



SURFACE DRILLING COMMENCES AT BUENAHORA AFTER AWARD OF MUNICIPAL PERMIT

Highlights

- Surface drilling has started on the Buenahora Exploration Licence, in Cantabria, northern Spain after the award of the 'licencia de actividad' from the local municipal authority
- Diamond drilling campaign underway comprises over 2,000 drill-metres
- The immediate exploration strategy is to focus on targets that have the potential to deliver regionally significant resources. Drilling will target:
 - Interpreted anomalous chargeability zones derived from recent DCIP survey results
 - Zinc-rich mineralization adjacent to known historical mine workings
 - New discoveries in untested areas of the licence area

Figure 1. Drill-rig located on Drill Target B-04 on the Buenahora Exploration Licence



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

"We are delighted to commence surface drilling on the Buenahora Exploration Licence area. This campaign directly supports a key stated objective of Variscan's exploration plan, which is to define a regionally significant mineral resource similar in size and grade to the former producing and proximal Reocín Mine.

There has been no significant exploration drilling at Buenahora for at least the last three decades. The zinc market has changed significantly in that time, making this area and the Novales-Udias project overall, a very attractive development project today.

Whilst underground drilling at the San Jose Mine has been ongoing, the Variscan team has completed a significant amount of technical and logistical preparatory work needed to ensure we could hit the ground running at Buenahora once our final drill permit was awarded. We are particularly pleased to have partnered with a locally based drilling contractor, Geoplanning SL as Variscan is committed to supporting local businesses and contributing positively to the local community.

We're looking forward to reporting results from this upcoming drilling. With further drilling-led exploration activity planned on the project, it is an exciting time for Variscan shareholders."

Variscan Mines Limited ("**Variscan**" or the "**Company**" or the "**Group**") (ASX:VAR) is pleased to advise that an initial surface drilling program has commenced at the Buenahora Exploration Licence, within the Novales-Udias Zinc-Lead Project in Cantabria, northern Spain.

Variscan has engaged GeoPlanning SL (GeoPlanning) to undertake the drilling program. GeoPlanning is a local Spanish drilling contractor that provides drilling services to a wide number of companies in Spain and also has particularly good local relations in the region of Cantabria as a number of its staff are from the vicinity.

The Buenahora drill program will test its significant exploration potential

In terms of modern exploration, Buenahora is considered to be highly under-explored and, while subject to some historical drilling and artisanal workings, the recent discoveries of significant untested geophysical anomalies have highlighted the significant potential of the tenement. The Directors believe the areas' small-scale past production is a positive indication of future mining potential. Drilling will target:

- Interpreted anomalous chargeability zones derived from recent DCIP survey results
- Zinc-rich mineralisation adjacent to known historical mine workings
- New discoveries in untested areas of the licence area

Figure 2. Plan view of Buenahora drill targets with exploration vectoring data shown (refer also ASX announcement 4 May 2022)

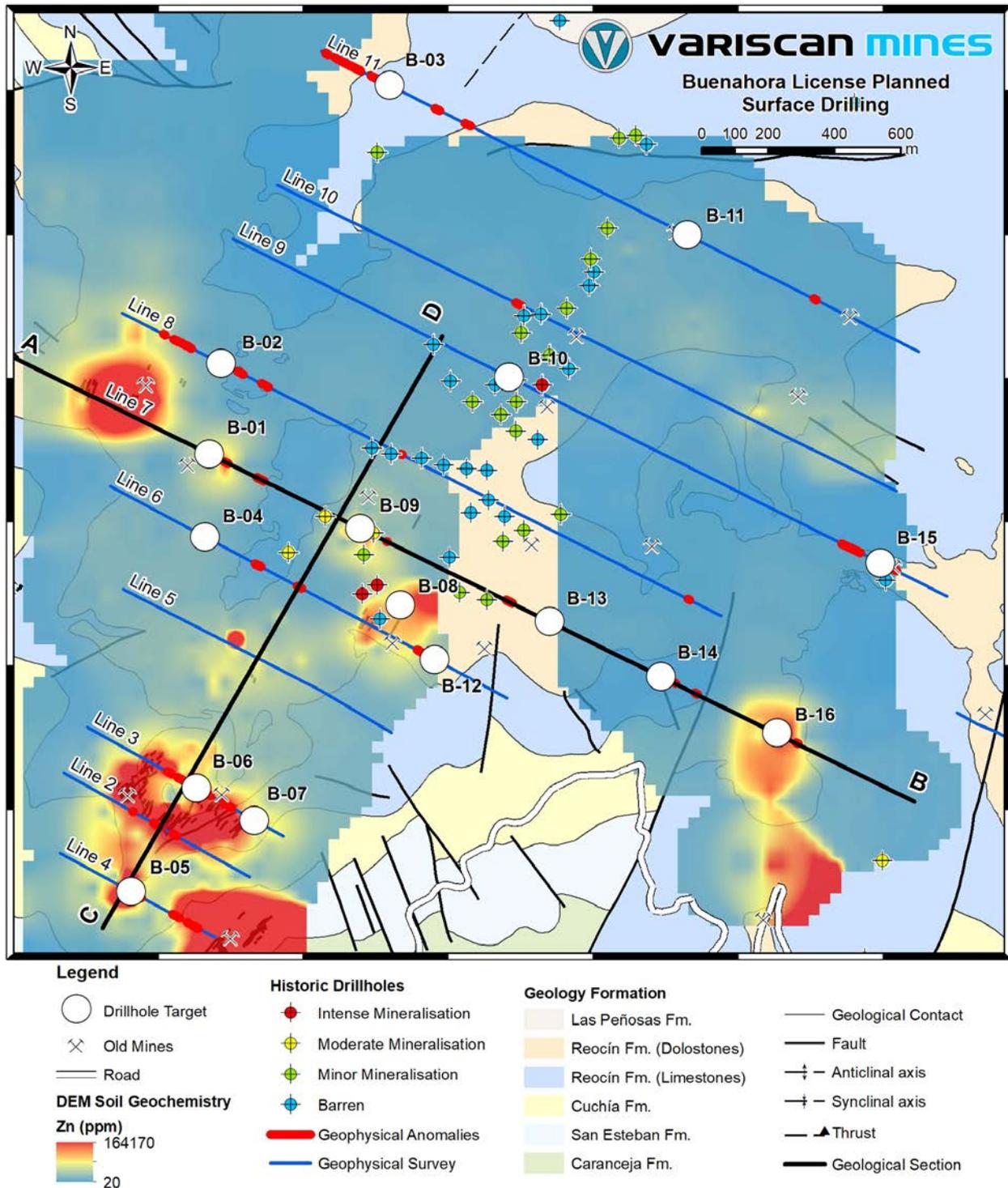
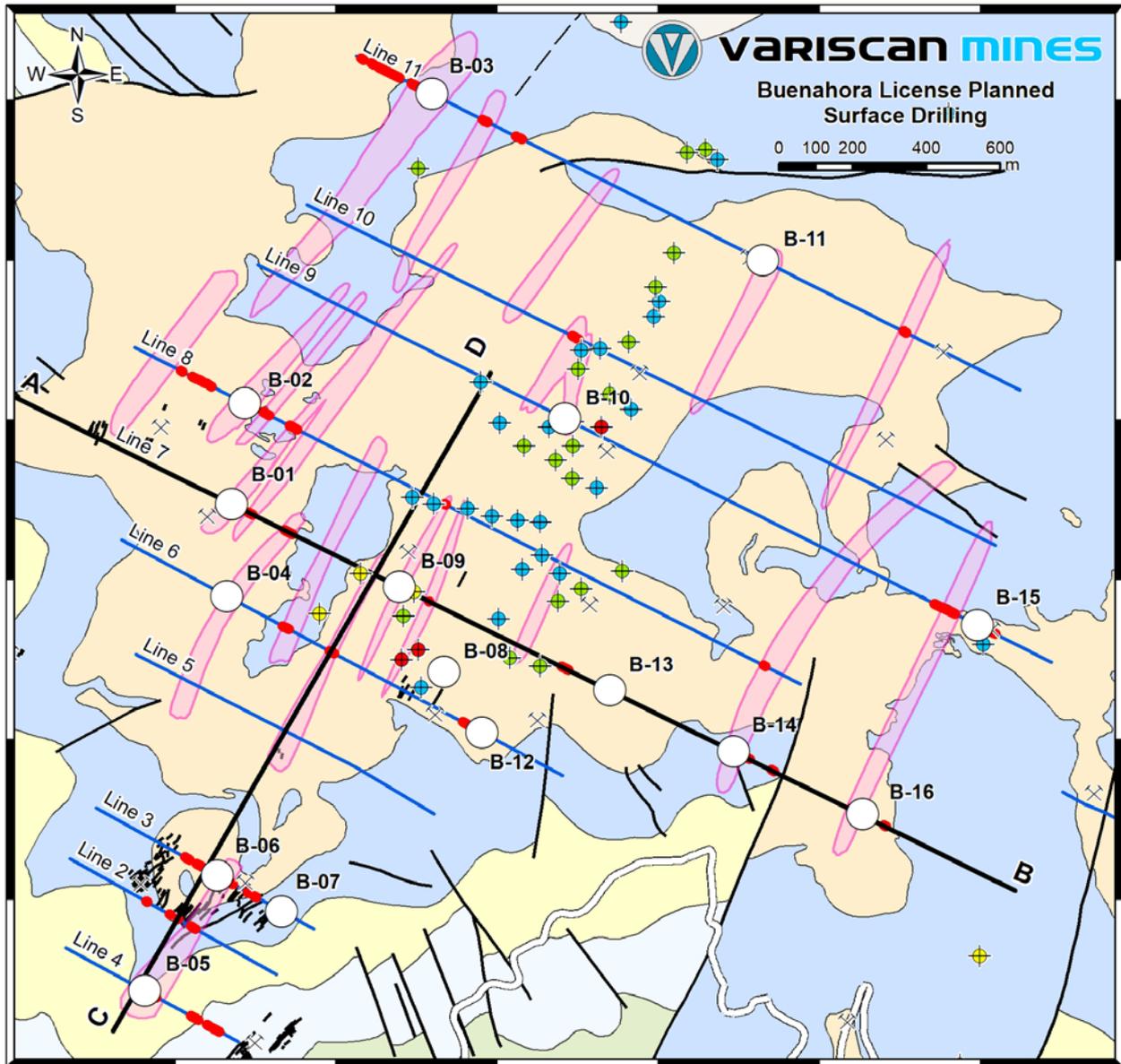
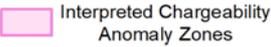


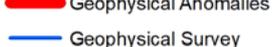
Figure 3. Plan view of Buenahora drill targets with interpreted anomalous chargeability zones highlighted (refer also ASX announcement 4 May 2022)



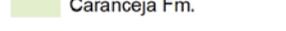
Legend

-  Drillhole Target
-  Old Mines
-  Road
-  Interpreted Chargeability Anomaly Zones

Historic Drillholes

-  Intense Mineralisation
-  Moderate Mineralisation
-  Minor Mineralisation
-  Barren
-  Geophysical Anomalies
-  Geophysical Survey

Geology Formation

-  Las Peñasas Fm.
-  Reocín Fm. (Dolostones)
-  Reocín Fm. (Limestones)
-  Cuchía Fm.
-  San Esteban Fm.
-  Caranceja Fm.

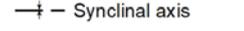
-  Geological Contact
-  Fault
-  Anticlinal axis
-  Synclinal axis
-  Thrust
-  Geological Section

Figure 4. Section of Line A-B indicating proposed drill targets

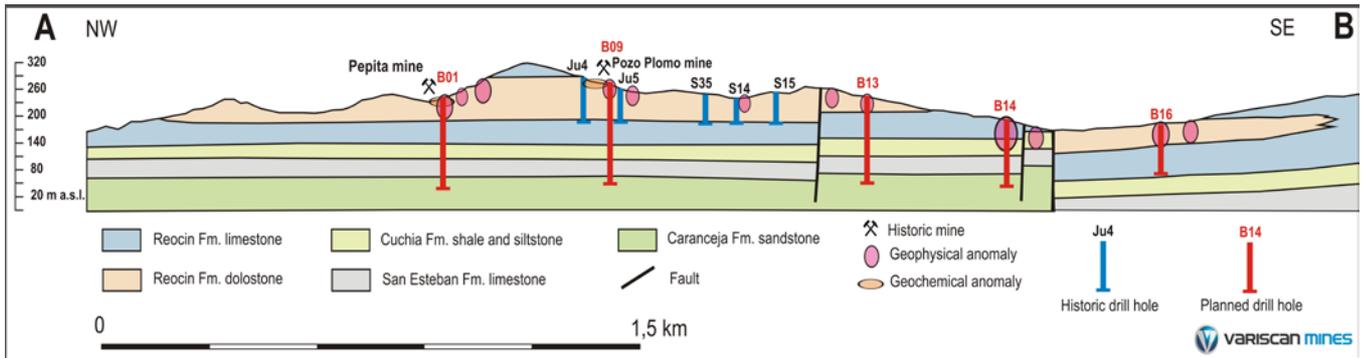
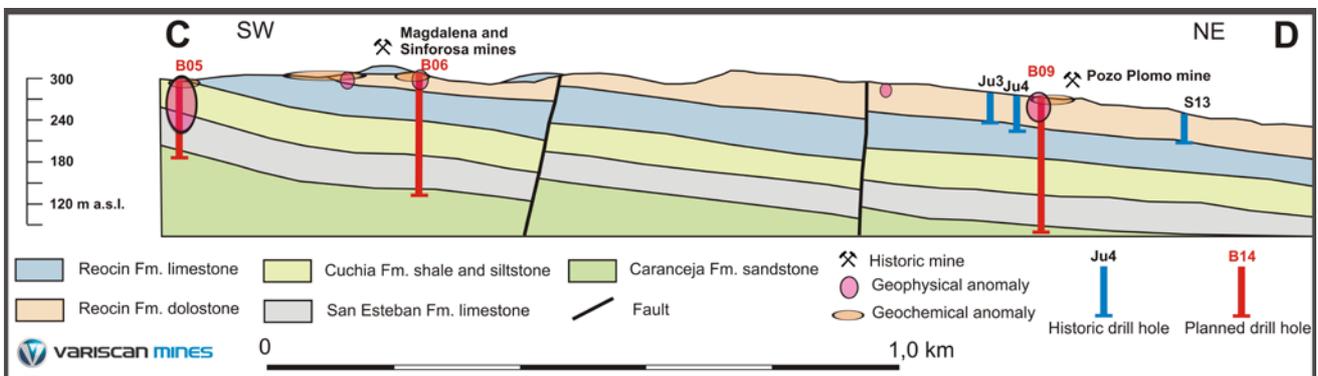


Figure 5. Section of Line C-D indicating proposed drill targets



Looking Ahead

Variscan's immediate focus is progressing with:

- Completion of the underground drilling campaign at the San Jose Mine
- Reporting assay results from drilling at the San Jose Mine
- Executing the surface diamond drilling programme over the Buenahora Exploration Licence
- Securing the licence renewal pending over the Guarajaz Project

ENDS

This announcement has been authorised for issue by Mr Stewart Dickson, Managing Director & CEO, Variscan Mines Limited.

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Notes

About Variscan Mines

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

Competent Person Statement

The information in this document that relates to technical information about the Novales-Udias project is based on, and fairly represents information and supporting documentation compiled and 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.

The information in this document that relates to historic exploration results, was prepared pre-2012 JORC code. It is the opinion of Variscan that the exploration data is reliable. Although some of the data is incomplete, nothing has come to the attention of Variscan that causes it to question the accuracy or reliability of the historic exploration.

Forward Looking Statements

Forward-looking statements are only predictions and are not guaranteed. They are subject to known and unknown risks, uncertainties and assumptions, some of which are outside the control of the Company. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. The occurrence of events in the future are subject to risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to differ from those referred to in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward-looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and the ASX Listing Rules, the Company, its directors, officers, employees and agents do not give any assurance or guarantee that the occurrence of the events referred to in this announcement will occur as contemplated.

Novales-Udias Project Summary

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 which include a number of satellite underground and surface workings and areas of zinc anomalism identified from recent and historic geochemical surveys. Variscan has delineated a significant 9km mineralised trend and a sub-parallel 3km trend from contemporary and historical data across both the Buenahora exploration and Novales mining permits.

The San Jose Mine is nearby (~9km) to the world class Reocin Mine which is the largest known strata-bound carbonate-hosted Zn-Pb deposit in Spain¹ and one of the world's richest MVT deposits². Further it is within trucking distance (~80km) from the San Juan de Nieva zinc smelter operated by Asturiana de Zinc (100% owned by Glencore).

Significantly, the Novales-Udias Project includes a number of granted mining tenements³.

Novales-Udias Project Highlights

- Near term zinc production opportunity (subject to positive exploratory work)
- Large tenement holding of 68.3 km² (including a number of 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% Pb⁴⁵)
- Novales Mine is within trucking distance (~ 80km) from the zinc smelter in Asturias
- Classic MVT carbonate hosted Zn-Pb deposits
- Historic production of high-grade zinc; average grade reported as ~7% Zn⁶
- Simple mineralogy of sphalerite – galena – calamine
- Mineralisation is strata-bound, epigenetic, lenticular and sub-horizontal
- Reported historic production of super high grade 'bolsas' (mineralised pods and lenses) commonly 10-20% Zn and in some instances +30% Zn⁷
- Assay results of recent 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

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, Basque-Cantabrian Basin, Northern Spain' Econ. Geol. v.98, pp. 1371-1396.

² Leach, D.L., Sangster, D.F., Kelley, K.D., Large, R.R., Garven, G., Allen, C.R., Gutzner, J., Walters, S., (2005) 'Sediment-hosted lead-zinc deposits: a global perspective'. Econ. Geol. 100th Anniversary Special Paper 561 607

³ Refer to ASX announcement of 29 July 2019

⁴ 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, Basque-Cantabrian 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 These figures have been taken from historical production data from the School of Mines in Torrelavega historical archives.

⁷ Reports of the super high-grade mineralisation are supported with historical production data from the School of Mines in Torrelavega historical archives. (Refer ASX Announcement 29 July 2019)

⁸ Refer to ASX Announcement of 19 December 2019