

December 2023 Quarterly Report | 31 January 2024

Variscan Mines Limited (ASX:VAR)

Variscan publishes maiden JORC MRE for San Jose Mine

Underground drilling discovers new high grade lower lens

Guajaraz exploration license extended

Investment highlights during the Quarter

- Variscan Mines published a maiden JORC Mineral Resource Estimate ('MRE') for its historically producing San Jose Mine, situated in northern Spain:
 - Total resource of 1.1Mt @ 9.0% Zinc, 1.2% Lead
 - Resources in the Indicated category represent 45% of the MRE with grades notably higher (10% Zn) than those in the Inferred category (8.2% Zn).
 - MRE provides potential for significant grade and tonnage increases with infill drilling.
 - The deposit is considered to be of sufficient grade, quantity, and continuity to have reasonable prospects for eventual economic extraction.
 - Additional JORC Exploration Target ¹ of 3Mt - 6Mt, with grade ranges of 7 - 11% Zn and 0.3 - 1.6% Pb has also been estimated for the San Jose Mine and Udías deposits indicating the potential for the MRE to grow
 - The Exploration Target for the San Jose Mine is supplemental to the existing JORC Exploration Target over the entire Novales-Udias Project published by Variscan in Q3 2022
 - Mineralization remains open along strike, and at depth, offering the potential to increase the MRE through follow-up drilling.
- Ahead of the release of the MRE, Variscan Mines announced early high grade zinc assay results from the current Phase 3 underground drilling campaign.
 - These Phase 3 drill results defined a new lower lens of high-grade zinc mineralization below La Catedral stope in the San Jose Mine.
- Variscan Mines' Exploration License for its Guajaraz Exploration License area was extended for a further three years by the Government of Castilla-La Mancha.

Variscan Mines Limited (ASX:VAR) ("Variscan" or "the Company") is pleased to announce its Appendix 5B for the quarter ended 31 December 2023 and an accompanying operational update for this period.

¹ The potential quantity and grade of this exploration target is conceptual in nature, there is currently insufficient exploration completed to support a mineral resource of this size and it is uncertain whether continued exploration will result in the estimation of a Mineral Resource. The Exploration Target has been prepared in accordance with the JORC Code (2012).

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

“The December 2023 quarter saw Variscan Mines tick off another stated deliverable in its San Jose Mine development plan, with an initial, maiden mineral resource estimate issued in late November.

We are proud to say that this estimate for San Jose is one of the highest-grade zinc mineral resources currently owned by an ASX-listed company. It will be a critical input into mine re-start assessments we are now progressing.

From here, we see plenty of scope for further significant upside in San Jose’s contained resource. Yes, the just released MRE has validated the success of our exploration activities to date across this project. It has also, from a “blue sky” perspective, established a platform upon which we can continue to build a resource inventory. To this end, we will be undertaking additional exploration activities at San Jose over the first half of calendar 2024, with the underground drilling campaign continuing. We look forward to updating investors on progress here over coming months.

And while San Jose continues to be our major focus, we were thrilled to lock in a 3-year extension of the Guajaraz Exploration License, located in central Spain, during the quarter. It remains a core asset in our Spain-based project portfolio and we are already working on the design of a future work program there.”

OPERATIONS REVIEW

Variscan’s exploration and development strategy for the Novales-Udias Project continued to be advanced over the December 2023 quarter.

Spain – Novales-Udias Zinc Project

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 San Jose underground mine with a large surrounding area of exploration opportunities over the 9km Novales Trend, which includes a number of satellite underground and surface workings.

This project, which is highly prospective across multiple fronts and located in close proximity to both major infrastructure requirements and zinc consumers, continued to be the major focus of Variscan’s exploration and development activities over the three months to 31 December 2023.

Initial, maiden JORC-compliant Mineral Resource Estimate for San Jose

In late November 2023, Variscan released an initial, maiden JORC (2012) compliant Mineral Resource Estimate (“MRE”) for the San Jose Mine, near Novales, located in Cantabria, northern Spain. (see ASX announcement dated 28 November 2023).

CSA Global (“CSA Global”), a member of the ERM Group of Companies, was engaged by Variscan to report a MRE for the San Jose deposit and the adjacent north-eastern part of the Udías deposit.

The MRE is **1.1Mt @ 9.0% Zn and 1.2%Pb** at a cut-off grade of 2% Zn.

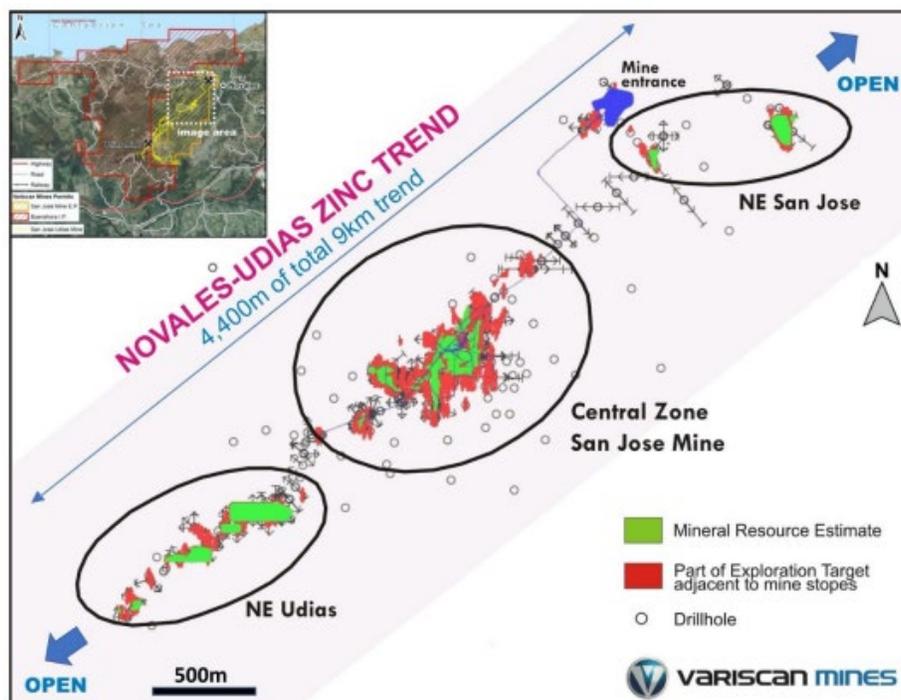
Table 1. JORC Mineral Resource Estimate for San Jose Mine and north-eastern Udías by deposit and classification reported above a 2% Zn cut-off

Deposit	Classification	Tonnes (Kt)	Zn %	Pb %	Zn + Pb %
San Jose	Indicated	490	10.0	1.7	11.7
	Inferred	250	12.3	1.6	14.0
	Sub-total	740	10.8	1.7	12.5
San Jose (NE)	Inferred	260	4.7	0.1	4.8
Udías (NE)	Inferred	90	6.5	0.4	6.8
Total	Indicated	490	10.0	1.7	11.7
	Inferred	590	8.2	0.8	8.9
	Total	1,080	9.0	1.2	10.2

Notes:

- Due to effects of rounding, the total may not represent the sum of all components.
- Mineral Resource is reported from all blocks, classified as either Indicated or Inferred, where interpolated block grade is $\geq 2.0\%$ Zn.
- Block model is coded where blocks have been depleted by historical underground mining activities.
- A density value of 3 t/m^3 is applied to all blocks.

Figure 1. JORC Mineral Resource Estimate for San Jose Mine and north-eastern Udías by deposit



The MRE has been estimated for the San Jose deposit as well as the adjacent north-eastern part of the Udías deposits, both of which were previously mined for zinc during the 20th century.

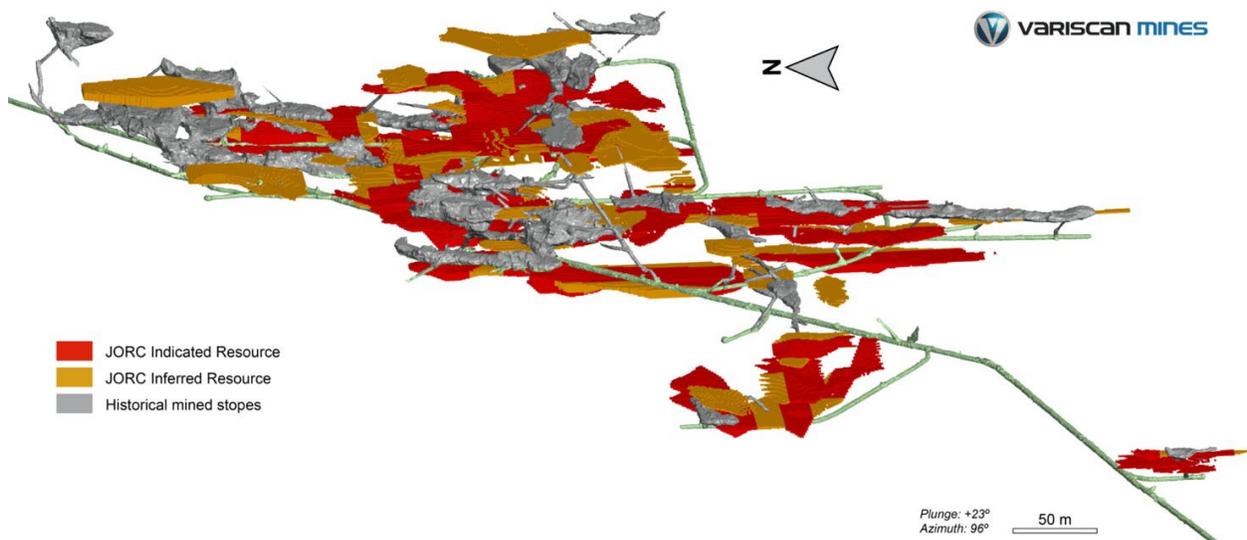
The Project is centred around the former producing San Jose underground zinc-lead mine with a large surrounding area of exploration opportunities over the 9km Novales Trend, which includes a number of satellite underground and surface workings.

The MRE incorporates outcomes from extensive drilling campaigns undertaken in and around the Project. Underground and surface drilling has been carried out since the 1960s, with a drill hole database now comprising 1,105 drill-holes for approximately 94,808m. Variscan itself carried out surface and underground drilling programs in 2022 and 2023, targeting extensions to the known zones of mineralisation as well as targeting new zones of mineralisation.

The mineralisation is classified as Mississippi Valley-type (“MVT”), hosted within a stratiform dolomitic unit. The MRE is classified as a combination of Indicated and Inferred categories and has been reported in accordance with the JORC Code (2012) ², with geological and sampling evidence sufficient to assume geological and grade continuity within the volumes classified as Indicated. The MRE classification levels were based upon an assessment of geological understanding of the deposit, geological and grade continuity, drillhole spacing, quality control results, search and interpolation parameters, and an analysis of available density information.

The deposit is considered to be of sufficient grade, quantity, and continuity to have reasonable prospects for eventual economic extraction.

Figure 2. Mineral Resource Estimate categories in 3D View



² Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition. Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

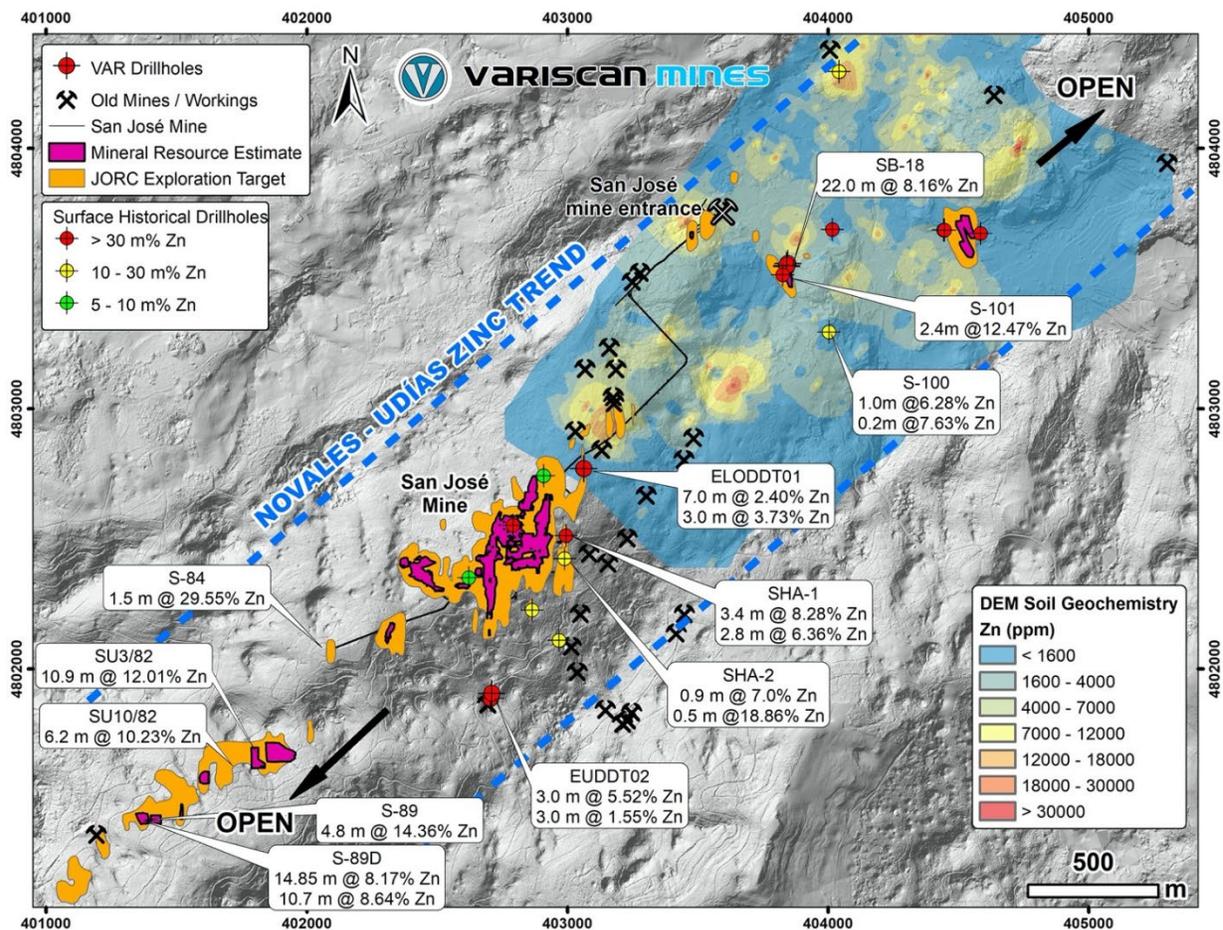
Additional JORC Exploration Target indicates the potential scale and grade of the San Jose Mine

The abovementioned reported MRE sits within a larger JORC Exploration Target of 3Mt - 6Mt, with grade ranges of 7 - 11% Zn and 0.3 - 1.6% Pb³.

Table 2. JORC Exploration Target Tonnage and Grade Estimate Ranges

Range	Tonnes (Mt)	Zn %	Pb %
Lower Estimate	3.0	7.0	0.3
Upper Estimate	6.0	11.0	1.6

Figure 3. JORC Exploration Target indicates scope for Mineral Resource to grow



³ The potential quantity and grade of this exploration target is conceptual in nature, there is currently insufficient exploration completed to support a mineral resource of this size and it is uncertain whether continued exploration will result in the estimation of a Mineral Resource. The Exploration Target has been prepared in accordance with the JORC Code (2012).

Further exploration work will occur at San Jose in calendar 2024

The Exploration Target is concentrated around the MRE deposits and over the same strike length. As these areas are well understood by Variscan, it presents a de-risked opportunity and Variscan's planned field work for calendar year 2024 will include drilling over the extent of the Exploration Target.

The Exploration Target for the San Jose Mine is supplemental to the JORC compliant Exploration Target over the larger Novales-Udias Project published by Variscan in Q3 2022 (refer ASX announcement 22 July 2022) which remains extant.

Phase 3 Underground Drilling at San Jose Mine defines a new thick lower lens of high-grade zinc with up to 25% zinc intersected

In early October 2023, Variscan Mines released high grade zinc assay results from the Phase 3 underground diamond drilling campaign at the San Jose Mine (see ASX announcement dated 5 October 2023).

This drilling programme has been focussed on prospective zones identified from the development of the Company's 3D model and is targeting an expansion of zones of mineralization. These drill results achieve both objectives by defining a new lower lens beneath the La Catedral in the Central Zone and expanding the mineralization footprint with continuity as the new lens links up with the La Caseta trend. The La Catedral lower lens is immediately accessible from main gallery level of the mine.

Selected drilling results:

- NDDT007B 21.85m @ 8.50% Zn, 0.38% Pb
 - *including 18.05m @ 10.22% Zn, 0.46% Pb*
- NDDT007 23.35m @ 7.09% Zn, 1.72% Pb
 - *including 11.0m @ 11.58% Zn, 3.35% Pb*
- NDDT014 14.55m @ 5.81% Zn, 0.90% Pb
- NDDT012 10.30m @ 5.09% Zn, 0.19% Pb
- NDDT010 3.80m @ 24.58% Zn, 3.13% Pb
- NDDT008 9.30m @ 5.18% Zn, 0.13% Pb

Figure 4. Cross-section of newly defined La Catedral Lower Lens, Central Zone, San Jose Mine

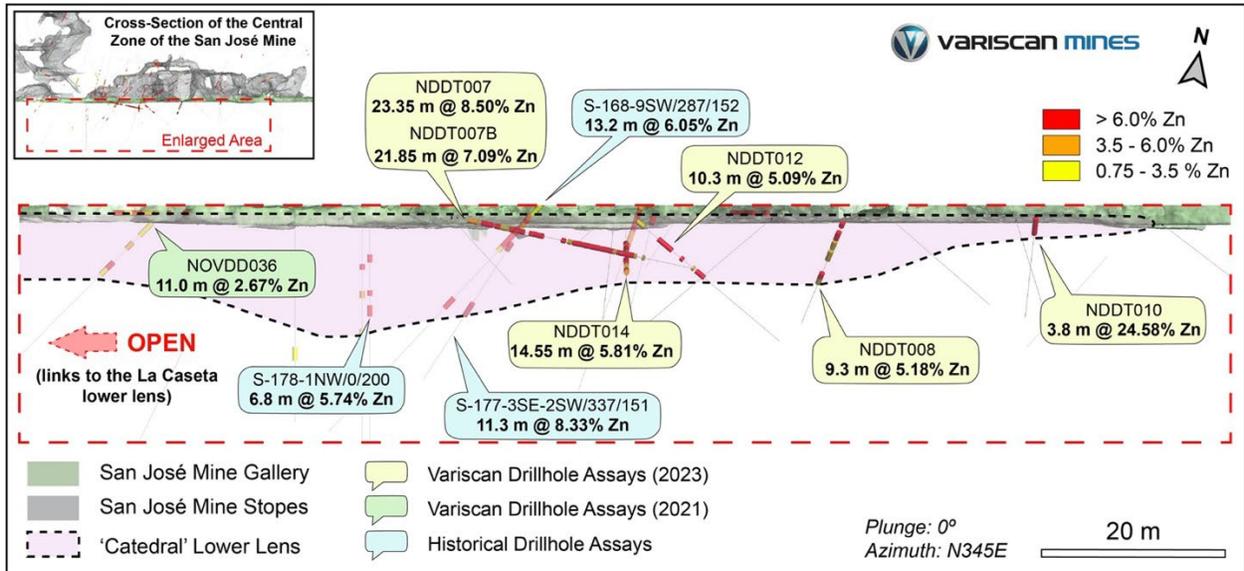


Figure 5. 3D model illustrating newly defined La Catedral Lower Lens, Central Zone, San Jose Mine

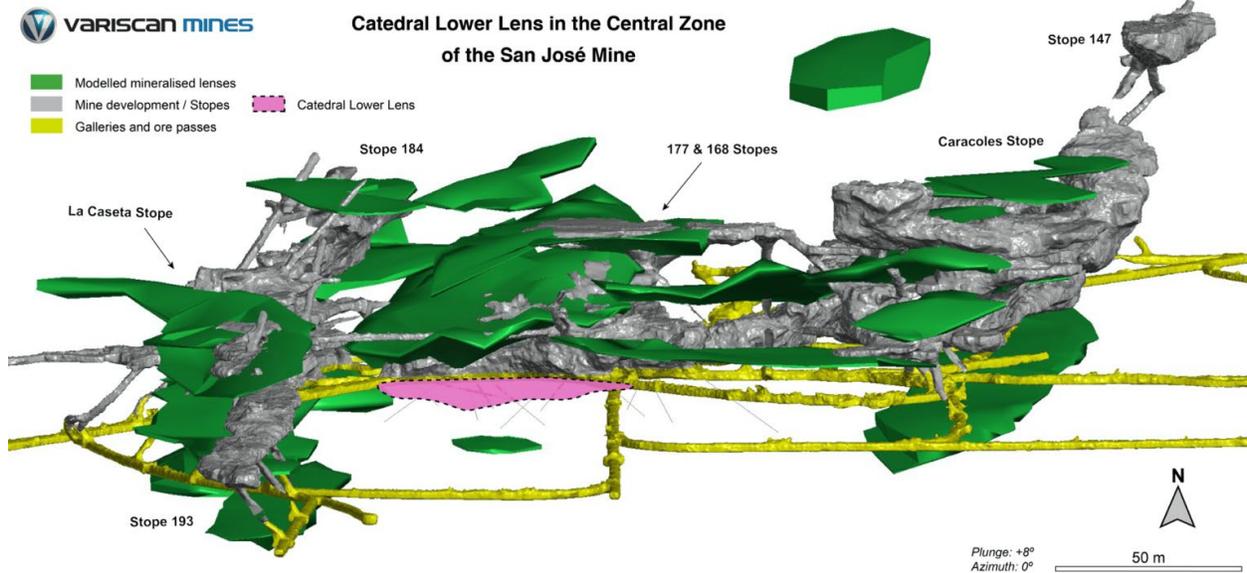
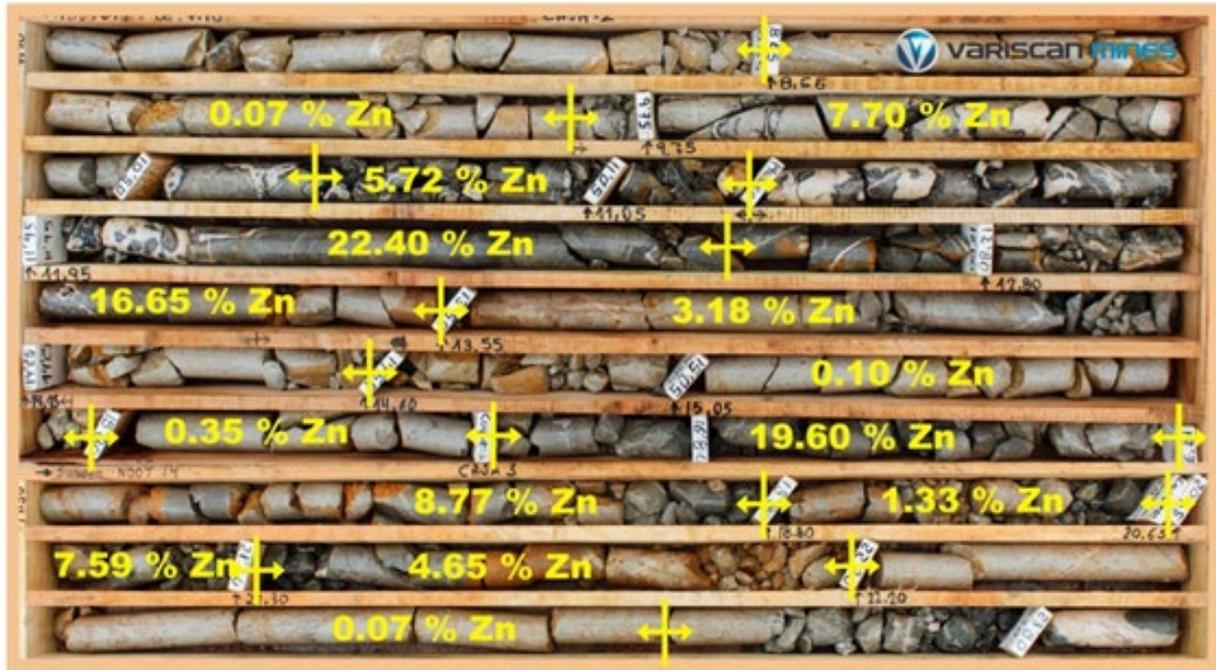


Figure 6: Diamond Drill Core from NDDT014 (14.55m @ 5.81% Zn, 0.90% Pb) illustrating massive sphalerite hosted in dolostone



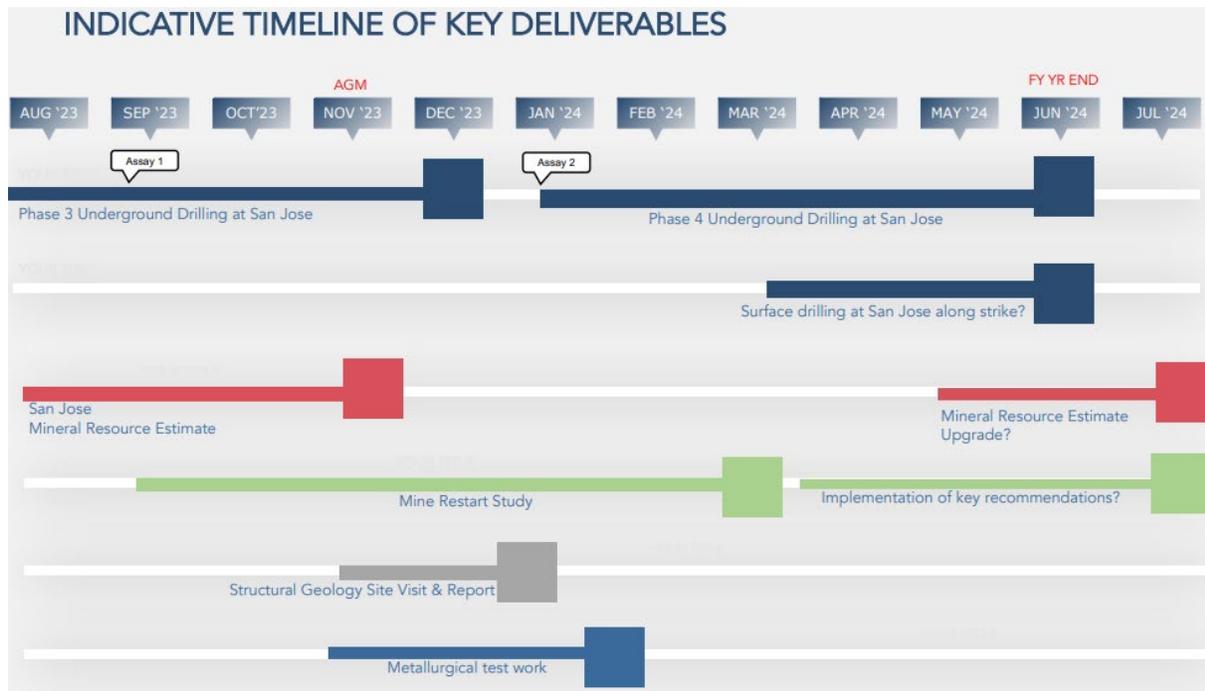
Note: Hole depth shown is from 8m to 24m

Further critical milestones in development of San Jose are now work-in-progress

With delineation of a maiden Mineral Resource Estimate for San Jose now complete, Variscan's next focus is the delivery of other milestones critical to San Jose again becoming a producing mine. San Jose-related tasks that Variscan plans to deliver over the first half of calendar 2024 include:

- Preparation of a mine-restart concept study for the San Jose Mine.
- A Phase 4 underground drilling campaign
- A potential surface drilling campaign at San Jose along strike
- A potential MRE upgrade
- The potential actioning of recommendations coming out of the now-being-prepared mine re-start study
-

Figure 7: Variscan’s pathway to development for its San Jose asset



Spain – Guajaraz Zinc Project

The Guajaraz Project is a prospective brown-field zinc-rich polymetallic opportunity with known mineral occurrences. The project is located in the highly mineralised Central Zone of the Iberian Massif, which ranks as one of the most mineralised geological units globally and represents the internal zone of the prolific European Variscan Orogenic belt.

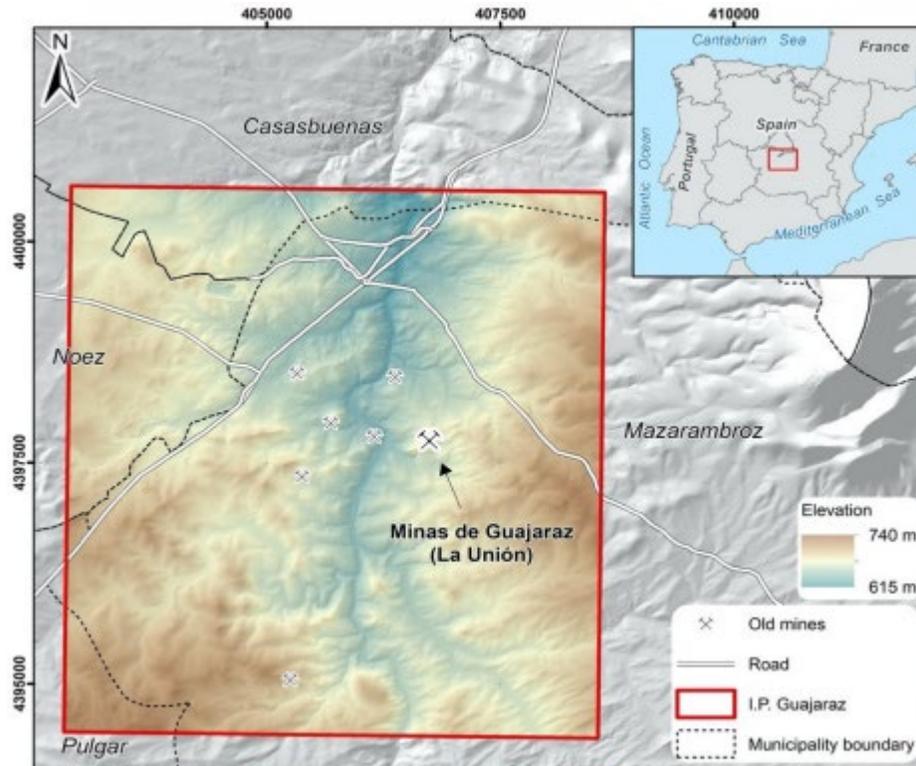
The project area lies within a primary igneous and metamorphic crystalline plateau that hosts abundant hydrothermal vein networks that have a long history of exploration. Brittle-fault related vein and silicified breccia ore deposits are of the BPGC type (zinc-galena-pyrite-chalcopyrite).

While the main focus over the December 2023 quarter was again the exploration and eventual development of the Novales-Udias project, Guajaraz remains a core asset in Variscan’s portfolio.

Three-year extension of Guajaraz exploration license delivered

In late October 2023, Variscan announced that the Consejería de Desarrollo Sostenible (Department of Sustainable Development) of the Junta de Comunidades de CastillaLa Mancha (the regional Government of Castile-La Mancha) had approved a 3-year extension of the “Guajaraz” Permiso de Investigación (Exploration License), located in central Spain (see ASX announcement dated 26 October 2023).

Figure 8. Guajaraz Project location



A long-term exploration program for Guajaraz is now taking shape

The design of a future long-term work program for the Guajaraz Project, which will extend across the 2023 through 2026 lifespan of the now renewed Exploration License, includes:

- soil geochemistry.
- geophysical survey.
- initial drilling campaign.

A geophysical campaign will be carried out, covering the same areas included in the already undertaken geochemical prospecting campaign with assay results pending.. The main objective will be to discover polymetallic (Zn-Pb-Ag-Cu), deposits by recording anomalous chargeability and resistivity values utilising Direct Current Induced Polarization (DCIP). Initial planning anticipates the acquisition of chargeability and resistivity data along six profiles between 1.3-1.7km in length. The total length of the campaign will be approximately 8,500 metres.

Depending on the results obtained in the proposed geochemical and geophysical surveys, capital allocation and permitting, a surface drilling campaign is anticipated be conducted to drill-test targets identified. The objective of the drilling would be to seek extensions of (Zn-Pb-Ag-Cu) mineralization stepping out from the La Unión Mine.

Initial drill hole planning has been conducted based on the geological knowledge acquired to date. The final location of drill-holes will be refined by the results of the preceding geochemical and geophysical surveys.

PROJECT SUMMARIES

Spain – Zinc-rich Novales-Udias Project

The Novales-Udias Project is located in the Basque-Cantabrian Basin, some 30 kilometres southwest from the regional capital, Santander. The project is centred around the former producing San Jose underground mine with a large surrounding area of exploration opportunities for a number of satellite deposits based on underground and surface workings, our substantial database of historic drilling and multiple areas of zinc anomalism identified from recent and historic geochemical surveys. Variscan has defined the NE-SW Novales Trend over 9 kilometres with a parallel mineralised trend over at least 3 kilometres of strike.

Key highlights of the Novales-Udias Project:

- Near term zinc production opportunity
- Large tenement holding of 68.3 km² (including several 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^{4,5})
- San Jose Mine is within trucking distance of the Glencore zinc smelter in the neighboring region of Asturias
- Classic MVT carbonate hosted Zn-Pb deposits
- Historic production of high-grade zinc; average grade reported as around 7% Zn⁶
- Simple mineralogy of sphalerite – galena – calamine
- Ore is strata-bound, epigenetic, lenticular and sub-horizontal
- Reported historic production of super high grade ‘bolsas’ (ore bags) commonly 10-20% Zn and in some instances +30% Zn⁷
- Assay results of targeted grab samples taken from within the underground Novales Mine recorded 31.83% Zn and 62.3% Pb⁸
- Access and infrastructure all in place
- Local community and government support due to historic mining activity

⁴ 1 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, BasqueCantabrian Basin, Northern Spain: in Econ. Geol. v.98, pp. 1371-1396.

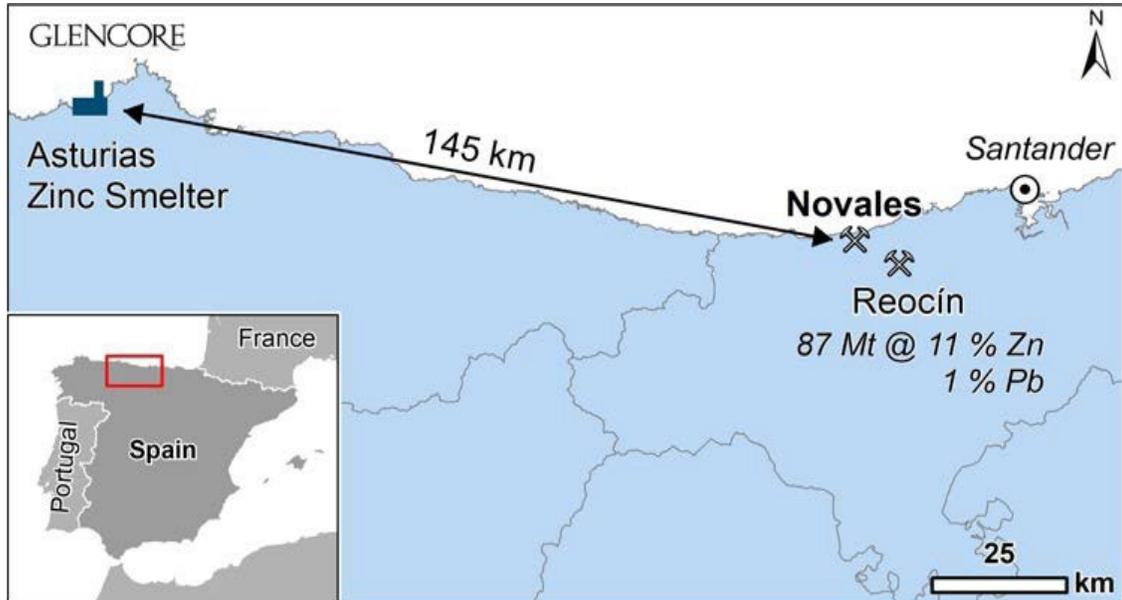
⁵ Cautionary Statement: references in this announcement to the publicly quoted resource tonnes and grade of the Project are historical and foreign in nature and not reported in accordance with the JORC Code 2012, or the categories of mineralisation as defined in the JORC Code 2012. A competent person 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.

⁶ 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

⁷ 4 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 Refer to ASX Announcement of 19 December 2019.

Figure 9. San Jose Mine site proximal to San Juan Smelter and regional capital, Santander



Spain – Guajaraz Zinc-rich Polymetallic Project

The Guajaraz Project is a prospective brown-field zinc-rich polymetallic opportunity with known mineral occurrences. The project is located in the highly mineralised Central Zone of the Iberian Massif, which ranks as one of the most mineralised geological units globally and represents the internal zone of the prolific European Variscan Orogenic belt. Variscan believes Guajaraz represents an excellent, de-risked brownfield polymetallic project. Reflective of this belief in the prospectivity of this Project, the Company filed an application with the authorities in Castilla-La Mancha during the year for a 3-year extension of the current exploration licence over the Guajaraz tenement area. This 3-year extension, covering the period 2023 through 2026 was granted to Variscan Mines’ local Spanish subsidiary, Variscan La Mancha in late October 2023.

FINANCIAL & CORPORATE

CASH

Cash at bank at the end of the quarter was \$779,000

Subsequent to the end of the quarter, the Company issued 14,555,556 new shares at \$0.018 each, raising approximately \$262,000 before costs.

SUMMARY OF EXPENDITURE ON EXPLORATION ACTIVITIES

For the quarter, the Group spent \$285,000 on exploration activities, substantively all of which related to the Group’s Spanish zinc projects. These exploration activities related to:

- Surface and underground drilling;
- Geological mapping and modelling;
- Technical consulting fees;

- Tenement administration, reporting and management; and
- Directly-attributable corporate overheads and administration costs.

In accordance with ASX Listing Rule 5.3.2, the Company advises that no Mining Development or Production activities were conducted during the quarter.

SHARE CAPITAL

Late in the December 2023 quarter, Variscan issued 2,385,627 shares to Directors in lieu of fees, as approved by shareholders at the Company's 2023 Annual General Meeting held on 14 November 2023 (see ASX announcement dated 28 December 2023). In the same announcement, the Company advised that 2,500,000 performance rights have been validly exercised, resulting in the issue of 2,500,000 new ordinary shares.

As noted at 30 June 2023, a portion of the placement funds relating to the second tranche of the recent Capital Raising, totaling \$595,000 had been delayed. The Board advises that the remaining funds have since been received and the final tranche of shares and options were issued to the subscriber on 19 January 2024 as noted above.

DEFERRED SETTLEMENT SHARES

In accordance with the acquisition of the Spanish Zinc projects, the Company must issue additional shares upon the satisfaction of certain exploration milestones. These milestones are for the definition, in accordance with JORC 2012, of an Inferred Mineral Resource (or greater) of:

- Milestone 1: 4 million tonnes at 7% Zn
- Milestone 2: 8 million tonnes at 7% Zn
- Upon satisfaction of each of these milestones, the Company must issue 27,500,000 ordinary shares to the vendors of Slipstream Spain Pty Ltd and Slipstream Spain 2 Pty Ltd, and 2,426,471 shares to Hispanibal S.L. as the vendor of the "Hispanibal Option", for a total of 59,852,941 Ordinary Shares if both milestones are met.

There is currently no obligation to issue the milestone shares

OTHER

During the quarter, the Company made payments to related parties of \$23,000, represented by remuneration paid to Directors.

ENDS

This ASX announcement has been authorised by the Variscan Mines Limited

For further information, please contact:

Variscan Mines Limited (ASX:VAR)

Stewart Dickson

Managing Director & CEO

E: stewart.dickson@variscan.com.au

T: +44 (0) 7799 694195

Media & Investor Enquiries

The Capital Network

Julia Maguire

E: julia@thecapitalnetwork.com.au

P: +61 2 8999 3699

About Variscan Mines Limited (ASX:VAR)

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. Its primary focus is the development of its advanced zinc projects in Spain. 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.

To learn more, please visit: www.variscan.com.au

For more information



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COMPETENT PERSONS STATEMENT

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

Where reference is made to previous releases of exploration results and mineral resource estimates in this announcement, the Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the exploration results and mineral resource estimates included in those announcements continue to apply and have not materially changed.

LISTING OF TENEMENTS HELD AT 31 DECEMBER 2023

Tenement	Tenement No.	Interest	Joint Venture Details
SPAIN – Note 5			
<u>Cantabria</u>			
Buenahora Fraction 1	IP 16.662-01	100%	
Buenahora Fraction 2	IP 16.662-02	100%	
San José	EC 94	100%	
La Torra	EC 512	100%	
Tres Amigos	EC 1565	100%	
Torpeza	EC 2557	100%	
Andrea	EC5220	100%	
Andrea-demásía a	EC5374	100%	
Es	EC8049	100%	
Dudosa	EC8165	100%	
Cargadoiro	EC11589	100%	
Tres amigos-demásía a	EC11594	100%	
Flor del pueblo	EC12942	100%	
Torpeza-demásía a	EC12952	100%	
Torpeza-3ª demásía a	EC13079	100%	
Torpeza-2ª demásía a	EC13080	100%	
Flor del pueblo-demásía a	EC13154	100%	
Dudosa-demásía a	EC13170	100%	
Andrea-3ª demásía a	EC13175	100%	
Andrea-2ª demásía a	EC13176	100%	
Cargadoiro-demásía a	EC13260	100%	
Ampliación a Matilde	EC13641	100%	
Aumentada	EC14238	100%	
Campitos	EC14554	100%	
Campitos-demásía a	EC14640	100%	
Carmenchu	EC14945	100%	
Amelita	EC14949	100%	
Eloísa	EC14947	100%	
Ampliación a Matilde-demásía a	EC14948	100%	
Cargadoiro 2	EC14954	100%	
Amelita-demásía a	EC14979	100%	
Carmenchu-demásía a	EC14980	100%	
Eloísa-demásía a	EC14981	100%	
Carmenchu-2ª demásía a	EC14982	100%	
6º Aumento a porvenir	EC15672	100%	
Ampliación a Matilde-demásía a	EC13641-10	100%	
Campitos-segunda demásía a	EC14554-20	100%	
Cargadoiro 2- demásía a	EC14954-10	100%	
Carmenchu-tercera demásía a	EC14980-30	100%	

Tenement	Tenement No.	Interest	Joint Venture Details
6º Aumento a porvenir-demásía a Torpeza-tercera demásía a	EC15672-10 EC2557-30	100% 100%	
<u>Toledo</u> Guajaraz	IP 4.203	100%	

CHILE

Rosario			
Rosario 6 1-40	0310259624	10.4%	Note 4
Rosario 7 1-60	0310259632	10.4%	Note 4
Rosario 101	03102N2229	10.4%	Note 4
Salvadora	0310231355	10.4%	Note 4
Abandonara	0310248487	10.4%	Note 4

NEW SOUTH WALES

Willyama	EL 8075	0%	Note 1
Hillston	EL 6363	39.2%	Perilya can earn 80%, Eaglehawk 9.8%
Native Dog	EL 8236	0%	Note 1
Woodlawn South	ELs 7257 and 7469	0%	Royalty interest only

SOUTH AUSTRALIA

Junction Dam	EL 5682	0%	Marmota acquired 100% ownership. See Note 2
Callabonna	EL 5360	49%	Red Metal 51%, can earn 70%

FRANCE

St Pierre	PER	100%	
Beaulieu	PER	100%	

- EL = Exploration License
- PER = Permis Exclusif de Recherche (France)
- IP = Investigation Permit (Spain)
- EC = Exploration Concession (Spain)

Note 1: Under an agreement with Silver City Minerals Limited, Broken Hill Operations and Eaglehawk Geological Consulting Pty Ltd Variscan has converted its interest in parts of these tenements to a NSR (Net Smelter Return).

- Note 2: Marmota has earned 100% of the uranium rights only in EL 5682. Variscan has a 0.5% net profits royalty on production from a uranium mine.
- Note 3: The remaining exploration licenses owned by Variscan Mines SAS (excluding the Couflens PER) have been conditionally acquired by a new wholly owned subsidiary, Variscan Mines Europe Limited. Pursuant to the approval for the Subsidiary Sale, the Ministry of Economy and Finance has imposed, without prior consultation, the compulsory relinquishment of the remaining licenses. The Company has approved the relinquishment request and has yet to receive a response. The timetable for the completion of the relinquishment process is unknown.
- Note 4: On 1 July 2019 the Company announced it had successfully renegotiated the terms of the existing Option Agreement to provide the Company with a participating interest of 10.4%. The Company can earn up to 90% of the project through payment of amounts totaling approximately US\$2.25 million.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Variscan Mines Limited

ABN

16 003 254 395

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(4)	(9)
(b) development	-	-
(c) production	-	-
(d) staff costs	(23)	(73)
(e) administration and corporate costs	(95)	(237)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
- Net VAT refunded – Spanish Operations	-	270
1.9 Net cash from / (used in) operating activities	(119)	(42)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(281)	(525)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(281)	(525)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	53	333
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	53	333

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,131	1,016
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(119)	(42)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(281)	(525)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	53	333

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(5)	(3)
4.6	Cash and cash equivalents at end of period	779	779

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	779	1,131
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	779	1,131

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	23
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(119)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(281)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(400)
8.4 Cash and cash equivalents at quarter end (item 4.6)	779
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	779
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.95
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Future exploration activity is discretionary and exploration programs will be dependent on available cash.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: As announced on 19 January 2024, the Company issued 14,555,556 new shares at \$0.018, raising approximately \$262,000 before costs after the end of the quarter. Furthermore, the Group continues to enjoy the support of its key shareholders and believes that if and when it resolves to raise additional capital that it will be successful.	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the entity expects that it will be able to continue its operations and meet its business objectives based on the entity's responses in item 8.8.2 above.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:31 January 2024.....

Authorised by:The Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.