

## 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 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(24)	(32)
(b) development	-	-
(c) production	-	-
(d) staff costs (excludes direct exploration salaries)	(146)	(248)
(e) administration and corporate costs	(178)	(265)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(348)</b>	<b>(545)</b>

<b>2. Cash flows from investing activities</b>	-	-
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	(594)	(707)
(c) investments	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
(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	4	4
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(590)</b>	<b>(703)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	2,517	3,092
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	(149)	(149)
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>2,368</b>	<b>2,943</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	1,213	947
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(348)	(545)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(590)	(703)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,368	2,943

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,643</b>	<b>2,643</b>

<b>5.</b>	<b>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	2,643	1,213
5.2	Call deposits and foreign currency equivalents	-	-
5.3	Bank overdrafts	-	-
5.4	Other – term deposits	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,643</b>	<b>1,213</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>
146
-

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

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

- 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

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

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<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	750
9.2 Development	-
9.3 Production	-
9.4 Staff costs (excludes direct exploration salaries)	100
9.5 Administration and corporate costs	120
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>970</b>

<b>10.</b>	<b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	None			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Refer to interests listed in the table below under "SPAIN"			

**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 2020

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.

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Tenement	Tenement No.	Interest	Joint Venture Details
<b>SPAIN – Note 5</b>			
<u>Cantabria</u>			
Buenahora Fraction 1	IP 16.662-01	100%	
Buenahora Fraction 2	IP 16.662-02	100%	
San José	EC 94	100%	
La Torra	EC 512	100%	
Tres Amigos	EC 1565	100%	
Torpeza	EC 2557	100%	
Andrea	EC5220	100%	
Andrea-demásía a	EC5374	100%	
Es	EC8049	100%	
Dudosa	EC8165	100%	
Cargadoiro	EC11589	100%	
Tres amigos-demásía a	EC11594	100%	
Flor del pueblo	EC12942	100%	
Torpeza-demásía a	EC12952	100%	
Torpeza-3ª demásía a	EC13079	100%	
Torpeza-2ª demásía a	EC13080	100%	
Flor del pueblo-demásía a	EC13154	100%	
Dudosa-demásía a	EC13170	100%	
Andrea-3ª demásía a	EC13175	100%	
Andrea-2ª demásía a	EC13176	100%	
Cargadoiro-demásía a	EC13260	100%	
Ampliación a Matilde	EC13641	100%	
Aumentada	EC14238	100%	
Campitos	EC14554	100%	
Campitos-demásía a	EC14640	100%	
Carmenchu	EC14945	100%	
Amelita	EC14949	100%	
Eloísa	EC14947	100%	
Ampliación a Matilde-demásía a	EC14948	100%	
Cargadoiro 2	EC14954	100%	
Amelita-demásía a	EC14979	100%	
Carmenchu-demásía a	EC14980	100%	
Eloísa-demásía a	EC14981	100%	
Carmenchu-2ª demásía a	EC14982	100%	
6º Aumento a porvenir	EC15672	100%	
Ampliación a Matilde-demásía a	EC13641-10	100%	
Campitos-segunda demásía a	EC14554-20	100%	
Cargadoiro 2- demásía a	EC14954-10	100%	
Carmenchu-tercera demásía a	EC14980-30	100%	
6º Aumento a porvenir-demásía a	EC15672-10	100%	
Torpeza-tercera demásía a	EC2557-30	100%	
<u>Toledo</u>			
Guajaraz	IP 4.203	100%	

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Tenement	Tenement No.	Interest	Joint Venture Details
<b>CHILE</b>			
<b>Rosario</b>			
Rosario 6 1-40	0310259624	10.4%	Note 4
Rosario 7 1-60	0310259632	10.4%	Note 4
Rosario 101	03102N2229	10.4%	Note 4
Salvadora	0310231355	10.4%	Note 4
Abandonara	0310248487	10.4%	Note 4
<b>NEW SOUTH WALES</b>			
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
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%	
Beaulieu	PER	100%	

EL = Exploration Licence

PER = Permis Exclusif de Recherche (France)

IP = Investigation Permit (Spain)

EC = Exploration Concession (Spain)

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.

Note 4: On 1 July 2019 the Company announced it had successfully renegotiated the terms of the existing Option Agreement to provide the Company with a participating interest of 10.4%. The Company can earn up to 90% of the project through payment of amounts totaling approximately US\$2.25 million.

Note 5: All Spanish Permits and Concessions were acquired during the December 2019 quarter.