

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**ABN****16 003 254 395**

Quarter ended ("current quarter")

**31 March 2014****Consolidated statement of cash flows****Cash flows related to operating activities**

	Current quarter 31 March 2014 \$A'000	Year to date (9 months) 31 March 2014 \$A'000
1.1 Receipts from product sales and related debtors	0	0
1.2 Payments for: (a) exploration and evaluation	(840)	(2,731)
(b) development	0	0
(c) production	0	0
(d) administration	(1,097)	(2,814)
1.3 Dividends received	0	0
1.4 Interest and other items of a similar nature received	89	205
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes paid/received R&D tax offset	273	1,040
1.7 Other - tenement security deposits/bank guarantee	63	223
- dividend component of WPG distribution	0	0
- consulting fees and rental income	57	192
<b>Net Operating Cash Flows</b>	<b>(1,455)</b>	<b>(3,885)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	0	0
(b) equity investments	(15)	(15)
(c) other fixed assets	(28)	(49)
1.9 Proceeds from sale of: (a) prospects	0	200
(b) equity investments	0	0
(c) other fixed assets	0	0
1.10 Loans to other entities	0	0
1.11 Loans repaid by other entities	0	0
1.12 Other - capital component of WPG distribution	0	0
<b>Net investing cash flows</b>	<b>(43)</b>	<b>136</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,498)</b>	<b>(3,749)</b>

	Current quarter \$A'000	Year to date \$A'000
1.13 Total operating and investing cash flows (brought forward)	(1,498)	(3,749)
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares, options, etc	601	618
1.15 Proceeds from sale of forfeited shares	0	0
1.16 Proceeds from borrowings	0	0
1.17 Repayment of borrowings	0	0
1.18 Dividends paid	0	0
1.19 Other – Convertible Note costs	0	(100)
- Equity raising costs	(10)	(10)
<b>Net financing cash flows</b>	591	508
<b>Net increase (decrease) in cash held</b>	(907)	(3,241)
1.20 Cash at beginning of quarter/year to date	7,030	9,334
1.21 Exchange rate adjustments to item 1.20	19	49
1.22 <b>Cash at end of quarter</b>	6,142	6,142

Note: Current quarter and year to date includes consolidated cashflows with Eastern Iron Limited.

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	97
1.24 Aggregate amount of loans to the parties included in item 1.10	Nil
1.25 Explanation necessary for an understanding of the transactions	
Salaries, directors' fees and consultancy fees at normal commercial rates	

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Expenditure by joint venture partners on exploration tenements in which Variscan has an interest amounted to \$53,000.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

### Estimated cash outflows for next quarter (Variscan Group)

	\$A'000
4.1 Exploration and evaluation	700
4.2 Development	0
4.3 Production	0
4.4 Administration	849
<b>Total</b>	<b>1,549</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,190	1,653
5.2 Deposits at call	24	24
5.3 Bank overdraft	0	0
5.4 Other - bills receivable, bank accepted and short term bank deposits	3,928	5,353
<b>Total: cash at end of quarter (item 1.22)</b>	<b>6,142</b>	<b>7,030</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Kalabity EL 4461	Licence allowed to expire	80%	0%
	Ghostrider ELs 7493-7495	Licences cancelled	100%	0%
6.2 Interests in mining tenements acquired or increased	St Pierre PER	PER granted	0%	100%

- 6.3 The full Variscan schedule of tenements is included as an attachment to this report.

**Issued and quoted securities at end of current quarter**

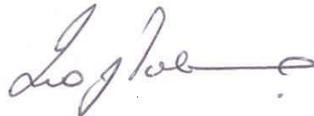
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total Number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b>	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 <b>Ordinary securities - fully paid</b>	175,737,592	175,737,592		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through return of capital, buy-backs,	Nil			
7.5 <b>Convertible debt securities</b>	16,666,667	Nil		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil			
7.7 <b>Options</b>			<i>Exercise price</i>	<i>Expiry date</i>
PTSAM	11,090,000	Nil	\$0.18	27 Nov 2014
PTSAO	10,900,000	Nil	\$0.30	25 Nov 2015
PTSAQ	1,000,000	Nil	\$0.25	6 Oct 2014
PTSAU	2,300,000	Nil	\$0.14	31 Oct 2015
7.8 Issued during quarter	Nil			
7.9 Exercised during quarter	Nil			
7.10 Expired/cancelled during quarter	900,000	Nil	\$0.14	9 Feb 2014
7.11 <b>Debentures</b> (totals only)	Nil			
7.12 <b>Unsecured notes</b> (totals only)	Nil			

## Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
2. This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 30 April 2014

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(~~Director~~ / Company Secretary)

Print name:

Ivo Polovineo

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenements, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
3. **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
4. The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
5. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Tenement	Tenement Number	Interest	Joint Venture Details
<b>NEW SOUTH WALES</b>			
<b>Broken Hill</b>			
Yalcowinna	EL 8078	0%	Note 1
Mundi Plains JV	EL 6404	20%	Teck 80%
Willyama	EL 8075	0%	Note 1
Hillston	EL 6363	39.2%	Perilya can earn 80%, Eaglehawk 9.8%
<b>Lachlan Fold Belt</b>			
Woodlawn South	ELs 7257 and 7469	0%	Royalty interest only
Trundle	EL 4512	0%	Royalty interest only
Achilles and Chiron	EL 7746 and EL 7931	100%	Kidman can earn 80%, Thomson can earn 10%
<b>SOUTH AUSTRALIA</b>			
Junction Dam	EL 4509	16%	Teck 80%, Eaglehawk 4%, Marmota 100% in uranium rights only, Note 4
Quinyambie	EL 4289	52.6%	Red Metal can earn 70%, Note 3
Callabonna	EL 5360	52.6%	Red Metal can earn 70%
<b>FRANCE</b>			
Tennie	PER	100%	
St Pierre	PER	100%	

EL = Exploration Licence      ELA = Exploration Licence Application      EPM = Exploration Permit for Minerals  
 PER = Permis Exclusif de Recherche (France)

Note 1: These tenements are subject to agreements with Silver City Minerals Limited whereby Silver City Minerals Limited must meet expenditure commitments within various time frames. 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: Eastern Iron Limited (EFE) is currently owned 39% by Variscan and Variscan holds options in EFE. EFE holds (100%) EL 4509 and Mining Licence Application 5571. EFE is also earning an interest in EPMs 15289 and 17099.

Note 3: EL 4289 held 47.4% by Dolores Group (Allender, Kennedy, Aurelius Resources, Hosking and Houldsworth).

Note 4: Marmota has earned 100% of the uranium rights only in EL 4509. Variscan has retained a 3.75% net profits royalty on production from a uranium mine.