

VARISCAN MINES LIMITED

ACN 003 254 395

PROSPECTUS

For a renounceable entitlement offer of approximately 563,384,943 New Shares, on the basis of five (5) New Shares for every six (6) Shares held by Eligible Shareholders on the Record Date at an issue price of 0.4¢ per New Share, together with one (1) free attaching New Option for every one (1) New Shares subscribed for and issued under the Offer.

The Entitlement Offer will raise approximately \$2,250,000 before costs

The Entitlement Offer closes at 5.00pm AEST on Wednesday, 23 May 2018

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 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 April 2018 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 the 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 (Mutual Recognition of Securities Offerings – Australia) Regulations 2008. 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 and 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, 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. 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 4 contains a non-exhaustive list of risk factors that investors should consider in respect of the Entitlement 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.

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 Offer.

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 8.

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 4.

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	5
TIMETABLE	6
SECTION 1. CORPORATE DIRECTORY	7
SECTION 2. DETAILS OF THE ENTITLEMENT OFFER	8
SECTION 3. PURPOSE AND EFFECT OF THE ENTITLEMENT OFFER	14
SECTION 4. RISKS	18
SECTION 5. RIGHTS ATTACHING TO SHARES AND OPTIONS	28
SECTION 6. ADDITIONAL INFORMATION	32
SECTION 7. DIRECTORS' CONSENTS	45
SECTION 8. DEFINITIONS	46

TIMETABLE

Event	Date
Lodgement of Prospectus with ASIC and Lodgement of Appendix 3B, Notice to Optionholders+	Tuesday, 24 April 2018
Notice to security holders	Thursday, 26 April 2018
Shares quoted on an ex basis - Entitlement commence trading	Friday, 27 April 2018
Record Date for determining Entitlements	Monday, 30 April 2018
Opening date and despatch of Prospectus to Shareholders	Thursday, 3 May 2018
Entitlement trading ends	Wednesday, 16 May 2018
New securities quoted on a deferred settlement basis	Thursday, 17 May 2018
Closing Date of Entitlement Offer – 5.00pm AEST	Wednesday, 23 May 2018
Notify ASX of under subscriptions	Friday, 25 May 2018
Despatch date	Tuesday, 29 May 2018

Notes:

* Optionholders must be advised by this date of the Entitlement Offer and their inability to participate unless they exercise their 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)
 Stewart Dickson (Chief Executive Officer and Managing Director)
 Gregory Jones (Executive Technical Director)
 Kwan Chee Seng (Non-Executive Director)
 Foo Fatt Kah (Non-Executive Director)
 Michael Moore (Non-Executive Director)

Auditors

HLB Mann Judd
 Level 19
 207 Kent Street
 Sydney NSW 2000

Company Secretary

Mark Pitts

Solicitors

DibbsBarker
 Level 8
 123 Pitt Street
 Sydney NSW 2000

Registered Office

Level 1
 80 Chandos Street
 St Leonards NSW 2065

Share Registry

Boardroom Pty Limited
 Level 12, 225 George Street
 Sydney NSW 2000
 PO Box 3993, Sydney NSW 2001
 Telephone: (02) 9290 9600
 Facsimile: (02) 9279 0664
 Website: www.boardroomlimited.com.au

Contact Details

Variscan Mines Limited
 Telephone: (02) 9906 5220
 Facsimile: (02) 9906 5233
 Website: www.variscan.com.au
 Email: info@variscan.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 five (5) New Shares for every six (6) Shares held by Eligible Shareholders on the Record Date. Each New Share has an offer price of 0.4¢. Eligible Shareholders are also offered one (1) free attaching New Option for every one (1) New Shares subscribed for and issued under the Offer. The New Options are exercisable at 1¢ and have an expiry date 36 months after the date of issue. Full terms of the New Options are set out in SECTION 5.2.

Optionholders, who exercise their 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 563,384,943 (if no Options are exercised prior to the Record Date). If some or all of the Options are exercised prior to the Record Date, this will increase the maximum number of New Shares to be issued under the Entitlement Offer.

The maximum amount to be raised by the Entitlement Offer is approximately \$2,250,000 before costs (if no Options are exercised prior to the Record Date). Please refer to Section 3.1 for details of the purpose of the Entitlement Offer and Section 3.4 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 0.4¢ per New Share represents a 33% discount to the closing market price of the Shares on Thursday, 19 April 2018, being the last day on which Shares were traded prior to the announcement of the Entitlement Offer. This offer price represents a 30% discount to the volume weighted average price (**VWAP**) over the last ten trading days on which the Shares traded.

2.3 Application for additional New Shares

Eligible Shareholders may also apply for New Shares under the Entitlement Offer in addition to their Entitlement (**Additional Shares**). If there are applications for Additional Shares in excess of the available New Shares after allocation of New Shares to other applicants under the Entitlement Offer, then the available New Shares will be allocated at the sole and absolute discretion of the Underwriter, in consultation with the Company.

Eligible Shareholders may apply for Additional Shares by completing the relevant Additional New Shares 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.

Eligible Shareholders who apply for, and are allocated, Additional Shares will also be issued New Options on the same basis as the Entitlement Offer – ie they will be issued with one (1) free attaching New Option for every one (1) New Shares subscribed.

Application for Additional Shares accompanied by Application Money does not guarantee the allotment of any Additional Shares. All Application Money in relation to which Additional Shares are 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 Additional Shares.

Some Eligible Shareholders will not be able to subscribe for Additional Shares 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 Additional Shares without applying for Additional Shares you should seek legal and financial advice.

2.4 Risks Relating to New Shares

The Company is listed on the ASX. Consequently, share market conditions may affect the price of Shares regardless of operating performance. Many factors will affect the price of the New Shares 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.

Please refer to SECTION 4 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.

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 Limited
GPO Box 3993
SYDNEY NSW 2001

HAND DELIVERY

Variscan Mines Limited
C/-Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000

All acceptances must be received by 5:00pm (AEST) on the Closing Date, being Wednesday, 23 May 2018.

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares 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 Wednesday, 23 May 2018, the Directors may, at their discretion, accept or reject your application.

We will allot and issue your New Shares (including Additional 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 Dealing with your Entitlement

(a) Taking up all of your Entitlement and/or apply for Additional Shares

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

You may also wish to apply for Additional Shares in addition to your Entitlement. If so, please also complete the relevant Additional New Shares section in the Entitlement and Acceptance 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 Friday, 27 April 2018. Sale of your Entitlement must be completed by Wednesday, 16 May 2018 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 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 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 Friday, 27 April 2018. Sale of your Entitlements must be completed by Wednesday, 16 May 2018 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 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 or and will not receive any New Shares or New Options.

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.

2.7 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 the 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.

2.8 CHESS

The Company participates in CHESS. CHESS is operated by ASX Settlement in accordance with the Listing Rules and the ASX Settlement Operating Rules.

If you have a CHESS sponsorship agreement with your stockbroker, you will be sent a CHESS statement. The CHESS statement will set out your holding of Shares and Options (including New Shares 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 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 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.

2.9 Ineligible 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 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 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.

In compliance with Listing Rule 7.7.1 and sections 9A and 615 of the Corporations Act, the Company has appointed the Underwriter as an ASIC-approved nominee, to arrange for the sale of the Entitlements pursuant to section 615(c) of the Corporations Act which would have been granted to Ineligible Shareholders.

The Company will issue the Entitlements to the New Shares that would otherwise have been issued to Ineligible Shareholders (had they been Eligible Shareholders) to the Underwriter. The Underwriter will not be subscribing for the New Shares but will dispose of the Entitlements at any price necessary to any buyer it procures at its discretion.

The Underwriter will have the absolute and sole discretion to determine the timing and the price at which the Entitlements are sold and the manner in which any sale is made. The price at which the Entitlements are sold (which may be nominal) will depend on various factors, including market conditions. To the maximum extent permitted by law, neither the Company nor the Underwriter will be liable for a failure to sell Entitlements at any particular price.

The net proceeds of sale of Entitlements (if any, after the payment of costs) will be remitted to the Company for distribution to the Ineligible Shareholders for whose benefit the Entitlements have been sold in proportion to the number of New Shares they would have been entitled to under the Entitlement Offer had they been Eligible Shareholders (after deducting brokerage and other expenses).

If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding the sale of the Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

2.10 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.

2.11 Ranking

The New Shares offered pursuant to this Prospectus will rank equally with existing Shares on issue. Details on the rights and liabilities attaching to New Shares and the New Options are set out in SECTION 5.

2.12 Renounceable

Entitlements are renounceable. Section 2.6 sets out how you are able to deal with your Entitlement.

2.13 No Minimum Subscription

There is no minimum subscription for the Entitlement Offer.

2.14 Underwriting

The Entitlement Offer is fully underwritten by the Underwriter. Underwriting arrangements have also been entered with Mr Patrick Elliott (a director of the Company) and Clapsy Pty Ltd (an entity that is not associated with or otherwise affiliated with the Company or any Director).

For details on the Underwriting Agreement and other underwriting arrangements please refer to Sections 6.2 and 6.3.

2.15 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 \$223,687.

Please refer to Section 6.15 for further details of the expenses of the Entitlement Offer.

2.16 Withdrawal of Prospectus

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

2.17 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. PURPOSE AND EFFECT OF THE ENTITLEMENT OFFER

3.1 Purpose of the Entitlement Offer

The primary purpose of the Entitlement Offer is to raise approximately \$2,253,540 before costs.

Variscan intends to use these funds to continue with its strategy of identifying and applying for advanced projects and initiating exploration work on its European and South American prospects.

Refer to Section 3.4 for further detail on the proposed used of funds.

3.2 Effect of the Entitlement Offer

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

- (a) increase the Company's cash reserves by \$2,029,853 (after deducting the estimated expenses of the Entitlement Offer);
- (b) increase the number of Shares on issue to 1,239,446,875 comprising 676,061,932 Shares on issue as at the date of this Prospectus and 563,384,943 New Shares.

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 3.6 for further details.

3.3 Pro Forma Statements of Financial Position

Set out below is:

- (a) an unaudited reviewed Statement of Financial Position of the Company as at 31 December 2017; and
- (b) 'Proforma' Statement of Financial Position.

The Proforma Statement of Financial Position assumes the completion of the subscription under the Entitlement Offer as though it had taken place on 31 December 2017 and, given it is fully underwritten, on the basis the Entitlement Offer is fully subscribed as follows:.

- (i) the receipt of funds of \$2,253,540 from the Entitlement Offer resulting in the issue of 563,384,943 New Shares at \$0.004 each, representing a \$2,253,540 increase in contributed equity of the Company; and
- (ii) the costs of the Entitlement Offer, being approximately \$223,687, being a reduction to contributed equity.

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.

+	Unaudited reviewed 31 December 2017 A\$	Proforma - Assuming Entitlement Offer fully subscribed 31 December 2017 A\$
Current assets		
Cash and cash equivalents	810,791	2,840,644
Receivables	290,326	290,326
Total current assets	1,101,117	3,130,970
Non-current assets		
Investments – available for sale	850,700	850,700
Receivables	25,651	25,651
Property, plant and equipment	94,897	94,897
Exploration and evaluation assets	3,842,829	3,842,829
Total non-current assets	4,814,077	4,814,077
Total assets	5,915,194	7,945,047
Current liabilities		
Trade and other payables	455,674	455,674
Secured Loan	340,000	340,000
Provisions	144,112	144,112
Total current liabilities	939,786	939,786
Non-current liabilities		
Provisions	66,480	66,480
Total non-current liabilities	66,480	66,480
Total liabilities	1,006,266	1,006,266
Net assets	4,908,928	6,938,781
Equity		
Contributed equity	22,375,598	24,405,451
Reserves	837,180	837,180
Accumulated losses	(18,303,850)	(18,303,850)
Total equity	4,908,928	6,938,781

3.4 Use of Funds

The proceeds from the Entitlement Offer, after expenses, will be approximately \$2,029,852 (assuming that the Entitlement Offer is fully subscribed and no 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 exploration work in Europe and South America. Specifically, proceeds of the Entitlement Offer will be used to:

- continue the exploration and evaluation of the highly-prospective Rosario copper project in Chile which will include early reconnaissance drilling;
- continue its evaluation and exploration work over its other licences;

- continue project generation activities; and
- 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 Options are exercised prior to the Record Date):

Use of Funds⁺	Full Subscriptions	Percentage of funds raised
Ongoing exploration operations	\$750,000	33.2%
Search for new projects	\$255,000	11.3%
Administration and working capital ¹	\$1,024,853	45.5%
Expenses of the Entitlement Offer ²	\$223,687	10.0%
Gross Proceeds	\$2,253,540	100%

¹. Administration and working capital costs include the Company's administration and related overheads, accounting, auditing, legal, insurance registry costs. In addition amounts for unpaid directors' fees and remuneration owed to certain directors and a secured short term loan of \$340,000 plus interest will be repaid from these funds. See Section 6.7 for more detail.

². Please refer to Section 6.15 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 tables 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.

3.5 Effect on Capital Structure

The following table shows the effects of the Entitlement Offer on the capital structure of the Company, assuming all Entitlements are accepted and no existing options are exercised prior to the Record Date.

	Shares
Existing Shares	676,061,932
New Shares issued under the Offer	563,384,943
Total Shares on issue after completion¹	1,239,446,875

	Options
Existing Unlisted Options	32,450,000
New Options issued under the Offer	563,384,943
Listed Options to be issued in connection with Entitlement Offer ¹	30,000,000
Total Shares on issue after completion²	625,834,943

¹ Additional listed Options not forming part of the Entitlement Offer and which are to be issued to certain subscribers under the Entitlement Offer (to be determined in consultation with the Underwriter).

² The Capital structure tables assume that the Entitlement Offer is fully subscribed (it is fully underwritten refer Section 2.14) and that no Options are exercised prior to the Record Date. Details of Unlisted Options on issue are set out in Section 6.9.

3.6 Effect on Control

Mr Kwan Chee Seng is the only shareholder who holds a relevant interest in 5% or more of the Shares on issue at the date of this Prospectus. Mr Kwan currently holds 29.25% 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.

If the Entitlement Offer is fully subscribed (including as a result of the sale of Entitlements of Ineligible Shareholders by the nominee approved by ASIC and pursuant to the underwriting agreement with Patersons Securities Limited) there will be no change in Mr Kwan's relevant interest in the Company as a result of this Entitlement Offer.

Assuming no Options are exercised prior to the Record Date, the maximum number of Shares which will be issued pursuant to the Offer is 563,384,943. This equates to approximately 45% of all the issued Shares in the Company following completion of the Offer.

The Company has entered into an Underwriting Agreement with Patersons Securities Limited (**Patersons** or the **Underwriter**) and additional underwriting arrangements with Mr Patrick Elliott and Clapsy Pty Ltd.

By reason of the above, the Offer will not result in any party gaining control of the Company.

In addition, as at the date of this Prospectus, Patersons does not have a relevant interest in any Shares in the Company, and Patersons will not by virtue of the operation of the Underwriting increase its relevant interest in Shares to 20% or more.

3.7 Dilution effect

Assuming no Options are exercised prior to the Record Date, the maximum number of Shares which will be issued pursuant to the Offer is 563,384,943. This equates to approximately 45% of all the issued Shares in the Company following completion of the Offer.

The potential dilution effect of the Entitlement Offer on a Shareholder who does not subscribe for any New Shares under the offer (assuming the Entitlement Offer is fully issued) is 83%.

Examples of how the dilution may impact Shareholders are set out in the table below.

Holding as at Record Date	% at Record Date (subject to rounding)	Entitlement under the Offer (subject to rounding)	Holding if Offer not taken up (assuming all Shares are issued under the Offer)	% post completion of the Offer (subject to rounding)
10,000,000	1.479%	8,333,333	10,000,000	0.807%
5,000,000	0.740%	4,166,667	5,000,000	0.403%
1,500,000	0.222%	1,250,000	1,500,000	0.121%
400,000	0.059%	333,333	400,000	0.032%
50,000	0.007%	41,667	50,000	0.004%

SECTION 4. 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 4, 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 4 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.

4.1 Risks Relating to New Shares

The Company is listed on the ASX. You should note that if the New Shares 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.

4.2 Specific Risks

(a) French projects

The Company's wholly owned subsidiary, Variscan Mines SAS, is the registered title holder of seven exploration licences (*permis exclusifs de recherche* or **PER**) in France. The licences are primarily situated in Brittany, western France whilst the Couflens project situated in the Midi-Pyrénées, southern France is in joint venture with Apollo Minerals Limited (**Apollo**).

On 7 March 2018, the Company announced the sale of Variscan Mines SAS and the Couflens PER to Apollo as well as the restructuring on the remaining licences into a new company wholly owned by Variscan Mines Limited. See "Apollo Transaction" later in this section.

The French mineral exploration and 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. It is widely expected that the Mining Code will be reviewed in 2018. This in itself poses risk due to the uncertainty of process or outcome of that review.

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. 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. As a result of the Apollo Transaction, the technical capabilities may change but it is deemed that there are adequate financial and technical capabilities within the Group to justify the retention of licences.
- **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.

In December 2017, Variscan Mines SAS applied to the French authorities for the transfer of Couflens PER to Mines du Salat SAS (**MdS**) in which Variscan Mines SAS holds a 20% interest and Apollo holds the remaining 80% interest via its wholly owned subsidiary company Ariège Tungstene (the **Licence Transfer Application**). The French authorities have acknowledged receipt of the Licence Transfer Application and informed the Company and Apollo that the review process will complete no later than 22 March 2019. There can be no certainty that the French authorities will approve the transfer process.

- **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. Generally, with the exception of the Merleac project, Variscan Mines SAS has received approvals for 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.
- **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. Whilst there is no indication that the establishment of CMF will proceed, the Company may be adversely affected should CMF or a similar state-owned company, become a competitor of the Company.
- **New laws proposed:** The current Mining Code is in the process of being reviewed. 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 may propose significant changes, including, but not limited to, 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 prefectoral 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.

- **Legal proceedings:** The PERs and Concessions may be subject to litigation from local individuals and organisations requesting to the administrative courts for cancellation of PERs granted by the French State. This can result consequently in costs and extended delays which can adversely affect the expediency of the Company's operations and financial position. Currently there are administrative actions pending. For further details, please refer to section 4.1(c).

(b) **Apollo Transaction**

On 7 March 2018, the Company announced that it had entered into a conditional Share Sale and Purchase Agreement (**SPA**) for the sale of the entire issued share capital of the Company's wholly owned French subsidiary, Variscan Mines SAS, to Apollo for a total consideration of up to \$4.25m payable in cash and deferred shares (the **Subsidiary Sale**).

Under the SPA, the Couflens PER will be acquired by Apollo. The remaining exploration licences owned by Variscan Mines SAS (excluding the Couflens PER) are subject to an Asset Sale and Purchase Agreement whereby a new wholly owned subsidiary, Variscan Mines Europe Limited, will purchase the licences and assume beneficial ownership (the **Asset Transfer**).

- **Conditions Precedent:** Completion of the SPA is conditional on the satisfaction of certain conditions precedent including, but not limited to: obtaining all relevant approvals from the French authorities in relation to the transaction; waiver of intercompany debt between Variscan Mines SAS from Variscan Mines Limited; completion of the Asset Sale and Purchase Agreement in connection with the Asset Transfer; and satisfaction of the provisions of Article L. 23-101-1 of the French Commercial Code whereby employees have the right to make offers to purchase Variscan Mines SAS and no offers from employees received result in the acquisition of Variscan Mines SAS. It is expected that the satisfaction of the conditions precedent may occur no sooner than two months from the date of this announcement. Should satisfaction of the Conditions Precedent not be possible, the Apollo Transaction may not achieve legal completion.
- **Consideration:** The announcement on 7 March 2018 set out details of the total consideration of up to \$4.25m payable in cash and deferred shares to the Company. The Company and Apollo agreed that the form and amount of consideration payable may be adjusted should the amount of consideration may be adjusted should the contractual liabilities of Variscan Mines SAS exceed €400,000. The Directors reasonably expect that these liabilities will be greater than €400,000 and consequently expect that the consideration receivable by the Company will be reduced by a minimum of approximately \$500,000.
- **Parent Company Guarantee, Representations & Warranties:** The Company, as guarantor to Variscan Mines Europe Limited, expects to make certain representations and warranties to Apollo which are customary with a transaction of this nature. Additionally, the Company expects to indemnify Apollo in respect of any costs arising from holding the licences and the licence transfer processes.

4.3 Other Risks

(a) Chilean Option Agreement

On 18 December 2017, the Company announced that it had entered into a binding option agreement to acquire 100% of the Rosario copper project located in the Atacama region of northern Chile.

Option Term: The Option Term is for 6 months from the date of signature. There is no certainty that the Company will exercise the Option.

(b) Australian 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 – Hillston
- 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 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 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. .

(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.

4.4 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 4.2. There are risks associated with landowner rights, including Native Title and significant Aboriginal sites in Australia (addressed in Sections 4.2(h) and 4.3(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.

4.5 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 if granted Official Quotation.

(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 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.

4.6 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. Therefore, the New Shares 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 5. RIGHTS ATTACHING TO SHARES AND OPTIONS

5.1 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 ASX Settlement Operating 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 ASX Settlement Operating 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 transfer under the ASX Settlement Operating Rules. 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 ASX Settlement Operating 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.

5.2 Rights Attaching to New Options

The New Options to be granted under this Prospectus will be granted on the following terms and conditions:

- (a) Subject to adjustment in accordance with these terms and conditions, the holder is entitled to subscribe for the allotment and issue of one Share upon payment of the Exercise Price before the Expiry Date.
- (b) Each New Option will have an exercise price of \$0.008 (**Exercise Price**).
- (c) A New Option is exercisable at any time after the date of grant and on or before 5.00pm (Sydney time) on 31 May 2021 (**Expiry Date**). New Options not exercised by the Expiry Date lapse.
- (d) A Holding Statement will be issued for New Options.
- (e) Each New Option may be exercised by giving notice in writing to the Company at its registered office accompanied by the Holding Statement and payment of the required Exercise Price. All cheques must be payable to the Company and be crossed not negotiable. Payment may be made by Electronic Funds Transfer to an account specified from time to time by the Company.
- (f) The Optionholder may not exercise less than 1,000 New Options at any one time, unless the Optionholder has less than 1,000 New Options in which case the Optionholder must exercise all their New Options together.
- (g) After a New Option is validly exercised, the Company must:
 - (i) issue and allot the Share within 5 Business Days after the end of the month during which the New Option was validly exercised; and
 - (ii) subject to the securities of the Company being listed on ASX and to any restrictions imposed on the New Options or Shares issued on exercise of the Options under the ASX Listing Rules, do all such acts, matters and things to obtain the grant of quotation for the Shares on ASX no later than 3 Business Days after the date of issue and allotment of the Shares.
- (h) Shares issued on the exercise of New Options will rank equally with all existing Shares on and from the date of issue in all respects.
- (i) New Options may be transferred in the same manner as Shares unless classified as restricted securities under the ASX Listing Rules.
- (j) An Optionholder may participate in new issues of securities to holders of Shares only if and to the extent that:
 - (i) a New Option has been validly exercised; and
 - (ii) a Share has been issued in respect of the exercise before the record date for determining entitlements to the new issue.
- (k) The Company must give notice to the Optionholder of any new issue not less than 3 Business Days before the record date for determining entitlements to the issue.
- (l) If the Company makes a bonus issue of securities to existing Shareholders:
 - (i) the number of securities which must be issued on the exercise of a New Option will be increased by the number of securities which the Optionholder

would have received if the Optionholder had exercised the New Option before the record date for the bonus issue; and

- (ii) no change will be made to the Exercise Price.
- (m) If there is any reconstruction of the issued capital of the Company, the number of Shares to which an Optionholder is entitled on exercise of the New Option and/or the Exercise Price, must be reconstructed in a manner required by the ASX Listing Rules, but in all other respects, the terms for the exercise of a New Option will remain unchanged.
- (n) If the Company makes a rights issue (other than a bonus issue), the exercise price of the New Options will be reduced in accordance with the ASX listing rules.
- (o) The Company will make application for the quotation of the New Options on the ASX.

SECTION 6. ADDITIONAL INFORMATION

6.1 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) 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;.
- (b) the Underwriting Agreement, details of which are set out in Section 6.2 below; and
- (c) additional underwriting arrangements with Patrick Elliott and Clapsy Pty Ltd, details of which are set out in Section 6.3 below.

6.2 Underwriting arrangements

Pursuant to the Underwriting Agreement, the Underwriter has been appointed to exclusively manage the Entitlement Offer and has agreed to underwrite the Entitlement Offer up to the full amount of \$2,253,540, less any amounts underwritten by Mr Patrick Elliott and Clapsy Pty Ltd as described in Section 6.3 below (**Underwritten Amount**).

Proceeds received in connection with the exercise by Directors of their respective Entitlements and under the underwriting arrangements with Mr Patrick Elliott and Clapsy Pty Ltd described in Section 6.3 will be excluded from the calculation of the Underwritten Amount.

The Underwriter may procure any person to sub-underwrite such portion of the New Shares as the Underwriter in its absolute discretion thinks fit. Any sub-underwriting fees will be paid by the Underwriter out of the fees described below.

The company has agreed to pay the Underwriter on completion of the Entitlement Offer:

- a corporate advisory fee of \$50,000;
- an issue management fee of 2% of the total gross amount raised in relation to the Entitlement Offer, which amount shall not include any proceeds received in connection with the exercise by any Director of their respective Entitlements, nor any amounts underwritten by Mr Pat Elliott or Clapsy Pty Ltd (as outlined below); and
- an underwriting/selling fee of 4% of the total gross amount raised in relation to the Entitlement Offer, which amount shall not include any proceeds received in connection with the exercise by any Director of their respective Entitlements, nor any amounts underwritten by Mr Pat Elliott or Clapsy Pty Ltd (as outlined below).

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this nature.

The Underwriter may terminate the Underwriting Agreement on the occurrence of certain events, including (but not limited to):

- (a) (*Indices fall*): any of the All Ordinaries Index or the S&P/ASX Small Resources Index as published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Agreement;
- (b) (*Share Price*): the Shares of the Company that trade on the ASX under the ASX code of "VAR" trade at a price that is less than \$0.004;

- (c) (*No Official Quotation*): Official Quotation has not been granted for all New Shares by the Shortfall Notice Deadline Date (as defined) or, having been granted, is subsequently withdrawn, withheld or qualified;
- (d) (*Non compliance with disclosure requirements*): it transpires that the Prospectus does not contain all the information required by section 713 (or sections 710, 711 and 716) of the Corporations Act;
- (e) (*Misleading Prospectus*): it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 (or sections 710, 711 and 716) of the Corporations Act) or if any statement in the Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- (f) (*Restriction on allotment*): the Company is prevented from allotting the New Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (g) (*Withdrawal of consent to Prospectus*): any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (h) (*ASIC application*): an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (i) (*ASIC hearing*): ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or the ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act;
- (j) (*Takeovers Panel*): the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (k) (*Hostilities*): there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Japan, the United Kingdom, the United States of America, the People's Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (l) (*Termination Events*): any of the following events occurs:
 - (i) (*Default*): default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - (ii) (*Incorrect or untrue representation*): any representation, warranty or undertaking given by the Company in Underwriting Agreement is or becomes untrue or incorrect;
 - (iii) (*Contravention of constitution or Act*): a contravention by the Company or any subsidiary of any provision of its constitution, the Corporations Act, the Listing

Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;

- (iv) (*Adverse change*): an event occurs which gives rise to a Material Adverse Effect (as defined) or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company or any subsidiary including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (v) (*Error in Due Diligence Results*): it transpires that any of the Due Diligence Results (as defined) or any part of the Verification Material (as defined) was false, misleading or deceptive in a material respect or that there was a material omission from them;
- (vi) (*Significant change*): a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (vii) (*Public statements*): without the prior approval of the Underwriter a public statement is made by the Company in relation to the Entitlement Offer, the Issue (as defined) or the Prospectus;
- (viii) (*Misleading information*): any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue (as defined) or the affairs of the Company or any subsidiary is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) (*Official Quotation qualified*): the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation" in the Underwriting Agreement;
- (x) (*Change in Act or policy*): there is introduced into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xi) (*Prescribed Occurrence*): a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs;
- (xii) (*Suspension of debt payments*): the Company suspends payment of its debts generally;
- (xiii) (*Event of Insolvency*): an Event of Insolvency (as defined) occurs in respect of the Company or any subsidiary;
- (xiv) (*Judgment against a Relevant Company*): a judgment in an amount exceeding \$25,000 is obtained against the Company or any subsidiary and is not set aside or satisfied within 7 days;
- (xv) (*Litigation*): material litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company or any subsidiary, other than any claims foreshadowed in the Prospectus;
- (xvi) (*Board and senior management composition*): there is a change in the composition of the Board or a change in the senior management of the

Company before completion of the Entitlement Offer without the prior written consent of the Underwriter;

- (xvii) (*Change in shareholdings*): there is a material change in the major or controlling shareholdings of Company or any subsidiary or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or any subsidiary;
- (xviii) (*Timetable*): there is a delay in any specified date in the timetable in connection with the Entitlement Offer which is greater than 3 Business Days, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed);
- (xix) (*Force Majeure*): a Force Majeure (as defined) affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xx) (*Certain resolutions passed*): the Company or any subsidiary passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxi) (*Capital Structure*): the Company or any subsidiary alters its capital structure in any manner not contemplated by the Prospectus;
- (xxii) (*Investigation*): any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or any subsidiary;
- (xxiii) (*Market Conditions*): a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America, the European Union or other international financial markets; or
- (xxiv) (*Suspension*): the Company is removed from the Official List or the Shares become suspended from Official Quotation and that suspension is not lifted within 24 hours following such suspension.

6.3 Additional underwriting arrangements

The Company has also entered into underwriting agreements with each of Mr Patrick Elliott (who is a director of the Company) and Clapsy Pty Ltd, pursuant to which they have agreed to underwrite the Entitlement Offer for the following amounts:

Additional underwriting	Amount underwritten
Patrick Elliott	\$100,000
Clapsy Pty Ltd	\$50,000

Mr Patrick Elliott will not be paid a fee for his underwriting.

Clapsy Pty Ltd will be paid an underwriting/selling fee of 4% of the amount it has underwritten.

6.4 Litigation

The Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company or themselves.

6.5 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 Thursday, 19 April 2018 prior to the date of the announcement of the Entitlement Offer is set out below.

	Date	Price
Highest	19/1/2018	\$0.009
Lowest	20/3/2018	\$0.005
Last day of trading	19/4/2018	\$0.006

6.6 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) **Stewart Dickson BA (Hons), MBA – Chief Executive Officer**

Stewart was appointed as Chief Executive Officer on 1 May 2017.

Stewart is an experienced corporate financier with a decade of investment banking experience. Most recently, he was Managing Director and Head of Metals & Mining at Cantor Fitzgerald Europe, based in London. He had responsibility for client coverage of public and private mining companies across precious metals and base metals, bulks, fertilizers and specialty metals. He has a broad range of international financial advisory, equity capital markets and corporate broking transaction experience including initial public offerings, financings and M&A.

Prior to investment banking, he Mr Dickson served in the British Army as a commissioned officer and saw operational service overseas. Stewart is a graduate of University College London and holds a MBA from Henley Business School.

Stewart is also a Non-Executive Director of Trans-Siberian Gold plc, which is listed on the AIM Market of the London Stock Exchange.

(c) **Gregory Jones, BSc (Hons 1), MAusIMM, MAIG - Technical Executive Director**

Greg was appointed Executive Technical Director on 1 May 2017 after serving as Chief Executive Officer and Managing Director from 2009.

Greg 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.

(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) **Michael Moore, BEng (Hons), MAusIMM, MAICD - Non-Executive Director**

Mike is a mining engineer from the Camborne School of Mines with over 20 years operational and executive management experience across a diverse range of commodities in Australia, Indonesia, West Africa and Europe.

He has previously held senior and executive management roles with a number of companies including Rock Australia Mining & Civil Pty Ltd, Carnegie Minerals PLC and, more recently, with ASX listed Montezuma Mining Company Ltd where he was CEO.

Mike is a member of the Australian Institute of Company Directors and the Australian Institute of Mining and Metallurgy. Mike is currently serving as Managing Director of Golden State Mining Limited as well as serving on the board of Cape Care.

Michael was appointed as a Non-Executive Director on 4 August 2015.

(g) **Mark Pitts, B.Bus, FCA, GAICD - Company Secretary**

Mark Pitts was appointed Company Secretary of the Company on 2 March 2018. Mark is a Fellow of the Institute of Chartered Accountants and a graduate member of the Australian Institute of Company Directors. He has more than 30 years' experience in statutory reporting and business administration.

Mark has been directly involved with and consulted to a number of public companies holding senior financial management positions. He is a Partner in the corporate advisory firm Endeavour Corporate providing company secretarial support; corporate and compliance advice to a number of ASX listed public companies.

6.7 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		Remuneration¹
	Direct	Indirect	Direct	Indirect	
P Elliott	-	10,502,246	1,000,000	-	\$50,000
S Dickson		1,380,000	-	20,000,000	\$60,047
G Jones	-	13,053,218	-	2,800,000	\$273,802
CS Kwan	-	197,780,846	1,500,000	-	\$36,000
FK Foo	5,799,065	23,250,194	1,000,000	-	\$36,000
M Moore	-	-	-	1,000,000	\$36,165

Notes:

1. Contracted annual Directors' remuneration for the financial year ended 30 June 2017.

Each Director who holds Shares and who is an Eligible Shareholder may, at their discretion, take up their Entitlement. Each of Mr Patrick Elliott, Mr Kwan Chee Seng and Dr Foo Fatt Kah has indicated that it is their present intention to subscribe for their full Entitlement. However, Mr Gregory Jones, Mr Michael Moore and Mr Stewart Dickson (who is not an Eligible Shareholder) will not be participating.

The Company has an amount owing of approximately \$320,727 for unpaid directors' fees and remuneration. Full or partial payment of these unpaid fees and remuneration may be made from the proceeds of the Entitlement Offer. Subject to shareholder approval, partial payment of these unpaid fees and remuneration may also be made by the issue of Shares to some or all of the directors.

The amount of unpaid directors' fees and remuneration is as follows:

Director	Amount of unpaid fees / remuneration
Patrick Elliott	\$37,500
Stewart Dickson	\$135,647
Gregory Jones	\$84,580
Kwan Chee Seng	\$18,000
Foo Fatt Kah	\$27,000
Michael Moore	\$18,000
TOTAL	\$320,727

As announced to the ASX on 18 December 2017, the Company has entered into a short term secured loan agreement with Dr. Foo Fatt Kah and Mr Kwan Chee Seng (who are each directors of the Company) for a total loan of \$340,000. The full amount of the loan plus interest will be repaid from the proceeds of the Entitlement Offer.

6.8 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.

DibbsBarker 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 DibbsBarker a fee of \$33,000 (inc GST) for these services.

In addition to the amounts to be paid to the Underwriter disclosed in Section 6.2, the Company has paid Patersons Securities Limited in connection with previous capital raisings undertaken by the Company. For the two years prior to the date of this Prospectus the amount of \$216,750 (exclusive of GST) has been paid.

6.9 Unlisted Options

As at the date of this Prospectus, the Company has 32,450,000 Unlisted Options outstanding, consisting of:

No. Shares under Option	Exercise price of Option	Expiry date of Options
8,700,000	\$0.05	3 Dec 2018
3,750,000	\$0.05	3 Dec 2018
10,000,000	\$0.03	20 Nov 2021
10,000,000	\$0.05	20 Nov 2022
32,450,000		

6.10 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 6.10);
- (b) has had no involvement in the preparation of this Prospectus (unless expressly stated to the contrary in this Section 6.10);
- (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 6.10.

DibbsBarker 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.

Patrick Elliott has given, and at the date hereof has not withdrawn, his written consent to be named in this Prospectus as an underwriter in the form and context in which he is named.

Clapsy Pty Ltd ABN 27 083 056 919 has given, and at the date hereof has not withdrawn, its written consent to be named in this Prospectus as an underwriter in the form and context in which it is named.

Patersons Securities Limited ACN 008 896 311 has given, and at the time of lodgement of this Prospectus, has not withdrawn its written consent to be named as Lead Manager and Underwriter to the offer of securities under this Prospectus, in the form and context in which it is named.

Patersons Securities Limited was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of this Prospectus. Patersons Securities Limited makes no express or implied representation or warranty in relation to Variscan Mines Limited, this Prospectus or the offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Patersons Securities Limited. To the maximum extent permitted by law, Patersons Securities Limited expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name. 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.

6.11 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; and
- (b) the rights and liabilities attaching to the New Shares and the New Options.

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.

6.12 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 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 2017 (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 2017; 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
24/04/2018	Fully Underwritten Rights Issue to Fund Corporate and Project Development
20/04/2018	Trading Halt
11/04/2018	High Grade Copper at Rosario, Chile
29/03/2018	Appendix 3Z
29/03/2018	Board Change
16/03/2018	December 2017 Half Year Financial Statements
08/03/2018	Sale of French Subsidiary and Asset Restructure
02/03/2018	Change of Company Secretary
30/01/2018	Quarterly Cashflow Report
30/01/2018	Quarterly Activities Report
30/01/2018	Expiry of Unlisted Options
18/12/2017	\$0.34m Loan From Major Shareholders
18/12/2017	Option To Acquire A Highly Prospective Copper Asset In Chile
07/12/2017	Change of Directors' Interest Notices
05/12/2017	Appendix 3B
05/12/2017	Expiry of Unlisted Options
29/11/2017	VAR: Grade Gold Sampling Results at the Couflens Project
27/11/2017	Change of Director's Interest Notice
21/11/2017	Appendix 3B - Unlisted Options
06/11/2017	Results of Meeting
06/11/2017	Presentation at AGM
06/11/2017	Chairman's Address to Shareholders at AGM
06/11/2017	Receipt of CIR Payment
30/10/2017	Quarterly Cashflow Report
30/10/2017	Quarterly Activities Report
06/10/2017	Notice of Annual General Meeting and Proxy Form
05/10/2017	France Update
25/09/2017	Appendix 4G and Corporate Governance Statement
25/09/2017	Annual Report including Full Year Statutory Accounts
11/09/2017	Publication Of Independent Technical Assessment Report

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.

6.13 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.

6.14 Electronic Prospectus

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.

6.15 Expenses of the Entitlement Offer

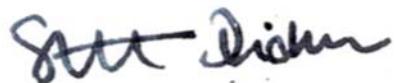
The estimated expenses connected with the Entitlement Offer, which are payable by the Company, are as follows:

ASIC lodgement fee	\$2,750
ASX fees	\$10,154
DibbsBarker fees	\$33,000
Share Registrar	\$25,162
Underwriter fees	\$141,621
Marketing	\$11,000
Total	\$223,687

SECTION 7. 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 24 April 2018

**Stewart Dickson**

Chief Executive Officer and Managing Director
Variscan Mines Limited

SECTION 8. 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.

ASX means ASX Limited ACN 008 624 691.

ASX Settlement means ASX Settlement Pty Limited.

ASX Settlement Operating Rules means the settlement rules of ASX Settlement.

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 Subregister System.

Closing Date means Wednesday, 16 May 2018.

Company or Variscan means Variscan Mines Limited ACN 003 254 395.

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

Constitution means the Company's constitution.

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 five (5) New Shares for every six (6) Shares held by Eligible Shareholders on the Record Date, together with one (1) free attaching New Option for every one (1) New Shares subscribed for and issued under the Offer.

Entitlement Offer means the offer made under this Prospectus in respect of a pro-rata issue of Shares at an offer price of \$0.004 per New Share on the basis of five (5) New Share for every six (6) Shares held by Eligible Shareholders on the Record Date, together with one (1) free attaching New Option for every one (1) New Shares subscribed for and issued under the Offer.

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

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.

Listing Rules means the official listing rules of the ASX.

New Option means an option to purchase a Share with the terms set out in Section 5.2.

New Share 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, and includes the Unlisted Options.

Optionholder means a holder of an Unlisted Option or a listed Option.

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

Prospectus means the prospectus constituted by this document.

Record Date means Monday, 30 April 2018.

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.

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 Limited ACN 003 209 836.

Underwriter means Patersons Securities Limited ACN 008 896 311 in their capacity as underwriter and lead manager to the Entitlement Offer.

Underwriting Agreement means the underwriting agreement between the Company and the Underwriter dated 23 April 2018.

Unlisted Options means the 32,450,000 unlisted Options on issue in the Company as at the date of this Prospectus.

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.