

# OVERSUBSCRIBED CAPITAL RAISE TO ACCELERATE FOLLOW-UP DRILLING AT SAN JOSE MINE DISCOVERY

## **Highlights**

- Firm commitments received to raise \$4.25M
- The Placement was oversubscribed and well supported by a number of existing shareholders as well as attracting new sophisticated & institutional investors
- Notable investor interest from North America, UK, Europe and Asia representing a strong endorsement of Variscan's recent zinc lead discovery and planned follow-up drilling campaign
- Managing Director commitment to participate in the Placement
- The Placement will position Variscan with a strong cash balance of circa \$5m to
  execute an aggressive exploration program over the Novales-Udias Project,
  including follow-up drilling at the San Jose Mine and drilling high priority targets
  on the highly prospective surrounding Buenahora licence area
- Drilling program set to re-commence shortly with contractor discussions well advanced
- Assay results from an additional 30 drillholes expected in the coming weeks;
   occurrences of visible zinc mineralization from logging noted (refer ASX 15 June 2021)

#### Variscan's Managing Director & CEO, Stewart Dickson said,

"We are pleased with the outcome of the Placement that was well supported by existing shareholders and a number of new institutional investors. The Placement received very strong interest with demand exceeding the funds ultimately being sought by the Company and utilising available placement capacity in a quickly executed transaction. With the recent success drilling at the San Jose Mine, we are excited to continue the momentum by accelerating exploration efforts throughout the remainder of 2021".

Variscan Mines Limited ("Variscan" or the "Company" or the "Group") (ASX:VAR) is pleased to announce that it has successfully received binding commitments for a Placement to raise \$4.25M (before costs) through the issue of 53,125,000 shares at \$0.08 per new share ("New Shares"). The placement will be completed through the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A ("Placement"). The Placement will introduce several new, high quality institutional and sophisticated investors, whilst also being well supported by existing significant shareholders of the Company.



#### **Placement Details**

The issue price of \$0.08 represents a 14.8% discount to Variscan's last closing price of \$0.094 per share on 16 June 2021, a 13.9% discount to the 15-day VWAP of \$0.093 per share.

31,201,798 shares will be issued under the Company's existing 15% placement capacity in accordance with Listing Rule 7.1 and 21,298,202 shares will be issued under the Company's existing 10% placement capacity in accordance with Listing Rule 7.1A.

The balance of 625,000 shares for \$50,000 will be taken up by an entity associated with the Managing Director, Mr Stewart Dickson, subject to shareholder approval.

New Shares issued under the Placement will rank equally with existing shares on issue. Settlement of the First Tranche of the Placement is scheduled to occur on 25 June 2021, with the issue and trading of new shares expected to commence on 28 June 2021.

Canaccord Genuity acted as Lead Manager to the Placement. Under the terms of their engagement, they will be issued with 2,500,000 options with an exercise price equal to a 50% premium to the issue price, expiring 3 years from the date of issue.

## **Looking Ahead**

The Company's immediate focus is progressing with the following key activities:

- Receiving and interpreting assay results from drilling at the South West Zone of the San Jose Mine
- Mapping and sampling of surface drill targets over the Buenahora license area
- Surface drilling permitting application pending
- Surface and/or follow-up underground drilling in Q3 2021
- Mapping and sampling of drill targets over the Guajaraz Project in Castilla La Mancha

A Notice of General Meeting will be circulated in due course and an Appendix 3b follows for immediate release.

#### **ENDS**

This announcement has been authorised for issue by Mr Stewart Dickson, Managing Director & CEO, Variscan Mines Limited.

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### **Project Summary**

The Novales-Udias Project is located in the Basque-Cantabrian Basin, some 30km southwest from the regional capital, Santander. The project is centred around the former producing Novales underground mine with a large surrounding area of exploration opportunities which include a number of satellite underground and surface workings and areas of zinc anomalism identified from recent and historic geochemical surveys. Variscan has delineated a significant 9km mineralised trend and a sub-parallel 3km trend from contemporary and historical data across both the Buenahora exploration and Novales mining permits.

Significantly, the Novales-Udias Project includes a number of granted mining tenements<sup>1</sup>.

Novales-Udias Project Highlights

- Near term zinc production opportunity (subject to positive exploratory work)
- Large tenement holding of 68.3 km<sup>2</sup> (including a number of granted mining tenements)
- Regional exploration potential for another discovery analogous to Reocin (total past production and remaining resource 62Mt @ 8.7% Zn and 1.0% Pb<sup>23</sup>)
- Novales Mine is within trucking distance (~ 80km) from the Asturias zinc smelter
- Classic MVT carbonate hosted Zn-Pb deposits
- Historic production of high-grade zinc; average grade reported as ~7% Zn<sup>4</sup>
- Simple mineralogy of sphalerite galena calamine
- Mineralisation is strata-bound, epigenetic, lenticular and sub-horizontal
- Reported historic production of super high grade 'bolsas' (mineralised pods and lenses) commonly 10-20% Zn and in some instances +30% Zn<sup>5</sup>
- Assay results of recent targeted grab samples taken from within the underground Novales Mine recorded 31.83% Zn and 62.3% Pb<sup>6</sup>
- Access and infrastructure all in place
- Local community and government support due to historic mining activity

#### **Notes**

Variscan Mines Limited (ASX:VAR) is a growth oriented, natural resources company focused on the acquisition, exploration and development of high-quality strategic mineral projects. The Company has compiled a portfolio of high-impact base-metal interests in Spain, Chile and Australia.

The Company's name is derived from the Variscan orogeny, which was a geologic mountain building event caused by Late Paleozoic continental collision between Euramerica (Laurussia) and Gondwana to form the supercontinent of Pangea.

<sup>&</sup>lt;sup>1</sup> Refer to ASX announcement of 29 July 2019

<sup>&</sup>lt;sup>2</sup> Velasco, F., Herrero, J.M., Yusta, I., Alonso, J.A., Seebold, I. and Leach, D., 2003 - Geology and Geochemistry of the Reocin Zinc-Lead Deposit, Basque-Cantabrian Basin, Northern Spain: in Econ. Geol. v.98, pp. 1371-1396.

<sup>&</sup>lt;sup>3</sup> Cautionary Statement: references in this announcement to the publicly quoted resource tonnes and grade of the Project are historical and foreign in nature and not reported in accordance with the JORC Code 2012, or the categories of mineralisation as defined in the JORC Code 2012. A competent person has not completed sufficient work to classify the resource estimate as mineral resources or ore reserves in accordance with the JORC Code 2012. It is uncertain that following evaluation and/or further exploration work that the foreign/historic resource estimates of mineralisation will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code 2012.

<sup>&</sup>lt;sup>4</sup> These figures have been taken from historical production data from the School of Mines in Torrelavega historical archives.

<sup>&</sup>lt;sup>5</sup> Reports of the super high-grade mineralisation are supported with historical production data from the School of Mines in Torrelavega historical archives. (Refer ASX release 29 July 2019)

<sup>&</sup>lt;sup>6</sup> Refer to ASX Announcement of 19 December 2020



## **Competent Person Statement**

The information in this document that relates to technical information about the Novales-Udias project is based on, and fairly represents information and supporting documentation compiled and reviewed by Dr. Mike Mlynarczyk, Principal of the Redstone Exploration Services, a geological consultancy acting as an external consultant for Variscan Mines. Dr. Mlynarczyk is a Professional Geologist (PGeo) of the Institute of Geologists of Ireland, and European Geologist (EurGeol) of the European Federation of Geologists, as well as Fellow of the Society of Economic Geologists (SEG). With over 10 years of full-time exploration experience in MVT-style zinc-lead systems in several of the world's leading MVT provinces, Dr. Mlynarczyk 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 December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ('JORC Code'). Dr. Mlynarczyk consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears.

## **Forward Looking Statements**

Forward-looking statements are only predictions and are not guaranteed. They are subject to known and unknown risks, uncertainties and assumptions, some of which are outside the control of the Company. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. The occurrence of events in the future are subject to risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to differ from those referred to in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward-looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and the ASX Listing Rules, the Company, its directors, officers, employees and agents do not give any assurance or guarantee that the occurrence of the events referred to in this announcement will occur as contemplated.