



Letter to Shareholders

Dear Shareholder

On behalf of the Board of Variscan Mines Ltd (Variscan), it is my pleasure to write to you today to share with you the progress your Company has made over the past twelve months, and the plans Variscan has in place to advance its projects in the near-term.

During 2015, Variscan made solid progress across its asset portfolio in France, further cementing its position as the country's leading resource explorer. The good results achieved were outcomes of the extensive work the Company has undertaken in the country over the past 5 years.

In particular, new high-grade zinc-lead-copper-silver-gold assays from three historic drill core holes at the flagship Porte-aux-Moines massive sulphide deposit validated the Company's long held belief that an economic discovery could be made within the Merléac licence. These assays, as announced to the ASX in mid-2015, as well as the numerous other high grade, zinc-rich intersections generated from the extensive BRGM drilling into Porte-aux-Moines, has confirmed the genuine mine potential of this deposit, which will be the focus of the Company's exploration activities for the foreseeable future.

In addition, Variscan continued to demonstrate the prospectivity of the Merléac licence with a VTEM (Versatile Time Domain Electromagnetic) Survey – the first ever undertaken in France - that identified a number of high priority VMS targets similar to Porte-aux-Moines.

During 2015 Variscan also expanded its footprint in France, with a further three exploration licences adding specialty metals tin and tungsten to the Company's diversified suite of commodities.

These activities ultimately culminated in an endorsement by institutional investor, Acorn Capital Ltd, which made a cornerstone investment in the Company as part of a broader equity raising completed late in the year.

Funds from the raising will assist Variscan to plan and support its exploration activities for 2016, with the goal of an economic discovery within its portfolio of advanced projects and enhancement of the Company's unique "first mover" position in France.

Within its planned work programmes over the next six months, Variscan aims to:

- Complete digital conversion of drill assay data from previous exploration and mine development work at the Porte-aux-Moines deposit
- Complete 3D modeling of Porte-aux-Moines

- Generate 2012 JORC Resource estimate for Porte-aux-Moines
- Commence drilling within and immediately adjacent Porte-aux-Moines and within its St Pierre gold project
- Initiate exploration to test higher priority targets from the VTEM survey in the Merléac licence

While volatility in commodity prices continues, the fundamentals for zinc appear strong due to recent mine closures and capacity cutbacks. There is cautious optimism by some market observers and analysts that zinc prices will react in line with the tightening zinc market and supply constraints. Variscan remains well positioned to capitalise on these fundamentals, with the exploration activities planned to advance the mine potential of Porte-aux-Moines and the Company's other assets.

On behalf of the Board, I thank you for your ongoing support and loyalty and I look forward to providing you with further updates on Variscan's progress during the year.

Yours faithfully,



Greg Jones
Managing Director
Variscan Mines Ltd

9 February 2016

About Variscan Mines

Variscan Mines Limited is an ASX-listed resource company with a unique first mover advantage in the exploration and development of mineral deposits in France. Since 2011, the Company has built an asset portfolio that is highly prospective for zinc, lead, copper, silver, gold and tin.

The Company's strategy is focused on minimising exploration risk by targeting more advanced project areas containing previously defined mineralised zones or evidence of substantial old mine workings to help fast track the discovery of economic deposits.