



ROSARIO PROJECT – OPTION EXTENSION

- ❶ **Option Agreement to acquire the Rosario Project extended by 3 months to 30 September 2018**
- ❷ **Rosario 6 and 7 licences progressing from exploration to exploitation status**
- ❸ **Acquisition of Salvadora exploitation licence completed**
- ❹ **Successful rock chip and grab sampling results announced by Variscan in April 2018 confirmed surface outcrops containing high grade copper (4.82% Cu) and silver grades up to 42g/t Ag**
- ❺ **Field work programme being finalised and expected to lead to drilling shortly after the Option is exercised.**
- ❻ **Mineralisation found at Rosario is consistent with IOCG type deposits which are common in the region**
- ❼ **Typically, IOCG deposits are extremely attractive due to their large size and/or high grade, polymetallic nature and simple metallurgy which tends to facilitate low-cost mining**

Variscan Mines Limited ("Variscan" or the "Company") (ASX:VAR) announces that it has agreed a 3 month extension to the Option Agreement over the Rosario Project.

Option Agreement

On 18 December 2017, Variscan announced an Option Agreement with the Chilean vendor over the licences which comprise the Rosario Project.

The term of the Option Agreement was due to expire on 30 June 2018 but both parties have agreed to extend the option period for a further 3 months and it will now expire on 30 September 2018.

Variscan is completing title due diligence on the project and, subject to the results of that due diligence intends to exercise the option on or before the extended option expiration date.

Licences

During recent months the Chilean vendor has progressed with upgrading Rosario 6 and Rosario 7 licences from exploration to exploitation status and completed the acquisition of the

Salvadora exploitation licence. The Company expects to confirm the title and good standing of the licences shortly.

The Project

The Rosario project is located approximately 120 kilometres east of the port city of Chanaral in the Atacama Region of northern Chile (Figure 1).

Figure 1. Location of the Rosario Project



Rosario lies about 20 kilometres north of the El Salvador mine (owned by CODELCO). El Salvador is one of the country's larger copper operations, within a region of dense mining activity (all scales) and good copper endowment.

Chile is a proven mining jurisdiction and is the largest producer of copper globally¹. The two main copper deposit styles are porphyry copper (e.g. Escondido and Chuquibambilla) and iron-oxide-copper-gold ("IOCG") (e.g. Candelaria).

Whilst in the early stages of exploration, it is believed that the mineralization found at Rosario is consistent with the IOCG type. In the general region around Rosario, IOCG deposits are very numerous and support a number of mines and prospects. Important IOCG mines of the

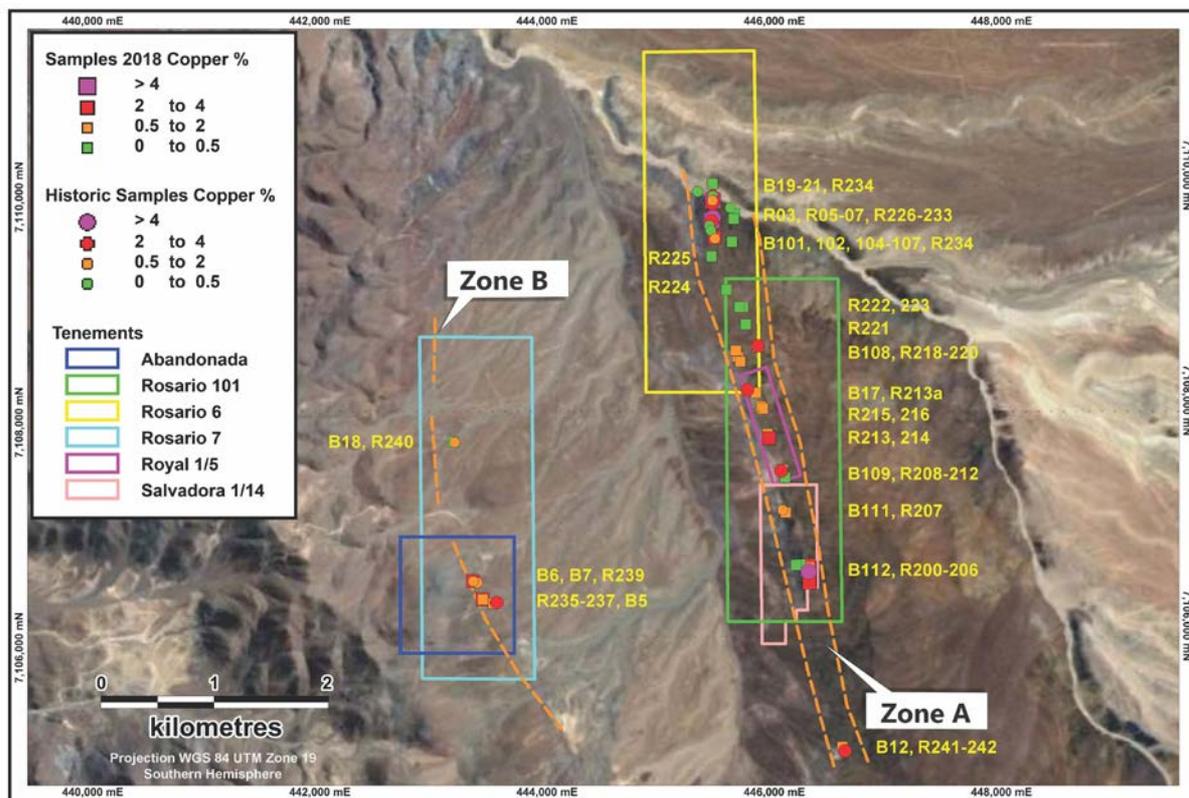
¹ 2016 copper production. Source: USGS

region include Mantoverde (440 Mt @ 0.56 % Cu, 0.12 g/t Au) (Figure 1) and the Mantos Blancos copper-silver deposit.

As announced on 11 April 2018, initial field work conducted by Variscan validated the high grade copper potential of the Rosario Project. Selective rock chip and grab sampling by Variscan confirmed surface outcrops containing high grade copper, with assays recording copper grades up to 4.82% Cu and silver grades up to 42g/t Ag.

The Rosario project comprises two large granted exploration concessions, Rosario 6 and Rosario 7, one exploitation concession (Salvadora) and an exploration concession under application (Rosario 101) (Figure 2). These concessions cover two outcropping copper trends (Zones A and B) over a combined strike length of approximately 6 kilometres.

Figure 2. Plan of Rock Chip & Grab Sampling Results



The project area has undergone historic modest informal mining and contains numerous shallow pits in areas of copper-stained outcrops. There are also indications of previous surface sampling and trenching. Site visit inspections also revealed 13 diamond drill holes within the adjacent licences to Rosario.

Next steps & future exploration activities

Further exploration activities to be conducted are expected to include:

- detailed geological mapping over Zone “A” of Rosario 6;
- auger or shallow RAB drilling geochemical survey traverses over alteration zones;

- a detailed ground magnetic survey;
- RC drilling on geochemical anomalies, copper-bearing structures and under existing workings;
- submission of large bulk samples from RC drill-holes for preliminary mineral process testing; and
- resource drilling using a combination of both RC and diamond drill holes.

Variscan plans to commence drill testing of the copper rich sections of Zone A this year depending on the outcome of the geochemical and geophysical work to confirm quality drill targets.

ENDS

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Competent Person's Statement

Where the Company refers to previous Exploration Results announced in April 2018 it confirms that it is not aware of any new information or data that materially effects the information included in previous announcements and all material assumptions and technical parameters disclosed in those announcements continue to apply and have not materially changed.