



GOVERNMENT SURFACE DRILLING PERMIT AWARDED FOR BUENAHORA LICENSE AREA

Highlights

- **A surface drilling permit over the Buenahora license area has been granted by the Government of Cantabria's Department of Mines.**
- **The permit gives Variscan approval for an initial surface drill program of up to 50 drillholes.**
- **Surface drilling is anticipated to commence in the coming two months, running concurrently with the underground drilling programme already underway at the San Jose Mine**
- **The Buenahora license area forms part of the 9km Novales Trend and 3km sub-parallel mineral trend over the Novales-Udias Project area**
- **A geophysical survey of surface drill targets over the Buenahora license area is expected to start imminently**

Variscan Mines Limited ("Variscan" or the "Company" or the "Group") (ASX:VAR) is pleased to announce that the Government of Cantabria's Department of Mines has granted approval for the Company's planned surface drilling program over the Buenahora license area within the Novales-Udias Project in northern Spain.

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

"Securing the Government of Cantabria's approval for our maiden surface diamond drilling campaign on the Novales-Udias Project represents another very important milestone in Variscan's efforts to explore and ultimately develop its Spanish zinc assets. It allows us to start testing zinc mineralization along strike and at depth over the 9km Novales Trend and 3km sub-parallel mineral trend over the Novales-Udias Project area.

The strong working relationship we built with the Government's Department of Mines over the course of this approval process has been a definite positive. We will continue to work closely with them as over time we progress with the development of the project. We are currently well on our way to gaining the local municipal approvals required to commence drilling.

Importantly, Variscan is well-funded and able to finance this next phase of exploration drilling. The approval comes as favourable demand and supply dynamics have delivered extremely strong zinc prices. Preparatory work for the surface drill program is underway, opening the way for drilling to commence in approximately two months. The underground drill campaign at our San Jose Mine continues to test vertical and lateral extensions and seeks to discover new mineralized lenses of high grade zinc. We look forward to updating the market on results coming out of our now very busy drilling programme."

Government approval is a key milestone towards maiden surface drilling

The award of this drilling permit from the Government of Cantabria is a key milestone in the ongoing exploration of Variscan's flagship zinc project in northern Spain. The Company is now closely engaged with the local authorities to secure the required municipal approvals. It is expected that the local municipal approvals will be granted on or around the end of November.

Surface drill programme to target new and extensional zones of high grade zinc

Surface drilling to test regional targets is anticipated to commence over the coming two months. It will run concurrently with the current underground drilling now underway at the San Jose Mine.

The Udias area in the southwest of the Buenahora license area has multiple, highly prospective, yet untested, drill targets including Magdalena, Sinforosa, Motilos and Pepita. These are situated on strong geochemical anomalies and along trend to former mine small-scale workings or high-grade historical drilling intersections.

Variscan has currently defined 21 exploration target zones across the Udias area via examination of historical data and fieldwork conducted by the Company (see Figure 1). Soil sampling of these drill targets conducted in Q3 2020, returned a peak soil result of 16.33% Zn with 30% of soil samples + 1% Zn and 18% of soil samples +2% Zn.¹

Historical surface drilling has recorded high-grade zinc intersections in the vicinity of the surface drilling targets (see Figure 2). Selected historical drillhole results include²:

- | | |
|---------------------|-----------------|
| • 2.75m @ 19.5% Zn | Hole ID Ju-3 |
| • 1.0m @ 27.0% Zn | Hole ID S-9 |
| • 4.2m @ 4.96% Zn | Hole ID S-30 |
| • 3.3m @ 5.5% Zn | Hole ID S-31 |
| • 4.2m @ 4.96% Zn | Hole ID S-30 |
| • 1.52m @ 30.89% Zn | Hole ID Buen-8 |
| • 1.4m @ 22.46% Zn | Hole ID Buen-12 |
| • 0.95m @ 5.93% Zn | Hole ID Buen-5 |

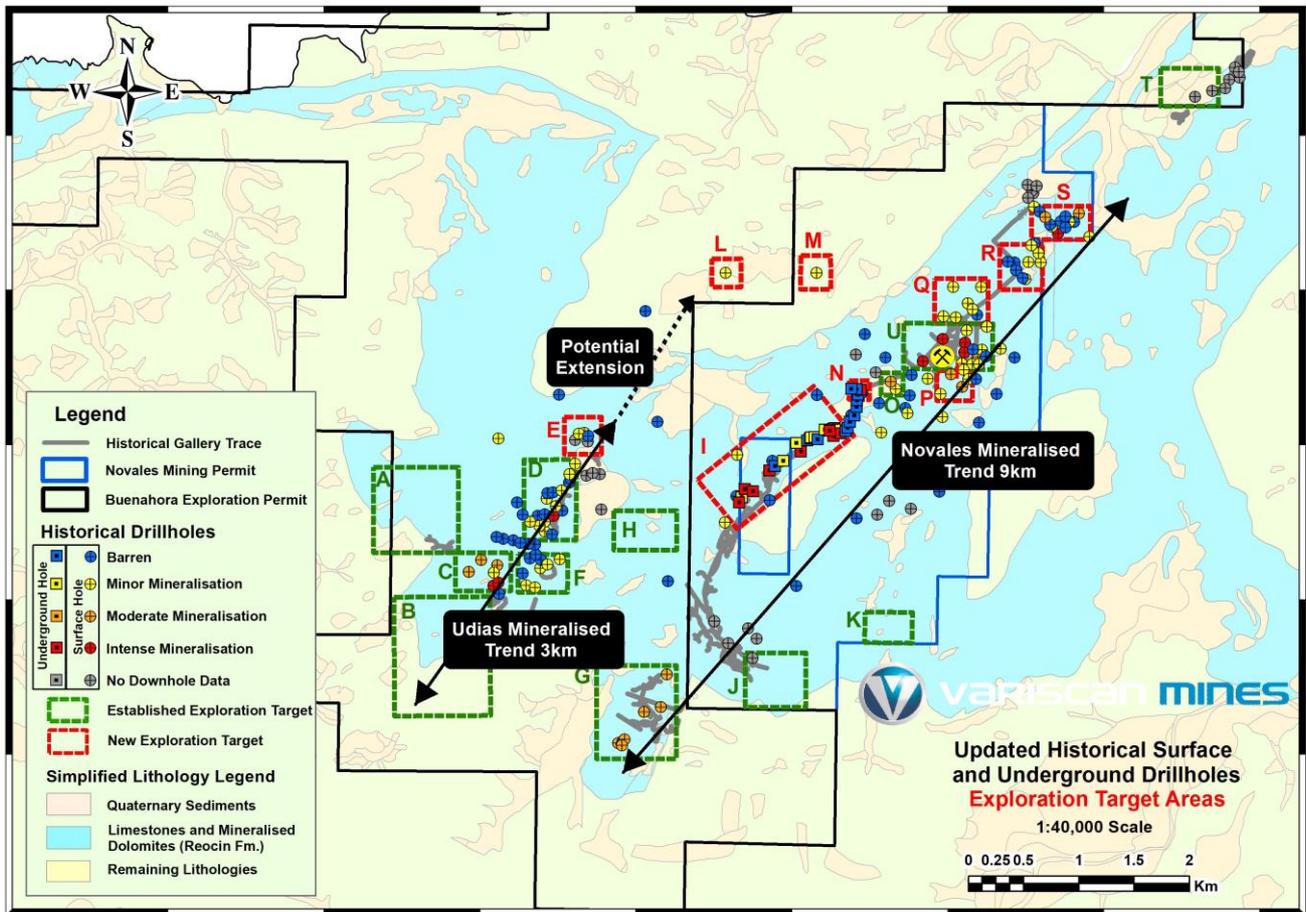
A geophysical survey of surface drill targets over the Buenahora license area is expected to commence imminently to:

- augment the Company's understanding of the drill targets
- identify new drill targets
- generate additional regional prospectivity and increase the project's scale
- add additional data to assist with developing an integrated view of the exploration and development potential of the project

Further details of the pending geophysical survey will be released shortly.

¹ Refer ASX announcement 12 August 2020

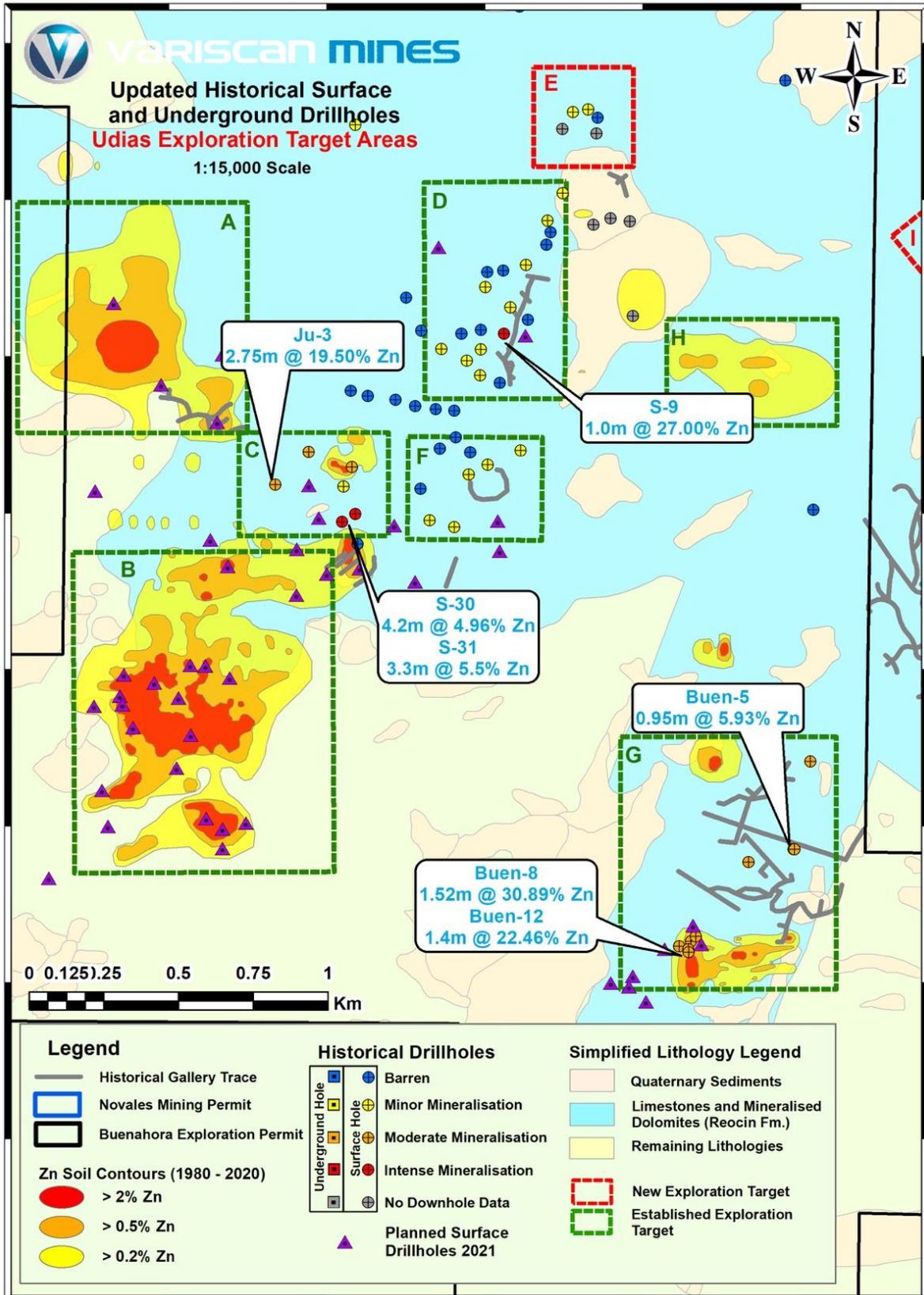
Figure 1. Surface drilling exploration targets over the Novales-Udias Project²



Note: The cut-off grades for drillholes classified by Variscan are as follows: Minor Mineralisation = 0-2% Zn, Moderate Mineralisation = 2-5% Zn, Intense Mineralisation = >5% Zn. Please note the holes classified historically by AZSA without grades or logging data do not conform to these ranges and are only indications of mineralisation.

² Refer ASX announcement 6 April 2021

Figure 2. Detailed plan view of the southwest section of the Buenahora license area showing priority surface drill targets³



³ Refer ASX Announcement 6 April 2021

Looking Ahead

Variscan's immediate focus is progressing with underground drilling now underway at the San Jose Mine and returning results from the latter campaign as soon as possible.

Additionally, the Company will be advancing a number of follow-up activities and deliverables including:

- A geophysical survey of surface drill targets over the Buenahora license area
- Local municipal approvals for the surface drilling application covering the Buenahora license area
- A surface drilling campaign to test step out extensions in the vicinity of the San Jose Mine
- Licence renewal application pending over the Guarajaz Project

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This announcement has been authorised for issue by Mr Stewart Dickson, Managing Director & CEO, Variscan Mines Limited.

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Notes

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.

Competent Person Statement

Where the Company references exploration results previously released it confirms that it is not aware of any new information or data that materially affects the information included in those announcements, and all material assumptions and technical parameters underpinning the results within those announcements continue to apply and have not materially changed. In addition, the form and context in which the Competent Persons findings are presented have not been materially modified from the original reports.

The information in this document that relates to historic exploration results, was prepared pre-2012 JORC code. It is the opinion of Variscan that the exploration data is reliable. Although some of the data is incomplete, nothing has come to the attention of Variscan that causes it to question the accuracy or reliability of the historic exploration.