

9KM MINERALISED TREND IDENTIFIED DRILL TARGET GENERATION AT SAN JOSE MINE

Highlights

- A significant 9km mineralised trend has been delineated from contemporary and historical exploration data across both Buenahora exploration and Novales mining permits;
- Represents a step change to the Novales-Udias Project with camp scale footprint identified on trend with the historic San Jose-Novales Mine; circa 10km from the world-class Reocín Zinc Mine (62Mt @ 8.7%Zn, 1%Pb)
- Historical surface drilling indicating proximal mineralisation to the south and southwest of the San Jose-Novales Mine, a key drill target area for the forthcoming drilling campaign;
- Surface drillhole H_Bue_016 indicates zinc mineralisation 300m from the nearest underground drilling with mineralisation at the same elevation as mined stopes in San Jose-Novales Mine;
- Further 94 historic drillholes for 4,278m from the San Jose-Novales underground mine collated, 23 (1,849m) of which include downhole data for 3D projection;
- 102 distinct intervals reporting over 2% Zn and 57 distinct intervals reporting over 10% Zn;
- Maiden drilling program to test this highly prospective target area is expected to commence soon.

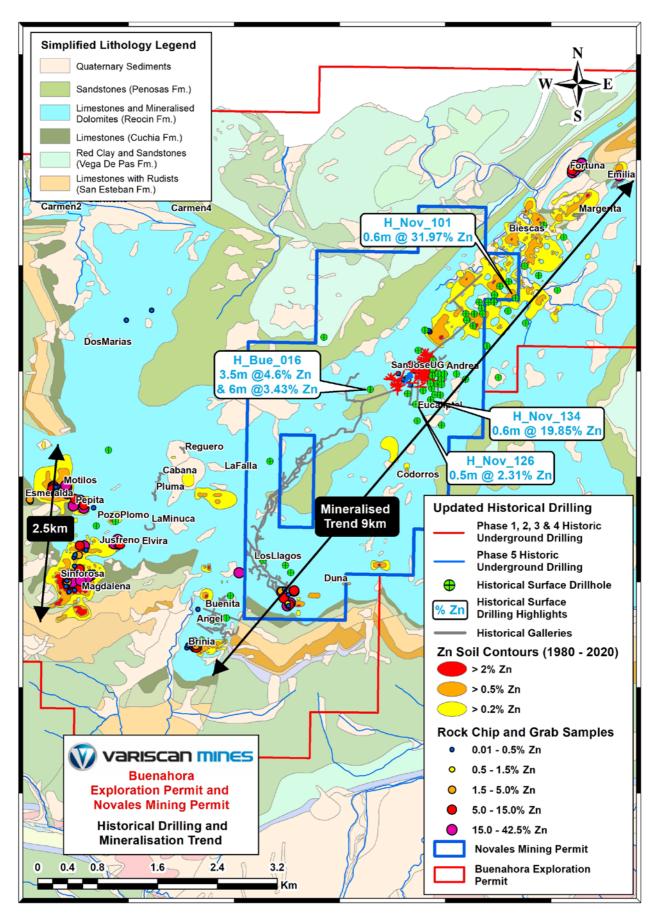
Variscan's Managing Director & CEO, Stewart Dickson said,

"Defining a 9km mineralised trend over our licence areas in this high-grade region is a major step forward. By combining multiple data points, we have been able to show the regional scale of the opportunity in Cantabria as well as identify an important drill target area to the south and south west of the San Jose – Novales Mine. We anticipate near-mine extensions and continuation and will be a key area of step-out targeting in the forthcoming drilling campaign.

Large areas near-mine and along trend are still open and untested providing significant exploration potential and value upside."



Figure 1. Overview of 9km mineralised and historically mined trend across the Buenahora and Novales permits.



Variscan Mines Limited ("Variscan" or the "Company" or the "Group") (ASX:VAR) is pleased to announce the results of the continued import and analysis of historical data over the Novales-Udias project. An additional 94 historic drillholes for approximately 4,278m have now been included in the expanded dataset which now comprises 426 underground drillhole collars, for approximately 29,902m¹ and 102 surface drillhole collars, totaling approximately 18,870m².

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Key Findings and Next Steps

- 9km mineralised trend from new and historic data, dotted with historical mine workings across the Buenahora exploration and Novales mining permits delineates an extensive and highly prospective area for exploration;
- Historical surface drilling projected in 3D shows positive indications of proximal mineralisation to the south and southwest of San Jose underground drilling; these are open and untested areas and expect to be drilled by Variscan;
- Variscan is working to establish the exploited versus in-situ mineralisation in the underground areas, which is progressing with the integration of the 3D laser survey of the underground workings; and
- The expanded historic dataset is being used to:
 - $\circ~$ Advance modelling of the Pb and Zn mineralisation; and
 - Definition of refined drill targets for an up-coming drilling programme.

Extensive 9km mineralised trend spanning across the Buenahora and Novales permits

Figure 1 shows all contemporary and historic exploration data collated on a single map, inclusive of soil sampling, rock grab, rock chip underground drilling, surface drilling and regional geology (at 25k scale from IGME).

This provides a unique geological perspective and supports the interpretation of a 9km mineralised trend within the Reocin Formation in a northeast orientation across both the Buenahora exploration permit and the Novales mining permit.

This presents Variscan with an extensive and elongated area in which to plan exploration activity, and to prioritise exploration targets further in the most prospective areas.

The area directly to the southwest of the San Jose mine (2.7km length) is devoid of exploratory work apart from sporadic historical surface drillholes and the evidence of historical underground workings as extending far as the De Dûna underground workings in the southern part of the Buenahora permit.

Towards Los Llagos the historic galleries curve to the southeast finishing at the De Dûna mine. De Dûna is close to the fold nose of the Novales anticline; the southernmost part and the eastern limb of the anticline is mostly untested for mineralisation and represents a substantive target for new discovery.

¹ This number includes all drillholes in the current underground database with corresponding downhole data, not all these holes have sufficient collar data to plot in 3D and require further verification and corroboration with historical plans ² Refer to ASX Announcement of 3 February 2020

Mine and Regional-Scale Target generation

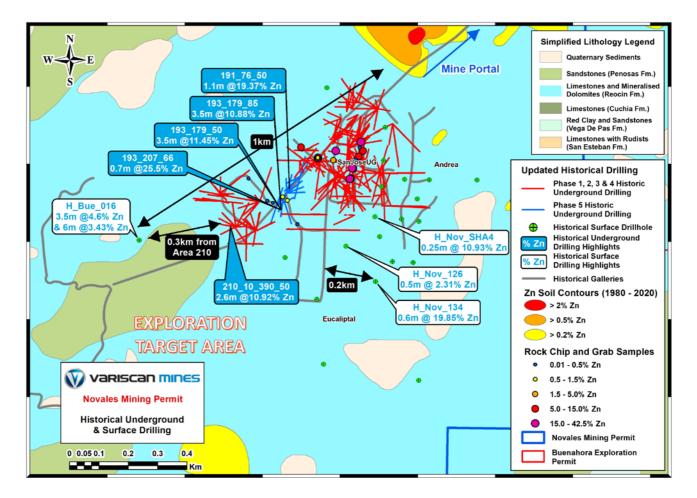
The historical surface drillholes scattered around the San Jose mine area suggest mineralisation is present to the south and southwest of the underground drilling, as indicated by the significant intersections in Figure 2 (H_Bue_016 and H_Nov_134).

The historic Udias mine workings are indicated to the southwest of San Jose in Figure 2 and supports the extension of mineralisation along the known trend in this open and untested area of the Novales mining permit.

H_Bue_016 is situated only 300m away from high-grade intersections from underground drillholes (2.6m @10.92% Zn from hole 210_10_390_50) in area 210 and H_Nov_134 reports mineralisation only 200m away from a known drive, and therefore can be drilled from underground.

The locations of drillhole traces for the additional infill drillholes have been plotted in Figure 2 along with the 332 underground drill holes reported previously³. Full collar details can be found in Appendix 1.

Figure 2. Map showing potential drilling target areas to south and south west of San Jose Mine and additional infill drillholes with selected high-grade zinc intersections.



In Figure 2, the expanded data set shows the drillholes added to the database in blue, situated in the historical mining areas known as 191, 193 and 197 at the San Jose mine. A portion of the database,

³ Refer ASX Announcements 1 April 2020, 16 March 2020, 3 March 2020 and 26 August 2020



predominantly drillholes in phases 1, 2, 3 and 4 (red traces in Figure 2), have been further verified and affords added reliability to the data as they are corroborated by historical georeferenced plans.

From the additional historic underground drillholes, **102** assay intervals, from **19** holes, report zinc mineralisation over **2%**, with **57** intervals (19 holes) reporting over **10% Zn** with a maximum zinc grade of **33.97%**. Summary statistics of the total count of mineralised intervals are presented by grade cut-off in Table 1 for the raw historical assay data for the additional holes added to the database.

Cut-Off Grade	No. of Intersections
0.01% Zn	133
2% Zn	102
4% Zn	80
6% Zn	74
8% Zn	63
10% Zn	57
20% Zn	13

Table 1. Frequency of mineralised drilling intersections distributed by cut-off grade for the 94 additional drillholes

Note: Assay intervals are reported as raw grades without compositing. Assay data are based on historic reports and drill logs and subject to verification. Drill traces (dip and azimuth) have been largely verified; however, ground truthing is still required for some holes that are not aligned with the rest of the drillhole database. Only 23 of the 94 holes added to the database have sufficient data to be projected in 3D with assay data.

Table 2 details significant drillhole intersections, where multiple samples are combined, the values are provided as a sample length weighted mean. Full assay details and collar details are provided in the appendices of this announcement.

	Drill Hole ID	From (m)	To (m)	Interval (m)	Pb %	Zn %
•	184_15_50	36.5	37.7	1.2	6.68	15.41
•	184_15_50	58.9	68	9.1	4.36	20.45
•	184_215_50	20	22.4	2.4	0.78	15.53
•	184_215_70	43.4	44.4	1	14.92	7.21
•	184_251_50	31	32	1	9.13	16.45
•	184_269_50	22.25	27.35	5.1	2.03	9.69
•	184_33_50	17.5	24.2	6.7	3.37	6.85
	191_56_50	78.6	82.25	3.65	0.14	22.60
•	193_179_85	73.9	78	4.1	1.75	10.96
•	193_207_66	31	33.1	2.1	0.78	10.75

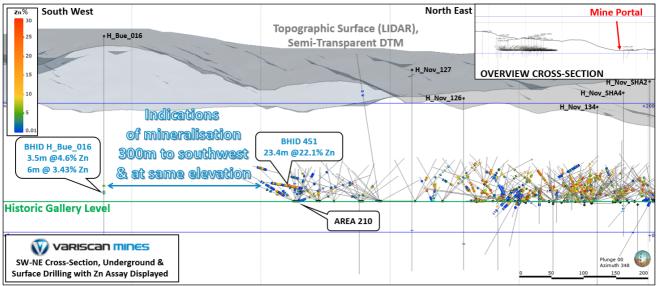
Table 2. Selected mineralised intersections from the additional historic underground drillholes

Note: Interval widths reported are the downhole length and are unlikely to reflect true widths owing to the mineralisation style at the project. Full assay details are provided as an appendix to this announcement.

Surface drillholes provide evidence of continuation of mineralisation in untested area

As shown in Figures 1 and 2, the surface drillhole collars have been plotted in 2D plans in relation to underground drillholes; however, until now, these drillholes have never been plotted in 3D alongside the underground drillholes. Figure 3 shows a long-section through the San Jose Mine with both the surface and underground drillholes plotted together in 3D with all Zn % assays displayed, this provides important spatial context to the mineralised intersections.

Figure 3. Historic underground and surface drillholes in cross-section view, looking north-west (348°), showing all drillholes accumulated to date with spatial data and Zn grades displayed.



Note that the Novales-Andrea area has been mined in the past and to date no depletion model has been undertaken to identify potential mineralisation left in-situ. Some drillhole traces (dip and azimuth) are yet to be verified and may be subject to change with ground truthing and cross-referencing with historical plans.

Figure 3 indicates two mineralised intersections from surface drillhole **H_Bue_016** reporting **3.5m @4.6% Zn and 6m @3.43% Zn**. This is situated **300m** to the southwest of the nearest underground drilling showing high-grade zinc mineralisation from area **210**. The elevation of these two wide intersections align well with the mineralisation intersected by the proximal underground drilling, roughly +70m elevation. This indication of southwest extension of Zn mineralisation is highly encouraging for subsequent exploration and is expected to be a target area in the forthcoming drilling campaign. Area **210** is adjacent to an existing drive, and thus has potential to be drilled from underground. Variscan recently had its underground drilling permits approved by the Cantabrian Government⁴.

Surface drillholes **H_Nov_126**, **H_Nov_127** and **H_Nov_134** are all located to the south of the San Jose Mine and all report positive indications of mineralisation (shown in callouts from Figure 2), indicative that this area is open and untested to the south as well.

Looking Ahead

The Company's immediate focus is progressing with preparation for drilling at the San Jose Mine supported by the following near-term activities:

- Integration of the underground 3D laser survey will establish mined ore to allow depletion of geological models and define remaining areas of in-situ mineralisation at the San Jose Mine; and
- Refinement of drill targets to test unmined mineralisation identified.

⁴ Refer to ASX Announcement of 2nd September 2020



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 which include anomalies up to 2km long and close to 1km wide and up to 17% Zn.

Significantly, the Novales-Udias Project includes a number of granted mining tenements⁵.

Novales-Udias Project Highlights

- Near term zinc production opportunity (subject to positive exploratory work)
- Large tenement holding of 68.3 km² (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% Pb⁶⁷)
- 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 $\sim 7\%$ Zn⁸
- Simple mineralogy of sphalerite galena calamine
- Mineralisation is strata-bound, epigenetic, lenticular and sub-horizontal
- Reported historic production of super high grade 'bolsas' (mineralised bags) commonly 10-20% Zn and in some instances +30% Zn⁹
- Assay results of recent targeted grab samples taken from within the underground Novales Mine recorded 31.83% Zn and 62.3% Pb¹⁰
- Access and infrastructure all in place
- Local community and government support due to historic mining activity

⁵ Refer to ASX announcement of 29 July 2019

 ⁶ 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.
 ⁷ 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.

⁸ 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.

⁹ 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)

¹⁰ Refer to ASX Announcement of 19 December 2020



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.

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.

JORC Table 1, Sections 1 and 2 in reference to Historic Underground Drilling at the Novales-San Jose Mine

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. 	 undertaken by mining companies operating the Project from the 1950's to the late 1990's. 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
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). 	 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. This release relates to all 426 historic underground drill holes (1965 to 1991) collated to date, 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. This release also relates to 102 historical surface drillholes (1957 to 1983), only 30 of which have sufficient data to be projected in 3D with downhole data (assay only). These holes consist of 57 vertical, 32 inclined and 13 holes with no dip indicated.
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 grade and whether sample bias 	 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.

Section 1 Sampling Techniques and Data



Criteria	JORC Code explanation	Commentary
	may have occurred due to preferential loss/gain of fine/coarse material.	
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. 	 Hardcopy geological logs have been digitized for the additional 94 holes within the area. 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. Only 23 of these additional 94 underground holes have basic lithology and sporadic element assay values where intervals have been sampled. Thus 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.
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 insitu material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	 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 1/4, 1/2 or whole core was submitted for analysis. In the absence this data, and other data related to the subsampling techniques and sample preparation, no cannot comment on the appropriateness of the sample preparation techniques 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.
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 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.



Criteria	JORC Code explanation	Commentary
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 intersections, and 3D viewing. It is understood that Variscan intersections, and we no reason to disbelieve the data as presented in the historical linformation 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 projected in 3D due to minor errors in the database or missing values that require verification. Wards and 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 litholegy combined) only 335 of these have corresponding drillhole collar information with all
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



Criteria	JORC Code explanation	Commentary
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. 	 transformation was calculated using the collars that have both Local and ETRS89 co-ordinates and was determined as 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. I deally 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 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 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 these estimations.
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 dirilling in respect of mineralisation orientation. Surface drilling is often vertical and dipping steeply.
Sample security	• The measures taken to ensure sample security.	• No records relating to the sample security have been identified.
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.

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 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.
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 the sis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	 The historic underground data relates to 94 historic drill holes drilled between the early 1950s and mid-1980s. However, there may be more data that has not been located yet. Collar information (easting, northing, elevation, dip, azimuth, EOH) for the 94 drill holes reported is detailed in Appendix 1. Collar information is detailed as it has been identified in historic records. Collar information has not been verified beyond cross-checking with a georeferenced plan called "30_26_P1_02". No records of specific gravity or density measurements have been identified. Downhole data (mineralisation intersections >0.01% Zn) are tabulated in the appendices. It is noted that due to the incomplete collar data reported for some drill holes, the precise location of the mineralised intersections cannot be estimated with confidence. 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.



Criteria	JORC Code explanation	Commentary
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 	 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.
Relationship between mineralisation widths and intercept lengths	 clearly stated. 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 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'). 	 Due to the irregular form of the mineralisation style which can range from horizontal and gently dipping stratiform mineralisation to vertical structural mineralisation, and the absence (or records) of orientated core, true widths cannot be reported for the historic drilling. Therefore, interval widths reported refer to downhole length not true width.
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. A surface projection of underground drillhole collars is provided in Figure 1 and Figure 2 which illustrates the relative position of underground drillholes against the previously reported surface drillholes (news Release dated 26 August 2020, 1April 2020, 16 March 2020 and 3 March 2020). Underground drillhole traces are presented in Figure 1, 2 and 4 with a horizontal projection of the drillhole traces, with an approximate trace of the underground adits as reported in data provided by the state The positions of underground drillhole collars and downhole traces are projected into 3D space in Figure 3 with downhole Zn intersections.
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.	 All drill hole collar data relating to the 94 underground drill holes reported here are tabulated in Appendix 1. The 94 drill holes represent 7,384m total drilling. Summary statistics of assay results presented in Table 1 refer to 133 intersections grading over 0.01% Zn which represent all mineralised intersections reported in historic records for this dataset of 23 holes that have all collar data and downhole data. Table 2 lists composite Zn intersections with a 5% Zn cut-off grade, the values were calculated as a weighted average of the continuous aggregated intersection for each hole separately. The selected mineralised intervals reported in Tables 1 and 2 should be viewed in context of the full database of mineralised



Criteria	JORC Code explanation	Commentary				
Other	Other exploration data, if meaningful	intersections reported in the appendices.This report relates primarily to the 94 historic underground drill				
substantive exploration data	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.	 holes reported and 30 surface drillholes. No other exploration data referenced in this report is considered sufficiently meaningful or material to warrant further reference. 				
Further work	 Substances. 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 and interpretation of the historic records. Interpretation and release of 3D laser scan survey results of the underground workings. Ground geophysical programmes. (plan and section capture/cross-reference) ground inspections. Drill collar/pad GPS pick up. Location of and re-logging of any available drill core stored at Litoteca Facility, Peñarroya). Verification check sampling. Develop initial JORC Exploration Target models for evaluation and future program planning. Diagrams illustrating the geological interpretations and possible extensions to mineralisation will be provided as appropriate. 				

Appendix 1. Full Collar details of 94 historic underground drill-holes that have been added to the database or verified, only 23 of these drillholes have sufficient data at this stage to be plotted in 3D, with possibility for expansion going forward using historical logs, maps and sections.

BHID	East_Local	North_Local	RL	Azimuth	Dip	Depth
308	26437.03568	13888.93637		357		59.25
310	26437.03568	13888.93637		8		78.75
311	26437.03568	13888.93637		8		65.4
128	26437.03568	13888.93637		17		81.75
298	26437.03568	13888.93637		162		77.9
299	26437.03568	13888.93637		169		76.4
300	26437.03568	13888.93637		174		71
301	26437.03568	13888.93637		185		60.65
125	26437.03568	13888.93637		192		73.65
303	26437.03568	13888.93637		208		79.75
302	26437.03568	13888.93637		208		68.5
305	26437.03568	13888.93637		225		56.1
307	26437.03568	13888.93637		225		95.05
308	26437.03568	13888.93637		225		82.55
143	26437.03568	13888.93637		235		60
130	26437.03568	13888.93637		291		71.3
136	26437.03568	13888.93637		308		71.4
128	26468.64131	13574.62895		90		
208	26468.64131	13574.62895		22		100.22
209	26468.64131	13574.62895		25		92.88
210	26468.64131	13574.62895		25		75.35
211	26468.64131	13574.62895		69		106.1
212	26287.99827	13856.30173		113		87.65
289	26447.84177	13672.32333		161		83.55
291	26447.84177	13672.32333		0		62.2
290	26447.84177	13672.32333		0		77.85
292	26447.84177	13672.32333		13		85.3
297	26468.28549	13579.49938		220		96.95
287	26468.28549	13579.49938		191		73.2
183	26464.67034	13598.57716		33		101.8
286	26464.67034	13598.57716		175		113.4
296	26464.67034	13598.57716		175		104.7
285	26464.67034	13598.57716		126		78.86
266	26166.73772	13734.09517		35		103.65
267	26166.73772	13734.09517		35		77.65
268	26166.73772	13734.09517		40		96.8
269	26166.73772	13734.09517		58		98.95
79	26173.67749	13733.10455		184		113.8

71	26173.67749	13733.10455		162		118.75
239	26184.70072	13718.2392		355		
235	26184.70072	13718.2392		17		107.3
237	26184.70072	13718.2392		18		115.8
265	26184.70072	13718.2392		17		66.1
238	26184.70072	13718.2392		18		109.8
234	26184.70072	13718.2392		30		110.05
138	26184.70072	13718.2392		36		91.75
233	26184.70072	13718.2392		43		96.5
334	26184.70072	13718.2392		51		88.35
338	26184.70072	13718.2392		82		77.1
337	26184.70072	13718.2392		90		104.1
341	26184.70072	13718.2392		101		98.35
200_140_56	26086.38383	13539.55795		127		84.3
207	26196.02583	13704.51763		128		94.85
101	26391.2	13681	48.4	111		65.15
102	26391.2	13681	48.4	108		64.9
103	26391.2	13681	48.4	108		67.58
356	26263.45859	13636.15866		137		
354	26327.86348	13637.575		78		
353	26327.86348	13637.575		109		
351	26327.86348	13637.575		95		
352	26327.86348	13637.575		91		
358	26263.45859	13636.15866		118		87
84	26172.78903	13559.63313		140		116.6
86	26172.78903	13559.63313		68		115.55
70	26172.78903	13559.63313		90		87.1
72	26172.78903	13559.63313		271		107.05
184_15_50	26175.82449	13654.47272	48.5	13.5	45	98
184_215_50	26175.82449	13654.47272	48.5	193.5	45	86.5
184_215_70	26175.82449	13654.47272	48.5	193.5	27	87
184_251_50	26175.82449	13654.47272	48.5	225.9	45	93.5
375	26200.34687	13706.78337		218		89.15
184_251_70	26175.82449	13654.47272	48.5	225.9	27	82
184_269_50	26175.82449	13654.47272	48.5	242.1	45	76.5
184_33_50	26175.82449	13654.47272	48.5	29.7	45	71
191_16_50	26131.27405	13596.69326	48	14.4	45	91.5
191_226_50	26131.27405	13596.69326	48	203.4	45	97
191_36_50	26131.27405	13596.69326	48	32.4	45	77.5
191_396_100	26131.27405	13596.69326	48	356.4	0	50
191_56_50	26131.27405	13596.69326	48	50.4	45	93.5
191_76_50	26131.27405	13596.69326	48	68.4	45	85.5
191_96_50	26131.27405	13596.69326	48	86.4	45	87

193_135_64	26118.7989	13579.76201		121.5	32.4	95
193_179_50	26118.7989	13579.76201	48	161.1	45	55
193_179_67	26118.7989	13579.76201	48	161.1	29.7	59
193_179_85	26118.7989	13579.76201	48	161.1	13.5	94.5
193_179_98	26118.7989	13579.76201	48	161.1	1.8	24
193_207_66	26118.7989	13579.76201	48	186.3	30.6	74
196_115_56	26100.04786	13555.21884		103.5	39.6	41
197_20_50	26097.12985	13552.68527	48	18	45	93
197_220_50	26097.12985	13552.68527	48	198	45	91.5
197_40_50	26097.12985	13552.68527	48	37.8	45	91
197_70_50	26097.12985	13552.68527	48	63	45	90.5
203_140_44	26073.71513	13522.86348	48.27	126	50.4	90.5
203_140_67	26055.87999	13499.17393	48.27	126	29.7	87

Appendix 2. Table of All Mineralised Intersections (+0.01 Zn) for all 23 additional historical drillholes of the total 94 added to the database that include downhole data and all collar information for 3D plotting.

HoleID	From	То	length (m)	Pb %	Zn %
184_15_50	3.5	4.7	1.2	0.04	16.35
184_15_50	16.5	17	0.5	2.32	18.13
184_15_50	17	18.8	1.8	2.32	18.13
184_15_50	36.5	37	0.5	6.68	15.41
184_15_50	37	37.5	0.5	6.68	15.41
184_15_50	37.5	37.7	0.2	6.68	15.41
184_15_50	41.35	43	1.65	0.09	20
184_15_50	58.9	62	3.1	4.36	20.45
184_15_50	62	65	3	4.36	20.45
184_15_50	65	68	3	4.36	20.45
184_215_50	20	21	1	1.71	14.95
184_215_50	21	21.6	0.6	0.08	6.56
184_215_50	21.6	22.4	0.8	0.13	22.97
184_215_50	23	23.5	0.5	1.09	17.14
184_215_50	26.4	26.9	0.5	8.5	17.75
184_215_50	26.9	27.7	0.8	5.91	5.96
184_215_50	28.5	30.35	1.85	12.82	18.35
184_215_50	34.85	35.4	0.55	0.78	27.35
184_215_50	39	40.25	1.25		16.29
184_215_50	51.7	52	0.3		3.16
184_215_50	53.1	53.2	0.1	1.18	13.86
184_215_50	53.8	54	0.2		4.38
184_215_50	54.65	54.75	0.1	4.13	14.83
184_215_50	61	61.3	0.3		3.16
184_215_70	8.5	9.35	0.85	0.04	2.18
184_215_70	39.15	40.1	0.95		2.66
184_215_70	43.4	43.55	0.15	0.69	12.57
184_215_70	43.55	43.8	0.25	0.23	0.12
184_215_70	43.8	44.4	0.6	24.6	8.83
184_215_70	45.5	46.75	1.25		0.24
184_215_70	63.7	64	0.3		7.5
184_215_70	76.3	76.7	0.4		2.18
184_215_70	78.1	78.2	0.1		7.37
184_215_70	80.1	80.7	0.6	0.28	9.67
184_215_70	82.85	84.35	1.5	1.58	11.6
184_251_50	6.25	7.75	1.5	0.13	2.85
184_251_50	7.75	9.3	1.55	0.04	9.06
184_251_50	21.5	23.5	2	2.92	19.68

184_251_50	25.5	25.8	0.3	2.79	12.69
184_251_50	27.35	28.5	1.15	2.97	13.34
184_251_50	31	32	1	9.13	16.45
184_251_70	54	54.4	0.4	2.15	12.77
184_251_70	55.5	56.5	1	7.71	13.93
184_251_70	65.1	66.1	1		2.46
184_251_70	66.95	67.15	0.2		1.64
184_251_70	68.7	69	0.3		1.88
184_251_70	71.9	72.5	0.6		1.17
184_269_50	0.5	1	0.5		11.13
184_269_50	1	1.6	0.6		14.06
184_269_50	1.6	2.7	1.1		12.89
184_269_50	4.75	5.4	0.65		12.31
184_269_50	6.7	6.9	0.2		26.49
184_269_50	21.5	21.6	0.1		27.07
184_269_50	22.25	24	1.75	0	12.31
184_269_50	24	25.3	1.3	0.74	18.99
184_269_50	26.5	27.35	0.85	0.7	3.75
184_33_50	17.5	19.5	2	0.24	6.51
184_33_50	19.5	21.5	2	8.29	7
184_33_50	21.5	24.2	2.7	2.04	7
184_33_50	56	56.7	0.7		1.77
184_33_50	57.3	57.5	0.2		2.54
184_33_50	60.8	61	0.2		0.38
184_33_50	67.5	68.6	1.1	0.02	2.28
184_33_50	69.2	69.6	0.4	0.04	4.18
191_56_50	38.7	39.2	0.5	6.86	22.65
191_56_50	39.5	39.8	0.3	0.17	2.62
191_56_50	51	53	2		2.26
191_56_50	72.8	73.3	0.5	0.65	13.23
191_56_50	78.6	79.4	0.8	0.07	5.56
191_56_50	79.4	80.7	1.3	0	24.56
191_56_50	80.7	81.2	0.5	0.56	20.86
191_56_50	81.2	82.25	1.05	0.15	33.97
191_56_50	82.85	83	0.15		16.69
191_76_50	19.4	20.5	1.1	2.86	19.37
191_76_50	44.4	45	0.6		7.7
191_76_50	49.2	49.45	0.25	0.35	8.44
191_76_50	55	57.3	2.3	4.48	15.27
191_76_50	74.3	74.5	0.2	0.59	12.04
191_76_50	78.5	79.2	0.7	1.35	6.54
191_96_50	53.35	55.1	1.75	3.46	5.47
191_96_50	82.1	83.9	1.8	0.68	17.03

193 135 64	14	14.55	0.55	0.03	13.09
193 135 64	49.8	51	1.2	0.03	0.13
193 135 64	55.4	61.1	5.7	2.52	12.91
193_135_04	73	74	1	0.45	8.87
193_135_04		76.1	0.6	0.43	
	75.5		0.6	0.14	3.82
193_135_64	82.3	82.9			3.76
193_179_50	0.5	1.3	0.8	0.06	0.63
193_179_50	4.1	4.9	0.8	0.02	0.69
193_179_50	33.2	34.3	1.1	1.13	14.62
193_179_50	35.4	39	3.6	0.73	11.45
193_179_50	51.8	52.1	0.3	0.08	2.26
193_179_50	52.3	52.7	0.4	0.03	2.44
193_179_67	0	1	1	0.02	0.88
193_179_67	15.5	16	0.5	0.07	1.13
193_179_67	29.5	31	1.5	0.07	0.06
193_179_67	35.5	36.7	1.2	0.87	11.54
193_179_67	37	38.4	1.4	2.2	24.6
193_179_67	46	46.6	0.6	0.04	6.9
193_179_85	3.05	3.35	0.3	0.09	1.63
193_179_85	4.4	6.3	1.9	0.02	0.75
193_179_85	7	7.5	0.5	0.03	1.38
193_179_85	14	14.4	0.4	0.09	1.94
193_179_85	15	15.3	0.3	0.03	0.5
193_179_85	22.5	27	4.5	0.09	6.38
193_179_85	28.3	31.6	3.3	0.07	11.26
193_179_85	40.6	41	0.4	0.01	0.12
193_179_85	55	56.1	1.1	0.02	2.56
193_179_85	73.9	74.5	0.6	1.66	11.45
193_179_85	74.5	78	3.5	1.76	10.88
193_179_98	0.8	1.2	0.4		1.48
193_179_98	3	4	1	0.02	1.97
193_179_98	4.7	5.1	0.4	0.04	2.03
 193_179_98	7	7.5	0.5	0.02	0.86
 193_179_98	8	8.5	0.5	0.01	1.54
 193_179_98	12.6	14.4	1.8		1.35
 193 179 98	17.5	18.4	0.9	0.02	0.43
193_207_66	2	2.8	0.8		0.5
193 207 66	3.1	3.9	0.8	0.01	0.38
193 207 66	7	8	1		0.44
193_207_66	11.3	11.9	0.6		0.44
193_207_66	31	32	1	0.47	3.45
193 207 66	32	32.4	0.4	0.37	3.2
193 207 66	32.4	33.1	0.7	1.46	25.5
	52.7	55.1	0.7	1.40	20.0

193_207_66	60.4	61.3	0.9		0.06
196_115_56	16.6	17.7	1.1		8.96
197_20_50	46.25	47.8	1.55	2.4	12.12
197_20_50	50.5	52.3	1.8	8.18	10.83
197_70_50	36.6	36.8	0.2	2.1	7.45
197_70_50	56.9	58.6	1.7	0.04	1.86
197_70_50	63.1	63.25	0.15		3.85
197_70_50	67.5	68	0.5	0.03	4.97
197_70_50	74.3	77	2.7		2.48