



ASX Code: VAR
 ACN: 003 254 395
 Issued Shares: 306M
 Unlisted Options: 150M
 VAR Cash Balance: \$1.71M
 VAR Investments: \$1.54M

Directors

Pat Elliott
 Greg Jones
 Jack Testard
 Kwan Chee Seng
 Dr Kah Foo

Top Shareholders

Kwan Chee Seng
 UOB Kay Hian Private Limited
 RHB Securities PTE LTD
 Chris and Betsy Carr

Top 20 Shareholders – 75.3%

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Highlights

- ▼ Initial assays were received from historic drill core from the **Porte-aux-Moines** deposit within the Merléac licence.
- ▼ A number of high grade intersections generated from the first hole (PAM5) including –
 - 31 metres @ 10.4% zinc, 2.1% lead, 1.2% copper, 105.5 g/t silver, 1.0 g/t gold from 236 metres (zinc equivalence of 19.6% Zn Eq).**
- ▼ Very high grade zinc equivalent intercepts in excess of 25% Zn Eq within the broader mineralised zones including -
 - 8 metres @ 25.0% zinc, 5.4% lead, 1.6% copper, 208.5 g/t silver, 1.39 g/t gold from 236 metres (zinc equivalence of 41.5% Zn Eq).**
- ▼ Deposit appears part of a typical VMS cluster that has the potential to generate significant tonnages of high grade mineralisation.
- ▼ Drilling results will contribute to the estimation of a 2012 JORC compliant Resource, planned for completion later this year.
- ▼ Assay results (ALS) from two further drill holes expected over the coming weeks.
- ▼ A large **VTEM** geophysical survey has commenced to provide possible drill targets both in and around Porte-aux-Moines and regionally.
- ▼ Soil sampling at the **St Pierre Gold Project** to follow up high grade rock chip / grab sample results up to 21.5g/t gold generated two strong gold-in-soil anomalies.
- ▼ An 800 x 500 metre zone of strongly anomalous values up to 809 ppb gold (0.81 g/t gold) was defined at **Belleville** and a one kilometre long zone of anomalism with assays up to 228 ppb gold was defined over the western section of the **Bégrolle** trend.
- ▼ The **Beaulieu** PER, Variscan's fourth exploration licence was granted. It covers 278 square kilometres over France's most important hard rock tin district including the Abbaretz tin mine.
- ▼ Significant tin mineralisation identified at Beaulieu prospect 4.5 kilometres west of Abbaretz with numerous other prospects defined in previous BRGM work.
- ▼ Capital raising of just under \$2 million in entitlement issue completed to support the French exploration activities.
- ▼ As at the end of the quarter the Company held \$1.71 million in cash. Liquid investments held in listed resource companies totalled \$1.54 million.

Exploration

FRANCE

MERLÉAC PROJECT

Variscan is exploring the Merléac exploration licence for volcanogenic massive sulphide (VMS) deposits. The most advanced VMS prospect is the high grade 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).

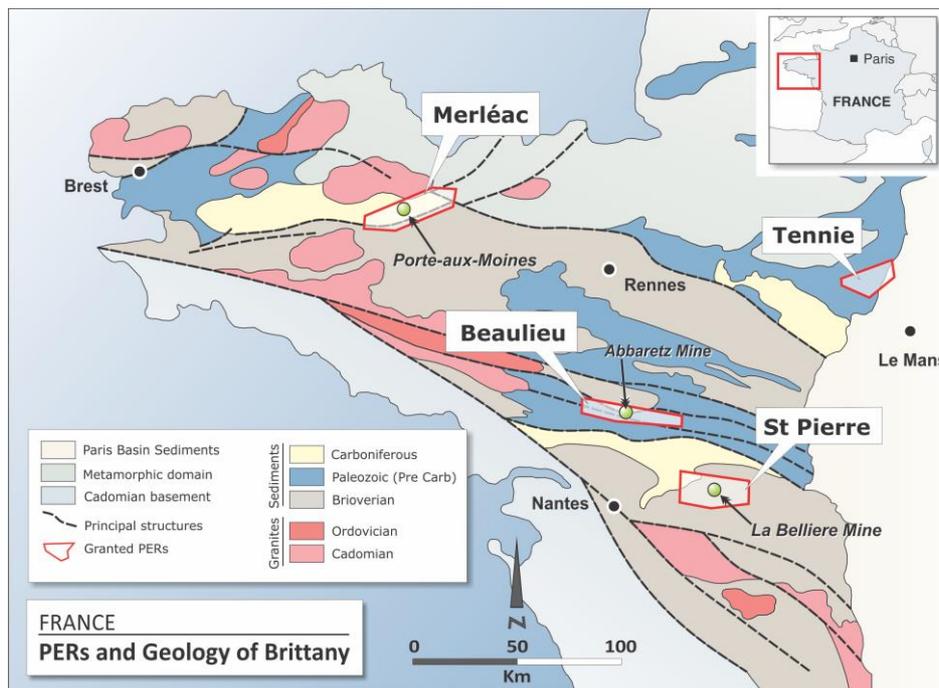


Figure 1 - Location of the Merléac PER, the Porte-aux-Moines deposit and other Variscan exploration licences including the new Beaulieu PER

Recently the Company commenced work on three remaining surface core holes that the BRGM (Bureau de Recherches Géologiques et Minières - the French geological survey) drilled into Porte-aux-Moines as part of a major exploration programme carried out into the deposit from the mid 1970's. The BRGM completed over nine kilometres of drilling, plus substantial underground development outlining zones of high grade zinc-lead-copper-silver-gold mineralization up to 20 metres thick from near surface to a depth of about 300 metres (Figures 2 and 3).

On 19 May 2015 the Company announced that it had received highly encouraging assays from ALS Geochemistry for the first hole, PAM5, drilled towards the centre of the deposit. A number of high grade, zinc-dominant, polymetallic intersections were recorded at a 4% zinc equivalent cut-off (Table A and Figure 2) including -

- 14 metres @ 7.1% zinc, 1.2% lead, 1.0% copper, 101.1 g/t silver, 0.83 g/t gold from 211 metres**
- 31 metres @ 10.4% zinc, 2.1% lead, 1.2% copper, 105.5 g/t silver, 1.0 g/t gold from 236 metres**
- 5 metres @ 6.2% zinc, 0.8% lead, 0.3% copper, 93.0 g/t silver, 0.43 g/t gold from 290 metres**

Within the broader mineralised zones, much higher grade intersections (Table A and Figure 2) have been recorded including -

8 metres @ 11.8% zinc, 2.0% lead 1.1% copper, 165.9 g/t silver, 1.36 g/t gold from 212 metres

8 metres @ 25.0% zinc, 5.4% lead 1.6% copper, 208.5 g/t silver, 1.39 g/t gold from 236 metres

6 metres @ 16.0% zinc, 3.2% lead 0.7% copper, 170.7 g/t silver, 1.71 g/t gold from 249 metres

These results clearly highlight the high grade nature of the Porte-aux-Moines mineralization and confirm a critical ingredient for the definition of an economic deposit.

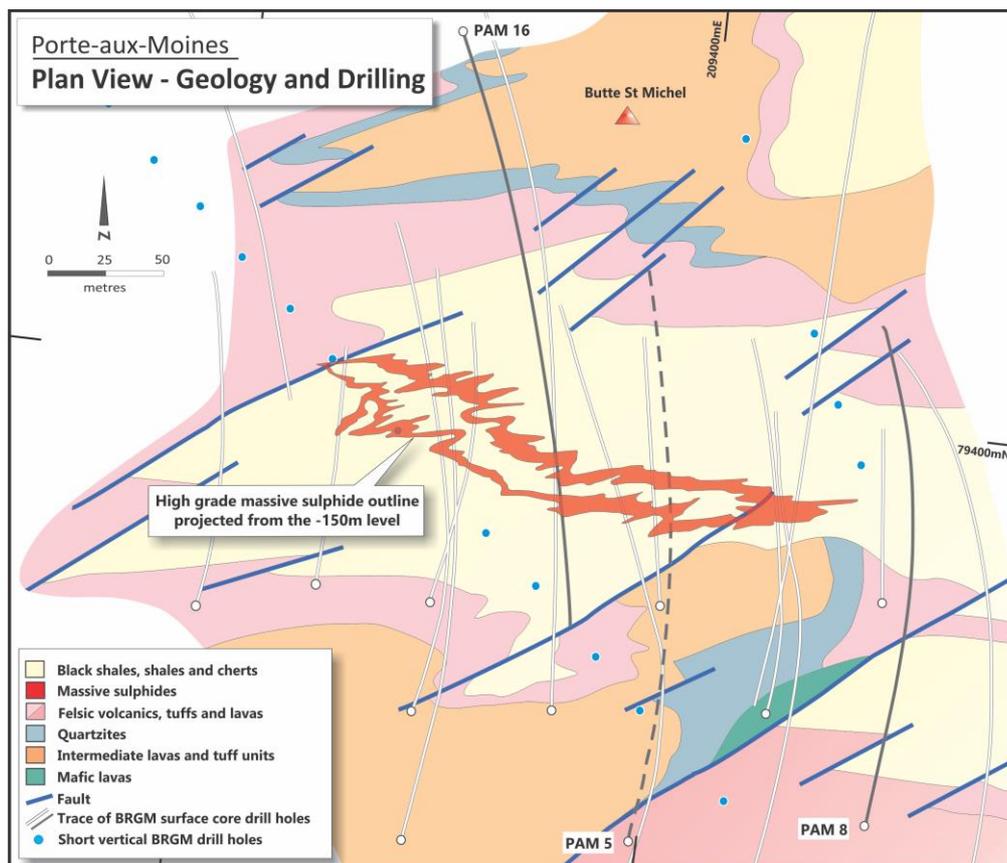


Figure 2 – Plan view of the surface geology at Porte-aux-Moines and BRGM core drilling showing the location of PAM5 and the approximate projected position of the high grade massive sulphide zones 150 metres below the surface as interpreted by the BRGM.

Importantly, the ALS assays are, on average, slightly higher grade than the original BRGM assays, confirming the general overall accuracy and very good quality of the BRGM work (Table B). This provides high confidence in the veracity of the BRGM assays for the remaining nine kilometres of drilling and the underground development which Variscan plans to use in the recalculation the Porte-aux-Moines Resource to 2012 JORC standards. The Company intends commencing this work once it receives data for the deposit from the BRGM archives in Orleans.

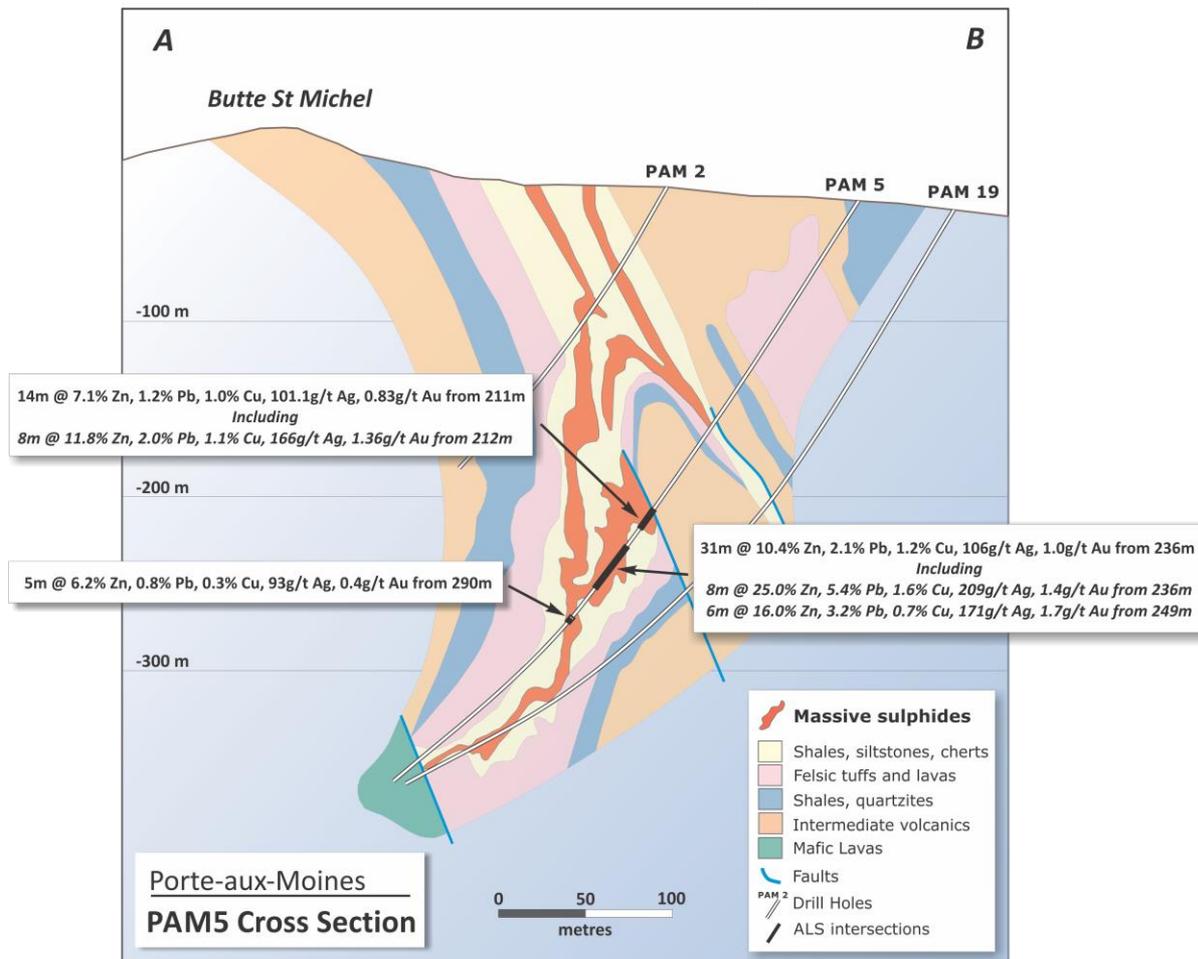


Figure 3 - Cross section through the Porte-aux-Moines deposit highlighting the ALS assays in PAM5. The geological interpretation comes from BRGM reports.

Table A - PAM5 ALS assay intervals

From (m)	To (m)	Interval (m)	Zn %	Pb %	Cu %	Ag g/t	Au g/t	Zn Eq%	
211	225	14	7.1	1.2	1.0	101.1	0.83	14.6%	
including	212	220	11.8	2.0	1.1	165.9	1.36	22.8%	
	236	267	31	10.4	2.1	1.2	105.5	1.00	19.8%
including	236	244	8	25.0	5.4	1.6	208.5	1.39	41.5%
including	249	255	6	16.0	3.2	0.7	170.7	1.71	27.7%
	290	295	5	6.2	0.8	0.3	93.0	0.43	10.8%
including	291	292	1	17.1	2.2	1.1	296.0	0.87	30.5%

Notes – the average true width of the intersections is estimated to be about 50 to 60% of the downhole lengths. The Zinc Equivalent is based on zinc (US\$2,300 per tonne), lead (US\$2,000 per tonne), copper (US\$6,500 per tonne), silver (US\$17 per ounce) and gold (US\$1200 per ounce). The zinc equivalent calculation represents the total metal value for each metal, multiplied by a price based conversion factor, summed and expressed in equivalent zinc percent per tonne. These results are exploration results only and no allowance is made for recovery losses that may occur should mining eventually result. Nevertheless, it is the Company's opinion that all the elements included in the metal equivalents calculation have good potential to be recovered as is commonly the case for similar VMS deposits worldwide. The zinc equivalent calculation is intended as an indicative value only.

TABLE B - PAM 5 assay comparison

	From (m)	To (m)	Interval (m)	ALS assays					BRGM assays				
				Zn %	Pb %	Cu %	Ag g/t	Au g/t	Zn %	Pb %	Cu %	Ag g/t	Au g/t
	211	225	14	7.1	1.2	1.0	101.1	0.83	7.5	1.3	0.9	93.1	0.58
including	212	220	8	11.8	2.0	1.1	165.9	1.36	11.9	2.0	0.9	145.0	0.90
	236	267	31	10.4	2.1	1.2	105.5	1.00	9.8	2.1	1.3	109.0	0.90
including	236	244	8	25.0	5.4	1.6	208.5	1.39	22.8	5.3	1.8	211.0	1.30
including	249	255	6	16.0	3.2	0.7	170.7	1.71	15.9	3.0	0.8	184.0	2.00
	290	295	5	6.2	0.8	0.3	93.0	0.43	NA	NA	NA	NA	NA
including	291	292	1	17.1	2.2	1.1	296.0	0.87	18.6	3.0	1.0	217.0	NA

Exploration Potential

Logging of the BRGM core holes has confirmed that Porte-aux-Moines exhibits many of the classic geological features found in other VMS deposits, in particular the possibility of a cluster of sulphide lenses within the project area. Similar to PAM5, holes PAM8 and PAM16 (Figure 2) have recorded multiple intersections of polymetallic mineralisation indicating perhaps three mineralising events over a 50 metre interval within the mine sequence.

This suggests the scope for the discovery of a stacked massive sulphide system and provides encouragement that Porte-aux-Moines could be significantly larger than currently defined.

In addition, the regional potential within the Merléac licence for additional VMS deposits is considered excellent. Porte-aux-Moines is hosted within a sequence of vitric tuffs and pyritic black shales (the mine sequence) located in a bimodal sequence of felsic and intermediate/mafic volcanics. This sequence of rocks can be traced for approximately 70 kilometres along strike and within structurally(?) repeated blocks in the Merléac licence.

Within the rock units of the mine sequence Variscan has defined outcropping gossans containing highly anomalous base and precious metal values interpreted to represent the oxidised expressions of underlying massive sulphides/stockwork zones (see announcements to ASX 8 December 2014 and 5 February 2015). Some of these gossans were previously mined by shallow open pits for iron up until the 19th century and generally have not been explored below the iron oxide cap aside from shallow BRGM drilling in some locations. They represent immediate exploration targets.

To help target potential VMS deposits in and around Porte-aux-Moines and beneath the gossans a large heli-borne electromagnetic (VTEM) survey has commenced over the more prospective parts of the belt. The geophysical survey will cover approximately 180 square kilometres of the southern section of the Merléac licence and is expected to be completed in July.

Planned Work

Over the next six months Variscan plans to -

1. Re-assay the remaining two available holes - PAM8 and PAM16 (expected shortly)
2. Access and digitally convert all the hard copy data held by the BRGM for Porte-aux-Moines to generate a cohesive 3D model of the deposit.
3. Complete sufficient additional technical work, including possible shallow drilling to estimate a

JORC compliant Resource on the deposit.

4. Complete the VTEM survey over prospective parts of Merléac.
5. Possibly complete ground EM surveys over Porte-aux-Moines and to follow up VTEM anomalies.
6. Detailed mapping and sampling of other outcropping iron-rich horizons to identify other possible massive sulphide deposits.
7. Commence drilling in and around the Porte-aux-Moines system and possibly regionally to follow up targets generated from the geophysics.

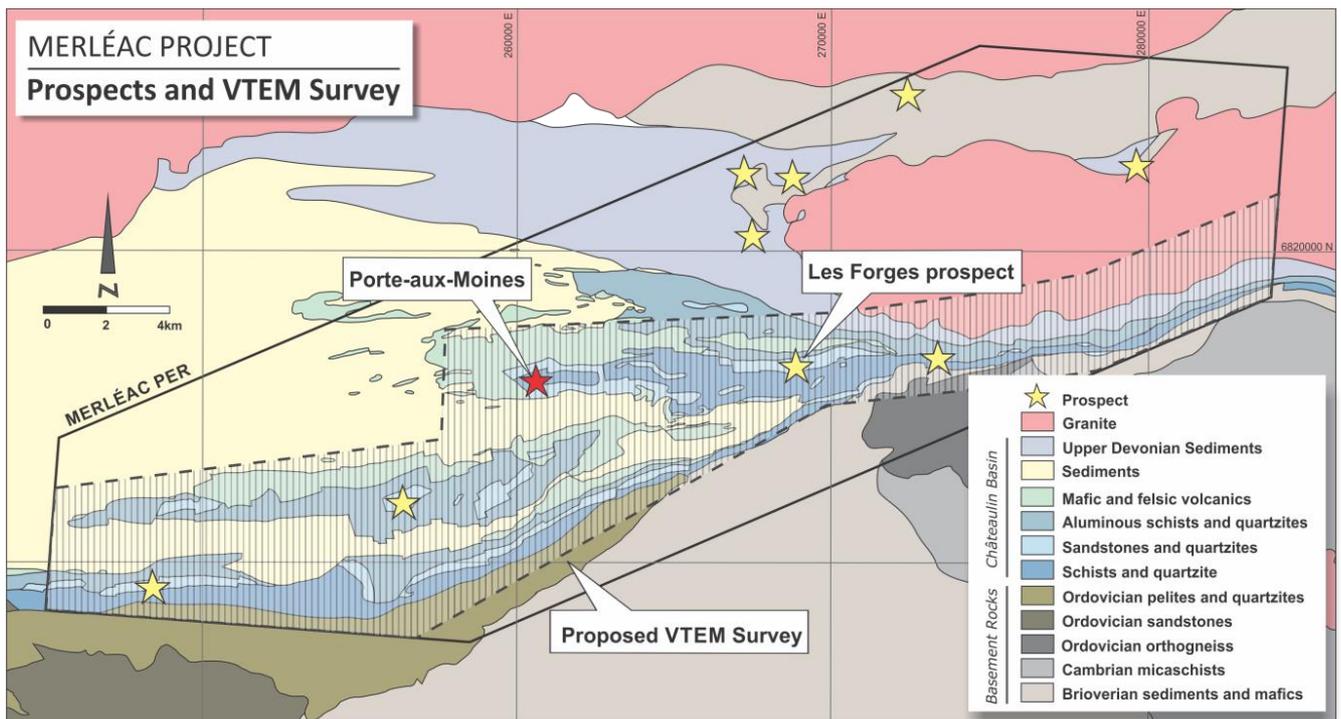


Figure 4: Key VMS prospects and outline of the VTEM survey at Merléac

ST PIERRE GOLD PROJECT

The St Pierre licence covers the La Bellière gold mine which until 1952 is recorded to have produced about 334,000 ounces of gold (plus silver) at a reported average production grade of 12g/t gold. 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 detailed traversing and rock chip sampling of the La Bellière mine structure and the other numerous sub-parallel shears identified within the exploration licence (Figure 5). Following the receipt of high grade rock chip and grab samples grading up to 159 g/t gold (ASX announcement 16 February 2015), the Company commenced detailed soil sampling surveys at the Bégrolle and Belleville prospects located between one to two kilometres south of the old La Bellière gold mine.

Two strongly gold anomalous trends have been defined in the soil sampling corresponding to auriferous shear zones detected in previous BRGM exploration work.

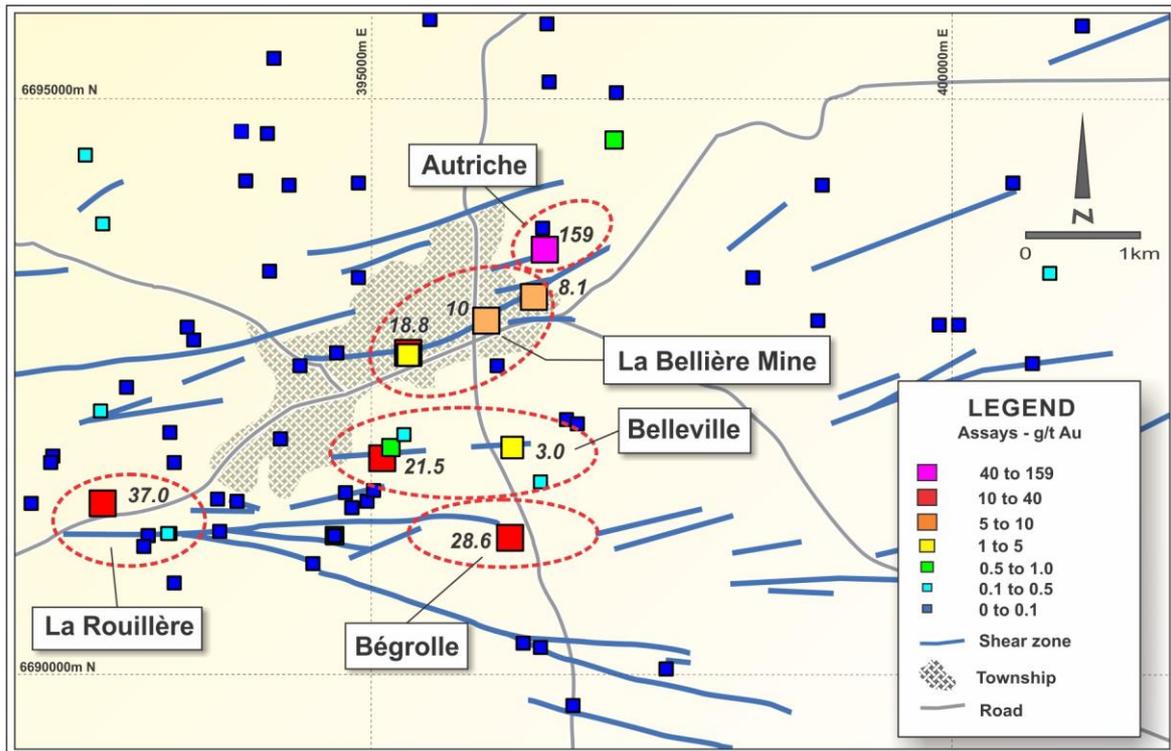


Figure 5 - Key prospects and gold assays from rock chip sampling in St Pierre PER. Numerals represent peak gold grades - g/t gold.

Belleville

Soil sampling covered the western end of the shear zone over the area where a rock chip sample grading 21.5 g/t gold was obtained by Variscan (Figure 5). A large 800 x 500 metre zone of strongly anomalous values with numerous assays in excess of 100 ppb gold has been defined which included a top value of 809 ppb gold (0.81 g/t gold) in soils near the centre of the anomaly, 50 metres north of the high grade rock chip sample.

Within the gold anomaly the soil sampling has defined a linear trend of highly anomalous samples with a similar orientation to a gold-bearing shear structure at the La Bellière Mine (Figure 6). Former BRGM exploration in this area included shallow percussion drilling (generally around 40-50 metres deep) which, from available data, appears to have tested part of the anomaly and intersected gold-bearing zones.

The controls on the mineralisation and the gold-in-soil anomalism are currently incompletely understood. Data from the old work is in the process of being obtained from the BRGM and will be used in the design of Variscan follow up work including possible shallow RAB drilling.

Bégrolle

At Bégrolle, to the south of the Belleville prospect, the soil work has defined a linear, one kilometre long, east-west oriented zone of gold anomalism (Figure 6). As at Belleville, the soil sampling recorded a number of plus 100 ppb gold assays, notably in the western half of the zone, with a top value of 228 ppb gold (or 0.23 g/t gold).

This zone relates to a series of old shallow gold workings (pits and adits) which followed sulphide-bearing quartz veining within silicified sediments. The BRGM conducted some shallow drilling towards the east and west extremities of the shear although records recovered to date are incomplete.

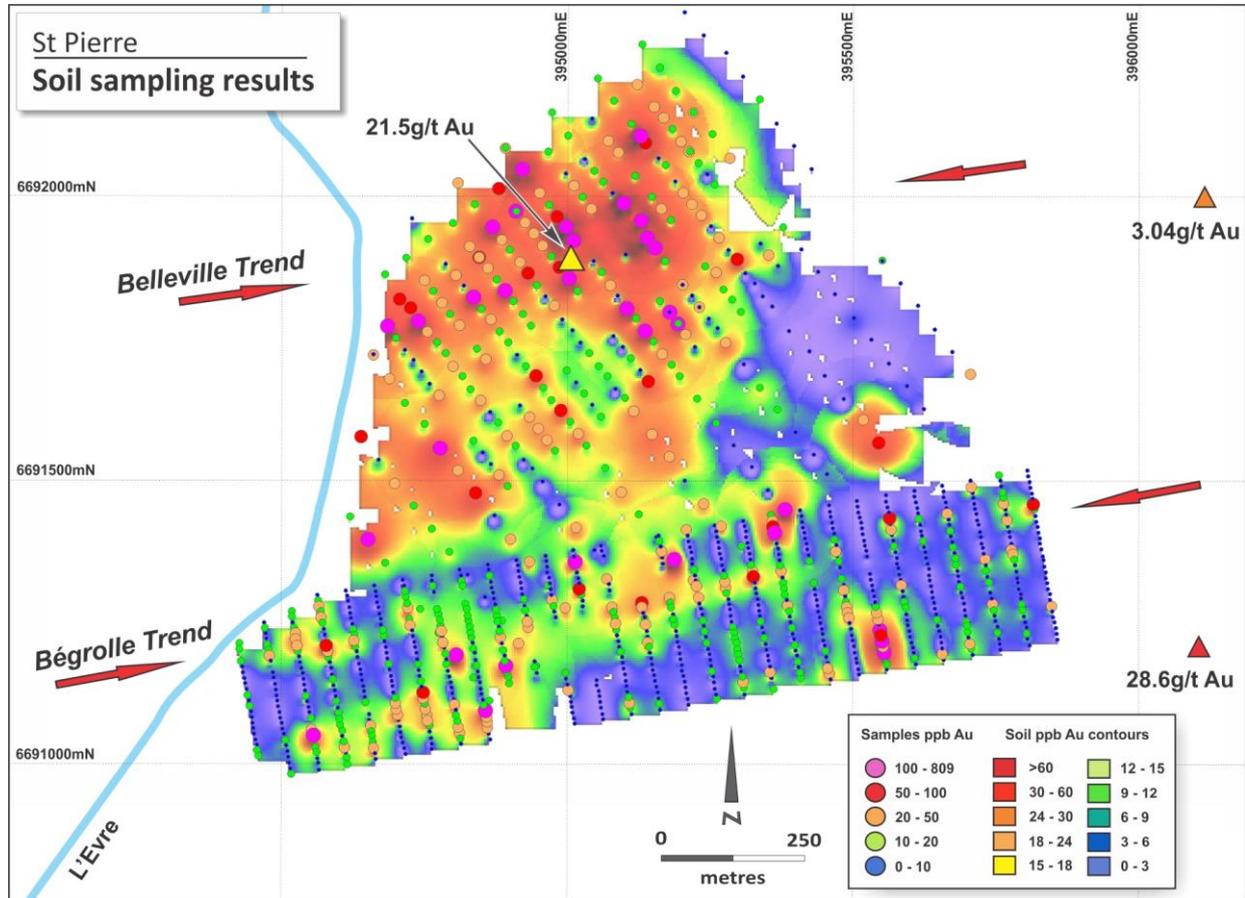


Figure 6 - Gold-in-soil results from Belleville / Bégrolle prospects. Triangular points are rock chips (g/t gold).

The new gold assays are highly encouraging and continue to support Variscan's belief that significant high grade, shear-hosted gold deposits will be discovered within the licence. The soil sampling has tested just two of the numerous targets defined by previous Variscan work.

Planned follow up work includes -

- compilation and assessment of previous BRGM drilling, and
- possible shallow RAB drilling across higher grade zones to test shear systems.

Additional soil sampling is currently being processed and will be released when all assays are returned.

Variscan continues discussions with other resource groups for the potential joint venture of St Pierre to assist in the exploration of the property.

BEAULIEU TIN PROJECT

On 9 June 2015 Variscan announced that had been granted its fourth exploration licence over France's largest hard rock tin district around the Abbaretz tin mine. The Beaulieu exploration licence (PER) covers an area of 278 square kilometres over a tin-rich region 40 kilometres north of the port city of Nantes.

Tin is believed to have been mined from the region since 1200BC and it was one of the major production sources for the Roman Empire. Most tin mining was conducted over a 100 kilometre strike length with the most prolific part a 20 kilometre section around the Abbaretz deposit which is covered by the Beaulieu licence.

During the modern era the Société Nantaise des Minerais de l'Ouest (SNMO) mined the main deposit at Abbaretz in two periods: 1920-1926 (underground mining) and from 1951-1957. During the latter period approximately 2,700 tonnes of tin* is recorded to have been mined from an open pit 650 metres long and up to 70 metres deep (Plate 1).

SNMO also conducted substantial exploration in the region defining several prospects along the Abbaretz belt. During the 1960s and 1970s, following the closure of the mine, the BRGM conducted significant exploration at the SNMO projects and also defined other new tin prospects.



Plate 1: The old Abbaretz tin mine (lake in background) and remaining tailings heaps from the 1950's

**D. Braud, 2013: La mine d'Abbaretz: l'exploitation de l'étain des Gaulois à nos jours, pp132*

Prospects

The tin deposits in the area are genetically related to a suite of leucogranites that intruded older sediments and deposited tin mineralisation around 325 million years ago. Within the licence, numerous prospects of vein-style tin mineralization hosted both within leucogranites and within altered Paleozoic sediments that overlie deeper, unexposed granites have been defined (Figure 7). These include -

Abbaretz - tin mineralisation is controlled by an east-west oriented, anastomosing shear-vein array dipping 30-45° to the south (Plate 2). Tin-bearing veins up to 4 metres in width were mined, often containing coarse grained cassiterite. The system is open at depth.

Beaulieu - a large zone of tin mineralisation (700 x 150 x 50 metres) has been outlined by previous SNMO and BRGM work 4.5 kilometres west of Abbaretz. Substantial drilling as well as shallow underground development was completed defining a tin-bearing vein array within an altered leucogranite. This project will be one of the first drill targets for Variscan.

Chenaie - 700 metres southeast of Abbaretz work by the BRGM during 1969-70 defined a zone of tin-bearing quartz veins directly above a strong resistivity anomaly suggesting close proximity of the mineralizing granite.

Others - a number of other tin occurrences not yet systematically explored are known in the area including Le Bé (quartz-tourmaline veins) and la Villefoucré (granitic cupola).

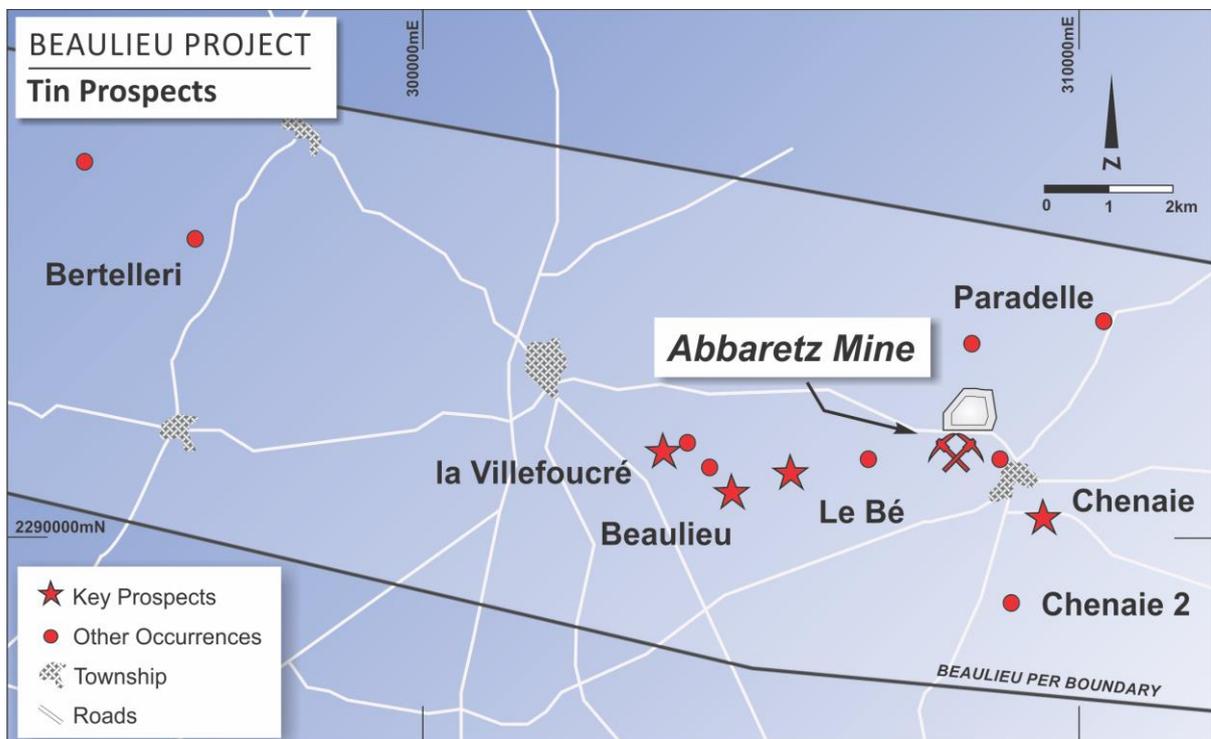


Figure 7: Prospect locations within the western half of the Beaulieu PER.

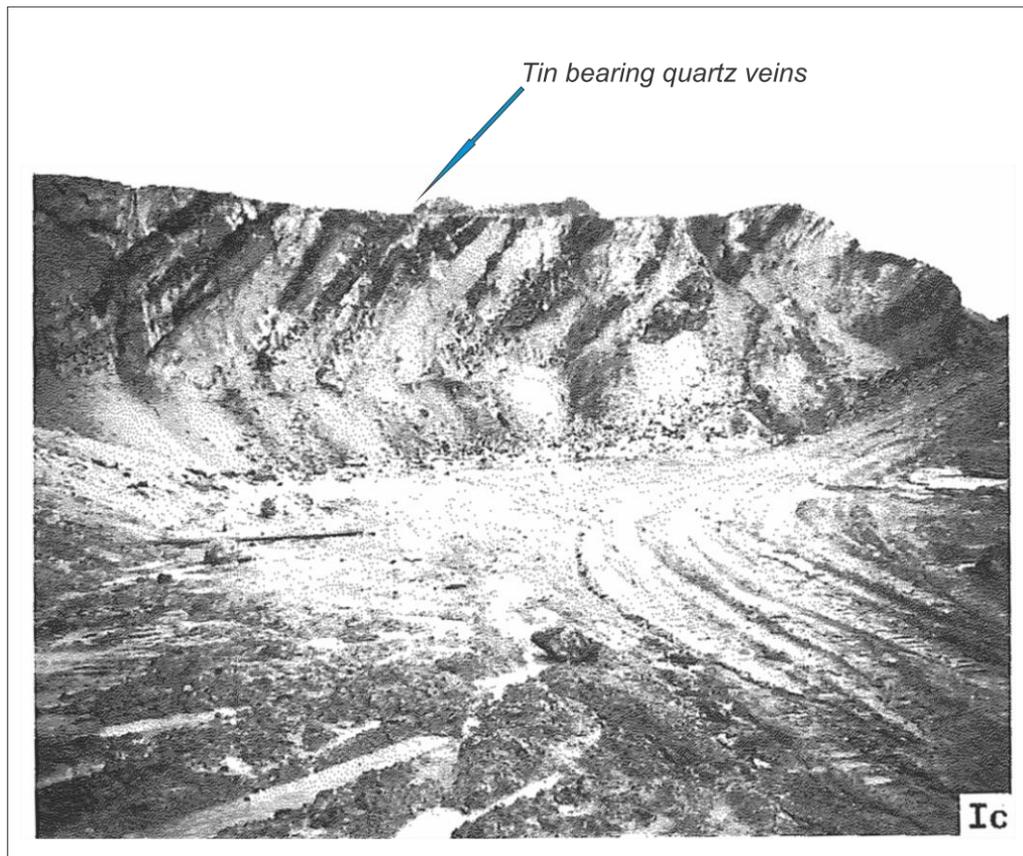


Plate 2: 1950's photo of the Abbaretz pit wall looking west showing south dipping tin-bearing veins (dark grey)

The Company considers the exploration potential for economic tin deposits within the licence to be very good and has commenced work to compile and digitise the large volume of data that has been generated since mining commenced in the 1920s. Immediate priority targets include the Beaulieu and Chenaie prospects where former work by the BRGM generated pre-JORC resource estimates.

TENNIE

No work of significance was completed within the Tennie licence.

OTHER APPLICATIONS

Variscan has four other applications for exploration licences in France within the approvals process, each over projects with good potential for short term resource generation and/or major new discoveries. Some of these applications have now reached the final stages of the application process.

AUSTRALIA

Exploration activity within Variscan's Australian joint ventures was subdued for the quarter. No significant work was completed.

Investments

Variscan maintains a diversified portfolio of investments within a number of ASX-listed resource companies. The companies within the portfolio are:

Eastern Iron – Advanced iron project and potential for VMS copper-gold mineralisation in Victoria

Silver City Minerals – Exploration interests at Broken Hill, NSW

Thomson Resources – Dominant landholding within the Thomson Fold Belt and the Lachlan Fold Belt, NSW

Agua – Phosphate and potash projects in Brazil

As at 10 July 2015, the total value of the Variscan shareholdings in ASX listed resource companies stood at approximately \$1.54 million.

EASTERN IRON LIMITED

Nowa Nowa Iron

Eastern Iron (ASX: EFE) has completed its Mine Feasibility Study at the Nowa Nowa Iron Project in eastern Victoria, defining a potentially low capital and operating cost operation. 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). The company 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.

Variscan's shareholding in Eastern Iron is 52.9 million ordinary shares (36.7%). As at 14 July 2015 EFE shares were trading at \$0.012. More details regarding Eastern Iron's activities can be obtained from its website.

THOMSON RESOURCES LTD

On 13 April 2015 Thomson announced that it had acquired two exploration licences containing a number of tin prospects near the Ardlethan tin mine, central NSW which formerly produced 25,000t of tin. The most advanced prospect within the licences is the Bygoo North prospect which is considered to have strong potential for shallow tin deposits. Former work at Bygoo has defined thick tin mineralisation (best intercept of 46m @ 0.6% Sn) within the same greisenized granites that host the Ardlethan deposit.

The company has now completed first pass RC drilling over this target and has recently announced strong tin assays from nine of the ten holes. Intercepts recorded included 13 metres at 1.0% tin from 66m (BNRC010) and 18 metres at 0.8% tin (BNRC003) from 118 metres within two zones of tin bearing greisen below and to the east of the shallow old Bygoo tin workings.

Variscan holds 18.0 million fully paid Thomson shares, or 25.7% of the company. As at 14 July 2015 TMZ shares were trading at \$0.026. For further details please refer to the Thomson Resources website.

SILVER CITY MINERALS LIMITED

Silver City (ASX: SCI) continued assessment and targeting work over a number of prospects in the Broken Hill region, NSW and at its Goldmine Hill project in New Zealand.

Broken Hill

At the Balaclava prospect the company will commence drilling shortly to test a mineralised zinc-rich, lode-rock package where recent detailed mapping by SCI has defined five separate mineralised horizons from one to ten metres thick at surface.

At Razorback West a high grade silver sample grading 358 g/t silver and 1.5% lead was collected from an unmapped gossan zone to the west of the main Razorback West anomalies. This is one of the first indications of significant near-surface mineralization at Razorback West and will be followed up by further work including possible drilling.

Taupo, New Zealand

Results of rock chip sampling and mineralogical studies at Goldmine Hill suggest the presence of a large geothermal system with widespread hydrothermal alteration. The alteration assemblages and geochemical signature are consistent with a model for high grade, low sulphidation epithermal gold-silver deposits. The next phase of exploration requires detailed magnetic and resistivity surveys to delineate likely fault structures conducive to hosting high grade mineralisation.

Variscan holds 14.5 million fully paid shares in Silver City, or 12.5% of the company. As at 14 July 2015 Silver City shares were trading at \$0.019. For further details refer to the Silver City website.

AGUIA RESOURCES LIMITED

Agua Resources (ASX: AGR) holds interests in substantial phosphate and potash projects in Brazil.

During the quarter the company reported that, following further analysis of the data from the recent mapping and scouting programme it has extended the strike-length of its Cerro Preto sedimentary-hosted phosphate discovery located in the Rio Grande region, Southern Brazil.

The main phosphorite beds are believed to extend over a strike length of approximately 10 kilometres which includes four layers of marine phosphorite with thicknesses up to 200 metres.

Variscan holds 1.185 million fully paid shares in Agua Resources. As at 14 July 2015 Agua shares were trading at \$0.135. For further details refer to the Agua website.

Business development

Variscan continues to progress project acquisition work in France. It is currently in the advanced stages to secure additional licences within regions with demonstrated potential to host significant mineral deposits. The Company has significantly reduced its landholding of projects in both NSW and SA and has scaled back expenditure within Australia to assist in preserving its cash position.

Financial and Corporate

ENTITLEMENT OFFER

On 24 March 2015 the Company announced that it would undertake a pro-rata renounceable issue at an offer price of \$0.015 per new share to raise up to \$3.5 million before offer costs.

Funds raised in the entitlement offer would be used to continue with Variscan's successful strategy of identifying and securing advanced projects in France and initiating exploration to discover economic deposits.

The Company raised just under \$2 million in the issue, with \$1.5 million in shortfall remaining. The Company's major shareholder, Mr Kwan Chee Seng, took up his entitlement and now has a 41% interest of the Company's voting shares.

FINANCE

Cash expenditure by Variscan on exploration and project appraisal for the quarter was \$0.30 million. Expenditure by joint venture parties on projects in which Variscan has an interest was approximately \$51,000 for the quarter. Cash available for Variscan at the end of June was \$1.71 million.

Variscan Mines Limited



Greg Jones

Managing Director

The information in this report that relates to Exploration Results 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 of Variscan Mines Limited 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 report of the matters based on his information in the form and context in which it appears.