

15 July 2019

Venturix Resources Limited (VXR) BUY Share Price: A\$0.19

Making progress toward FID

Target Price: A\$0.60

VXR remains focused on three key deliverables in the near term. Firstly, securing the amendment to the Mining Lease to allow open pit mining is a key outcome; all documents supporting this have been submitted to the EPA for final review. Secondly, discussion with potential financiers have continued, including debt and offtake-related funding; an independent technical review has been completed as part of the due diligence process. Thirdly, recent exploration results have been impressive, with two holes from infill drilling at Sulphur Springs returning intersections better than expected and another 8 holes completed at the Breakers Prospect, with results pending. We continue to like the quality of the Sulphur Springs orebody and the valuation upside which will start to be unlocked with delivery of permitting and funding. We see potential for FID by end CY19 and start of construction soon thereafter. Maintain the BUY and \$0.60/sh PT (unchanged).

Updated Mining Lease could be close

- VXR has provided a revised environmental review document to the EPA of Western Australia to address all outstanding queries and issues
- Amendment required to the existing Mining Lease which permits underground mining only
- Key areas addressed include the mine closure plan and design/location of waste dumps and the TSF

Funding options being advanced

- Independent technical review recently completed for use in financing due diligence
- Expression of Interest continue to be received from financiers in relation to debt finance
- Continued discussions with several potential offtakers, including the provision of offtake funding that would be complimentary to senior debt facilities

Impressive results from recent exploration

- Infill drilling at Sulphur Springs designed to test areas of inferred mineralisation in the supergene zone; results include 29m at 1.3% Cu and 31m at 3.2% Cu in SSR007 & 63m at 1.9% Cu incl. 5m at 5.4% Cu in SSR008
- 8 holes completed in JunQ at the Breakers Prospect, 15km south of Sulphur Springs, results pending

PT unchanged at \$0.60/sh (1xP/NPV)

- Our valuation assumes permitting & funding are secured by end CY19, with an 18 month construction timeframe to deliver first production in mid-CY21

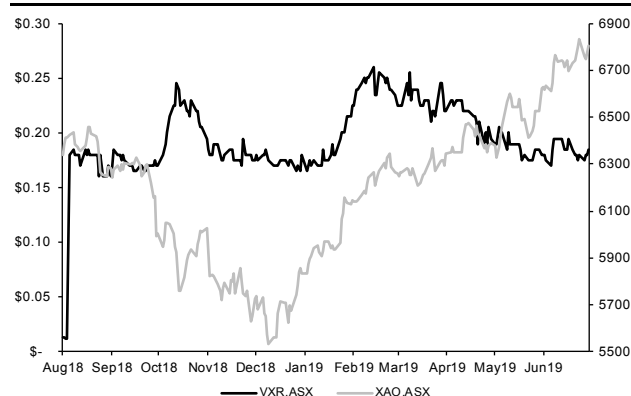
Company Data

Shares – ordinary (M)	279.9
Market capitalisation (\$M)	51.8
12 month low/high (\$)	0.15/ 0.26
Average monthly turnover (\$M)	1
GICS Industry	Metals & Mining

Financial Summary (fully diluted/normalised)

Year End June	2019F	2020F	2021F	2022F	2023F
Revenue (\$m)	0	3	34	249	248
Costs (\$m)	3	5	28	147	168
EBITDA (\$m)	-3	-2	6	102	79
NPAT (\$m)	-4	-1	-5	78	41
EPS (cps)	-1.3	-0.3	-1.8	27.8	6.4
EPS growth (%)	0	0	0	>100%	-77%
PER (x)	na	na	na	0.7	2.9
Op Cashflow (\$m)	-2	2	0	96	62
CFPS (cps)	-1	1	0	34	10
PCFPS (x)	-30.4	23.7	-220.7	0.6	1.9
Enterprise Value (\$m)	51	29	143	70	17
EV / EBITDA (x)	na	na	26	1	0
Payout ratio (%)	0	0	0	0	0
Dividend (cps)	0	0	0	0	0
Yield (%)	0	0	0	0	0
Franking (%)	0	0	0	0	0

VXR – performance over one year



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This report must be read with the disclosure and disclaimer on the final page of this document.

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Analysis

Venturix (VXR)						
12-Jul-19						
Year End June						
		Share Price	(\$)	A\$0.19		
		Iss. Shares	(M)	280.0		
		Dilution	(M)	350.0		
		Fully Diluted	(M)	630.0		
		Mkt Cap.	(\$M)	A\$53M		
PROFIT & LOSS						
		2019F	2020F	2021F	2022F	2023F
Revenue	A\$M	0	3	34	249	248
Operating Costs	A\$M	0	0	22	137	158
Exploration	A\$M	2	3	3	3	3
Other	A\$M	2	2	3	7	7
EBITDA	A\$M	(3)	(2)	6	102	79
D&A	A\$M	0	0	2	15	18
EBIT	A\$M	(4)	(2)	4	87	61
Net Interest	A\$M	(0)	(1)	9	9	3
Pre-Tax Profit	A\$M	(4)	(1)	(5)	78	58
Tax	A\$M	0	0	0	0	0
Net Profit	A\$M	(4)	(1)	(5)	78	41
Abnormal	A\$M	0	0	0	0	0
Reported Profit	A\$M	(4)	(1)	(5)	78	41
Dividends Paid	A\$M	0	0	0	0	0
Adjustments	A\$M	0	0	0	0	0
CASHFLOW						
Net Op Cash Flow	A\$M	(2)	1	9	105	82
Net Interest	A\$M	0	1	(9)	(9)	(3)
Tax Paid	A\$M	0	0	0	0	(17)
Op Cash Flow	A\$M	(2)	2	(0)	96	62
Net Capex	A\$M	0	(45)	(108)	(17)	(3)
Exploration	A\$M	(5)	(6)	(6)	(6)	(6)
Inv Cash Flow	A\$M	(5)	(51)	(114)	(23)	(9)
Free cash flow	A\$M	(7)	(48)	(114)	73	53
Net Borrowings	A\$M	1	119	0	(60)	(60)
Dividends	A\$M	0	0	0	0	0
Equity Issues	A\$M	7	70	0	0	0
Other	A\$M	0	0	0	0	0
Fin Cash Flow	A\$M	8	189	0	(60)	(60)
Net Cash Flow	A\$M	1	141	(114)	13	(7)
BALANCE SHEET						
Cash	A\$M	4	144	30	43	36
Other Current	A\$M	0	0	0	0	0
Cur Assets	A\$M	4	145	30	43	36
Fixed Assets	A\$M	1	46	154	171	173
Exploration	A\$M	30	30	30	30	30
Other	A\$M	0	0	0	0	0
Non Cur Assets	A\$M	32	76	184	201	204
Total Assets	A\$M	36	221	215	245	240
Borrowings	A\$M	0	0	0	0	0
Payables	A\$M	1	1	1	1	1
Other	A\$M	0	0	0	0	0
Cur Liab	A\$M	1	1	1	1	1
Borrowings	A\$M	1	120	120	60	0
Provisions	A\$M	13	13	13	13	13
Other	A\$M	0	0	0	0	0
Non Cur Liab	A\$M	14	133	133	73	13
Total Liabilities	A\$M	15	134	134	74	14
Total Equity	A\$M	21	87	81	170	226
RATIO ANALYSIS						
EPS	¢	(1.3)	(0.3)	(1.8)	27.8	6.4
PER	x	na	na	na	0.7	2.9
EPS Growth	%	43	(73)	414	(1,688)	(77)
CFPS	¢	(0.6)	0.8	(0.1)	34.2	9.8
PCFR	x	na	23.7	na	0.6	1.9
DPS	¢	0.0	0.0	0.0	0.0	0.0
Yield	%	0%	0%	0%	0%	0%
Payout Ratio	%	0%	0%	0%	0%	0%
Gearing ND/E	%	-13%	-28%	112%	10%	-16%
Interest Cover	x	74.4	1.9	0.4	9.3	18.8
EBITDA Margin	%	na	(60.0)	16.6	41.0	32.0
EBIT Margin	%	na	(66.7)	11.6	35.0	24.7
Return On Assets	%	(10.1)	(0.9)	1.8	35.7	25.5
Eff Tax rate	%	0%	0%	0%	0%	30%

Mining Inventory - Sulphur Springs						
		2019F	2020F	2021F	2022F	2023F
Tonnes Mt						
Cu Grade %						
Zn Grade %						
Cu Contained Mt						
Zn Contained Mt						

Resource - Sulphur Springs						
		2019F	2020F	2021F	2022F	2023F
Tonnes Mt						
Cu Grade %						
Zn Grade %						
Cu Contained Mt						
Zn Contained Mt						

PRODUCTION						
		2019F	2020F	2021F	2022F	2023F
Sulphur Springs (100%)						
Tonnes Processed	Mt	0.0	0.0	0.12	1.10	1.25
Cu Grade	%	0%	0%	3.3%	2.5%	1.5%
Zn Grade	%	0%	0%	0.9%	1.8%	3.3%
Cu Recovery	%	0%	0%	86.9%	86.9%	80%
Zn Recovery	%	0%	0%	35.4%	35.4%	77%
Cu Contained	kt	0	0	3.4	24.0	15
Zn Contained	kt	0	0	0.4	7.0	32

REVENUE						
		2019F	2020F	2021F	2022F	2023F
Sulphur Springs	A\$M	0	0	34	249	248
Total	A\$M	0	0	34	249	248

UNIT COSTS A\$/lb PAYABLE COPPER						
		2019F	2020F	2021F	2022F	2023F
Mining	A\$/lb			1.36	0.93	1.97
Site Processing	A\$/lb			0.51	0.69	1.23
G&A	A\$/lb			0.10	0.13	0.24
C1 Cash Cost	A\$/lb			2.32	1.79	1.04
Royalties	A\$/lb			0.25	0.27	0.43
Corporate Overheads	A\$/lb			0.23	0.14	0.21
Sustaining	A\$/lb			0.02	0.03	0.08
AISC	A\$/lb			2.82	2.23	1.78

CAPEX						
		2019F	2020F	2021F	2022F	2023F
Project	A\$M	0.0	44.5	108.0	15.7	0.0
Stay in business	A\$M	0.0	0.0	0.2	1.3	2.6
Total	A\$M	0.0	44.5	108.2	17.0	2.6

ASSUMPTIONS						
		2019F	2020F	2021F	2022F	2023F
Exchange Rate	A\$/US\$	0.71	0.70	0.70	0.71	0.71
Copper Price	US\$/lb	2.79	2.80	3.00	3.00	3.00
Zinc Price	US\$/lb	1.21	1.20	1.20	1.20	1.20

CASH FLOW FORECASTS INCL DEBT & EQUITY														
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Operating Cash Flow	A\$M													
Change in Borrowings	A\$M													
Change in Cash	A\$M													
New Equity	A\$M													
Capex & Exp	A\$M													

NPV10 (+1Yr)			
		A\$M	A\$/sh.
Sulphur Springs		311	0.49
Exploration and other projects		30	0.05
Corporate costs		-33	-0.05
Net Cash (Debt)		72	0.11
Total		380	0.60

Source: Petra Capital

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