



ASX Code: VAR
 ACN: 003 254 395
 Issued Shares: 376M
 Listed Options: 131M
 Unlisted Options: 57M
 VAR Cash Balance: \$0.45M
 VAR Investments: \$1.7M

Directors

Pat Elliott
 Greg Jones
 Jack Testard
 Kwan Chee Seng
 Dr Foo Fatt Kah
 Michael Moore

Top Shareholders

Kwan Chee Seng
 Acorn Capital
 Chris and Betsy Carr
 Dr Foo Fatt Kah

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Highlights

Merléac - PAM

- ✔ Electronic conversion of previous exploration and mine development data from the high grade Porte-aux-Moines (PAM) zinc deposit completed
- ✔ Generation of a revised mineralisation model and wireframes for Resource estimation completed
- ✔ Resource modelling by independent consultancy to commence shortly
- ✔ Maiden JORC 2012 Resource Estimate expected around late May
- ✔ Drilling anticipated to commence mid-year to follow-up former BRGM intersections including -
 - PAM5 - 31.0 metres @ 10.4% zinc, 2.1% lead, 1.2% copper, 105.5 g/t silver, 1.0 g/t gold (21.1% Zn Eq*)
 - PAM14 - 27.0 metres @ 14.0% zinc, 3.3% lead, 0.8% copper, 161.4 g/t silver, 0.8 g/t gold (25.7% Zn Eq*)

Merléac – Regional Exploration

- ✔ Confirmation of two main trends of VMS mineralisation containing seven distinct mineralised centres over a total strike length of 22 kilometres
- ✔ Highlights the strong potential for new VMS deposits in the same rock units that host the Porte-Aux-Moines deposit
- ✔ Assays from sampling returned highly anomalous geochemical results including:
 - 800ppm zinc, 6.1% lead, and 1840ppm copper
 - 1521ppm zinc, 2304ppm lead, and 1031ppm copper
- ✔ Some prospects are in close proximity to ‘Tier 1’ targets identified in VTEM survey, indicating good potential for buried VMS deposits
- ✔ Follow up work in progress for drill targeting

St Pierre Gold Project

- ✔ Planning for commencement of drill programme nearing finalisation
- ✔ Drilling to test targets where sampling has recorded up to 21.5g/t gold in float sampling and 2.4g/t gold in soils

Corporate

- ✔ At the end of the quarter, Variscan held \$0.45 million in cash. Liquid investments held in ASX resource companies totalled \$1.7 million

Exploration

FRANCE

MERLÉAC – PORTE-AUX-MOINES

During the reporting period work by Variscan centred on the high-grade Porte-aux-Moines (PAM) zinc-lead-copper-silver-gold volcanogenic massive sulphide (VMS) deposit within its Merléac licence, Brittany, France.

Former exploration by the BRGM (Bureau de Recherches Géologiques et Minières - the French geological survey) at PAM from 1976-1984 included approximately ten kilometres of surface and underground drilling and two kilometres of underground mine development. This work defined zones of high grade mineralization up to 20 metres thick from near surface to a depth of about 300 metres within a stacked massive sulphide system.

Variscan previously sampled the three remaining preserved surface core holes drilled into PAM announcing a number of outstanding, high grade, zinc-dominant, polymetallic intersections (see ASX announcements dated 19 May, 20 and 29 July 2015). In November, 2015 the Company received a comprehensive two gigabyte dataset from the BRGM containing scanned copies of all available technical information generated by the BRGM exploration work at PAM including drill hole logs, assays, mine development, mapping data and metallurgical work.

Variscan has now completed converting the majority of the drill and development data to electronic formats and has generated a revised mineralisation model for this deposit (Figure 1). Wireframes of the interpreted high grade mineralisation envelopes have been completed and have been sent to QG Australia Pty Ltd, an independent consultancy group to undertake a Resource estimation of PAM to 2012 JORC standards. This work is expected to be completed in late May.

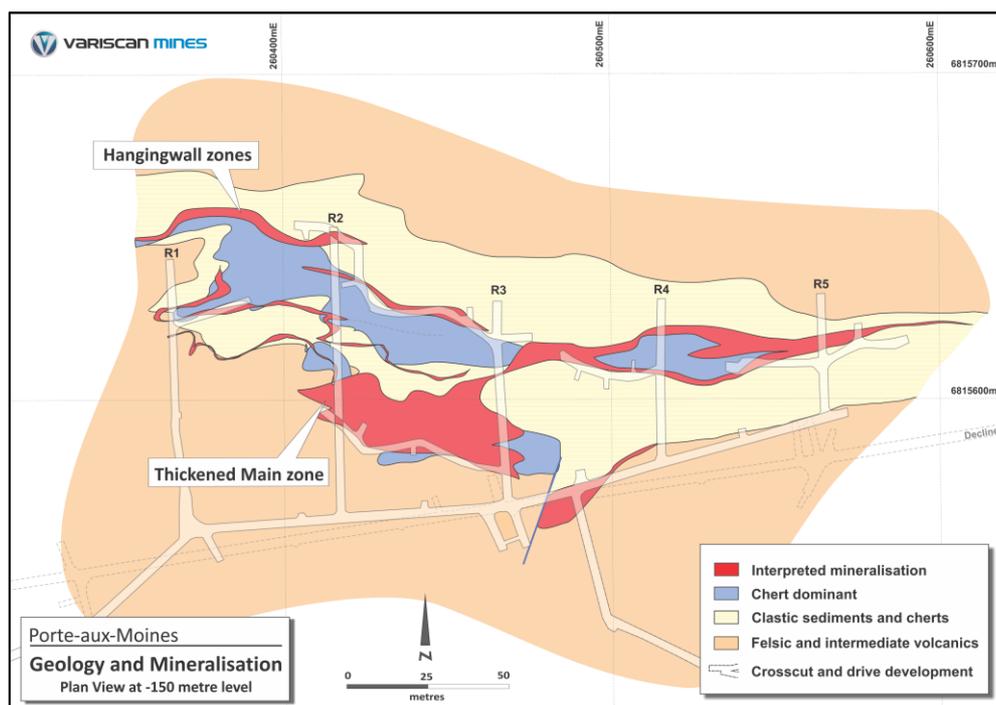


Figure 1 - Plan view of PAM geology and interpreted mineralisation at 150 metres below the surface showing underground development by the BRGM

PAM DRILL TARGETS

Although mineralisation within the deposit has been comparatively well defined by the large number of surface and underground drill holes (plus underground development), Variscan has identified areas within the deposit which justify additional surface drilling to potentially expand tonnages and increase the volume of Indicated Resource that could be defined.

The targets for near-term drilling are within the Main and Hangingwall zones, notably towards the interpreted base and eastern extension of the high grade, thickened Main zone (see Figures 1 and 2) where former coarse-spaced drilling by the BRGM intersected high grade mineralisation (often >15% Zn Eq*) (see ASX announcement 14 December 2015), in some holes with estimated true widths in excess of 20 metres.

Examples include -

- **PAM5 - 31.0 metres @ 10.4% zinc, 2.1% lead, 1.2% copper, 105.5 g/t silver, 1.0 g/t gold (21.1% Zn Eq*) - estimated true width 21 metres**
- **PAM14 - 27.0 metres @ 14.0% zinc, 3.3% lead, 0.8% copper, 161.4 g/t silver, 0.8 g/t gold (25.7% Zn Eq*) - estimated true width 18 metres**
- **PAM16 - 34.5 metres @ 5.3% zinc, 0.9% lead, 1.2% copper, 86.0 g/t silver, 0.9 g/t gold (14% Zn Eq*) - estimated true width 23 metres**
- **SF25 - 18.8 metres @ 7.0% zinc, 1.7% lead, 2.1% copper, 125.1 g/t silver (15.7% Zn Eq*) - estimated true width 16 metres**

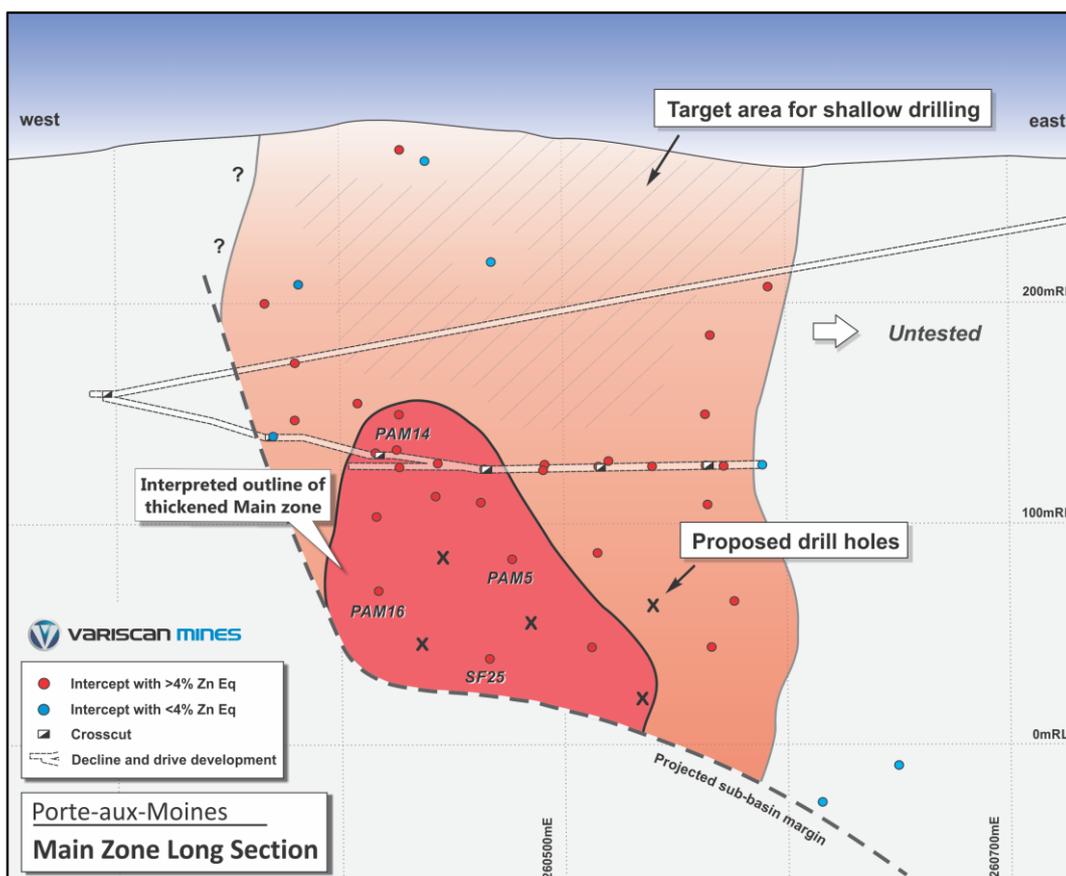


Figure 2 - Vertical long section at PAM of the Main surface showing the interpreted thickened zone and flanking mineralisation. Proposed deeper drilling pierce points shown as well as the target area for shallow drilling (hatched)

Deeper drilling (at least 2-3 holes) is planned to test this area and confirm the geological interpretation during the French summer period (Figures 2 and 3), once programme designs are finalised, local approvals gained and access agreements signed.

In addition, drilling may also test the thinner, but shallower section of the Main zone close to the surface which has had little exploration in the past (Figure 2 - hatched area). There is good potential in this area to expand the Resource above the level of the former underground development.

Outside the area defined for Resource estimation, additional strike potential is evident, notably to the west where former drilling by the BRGM (e.g. PAM15 - 1.0 metre @ 10.4% zinc, 5.5% lead, 0.1% copper, 103.0 g/t silver) and the results from the VTEM survey indicated a possible extension of the mineralised system (ASX announcement 28 September 2015).

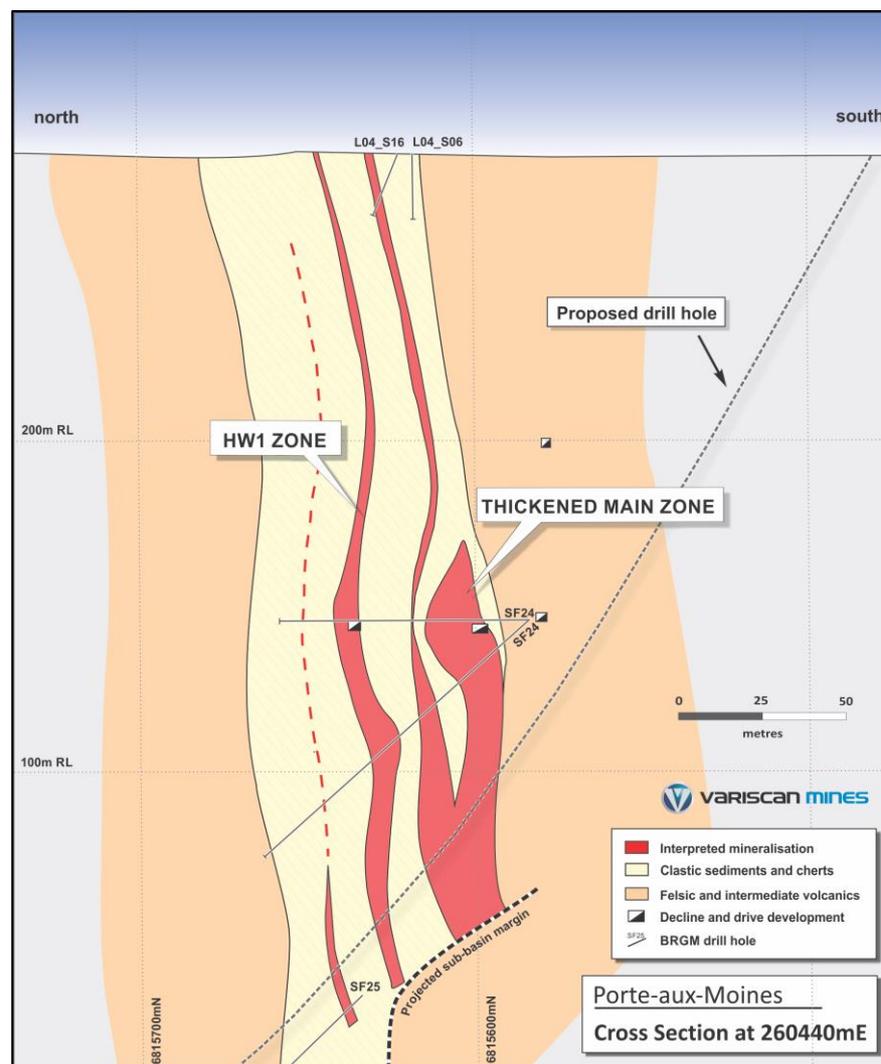


Figure 3 - Cross section through PAM at 260440mE showing interpreted mineralised zones (at 4% Zn Eq cut-off) and proposed deeper core drilling.

Note: * The Zinc Equivalent value (Zn Eq) is based on zinc (US\$1,800 per tonne), lead (US\$1,800 per tonne), copper (US\$5,600 per tonne), silver (US\$15 per ounce) and gold (US\$1,150 per ounce). The zinc equivalent calculation represents the total metal value for each metal, multiplied by a price based conversion factor, summed and expressed in equivalent zinc percent per tonne. These results are exploration results only and no allowance is made for recovery losses that may occur should mining eventually result. Nevertheless, it is the Company's opinion that all the elements included in the metal equivalents calculation have good potential to be recovered as is commonly the case for similar VMS deposits

MERLÉAC REGIONAL EXPLORATION

Within Merléac, the Company has commenced follow-up exploration of the VTEM and geochemical targets generated during 2015 (ASX announcements 5 February and 28 September 2015) as well as review of previous exploration work. The results have been highly encouraging, providing strong evidence that additional new VMS deposits will be discovered within the same rock sequences that host PAM.

Two main trends (PAM-Gausson and Le Roz) over a total strike length of 22 kilometres hosting seven centres of base metal mineralisation have been defined, with highly geochemically anomalous rock chip/grab results recorded in new sampling. At some prospects these assays are in proximity to strong VTEM anomalies defined from last year's survey, interpreted to be possible buried VMS deposits.

Pam - Gausson Trend

This extensive east-west striking zone is the most important defined to date and stretches approximately 15 kilometres from PAM to the Gausson prospect in the east. Five main 'camps' of VMS mineralisation have been defined within sediments and volcanics along the general PAM VMS deposition horizon (Figure 4).

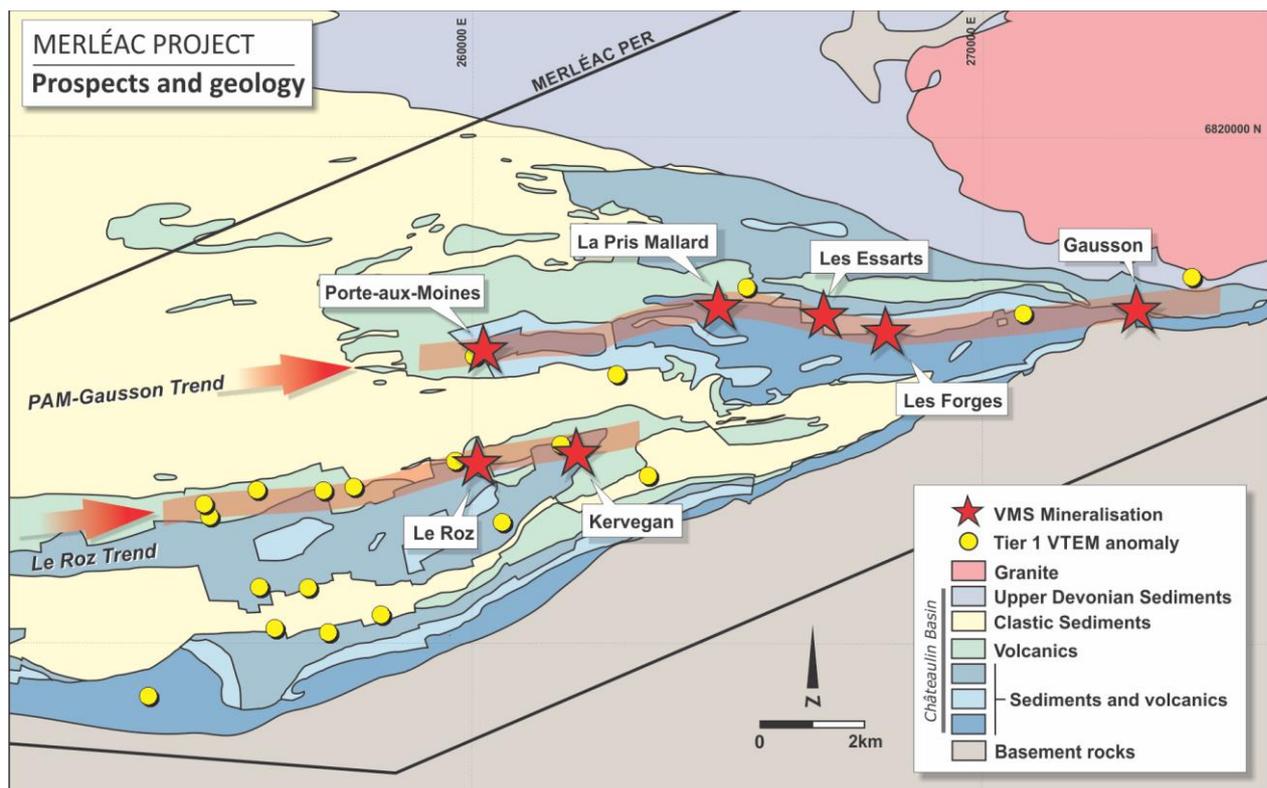


Figure 4 – Key VMS prospects within the Le Roz and PAM-Gausson mineralised trends. Summary of BRGM geology.

La Pris Mallard Prospect

This prospect also includes a "Tier 1" VTEM anomaly located about 5 kilometres east of PAM. Previous BRGM (Bureau de Recherches Géologiques et Minières - the French geological survey) work included shallow percussion and core drilling which recorded

base metal sulphides and strong sericite-quartz-pyrite altered volcanics just west-south-west of the strong VTEM anomaly.

Variscan recently collected rock chip/grab samples from gossanous material representing oxidised semi-massive and massive sulphide and stockwork sulphide-veined material. Individual assays of up to 6.1% lead, 800ppm zinc and 1840ppm copper were recorded (Table 1), confirming this as a likely centre of VMS mineralisation.

Table 1 - Maximum values recorded in surface geochemistry (XRF and ALS assays)

Prospect	Zinc (ppm)	Lead (ppm)	Copper (ppm)	Silver* (ppm)	Gold* (ppb)
La Pris Mallard	800	60,900	1,840	9	50
Les Essarts	1,521	2,304	1,031	3	3,670
Les Forges	1,986	318	638	1	260
Gausson	1,000	2,000	917	NSA	90
Le Roz	942	1,472	1,106		
Kervegan	396	168	396		

* ALS assays only reported

Les Essarts Prospect

This advanced prospect is approximately 700 metres in strike length and was drilled to a shallow depth by the BRGM during the 1970's. The drilling recorded a number of zinc-lead-copper intersections of stratiform VMS mineralisation including -

- **1.25 metres @ 7.0% zinc, 3.04% lead, 0.22% copper from 80 metres in LSS2, and**
- **1.0 metre @ 5.49% zinc, 2.72% lead and 0.26% copper from 66 metres in LSS3**

The BRGM work has clearly identified another centre of VMS mineralisation broadly analogous to PAM.

Sampling by the Company of iron-rich float has recorded strongly anomalous values including up to 3.67g/t gold (see Announcement dated 5 February 2015).

This will be one of the priority targets for additional Variscan exploration work.

Les Forges Prospect

The prospect lies approximately 1.2 kilometres east of Les Essarts. Previous work by Variscan included sampling of a group of old iron workings that mined gossanous material displaying box-work textures after base metal sulphides.

Highly elevated results up to 1986ppm zinc, 318ppm lead, 638ppm copper and 260ppb gold were recorded over a strike length of about 700 metres, again believed located within the same rock package that hosts PAM.

Gausson Prospect

Former work by the BRGM included shallow drilling to the southwest of a strong VTEM anomaly, intersecting low grade stockwork copper mineralisation.

Recent Variscan rock chip and float sampling (including the VTEM target) returned elevated surface values, believed associated with VMS mineralisation, up to 875ppm zinc, 1991ppm lead, 917ppm copper and 90ppb gold.

Le Roz Trend

This newly defined trend lies approximately two kilometres south of the PAM deposit and has been defined on the basis of a string of strong VTEM anomalies (Figure 4). To date Variscan has assessed two of the seven 'Tier 1' VTEM anomalies that have been defined over a strike distance of around seven kilometres. Both anomalies, Le Roz and Kervegan do not appear to have been explored previously and are favourably located within the interpreted folded repeat of the PAM mineralised rock sequence.

Base metal geochemistry at both prospects is elevated, particularly at Le Roz (Table 1), indicating the likely presence of base metal sulphides.

ST PIERRE PROJECT

During 2014/15 exploration at St Pierre included a broad programme of rock chip and float sampling which generated a number of high grade results up to 159g/t gold across five main areas of interest (Figure 5).

These areas lie around the old La Bellière gold mine believed to be the third largest gold mine in France. The mine is recorded to have produced 334,000 ounces of gold from high grade quartz – sulphide veins individually varying in true thickness from 1 to 16 metres intermittently over a strike length of about 1.6 kilometres.

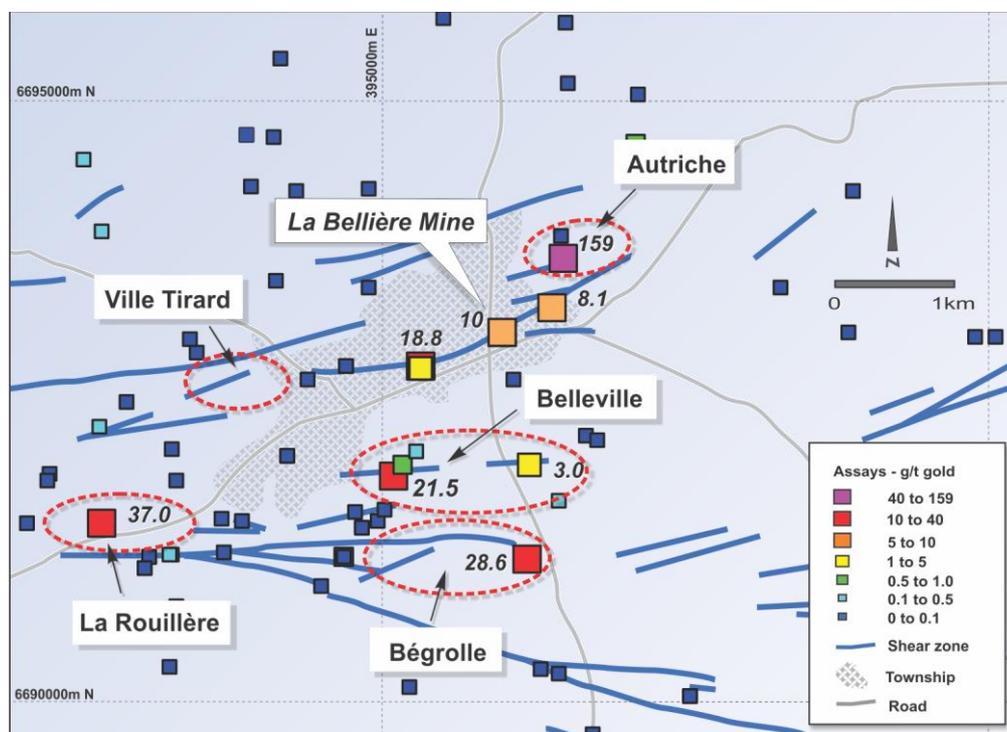


Figure 5 – Rock chip / grab sample gold results and key prospects at St Pierre

Follow-up detailed soil sampling was completed at selected prospects. This generated highly elevated gold-in-soil anomalism, notably over the Belleville prospect where assay results up to 2.4g/t gold were recorded (ASX announcement 2 June 2015 and Quarterly report September 2015). Final planning for RC and core drilling of key prospects is nearing completion.

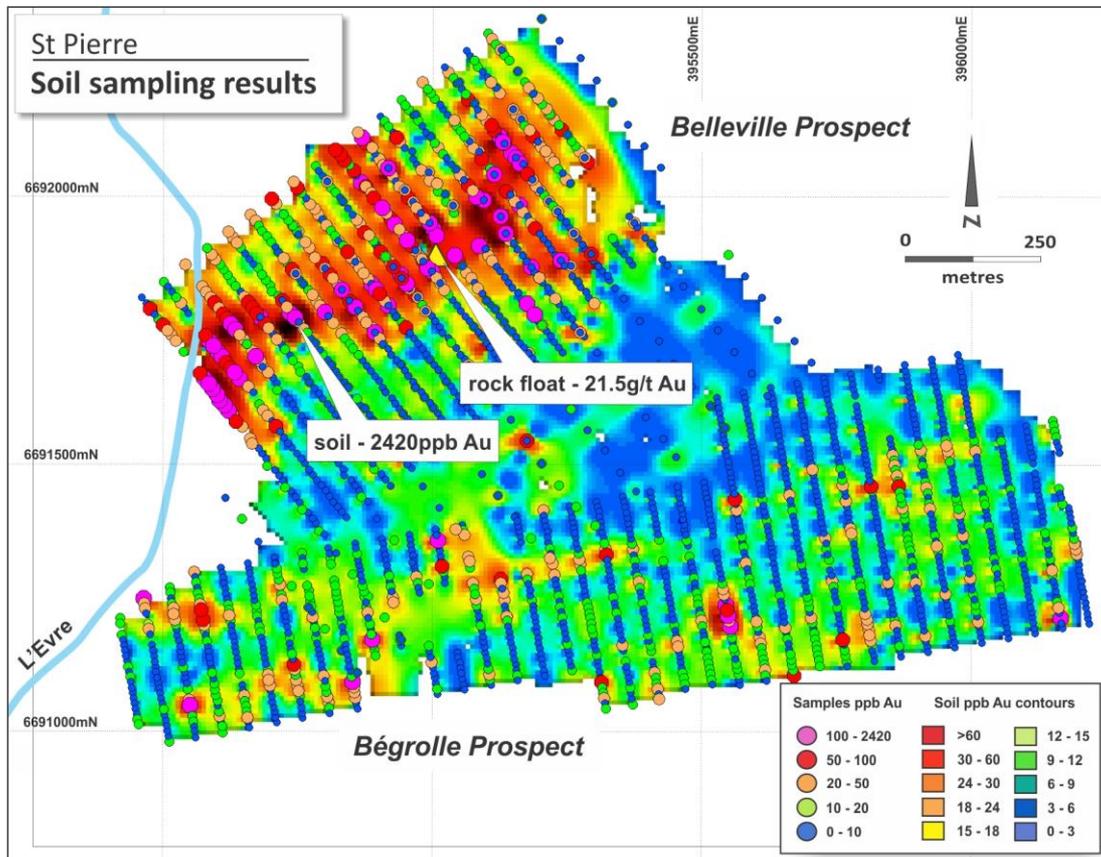


Figure 6 – Belleville / Bégrolle gold prospects at St Pierre showing soil sampling completed to date and strong anomalism defined

OTHER LICENCE APPLICATIONS

Variscan has two other applications for exploration licences in France within the approvals process, each over projects with good potential for short term resource generation and/or major new discoveries.

AUSTRALIA

Exploration activity within Variscan's Australian joint ventures was subdued for the quarter. No significant work was completed.

Investments

Variscan maintains a diversified portfolio of investments within a number of ASX-listed resource companies. The key companies within the portfolio are:

- Eastern Iron – Advanced iron project and potential for VMS copper-gold mineralisation in Victoria

- Silver City Minerals – Exploration interests at Broken Hill, NSW and near Taupo, NZ
- Thomson Resources – Large landholdings for copper, gold and tin within the Thomson and Lachlan Fold Belts, NSW

Financial and Corporate

FINANCE

Cash expenditure by Variscan on exploration and project appraisal for the quarter was \$0.41 million. Expenditure by joint venture parties on projects in which Variscan has an interest was \$73,318 for the quarter. Cash available for Variscan at the end of March was \$0.45 million. As at 28 April 2016, the total value of the Variscan shareholdings in ASX listed resource companies stood at approximately \$1.7 million.

Variscan Mines Limited



Greg Jones

Managing Director

The information in this report that relates to Exploration Results is based on information compiled by Greg Jones, BSc (Hons), who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Jones is a Director of Variscan Mines Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Jones consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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