



ASX Announcement | 17 February 2025

Variscan Mines Limited (ASX:VAR)

EXPLORATION & OPERATIONAL UPDATE

Highlights

- **Maiden underground drilling campaign at Udias Mine progressing well**
- **Assays from drilling at Udias are due imminently**
- **Mine Re-start Study progressing with number of workflows advanced:**
 - **Metallurgical test work**
 - **Geotechnical test work**
 - **Development of Mineral Resource Model**
- **Geophysics at Guajaraz complete**
- **Strategy: Updated Explorer-Producer model**

Variscan Mines Limited (ASX:VAR) (“Variscan” or “the Company”) is pleased to provide the following exploration and operational update.

Assay results imminent from maiden drilling campaign in the Udias Mine complex

Variscan commenced drilling in Q4 2024, targeting on-trend extensions of ore horizons informed by historical face sampling which returned grades in excess of 40% zinc (refer ASX announcement 10 September 2024).

In accordance with our stated plan, drilling has focused on the southern end of the Udias Mine in the upper A Level (shown in blue in Figure 1) where 9 holes have been drilled to date (see Figure 2). Diamond core from 5 drillholes was submitted to ALS Global laboratories for assay testing prior to Christmas with results due for reporting imminently.

The drill has now moved to the middle B level (shown in pink in Figure 1) to drill test this underlying mineralized horizon. There has been no previous drilling on either A or B levels as the Udias Mine was only historically exploited for calamine, leaving zinc-rich sulphides in-situ. The areas being drilled are all located outside of the existing Mineral Resource Estimate model and are expected to add to an updated MRE, anticipated for later in 2025.

All of the historical data collated, together with the Company’s geological inspection of the existing Udias Mine development, indicates excellent continuity of mineralisation extending along strike for over 2km in a south-west direction from the San Jose Mine. The style of zinc mineralisation is identical to that found at the San Jose Mine, as it is vertically stacked horizons of high-grade zinc sulphides occurring at the same elevation (i.e., no vertical offset) as at the San Jose Mine.

Figure 1. Plan view of southern end of the Udías Mine indicating areas of drilling, development and mine access

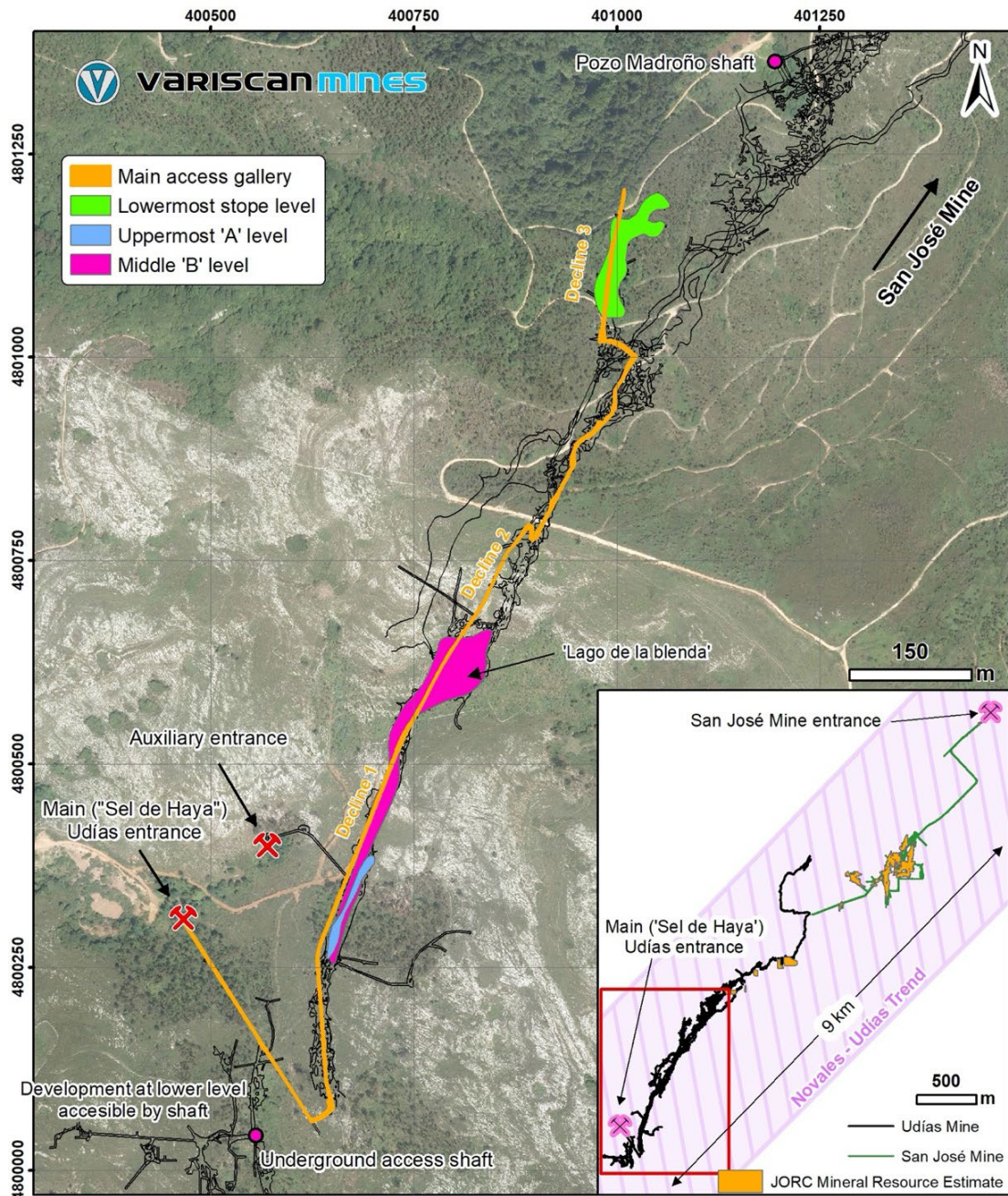
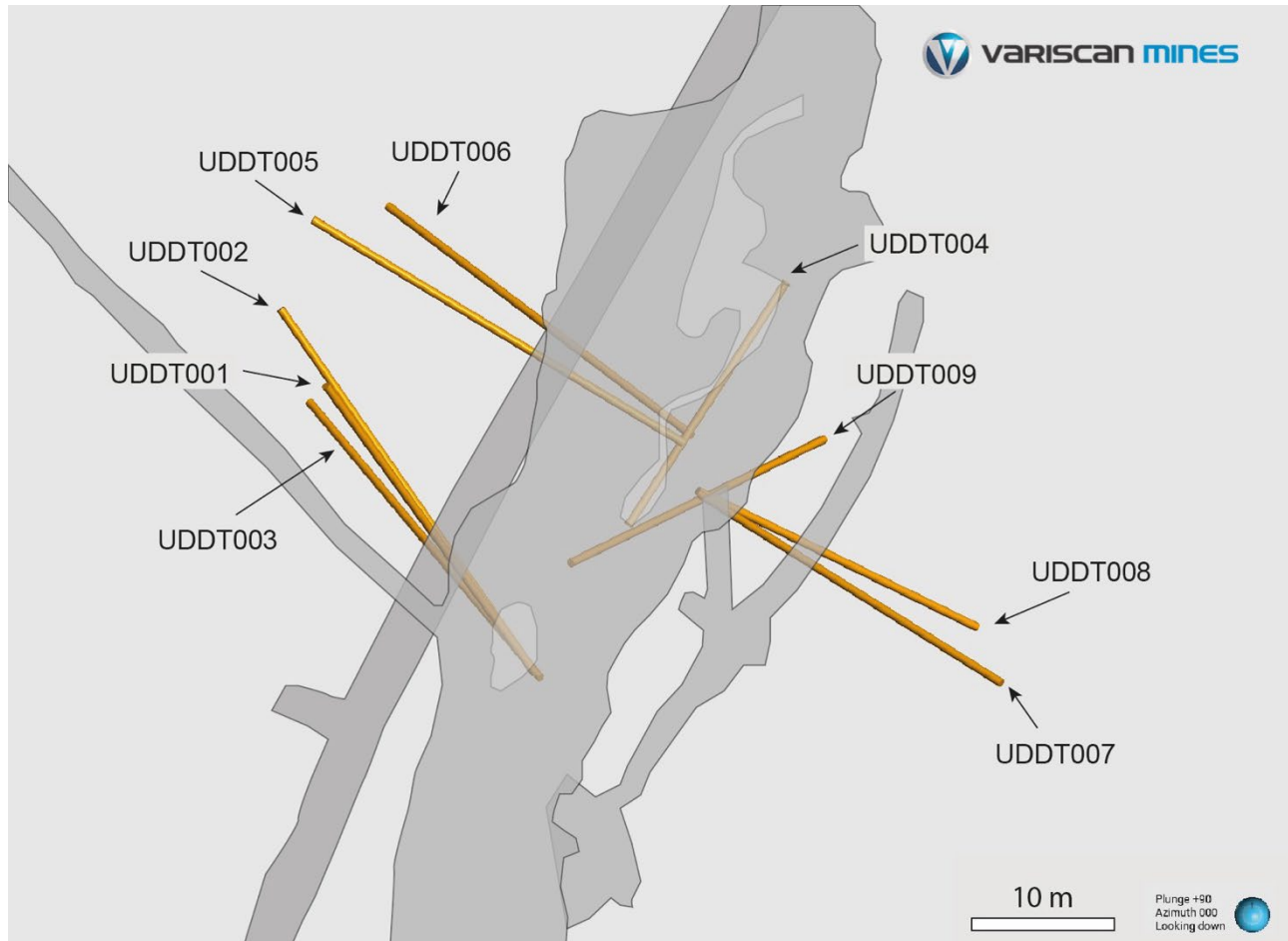


Figure 2. Orientated view of southern end of the Udias Mine showing drillhole locations



Assay results also expected from the San Jose Mine

Concurrently with the submission of core samples from the Udias Mine, samples from 16 drillholes from the San Jose Mine were also sent for assay testing. These drillholes were completed prior to the commencement of the Udias drill campaign and had been designed to drill test potential feeder zones in the Central Zone of the San Jose Mine. Results are due for reporting very shortly.

Mine Re-Start Study

Work is progressing across a number of critical workstreams feeding directly into the Mine Re-Start Study.

Metallurgical test work

The aim of the metallurgical testing is to corroborate data from historic mining operations with an added pre-concentration step built into the process. Data generated through the programme will be used to aid capital expenditure estimations for a modular processing facility and to also support recovery and concentrate quality assumptions applied in the study.

The metallurgical testing has therefore been split into 4 main phases:

1. Sample preparation prior to pre-concentration
2. Ore sorting with TOMRA and Heavy Liquid Separation ('HLS') pre-concentration methods
3. Comminution testing on pre-concentrated products
4. Confirmation flotation tests

During the period of previous operation of the San Jose Mine, a simple, conventional flowsheet was used achieving +50% zinc grade concentrates with single stage flotation. No pre-concentration methods were used at the time. It is anticipated that pre-concentration will provide added value by removing excess dilution from the ore feed prior to entering the comminution and floatation circuits. This would show an increase in zinc ore feed grade and reduce the processing plant capex due to the reduced throughput required. Sample preparation to the required size fractions for ore sorting have been completed for dispatch to TOMRA in Germany for ore sorting trials. Heavy Media Separation trials are already underway in the UK.

Geotechnical test work

Preliminary laboratory testing to derive the Uniaxial Compressive Strength ('UCS') of the rock units found at San Jose Mine are underway in the UK. Quantifying the rock strength properties and domaining their locations in the mine feeds directly into the geotechnical considerations for mine planning. The current condition of the mine shows high levels of rock competency and strength with limited need for rock reinforcement systems. As the majority of the San Jose underground workings are still accessible, a geotechnical work program of back analysing the historical stope voids is well advanced. The results of this work will add confidence to the geotechnical assumptions applied in the Mine Re-Start Study.

Geological modelling

Following on from the upgraded Mineral Resource Estimate of 3.4Mt @ 7.6% Zn, 0.9 %Pb (refer ASX announcement 9 December 2024), modelling has been developed to update waste estimation and density calculations. The lithological model has also been updated.

Geophysical Survey complete at Guajaraz Project

A Deep Ground Penetrating Radar ('DGPR') geophysical survey totalling 8165 linear metres (5775m in the La Union Mine area and 2390m in the Tio Cobos prospect area) has been completed over the Guajaraz project in Castilla-La Mancha, central Spain.

DGPR has been used to identify differences in geophysical properties of the underlying rocks, as well as any fractures, faults, veins and lodes, to assist in the generation of drill targets.

In total, 17 profiles with 1.5m spacing, using the "Loza-2N" ground penetrating radar with a 6m long receiver antenna (25 MHz) and a 20mW (21kV) transmitter have been run. Results are expected to be reported by end of current Quarter.

Figure 3. Plan view of DGPR lines over Tio Cobos prospect area

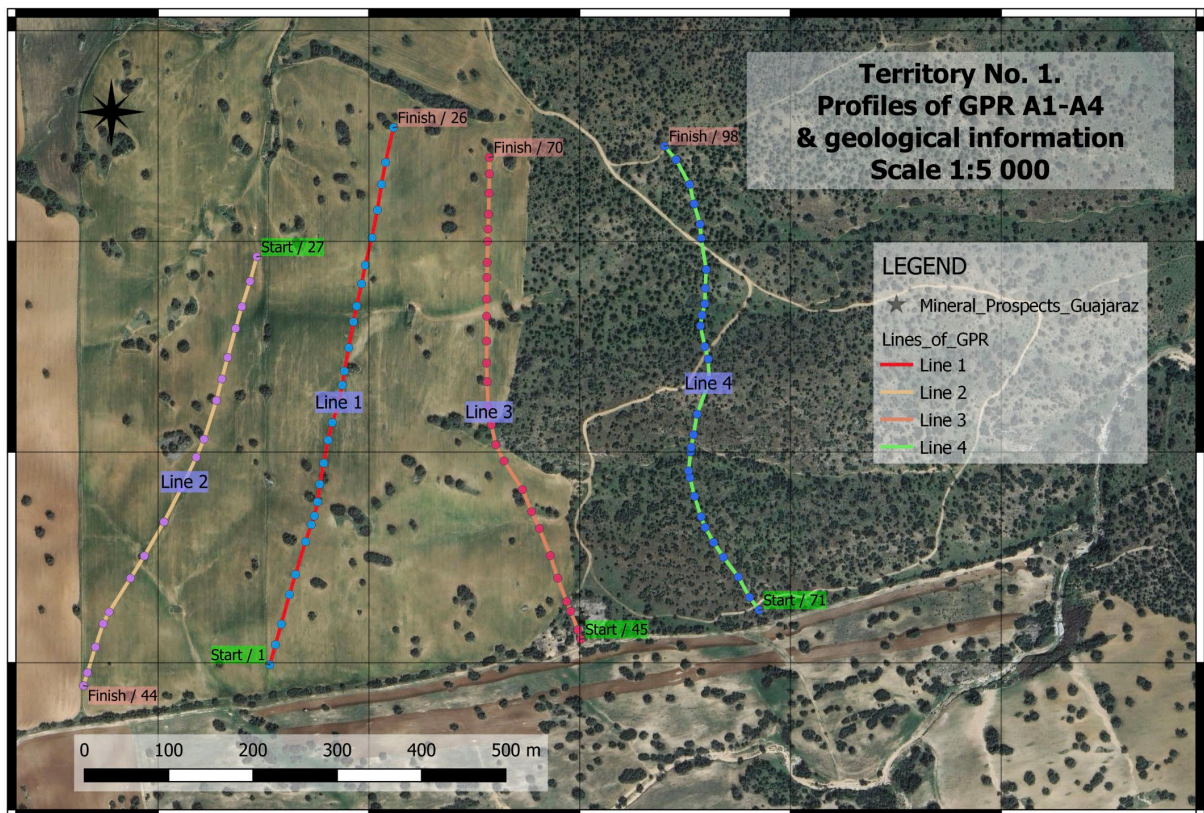
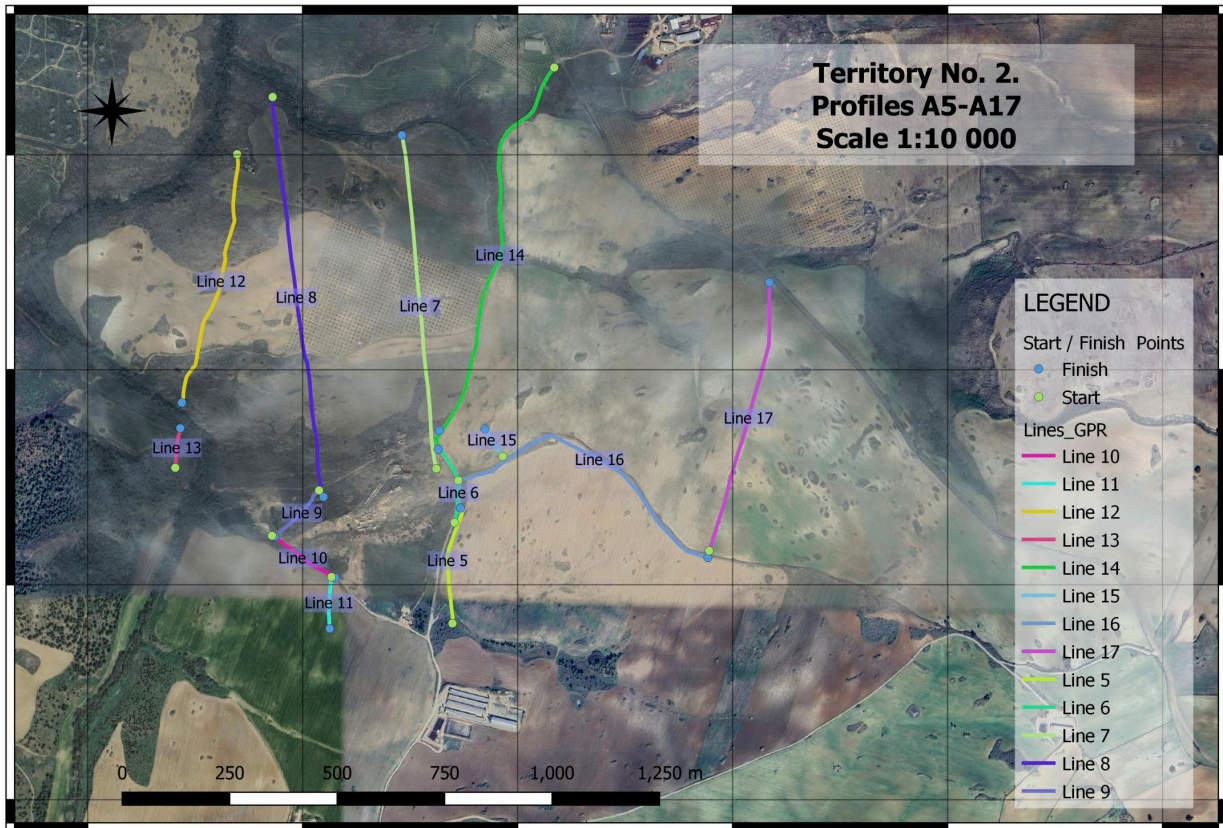


Figure 4. Plan view of DGPR lines over La Union Mine area



Explorer-Producer Strategy

Variscan is confident that its Explorer-Producer strategy is appropriate for the assets we hold and the funding conditions available for companies of this size. Our primary focus remains on moving the Novales-Udias Project towards restarting production, including testing extensions of the existing underground and adding additional prospective tenements for incorporation into later development.

The rationale for a phased mining scale-up is for the operations to fund a cycle of increasing activity both in production and exploration. We consider this to be an important differentiator for Variscan, as there currently exists a mismatch between funding available for exploration companies and the metals required for economic prosperity.

The strategy is designed to capitalise on the advantages represented by our advanced, de-risked and high-grade former mine, while recognising the potential opportunities in and around it that remain underexplored. In addition to the focus on the Novales-Udias Project we continue to assess exploration opportunities both within our tenement portfolio and more broadly available through our industry networks.

Next Steps & Way Forward

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

- Assay results from underground drilling at the Udias Mine
- Assay results from underground drilling at the San Jose Mine
- Metallurgical and geotechnical test work results
- Geophysical survey results at Guajaraz project

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

"We have hit the ground running in 2025 and whilst not immediately visible we are busy across a number of important work streams for our future growth.

I am looking forward to reporting the results of Variscan drill-testing the Udias Mine complex for the first time. This is a very exciting growth opportunity that was only unlocked last year through the acquisition of a key licence area. We have moved quickly to drill using our own resources and have assays due imminently. The Udias Mine complex is significantly larger than the San Jose Mine with current drilling outside of the Mineral Resource Estimate, therefore there is genuine potential to add significant tonnage and scale to this high quality project.

Many workstreams are in train to progress the Mine Re-Start Study. We will feed results and delivery milestones into the market as they arise. I am particularly interested in the results from the metallurgical test work underway. We are poised to unlock further value from one of the highest-grade, development stage zinc deposits in Europe, which is continuing to make good progress towards re-starting production. Our Explorer-Producer strategy reflects the quality and advantages of the Novales-Udias Project as well as considering the local and macro environments in which we operate. I am extremely excited about the Company's prospects and plans"

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, Chile 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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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 San Jose 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. Variscan has delineated a significant 9km mineralised trend and a sub-parallel 3km trend from contemporary and historical data across both the Buenahora exploration and Novales mining permits.

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 Spain¹ and one of the world's richest MVT deposits². Further it is within trucking distance (~80km) from the San Juan de Nieva zinc smelter operated by Asturiana de Zinc (100% owned by Glencore). Significantly, the Novales-Udias Project includes a number of granted mining tenements³.

Novales-Udias Project Highlights

- Near term zinc production opportunity (subject to positive exploration and development work)
- Updated JORC compliant Mineral Resource Estimate of 3.4Mt @ 7.6% Zn, 0.9 %Pb released in December 2024
- Large tenement holding of +100 km² (including a number of granted mining tenements)
- Regional exploration potential for further discoveries analogous to Reocin (total past production and remaining resource 62Mt @ 8.7% Zn and 1.0% Pb⁴⁵)
- Novales-Udias Project is within trucking distance (~ 80km) from the zinc smelter in Asturias
- Classic MVT carbonate hosted Zn-Pb deposits
- Historic production of high-grade zinc; average grade reported as ~7% Zn⁶
- Simple mineralogy of sphalerite – galena – calamine
- Mineralisation is strata-bound, epigenetic, lenticular and sub-horizontal
- Reported historic production of super high grade 'bolsas' (mineralised pods and lenses) commonly 10-20% Zn and in some instances +30% Zn⁷
- 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' Econ. Geol. v.98, pp. 1371-1396.

² 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

³ Refer to ASX announcement of 29 July 2019

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: in Econ. Geol. v.98, pp. 1371-1396.

⁵ 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.

⁶ These figures have been taken from historical production data from the School of Mines in Torrelavega historical archives.

⁷ 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 5. Map of Novales-Udias Project Licence Areas with Udias Mine highlighted

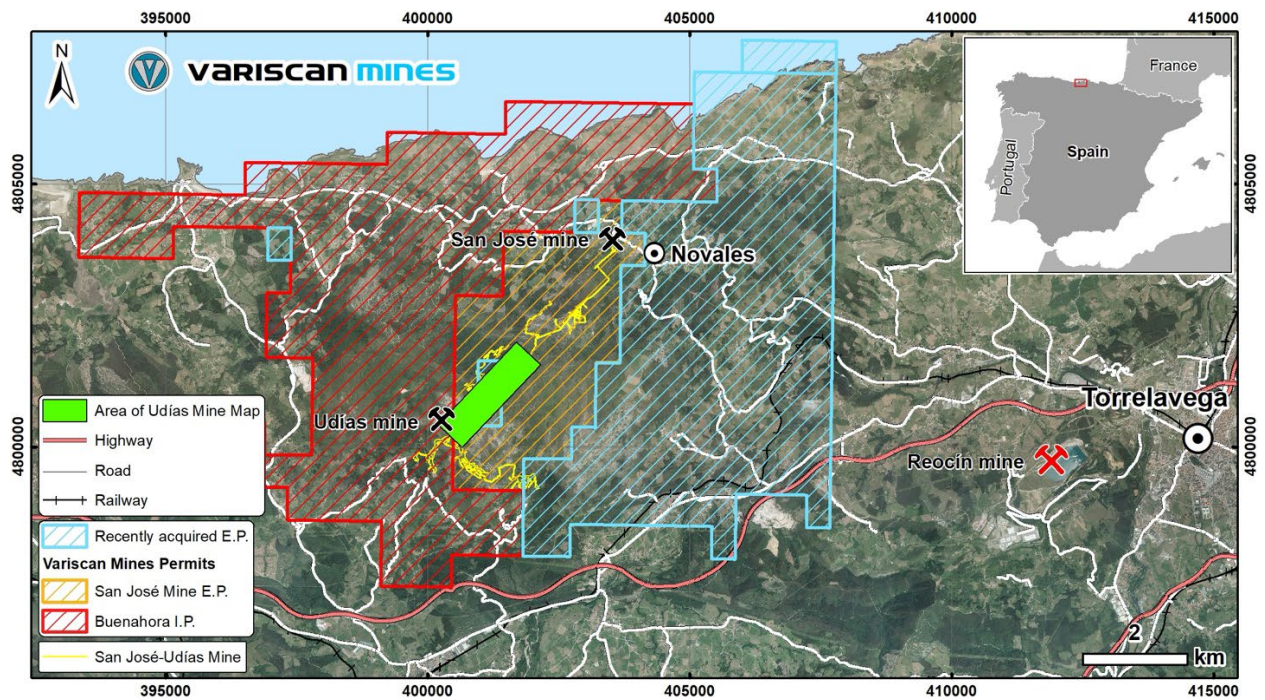
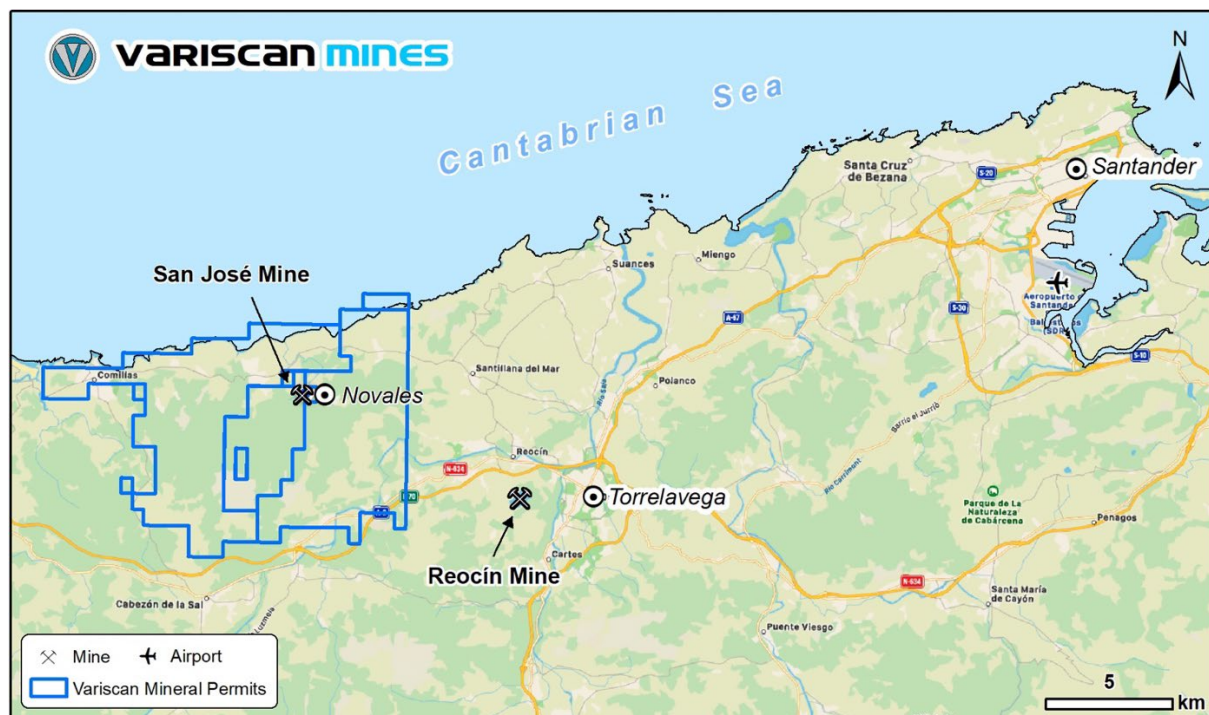


Figure 6. Map of Novales-Udias Project Licence Areas and local infrastructure



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.

The information in this document that relates to previous exploration results was 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.