ASX Announcement | 14 April 2024

Variscan Mines Limited (ASX:VAR)

NOVALES-UDIAS PROJECT AREA EXPANDED
NEW LICENCE OVER WORLD-CLASS REOCÍN MINE

Highlights

- **Two new exploration licences (Ana Isabel & Hipólita) awarded over 21.9 km^2**
- **Novales-Udias Project tenement area expanded to 111.1 km^2 in proven zinc district**
- **Ana Isabel licence is immediately adjacent to existing tenements held by Variscan offering advanced exploration and development potential**
- **Hipólita licence covers part the former producing, world-class, Reocín Mine and its extensions**
- **Reocín Mine produced approximately 62 Mt of ore grading 8.7% Zn and 1.0% Pb. In 2003, at mine closure, average production grades were 8.5% Zn and 0.9%Pb with Reserves of 2.5Mt remaining[1]**
- **Data collation underway from substantial archive at School of Mines & Energy Engineering, University of Cantabria**
- **Immediate priorities and deliverables remain:**
  - **Mine Re-Start (Scoping) Study for San Jose Mine**
  - **Underground drilling at Udias Mine**

Variscan Mines Limited (ASX:VAR) ("Variscan" or the **"Company")** is pleased to report the conditional award of two new exploration licences from the Consejería de Innovación, Industria, Turismo y Comercio - del Gobierno de Cantabria (the Government of Cantabria) in northern Spain. The two licences cover a combined area of 21.9km^2, increasing the total tenement area of the Novales-Udias Project to 111.1km^2.

Variscan's Managing Director & CEO, Stewart Dickson said,

"The award of 2 new licence areas is another positive step forward in the growth of the Novales-Udias project. Whilst our immediate focus is seeking to bring the San Jose and Udias Mines back into production and early cashflow, we also want to develop the exploration upside and ensure significant scale. Our Explorer-Producer strategy is aiming to deliver a staged approach that facilitates earlier cash flow from production operations at San Jose and Udias to reduce risk and still achieve attractive financial returns whilst sustainably funding the development of the overall project. These new licences add to the long-term opportunity by increasing scale in this proven, high grade zinc district.

[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' Econ. Geol. v.98, pp. 1371-1396.

The Ana Isabel licence is contiguous and highly prospective which has historically returned positive drill results. The Hipólita licence facilitates access to extensions to the former producing Reocín Mine which could add tonnage to the mineral resource inventory.

Following on from the recent statement that the Government of Cantabria fully supports the Company's plans to recommence mining, the award of the new licences is a further demonstration of the strength of the relationship between Variscan and the regional government and the shared commitment to advance production at one of the highest-grade zinc development assets in Europe".

New Licences Awarded

The two new licences, Ana Isabel & Hipólita, together termed as the 'Caborredondo II' licences, (see Figure 1 and Table 1) have been awarded for a three year period and can be extended for an additional three years by the Ministry of Industry subject to compliance requirements, including the submission of an exploration results report.

Formal ratification of the licences will occur following the review of certain supplementary information to be supplied by Variscan, including annual work plans, to the satisfaction of the Government of Cantabria. The award of the licences does not carry a minimum financial spending commitment.

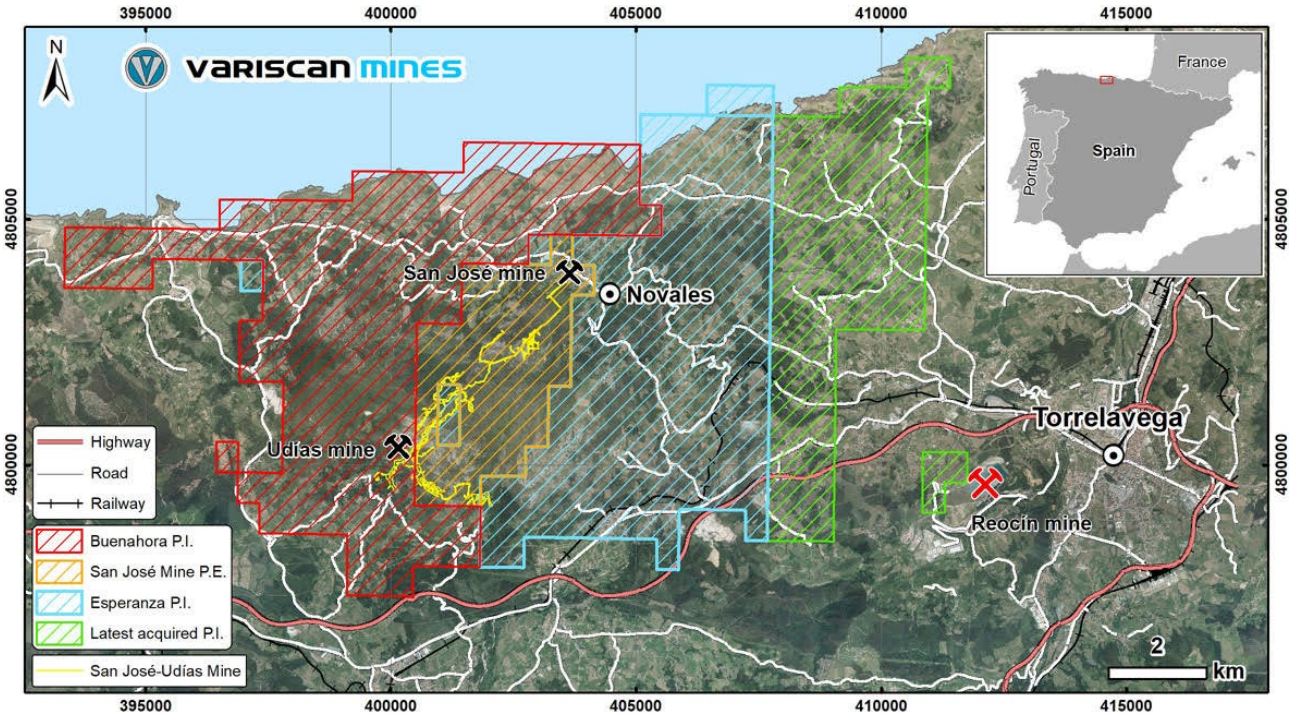

Figure 1. Map of enlarged licence areas including the Caborredondo II licences (new licence areas show in hatched green)

Table 1. Licence areas awarded comprising the Caborredondo II Licences

Licence Area	Size (km²)
Hipólita (Reocin)	**0.83**
Ana Isabel	**21.10**
Total	**21.93**

Geology and Mineralization

The principal geological feature is a wide synclinal structure that characterizes the western end of the Basque-Cantabrian Basin, named the Santillana syncline, striking NE-SW. The Caborredondo II Licences cover a significant part of the Santillana syncline, where multiple zinc ore deposits occur.

The former producing world-class Reocín Mine is located on the southeast flank of the syncline, whereas the newly gained ground within the Ana Isabel licence occupies a symmetrical position on the northwest flank of the syncline, where dolomitic alteration and zinc mineralization are well developed in the same Gargasian (Upper Aptian) carbonate beds as found at the nearby Reocín Mine. The Reocín deposit is one of the largest known strata-bound, carbonate-hosted, zinc-lead deposits in Europe.

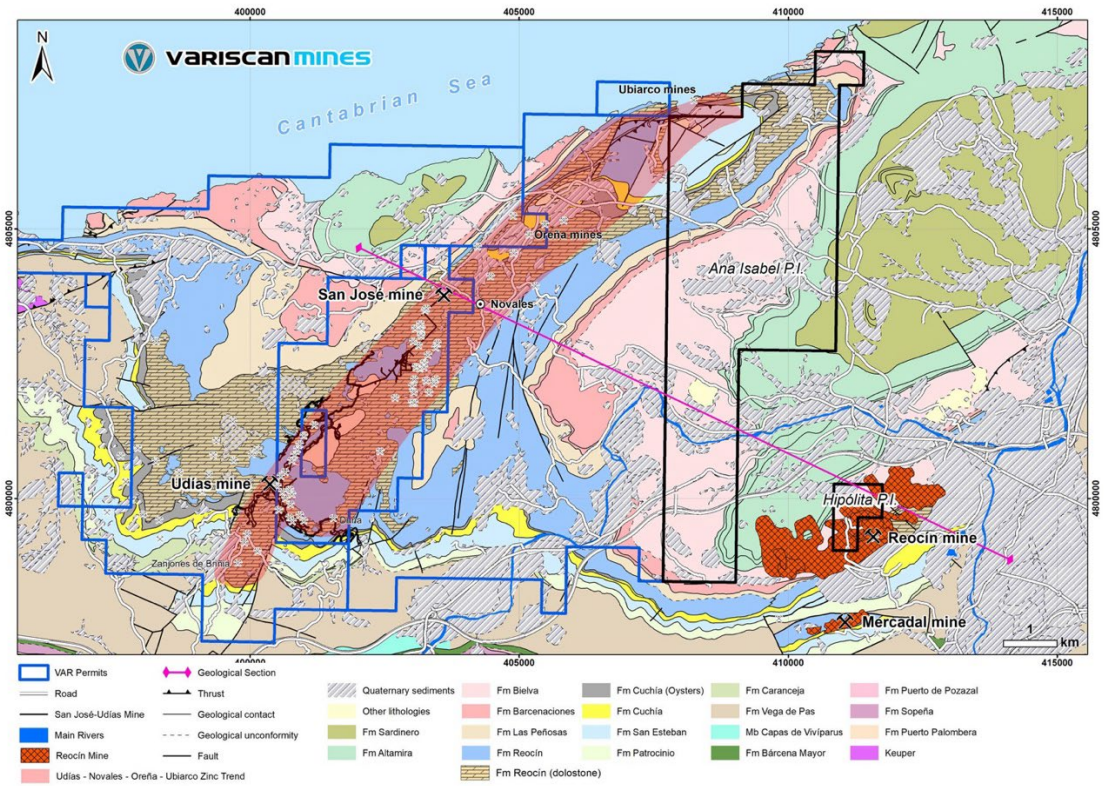

Figure 2. Map of enlarged licence areas and underlying geology

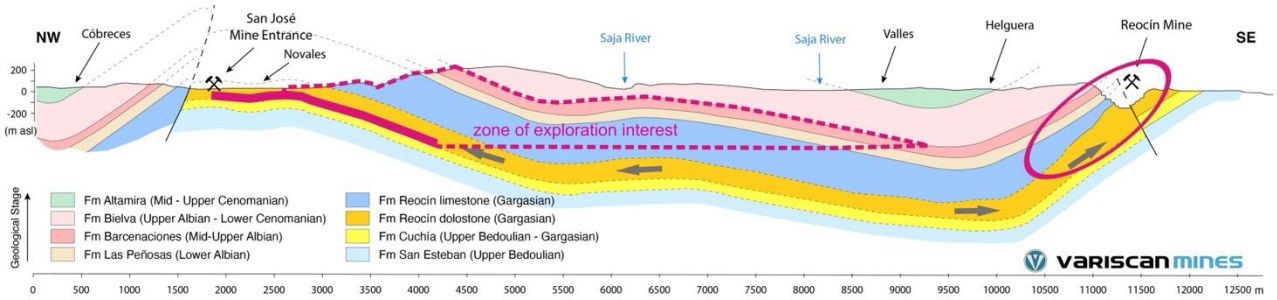

Figure 3. Geological cross-section of the Santillana syncline with exploration interest highlighted

Mineralization in the district consists mainly of sulphides, i.e., sphalerite (ZnS) and subordinate galena (PbS) with minor amounts of pyrite and / or marcasite. The sphalerite (generally termed as 'zinc blende') is clearly dominant in proportion to the rest of sulphides. The blende is the main ore for zinc and occurs in various forms ranging from massive, to crystals of small size, to botryoidal texture and filling fractures, although the most frequent texture is banded.

In terms of exploration, intensely dolomitized carbonate rocks affected by faulting/fracturing are the preferred locations for hosting zinc mineralization. Replacement of host dolomite, open-space filling of fractures, and cementation of breccias derived from dissolution collapse are the principal types of ore occurrence.

Significant archive of historical drilling data

As a former mining district, there has been significant historical drilling activity over the existing and new licences that comprise the Novales-Udias Project (see Figures 4 and 5). A large amount of historical archive information including drillhole data is stored at the School of Mines & Energy Engineering, University of Cantabria in nearby Torrelavega (16km from San Jose Mine). This is a significant resource that has already contributed to the Project's existing Mineral Resource Estimate. A review is already underway and will be reported as soon as practicable.

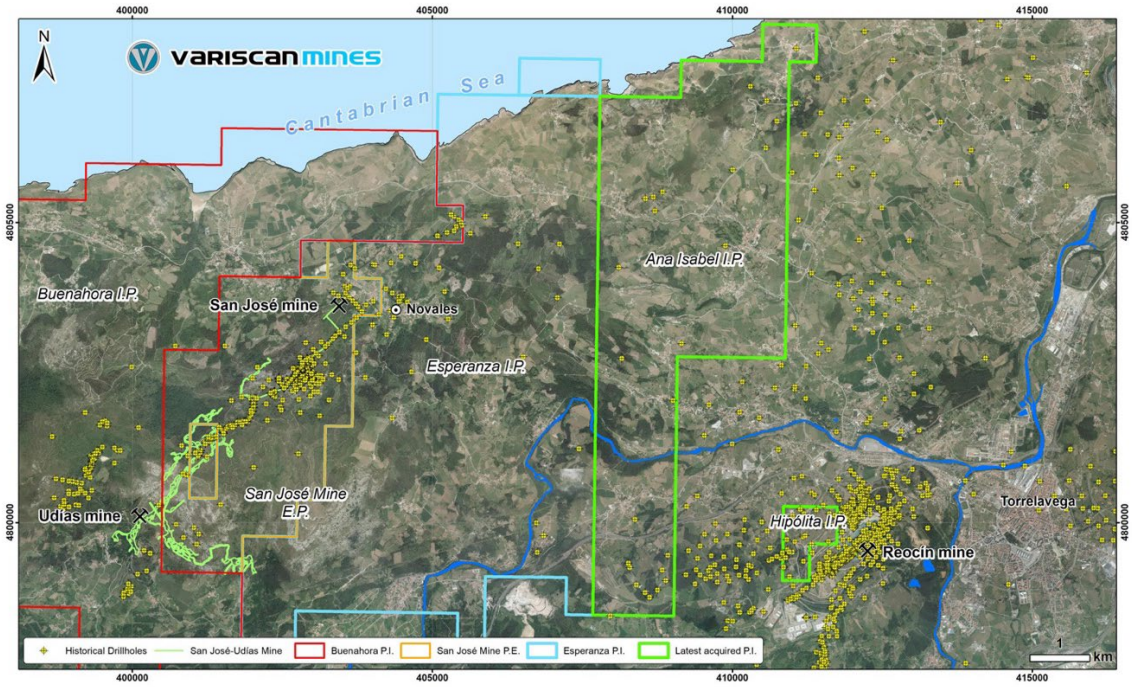

Figure 4. Map of enlarged Novales-Udias Project licence areas and location of historical drillholes

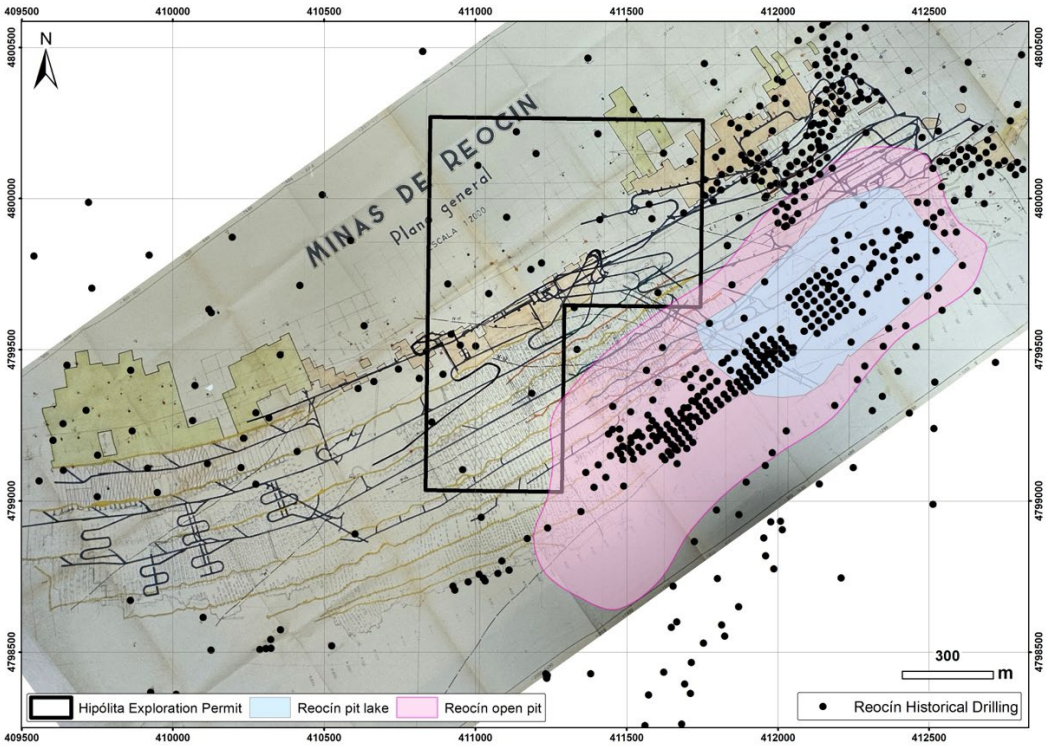

Figure 5. Plan view of Reocín Mine workings overlain with Hipólita licence and location of historical drilling

Hipólita licence unlocks access to Reocín Mine extensions

The Reocín Zn-Pb Mine is located within the Santillana synclinal in the Basque-Cantabrian basin, about 30km southwest of Santander. It is the largest known strata-bound carbonate-hosted Zn-Pb deposit in Spain[2] and one of the world's largest known Mississippi Valley Type (MVT) deposits[3]. The total metal endowment of the deposit, including past production and remaining reserves, is approximately 62 Mt of ore grading 8.7% Zn and 1.0% Pb[4]. It is reported that Reserves of 2.5Mt were remaining at the end of mining operations in 2003, with average grades of 8.5% Zn and 0.9% Pb [5].

Operations initially commenced as an open pit and subsequently extended underground. The Hipolita licence area deliberately avoids the former open pit. It is assessed to be one of the most important reservoirs in Cantabria and is governed by a Collaboration Protocol between the former operators of the mine (Asturiana de Zinc, now Glencore owned) and the Government of Cantabria.
The focus of Variscan will be the extensions of mineralization and wider exploration opportunity rather than de-watering former workings. This is a longer-term objective that could grow mineral resources tonnage and scale-up production.

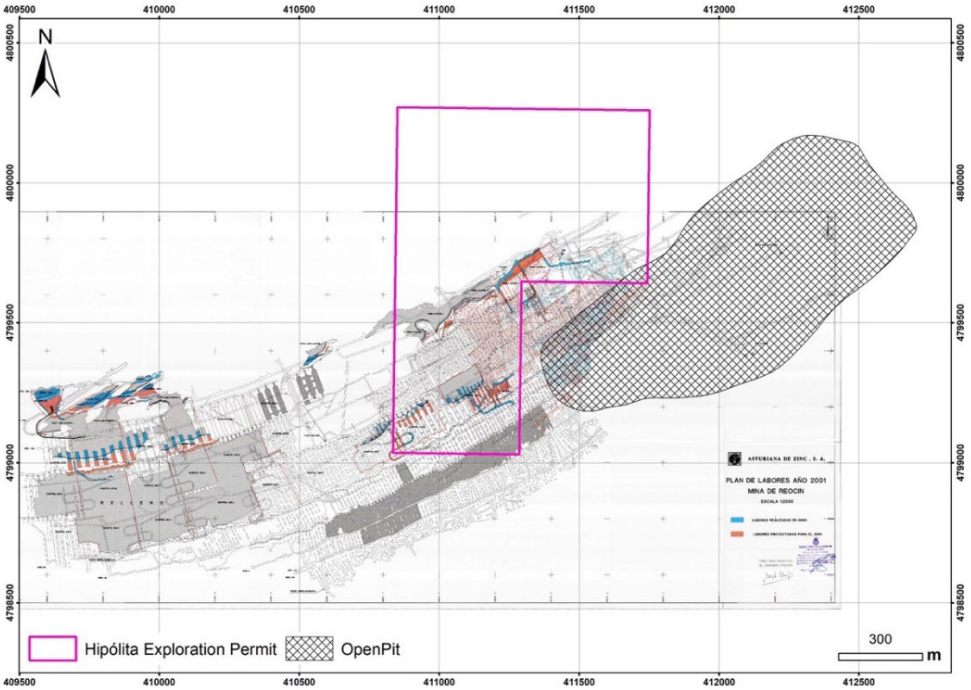

Figure 6. Plan view of Reocín Mine workings overlain with Hipólita licence

[2] 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' Econ. Geol. v.98, pp. 1371-1396.

[3] Leach, D.L, Sangster D.F, Kelley, K.D, Large D.D, Garven, G, Allen, C.R, Gutzmer, J, Walters, S, (2005) 'Sediment-hosted lead zinc deposits: a global perspective' Econ. Geol. 100th Anniversary Special Paper pp. 561-607

[4] 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' Econ. Geol. v.98, pp. 1371-1396.

[5] Ibid

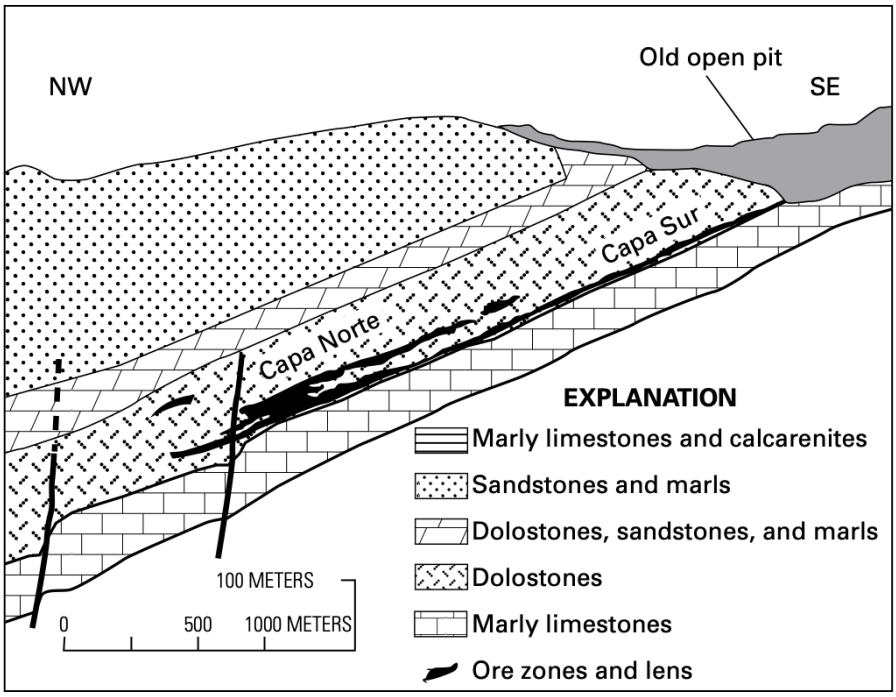

Figure 7. Cross section through the central part of the Reocín deposit, showing the relation of the ore lenses and the host dolostones[6]

District Scale Opportunity

The Cantabria region is a proven multi-deposit zinc district. MVT zinc-lead deposits usually occur in extensive districts consisting of several to as many as 400 deposits[7]. The addition of the new Caborredondo II licences adds to the significant land package secured by Variscan. This presents a district scale advanced exploration and development opportunity over multiple mines and proven mineralized areas which are typically high-grade as well as very prospective under-explored targets. This supports the company's Explorer-Producer strategy which aims to scale up production, initially at the San Jose Mine, to multiple deposits and develop the long-term opportunity funded by those operations.

Next Steps

The Novales-Udias Project continues to progress, with the following milestones expected:

- Geotechnical test work results for the Mine Re-Start (Scoping) Study
- Metallurgical test work results for the Mine Re-Start (Scoping) Study
- Further assay results from underground drilling at the Udias Mine
- Mine Re-Start (Scoping) Study

[6] US Geological Survey (2010) 'A Deposit Model for Mississippi Valley Type Lead-Zinc Ores' Scientific Investigations Report 2010-5070-A from Leach et al, 2005; modified from Velasco et al, 2003.
[7] US Geological Survey (2010) 'A Deposit Model for Mississippi Valley Type Lead-Zinc Ores' Scientific Investigations Report 2010-5070-A

ENDS

This ASX announcement has been approved by the Board and authorised for issue by Mr Stewart Dickson, Managing Director and CEO, Variscan Mines Limited

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About Variscan Mines Limited (ASX:VAR)
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 and Australia. Its primary focus is the development of its advanced zinc projects in Spain. 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.
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Novales-Udias Project Summary

The Novales-Udias Project is an advanced, zinc-lead project located in the Basque-Cantabrian Basin, some 30km southwest from the regional capital, Santander. The project is centred around the former producing San Jose and Udias underground mines with a large surrounding de-risked, district scale exploration and development area. This includes a number of satellite underground and surface workings and areas of zinc anomalism. Variscan has delineated the significant 12km mineralised Novales Trend the majority of which is over valid, granted mining tenements[8].

The San Jose Mine is nearby (~9km) to the world class Reocin Mine which is the largest known strata-bound carbonate-hosted Zn-Pb deposit in Spain[9] and one of the world's richest MVT deposits[10]. It is within trucking distance (~80km) from the San Juan de Nieva zinc smelter operated by Asturiana de Zinc (owned by Glencore).

Novales-Udias Project Highlights

- Near term zinc production opportunity (subject to positive exploratory & development work)
- Updated JORC compliant Mineral Resource Estimate of 3.4Mt @ 7.6% Zn, 0.9 %Pb released in December 2024 (refer Appendix A)
- Expanded tenement holding of 111 km^2 (including a number of granted mining tenements)
- Regional exploration potential for another discovery analogous to Reocin Mine (total past production and remaining resource 62Mt @ 8.7% Zn and 1.0% Pb[11] [12])
- Trucking distance (~ 80km) from the San Juan de Nieva smelter (Glencore owned)
- Classic MVT carbonate hosted Zn-Pb district
- Historic production of high-grade zinc from San Jose Mine; average grade reported as ~7% Zn[13] with super high grade 'bolsas' (mineralised pods and lenses) commonly 10-20% Zn and in some instances +30% Zn[14]
- Maiden drilling at Udias Mine
- Simple mineralogy of sphalerite – galena – calamine
- Mineralisation is strata-bound, epigenetic, lenticular and sub-horizontal
- Access and infrastructure all in place
- Local community and government support due to historic mining activity

[8] Refer to ASX announcement of 29 July 2019

[9] 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' Econ. Geol. v.98, pp. 1371-1396.

[10] Leach, D.L., Sangster, D.F., Kelley, K.D., Large, R.R., Garven, G., Allen, C.R., Gutzner, J., Walters, S., (2005) 'Sediment-hosted lead-zinc deposits: a global perspective'. Econ. Geol. 100th Anniversary Special Paper 561 607

[11] 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.

[12] 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.

[13] These figures have been taken from historical production data from the School of Mines in Torrelavega historical archives.

[14] Reports of the super high-grade mineralisation are supported with historical production data from the School of Mines in Torrelavega historical archives. (Refer ASX release 29 July 2019)

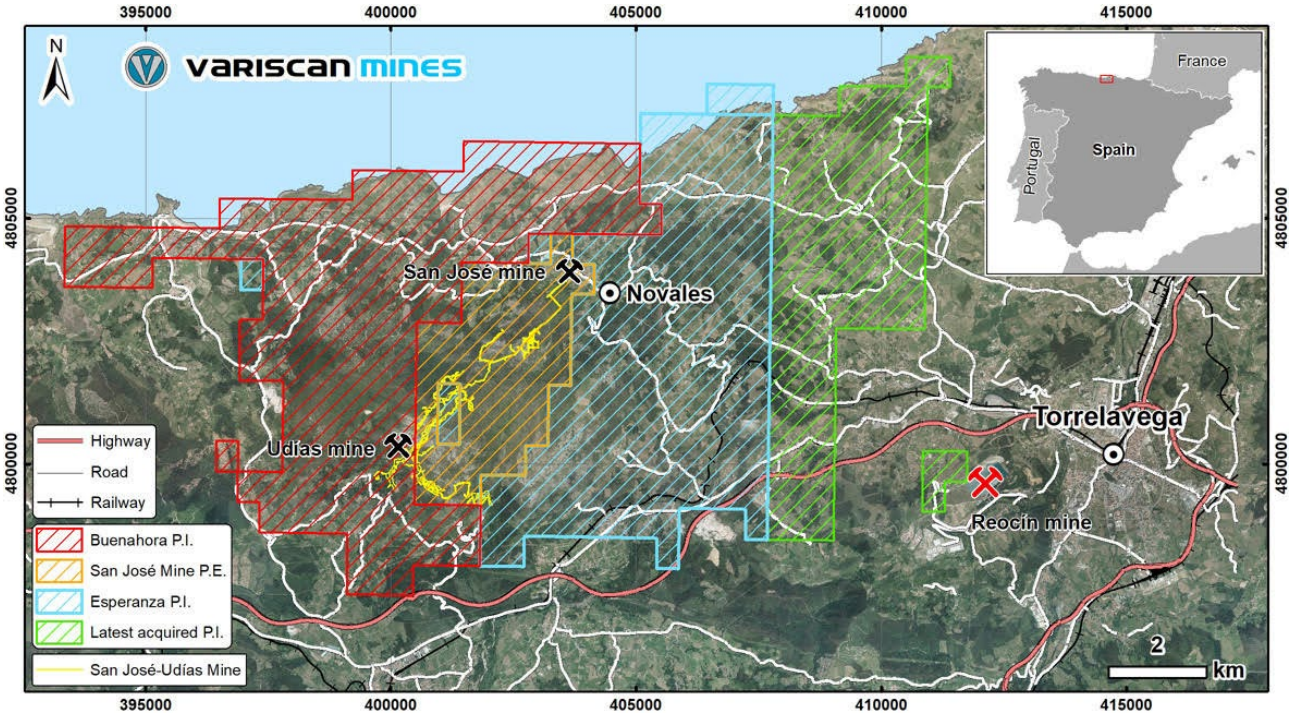

Figure 8. Map of enlarged Novales-Udias Project licence areas

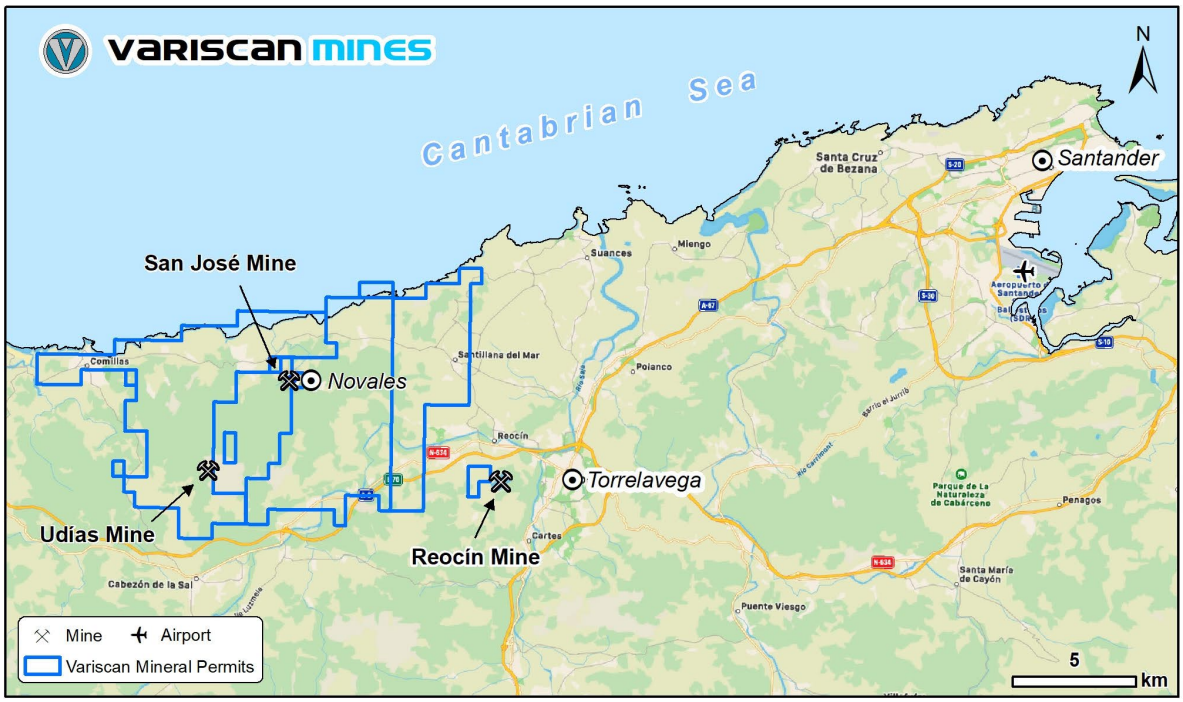

Figure 9. Map of enlarged Novales-Udias Project licence areas and local infrastructure

Competent Person Statement

The information in this document that relates to technical information about the Novales-Udias project is based on and fairly represents information and supporting documentation compiled and reviewed by Dr. Mike Mlynarczyk, Principal of the Redstone Exploration Services, a geological consultancy acting as an external consultant for Variscan Mines. Dr. Mlynarczyk is a Professional Geologist (PGeo) of the Institute of Geologists of Ireland, and European Geologist (EurGeol) of the European Federation of Geologists, as well as Fellow of the Society of Economic Geologists (SEG). With over 10 years of full-time exploration experience in MVT-style zinc-lead systems in several of the world's leading MVT provinces, Dr. Mlynarczyk 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 December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ('JORC Code'). Dr. Mlynarczyk consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears.

Where reference is made to previous releases of exploration results and mineral resource estimates in this announcement, and in particular the ASX announcement dated 9 December 2024 "*Three Fold Increase in the High Grade Mineral Resource Estimate for Novales – Udias Project*" the Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the exploration results and mineral resource estimates included in those announcements continue to apply and have not materially changed.

The information in this document that relates to previous exploration results that were prepared pre-2012 JORC code. It is the opinion of Variscan that the exploration data is reliable. Although some of the data is incomplete, nothing has come to the attention of Variscan that causes it to question the accuracy or reliability of the historic exploration.

Forward Looking Statements

Forward-looking statements are only predictions and are not guaranteed. They are subject to known and unknown risks, uncertainties and assumptions, some of which are outside the control of the Company. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. The occurrence of events in the future are subject to risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to differ from those referred to in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward-looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and the ASX Listing Rules, the Company, its directors, officers, employees and agents do not give any assurance or guarantee that the occurrence of the events referred to in this announcement will occur as contemplated.

Appendix A.

JORC Mineral Resource Estimate for San Jose Mine and north-eastern Udías by deposit and classification reported above at 2% Zn+Pb cut-off (ASX announcement 9 December 2024)

Deposit	Mineral Resource Classification	Tonnage (t)	Grade			Contained Metal		
			Zinc (%)	Lead (%)	Zinc + Lead (%)	Zinc (t)	Lead (t)	Zinc + Lead (t)
San Jose	Measured	480,254	9.18	1.80	10.98	44,064	8,654	52,718
	Indicated	641,881	8.69	1.50	10.19	55,782	9,607	65,389
	Measured & Indicated	*1,122,135*	*8.90*	*1.63*	*10.53*	*99,845*	*18,262*	*118,107*
	Inferred	615,304	8.15	1.03	9.18	50,121	6,356	56,477
	Sub-total	*1,737,439*	*8.63*	*1.42*	*10.05*	*149,966*	*24,618*	*174,584*
San Jose (NE)	Inferred	931,608	5.72	0.20	5.92	53,306	1,860	55,165
Udías* (NE)	Inferred	709,533	7.60	0.47	8.07	53,915	3,316	57,232
Total	Measured	480,254	9.18	1.80	10.98	44,064	8,654	52,718
	Indicated	641,881	8.69	1.50	10.19	55,782	9,607	65,389
	Measured & Indicated	*1,122,135*	*8.90*	*1.63*	*10.53*	*99,845*	*18,262*	*118,107*
	Inferred	2,256,445	6.97	0.51	7.48	157,342	11,532	168,874
	Total	**3,378,580**	**7.61**	**0.88**	**8.49**	**257,187**	**29,794**	**286,981**