



25 March 2015

Entitlement Offer of Shares

Dear Shareholder,

On 24 March 2015, Variscan Mines Limited (**Variscan** or **Company**) lodged a prospectus dated 24 March 2015 (**Prospectus**) with the Australian Securities and Investments Commission (**ASIC**) offering 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 (**Shares**) recorded in the Company's register at 7.00pm (AEST) on 30 March 2015 (**Record Date**). One attaching option (**New Option**) will be issued 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**).

Terms of the Entitlement Offer

If you are an Eligible Shareholder (defined below), you will be able to subscribe for four New Shares for every three Shares you hold in the Company as at 7.00pm on the Record Date at the Offer price (of \$0.015 per New Share).

One New Option attaches to each New Share and entitles the holder to purchase one further Share before expiry of the New Option on the date which is two years from the date of issue of the New Option, at the Offer Price.

Offer

We believe you may be eligible to participate in the Entitlement Offer. As an Eligible Shareholder, from 2 April 2015, you will be mailed a Prospectus, together with a personalised entitlement and acceptance form (**Entitlement and Acceptance Form**) which contains details of the number of New Shares for which you, as an Eligible Shareholder, are entitled to subscribe for under the Entitlement Offer.

Prospectus

The Prospectus sets out:

1. the details of the Entitlement Offer;
2. the purpose and effect of the Entitlement Offer;
3. the prospective use of funds raised under the Entitlement Offer;
4. the risks involved in participating in the Entitlement Offer;
5. the rights and liabilities attaching to New Shares;
6. the rights and liabilities attaching to New Options and their underlying Shares;
and
7. the details of the Shortfall Offer (described below).

The Prospectus may also be viewed on the ASX's website (www.asx.com.au), as well as on the Company's website (www.variscan.com.au).

It is important that you read the Prospectus carefully and in full prior to participating in the Entitlement Offer. It is also important that you inform yourself about the Company by considering information about the Company available from the ASX. The Prospectus does not contain some of this information as it is reported to the ASX on a regular basis.

Participation

Eligible Shareholders may take up their entitlement under the Entitlement Offer (**Entitlement**) in full or in part. Your Entitlement will be determined based upon the number of Shares you hold as at 7.00pm (AEST) on the Record Date.

You may apply to take up your Entitlement by completing and returning to the Company's Share Registrar, Boardroom Pty Ltd, the Entitlement and Acceptance Form, by no later than 5.00pm (AEST) on 27 April 2015 (**Closing Date**). Payment must be made by cheque payable to Variscan Mines Limited, or by BPAY® (as detailed in your Entitlement and Acceptance Form). The Company retains discretion to accept or reject any Entitlement and Acceptance Forms received after this time and date.

If you do not wish to take up any part of your Entitlement, you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer (defined below).

Shortfall Offer

Any Entitlements not subscribed for under the Entitlement Offer by the Closing Date will form part of a further offer under the Prospectus (the **Shortfall Offer**). Eligible Shareholders who wish to apply for New Shares (with attaching New Options) above their Entitlement can do so using the Shortfall Offer.

The Entitlement and Acceptance Form contains information on how to apply for further New Shares 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 and attaching New Options forming part of the Shortfall Offer will be determined at the sole discretion of the Board.

Some Eligible Shareholders will not be able to subscribe for Shortfall due to constraints in the Listing Rules and the *Corporations Act 2001* (Cth). It is your responsibility to ensure that you will not breach the ASX Listing Rules or the *Corporations Act 2001* (Cth) by applying to participate in the Shortfall Offer

Eligibility

The Entitlement Offer is extended to shareholders who are registered shareholders of the Company at 7.00pm on the Record Date with a registered address recorded on the Company's share register in Australia, New Zealand and Singapore (**Eligible Shareholders**).

Overseas shareholders

The Entitlement Offer is limited to Eligible Shareholders. Shareholders with registered addresses in countries other than Australia, New Zealand and Singapore (**Ineligible Foreign Shareholders**) will not be entitled to participate in the Entitlement Offer. The Company has appointed Patersons Securities Limited as nominee to sell all Ineligible Foreign Shareholders' rights. The proceeds of sale (in Australian dollars) will be distributed to the Ineligible Foreign Shareholders in proportion to their shareholdings as at the Record Date (net of expenses).

Optionholders

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

Timetable

The indicative timetable for the Entitlement Offer is set out below.

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

Shareholders have, to date, shown great loyalty to the Company and we believe you will see the merit in supporting this fundraising initiative to be primarily applied towards the proposed work programs and studies on our French projects. We look forward to your continued support.

By order of the Board.

Yours sincerely



Pat Elliott
Chairman
Variscan Mines Limited



25 March 2015

NOTICE TO INELIGIBLE SHAREHOLDERS

Dear Shareholder

Variscan Mines Limited — Entitlement Offer

On 24 March 2015, Variscan Mines Limited ACN 003 254 395 (ASX: VAR) (**Company**) announced to the Australian Securities Exchange (**ASX**) that it would be launching a pro-rata, renounceable entitlement issue to its existing shareholders to raise approximately A\$3.515 million before offer costs (**Entitlement Offer**).

Details of the Entitlement Offer

Each eligible shareholder will be offered:

- four new ordinary shares in the Company (**New Shares**) for every three fully-paid ordinary shares recorded in the Company's register at 7.00pm (AEST) on 30 March 2015 (**Record Date**) at an offer price of \$0.015 for each New Share (**Offer Price**); and
- one attaching option (**New Option**) will be issued for every New Share subscribed for, at an exercise price equal to the Offer Price and expiring two years after the date of issue.

You are not required to do anything in response to this letter. This letter is to inform you that unfortunately you will not be eligible to subscribe for your Entitlement under the Entitlement Offer and to explain why.

This letter is not an offer to issue New Shares or New Options to you nor is it an invitation for you to apply for New Shares or New Options.

Eligible shareholders

The Company has determined that it would be unreasonable to make an offer of Entitlements to shareholders with registered addresses outside Australia, New Zealand and Singapore (**Ineligible Shareholders**) after taking into account:

- the relatively small number of shareholders in those countries;
- the small number and value of securities held by Ineligible Shareholders; and
- the potential cost of complying with legal and regulatory requirements of those countries.

This is pursuant to Listing Rule 7.7.1 of the ASX Listing Rules and section 9A of the *Corporations Act 2001* (Cth) (**Corporations Act**).

Shareholders who are eligible to participate in the Entitlement Offer are shareholders who, as at the Record Date:

- are registered as holders of fully paid ordinary shares in the Company at 7.00pm on the Record Date; and
- have an address in the Company's share register in Australia, New Zealand or Singapore.

Unfortunately, according to our records, you do not satisfy the eligibility criteria stated above and the Company informs you that you will not:

- be sent a prospectus or other documents relating to the Entitlement Offer; or
- be able to subscribe for New Shares and New Options (that is Entitlements) under the Entitlement Offer.

Appointment of nominee

As the Entitlement Offer is renounceable, you may still receive some benefit for Entitlements you would have received had you been eligible to participate in the Entitlement Offer.

The Company will take the following steps in relation to Ineligible Shareholders:

- the Company has appointed Patersons Securities Limited approved by ASIC, under section 615 of the Corporations Act in respect of Ineligible Shareholders (**Nominee**);
- the Company will issue to the Nominee the right to acquire those Entitlements that Ineligible Shareholders would have been entitled to apply for had they been eligible to participate in the Entitlements Offer;
- the Nominee will seek to sell those Entitlements under the Entitlements Offer;
- to the extent taken up, the Company will facilitate the issue of those Entitlements; and
- the Nominee will distribute to Ineligible Shareholders their proportion of the proceeds of the sale, net of expenses.

There is, however, no guarantee that you will receive any proceeds as a result of these actions. The ability to sell Entitlements and the price obtained for them will be dependent on various factors, including market conditions and liquidity in Entitlement trading. To the maximum extent permitted by law, none of the Company, the Nominee nor their respective agents or affiliates:

- will be liable for any failure to sell Entitlements at a particular price or in a particular time frame; or
- accepts any duty or responsibility to any Ineligible Shareholder in relation to the sale or failure to sell these Entitlements.

Entitlements sold by the Nominee for Ineligible Shareholders may only be purchased by persons in Australia, New Zealand and Singapore.

Ineligible Shareholders, including persons in the United States and persons acting for the account or benefit of persons in the United States, will not be able to purchase or take up any Entitlements purchased on ASX or otherwise.

For further information on the Entitlement Offer, please contact us on +61 2 9906 5220 from 9.00am to 5.00pm (Sydney time) Monday to Friday. If you have any further

questions you should contact your accountant, stockbroker or other professional adviser.

On behalf of the Company board and management, thank you for your continued support.

By order of the Board.

Yours sincerely



Pat Elliott
Chairman
Variscan Mines Limited