



ASX Code: VAR  
 ACN: 003 254 395  
 Issued Shares: 654M  
 Listed Options: 36M  
 Unlisted Options: 57M  
 VAR Cash Balance: \$1.19M  
 VAR Investments: \$2.1M

**Directors**

Pat Elliott  
 Greg Jones  
 Jack Testard  
 Kwan Chee Seng  
 Dr Foo Fatt Kah  
 Michael Moore

**Top Shareholders**

(27 April 2017)  
 Kwan Chee Seng  
 BNP Paribas  
 Dr Foo Fatt Kah  
 Chris and Betsy Carr

Top 20 Shareholders – 65.9%

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**Highlights**

**St Pierre Gold Project**

- ✔ Drilling continued as part of a planned 1,300 metre RC and core drilling program into St Pierre.
- ✔ Two core holes were completed at Ville Tirard where historic drilling is reported to have intersected zones of near-surface gold mineralisation. Assays are expected shortly.
- ✔ A further seven RC holes have been completed at Belleville, a 900 x 400 metre bedrock gold anomaly where previous sampling recorded rock chips up to 21.5g/t gold and soil values up to 2.4g/t gold.

**Couflens Tungsten Project**

- ✔ Apollo Minerals (ASX: AON) announced it had agreed to acquire Ariege Tungstene SAS, the company in joint venture with Variscan over the Couflens exploration licence.
- ✔ Ariege has the rights to an 80% interest with Variscan free-carried at 20% until a DFS is completed or total expenditure of €25 million (~\$A35 million) is reached, whichever comes first.
- ✔ The Couflens licence covers Salau, formerly one of the highest grade tungsten mines in the world, which produced 0.93Mt at 1.5% WO<sub>3</sub> prior to closure in 1986.
- ✔ In addition to tungsten, Salau is recorded to contain significant copper and gold values, particularly deeper in the deposit (circa 10g/t gold in Veronique)
- ✔ Previous drilling below the base of the underground workings confirmed the continuation of the mineralised system which remains open at depth.
- ✔ Salau has strong potential to be brought back into production.

**Merléac Zinc Project**

- ✔ Approvals for core drilling of the Porte-aux-Moines zinc deposit progressed.
- ✔ Drilling will test and infill thick, high grade Main Zone mineralisation to confirm the interpreted geology and increase tonnages of the Indicated Mineral Resource.
- ✔ Approximately 1000 metres of core drilling is planned to commence once the St Pierre drilling is completed.

**Corporate**

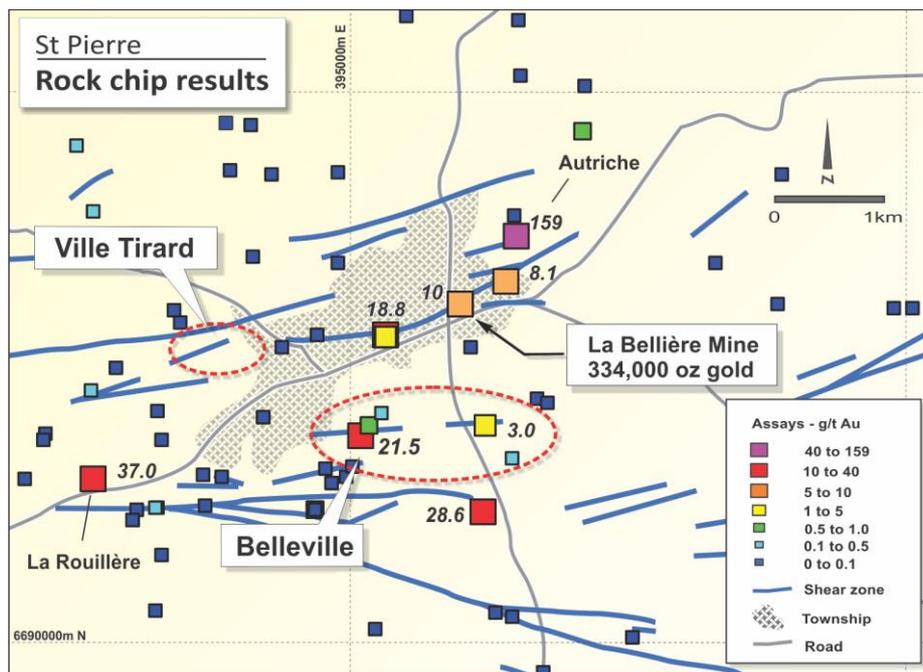
- ✔ The Company raised \$1.34 million through major shareholders and directors exercising their May 17 listed options and by a share placement.
- ✔ At the end March, Variscan held \$1.19 million in cash, with a further \$0.72 million received through shareholders exercising their options post-quarter end. Liquid investments held in ASX resource companies as at 27 April 2017 totalled approximately \$2.1 million.

## Exploration

### FRANCE

#### ST PIERRE GOLD PROJECT

During the quarter drilling commenced at two gold targets, Belleville and Ville Tirard (Figure 1) along strike from and to the south of the La Bellière gold mine, believed to be France's third largest gold mine. These prospects will be tested by a combination of shallow traverse RC and core diamond drilling.



**Figure 1: Rock chip / float sampling results, mapped shear zones and key prospect locations**

#### Ville Tirard

During the final years of mining in the St Pierre region, two drill holes (circa 1952) drilled below outcropping mineralisation at the western end of the main La Bellière shear system. In reports held by the BRGM (Bureau de Recherches Géologiques et Minières - the French geological survey) both holes are recorded to have intersected broad zones (estimated >15-20 metres true width) of gold mineralisation averaging in the range of 3-4 g/t Au.

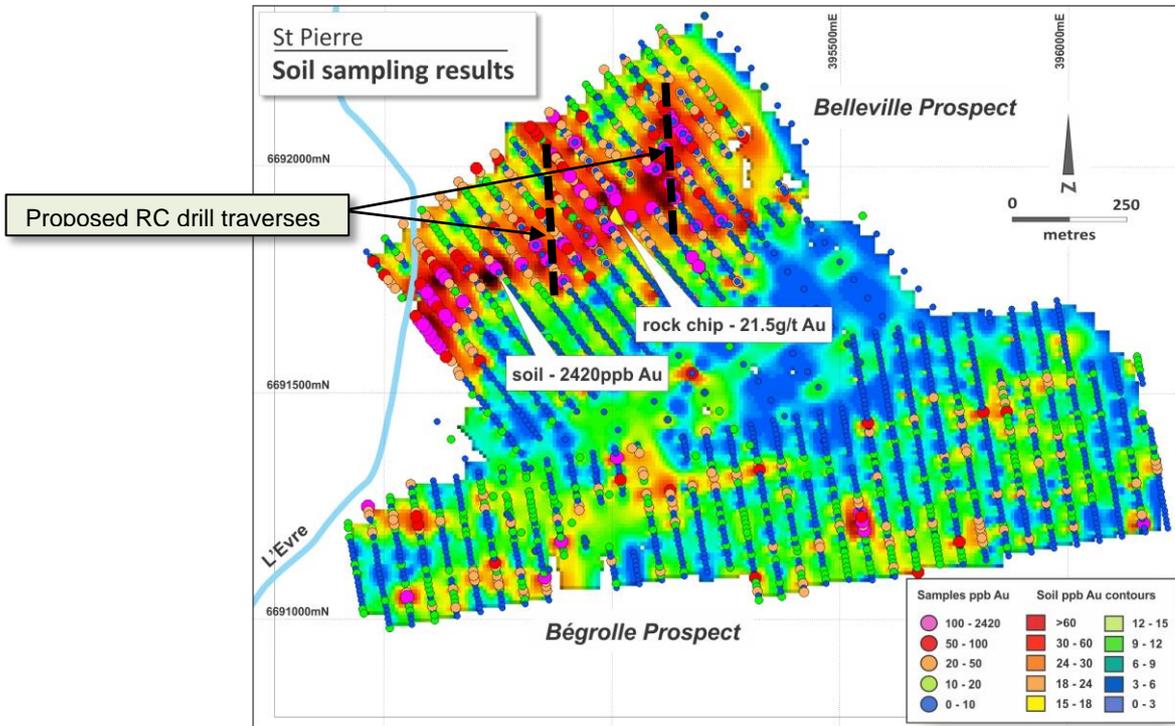
Given the age of the drilling, the precise position of the collars is uncertain, so Variscan has completed two core holes to cross the projected position of the shear and to attempt to intersect the mineralisation. Assays are expected shortly.

#### Belleville

Previous work by Variscan at the Belleville prospect defined a 900 x 400 metre zone of strongly anomalous gold values up to 2.4g/t gold (or 2420ppb gold) in soils displaying a similar gross orientation to the gold bearing shear structure at the La Bellière mine (ASX announcement 2 June 2015 and September 2015 Quarterly) (Figure 2).

Two traverses of 16 inclined, 60 metre deep RC holes (for around 1000 metres) are planned to test the anomaly across the interpreted east-north-east striking shear zone (Figure 2).

To date seven RC holes have been completed (believed to be the first RC mineral exploration drilling in France), with samples currently being processed prior to being sent to ALS for assaying.



**Figure 2: Belleville gold prospect at St Pierre showing soil sampling completed to date and strong anomalism defined**



**Plate – RC drill rig at Belleville, April 2017**

## **COUFLENS PROJECT**

During the quarter Apollo Minerals Limited (Apollo, ASX: AON) announced that it had agreed to acquire Ariege Tungstene SAS, the company that is in joint venture with Variscan over the recently granted Couflens exploration licence, France (announced 25 October 2016). Through Ariege, Apollo has the rights to an 80% interest in the joint venture, with Variscan free-carried at 20% until the completion of a DFS or the expenditure of €25 million (~\$AUD35 million) (whichever is achieved first).

The Couflens licence is located in the Pyrenees region and covers an area of 42km<sup>2</sup> around the Salau tungsten mine. Prior to its closure in 1986, Salau was one of the highest grade tungsten mines in the world, with an average recorded Life of Mine production grade of approximately 1.5% WO<sub>3</sub>. Salau is reported to have produced 0.93 million tonnes of ore to yield approximately 11,500 tonnes of WO<sub>3</sub> in concentrate with production grades up to 2.48% WO<sub>3</sub> recorded in the latter years of mining.

Variscan considers that Salau has very good potential to be brought back into production. Prior to mine closure, drilling below the base of the existing underground development confirmed the continuation of the mineralised system and allowed the generation of a non-JORC resource estimate. In addition, a number of other tungsten-copper-gold prospects have been identified within and adjacent to the mine.

Apollo has strong technical credentials and is well funded to progress exploration work at Salau. The acquisition of Ariege Tungsten by Apollo brings a third ASX listed company into France and provides a clear vindication of the quality of Variscan project generation and its investment into the country.

## **MERLÉAC PROJECT**

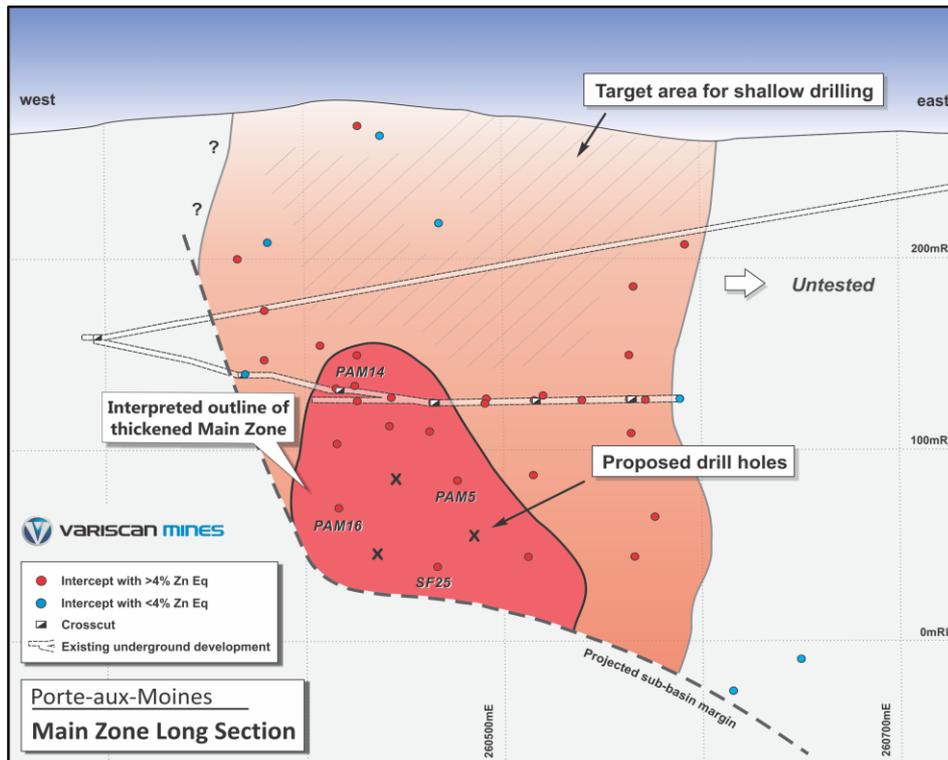
### **Porte-aux-Moines**

Work at Merléac focussed on obtaining approvals to commence drilling planned to test the high grade zinc-rich Porte-aux-Moines (PAM) volcanogenic massive sulphide (VMS) deposit.

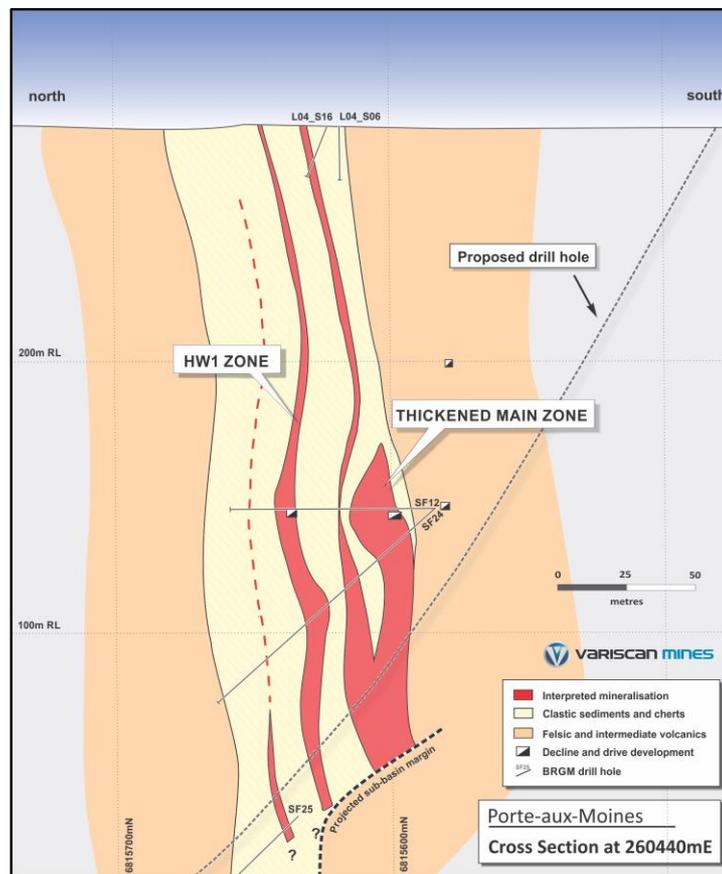
As announced to the ASX on 20 June 2016, Variscan completed a Mineral Resource estimate for PAM to JORC 2012 reporting standards. The Mineral Resource is 2.2 million tonnes grading 6.0% zinc, 1.3% lead, 0.8% copper, 80.6 g/t silver and 0.9 g/t gold which places the deposit within the first grade quartile for zinc-rich deposits worldwide, indicating good potential for economic extraction provided sufficient tonnage can be defined.

Modelling work by Variscan indicates that approximately 3.5+ million tonnes of resource will be required to justify initiation of mine feasibility studies. Growing the size and enhancing the classification levels of the current Resource to a level sufficient to allow the company to move into feasibility studies is a key priority.

Drilling is planned to confirm the geological interpretation, increase the tonnage of Indicated Mineral Resource and provide additional samples for confirmatory density measurements and gold assays. Three holes totalling approximately 1000 metres have been planned to test the thickened Main Zone (Figures 3 and 4) and deeper parts of the HW1 zone, once local approvals are gained.



**Figure 3: Long section of the Main Zone surface showing the interpreted thickened zone, flanking mineralisation and proposed deeper drilling**



**Figure 4: Cross section at PAM showing interpreted mineralised zones and proposed future drilling**

## AUSTRALIA

Exploration activity within Variscan's Australian joint ventures was subdued for the quarter.

## Investments

Variscan maintains a diversified portfolio of investments within a number of ASX-listed resource companies. The companies within the portfolio are:

- Eastern Iron – Advanced iron project and potential for VMS copper-gold mineralisation in Victoria
- Silver City Minerals – Exploration interests at Broken Hill, NSW
- Thomson Resources – Large landholdings for copper, gold and tin within the Thomson and Lachlan Fold Belts, NSW

## Financial and Corporate

### CORPORATE

During the quarter Variscan raised \$1.34 million through major shareholders and directors exercising their May 17 listed options and by a share placement organised through Variscan's broker, Patersons. In addition, subsequent to quarter-end, an additional \$ 0.72 million was received through shareholders exercising their May 17 listed options.

### FINANCE

Cash expenditure by Variscan on exploration and project appraisal for the quarter was \$0.45 million.

Cash available for Variscan at 30 March was \$1.19 million (not including the \$0.72 million received through shareholders exercising their options post the end of the month). As at 27 April 2017, the total value of the Variscan shareholdings in ASX listed resource companies stood at approximately \$2.1 million.

### **Variscan Mines Limited**



Greg Jones

Managing Director

### **Competent Persons Statement**

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