



\$2.5 MILLION CAPITAL RAISING TO COMMENCE DRILLING

Variscan Mines Limited (ASX: “VAR” or “the Company”) is pleased to announce a capital raising comprising a Placement and a Rights Issue to raise approximately \$2.5 million before costs at an issue price 1.8c per share. The funds raised from the capital raising will be used for the planned drilling programs at the Merleac Zinc Project and the St Pierre Gold Project which are scheduled to commence in the coming months.

Placement

The Company has secured A\$1 million from institutional and sophisticated investors through a share placement of 55,555,556 shares to be issued at 1.8 cents per share, representing an 18% discount to the 10 day VWAP immediately preceding the Company’s trading halt on 5 May 2016.

Patersons Securities Limited (**Patersons**) acted as Lead Manager to the Placement.

Rights Issue

In addition to the Placement, the Company intends to undertake a renounceable pro rata entitlement offer (**Entitlement Offer**) on the basis of 1 fully paid ordinary shares (**New Shares**) for every 5 ordinary shares held at an issue price of 1.8 cents per New Share, being the same price as the Placement.

Significant support has been received from the Company’s major shareholders and Directors, Mr Kwan Chee Seng, and Dr Foo Fatt Kah, who have committed to take up their Rights Entitlement equating to circa \$503,000 or 37.2% of the Issue. The Rights Issue is also to be underwritten by a further circa \$500,000 by Patersons. Directors Pat Elliott and Greg Jones have also indicated their intentions to take up their rights entitlements.

The Company is finalising a Prospectus for the Entitlement Offer which is anticipated to be lodged with ASIC and released to the ASX later this week and mailed to eligible shareholders as soon as practicable thereafter.

Funds raised by the Placement and Entitlement Offer will be utilised by the Company to expand its exploration programmes over its high quality exploration licences in France and continue with its successful strategy of identifying and securing advanced projects.

Specifically, Variscan is seeking to use the funds to:

- ❖ Drill the Porte-aux-Moines zinc-lead-copper-silver-gold VMS deposit within the Merléac project, notably the thick and high grade lens of the Main Zone and possibly the shallow sections of the deposit.
- ❖ Drill the Ville Tirard and Belleville gold prospects within the St Pierre Gold Project.
- ❖ Continue the exploration and evaluation of the numerous VMS targets hosted within the Le Roz and PAM-Gausson trends at Merléac in preparation for drill testing.
- ❖ Continue soil sampling over key prospects at the St Pierre Gold Project to define further drill targets.

- ❖ Continue its evaluation and exploration work over its other licences, notably towards a drill programme at the Beaulieu Tin Project.
- ❖ Progress the two current PER applications to successful grant.
- ❖ Continue project generation activities in France.
- ❖ General working capital to be used in Variscan's exploration business.

Indicative Timetable for Entitlement Offer

Event	Date
Lodgement of Prospectus with ASIC	Thursday 12 May 2016
Notice to Optionholders+	Thursday 12 May 2016
Lodgement of Appendix 3B	Thursday 12 May 2016
Notice to Shareholders	Friday 13 May 2016
Shares quoted on an ex basis - Entitlement commence trading	Monday 16 May 2016
Record Date for determining Entitlements	Tuesday 17 May 2016
Opening date and despatch of Prospectus to Shareholders	Friday 20 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

+ Optionholders must be advised by this date of the Entitlement Offer and their inability to participate unless they exercise their Options.

This timetable is indicative only and the Company reserves the right to vary it at any time without prior notice, subject to the ASX Listing Rules and the *Corporations Act 2001* (Cth).



Greg Jones
Managing Director