as it demonstrates the robust nature of the project and provides the relevant information required to complete project financing.

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The key outputs of the DFS are as follows:

Table 1: Sulphur Springs DFS Key Outputs

Project Revenue	A\$2,625 million
Free Cash-Flow (pre-tax real)	A\$818 million
Pre-Production Processing Plant and Infrastructure Capital	A\$146 million
Pre-Tax NPV_{8%}	A\$472 million
Internal Rate of Return (pre-tax)	51%
Average Annual Pre-tax Cash flow	~A\$80M

- Average annual production of approximately 65ktpa of ~25% Copper concentrate (~15ktpa Cu payable metal) and 75Ktpa of ~50% Zinc concentrate (~35ktpa Zn payable metal).
- Life-of-mine payable metal of 146kt of Copper and 348kt of Zinc.
- Increased Ore Reserve of 8.5Mt @ 1.4% Cu and 3.1% Zn (up from 7.3Mt @ 1.2% Cu and 3.5% Zn), representing a 42% increase in contained Cu metal.
- Life-of-mine mine inventory of 12.6Mt @ 1.4% Cu and 3.6% Zn (inclusive of Reserves and Inferred Resources).
- Mine life of 10.3 years (post construction) averaging ~A\$80M per year of free cash-flow.
- Upfront capital requirement of A\$169M including:
 - A\$146M for a 1.25Mtpa processing plant and other site infrastructure (which represents a significant capital cost decrease from the Feb 2017 Value Engineering Study (VES) of A\$167M for a 1Mtpa processing plant and related infrastructure); and
 - A\$23M for other pre-production costs including site access and pre-strip mining.
- Significant improvement in project economics compared with the Feb 2017 VES utilising a conservative discount rate of 8%:
 - Pre-tax NPV_{8%} of A\$472M (Feb 2017 VES: A\$338M) and Pre-Tax IRR of (51%); and
 - Post-Tax NPV_{8%} of A\$310M and Post-Tax IRR of 39% (Project level).
- Excellent exposure to strengthening copper and zinc prices.
- Further opportunities to add value through exploration and increasing plant capacity.
- The Board is very confident in achieving finance solutions to develop Sulphur Springs due to the robust nature of the Project economics.

As part of the DFS, an Operations Management and Implementation Strategy has been completed, which will feed into a Project Implementation Plan. This will also dovetail with Venturex's recent environmental submission to provide a clear pathway for the project's fast-tracked development.

Work has already begun on developing an effective and efficient implementation strategy that will deliver the project on time and budget. Key operating methodologies and contractor engagement strategies are being evaluated with contractor discussions already underway. The Company is currently developing systems and processes that will facilitate project construction and operations.

Financing

Leading independent advisory group BurnVoir Corporate Finance was appointed during the quarter as corporate advisor to assist with securing funding for the Sulphur Springs Project. BurnVoir has extensive experience in obtaining a wide variety of funding options.

Discussion with financiers and potential off-take partners continued during the quarter and, subject to obtaining a suitable project finance package, the VentureX Board will make a Final Investment Decision. It is expected that construction will commence shortly after project financing has been completed.

Camp Purchase

During the quarter, VentureX settled the purchase of the Spinifex Ridge camp from Young Australian Mines Ltd (formerly Moly Metals Ltd) after reaching a separate agreement with a mining services group to hire the camp for a total sum of \$1 million. The camp acquisition and hire represents a significant capital saving for the project which was incorporated into the DFS.

The camp is currently located approximately 150km by road from Sulphur Springs and includes:

- 100 accommodation rooms;
- Wastewater treatment plant and reverse osmosis treatment plant;
- Dry Mess General Arrangement;
- First Aid Room;
- Laundry/Linen/Cleaners Store;
- Toilets;
- Wet Mess Building;
- Water tanks and generators; and
- All plant and equipment located within the Spinifex Ridge Camp Site.

Exploration

A combined exploration-geotechnical diamond drilling program was completed at Sulphur Springs during the quarter. The program was designed to test three high-priority EM targets, as well as to assess the geotechnical characteristics within the proposed Sulphur Springs open pit as part of the Definitive Feasibility Study.

The two exploration drill-holes, SDD103 and SSD106 were designed to test the large XA_6 and XA_8 HEM targets identified in the heliborne electromagnetic (HEM) survey completed last year (see ASX release 27 November 2017). SSD103 was also designed to test an off-hole down-hole electromagnetic (DHEM) conductor identified beneath (historical) drill-hole SSD044A (see ASX release 23 May 2017).

Drill-holes SSD104 and SSD105 were completed to provide additional geological and geotechnical information for the Sulphur Springs pit design, as part of the ongoing DFS. SSD104 was also extended below its geotechnical requirements to test an area of sparse drilling on the western edge of the current Resource.

Additional DHEM surveys were also completed at the conclusion of the program on drill-holes SSD103, SSD104 and SSD106.

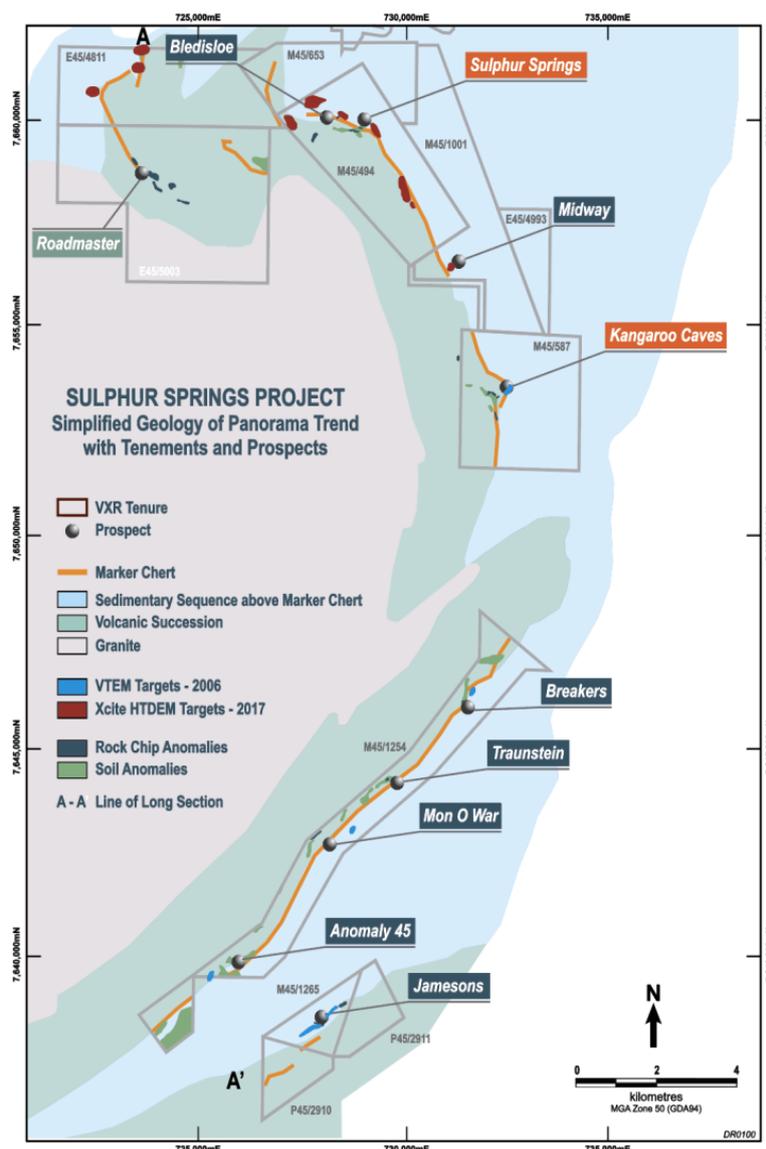
Exploration drill-hole SSD103 (testing HEM target XA_6 and SSD044A DHEM target) intersected several zones of black shale with associated pyrite mineralisation, before intersecting strongly altered and sulphidic mineralisation within the Sulphur Springs Marker Chert and the footwall volcanic sequence. Follow-up DHEM on this hole also identified several off-hole anomalies which require further evaluation.

Exploration drill-hole SSD106, located approximately 1.5km west of the Sulphur Springs (testing HEM anomaly XA_8), was abandoned before reaching target depth due to poor rock conditions. However, the hole did intersect a highly oxidized and gossanous stockwork zone at the bottom of hole hosting elevated Ni-Cr+/-Co geochemistry, including 4.0m @ 0.19% Cr, 0.09% Ni from 175.0m and 1.3m @ 0.18% Cr and 0.10% Ni from 179.7m.

The follow-up DHEM identified an off-hole anomaly immediately below the final depth of SSD106) which is considered to be a “near-miss” situation for this hole. The geology and style of mineralisation intersected in SSD106 is interpreted to be unrelated to the Sulphur Springs Volcanogenic Massive Sulphide (VMS) mineralisation and may represent a new, previously unrecognised mineralised body. This area remains a high priority for follow-up drilling.

Field assessment of a number of the 2017 HEM targets was also undertaken during the quarter with a view to drill testing the highest priority targets in the near future. Several of the DHEM anomalies identified in the reported drilling are also being assessed for drill testing, including the off-hole anomaly located immediately below SSD106.

The exploration drilling program completed during the quarter represents the first phase of a renewed, staged focus on exploration across the broader Sulphur Springs Project. Venturex believes there is excellent potential to discover additional resources through ongoing systematic and focused exploration activities.



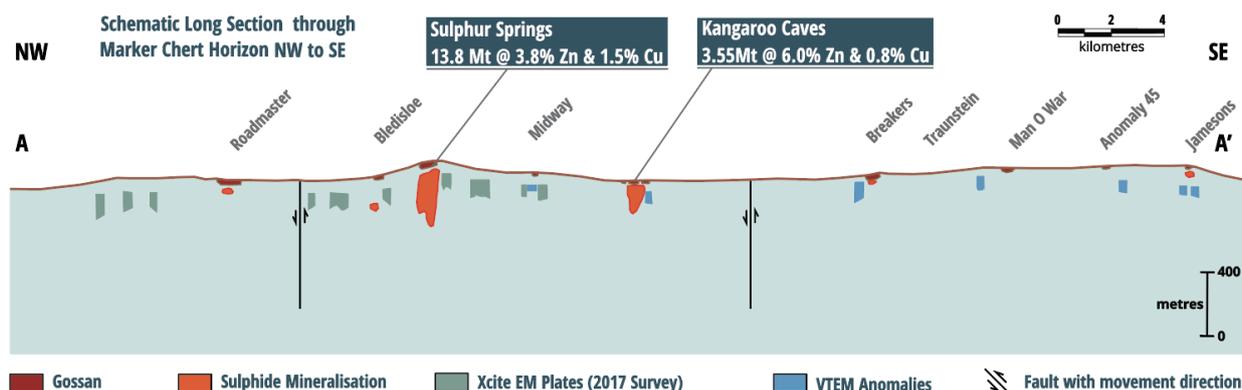


Figure 1: Sulphur Springs Project area and tenement holdings with schematic long section

WHIM CREEK ACCESS AGREEMENT WITH BLACKROCK

Turning and restacking of the existing heap leach dumps using an excavator continued through the Quarter. Turning and restacking of the residual ore will continue in 2018 and beyond as a means of sustaining production from the heap leach dumps.

Production from the operation during the September 2018 Quarter was 180 tonnes of copper-in-cathode. Venturex does not manage this operation and therefore, does not provide guidance on the income it expects to receive from the operation.

Table 2: Copper Cathode Production and NPI for the 12 month period and Project to Date

	31 Dec 2017 Qtr	31 March 2018 Qtr	30 June 2018 Qtr	30 Sept 2018 Qtr	Project to date
Tonnes produced	246	193	186	180	4,123
NPI \$	\$87k	-	-	-	\$1,183k

CORPORATE

During the quarter the Company entered into a binding Loan Agreement with its major shareholder, Northern Star Resources Limited (ASX: NST), (“Northern Star”), under which Northern Star has advanced a A\$2 million unsecured loan for the purpose of Venturex completing the Definitive Feasibility Study.

The unsecured loan, which will have a 12-month term, will accrue interest at the rate of 8% per annum from the date of advance, payable in cash on repayment of the loan.

The loan is repayable in cash or at Northern Star’s election by conversion to Venturex shares:

- (a) at the same issue price as any rights issue or placement conducted by Venturex before the loan has been repaid, or in the absence of a capital raising;
- (b) at an issue price equal to the 10-day volume weighted average price (VWAP) of Venturex shares prior to the date on which notice of repayment is given.

Securities Information

During the quarter and after receiving shareholder approval at a shareholders’ meeting held on the 15 August 2018, the Company completed 15-for-1 share consolidation to reduce the number to shares on issue to 239,896,622. In addition to the share consolidation, approval was also provided by shareholders for the subsequent issue of 5 million Performance Rights to Executive Directors.

The remaining unlisted options on issued expired during the quarter and been cancelled.

As at 30 September 2018, the issued capital of the Company is 239,896,622 ordinary fully paid shares and 6,881,049 unlisted performance rights.

Financial Information

During the quarter, the Company released its 30 June 2018 Financial Statements and Annual Report. The Company's net cash position as at 30 September 2018 was \$2.2 million, following the draw-down of the \$2 million loan from Northern Star Resources Limited. The Pro-forma Appendix 5B – Statement of Consolidated Cash Flows is provided in a separate report.



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About Venturex Resources Limited

Venturex Resources Limited (ASX: VXR) is an exploration and development company with two advanced Copper Zinc Projects near Port Hedland in the Pilbara region of Western Australia. The two projects are the Sulphur Springs Project which includes the Sulphur Springs Project, Kangaroos Caves Resource plus 27km of prospective tenements on the Panorama trend and the Whim Creek Project which includes the Resources at the Whim Creek, Mons Cupri and Salt Creek mines together with the Evelyn project and 18,100 ha of prospective tenements over the Whim Creek basin. Our strategy is to work with our partners Blackrock Metals to expand and extend the existing 4 tonne per day oxide copper heap leach and SXEW operation at Whim Creek, identify other near term production options at Whim Creek, Mons Cupri and Sulphur Springs and fully optimise the Sulphur Springs Project have it shovel ready to take advantage of forecast improvements in base metal prices.

Competent Person Statement

The Company confirms that:

- a. The form and context of the material in this release has not been materially modified from the above previous announcements; and
- b. It is not aware of any new information or data that materially affects the information included in the announcements and that all material assumptions and technical parameters underpinning the announcements continue to apply and have not materially changed.

The information in this announcement that relates to Exploration Results is based on information compiled or reviewed by Mr Stefan Gawlinski who is employed as a Consultant to the Company. Mr Gawlinski is a member of the Australian Institute of Geoscientists. Mr Gawlinski has sufficient experience with the style of mineralisation and the type of deposit under consideration. Mr Gawlinski consents to the inclusion in the report of the results reported here and the form and context in which it appears.

INTERESTS IN MINING TENEMENTS

AREA OF INTEREST	TENEMENTS	GROUP ENTITY'S INTEREST	ACQUIRED DURING QUARTER	DISPOSED DURING QUARTER
Evelyn Project	E47/1209	100%		
	M47/1455	100%		
Whim Creek Project	E47/3495	100%		
	M47/236	100%		
	M47/237	100%		
	M47/238	100%		
	M47/323	100%		
	M47/324	100%		
	M47/443	100%		
	L47/36	100%		
Sulphur Springs Project	E45/4811	100%		
	E45/4993	100%	Granted	
	M45/494	100%		
	M45/587	100%		
	M45/653	100%		
	M45/1001	100%		
	M45/1254	100%		
	M45/1265	100%	Application	
	P45/2910	100%		
	P45/2911	100%		
	L45/166	100%		
	L45/170	100%		
	L45/173	100%		
	L45/179	100%		
	L45/188	100%		
	L45/189	100%		
	L45/287	100%		