



VARISCAN MINES LIMITED

ACN 003 254 395

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date of Meeting

Tuesday 22 November 2016

Time of Meeting

2.00 pm (Sydney time)

Place of Meeting

HLB Mann Judd, Level 19, 207 Kent St, Sydney NSW 2000

This Notice of Meeting and Explanatory Memorandum should be read in their entirety. If you do not understand these documents or are in any doubt as to how to deal with them, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.



NOTICE OF ANNUAL GENERAL MEETING

VARISCAN MINES LIMITED

ACN 003 254 395

NOTICE IS HEREBY GIVEN that the 2016 Annual General Meeting (AGM) of the members of Variscan Mines (the "Company") will be held at HLB Mann Judd, Level 19, 207 Kent St, Sydney NSW on Tuesday 22 November 2016 commencing at 2.00 pm (Sydney time).

The business to be considered at the meeting is set out below. This Notice of Meeting should be read in conjunction with the accompanying Explanatory Memorandum, which contains information in relation to each of the Resolutions. A Proxy Form also accompanies this Notice of Meeting.

ORDINARY BUSINESS

2016 Financial Statements

To receive the Reports of the Directors and Auditors, and the Financial Report for the year ended 30 June 2016

Resolution 1 - Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That the Remuneration Report of the Company for the year ended 30 June 2016 be adopted."

Resolution 2 – Re-Election of Mr Patrick Elliott as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Mr Patrick Elliott, having retired as a director of the Company pursuant to clause 71 of the Company's Constitution and, being eligible, and having offered himself for re-election, be re-elected as a director of the Company."

Resolution 3 – Re-Election of Dr Jack Testard as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Mr Jack Testard, having retired as a director of the Company pursuant to clause 71 of the Company's Constitution and, being eligible, and having offered himself for re-election, be re-elected as a director of the Company."

Resolution 4 - Authorisation of Issue of ESOP Options

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 7.2 Exception 9 of the Listing Rules and for all other purposes, approval is given for the issue of securities under the Company's 2006 Employee Share Option Plan, as amended, ("**ESOP**") to persons eligible to participate in the ESOP, on the terms and conditions set out in Annexure A"*



NOTICE OF ANNUAL GENERAL MEETING

Resolution 5 – Approval of Prior Placement of Shares on 13 May 2016

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders of the Company approve the prior issue on 13 May 2016 of 55,555,556 fully paid ordinary shares in the Company at an issue price of \$0.018 per share to sophisticated shareholders pursuant to subscription agreements dated 9 May 2016 arranged by Patersons Securities Limited on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”

Resolution 6 – Issue of Equity Securities up to an additional 10% of the Company’s Issued Capital

To consider, and if thought fit, to pass the following as a **special resolution**:

“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities up to an additional 10% of the issued capital of the Company (at the time of issue), calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum which is attached to and forms part of this Notice.”

BY ORDER OF THE BOARD

Ivo Polovineo
Company Secretary

Date: 11 October 2016



NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT INFORMATION

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting, and should be read in conjunction with this Notice of Annual General Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used both in this Notice of Annual General Meeting and the Explanatory Memorandum.

Voting Exclusions

Resolution 1

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- (d) the vote is not cast on behalf of a person described in paragraphs (a) or (b) above.

If a shareholder wishes to nominate the Chairman as their proxy for the purpose of Resolution 1 the shareholder can direct the Chairman to vote by marking one of the boxes for Resolution 1 on the Proxy Form. If a shareholder appoints the Chairman as proxy or the Chairman of the meeting is appointed as proxy by default but the shareholder does not mark a voting box for Resolution 1, the shareholder will be taken to have expressly authorised the Chairman of the meeting to exercise the proxy in respect of Resolution 1 even though the item is connected with the remuneration of Key Management Personnel.

The Chairman intends to vote all available proxies in favour of Resolution 1.

Resolution 4

The Company will disregard any votes in respect of Resolution 4 if they are cast by or on behalf of any Director (except those who are ineligible to participate in any employee incentive scheme in relation to the Company) and their associates.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.



NOTICE OF ANNUAL GENERAL MEETING

Resolution 5

The Company will disregard any votes in respect of Resolution 5 if they are cast by or on behalf of any subscribers to the issue of Shares as detailed in the Explanatory Memorandum (including Patersons Securities Limited), or any associate of those persons.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the relevant proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 6

The Company will disregard any votes cast on Resolution 6 by:

- (a) A person who may participate in the proposed issue of Equity Securities and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if the resolution is passed; and
- (b) Any associate of those persons.

However, the Company need not disregard any vote by any such persons on Resolution 11 if:

- (d) It is cast by any of them as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or
- (e) It is cast by the person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides

Proxies

- (a) Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative;
- (b) Each shareholder has a right to appoint one or two proxies;
- (c) A proxy need not be a shareholder of the Company;
- (d) If a shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution;
- (e) Where a shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise;
- (f) If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands;
- (g) A proxy must be signed by the Shareholder or his or her power of attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with the Company's Constitution and the Corporations Act.



NOTICE OF ANNUAL GENERAL MEETING

- (h) To be effective, proxy forms must be received by the Company's share registry (Boardroom Pty Limited) no later than 48 hours before the commencement of the Annual General Meeting, that is no later than 2.00pm Sydney time on 20 November 2016. Any proxy form received after that time will not be valid for the scheduled meeting.

Hand Delivery

Boardroom Pty Limited
Level 12,
225 George St
SYDNEY NSW 2000

By Mail

Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

By Facsimile

(02) 9290 9655

Record date

The Company has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth), that the holders of shares of the Company recorded in the Company's register as at 7pm (Sydney time) on 20 November 2016 shall, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the shares at that time.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.



EXPLANATORY MEMORANDUM

This Explanatory Memorandum sets out information in connection with the business to be considered at the 2016 Variscan Mines Limited Annual General Meeting.

Financial Report

This item of business relates to the receipt and adoption of the Company's Financial Report for the year ended 30 June 2016. The 2016 Annual Report can be accessed on the Company's website at www.variscan.com.au.

Resolution 1

Adoption of Remuneration Report

The Remuneration Report is a section of the Directors Report contained in the 2016 Annual Report. It is a requirement of the Corporations Act that the Report be provided to shareholders and voted upon by a vote which is advisory only and does not bind the Directors or the Company. However, if 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGM's, shareholders will be required to vote at the second of those AGM's on a resolution that another meeting be held within 90 days at which all of the Company's Directors who are subject to a re-election requirement must go up for re-election. At the 2015 AGM, 1.9% of votes were cast against approval of the Remuneration Report.

The Remuneration Report:

- explains the Board's policies relating to remuneration of directors, secretaries and executives of the Company;
- discusses the relationship between such policies and the Company's performance;
- provides details of any performance conditions attached to such remuneration; and
- sets out remuneration details for each director and certain named executives.

Resolution 2

Re-election of Director - Mr Patrick Elliott

Pursuant to clause 71 of the Company's Constitution, no director shall hold office for a continuous period in excess of three years or until the third annual general meeting following the director's appointment, whichever is the longer, without submitting for re-election. Mr Elliott was last re-elected at the 2014 AGM.

The Company provides the following information concerning Mr Elliott:

Biographical details

Mr Elliott 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. Mr Elliott 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.

Mr Elliott is Chairman of Argonaut Resources NL and Chairman of Cap-XX Limited (Australian company listed on AIM) and Tamboran Resources Limited (unlisted public company). He is also a director of a number of privately owned companies.

Details of relationships between the Candidate and the Company

Mr Elliott is a non-executive Director and Chairman of the Company

Details of relationships between the Candidate and Directors of the Company

Not applicable

Other directorships held

Mr Elliott is a Director of Argonaut Resources NL and Global Geoscience Limited.

The term of office already served by Mr Elliott

Mr Elliott was appointed a Director of the Company on 22 December 2008.

The Directors (other than Mr Elliott) do not have an interest in the outcome of Resolution 2 and recommend that shareholders vote in favour of Resolution 2.

Resolution 3

Re-election of Director – Dr Jack Testard

Pursuant to clause 71 of the Company's Constitution, no director shall hold office for a continuous period in excess of three years or until the third annual general meeting following the director's appointment, whichever is the longer, without submitting for re-election. Dr Testard was last re-elected at the 2014 AGM.

The Company provides the following information concerning Mr Testard:

Biographical details

Dr Testard was appointed a Director of the Company on 14 May 2014. Jack is a French geologist with over 40 years of experience in Europe, Africa, CIS countries, Turkey, Saudi Arabia and Guyana. Dr Testard was formerly Head of the Minerals Resources Division of the BRGM (Bureau de Recherches Géologiques et Minières - the French Geological Survey), President of GIP GEODERIS and Manager of the Ovacik gold mine in Turkey under Normandy La Source. Dr Testard is President of Variscan Mines SAS, the wholly owned French subsidiary of Variscan Mines Limited, based out of Orleans, France.

Dr Testard is currently President of the French Chamber of Mines, Treasurer of the Federation of Minerals and Non Ferrous Metals (FEDEM) and a Director of the Société de l'Industrie Minérale (SIM).



EXPLANATORY MEMORANDUM

Details of relationships between the Candidate and the Company

Dr Testard is an executive Director of the Company

Details of relationships between the Candidate and Directors of the Company

Not applicable

Other directorships held

N/A

The term of office already served by Dr Testard

Dr Testard joined the Board on 14 May 2014.

The Directors (other than Dr Testard) do not have an interest in the outcome of Resolution 3 and recommend that shareholders vote in favour of Resolution 3.

Resolution 4

Authorisation of Issue of ESOP Options

Under Listing Rule 7.1, the Company may, within a 12 month period, issue equity securities equivalent to 15% of the total issued ordinary securities in the Company without obtaining Shareholder approval.

Listing Rule 7.2 Exception 9 contains an exception to the 15% limit where shareholders have approved the issue of securities under an employee incentive scheme within 3 years before the date of issue of securities.

It is common for companies to obtain approval for the issue of securities pursuant to an employee incentive scheme so that listing Rule 7.2 Exception 9 applies to the Company's employee incentive scheme. As almost three years have elapsed since the Shareholders last approved the issue of securities under the ESOP the Company is seeking the approval of Shareholders to issue securities in accordance with the ESOP for the purposes of Listing Rule 7.2 Exception 9.

Disclosure for the purposes of Listing Rule 7.2 Exception 9

Purpose of the ESOP

The Company established the ESOP in 2006 to assist in the attraction, retention and motivation of employees of the Company.

Summary of the terms of the ESOP

A summary of the terms of the ESOP is set out in Annexure A to this Explanatory Memorandum.

The ESOP is administered by the Board in accordance with the rules of the ESOP, and the rules are subject to the Listing Rules.

Shareholders can obtain a full copy of the ESOP by contacting the Company Secretary.

Number of ESOP Options issued under the ESOP since the date of the last approval

There have been 9,400,000 Options issued under the ESOP since the date of the last approval (28 November 2013).

Directors' Recommendation

The Directors recommend that all Shareholders vote in favour of Resolution 4.

Resolution 5

Approval of Prior Placement of Shares on 13 May 2016

A total of 55,555,556 Shares were issued on 13 May 2016 pursuant to Variscan's existing capacity to issue Shares under Listing Rule 7.1.

The Shares were issued to sophisticated shareholders pursuant to subscription agreements arranged by Patersons Securities Limited as disclosed in the ASX announcement dated 9 May 2016.

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

ASX Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rule 7.1 will be treated as having been made with shareholder approval for the purposes of that Listing Rule if shareholders subsequently approve it and the issue did not breach Listing Rule 7.1.

If Shareholders approve Resolution 1, the issue of 55,555,556 Shares will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

In accordance with ASX Listing Rule 7.5 the following information is provided:

- (a) A total of 55,555,556 ordinary fully paid shares were allotted on 13 May 2016 at an issue price of \$0.018 per share.
- (b) The securities were ordinary fully paid shares ranking equally in all respects with the Company's issued shares.
- (c) The shares were issued to sophisticated shareholders pursuant to subscription agreements arranged by Patersons Securities Limited
- (d) As announced on 9 May 2016, the Placement shares together with the subsequent Entitlement Offer are being used to fund the Company's exploration programmes over its exploration licences in France and to continue to identify and secure advanced projects.

A voting exclusion statement is included in this Notice. The Board recommends Shareholders vote in favour of Resolution 5 as it allows the Company greater flexibility to issue further securities representing up to 15% under ASX Listing Rule 7.1 of the total number of Shares on issue in any 12 month period without Shareholder approval.



EXPLANATORY MEMORANDUM

Resolution 6 - Issue of Equity Securities up to an additional 10% of the Company's Issued Capital

Listing Rule 7.1A enables an eligible entity to seek shareholder approval to issue Equity Securities up to 10% of its issued share capital over a 12-month period commencing from the Annual General Meeting where shareholder approval is received. The 10% issue capacity allowed under Listing Rule 7.1A ("7.1A 10% Capacity") is in addition to the Company's 15% annual placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 7.1A 10% Capacity.

The exact number of Equity Securities to be issued under the 7.1A 10% Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

a) Listing Rule 7.1A

Shareholder approval required

The ability to issue Equity Securities under Listing Rule 7.1A is subject to shareholder approval by way of special resolution at an Annual General Meeting.

Class of equity securities issued

Any Equity Securities issued under the 7.1A 10% Capacity must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two quoted classes of Equity Securities being fully paid ordinary Shares and Options exercisable at \$0.015 each expiring on 4 May 2017.

Calculating 7.1A 10% Capacity

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue during the period of the approval a number of Equity Securities calculated in accordance with the following formula:

(AxD)-E

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement:

- **Plus** the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- **Plus** the number of partly paid Shares that became fully paid in the 12 months;
- **Plus** the number of fully paid Shares issued in the 12 months with approval of holders of

Shares under Listing Rule 7.1 or 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without shareholder approval;

- **Less** the number of fully paid Shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% issue capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

Effect of Listing Rule 7.1 with 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% issue capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 518,922,788 Shares and therefore will have a capacity to issue:

- (i) Subject to shareholder approval of resolution 5, 77,465,042 Equity Securities under Listing Rule 7.1; and
- (ii) Subject to shareholder approval being sought under this Resolution 11, 51,892,278 Equity Securities under Listing Rule 7.1A

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2.

Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class of Equity Securities were recorded immediately before:

- The date on which the price at which the Equity Securities are to be issued is agreed; or
- If the Equity Securities are not issued within 5 Trading Days of the date referred to above, the date on which the Equity Securities are issued.

Approval Validity Period

Shareholder approval of the 7.1A 10% Capacity under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:



EXPLANATORY MEMORANDUM

- The date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- The date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The following table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

Variable 'A' in Listing Rule 7.1A2		Issue Price Assumptions		
		Less: 50% \$0.009	Base \$0.018	Plus: 100% \$0.036
Current 518,922,788	10% issue	51,892,278	51,892,278	51,892,278
	Funds raised	\$467,030	\$934,061	\$1,868,122
Plus 50% 778,384,182	10% issue	77,838,418	77,838,418	77,838,418
	Funds raised	\$700,545	\$1,401,091	\$2,802,183
Plus 100% 1,037,845,576	10% issue	103,784,557	103,784,557	103,784,557
	Funds raised	\$934,061	\$1,868,122	\$3,736,244

b) Specific Information required by Listing Rule 7.3A

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trading in that class of Equity Securities were recorded immediately before:

- (i) The date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) If the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

If Resolution 6 is approved by Shareholders and the Company issues Equity Securities under the 7.1A 10% Capacity, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:

- (i) The market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) The Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

The table also shows:

- Two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- Two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

The table has been prepared on the following assumptions:

- That Resolution 5 is approved
- The table does not take into account that the 324,675 shares issued in January have not been ratified.
- The Company issues the maximum number of Equity Securities available under the 7.1A 10% Capacity.
- No Options are exercised which have converted into Shares before the date of issue of the Equity Securities.



EXPLANATORY MEMORANDUM

- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 7.1A 10% Capacity, based on that Shareholder's holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A and not under the 15% placement capacity under Listing Rule 7.1.
- The issue of Equity Securities under the 7.1A 10% Capacity consists only of Shares.
- The base issue price is \$0.018 being the closing price of the Shares on ASX on 10 October 2016.

The Company will only issue and allot the Equity Securities during 12 months following the approval of Resolution 11. The approval under Resolution 11 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking)).

The Company may seek to issue the Equity Securities for the following purposes:

- Non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- Cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 7.1A 10% Capacity.

The identity of the allottees of allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- The methods of raising funds that are available to the Company, including but not limited to,

rights issues or other issues in which existing securities holders can participate;

- The effect of the issue of the Equity Securities on the control of the Company;
- The financial situation and solvency of the Company; and
- Advice from corporate, financial and broking advisers (if applicable).

The allottees under the 7.1A 10% Capacity have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 7.1A 10% Capacity will be the vendors of the new resources assets of investments.

The Company previously obtained Shareholder approval under Listing Rule 7.1A on 25 November 2015.

The following table shows details of all issues of Equity Securities in the 12 months preceding the Annual General Meeting and other information required under Listing Rule 7.3A.

On 25 November 2015 the Company had on issue 306,447,930 ordinary Shares and 153,255,138 Options making a total of 459,703,068 equity securities. During the previous 12 months the Company issued 254,269,688 Equity Securities or 55.3% of the total on issue at 25 November 2015.

The funds raised by the Placement and SPP in December 2015 were used to fund the completion of a JORC Compliant Resource for the company's high grade Porte-aux-Moines zinc deposit (located within the Merleac licence), progress the Company's exploration activities within its key tenements in France and to provide working capital.

The funds raised by the Placement and Entitlement Offer in May and June 2016 are being utilised as anticipated to expand the Company's exploration programmes over its high quality exploration licences in France and continue with its successful strategy of identifying and securing advanced projects and for working capital.

The funds raised from the issue of Shares on exercise options on 18 May 2016 were utilised for general operating costs.



EXPLANATORY MEMORANDUM

Date	Names of the persons to whom securities were issued or basis on which determined	Consideration	Number	Class	Issue Price	Market	(Discount)/ Premium %
1 December 2015	Placement to subscribers arranged by Patersons Securities Limited	\$1,350,000	58,695,652	Ord Shares	\$0.023	\$0.032	(28.1)
3 December 2015	Issue of Options to Directors	Nil	8,700,000	Unlisted Options exercise price 5 cents expiring 3 Dec 2018	N/A	N/A	N/A
3 December 2015	Issue of Employee Options	Nil	3,750,000	Unlisted Options exercise price 5 cents expiring 3 Dec 2018	N/A	N/A	N/A
30 December 2015	SPP	\$243,939	10,606,050	Ord Shares	\$0.0231	\$0.021	10.0
15 January 2016	Placement to Mr. I Tanner	\$7,500	324,675	Ord Shares	\$0.0231	\$0.021	10.0
29 January 2016	Issue of Options to subscribers of placement shares issued on 3 December 2015	Nil	29,347,830	Unlisted Options exercise price 5 cents expiring 29 Jan 2018	N/A	N/A	N/A
13 May 2016	Placement to subscribers arranged by Patersons Securities Limited	\$1,000,000	55,555,556	Ord Shares	\$0.018	\$0.020	(10.0)
18 May 2016	Exercise of Listed Options	\$12,089	805,910	Ord Shares	\$0.015	\$0.020	(25.0)
20 June 2016	Rights Issue	\$1,556,766	86,487,015	Ord shares	\$0.018	\$0.016	12.5
		Total	254,269,688				

A voting exclusion statement is included in this Notice of Meeting. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.



EXPLANATORY MEMORANDUM

GLOSSARY

In this Explanatory Memorandum and Notice of Annual General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

ASX means ASX Limited ACN 008 624 691;

Board means the board of Directors;

Closely Related Party of a member of the Key Management Personnel means:

- a) a spouse or child of the member;
- b) a child of the member's spouse;
- c) a dependant of the member or of the member's spouse;
- d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- e) a company the member controls; or
- f) a person prescribed by the *Corporations Regulations 2001* (Cth);

Company means Variscan Mines Limited ACN 003 254 395;

Constitution means the constitution of the Company;

Corporations Act means *Corporations Act 2001* (Cth);

Directors means the directors of the Company;

Equity Securities has the meaning given to that term in the ASX Listing Rules;

Explanatory Memorandum means the explanatory memorandum attached to and forming part of the Notice;

Key Management Personnel has the same meaning as in the accounting standards (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise, of the Company);

Listing Rules means the ASX Listing Rules as published by the ASX from time to time;

Meeting means the meeting of Shareholders convened by the Notice of Annual General Meeting;

Notice or Notice of Annual General Meeting means the notice of annual general meeting to which this Explanatory Memorandum is attached;

Options means an option to acquire a Share;

Remuneration Report means the report set out in the Directors' Report section of the Company's 2016 Annual Report detailing the remuneration of Key Management Personnel;

Resolution means each resolution to be considered at the Meeting as set out in this Notice;

Share means a fully paid share in the issued share capital of the Company; and

Shareholder means a holder of Shares in the Company who is eligible to attend the Meeting.

VWAP means in relation to particular securities for a particular period, the volume weighted average price of trading in those securities on the ASX and the Chi-X market over that period excluding block trades, large portfolio trades, permitted trades during the pre-trading hours period, permitted trades during the post-trading hours period, out of hours trades and exchange traded options.



EXPLANATORY MEMORANDUM

ANNEXURE A (Resolution 4)

SUMMARY OF TERMS AND CONDITIONS OF THE ESOP

The Company has established the ESOP to assist in the attraction, retention and motivation of employees, officers and contractors of the Company ("Company").

A summary of the Rules of the ESOP is set out below.

- All employees (full and part-time) will be eligible to participate in the ESOP after a qualifying period of 12 months employment by a member of the Company, although the Board may waive this requirement. Contractors will also be eligible to participate in the ESOP.
- Directors (whether executive or non-executive) and secretaries of the Company are also eligible to participate in the ESOP.
- The allocation of options to each eligible person is at the discretion of the Board.
- If permitted by the Board, options may be issued to an eligible person's nominee (for example, a spouse or family company).
- Each option is to subscribe for one fully paid ordinary share in the Company and will expire five years from its date of issue. An option is exercisable at any time from its date of issue.
- Options will be issued free. The exercise price of options will be determined by the Board, subject to a minimum price equal to the market value of the Company's share at the time the Board resolves to offer those options.
- If, prior to the date of options, an eligible person who is an employee ceases to be an employee of the Company for any reason other than retirement at age 60 or more (or such earlier age as the Board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) must be exercised within one month thereafter otherwise they will automatically lapse. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.
- Options cannot be transferred other than to the legal personal representative of a deceased option holder.
- The Company will not apply for official quotation of any options.
- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.
- Option holders may only participate in new issues of securities by first exercising their options.
- If there is a bonus share issue to the holders of shares, the number of shares over which an option is exercisable will be increased by the number of shares which the option holder would have received if the option had been exercised before the record date for the bonus issue.
- If there is a pro rata issue (other than a bonus shares issued) to the holders of shares, the exercise price of an option will be reduced to take account of the effect of the pro rata issue in accordance with the formula in the ASX Listing Rules.
- If there is a reorganisation of the issued capital of the Company, unexercised options will be reorganised in accordance with the Listing Rules.
- The Board may amend the ESOP Rules subject to the requirements of the Listing Rules.

All Correspondence to:

 **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

 **By Fax:** +61 2 9290 9655

 **Online:** www.boardroomlimited.com.au

 **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 2:00pm (Sydney time) on Sunday 20 November 2016.**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **2:00pm (Sydney time) on Sunday, 20 November 2016.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

 **By Fax** + 61 2 9290 9655

 **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Your Address
This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Company Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **HLB Mann Judd, Level 19, 207 Kent St, Sydney NSW 2000 on Tuesday, 22 November 2016 at 2:00pm (Sydney time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 and 4, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1 & 4). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS
* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	To Adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-Election of Mr Patrick Elliott as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-Election of Dr Jack Testard as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Authorisation of Issue of ESOP Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Prior Placement of Shares on 13 May 2016	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Equity Securities up to an additional 10% of the Company's Issued Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS
This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<input style="width: 90%; height: 30px;" type="text"/>	<input style="width: 90%; height: 30px;" type="text"/>	<input style="width: 90%; height: 30px;" type="text"/>
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date / / 2016