



ENTITLEMENT OFFER OF SHARES

The Directors of Variscan Mines Limited (“**Variscan**” or “**Company**”) (ASX: VAR) are pleased to advise that the Company intends to undertake a pro-rata renounceable issue of new ordinary shares (“**New Shares**”) at an offer price of \$0.015 (“**Offer Price**”) per New Share. This offer is for four New Shares for every three fully paid ordinary shares in the Company (**Shares**) held by eligible shareholders and one option (“**New Option**”) for every New Share subscribed for at an exercise price equal to the Offer Price and expiring two years after the date of issue (“**Entitlement Offer**”).

It is expected that the Entitlement Offer will raise up to \$3.515 million before offer costs which the Company intends using to continue with its successful strategy of identifying and securing advanced projects in Europe (notably France) and initiating exploration to discover economic deposits. Specifically, Variscan is seeking to use the funds raised under the offer to:

- ❖ Drill the high grade Porte-aux-Moines zinc/lead/copper/silver/gold VMS deposit within the Merléac project and generate a resource estimate prepared under the guidelines of the JORC 2012 Code.
- ❖ Complete a heli-borne EM survey over the southern half of the Merléac licence to define the location and geometry of potential VMS deposits beneath known gossans and below cover.
- ❖ Drill key targets defined from the EM and geochemical work at Merléac.
- ❖ Continue soil sampling over key prospects at the St Pierre Gold Project.
- ❖ Possibly commence shallow drilling of gold targets at St Pierre.
- ❖ Progress the five current PER applications to successful grant.
- ❖ Continue project generation activities in France.
- ❖ General working capital to be used in Variscan’s exploration business.

The Company’s major shareholder, Mr Kwan Chee Seng, who has a relevant interest in 29.89% of the Company’s voting Shares at the date of this announcement, has indicated in writing to the Company that he intends to take up his entitlement of approximately 52.5 million New Shares and New Options at a cost of approximately \$1,050,531.

Entitlement Offer

Under the proposed Entitlement Offer, eligible shareholders will be invited to subscribe for four New Shares and four attached New Options for every three Shares held at 7.00pm on 30 March 2015 (**Record Date**) at an Offer Price of \$0.015 per New Share. Each New Option has an exercise price equal to the Offer Price expiring two years after the date of issue.

The Offer Price of \$0.015 per New Share represents a 48.28% discount to the closing market price of the Shares on 20 March 2015. The Offer Price represents a 46.32% discount to the volume weighted average price (VWAP) over the last five trading days (fifteen day VWAP: 46.73%) on which the Shares traded to 20 March 2015, being prior to the announcement of the Entitlement Offer.

Based on the capital structure of the Company as at the date of this announcement, and assuming no current options in the Company (**Options**) are exercised prior to 30 March 2015, a maximum of 234,316,347 New Shares and 234,316,347 New Options will be issued pursuant to the Entitlement Offer.

Persons who currently hold Options are only eligible to participate if they exercise their Options before 7.00pm (AEST) on 30 March 2015.

Only shareholders that have a registered address in Australia, New Zealand or Singapore and who are registered on the Company's share register at 7.00pm on the Record Date (30 March 2015) will be entitled to participate in the Entitlement Offer (**Eligible Shareholders**). The Company has decided that it is unreasonable to make offers under the Entitlement Offer to shareholders outside Australia, New Zealand and Singapore, having regard to the small number of such shareholders, their holdings, and the compliance costs required to offer the New Shares and New Options under the Entitlement Offer to those shareholders.

The Entitlement Offer will be made to Eligible Shareholders pursuant to a prospectus (**Prospectus**), which will include a personalised Entitlement and Acceptance Form. The Prospectus will provide further details on how to participate in the Entitlement Offer.

The Prospectus, together with the Entitlement and Acceptance Form, will be mailed to all Eligible Shareholders from 2 April 2015.

Closing Date

The Entitlement and Acceptance Forms, together with payment, must be received by the Company's Share Registrar, Boardroom Pty Limited, by no later than 5:00pm AEST on 27 April 2015.

Payment for the subscriptions under the Entitlement Offer can be made by BPAY® or cheque.

Shortfall Offer

The Company, in its sole discretion, may conduct a shortfall offer in respect of any New Shares not subscribed for pursuant to the Entitlement Offer (**Shortfall Offer**). In these circumstances, Eligible Shareholders may also apply for New Shares (with the attached New Options) under the Shortfall Offer. The Company may also issue New Shares and New Options under the Shortfall Offer to institutions and/or sophisticated and professional investors.

The Entitlement and Acceptance Form contains information on how to apply for New Shares and New Options under the Shortfall Offer.

Should the number of New Shares applied for under the Shortfall Offer exceed the amount of New Shares available for subscription, the allocation of New Shares (with attaching New Options) forming part of the Shortfall Offer will be determined at the sole discretion of the Company.

Indicative Timetable for Entitlement Offer

Event	Date
Lodgement of Prospectus with ASIC	24 March 2015
Notice to Shareholders and Optionholders+	25 March 2015
Shares trade ex Entitlement commence trading	26 March 2015
Record Date for determining Entitlements	30 March 2015
Opening date and despatch of Prospectus to Shareholders	2 April 2015
Entitlement trading ends	20 April 2015
New Shares quoted on a deferred settlement basis	21 April 2015
Closing Date of Entitlement Offer	27 April 2015
Notify ASX of under subscriptions	30 April 2015
Despatch date	4 May 2015

Notes:

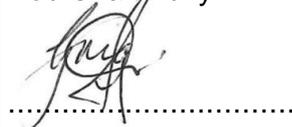
* These dates are the latest dates on which each relevant event may take place.

+ Optionholders must be advised by this date of the Entitlements Offer and their inability to participate unless they exercise their Options.

This timetable is indicative only and the Company reserves the right to vary it at any time without prior notice, subject to the ASX Listing Rules and the *Corporations Act 2001* (Cth).

An Appendix 3B for the proposed issue of the New Shares and New Options is attached.

Yours faithfully



Greg Jones

Managing Director

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

VARISCAN MINES LIMITED

ABN

16 003 254 395

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | <ul style="list-style-type: none">• Fully paid ordinary shares• Options expiring on 4 May 2017. |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <p>Up to 234,316,347 fully paid ordinary shares (Entitlement Shares) and up to 234,316,347 options (Entitlement Options) are to be issued under a pro rata renounceable entitlement offer (Entitlement Offer) as detailed in the announcement and prospectus lodged with ASX today, 24 March 2015.</p> <p>The exact number of Entitlement Shares and Entitlement Options under the Entitlement Offer is still to be finalised and is subject to the number of Entitlement Shares subscribed for by eligible shareholders and to final reconciliation and rounding.</p> |

+ See chapter 19 for defined terms.

<p>3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)</p>	<p>The Entitlement Shares are fully paid ordinary shares</p> <p>The Entitlement Options are exercisable at a price of \$0.015 and will expire on 4 May 2017.</p> <p>The full terms and conditions are set out in the prospectus lodged with ASIC and ASX on 24 March 2015.</p>
<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes – the Entitlement Shares rank equally with existing fully paid ordinary shares.</p> <p>The Entitlement Options form part of a new class of options for which quotation is being sought.</p>
<p>5 Issue price or consideration</p>	<p>\$0.015 per Entitlement Share</p> <p>Nil consideration for the issue of the Entitlement Options (however the option exercise price is \$0.015)</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Proceeds of the Entitlement Offer will be used to continue with the company’s successful strategy of identifying and applying for advanced projects in Europe (notably France) and initiating exploration work to discover economic deposits.</p> <p>Further details on the use of funds are set out in Sections 5.1 and 5.5 of the Prospectus lodged with ASX on 24 March 2015</p>

6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	Yes
6b	The date the security holder resolution under rule 7.1A was passed	27 November 2014
6c	Number of +securities issued without security holder approval under rule 7.1	Nil
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil
6f	Number of securities issued under an exception in rule 7.2	Nil
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Refer Annexure 1

+ See chapter 19 for defined terms.

7	Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates	Entitlement Shares issued under the Entitlement Offer - 4 May 2015
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		Number	⁺ Class
8	Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the securities in section 2 if applicable)	410,053,939	Ordinary Shares
		234,316,347	Options exercisable at \$0.015 expiring on 4 May 2017
		(Subject to final subscriptions, reconciliation and rounding)	(Subject to quotation)

	Number	+Class
9	6,250,000	25 November 2015 Options – exercise price 30 cents
	4,650,000	25 November 2015 Options – Employee Share Option Plan - exercise price 30 cents
	2,300,000	31 October 2015 Options – Employee Share Option Plan - exercise price 14 cents
	10,000,000	4 December 2017 Directors Options –exercise price 7 cents
	5,650,000	4 December 2017 Options – Employee Share Option Plan - exercise price 7 cents
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	
	N/A	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Renounceable
13	Ratio in which the +securities will be offered	Under the Entitlement Offer, four Entitlement Shares for every three existing share held at the record date, together with one Entitlement Option for every one Entitlement Share subscribed for.
14	+Class of +securities to which the offer relates	Fully paid ordinary shares and options to acquire ordinary shares.
15	+Record date to determine entitlements	7.00pm (Sydney time) 30 March 2015
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No

+ See chapter 19 for defined terms.

17	Policy for deciding entitlements in relation to fractions	Where fractions arise in the calculation of shareholders' entitlements under the Entitlement Offer they will be rounded down to the next whole number of Entitlement Shares.
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	All countries other than Australia, New Zealand and Singapore
19	Closing date for receipt of acceptances or renunciations	5.00pm Sydney time on 27 April 2015
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	Patersons Securities Limited ACN 008 896 311
23	Fee or commission payable to the broker to the issue	\$20,000 plus 6% of the gross amount raised pursuant to subscriptions for shortfall shares (exclusive of GST)
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Included in the 6% (plus GST) mentioned in 23.
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	2 April 2015
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	25 March 2015

+ See chapter 19 for defined terms.

28	Date rights trading will begin (if applicable)	26 March 2015
29	Date rights trading will end (if applicable)	20 April 2015
30	How do security holders sell their entitlements <i>in full</i> through a broker?	See section 2.7b & d of the Prospectus
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	See section 2.7c & d of the Prospectus
32	How do security holders dispose of their entitlements (except by sale through a broker)?	Security holders may dispose of their entitlements on the ASX
33	+Issue date	4 May 2015

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

The Entitlement Options will form a new class of security and the details below will be provided at the time of issue.

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

+ See chapter 19 for defined terms.

- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

Number	+Class
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+ See chapter 19 for defined terms.

42 Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the securities in clause 38)		
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⁺ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Company secretary

Date: 24 March 2015

Print name: Ivo Polovineo

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	175,737,592
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p style="text-align: center;">Nil</p> <p style="text-align: center;">Nil</p> <p style="text-align: center;">Nil</p>
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil
“A”	175,737,592

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	26,360,638
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“C”	
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	26,360,638
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.15] – “C”	26,360,638 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	175,737,592
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	17,573,759
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“E”	Nil

+ See chapter 19 for defined terms.

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	17,573,759
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	Nil
Total ["A" x 0.10] – "E"	17,573,759 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.