

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

|   |
|---|
|  <b>VARISCAN MINES LIMITED</b> |
|---|

ABN

**16 003 254 395**

Quarter ended ("current quarter")

**30 June 2016**

### Consolidated statement of cash flows

#### Cash flows related to operating activities

|   | Current quarter<br>30 June 2016<br>\$A'000 | Year to date<br>(12 months)<br>30 June 2016<br>\$A'000 |
|---|--|--|
| 1.1 Receipts from product sales and related debtors             | 0  | 0  |
| 1.2 Payments for: (a) exploration and evaluation                | (653)                                      | (1,859)  |
| (b) development   | 0  | 0  |
| (c) production  | 0  | 0  |
| (d) administration  | (411)                                      | (2,229)  |
| 1.3 Dividends received  | 0  | 0  |
| 1.4 Interest and other items of a similar nature received       | 2  | 14   |
| 1.5 Interest and other costs of finance paid                    | 0  | 0  |
| 1.6 Income taxes paid/received R&D tax offset                   | 0  | 0  |
| 1.7 Other - tenement security deposits/bank guarantee           | 0  | 0  |
| - other deposits  | 0  | 0  |
| - consulting fees and rental income                             | 43   | 196  |
| <b>Net Operating Cash Flows</b>                                 | <b>(1,019)</b>                             | <b>(3,878)</b>   |
| <b>Cash flows related to investing activities</b>               |  |  |
| 1.8 Payment for purchases of: (a) prospects                     | 0  | 0  |
| (b) equity investments  | 0  | (5)  |
| (c) other fixed assets  | 0  | (69)   |
| 1.9 Proceeds from sale of: (a) prospects                        | 0  | 0  |
| (b) equity investments  | 684  | 852  |
| (c) other fixed assets  | 0  | 0  |
| 1.10 Loans to other entities                                    | 0  | 0  |
| 1.11 Loans repaid by other entities                             | 0  | 0  |
| 1.12 Other  | 0  | 0  |
| <b>Net investing cash flows</b>                                 | <b>684</b>                                 | <b>778</b>   |
| 1.13 Total operating and investing cash flows (carried forward) | <b>(335)</b>                               | <b>(3,100)</b>   |

|   | Current quarter<br>\$A'000 | Year to date<br>\$A'000 |
|---|----------------------------|-------------------------|
| 1.13 Total operating and investing cash flows (brought forward) | (335)                      | (3,100)                 |
| <b>Cash flows related to financing activities</b>               |                            |                         |
| 1.14 Proceeds from issues of shares, options, etc               | 2,569                      | 4,172                   |
| 1.15 Proceeds from sale of forfeited shares                     | 0                          | 0                       |
| 1.16 Proceeds from borrowings                                   | 0                          | 0                       |
| 1.17 Repayment of borrowings                                    | 0                          | 0                       |
| 1.18 Dividends paid   | 0                          | 0                       |
| 1.19 Other – Equity raising costs                               | (228)                      | (333)                   |
| <b>Net financing cash flows</b>                                 | <b>2,341</b>               | <b>3,839</b>            |
| <b>Net increase (decrease) in cash held</b>                     | <b>2,006</b>               | <b>739</b>              |
| 1.20 Cash at beginning of quarter/year to date                  | 447                        | 1,714                   |
| 1.21 Exchange rate adjustments to item 1.20                     | 0                          | 0                       |
| 1.22 <b>Cash at end of quarter</b>                              | <b>2,453</b>               | <b>2,453</b>            |

**Payments to directors of the entity and associates of the directors****Payments to related entities of the entity and associates of the related entities**

|   | Current quarter<br>\$A'000 |
|---|----------------------------|
| 1.23 Aggregate amount of payments to the parties included in item 1.2 | 147                        |
| 1.24 Aggregate amount of loans to the parties included in item 1.10   | Nil                        |

1.25 Explanation necessary for an understanding of the transactions

|   |
|---|
| Salaries, directors' fees and consultancy fees at normal commercial rates |
|---|

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

|      |
|------|
| None |
|------|

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

|   |
|---|
| Expenditure by joint venture partners on exploration tenements in which Variscan has an interest amounted to \$189,492. |
|---|

**Financing facilities available***Add notes as necessary for an understanding of the position.*

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | Nil                         | Nil                    |
| 3.2 Credit standby arrangements | Nil                         | Nil                    |

**Estimated cash outflows for next quarter (Variscan Group)**

|                                | \$A'000      |
|--------------------------------|--------------|
| 4.1 Exploration and evaluation | 400          |
| 4.2 Development                | 0            |
| 4.3 Production                 | 0            |
| 4.4 Administration (net)       | 666          |
| <b>Total</b>                   | <b>1,066</b> |

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows

|  | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank   | 231                        | 447                         |
| 5.2 Deposits at call and foreign currency equivalent                     | 0                          | 0                           |
| 5.3 Bank overdraft   | 0                          | 0                           |
| 5.4 Other - bills receivable, bank accepted and short term bank deposits | 2,222                      | 0                           |
| <b>Total: cash at end of quarter (item 1.22)</b>                         | <b>2,453</b>               | <b>447</b>                  |

**Changes in interests in mining tenements**

|     | Tenement reference  | Nature of interest<br>(note (2)) | Interest at<br>beginning<br>of quarter | Interest<br>at end<br>of quarter |
|-----|---|----------------------------------|--|----------------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed |                                  |  |                                  |
| 6.2 | Interests in mining tenements acquired or increased           |                                  |  |                                  |

6.3 The full Variscan schedule of tenements is included as an attachment to this report.

**Issued and quoted securities at end of current quarter**

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

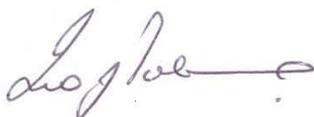
|  | Total Number           | Number quoted          | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|------------------------|------------------------|---|--|
| 7.1 <b>Preference securities</b>   | Nil                    |                        |   |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions | Nil                    |                        |   |  |
| 7.3 <b>Ordinary securities - fully paid</b>  | 518,922,788            | 518,922,788            |   |  |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through return of capital, buy-backs,              | 142,042,571<br>805,910 | 142,042,571<br>805,910 | \$0.018<br>\$0.015                            | \$0.018<br>\$0.015                               |
| 7.5 <b>Convertible debt securities</b>   | Nil                    | Nil                    |   |  |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities redeemed for cash               | Nil                    |                        |   |  |
| 7.7 <b>Options</b>   |                        |                        | <i>Exercise price</i>                         | <i>Expiry date</i>                               |
| VARAV  | 15,650,000             | Nil                    | \$0.07  | 4 Dec 2017                                       |
| VARO   | 130,655,138            | 130,655,138            | \$0.015                                       | 4 May 2017                                       |
| VARAA  | 12,450,000             | Nil                    | \$0.05  | 3 Dec 2018                                       |
| VARAB  | 29,347,830             | Nil                    | \$0.05  | 29 Jan 2018                                      |
| 7.8 Issued during quarter  | Nil                    |                        |   |  |
| 7.9 Exercised during quarter   | 805,910                | 805,910                | \$0.015                                       | 4 May 2017                                       |
| 7.10 Expired/cancelled during quarter  |                        |                        |   |  |
| 7.11 <b>Debentures (totals only)</b>   | Nil                    |                        |   |  |
| 7.12 <b>Unsecured notes (totals only)</b>  | Nil                    |                        |   |  |

---

## Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
2. This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 29 July 2016

---

(~~Director~~ / Company Secretary)

Print name:

Ivo Polovineo

## 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenements, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
3. **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
4. The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
5. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

====

| Tenement                 | Tenement Number     | Interest | Joint Venture Details  |
|--------------------------|---------------------|----------|--|
| <b>NEW SOUTH WALES</b>   |                     |          |  |
| <b>Broken Hill</b>       |                     |          |  |
| Yalcowinna               | EL 8078             | 0%       | Note 1   |
| Mundi Plains JV          | EL 6404             | 16.7%    | Teck 83.3%, Iluka earning  |
| Willyama                 | EL 8075             | 0%       | Note 1   |
| Hillston                 | EL 6363             | 39.2%    | Perilya can earn 80%, Eaglehawk 9.8%   |
| <b>Lachlan Fold Belt</b> |                     |          |  |
| Woodlawn South           | ELs 7257 and 7469   | 0%       | Royalty interest only  |
| Achilles and Chiron      | EL 7746 and EL 7931 | 49%      | Kidman 51% can earn 80%, Thomson can earn 10%  |
| <b>SOUTH AUSTRALIA</b>   |                     |          |  |
| Junction Dam             | EL 5682             | 13.4%    | Teck 83.3%, Eaglehawk 3.3%, Iluka earning, Marmota 100% in uranium rights only, Note 2 |
| Callabonna               | EL 5360             | 100%     | Red Metal can earn 70%   |
| <b>FRANCE</b>            |                     |          |  |
| Tennie                   | PER                 | 100%     |  |
| St Pierre                | PER                 | 100%     |  |
| Merleac                  | PER                 | 100%     |  |
| Beaulieu                 | PER                 | 100%     |  |
| Loc Enrel                | PER                 | 100%     |  |
| Silfiac                  | PER                 | 100%     |  |

EL = Exploration Licence

ELA= Exploration Licence Application

PER = Permis Exclusif de Recherche (France)

Note 1: These tenements are subject to agreements with Silver City Minerals Limited whereby Silver City Minerals Limited must meet expenditure commitments within various time frames. 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 4509. Variscan has retained a 3.75% net profits royalty on production from a uranium mine.