

**variscan mines**

HIGHLY ELEVATED SURFACE ASSAYS ENHANCE MERLÉAC ZINC VMS POTENTIAL

A NUMBER OF PRIORITY TARGETS IDENTIFIED TO EXPAND THE PROJECT

- ❖ **Assays from surface sampling at a number of prospects returned highly elevated 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 the VTEM survey, indicating good potential for buried VMS deposits**
- ❖ **Highlights the strong potential for new VMS deposits in the same rock units that host the high grade, zinc rich Porte-Aux-Moines deposit**
- ❖ **Confirmation of two main trends of VMS mineralisation containing seven distinct mineralised centres over a total strike length of 22 kilometres**
- ❖ **Follow up work in progress for drill targeting**

Variscan Mines Limited (ASX: VAR) is pleased to provide an update of its exploration activities within the Merléac exploration licence which surrounds the high grade, zinc-rich Porte-aux-Moines (PAM) volcanogenic massive sulphide (VMS) deposit in Brittany, France.

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 1).

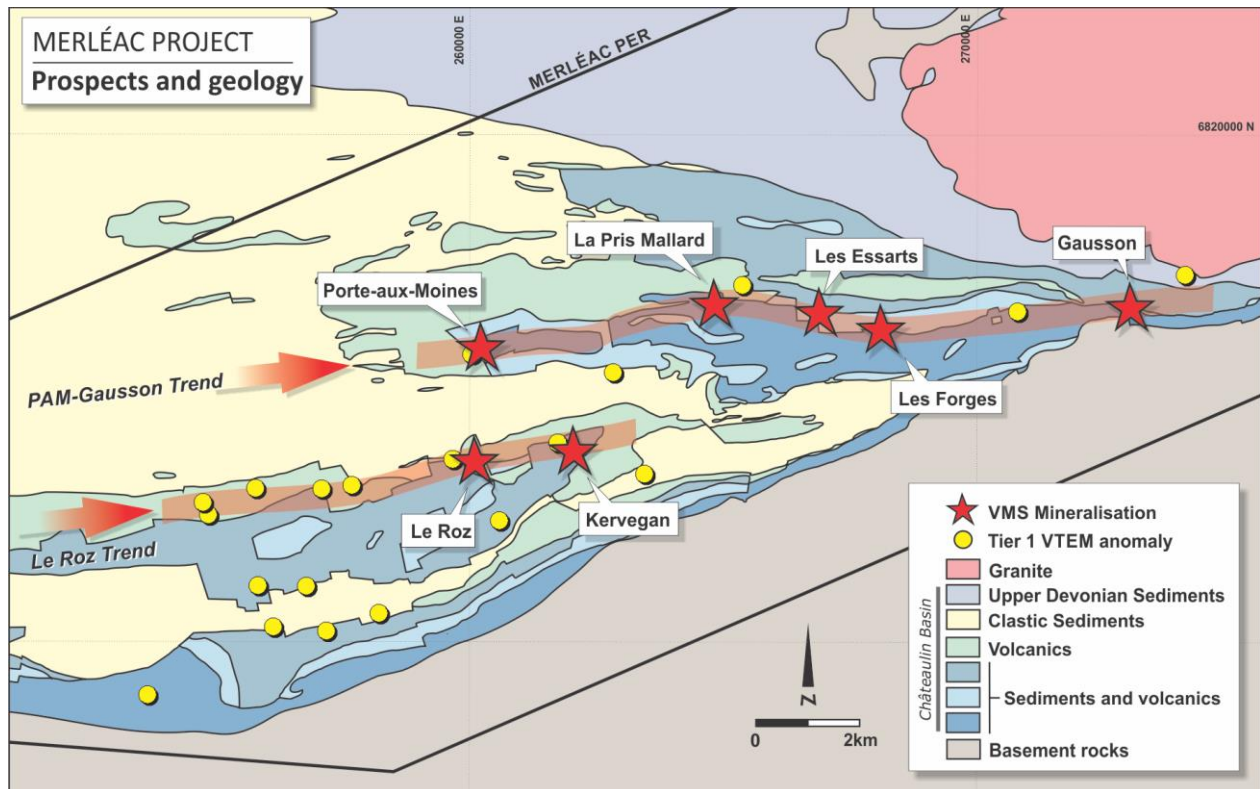


Figure 1 – Key VMS prospects within the Le Roz and PAM-Gausson mineralised trends. Summary of BRGM geology.

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.

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.

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*

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 1). 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.

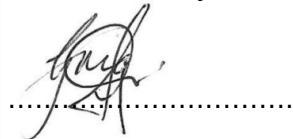
Base metal geochemistry at both prospects is elevated, particularly at Le Roz (Table 1), indicating the likely presence of base metal sulphides.

Planned Future Programmes

Within the Merléac licence over the next six months, the Company plans to -

- Complete the Porte-aux-Moines JORC Resource - anticipated in late May 2015
- Complete initial core drilling into the thick, high grade portion of the PAM Main and Hangingwall zones
- Regional exploration and assessment work on the key VMS prospects in preparation for drilling

Yours faithfully



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.

JORC Code – Table 1

Section 1 Sampling Techniques and Data

Criteria	Commentary
<i>Sampling techniques</i>	- Rock samples were either collected as grab/chip samples from outcrops, or as float in absence of outcrop in vegetated areas - The samples were part of early stage exploration where Company geologists field checked iron rich outcrops identified in previous mapping by the BRGM (Bureau de Recherches Géologiques et Minières - the French geological survey) - Rock samples with moderate to high iron oxide content were selected by qualified geologists - Sample size was around 1 kilogram - No field duplicates were collected - An independent consultant geologist experienced in assessment and sampling of oxidized material was used to assist in the selection, logging and interpretation of samples
<i>Drilling techniques</i>	Reported BRGM drill results were from NQ core holes drilled in the 1970's and 1980's
<i>Drill sample recovery</i>	Unknown
<i>Logging</i>	- Each rock chip/grab sample was briefly described with details entered into the geological database - BRGM drilling was logged by BRGM geologists.
<i>Sub-sampling techniques and sample preparation</i>	- Samples were transported to the e-Mines sample prep./assay laboratory located in Dun, southern France - Samples were dried and crushed to -2 mm - Samples were then split down with riffle box to recover 100 g - The sample splits were pulverized in a hammer mill to -80 µm 5 grams of the material were pressed into pellets ready for loading into a NITON XRF analytical device - Sample sizes and preparation techniques employed are considered to be appropriate for the generation of early stage exploration results - BRGM sampling techniques for the Les Essarts drilling were not described, but are believed probably similar to those employed at Porte-aux-Moines where core was half or quarter sawn and sent to the BRGM laboratory for sample prep and analysis
<i>Quality of assay data and laboratory tests</i>	- XRF samples were analysed within the e-Mines laboratory using a handheld Thermoscientific NITONXL3T GOLDD+ XRF machine - Readings were conducted over 45 seconds with an appropriate calibration mode for soil and rock samples. Both major and trace elements were recorded. - Selected samples were also analysed at ALS Lab, Ireland by four acid ICP-AES. - Gold was analysed by Au 50g fire assay fusion with AAS finish. 10% of samples were analysed as duplicates for QA/QC control. - Recent ALS assays at PAM checked against a large number of BRGM assays (1970/80's) from identical sample intervals. Overall repeatability between the ALS and BRGM assays was very good for all elements and provides strong confidence in the accuracy of all previous BRGM assays, including those generated at Les Essarts and other prospects.
<i>Verification of sampling and assaying</i>	- Data storage in Excel spreadsheets and GIS database - Further field checking of samples with high base or precious metal assays
<i>Location of data points</i>	- GPS coordinates of surface samples were captured with Garmin GPS in latitude-longitude decimal degrees - Projection and recording of data points into the GIS database into the RGF93-Lambert93 system
<i>Data spacing and distribution</i>	Random rock chip and grab sampling (no fixed grid) over the permit
<i>Orientation of data in relation to geological structure</i>	- Rock samples were taken as spot measurements. - Due to previous old mining of iron oxide outcrops or farmer ploughing, often little insitu material remained and it was not possible to clearly define the size or orientation of the underlying mineralisation.

Criteria	Commentary
<i>Sample security</i>	Samples were transported to the Dun facility by Variscan geologists
<i>Audits or reviews</i>	There has been no external audit or review of the Company's techniques or data.

Section 2 Reporting of Exploration Results

Criteria	Commentary
<i>Mineral tenement and land tenure status</i>	- Merléac PERM (Permis Exclusif de Recherche de Mine, a French exploration licence) - No known impediments for future exploration and development
<i>Exploration done by other parties</i>	- Last significant exploration in area is believed to have been conducted by BRGM in the 1980s. - VMS potential of the region was recognised by the BRGM who conducted regional stream sediment programmes during the mid-1970s. The Porte-aux-Moines deposit was discovered in 1976 when follow-up soil sampling and shallow drilling intersected massive sulphides. - Subsequently the BRGM conducted substantial core drilling (10km) and underground development on Porte-aux-Moines. - In addition, the BRGM conducted significant mapping, geochemical and geophysical programmes around Porte-aux-Moines and regionally - Much of the exploration data is held by the BRGM and will be compiled and assessed by the Company when accessed
<i>Geology</i>	Volcanogenic Massive Sulphide (VMS) deposits
<i>Drill hole Information</i>	No drill core for the regional exploration prospects has been observed by Variscan geologists. The bulk of technical data for old drill holes is held by the BRGM and will be accessed by Variscan geologists when required.
<i>Data aggregation methods</i>	No aggregation or high grade cuts have been applied to the data reported
<i>Relationship between mineralisation widths and intercept lengths</i>	Down hole lengths are reported for all holes as well as estimated true widths for selected holes at PAM
<i>Diagrams</i>	Diagrams have been generated by Variscan geologists and taken from published BRGM reports
<i>Balanced reporting</i>	- All significant PAM intersections previously published by Variscan - Only most significant surface rock chip and grab samples published
<i>Other substantive exploration data</i>	Much of the previous exploration, mining, metallurgical and hydrological data is currently held by the BRGM and will be reported by the Company as it is accessed, compiled and evaluated.
<i>Further work</i>	- JORC Resource estimation at PAM - Drilling into PAM deposit - Further sampling and assessment of gossans - Digitising and compilation of all regional data - Mapping and geochemical soil sampling at 50x10m centres on small selected areas such as around VTEM anomalies - Possible follow up ground EM - Follow-up diamond drilling program on new targets