



16 May 2015

## **Entitlement Offer of Shares**

Dear Shareholder,

On 13 May 2016, Variscan Mines Limited (**Variscan** or **Company**) lodged a prospectus dated 13 May 2016 (**Prospectus**) with the Australian Securities and Investments Commission (**ASIC**) offering a pro-rata renounceable issue of new ordinary shares (**New Shares**), at an offer price of \$0.018 (**Offer Price**) per New Share. This offer is for one New Share for every five fully-paid ordinary shares (**Shares**) recorded in the Company's register at 7.00pm (AEST) on 18 May 2016 (**Record Date**) (**Entitlement Offer**).

### **Terms of the Entitlement Offer**

If you are an Eligible Shareholder (defined below), you will be able to subscribe for one New Share for every five Shares you hold in the Company as at 7.00pm on the Record Date at the Offer Price of \$0.018 per New Share.

The Entitlement Offer will raise up to \$1,553,867 before costs, and Patersons Securities Limited has agreed to underwrite the Entitlement Offer up to an amount of \$496,647.

### **Offer**

We believe you may be eligible to participate in the Entitlement Offer. As an Eligible Shareholder, from 23 May 2016, you will be mailed a Prospectus, together with a personalised entitlement and acceptance form (**Entitlement and Acceptance Form**) which contains details of the number of New Shares for which you, as an Eligible Shareholder, are entitled to subscribe for under the Entitlement Offer.

### **Prospectus**

The Prospectus sets out:

1. the details of the Entitlement Offer;
2. the purpose and effect of the Entitlement Offer;
3. the prospective use of funds raised under the Entitlement Offer;
4. the risks involved in participating in the Entitlement Offer;
5. the rights and liabilities attaching to New Shares;
6. the details of the Shortfall Offer (described below).

The Prospectus may also be viewed on the ASX's website ([www.asx.com.au](http://www.asx.com.au)), as well as on the Company's website ([www.variscan.com.au](http://www.variscan.com.au)).

It is important that you read the Prospectus carefully and in full prior to participating in the Entitlement Offer. It is also important that you inform yourself about the Company by considering information about the Company available from the ASX. The Prospectus does not contain some of this information as it is reported to the ASX on a regular basis.

### **Participation**

Eligible Shareholders may take up their entitlement under the Entitlement Offer (**Entitlement**) in full or in part. Your Entitlement will be determined based upon the number of Shares you hold as at 7.00pm (AEST) on the Record Date.

You may apply to take up your Entitlement by completing and returning to the Company's Share Registrar, Boardroom Pty Ltd, the Entitlement and Acceptance Form, by no later than 5.00pm (AEST) on 10 June 2016 (**Closing Date**). Payment must be made by cheque payable to Variscan Mines Limited or by BPAY® (as detailed in your Entitlement and Acceptance Form). The Company retains discretion to accept or reject any Entitlement and Acceptance Forms received after this time and date.

If you do not wish to take up any part of your Entitlement, you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall Offer (defined below).

### **Shortfall Offer**

Any Entitlements not subscribed for under the Entitlement Offer by the Closing Date will form part of a further offer under the Prospectus (the **Shortfall Offer**). Eligible Shareholders who wish to apply for New Shares above their Entitlement can do so using the Shortfall Offer.

The Entitlement and Acceptance Form contains information on how to apply for further New Shares under the Shortfall Offer.

Should the number of New Shares applied for under the Shortfall Offer exceed the amount of New Shares available for subscription, the allocation of New Shares forming part of the Shortfall Offer will be determined at the sole discretion of the Board.

Some Eligible Shareholders will not be able to subscribe for Shortfall due to constraints in the Listing Rules and the *Corporations Act 2001* (Cth). It is your responsibility to ensure that you will not breach the ASX Listing Rules or the *Corporations Act 2001* (Cth) by applying to participate in the Shortfall Offer

### **Eligibility**

The Entitlement Offer is extended to shareholders who are registered shareholders of the Company at 7.00pm on the Record Date with a registered address recorded on the Company's share register in Australia, New Zealand and Singapore (**Eligible Shareholders**).

### **Overseas shareholders**

The Entitlement Offer is limited to Eligible Shareholders. Shareholders with registered addresses in countries other than Australia, New Zealand and Singapore (**Ineligible Foreign Shareholders**) will not be entitled to participate in the Entitlement Offer. The Company has appointed Patersons Securities Limited as nominee to sell all Ineligible Foreign Shareholders' rights. The proceeds of sale (in Australian dollars) will be distributed to the Ineligible Foreign Shareholders in proportion to their shareholdings as at the Record Date (net of expenses).

### **Optionholders**

Persons who currently hold options in the Company (**Options**) are only eligible to participate if they exercise their Options before 7.00pm (AEST) on 18 May 2016.

### Timetable

The indicative timetable for the Entitlement Offer is set out below.

<b>Event</b>	<b>Date</b>
Lodgement of Prospectus with ASIC	Friday 13 May 2016
Notice to Optionholders+	Friday 13 May 2016
Lodgement of Appendix 3B	Friday 13 May 2016
Notice to Shareholders	Monday 16 May 2016
Shares quoted on an ex basis - Entitlement commence trading	Tuesday 17 May 2016
Record Date for determining Entitlements	Wednesday 18 May 2016
Opening date and despatch of Prospectus to Shareholders	Monday 23 May 2016
Entitlement trading ends	Friday 3 June 2016
New Shares quoted on a deferred settlement basis	Monday 6 June 2016
Closing Date of Entitlement Offer – 5.00pm AEST	Friday 10 June 2016
Notify ASX of under subscriptions	Thursday 16 June 2016
Despatch date	Monday 20 June 2016

Shareholders have, to date, shown great loyalty to the Company and we believe you will see the merit in supporting this fundraising initiative to be primarily applied towards the proposed work programs and studies on our French projects. We look forward to your continued support.

By order of the Board.

Yours sincerely



**Pat Elliott**  
Chairman  
Variscan Mines Limited



16 May 2016

## NOTICE TO INELIGIBLE SHAREHOLDERS

Dear Shareholder

### Variscan Mines Limited — Entitlement Offer

On 13 May 2016, Variscan Mines Limited ACN 003 254 395 (ASX: VAR) (**Company**) announced to the Australian Securities Exchange (**ASX**) that it would be launching a pro-rata, renounceable entitlement issue to its existing shareholders to raise approximately A\$1.55 million before offer costs (**Entitlement Offer**).

### Details of the Entitlement Offer

Each eligible shareholder will be offered one new ordinary share in the Company (**New Share**) for every five fully-paid ordinary shares recorded in the Company's register at 7.00pm (AEST) on 18 May 2016 (**Record Date**) at an offer price of \$0.018 for each New Share (**Offer Price**).

You are not required to do anything in response to this letter. This letter is to inform you that unfortunately you will not be eligible to subscribe for your Entitlement under the Entitlement Offer and to explain why.

This letter is not an offer to issue New Shares to you nor is it an invitation for you to apply for New Shares.

### Eligible shareholders

The Company has determined that it would be unreasonable to make an offer of Entitlements to shareholders with registered addresses outside Australia, New Zealand and Singapore (**Ineligible Shareholders**) after taking into account:

- the relatively small number of shareholders in those countries;
- the small number and value of securities held by Ineligible Shareholders; and
- the potential cost of complying with legal and regulatory requirements of those countries.

This is pursuant to Listing Rule 7.7.1 of the ASX Listing Rules and section 9A of the *Corporations Act 2001* (Cth) (**Corporations Act**).

Shareholders who are eligible to participate in the Entitlement Offer are shareholders who, as at the Record Date:

- are registered as holders of fully paid ordinary shares in the Company at 7.00pm on the Record Date; and
- have an address in the Company's share register in Australia, New Zealand or Singapore.

Unfortunately, according to our records, you do not satisfy the eligibility criteria stated above and the Company informs you that you will not:

- be sent a prospectus or other documents relating to the Entitlement Offer; or
- be able to subscribe for New Shares (that is Entitlements) under the Entitlement Offer.

### **Appointment of nominee**

In compliance with Listing Rule 7.7.1 and sections 9A and 615 of the Corporations Act, the Company has appointed Patersons Securities Limited (**Patersons**) as an ASIC-approved nominee, to arrange for the sale of the Entitlements pursuant to section 615(c) of the Corporations Act which would have been granted to Ineligible Shareholders.

The Company will issue the Entitlements to the New Shares that would otherwise have been issued to Ineligible Shareholders (had they been Eligible Shareholders) to Patersons. Patersons will not be subscribing for the New Shares but will dispose of the Entitlements at any price necessary to any buyer it procures at its discretion.

Patersons will have the absolute and sole discretion to determine the timing and the price at which the Entitlements are sold and the manner in which any sale is made. The price at which the Entitlements are sold (which may be nominal) will depend on various factors, including market conditions. To the maximum extent permitted by law, neither the Company nor Patersons will be liable for a failure to sell Entitlements at any particular price.

The net proceeds of sale of Entitlements (if any, after the payment of costs) will be remitted to the Company for distribution to the Ineligible Shareholders for whose benefit the Entitlements have been sold in proportion to the number of New Shares they would have been entitled to under the Entitlement Offer had they been Eligible Shareholders (after deducting brokerage and other expenses).

If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding the sale of the Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

For further information on the Entitlement Offer, please contact us on +61 2 9906 5220 from 9.00am to 5.00pm (Sydney time) Monday to Friday.

If you have any further questions you should contact your accountant, stockbroker or other professional adviser.

On behalf of the Company board and management, thank you for your continued support.

By order of the Board.

Yours sincerely



**Pat Elliott**  
Chairman  
Variscan Mines Limited