QUARTERLY REPORT - JUNE 2020

ASX Code: VAR
ACN: 003 254 395
Issued Shares: 210m
Listed Options: 29.6M
Unlisted Options: 1m

At 30 Jun 2020
Cash Balance: $2.15M
Listed Investments: $0.40M

Directors
Dr Foo Fatt Kah
Stewart Dickson
Michael Moore
Simon Fyfe

Company Secretary
Mark Pitts

Top Shareholders
Slipstream Resources Investments Pty Ltd
Citicorp Nominees Pty Limited
Delphi Untemehmensberatung
Effective Investments Pty Ltd
SL Hisbanibal
Lightning Jack Pty Ltd
Wainidiva Pty Ltd

Top 20 Shareholders: 61.0%

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HIGHLIGHTS

- **Work progressed to exploit the 2-fold opportunity at the Novales-Udias Zinc project**
- **Underground historical drilling data from 66 drill-holes for a total of over 5,000m from the Novales-Andrea underground mine collated and projected**
- **Significant high-grade zinc intercepts at Novales, such as [1]:**
  - **21.60m @ 22.40 % Zn from 29.00m — Hole ID 178-240/100**
  - **3.60m @ 23.90 % Zn from 28.30m — Hole ID 178-240/72**
  - **2.20m @ 36.15 % Zn from 21.80m — Hole ID 178-340/50**
  - **3.50m @ 21.59 % Zn from 58.50m — Hole ID 177-9SE-97/80**
  - **3.00m @ 20.40 % Zn from 0.00m — Hole ID 397**
  - **2.50m @ 24.46 % Zn from 28.00m — Hole ID 177-23E-6S-234/65**
  - **2.25m @ 21.94 % Zn from 61.25m — Hole ID 177-7SE-240/50**
  - **1.90m @ 25.12 % Zn from 59.50m — Hole ID 177-9E-191/50**
  - **1.80m @ 22.35 % Zn from 19.50m — Hole ID 178-40/50**
- **Restrictions due to COVID-19 in Spain lifted, allowing work to recommence**
- **3D Laser Survey of San Jose – Novales Mine in progress**
- **High-grade results from rock chip sampling conducted over the Buenahora licence area of the Novales-Udias project**
- **Disposal of non-core investment, subsequent to the end of the quarter, providing $0.48m in non-dilutive cash flow to be used to enhance work programme towards maiden mineral resources estimate and early production evaluation at the San Jose – Novales Mine**
- **Reduction in cash outflows through deferral of fees for Directors and key staff**

Of the quarter ended 30 June 2020 (the '**Quarter**'), Managing Director and CEO of Variscan Mines Limited ("**Variscan**" or "**the Company**"), Stewart Dickson said, *"We have re-booted and kick-started fieldwork quickly once COVID-19 restrictions were lifted.*

Our valuable dataset comprising over 39,000m of surface and underground historic drilling is being expanded and augmented as we ready ourselves for maiden drilling at the San Jose – Novales Mine. We have a clear pathway to assess its early production potential and potentially define a mineral resource estimate. Simultaneously we continue to work to prove up a scalable deposit over the Buenahora licence the geology for which appears similar to the former producing world class and proximal Reocín Mine.

We have a busy work plan ahead, including drilling, which should drive value creation and project advancement. We look forward to reporting our progress"

1 – Refer ASX announcement 1 April 2020

OPERATIONS

Spain – Novales-Udias Zinc Project

Strategy

Variscan has a clear strategy to execute the 2-fold opportunity that the Novales-Udias project presents:

1. Seek near term zinc production opportunities at the San Jose–Novales Mine
2. Define a regionally significant mineral resource similar to the former producing and proximal Reocín Mine

Figure 1. Novales-Udias Project Opportunities

Early Production from San Jose – Novales Mine and

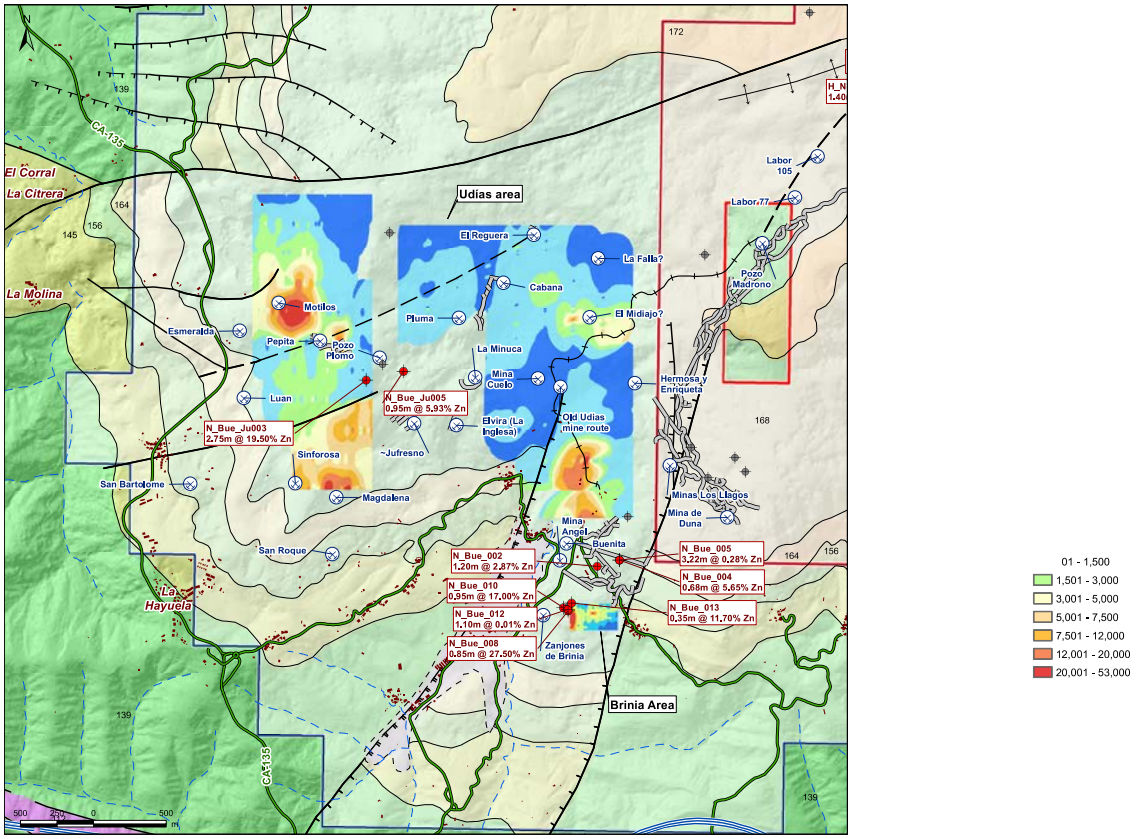
Scalable High Grade Resource Potential over the Udias-Buenahora Licence

High-grade zinc intersections from historic underground drilling results

During the Quarter, the Company was pleased to announce a further set of very high grade historic underground drilling results from the Novales-Udias Project in Cantabria, northern Spain. This announcement presented the results from 66 historic drill-holes for approximately 5,030m[1]. When combined with other recent announcements, the dataset now comprises 267 underground drill-hole collars, for approximately 20,280m and 102 surface drill-hole collars, totaling approximately 18,780[2].

The substantial historic drilling dataset that has been collated is being used to advance the understanding of the scale and quality of the mineralisation over the tenement areas.

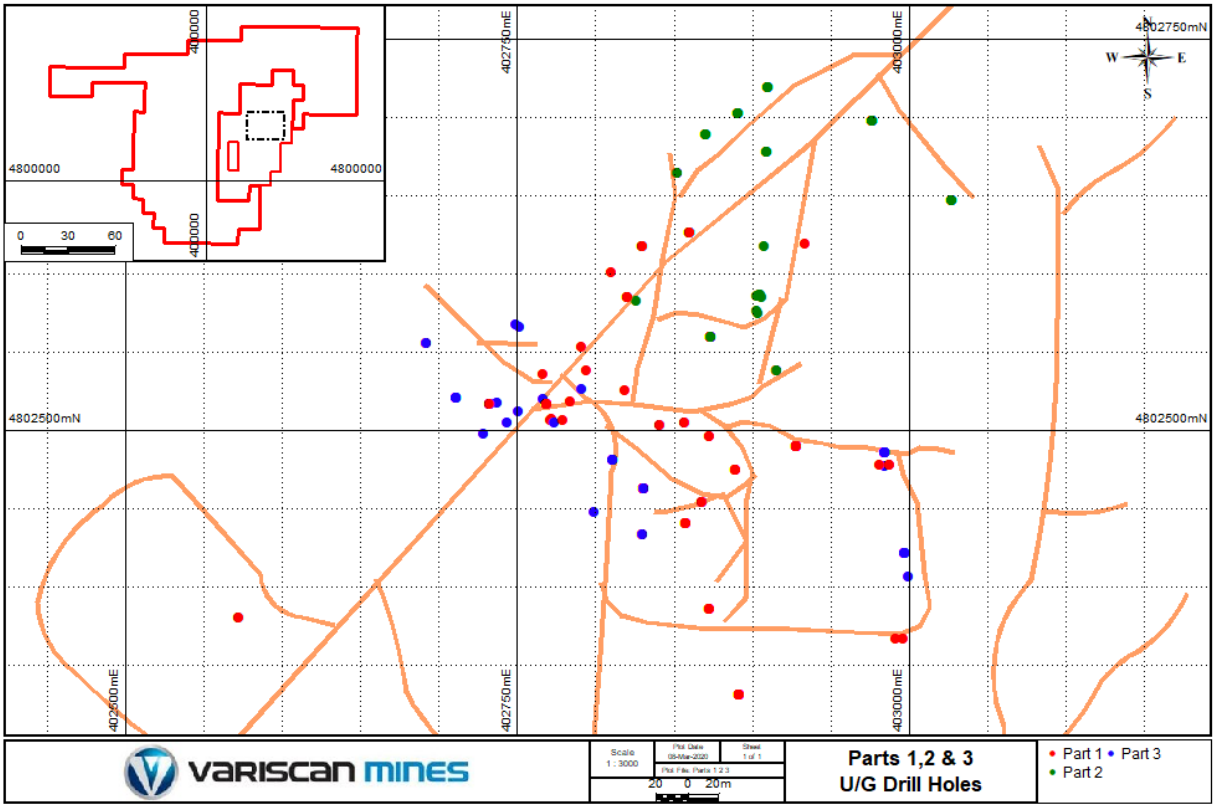
Figure 2. Historic surface drilling in West of Novales-Udias Project (predominantly on priority targets around Udias in the Buenahora licence)



Note: Historic drill-holes which include intercepts grading over 2% Zn are indicated with red symbols. Historic drill holes that report intercepts under 2% Zn or are barren are indicated by grey symbols. Significant drillhole intercepts over distinct intervals are annotated.

The collar locations of the drill-holes from historic underground drilling have been plotted in Figure 3 (refer ASX Announcements 1 April 2020, 16 March 2020 and 3 March 2020). Figure 4 illustrates the fan drilling nature of many of the underground drill-holes.

Figure 3. Historic underground drill-holes situated at the Novales-Andrea mine



Note: Drill-hole collar locations for 66 historic underground drill-holes (blue) announced on 1 April 2020, 71 historic underground drill-holes announced on 16 March 2020 (green) and 130 historic underground drill-holes announced on 3 March 2020 (red). Approximate trace of adits is shown in brown. Note that this Novales-Andrea area has been mined in the past and to date no depletion model has been undertaken to identify mineralisation left in-situ.

Summary statistics of the total count of mineralised intervals are presented by grade cut-off in Table 1, (refer ASX Announcements 1 April 2020, 16 March 2020 and 3 March 2020) which also includes total counts of composite intersections by grade calculated with maximum internal waste of 2m.

Table 1. Frequency of mineralised intersections distributed by cut-off grades & downhole width

Cut-Off Intersection Grade	Cut-Off Intersection Width	No. of Intersections
0.001% Zn	Nil	836
2% Zn	Nil	625
4% Zn	Nil	572
6% Zn	Nil	492
8% Zn	Nil	408
10% Zn	Nil	369
>8% Zn	Maximum 2m internal waste	285
>10% Zn	Maximum 2m internal waste	169
>20% Zn	Maximum 2m internal waste	70

Note: Assay intervals were composited, incorporating a minimum width of 2 metres and maximum internal waste of 2 metres, using a trigger value of 2% Zn. Assay data is based on historic reports and drill logs and subject to verification. Drill traces (dip and azimuth) are yet to be verified and may be subject to change. Table 2 details selected drill hole intercepts using a 20% Zn cut-off grade, trigger value of 2% Zn with a maximum internal waste of 2m. Full assay details and collar details are provided in the appendices of the ASX announcement dated 1 April 2020.

Table 2. Selected Mineralised intercept composites from historic underground drilling campaigns

Drill Hole ID	From (m)	To (m)	Interval (m)	Pb %	Zn %
397	0.00	3.00	3.00	0.50	20.40
397	6.35	8.00	1.65	0.82	20.70
404	12.70	13.95	1.25	0.29	29.70
177-23E-6S-234/50	31.00	32.00	1.00	2.64	27.56
177-23E-6S-234/65	28.00	30.50	2.50	4.68	24.46
177-7SE-240/50	61.25	63.50	2.25	4.23	21.94
177-9E-191/50	59.50	61.40	1.90	1.89	25.12
177-9SE-97/80	58.50	62.00	3.50	2.93	21.59
177-9SE-97/80	64.00	65.00	1.00	0.26	23.09
178-240/100	29.00	50.60	21.60	5.50	22.40
178-240/72	28.30	31.90	3.60	6.50	23.90
178-340/50	21.80	24.00	2.20	0.06	36.15
178-40/50	19.50	21.30	1.80	0.42	22.35

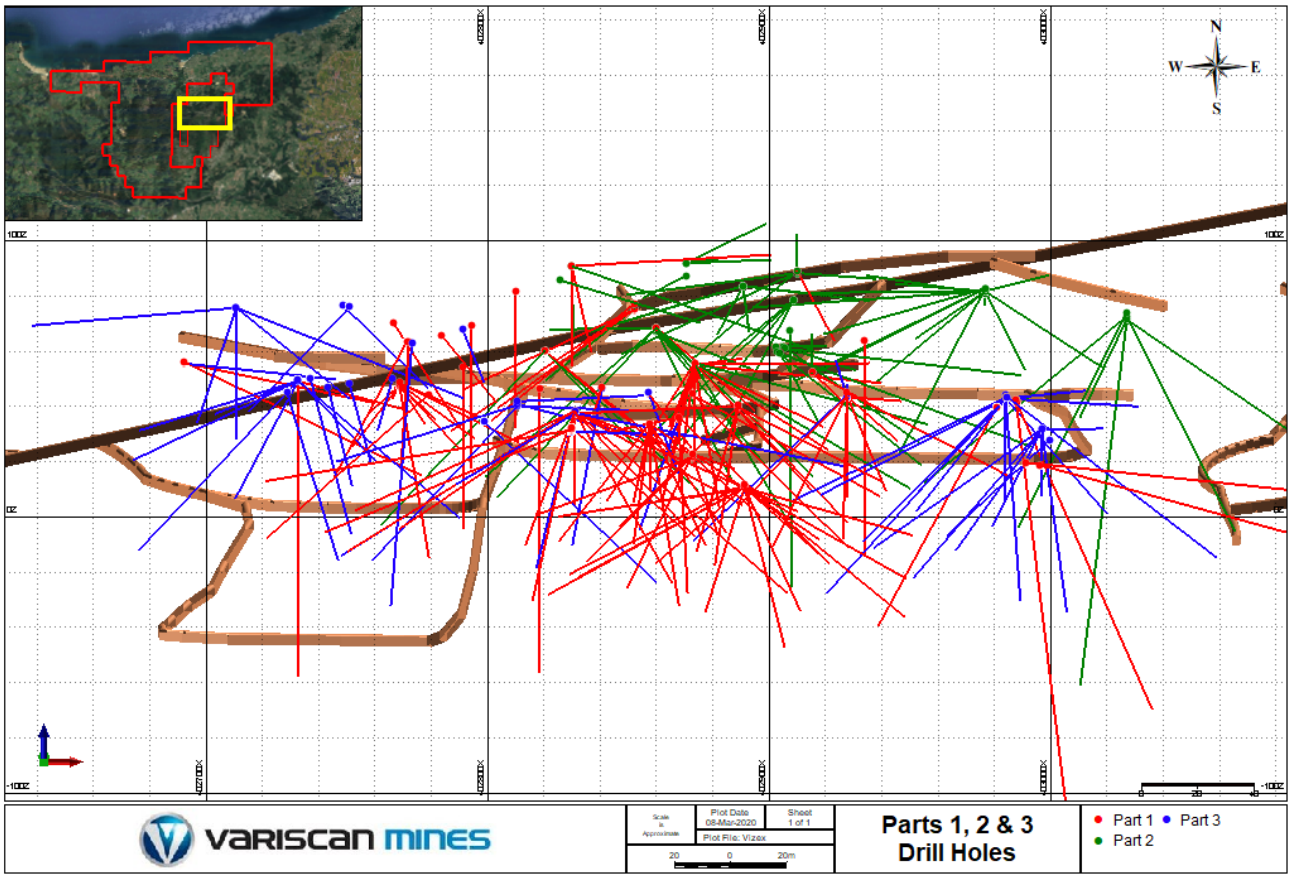
Note: Interval widths reported are the downhole length and are unlikely to reflect true widths owing to the mineralisation style at the project. Full assay details are provided as an appendix to this announcement. The 21.60 m interval from drill-hole 178-240/100 is considered to have been drilled through the mineralised body, rather than across it.

The reported historic underground drill-holes with corresponding zinc grades have been projected into 3D with an approximate trace of the underground adits which illustrates the distribution of zinc mineralisation at the Novales-Andrea underground mine at the time of drilling (Figure 4).

Key findings from the underground drill-hole database include:

- Historic high-grade intercepts demonstrate the grade potential of mineralisation on the Novales Trend, with high grade composites demonstrating mineralisation over potentially mineable widths
- Significant results will be further explored to identify mineralisation left in situ at Novales-Andrea and develop exploration plans accordingly
- Data supports the ongoing development of the geological model at Novales and will form the basis for the development of Exploration Targets in accordance with JORC 2012
- Review and analysis of additional historic underground drill-hole data and mining plans both at and along strike from the Novales-Andrea area are underway.

Figure 4. Historic underground drilling projection in 3D



Note: Approximate trace of adits is shown in brown, traces are colour coded; 66 historic underground drillholes announced on 1 April 2020 reported in blue, 71 historic underground drill-holes announced on 16 March 2020 (green) and 130 historic underground drill-holes announced on 3 March 2020 (red). Note that the Novales-Andrea area has been mined in the past and to date no depletion model has been undertaken to identify mineralisation left in-situ. Drill traces (dip and azimuth) are yet to be verified and may be subject to change.

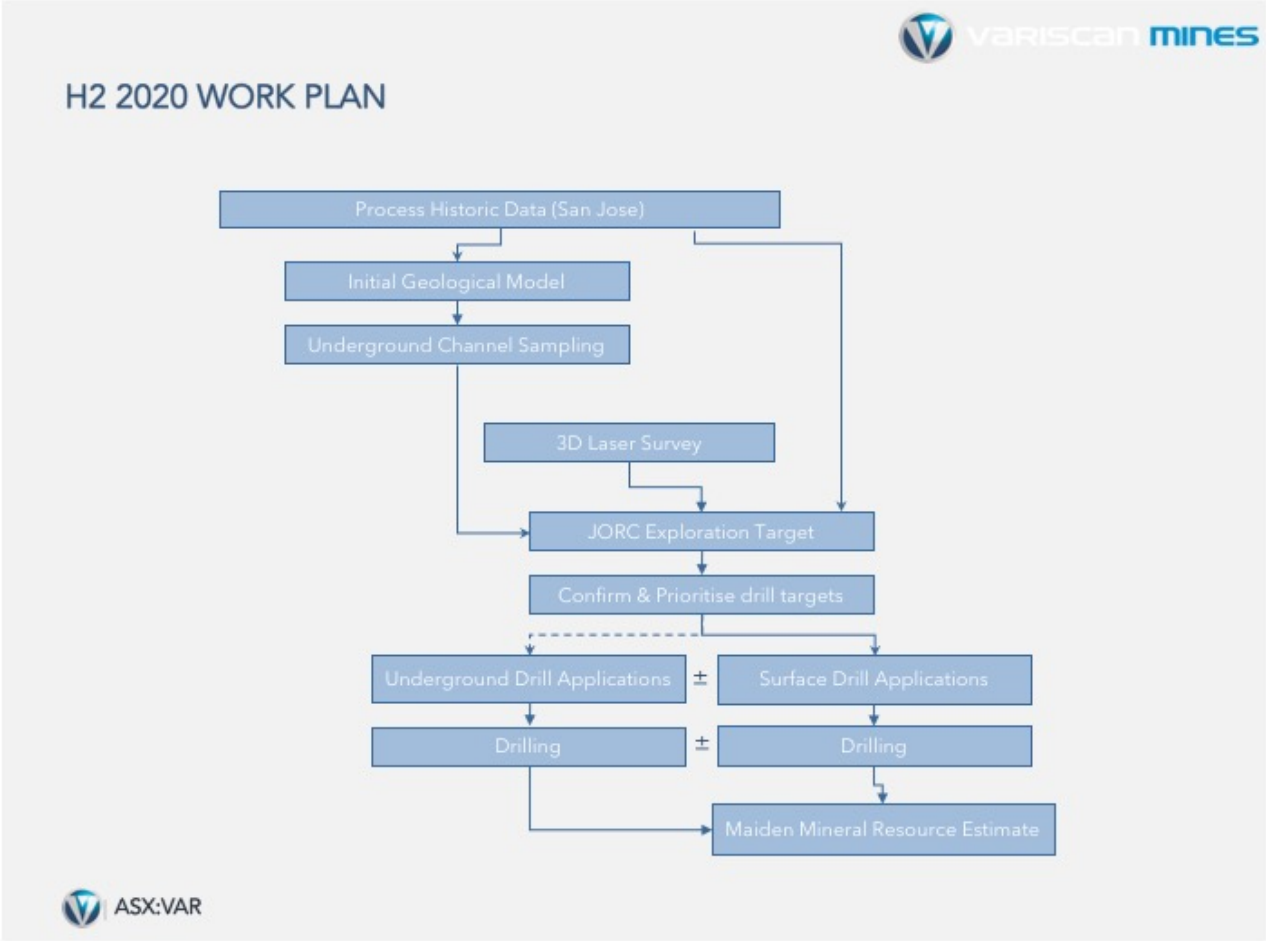
Historic Underground Drilling campaigns - Novales

The underground drill-holes reported here are located on the 7km Novales Trend which include the Novales-San Jose, Novales-Andrea and Novales-Biesces areas.

Variscan recognise that some of the drilling was undertaken prior to the cessation of mining activities. As such some of the mineralisation referenced may have been depleted. Variscan are continuing to assess and interpret the historic mining records from these areas in order to ascertain whether these intersections have been depleted or whether these intersections represent unmined mineralisation which can be further appraised for potential future production. Importantly, an underground survey has been commenced for data location control, to use as a depletion model and improve the accuracy of modelling for delineation of a potential JORC-compliant Exploration Target or JORC-compliant Mineral Resource Estimate.

Variscan have set out a clear pathway to assess the early production potential at the San Jose-Novales Mine as well as seek to define a maiden mineral resource estimate in a logical and step-wise approach.

Figure 5. Plan of Works for H2 2020



High-Grade Rock Chip Results

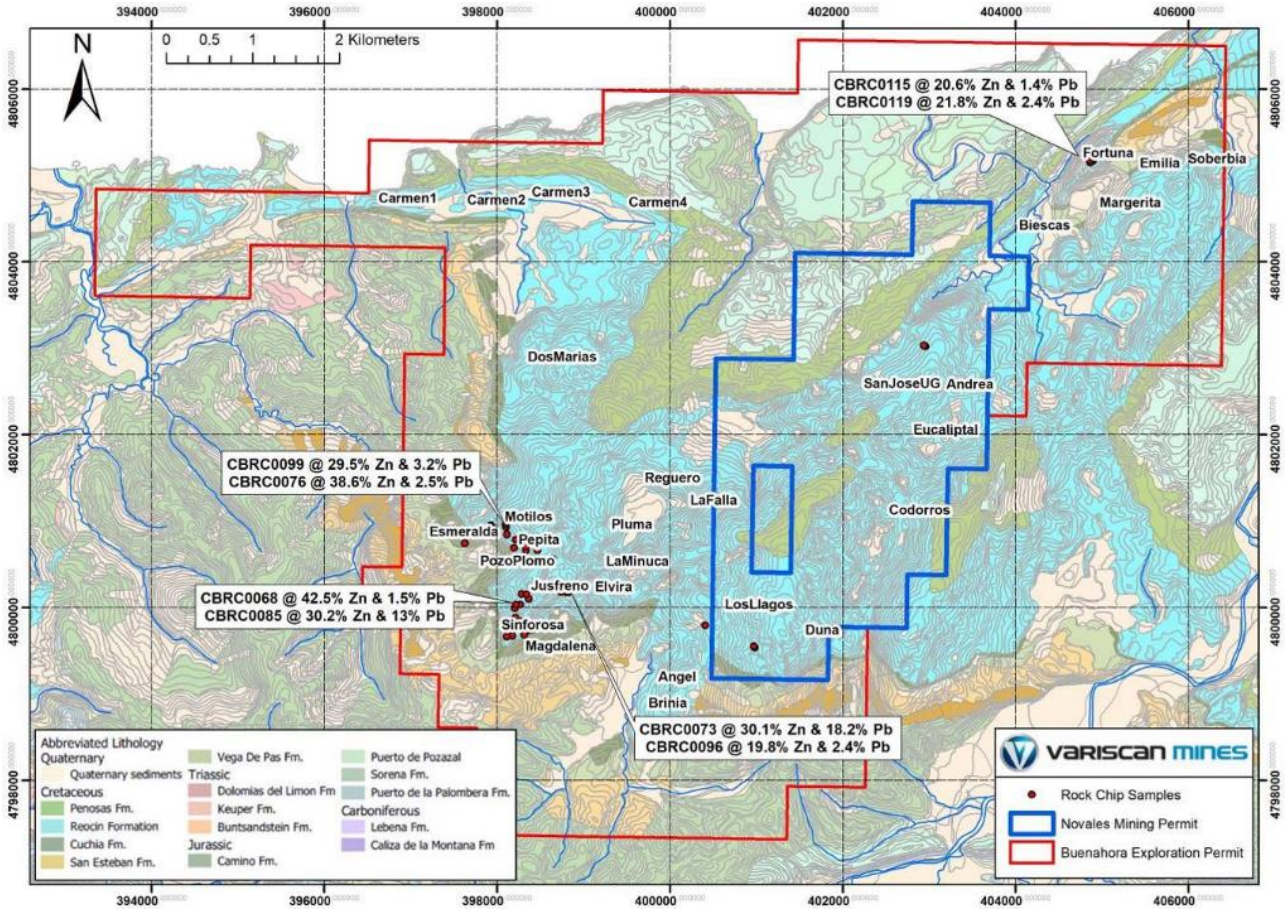
The Company announced new high-grade rock chip sampling results conducted on prospects during the quarter and within the Buenahora licence area of the Novales-Udias Project in Cantabria, northern Spain. A total of 55 samples were analysed from 11 separate prospects within the Variscan exploration permit, supporting the presence of in-situ high-grade mineralisation at all but three of the exploration prospects. (refer ASX Announcement 28 July 2020)

Key results from the rock-chip samples from across multiple prospects within the Buenahora exploration licence area include:

- 55 samples assayed in total, 44 of which have Zn grades above 1%
- 39 samples with +5% Zn
- 23 samples with +1% Pb
- Zn grades up to a maximum of 42.5%
- Pb grades up to a maximum of 18.2%
- New target identified – Sofia – infill location between Magdalena and Pozo Plomo
- Continuation of stratiform mineralisation at Magdalena to the NE identified by Variscan in Q4 2019

The Company conducted a selective underground and surface grab sampling programme in Q4 2019 (refer ASX Announcement 19 December 2019) which confirmed high-grade zinc occurrences, validated historic geochemistry, and highlighted new zones of mineralisation not previously sampled.

Figure 6. Selected Results and Locations of Rock Chips relative to Prospects across the Buenahora and Novales Permits



A work programme was designed for the Novales-Udias Project with the goal of establishing the presence of zinc mineralisation at surface and then defining the most prospective areas of mineralisation on which to plan a targeted future drill campaign. The work focused on progressing the exploration south-west of the Udias area across the Magdalena, Pozo Plomo-Jusfreno and Motilos-Pepita prospects.

The Company has now completed this reconnaissance sampling programme of 11 prospects within the Buenahora licence area of the Novales-Udias Project selected for infill soil sample and rock chip geochemistry as well as geological investigation. Assay results have yielded high-grade zinc recordings over extensive areas throughout the project area. The prospects that were sampled include: Jusfresno, Magdalena, Fortuna (Brincia), La Rasa, Motilos, Pepita, San Jose, Sofia, Pozo Plomo, Esmeralda and Recce. The locations of each rock chip sample and the prospects are shown in Figure 6 in relation to regional geology. Only three of the prospects tested with rock chips include samples with Zn and/or Pb grades below 1%.

Novales Mine Survey

Variscan appointed 3DMSI Limited ("3DMSI") to conduct a 3D laser survey of the San Jose – Novales Mine. 3DMSI have over 10 years' experience in surveying and modelling underground mines whose clients include Anglo American, AngloGold Ashanti and Barrick Gold. The highly experienced team from 3DMSI arrived on site and survey work commenced immediately following the end of the quarter. (refer ASX Announcement 20 July 2020)

The survey, led by Dr. James Jobling-Purser, will be conducted using a combination of traditional precision surveying, mobile mapping for contextual 3D surveying and high-resolution laser scanning to create sealed mesh data that can be used for volumetric calculations and produce a 3D model of the mine. The volumetric results will then be used for the purpose of a depletion model. The depletion model will be applied to the drill hole database to calculate a maiden JORC Exploration Target. The development of the Exploration Target will be used to refine drill targets and test in-situ mineralisation and potential extensions to known mineralisation.

Next Steps

Near-term actions to deliver our objectives in pursuit of exploiting the 2-fold opportunity at the Novales-Udias Project:

San Jose - Novales Mine

- Expansion of significant historical drill-hole database;
- Development of the geological model;
- Underground 3D laser survey is currently underway;
- Development of an Exploration Target in accordance with JORC 2012 accounting for underground depletion using laser survey;
- New underground channel sampling;
- Confirmatory underground geological mapping; and
- Refinement of drill targets to test unmined mineralisation identified.

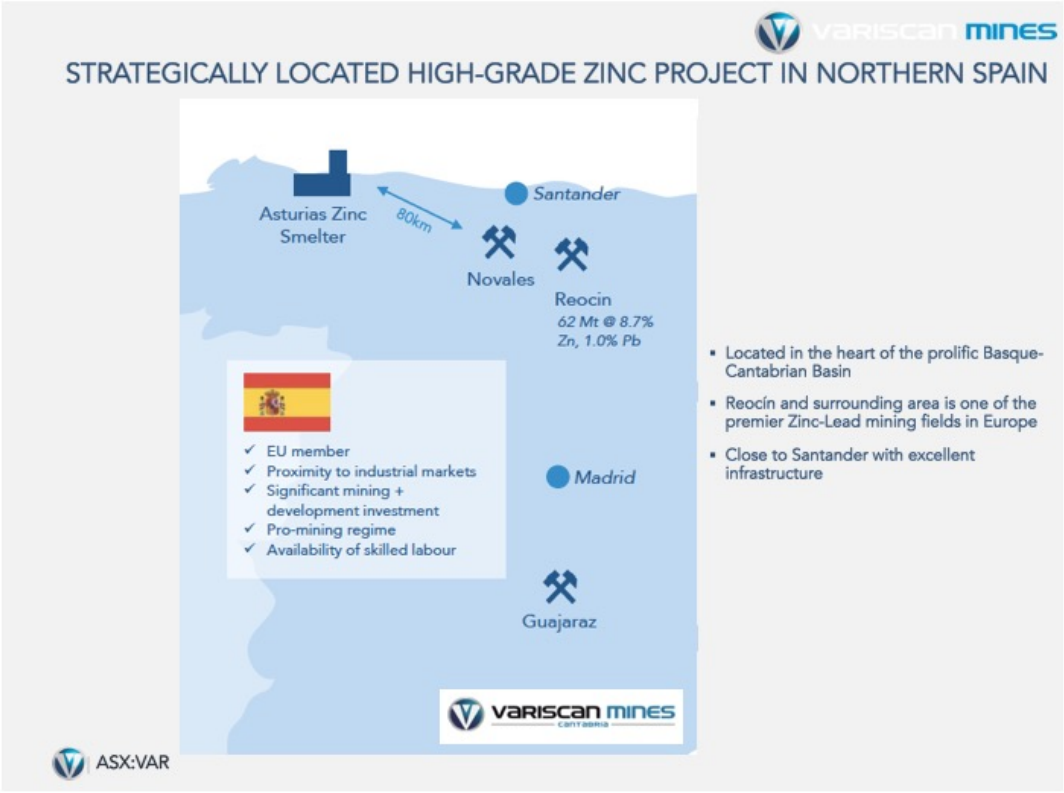
Udias – Buenahora Exploration Tenement

- Report remaining infill soil sample results;
- Continue with the processing of historic data; and
- Development of drill targets.

Other activities

In support of the above activities, Variscan are continuing to develop environmental, social and governance initiatives.

Figure 7. Novales-Udias Project is strategically located



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 Novales 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 which include anomalies up to 2km long and close to 1km wide and up to 17% Zn (refer ASX announcement dated 29 July 2019).

Novales-Udias Project Highlights

- Near term zinc production opportunity (subject to positive exploratory work)
- Large tenement holding of 68.3 km^2(including several 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[1, 2])
- 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% Zn[3]
- 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% Zn[4]
- Assay results of recent targeted grab samples taken from within the underground Novales Mine recorded 31.83% Zn and 62.3% Pb[5]
- 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: 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.

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

Chile – Rosario Copper Project

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.

The Rosario project comprises three granted exploitation concessions, Rosario 6, Rosario 7 and Salvadora, one granted mineral exploration licence (Abandonara) 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.

Figure 8. Plan of Rosario licence areas and historic rock Chip & Grab Sampling Results

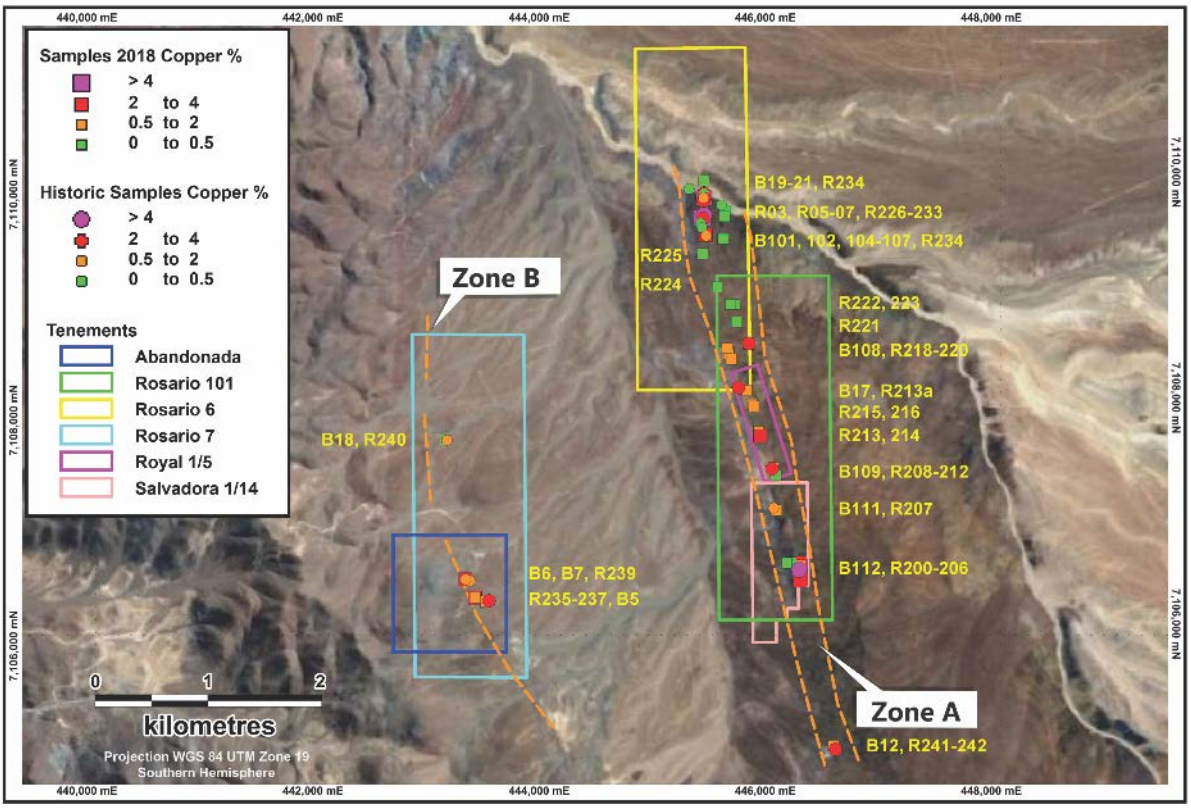


Figure 9. Location of the Rosario Project

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.

As a result of the impacts of the worldwide COVID-19 epidemic, no work was conducted on the Rosario Copper project during the Quarter.

Australia

The Company holds minority interests in a number of areas of eastern and central Australia. At 30 June, the Company held a substantial holding in Thompson Resources Limited (ASX:TMZ). This was disposed immediately after the end of the quarter.

During the quarter, Variscan also participated in the re-structuring of the joint venture arrangements over the Junction Dam tenement in South Australia. Following which Variscan holds a 0.5% net profits royalty on production from a Uranium mine on the Junction Dam tenement.

FINANCIAL & CORPORATE

Cash

Cash at bank at 30 June 2020 was $2.15 million. As at the date of this report, as a result of the disposal of the listed investments noted below, Cash at bank is approximately $2.50 million

Investments

At 30 June 2020, Variscan held a significant investment of 18,100,000 shares in Thomson Resources (ASX:TMZ). These shares at a market value of $398,200 at the end of the quarter. Immediately after the end of the quarter, these assets were disposed for net proceeds of $0.48 million.

Share Capital

The total number of shares on issue at the end of the quarter was 206,093,551. Immediately after the end of the quarter, on 7 July 2020, the Company issued to Slipstream Resources Investments the remaining 4,000,000 shares owing as consideration for the purchase of the Spanish Zinc assets.

Deferred settlement shares

In accordance with the acquisition of the Spanish Zinc projects, the Company must issue additional shares upon the satisfaction of certain exploration milestones. These milestones are for the definition, in accordance with JORC 2012, of an Inferred Mineral Resource (or greater) of:

- Milestone 1: 4 million tonnes at 7% Zn
- Milestone 2: 8 million tonnes at 7% Zn

Upon satisfaction of each of these milestones, the Company must issue 27,500,000 ordinary shares to the vendors of Slipstream Spain Pty Ltd and Slipstream Spain 2 Pty Ltd, and 2,426,471 shares to Hispanibal S.L. as the vendor of the "Hispanibal Option", for a total of 59,852,941 Ordinary Shares if both milestones are met. There is currently no obligation to issue the milestone shares.

Director and key personnel – reduction in cash compensation

In response to the COVID-19 pandemic, the Directors of the Company agreed to have their cash compensation reduced by 40 percent, for a period of between 3 and 6 months. Key staff in Spain also agreed to restructure their employment terms, including the deferral of cash compensation, during the COVID-19 lockdown. As the lockdowns both in Europe and Australia are eased, the Board intends on reviewing these measures shortly.

Directors will consider proposals for their deferred fees for the period to be partially or wholly satisfied via the issue of equity compensation, and details of any such arrangement will be finalised in due course, subject to shareholder approval.

COVID-19

Spain has ended the state of emergency declared in response to the COVID-19 virus. Our project sites are now open and work is taking place in accordance with the local and national public heath guidance and regulations.

Other

During the current Quarter the Company made payments to related parties of $58,000 represented by remuneration paid to Directors.

ENDS

Variscan Mines Limited
Stewart Dickson
Managing Director & CEO
info@variscan.com.au
30 July 2020

This announcement has been authorised by Mr Stewart Dickson, Managing Director and CEO of Variscan Mines Limited

Background

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 Persons Statement

Where Company refers to exploration results and historical 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 previous announcements and all material assumptions and technical parameters disclosed in those announcements continue to apply and have not materially changed.

Listing of tenements held at 30 June 2020

Tenement	Tenement No.	Interest	Joint Venture Details
SPAIN – Note 5			
Cantabria			
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-demasía a	EC5374	100%	
Es	EC8049	100%	
Dudosa	EC8165	100%	
Cargadoiro	EC11589	100%	
Tres amigos-demasía a	EC11594	100%	
Flor del pueblo	EC12942	100%	
Torpeza-demasía a	EC12952	100%	
Torpeza-3ª demasía a	EC13079	100%	
Torpeza-2ª demasía a	EC13080	100%	
Flor del pueblo-demasía a	EC13154	100%	
Dudosa-demasía a	EC13170	100%	
Andrea-3ª demasía a	EC13175	100%	
Andrea-2ª demasía a	EC13176	100%	
Cargadoiro-demasía a	EC13260	100%	
Ampliación a Matilde	EC13641	100%	
Aumentada	EC14238	100%	
Campitos	EC14554	100%	
Campitos-demasía a	EC14640	100%	
Carmenchu	EC14945	100%	
Amelita	EC14949	100%	
Eloísa	EC14947	100%	
Ampliación a Matilde-demasía a	EC14948	100%	
Cargadoiro 2	EC14954	100%	
Amelita-demasía a	EC14979	100%	
Carmenchu-demasía a	EC14980	100%	
Eloísa-demasía a	EC14981	100%	
Carmenchu-2ª demasía a	EC14982	100%	
6º Aumento a porvenir	EC15672	100%	
Ampliación a Matilde-demasía a	EC13641-10	100%	
Campitos-segunda demasía a	EC14554-20	100%	
Cargadoiro 2- demasía a	EC14954-10	100%	
Carmenchu-tercera demasía a	EC14980-30	100%	
6º Aumento a porvenir-demasía a	EC15672-10	100%	
Torpeza-tercera demasía a	EC2557-30	100%	

Tenement	Tenement No.	Interest	Joint Venture Details
Toledo			
Guajaraz	IP 4.203	100%	

CHILE

Rosario			
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
NEW SOUTH WALES			
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
SOUTH AUSTRALIA			
Junction Dam	EL 5682	0%	Marmota acquired 100% ownership. See Note 2
Callabonna	EL 5360	49%	Red Metal 51%, can earn 70%
FRANCE			
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 a 0.5% 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 milllion.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity	
Variscan Mines Limited	
ABN	**Quarter ended ("current quarter")**
16 003 254 395	30 June 2020

	Consolidated statement of cash flows	**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	-	(1)
	(b) development		
	(c) production		
	(d) staff costs	(72)	(394)
	(e) administration and corporate costs	(42)	(373)
1.3	Dividends received (see note 3)		
1.4	Interest received	1	2
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)	(1)	(1)
1.9	**Net cash from / (used in) operating activities**	**(114)**	**(767)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	(594)
	(b) tenements	-	(113)
	(c) property, plant and equipment		
	(d) exploration & evaluation	(44)	(270)
	(e) investments		
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)	-	4
2.6	**Net cash from / (used in) investing activities**	**(44)**	**(973)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,092
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(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 (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**-**	**2,943**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,309	947
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(114)	(767)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(44)	(973)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	2,943

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.5	Effect of movement in exchange rates on cash held	(5)	(4)
4.6	**Cash and cash equivalents at end of period**	**2,146**	**2,146**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	646	2,309
5.2	Call deposits	1,500	
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,146**	**2,309**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	58
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**		

7.5	**Unused financing facilities available at quarter end**	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(114)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(44)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(158)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,146
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,146
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	13.58

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable

8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: Not applicable	
Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.	

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.

Date: .....31 July 2020.....

Authorised by: .....The Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.