

ASX/Media Release

14 November 2018

Sulphur Springs Project Update

Venturex maintains strong development momentum at Sulphur Springs with further progress on several fronts

Venturex Resources Limited (ASX: VXR; “Venturex” or “the Company”) is pleased to advise that it continues to make strong progress towards its goal of advancing the 100%-owned Sulphur Springs Copper-Zinc Project in Western Australia towards development and production.

Following the release of the highly successful Sulphur Springs Definitive Feasibility Study (see ASX release, 10 October 2018), the Company has maintained a high level of activity on a number of fronts to ensure it can move ahead rapidly with its implementation plan.

Key recent activities in the areas of permitting, financing discussions, implementation strategy and exploration are provided in this release.

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 Western Australian EPA has reviewed the Sulphur Springs Environmental Review Document (ERD) and, in September, requested that additional information be provided, predominantly associated with the mine closure aspects of the project. A response has been developed and submitted to the Department. Approval is expected in Q1, 2019.

Financing

Venturex has progressed discussions with domestic and international banks and other financiers in relation to project debt finance for the development of Sulphur Springs. The Company expects to receive expressions of interest in December 2018.

In parallel, Venturex is well progressed with potential off-take counterparties with respect to off-take rights for the Project. These discussions are also contemplating the provision of financial support for the Project, most likely as a pre-payment or strategic investment.

As previously advised, the Company has engaged leading independent advisory group BurnVoir Corporate Finance to assist with securing debt funding for the Project.

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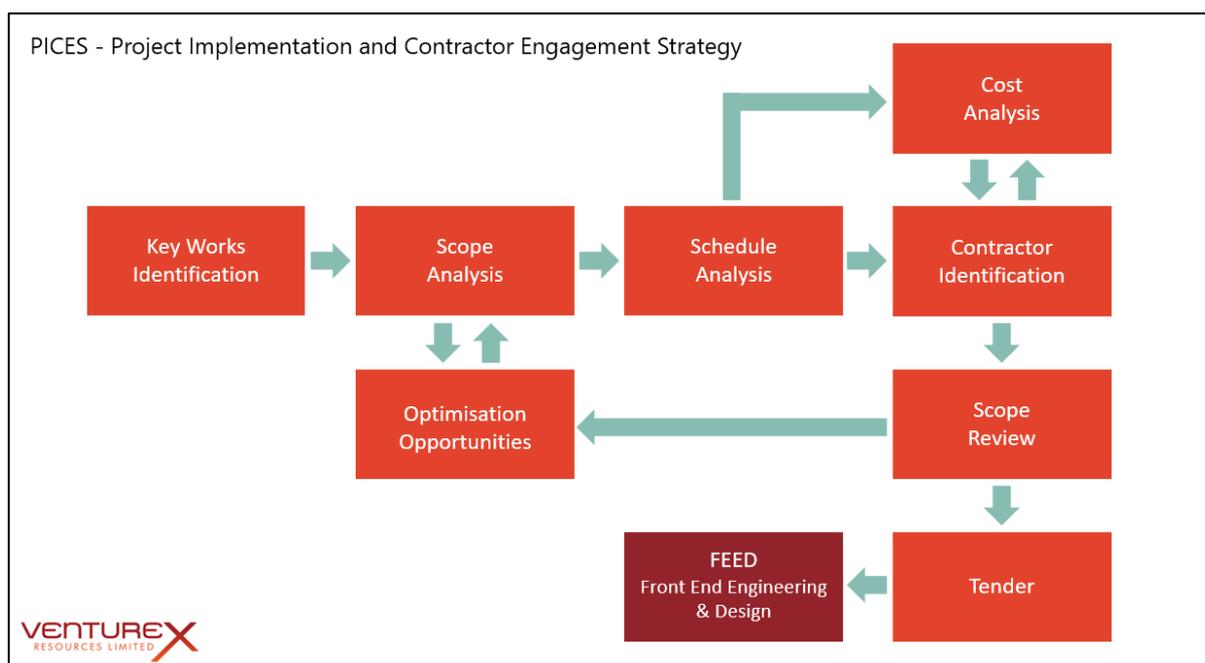
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DFS and Project Implementation Strategy Update

The Company is developing a fast-track project implementation strategy for Sulphur Springs that will facilitate an efficient and cost-effective project development schedule. An early contractor engagement model is preferred, which gives contractors the opportunity to review the project and identify any optimisations that may improve cost, schedule and operational effectiveness.

A number of key steps have been identified that will be key to this process as presented in Figure 1 and outlined in more detail below.

Figure 1: Project Implementation and Contractor Engagement Strategy



Key Works Identification

It is critical to identify the key works for project development as well as potential synergies in the implementation plan in order to develop an efficient schedule. A number of works have been pinpointed as early-stage works that may be completed in isolation to the major site works.

It is important that certain construction works are ring-fenced under specialist construction methodologies to ensure on-time, on-budget completion.

Scope Analysis

Each construction task is having a detailed analysis of scope completed. It is critical that a clear scope is developed to allow effective tendering for contractors, particularly where a fixed-price and fixed-term contract will be employed. This step is crucial in de-risking project construction.

Optimisation Opportunities

Further optimisation opportunities are available for all construction tasks that are being investigated with contractors. Innovative construction techniques, more synergistic scheduling to develop efficiency and ensuring the equipment used in construction represents the best value proposition are all crucial considerations in minimising project construction cost and schedule.

Schedule Analysis

In order to develop a clear schedule, a detailed scope needs to be developed in order to manage key risks. The major works such as process plant construction may be constructed under a guaranteed time contract, but it is critical to understand the interaction of all site works on each task and the overall construction schedule.

Cost Analysis

Despite the excellent capital cost results presented in the Definitive Feasibility Study, the Company still believes there are opportunities for cost savings during construction and operations. Achieving cost savings is related to both schedule optimisations and correct contractor selection through understanding the value proposition.

Contractor Identification

The Company has identified a number of contractors for specific site works. Typically, three to four contractors will be selected to complete a review of the project scope and to offer innovative solutions to developing a greater value proposition. The number of contractors will then be reduced to two for the full tender.

Scope Review & Optimisation Opportunities

A final review of the project scope will be completed to evaluate each contractor's suitability to tender. New ideas presented by contractors may lead to additional optimisations around schedule, design and cost. These will then be fed in to a formal tender document.

Tender

A formal tender process will be completed with two contractors. This process will formalise the works already completed and will lead to a final contract award.

FEED (Front End Engineering and Design)

Front-end engineering and design (FEED) will commence although it would be expected that the contractor would already have a good understanding of this work at this stage as much would have needed to be completed for the purpose of tendering.

Next Steps

The Company is actively engaging with a number of contractors to identify the most appropriate partnerships for project build and operations. Where appropriate, early contractor engagement strategies will be employed to speed up the project construction schedule and provide optimised solutions.

All contracting methodologies are being evaluated, be it an EPC, EPCM or a hybrid model. Analysis around a risk based system that evaluates cost versus schedule combined with mitigating strategies and instruments is being completed with all contractors at present.

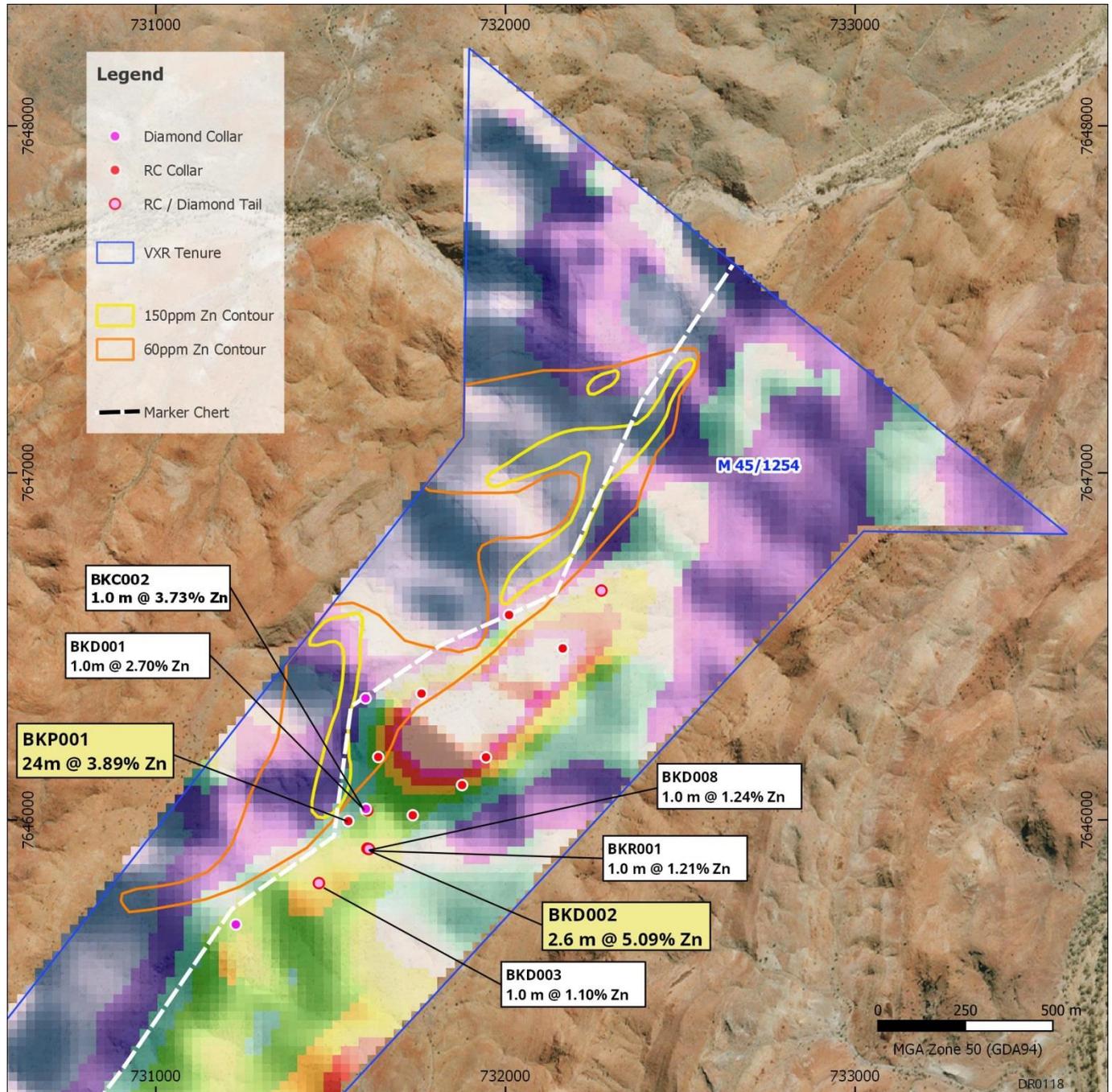
Geology and Exploration

The geology team has continued to develop a minerals system exploration model as part of a renewed, staged focus on exploration at the Sulphur Springs Project with a view to progressing a number of prospects towards drill testing. As previously stated, the company believes there is excellent potential to discover additional resources through ongoing systematic and focused exploration activities.

A detailed 3D structural and geochemical study was recently commissioned on the Sulphur Spring deposit with the objective of helping to define the primary basin architecture and syn-mineralisation feeder-faults. Data from this study are currently being interpreted to provide priority drill targets at depth and surrounding the Sulphur Springs deposit. The updated model will also serve to increase the geological confidence and further de-risk future exploration programmes.

The team has also expanded its exploration coverage along the prospective Marker Chert contact that runs for 27km south-southwest through the Panorama Trend. Field assessment and review of a number of high-priority gossans, along with geochemical and EM targets is ongoing with a view to re-establish drill ready access to these prospects in the near future.

Figure 2: Breakers Prospect (Panorama Trend) with historic drilling intercepts (see asx release 9 June 2014) overlying VTEM image.



Although VMS targeting remains the exploration team's priority, a number of other mineral opportunities are also actively being assessed, including follow-up work at the XA_8 HEM target where recent drilling (SSD103) intersected anomalous Ni-Cr+/-Co mineralisation within a mafic unit (see ASX release 13 August 2018).

CORPORATE

The company announced that it is undertaking a Share Purchase Plan (SPP) to raise \$3 million at 18c a share (13 November 2018).

The offer price represents an 18% discount to the volume-weighted average price of the Company's Shares during the 10 trading days immediately prior to the announcement date of this offer.

Proceeds of the SPP will be used to fund early works and secure long-lead items for the Sulphur Springs Copper-Zinc Project and finalise project financing.



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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 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 Luke Gibson who is an employee of the Company. Mr Gibson is a member of the Australian Institute of Geoscientists. Mr Gibson has sufficient experience with the style of mineralisation and the type of deposit under consideration. Mr Gibson consents to the inclusion in the report of the results reported here and the form and context in which it appears.