

VARISCAN MINES LIMITED

ACN 003 254 395

PROSPECTUS

For a renounceable entitlement offer of approximately 234,316,347 New Shares and 234,316,347 New Options, on the basis of four New Shares for every three Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.015 per New Share, together with one New Option for every New Share, exercisable at \$0.015 during the Exercise Period,

and for the offer of the Shortfall.

The Entitlement Offer will raise up to \$3,514,745 before costs

The Entitlement Offer closes at 5.00pm AEST on 27 April 2015

Important Information:

This is an important document that should be read in its entirety. If you do not understand any part of this Prospectus, or are in any doubt as to how to deal with it or the Entitlement Offer, you should consult your stockbroker, solicitor, accountant or other professional adviser. The New Shares and New Options offered by this Prospectus should be considered speculative.

ASX Code: **VAR**

Patersons Securities Limited is engaged as Lead Manager to the Entitlement Offer.

IMPORTANT INFORMATION

This Prospectus is dated 24 March 2015 and a copy of this Prospectus was lodged with ASIC on the same date. Neither ASIC nor the ASX nor any of their respective officers take any responsibility for the contents of this Prospectus.

The expiry date of this Prospectus is 13 months from the date of this Prospectus (**Expiry Date**). No New Shares or New Options will be issued on the basis of this Prospectus after the Expiry Date. We will apply to the ASX within seven days of the date of this Prospectus for Official Quotation of the New Shares and New Options.

This Prospectus is a transaction-specific prospectus for an offer of ‘continuously quoted securities’ (as defined in the Corporations Act) and has been issued pursuant to section 713 of the Corporations Act. This Prospectus does not contain the same level of disclosure as an initial public offering prospectus. In making statements in this Prospectus, we have had regard to the fact that we are a ‘disclosing entity’ for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known by you and professional advisers whom you may consult. You must read this Prospectus in conjunction with publicly available information we have disclosed to the ASX.

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Entitlement Offer.

The distribution of this Prospectus in jurisdictions outside Australia, New Zealand and Singapore (including electronic copies) may be restricted by law. If you come into possession of this Prospectus you should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of New Shares or New Options in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer. Lodgement of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of such laws.

Investors in New Zealand

New Shares and New Options being offered under this Prospectus are also being offered to Shareholders with registered addresses in New Zealand in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013*. This Prospectus is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Investors in Singapore

This Prospectus has not been registered and will not be registered as a prospectus with the Monetary Authority of Singapore (**MAS**). This Prospectus is not a prospectus as defined in the Securities and Futures Act (Chapter 289) of Singapore (**SFA**). Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply.

This Prospectus and any other document or material in connection with the offer or sale of the New Shares or New Options may not be circulated or distributed, nor may the New Shares or New Options be offered or sold, whether directly or indirectly, to persons in Singapore other than:

- (a) to an institutional investor (as defined in section 4A of the SFA (**Institutional Investor**)) pursuant to section 274 of the SFA;
- (b) to a relevant person (as defined in section 275(2) of the SFA) (**Singapore Relevant Person**) pursuant to section 275(1) of the SFA, or any person pursuant to section 275(1A) of the SFA, and in accordance with the conditions specified in section 275 of the SFA; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Unless otherwise permitted under the SFA, where the New Shares or New Options are subscribed for by a person pursuant to section 274 or 275 of the SFA, such New Shares or New Options shall not be transferable for six months after that person has subscribed for the New Shares or New Options, except:

- (a) to another person who is an Institutional Investor or a Singapore Relevant Person; or
- (b) pursuant to section 275(1A) of the SFA.

Unless otherwise permitted under the SFA, where the New Shares or New Options are initially acquired in Singapore pursuant to an offer made in reliance on an exemption under Section 275 of the SFA by:

- (a) a corporation referred to in section 276(3) of the SFA (a **Relevant Corporation**), the securities of the Relevant Corporation shall not be transferred within six months after the Relevant Corporation has acquired any New Shares or New Options unless the transfer is in accordance with the conditions of section 276(3) of the SFA; and
- (b) a trust referred to in section 276(4) of the SFA (a **Relevant Trust**), the rights and interest (howsoever described) of the beneficiaries thereof in the Relevant Trust shall not be transferred within six months after any New Shares or New Options have been acquired for the Relevant Trust unless the transfer is in accordance with the conditions of section 276(4) of the SFA.

Seek Professional Advice

The information provided in this Prospectus is not financial product advice and has been prepared without taking into account your investment objectives, financial situation and particular needs. It is important that you read this Prospectus in its entirety before deciding to invest and, if in any doubt, consult your professional adviser before deciding whether to accept the Entitlement Offer or to participate in the Shortfall Offer. In considering the Company's prospects you should consider the risk factors that could affect the Company's performance in light of your personal circumstances (including financial and taxation issues) and seek professional guidance from your stockbroker, solicitor, accountant or other professional financial adviser before deciding whether to invest. SECTION 6 contains a non-

exhaustive list of risk factors that investors should consider in respect of the Entitlement Offer and the Shortfall Offer.

The New Shares and New Options carry no guarantee with respect to return on capital investment or the future value of the New Shares, the New Options or other Shares or Options.

Revenues and expenditures disclosed in this Prospectus are exclusive of the amount of GST unless otherwise disclosed.

Privacy

The Company collects information about each person who lodges an Entitlement and Acceptance Form for the purposes of processing the application and, if it is successful, administering the New Shares, New Options and Shortfall.

Lodgement of an Entitlement and Acceptance Form constitutes an agreement that the Company may use the information in that form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies, agents, contractors, and third party service providers (including mailing houses), the ASX, ASIC and other regulatory bodies and in any way required by Australian law or regulatory bodies. This includes the requirement that information about Shareholders, including their name, address and details of Shares or Options held, must be recorded in the Company's public register, even after a Shareholder ceases to hold Shares or Options. The Company will also use this information to facilitate distribution payments and corporate communications.

If you do not provide the correct information required on the Entitlement and Acceptance Form the Company may not be able to issue you with your Entitlement.

Defined Words

Certain words and terms used in this Prospectus have defined meanings which are set out in SECTION 10.

In this Prospectus, the words 'we', 'our' and 'us' refer to the Company. The words 'you' and 'your' refer to Eligible Shareholders.

Forward-looking Statements

This Prospectus contains forward-looking statements which are identified by terminology such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the development of the markets and the industry in which the Company operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this Prospectus. For further information on the risks, uncertainties

and assumptions which may cause our actual results to differ from the forward-looking statements contained in this Prospectus, please refer to SECTION 6.

Subject to the requirements of the Listing Rules and applicable law, the Company does not undertake to publicly release the result of any revisions of any forward-looking statements in this Prospectus that may occur due to any change in the Company's expectations or to reflect events or circumstances after the date of this Prospectus.

TABLE OF CONTENTS

IMPORTANT INFORMATION	2
TABLE OF CONTENTS AND TIMETABLE	6
SECTION 1. CORPORATE DIRECTORY	7
SECTION 2. DETAILS OF THE ENTITLEMENT OFFER	8
SECTION 3. BACKGROUND TO MINING IN FRANCE	16
SECTION 4. INVESTMENT HIGHLIGHTS	18
SECTION 5. PURPOSE AND EFFECT OF THE ENTITLEMENT OFFER	28
SECTION 6. RISKS	36
SECTION 7. RIGHTS ATTACHING TO SHARES AND OPTIONS	47
SECTION 8. ADDITIONAL INFORMATION	51
SECTION 9. DIRECTORS' CONSENTS	60
SECTION 10. DEFINITIONS	61

TIMETABLE

Event	Date
Lodgement of Prospectus with ASIC	24 March 2015
Notice to Shareholders and Optionholders ⁺	25 March 2015
Shares trade ex Entitlement commence trading	26 March 2015
Record Date for determining Entitlements	30 March 2015
Opening date and despatch of Prospectus to Shareholders	2 April 2015
Entitlement trading ends	20 April 2015
New Shares quoted on a deferred settlement basis	21 April 2015
Closing Date of Entitlement Offer	27 April 2015
Notify ASX of under subscriptions	30 April 2015
Despatch date	4 May 2015

Notes:

* These dates are the latest dates on which each relevant event may take place.

⁺ Optionholders must be advised by this date of the Entitlements Offer and their inability to participate unless they exercise their Unlisted Options prior to the Record Date.

This timetable is indicative only and we reserve the right to vary it at any time without providing you with prior notice, subject to the Listing Rules and the Corporations Act.

SECTION 1. CORPORATE DIRECTORY

Directors

Patrick Elliott (Non-Executive Chairman)
 Gregory Jones (Managing Director)
 Jack Testard (Executive Director)
 Kwan Chee Seng (Non-Executive Director)
 Foo Fat Kah (Non-Executive Director)
 Alan Breen (Non-Executive Director)

Company Secretary

Ivo Polovineo

Registered Office

Level 1
 80 Chandos Street
 St Leonards NSW 2065

Contact Details

Variscan Mines Limited
 Telephone: (02) 9906 5220
 Facsimile: (02) 9906 5233
 Website: www.variscan.com.au
 Email: info@variscan.com.au

Auditors

HLB Mann Judd
 Level 19
 207 Kent Street
 Sydney NSW 2000

Solicitors

Gadens
 Level 12
 77 Castlereagh Street
 Sydney NSW 2000

Share Registry

Boardroom Pty Limited
 Level 7
 207 Kent Street
 Sydney NSW 2000
 PO Box 3993, Sydney NSW 2001

Telephone: (02) 9290 9600
 Facsimile: (02) 9279 0664

Website: www.boardroomlimited.com.au

ASX Code

VAR

SECTION 2. DETAILS OF THE ENTITLEMENT OFFER

2.1 The Entitlement Offer

By this Prospectus we offer a renounceable pro rata issue of New Shares to Eligible Shareholders on the basis of four New Shares for every three Shares held by Eligible Shareholders on the Record Date. Each New Share has an offer price of \$0.015 and will be issued together with one New Option exercisable at \$0.015. The New Options are exercisable on or before the end of the Exercise Period.

Optionholders, who exercise their Unlisted Options prior to the Record Date, are entitled to participate in the Entitlement Offer.

The New Shares offered pursuant to this Prospectus will rank equally with existing Shares on issue.

The maximum number of New Shares to be issued under the Entitlement Offer is approximately 234,316,347 and the maximum number of New Options to be issued under the Entitlement Offer is approximately 234,316,347 (if no Unlisted Options are exercised prior to the Record Date). If some or all of the Unlisted Options are exercised prior to the Record Date, this will increase the maximum number of New Shares and New Options to be issued under the Entitlement Offer.

The maximum amount to be raised by the Entitlement Offer is approximately \$3,514,745 before costs (if no Unlisted Options are exercised prior to the Record Date). Please refer to Section 5.1 for details of the purpose of the Entitlement Offer and Section 5.5 for details of how we intend to use the amount raised by the Entitlement Offer.

In the calculation of Entitlements, fractions will be rounded down to the nearest whole number.

2.2 The Offer Price

The offer price of \$0.015 per New Share represents a 48.28% discount to the closing market price of the Shares on 20 March 2015. This offer price represents a 46.32% discount to the volume weighted average price (VWAP) over the last five trading days (fifteen day VWAP: 46.73%) on which the Shares traded to 20 March 2015, being prior to the announcement of the Entitlement Offer.

2.3 The Shortfall Offer

Any New Shares under the Entitlement Offer that are not applied for will become Shortfall offered under the Shortfall Offer. The Shortfall Offer is a separate offer under the Prospectus.

Eligible Shareholders may apply for any Shortfall by completing the relevant Shortfall section in the Entitlement and Acceptance Form and sending it to the Company's Share Registry (refer to Section 2.5) with payment by cheque or BPAY® transfer on the same terms as in Section 2.5.

Application for Shortfall accompanied by Application Money does not guarantee the allotment of any Shortfall. All Application Money in relation to which Shortfall is not allocated will be returned without interest.

It is your responsibility to ensure that you will not breach the takeovers provisions in the Corporations Act by applying for Shortfall.

The Shortfall will be issued within three months of the Closing Date. The Company reserves the right to issue Shortfall at its discretion, including as between Eligible Shareholders. The Shortfall will not be issued at a price less than \$0.015 per New Share (with attached New Option).

The Company intends to allocate Shortfall in accordance with the following priorities:

- (a) first priority will be given to Eligible Shareholders that have subscribed for their full Entitlement, provided that the issue of the Shortfall to an Eligible Shareholder would not be in breach of the Corporations Act or the Listing Rules; and
- (b) second priority will be given to unrelated parties to the Company applying for Shortfall who are sophisticated, professional or institutional investors, including parties introduced by the Lead Manager.

As no underwriter will be engaged to manage any remaining Shortfall, that remaining Shortfall will not be subscribed and therefore will not be issued.

Some Eligible Shareholders will not be able to subscribe for Shortfall due to constraints in the Listing Rules and the Corporations Act. In particular, related parties, such as Directors of the Company will not be able to subscribe for Shortfall without the approval of the Shareholders. If you are unsure whether you are restricted from participating in the Shortfall Offer you should seek legal and financial advice.

If you wish to apply for Shortfall, please refer to Section 2.6.

2.4 Risks Relating to New Shares

The Company is listed on the ASX. Consequently, share market conditions may affect the price of Shares and Options regardless of operating performance. Many factors will affect the price of the New Shares and New Options including local and international stock markets, movements in commodity prices, interest rates, economic conditions and investor sentiment generally. In particular, you should be aware that mineral exploration by its nature is a high risk endeavour and accordingly there is a significant risk that our proposed exploration programmes will not result in exploration success.

Our current focus on our French projects carries specific risks, such as currency and commodity price fluctuations, and potential changes to mining and exploration law and regulation. There is also some uncertainty of process or outcome in relation to government authorisation and community response.

Please refer to SECTION 6 for further details of the risks associated with the Entitlement Offer.

2.5 Application, Allotment and Allocation of the Entitlement Offer

To subscribe to the Entitlement Offer, you must complete the accompanying personalised Entitlement and Acceptance Form in accordance with the instructions set out in the Entitlement and Acceptance Form. You may take up your Entitlement either in whole or in part. If you do not wish to take up any part of your Entitlement, you are not required to take any action. The part of your Entitlement that you do not take up will form part of the Shortfall Offer.

Please pay by cheque or by BPAY®. If you pay by:

- (a) cheque, you should make the cheque payable to "Variscan Mines Limited" and crossed "Not Negotiable";
- (b) BPAY®, payment should be made in accordance with the instructions set out on the Entitlement and Acceptance Form using the reference number shown on the form. If you make your payment by BPAY® you do not need to complete and return the Entitlement and Acceptance Form. Your BPAY® payment cannot be withdrawn.

Your payment must be in Australian currency. The amount payable on application will be deemed not to have been received until cleared funds are received. Completed Entitlement and Acceptance Forms (and, if paying by cheque a cheque for the Application Money) must be mailed to the postal address, or delivered by hand to the delivery address set out below:

POSTAL DELIVERY

Variscan Mines Limited
C/-Boardroom Pty Ltd
GPO Box 3993
SYDNEY NSW 2001

HAND DELIVERY

Variscan Mines Limited
C/-Boardroom Pty Ltd
Level 7
207 Kent Street
SYDNEY NSW 2000

All acceptances must be received by 5:00pm (AEST) on the Closing Date, being 27 April 2015.

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares and New Options on the terms and conditions set out in this Prospectus and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid Entitlement and Acceptance Form. The Directors' (or their delegates') decision whether to treat an application as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

If we receive your Entitlement and Acceptance Form after 5.00pm (AEST) on 27 April 2015, the Directors may, at their discretion, accept or reject your application.

We will allot and issue your New Shares and New Options as soon as practicable after the date of this Prospectus and otherwise in accordance with the Listing Rules. We will also despatch holding statements in relation to your New Shares and New Options as soon as practicable after the date of this Prospectus.

2.6 Participation in the Shortfall Offer

As noted above in Section 2.3, we will make the Shortfall Offer to Eligible Shareholders within three months of the Closing Date of the Entitlement Offer. If you wish to participate in the Shortfall Offer, you should complete the part of the accompanying Entitlement and Acceptance Form relating to the Shortfall in accordance with the instructions set out in the form and return it to us so that we receive the form by 5.00pm (AEST) on the Closing Date of 27 April 2015. Importantly, as noted in Section 2.3, the Directors reserve the right to make the Shortfall Offer to sophisticated, professional and institutional investors and, as such, an indication that you wish to participate in the Shortfall Offer does not guarantee that you will receive any Shortfall.

Directors of the Company (including the Company's substantial shareholder, Mr Kwan) will not be eligible to participate in the Shortfall Offer without the approval of Shareholders.

2.7 Dealing with your Entitlement

(a) Taking up all of your Entitlement

If you wish to take up all of your Entitlement, complete the accompanying Entitlement and Acceptance Form for New Shares and New Options in accordance with the instructions set out in that form.

You should then forward your completed Entitlement and Acceptance Form together with your Application Money in accordance with Section 2.5 to reach the Company's Share Registry no later than 5.00pm (AEST) on the Closing Date.

(b) If you wish to sell all of your Entitlement

Complete the section marked "Instructions to Stockbroker" on the back of the Entitlement and Acceptance Form, which accompanies this Prospectus, in accordance with the instructions contained on the form and lodge it with your stockbroker as soon as possible.

Entitlements trading will commence on ASX on 26 March 2015. Sale of your Entitlement must be completed by 20 April 2015 when Entitlement trading is expected to cease.

(c) If you wish to take up part of your Entitlement and sell the balance

Please complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Shares and New Options for which you wish to accept (being equal to or less than the number specified on the Entitlement and Acceptance Form) and complete the section marked "Instructions to Stockbroker" on the back of the form in respect of that part of your Entitlement you wish to sell.

Forward the form to your stockbroker together with your cheque for the total amount payable, or follow the procedure for BPAY®, in respect of the New Shares and New Options accepted. Your stockbroker will need to ensure that

the completed Entitlement and Acceptance Form reaches the Company's Share Registry, by 5.00 pm (AEST) on the Closing Date.

Entitlements trading will commence on the ASX on 26 March 2015. Sale of your Entitlements must be completed by 20 April 2015 when Entitlements trading is expected to cease.

(d) If you wish to transfer your Entitlement other than on ASX

You may transfer all or part of your Entitlement to another person other than on the ASX provided that the purchaser is not an Ineligible Shareholder or would not be an Ineligible Shareholder if the purchaser was the registered holder of Shares.

If you wish to transfer all of your Entitlement to another person other than on the ASX, forward a completed standard renunciation and acceptance form (obtainable from the Company's Share Registry) and the applicable transferee's cheque or BPAY® for the New Shares and New Options they wish to subscribe for to the Company's Share Registry by no later than 5.00pm (AEST) on the Closing Date.

If you wish to transfer only part of your Entitlement to another person other than on the ASX, but also want to take up some or all of the balance of your Entitlement, you will need to take the steps described above in relation to the Entitlements you wish to transfer and complete the accompanying Entitlement and Acceptance Form in respect of the Entitlement you wish to take up. You will need to lodge the Entitlement and Acceptance Form in accordance with the procedure in Section 2.5.

If the Share Registry receives both a completed renunciation and acceptance form and a completed Entitlement and Acceptance Form in respect of the same Entitlements, the renunciation will be given priority to the acceptance.

(e) Entitlements not taken up

If you are an Eligible Shareholder and do not wish to accept all (or part) of your Entitlement, you are not obliged to do anything. If you do nothing, you will receive no benefit, New Shares or New Options and your Entitlement will become Shortfall and will be offered as part of the Shortfall Offer.

If you wish to receive a benefit, you must take action to accept your Entitlement in accordance with the instructions above and on the accompanying Entitlement and Acceptance Form.

The number of existing Shares you hold as at the Record Date and the rights attached to those existing Shares will not change if you choose not to accept any of your Entitlement.

Your Entitlement may have value and accordingly you should consider renouncing (selling) your Entitlement rights, rather than allowing them to lapse. Any Entitlements that lapse will form part of the Shortfall Offer. See Section 2.3 for more information on the Shortfall Offer.

2.8 ASX Official Quotation

We will apply to the ASX within seven days after the date of this Prospectus for Official Quotation of the New Shares and New Options.

If the ASX does not grant permission for Official Quotation of the New Shares and New Options within three months of the date of this Prospectus, or such longer period as is permitted by the Corporations Act, we will not allot or issue any New Shares or New Options (unless ASIC grants to the Company an exemption permitting the allotment and issue). In this case, we will refund all Application Money, though any interest earned on Application Money will remain with the Company.

The fact that the ASX may grant Official Quotation to the New Shares and New Options is not an indication of the merits of the Company or the New Shares or New Options.

2.9 CHESS

The Company participates in CHESS. CHESS is operated by ASTC (a wholly owned subsidiary of ASX) in accordance with the Listing Rules and the ASTC Settlement Rules.

If you have a CHESS sponsorship agreement with your stockbroker, ASTC will send you a CHESS statement. The CHESS statement will set out your holding of Shares and Options (including New Shares and New Options issued under this Prospectus), provide details of your holder identification number, and provide the participant identification number of the sponsor.

If you are not broker-sponsored, your New Shares and New Options will be registered on the Issuer Sponsored Subregister by default. If you are registered on the Issuer Sponsored Subregister, your statement will be despatched by the Share Registry and will contain the number of New Shares and New Options issued to you under this Prospectus and your security holder reference number.

CHESS statements and Issuer Sponsored statements will routinely be sent out to Shareholders and Optionholders at the end of any calendar month during which the balances of their holdings change. Shareholders and Optionholders may request a statement at any other time, however, a charge may be payable for additional statements.

We will not be issuing share certificates in respect of the New Shares and New Options.

2.10 Overseas Shareholders

This Entitlement Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for us to comply with the securities laws of overseas jurisdictions having regard to the number of Ineligible Shareholders, the number and value of New Shares and attaching New Options that these Ineligible Shareholders would be offered and the cost of determining and complying with regulatory requirements in each

relevant jurisdiction. Accordingly, the Entitlement Offer is not being extended, and New Shares and New Options will not be issued, to Ineligible Shareholders.

If you reside in New Zealand or Singapore, you should consult your professional advisers as to whether any government or other consents are required, or other formalities need to be observed, to enable you to exercise your Entitlements under the Entitlement Offer.

2.11 Taxation

You should seek and rely upon independent taxation advice regarding your investment in the Company as the taxation consequences will depend on your particular circumstances.

2.12 Ranking

The New Shares offered pursuant to this Prospectus will rank equally with existing Shares on issue. Shares issued upon the exercise of New Options will also rank equally with existing Shares on issue. Details on the rights and liabilities attaching to New Shares and New Options are set out in SECTION 7.

2.13 Renounceable

Entitlements are renounceable. Section 2.7 sets out how you are able to deal with your Entitlement.

2.14 No Minimum Subscription

There is no minimum subscription for the Entitlement Offer.

2.15 Shortfall

If you do not wish to take up any part of your Entitlement under this Entitlement Offer you may deal with your rights as set out in Section 2.7. That part of your Entitlement not taken up will form part of the Shortfall Offer and will be dealt with in accordance with Section 2.3.

2.16 Underwriting

The Entitlement Offer is not underwritten.

2.17 Expenses of the Entitlement Offer

We estimate the cost associated with the Entitlement Offer including advisory fees, legal fees, printing fees and other costs incurred in preparing and distributing this Prospectus, to be approximately \$126,092.

Please refer to Section 8.13 for further details of the expenses of the Entitlement Offer.

2.18 Withdrawal of Prospectus

The Directors may at any time decide to withdraw this Prospectus.

2.19 Enquiries

If you have any questions regarding the Entitlement Offer, or any of the documents referred to in this Prospectus, please contact us by telephone on (02) 9906 5220.

SECTION 3. BACKGROUND TO MINING IN FRANCE

The mining regime in France is governed by the French Mining Code 2011 together with Decree 2006-648 and Decree 2006-649. A new Mining Code is under discussion and conceivably may be drafted and in force during 2016.

The current approach to obtaining a mining title begins with a bidding process for exploration permits, known as *permis exclusif de recherche* (**PER**) in which the bidders are required to demonstrate they have the necessary financial and technical capabilities to undertake the project. There are also public enquiry and environmental impact requirements that must be met. Applications for PERs are lengthy and may take years to be approved. Following the granting of a PER, which may contain its own conditions imposed by the Minister in charge of mining, further conditions and requirements may be imposed by local authorities under work authorisations or declarations, which must be obtained for each project undertaken by the company within the defined area of the PER.

PERs are for a maximum initial term of five years, though they may be renewed twice, often automatically, for the same term without requiring the holder to compete in a further bidding process. On each renewal it is necessary for the holder of a PER to relinquish a significant surface area of the PER. It is also required to maintain the requisite financial and technical capabilities that resulted in the initial grant of the PER. The PER holder is required to inform the Minister in charge of mining whenever these financial or technical capabilities significantly change (including where there is a significant change in shareholding) and such changes can result in loss of, or changes to the conditions of, a PER.

PERs only allow the holder to explore and map an area, though they may dispose of any minerals extracted during this process as they see fit. Commercial exploitation of the minerals requires a mining concession which is granted by decree issued by the Council of State (**Concession**).

Concessions may be granted for an initial term of 50 years and may be extended by terms of up to 25 years. They may be subject to a range of conditions and limitations. They can be assigned and leased but not mortgaged and assignment of permits requires ministerial notification and can be opposed by the Minister. Work authorisations or declarations are also required for work conducted under Concessions.

The commencement of mining under a Concession is conditional on the preparation and acceptance of an environmental impact study and public enquiry under the Environment Code. There is a presumption of liability of the explorer or operator, or holder of a mining title, based on the “polluter pays” principle.

Both PERs and Concessions require the holder to reach access and compensation arrangements with the underlying landowner, depending on the disturbance the exploration work causes to the landowner. Compensation is based on standard scales fixed by the local chamber of agriculture. A further authorisation from prefecture authorities, called a prefectural decree, may also be needed in order to operate, depending on the nature and importance of the exploration’s work proposed.

This current regime which came into force in 2011 was under review in recent years, and from 2012 to 2013 the then Minister in charge of mining proposed draft legislation which would significantly change the mining regulatory and taxation regime. This new regime may never

come into force, following a change of Minister; however it has not been formally abandoned and could be resurrected.

Significant changes proposed in the draft legislation included:

- a contentious introduction of judicial rulings to validate administrative decisions, including in relation to the grant of mining exploitation titles;
- deemed approval of mining titles where the administering body has not responded to the application within three months of filing;
- establishment of a High Council of Mines and transferral of work authorisation/declaration grants and other powers from local authorities to the ministerial level;
- changes to environmental requirements, including requirements to comply with processes similar to construction permits;
- extension of the liability of mine operators to ‘indirect’ damage; and
- introduction of a post-mine solidarity fund to provide compensation for damage resulting from risks for which the responsible person is not required to provide compensation.

For more information regarding our mining operations in France and Australia see SECTION 4.

SECTION 4. INVESTMENT HIGHLIGHTS

4.1 France

Variscan is one of the most active ASX listed junior resource companies in western Europe. The Company has targeted Europe for mineral deposits due to its favourable geology, strong mineral endowment, good infrastructure and relatively modest sovereign risk.

Variscan commenced activities in France in 2010 and was granted its first French exploration licence (**PER**) in June 2013. To date the Company has received approvals for three licences and has a number of others well advanced within the approvals process.

(a) Merléac

The Merléac PER covers an area of 411 square kilometres over the eastern end of the Châteaulin Basin, a sequence of felsic volcanics and clastic sedimentary rocks containing a number of volcanogenic massive sulphide (**VMS**) deposits including the advanced Porte-aux-Moines zinc-lead-copper-silver-gold deposit which lies near the centre of the licence about 100 kilometres west of Rennes, Brittany (Figure 1).

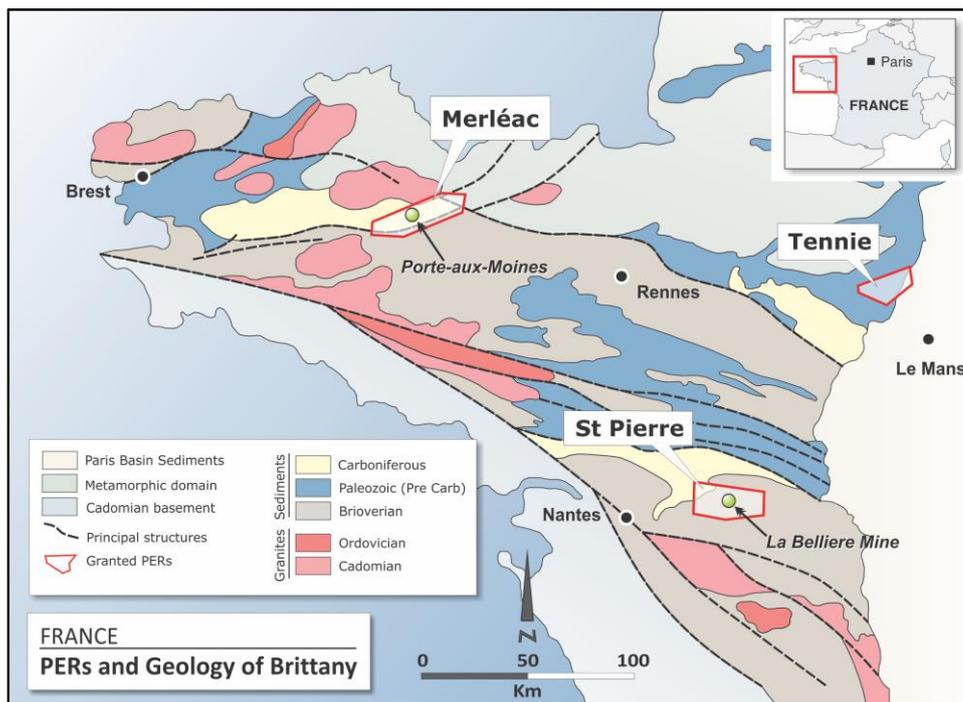


Figure 1 - Location of the Merléac PER and other Variscan PERs

The Porte-aux-Moines Deposit

Porte-aux-Moines was discovered by the **BRGM** (Bureau de Recherches Géologiques et Minières - the French geological survey) in 1975. Over the ensuing decade the group completed 9,673 metres of core drilling and just under two kilometres of underground development defining significant high grade zinc-lead-copper-silver

mineralisation up to 20 metres thick over a strike length of about 250 metres from near surface to a depth of about 300 metres (Figures 2 and 3). The BRGM completed substantive metallurgical work and calculated a resource for the deposit. Aside from the underground development and sampling, Porte-aux-Moines is essentially unmined.

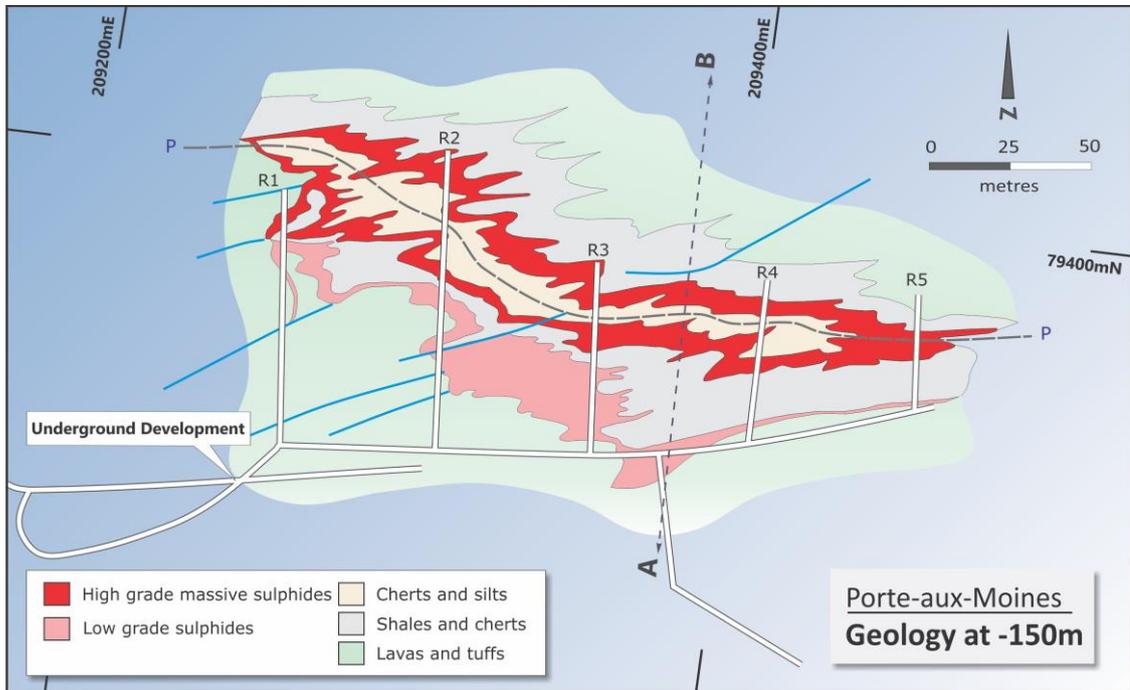


Figure 2 – Plan view of Porte-aux-Moines deposit from BRGM reports

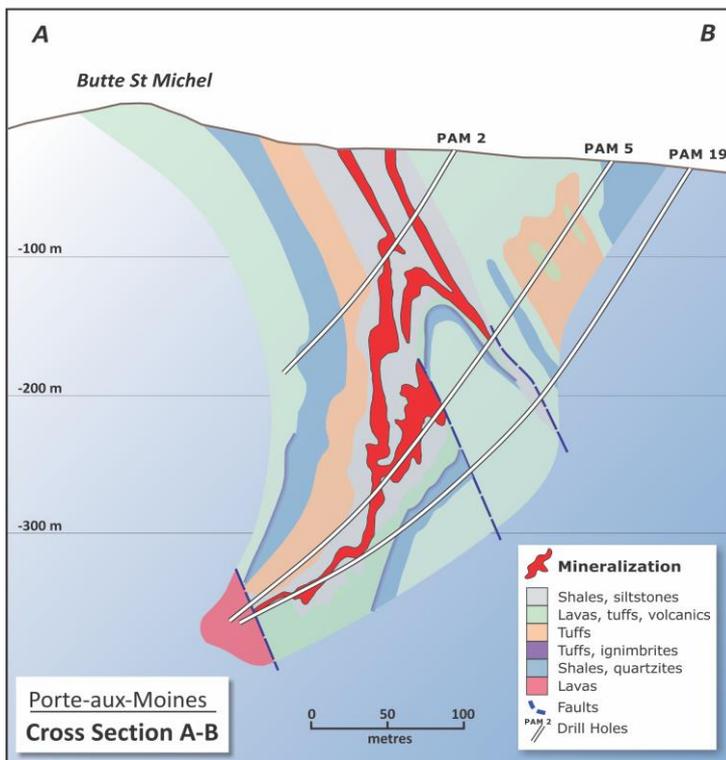


Figure 3 – Cross Section at Porte-aux-Moines from BRGM reports

Porte-aux-Moines shares geological similarities to other VMS deposits in Australia such as Woodlawn, Rosebery and Que River which have been important sources of high grade base and precious metal production (for an indication of sizes and grades of these refer to the following table extracted from the US Geological Survey). As with many VMS systems, Variscan believes Porte-aux-Moines may be part of a cluster of individual sulphide deposits that are frequently formed in proximity to one another and which can generate sizable tonnages of high grade mineralisation.

Tonnes and grades of selected VMS deposits in Australia

Deposit	Tonnes(M)	Cu %	Zn %	Pb %	Au g/t	Ag g/t
Woodlawn	17.7	1.7	9.9	3.8	1.4	80
Rosebery	28.3	0.6	14.3	4.3	2.4	145
Hellyer	16.9	0.4	13.8	7.2	2.5	167
Que River	6.0	0.4	12.5	7.0	3.4	171
Golden Grove	17.3	3.2	2.0	0.2	0.5	29
Teutonic Bore	2.5	3.5	9.6	0.8	0.2	146

Variscan has commenced collecting all available data for Porte-aux-Moines (mostly held at the BRGM) to convert to digital formats and create a cohesive 3D model of the deposit. Resampling of some of the remaining old core from the BRGM exploration will be undertaken if possible and a small amount of additional confirmatory drilling completed to allow the generation of a resource estimate prepared under the guidelines of the JORC 2012 Code.

The Company has identified and contacted European drilling groups capable of completing core drilling at Porte-aux-Moines and will make application for drilling permits once it has completed compiling the old BRGM data and generated a drill plan. Drilling is expected to commence mid-2015.

Variscan considers that there is substantial potential to discover new lenses of mineralisation around Porte-aux-Moines. The BRGM is believed to have conducted relatively modest drilling outside the main ore envelope and Variscan intends commencing extensional exploration once approvals from the authorities are granted.

Other Gossans

Elsewhere within the licence, recent field work by Variscan has focussed on assessing the exploration potential within prospective rock sequences along strike from Porte-aux-Moines. This work has confirmed the presence of a number of outcropping gossans and gossanous horizons (Figure 4), interpreted at some prospects to represent the oxidised expressions of underlying massive sulphides and associated footwall stockwork feeder zones.

Several of these gossans were previously mined by shallow open pits for iron up until the 19th century and have often not been explored below the iron oxide cap aside from BRGM RAB and core drilling in some locations. As announced to the ASX on 10 November and 8 December 2014, rock chip and grab samples taken from the sparse residual material remaining from the mining activities at a number of locations were

analysed via XRF generating anomalous lead-zinc-copper values up to 1.6% lead, 1171ppm zinc and 719ppm copper in the gossans.

Samples were also sent to the ALS laboratory in Ireland for confirmatory base metal and gold analysis which generally confirmed the XRF base metal results and also recorded highly elevated gold assays, particularly at Porte-aux-Moines and at the Les Forges prospect located about seven kilometres to the east (Figure 4).

At Porte-aux-Moines, samples from the sub-cropping gossan and the scattered sulphide bearing material remaining on the old mine dump returned gold assays up to 1.35g/t gold. Samples containing higher zinc/lead/copper assays consistently returned elevated gold results, indicating that Porte-aux-Moines likely carries significant gold values within the high grade zinc/lead/copper/silver core of the deposit.

At Les Forges prospect, gold assays up to 3.67g/t gold were recorded within the same rock units that host the Porte-aux-Moines deposit. Gossanous float striking for over 400 metres has been detected in this area.

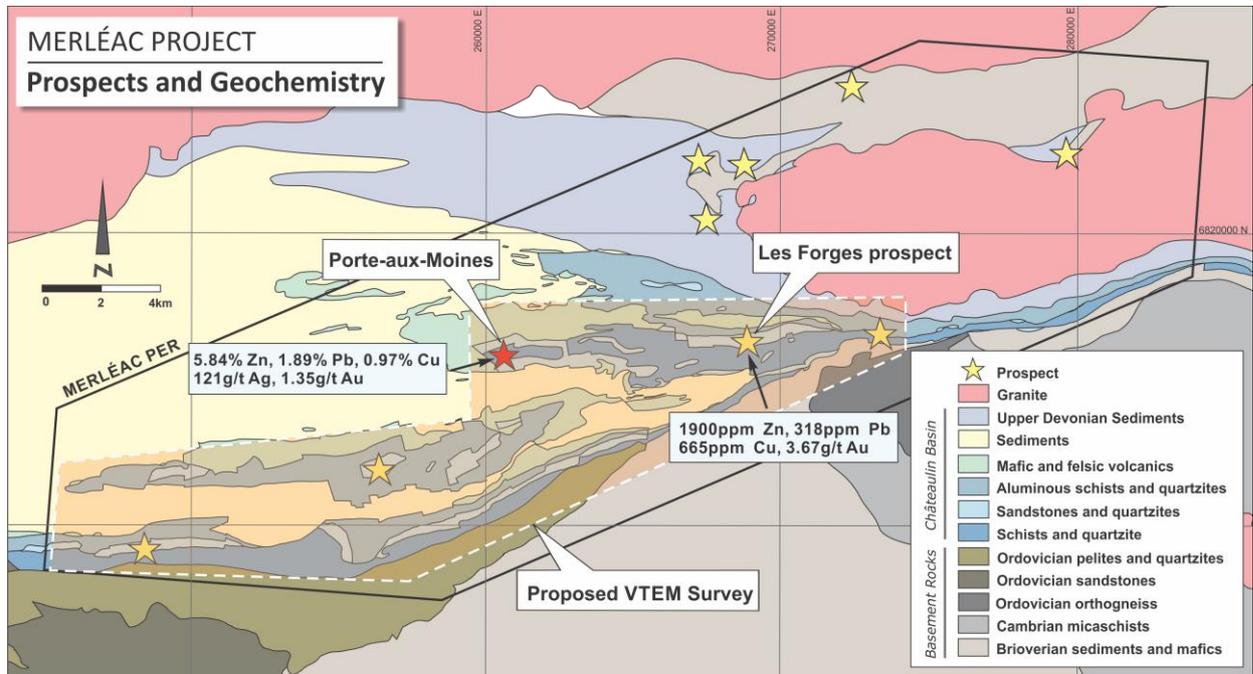


Figure 4 – Peak ALS assays in sampling at Porte-aux-Moines and the Les Forges prospect

The gold assays continue to confirm the excellent prospectivity of the region for economic deposits within the estimated 70 strike kilometres of fertile host lithologies contained within Merléac.

A contract to commence a large heli-borne electromagnetic (EM) survey (Figure 4) over the more prospective parts of the belt has been signed. The survey will cover approximately 150 square kilometres over the southern section of the Merléac licence including around the Porte-aux-Moines deposit and Les Forges prospect. It will provide critical targeting information on the location and geometry of potential VMS deposits beneath the known gossans and below cover. The survey will commence once government approvals have been secured, possibly within the June quarter, 2015.

(b) **Saint Pierre**

The St Pierre PER covers 386 square kilometres over an important gold district believed to have been the third largest gold producer in France (Figure 1). Within the PER, the La Bellière gold mine is recorded to have produced about 334,000 ounces of gold (plus silver) from 1906 to 1952, up to a maximum depth of 170 metres intermittently over a strike length of about 1.6 kilometres (Figure 5).

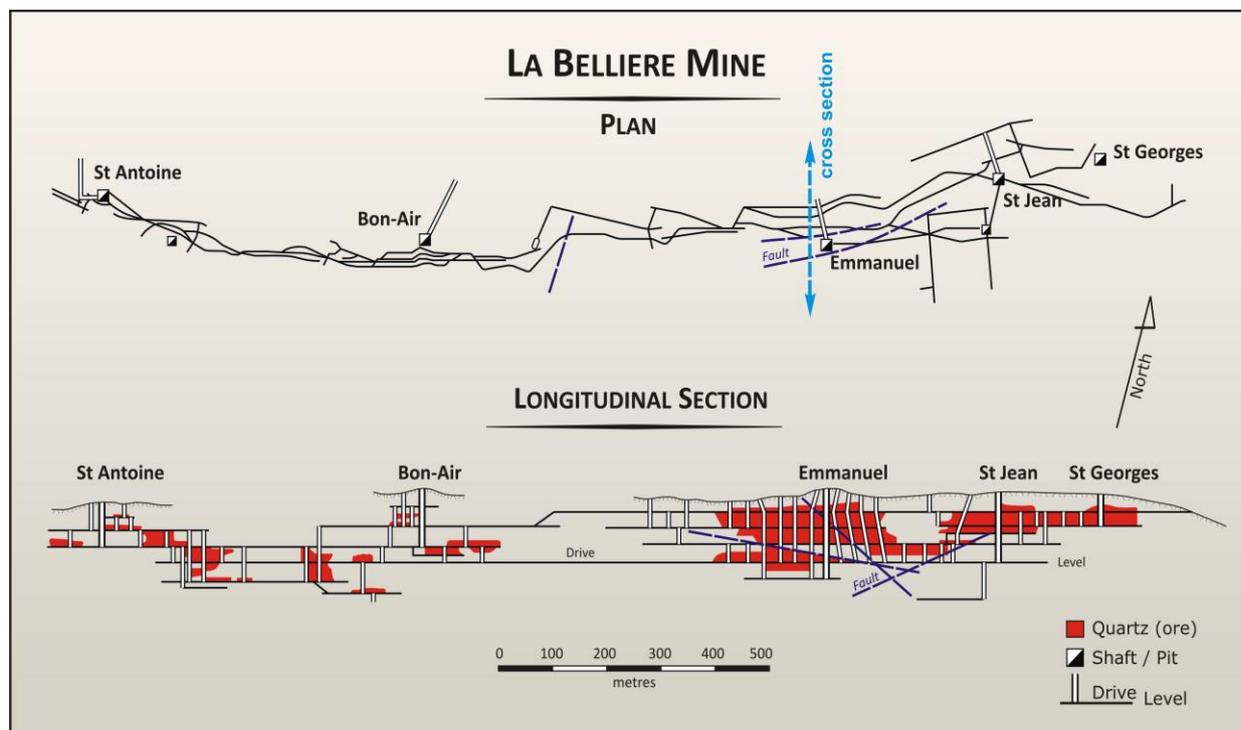


Figure 5 – Plan and long section views of La Bellière mine

Within the region most gold mineralisation is hosted by brittle-ductile, east-west to east-north-east striking shear zones cutting across gently dipping Brioverian aged siliclastics (largely greywackes and phyllites).

Recent field work by Variscan has included broad auger soil programme to help identify arsenic/antimony/lead/gold anomalism associated with auriferous shear zones and detailed traversing and rock chip sampling of the La Bellière mine structure and other sub parallel shears within the area (Figure 6). The work was designed to outline the key areas for additional exploration including soil sampling, trenching and follow-up drilling.

Highly encouraging assay results were recently received from ALS Geochemistry with seven rock chip samples grading above 10g/t Au. Five main areas of interest were identified in the work (Figure 6). Four are associated with subsidiary shears to the main la Bellière mine structure and are outside the main area of settlement. The five main areas of interest identified are:

1. A number of high grade results up to 18.8g/t Au were generated from quartz vein sampling of remnant material preserved at the at the top of the la Bellière mine, confirming the gold tenor of veining within remnant blocks.

2. An assay of 159g/t Au was recorded in quartz veining, possibly within a parallel shear to the la Bellière structure at the Autriche prospect, to the north of the gold mine.
3. The Belleville prospect is located in an east-west oriented shear zone defined over a 1.8 kilometre strike length. Rock chip assays of 28.6g/t Au and 3.04g/t Au were recorded on the shear structure 1.1 kilometres apart (Figure 4).
4. A rock chip gold assay of 21.5g/t Au was recorded in the eastern extension of the Bégrolle shear zone located approximately two kilometres south of the main mine. Bégrolle operated in the 1910's as a small underground mine near the Evre River.
5. A rock chip assay of 37g/t Au was recorded in a sample taken from a strongly oxidised breccia containing limonite, goethite, pyrite and visible gold to the north of the La Rouillère shear zone (believed to be the western extension of the Bégrolle shear zone).

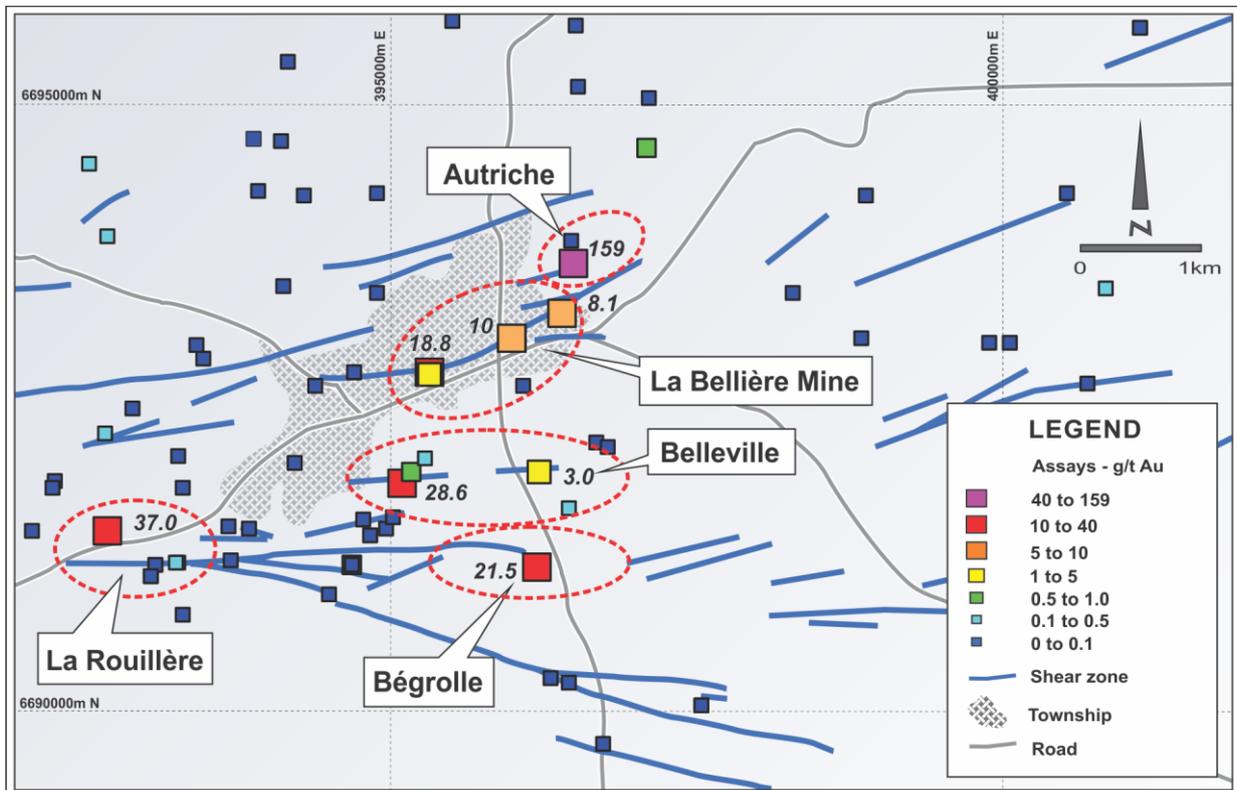


Figure 6 - Key prospects and gold assays from rock chip sampling in the general area around St Pierre. Numerals represent peak gold grades - g/t Au.

A programme of detailed follow up soil sampling has commenced at the Belleville prospect. This work will also be extended to the other prospects as required. A programme of drilling may commence to test target area generated from this work during 2015.

In addition to the regional exploration Variscan is compiling and electronically converting all available records from the old La Bellière mining area as well as former exploration conducted by the BRGM and other groups during the 1980/90's. The

Company is constructing a 3D model of the mine which will be used to help elucidate the structural controls on mineralisation and generate targets. This work is now well advanced and it is hoped that deeper core drilling below and along strike of the old mine areas will occur later in 2015.

(c) **Tennie**

The Tennie PER covers 205 square kilometres of the eastern section of a Palaeozoic sedimentary package which hosts the Rouez copper-gold-lead-zinc-silver deposit owned by the French energy group, TOTAL. Rouez is considered to be possibly either VMS or a hybrid SEDEX type and shares a number of geological similarities to deposits such as Rio Tinto and Aljustrel within the Iberian Pyrite Belt of Spain and Portugal.

In late 2013 Variscan commenced an auger soil geochemical survey within the PER which is believed to be the first significant mineral exploration programme conducted in France for some years. The initial programme involved shallow hand auger drilling on a 200 x 200 metre grid over the fertile Brioverian rocks, to penetrate the thin transported loess horizon that blankets the area and thus may hide potential mineral deposits.

To date Variscan has completed 3,825 shallow auger holes over accessible areas within the PER. Although results are still being interpreted, two large areas of coincident, subtle zinc/lead anomalism have been defined towards the northeast and northwest boundaries of the PER. Both anomalies appear developed close to the boundary of the Brioverian sedimentary sequence and may be associated either with VMS/SEDEX type mineralisation, similar to that found at Rouez or vein style, hydrothermally emplaced sulphide mineralisation common in other parts of Brittany. Follow-up work to ascertain the style and significance of the base metal anomalism is planned.

(d) **Future French Projects**

Variscan has five other applications for exploration licences in France within the approvals process, each of them over projects with good potential for short term resource generation and/or major new discoveries. The Company has deliberately targeted more advanced project areas containing previously defined mineralised zones or evidence of substantial old mine workings to help fast track the discovery of economic deposits.

Two of these applications have now reached the final stages of the application process.

4.2 **Australia**

During 2013-14 Variscan relinquished a number of its Australian grass roots exploration properties to focus on France. Within Australia, the Company currently has nine tenements under exploration joint venture. Work on these has been subdued for the last few years.

4.3 **Investments**

Variscan maintains a diversified portfolio of investments within a number of ASX-listed resource companies. The value of the Variscan shareholdings in its ASX listed resource companies at the end of 2014 stood at approximately \$2 million.

(a) Eastern Iron Limited

Eastern Iron Limited (ASX: EFE) continued with its mine feasibility study on the Nowa Nowa iron project located near Bairnsdale in eastern Victoria, 270 kilometres east of Melbourne. The company recently announced results that confirmed scoping study outcomes for an 800,000tpa operation exporting coarse grained magnetite product, indicating a low capital cost and robust margins over the projected life of the mine.

The company has recently released the results of a study which investigated the potential to load iron concentrate directly to bulk carrying vessels off the Victorian coast approximately 20km from the mine site. Estimated operating costs for mine gate to ship are of the order of A\$15.00 per tonne of product. The feasibility study estimated total mine site costs of A\$26.10 per tonne for a total FOB cost of A\$41.10 per tonne (US\$34.00 per tonne). No allowance has been made at this stage for additional process (crushing) costs that may be required depending on the sizing selected as optimal for slurry operations.

ISG estimates that capital costs are likely to be in the order of an additional A\$16 million for a total project capital cost of A\$49.6 million.

Nowa Nowa Copper

The company completed a detailed heli-borne electromagnetic VTEM survey over Nowa Nowa following the identification of extensive Silurian volcanics believed to be the same rocks that host important VMS deposits in Victoria and NSW such as Woodlawn and Benambra, approximately 100 kilometres to the north.

Drilling carried out by previous explorers within the Nowa Nowa area intersected significant copper, lead, zinc and gold mineralisation in altered volcanics and sediments, with a best intersection of 13.6 metres assaying 3.8% copper at the Three Mile prospect in the south eastern corner of the licence.

Analysis of the final VTEM data identified four high priority VTEM anomalies including a coincident VTEM conductor at the Three Mile prospect proximal to the copper intersection. Ground EM has been recommended for the highest priority targets in order to better define their location and orientation prior to drilling.

(b) Silver City Minerals Limited

Silver City Minerals Limited (ASX: SCI) continued its well-funded programme of exploration within its extensive portfolio of tenements around Broken Hill, NSW.

Silver City has recently completed a comprehensive assessment of all geological aspects of Broken Hill region. Three high priority targets were identified which will be followed up with field work during the first half of 2015:

- Razorback West Corridor likely to be the northern, fault off-set, extension of the Broken Hill “line-of-lode”, the geological corridor which hosts the giant Broken Hill orebody. SCI has already identified a combined geophysical and geochemical anomaly which extends for 5 kilometres and is 1 kilometre wide.

- Stephens Trig Corridor is the geological equivalent of Razorback West and hosts a number of BHT prospects and numerous old mine workings. Work by SCI in 2012 returned an encouraging intersection of 1 metre of 7.4% zinc, 5.4% lead and 72 g/t silver.
- Balaclava is a fault-bounded block which encloses the southern extension to the Broken Hill “line-of-lode”. Historic diamond drilling from 1989 returned 10.1 metres of 6.8% zinc and 0.7% lead. The company recently completed a rotary air blast drilling program in the area with one hole drilling gossan for 9 metres from 2 metres downhole returning 0.48% % zinc, 0.61% lead and 0.27% copper.

New Zealand

SCI has been granted two tenements in the North Island of New Zealand approximately 35 kilometres east of Rotorua. The tenure covers an area of 94 square kilometres and was applied for by SCI on the basis of historic exploration data and records that indicated gold mining of epithermal deposits had taken place in the area in the 1920s. Access and approvals to explore have been granted. Reconnaissance geological mapping, rock chip sampling and mineralogical studies are scheduled to commence in early 2015.

(c) Thomson Resources Ltd

Thomson Resources Ltd. (ASX: TMZ) holds significant exploration licences for base and precious metal targets in the Cobar Basin and Thomson Fold Belt of north-western NSW.

A large VTEM survey completed by Thomson has detected several strong conductive anomalies including at the Wilga Downs prospect and the Achaye prospect.

The Wilga Downs prospect lies in the same geological setting as the Tritton VMS copper deposits located 90 kilometres to the southeast. Wilga Downs features several distinct magnetic anomalies, one of which has been drilled with two holes in the 1970's by AMAX and CRAE, both of which returned highly anomalous copper and zinc. Of the several EM conductive anomalies identified in the area by the VTEM survey, the most prominent is coincident with this magnetic feature. The VTEM anomaly is strong and persists to late-response times suggesting a highly conductive zone possibly associated with sulphides lying below the zone tested by previous drilling. It is one of Thomson's priority drilling targets.

The Achaye prospect is located in the Havilah base and precious metal project 20 kilometres southeast of Mudgee, central NSW. It lies within Silurian volcanics and volcanoclastic sediments of the eastern Lachlan Fold Belt, known to host high grade copper-lead-zinc-silver-gold VMS deposits such as Woodlawn and Captains Flat. The VTEM survey area covered zones of previously identified base metal sulphide mineralisation where historic drilling had tested a SIROTEM anomaly and intersected strongly anomalous copper (up to 1% over 1m) and zinc (up to 2.2% over 1m) associated with sporadic massive sulphide (pyrrhotite) mineralisation.

The VTEM survey defined a stronger, deeper anomaly around 400 metres west of the Achaye drilling which has not been previously tested. It represents a priority VMS

target and will be followed up with soil and rock chip geochemistry as well as a ground EM geophysics survey to confirm the geometry and dip of the conductor prior to drilling.

4.4 Financing

In order to progress its various projects, the Company will need to secure further funding as it deems necessary. Such funding may be equity or debt funding, or may involve the divestment of one or more tenements. The Company may also look to identify potential joint venture partners with the appropriate background and skills to assist the Company in further exploring and developing its projects.

Competent Persons Statement

The information in SECTION 4 of this Prospectus that relates to Investment Highlights is based on information compiled by Greg Jones, BSc (Hons), who is a member of the Australasian Institute of Mining and Metallurgy. Mr Jones is a Director and full-time employee of Variscan and 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Jones consents to the inclusion in the Prospectus of the matters based on his information in the form and context in which it appears.

SECTION 5. PURPOSE AND EFFECT OF THE ENTITLEMENT OFFER

5.1 Purpose of the Entitlement Offer

The primary purpose of the Entitlement Offer is to raise up to approximately \$3,514,745 before costs.

Variscan intends to use these funds to continue with its successful strategy of identifying and applying for advanced projects in Europe (notably France) and initiating exploration work to discover economic deposits.

Refer to Section 5.5 for further detail on the proposed use of funds.

5.2 Effect of the Entitlement Offer

The principal effect of the Entitlement Offer, assuming all Entitlements are accepted and no Unlisted Options are exercised prior to the Record Date, will be to:

- (a) increase the Company's cash reserves by \$3,388,653 (after deducting the estimated expenses of the Entitlement Offer);
- (b) increase the number of Shares on issue to 410,053,939 comprising 175,737,592 Shares on issue as at the date of this Prospectus and 234,316,347 New Shares; and
- (c) have on issue 234,316,347 Listed Options at the Exercise Price of \$0.015 each expiring at the end of the Exercise Period.

The Entitlement Offer may also have an effect on the relevant interest in voting Shares in the Company held by the Company's substantial shareholder, Mr Kwan Chee Seng. Please refer to Section 5.7 for further details.

5.3 Pro Forma Statements of Financial Position

Set out below is:

- (a) an audit-reviewed Statement of Financial Position of the Company as at 31 December 2014;
- (b) 'Proforma A' Statement of Financial Position; and
- (c) 'Proforma B' Statement of Financial Position.

Proforma A and Proforma B assume the completion of the subscription under the Entitlement Offer as though it had taken place on 31 December 2014 as it would be affected by the following outcomes:

- (a) Proforma A – where the Entitlement Offer is fully subscribed; and
- (b) Proforma B – where the Entitlement Offer is subscribed to the Confirmed Commitment Amount only.

Proforma A

- (a) The receipt of funds of \$3,514,745 from the Entitlement Offer resulting in:
- the issue of 234,316,347 New Shares at \$0.015 each, representing a \$1,593,351 increase in contributed equity of the Company;
 - the granting of 234,316,347 New Options at a fair value of \$0.0082 (with an exercise price of \$0.015), representing a \$1,921,394 increase in the Option reserve of the Company; and
- (b) the costs of the Entitlement Offer, being approximately \$126,092, being apportioned as a reduction to contributed equity and Option reserve, based on the apportionment of the funds raised.

Proforma B

- (a) The receipt of funds of \$1,255,737 from the Entitlement Offer resulting in:
- the issue of 83,715,828 New Shares at \$0.015 each, representing a \$569,267 increase in contributed equity of the Company; and
 - the granting of 83,715,828 New Options at a fair value of \$0.0082 (with an exercise price of \$0.015), representing a \$686,470 increase in the Option reserve of the Company; and
- (b) the costs of the Entitlement Offer being approximately \$126,092, being apportioned as a reduction to contributed equity and Option reserve, based on the apportionment of the funds raised.

The unaudited Proforma Statements of Financial Position have been prepared to provide Shareholders with information on the assets and liabilities of the Company. The Pro-forma Statements of Financial Position, whilst prepared on the basis of the accounting policies normally adopted by us, do not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements, nor have they been reviewed by our auditor.

+	Audit-reviewed 31 December 2014 A\$	Proforma A Assuming Entitlement Offer fully subscribed 31 December 2014 A\$	Proforma B Assuming Confirmed Commitment Amount only 31 December 2014 A\$
Current assets			
Cash and cash equivalents	791,271	4,179,924	1,920,916
Receivables	329,694	329,694	329,694
Tenement security deposits	10,000	10,000	10,000
Total current assets	1,130,965	4,519,618	2,260,610
Non-current assets			
Investments – available for sale	962,385	962,385	962,385
Investment in associates	1,215,714	1,215,714	1,215,714
Receivables	33,293	33,293	33,293
Tenement security deposits	20,000	20,000	20,000
Property, plant and equipment	290,999	290,999	290,999
Exploration and evaluation assets	1,529,554	1,529,554	1,529,554
Deferred tax asset	309,575	309,575	309,575
Total non-current assets	4,361,520	4,361,520	4,361,520
Total assets	5,492,485	8,881,138	6,622,130
Current liabilities			
Trade and other payables	240,919	240,919	240,919
Provisions	105,913	105,913	105,913
Total current liabilities	346,832	346,832	346,832
Non-current liabilities			
Provisions	45,779	45,779	45,779
Total non-current liabilities	45,779	45,779	45,779
Total liabilities	392,611	392,611	392,611
Net assets	5,099,874	8,488,527	6,229,519
Equity			
Contributed equity	14,526,115	15,993,374	14,969,290
Reserves	3,012,731	4,934,125	3,699,201
Accumulated losses	(12,438,972)	(12,438,972)	(12,438,972)
Total equity	5,099,874	8,488,527	6,229,519

5.4 Fair Value of the Entitlement Offer

The Entitlement Offer provides for Eligible Shareholders to receive:

- four New Shares for every three Shares held; and
- one New Option for each New Share issued to subscribe for one Share exercisable by the end of the Exercise Period at a price of \$0.015 each.

The consideration payable under the Entitlement Offer of \$0.015 for each New Share and New Option issued requires a consideration of the fair value of the New Options embedded in the Entitlement Offer.

The Company has determined that a fair value for each New Option is \$0.015 using the Black, Scholes, Merton with a 250 step binomial variation valuation model. The critical assumptions adopted in determining the value per New Option are as follows:

Value of Underlying Stock	
Exercise price	\$0.015
Expected life	2 years
Dividend yield	0%
Volatility	66.46%
Risk free rate	2.52%

Accordingly, the Company proposes to apportion the fair value of the \$0.015 consideration in the financial statements as follows:

- New Shares \$1,593,351 - Contributed equity;
- New Option \$1,921,394 - Option reserve.

5.5 Use of Funds

The proceeds from the Entitlement Offer, after expenses, will be approximately \$3,388,653 (assuming that the Entitlement Offer is fully subscribed and no Unlisted Options are exercised prior to the Record Date). These funds will be put towards augmenting the Company's general working capital, as described below.

Proceeds of the Entitlement Offer will contribute towards further identifying and applying for advanced projects in France and initiating exploration work to discover economic deposits in that region. Specifically, proceeds of the Entitlement Offer will be used to:

- Sample available old BRGM drill core and possibly drill the high grade Porte-aux-Moines deposit within the Merléac project to generate a resource estimate prepared under the guidelines of the JORC 2012 Code.
- Complete a large scale heli-borne EM programme over the southern half of the Merléac licence to define the location and geometry of potential VMS deposits beneath the known gossans and below cover.
- Drill key targets defined from the EM survey and geochemical work at Merléac including underneath gossans and adjacent to the Porte-aux-Moines deposit.
- Continue soil sampling over key prospects at the St Pierre Gold Project.

- Possibly commence shallow drilling of gold targets at St Pierre.
- Progress the five current PER applications to successful grant.
- Continue project generation activities in France.
- General working capital to be used in Variscan's exploration business.

The proceeds of the Entitlement Offer are planned to be used as follows (assuming full subscription in respect of the Entitlement Offer and no Unlisted Options are exercised prior to the Record Date):

Use of Funds	Full Subscriptions	Percentage of funds raised
SPECIFIC PROJECTS	\$1,346,755	40%
Ongoing exploration operations	\$951,735	28%
Search for new projects	\$100,000	3%
Working capital	\$864,071	25%
Expenses of the Entitlement Offer*	\$126,092	4%
Net Proceeds	\$3,388,653	100%

* Please refer to 8.13 for further details of the expenses of the Entitlement Offer.

The above table is a statement of the Directors' current intention as at the date of this Prospectus. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Directors reserve the right to alter the way the funds are applied.

In the event that the Entitlement Offer is not fully subscribed, the Directors intend to scale back the use of funds detailed above.

5.6 Effect on Capital Structure

The following table shows the possible effects of the Entitlement Offer on the capital structure of the Company under a number of different scenarios.

	Before Entitlement Offer	After Entitlement Offer		
		Confirmed Commitment Amount	50% of non-Director Entitlements	All Entitlements
New Shares	0	83,715,828	159,016,309	234,316,347
Existing Shares	175,737,592	175,737,592	175,737,592	175,737,592
New Options	0	83,715,828	159,016,309	234,316,347
Existing Listed Options	0	0	0	0
Existing Unlisted Options	28,850,000	28,850,000	28,850,000	28,850,000
Total Shares	175,737,592	259,453,420	334,753,901	410,053,939
Total Options	28,850,000	112,565,828	187,866,309	263,166,347
Amount raised	\$0.00	\$1,129,645	\$2,259,153	\$3,388,653

In this table:

- (a) the ‘After Entitlement Offer’ columns refer to a situation in which:
- (i) for the ‘Confirmed Commitment Amount’ column – all the Directors who are Eligible Shareholders subscribe for their full Entitlement and no other Eligible Shareholders subscribe for any of their Entitlement;
 - (ii) for the ‘50% of non-Director Entitlements’ column – all the Directors who are Eligible Shareholders subscribe for their full Entitlement, and 50% of all other Entitlements are subscribed for by remaining Eligible Shareholders;
 - (iii) for the ‘All Entitlements’ column – all Entitlements are fully subscribed by Eligible Shareholders; and
 - (iv) for all columns – no Unlisted Options are exercised prior to the Record Date.
- (b) the ‘Amount raised’ row refers to the amount the Company’s cash reserves would increase by as a result of the Entitlement Offer (after deducting the estimated expenses of the Entitlement Offer);
- (c) the ‘Total Shares’ row includes existing Shares and New Shares;
- (d) the ‘Total Options’ row includes existing Unlisted Options and New Options (as no Listed Options exist prior to the Entitlement Offer, the only Listed Options will be the New Options).

Details of Unlisted Options on issue are set out in Section 8.7.

5.7 Effect on Control

No Shareholders have a relevant interest in 5% or more of the Shares on issue at the date of this Prospectus, other than Mr Kwan Chee Seng who currently holds 29.89% of the Company's issued Share capital. Mr Kwan is also a Director of the Company.

Mr Kwan has indicated in writing that he will take up his full Entitlement. The relevant interest of Mr Kwan will vary depending upon the take-up of Entitlements by Eligible Shareholders and the subsequent placing of the Shortfall. If the Entitlement Offer is fully subscribed (including the sale of Entitlements of Ineligible Shareholders by the nominee approved by ASIC) there will be no change in Mr Kwan's relevant interest in the Company as a result of this Entitlement Offer. Set out below are examples of the effect that the Entitlement Offer could have on Mr Kwan's relevant interest in the Company.

(a) Example 1

Where Mr Kwan takes up his full Entitlement and:

- (i) no other Shareholders take up their Entitlement;
- (ii) no Unlisted Options are exercised before the Record Date; and
- (iii) no New Shares and New Options are issued under the Shortfall Offer,

Mr Kwan's shareholding in the Company has the potential to increase to 49.87% of the Company's issued Share capital.

(b) Example 2

All Directors, other than Dr Testard and Mr Breen, who are not an Eligible Shareholders, have expressed their intention to take up their full entitlement. Where all the Directors that are Eligible Shareholders take up their full Entitlement and:

- (i) no other Shareholders take up their Entitlement;
- (ii) no Unlisted Options are exercised before the Record Date; and
- (iii) no other New Shares and New Options are issued under the Shortfall Offer,

Mr Kwan's shareholding in the Company has the potential to increase to approximately 47.24% of the Company's issued Share capital.

(c) Example 3

The table below shows how Mr Kwan's relevant interest will be affected based on Eligible Shareholders (including other Directors) taking up their Entitlement. The following assumptions are also made for the purposes of the table below:

- (i) no Unlisted Options are exercised before the Record Date; and

- (ii) no other New Shares and New Options are issued under the Shortfall Offer.

% of Eligible Shareholders who take up their full Entitlement	Mr Kwan's relevant interest
25%	41.25%
50%	36.61%
75%	32.91%

- (d) Example 4

Where Mr Kwan takes up his full Entitlement and exercises the New Options during the Exercise Period and:

- (i) no other Shareholders take up their Entitlement;
- (ii) no Unlisted Options are exercised before or after Record Date;
- (iii) no New Shares and New Options are issued under the Shortfall Offer; and
- (iv) no other Shares in the Company are issued,

Mr Kwan's shareholding in the Company has the potential to increase to approximately 60.99% of the Company's issued Share capital (assuming all necessary approvals have been obtained).

SECTION 6. RISKS

The Entitlement Offer should be considered speculative because of the nature of, amongst other things, our business activities. Consequently, we strongly recommend that you consider the risk factors set out in this SECTION 6, together with information contained elsewhere in this Prospectus, and that you consult your stockbroker, solicitor, accountant or other professional adviser before deciding whether to take up your Entitlement.

We set out below a number of specific risks which relate directly to the Company, as well as certain industry and general risks, many of which are largely beyond the control of the Company or its Directors. We consider that the risks set out in this SECTION 6 may have a material impact on the financial performance of the Company and, specifically, the market price of the Shares.

The following is a summary of material risks. The list is not exhaustive and you should read it in conjunction with specific matters we have referred to in previous announcements and reports.

6.1 Risks Relating to New Shares

The Company is listed on the ASX. You should note that if the New Shares and New Options are granted Official Quotation, they will be listed securities for the purposes of the Listing Rules and Corporations Act. Consequently, share market conditions may affect the price of the New Shares regardless of operating performance. Specifically, local and international stock markets, movements in commodity prices, interest rates, economic conditions and investor sentiment generally may affect the price of the New Shares and New Options.

6.2 Specific Risks

(a) French projects

In France Variscan's wholly owned French subsidiary, Variscan Mines SAS currently has three granted exclusive research permits (*permis exclusif de recherche* or **PER**). The Company currently has five other licenses within the approvals process. Two of these have reached the final stages of the application process. The Tennie PER, granted to the Company in June 2013, was the first new mineral exploration licence granted in France for more than two decades.

Variscan has incorporated Variscan Mines SAS, established and equipped an office in Orleans, France, and employed a team of experienced French geologists to assist in the work.

The French authorities have to date been supportive of Variscan's exploration under the PERs, however the French minerals mining industry has not operated for a number of years. The current Mining Code was introduced in 2011 and is largely untested in relation to issues that may arise. This in itself poses risk due to the uncertainty of process or outcome in relation to government authorisation and community response.

Possible exploration risks with respect to the Company's French projects include:

- **Sovereign risks:** The sovereign risks of operating in France are moderate. There is a robust legal and governmental system and an apparent intention to encourage mining investment by the Ministry of the Industry since 2012. Risk may arise from the application of restrictive practices that inhibit viable exploration and mining activities of the Company.
- **Government and trade partner policy:** Changes in government, monetary policy, taxation and other laws both in relation to France and key European Union members or policies may have a significant effect on the outlook for the Company's French projects.
- **Renewal risks:** PER (exploration permits) are granted for a maximum period of five years. Two renewals are possible before the Company is required to again go through the full bidding process for the same permit. There is a risk that after five years the Company's PERs may not be renewed.
- **Relinquishment risks:** If a PER is renewed after five years, half the surface area defined in the PER must be relinquished. On the second renewal a quarter of the remaining surface area must be relinquished.
- **Financial and technical requirements:** Variscan Mines SAS is required to maintain its financial and technical capabilities in light of which the permit was granted. Variscan Mines SAS is required to inform the Minister in charge of mining if there is any significant change in its financial or technical capabilities which may result in the revocation of a PER, including changes to its (and therefore Variscan's) shareholding.
- **Third party guarantee:** A guarantee is required for holders of non-hydrocarbon mining titles and deposits. This must be issued by a third party financial institution and be enough to cover the cost of restoration of the land. If the government imposed guarantee requirements are excessive this may result in excessive cost or delay in sourcing a third party guarantor. This requirement has not been imposed on the PERs held by Variscan Mines SAS, however, if and when Variscan Mines SAS applies for a mining Concession in the future, a third party guarantee may be imposed.
- **Limits to transferring or assigning PER interests:** Transfers of PER interests are permitted in whole or part, but must be notified to the Minister in charge of mines, who may oppose the transfer within two months of notification. Assignment requires that the person obtaining the rights under the PER must fulfil all the conditions required to obtain a PER. The assignment application is filed with the Minister in charge of mining and if no response is received in 15 months the assignment is deemed rejected.

- **Works authorisations required:** PER grants are subject to local authority authorisation and further conditions may be imposed. This creates legal uncertainty for PER holders who must apply for authorisation for each exploration project they wish to carry out. Works authorisations may not be granted for up to three years after an application for a PER causing delays and uncertainty. To date, however, Variscan Mines SAS has received rapid approvals for all exploration programs at each of its granted PERs from local authorities.
- **Public consultation risk:** Exploitation of mining deposits requires a Concession which is granted by decree after a public consultation. If there is community dissent this could delay or limit access to mining Concessions.
- **Exploitation risks:** Application for a Concession, for a commercial mining operation, is restricted in scope to the deposits mentioned in the PER. Concessions can be limited in scope and duration and may contain general and specific conditions. The initial term of a Concession cannot exceed 50 years.
- **Exploitation renewal:** Renewals of mining concessions require a decree. They may be renewed several times for a period up to 25 years. Any renewal process carries a risk that the conditions of renewal will not be met and the permit will not be renewed which would adversely affect the Company.
- **Reliance on third party information:** The Company's PER documentation is partially reliant on records from the old mining area, former exploration conducted by the BRGM (the French government geological survey), and information from other sources such as universities. There is a risk where using information obtained by third parties that it is not reliably or accurately obtained. Reliance on inaccurate information could have an adverse effect on the Company's operations and the trading price of Shares and Listed Options.
- **State-owned competition risk:** The French government has a state owned energy company, Areva which is currently involved in uranium mining. There was speculation regarding the establishment of a State-owned mining company that would prospect for resources such as gold, lithium and germanium, in France and overseas in 2012 that would use the traditional name of "*Compagnie nationale des mines de France*" (CMF). It was unclear whether CMF would apply for licences alone or create partnerships with other entities. The Company may be adversely affected should CMF become a competitor of the Company.
- **New laws proposed:** The current Mining Code is in the process of being redrafted. The new laws may be more environmentally protective and pose higher barriers to Concessions (to be called *permis d'exploitation*) and exploration permits (to be called *permis d'exploration*). It proposes numerous significant changes, including to the administration of work authorisations, to the role of public participation, to the bodies supervising and implementation mining

regulation (a High Council for Mines and judicial clearance of the authorisations granted under the Mining Code), and in relation to environmental protection and liability. The scope and effect of this new regime may have a significant impact on the operations of the Company in France.

- **Liability:** Liability for any legal entity running a mining operation in France results from any damage caused by mining works. This is true regardless of whether the mining operation was conducted in a competent manner and regardless of any fault, as long as it is proven the damage is a direct consequence of the mining works. There is a presumption of liability against the operator or explorer. This liability is not limited by the physical boundaries of the permit, or its duration. Liability can include environmental damage, (including to water quality) or serious harm to human health. Draft legislation proposed in 2012 extended the scope of this liability to include indirect as well as direct damage. This legislation has not, and may not ever, come into force but has not been formally abandoned. There is an exception to liability available where the damage can be shown to have a ‘foreign cause’, however the scope of the Company’s liability is extremely broad and enduring. This will be a significant ongoing risk for the Company, even after mining operations in the area have ceased.
- **Access to the land:** The PERs, Concessions and the prefectural permits to operate on land are granted without the consent of the landowner. A landowner may therefore try to prevent the Company from accessing the land despite being aware of the Company’s rights to access and operate on that land under the license or permit. This can result in litigation and consequently result in cost and extended delays, which can adversely affect the expediency of the Company’s operations and financial position.

For more detailed information about the French projects see SECTION 3.

(b) **Material contracts**

The Company operates a number of joint venture operations in eastern Australia, including in relation to the following tenements:

- Exploration Licence 8078 – Yalcowinna
- Exploration Licence 6404 – Mundi Plains JV
- Exploration Licence 8075 – Wilyama
- Exploration Licence 6363 – Hilston
- Exploration Licences 7257 and 7469 – Woodlawn South (royalty interest only)
- Exploration Licence 4512 – Trundle (royalty interest only)

- Exploration Licences 7746 and 7931 – Achilles and Chiron
- Exploration Licence 4509 – Junction Dam
- Exploration Licence 5464 – Quinyambie
- Exploration Licence 5360 – Callabonna

The Company relies on its respective joint venture partners to comply with their obligations. In the event of a failure of, or breach of agreement by, a joint venture partner the Company's business activities and operating results may be adversely affected.

(c) **Exploration costs**

The exploration costs of the Company are premised upon a number of assumptions and estimates as regards the method and timing of exploration. These assumptions and estimates are, by their nature, speculative and subject to a number of uncertainties. Consequently, we do not give any assurance that the cost estimates and the underlying assumptions will be realised in practice, which may adversely affect the Company's viability.

(d) **Exploration success**

There is a significant risk that our proposed exploration programmes will not result in exploration success. Mineral exploration by its nature is a high risk endeavour. The Company's exploration programmes, or any other projects that we may acquire in the future, may not result in the discovery of a commercially viable economic mineral deposit. Our key management personnel and Directors will however make every effort to maximise the potential success of our exploration programmes.

The success of our exploration programmes is dependent on many factors such as:

- (i) the discovery and/or acquisition of economically recoverable ore reserves;
- (ii) successful conclusions to bankable feasibility studies;
- (iii) access to adequate capital for project development;
- (iv) the design and construction of efficient mining and processing facilities within capital expenditure budgets;
- (v) securing and maintaining title to tenements;
- (vi) obtaining consents and approvals necessary for the conduct of exploration and mining;
- (vii) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees;

- (viii) adverse weather conditions over a prolonged period can adversely affect exploration and mining operations and the timing of revenues; and
- (ix) other risk factors including costs, actual mineralisation, consistency and reliability of ore grades and commodity prices may affect successful project development and mining operations.

(e) **Ability to exploit successful discoveries**

Even if an apparently viable deposit is identified, there is no guarantee that we can economically exploit it. That is, it may not always be possible for the Company to participate in the exploitation of successful discoveries made in any areas in which we have an interest because such exploitation may require further intensive capital input as well as further licences, mining concessions and clearances from relevant authorities. We note that it may or may not be possible for such conditions to be satisfied.

(f) **Compulsory work obligations**

Tenements in Australia in which the Company has an interest are subject to compulsory work or expenditure obligations for each permit year which must be met in order to keep the permit in good standing. The Company's financial performance may be adversely impacted if these compulsory work obligations are increased or varied.

Significantly, failure to meet compulsory obligations may lead to a forfeiture of the tenement.

Similarly, in France, a failure to comply with conditions of PERs, mining concessions or work authorisations may result in a forfeiture of the relevant mining interest (PER or Concession). These conditions can be varied and may be in addition to frequent reporting and administrative obligations.

(g) **Loss of key management personnel**

Our success largely depends upon key management personnel for the strategic management of the Company as well as upon other management and technical personnel for the daily operation of the Company. Consequently, there is a possibility that we will be adversely affected, particularly in respect of the rate at which our exploration programmes and tenements are developed or prioritised, if one or more of our key management personnel cease their employment.

(h) **Native title in Australia**

Any native title claims which wholly or partially cover the Company's tenements in Australia may impact upon the planning and implementation of our future exploration programmes. The potential also exists for further native title claims to be lodged over any existing or future tenement area. Native title claims have the potential to cause significant delays to exploration and, by extension, the profitability of the Company.

State legislation (*National Parks & Wildlife Act 1974* in New South Wales and the *Aboriginal Heritage Act 1988* in South Australia) protect Aboriginal places or objects and sites. The *Aboriginal and Torres Strait Islander Heritage Act 1984* (Cth) protects significant Aboriginal sites and heritage objects nationally.

The *Native Title Act 1993* (Cth) codifies and regulates the native title rights of traditional landowners with a maintained traditional connection to that land nationally. New South Wales and South Australia adopted this legislation by the *Native Title (New South Wales) Act 1994* and the *Native Title (South Australia) (Validation and Confirmation) Amendment Act 2000*.

Currently, Variscan is aware of the following native title claims in relation to its Australian tenements.

EL No.	Name	Other Party	National Native Title Tribunal No.
EL 6404	Mundi Plains	Joint venture with Teck Australia Pty Ltd	NC1997/032 Barkandji Traditional Owners #8 – not determined
EL 6363	Hillston	joint venture with Perilya Limited	NC1997/032 Barkandji Traditional Owners #8 – not determined
EL 7746	Achilles	Joint venture with Kidman Resources Limited	Ngemba, Ngiyampaa, Wangaaypuwan and Wayilwan native title determination application NC2012/001 – not determined
EL 7931	Chiron	Joint venture with Kidman Resources Limited	no native title claim
EL 4509	Junction Dam		SC2012/001 registered application – no determination
EL 5464	Quinyambie		SCD2209/003 native title exists in parts of the determination area Consent agreement in place with Adnyamathanha People
EL 5360	Callabonna	Joint venture with Red Metal Limited	SCD2014/003 Claim has been determined - no native title exists on the EL areas

However, these protections also extend to unregistered titles and sites. There is no way of quantifying the impact of native title matters if they arise and they may result in delays or difficulties in accessing land and obtaining necessary permits, compensation payable to native title rights holders, conditions imposed as a result of negotiations with or conditional consent from native title rights holders, or a limitation or cessation of mining activity in certain areas.

(i) Aboriginal significant sites

We are required by Commonwealth and State legislation to identify and protect sites of significance to Aboriginal custom and tradition.

It is possible that one or more sites of significance will exist in one or more of our prospective tenements. If any such sites are identified it may have the potential to halt exploration activities and impact upon the planning and implementation of future exploration programmes in circumstances where a declaration is made for the protection and preservation of the site or object. A halt to exploration activities on certain tenements may adversely affect the profitability of the Company.

(j) Sites of significance in France

Restrictions may be imposed by authorities on the Company's tenements in France where there is a possibility of the operation affecting an area of environmental, historical or community significance.

(k) Financial risks

We may have difficulty in obtaining future equity or debt funding to support exploration programmes, evaluation and development of our tenements.

Our ability to raise further equity or debt, or to divest part of our interest in a tenement, and the terms of such transactions will vary according to a number of factors, including the success of exploration results and the future development of the tenements, stock market conditions and prices for commodities.

Should it subsequently be established that a mining production operation is technically, environmentally and economically viable, we will require substantial additional financing to establish mining operations and production facilities. We may not be able to raise the additional finances that may be required for future activities. Commodity prices, environmental regulations, environmental rehabilitation or restitution obligations, revenues, taxes, transportation costs, capital expenditures, operating expenses and technical aspects are all factors which will impact on the amount of additional capital that may be required.

Additional financing may not be available on terms acceptable to us, or at all. Significantly, any additional equity financing or the exercising of Options, may dilute your existing shareholdings and debt financing, if available, may restrict financing and future activities. If we fail to obtain additional financing, as needed, we may have to reduce the scope of our operations or anticipated expansion, forfeit our interest in some or all of our tenements, incur financial penalties and/ or reduce or terminate our operations.

(l) Litigation

We may be exposed to potential legal and other claims or disputes in the future which could adversely affect the Company's financial performance through damages payments and harm to reputation. Importantly though, we are not

presently involved in any litigation and are not aware of any legal proceedings pending or threatened against the Company in Australia.

(m) **Insurance risks**

Insurance against all risks associated with mining exploration and production is not always available and, where available, the costs can be prohibitive. We have insured our operations in accordance with industry practice. However, in certain circumstances, our insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a materially adverse effect on our business, financial condition and results.

6.3 Industry Risks

(a) **Environmental**

Mining and exploration has become subject to increasing environmental responsibility and liability in Australia and is largely untested on this scale in France. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation. Exploration work will be carried out in a way that causes a minimum impact on the environment. Consistent with this, we may be required, in some cases, to undertake baseline environmental studies prior to certain exploration or mining activities, so that the environmental impact can be monitored and, as far as possible, minimised.

While we are not presently aware of any endangered species of fauna and flora within any of our tenements, no baseline environmental studies have been undertaken to date, and discovery of such could prevent further work in certain areas. The discovery of any endangered species of fauna and flora may impact upon our ability to freely explore our tenements.

(b) **Commodity prices**

Commodity prices are influenced by physical and investment demand for those commodities. Fluctuations in commodity prices may influence individual projects in which the Company has an interest. Specifically, changes in the price of tin, tungsten, copper, lead, zinc, gold and silver as well as changes in the Australian dollar, the European dollar (Euro) or other currencies relevant to our operation or trade may have an effect on the Company.

(c) **Competition risk**

The industry in which we are involved is subject to domestic and global competition. Although we will undertake all reasonable due diligence in our business decisions and operations, we will have no influence or control over the activities or actions of our competitors, which activities or actions may positively or negatively affect the operating and financial performance of our business.

(d) Access to Land

These issues as they apply specifically to France are addressed in Section 6.2(a). There are risks associated with landowner rights, including Native Title and significant Aboriginal sites in Australia (addressed in Sections 6.2(h) and 6.2(i)), which can prevent access, exploration and mining operations on a site. Any disruption to access, exploration and operations are likely to have an adverse effect on the operating and financial performance of the business.

6.4 General Risks**(a) Share market and commodity price volatility**

Share market conditions may affect listed securities regardless of operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) movements in, or outlook on, interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) commodity prices;
- (v) changes in investor sentiment towards particular market sectors; and
- (vi) the demand for, and supply of, capital.

Such factors may impact the price of the Shares currently on issue as well as the New Shares and any Converted Shares if granted Official Quotation. The value of Listed Options can also be impacted by these factors.

(b) Economic factors

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market processes. Our future possible revenues and Share price can be affected by these factors, which are beyond the control of the Company and its Directors.

(c) Government

Changes in government, monetary policies, taxation, regulation and other laws can have a significant influence on the outlook for companies and the returns to investors. These factors are beyond the control of the Company and its Directors.

(d) Taxation

The acquisition and disposal of Shares and Options may have tax consequences which are contingent upon the circumstances of individual Shareholders. To the maximum extent permitted by law, the Company, its officers and our

advisers accept no liability and responsibility with respect to the taxation consequences of subscribing for the New Shares or New Options.

6.5 Speculative Investment

The above list of risk factors should not be taken as an exhaustive list of the risks faced by us or you as an investor in the Company. The above factors, and others not specifically referred to above, may materially affect the Company's future financial performance and the value of the New Shares and New Options. Therefore, the New Shares and New Options carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

You should consider an investment in the Company as speculative and should consult your professional advisers before deciding whether to apply for the Entitlement.

SECTION 7. RIGHTS ATTACHING TO SHARES AND OPTIONS

7.1 Rights Attaching to New Shares

New Shares will rank equally with the existing Shares.

The rights and liabilities attaching to Shares are set out in the Constitution and are regulated by the Corporations Act, the Listing Rules, the ASTC Settlement Rules and general law. A copy of the Constitution is available for inspection at our registered office during normal business hours.

The following is a summary of the rights and liabilities attaching to Shares:

(a) General meetings

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

The Directors may convene a general meeting whenever they think fit. The Constitution does not permit Shareholders to call a general meeting, although Shareholders may call a general meeting in accordance with the provisions of the Corporations Act.

A notice of general meeting must be given in accordance with the Corporations Act and must specify the place, date and time of the meeting, the general nature of the business to be transacted at the meeting, information regarding a Shareholder's right to appoint a proxy, and if a special resolution is to be proposed at the meeting, set out an intention to propose the special resolution and the text of the special resolution.

The quorum for a meeting of the Shareholders is three Shareholders and the quorum must be present at all times during the meeting.

(b) Voting

Subject to any rights or restrictions for the time being attached to any class of Shares whether by the terms of their issue, the Constitution, the Corporations Act or the Listing Rules, at a general meeting every Shareholder present in person or by a representative has one vote on a show of hands and every Shareholder present in person or by a representative, proxy or attorney has one vote per Share on a poll. A Shareholder holding a partly paid Share is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the Share. A Shareholder is not entitled to vote unless all calls and other sums presently payable by the Shareholder in respect of Shares have been paid. Where there are two or more joint Shareholders and more than one of them is present at a meeting and tenders a vote in respect of the Share (whether in person or by proxy or attorney), the Company will count only the vote cast by the Shareholder whose name appears before the other(s) in the Company's register.

(c) **Issues of further Shares**

Subject to the Corporations Act and Listing Rules, and without prejudice to any special rights attached to shares in a special class of shares, the Directors may at any time, on behalf of the Company, issue Shares to any person on the terms and with the rights that the Directors decide.

(d) **Variation of rights**

At present, the Shares are the only class of shares on issue in the capital of the Company. The rights attached to the shares in any class may be altered only by special resolution passed at a separate meeting of the holders of the issued shares of the affected class, or with the written consent of the holders of at least three quarters of the issued shares of the affected class.

(e) **Transfer of Shares**

Subject to the Constitution, the Corporations Act and the Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with ASTC Settlement Rules, by any other method of transferring or dealing introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Directors that is permitted by the Corporations Act.

The Company must not prevent, delay or in any way interfere with the registration of a proper ASTC transfer. However, the Company may decline to register a transfer of Shares in the circumstances described in the Constitution and where permitted to do so under the Listing Rules. If the Company declines to register a transfer, the Company must, within five business days after the transfer is lodged with the Company, give the lodging party written notice of the refusal and the reasons for refusal. The Directors must decline to register a transfer of Shares when required by law, the Listing Rules or the ASTC Settlement Rules.

(f) **Partly paid Shares**

The Directors may, subject to compliance with the Constitution, the Corporations Act and the Listing Rules, issue partly paid Shares upon which amounts are or may become payable at a future time(s) in satisfaction of all or part of the unpaid issue price.

(g) **Dividends**

The Company in general meeting may declare a dividend if the Directors have recommended a dividend and a dividend shall not exceed the amount recommended by the Directors. The Directors may declare and authorise the payment to the Shareholders of such interim dividends as appear to the Directors to be justified by the Company's profits. Significantly, though, except as permitted by the Corporations Act, no dividend is payable to any member otherwise than out of the profits of the Company.

Subject to the rights of members entitled to shares with special rights as to dividend (if any), all dividends are apportioned and paid proportionately to the amounts paid or credited as paid-up on the shares.

(h) **Winding up**

Subject to the rights of holders of shares with special rights in a winding up, if the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the members in kind the whole or any part of the property of the Company and may for that purpose set the value the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between the members or different classes of members.

(i) **Dividend reinvestment plans**

The Shareholders, in general meeting, or the Directors may establish a plan under which (among other things) a Shareholder may elect to reinvest dividends payable to them by way of subscription for Shares.

7.2 Terms and Conditions of New Options

The New Options will be granted on the following terms and conditions:

- (a) Each New Option is exercisable at \$0.015 (**Exercise Price**). An Optionholder, upon payment of the Exercise Price, is entitled to receive one Converted Share for each New Option exercised (subject to possible adjustments referred to in (h) below).
- (b) New Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the Exercise Price in cleared funds. New Options may be exercised at any one time or times within two years from the issue date (**Exercise Period**). New Options not exercised within the Exercise Period will lapse.
- (c) The minimum number of New Options exercisable at any time is 1,000. If Optionholders holding less than 1,000 New Options determine to exercise their New Options, they must exercise all these options.
- (d) The Company will apply for Official Quotation of the New Options. The Company will also apply for Official Quotation of Converted Shares which will participate equally in all respects with other Shares, and will qualify for dividends declared after the date of their allotment.
- (e) New Options are freely transferable.
- (f) An Optionholder may not participate in any further rights issues in respect of Shares unless the Optionholder receives Converted Shares before the record date for determining entitlements to that rights issue. The Company must give notice to the Optionholder of any upcoming rights issue before the record date for determining entitlements to that rights issue in accordance with the ASX Listing Rules.

- (g) If there is a bonus issue to Shareholders, an Optionholder will receive Options proportionate to the number of Shares they would have received under the bonus issue if they had Converted Shares prior to the record date for that bonus issue.
- (h) If the Company makes a rights issue (other than a bonus issue), the exercise price of New Options on issue will be reduced according to the following formula:

$$A = O - \frac{E[P - (S + D)]}{(N + 1)}$$

Where:

- A = the new exercise price of the New Option;
- O = the old exercise price of the New Option;
- E = the number of Converted Shares;
- P = the average closing sale price per Share (weighted by reference to volume) recorded on the ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);
- S = the subscription price per Share under the pro-rata rights issue;
- D = the dividend due but not yet paid on existing underlying Shares (except those to be issued under the pro rata issue); and
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share
- (i) If the issued capital of the Company is reorganised, New Options will be reorganised to the extent necessary to comply with Listing Rules.

SECTION 8. ADDITIONAL INFORMATION

8.1 Material Contracts

The Company has not entered into any material contracts prior to the date of this Prospectus other than those previously announced to the ASX except for:

- (a) As described above under 6.2(b).
- (b) A contract with Patersons Securities Limited ACN 008 896 311 to act as nominee for Ineligible Shareholders in accordance with section 615 of the Corporations Act and Listing Rule 7.7.
- (c) A contract with Patersons Securities Limited ACN 008 896 311 to act as the Lead Manager to the Entitlement Offer, in respect of which they will be paid \$20,000 and 6% of gross subscriptions under the Shortfall Offer (excluding GST).

8.2 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings in Australia and the Directors are not aware of any legal proceedings pending or threatened against the Company or themselves.

8.3 Share Trading History

The highest and lowest recorded closing market sale prices of the Shares quoted on the ASX during the three month period immediately prior to the date of this Prospectus and the last closing market sale price of the Shares on the ASX on 20 March 2015 prior to the date of the announcement of the Entitlement Offer is set out below.

	Date	Price
Highest	22 December 2014	\$0.040
Lowest	23 February 2015	\$0.020
Last day of trading	20 March 2015	\$0.029

8.4 Board and Management

As noted in SECTION 1, the Board consists of:

- (a) **Patrick Elliott, BCom, MBA - CPA Chairman**

Patrick was appointed a Director of the Company on 22 December 2008 and is a company director specialising in the resources sector with over 40 years' experience in investment and corporate management. His early career was at Consolidated Gold Fields Australia Limited and covered investment analysis

and management, minerals marketing (copper, tin, rutile and zircon). In 1979 he went into investment banking and became Head of Corporate Finance for Morgan Grenfell Australia Limited in 1982. Patrick subsequently became Managing Director of Natcorp Investments Ltd in 1986 which owned a number of manufacturing businesses. After its takeover he became an active early stage venture capital investor with an emphasis on resources.

Patrick is Chairman of Argonaut Resources NL and Chairman of Cap-XX Limited (Australian company listed on AIM). He is also a director of a number of privately owned companies.

(b) **Gregory Jones, BSc (Hons), MAusIMM, MAIG - Managing Director**

Greg was appointed Chief Executive Officer of the Company on 1 January 2009 and Managing Director from 20 April 2009. He is a geologist with over 35 years of exploration and operational experience gained in a broad range of metalliferous commodities both within Australia and overseas. Greg has held senior positions in a number of resource companies including Western Mining Corporation and Sino Gold Limited and his experience spans the spectrum of exploration activity from grass-roots exploration through to resource definition and new project generation, as well as mine geology, ore resource/reserve generation and new mine development.

Greg was awarded the Institute Medal for academic excellence whilst at university and is credited with several economic discoveries including the Blair nickel and the Orion gold deposits in Western Australia.

Greg is currently a non-executive director of Eastern Iron Limited, Silver City Minerals Limited, Thomson Resources Ltd and Moly Mines Limited.

(c) **Jack Testard - Executive Director**

Jack was appointed a Director of the Company on 14 May 2014. Jack is a French geologist with over 40 years of experience in Europe, Africa, CIS countries, Turkey, Saudi Arabia and Guyana. Jack was formerly Head of the Minerals Resources Division of the BRGM (Bureau de Recherches Géologiques et Minières - the French Geological Survey), President of GIP GEODERIS and Manager of the Ovacik gold mine in Turkey under Normandy La Source. Dr Testard is President of Variscan Mines SAS, the wholly owned French subsidiary of Variscan Mines Limited, based out of Orleans, France.

Jack is currently President of the French Chamber of Mines, Treasurer of the Federation of Minerals and Non Ferrous Metals (FEDEM) and a Director of the Société de l'Industrie Minérale (SIM).

(d) **Kwan Chee Seng - Non-Executive Director**

Chee Seng was appointed a Director of the Company on 17 February 2009. Chee Seng has investments in the renewable sustainable energy, base metal resources and the biotechnology businesses. He has extensive experience in senior management and in business.

In March 2009, Chee Seng launched his fund management business with the incorporation of Luminor Capital Pte Ltd and Luminor Pacific Fund 1 Ltd (**Fund 1**). Recently he has launched Luminor Pacific Fund 2 Ltd (**Fund 2**). The Fund 1 and Fund 2 have been approved by the Economic Development Board of Singapore under the Global Investor Program.

In December 2012, Chee Seng acquired a major shareholder stake in Singapore listed GRP Limited, and in March 2013 he was appointed Executive Director of GRP. He has previously served as Non-Executive Director of Singapore listed companies Van der Horst Energy Limited (from March 2008 to November 2011) and Viking Offshore and Marine Ltd (from mid-2009 to end 2010).

(e) **Dr Foo Fatt Kah, MB, BCh, BAO, MBA - Non-Executive Director**

Dr Foo was appointed a Director of the Company on 7 October 2009. Dr Foo has over 20 years' experience in the investment banking, fund management and advisory businesses spanning Europe and Asia. He was previously Head of Asian Equities for SG Securities Asia (the Asian Investment Banking business for Societe Generale) covering 10 Asian countries ex-Japan. Since 2004 Dr Foo has been active as an investor and advisor, overseeing investments in Resources, Energy and Healthcare.

Dr Foo is qualified in Medicine (MB, B Ch, BAO) and Business Administration (M.B.A.) from the Queen's University, United Kingdom, with further continuing education qualifications from Insead on Economic Value Added (EVA) and International Project Management. He has experience with listed companies in Singapore, being previously Executive Director of CyberVillage Holdings Ltd and currently Lead Independent Director of PEC Ltd.

(f) **Alan Breen, HNDip Extraction Metallurgy, MBA - Non-Executive Director**

Alan was appointed as a Non-Executive Director on 6 October 2011. Alan is a metallurgist and with over 35 years operational and executive management experience across a diverse range of commodities in Australasia, Europe and Africa. Alan held senior and executive management roles with Xstrata, Rio Tinto Aluminium and, more recently, at Ok Tedi Mining where he held the position of Managing Director for four years.

Alan has previously held Director positions with Britannia Refined Metals Limited, Britannia Recycling Limited, MIM Holdings (UK) Ltd and Ok Tedi Mining Limited.

(g) **Ivo Polovineo, FIPA - Company Secretary**

Ivo Polovineo was appointed Company Secretary of the Company on 31 December 2010. Ivo has over 30 years' experience in corporate accounting, finance and company secretarial work for a diverse range of companies. He has spent the past 20 years in senior management roles in the resources sector including seven years as Company Secretary (and five years as CFO) of Sino

Gold Mining Limited (a former ASX 100 company) until December 2009. Ivo is currently also Company Secretary of Thomson Resources Ltd, Silver City Minerals Limited, Lynas Corporation Ltd and KBL Mining Limited.

8.5 Interests of Directors

Except as disclosed below or elsewhere in this Prospectus, no Director has, or had, within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or with the Entitlement Offer; or
- (c) the Entitlement Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director:

- (d) to induce him or her to become, or to qualify him or her as, a Director; or
- (e) for services rendered by him or her in connection with the formation or promotion of the Company or the Entitlement Offer.

The direct and indirect interests of the Directors in the securities of the Company as at the date of this Prospectus are:

Director	Shares		Options		Remuneration ¹
	Direct	Indirect	Direct	Indirect	
P Elliott	-	2,352,345	1,600,000	-	\$50,000
G Jones	-	2,505,000	-	6,300,000	\$280,642
J Testard	200,000	-	3,500,000	-	\$92,711
CS Kwan	-	52,526,526	2,000,000	-	\$36,000
F K Foo	1,403,000	4,000,000	1,600,000	-	\$36,000
A Breen	-	-	1,000,000	-	\$36,000

Notes:

1. Contracted annual Directors' remuneration for the financial year ended 30 June 2014.

Each Director who is an Eligible Shareholder may, at their discretion, take up their Entitlement. Each Director that is an Eligible Shareholder has indicated that it is their present intention to subscribe for their full Entitlement. However, Jack Testard and Alan Breen will not be participating as they are not Eligible Shareholders.

8.6 Interests of Experts and Advisers

Except as disclosed in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds at the date of this Prospectus, or has held at any time during the last two years prior to the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or with the Entitlement Offer; or
- (c) the Entitlement Offer,

nor has anyone paid, or agreed to pay, any amount or given, or agreed to give, any benefit to any such person in connection with the promotion or formation of the Company or with the Entitlement Offer.

Gadens has acted as solicitors to the Company providing general advice to the Company and assisting in the preparation of this Prospectus. The Company estimates it will pay Gadens a fee of \$38,500 for these services. During the two year period preceding the lodgement of this Prospectus with ASIC, the Company has paid Gadens \$38,500 for the provision of legal services.

8.7 Unlisted Options

As at the date of this Prospectus, the Company has 28,850,000 Unlisted Options outstanding, consisting of:

No. shares under option	Exercise price of option	Expiry date of options
10,900,000	\$0.30	25 Nov 2015
2,300,000	\$0.14	31 Oct 2015
15,650,000	\$0.07	4 Dec 2017
28,850,000		

8.8 Consents

Each of the parties referred to below:

- (a) does not make, or purport to make, any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by any of those parties (unless expressly stated to the contrary in this Section 8.8);
- (b) has had no involvement in the preparation of this Prospectus (unless expressly stated to the contrary in this Section 8.8);
- (c) has not authorised or caused the issue of this Prospectus; and

- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of the Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 8.8.

Gadens has given, and at the date hereof has not withdrawn, its written consent to be named in this Prospectus as the legal advisers to the Company in the form and context in which it is named.

Boardroom Pty Limited ACN 003 209 836 has given, and at the date hereof has not withdrawn, its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named.

HLB Mann Judd has given, and at the date hereof has not withdrawn, its written consent to be named in this Prospectus as auditor in the form and context in which it is named.

Patersons Securities Limited ACN 008 896 311 has given, and at the date hereof has not withdrawn, its written consent to be named in this Prospectus in the form and context in which it is named.

Copies of the consents referred to above are available for inspection, without charge, at the registered office of the Company during office hours.

There are other persons referred to in this Prospectus who have not made statements included in this Prospectus (including by incorporation by reference). There are no statements made in this Prospectus on the basis of any statements made by these persons. These persons did not consent to being named in this Prospectus and did not authorise or cause the issue of this Prospectus.

8.9 Nature of this Prospectus

This Prospectus is issued under the special prospectus content rules for continuously quoted securities in section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities with modified disclosure requirements if they satisfy certain requirements.

The information in this Prospectus principally concerns the terms and conditions of the Entitlement Offer and the information reasonably necessary to make an informed assessment of:

- (a) the effect of the Entitlement Offer on the Company;
- (b) the rights and liabilities attaching to the New Shares; and
- (c) the rights and liabilities attaching to the New Options and any Converted Shares.

You must read the Prospectus in conjunction with the publicly available information in relation to the Company which has been notified to the ASX. This Prospectus does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. You should therefore also have regard to the other publicly available information in

relation to the Company before making a decision whether or not to invest in the Company.

8.10 Continuous Disclosure and Documents Available for Inspection

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act. As such we are subject to regular reporting and disclosure obligations which require us to disclose to the ASX any information which we are aware of, or become aware of, concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities of the Company.

The ASX maintains files containing publicly disclosed information about all listed companies. The Company's file is available for inspection at the ASX during normal working hours. In addition, copies of documents lodged by, or in relation to, the Company with ASIC may be obtained from, or inspected at, an ASIC office.

The New Shares and Converted Shares are shares that are in the same class as the Shares of the Company that are and have been quoted on the ASX at all times in the three months before the date of this Prospectus.

We will provide a copy of each of the following documents, free of charge, to any person who asks for it, during the application period for this Prospectus:

- (a) the Company's annual financial report for the financial year ended 30 June 2014 (being the last annual financial report lodged with ASIC in relation to the Company before the issue of this Prospectus);
- (b) the Company's half-year results for the period ending 31 December 2014; and
- (c) all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to in paragraph (a) above and before the lodgement of this Prospectus with ASIC being:

Date	Description
05/03/2015	Half Year Financial Report
16/02/2015	High Grade Gold Assays at St Pierre Project
05/02/2015	Strongly Elevated Gold Assays at Merleac
29/01/2015	Quarterly Cashflow Report
29/01/2015	Quarterly Activities Report
08/01/2015	WPG: Purchase of Variscan shares in WPG
12/12/2014	Change of Director's Interest Notice
09/12/2014	Change of Director's Interest Notice
08/12/2014	Further Encouraging Assay Results from Merleac
04/12/2014	Change of Directors' Interest Notices
04/12/2014	Appendix 3B - Unlisted Options
01/12/2014	Expiry of Unlisted Options
27/11/2014	Results of Meeting - AGM 27 November 2014
27/11/2014	Presentation to AGM - 27 November 2014
27/11/2014	Chairman's Address to Shareholders - AGM 27 November 2014
10/11/2014	Variscan Secures Merleac Exploration Licence
31/10/2014	Quarterly Cashflow Report
31/10/2014	Quarterly Activities Report
27/10/2014	Notice of 2014 Annual General Meeting and Proxy Form
27/10/2014	Annual Report to shareholders
07/10/2014	Expiry of Unlisted Options
30/09/2014	Full Year Statutory Accounts

If you require any further information in relation to the Company, it is recommended that you take advantage of the ability to inspect or obtain copies of disclosures made by the Company as referred to above.

8.11 Corporate Governance

The Board is responsible for the corporate governance of the Company and strives for high standards in this regard. The Board draws on relevant best practice principles, particularly those issued by the ASX Corporate Governance Council, to monitor the business and affairs of the Company on your behalf. Whilst the Board attempts to adhere to the principles proposed by the ASX, it is mindful that there may be some instances where compliance is not practicable for a company of our size.

8.12 Electronic Prospectus

Pursuant to ASIC Class Order 00/44, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please contact us and we will send you either a hard copy or a further electronic copy of the Prospectus free of charge.

We reserve the right not to accept an Entitlement and Acceptance Form from any Shareholder if we have reason to believe that when that Shareholder accessed the electronic version of the Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.13 Expenses of the Entitlement Offer

The estimated expenses connected with the Entitlement Offer, which are payable by the Company, are as follows:

ASIC lodgement fee	\$2,290
ASX fees	\$11,275
Gadens fees	\$38,500
Share Registrar	\$23,198
Lead Manager fees	\$22,000
Nominee fees	\$1,100
Marketing	\$13,750
Other costs	\$13,979
Total	\$126,092

SECTION 9. DIRECTORS' CONSENTS

Each Director of the Company has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent prior to lodgement of this Prospectus.

Dated

Greg Jones

Managing Director

Variscan Mines Limited

SECTION 10. DEFINITIONS

A\$ or \$ means an Australian dollar unless otherwise stated.

AEST means Australian Eastern Standard Time.

Application Money means money received from Shareholders in respect of the Entitlement Offer.

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Limited ACN 008 504 532.

ASTC Settlement Rules means the operating rules of the ASTC and, to the extent that they are applicable, the operating rules of ASX and the operating rules of Australian Clearing House Pty Limited ACN 001 314 503.

ASX means ASX Limited ACN 008 624 691.

Board means the board of Directors as constituted from time to time, unless the context indicates otherwise.

BRGM means the Bureau de Recherches Géologiques et Minières, being a public industrial and commercial institution conducting geological surveys and reporting to various French government ministries.

CHESS means ASX Clearing House Electronic Subregistry System.

Closing Date means 27 April 2015.

Company means Variscan Mines Limited ACN 003 254 395.

Concession means a French mining exploitation licence granted by decree issued by the Council of State.

Confirmed Commitment Amount means the subscription for securities expected under the Entitlement Offer by Eligible Shareholders described in Section 5.6(a)(i), being full subscription of all Entitlements by the Directors who are Eligible Shareholders only, and no subscription of Entitlements by any other Eligible Shareholder. There is no formal minimum subscription for the Entitlement Offer.

Constitution means the Company's constitution.

Converted Share means a Share purchased by exercising a New Option.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean the directors of the Company in office at the date of this Prospectus.

EL means exploration licence.

Eligible Shareholder means a Shareholder on the register of members of the Company on the Record Date and who is not an Ineligible Shareholder.

Entitlement means the entitlement of an Eligible Shareholder to subscribe for four New Shares for every three Shares held by Eligible Shareholders on the Record Date. Each New Share will be issued together with one attached New Option, exercisable at \$0.015 each on or before the end of the Exercise Period.

Entitlement Offer means the offer made under this Prospectus in respect of a pro-rata issue of Shares at an offer price of \$0.015 per New Share on the basis of four New Shares for every three Shares held by Eligible Shareholders on the Record Date, with one attaching New Option to be issued in respect of each New Share.

Entitlement and Acceptance Form means the Entitlement and acceptance form either attached to or accompanying this Prospectus.

Exercise Period means the period in which the New Options may be exercised, being a period that commences on the date of issue of the New Options and ends on the day that is two years after the date of issue of the New Options.

GST means any tax, levy, charge or impost implemented or administered under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) (**Act**) or an act of the Parliament of the Commonwealth of Australia substantially in the form of, or which has a similar effect to, the Act.

Ineligible Shareholder a person will be an Ineligible Shareholder if they are a Shareholder and have an address registered on the Company share register which is not in Australia, New Zealand or Singapore.

Institutional Investor means an institutional investor as defined in Section 4A of the SFA.

JORC means the Joint Ore Reserves Committee.

Lead Manager means Patersons Securities Limited ACN 008 896 311 in their capacity as lead manager to the Entitlement Offer.

Listed Options means ASX listed Options.

Listing Rules means the official listing rules of the ASX.

MAS means Monetary Authority of Singapore.

New Options means one attached new Option for every one New Share, exercisable at \$0.015 each on or before the date which is two years from the issue date.

New Shares means a Share offered for subscription on the basis of, and under the terms of, the Entitlement Offer.

Official Quotation means official quotation by the ASX in accordance with the Listing Rules.

Option means an option to purchase a Share at a given price within a specified time.

Optionholder means a holder of an Unlisted Option.

PER means an exploration permit in France, known as *permis exclusif de recherche*, described in SECTION 3.

Prospectus means the prospectus constituted by this document.

Record Date means 30 March 2015.

Relevant Corporation means a corporation referred to in Section 276(3) of the SFA.

Relevant Trust means a trust referred to in Section 276(4) of the SFA.

S\$ means a Singapore dollar.

Section refers to a section in this Prospectus.

SFA means the Securities and Futures Act of Singapore.

Share means one fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Registry means Boardroom Pty Ltd - ACN 003 209 836.

Shortfall means those New Shares and New Options under the Entitlement Offer not applied for by Eligible Shareholders under their Entitlement by the Closing Date and offered under the Shortfall Offer.

Shortfall Offer means the offer described in Section 2.3 in respect of the Shortfall.

Unlisted Options means the 28,850,000 unlisted Options on issue in the Company as at the date of this Prospectus.

Variscan means Variscan Mines Limited - ACN 003 254 395.

VMS means volcanogenic massive sulphide.

We, us or our means Variscan Mines Limited - ACN 003 254 395.

You or your means the Eligible Shareholder that is a recipient of this Prospectus.