



VARISCAN BOARD & STAFF TO REDUCE CASH COMPENSATION DURING COVID-19 CRISIS

Variscan Mines Limited ("**Variscan**" or the "**Company**" or the "**Group**") (ASX:VAR) advises that in response to the COVID-19 pandemic, the directors of Variscan have agreed to have their cash compensation reduced by 40 per cent for a minimum period of 3 months and a maximum of up to 6 months, with effect from 1 May 2020. These measures will be reviewed at the beginning of July 2020.

Directors will consider proposals for their deferred fees for the period to be partially or wholly satisfied by the issue of equity compensation. Details of any proposed equity compensation shall be provided in due course once finalised and will be subject to shareholder approval. Local staff in Spain have agreed to restructure their employment terms and the Company has also elected to reduce the fees or terminate the engagement of a number of its consultants and contract personnel.

These measures are to ensure the Company can preserve its financial position and ensure it emerges from the COVID-19 crisis well-funded and ready to maximise exploration expenditure once field activities are recommenced.

Stewart Dickson, CEO of Variscan Mines, commented:

'This is a pragmatic step by the Directors and staff of Variscan. We all strongly believe in the exciting merits of our zinc projects in Spain and are prepared to personally reaffirm that commitment by deferring cash compensation. We are all committed to doing the right thing and continually align ourselves with shareholders and stakeholders. Following on from the very valuable dataset of historical drilling results over 39,000m that we have collated, we are ready and able to commence field exploration once it is safe and sensible to do so'.

Project Summary

The Novales-Udias Project is located in the Basque-Cantabrian Basin, some 30km south west from the regional capital, Santander. The advanced zinc project is centred around the former producing Novales underground mine with a large surrounding area of exploration opportunities which include zinc soil anomalies over 2km long and close to 1km wide and up to 17% Zn. Significantly, the Novales-Udias Project includes a number of granted mining tenements (refer ASX announcement dated 29 July 2019).

¹*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% Pb¹²)

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: in Econ. Geol. v.98, pp. 1371-1396.

² 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.

- Novales Mine is within trucking distance (~ 80km) from the Asturias zinc smelter
- Classic MVT carbonate hosted Zn-Pb deposits
- Historic production of high-grade zinc; average grade reported as ~7% Zn³
- Simple mineralogy of sphalerite – galena – calamine
- Ore is strata-bound, epigenetic, lenticular and sub-horizontal
- Reported historic production of super high grade ‘bolsas’ (ore bags) commonly 10-20% Zn and in some instances +30% Zn⁴
- Assay results of recent targeted samples taken from within the underground Novales Mine recorded 31.83% Zn and 62.3% Pb⁵
- Assay results of new samples taken over the licence area recorded⁵:
 - 33.16% Zn and 12.25% Pb at former workings near Brinia
 - 32.85% Zn and 7.69% Pb within the Motilos-Magdalena areas
 - 21.3% Zn and 3.85% Pb at former workings near Mina de Duña
- Dataset of historical surface and underground drilling results over 39,000m collated⁶
- Access and infrastructure all in place
- Local community and government support due to historic mining activity

ENDS

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

Notes

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.

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.

Competent Person Statement

Where the Company refers to the previous ASX Announcements relating to the Novales-Udias Project, and the historic exploration results and production data 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 that market announcement.

³ Anecdotal evidence from original Novales miners interviewed during the WAI Due Diligence supported with historical production data from the School of Mines in Torrelavega historical archives.

⁴ Anecdotal evidence from original Novales miners interviewed during the WAI Due Diligence.

⁵ Refer to ASX Announcement of 19 December 2019

⁶ Refer to ASX Announcements of 01 April 2020, 16 March 2020 and 3 March 2020