



ROSARIO COPPER PROJECT – UPDATE

- 
Amendment to Option Agreement resulting in 94% reduction in unconditional cash payments to the vendors
- 
Grant of Earn-In Right assigned to Variscan to acquire up to 90% interest
- 
Additional adjacent exploration licence acquired & project area expanded
- 
French licences formally withdrawn by French Government

Variscan Mines Limited ("**Variscan**" or the "**Company**") (ASX:**VAR**) announces that it has secured amendments to the terms of the Unilateral Purchase Option Contract over the Rosario Copper Project in Chile.

Amendments to existing Option Agreement

The Company previously announced that it was in discussions with the Chilean vendors of the Rosario Project to amend the existing Option Agreement by varying the fees payable to the vendors and the granting of an Earn-in Right to Variscan.

As a result of the binding amendment, the total unconditional cash payments due to the project vendors will reduce by 94% from US\$5.0m to US\$0.3m. The vendors have agreed to grant Variscan an Earn-In Right in the Rosario Project reflecting expenditures made to date and in the future. The Earn-in Right provides Variscan with a mechanism to acquire a Participating Interest in the Rosario Project by incurring expenditures connected with the project and associated corporate costs incurred in-country as well as the payments to the vendors. Upon payment of \$25,000 the Vendor shall grant a Participating Interest equal to 10.4% in the Rosario Project to Variscan.

Future grants of participating interests are conditional on the expenditure commitments being made. Participating Interests in the Rosario Project acquired by Variscan shall not be subject to claw-back by the vendors. However, Variscan has granted to the vendors a right of first refusal to buy back the Participating Interest held by Variscan either in whole or in part, subject to satisfactory commercial terms being agreed by the parties. The maximum Participating Interest that Variscan can acquire is 90% having spent approximately US\$2.25m in aggregate. The vendors will retain a free-carried 10% Participating Interest.

In addition to the revised schedule of payments being made to the vendors, Variscan shall subject to the satisfaction of certain milestones make additional cash payments to the vendors, as follows:

<u>Amount Payable</u>	<u>Milestone Event to be satisfied</u>
\$250,000	Publication of Mineral Resource Estimate for the Rosario Project
\$250,000	Publication of a Scoping Study for the Rosario Project

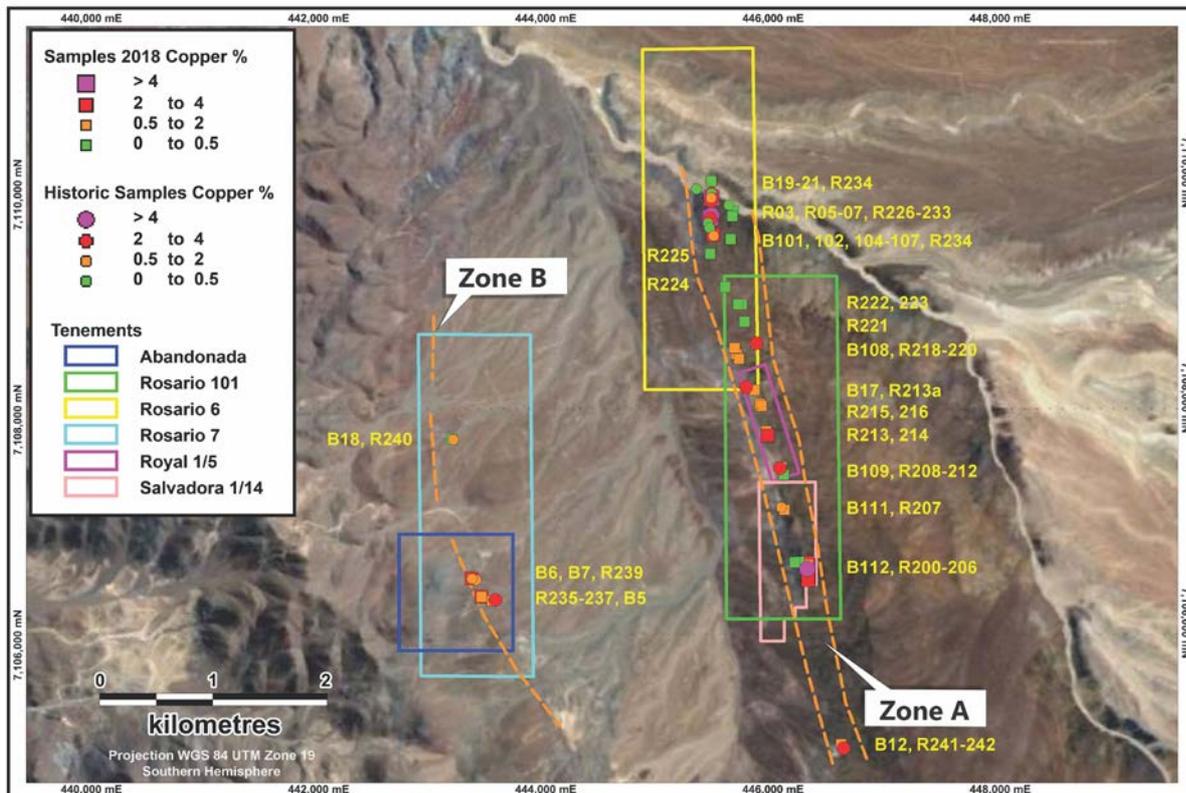
\$500,000	Publication of Pre-Feasibility Study for the Rosario Project
\$1,000,000	Declaration of Commercial Production at the Rosario Project

The milestone events or associated payments are in no way time-bound. The total consideration payable would be a maximum of US\$4.25m if all of the Earn In and the conditional Milestone events were achieved which represents a reduction of 15% from the original agreement.

Acquisition of additional licence area

The vendors confirm that they are legal and beneficial holders of the mineral exploration licence, “Abandonara” which shall also form part of the Rosario Project at nil cost to Variscan. The licence area is shown in Figure 1.

Figure 1. Plan of Rosario licence areas and historic rock Chip & Grab Sampling Results



Withdrawal of French licences

The Company had previously announced that the French Government had imposed the compulsory relinquishment of the Company’s exploration licences in France as a condition of approving the sale of the Company’s French subsidiary, Variscan Mines SAS.

It has come to the attention to the Company, not having received any communication or consultation from any agency of the French Government whatsoever, that it has formally withdrawn the exploration licences held by the Company's subsidiaries over the projects called Merleac, Silifiac and Loc Envel.

Next steps & future exploration activities

Variscan expects to announce assay results from samples taken on the Rosario Project shortly.

Simultaneously the Company continues with its search and selection of high quality complementary base metals projects.

ENDS

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Competent Person's Statement

Where Company refers to exploration results 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.