HIGH-GRADE ZINC CHANNEL SAMPLING RESULTS

Highlights

- **Channel samples recently assayed confirm high-grade zinc mineralisation across the same elevation from San Jose-Novales Mine portal to stopes, covering a 300m and 600m area respectively;**
- **Assay results returned very high grades, including:**
  - **2.2m at 22.1% Zn and 1.1% Pb**
  - **1.3m at 33.7.1% Zn and 3.9% Pb**
  - **3.0m at 15.2% Zn and <0.1% Pb**
  - **1.2m at 34% Zn and 0.4% Pb**
  - **1.0m at 23.3% Zn and 17.4% Pb**
- **Drilling at newly discovered mineralised area near the San Jose-Novales Mine portal completed, currently awaiting assay results; and**
- **Drilling to test extensions of mineralisation at San Jose main mine is on-going.**

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

"These channel samples confirm our geologic interpretation that the extensive and stratabound mineralisation in the San Jose-Novales Mine appears to have good continuity, and reiterates the presence of very high zinc grades at this deposit.

These results also confirm our view that the newly defined mineralized area near the San Jose-Novales Mine portal through recent drilling represents an interesting exploration target from which we expect assay results shortly.

Drilling to delineate extensions of the mineralisation and demonstrate the presence of other high-grade zones within the mine is ongoing."

Variscan Mines Limited ("**Variscan**" or the "**Company**" or the "**Group**") (ASX:VAR) is pleased to announce the results of 21 underground channel samples taken from the San Jose-Novales Mine. The channel samples, taken over a 300m length at the portal and a 600m length within the San Jose Mine indicate good continuity of the stratabound mineralisation which retains its high-grade tenor as it extends.

Figure 1. Plan view showing the channel sample locations and significant results at the San Jose – Novales Mine

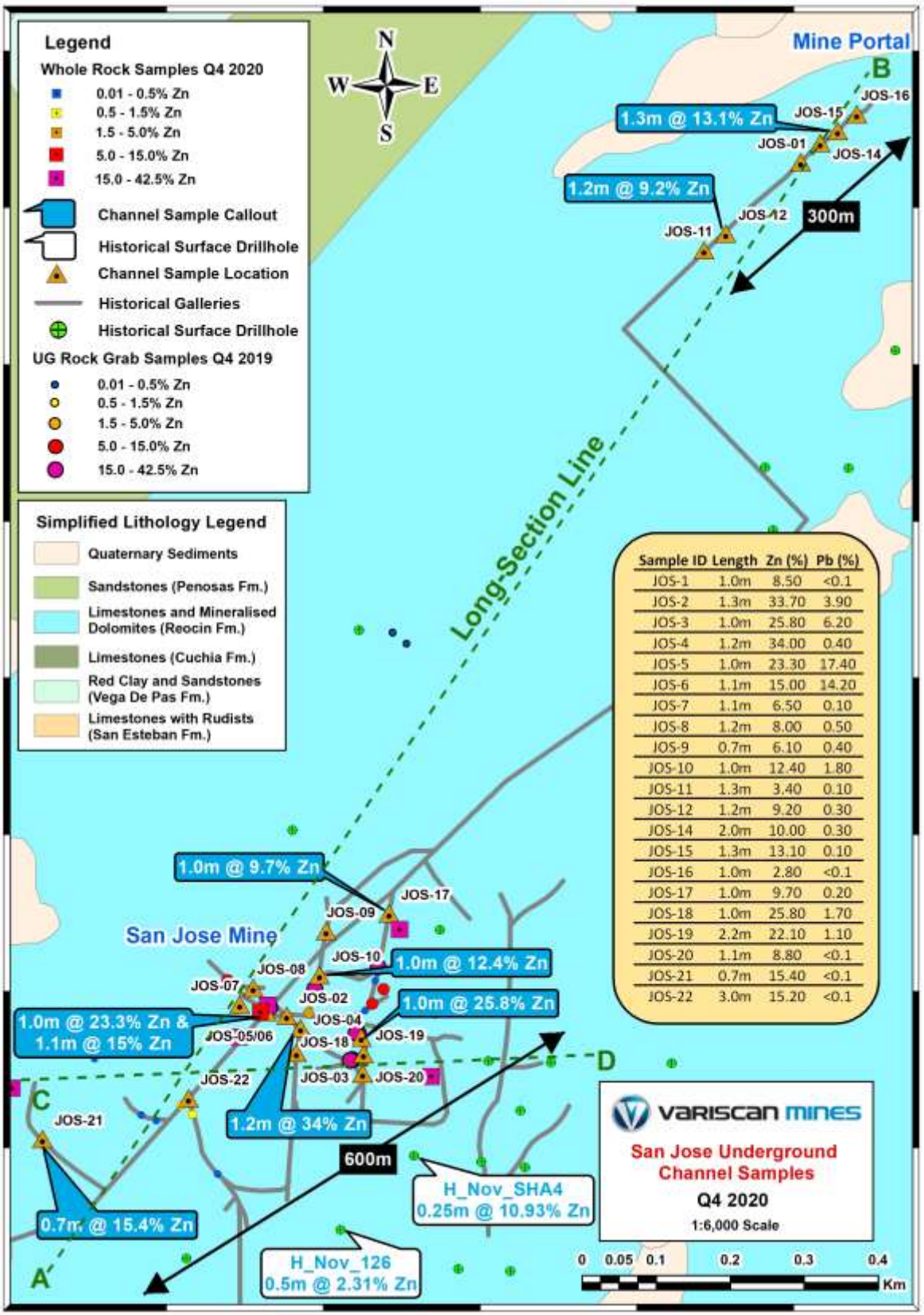
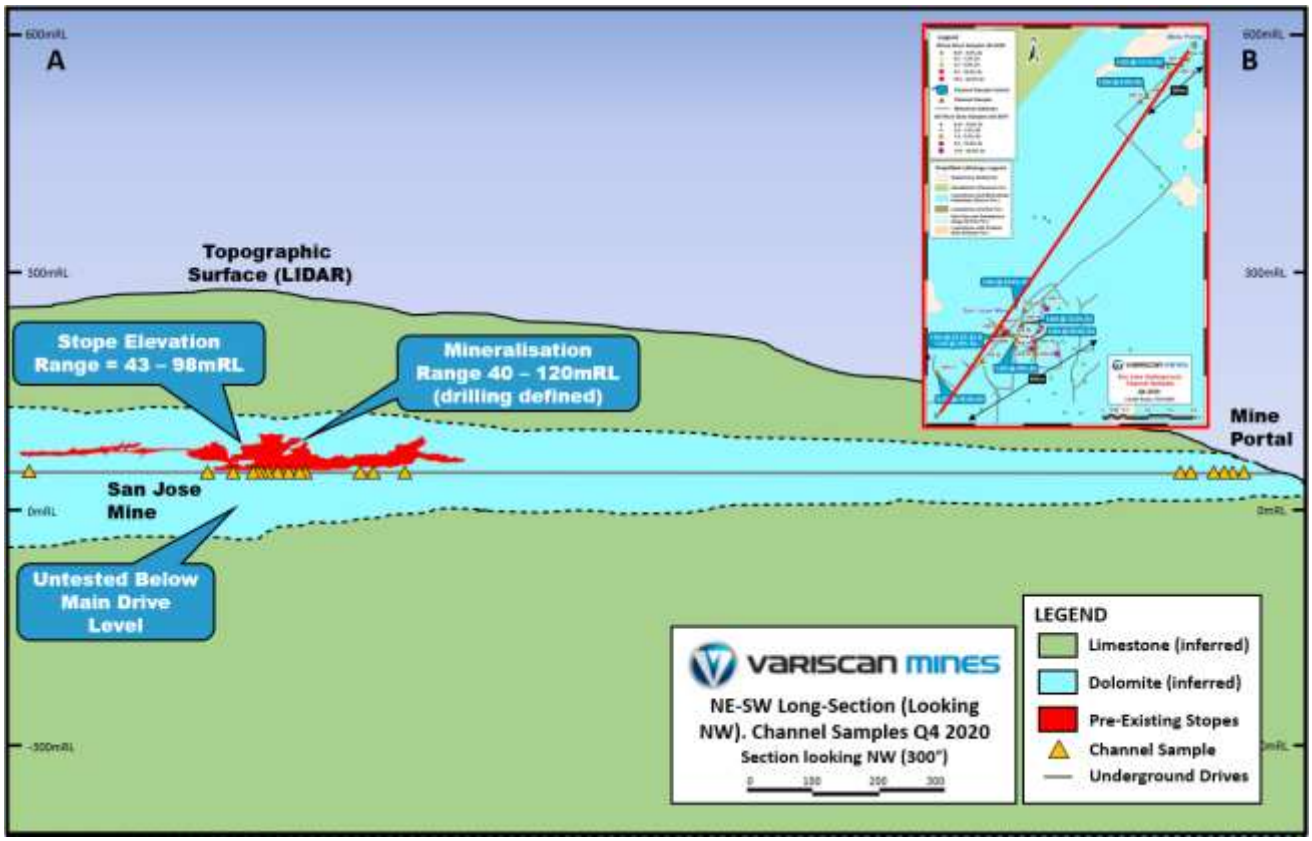


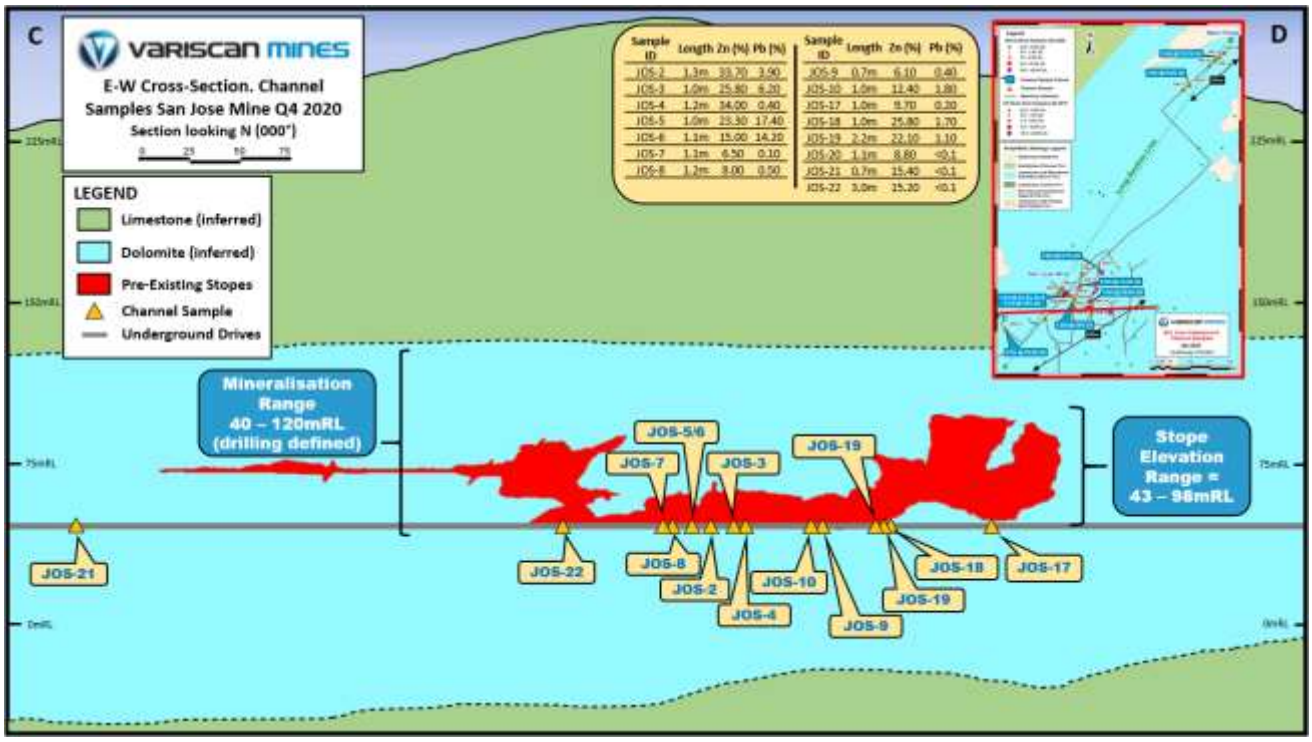
Figure 2. Long-section showing the locations of the channel samples and the interpretation of the dolomite hosting mineralisation at the San Jose – Novales Mine



As shown in Figure 2 and Figure 3, the mined-out stopes range in elevation between +43m to +98m, as demonstrated by the 3D underground laser survey completed in 2020. However, the historical drilling indicates this typically stratabound mineralisation ranges between +40m and +120m elevation, providing significant upside for exploration at unmined levels.

Inferred lithological contacts between the limestone and the host dolomite (Figure 2 and 3) provide further evidence of the significant elevation range in which to explore for sulphide accumulations within the dolomitic host rock. Furthermore, this provides excellent drilling potential below the current access level going forward, which has never been tested fully in the past. Variscan geologists are also investigating the potential for up and down-dip extensions of the most prominent mineralised trends (stopes) at San Jose with apparent structural control.

Figure 3. Cross-section through the locations of the reported channel samples in the main zone of the San Jose – Novales Mine



Key Findings and Next Steps

- Newly reported channel sample results have continued to produce excellent zinc and lead grades at the San Jose – Novales Mine;
- This underground channel sampling was conducted over the same elevation (+48mRL) demonstrating extensive mineralisation presence at the main drive level;
- Potential for future infill and extensional channel sampling at the same elevation and higher-levels; remains open and untested at depth;
- Drilling near mine entrance has been completed; currently awaiting assay results; and
- Rig moved further into the mine to test extensive N-S mineralised corridors with drilling ongoing.

The channel samples were collected along the main drive and workings of the San Jose – Novales Mine which is between 25m and 190m below the surface (see Figures 2 & 3). The underground sampling comprised of 21 channel samples with lengths between 0.7-3m, taken at irregular intervals[1]. Samples were cut from floor to ceiling and oriented orthogonally to cross-cut the sub-horizontal mineralised lenses. Table 1 below contains the complete sample list from the channels (including dilution from any un-mineralised intervals).

[1] Channel samples were taken at selected locations underground, and due to their vertical nature (to cross-cut mineralised lenses at perpendicular angles) they are only marked and recorded as points. These samples do not include unmineralised waste rock from the periphery of each sulphide rich lens.

Channel Sampling Results

Table 1. Channel sample assay results for Zinc and Lead[2]

Sample ID	Description	Channel Length (m)	Zn (%)	Pb (%)	Zn+Pb(%)
JOS-1	Mine portal area	1.0	8.5	<0.1	8.50
JOS-2	Ore Body 168	1.3	33.7	3.9	37.60
JOS-3	Ore Body 177-4	1.0	25.8	6.2	32.00
JOS-4	Ore Body 177-4	1.2	34.0	0.4	34.40
JOS-5	La Caseta	1.0	23.3	17.4	40.70
JOS-6	La Caseta	1.1	15.0	14.2	29.20
JOS-7	Galeria 178	1.1	6.5	0.1	6.60
JOS-8	Galeria 178	1.2	8.0	0.5	8.50
JOS-9	Ore Body 168 North Extension	0.7	6.1	0.4	6.50
JOS-10	Ore Body 168	1.0	12.4	1.8	14.20
JOS-11	Mine portal area	1.3	3.4	0.1	3.50
JOS-12	Mine portal area	1.2	9.2	0.3	9.50
JOS-14	Mine portal area[3]	2.0	10.0	0.3	10.30
JOS-15	Mine portal area	1.3	13.1	0.1	13.20
JOS-16	Mine portal area	1.0	2.8	<0.1	2.80
JOS-17	Ore Body 156	1.0	9.7	0.2	9.90
JOS-18	Los Caracoles	1.0	25.8	1.7	27.50
JOS-19	Los Caracoles	2.2	22.1	1.1	23.20
JOS-20	Los Caracoles	1.1	8.8	<0.1	8.80
JOS-21	Galeria 210	0.7	15.4	<0.1	15.40
JOS-22	Ore Body 184	3.0	15.2	<0.1	15.20

[2] Channel samples 5 and 6 comprise two separated samples along the same vertical channel, i.e. consecutive sample intervals. All other samples are singular sample intervals comprised of the entire channel length.

[3] Channel sample JOS-13 was not sampled due to ongoing drilling operations in this location at the time of sampling.

Image 1. Channel sample intervals, clockwise Sample IDs 15, 14, 7 and 7.

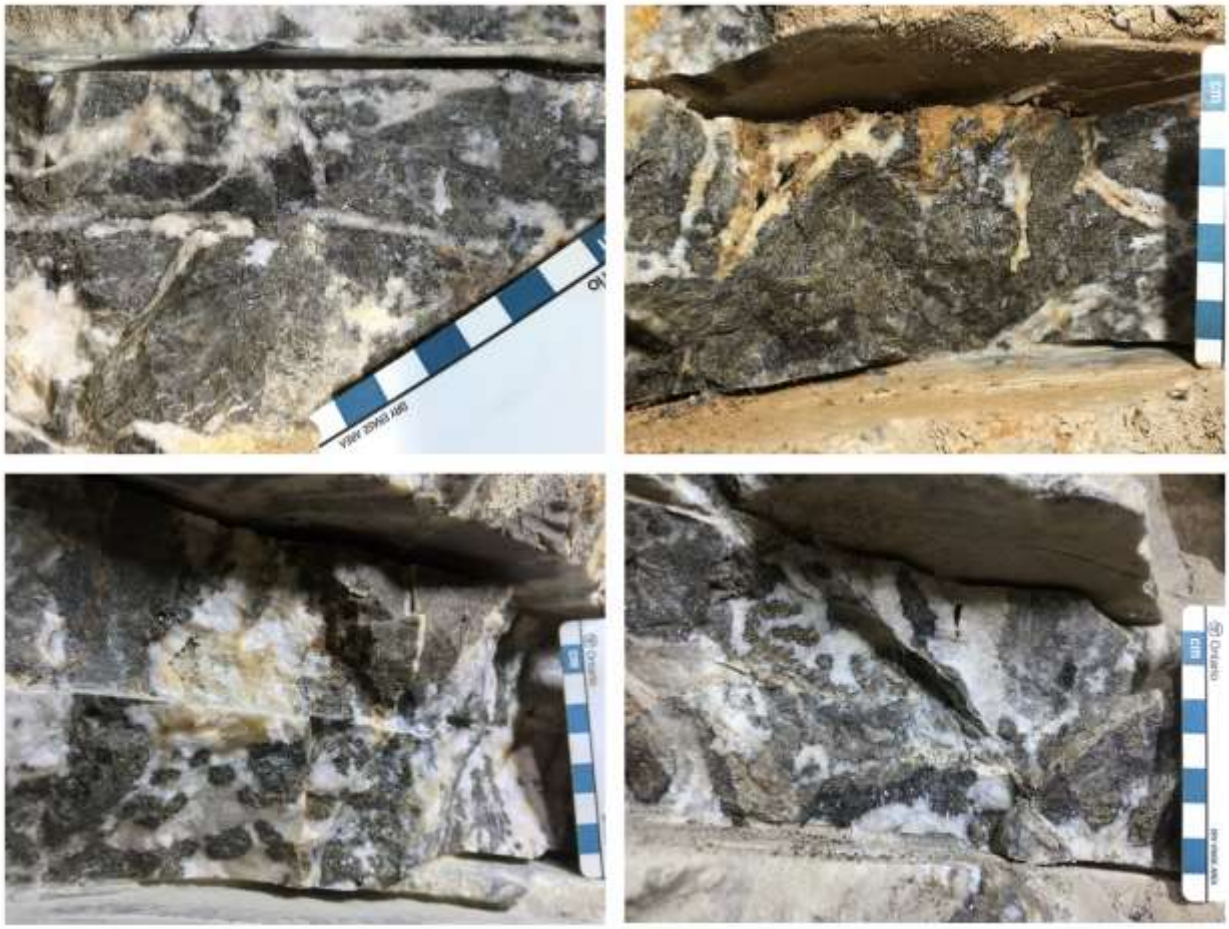


Image 2. Channel sample JOS-12 works on the main drive near the mine portal

Looking Ahead

The Company's immediate focus is progressing with underground drilling at the San Jose Mine.

Key activities include:

- Drilling to test extensive N-S mineralised corridors;
- Reporting assay results from drilling completed near mine entrance;
- Surface drilling permitting applications; and
- Infill and extensional channel sampling.

Variscan looks forward to keeping shareholders updated with further news as more exploration results become available.

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 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[4].

Novales-Udias Project Highlights

- Near term zinc production opportunity (subject to positive exploratory work)
- Large tenement holding of 68.3 km^2 (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[5][6])
- 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[7]
- 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[8]
- Assay results of recent targeted grab samples taken from within the underground Novales Mine recorded 31.83% Zn and 62.3% Pb[9]
- 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.

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[4] Refer to ASX announcement of 29 July 2019

[5] 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.

[6] 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.

[7] Anecdotal evidence from original Novales miners interviewed during the WAI Due Diligence supported with historical production data from the School of Mines in Torrelavega historical archives.

[8] Anecdotal evidence from original Novales miners interviewed during the WAI Due Diligence. In addition, 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)

[9] 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 Mr. Ché Osmond, an employee of Wardell Armstrong International. Mr. Osmond is a Chartered Geologist (CGeol) and Fellow of the Geological Society of London, and European Geologist (EurGeol) of the European Federation of Geologists, 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 December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ('JORC Code'). Mr Osmond 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.

JORC Table 1, Sections 1 and 2 in reference to Historic Underground Drilling and Recent Channel Sampling by Variscan Q4 2020

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representativity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• The sample data referenced in this report relates to exploration undertaken by mining companies operating the Project from the 1950's to the late 1990's and recent wall rock samples taken by Variscan Mines in December 2020. This historical data is held at the School of Mines and Energy Engineering at Torrelavega, a faculty of the University of Cantabria. It is understood that all historic drilling was core drilling. • Due to the incomplete nature of the historic drill data and records, including procedures, a comment on the sample representativity or calibration of measurement tools or systems used by historic workers cannot be made. Further comment regarding specific components of the historic drilling is provided in subsequent sections of this table. The data cannot be considered 'industry standard' by modern standards • It has been assumed that all reported assays are representative of technology available at the time, but no reliance has been put on it. • Channel samples were collected by Variscan in Q4 2020 and were generally taken as vertical cut channels. • Samples were cut as a constant width (two parallel cuts) which were chiseled out to the same depth along the channel, efforts were made to keep the width of the channel and the depth of the cuts the same, however, variations occurred with natural variability in the rock. • Cut channel samples are not considered representative, these sample locations were selected at visually sulphide rich wall rock exposures underground. Furthermore, these samples do not include waste intervals at the periphery of each mineralised sample and therefore are biased. In some cases waste was included when two lenses were stacked on top of each other in a single sample interval, this dilution is accounted for within each sample result where this occurred. • Overall, the methodology of sample collection is considered to be close to industry best practice for cut channel sampling techniques.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• The historic surface and underground drilling reported here is understood to be all core drilling. No details of the drilling techniques employed have been identified in the historic data. This includes reference to core diameter(s), core orientation methods, nor down hole survey data. • Historical drilling referenced within this document refers to the 426 underground drillholes from between 1965 and 1991. This drillhole database is supplemented with historical surface drilling from between 1957 and 1983 which includes 102 holes. • It is assumed that no core orientation has taken place for these holes as no structural data exists in the core logs. • No records of the type of drill rig used have been identified.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and*	• No records of core recovery have been identified from the historic data. • Given the absence of core recovery data, it is not possible to assess the potential of a relationship between sample recovery and grade. • The absence of drill recovery data means that reported grades may be subject to either over or underreporting. No assessment or estimation of these effects has been made due to the lack of

Criteria	JORC Code explanation	Commentary
	grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	data. • Core recovery for the recent Variscan drillholes have been high >90% as observed by drillers, this data has not been formally recorded and sent to WAI for review at present. This will form part of the detailed logging which will be conducted very soon. • Logging and sampling have not taken place thus far from the new diamond drillholes, therefore it is not possible to comment on measures taken to maximise sample recovery and representative nature of samples. • There are no assay results available for the new diamond drillholes and therefore it is not possible to comment on the relationship between sample recovery and grade. • Cut channel samples have had no recovery (or depth of channel material removed) recorded, however, efforts were made to maintain a consistent depth and width of the channels.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• No geotechnical logs have been identified. The drill hole information reported here is not of a sufficient level of detail too support a Mineral Resource Estimation, mining or metallurgical study. • In the absence of detailed data, no comment on whether the logging, where observed, is qualitative or quantitative has be made. No core photography has been identified. • The geological logs have varying degrees of detail. However, basic intervals were digitized. All 335 holes plotted in 3D have at least assay or lithology downhole data. • Of the 102-total surface drillholes there are only 39 with assay data and 30 that correspond to holes with dip/depth/azimuth in the collar file. No lithological data was available from historic records to supplement the database during the digitisation process. • Only preliminary logging has been undertaken (visual approximations) for the new Q4 2020 to Q1 2021 diamond drillholes. Detailed geological and geotechnical logging is yet to be carried out but will follow shortly. Therefore, there is insufficient data to support a Mineral Resource estimate, mining study or metallurgical study at this stage. • Logging for new drillholes comprises visual estimations of mineralised intersections only. • Total percentage of metres that have preliminary visual logging is 100% and the total percentage of new drillholes that has detailed geological and geotechnical logging is 0% at this stage. • No logging has taken place of the cut channels. Only sample intervals were recorded.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representativity of samples.* • *Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field*	• Historic approach to sampling appears selective, guided by geological observation and no "apparent" waste was sampled. • No details of the sub-sampling or sample preparation techniques have been identified from the historic records, and no supporting sampling procedures have been identified. It is not known whether ¼, ½ or whole core was submitted for analysis. • In the absence this data, and other data related to the sub-sampling techniques and sample preparation, no cannot comment on the appropriateness of the sample preparation techniques has been made. • No evidence of Quality Control procedures nor results have been identified. This includes evidence of field duplicates or other current industry standard quality control procedures, such as Certified Reference Materials and blanks. • In the absence of sample size data, no comment on whether the sample size is appropriate to the grain size of the sampled material has been made.

Criteria	JORC Code explanation	Commentary
	duplicate/second-half sampling. • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• New drillholes (Q4 2020 to date) have not been sampled currently. However, industry best practice procedures have been written and will be employed going forward for logging, sampling and QAQC for this project. • Cut channel samples were not split in any way during the sampling process. All material removed via cutting and chiseling rock from the channels was collected and sent for analysis. • The sampling type and the preparation technique is deemed appropriate for the cut channels. Only the selected (bias) locations and lack of adjacent waste interval samples included along the length of each channel are considered as non-typical geological practices. • QAQC measures taken for cut channel samples included the submission of two pulps of known values from previous sampling campaigns. These included a low and moderate grade Zn sample of the total 21 samples. This is considered as an insufficient proportion of QAQC samples to real samples. • Sample sizes and weights are considered appropriate in relation to the grain size of the mineralised samples.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• No descriptions of the assaying and laboratory procedures used have been found. It is unknown whether the techniques used are partial or total, nor the laboratory used. • No descriptions of quality control procedures adopted for historical drilling by the laboratory, nor any results of any related Quality Control data, has been identified. No comment can be made on whether acceptable accuracy or precision of results has been established. • No samples have been taken for the new diamond drillholes undertaken by Variscan Mines at this stage, as such the quality of assay results and QAQC procedures cannot be comment on at this time. • Cut channel samples were sent to ALS Sevilla to be analysed with the method used as Zn-OG62h and Pb-OG62h. This method is deemed appropriate for the elements being evaluated. • QAQC procedures used for the channel samples only included 2 out of 21 samples submitted as pulp duplicates from a previous sample batch. These included one sample at a low and moderate Zn grade, these performed within acceptable limits. From the QAQC data available from this work it is not possible to determine complete accuracy and precision of analyses.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Due to the historic nature of the results reported, it has not been possible to verify significant intersections. It is not known whether verification of intersections was undertaken by previous operators at the time of drilling. No remaining core from these programmes have been identified to date, however investigations are ongoing. • The historic data does not include any twinned holes. It is understood that Variscan may consider twinning historic drill holes as part of the companies upcoming exploration plans. • No documentation or records of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols have been identified. • Historic records consist largely of handwritten drill hole summaries. This data was identified and transcribed to Microsoft Excel © and then imported into Leapfrog Geo and Datamine Studio RM for drill hole database validation, significant intersections, and 3D viewing. It is understood that Variscan intend to transfer this data to an industry standard drill hole database during their ongoing exploration of the project.

Criteria	JORC Code explanation	Commentary
		• Given the absence of detailed historical information relating to the assay data, no adjustment to the assay data has been made. The data has been reported as it was recorded in the original documentation. Variscan have no reason to disbelieve the data as presented in the historical logs, however, understand the limitations of the data for use in reliable and classified mineral resource estimations going forward until assay verification has been achieved to a satisfactory standard. • All 426 historic underground drill holes collated to date with downhole data, only 335 of which have been projected in 3D due to minor errors in the database or missing values that require verification with historic maps and sections before plotting in 3D reliably. There is a total of 615 holes in the collar file, 366 holes have sufficient XYZ, dip, depth or azimuth data to project in 2D or 3D. However, of the total 504 holes in the downhole file (assay and lithology combined) only 335 of these have corresponding drillhole collar information with all necessary data to plot these holes. Therefore, 335 is the final number plotted in 3D which excludes any drillhole without at least one key data (i.e. dip, azimuth, depth, XYZ) in the database. • Of the 102-total surface drillholes there are only 39 with assay data and 30 that correspond to holes with dip/depth/azimuth in the collar file. No lithological data was available from historic records to supplement the database during the digitisation process. • Q4 2020 diamond drillholes have yet to be sampled and analysed, as such there has been no attempt to verify these intersections. Twinned holes have been planned for the historical underground holes for the current drillhole campaign, however, these holes have yet to be drilled due to logistical challenges and are still planned for Q1 2021. Verification of data storage and recording procedures has not been undertaken for these new drillholes. No assay data is available to make any adjustments to at this stage. • Cut channel samples have not undergone any independent verification of intersections and no twinning of samples has been completed. • Cut channel sample data is stored in excel format and no logging has been completed. Photographs have been taken of cut channels and the sampling process. • No adjustments have been made to the assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The method of recording collar coordinates by the historic operating companies has not been identified. It is noted that much of the drilling was undertaken prior to the ubiquitous use of modern GPS by industry. The accuracy of reported drill hole collars has not been determined. Some historic drill hole collars have been verified in the field, although there are still some holes that require field verification underground in drilling bays. • Collar coordinates relating to the historic drill holes reported were identified in a local grid and transformed to the European Terrestrial Reference System 1989 (ETRS89), an earth-centre, earth-fixed geodetic Cartesian reference frame for GIS work. Thus, 2D maps (Figures) used in this report have been made with ETRS89. • 3D projected data (shows as 2D cross-sections in this press release) have utilised the local mine grid co-ordinates. This was decided to allow more holes to be displayed as not all collars have both XY co-ordinates in Local and ETRS89 format, a transformation was calculated using the collars that have both Local and ETRS89 co-ordinates and was determined as

Criteria	JORC Code explanation	Commentary
		unreliable and requires further investigation. To allow XY co-ordinates to be used for the holes with only ETRS89 co-ordinates a transformation was applied using the QGIS function GDAL Vector Conversion based on a selection of collars which have both Local and ETRS89 co-ordinates, the transformed holes align well with the georeferenced plan "30_26_P1_02" with a 1-2m discrepancy. This is sufficient for this level of study but should be improved significantly in the future by Variscan along with twinned hole verification to provide reliability for a Mineral Resource Estimate using these holes. • Ideally going forward a selection of the historic underground control points (i.e. K-21 found on historic plans) should be surveyed underground with a differential GPS to provide a robust transformation for all local mine grid data into ETRS89 for consistency. • The quality and adequacy of the topographic control on the location of historical collar points has not been assessed. • Collation and cross-reference of historic map, level plan and log/tabular hardcopy datasets show a reasonable degree of relative geospatial correlation. • The 3D underground survey was conducted by 3DMSI using initially a robotic total station to take the in-situ pre-existing historical survey pin locations to use as reference points. A "Z+F Imager 5010C laser scanner" was used to capture data inside stopes and drives at San Jose and these data were registered as a point cloud. The point cloud was simplified, and wireframes created from this data set. • It is important to note that the survey was re-located and scaled to fit a historical mine plan (30.26 P1_02.jpg) and therefore remaining within the local mine grid rather than a more typical CRS such as ETRS89. This method of transformation of the survey using the historical survey pins has caused inherent errors in the survey between 1 to 2.5m in some cases when compared with historical plans. This must be considered when planning drillholes and going forward a surveyor with a DGPS should re-survey the underground survey pins in ETRS89 and transform the whole survey to this CRS. • Cut channel samples have been located using known points and a Leica laser disto with an inclinometer function. These have then been plotted in GIS. The location data for channel samples are not considered accurate and this should be improved going forward with the use of a DGPS. The CRS used to locate these samples is ETRS89. • Surface topography was provided by CNIG (IGN) as topographic contours at 25k scale, the contours were used to generate a digital terrain model in 3D after transformation to the local mine grid to conform to the majority of drillhole data in Leapfrog Geo and Datamine StudioRM. It is considered satisfactory for these purposes.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• The underground and surface drillholes are not located in a grid pattern, it is considered likely that drillholes were sighted based on accessibility underground. • Underground collars are generally within 30-40 m of each other with numerous holes from each collar in a radial pattern (fanned out from UG drilling bays). The data is very closely spaced due to accessibility underground. • Surface drillholes are sporadically spaced between 50m and 2km in and around the Buenahora exploration permit and the Novales mining permit. • An assessment of the data spacing with regards to its use in the estimation of a Mineral Resource or Ore Reserve has not been made, as the quality of the drill hole data precludes its use for

Criteria	JORC Code explanation	Commentary
		these estimations. • It is not known whether sample compositing was applied. • Recent drillholes (Q4 2020 to date) have been drilled in a fan pattern from drilling pads underground. These holes have mostly been oriented upwards and their spacing varies significantly. This drillhole campaign is yet to be completed and therefore at this stage there is insufficient distribution of drillholes to support geological and grade continuity for this project. No assay results are available for these new holes, therefore no compositing can be applied at this stage. • Cut channel samples are located sporadically in the areas of most visible mineralisation at the main drive level (+48mRL). The selection of these locations are considered bias. Channel sample distribution is not considered sufficient to establish any geological and grade continuity at this stage. No compositing of samples has been applied.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Mineralisation at the project has been reported as following subvertical structures and more commonly as stratiform, sub horizontal and lenticular with lateral and vertical bleeding. Some mineralisation has been reported as faulted and fractured, with a significant influence with the development of karsts. Mineralisation in this setting presents as 'bags' with lenticular form. Due to the irregular and or variable nature of the mineralisation, an estimated of potential bias through orientation of sampling has not been made. • It is unknown if the core sampling in the historic campaigns will have introduced a significant bias. • While the location of mineralisation centres on the Novales trend follows a broad NNE strike, the orientation of distinct orebodies on this trend is understood to be irregular and highly variable both in terms of strike and dip. UG drilling is often radial in nature, and no comment can be made on the orientation of drilling in respect of mineralisation orientation. Surface drilling is often vertical and dipping steeply. • New drillholes (Q4 2020 to date) have been oriented upwards from the main gallery level at present, similar to those drilled historically to intersect mineralised lenses and corridors above the main gallery level. These orientations are considered appropriate for the geometry of this mostly lenticular MVT mineralisation at San Jose. However, in some cases faulting is perceived to provide structural pathways for mineralising fluids and are also being targeted as observed underground as both N-S and E-W orientations. The results of these holes are not available currently; thus, it is not possible to comment on the relationship between drilling orientation and the orientation of key mineralised structures or sampling bias. • Cut channel samples have been oriented vertically, this orientation is perpendicular to the sub-horizontal lenticular mineralisation which is often pinching, swelling and inconsistent. This orientation provides the closest angle to achieve true thickness, as a horizontal channel will mis-represent the thickness and artificially increase sample lengths within mineralisation, thus, vertical channel samples are considered logical at San Jose. • Significant sample bias exists for the cut channels, this is due to an absence of sampling of waste at the periphery of each visually mineralised lens.
Sample security	• *The measures taken to ensure sample security.*	• No records relating to the sample security have been identified. • Cut channel samples were treated with industry best practice sample security measures, the samples were bagged at the face, sealed and transported to a locked core shed nearby the mine portal, these were then transported via courier to ALS Sevilla for analysis.

Criteria	JORC Code explanation	Commentary
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews of the sampling techniques and data have been undertaken for the historical records. • No detailed audits have taken place regarding the sampling techniques for new drillhole because no samples have been taken currently. • No audits or reviews have been conducted regarding channel sampling at San Jose.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The exploration permit "Buenahora" is held by Variscan Mines. • The author is not aware, at the time of writing this, of any environmental issues that could affect ongoing works within these licences. • The exploitation permit for the Novales-Udias historic mine area is owned by Variscan Mines. • The author is not aware, at the time of writing this, of any issues with tenure or permission to operate in this region.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The data referenced in this report refer to exploration undertaken by historic mining companies operating the Project from the 1950's to the mid 1980's. The previous workers include Hispanibal and Asturiana de Zinc (previously a subsidiary of Xstrata / Glencore). • The historic data referenced in this report and undertaken by the historic workers is held at the School of Mines and Energy Engineering at Torrelavega, a faculty of the University of Cantabria.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The mineralisation at the project is considered a Mississippi Valley Type Lead-Zinc type deposit with associated structural and stratigraphic controlled carbonate dissolution and replacement Lead-Zinc type mineralisation. • Mineralisation at the project has been reported as following sub-vertical structures and more commonly as stratiform, sub horizontal and lenticular with lateral and vertical bleeding. Some mineralisation has been reported as faulted and fractured, with a significant influence with the development of karsts. Mineralisation in this setting presents as 'bags' with sub-horizontal lenticular form.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the*	• Historical surface drilling (102 holes) can be summarised as follows regarding Easting/Northing/RL/dip/azimuth: ○ ETRS89 Easting range 398,502 to 404,995m ○ RL range 37.98 to 388.45m ○ Dip range -45 to -90 ○ Azimuth range 0 to 328° ○ Hole depth ranges 18 to 686.7m ○ Interception depth ranges 0 to 484.8m • Historical underground drilling (335 holes that have both collar and downhole data that are plotted in 3D) can be summarised as follows regarding Easting/Northing/RL/dip/azimuth: ○ Local Mine Grid Easting range 20,037.55 to 29,958.05m ○ RL range 42 to 74m ○ Dip range -90 to +90 ○ Azimuth range 0 to 358.2°

Criteria	JORC Code explanation	Commentary
	Competent Person should clearly explain why this is the case.	○ Hole depth ranges 7 to 232m ○ Interception depth ranges 0 to 231.4m • No records of specific gravity or density measurements have been identified. • It is noted that some of the drilling was undertaken prior to the cessation of mining activities on the project, and as such some of the mineralisation referenced in this announcement may have been mined out. It is understood that this area will be assessed under the proposed exploration activities which include further assessment of historic mining records and the completion of an underground survey (completed, with results pending) in order to understand the extent of mining activity and to the scale of in-situ mineralisation remaining in those zones. • The surveyed positions of the cut channel samples are not considered accurate due to the method of locating samples via Leica Laser Disto and inclinometer from known points. The error is considered to be anywhere between 0.1 to 2m. Thus X and Y co-ordinates are not provided. Elevations have also not been recorded due to survey methods, thus they have all been assigned the +48mRL from the main drive from which they were all sampled. Channel samples vary in length between 0.7m and 3.0m and have been taken near vertically along underground drive wall exposures. Interception depths are not applicable as the samples were selected to encompass mineralised material and typically only one sample was taken per "channel". Only in one case were two samples taken along a single channel and these samples were JOS-5 and JOS-6, the rest are single samples from a single cut channel. • No data has been excluded by the Competent Person.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated* • *Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Historic drill hole data in this announcement has been reported as it was presented in historic records. • No records relating to the use of weighted averaging techniques, maximum and / or minimum grade truncations (e.g. cutting of high grades) has been identified. It is noted that this may be material to the results however no comment in this regard has been made owing to the level of detail of the historic data. • Aggregated intersections stated in Table 1 and Table 2 has only been undertaken for consecutive intervals with reported assay data, these aggregated intersections have been calculated as a weighted average based on the sample lengths. • No metal equivalent grades have been stated. • New drillholes (Q4 2020 to date) do not include assay results at this stage, therefore no comment can be made on data aggregation methods. • Cut channel samples had no data aggregation or compositing applied to them, the analyses are raw, as provided by the laboratory ALS Sevilla.
Relationship between mineralisation widths and	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is*	• Due to the irregular form of the mineralisation style which can range from horizontal and gently dipping stratiform mineralisation to vertical structural mineralisation, channel samples have been oriented vertically to cross-cut the

Criteria	JORC Code explanation	Commentary
intercept lengths	*known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	mineralised lenses perpendicular to their sub-horizontal geometry. This is in an effort to obtain true thickness of mineralisation; however, it is not certain if these samples reflect true thickness as the rock either side was ignored during sampling, thus the boundaries of mineralisation are unknown from the cut channel samples.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• The information in this news release does not refer to a significant discovery; however, maps and figures have been included to illustrate the location of the results reported. • Figure 1 provides a plan view map of the San Jose-Novales underground mine and the locations of all cut channel samples at 1:6,000 scale. The samples have clear names displayed and a corresponding table to denote Zn and Pb grades. • Figure 2 is a long-section that has been drawn manually using an output section from Leapfrog Geo. This shows both the San Jose mine and the distal mine portal with inferred lithological boundaries derived from historical drillhole logs. • Figure 3 shows a cross-section of only the San Jose mine area channel samples and inferred lithological boundaries. This cross-section was drawn manually on top of section generated in Leapfrog Geo.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Drillhole intercepts and grades from historical holes have not been widely reported within this press release, instead they have been covered by prior ASX press releases from Variscan Mines Ltd and can be found on the website www.variscan.com.au • Cut channel sample assay results are all reported within this announcement in Table 1. Channel sample assay results for Zinc and Lead are within the main body of the announcement.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• This report refers in parts to the 335 historic underground drill holes reported and 30 surface drillholes that have been plotted in 3D in and around the San Jose-Novales. • No other exploration data referenced in this report is considered sufficiently meaningful or material to warrant further reference.

Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*
		• Variscan are planning a series of exploration plans to advance the Novales-Udias Project. The exploration plan is likely to include:
		  ○ Further analysis of historical drilling data
		  ○ Structural mapping
		  ○ Continuation of the 2000m drilling campaign which began in Q4 2020.
		• A diagram illustrating the geological interpretations and possible extensions to mineralisation has been provided in Figure 1, 2 and 3