

ASX Announcement | 13 August 2024
Variscan Mines Limited (ASX:VAR)

MARKETING AGREEMENT FOR SALE OF FUTURE ZINC & LEAD PRODUCTION

Highlights

- Variscan has appointed Square Trading as its exclusive marketing manager for the worldwide sale of zinc concentrates from its Novales-Udias and Guajaraz Projects in Spain
- Square Trading will also assist Variscan to secure third party financing to construct and operate the mines being developed by Variscan
- Square brings considerable global marketing and trading experience, and capacity
- Square is a shareholder in Zinc GroupCo; the Company's largest shareholder
- Variscan continues to advance the Novales-Udias Project through its current underground drilling program, with an updated Mineral Resource Estimate and publication of a Mine Re-Start Study expected in H2 2024.

Variscan Mines Limited (ASX:VAR) (“Variscan” or “the Company”) an exploration and development company advancing high-grade zinc projects in Spain, is pleased to announce that it has entered into an exclusive Marketing Agreement (“Marketing Agreement”) with Square Trading Singapore Pte Ltd (“Square Trading”) for the future sale of zinc and lead concentrates (“Products”) from the Novales-Udias and Guajaraz Projects (“the Projects”).

In March 2023, Variscan and Zinc GroupCo (the Company's largest shareholder) agreed to enter a dialogue to assess the prospectivity and marketability of future commodities that may be produced and traded from the Company's assets (refer ASX announcement 8 March 2023).

Square Resources (“Square”), of which Square Trading is a wholly owned subsidiary, is a shareholder in Zinc GroupCo. Established in March 2010, Square is active across the raw material supply chain from exploration, mining, sales to marketing and trading. It brings considerable global marketing and trading experience and capacity across a number of commodities and is working closely with Variscan to progress the San Jose Mine to production.

The key terms of the Marketing Agreement are as follows:

- Exclusive marketing rights to all zinc concentrate from the Novales-Udias and Guajaraz Projects in Spain. The term will end five (5) years from the date of the first invoice issued to a customer relating to a delivery of Products. Variscan may extend the end date for a further period of not less than one year by written notice to Square Trading.
- The parties will negotiate and agree to a competitive, commercial marketing fee, immediately following the Company announcing the results of the Mine Re-Start Study.

- Square Trading’s services will include developing and updating marketing strategies; preparing and providing short- and long-term marketing plans; introducing Variscan to customers; liaising with customers in respect of sales contracts; assisting in preparing technical and commercial presentations to customers in respect of the Products.
- Square Trading will use their reasonable endeavours to assist with procuring financing for Variscan to construct and operate the Projects so as to enable the delivery of Products from the Company to customers.

Variscan’s Managing Director & CEO, Stewart Dickson said,

“We are continuing to progress one of the highest-grade, development stage zinc deposits in Europe towards re-starting production.

Looking ahead, we need to consider how we best access markets with our intended zinc and lead concentrates. Therefore, we are pleased to work with Square Resources, a well-established and leading natural resources marketing and trading house with extensive technical, commercial and financial experience.

The Marketing Agreement allows Variscan to focus on progressing towards production knowing it has a marketing partner who is aligned with the Company and its shareholders by virtue of its co-ownership of the Company’s largest shareholder, Zinc GroupCo.

Zinc is a metal vital to the energy transition having been recognised as a Critical Mineral by the US and Canadian governments and as a Strategic Mineral by the Australian Government. Further, as the European Union accelerates its drive to reduce its import dependency for critical minerals and other metals, we believe Variscan will have highly desirable concentrate products and look forward to working with Square to maximize market access and benefit our shareholders as we advance towards production”.

Square’s Executive Chair, Staffan Ever said,

“We at Square are delighted to enter into the Marketing Agreement with Variscan Mines Limited and look forward to working closely with them for the sale of zinc and lead concentrates from their high-grade zinc projects.

Zinc plays an increasingly critical role in the energy transition and perfectly fits in our strategy to diversify into future facing commodities.

This agreement represents a significant step in leveraging our extensive marketing and trading expertise to maximize market access for Variscan’s high-grade zinc projects.

Moreover, we strongly believe this partnership can help Variscan to progress the projects towards production, knowing that they have a committed and experienced marketing partner. We are dedicated to supporting Variscan in advancing and maximizing value from their projects through our robust partnership including our investment via Zinc GroupCo Pty Ltd further aligning us for joint success.”

ENDS

This ASX announcement has been approved by the Board and authorised for issue by Mr Stewart Dickson, Managing Director and CEO, Variscan Mines Limited

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About Variscan Mines Limited (ASX:VAR)

Variscan Mines Limited (ASX:VAR) is a growth oriented, natural resources company focused on the acquisition, exploration and development of high-quality strategic mineral projects. The Company has compiled a portfolio of high-impact base-metal interests in Spain, Chile and Australia. Its primary focus is the development of its advanced zinc projects in Spain. The Company's name is derived from the Variscan orogeny, which was a geologic mountain building event caused by Late Paleozoic continental collision between Euramerica (Laurussia) and Gondwana to form the supercontinent of Pangea.

To learn more, please visit: www.variscan.com.au

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