ASX/Media Release
31 October 2019

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDING
30 SEPTEMBER 2019

Highlights:
✓ A$100M DEBT FUNDING PACKAGE AND OFF-TAKE CONDITIONALLY SECURED FROM TRAFIGURA
✓ SULPHUR SPRINGS PROJECT IMPLEMENTATION AND OPTIMISATION STRATEGIES ADVANCING
✓ PATHWAY TO ENVIRONMENTAL APPROVALS FINALISED
✓ NEW HIGH-GRADE BASE METAL INTERCEPTS IN WIDE-SPACED DRILLING CONFIRM OUTSTANDING REGIONAL VMS EXPLORATION POTENTIAL AT SULPHUR SPRINGS

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 September 2019 Quarter, which saw the Company make further strong 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 announcements 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

Environmental impact assessment of the Sulphur Springs Project progressed during the quarter.

A multi-agency meeting in August, called by the EPA Chairperson and attended by Company representatives, proved constructive. The key characteristics of the project were discussed and a pathway to finalise the environmental review documentation for completion of the assessment by the EPA was set out.

Subsequent to that meeting, on the 19th September 2019, the EPA accepted the Company’s Environmental Review Document (ERD) and is now preparing a draft assessment report. The EPA Board considered the proposal at its meeting on 24 October 2019 and feedback is expected within the next 6-8 weeks.

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 and on an appropriate equity component.
The Pre-payment Facility will be repaid through the supply of future copper and zinc concentrate production from the Sulphur Springs Project, so that repayment is fully linked to production from Sulphur Springs. The Pre-payment Facility also provides the Company with flexible terms, including minimal financial covenants, an extended grace period deferring principal and interest payments, and the potential for early repayment if the Company elects to do so.

In addition to the Pre-payment Facility, Venturex has agreed to life-of-mine for the first 11 years, then 50% of annual concentrates (LOM) off-take terms with Trafigura for the production of both copper and zinc concentrates from the Sulphur Springs Project.

**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**

During the quarter, results were received from a highly successful 8-hole (2,452m) Reverse Circulation (RC) exploration drilling program at the Breakers Prospect (see ASX Releases 17 July 2019 and 4 September 2019). The drilling program was designed to systematically test geochemical and geophysical anomalism identified proximal to the ‘Marker Chert’. Assay results from the Breakers drill-holes are:

**BKR002:**
- 1m @ 0.76% Zn from 170m

**BKR003:**
- 2m @ 0.61% Zn and 6.44g/t Ag from 152m
- 7m @ 0.45% Zn from 170m
- 2m @ 1.02% Zn from 187m

**BKR004:**
- 2m @ 0.77% Zn and 7.09g/t Ag from 172m
- 5m @ 1.12% Zn and 3.96g/t Ag from 177m
- 5m @ 2.27% Zn from 185m

**BKR005:**
- 18m @ 7.75% Zn, 2.03% Pb, 0.25% Cu and 22.80g/t Ag from 155m, including,
  - 7m @ 10.74% Zn, 4.40% Pb, 0.15% Cu and 23.69 g/t Ag from 161m
  - 2m @ 10.23% Zn, 0.16% Pb, 1.18% Cu and 3.78g/t Ag from 170m

**BKR007:**
- 8m @ 3.37% Zn, 0.29% Pb, and 6.45g/t Ag from 84m, including,
  - 1m @ 20.90% Zn, 1.84% Pb and 34.70 g/t Ag from 85m

The exceptional drilling results at Breakers have expanded the zinc-rich mineralisation intersected at the prospect to at least 1.1km along strike. Assay results from drill-holes BKR006, 008 and 009 have also identified several zones of highly anomalous ‘near-miss’ proximal VMS pathfinder elements including Ag, As, Ba, Cd, Co, In, Mo, Sb and Tl associated with strong silica +/- sericite alteration at the Marker Chert horizon.

Results were also received from Down-Hole Electromagnetic (DHEM) surveys undertaken at the Breakers Prospect. The results have outlined several subtle target plates proximal to sulphide mineralisation within BKR003, BKR004, and BKR006; additional anomalism identified within BKR009 was unable to be modelled.
The results from the high-grade base metal intersections and DHEM confirm the potential for a steeply ENE-plunging mineralised system. A moderate-to-steep south-westerly plunge is also defined proximal to BKR004, with this potentially representing continuity/improvement of the sulphide mineralisation.

The Breakers exploration drilling program was the first significant drill program to be undertaken within the Panorama Trend for over 10 years. While exploration is still at an early stage at Breakers, the intervals and grades of mineralisation intersected continue to show strong geological similarities with the 17.4Mt of VMS mineralisation currently defined at Sulphur Springs and Kangaroo Caves (ASX release 21 March 2018 and 22 September 2015).

Figure 1: Plan view of Breakers exploration drilling.

Figure 2: Breakers exploration long-section with DHEM targets.
**WHIM CREEK OPERATIONS**

Blackrock Metals continue 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 earlier this 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.

**CORPORATE**


**Securities Information**

As at 30 September 2019, the issued capital of the Company is 279,862,648 ordinary fully-paid shares and 7,594,374 unlisted performance rights.

**Financial Information**

The Company’s net cash position as at 30 September 2019 was $2.266 million. The Pro-forma Appendix 5B – Statement of Consolidated Cash Flows is provided in a separate report.

AJ Saverimutto  
Managing 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, Kangaroo 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

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