

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING 31 DECEMBER 2019

Highlights:

- ✓ Permitting for the Sulphur Springs Copper-Zinc Project progresses
- ✓ Revised Environmental Review Document prepared for submission in January 2020
- ✓ Northern Star continues its support with A\$2m interim funding to finalise EPA approval
- ✓ Progress continues with formal documentation for Trafigura Pre-payment Facility

OVERVIEW

Australian base metal developer Venturex Resources Ltd ("Venturex" or "the Company") (ASX: **VXR**) is pleased to provide a summary of its activities during the December 2019 Quarter, which saw the Company make further progress towards its goal of permitting, financing and developing the 100%-owned Sulphur Springs Copper-Zinc Project in Western Australia while continuing to unlock its exploration potential.

SULPHUR SPRINGS COPPER-ZINC PROJECT

The Sulphur Springs 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 (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).

A Definitive Feasibility Study completed in October 2018 (refer ASX announcement, 10 October 2018) demonstrated strong project economics, yielding a Net Present Value of A\$472 million and an Internal Rate of Return of 51% over an initial mine life of ~10 years. The project will be developed through both open pit and underground mining methods at a processing rate of 1.25 million tonnes per annum.

Environmental Approvals

The Environmental Protection Authority (EPA) considered the Sulphur Springs Project at its meeting in October 2019. Following that meeting, the Company was encouraged to continue to work with key regulatory agencies to address mine closure issues. In November 2019, the EPA consented to a request from the Company to amend the layout of the Sulphur Springs Project. The consent enabled the tailings storage facility to be relocated, which was proposed by the Company to resolve the post mine closure issues. The EPA also agreed to other minor changes to the project.

Further detailed work has been undertaken to outline the much-diminished environmental and closure risks associated with the tailings storage facility in the new location. The Environmental Review Document (ERD) was revised to incorporate the outcome of this work, for submission to the EPA in late January 2020. Subsequent to quarter end this document was lodged with the EPA on the 28th January 2020.

Financing

As announced on 5 August 2019, Venturex has received an approved Term Sheet for finance from global commodity trader, Trafigura Pte, for a US\$70 million (A\$100 million) senior debt facility ("Pre-payment Facility") to underpin the development of the Sulphur Springs Project. The facility is subject to formal documentation and various project approvals, as well as an appropriate equity component.

During the quarter, the Company continued to progress with the formalisation of documents in relation to the pre-payment facility and off-take agreements.

Project Development

The Company is progressing project implementation and development strategies through engagement with potential contractors for site works including short-listing and tender preparation. A number of optimisation opportunities have been identified that will add value in terms of both project development and operations. These will be implemented as the Company develops the Sulphur Springs Project.

Exploration

The exploration team continued the systematic assessment and interpretation of geological data at both the Sulphur Springs and Whim Creek Projects.

Field investigation, including detailed geological mapping and sampling, was completed at several prospects within Sulphur Springs Project area. Geological mapping completed at the Breakers Prospect identified several zones of previously unrecognised gossan associated with VMS-style sericite-silica-chlorite alteration located approximately 250m north-west of the significant VMS mineralisation intersected in 2019 drilling (Figure 1). Encouraging VMS-style sericite-silica-chlorite alteration was also identified at Heliborne-Electromagnetic targets (HEM) XA10 and XA11.

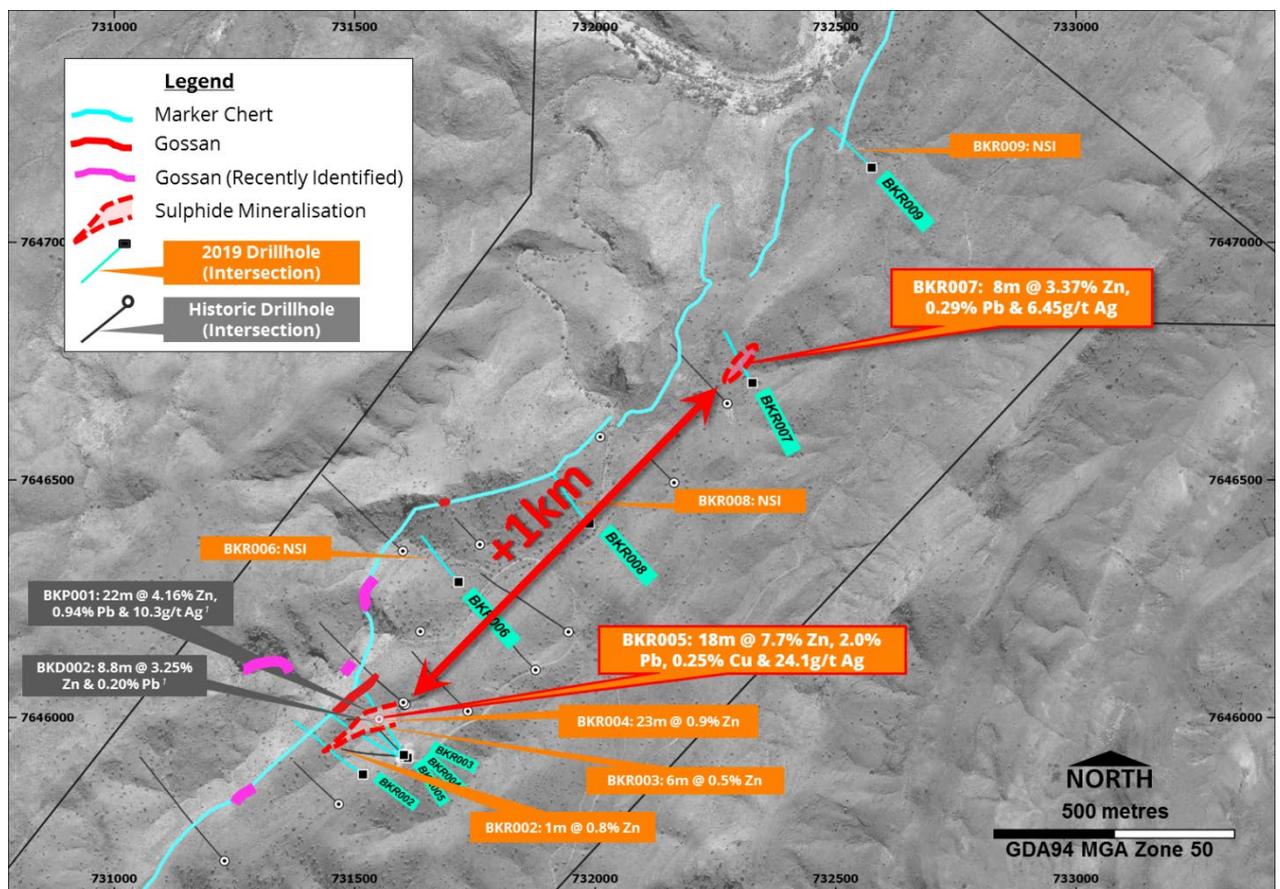


Figure 1: Plan view of Breakers exploration prospect.

An independent review of geophysical data including reinterpretation was completed at the Whim Creek and Evelyn Projects with the aim of identifying priority areas for follow-up work in 2020.

A further review was also undertaken on historical Induced Polarisation (IP) geophysics survey data at the Kangaroo Caves Prospect to help identify areas for potential resource extension drilling.

The Company was successful in securing a Western Australia Government Exploration Incentive Scheme (EIS) co-funded drilling grant for deep drilling at the Breakers Prospect.

Exploration activities are scheduled to re-commence at Sulphur Springs at the conclusion of the Pilbara wet season.

WHIM CREEK OPERATIONS

Blackrock Metals continues operations at the Whim Creek Project.

Venturex and Blackrock jointly received an Environmental Protection Notice (EPN) for Whim Creek during the quarter. Part of the EPN requirement is returning the site to its normal operational state following the impact of Cyclone Veronica early last year, and to control and prevent any potential emissions from the site.

The Company and Blackrock are working together to meet the EPN requirements and are on track to do so.

The contract with Blackrock ended on the 31st December 2019 with PPM Global taking over management of site activities from 1st January 2020. PPM Global is a sister company of Blackrock Metals, sharing Directors, and is therefore well equipped to continue site operations and to ensure that all EPN requirements are met.

All metal production ceased at Whim Creek at the end of October 2019, with all activities on site now focused on meeting the EPN requirements, managing the heap leach run-off solution and maintaining site security and integrity.

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 securing the EPA approvals required for the Sulphur Springs Project.

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.

The Company's 2019 Annual General Meeting was held on Friday, 30 November 2019 with all resolutions being passed by a majority.

Management Changes

As announced on 8 November 2019, Ajanth (AJ) Saverimutto stepped down as Managing Director. The Company's Executive Director, Anthony Reilly, has assumed the role of acting Chief Executive Officer, supported by the Company's strong project development and exploration team.

Securities Information

As at 31 December 2019, the issued capital of the Company is 282,529,315 ordinary fully paid shares and 3,194,373 unlisted performance rights.

Financial Information

The Company's net cash position as at 31 December 2019 was \$2.6 million. The Pro-forma Appendix 5B – Statement of Consolidated Cash Flows is provided in a separate report.



Anthony Reilly
Executive Director

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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.

Competent Person Statement

The Company confirms that:

- a. The form and context of the material in this release has not been materially modified from any 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 full time employee of 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.

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%		
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%		