

Venture Minerals Ltd

VMS

Tuesday, 26 February 2008

Impressive magnetite project at the right address

Recommendation Speculative Buy

Overview

VMS is advancing its Mount Lindsay magnetite project in north west Tasmania. The project is located 25 km south east of the operating Savage River magnetite mine and is adjacent to major rail, power, water and iron ore infrastructure. Following initial field investigations the company has commenced a 10,000 metre drilling program of which around 3,000 metres has been completed to date. The program is scheduled to be completed by about June 2008 and an initial resource estimate is expected to be announced in May 2008. The company is targeting around 25 million tonnes of magnetite ore for this initial resource estimate. Recent drilling results include 46 metres averaging 43.4% iron

The area was previously explored for tin and lies within a region that includes the Mt Bischoff, Cleveland and Renison Bell deposits. The historic tin zones at Mount Lindsay are called the Number 2 Zone and the Main Zone and have been shown to contain significant iron ore mineralisation and in addition to the current drilling program the company has re-assayed historical drill holes for both iron and tin. Significant results from the tin assaying include 16.1 metres averaging 1.55% tin, 10.9 metres averaging 1.72% tin, 23 metres averaging 0.79% tin and 36.2 metres averaging 0.49% tin. Other potential by product credits include tungsten, copper and gold.

The company's tenure covers the western and southern flanks of the Meredith Granite with the Mount Lindsay mineralised skarn located off the southern tip of the granite. A recent helimag survey has outlined a 22 km strike length of potential mineralised skarn of which only about 4 km has been drill tested. The scale of the potential mineralisation has led to a conceptual target of 200 million tonnes of magnetite ore. Preliminary testwork by ProMet Engineers has indicated that the ore will only need to be ground to 150 microns in size. This is a coarse grind size in comparison to other magnetite projects and will lead to cost savings, particularly electricity and grinding media. Standard Davis Tube recovery results have confirmed a high quality concentrate product with 69% iron, 1.5% silica, 0.02% phosphorus and 1.9% sulphur. The coarse grind size will also be beneficial for the recovery of tin.

The Savage River magnetite operation to the north west has an operating capacity of 2.5 million tonnes per year of iron ore concentrate. The operation is owned by Jiangsu Shagang Group Co Ltd and has recently operated at a rate of about 1.5 to 2 million tonnes of iron ore concentrate per year. Expansion of the existing mine at Savage River will incur high stripping ratios and there may be scope for at least some of VMS' ore to be treated at this operation. Currently the iron ore concentrate is transported via an 84 km slurry pipeline to Burnie where it is pelletised prior to shipment to customers in China.

VMS has three projects in South Australia that are separately targeting iron-oxide-copper-gold-uranium (IOCGU) mineralisation, shear hosted gold and sedimentary uranium mineralisation styles and epithermal gold-silver and stratiform lead-zinc mineralisation. The company recently completed drilling its third hole at its Churchill Dam IOCGU project which was restricted to a depth of 1,168 metres with the hole ending in strongly altered Gawler Range Volcanics. Churchill Dam is located 80 km south west of the world class Olympic Dam deposit. It is also 95 km west of the recently discovered Carrapateena prospect.

In Western Australia the company has gold, nickel and uranium prospects. The Paulsens South gold project is located 4 km from the 80,000 ounce per year Paulsens gold mine in the Pilbara region. The project area is under explored and interpreted to host a similar geological setting to that at Paulsens. Rock chip sampling has returned values of up to 2.6 g/t gold, 6.9% copper, 83 g/t silver and 2.4% zinc. At its West Maitland uranium project in the north eastern goldfields of Western Australia, VMS has discovered a 5 km long and 800 metre wide uranium mineralisation zone. VMS controls 25 km of the same Tertiary channel system that hosts the Lake Maitland resource.

Impact

With infrastructure laid on and the potential for low cost treatment, VMS' Mount Lindsay magnetite iron ore project seems to have ticked all the boxes. In addition the company holds strategic ground in the Gawler Craton as well as gold, uranium and base metal interests in Western Australia.

Snapshot

Last Price	\$0.30
Market Cap (m)	\$15.5 million
52 Week High	\$0.59
52 Week Low	\$0.17
Sector	Metals & Mining

Investment Fundamentals

Cash reserves	\$2.4 million
Shares on issue	51.5 million
Options on issue	15.1 million listed 25c Jun'08 14.6 million unlisted

Directors	Mel Ashton (Chairman) Andrew Radonjic (MD) Kent Hunter (Non-exec) Hamish Halliday (Non exec)
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Major shareholders	Board & Management 33%
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Price Chart



Business Description

VMS has Australian mineral exploration interests covering iron ore, base metals, gold and uranium.

Analyst: Paul Goody

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