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Venture raises \$20M to advance Mt Lindsay

Thursday, 7 October 2010

AUSTRALIAN mineral exploration company Venture Minerals is raising \$A20 million to fund ongoing exploration and feasibility studies at its flagship Mount Lindsay tin and tungsten play in Tasmania.

The project is located 125 kilometres by sealed road from the Port of Burnie in the north-west of the island state.

The capital raising includes an \$18 million placement to existing and new institutional investors and a share purchase plan through the issue of 40.9 million fully paid ordinary shares at 44c each in two tranches.

The first tranche of 24.5 million shares will raise \$10.8 million, while the second will raise a further \$7.2 million through the issue of 16.4 million shares.

In addition, Venture has initiated a share purchase plan to raise up to a further \$2 million.

The immediate focus for the group will be upgrading the resource base at Mt Lindsay, completing the current prefeasibility study and continuing exploration.

Six diamond core drill rigs are currently onsite.

The project has current resources containing more than 100,000 tonnes of combined metal with inferred tungsten numbers of 3.5 million tonnes grading 0.8% tungsten equivalent at a 0.2% tungsten cut-off grade (when both tin and magnetite co-products are considered) and 7.1Mt at 0.81% tin equivalent, based on a 0.45% tin cut-off grade.

Venture managing director Hamish Halliday said the raising leaves the company fully funded through to completion of the feasibility studies.

"We expect the Mt Lindsay project to be within the lowest cost quartile of the global tin industry and, following the completion of feasibility studies and financing, we anticipate that production from the site could begin as early as 2013," he said.

"We continue to remain bullish on the long-term fundamentals of the tin market, as well as the attractiveness of the project."

Petra Capital was the lead manager to the placement along with Max Capital, which also acted as co-manager and corporate adviser to the issue.

The company received good news back in May when a second scoping study on the project increased margins by 300% and halved capital costs to \$130 million.

It was based on a 1Mt per annum operation focusing on the Main and No.2 Skarns over a seven-year mine life and assumed a tin price of \$US18,000 per tonne, a tungsten price of \$170/t and a magnetite price of \$120/t.

The pre-tax margin per tonne increased by 300% to \$80/t and delivered pre-tax net cash per annum of \$80 million.

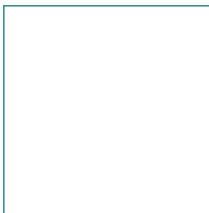
Shares in Venture were down 2.8% in morning trade to 52c.

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Drilling at Venture Minerals' Mt Lindsay project



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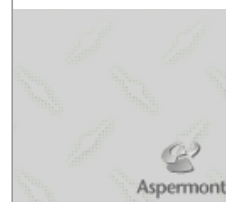
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