



ASX Code: VAR  
 ACN: 003 254 395  
 Issued Shares: 1,271m  
 Unlisted Options: 595.8M  
 Cash Balance: \$1.1M  
 Listed Investments (at 31 March 2019): \$0.62M

**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%

**Head Office**

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**Highlights**

- ✔ Rosario project mapping and geological fieldwork completed
- ✔ Awaiting results of recent rock chip and grab sampling field work
- ✔ Renegotiating the terms of the Rosario acquisition agreement with vendors
- ✔ Continuing corporate development and evaluation activities to potentially acquire additional projects.

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

*“We have continued with our exploration work at Rosario. As a result, we have improved our geological understanding of the project and look forward to forthcoming assay results.*

*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**

During the quarter, Variscan completed surface mapping and sampling programs (refer ASX release 29 April 2019).

Copper mineralisation at the Rosario Prospect is assessed to be related to the up flow of fluids along the NNW Mantos Gruesos Fault zone in probable mesothermal conditions and lateral inflow of the mineralizing solutions into permeable layers of the Mantos Gruesos unit.

Oxide mineralisation also was transported into a secondary NW trending fault system. The lack of intense pyritization and the overall alteration characteristics indicates low sulphidation and suggest that the primary ore is made up mainly by copper sulphides. Copper mineralisation is hosted in the calcite infill of the main structure with thicknesses up to 20 m and in permeable strata in contact with this structure. In Northern Chile, this type of mineralized structures is common in the peripheries of intrusion related ore bodies and can constitute interesting targets for Cu-Ag or Cu-Au mineralisation.

## *Lithology*

At the Rosario Prospect as a result of soft reliefs and pediplanes most of the E and NW parts of the area are covered by modern regolith and polymictic gravel deposits assigned to the Atacama Gravel Unit.

The lithology comprises basically volcanic and volcano sedimentary rocks, belonging to the Llanta Formation (Lower Cretaceous) and to the Mantos Gruesos sequence (Cretaceous - Paleocene). This units show a N020° structural contact defined by the Mantos Gruesos Fault were the hanging wall consist of andesites from the Mantos Gruesos unit in contact with clastic and volcanoclastic rocks from the Llanta unit.

Lower Cretacic rocks comprised mainly amygdaloid and porphyritic andesites and are distributed to the East of the Mantos Gruesos Fault. No significant mineralisation has been observed in this unit, alteration is restricted to silica- epidote-calcite in voids.

Upper Cretacic – Paleocene units consist on andesites, volcanic breccias and sandstones that were integrated as different sub units within the Mantos Gruesos sequence. These rocks show altered levels with Chlorite-Epidote alteration which is apparently controlled by the flow of fluids through regional fault systems in which the Mantos Gruesos system plays a predominant role.

The only intrusive identified so far consist on a dioritic porphyry that is roughly elongated parallel to the Mantos Gruesos fault zone and is supposed to be of Oligocene age. No significant alteration or mineralisation is associated to this unit

Observed mineralisation comprises chrysocolla, minor brochantite and “almagres”, no primary or secondary copper sulfides were identified. It is hosted in the calcite infill of the Mantos Gruesos fault that can reach up to 20 m, and in the NW structures close to the intersection with the MGF. The small mines that are in the area are located at the crossings of these two structural systems were the mineralisation is hosted in the calcite and as coatings in fractures. In the central north part of the area copper oxides in volcanic sedimentary horizons (manto type) were observed in the Mantos Gruesos unit away from the main structural zone, indicating that the mineralisation fluids flowed out of the fault channel into permeable volcanic-sedimentary layers.

## *Geological structures*

The major structures in the area define larger blocks of NNW orientation that define the topography and the distribution of the outcrops of the different lithological units. The main structure is the NNW/70°-80° NE trending Mantos Gruesos Fault that runs parallel to the creek, along the Los Ochenta fault, about 600 m to 800 m to the west. The distribution of the lithological units suggest that the blocks are sequentially elevated towards the east. A second NW trending system is related to the Sierra Castillo Fault system. No cinematic relation between both systems was observed. The Mantos Gruesos Fault surface expression is a vein of Calcite and Calcite Silica breccia that host most of the observed mineralisation.

**Figure 1. Rosario Project Structural Map**



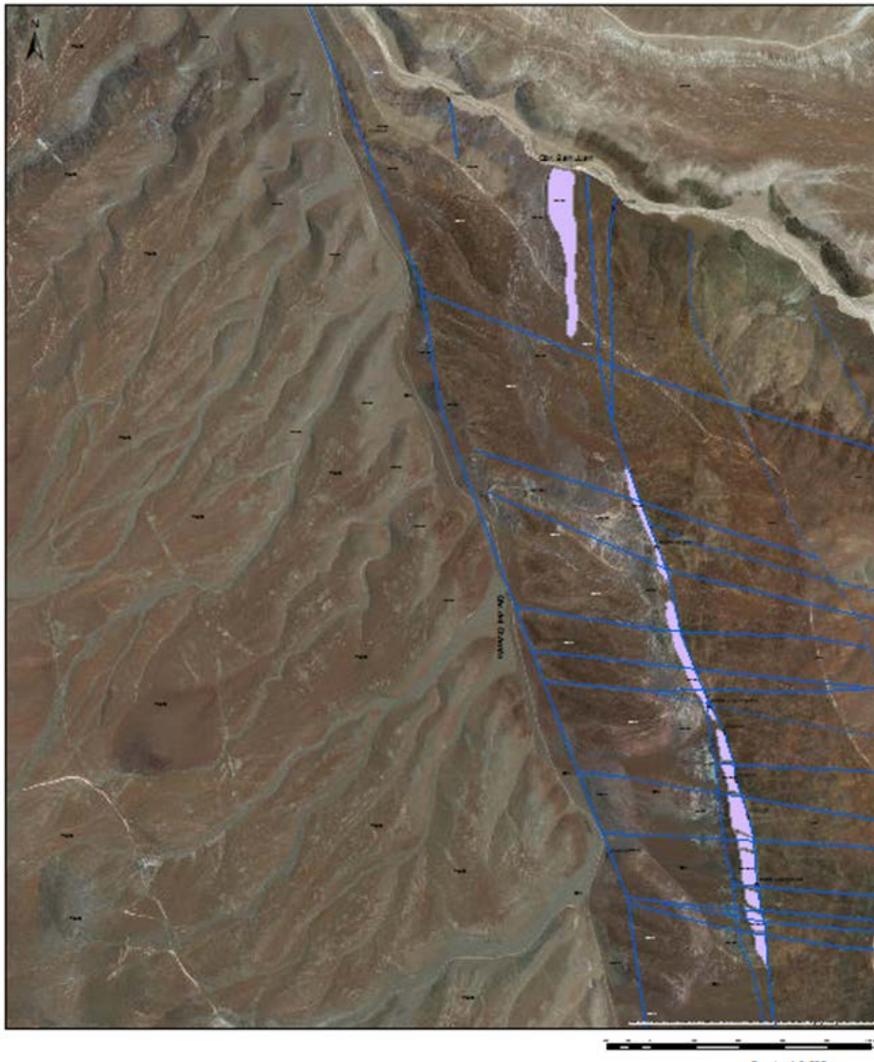
### *Alteration*

Alteration is reduced to silica-epidote – Calcite in voids and chlorite – epidote in andesites, volcanic breccias and sandstones, in voids and invading apparently more permeable layers. Reported Magnetite in andesites should be of syngenetic origin but some could be related to the intrusion of the dioritic porphyry. The most important hydrothermal evidence seen and registered is the infill of calcite within the fault of the Mantos Hermoso zone and the NW structures on the intersections, where the most important feeders of mineralised zones are located.

### *Mineralisation*

Observed mineralisation comprises chrysocolla, minor brochantite and “almagres”, no primary or secondary copper sulfides were identified. It is hosted in the calcite infill of the Mantos Gruesos fault that can reach up to 20 m, and in the NW structures close to the intersection with the MGF. The small mines that are in the area are located at the crossings of these two structural systems where the mineralisation is hosted in the calcite and as coatings in fractures. In the central north part of the area copper oxides in volcanic sedimentary horizons (manto-type) were observed in the Mantos Gruesos unit away from the main structural zone, indicating that the mineralisation fluids flowed out of the fault channel into permeable volcanic-sedimentary layers.

**Figure 2. Rosario Project Mineralisation Map**



#### *Geochemistry / Rock Chip Samples*

Some 98 new rock chip samples have been obtained from outcrops, existing trenches and small mine pits. These samples taken during the fieldwork have been sent to ALS in La Serena and the results are expected by mid-May 2019.

#### **Amendment to existing Option Agreement**

The Company is in discussions with the Chilean vendors of the Rosario Project to amend the existing Option Agreement. Definitive documents are being finalised and the material terms will be announced as soon as practicable.

## Next steps & future exploration activities

Varsican plans to further exploration work to confirm quality drill targets. Simultaneously the Company continues with its search and selection of high quality complementary base metals projects.

## 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 globally.

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 3. 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.

## **FRANCE**

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. The Company anticipates further updates will be made in the coming period.

## **AUSTRALIA**

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

## **CORPORATE DEVELOPMENT**

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

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

The Board expect to make further announcements in due course.

## **Financial & Corporate**

### **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. Cash outflows from operating activities have reduced by 55% compared to the same period last year.

Cash at bank at 31 March was \$1.10 million.

### **Investments**

Variscan still holds a significant investment of 18,100,000 shares 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 March, the value of the shareholding was approximately \$0.62 million.

### **Share Capital**

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](mailto: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 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(62)	(182)
(b) development	-	-
(c) production	-	-
(d) staff costs (excludes direct exploration salaries)	(52)	(431)
(e) administration and corporate costs	(49)	(274)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	19
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	-	21
- Tenement security deposits refunded/(paid)	-	-
- Rental bond refund	-	6
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(160)</b>	<b>(841)</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>2. Cash flows from investing activities</b>	-	-
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)
<b>2.6 Net cash from / (used in) investing activities</b>	-	<b>(64)</b>

<b>3. Cash flows from financing activities</b>		
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	-	<b>(22)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	1,256	2,020
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(160)	(841)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
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
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,096</b>	<b>1,096</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	1,096	103
5.2 Call deposits and foreign currency equivalents	-	1,153
5.3 Bank overdrafts	-	-
5.4 Other – term deposits	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,096</b>	<b>1,256</b>

**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

<b>Current quarter \$A'000</b>
106
-

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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<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Exploration and evaluation	100
9.2	Development	-
9.3	Production	-
9.4	Staff costs (excludes direct exploration salaries)	50
9.5	Administration and corporate costs	50
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>200</b>

**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: 30 April 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
<b>NEW SOUTH WALES</b>			
<b>Broken Hill</b>			
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
<b>Lachlan Fold Belt</b>			
Woodlawn South	ELs 7257 and 7469	0%	Royalty interest only
<b>SOUTH AUSTRALIA</b>			
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%
<b>FRANCE</b>			
St Pierre	PER	100%	
Merleac	PER	100%	
Beaulieu	PER	100%	
Loc Envel	PER	100%	
Silfiac	PER	100%	
<b>CHILE</b>			
<b>Rosario</b>			
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 receive a response. The timetable for the completion of the relinquishment process is unknown.

**Mining exploration entity and oil and gas exploration entity quarterly report**

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.