



ASX Code: VAR
 ACN: 003 254 395
 Issued Shares: 175.7M
 Unlisted Options: 28.9M
 VAR Cash Balance: \$0.66M
 VAR Investments: \$1.5M

Directors

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

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

- ▼ Exploration continued within the **Merléac** licence which covers a region containing a number of volcanogenic massive sulphide (VMS) deposits including Porte-aux-Moines, a deposit extensively drilled and developed underground by the BRGM in the 1980's.
- ▼ The **Porte-aux-Moines** mineralisation is well-defined and contains high grade zinc-lead-copper-silver-gold zones up to 20 metres wide from near surface to a depth of about 300 metres. Work is progressing to enable the generation of a resource estimate under the guidelines of JORC 2012.
- ▼ Strongly anomalous base metal XRF results up to 1.6% lead, 1171ppm zinc and 719ppm copper, previously reported in surface sampling, at a number of prospects at **Merléac** were confirmed by assays through ALS Geochemical Laboratories.
- ▼ In addition, two zones of **strongly gold anomalous** results were generated at Porte-aux-Moines (up to 1.35g/t gold) and at the Les Forges prospect (up to 3.67g/t gold), seven kilometres to the east. The results confirm that the VMS deposits in the area are gold bearing which may add significant economic value to the deposits.
- ▼ A contract to commence a large heli-borne VTEM survey over the more prospective parts of **Merléac** to potentially outline other VMS deposits has been signed. The survey will commence once government approvals have been secured.
- ▼ Recent field work at the **St Pierre Gold Project** included detailed traversing and chip sampling of the La Bellière mine structure and the other sub-parallel shears within the exploration licence.
- ▼ Five main areas of interest were identified with assays up to 159g/t gold recorded as well as a number of +10g/t gold results on subsidiary shears to the main La Bellière mine structure. The results confirm the belief that significant high grade, shear-hosted gold deposits could be discovered within the licence.
- ▼ **Thomson Resources** has acquired two high quality tin exploration licences near the Ardlethan tin mine, NSW containing the advanced Bygoo North tin project. Drilling will commence when approvals are received.
- ▼ A ground based EM survey by **Silver City Minerals** generated anomalous EM response coincident with Broken Hill lode rocks and lead-zinc-manganese geochemistry at the Razorback West prospect, possibly indicative of deeper sulphide mineralisation.
- ▼ On 24 March Variscan announced that it would undertake a pro-rata renounceable issue at an offer price of \$0.015 per new share to raise up to \$3.515 million before offer costs to support its French exploration activities.
- ▼ As at the end of the quarter the Company held \$0.66 million in cash. Liquid investments held in listed resource companies totalled \$1.5 million.

Exploration

FRANCE

MERLÉAC PROJECT

As announced on 10 November 2014 Variscan Mines SAS was granted the Merléac exploration licence covering 411 square kilometres over a sequence of felsic volcanics and clastic sedimentary rocks containing a number of volcanogenic massive sulphide (VMS) deposits. The most advanced VMS prospect is the 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).

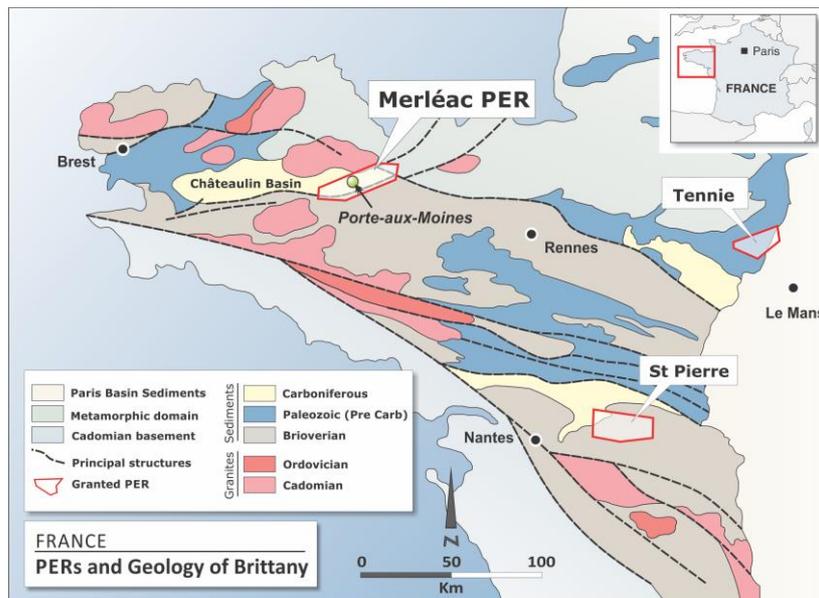


Figure 1 - Location of the Merléac PER and other Variscan PERs

Porte-aux-Moines was discovered by the BRGM in 1975 and over the ensuing decade the group completed substantial core drilling and underground development, defining significant high grade zinc-lead-copper-silver-gold mineralisation up to 20 metres thick from near surface to a depth of about 300 metres (Figures 2 and 3). The BRGM also completed metallurgical work and calculated a resource for the deposit. Aside from the underground development and sampling, Porte-aux-Moines is essentially unmined.

The deposit is geologically similar 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. As with many VMS systems, Porte-aux-Moines is possibly part of a cluster of individual sulphide deposits which can generate sizable tonnages of high grade mineralisation. A published report by the BRGM on Porte-aux-Moines can be found on the Variscan website by following the tabs Projects/Europe/Merléac and downloading the pdf document.

Variscan has commenced collecting all available data for Porte-aux-Moines to convert to digital formats and create a cohesive 3D model of the deposit. Resampling of some of the remaining old core (Plate 1) 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.

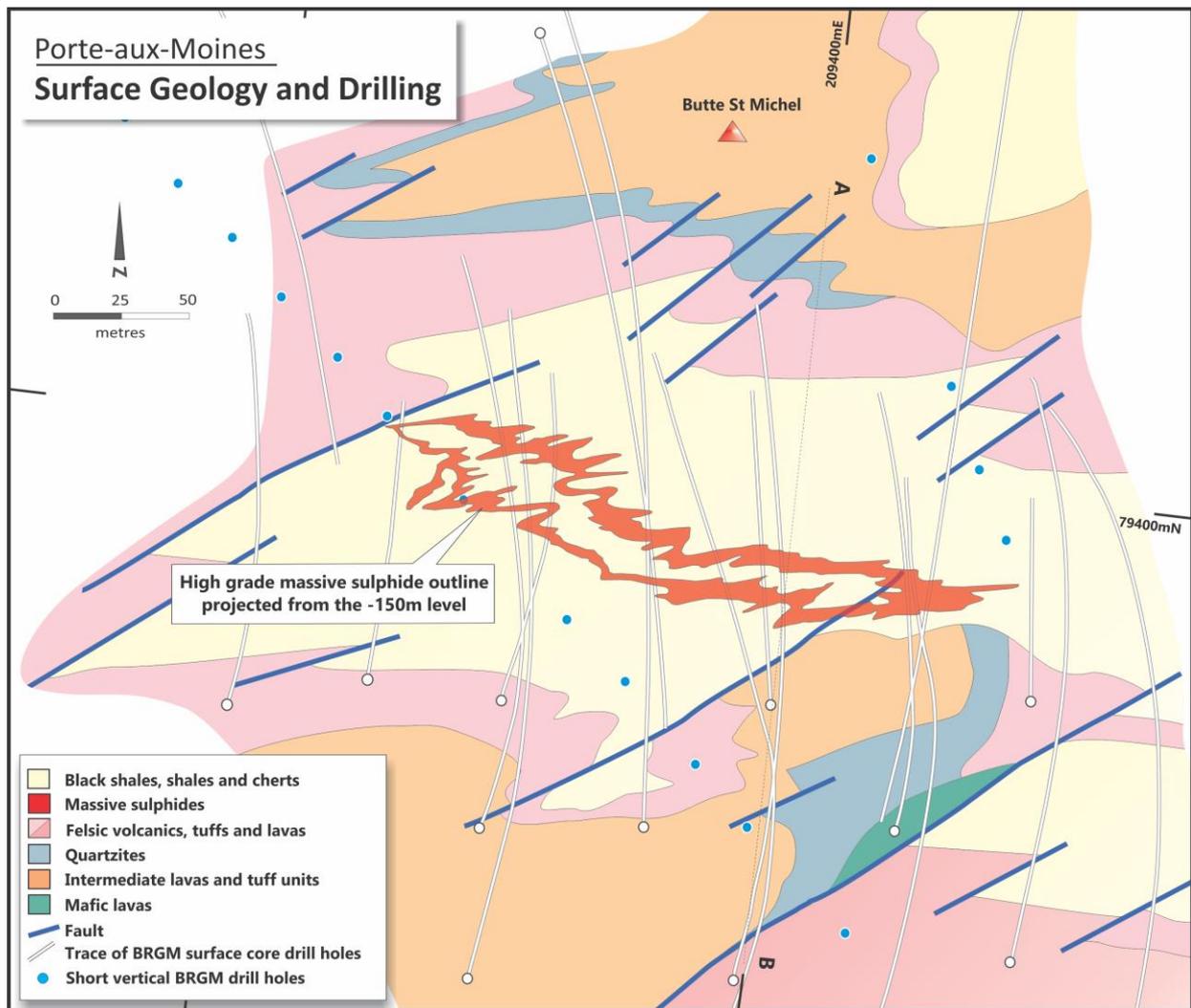


Figure 2 – Plan view of the surface geology at Porte-aux-Moines and BRGM core drilling showing the approximate projected position of the high grade massive sulphide zones 150 metres below the surface as interpreted by the BRGM.

Variscan plans to commence extensional exploration around Porte-aux-Moines as it considers that there is good potential to discover new lenses of mineralisation adjacent the deposit. Variscan intends commencing this work once it has compiled data from previous exploration and received approvals from the authorities.

As announced to the ASX on 5 February 2015, further gold assays were received from surface sampling conducted by the Company from a number of outcropping gossans and gossanous horizons (Figure 4) around and along strike from Porte-aux-Moines. Several of these gossans were mined by shallow open pits for iron up until the 19th century and were often not explored below the iron oxide cap, aside from BRGM RAB and core drilling in some locations. Samples from the sparse residual material remaining from the mining activities were analysed via XRF and generated anomalous lead-zinc-copper values up to 1.6% lead, 1171ppm zinc and 719ppm copper (Figure 4). These samples were sent to the ALS laboratory in Ireland for confirmatory base metal and gold analysis.

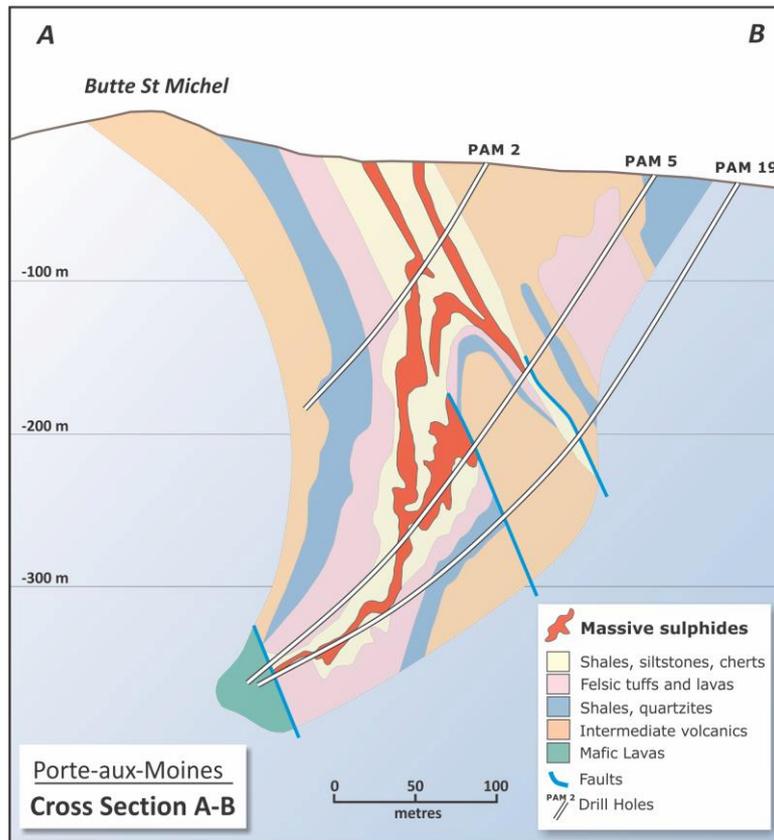


Figure 3 – Cross Section of Porte-aux-Moines from BRGM reports showing the drill trace of PAM 5

Aside from generally confirming the elevated XRF base metal results, a number of the ALS samples 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 scattered sulphide bearing material remaining on the old mine dump returned gold assays up to 1.35g/t gold. Samples with higher base metal assays consistently returned elevated gold results, strongly indicating that Porte-aux-Moines 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 extending for over



Plate 1 – High grade zinc-lead-copper-silver-gold core from PAM 5 at Porte-aux-Moines

400 metres along strike containing strongly anomalous base metal values has been detected in this area.

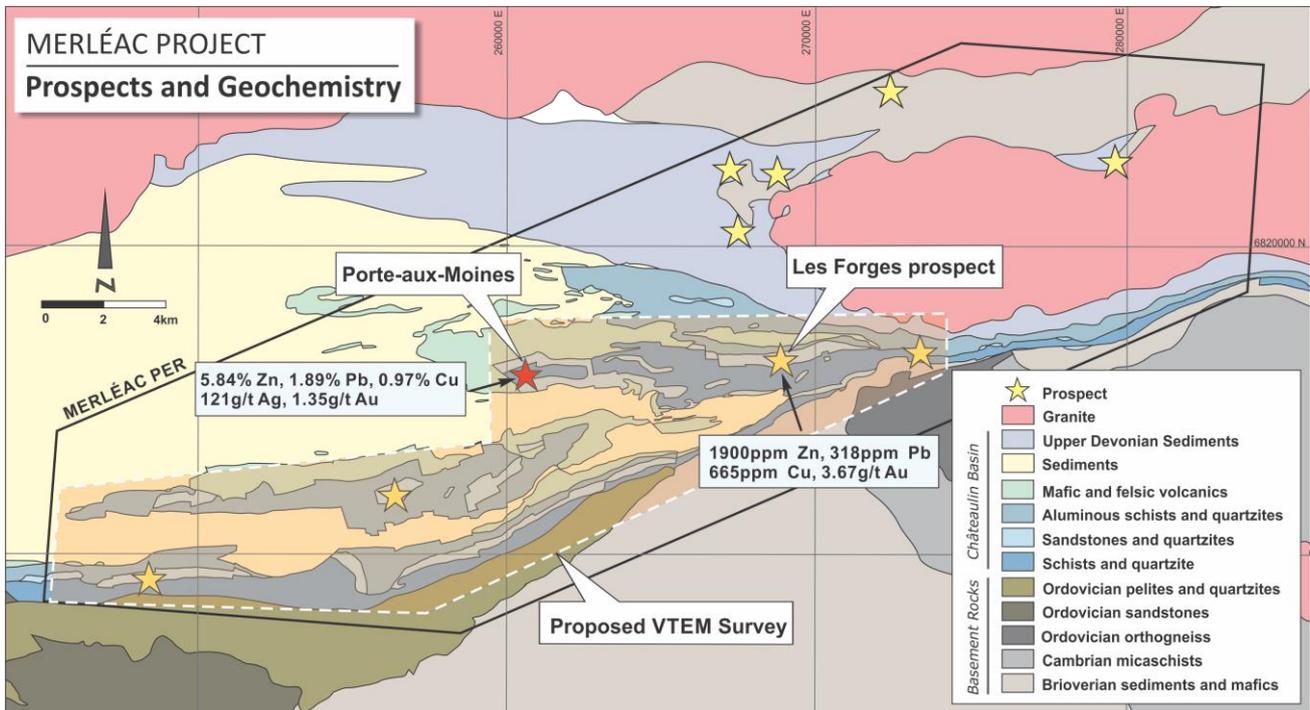


Figure 4 – Peak ALS assays recorded in sampling at Porte-aux-Moines and the Les Forges prospect

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 the Merléac licence.

To help fast-track exploration around Porte-aux-Moines and the region, a contract has been signed with Geotech Airborne Limited for a large heli-borne electromagnetic (VTEM) survey over the more prospective parts of the belt. The survey will cover approximately 150 square kilometres of the southern section of the Merléac licence including around the Porte-aux-Moines deposit and Les Forges prospect. The VTEM 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, anticipated in the June quarter, 2015.

ST PIERRE

The St Pierre PER covers 386 square kilometres around the La Bellière gold mine which until 1952 is recorded to have produced about 334,000 ounces of gold (plus silver), up to a maximum depth of 170 metres, intermittently over a strike length of about 1.6 kilometres. The average production grade is reported to have been 12g/t gold, mined from a series of steeply south dipping quartz-sulphide veins varying in true thickness from 1 to 16 metres.

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 a broad auger soil programme to help identify arsenic-antimony-lead anomalism associated with auriferous shear zones and 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).

Highly encouraging ALS assay results have now been received from the chip sampling programme, with seven samples grading above 10g/t gold and including a peak assay of 159g/t gold.

Five areas of interest were identified from these results (Figure 5). Four are associated with subsidiary shears to the La Bellière mine structure and are outside the main area of settlement:

- **La Bellière** - a number of high grade results up to 18.8g/t gold were generated from sampling of remnant quartz vein material preserved at the at the top of the La Bellière mine, confirming the gold tenor of veining within remnant mineralised blocks.
- **Autriche** - An assay of 159g/t gold 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.
- **Belleville** - The Belleville prospect is located in an east-west oriented shear zone defined over a 1.8 kilometre strike length. Former BRGM work included soil sampling, trenching and shallow RAB drilling defining a gold anomalous zone. Rock chip assays of 28.6g/t gold and 3.04g/t gold were recorded on the shear structure 1.1 kilometres apart.
- **Bégrolle** - A rock chip gold assay of 21.5g/t gold was recorded in the eastern extension of the Bégrolle shear zone approximately two kilometres south of La Bellière. Bégrolle operated in the 1910's as a small underground mine near the Evre River.
- **La Rouillère** - A rock chip assay of 37g/t gold was recorded in a sample taken from 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). The BRGM conducted significant work in this area including shallow RAB and core drilling. The results of this work are currently being compiled and interpreted.

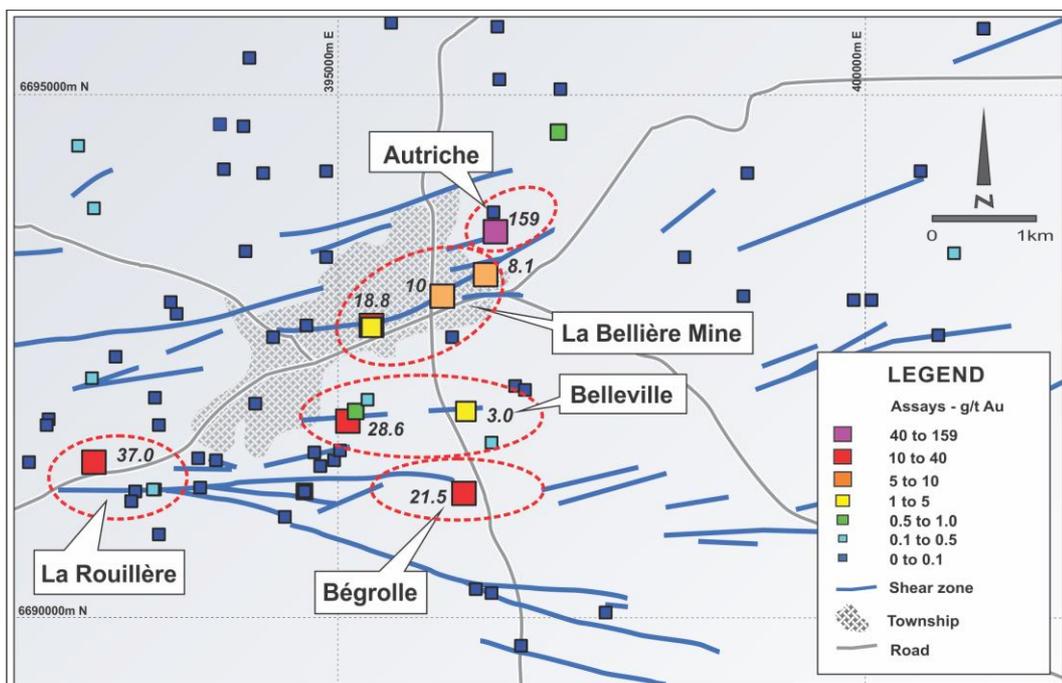


Figure 5 - Key prospects and gold assays from rock chip sampling in St Pierre PER. Numerals represent peak gold grades - g/t gold.

A programme of detailed follow-up soil sampling has commenced at the Belleville prospect to identify targets for trenching and/or drilling. This work will also be extended to the other prospects as required.

The new gold assays are highly encouraging and support the belief that significant high grade, shear-hosted gold deposits will be discovered within the licence. Four of the prospects sampled are outside the old mine area and highlight the prospectivity of the region for new deposits in other shear zones.

In addition, Variscan is well advanced in compiling and electronically converting all available records from the old mining area as well as former exploration conducted by groups during the 1980's and 1990's. The Company is constructing a 3D model of the mine which will be used to help elucidate the structural controls on mineralisation and target surface core drilling to test the La Bellière mine structure at depth and along strike.

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

Other Applications

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. 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 and in North Queensland

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

Aguia – Phosphate and potash projects in Brazil

As at 10 April 2015, the total value of the Variscan shareholdings in ASX listed resource companies stood at approximately \$1.5 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 10 April 2015 EFE shares were trading at \$0.017. More details regarding Eastern Iron's activities can be obtained from its website.

THOMSON RESOURCES LTD

Recent work by Thomson Resources (ASX: TMZ) has generated a number of strong drill targets in the Thomson Fold Belt, as well as the Lachlan and New England Fold Belts in NSW. Two targets have resulted from a recent airborne VTEM survey; the Wilga Downs copper project near Byrock and the Achaye zinc-lead-silver VMS target near Mudgee. The company has been successful in attracting Co-operative drilling grants from the NSW Government for several of its targets and is working its way through the approvals process ahead of drilling.

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 intends drilling this target once government approvals are received.

Variscan holds 18.0 million fully paid Thomson shares, or 25.7% of the company. As at 10 April 2015 TMZ shares were trading at \$0.017. 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.

On 14 March 2015 the company announced the results of recent electromagnetic (EM) surveys undertaken over its Razorback West project. The ground EM surveys over the Razorback West mineralised corridor have identified subtle, but persistent patterns of anomalism which correlate well with known zones of zinc-lead-manganese and garnet-rich alteration. The new EM conductors, while subtle in character, display good spatial coincidence with elevated base metal mineralisation outlined in previous drilling which might relate to zinc- rich sulphide accumulations at depth.

Silver City also commenced reconnaissance geological mapping and rock chip sampling within its exploration tenements east of Rotorua in the Taupo volcanic zone, North Island, New Zealand.

Variscan holds 14.5 million fully paid shares in Silver City, or 12.5% of the company. As at 10 April 2015 Silver City shares were trading at \$0.02. For further details refer to the Silver City website.

AGUIA RESOURCES LIMITED

Aguia Resources (ASX: AGR) holds interests in substantial phosphate and potash projects in Brazil. Aguia has reported JORC compliant resources at its Lucena and the Tres Estradas phosphate projects, with potential for further resource expansion apparent at both projects.

Variscan holds 1.185 million fully paid shares in Aguia Resources. As at 10 April 2015 Aguia shares were trading at \$0.05. For further details refer to the Aguia 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 \$3.515 million before offer costs. The offer is for four new shares for every three fully paid ordinary shares in the Company held by eligible shareholders and one option for every new share subscribed for at an exercise price equal to the offer price and expiring two years after the date of issue.

Funds raised in the entitlement offer will be used to continue with Variscan's successful strategy of identifying and securing advanced projects in France and initiating exploration to discover economic deposits. Specifically, Variscan is seeking to use the funds raised under the offer to:

- Drill the high grade Porte-aux-Moines zinc-lead-copper-silver-gold VMS deposit within the Merléac project and generate a resource estimate prepared under the guidelines of the JORC 2012 Code.
- Complete a heli-borne EM survey over the southern half of the Merléac licence to define the location and geometry of potential VMS deposits beneath known gossans and below cover.
- Drill key targets defined from the EM and geochemical work at Merléac.
- 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 grant.
- Continue project generation activities in France.
- General working capital to be used in Variscan's exploration business.

The Company's major shareholder, Mr Kwan Chee Seng, who has an interest in 29.9% of the Company's voting shares, has confirmed that he intends to take up his entitlement.

Finance

Cash expenditure by Variscan on exploration and project appraisal for the quarter was \$0.23 million. Expenditure by joint venture parties on projects in which Variscan has an interest was approximately \$34,000 for the quarter. Cash available for Variscan at the end of March was \$0.66 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.