



ASX Code: VAR  
 ACN: 003 254 395  
 Issued Shares: 674M  
 Unlisted Options: 57M  
 Cash Balance: \$1.12M  
 Listed Investments (at 30 June 2017): \$1.55M

**Directors**

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

**Top Shareholders**

(28 July 2017)  
 Kwan Chee Seng  
 BNP Paribas  
 Chris and Betsy Carr  
 RHB Securities Singapore  
 Dr Foo Fatt Kah

Top 20 Shareholders – 66.0%

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**Highlights**

- ✔ **Completion of the first RC drill programme in France at the St Pierre gold project**
- ✔ **First assay results received indicating up to 4.59 g/t, mainly from eastern drill traverse**
- ✔ **Second tranche of assay results from 473 samples expected from ALS shortly**
- ✔ **Couflens JV with Apollo Minerals (AON:ASX) declared unconditional**
- ✔ **Application for Couflens licence transfer made**
- ✔ **Sale of non-core investments resulting in non-dilutive cash inflow of A\$0.56M**

**Exploration**

**FRANCE**

**ST PIERRE**

St Pierre has been the focus of fieldwork during the reporting period.

**Belleville**

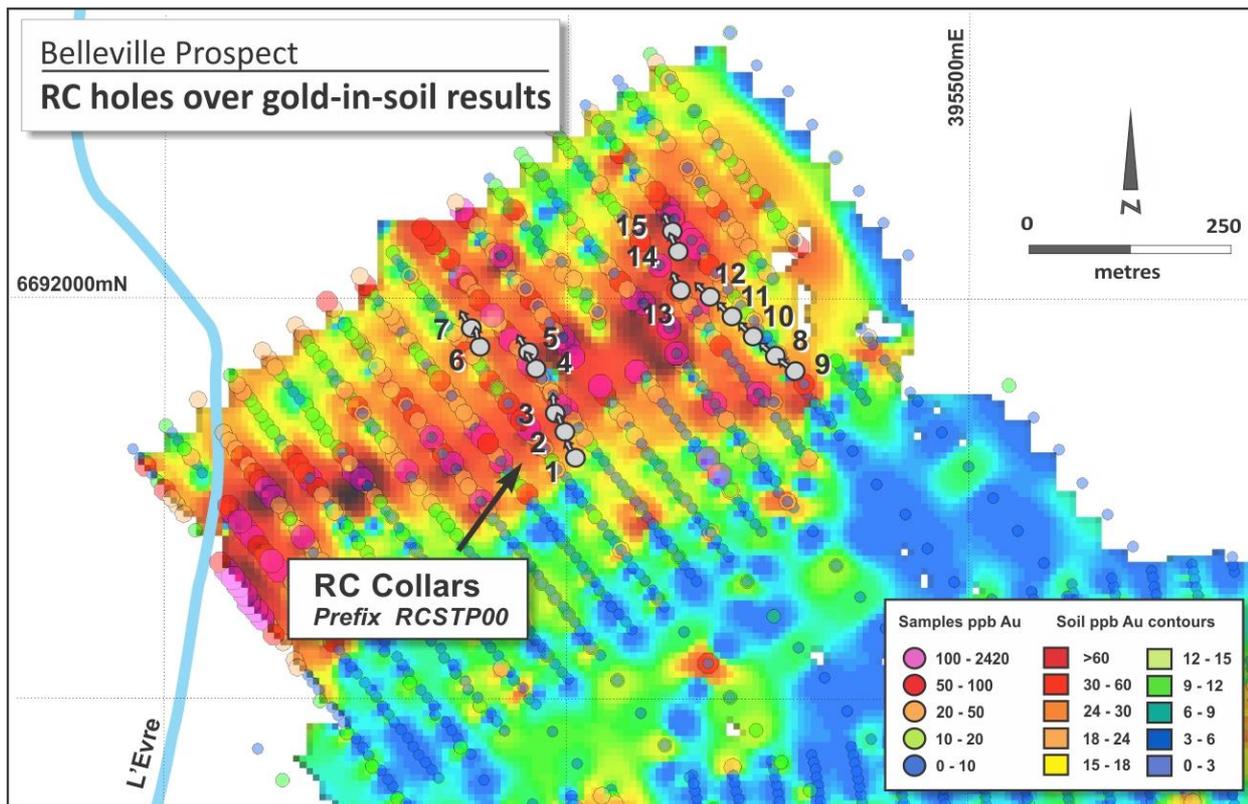
*Objectives*

The objective of the RC drill programme was to define the hard rock source of a strong gold geochemical anomaly identified from previous rock chip and soil sampling. A total of 15 RC holes for 923 metres were successfully completed at Belleville during June.

*Outcomes*

The drilling at Belleville is believed to be the first RC drilling programme completed in France.

To date 450 gold assays have been received from ALS Geochemistry in Ireland which accounts for approximately 45% of the 15 drill holes, mainly from the eastern drill traverse (see Figure 1).



**Figure 1 - RC drill collar positions over the gold-in-soil anomaly at Belleville**

These holes intersected alternating greywackes and schists similar to those found at the La Belliere Gold Mine 750 metres to the north, with some samples recording quartz veining and sulphides, including pyrite, pyrrhotite and chalcopyrite, with minor arsenopyrite, galena and sphalerite which are commonly associated with high grade gold mineralization.

In addition, free gold was panned in some samples, indicating the coarse nature of gold within the mineralised system (and confirmed in the variable gold re-assays by ALS) and thus potential difficulty in obtaining reliable gold assays.

A spot high of 4.59 g/t gold (hole RCSTP004, 36-37 metres) over one metre (down-hole) confirms the potential for high grades at Belleville and warrants further analysis of the gold mineralisation. Evaluation of these results and comparison to geological observations is continuing.

Samples from the majority of holes from the western traverse (the centre of the gold anomaly) as well as two holes from the centre of the eastern traverse (473 samples in total) have been sent to the sample preparation facility in southern France. These are in the process of being sent to ALS over the next few weeks for gold analysis.

Once a complete set of assay results is compiled and reviewed, Variscan will take a more informed decision on the future work and prospects for Belleville.

## Ville Tirard

### Objectives

The objective of the diamond drilling was to attempt to locate and sample the mineralized zones as intersected in previous shallow drilling completed in 1952 at the western end of the La Belliere mine shear. Two core holes for a total of 244.5 metres were completed.

## *Outcomes*

Assays received from ALS have confirmed the initial review of core from Ville Tirard as announced to the ASX on 31 May 2017, with no significant results recorded. Given the age of the former drilling, the precise position of the collars is uncertain and further drilling across the shear system will be required to locate the high grade mineralised zone as formerly defined in the historic work (1952).

## **COUFLENS**

During the reporting period, Apollo Minerals (“Apollo”) (ASX: AON) passed the resolutions at an EGM and subsequently announced the acquisition of its 80% interest in the Couflens project as unconditional.

Variscan retains a 20% interest and is free-carried until a DFS is completed or total expenditure of €25 million is reached (whichever is less).

Variscan (through its wholly owned French subsidiary, Variscan Mines SAS) has submitted the application to transfer the Couflens PER to the joint venture company Mines du Salat (“MdS”). We continue to actively manage our interest in this promising project.

As announced on 03 July 2017, Dr. Michel Bonnemaïson joined the Board of Apollo as a Non-Executive Director. He is also the President of Ariege (the French subsidiary through which Apollo holds its interest in the project) and MdS, and will lead the commencement of activities at the Couflens project. As announced today, the Company and Dr. Bonnemaïson have mutually agreed he will leave Variscan shortly. This will confer a significant cost saving to the Company but still benefit from his expertise and knowledge through his leadership of MdS.

### *Couflens project highlights*

- The Couflens Project covers the Salau mine which was discovered in 1964 by the BRGM (Bureau de Recherches Géologiques et Minières). Les Mines d’Anglade (LMA) operated the mine from April 1971 to November 1986.
- Salau was formerly one of the world’s highest-grade tungsten mines having produced approximately 930,000 tonnes at 1.5% WO<sub>3</sub>.
- Production grades were 2.0 to 2.5% WO<sub>3</sub> in the mines latter years.
- The deposit is recorded to contain significant copper-gold value.
- Former drilling confirmed the continuation of the mineralised system which remains open at depth.
- Substantial expected work programme announced by Apollo.
- Tungsten is an essential industrial metal categorised by the European Union as a “Critical Raw Material”.

## **MERLÉAC**

The Company had intended to commence a limited diamond drilling programme within the zinc-rich volcanogenic massive sulphide (“VMS”) deposit at Porte-aux-Moines at Merléac. The objective of the drilling is to confirm the existing geological interpretation and upgrade the classification of the current Inferred Mineral Resource in the deeper parts of the deposit.

In short, the Company has been unable to commence work at Merléac as it is legally entitled to do. A lack of political clarity arising from the recent presidential and parliamentary elections has resulted in operational delays. The Company has engaged with all levels of the French government, relevant authorities and stakeholders to progress with the proposed drilling in the short term. In the interim, the Company has voluntarily suspended fieldwork activities and will review further exploration expenditure until a satisfactory outcome is achieved. All options remain open to the Company; resolving this situation is the Company's highest priority.

#### *Merléac Zinc project highlights*

- Well-defined high-grade Zn-Pb-Cu-Ag-Au deposit at Porte-aux-Moines
- Access to extensive work by BRGM from 1975 to 1985
  - ~6,843m surface drilling
  - ~2,830m underground drilling
  - ~2km underground development
- JORC Resource defined in 2016: 2.2 Mt @ 6% Zn, 1.3% Pb, 0.8% Cu, 81 g/t Ag, 0.9 g/t Au
- Value of historical work completed to date estimated to be >A\$10M

## **AUSTRALIA**

There have been no material developments concerning the Company's joint venture interests in Australia during the period.

## **Investments**

As a result of historical project generation activities, Variscan holds a diversified portfolio of investments within a number of ASX-listed resource companies. Subsequent to the quarter and following a portfolio review in line with the Company's emphasis on project development and capital allocation, the Company has sold its holdings in Silver City Minerals Limited (ASX:SCI) and Eastern Iron Limited (ASX:EFE) for total cash consideration of approximately A\$0.56M. Variscan still holds a significant investment in Thomson Resources (ASX:TMZ) which has large landholdings for copper, gold and tin within the Thomson and Lachlan Fold Belts, NSW.

## **Financial & Corporate**

### **CORPORATE**

On 02 May 2017, the Company announced the appointment of Stewart Dickson as CEO and Greg Jones as Executive Technical Director.

### **FINANCE**

Cash expenditure by Variscan on exploration and project appraisal for the quarter was \$0.55 million.

Cash available for Variscan at 30 June was \$1.12 million which has been supplemented by the proceeds from the sale of the Company's shareholdings in Silver City Minerals and Eastern Iron.

Following the sale of investments, the value of Variscan's shareholdings in ASX listed resource companies stood at approximately \$0.85 million.

### **AIM LISTING**

On 02 May 2017, the Company announced that it was evaluating a dual listing on the AIM Market of the London Stock Exchange. The Company is well positioned to execute the dual listing when market conditions are more favourable as it has substantially completed the key work-streams required for an AIM listing. The Company expects to publish a Competent Persons Report shortly.

**ENDS**

#### **Variscan Mines Limited**

Stewart Dickson  
CEO

#### ***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.*