



# Quarterly Report for the period ending 30 September 2011

## Highlights

- **Venture completes feasibility drilling at Mt Lindsay - Highlights Include:**
  - **22m @ 1.7% tin (equiv)**
  - **12m @ 2.0% tin (equiv)**
  - **22m @ 1.2% tin (equiv)**
- **Memorandum of Understanding (MOU) signed with Grange Resources for magnetite off-take.**
- **Mining lease application submitted for Mt Lindsay Tin/Tungsten Project.**
- **Venture advances all major aspects of Mt Lindsay Bankable Feasibility Study (BFS) including:**
  - **Pilot scale metallurgical program well underway**
  - **Independent Engineers Engaged**
  - **Resource drilling completed**
  - **Off-take discussions continue to be advanced**

## Introduction

The September Quarter saw the Company continue to advance all major aspects of the Mt Lindsay Project, including the completion of feasibility drilling, submission of a mining lease application and the signing of MOU with Grange Resources for magnetite off-take. In addition to the significant progress made at Mt Lindsay, the Company also continued to fast track its exciting new Livingstone DSO Hematite Project.

September marked the completion of an extensive drill program targeting both the Main and No.2 Skarns. Both skarns have now been drilled on a 20m by 25m spacing, which has delivered a high degree of confidence in both resource grade and consistency of mineralization. Final results from the infill program will be used to estimate a new resource for Mt Lindsay in preparation for the completion of a bankable feasibility study.

Activities during the quarter also saw the Company successfully lodge a mining lease application (MLA) over the Mt Lindsay Tin/Tungsten Deposit. The submission of an MLA marks a major milestone for the Company and is the culmination of years of successful exploration and detailed mining studies.



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### Venture Fast Facts

ASX Code: VMS  
Shares on Issue: 221 million  
Market Cap: \$76 million  
Cash: \$16.6 million (Sept 2011)

### Recent Announcements

Venture Completes Feasibility Drilling on the Main Skarn – Mt Lindsay Project (ASX: 27/09/11)

Mining Lease Applications (ASX: 16/09/11)

Venture Signs with Grange Resources (ASX: 05/09/11)

Maiden Resource and Scoping Study for New Deposit (ASX: 29/07/11)

Drilling at Reward Prospect continues to deliver (ASX 02/06/11)

Venture Appoints Key Management (ASX 06/05/11)

First Drill Hole at Contact Creek (ASX 12/04/11)

Pre-Feasibility Study (ASX: 01/03/11)

Feasibility Drilling Intersects Record Result (ASX: 27/01/11)



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In addition to the major achievements at Mt Lindsay the Company has continued to fast track the newly discovered Livingstone DSO Hematite Deposit. Since the announcement of a maiden resource and positive scoping study, the Company has prioritised an infill drill program and commenced sizing and blending testwork for the iron ore. The Company has also advanced discussions with a multitude of potential off-take parties.

## Mt Lindsay Project, North West Tasmania

### Introduction

The Mt Lindsay Project (371km<sup>2</sup>) is located in western Tasmania (Refer to Fig 1) within the contact metamorphic aureole of the highly perspective Meredith Granite. The project sits between the world class Renison Bell Tin Mine (Metals X Ltd/Yunnan Tin Group > 200,000t of tin metal produced since 1960) and the Savage River Magnetite Mine (operating for > 44 years, currently producing 2.0Mtpa of iron pellets). Mt Lindsay has excellent access to existing infrastructure including hydro-power, water, sealed roads, rail and port facilities.

Since commencing exploration on the project in mid 2007, Venture has completed 67,000m of diamond core drilling at Mt Lindsay and defined a JORC compliant Indicated and Inferred Resources of:

### Tin/Tungsten Resources

Lower Cut (Tin equiv)	Category	Tonnes	Tin Equiv. Grade	Tin Grade	Tungsten Grade (WO <sub>3</sub> )	Mass Recovery of Magnetic Iron (Fe) Grade	Contained Tin Metal (tonnes)	Contained Tin/Tungsten Metal (tonnes)
0.20%	Indicated	23Mt	0.4%	0.2%	0.1%	18%	47,000	71,000
	Inferred	20Mt	0.4%	0.2%	0.1%	20%	36,000	49,000
	<b>TOTAL</b>	<b>43Mt</b>	<b>0.4%</b>	0.2%	0.1%	19%	<b>82,000</b>	<b>120,000</b>
0.35%	Indicated	11Mt	0.6%	0.3%	0.2%	19%	31,000	51,000
	Inferred	6.8Mt	0.5%	0.3%	0.1%	15%	22,000	30,000
	<b>TOTAL</b>	<b>18Mt</b>	0.6%	0.3%	0.2%	17%	53,000	81,000
0.45%	Indicated	6.2Mt	0.7%	0.4%	0.3%	18%	22,000	37,000
	Inferred	4.2Mt	0.6%	0.4%	0.2%	10%	17,000	23,000
	<b>TOTAL</b>	<b>10Mt</b>	<b>0.7%</b>	0.4%	0.2%	15%	<b>38,000</b>	<b>61,000</b>

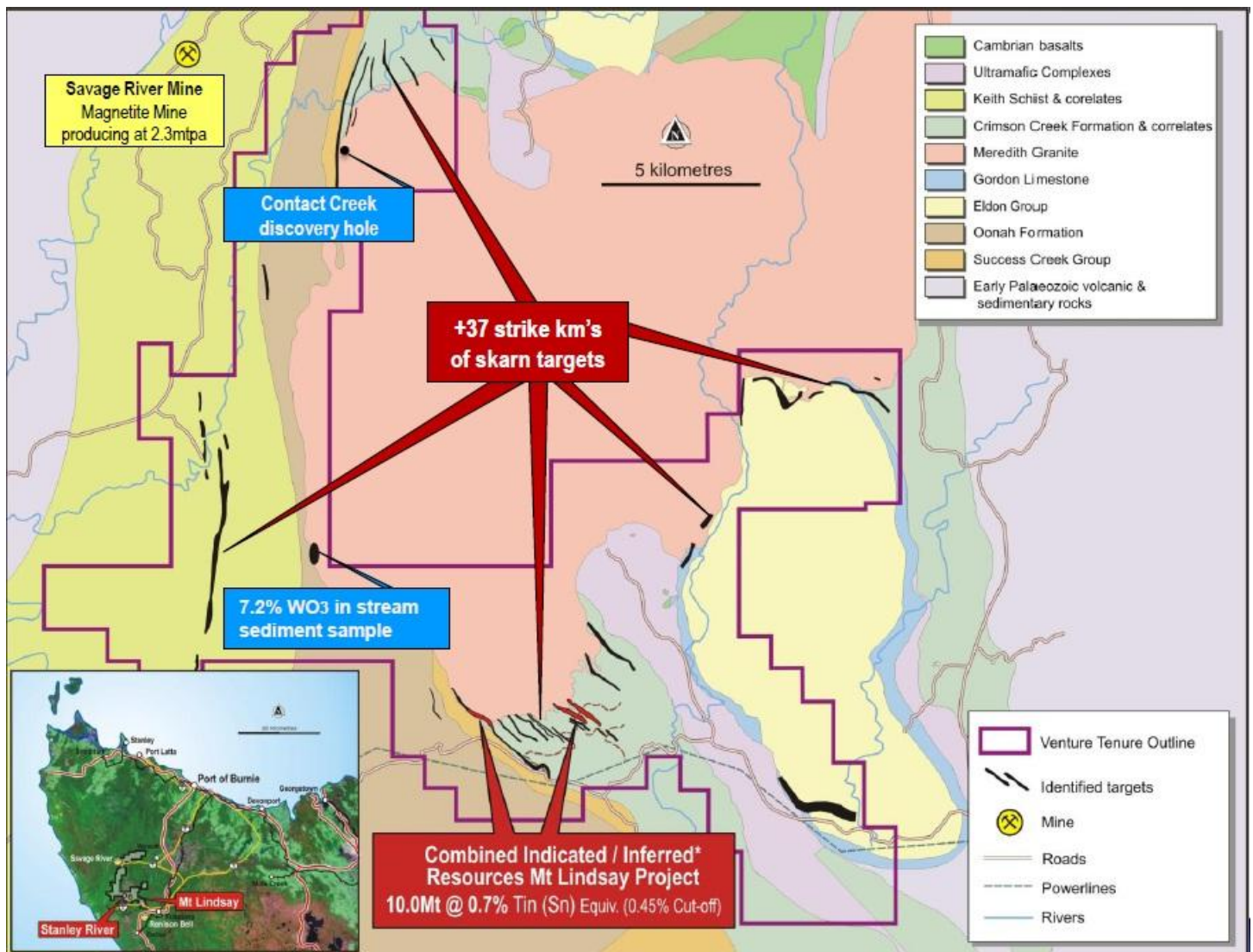
Note: Reporting to two significant figures as per the JORC code. Please refer to ASX announcement dated 25 November 2010 for further details.

#### Notes:

- The Sn equivalent formula used to calculate the Sn equivalent values is as follows: Sn Equivalent (%) = Sn% + (WO<sub>3</sub>% x 1.02306) + (weight recovery % of magnetic Fe x 0.005702).
- The mass recovery of the magnetic iron is determined mostly by Davis Tube Results (“DTR”). Full details are in Appendix Two.
- This formula uses a tin metal price of US\$23,850/t, an APT (Ammonium Para Tungstate) price of US\$244/mtu (1mtu =10kgs of WO<sub>3</sub>) and an iron price of US\$136/t.
- The metallurgical recovery for tin is 71%, for WO<sub>3</sub> is 80% and for iron in the form of magnetite is 95%. These recoveries are based on significant testwork used to support the Scoping Study as stated in the ASX announcement of 14 May 2010.
- It is the Company’s opinion that the tin, WO<sub>3</sub> and iron in the form of magnetite as included in the metal equivalent calculations have a reasonable potential to be recovered for when the Mt Lindsay Project goes into production.

The resource base at Mt Lindsay is hosted within two magnetite rich skarns (Main Skarn and the No.2 Skarn) which extend over a total strike of 2.8kms and remain open at depth. Additional inferred resources have been defined at the Reward and Stanley River South Prospects, which extend over an additional 1.1km of strike. The skarns drill tested to date represent approximately 10% of the total skarns identified by the Company, with an additional 37 strike kilometres of interpreted magnetite skarns still to be tested within the project area. (Fig 1)

**Figure 1: Regional Exploration Targets**



The resource base at Mt Lindsay has recently been the subject of a detailed independent pre-feasibility study which concluded that the project is very robust, has a high margin per tonne and an excellent internal rate of return. The study entertained a 1.3million tonne per annum operation, producing concentrates of tin, tungsten, copper and magnetite. The study was completed in early 2011 and was based on the following per tonne commodity prices (Tin – US\$25,400, Tungsten – US\$28,200, Magnetite US\$130 and Copper US\$7,980)

Pre-Feasibility Study Highlights included:

\* Please note all figures are quoted pre-tax

	Commodity Price Comparisons (A\$)		
	Upside Case (Spot)	Preferred Case (Spot -10%)	Conservative Case (Spot -20%)
▪ <b>Revenue Life of Mine</b>	<b>\$1,410m</b>	<b>\$1,270m</b>	<b>\$1,130m</b>
▪ <b>Net Cash Life of Mine</b>	<b>\$710m</b>	<b>\$570m</b>	<b>\$430m</b>
▪ <b>IRR (50% equity, 50% debt)</b>	<b>55%</b>	<b>42%</b>	<b>29%</b>
▪ <b>Ave Net Cash per Annum</b>	<b>\$90m</b>	<b>\$72m</b>	<b>\$54m</b>

\* Please refer to ASX announcement dated 1 March 2011 for further details.

### Livingstone DSO Hematite Deposit

Located only 3.5km from the Company's flagship Tin/Tungsten Deposit is the newly discovered Livingstone DSO Hematite Deposit. Livingstone consists of an outcropping hematite cap overlaying a magnetite rich skarn. The hematite occurs from surface, is consistent in grade and located only 2km from a sealed road which accesses existing rail and port facilities.

Resources defined at Livingstone to date include:

Resource	Tonnes	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	S (%)	LOI (%)
Inferred	2.2mt	58	5.3	1.8	0.09	0.03	7.1

\* Please refer to ASX announcement dated 29 July 2011 for further details.

The above resource base has already been the subject of a scoping study which delivered positive results including:

- **Net Revenue (LOM) – A\$92m (pre tax)**
- **Capital Cost Estimate – less than A\$3m**
- **\$50 operating margin per tonne**

\* Please refer to ASX announcement dated 29 July 2011 for further details.

Results of the scoping study highlighted the potential for Venture to generate significant cash flow with very little up front capital. In addition the development of the Livingstone Deposit would afford Venture the opportunity to be in production by the second half of 2012, a year earlier than the current schedule for Mt Lindsay.

### Tenure

Venture has 100% of EL21/2005, EL33/2007, EL24/2008 and EL45/2010. Currently the Mt Lindsay Deposit with its Indicated and Inferred Resources (as stated above) all sit within EL21/2005.

Venture has earned 70% from Bass Metals Ltd on the iron, tin and tungsten rights on EL31/2003 & EL36/2003. Bass Metals has elected to maintain its 30% stake by contributing to the approved programme.

### Activities during the September Quarter

September marked the completion of an extensive drill program targeting both the Main and No.2 Skarns. The completion of the program sees both skarns now drilled to a density 20m by 25m, delivering a high degree of confidence in both resource grade and consistency of mineralization. Although the Company is awaiting final results from the No.2 Skarn, we have received all assays from infill drilling the Main Skarn, highlights of which include:

#### Feasibility Drilling Results – Main Skarn:

Hole ID	Intercept Depth below surface (metres)	Interval (metres)	Tin (Sn) Equivalent Grade	Tin (Sn) Grade %	Tungsten Trioxide (WO <sub>3</sub> ) Grade %	Magnetite Fe%
ML235	145	22	0.7	0.39	0.15	22
ML237	70	26	0.5	0.16	0.16	32
ML239	165	22	0.5	0.33	0.10	20
ML243	130	16	0.7	0.56	0.08	21
ML244	215	10	0.6	0.29	0.14	28
ML247	140	14	0.6	0.33	0.12	27
ML258	190	22	1.2	0.34	0.42	24
includes		6	2.7	0.27	1.29	26
ML260	40	14	1.0	0.78	0.12	31
ML261	100	24	0.4	0.25	0.08	23
ML262	215	46	0.9	0.57	0.16	18
includes		12	2.0	1.90	0.07	25
ML264	115	9	0.5	0.46	0.01	16
ML265	240	26	0.5	0.12	0.14	25
includes		12	0.7	0.12	0.28	23
ML269A	255	36	0.7	0.41	0.08	34
includes		12	1.3	0.93	0.11	34
ML269W	240	32	1.3	0.86	0.16	30
includes		22	1.7	1.18	0.21	32
ML270	15	24	0.4	0.19	0.11	40
includes		10	0.6	0.26	0.21	43
ML272	115	26	0.5	0.37	0.07	27

Note:

For full details of drill intersections and a list of assumptions for tin equivalents please see Appendix One.

Following receipt of all assays from the feasibility drilling targeting the Main Skarn, the Company is confident a significant proportion of the current indicated resource base will be upgraded to the measured category following a new resource estimate expected over the coming months.

September also saw the Company advance discussions with neighbouring magnetite producer Grange Resources following the signing of an MOU. As part of the production at Mt Lindsay the Company anticipates producing in excess of 200,000 tonnes of magnetite concentrate as a by-product. The discussions with Grange centre around the opportunity for this magnetite concentrate to be converted to iron ore pellets and distributed directly to end users by utilising Grange's existing pellet plant and ship-loading facilities at Port Latta, on the north coast of Tasmania. A joint development with Grange would provide synergistic benefits to both parties and allow Venture access to Grange's long-established infrastructure.

The Company anticipates advancing its discussions with Grange following receipt of results from the pilot scale metallurgical program designed in part to confirm the specification of the magnetite concentrate.

### **Resource Estimation**

The infill diamond core drilling to convert the Main Skarn and No.2 Skarn resources to the Measured category are now completed. The wireframes are currently being completed and will be the basis for a new resource estimate due for completion over the coming months.

### **Metallurgical Testwork /Process Design**

A total of 1,800kgs of the 3 tonne sample has been tested to establish conditions for primary grinding, rougher magnetic separation and bulk sulphide flotation of the two skarns. The process has produced a sulphide rougher tail (SRT) that will be subdivided for testing the tin and tungsten concentration circuits. Senior Management has selected GR Engineering Services to do the design and engineering of the process plant for the BFS.

### **Tailings Dam Design**

Work continued on finalising the most efficient site for the Tailings Dam within the Mt Lindsay Project area. Senior Management has awarded GHD the Tailings Dam Design component of the BFS.

### **Mine Design & Geotechnical**

Work continued on the Mine Design for the mining lease application. The Geotechnical Drill Program for the Open Pit commenced during the quarter. Senior Management has selected Rock Team (with some inputs from GHD) for the Mine Design and Turner Mining and Geotechnical for the geotechnical components of the BFS.

### **Environmental & Permitting**

Pitt & Sherry, an award winning Tasmanian based consulting engineering, scientific and management services firm, continue to assist Venture with environmental and permitting aspects for the Mt Lindsay Project, which recently included the submission of the mining lease application in mid-September. The Company in-conjunction with Pitt & Sherry is also in the process of preparing an EPBC referral which will be followed by the Notice of Intent (NOI) which is to be submitted to the state EPA for review. Guidelines from the EPA will assist the Company in preparing a Development Proposal and Environmental Management Plan (DPEMP) for the development of the Mt Lindsay Project.

### **Hydrogeological Modelling**

William C. Cromer Pty Ltd has developed an initial Hydrogeological Model for the Mt Lindsay Project that is being utilized for ongoing mine design, process design and tailings dam design work during the BFS. The second and final groundwater drilling program is due to be completed in the December quarter.

### **Infrastructure & Logistics**

Engineering consultant Mr Malcolm Hillbeck and Venture's COO continue to work with other consultants and Tasmanian State Government Groups to determine accommodation costs, power supply costs and ore transport costs.

### **Financial Modelling**

Northwind Resources will continue to run the Financial Model through the BFS.

### **Sales & Marketing**

Penfold continues to work as the advisor for sales and marketing of the products to be produced at the Mt Lindsay Project.

### **Livingstone DSO Hematite Deposit**

Activities at Livingstone during the September Quarter focussed on infill drilling as the Company seeks to upgrade the current inferred resource to the indicated category. In addition to the drilling Venture is also finalising the sizing and blending testwork and commencing mining studies and detailed transport studies. Discussions with potential off-take parties continued throughout the quarter.

## **Maitland Channel Uranium and Nickel Project, Western Australia**

**(Venture Minerals has 100%)**

Venture's Maitland Channel Project (318km<sup>2</sup>) covers over 48kms of the Tertiary channel system along strike from the Lake Maitland (Mega Uranium Limited), Centipede & Lake Way (Toro Energy Limited) and Yeelirrie (BHP Billiton) calccrete-hosted uranium deposits, in the North Eastern Goldfields of Western Australia. The Uranium part of the Project is spread over two areas, West Maitland and South East Yeelirrie, and includes radiometric anomalies analogous to the Lake Maitland deposit.

There was no field activity during the quarter.

## **Paulsens South Project, Western Australia**

**(Venture Minerals has 100%)**

The Paulsens South Project (covering 68km<sup>2</sup>) flanks and covers a similar stratigraphic and structural setting to Northern Star Resources Ltd's high grade Paulsens Gold Mine, (current Indicated and Inferred Resources of 1,268,000t at 5.3g/t for 226,000oz Au, has produced 450,000 ozs in 6 years and is currently producing ~80,000 oz gold per annum) in the Ashburton Mineral Field of Western Australia.

There was no field activity during the quarter.

Rumble Resources Limited ("Rumble") continues to be in a joint venture with the Company on the Paulsens South Project in which Rumble has the right to earn at least 70% of the project.

## **Harris Bluff Project, South Australia**

**(Venture Minerals has 51% whilst earning up to 90%, except for the uranium rights)**

The Harris Bluff Project (167km<sup>2</sup>) is situated within the south-eastern part of the Gawler Craton, an area considered prospective for Pb-Zn and epithermal Au-Ag mineralisation. Very sparse historic drilling in the immediate vicinity of the Project returned up to 180 ppb Au and 6 g/t Ag.

There was no field activity during the quarter.

Mega Hindmarsh Pty Ltd (“Mega”) a subsidiary of Toronto listed Mega Uranium Limited continues to be in a uranium joint venture with the Company on the Harris Bluff Project. On 10 August 2011, an extension to the terms under the Joint Venture Heads of Agreement was approved. The key terms of the extension are; Venture has the right to increase its interest from 51% to 75% by incurring a further \$750,000 in expenditure by the same time allowed to Mega; Mega will have under the extended terms, 12 months to incur \$300,000 of expenditure within 12 months of the granting of ELA2011/00047 (replacement license of EL3580), Mega will be entitled to 100% of Ventures Tenement interest at the time (which will be a 51% interest in ELA2011/0047); and if Mega incurs Expenditure of \$450,000 within 24 months after meeting the initial expenditure requirement within 24 months, Mega will be entitled to 100% of Venture’s tenement interest in the newly granted ELA2011/00047 (at which time will be 75%).

Detailed information on all aspects of Venture Minerals’ projects can be found on the Company’s website [www.ventureminerals.com.au](http://www.ventureminerals.com.au).

Yours faithfully



**Hamish Halliday**  
**Managing Director**

The information in this report that relates to Exploration Results, Exploration Targets, Mineral Resources or Ore Reserves is based on information compiled by Mr Andrew Radonjic, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Andrew Radonjic is a full-time employee of the company. Mr Andrew Radonjic has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Andrew Radonjic consents to the inclusion in the report of the matters based on his information in the form and context in which it appears

## Appendix One

Hole	East MGA55	North MGA55	Azi MGA	Dip	EOH (m)	From (m)	To (m)	Interval (m)	Fe%	Sn %	WO3 %	SnE Q %	Approx centre of intercept depth (metres beneath surface)
ML235	360941	5382344	58	-40	170	140	162	22	22	0.39	0.15	0.7	145
ML237	360765	5382472	46	-43	158.1	120	146	26	32	0.16	0.16	0.52	70
ML238	360406	5382601	25	-52	200	139	153	14	33	0.16	0.08	0.39	100
ML239	360939	5382342	58	-47	189.2	148	170	22	20	0.33	0.1	0.54	165
ML242	360939	5382342	58	-52	228.6	149	179	30	23	0.28	0.04	0.4	180
ML243	361024	5382309	43	-43	161	136	152	16	21	0.56	0.08	0.74	130
ML244	360941	5382344	58	-56	223.1	157	211	54	22	0.17	0.07	0.36	200
includes						201	211	10	28	0.29	0.14	0.61	215
ML247	361024	5382308	44	-49	180	142	156	14	27	0.33	0.12	0.58	140
ML258	361023	5382308	42	-60	229.7	161	167	6	18	0.08	0.02	0.19	170
ML258						175	197	22	24	0.34	0.42	1.15	190
includes						177	183	6	26	0.27	1.29	2.65	185
includes						185	195	10	26	0.48	0.09	0.68	195
ML259	360968	5382400	26	-10	92.6	49	67	18	22	0.17	0.1	0.36	20
includes						49	51	2	22	0.2	0.58	1.26	15
ML260	360968	5382400	26	-27	101.1	60	74	14	31	0.78	0.12	1.01	40
includes						60	68	8	36	1.01	0.21	1.41	40
ML261	360986	5382376	35	-51	122	82	106	24	23	0.25	0.08	0.42	100
ML262	361023	5382308	40	-63	249.5	179	225	46	18	0.57	0.16	0.88	215
includes						179	193	14	17	0.11	0.44	0.94	190
includes						213	225	12	25	1.9	0.07	2.03	225
ML263	360767	5382474	63	-36	160.2	116	124	8	32	0.17	0.08	0.4	20
ML264	361097	5382271	11	-42	174.5	126.5	154	27.5	18	0.26	0.02	0.3	120
includes						126.5	135.5	9	16	0.46	0.01	0.48	115
ML265	361023	5382308	43	-68	250.7	220	246	26	25	0.12	0.14	0.48	240
includes						220	232	12	25	0.12	0.28	0.72	235
includes						220	224	4	23	0.17	0.42	0.96	230
ML267	360766	5382474	49	-35	157.8	107	119	12	28	0.16	0.07	0.4	30
ML268	360764	5382475	37	-25	146.1	100	118	18	25	0.14	0.09	0.35	25
includes						114	118	4	24	0.15	0.23	0.58	25
ML269A	361096	5382270	11	-70	273.6	221	257	36	34	0.41	0.08	0.69	255
includes						245	257	12	34	0.93	0.11	1.25	265
ML269W	361096	5382270	11	-70	273.4	215	247	32	30	0.86	0.16	1.27	240
includes						221	243	22	32	1.18	0.21	1.69	250
ML270	360912	5382480	25	-64	56.4	0	24	24	40	0.19	0.11	0.42	15
includes						8	18	10	43	0.26	0.21	0.64	15
ML272	361027	5382311	44	-35	180.4	127.9	153.6	25.7	27	0.37	0.07	0.53	115
includes						147.2	153.6	6.4	25	0.86	0.02	0.9	120

### Notes:

- The tin equivalent formula used to calculate the tin equivalent values is as follows: Tin Equivalent (%) = Sn% + (mass recovery% of magnetic Fe x 0.00618) + (WO<sub>3</sub> % x 1.81818). The mass recovery of the magnetic iron is estimated from drill core magnetic susceptibility via a regression of magnetic susceptibility versus Davis Tube Recovery results for the Main Skarn.
- This formula uses the 69%Fe magnetite concentrate price of US\$136/t, a tin metal price of US\$22,000/t and a minimum 65% WO<sub>3</sub> concentrate price of US\$400/mtu. The metallurgical recovery for tin is 73%, for WO<sub>3</sub> is 84% and for iron in the form of magnetite is 95%. These recoveries are based on significant testwork used to support the Prefeasibility Study as stated in the ASX announcement of 1 March 2011.
- It is the Company's opinion that the tin, WO<sub>3</sub> and iron in the form of magnetite as included in the metal equivalent calculations have a reasonable potential to be recovered for when the Mt Lindsay Project goes into production.

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