

## Copper the ultimate mineral



Drilling has revealed very positive signs at Venturex Resources' Sulphur Springs copper and zinc mine in the Pilbara.

# Slump creates boom opportunity for miner

It's not often a miner sees a commodity price slump as a lucky break.

Such a slump earlier this decade led Venturex Resources to put its Sulphur Springs copper and zinc mine in the Pilbara on hold, but the project has emerged from the economic wilderness as a bigger and more bankable project.

Venturex bought the project in the Pilbara from CBH Resources in 2011 and had an underground copper mine planned by 2013, but by then the once-in-a-lifetime mineral price boom was over. With capital drying up, Venturex had to mothball the project and sit it out.

"From 2013 to 2016 we had nearly four years of flat to historically low commodity prices when nobody could really do anything," says Venturex Resources executive director Anthony Reilly.

"But I reckon we dodged a bullet," he says.

"We didn't have the money to go out and build it; it wasn't the right time."

While capital and viable projects were scarce, Venturex had two other valuable resources: time, and lots of data.

"We did spend a lot of time going back over tremendous amounts of historical drill data and project data," Reilly says.

What they found, previously unnoticed in the upper section of the project that had been seen only as a costly obstacle in the way of the real resource below, changed everything.

"We found enough drill holes with evidence of higher grade copper that, for whatever reason, wasn't picked up previously and we constructed an inferred resource at that shallower level," Reilly says.

The upper section is now planned as an open pit mine.

And when Venturex undertook a round of infill drilling in the latter half of 2017 to increase confidence in the extent and grade of the copper resource in the upper section, it got another pleasant surprise.

"While we were doing that we started to see, through the drilling results, that the actual copper resource appeared to extend further than we originally interpreted," Reilly says.

"We also started to uncover zinc mineralisation that was previously unknown."

"It's higher grade than the stuff below."

Having this previously-ignored resource so close to the surface – about 100 metres down – changes the economics of the project.

"From a project perspective, being able to just go straight in and dig without having to put in an underground mine lowers the implementation risk of the project, it cheapens the project, it defers underground capital for a few years," Reilly says.

"The fact that we've got about 800,000 tonnes at 4 per cent - in today's market that's nearly a

quarter of a billion dollars worth of revenue, which is able to be extracted fairly quickly in the first two years.

"That obviously has a very positive economic impact on the project."

Reilly is keenly aware of the demand fundamentals driving the market.

The energy revolution is generating demand for metals used in batteries, with more glamorous metals like lithium and cobalt the flavour of the month.

"What people tend to forget is that there is a lot of copper that goes into an EV," Reilly says.

A report last year by consulting firm IDTechEx forecast electric vehicle production will lift the requirement for copper from 185,000 tonnes currently to 1.74 million tonnes in 2027.

Electric cars can use more than 80 kilograms of copper, and electric buses more than 350 kilograms.

And supply is a factor for both copper and zinc as well, Reilly says.

"There's been an under-investment in new mines over the last down cycle and that's really hitting home now," he says.

So 2018 could be a good year for the Sulphur Springs project to get up and running at last.

"We really are in pretty good shape now."

"It's a very solid project from a technical perspective, the resources and the reserves are all

very sound, and the open pit/underground concept is a relatively straightforward one to execute," Reilly says.

The focus now is on de-risking the project to allow financing to go ahead - firming up the open-pittable resource after a further round of drilling early this year, getting the metallurgical analysis done, and having all the relevant permits signed off.

"We expect to have those pretty well bowled over by June or July this year."

And that's important for the market to understand because while the Sulphur Springs project has progressed very slowly at times since Venturex acquired it nearly seven years ago, it's now coming together quickly, he says.

"We are actually going to be in a position in six months' time to decide to go mining."

And Reilly, a former banker whose switch to mining in 2008 was admittedly "not good timing", is not too concerned about the project's funding requirement, a relatively modest \$180 million-\$200 million, with possibly \$40 million-\$50 million put in by the company.

"It's not a Herculean task compared with larger projects or other projects that are less bankable. It's not like it was two years ago when no one wanted to talk to us," he says, using the analogy of long-lost relatives responding to a lottery win.

"Everyone wants to be your friend."

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