



DRILL RIGS TO MOBILISE TO THE ST PIERRE GOLD PROJECT

- ▼ **Drill rigs are to shortly mobilise to the St Pierre Gold Project**
- ▼ **An initial 1,300 metre RC and diamond drilling program is scheduled to commence at the end of January**
- ▼ **Drilling will test two highly prospective targets –**
 - Belleville - a 900 x 400 metre bedrock gold anomaly where previous sampling recorded rock chips up to 21.5g/t gold and soil values up to 2.4g/t gold**
 - Ville Tirard - where historic drilling is reported to have intersected thick zones (estimated >15-20m true width) of near-surface gold mineralisation with grades averaging around 3-4g/t gold**
- ▼ **Both prospects lie within the St Pierre licence surrounding the historic La Bellière gold mine, which produced 334,000 ounces at 12g/t gold**

Variscan Mines Limited (ASX: VAR) is pleased to announce its wholly owned subsidiary Variscan Mines SAS is to mobilise drill rigs to test highly prospective gold targets within its St Pierre Gold Project by the end of January. The Company has signed a contract with Cofor Drilling to provide services for the planned drilling within both the St Pierre gold and Merleac zinc licences.

At St Pierre, previous exploration by Variscan defined two outstanding gold targets along strike from and to the south of the La Bellière gold mine, believed to be France's third largest gold mine, which is recorded to have produced 334,000 ounces gold at a grade of 12g/t gold until 1952.

These are the Belleville and Ville Tirard (Figure 1) prospects which will be tested by a combination of shallow traverse RC and core diamond drilling.

Belleville

Previous work by Variscan at the Belleville prospect, located south of the La Bellière gold mine, included rock chip and grab sampling which generated high grade samples up to 21.5g/t gold from quartz-rich float in the centre of the prospect (ASX announcement 16 February 2015).

Detailed follow-up soil sampling defined a 900 x 400 metre zone of strongly anomalous gold values up to 2.4g/t gold (or 2420ppb gold) in soils displaying a similar gross orientation to the gold bearing shear structure at the La Bellière mine (ASX announcement 2 June 2015 and September 2015 Quarterly) (Figure 2).

Former BRGM exploration in this area included shallow percussion drilling (generally around 40-50 metres deep) which, from available data, appears to have tested only the northern fringe of the anomaly and has intersected gold-bearing zones.

Two traverses of 16 inclined, 60 metre deep RC holes (for around 1000 metres) are planned to test the anomaly across the interpreted east-north-east striking shear zone (Figure 2).

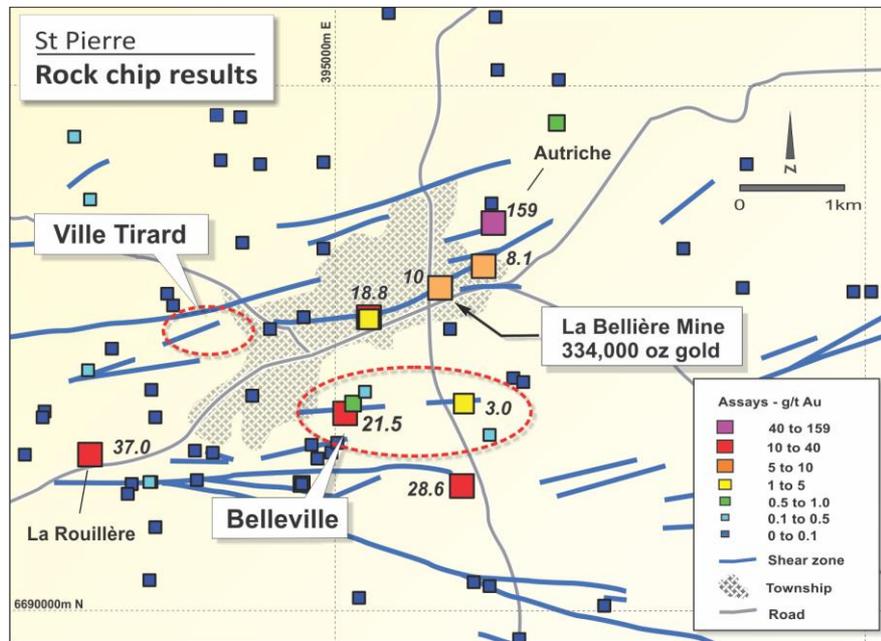


Figure 1: Rock chip / float sampling results, mapped shear zones and key prospect locations

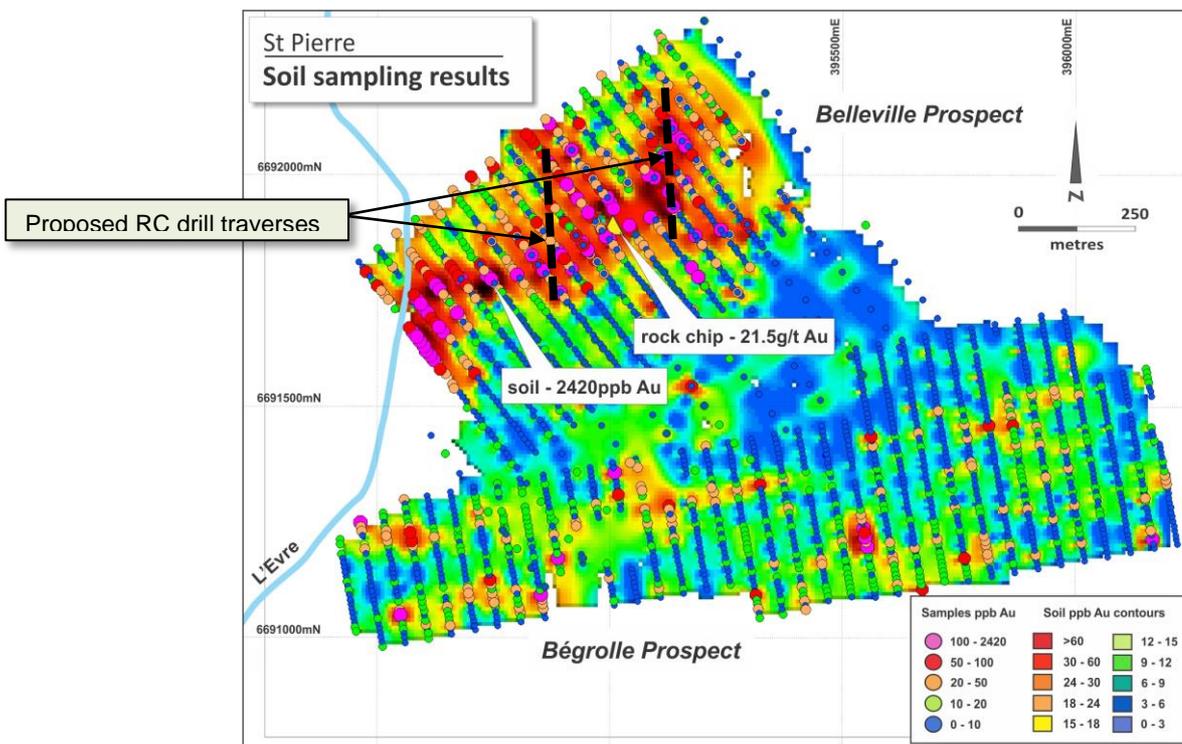


Figure 2: Belleville gold prospect at St Pierre showing soil sampling completed to date and strong anomalism defined

Ville Tirard

During the final years of mining in the St Pierre region, two drill holes (circa 1952) approximately 40 and 60 metres deep are recorded to have been drilled below outcropping mineralisation at the western end of the main La Bellière shear system, approximately 200 metres north of the old St Antoine gold mine (Figure 3).

In reports held by the BRGM (Bureau de Recherches Géologiques et Minières - the French geological survey) both holes are recorded to have intersected broad zones (estimated >15-20 metres true width) of gold mineralisation with individual assays between 0.5 to 33g/t gold, averaging in the range of 3-4 g/t Au.

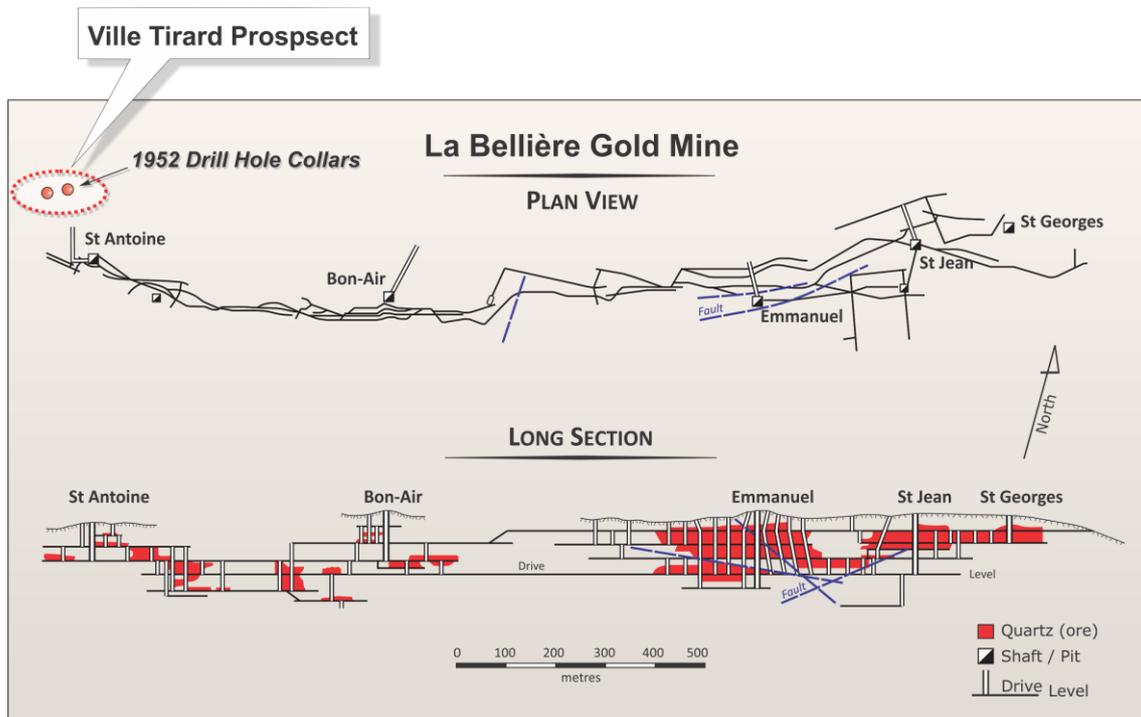
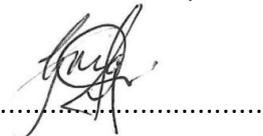


Figure 3 - Approximate location of Ville Tirard prospect and drill collars from 1952 drilling projected onto the plan view of La Bellière gold mine workings

Given the age of the drilling, the precise position of the collars is uncertain, so Variscan plans to drill two shallowly inclined core holes, each to about 150 metres, to cross the projected position of the shear and to attempt to intersect the mineralisation.

Yours faithfully



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.