



ASX Code: VAR
ACN: 003 254 395
Issued Shares: 1,271m
Unlisted Options: 595.8M
Cash Balance: \$1.2M
Listed Investments (at 31 December 2018): \$0.5M

Directors

Dr Foo Fatt Kah
Stewart Dickson
Michael Moore
Mark Pitts

Alternate Director
Kwan Chee Seng

Top Shareholders

Citicorp Nominees Pty Limited
BNP Paribas
HSBC Custody Nominees
RHB Securities Singapore
Travis Royce Smith
Chris and Betsy Carr

Top 20 Shareholders – 62.3%

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Highlights

- Chilean geologists commenced field work on the Rosario project, Chile
- Busy period of corporate development origination and evaluation activities to potentially acquire additional projects. The Board are seeking to grow through the acquisition and development of well advanced businesses or assets with existing cash-flow or the potential for near-term cash-flow
- Relocation of corporate and registered address from Sydney to Perth
- Further reductions to fixed cost base achieved

Reviewing the period, Stewart Dickson, CEO of Variscan said,

‘After a period of substantial change, the December quarter saw the Company consolidate its position with further fine tuning of our corporate organisation completed. We are now more agile and cost-efficient than ever.

We have continued with exploration work at Rosario, the results of which we hope to announce shortly.

We have been very active in the search and selection of additional value-accretive acquisitions. The Company has made some encouraging progress in this regard.

The Board is confident for the future prospects of the Company”.

Exploration

CHILE

ROSARIO

Variscan previously announced that it had contracted Eduardo Gonzalez to lead the field work at Rosario. During the quarter, surface mapping and sampling programs have focussed on the core licence areas of the Rosario project.

The Company expect to announce the results of this work shortly.

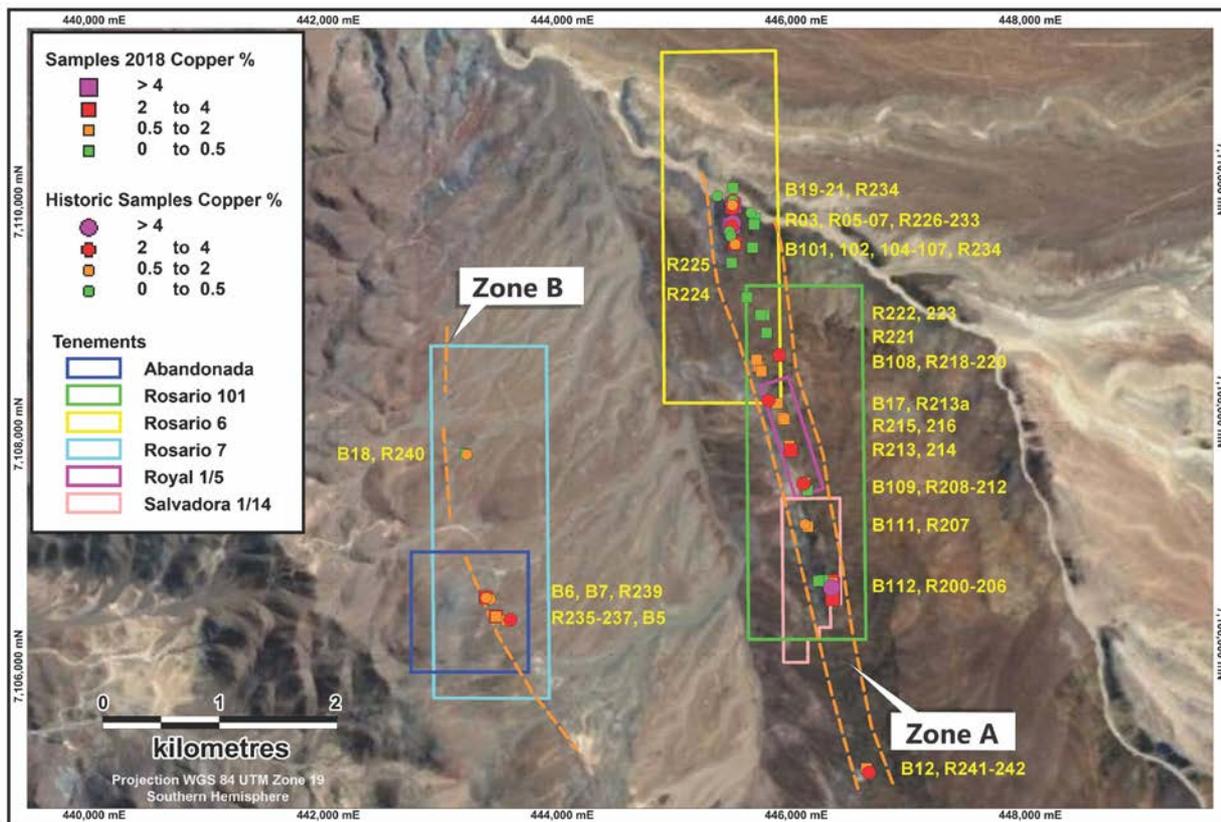
Previous Rock chip and grab sampling

Last year, field work included an inspection of previous sample sites, all old mine workings, trenches within the main project area and the location of 13 historic diamond drill-holes on nearby properties south of Rosario 6.

44 samples were taken across the Rosario project and adjacent licences to complement the historic sampling conducted between 2012-2014. Over 50% of samples taken recorded copper grades 1%+ Cu, with multiple sample grades up to 4%+ Cu (see ASX announcement by Variscan dated 11 April 2018). In addition, a number of samples recorded potentially significant silver assays up to 42g/t Ag coincident with high copper results. Samples were assayed by ALS Geochemistry at La Serena, Chile.

The sampling conducted by Variscan validates historic copper grades of up to 4.26% Cu recorded in surface rock chip and grab samples within the two principal mineralised zones ('A' and 'B', Figure 1) and confirms the high grade potential of the Rosario project overall.

Figure 1. Plan of Rock Chip & Grab Sampling Results



Property Description

The Rosario Project is located approximately 120 kilometres by road east of the port city of Chanaral in the Atacama Region of northern Chile. Chile is proven mining jurisdiction and is the largest producer of copper globally¹.

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

Figure 2. Location of the Rosario Project



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

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 the Rosario project.

¹ 2016 copper production. Source: USGS

FRANCE

French Licences

Further to the completion of the sale of the Company's wholly owned French subsidiary, the remaining exploration licences (excluding the Couflens PER) were conditionally acquired by a new wholly owned subsidiary, Variscan Mines Europe Limited. The Ministry of Economy and Finance had imposed the compulsory relinquishment of the remaining licences. During the quarter, the Company approved the submission of the relinquishment requests to the French Government. No response has been received and the timetable for completion of the relinquishment process is unknown. In the interim, the Company retains beneficial ownership of the licences.

Given the circumstances as set out above, there has been no significant exploration activity across the portfolio of licences in France during the reporting period.

AUSTRALIA

There has been no significant activity across the portfolio of joint venture interests in Australia during the reporting period.

CORPORATE DEVELOPMENT

The Company is actively seeking to make selective value-accretive acquisitions.

Variscan has had a busy period of corporate development origination and evaluation activities to potentially acquire additional projects.

The Board are seeking to grow through the the acquisition and development of well advanced businesses or assets with existing cash-flow or the potential for near-term cash-flow.

The Board expect to make further announcements in due course.

Financial & Corporate

Board

During the quarter, Variscan relocated its corporate and registered address from Sydney to Perth. The relocation affords the Company benefits such as reduced corporate overheads, greater efficiencies as a result of functions being co-located and a closer proximity to its major shareholders.

Extraordinary General Meeting

An Extraordinary General Meeting was held on 14 January 2019 to consider the re-election of those Board members required to stand for re-election following the Company's Annual General Meeting. Shareholders approved the resolutions and accordingly the Board members were re-elected.

Cash

The re-structured and down-sized Board of Directors has continued to reduce the fixed costs of the Company and allocate cash carefully to exploration in Chile or corporate development activities. The expenditure in the quarter was approximately 21% lower than forecasted. We anticipate quarterly operating costs to continue to fall.

Cash at bank at 31 December was \$1.26 million.

Investments

Variscan still holds a significant investment in Thomson Resources (ASX:TMZ) which has exploration tenements prospective for copper, gold and tin within the Thomson and Lachlan Fold Belts, NSW.

As at 31 December, the value of the shareholding was approximately \$0.49 million.

Share Capital

During the quarter, Shareholders approved the issue of 31,626,709 shares in settlement of outstanding directors' fees of \$189,760. The total number of shares on issue at the end of the quarter was 1,271,073,585.

ENDS

Variscan Mines Limited

Stewart Dickson
Managing Director & CEO
info@variscan.com.au

Competent Persons Statement

Where Company refers to exploration results previously advised to the ASX it confirms that it is not aware of any new information or data that materially affects 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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Variscan Mines Limited

ABN

16 003 254 395

Quarter ended ("current quarter")

31 December 2018

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	(88)	(120)
(b) development	-	-
(c) production	-	-
(d) staff costs (excludes direct exploration salaries)	(112)	(379)
(e) administration and corporate costs	(65)	(225)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	16
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)		
- Consulting fees and rent income	2	21
- Tenement security deposits refunded/(paid)	-	-
- Rental bond refund	-	6
1.9 Net cash from / (used in) operating activities	(257)	(681)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities	-	-
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:	-	-
(a) property, plant and equipment		
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other – Cash disposed on sale of subsidiary	-	(64)
2.6 Net cash from / (used in) investing activities	-	(64)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(22)
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 (share capital applications)	-	-
3.10 Net cash from / (used in) financing activities	-	(22)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,513	2,020
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(257)	(681)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(64)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(22)
4.5	Effect of movement in exchange rates on cash held	-	3
4.6	Cash and cash equivalents at end of period	1,256	1,256

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	103	100
5.2 Call deposits and foreign currency equivalents	1,153	1,413
5.3 Bank overdrafts	-	-
5.4 Other – term deposits	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,256	1,513

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
96
-

Salaries, Directors fees and consultancy fees at normal commercial rates.

7. Payments to related entities of the entity and their associates

**Current quarter
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

-

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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8. Financing facilities available

Add notes as necessary for an understanding of the position

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

8.1 Loan facilities

-

-

8.2 Credit standby arrangements

-

-

8.3 Other (please specify)

-

-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	100
9.2	Development	-
9.3	Production	-
9.4	Staff costs (excludes direct exploration salaries)	71
9.5	Administration and corporate costs	25
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	196

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

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.

Sign here: 

(Director, Company secretary)

Date: 31 January 2019

Print name: Mark Pitts

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.

Mining exploration entity and oil and gas exploration entity quarterly report

Tenement	Tenement No.	Interest	Joint Venture Details
NEW SOUTH WALES			
Broken Hill			
Mundi Plains JV	EL 6404	12.4%	Teck 87.6%
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
Lachlan Fold Belt			
Woodlawn South	ELs 7257 and 7469	0%	Royalty interest only
SOUTH AUSTRALIA			
Junction Dam	EL 5682	9.9%	Teck 87%, Eaglehawk 2.5%, Marmota 100% in uranium rights only, Note 2
Callabonna	EL 5360	49%	Red Metal 51%, can earn 70%
FRANCE			
St Pierre	PER	100%	
Merleac	PER	100%	
Beaulieu	PER	100%	
Loc Envel	PER	100%	
Silfiac	PER	100%	
CHILE			
Rosario			
Rosario 6 1-40	0310259624	0%	Note 4
Rosario 7 1-60	0310259632	0%	Note 4
Rosario 101	03102N2229	0%	Note 4
Salvadora	0310231355	0%	Note 4

EL = Exploration Licence

ELA= Exploration Licence Application

PER = Permis Exclusif de Recherche (France)

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 retained a 3.75% net profits royalty on production from a uranium mine.

Note 3:

The remaining exploration licences 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 licences. The Company has approved the relinquishment request and has yet to

Mining exploration entity and oil and gas exploration entity quarterly report

receive a response. The timetable for the completion of the relinquishment process is unknown.

Note 4: On 18 December 2017, Variscan announced that it has entered into an Option Agreement to acquire 100% interests in the following licences which together constitute the Rosario Project in the Atacama Region of northern Chile. On 22 October 2018, the Company announced that it had signed a definitive, Unilateral Purchase Option Agreement to acquire 100% interest over the Rosario Project (the "Agreement"). Under the terms of the Agreement, for so long as Variscan make payments in accordance with the agreed schedule (set out in Appendix 2 of the 22 October ASX announcement) it shall, upon the payment of the final instalment, acquire a 100% interest over the licences that constitute the Rosario Project. Ownership of the licences is retained by the vendors until completion of the payment schedule.