



Variscan Mines Limited

ABN 16 003 254 395

HALF YEAR FINANCIAL REPORT 31 DECEMBER 2013

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Your Directors submit their report on the Consolidated Entity (the Group) consisting of Variscan Mines Limited (Variscan or the Company) and the entities it controlled at the end of, or during, the half year ended 31 December 2013.

On 10 January 2014 the Company's change of name to Variscan Mines Limited (formerly PlatSearch NL) was registered by the Australian Securities and Investments Commission (ASIC) following approval by shareholders at the Annual General Meeting held in November 2013.

Directors

The names of the Company's Directors in office during the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Patrick Elliott	Non-Executive Chairman
Greg Jones	Managing Director
Kwan Chee Seng	Non-Executive Director
Dr Foo Fatt Kah	Non-Executive Director
Alan Breen	Non-Executive Director
Kantilal Champaklal	Alternate Director for Kwan Chee Seng (resigned 5 March 2014)

Review and results of operations

The net result of operations after applicable income tax expense for the half year was a Group loss of \$1,894,731 (2012: loss of \$1,301,403), which includes the write-off of exploration and business development expenditure in the current half year of \$906,065 (2012: \$257,757).

The principal continuing activity of the Variscan Group is exploration for economic deposits of **zinc, lead, silver, gold, copper, iron ore, uranium and tin / tungsten** and investment holdings in mineral exploration companies. The exploration activities are often funded by joint ventures with other resource companies (see table on following page). Variscan maintains a program of project generation to identify and acquire prospective areas, but is now focussing its resources into regions outside Australia.

The Company has identified a range of advanced and brownfield opportunities within Europe, notably in France. The Company has formed a wholly owned European subsidiary, Variscan Mines SAS, established an office in Orleans, France and employed a strong geological team to help lead its focus into this well-endowed, but relatively overlooked region.

In June 2013 Variscan obtained its first exploration licence in France, the Tennie PER which was the first new exploration licence granted in the country for at least two decades. The Company has a further seven applications within the approvals process and anticipates further successful approvals will be granted over the coming year.

Activities for the period up to the date of this report included:

Exploration

France

- ▶ The Tennie PER (Permis Exclusif de Recherche) was granted in June 2013 and covers 205 square kilometres of the eastern section of a Palaeozoic sedimentary package which hosts the Rouez copper-gold-lead-zinc-silver deposit owned by the French energy group, Total.

Rouez is considered to be possibly either VMS or a hybrid SEDEX type believed to have been formed via the discharge of metal-bearing brines at or close to the ancient sea floor boundary and may form one of a cluster of deposits within this region.

On 15 October 2013 Variscan announced that it had commenced an extensive auger soil geochemical survey within the PER over the productive rock package surrounding Rouez. The initial programme involves shallow hand auger drilling on a 200x200 metre grid over the accessible areas of fertile Brioverian rocks, to penetrate the thin transported loess horizon that blankets the area and thus may hide potential mineral deposits. The sampling will provide both a bedrock geochemical test for mineralisation as well as base-line environmental samples to assist in understanding the effects of previous mining.

The geochemical survey at Tennie is believed to be the first significant mineral exploration programme conducted in France for decades. It will provide a good test for the presence of near surface mineralisation within this prospective region.

Samples generated by the survey will be prepared and analysed at an XRF analytical facility established with the assistance of the Company in southern France. This will ensure a cost effective programme, with swift turnaround times should geochemical anomalies be detected. The programme will also provide a blueprint for future



exploration methodologies and community engagement by Variscan within France.

- ▶ Tennie is one of eight applications that the Company has made for exploration licences in France, each of them over projects with good potential for short term resource generation and/or major new discoveries. Two of these applications have now reached the final stages of the application process.

Australia

- ▶ At the Callabonna and Quinyambie joint venture projects, Red Metal Limited can earn up to a 70% interest. Red Metal is targeting roll-front type uranium deposits hosted in Tertiary sedimentary sequences within the fertile Frome Sub-Basin containing the Beverley uranium mining operations and the Four Mile deposits as well as deposits within basement rocks.

During the reporting period, Red Metal completed an additional 419 gravity stations over selected targets and is reviewing whether to drill these targets during the field season.

Joint venture	Region	Funded by
Callabonna	Curnamona Craton, SA	Red Metal
Quinyambie	"	Red Metal
Mundi Plains	Broken Hill, NSW	Teck Australia
Junction Dam	Curnamona Craton, SA	Teck Australia
Junction Dam	"	Marmota Energy
Kalabity	"	Crossland Uranium
Hillston	Broken Hill, NSW	Perilya

Investments

Variscan maintains a large, strategic investment portfolio in a number of mineral exploration and development companies. It has shareholdings in five listed resource companies, Eastern Iron Limited, WPG Resources Ltd, Silver City Minerals Limited, Thomson Resources Ltd and Aguia Resources Limited. Some of these investments are held by Variscan's wholly owned subsidiary Bluestone 23 Limited.

Eastern Iron Limited – Iron projects in Victoria, Queensland and NSW

Silver City Minerals Limited – Significant exploration interests at Broken Hill, NSW and in North Queensland

Thomson Resources Ltd – Dominant landholding within the Thomson Fold Belt, NSW

WPG Resources Ltd – Iron and coal projects in South Australia

Aguia Limited – Phosphate and potash projects in Brazil

As at 11 March 2014, the total value of the Variscan shareholdings in ASX listed resource companies stood at approximately \$5.4 million.

EASTERN IRON LIMITED

Eastern Iron (ASX: EFE) continued the Mine Feasibility Study of the Nowa Nowa Iron Project in eastern Victoria using project delivery specialists Engenium Pty Ltd. The company expects to complete the feasibility study during Q1.

During the reporting period Eastern Iron announced a number of significant steps in the progression of the project. These included –

1. The submittal of a Mining Licence application over the Five Mile deposit to the Victorian Government.
2. Reaching a native title agreement with GLaWAC (Gunaikurnai Land and Waters Aboriginal Corporation) representing the Gunaikurnai people, the recognised native title holders of the area.
3. The Victorian Government, through Regional Development Victoria, agreed to contribute up to \$300,000 towards those areas of the \$2.6 Million feasibility study that relate directly to the infrastructure requirements of the project.

In January 2014, Eastern Iron announced that the initial results from the feasibility study which broadly confirmed capital and operating estimates with those previously quoted for the scoping study completed in late 2012.

Variscan's shareholding in Eastern Iron is 52.5 million ordinary shares (45.3% as at 31 December 2013). On 11 March 2014, Eastern Iron issued shares (refer subsequent event note) reducing Variscan's shareholding to 39.05%. As at 11 March 2014 EFE shares were trading at \$0.066. More details regarding Eastern Iron's activities can be obtained from its website.



THOMSON RESOURCES LTD

Thomson (ASX: TMZ) reported assay results from drilling at the F1 target, the largest discrete magnetic anomaly in the Thomson portfolio, within the Falcon project area. The three drill holes at F1 defined another Intrusion-Related (IRG) mineral system, hosted entirely in granite and at the relatively shallow depth of 100 metres below cover. A sheeted vein system with silica and carbonate alteration was intersected with the drilling defining a zoned system moving from a barren core, to a tungsten anomalous then molybdenum-gold anomalous outer carapace, confirming the IRG nature of F1.

As part of a new initiative, Thomson identified two tin prospects and applied for a new licence adjacent to the Victory tin mine in southern NSW where it believes that there is good potential for greisen tin/tungsten zones associated with a covered intrusion. Thomson also applied for a new exploration licence over the Mt Jacob project near Kempsey NSW. The project contains two mineralised areas, the Basin One tin-copper skarn and the Mt Jacob IRG gold prospect. Both areas have had extensive previous drilling with intersections including 88 metres at 0.4g/t Au from surface to end of hole and 9 metres at 1.4 g/t Au from surface at Mt Jacobs and 6 metres at 0.3% Sn, 1.5% Cu from 4 metres depth at the adjacent Basin One prospect.

Variscan holds 18.0 million fully paid Thomson shares, or 25.65% of the company and 5.0 million options exercisable at 30 cents. As at 11 March 2014 TMZ shares were trading at \$0.027. For further details please refer to the Thomson Resources website.

SILVER CITY MINERALS LIMITED

Broken Hill - NSW

Silver City (ASX: SCI) continued exploration within the Broken Hill region. The company completed a helicopter-borne electromagnetic (VTEM) survey to detect buried massive sulphide deposits to the north of Broken Hill and at the Allendale project.

At Allendale, preliminary interpretation suggests that areas of known BHT style lead-zinc-silver mineralisation in drill holes are detectable as conductors in the survey. At Aragon and Willyama the VTEM survey tested the southern parts of these adjacent tenements. A total of 29 conductors were identified. Follow-up is planned.

Sellheim - Queensland

The Sellheim Goldfield is located some 140 kilometres southeast of Charters Towers and has been mined for eluvial / alluvial gold since the 1860's. Silver City

believes that the area has strong potential for intrusive related gold (IRG) and copper deposits and that the gold mined from the surficial deposits has shed from local hard rock sources. Rock chip sampling has generated a number of high grade gold results which may represent leakage zones from buried deposits. Recently the company initiated a large induced polarisation (IP) survey to help explore the hard rock potential of the project.

The survey produced a number of very strong (greater than 100 mV/V) and discrete chargeability anomalies which are grouped in an east-west oriented corridor approximately 1.5 kilometres wide and 4 kilometres long. The anomalies have variable shapes; some circular (in plan), some forming an arcuate group and others elongate, both in east-west and north-south orientations. Chargeability responses commence at between 100 and 200 metres below surface and extend to depth, with only minor and low strength responses reaching the surface. The strength of the anomalies suggests appreciable sulphide mineralisation may be hosted in discrete zones at depth.

At surface, indications of sulphide minerals occur in narrow gold-bearing shear structures, a quartz-tourmaline and sericite-iron oxide (from weathered sulphide) breccia complex and in calc-silicate replacement zones. None of these appear to return chargeability responses of the size and strength of those outlined by the IP survey at depth. No historic drilling has penetrated deep enough to test these anomalies with average hole depth only 47 metres.

Silver City intends to drill test these anomalies as soon as the rainy season ends in March or April 2014.

Variscan holds 14.3 million fully paid shares in Silver City, or 14.6% of the company. As at 11 March 2014 Silver City shares were trading at \$0.075. For further details refer to the Silver City website.

WPG RESOURCES LTD

WPG Resources (ASX: WPG) is an iron ore exploration and development company with exploration tenements in South Australia. The company owns the significant Penrhyn and Lochiel North coal projects in South Australia and has a land asset and capacity to develop a bulk export facility at Port Pirie.

During the reporting period WPG continued to work on its exploration licences whilst progressing the search for advanced assets.

Variscan holds 10.4 million fully paid WPG shares, or 4.2% of the company. As at 11 March 2014 WPG



shares were trading at \$0.031. For further details refer to the WPG Resources website.

AGUIA RESOURCES LIMITED

Agua Resources (ASX: AGR) holds interests in substantial phosphate and potash projects in Brazil. Agua has calculated JORC compliant resources at its Lucena and the Tres Estradas phosphate projects, with potential for further resource expansion apparent at both projects.

Agua announced intersections in auger drilling at Três Estradas South. Intersections included 10.0 metres grading 10.6% P₂O₅ from surface and 12.0 metres grading 9.8% P₂O₅ from 2.0m (Including 5.0 metres grading 11.1% P₂O₅). The results confirm that mineralised carbonatite host rocks extend for approximately 1,400 metres southwest from the existing JORC-compliant Três Estradas resource.

Variscan holds 1.175 million fully paid shares, as well as 200,000 options exercisable at \$0.50. As at 11 March 2014 Agua shares were trading at \$0.07. For further details refer to the Agua website.

The information in this report that relates to Exploration Results is based on information compiled by Greg Jones, BSc (Hons), who is a member of the Australasian Institute of Mining and Metallurgy. Mr Jones is a Director and full-time employee of Variscan Mines Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Jones consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources at Nowa Nowa, Eulogie and Hawkwood is based on information compiled by Greg De Ross, BSc, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Greg De Ross is Managing Director and a full-time employee of Eastern Iron Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr De Ross consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Significant events after the balance date

There were, at the date of this report, no matters or circumstances which have arisen since 31 December 2013 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than:

- On 10 January 2014 the Company's change of name to Variscan Mines Limited (formerly PlatSearch NL) was registered by the Australian Securities and Investments Commission (ASIC) following approval by shareholders at the Annual General Meeting held in November 2013.
- On 14 February 2014 the Company announced that Variscan Mines SAS, a wholly owned subsidiary of Variscan Mines Limited, had received approval for its second exploration licence, the St Pierre PER, within Brittany, France.
- On 11 March 2014 Eastern Iron Limited ("EFE") announced a placement of 14,300,000 shares at 4.2 cents per share to raise \$600,600. Accordingly Variscan's shareholding in EFE after this share placement has reduced from 45.3% to 39.05%

Auditor's independence declaration

A copy of the Auditor's Independence Declaration to the Directors as required under section 307C of the Corporations Act 2001 is set out on page 19.

Signed at Sydney this 14th day of March 2014 in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Greg Jones'.

Greg Jones
Managing Director



Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2013

	Note	31 Dec 2013 \$	31 Dec 2012 \$
Revenue and other income	4	1,498,509	898,271
ASX and ASIC fees		(45,812)	(47,724)
Auditors' remuneration		(42,122)	(32,736)
Contract administration services		(96,153)	(93,769)
Depreciation expense		(44,850)	(37,233)
Directors' fees		(178,229)	(181,983)
Exploration and business development expenditure		(906,065)	(257,757)
Finance cost		(610,246)	(415,491)
Loss on options		(38,200)	(73,120)
Operating lease rental expense		(69,960)	(57,939)
Employee costs net of on-costs recharged to exploration projects		(844,275)	(791,686)
Share of net losses of associate accounted for by the equity method		(217,078)	-
Share-based compensation		(10,580)	(76,165)
Share registry costs		(16,782)	(13,852)
Travel and accommodation		(88,495)	(97,696)
Other expenses from ordinary activities		(345,166)	(270,932)
(Loss) before income tax expense		(2,055,504)	(1,549,812)
Income tax benefit		160,773	248,409
(Loss) after income tax expense		(1,894,731)	(1,301,403)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Net fair value gains on available-for-sale financial assets		286,504	75,426
Income tax on items of other comprehensive income		(85,951)	722,983
Other comprehensive income for the period, net of tax		200,553	798,409
Total comprehensive (loss) for the period		(1,694,178)	(502,994)
(Loss) for the period is attributable to:			
Non-controlling interests		(74,418)	(34,621)
Owners of the parent		(1,820,313)	(1,266,782)
		(1,894,731)	(1,301,403)
Total comprehensive (loss) for the period is attributable to:			
Non-controlling interests		(74,418)	(34,621)
Owners of the parent		(1,619,760)	(468,373)
		(1,694,178)	(502,994)
Earnings per share			
Basic (loss) per share (cents per share)	14	(1.04)	(0.72)
Diluted (loss) per share (cents per share)	14	(1.04)	(0.72)

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



Consolidated Statement of Financial Position

As at 31 December 2013

	Note	31 Dec 2013 \$	30 Jun 2013 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	7,072,751	9,333,933
Receivables	6	461,705	567,987
Tenement security deposits		50,000	170,000
Total current assets		7,584,456	10,071,920
Non-current assets			
Investments – available for sale	7	1,655,719	1,400,439
Investment in associates	8	540,000	468,000
Derivative financial instruments	9	42,976	81,176
Receivables	6	33,834	31,932
Tenement security deposits		75,850	115,850
Property, plant and equipment		247,929	233,771
Deferred exploration and evaluation expenditure	10	7,279,079	5,793,879
Deferred tax asset		889,161	814,339
Total non-current assets		10,764,548	8,939,386
Total assets		18,349,004	19,011,306
LIABILITIES			
Current liabilities			
Trade and other payables		1,183,208	691,204
Provisions		135,019	139,494
Derivative liability	16	-	2,139
Convertible note	16	2,350,000	1,969,654
Total current liabilities		3,668,227	2,802,491
Non-current liabilities			
Provisions		75,126	61,867
Total non-current liabilities		75,126	61,867
Total liabilities		3,743,353	2,864,358
Net assets		14,605,651	16,146,948
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	12	14,532,007	14,515,132
Reserves	13	4,956,065	4,514,098
Accumulated losses		(10,825,106)	(9,004,793)
Parent interests		8,662,966	10,024,437
Non-controlling interests		5,942,685	6,122,511
Total equity		14,605,651	16,146,948

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



Consolidated Statement of Changes in Equity

For the half year ended 31 December 2013

	Contributed equity \$	Accumulated losses \$	Reserves \$	Non-controlling interest \$	Total equity \$
At 1 July 2012	14,515,132	(1,849,638)	2,837,018	5,419,932	20,922,444
Profit/(Loss) for the period	-	(1,266,782)	-	(34,621)	(1,301,403)
Deferred tax adjustment	-	-	745,611	-	745,611
Other comprehensive income	-	-	52,798	-	52,798
Total comprehensive income for the period	-	(1,266,782)	798,409	(34,621)	(502,994)
Transactions with owners in their capacity as owners:					
Issue of share capital	-	-	-	1,348,660	1,348,660
Transfer expired options to Retained Earnings	-	389,549	(389,549)	-	-
Foreign currency	-	-	(73,066)	-	(73,066)
Share-based payments	-	-	50,815	25,350	76,165
Investment revaluation reserve adjustment	-	(442,727)	442,727	-	-
At 31 December 2012	14,515,132	(3,169,598)	3,666,354	6,759,321	21,771,209

	Contributed equity \$	Accumulated losses \$	Reserves \$	Non-controlling interest \$	Total equity \$
At 1 July 2013	14,515,132	(9,004,793)	4,514,098	6,122,511	16,146,948
Profit/(Loss) for the period	-	(1,820,313)	-	(74,418)	(1,894,731)
Other comprehensive income	-	-	200,553	-	200,553
Total comprehensive income for the period	-	(1,820,313)	200,553	(74,418)	(1,694,178)
Transactions with owners in their capacity as owners:					
Issue of share capital	16,875	-	-	118,681	135,556
Transfer expired options to Retained Earnings	-	-	-	(234,669)	(234,669)
Foreign currency	-	-	241,414	-	241,414
Share-based payments	-	-	-	10,580	10,580
At 31 December 2013	14,532,007	(10,825,106)	4,956,065	5,942,685	14,605,651

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



Consolidated Statement of Cash Flows

For the half year ended 31 December 2013

	Note	31 Dec 2013 \$	31 Dec 2012 \$
Cash flows from operating activities			
Payment to suppliers and employees		(1,695,156)	(1,509,856)
Consultancy fees received		114,915	114,260
Interest received		116,495	213,507
Rental income		20,730	20,730
R&D tax offset		766,341	429,668
Net cash flows (used in) operating activities		(676,675)	(731,691)
Cash flows from investing activities			
Purchase of plant and equipment		(43,536)	(76,804)
Proceeds from sale of plant and equipment		-	28,190
Exploration and business development expenditure		(1,891,004)	(1,130,588)
Tenement security deposit refunds/(payments)		160,000	(63,143)
Sale of mining tenements		200,000	-
Net cash flows (used in) investing activities		(1,574,540)	(1,242,345)
Cash flows from financing activities			
Proceeds from issue of shares to non-controlling interests		16,875	1,348,661
Payment of share issue costs		-	(54,400)
Convertible note costs		(100,000)	(101,370)
Net cash flows from/(used in) financing activities		(83,125)	1,192,891
Net (decrease) in cash and cash equivalents		(2,334,340)	(781,145)
Cash and cash equivalents at beginning of period		9,333,933	12,373,509
Net foreign exchange differences		73,158	(14,824)
Cash and cash equivalents at end of period	5	7,072,751	11,577,540

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



Notes to the Consolidated Financial Statements

For the half year ended 31 December 2013

1. Corporate information

The financial report of Variscan Mines Limited (Variscan or the Company) (formerly known as PlatSearch NL) for the half year ended 31 December 2013 was authorised for issue in accordance with a resolution of the Directors on 14th March 2014. On 10 January 2014 the Company changed its name from PlatSearch NL to Variscan Mines Limited. Variscan Mines Limited (the parent) is a company incorporated in Australia as a Public company. Variscan shares are publicly traded on the Australia Securities Exchange under ASX Code VAR.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Basis of preparation of the half year financial report

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half year financial report should be read in conjunction with the annual Financial Report of Variscan as at 30 June 2013.

It is also recommended that the half year financial report be considered together with any public announcements made by Variscan during the half year ended 31 December 2013 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

Basis of Preparation

The half year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements. The half year financial report has been prepared on a historical cost basis except for Available for Sale Investments and Derivatives, which have been measured at fair value.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete report period.

Significant Accounting Policies

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2013.

Basis of Consolidation

The half year consolidated financial statements comprise the financial statements of Variscan Mines Limited and its subsidiaries (the Group). The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. The subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The Group includes Variscan Mines Limited and its wholly owned subsidiaries.

3. Segment information

The operating segments identified by management are as follows:

- (a) Exploration projects funded directly by Variscan ("Exploration") and;
- (b) Investments in other companies ("Investing").

Regarding the Exploration segment, the Chief Operating Decision Maker (the Board of Directors) receives information on the exploration expenditure incurred. This information is disclosed in Note 10 of the half year financial report. No segment revenues are disclosed as each exploration tenement is not at a stage where revenues have been earned.

Notes to the Consolidated Financial Statements



For the half year ended 31 December 2013

3. Segment information (continued)

Furthermore, no segment costs are disclosed as all segment expenditure is capitalised, with the exception of expenditure written off which is disclosed in Note 10.

Regarding the Investing segment, the Chief Operating Decision Maker reviews the value of investments and derivatives held in other exploration companies. The changes in the value of investments and derivatives are disclosed in Notes 7, 8 and 9 of the half year financial report. Segment revenues are disclosed in the statement of comprehensive income as 'Gain/(loss) on options'.

Financial information about each of these tenements is reported to the Managing Director on an ongoing basis. Corporate office activities are not allocated to operating segments as they are not considered part of the core operations of any segment and comprise of the following:

- ▶ Interest revenue
- ▶ Corporate costs
- ▶ Depreciation and amortisation of non-project specific property, plant and equipment

The Group's accounting policies for reporting segments are consistent with those disclosed in Note 2.

4. Revenue and other income

	31 Dec 2013 \$	31 Dec 2012 \$
Revenue		
Interest received – other persons/corporations	145,402	286,064
Rental income	20,730	20,730
Consulting fees	107,396	113,962
Other Income		
Gain on options	-	14,676
Gain on sale of tenements	200,000	-
Gain on derivatives	2,139	4,424
R&D tax concession offset	690,574	429,668
Unrealised gain on foreign currency	43,190	-
Impairment recovery	289,078	-
Share of net profits of associate accounted for using the equity method	-	28,747
	1,498,509	898,271

5. Cash and cash equivalents

	31 Dec 2013 \$	30 Jun 2013 \$
Cash at bank and in hand	1,696,082	740,004
Short-term deposits	5,376,669	8,593,929
	7,072,751	9,333,933

Notes to the Consolidated Financial Statements



For the half year ended 31 December 2013

6. Receivables

	31 Dec 2013 \$	30 Jun 2013 \$
Current		
Trade receivables	20,493	-
R&D government refunds	276,425	257,339
GST receivable	73,099	53,251
Interest receivable	66,624	37,716
Prepayments	25,064	63,488
Other debtors	-	156,193
Total current receivables	461,705	567,987
Non-current		
Rental bonds	33,834	31,932

7. Investments – available for sale

	31 Dec 2013 \$	30 Jun 2013 \$
Investments – WPG (a)	301,827	333,051
Investments – AGR (b)	64,625	64,625
Investments – SCI (c)	1,289,267	1,002,763
	1,655,719	1,400,439

- (a) The market value on ASX of Variscan's 10,407,837 shares in WPG Resources (WPG) at 31 December 2013 was \$301,827 (\$0.029 per share) and on 11 March 2014 it was \$322,643 (\$0.031 per share).
- (b) The market value on ASX of the Group's 1,175,000 shares in Aguia Resources Limited (AGR) at 31 December 2013 was \$64,625 (\$0.055 per share) and on 11 March 2014 was \$82,250 (\$0.07 per share).
- (c) The market value on ASX of the Group's 14,325,182 shares in Silver City Minerals Limited (SCI) at 31 December 2013 was \$1,289,267 (\$0.09 per share) and on 11 March 2014 was \$1,074,389 (\$0.075 per share).

8. Investment in associates

	31 Dec 2013 \$	30 Jun 2013 \$
Investment in TMZ - accounted for using the equity method	540,000	468,000

The Group's interest in the above investments in associates has been brought to account as an investment in an equity accounted associate in accordance with Australian Accounting Standard AASB 128 Investments in Associates as the Directors consider that significant influence exists.

Thomson Resources Ltd (TMZ)

An impairment recovery of \$289,078 was recognised at 31 December 2013 to reflect the ASX value of \$0.03 per share (30 June 2013: \$0.026). During the period, share of associates net losses totalled \$217,078 (30 June 2013: \$163,944). As at 31 December 2013 the Group holds a total of 18,000,000 shares in Thomson Resources representing a shareholding of 25.65%.



Notes to the Consolidated Financial Statements

For the half year ended 31 December 2013

9. Derivative financial instruments

	31 Dec 2013	30 Jun 2013
	\$	\$
Share options – AGR (a)	-	-
Share options – SCI (b)	42,976	81,176
Share options – TMZ (c)	-	-
	42,976	81,176

- (a) The Variscan Group holds 200,000 unlisted options in Aguia Resources Limited (AGR) with an exercise price of \$0.50 and an expiry date of 31 December 2014. A valuation of these options has been obtained using the Black Scholes, Merton methodology model with a Binomial Variation and the following assumptions: expected volatility of 57.06%, risk-free interest rate of 2.71%, dividend yield nil and an option life of 1 years. This results in a fair value of Nil at 31 December 2013.
- (b) The Variscan Group purchased 4,775,061 listed options in Silver City Minerals Ltd (SCI) in December 2011 for \$47,750.61. The options have an exercise price of \$0.25 and an expiry date of 19 December 2014. The market value on ASX of the Group's 4,775,061 options in SCI at 31 December 2013 was \$42,976 (\$0.009 per option).
- (c) Variscan holds 5,000,000 unlisted options in Thomson Resources Limited (TMZ) with an exercise price of \$0.30 and an expiry date of 11 December 2014. A valuation of these options has been obtained using a Black Scholes, Merton methodology model with the Binomial Variation and the following assumptions: expected volatility of 57.26%, risk-free interest rate of 2.71%, dividend yield nil and an option life of 0.95 years. This results in a fair value of Nil at 31 December 2013.

10. Deferred exploration and evaluation expenditure

	31 Dec 2013	30 Jun 2013
	\$	\$
Costs brought forward	5,793,879	5,096,763
Expenditure incurred during the period	2,391,265	4,184,305
Expiry of options acquired on acquisition of tenements	-	(5,000)
Expenditure written off during the period	(906,065)	(3,482,189)
Costs carried forward	7,279,079	5,793,879

In accordance with Note 2, the Directors write off exploration expenditure where they assess that the asset is impaired. Exploration expenditure is written off either by a reassessment by the Group that has reduced the interpreted potential of the licence for mineral deposits and, or a joint venture partner has withdrawn from a project.

11. Contingent liabilities

The Group has provided guarantees totalling \$60,000 (30 June 2013: \$180,000) in respect of exploration tenements and the guarantees are secured against short term deposits of these amounts. Additional guarantees of \$65,850 (30 Jun 2013: \$105,850) in respect of exploration tenements are secured against deposits with NSW Department of Trade and Investment – Minerals and Energy, Victorian Department of Environment and Primary Industries and Queensland Department of Natural Resources and Mines. The Group does not expect to incur any material liability in respect of the guarantees.



Notes to the Consolidated Financial Statements

For the half year ended 31 December 2013

12. Contributed equity

	31 Dec 2013 \$	30 Jun 2013 \$
Share capital		
175,737,592 ordinary shares fully paid (30 June 2013 : 175,287,592)	14,532,007	14,510,632
Nil ordinary shares paid to \$0.01 with \$0.24 unpaid (30 June 2013 : 450,000) *	-	4,500
	14,532,007	14,515,132

*Note: During the half year the 450,000 partly paid shares were called and forfeited and subsequently the shares were offered and sold at auction as fully paid shares.

13. Reserves

		31 Dec 2013 \$	30 Jun 2013 \$
Share-based compensation reserve	(a)	1,270,757	1,270,757
General reserve	(b)	(229,108)	(229,108)
Investment revaluation reserve	(c)	2,173,448	1,972,896
Foreign currency translation reserve	(d)	645,800	404,385
Convertible note option reserve	(e)	1,095,168	1,095,168
		4,956,065	4,514,098

- (a) The share-based compensation reserve is used to recognise the fair value of options issued but not exercised.
- (b) The general reserve represents the change in the value of non-controlling interests resulting in the exercise of Eastern Iron Limited options during the financial period.
- (c) The investment revaluation reserve arises in connection with the accounting for investments as per Note 7.
- (d) The foreign currency translation reserve arises from the translation of foreign currency subsidiaries.
- (e) The convertible note option reserve is used to record the fixed equity component of the convertible notes issued in December 2010. Refer to Note 16.

14. Earnings/(loss) per share

	31 Dec 2013 \$	31 Dec 2012 \$
Net (loss) used in calculating basic and diluted gain per share	(1,820,313)	(1,266,782)
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	175,460,195	175,305,592
	Cents per share	Cents per share
Basic (loss) per share	(1.04)	(0.72)
Diluted (loss) per share	(1.04)	(0.72)

The number of potential ordinary shares that are dilutive and included in determining diluted EPS are nil (2012: nil) relating to share options issued. There are no instruments excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are antidilutive for all of the periods presented.

Conversion, call, subscription or issue after 31 December 2013: Since the end of the financial half year there have been no other conversions to, call of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of these financial statements.



Notes to the Consolidated Financial Statements

For the half year ended 31 December 2013

15. Related party disclosures

Subsidiaries

The consolidated financial statements include the financial statements of Variscan Mines Limited (the Parent Entity) and the following subsidiaries:

Name	Country of incorporation	% Equity interest		\$ Investment	
		31 Dec 2013	30 Jun 2013	31 Dec 2013	30 Jun 2013
Bluestone 23 Pty Ltd	Australia	100	100	5,000	5,000
Eastern Iron Limited	Australia	45.3	45.3	3,100,385	3,100,385
Variscan Mine SAS	France	100	100	1,007,679	1,007,679
Platsearch Australia Pty Ltd	Australia	100	100	5	5

Transactions with Directors

The Company has an agreement with Luminor Capital Pte Ltd which is entitled to a cash fee of 6% of equity funds raised by Luminor Capital and other parties. Mr Kwan and Dr Foo, Directors of Variscan, have an interest in and are directors of Luminor Capital and Mr Champaklal, alternate Director for Mr Kwan, is a director of Luminor Capital. No fees have been paid to date.

Variscan Mines SAS signed an agreement in January 2013 with E-Mines of which Michel Bonnemaïson is a Director. The agreement is for E-Mines to provide geological services, sample preparation and analytical services to Variscan Mines SAS. A total of \$220,875 was paid to E-Mines during the period ended 31 December 2013 (30 June 2013: \$354,794).

Services provided by Directors and Key Management Personnel related entities were under normal commercial terms and conditions. There are no long term service agreements and hence no liabilities will arise from termination of such agreements. No other benefits have been received or are receivable by Directors, other than those already disclosed in the notes to the accounts.

Transactions with Associated Companies

During the half year the Company provided technical and administrative support services to its associated company Thomson Resources Limited (TMZ). Services provided to TMZ \$57,315 (2012: \$58,392) consisting of payments received for consulting, use of office space and office services.

16. Convertible note

The Company completed a capital raising in December 2010 via a private placement of 16,666,667 convertible notes at 15 cents each which raised \$2,500,000 in additional working capital for the Company.

The general terms of the issue are:

- Convertible notes with a conversion price of 15 cents per share and an initial maturity date of 9 December 2013 and an extended maturity date of 1 April 2014;
- The Company may redeem the notes at any stage and must redeem all convertible notes on the maturity date or upon an event of default;
- Each convertible note will accrue interest at 8% per annum to be paid each half year in arrears in cash, the first instalment to be paid on 30 April 2011; and
- Noteholders will receive one share option for every two convertible notes they subscribe to, providing the notes are converted into ordinary shares and at the time of conversion. The share options will have an exercise price of 25 cents and an expiry of 9 December 2014.

In accordance with requirements of the relevant Australian Accounting Standards and International Financial Reporting Standards based on the accounting policy described in Note 2 the proceeds have been initially accounted for as follows:

Notes to the Consolidated Financial Statements



For the half year ended 31 December 2013

16. Convertible note (continued)

	\$
Gross proceeds	2,500,000
Less issue costs	(150,000)
Net Allocation	2,350,000
Allocated as follows:	
Convertible note liability	744,587
Derivative liability (1)	510,245
Equity (2)	1,095,168
	2,350,000

(1) Represents the valuation of the option entitlement per (d) above.

(2) Represents the value of the conversion function per (a) above.

The balances and movements of the convertible note and derivative liability components are as follows:

	31 Dec 2013 \$	30 Jun 2013 \$
Convertible Note Liability		
Opening balance	1,969,654	1,246,345
Add interest expense	480,346	924,679
Less interest paid	(100,000)	(201,370)
Closing balance	2,350,000	1,969,654
Derivative Liability		
Opening balance	2,139	907
Revaluation adjustment	(2,139)	1,232
Closing balance	-	2,139

17. Events after the balance sheet date

There were, at the date of this report, no matters or circumstances which have arisen since 31 December 2013 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years, other than:

- On 10 January 2014 the Company's change of name to Variscan Mines Limited (formerly PlatSearch NL) was registered by the Australian Securities and Investments Commission (ASIC) following approval by shareholders at the Annual General Meeting held in November 2013.
- On 14 February 2014 the Company announced that Variscan Mines SAS, a wholly owned subsidiary of Variscan Mines Limited, had received approval for its second exploration licence, the St Pierre PER, within Brittany, France.
- On 11 March 2014 Eastern Iron Limited ("EFE") announced a placement of 14,300,000 shares at 4.2 cents per share to raise \$600,600. Accordingly Variscan's shareholding in EFE after this share placement has reduced from 45.3% to 39.05%.

Directors' Declaration



In accordance with a resolution of the Directors of Variscan Mines Limited, I state that:

In the opinion of the Directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half year ended on that date of the consolidated entity; and
 - (ii) Complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Greg Jones'.

Greg Jones
Managing Director

Sydney, 14th March 2014



Accountants | Business and Financial Advisers

VARISCAN MINES LIMITED INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Variscan Mines Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Variscan Mines Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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VARISCAN MINES LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT
(continued)

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Variscan Mines Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read 'M. Muller'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in black ink, appearing to read 'HLB Mann Judd'.

M D Muller
Partner

14 March 2014



Accountants | Business and Financial Advisers

VARISCAN MINES LIMITED AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Variscan Mines Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Variscan Mines Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'M. Muller', written over a light grey circular stamp.

M D Muller
Partner

14 March 2014

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Variscan Mines Limited

(formerly PlatSearch NL)

ABN 16 003 254 395

Directors

Patrick Elliott	Non-Executive Chairman
Greg Jones	Managing Director
Kwan Chee Seng	Non-Executive Director
Dr Foo Fatt Kah	Non-Executive Director
Alan Breen	Non-Executive Director

Company Secretary

Ivo Polovineo

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Facsimile: +61 2 9279 0664

Website: www.boardroomlimited.com.au

Auditors

HLB Mann Judd

Level 19, 207 Kent St, Sydney, NSW 2000

Stock Exchange

Listed on the Australian Securities Exchange

ASX Code: VAR

Share Capital

At 31 December 2013, there were 175,737,592 fully paid ordinary shares, 26,190,000 options on issue and 16,666,667 convertible notes.