



ASX Code: VAR
 ACN: 003 254 395
 Issued Shares: 267m
 Unlisted Options: 19.5m
 Performance Rights: 2.5m

At 30 September 2022
 Cash Balance: \$1.39M

Directors

Dr Foo Fatt Kah
 Stewart Dickson
 Michael Moore
 Mr Nicholas Farr-Jones AM
 Dr Frank Bierlein
 Mr Anthony Wehby

Company Secretary

Mark Pitts

Top Shareholders

Citicorp Nominees
 Slipstream Resources
 Delphi
 FELDI Limited
 SL Hisbanibal
 Lightning Jack Pty Ltd
 BNP Paribas Nominees

Top 20 Shareholders: 61.3%

Head Office

Variscan Mines Limited
 Suite 8, 7 The Esplanade Mount
 Pleasant WA 6153

T +61 (0)8 9316 9100
 E info@variscan.com.au

www.variscan.com.au

RELEASE OF JORC TARGET FOR NOVALES-UDIAS PROJECT; FURTHER DRILLING SUCCESS

HIGHLIGHTS

Preliminary JORC Exploration Target defined for the Zn-Pb Novales-Udias Project

- The Exploration Target indicates the potential for a mid-to-large scale, high-grade deposit;
- Variscan will further advance the Project by:
 - publishing an initial modest, higher confidence Mineral Resource Estimate on the former producing San Jose Mine
 - commencing a Mine Re-Start Concept (Scoping) Study concurrently

Assay results from Phase 2 underground drilling at San Jose reported August 2022 which:

- Continue to expand and infill zones of high-grade zinc mineralisation in the La Caseta Trend within the Central Zone of the San Jose Mine;
- Link new richly mineralised intersections in between known areas of workings (Stopes 200, 191 and 193) indicating continuity within and beyond the La Caseta Trend.
- Selected drill results from the La Caseta Trend (Central Zone):
 - DDH NOVDD113: 33.0m @ 4.1% Zn + 0.1% Pb
 - DDH NOVDD108: 12.0m @ 9.8% Zn + 0.7% Pb
 - DDH NOVDDT037: 9.7m @ 9.1% Zn + 0.9% Pb
 - DDH NOVDD109: 14.0m @ 5.4% Zn + 0.6% Pb
 - DDH NOVDDT036: 13.3m @ 2.4% Zn + 0.1% Pb
 - DDH NOVDDT025: 1.1m @ 20.0% Zn + 0.3% Pb
- An additional encouraging drill result from step-out testing of adjacent near-surface mines (El Eucaliptal):
 - DDH EUDDT01: 2.0m @ 4.1% Zn + 0.1% Pb

Drilling Programme Update

- The Phase 2 underground drilling campaign at the San Jose Mine has been completed for a total of 2,278 metres.
- Future underground and surface drilling campaigns are being conducted in Q3 and Q4 of this year.
- An underground rig has been deployed to test lower-lying targets at the Pepita target in the Buenahora licence area. Second phase of the surface drilling campaign is well advanced.

Variscan Board changes announced as the Company continues to progress

- After the end of the September 2022 quarter, Variscan announces the appointment, with immediate effect, of two new Non-executive Directors:
 - Dr Frank Bierlein, a geologist with 30 years of experience as a consultant, researcher and lecturer and industry professional
 - Mr Anthony Wehby, a respected Corporate Finance Specialist and listed company director with over 50 years of executive and non-executive experience

Variscan Mines Limited (“Variscan” or the “Company” or the “Group”) (ASX:VAR) is pleased to provide its Appendix 5B for the quarter ended 30 September 2022 along with the following operational update.

OPERATIONS

SPAIN – NOVALES-UDIAS ZINC PROJECT

Preliminary Exploration Target

In late July 2022, Variscan announced an initial JORC compliant Exploration Target for the Novales-Udias Project (see ASX announcement dated 28 July 2022).

Although conceptual in nature, this Target indicates the potential for a mid-to-large scale, high-grade deposit.

The following table outlines the Target’s range and tonnage parameters.

Table 1. Tonnages and Grade Ranges for JORC Exploration Target

| Range | Tonnage (Mt) | Zinc (%) | Lead (%) |
|----------------|--------------|----------|----------|
| Lower Estimate | 16.5 | 6.3 | 1.1 |
| Upper Estimate | 34.0 | 9.1 | 1.8 |

The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource for all target areas reported. It is uncertain if further exploration will result in the estimation of a Mineral Resource. The Exploration Target has been prepared and reported in accordance with the 2012 edition of the JORC Code.

The JORC Exploration Target comprises 62 target volumes delineated within the 52km² licence areas, including the San Jose Mine. The estimation process used to determine the above approximate grade and tonnage ranges utilised multiple data sources including:

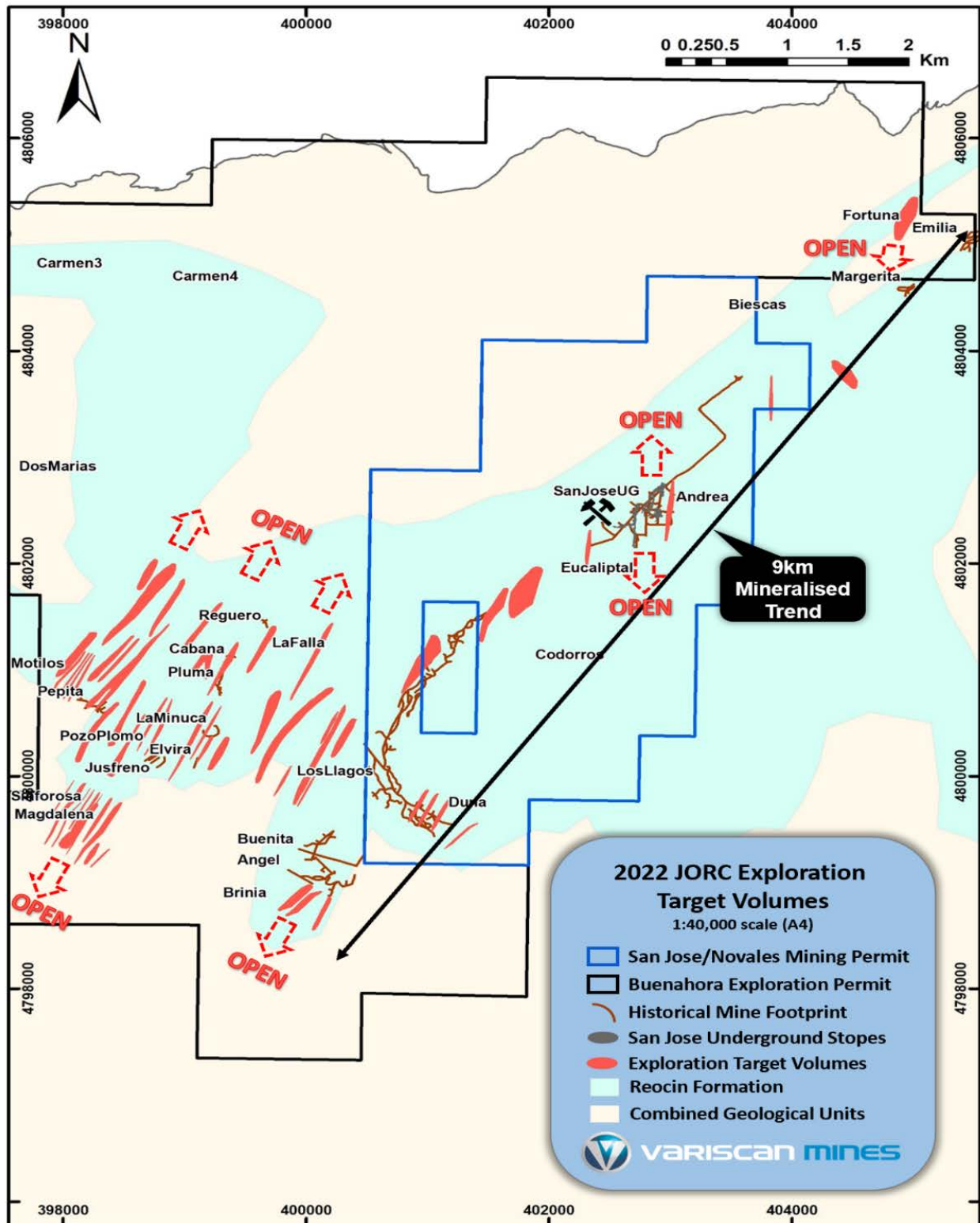
- Contemporary soil geochemistry samples at surface;
- Historic soil geochemistry samples at surface;
- In-situ point samples (rock chips);
- Contemporary diamond drilling (underground);
- Historic diamond drilling (surface and underground);
- Chargeable bodies detected from recent DCIP survey; and
- Presence of a historical mine or indication of workings, e.g. an adit at surface.

Of the 62 targets, 54 were supported by two or more additional data types. Only eight of the domains were supported by DCIP data only.

The San Jose Mine has the most extensive and reliable dataset from recent drilling supported by a significant historical underground drillholes. Accordingly, the San Jose Mine was used as the comparative basis for other targets, as the majority of them are hosted in the same Reocin Formation and have comparable mineralogy and morphology, although structural orientations between targets vary in some cases.

Benchmarking against a selection of other publicly reported Zn-Pb Exploration Targets indicates the Novales-Udias Project to have significant potential for a Mineral Resource over a mid-to-large scale, high-grade deposit.

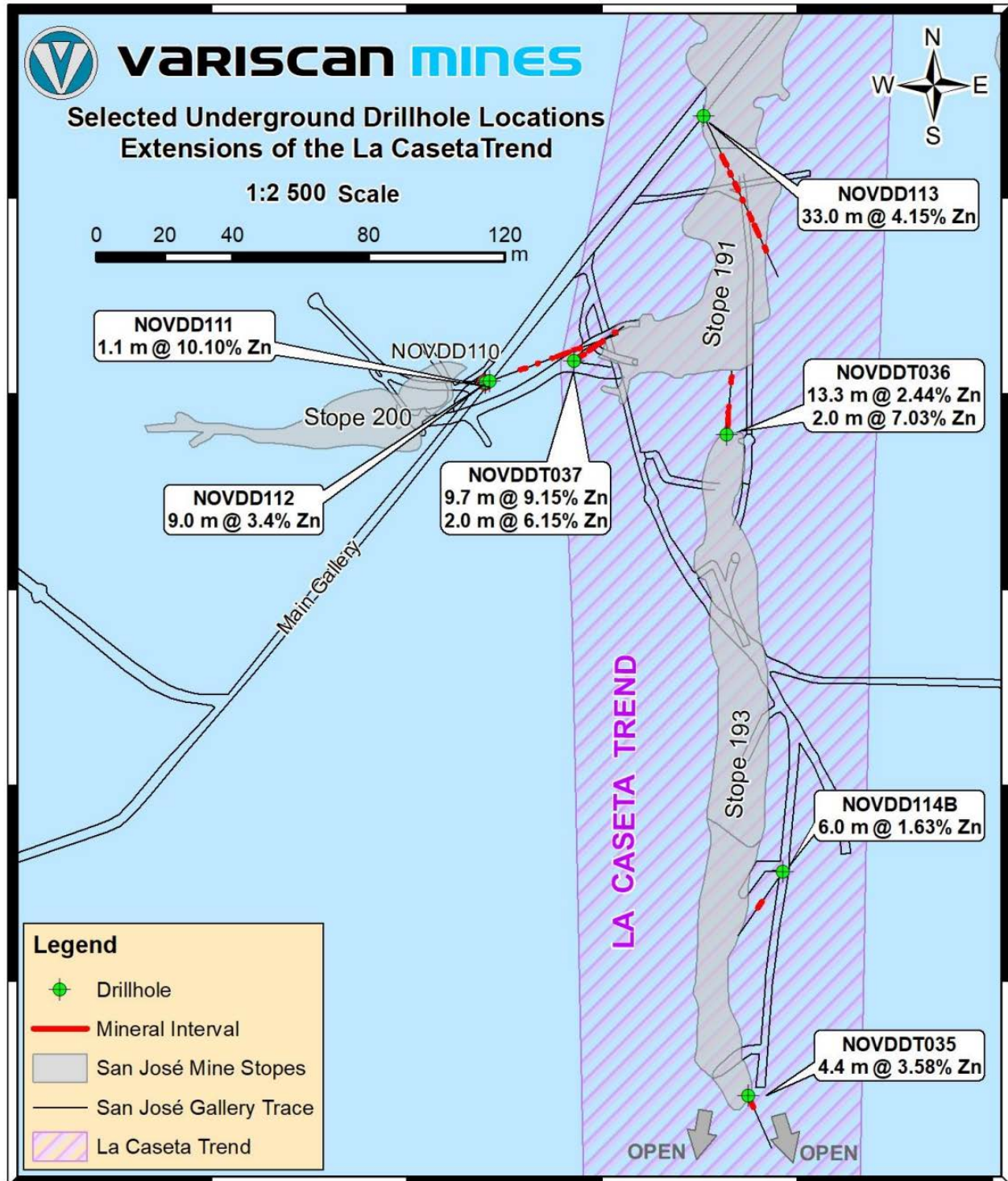
Figure 1. Plan view of Novales-Udias Project with Exploration Target areas (red)



Latest round of Novales-Udias assay results expand and infill San Jose's mineralisation

In late August 2022 (see ASX announcement dated 25 August 2022), Variscan announced another set of positive assay results from the now completed Phase 2 underground diamond drilling programme at the San Jose Mine in the Novales-Udias Project.

Figure 2: Plan view of new, selected mineralised intersections from drilling in the La Caseta Trend



The key findings coming out of this latest round of assay results were:

- The Phase 2 diamond drilling programme has achieved its primary objective of expanding the footprint of Zn-Pb mineralisation at the San Jose Mine and surrounding areas, the results of which will greatly contribute to the evaluation of the mineral resource potential of the mine;
- Expansion and infill zones of high-grade zinc mineralisation in the La Caseta Trend confirm the significance of the discovery of the lower-lens made last year;
- New richly mineralised areas intersected are in between known areas of workings (Stopes 200, 191 and 193) indicating continuity within and beyond the La Caseta Trend;
- Underground drilling to date has focussed around the San Jose Mine which only represents approximately 15% of the entire strike length of the mineralised structure of the 9km Novales Trend; Variscan has already commenced the application process with local authorities to commence surface drilling in the vicinity of San Jose and surrounding areas;
- Drilling results confirm the San Jose Mine's continued exploration potential; new assay information provides important data that will be included in the estimation of a mineral resource that can potentially be exploited by a future resumption of underground operations.

Selected drill results from the La Caseta Trend (Central Zone) follow:

- DDH NOVDD113: 33.0m @ 4.1% Zn + 0.1% Pb
- DDH NOVDD108: 12.0m @ 9.8% Zn + 0.7% Pb
- DDH NOVDDT037: 9.7m @ 9.1% Zn + 0.9% Pb
- DDH NOVDD109: 14.0m @ 5.4% Zn + 0.6% Pb
- DDH NOVDDT036: 13.3m @ 2.4% Zn + 0.1% Pb
- DDH NOVDDT025: 1.1m @ 20.0% Zn + 0.3% Pb

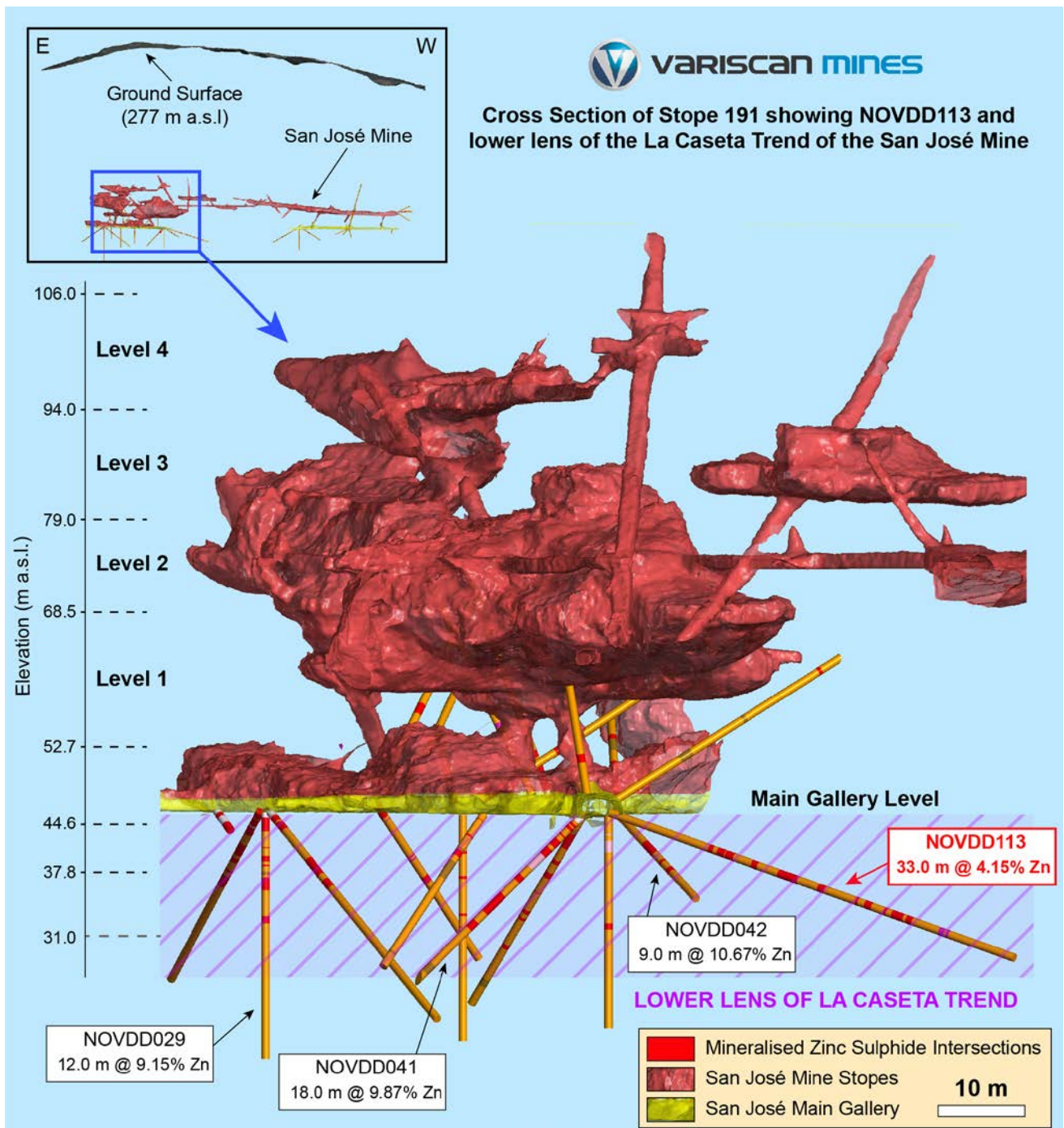
An additional encouraging drill result from step-out testing of adjacent near-surface mines (El Eucaliptal) follows:

- DDH EUDDT01: 2.0m @ 4.1% Zn + 0.1% Pb

These positive results come in the wake of another set of positive outcomes from the Phase 2 underground drilling programme at Novales-Udias Project released very early in Variscan's Q1 FY23 (see ASX announcement dated 7 July 2022).

This announcement included positive step-out and infill drilling results from San Jose Mine-related exploration activities that effectively added to its scale potential.

Figure 3. Cross-section of Stope 191 illustrating drillhole NOVDD113 (33.0m @ 4.1% Zn + 0.1% Pb) and the lower lens of the La Caseta Trend.



Board changes unveiled after quarter-end

Post the end of the September 2022 quarter, Variscan reported some changes to its Board of Directors (see ASX announcement dated 21 October 2022).

In order to strengthen the Board and consolidate the Company's success in developing its Spain-based project, the Board resolved to appoint, two new Non-Executive Directors to its Board.

- Dr Frank Bierlein, a geologist with 30 years of experience as a consultant, researcher and lecturer and industry professional, both in Australia and offshore. He is also an experienced public company director. Over his working life, Dr Bierlein has worked or consulted for a number of well-known companies, including QMSD Mining Co Ltd, Qatar Mining, Afmeco Australia, Aveva NC, Newmont Gold, Resolute

Mining, Goldfields International, Freeport McMoRan, and the International Atomic Energy Agency. He is currently a Non-executive Director on the Boards of Blackstone Minerals Limited; PNX Metals Limited; Firetail Resources Limited and Impact Minerals Limited. Dr Bierlein's career has seen him work across multiple commodity market segments. He has additionally published and co-authored more than 130 articles in peer reviewed scientific journals.

- Mr Anthony Wehby, a respected Corporate Finance Specialist and former Partner of Price WaterhouseCoopers. He is a long-time listed company director with over 50 years of executive and non-executive experience. This has included a considerable time performing mining industry-related roles. Mr Wehby is currently a non-executive director on the Board of listed Asia Pacific gold producer Kingston Resources Ltd. He is also a non-executive director on the board of ASX listed Insurance underwriting agency Ensurance Ltd. He has previously been Chairman of Tellus Resources Limited, Non-executive Chairman of Aurelia Metals Limited and a Director of Harmony Gold (Aust) Pty Ltd. Mr Wehby also operates a financial consulting practice focussed on strategic advice.

At the same time, Variscan Non-executive Chairman, Dr Foo Fatt Kah, announced his intention to step down from the Variscan Board at the conclusion of the Company's FY22 Annual General Meeting, to be held on 30 November 2022.

PROJECT SUMMARIES

The Novales-Udias Project is located in the Basque-Cantabrian Basin, some 30km southwest from the regional capital, Santander. The project is centred around the former producing San Jose underground mine with a large surrounding area of exploration opportunities for a number of satellite deposits based on underground and surface workings, our substantial database of some 88,000m of historic drilling and multiple areas of zinc anomalism identified from recent and historic geochemical surveys. Variscan has defined the NE-SW Novales Trend over 9km with a parallel mineralised trend over at least 3km of strike.

Novales-Udias Project Highlights

- Near term zinc production opportunity (subject to positive exploratory work)
- Large tenement holding of 68.3 km² (including several granted mining tenements)
- Regional exploration potential for another discovery analogous to Reocin (total past production and remaining resource 62Mt @ 8.7% Zn and 1.0% Pb^{1, 2})
- Novales Mine is within trucking distance (around 80km) of the Asturias zinc smelter
- Classic MVT carbonate hosted Zn-Pb deposits
- Historic production of high-grade zinc; average grade reported as around 7% Zn³
- Simple mineralogy of sphalerite – galena – calamine
- Ore is strata-bound, epigenetic, lenticular and sub-horizontal
- Reported historic production of super high grade 'bolsas' (ore bags) commonly 10-20% Zn and in some instances +30% Zn⁴

1 Velasco, F., Herrero, J.M., Yusta, I., Alonso, J.A., Seebold, I. and Leach, D., 2003 - Geology and Geochemistry of the Reocin Zinc-Lead Deposit, Basque-Cantabrian Basin, Northern Spain: in Econ. Geol. v.98, pp. 1371-1396.

2 Cautionary Statement: references in this announcement to the publicly quoted resource tonnes and grade of the Project are historical and foreign in nature and not reported in accordance with the JORC Code 2012, or the categories of mineralisation as defined in the JORC Code 2012. A competent person has not completed sufficient work to classify the resource estimate as mineral resources or ore reserves in accordance with the JORC Code 2012. It is uncertain that following evaluation and/or further exploration work that the foreign/historic resource estimates of mineralisation will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code 2012.

3 Anecdotal evidence from original Novales miners interviewed during the WAI Due Diligence supported with historical production data from the School of Mines in Torrelavega historical archives.

4 Anecdotal evidence from original Novales miners interviewed during the WAI Due Diligence supported with historical production data from the School of

- Assay results of recent targeted grab samples taken from within the underground Novales Mine recorded 31.83% Zn and 62.3% Pb⁵
- Access and infrastructure all in place
- Local community and government support due to historic mining activity

Spain – Guarajaz Zinc-Rich Polymetallic Project

The Guarajaz Project is a prospective brown-field zinc-rich polymetallic opportunity with known mineral occurrences.

The project is located in the highly mineralised Central Zone of the Iberian Massif, which ranks as one of the most mineralised geological units globally and represents the internal zone of the prolific European Variscan Orogenic belt.

During the quarter, limited activities were undertaken by the Company in connection with this project.

Chile – Rosario Copper Project

The Rosario Project is located approximately 120 kilometres by road east of the port city of Chanaral in the Atacama Region of northern Chile. Chile is a proven mining jurisdiction and is the largest producer of copper globally. The Rosario project lies about 20 kilometres north of the El Salvador mine (owned by Codelco). It is one of the country's larger copper operations, within a region of dense mining activity (all scales) and good copper endowment.

The Rosario project comprises three granted exploitation concessions, Rosario 6, Rosario 7 and Salvadora, one granted mineral exploration license (Abandonara) and an exploration concession under application (Rosario 101). These concessions cover two outcropping copper trends (Zones A and B) over a combined strike length of approximately 6 kilometres.

No significant activities were conducted on the Rosario Copper project during the quarter.

Australia

The Company continues to hold minority interests in a number of areas of eastern and central Australia. No specific activities were undertaken by the Company in these areas during the quarter.

Mines in Torrelavega historical archives.

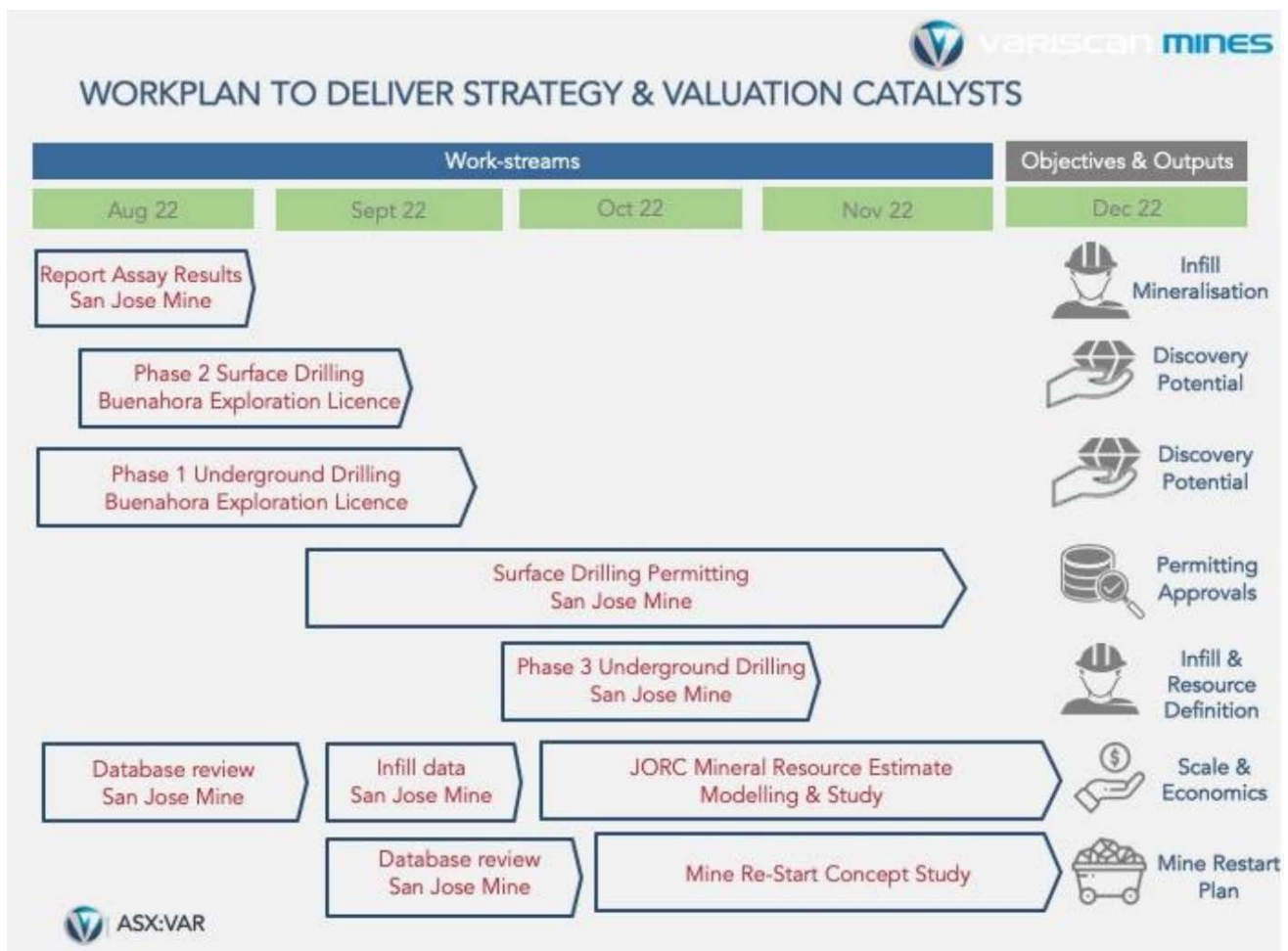
⁵ Refer to ASX Announcement of 19 December 2019

Next steps in Variscan’s exploration/development strategy

Variscan’s immediate focus is progressing with the following activities, all of which are expected to be completed by the end of calendar year 2022:

- Returning assay results from the current Buenahora surface drilling campaign together with supplementary exploration results.
- Reporting results of underground drilling at the Pepita target within the Buenahora Exploration Licence.
- Publishing a focussed JORC compliant Mineral Resource estimate for the San Jose Mine.
- Reporting a Mine Re-Start Concept Study for the San Jose Mine.
- Delivery of approvals to undertake further surface drilling in and around the San Jose Mine to test step-out targets.
- Phase 3 underground infill and resource definition drilling at the San Jose Mine.
- In support of the above activities, the delivery of associated environmental, social and governance (“ESG”) initiatives. Recent activities have included supporting the Novales Lemon Fiesta and employing local staff in geological and administrative roles.

Figure 3. Summary of Workplan



FINANCIAL & CORPORATE

CASH

Cash at bank at the end of the quarter was \$1.39 million.

SUMMARY OF EXPENDITURE ON EXPLORATION ACTIVITIES

For the quarter, the Group spent \$315,000 on exploration activities, substantively all of which related to the Group's Spanish zinc projects. These exploration activities related to:

- Underground drilling programme;
- Structural geological mapping;
- Technical consulting fees;
- Geological mapping;
- Tenement administration, reporting and management; and
- Directly-attributable corporate overheads and administration costs.

In accordance with ASX Listing Rule 5.3.2, the Company advises that no Mining Development or Production activities were conducted during the quarter.

SHARE CAPITAL

The total number of shares on issue at the end of the quarter was 266,732,024.

Deferred settlement shares

In accordance with the acquisition of the Spanish Zinc projects, the Company must issue additional shares upon the satisfaction of certain exploration milestones. These milestones are for the definition, in accordance with JORC 2012, of an Inferred Mineral Resource (or greater) of:

- Milestone 1: 4 million tonnes at 7% Zn
- Milestone 2: 8 million tonnes at 7% Zn
- Upon satisfaction of each of these milestones, the Company must issue 27,500,000 ordinary shares to the vendors of Slipstream Spain Pty Ltd and Slipstream Spain 2 Pty Ltd, and 2,426,471 shares to Hispanibal S.L. as the vendor of the "Hispanibal Option", for a total of 59,852,941 Ordinary Shares if both milestones are met.

There is currently no obligation to issue the milestone shares.

COVID-19

Variscan will continue to operate in full compliance with government regulations to safeguard the health of our staff and contractors as well as the local communities. The Company's planned exploration work is continuing as previously advised.

OTHER

During the September 2022 quarter, the Company made payments to related parties of \$174,000, represented by remuneration paid to Directors.

Variscan Mines Managing Director & CEO Stewart Dickson said: “We are pleased by the number of significant development milestones Variscan has delivered over the September 2022 quarter. These achievements, headed by the release of a JORC Exploration Target and another package of highly promising assay results, provide further evidence of the inherent value of our Novales-Udias Project.

We will be preparing a Mine Re-Start Concept (Scoping) Study that will identify the potential economics and work-streams to support a re-start of small-scale mining at San Jose. This will allow Variscan to gradually grow scale from there, progressively opening up larger resource areas, the capex requirements of which will be funded by future, internal cashflows.

In the meantime, the continued success of our Novales-Udias exploration programme is a crucial pointer to the upside potential embodied in both the historic San Jose Mine and other parts of our Novales-Udias Project. We continue to believe there is massive scope to grow the quantum of the identified resource in Novales-Udias. After all, underground drilling to date has only focussed around the San Jose Mine, which represents just 15% of the entire strike length of the mineralised structure of the 9km long Novales Trend.

Looking ahead, we expect to complete a range of other exploration activities in Novales-Udias over the final part of calendar 2022 and the start of the new year. This includes a Phase 3 underground drilling campaign at San Jose. The outcomes of this work will feed directly into our calculations of the pending JORC resource estimate.”

ENDS

Variscan Mines Limited

Stewart Dickson

Managing Director & CEO

info@variscan.com.au

This announcement has been authorised by Mr Stewart Dickson, Managing Director and CEO of Variscan Mines Limited

Media enquiries:

Julia Maguire

The Capital Network

julia@thecapitalnetwork.com.au

+61 2 8999 3699

BACKGROUND

Variscan Mines Limited (ASX:VAR) is a growth-oriented, natural resources company focused on the acquisition, exploration and development of high-quality strategic mineral projects. The Company has compiled a portfolio of high-impact base-metal interests in Spain, Chile, and Australia.

The Company's name is derived from the Variscan orogeny, which was a geologic mountain building event caused by Late Paleozoic continental collision between Euramerica (Laurussia) and Gondwana to form the supercontinent of Pangea.

COMPETENT PERSONS STATEMENT

The information in this document that relates to the Exploration Target, Exploration results and technical information about the Novales-Udias project is based on, and fairly represents information and supporting documentation reviewed by Dr. Mike Mlynarczyk, Principal of the Redstone Exploration Services, a geological consultancy acting as an external consultant for Variscan Mines. Dr. Mlynarczyk is a Professional Geologist (PGeo) of the Institute of Geologists of Ireland, and European Geologist (EurGeol) of the European Federation of Geologists, as well as Fellow of the Society of Economic Geologists (SEG). With over 10 years of full-time exploration experience in MVT-style zinc-lead systems in several of the world's leading MVT provinces, Dr. Mlynarczyk has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ('JORC Code'). Dr. Mlynarczyk consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears.

Where Company refers to exploration results and historical data previously advised to the ASX it confirms that it is not aware of any new information or data that materially affects the information included in previous announcements and all material assumptions and technical parameters disclosed in those announcements continue to apply and have not materially changed.

LISTING OF TENEMENTS HELD AT 30 SEPTEMBER 2022

| Tenement | Tenement No. | Interest | Joint Venture Details |
|---------------------------------|--------------|----------|-----------------------|
| SPAIN – Note 5 | | | |
| <u>Cantabria</u> | | | |
| Buenahora Fraction 1 | IP 16.662-01 | 100% | |
| Buenahora Fraction 2 | IP 16.662-02 | 100% | |
| San José | EC 94 | 100% | |
| La Torra | EC 512 | 100% | |
| Tres Amigos | EC 1565 | 100% | |
| Torpeza | EC 2557 | 100% | |
| Andrea | EC5220 | 100% | |
| Andrea-demasía a | EC5374 | 100% | |
| Es | EC8049 | 100% | |
| Dudosa | EC8165 | 100% | |
| Cargadoiro | EC11589 | 100% | |
| Tres amigos-demasía a | EC11594 | 100% | |
| Flor del pueblo | EC12942 | 100% | |
| Torpeza-demasía a | EC12952 | 100% | |
| Torpeza-3ª demasía a | EC13079 | 100% | |
| Torpeza-2ª demasía a | EC13080 | 100% | |
| Flor del pueblo-demasía a | EC13154 | 100% | |
| Dudosa-demasía a | EC13170 | 100% | |
| Andrea-3ª demasía a | EC13175 | 100% | |
| Andrea-2ª demasía a | EC13176 | 100% | |
| Cargadoiro-demasía a | EC13260 | 100% | |
| Ampliación a Matilde | EC13641 | 100% | |
| Aumentada | EC14238 | 100% | |
| Campitos | EC14554 | 100% | |
| Campitos-demasía a | EC14640 | 100% | |
| Carmenchu | EC14945 | 100% | |
| Amelita | EC14949 | 100% | |
| Eloísa | EC14947 | 100% | |
| Ampliación a Matilde-demasía a | EC14948 | 100% | |
| Cargadoiro 2 | EC14954 | 100% | |
| Amelita-demasía a | EC14979 | 100% | |
| Carmenchu-demasía a | EC14980 | 100% | |
| Eloísa-demasía a | EC14981 | 100% | |
| Carmenchu-2ª demasía a | EC14982 | 100% | |
| 6º Aumento a porvenir | EC15672 | 100% | |
| Ampliación a Matilde-demasía a | EC13641-10 | 100% | |
| Campitos-segunda demasía a | EC14554-20 | 100% | |
| Cargadoiro 2- demasía a | EC14954-10 | 100% | |
| Carmenchu-tercera demasía a | EC14980-30 | 100% | |
| 6º Aumento a porvenir-demasía a | EC15672-10 | 100% | |
| Torpeza-tercera demasía a | EC2557-30 | 100% | |

| Tenement | Tenement No. | Interest | Joint Venture Details |
|---------------------------|--------------|----------|-----------------------|
| <u>Toledo</u> Guajaraz | IP 4.203 | 100% | |

CHILE

| | | | |
|------------------------|-------------------|-------|---|
| Rosario | | | |
| Rosario 6 1-40 | 0310259624 | 10.4% | Note 4 |
| Rosario 7 1-60 | 0310259632 | 10.4% | Note 4 |
| Rosario 101 | 03102N2229 | 10.4% | Note 4 |
| Salvadora | 0310231355 | 10.4% | Note 4 |
| Abandonara | 0310248487 | 10.4% | Note 4 |
| | | | |
| NEW SOUTH WALES | | | |
| Willyama | EL 8075 | 0% | Note 1 |
| Hillston | EL 6363 | 39.2% | Perilya can earn 80%, Eaglehawk 9.8% |
| Native Dog | EL 8236 | 0% | Note 1 |
| Woodlawn South | ELs 7257 and 7469 | 0% | Royalty interest only |
| SOUTH AUSTRALIA | | | |
| Junction Dam | EL 5682 | 0% | Marmota acquired 100% ownership. See Note 2 |
| Callabonna | EL 5360 | 49% | Red Metal 51%, can earn 70% |
| | | | |
| FRANCE | | | |
| St Pierre | PER | 100% | |
| Beaulieu | PER | 100% | |

EL = Exploration License

PER = Permis Exclusif de Recherche (France)

IP = Investigation Permit (Spain)

EC = Exploration Concession (Spain)

Note 1: Under an agreement with Silver City Minerals Limited, Broken Hill Operations and Eaglehawk Geological Consulting Pty Ltd Variscan has converted its interest in parts of these tenements to a NSR (Net Smelter Return).

Note 2: Marmota has earned 100% of the uranium rights only in EL 5682. Variscan has a 0.5% net profits royalty on production from a uranium mine.

Note 3: The remaining exploration licenses owned by Variscan Mines SAS (excluding the Couflens PER) have been conditionally acquired by a new wholly owned subsidiary, Variscan Mines Europe Limited. Pursuant to the approval for the Subsidiary Sale, the Ministry of Economy and Finance has imposed, without prior consultation, the compulsory relinquishment of the remaining licenses. The Company has approved the relinquishment request and has yet to receive a response. The timetable for the completion of the relinquishment process is unknown.

Note 4: On 1 July 2019 the Company announced it had successfully renegotiated the terms of the existing Option Agreement to provide the Company with a participating interest of 10.4%. The Company can earn up to 90% of the project through payment of amounts totaling approximately US\$2.25 million.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Variscan Mines Limited

ABN

16 003 254 395

Quarter ended ("current quarter")

30 September 2022

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (5) | (5) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (122) | (122) |
| (e) administration and corporate costs | (120) | (120) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 2 | 2 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | - | - |
| 1.9 Net cash from / (used in) operating activities | (245) | (245) |

| | | |
|--|-------|-------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) tenements | - | - |
| (c) property, plant and equipment | - | - |
| (d) exploration & evaluation | (315) | (315) |
| (e) investments | - | - |
| (f) other non-current assets | - | - |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (315) | (315) |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | - | - |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1,946 | 1,946 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (245) | (245) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (315) | (315) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | - |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|---|------------------------------------|--|
| 4.5 | Effect of movement in exchange rates on cash held | (1) | (1) |
| 4.6 | Cash and cash equivalents at end of period | 1,385 | 1,385 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|---|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 1,385 | 1,946 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 1,385 | 1,946 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|---|---|------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 107 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | 67 |
| <i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i> | | |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| 7. Financing facilities | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---|---|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | | |
| 7.1 Loan facilities | - | - |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | - | - |
| 7.5 Unused financing facilities available at quarter end | | - |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |
| | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (245) |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | (315) |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2) | (560) |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 1,385 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 Total available funding (item 8.4 + item 8.5) | 1,385 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | 2.47 |
| <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i> | |
| 8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions: | |
| 8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| Answer: N/A | |
| 8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? | |
| Answer: N/A | |

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:31 October 2022.....

Authorised by:The Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.