

Sulphur Springs Copper-Zinc Project – Development Funding Breakthrough

VENTUREX SIGNS TERM SHEET FOR A\$100M DEBT FUNDING PACKAGE AND OFF-TAKE FROM TRAFIGURA

Approved Term Sheet for finance set to form cornerstone of funding for new Australian base metals project

HIGHLIGHTS:

- **Approved Term Sheet for finance received from global commodity trader Trafigura Pte Ltd (“Trafigura”) for A\$100m of senior debt funding for the Sulphur Springs Copper-Zinc Project in WA**
- **Funding package comprises a 4-year US\$70m (A\$100m)¹ Copper and Zinc Concentrate Pre-payment Facility, to be provided on competitive commercial terms**
- **Minimal covenants and extended grace period, deferring principal and interest payments**
- **Parties to discuss in good faith the provision of an additional US\$15m Cost Overrun Facility**
- **Venturex and Trafigura have also agreed to enter into a long-term Off-take Agreement for both the copper and zinc concentrates to be produced at Sulphur Springs**

Australian base metal developer Venturex Resources Ltd (“**Venturex**” or the “**Company**”) (ASX: VXR) is pleased to announce that it 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 its 100%-owned flagship **Sulphur Springs Copper-Zinc Project**, located 144km south of Port Hedland in WA.

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 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.

Trafigura is at the forefront of the global commodity trading industry, with an expansive global logistics network and market-leading position in a range of physical commodity markets. Trafigura reported global revenue of US\$180.7 billion in 2018 and total assets of US\$53.8 billion.

Securing the involvement of a global heavyweight such as Trafigura as a long-term strategic funding and off-take partner represents a major step forward for the Sulphur Springs Project, underpinning Venturex’s funding and development strategy for the Project.

Venturex completed a highly successful Definitive Feasibility Study on the Sulphur Springs Project last year which outlined a base case 1.25Mtpa open pit and underground project forecast to produce 65ktpa of ~25% copper concentrate (~15ktpa Cu payable metal) and 75ktpa of ~50% zinc concentrate (~35ktpa Zn payable metal).

The project is forecast to generate revenue of A\$2.625 billion, free cash-flow of A\$818 million, and a pre-tax NPV^{8%} of A\$472 million with a forecast pre-production capital cost of A\$169 million for plant and infrastructure capital and pre-strip mining. Refer to the Company’s ASX announcement of 10 October 2018 “Sulphur Springs Feasibility Study Confirms Long-Life, High-Margin Australian Copper-Zinc Mine with Outstanding Economics.”

Trafigura Pre-Payment Facility

Key terms of the Prepayment Facility are summarised below:

- Project Facility of US\$70 million (approximately A\$100m); Security is provided over the Sulphur Springs Project assets;
- 4-year term with repayment scheduled evenly over the term;

¹ Assumes exchange rate of AUD/USD of \$0.70

- Interest rate is 3 month LIBOR plus [8.5]% p.a. for the first year, 3 month LIBOR plus [9.5]% p.a. in the second year and 3 month LIBOR plus [12.5]% p.a. in the third and fourth years; with the right for repayment after year 1;
- Minimal loan covenants.

The Pre-Payment Facility contains typical conditions precedent which are required to be satisfied prior to first draw down, including final regulatory approvals, ensuring the project is fully funded, finalisation of material project agreements, formal facility agreements and project equity contribution.

Trafigura Off-take

Key terms of the Offtake agreement are:

- First 11 years from commencement of production, then 50% of annual concentrates for LOM;
- Whole of mine production, excluding zinc off-take agreement with Toho;
- Trafigura propose to make advance payments against a holding certificate for concentrate stored in an approved warehouse; and
- Competitive commercial terms.

Venturex Management Comment

Venturex's Managing Director, AJ Saverimutto, said: *"We are very pleased to have received an approved Term Sheet of a senior debt facility of up to A\$100 million to underpin the financing and development of the Sulphur Springs Project. Securing the support of a long-term strategic partner of the size and calibre of Trafigura is a huge step forward for Venturex and a major endorsement of the quality of the project, the robustness of our Feasibility Study and the soundness of our development strategy."*

"Trafigura have completed extensive due diligence on the deposit and our development plan, as outlined in the October 2018 Definitive Feasibility Study and this offer of finance and proposed off-take structure follows many months of detailed negotiations and discussions with their team."

"Sulphur Springs represents one of the very few greenfield development assets in the base metals space globally, and we are extremely pleased to have secured a strategic funding and long-term off-take partner to support our development strategy moving forward. Together with the other expressions of interest we have received from other potential financing groups, we are now confident of being able to finalise a total funding package to allow us to move ahead with development of this substantial new Australian copper-zinc project."


Trafigura Management Comment

"We are delighted to have concluded a strategic funding and long-term off-take agreement with Venturex at a significant time in the development of the Sulphur Springs Project," said Amin Zahir, Global Head of Refined Metals and Concentrates Trading for Trafigura. "It's rare to have the opportunity and ability to support a greenfield development project for base metals of this scale and potential."

The Pre-Payment Facility and off-take were arranged with the assistance of BurnVoor Corporate Finance and BPDT & Co.

About Trafigura

Founded in 1993, Trafigura is one of the largest physical commodities trading groups in the world. Trafigura sources, stores, transports and delivers a range of raw materials (including oil and refined products and metals and minerals) to clients around the world. The trading business is supported by industrial and financial assets, including 49.3 percent owned global oil products storage and distribution company Puma Energy; global terminals, warehousing and logistics operator Impala Terminals; Trafigura's Mining Group; and Galena Asset Management. The Company is owned by around 700 of its 4,300 employees who work in 66 offices in 38 countries around the world. Trafigura has achieved substantial growth over recent years, growing revenue from USD12 billion in 2003 to USD180.7 billion in 2018. The Group has been connecting its customers to the global economy for more than two decades, growing prosperity by advancing trade. Visit: <https://www.trafigura.com>



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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.

Competency Statements

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 Venturex. Mr Gibson is a member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Gibson consents to the inclusion in the report of the results reported here and the form and context in which it appears.

No New Information or Data

This announcement contains references to exploration results, Mineral Resource, Ore Reserve estimates, Production and Financial results as released in the DFS announcement dated 10 October 2018 which have been cross referenced to previous market announcements. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and that all material assumptions and technical parameters underpinning those estimates in the relevant market announcements continue to apply and have not materially changed.