

ASX Announcement | 28 September 2023
Variscan Mines Limited (ASX:VAR)

NOVALES-UDIAS PROJECT EXPLORATION & DEVELOPMENT UPDATE & PATHWAY

Highlights

- **Underground drilling at San Jose Mine is now well advanced; new assay results imminent**
- **Drilling ongoing and fully funded to 2023 calendar year end**
- **ERM (formerly CSA Global) commissioned to produce maiden JORC compliant Mineral Resource Estimate for the San Jose Mine; expected in October 2023**
- **Piran Mining contracted to produce a Mine Re-start Study for the San Jose Mine; due in Q1 2024**
- **As part of the Mine Re-start Study, metallurgical test-work is now underway**
- **Structural geological assessment and targeting study by world-renowned expert Dr. Brett Davis scheduled for Q4 2023**
- **Applications for surface drilling permits over the Novales – Udias project and the San Jose Mine are well advanced in anticipation for a program scheduled for Q1 2024**

Variscan Mines Limited (ASX:VAR) (“Variscan” or “the Company”) is pleased to provide an update regarding progress and exploration work at the Novales-Udias project, located in Cantabria, northern Spain.

Underground drilling at the San Jose Mine

Phase 3 underground drilling campaign at the San Jose Mine has been progressing in accordance with expectations, with 17 drill-holes for approximately 359 metres completed to date. The objective of this round of drilling is to test in-mine prospective zones identified from the 3D model of mineralization and mine development (refer to ASX announcement 25 May 2023) and expand zones of mineralization via in-fill and step-out drill-holes. All of this information will be utilized in the production of a maiden Mineral Resource Estimate for San Jose and assist with mine re-opening assessments. The first batch of assay results are due imminently. The drill program will continue until the end of the 2023 calendar year, as originally planned (refer ASX announcement 21 June 2023).

Figure 1. Drill core inspection during Phase 3 underground drilling at the San Jose Mine.



Mineral Resource Estimate at the San Jose Mine

Earlier in the Quarter, the Company commissioned ERM (formerly CSA Global) to produce a JORC-compliant maiden Mineral Resource Estimate (MRE) for the San Jose Mine. This work pulls together the drilling conducted by Variscan, as well as an enormous amount of historical database information compiled by Variscan Mines staff. We anticipate publishing the MRE for the San Jose Mine during October 2023.

Mine Re-Start Study

Varsican has contracted Perth-based Piran Mining to produce a Mine Re-start Study for the San Jose Mine. Site visits to Spain have already been conducted and preliminary work has commenced. Samples for metallurgical test-work have been compiled and are ready for shipping to external laboratories for analysis. We expect the Mine Re-start Study will be completed in the first quarter of 2024.

Structural Geological Assessment and Targeting Study

The exploration and development work conducted by Varsican to date has confirmed that the deposit has strong structural controls and that further structural geological investigation is crucial to provide a more complete understanding of the influences giving rise to the ore bodies accessed in both the San Jose and Udias underground mines. The outputs from this work will act as a valuable exploration vectoring tool for the discovery of additional lenses of mineralization along and across strike. Varsican has commissioned Dr. Brett Davis who is widely regarded in the exploration and mining industry for his application of applied structural geology. Field work and findings are expected to be delivered before the end of this calendar year.

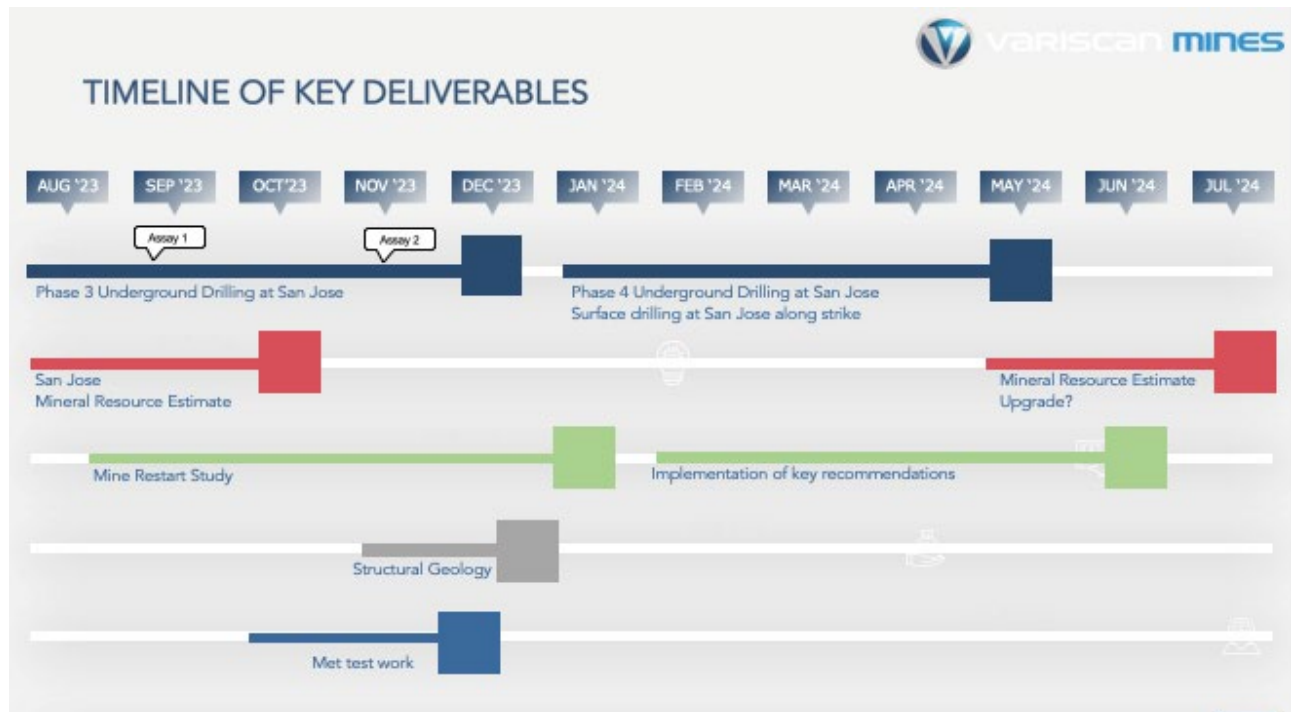
Future Surface Drilling Campaign Planned

Based on our ongoing exploration work and database compilations, Variscan has identified a number of high-priority exploration targets along the 9km Novales-Udias Trend. The Company has had surface drilling applications lodged with the authorities for some time in anticipation of a future surface drilling campaign. Following the recent regional elections, we are continuing to liaise with local government authorities to expedite the necessary approvals. Following the planned publication of the maiden MRE and Mine Re-Start Study, having the drilling applications pre-approved will enable the 2024 campaign to start efficiently.

Clear Pathway

Variscan has been extremely busy on site as we move towards delivering major project objectives. These include the completion of a new 3D mineralization model of the underground workings, delineation of a maiden MRE at the San Jose Mine, and to engage experts to prepare a concept study for re-opening the San Jose Mine. Variscan's clear pathway to development for its San Jose asset is illustrated in Figure 2 below.

Figure 2. Anticipated schedule of near-term activities



Variscan's Managing Director & CEO, Stewart Dickson said,

"We have been advancing a wide-ranging and busy program of drilling, exploration field work and studies to deliver our stated objectives. These are catalysts which materially progress some key milestones in our stated development plan and advance this high grade zinc project towards production. We have much to report on coming up and look forward to publishing our results".

ENDS

This ASX announcement has been approved by the Board and authorised for issue by Mr Stewart Dickson, Managing Director and CEO, Variscan Mines Limited

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About Variscan Mines Limited (ASX:VAR)

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. Its primary focus is the development of its advanced zinc projects in Spain. 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.

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Project Summary

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 which include a number of satellite underground and surface workings and areas of zinc anomalism identified from recent and historic geochemical surveys. Variscan has delineated a significant 9km mineralised trend and a sub-parallel 3km trend from contemporary and historical data across both the Buenahora exploration and Novales mining permits.

The San Jose Mine is nearby (~9km) to the world class Reocin Mine which is the largest known strata-bound carbonate-hosted Zn-Pb deposit in Spain¹ and one of the world's richest MVT deposits². Further it is within trucking distance (~80km) from the San Juan de Nieva zinc smelter operated by Asturiana de Zinc (100% owned by Glencore).

Significantly, the Novales-Udias Project includes a number of granted mining tenements³.

Novales-Udias Project Highlights

- Near term zinc production opportunity (subject to positive exploratory work)
- Large tenement holding of 68.3 km² (including a number of 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% Pb⁴⁵)
- Novales Mine is within trucking distance (~ 80km) from the zinc smelter in Asturias
- Classic MVT carbonate hosted Zn-Pb deposits
- Historic production of high-grade zinc; average grade reported as ~7% Zn⁶
- Simple mineralogy of sphalerite – galena – calamine
- Mineralisation is strata-bound, epigenetic, lenticular and sub-horizontal
- Reported historic production of super high grade 'bolsas' (mineralised pods and lenses) commonly 10-20% Zn and in some instances +30% Zn⁷
- Assay results of recent targeted grab samples taken from within the underground Novales Mine recorded 31.83% Zn and 62.3% Pb⁸
- Access and infrastructure all in place
- Local community and government support due to historic mining activity

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' Econ. Geol. v.98, pp. 1371-1396.

² Leach, D.L., Sangster, D.F., Kelley, K.D., Large, R.R., Garven, G., Allen, C.R., Gutzner, J., Walters, S., (2005) 'Sediment-hosted lead-zinc deposits: a global perspective'. Econ. Geol. 100th Anniversary Special Paper 561 607

³ Refer to ASX announcement of 29 July 2019

⁴ 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.

⁵ 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.

⁶ These figures have been taken from historical production data from the School of Mines in Torrelavega historical archives.

⁷ Reports of the super high-grade mineralisation are supported with historical production data from the School of Mines in Torrelavega historical archives. (Refer ASX release 29 July 2019)

⁸ Refer to ASX Announcement of 19 December 2020