

ASX Announcement | 08 April 2024
Variscan Mines Limited (ASX:VAR)

AWARD OF NEW LICENCES SUBSTANTIALLY INCREASES SIZE OF NOVALES-UDIAS PROJECT

Highlights

- 70% increase to the land package of the newly enlarged Novales-Udias Project
- 5 new licences awarded, with an area of 36.66 km², are immediately adjacent to the existing San Jose and Buenahora tenements
- New areas extend the Novales Trend to NE to approximately 12 km in strike length
- De-risked exploration opportunity over very prospective areas to increase scale of the Novales-Udias Project
- Historical drill intercepts over the licence areas include:
 - DDH S-21: 6.0m @ 9.62% Zn
 - DDH S-163: 7.3m @ 6.50% Zn
 - DDH S-162: 3.2m @ 9.57% Zn
 - DDH S-162: 3.3m @ 6.33% Zn
 - DDH S-162: 2.0m @ 6.73% Zn
 - DDH S-100: 1.0m @ 6.28% Zn
- Estela licence hosts the main shaft of the Udias Mine (Pozo Madroño) and some major underground developments & infills a previous gap in the San Jose licence
- Collation of additional archive information underway with further historical drilling results expected to be reported
- Future workplan includes drilling with applications already submitted

Variscan Mines Limited (ASX:VAR) (“Variscan” or “the Company”) is pleased to report the conditional award of 5 new exploration licences comprising 36.66 km² in aggregate, from the Consejería de Innovación, Industria, Turismo y Comercio - del Gobierno de Cantabria (the Government of Cantabria) in northern Spain.

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

“The award of 5 new licence areas is an excellent step forward in the growth of the Novales-Udias project offering the realistic potential to increase scale and tonnage in this proven, high grade zinc district. The licence areas infill and expand our project tenement area by some 70%. The new licences are contiguous and highly prospective. After working to secure these licences over a number of years it is personally satisfying to achieve this objective. Further, it demonstrates the strength of our relationships with the regional government as well as reflecting the high regard of our local team with authorities and communities.

We have already submitted drilling permit applications and are looking forward to reporting on the progress of exploring these new licence areas”

New Licences Awarded

The 5 new licences, together termed as the ‘Caborredondo’ licences, (see Figure 1 and Table 1) are for a three year period and can be extended for an additional three years by the Ministry of Industry subject to compliance by filing a report of results of the exploration program.

Formal ratification of the licences will be made following the review of certain supplementary information to be supplied by Variscan, including annual work plans, to the satisfaction of the Government of Cantabria. The award of the licences does not carry a minimum financial spending commitment.

Figure 1. Map of enlarged licence areas including the Caborredondo licences

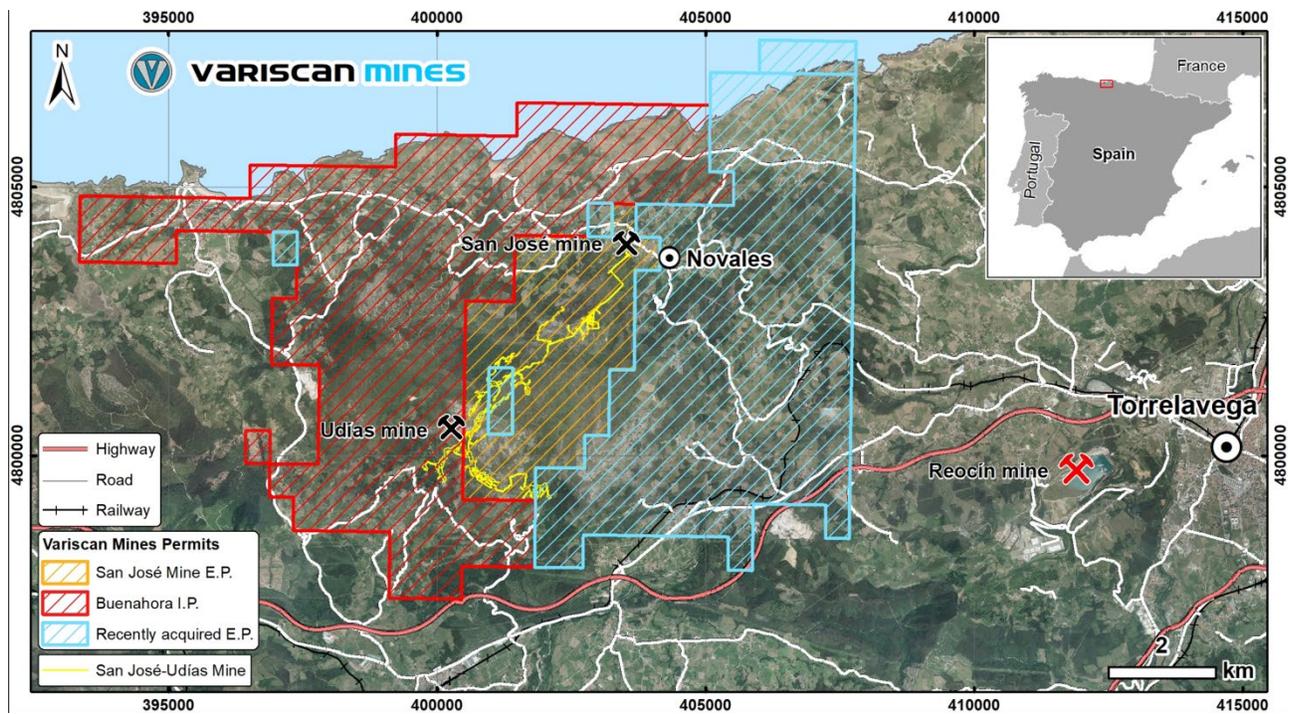


Table 1. Licence areas awarded comprising the Caborredondo Licences

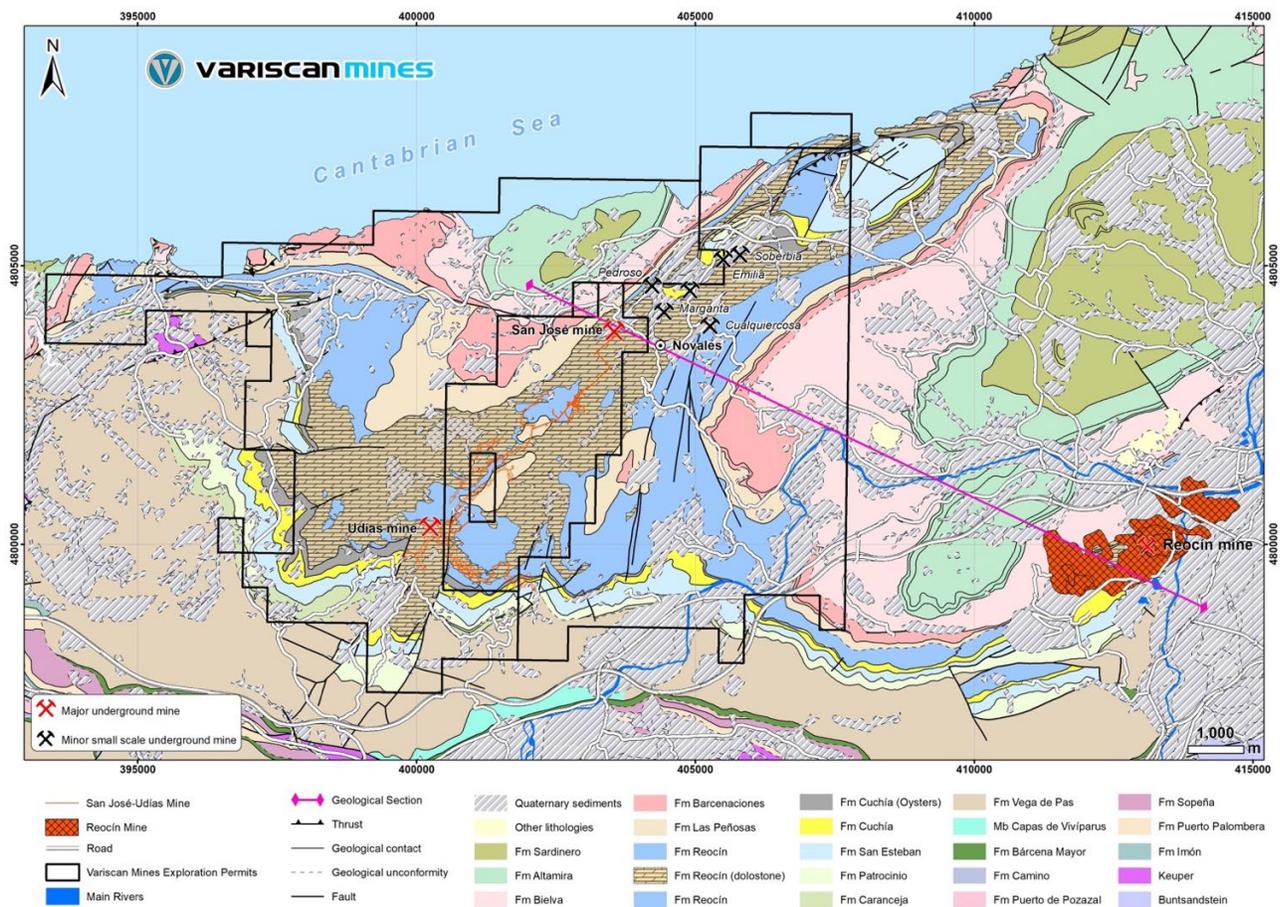
Licence Area	Size (km ²)
Esperanza	34.44
Estela	0.56
Elena	0.28
Candela	1.11
Valeria	0.28
Total	36.66

Geology and Mineralization

The principal geological feature is a wide synclinal structure that characterizes the western end of the Basque-Cantabrian Basin, named the Santillana syncline, striking NE-SW. The Caborredondo Licences cover a significant part of the Santillana syncline, where multiple zinc ore deposits occur. The former producing world-class Reocín Mine is located on the southeast flank of the syncline, whereas the newly gained ground occupies a symmetrical position on the northwest flank of the syncline, where dolomitic alteration and zinc mineralization are well developed in the same Gargasian (Upper Aptian) carbonate beds as found at the nearby Reocín Mine.

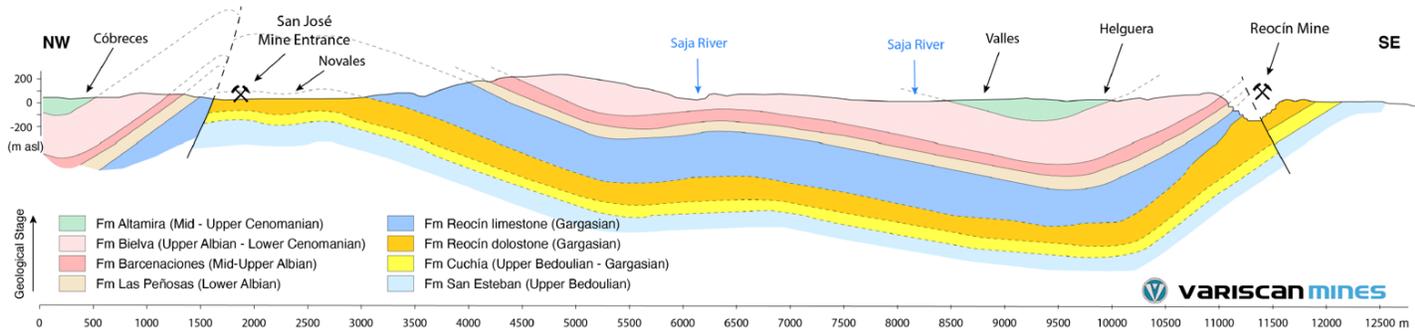
The Reocín deposit is one of the largest known stratabound, carbonate-hosted, zinc-lead deposits in Europe. The total metal endowment of the deposit, including past production and remaining reserves, is c. 87 Mt of ore grading 11 percent Zn and 1 percent Pb. (Velasco, 2003).¹

Figure 2. Map of enlarged licence areas and underlying geology



¹ Velasco, F., Herrero, J.M., Yusta, I., Alonso, J.A., Seebold, I. and Leach, D., (2003) 'Geology and Geochemistry of the Reocín Zinc-Lead Deposit, Basque-Cantabrian Basin, Northern Spain' *Econ. Geol.* v.98, pp. 1371-1396.

Figure 3. Geological cross-section of the Santillana syncline

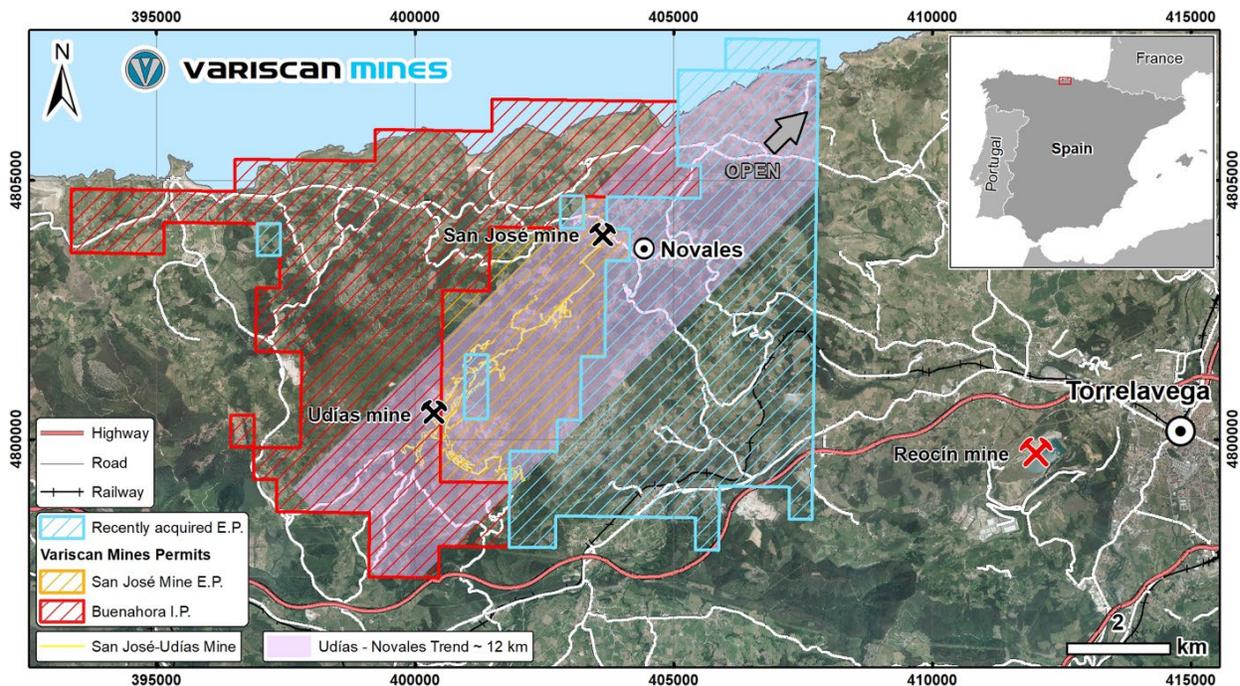


Mineralization in the district consists mainly of sulphides of sphalerite (ZnS), and galena (PbS) with minor amounts of pyrite and / or marcasite. The sphalerite (generally termed as ‘zinc blende’) is clearly dominant in proportion to the rest of sulphides. The blende is the main ore for zinc and occurs in various forms ranging from massive, to crystals of small size, to botryoidal texture and filling fractures, although the most frequent texture is banded.

In terms of exploration, intensely dolomitized carbonate rocks affected by faulting/fracturing are the preferred locations for hosting zinc mineralization and the formation of zinc mineralization. Replacement of host dolomite, open-space filling of fractures, and cementation of breccias derived from dissolution collapse are the principal types of ore occurrence.

New Licence areas extend the Novales-Udias Trend towards NE

Figure 4. Map of enlarged licence areas and extension of Novales Trend to the North-East



The large licence area (34.4km²) to the east (auspiciously named 'Esperanza', i.e., 'hope' in Spanish) has extended the Novales-Udias Trend of zinc mineralization to approximately 12km in length. The Novales-Udias Trend is characterised by the former producing, sizeable San Jose and Udias Mines, as well as numerous historical small-scale mines and workings. The Esperanza licence hosts over a dozen historical small-scale mines and workings and has multiple positive exploration data, whereas the small licence in the centre of the already held San Jose mining licence (named 'Estela') hosts the main shaft of the Udias mine (Pozo Madroño) and some major underground developments of the historical Udias Mine.

De-risked exploration opportunity to scale-up the Novales-Udias Project

The new licence areas have been explored to a limited extent by Asturiana de Zinc in the 1980's. The data uncovered to date indicates there is an opportunity to grow the scale of the tonnage of the Novales-Udias Project.

Historical drilling

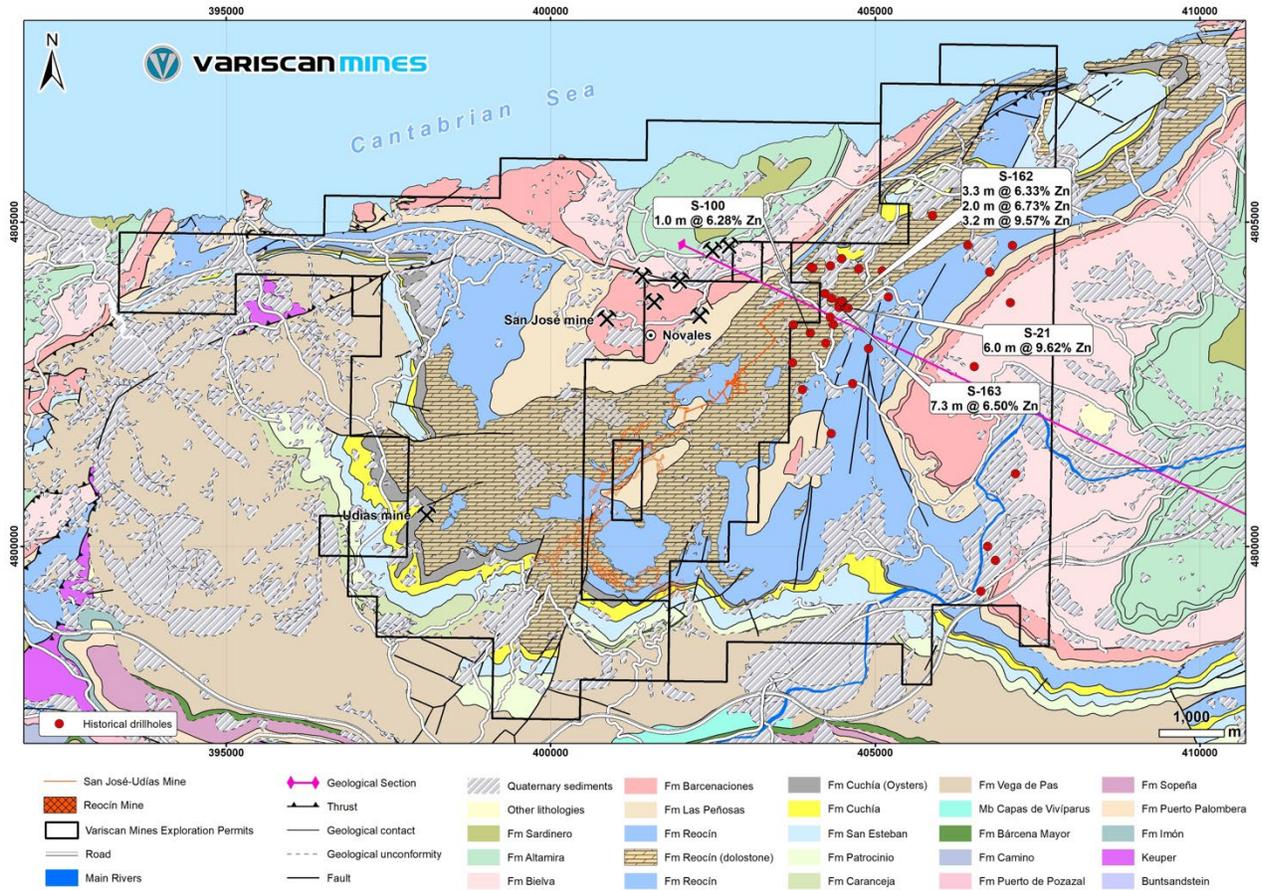
The Variscan exploration team have identified the location of 53 drillholes over the Esperanza licence area (see Figure 5). Early work has confirmed historical drill intercepts over the licence areas that include:

- DDH S-21: 6.0m @ 9.62% Zn
- DDH S-163: 7.3m @ 6.50% Zn
- DDH S-162: 3.2m @ 9.57% Zn
- DDH S-162: 3.3m @ 6.33% Zn
- DDH S-162: 2.0m @ 6.73% Zn
- DDH S-100: 1.0m @ 6.28% Zn

A large amount of regional historical archives, including drillhole data, is currently under review and will be reported as soon as practicable.

It is very clear that the Esperanza licence area hosts the eastern part of the high-zinc-grade Novales Trend, which is open to the north-east, and also that the favourable dolomitic strata on the western limb of the Santillana syncline and dipping east are prime exploration ground for large-scale 'Reocin-type' zinc systems, with all the tell-tale exploration vectoring signs being very encouraging for drilling this area.

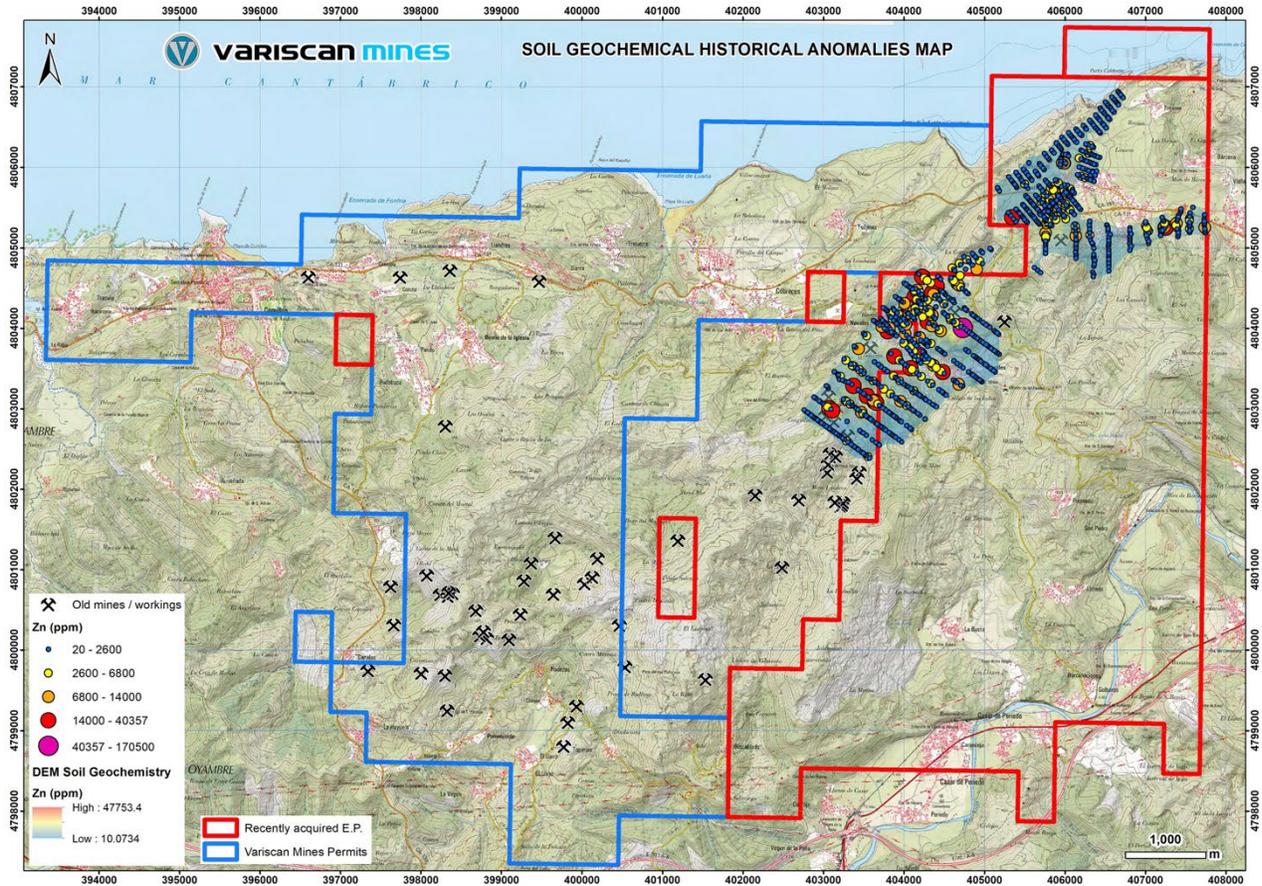
Figure 5. Map of enlarged licence areas and historical drilling over the Esperanza Licence



Geochemistry

Limited geochemical sampling was conducted by Asturiana de Zinc in the 1980s and shows high grade zinc results extending northeast from the area of the San Jose Mine and highlighting the extensive length and width of the Novales Trend as it outcrops on surface (see Figure 6). The more significant zinc anomalies typically range 4,000 – 9,000 ppm Zn (maximum 33,600 ppm Zn) and 380 – 2280 ppm Pb, making for compelling drill targets.

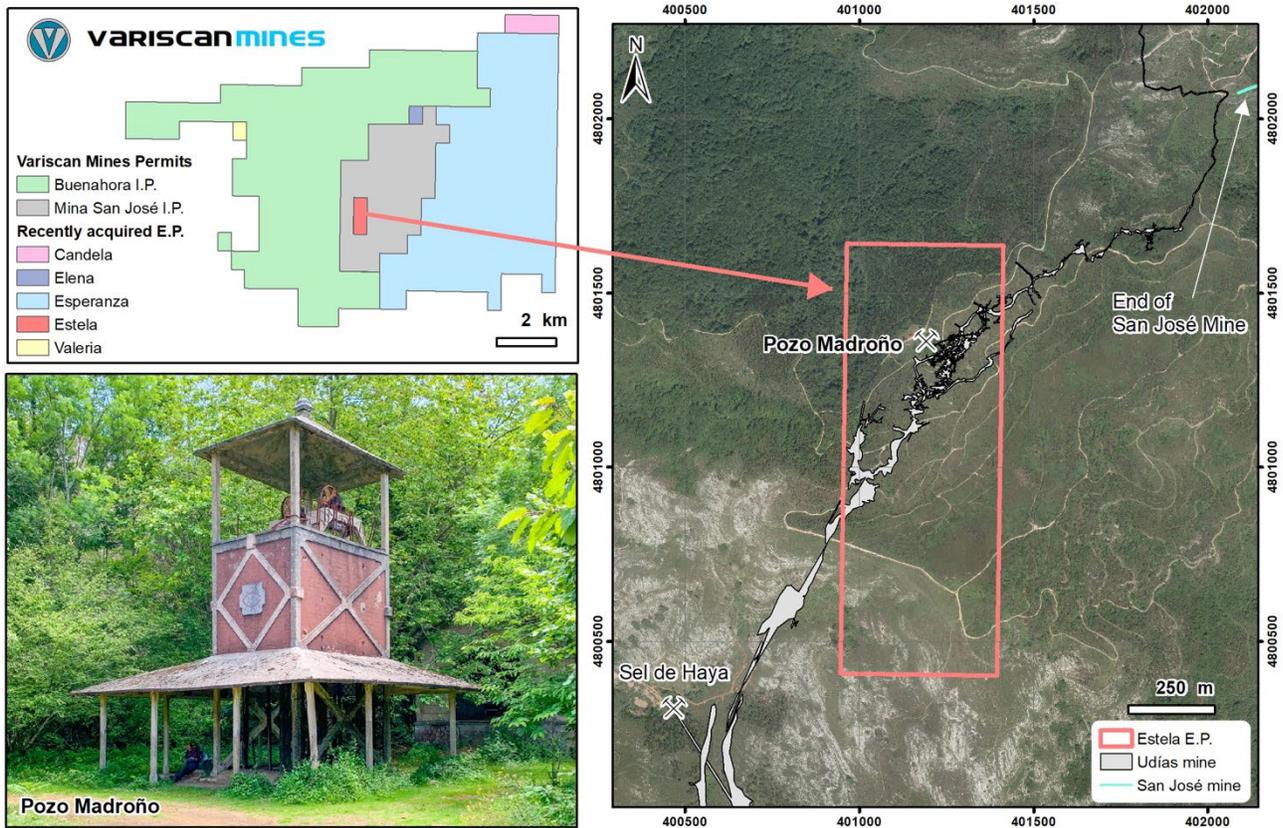
Figure 6. Geochemistry shows continuity from San Jose eastwards into the new Esperanza Licence.



Former mine workings

The new licence areas also host numerous historical near-surface and underground workings for zinc, such as the historical small-scale mines of Margarita, Emilia, Soberbia, Pedroso, Cualquiercosa, and a number of unnamed ones. An area of notable significance is the Estela licence, which hosts the main shaft of the Udias Mine (Pozo Madroño) and some major underground developments in the central part of the historical Udias Mine. The award of this licence infills a previous gap in the San Jose mining licence.

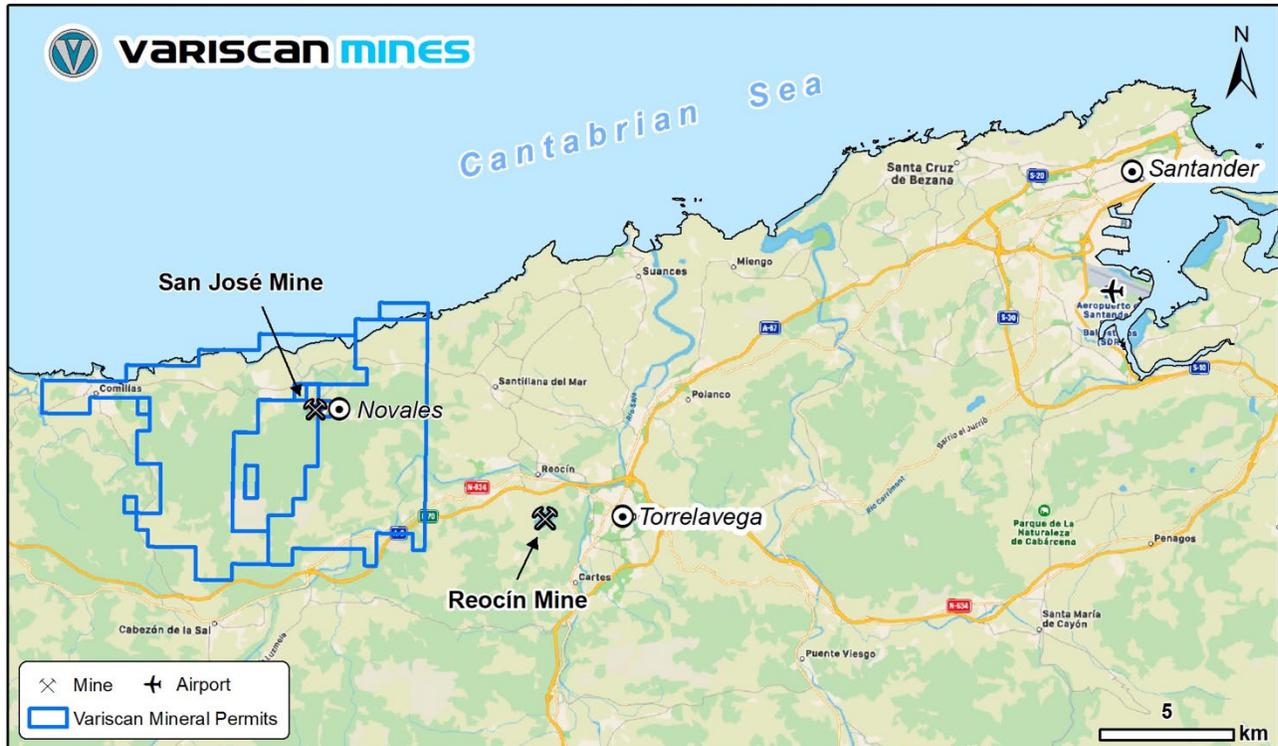
Figure 7. Pozo Madroño shaft, situated in the Estela Licence, as viewed today.



First class regional infrastructure

The enlarged Novales-Udias Project is located in the Cantabria Region, Northern Spain. The Cantabria region is characterized by first world infrastructure including an industrial port and international airport in Santander (less than ~40km from project). There is excellent rail and road network across the region (see Figure 8). Glencore has its "San Juan de la Nieva" zinc smelter in the adjacent region, Asturias, about 170 km by highway to the west.

Figure 8. Map of project areas and regional infrastructure



Next Steps and Way Forward

Variscan continues to deliver on its stated drilling plan and is pleased to confirm that its upscaled underground drilling program will continue well in 2024. Together with a planned surface drilling campaign later in 2024, the objective of delivering a MRE upgrade later this year remains extant.

ENDS

This ASX announcement has been approved by the Board and authorised for issue by Mr Stewart Dickson, Managing Director and CEO, Variscan Mines Limited

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About Variscan Mines Limited (ASX:VAR)

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.

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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 previous 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.

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 Spain² and one of the world's richest MVT deposits³. 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 tenements⁴.

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% Pb^{5,6})
- 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% Zn⁷
- 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% Zn⁸
- Assay results of recent targeted grab samples taken from within the underground Novales Mine recorded 31.83% Zn and 62.3% Pb⁹
- Access and infrastructure all in place
- Local community and government support due to historic mining activity
- Maiden MRE of 1.08 Mt at 9% Zn established in Q4/2023¹⁰

² 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.

³ 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

⁴ Refer to ASX announcement of 29 July 2019

⁵ 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.

⁶ 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.

⁷ These figures have been taken from historical production data from the School of Mines in Torrelavega historical archives.

⁸ Reports of the super high-grade mineralisation are supported with historical production data from the School of Mines in Torrelavega historical archives. (Refer ASX release 29 July 2019)

⁹ Refer to ASX Announcement of 19 December 2020

¹⁰ Refer to ASX Announcement of 27 November 2023

APPENDIX 1

JORC Table 1, Sections 1 and 2

Criteria	JORC Code explanation	Commentary
<p>Sampling techniques</p>	<ul style="list-style-type: none"> Nature and quality of sampling (e.g., cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representativity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public News release. In cases where ‘industry standard’ work has been done this would be relatively simple (e.g., ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g., submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> The data referred to in this report relates to exploration undertaken by mining companies operating in the Project area from the 1950’s to the late 1980’s, namely Asturiana de Zinc Sociedad Anonima (AZSA), formerly known as Real Compania Asturiana de Minas (RCAM). This historical data consists of surface core drilling, of which the paper-format core logs and location maps are held at the School of Mines and Energy Engineering at Torrelavega, a faculty of the University of Cantabria. The details of all available historical drill hole collars and orientations are listed in Appendix 1. Due to the incomplete nature of the historical drill data and records, including procedures, a comment on the sample representativity or calibration of measurement tools or systems used by historical workers cannot be made. Further comments regarding specific components of the historical drilling are provided in subsequent sections of this table. The historical data cannot be considered ‘industry standard’ by modern standards. It has been assumed that the assays are representative of technology available at the time, but no reliance has been put on it. It is understood that most if not all assaying carried out by Asturiana de Zinc Sociedad Anonima / Real Compania Asturiana de Minas (the main historical operators of the project) was carried out at their own laboratory (Laboratorio Central) in Torres, and that the practice of assaying half-core was the general rule. The data referred to in this report also include records of historical geochemical soil sampling conducted in the Project area by Asturiana de Zinc Sociedad Anonima (AZSA) between 1983-85, with zinc and lead assay determinations realized at their own laboratory (Laboratorio Central) in Torres. Again, the paper records are held at the School of Mines and Energy Engineering at Torrelavega, a faculty of the University of Cantabria, and the data cannot be considered ‘industry standard’ by modern standards, with the assays being representative of technology available at the time, however, no reliance has been put on it. The geochemical soil sampling lines were typically spaced 100-250m apart, with the distance between sampling stations being 25m. The depth of sampling varied between 25 and 200cm, and no information on the actual sample size was recorded.
<p>Drilling techniques</p>	<ul style="list-style-type: none"> Drill type (e.g., core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g., core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> The historical surface drilling referred to in this report is understood to be all core drilling. No details of the drilling techniques employed have been identified in the historic data. This includes reference to core diameter(s), core orientation methods, nor down hole survey data. This release refers to 51 historical surface drillholes, only 48 of which have sufficient data to be projected in 3D. These holes consist of 24 vertical, 24 inclined and 3 holes with no azimuth and dip indicated. No records of the type of drill rig used have been identified.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> No records of core recovery have been identified from the historic data so far, however, the review of the archival datafiles is still ongoing and has not been completed yet. Given the absence of core recovery data, it is not possible to assess the potential of a relationship between sample recovery and grade, and reported grades may be subject to either over or underreporting.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> Hardcopy geological logs for the 51 historical surface drillholes are presently in the process of being reviewed and digitized. No geotechnical logs have been identified yet. The drill hole information reported here is not of a sufficient level of detail to support a Mineral Resource Estimation, mining, or metallurgical study. In the absence of detailed data, no comment on whether the logging, where observed, is qualitative or quantitative has been made. No core photography has been identified.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representativity of samples. Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Historical approach to drillcore sampling appears selective, guided by geological observation and no “apparent” waste was sampled. No details of the sub-sampling or sample preparation techniques have been identified from the historic records, and no supporting sampling procedures have been identified. In the absence of this data and other data related to the sub-sampling techniques and sample preparation, no comment on the appropriateness of the sample preparation techniques can be made. No evidence of Quality Control procedures nor results have been identified for the drillcore assaying or for the geochemical soil sampling. This includes evidence of field duplicates or other current industry standard quality control procedures, such as Certified Reference Materials and blanks. In the absence of sample size data for both drillcore assaying and geochemical soil sampling, no comment on whether the sample size is appropriate to the grain size of the sampled material has been made.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including 	<ul style="list-style-type: none"> No descriptions of the assaying and laboratory procedures used have been found. It is unknown whether the techniques used were partial or total. No descriptions of quality control procedures adopted by the laboratory, nor any results of any related Quality Control data, has been identified. No comment can be made on whether acceptable accuracy or precision of results has been established.

Criteria	JORC Code explanation	Commentary
	<p><i>instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></p> <ul style="list-style-type: none"> • <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	
Verification of sampling and assaying	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • Due to the historic nature of the results reported, it has not been possible to verify significant intersections. It is not known whether verification of intersections was undertaken by previous operators at the time of drilling. No remaining core from these programmes have been identified to date, however investigations are ongoing. • The historic data does not include any twinned holes. It is understood that Variscan may consider twinning historic drill holes as part of the company's upcoming exploration plans. • No documentation or records of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols have been identified. • Historic records consist largely of paper-format drill hole and soil geochemistry summaries. Variscan is in the process of transferring this data to an industry standard drill hole / geochemistry database during the ongoing exploration of the project. • Given the absence of detailed historical information relating to the assay data, no adjustment to the assay data has been made. Variscan have no reason to disbelieve the data as presented in the historical logs, however, they understand the limitations of the data for use in reliable and classified mineral resource estimations going forward until assay verification has been achieved to a satisfactory standard.
Location of data points	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> • The method of recording collar coordinates by the historic operating companies has not been identified. It is noted that much of the drilling was undertaken prior to the ubiquitous use of modern GPS by industry. The accuracy of reported drill hole collars has not been determined. • Collar coordinates relating to the historic drill holes reported were identified in a local grid and transformed to the European Terrestrial Reference System 1989 (ETRS89), an earth-centre, earth-fixed geodetic Cartesian reference frame for GIS work. Thus, 2D maps (Figures) used in this report have been made with ETRS89. • The quality and adequacy of the topographic control on the location of collar points has not been assessed. Collation and cross-reference of historic map, level plan and log/tabular hardcopy datasets show a reasonable degree of relative geospatial correlation.
Data spacing and distribution	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish</i> 	<ul style="list-style-type: none"> • The surface diamond drilling referred to in this news release was drilled downward from drill pads duly prepared on the surface, either vertically or as inclined drill holes. The surface drill holes are not located in a grid pattern, and it is believed that many

Criteria	JORC Code explanation	Commentary
	<p><i>the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></p> <ul style="list-style-type: none"> • <i>Whether sample compositing has been applied.</i> 	<p>historical drill holes were placed based on accessibility of the drill sites.</p> <ul style="list-style-type: none"> • An assessment of the data spacing with regard to its use in the estimation of a Mineral Resource or Ore Reserve has not been made, as the quality of the drill hole data precludes its use for these estimations. • It is not known whether sample compositing was applied.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> • Mineralisation at the project has been reported as following subvertical structures and more commonly as stratiform, sub horizontal and lenticular with lateral and vertical bleeding. Some mineralisation has been reported as faulted and fractured, with a significant influence with the development of karsts. Mineralisation in this setting presents as stacked lenses. Due to the irregular and or variable nature of the mineralisation, an estimated of potential bias through orientation of sampling has not been made. • It is unknown if the core sampling in the historic campaigns will have introduced a significant bias. • While the location of mineralisation centres on the Novales-Udias trend follows a broad NE strike, the orientation of distinct orebodies on this trend is understood to be variable both in terms of strike and dip. Surface drilling is often vertical and/or dipping steeply and no comment can be made on the orientation of drilling in respect of mineralisation orientation.
Sample security	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • No records relating to the sample security have been identified.
Audits or reviews	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • No audits or reviews of the sampling techniques and data have been undertaken for the historical records, which are still in the process of review and digitisation.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> • <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> • <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<ul style="list-style-type: none"> • The five exploration permits collectively termed as “Caborredondo” and referred to in this news release are in the process of being awarded to Variscan Mines, conditional on submitting a satisfactory exploration program proposal. • The fees for the granting of these five exploration permits have been paid. • The author is not aware, at the time of writing this, of any environmental or social license issues that could affect ongoing works within these licences.
Exploration done by other parties	<ul style="list-style-type: none"> • <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> • The data referred to in this report relates to exploration undertaken by mining companies operating in the Project area from the 1950’s to the late 1980’s, namely Asturiana de Zinc Sociedad Anonima (AZSA), formerly known as Real Compania Asturiana de Minas (RCAM).

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> This historical data in paper format are held at the School of Mines and Energy Engineering at Torrelavega, a faculty of the University of Cantabria.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The mineralisation at the project is considered textbook Mississippi Valley Type Lead-Zinc type with associated structural- and stratigraphy-controlled carbonate dissolution and replacement Lead-Zinc type sulphide mineralisation, where Zinc strongly predominates over Lead. Mineralisation at the project occurs as stratiform, sub-horizontal and lenticular, following sub-vertical trends, and with lateral and vertical extensions, with a significant control by steeply-dipping feeder faults. Mineralisation in this setting presents as 'stacked' sub-horizontal lenses.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the news release, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> The historic surface drilling data relates to 51 drill holes drilled between the early 1950s and late 1980s. However, there may be more data that has not been located yet. Collar information (easting, northing, elevation, dip, azimuth, EOH) for the 51 drill holes reported is detailed in Appendix 1. Collar information is detailed as it has been identified in historic records. No records of specific gravity or density measurements have been identified. Downhole data are currently in the process of being retrieved from the archives, reviewed and digitised.
Data aggregation methods	<p><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated</i></p> <ul style="list-style-type: none"> Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> Historical assay data for the drillholes referred to herein will be reported in a subsequent news release, as they are still being retrieved from the archives, reviewed, and digitised. The aggregated intersections stated in this news release relate to drillhole locations that are spatially quite close to the historical San Jose mine, and that have already been reported in previous news releases of the Company. These aggregated intersections have been calculated as a weighted average based on the sample lengths. No metal equivalent grades have been stated.
Relationship between	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of 	<ul style="list-style-type: none"> Due to the irregular form of the mineralisation style which can range from horizontal and gently dipping stratiform

Criteria	JORC Code explanation	Commentary
mineralisation widths and intercept lengths	<p>Exploration Results.</p> <ul style="list-style-type: none"> • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<p>mineralisation to subvertical, structurally-controlled mineralisation, and the absence (or records) of orientated core, true widths cannot be reported for the historic drilling.</p> <ul style="list-style-type: none"> • The complete assay data for drillholes for the "Caborredondo" group of mineral permits will be reported in a subsequent news release, as they are still being retrieved from the archives, reviewed, and digitised.
Diagrams	<ul style="list-style-type: none"> • Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> • The information in this news release does not refer to a new discovery; however, maps and figures have been included to illustrate the location of five new mineral permits that are in the process of being awarded to the Company, as well as the historical drillholes referenced in this news release.
Balanced reporting	<ul style="list-style-type: none"> • Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> • All drill hole collar data relating to the 51 surface drill holes reported here are tabulated in Appendix 1.
Other substantive exploration data	<ul style="list-style-type: none"> • Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> • This report relates primarily to the five new mineral permits that are in the process of being awarded to the Company, and the details of historical drilling programs carried out on these permits are still in the process of being retrieved from the archives, reviewed, and digitised.
Further work	<ul style="list-style-type: none"> • The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> • Variscan have exploration plans to advance the Novales-Udias Project. These exploration plans include: <ul style="list-style-type: none"> ○ Drilling campaign from surface to test step out extensions from the San Jose mine, as well as further compelling drill targets identified from historical or Variscan surface drilling. ○ Ongoing underground drilling campaign at the San Jose mine to test: <ul style="list-style-type: none"> ○ Extensions of mineralised lenses ○ vertical extensions ○ new lower lying lenses ○ infill mineralised lenses ○ Upgrade of the JORC-compliant maiden mineral resource estimate for the San Jose mine and surrounding areas.

Appendix 2: Table of Underground Drillhole Collar Co-ordinates and Orientations of Drillholes Presented in this News Release

HOLE ID	X	Y	Z (m a.s.l.)	LENGTH (m)	AZIMUTH	DIP
S II	401049,0065	4801161,942	272,00	40,00	n.a.	-90
S III	401270,7327	4801430,595	271,00	206,00	n.a.	-90
PS-2	401244,755	4801099,081	322,99	311,00	n.a.	-90
S-9	404313,002	4804327,719	31,90	203,00	128	-45
S-10	404313,002	4804327,719	31,90	74,00	n.a.	-90
S-11	404313,002	4804327,719	31,90	116,00	308	-51
S-12	404227,915	4803896,490	37,98	260,00	308	-45
S-13	404227,915	4803896,490	37,98	144,00	n.a.	-90
S-14	404227,915	4803896,490	37,98	184,00	308	-45
S-15	404482,582	4804436,851	44,00	87,00	n.a.	-90
S-16	404482,582	4804436,851	44,00	55,00	308	-51
S-17	404482,582	4804436,851	44,00	103,00	128	-51
S-18	404723,576	4804318,141	53,00	147,00	308	-45
S-19	404723,576	4804318,141	53,00	219,00	128	-45
S-20	404723,576	4804318,141	53,00	174,00	n.a.	-90
S-21	404584,412	4803673,601	52,16	275,00	308	-45
S-22	404584,412	4803673,601	52,16	193,00	128	-45
S-23	404584,412	4803673,601	52,16	166,00	n.a.	-90
S-24	404449,924	4803767,383	65,06	227,00	128	-45
S-25	404449,924	4803767,383	65,06	134,00	n.a.	-90
S-26	404333,705	4803825,936	61,97	226,00	n.a.	-90
S-100	404003,359	4803295,233	93,32	223,00	n.a.	-90
S-100A	404003,359	4803295,233	93,32	190,00	321	-45
S-100B	404003,359	4803295,233	93,32	231,00	141	-45
S-106-EXT	404240,373	4803134,975	52,83	128,00	n.a.	-90
S-108	404308,610	4803537,142	42,36	unknown	n.a.	-90
S-109	404357,902	4803423,345	48,23	unknown	n.a.	-90
S-113	403740,803	4803416,819	60,03	104,00	n.a.	-90
S-114-EXT	403740,803	4803416,819	60,03	107,00	90	-45
S-115-EXT	403740,803	4803416,819	60,03	174,00	270	-45
S-143-EXT	403884,420	4802418,984	162,90	244,00	n.a.	-90
S-144	403730,018	4802834,513	155,49	290,00	n.a.	-90
S-145-EXT	404326,804	4801741,650	237,75	248,00	n.a.	-90
S-146	404654,888	4802512,118	160,10	210,00	n.a.	-90
S-147	404901,039	4803049,250	130,45	197,00	n.a.	-90
S-148 (PA)	406429,752	4804642,507	74,03	259,00	n.a.	-90
S-149 (PE)	405886,032	4805098,914	142,50	139,00	n.a.	-90
S-150	405112,108	4804245,630	135,61	224,00	unknown	unknown
S-153	405207,031	4803846,838	69,96	160,00	unknown	unknown
S-154-EXT	404014,812	4804304,699	38,04	139,50	116	-45
S-155-EXT	404041,403	4804295,174	39,42	123,00	116	-45
S-159	404500,958	4803775,253	67,94	93,00	125	-45
S-160	404500,958	4803775,253	67,94	133,00	125	-45

HOLE ID	X	Y	Z (m a.s.l.)	LENGTH (m)	AZIMUTH	DIP
S-161	404446,091	4803686,155	56,19	233,00	70	-48
S-162-EXT	404446,091	4803686,155	56,19	190,50	130	-30
S-163-EXT	404446,091	4803686,155	56,19	201,00	135	-35
S-164-EXT	404442,492	4803687,118	56,25	199,50	140	-28,7
S-564	406518,570	4802763,610	269,62	532,65	n.a.	-90
S-566	407084,620	4803747,510	261,54	483,80	n.a.	-90
S.P-6	404469,698	4803693,973	66,05	unknown	unknown	unknown
CBC-1	403711,584	4804234,669	57,74	216,00	170	-70