ROSARIO COPPER PROJECT – UPDATE

- **Preliminary mapping & geological fieldwork complete**
- **Rock chip and grab sampling field work complete, results pending.**
- **In discussions to revise the terms of the existing option agreement**

Variscan Mines Limited ("Variscan" or the "Company") (ASX:VAR) provides an update on the Rosario Copper Project in Chile.

Geological fieldwork and mapping

Key findings

Copper mineralisation at the Rosario Prospect is assessed to be related to the up flow of fluids along the NNW Mantos Gruesos Fault zone in probable mesothermal conditions and lateral inflow of the mineralizing solutions into permeable layers of the Mantos Gruesos unit.

Oxide mineralisation also was transported into a secondary NW trending fault system. The lack of intense pyritization and the overall alteration characteristics indicates low sulphidation and suggest that the primary ore is made up mainly by copper sulphides. Copper mineralisation is hosted in the calcite infill of the main structure with thicknesses up to 20 m and in permeable strata in contact with this structure. In Northern Chile, this type of mineralized structures is common in the peripheries of intrusion related ore bodies and can constitute interesting targets for Cu-Ag or Cu-Au mineralisation.

Lithology

At the Rosario Prospect as a result of soft reliefs and pediplanes most of the E and NW parts of the area are covered by modern regolith and polymictic gravel deposits assigned to the Atacama Gravel Unit.

The lithology comprises basically volcanic and volcano sedimentary rocks, belonging to the Llanta Formation (Lower Cretaceous) and to the Mantos Gruesos sequence (Cretaceous - Paleocene). This units show a N020° structural contact defined by the Mantos Gruesos Fault were the hanging wall consist of andesites from the Mantos Gruesos unit in contact with clastic and volcanoclastic rocks from the Llanta unit.

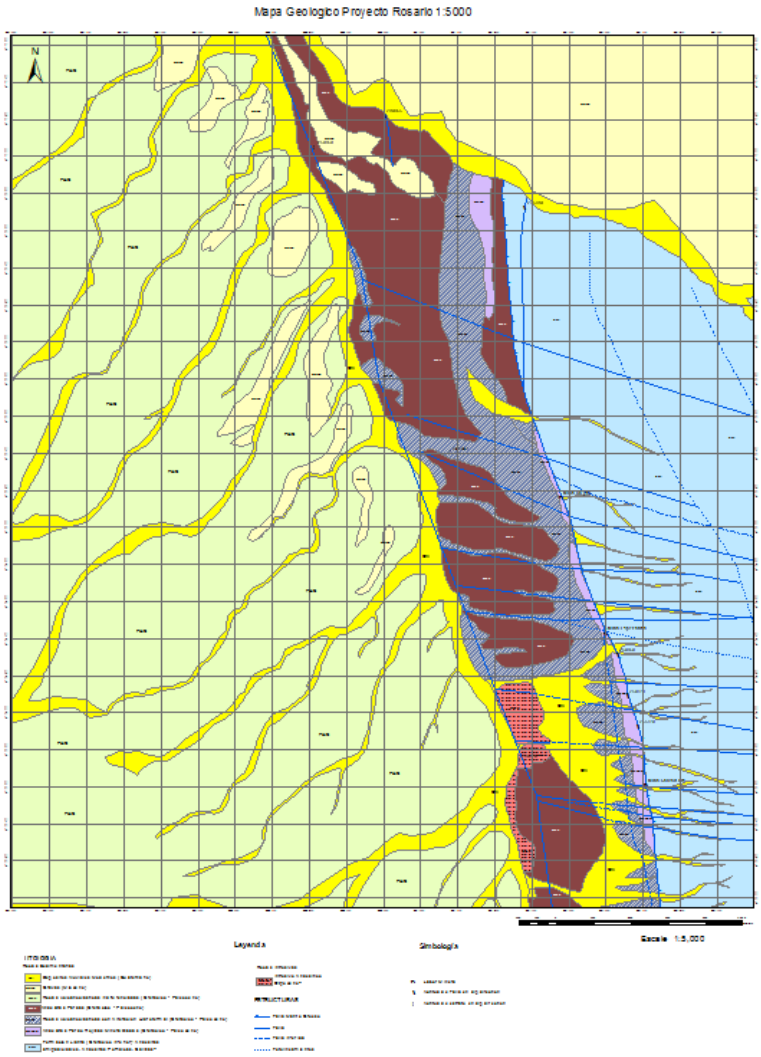
Lower Cretacic rocks comprised mainly amygdaloid and porphyritic andesites and are distributed to the East of the Mantos Gruesos Fault. No significant mineralisation has been observed in this unit, alteration is restricted to silica- epidote-calcite in voids.

Upper Cretacic – Paleocene units consist on andesites, volcanic breccias and sandstones that were integrated as different sub units within the Mantos Gruesos sequence. These rocks show altered levels with Chlorite-Epidote alteration which is apparently controlled by the flow of fluids through regional fault systems in which the Mantos Gruesos system plays a predominant role.

The only intrusive identified so far consist on a dioritic porphyry that is roughly elongated parallel to the Mantos Gruesos fault zone and is supposed to be of Oligocene age. No significant alteration or mineralisation is associated to this unit

Observed mineralisation comprises chrysocolla, minor brochantite and “almagres”, no primary or secondary copper sulfides were identified. It is hosted in the calcite infill of the Mantos Gruesos fault that can reach up to 20 m, and in the NW structures close to the intersection with the MGF. The small mines that are in the area are located at the crossings of these two structural systems were the mineralisation is hosted in the calcite and as coatings in fractures. In the central north part of the area copper oxides in volcanic sedimentary horizons (manto type) were observed in the Mantos Gruesos unit away from the main structural zone, indicating that the mineralisation fluids flowed out of the fault channel into permeable volcanic-sedimentary layers.

Figure 1. Rosario Project Geological Map

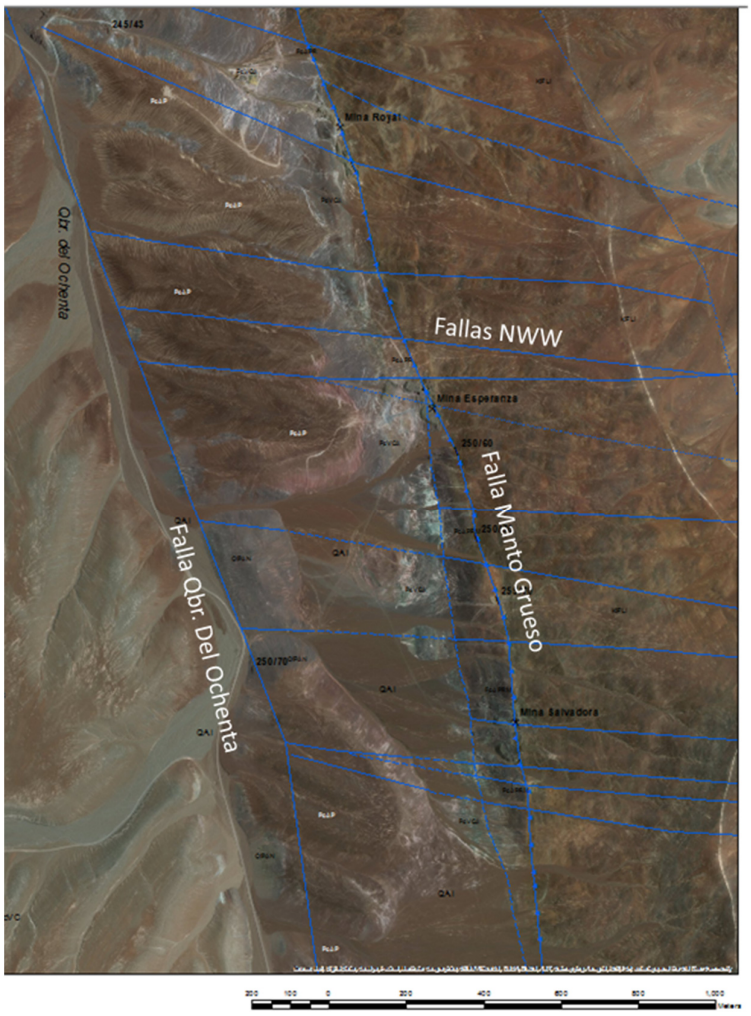


Geological structures

The major structures in the area define larger blocks of NNW orientation that define the topography and the distribution of the outcrops of the different lithological units. The main structure is the NNW/70°-80° NE trending Mantos Gruesos Fault that runs parallel to the

creek, along the Los Ochenta fault, about 600 m to 800 m to the west. The distribution of the lithological units suggest that the blocks are sequentially elevated towards the east. A second NW trending system is related to the Sierra Castillo Fault system. No cinematic relation between both systems was observed. The Mantos Gruesos Fault surface expression is a vein of Calcite and Calcite Silica breccia that host most of the observed mineralisation.

Figure 2. Rosario Project Structural Map



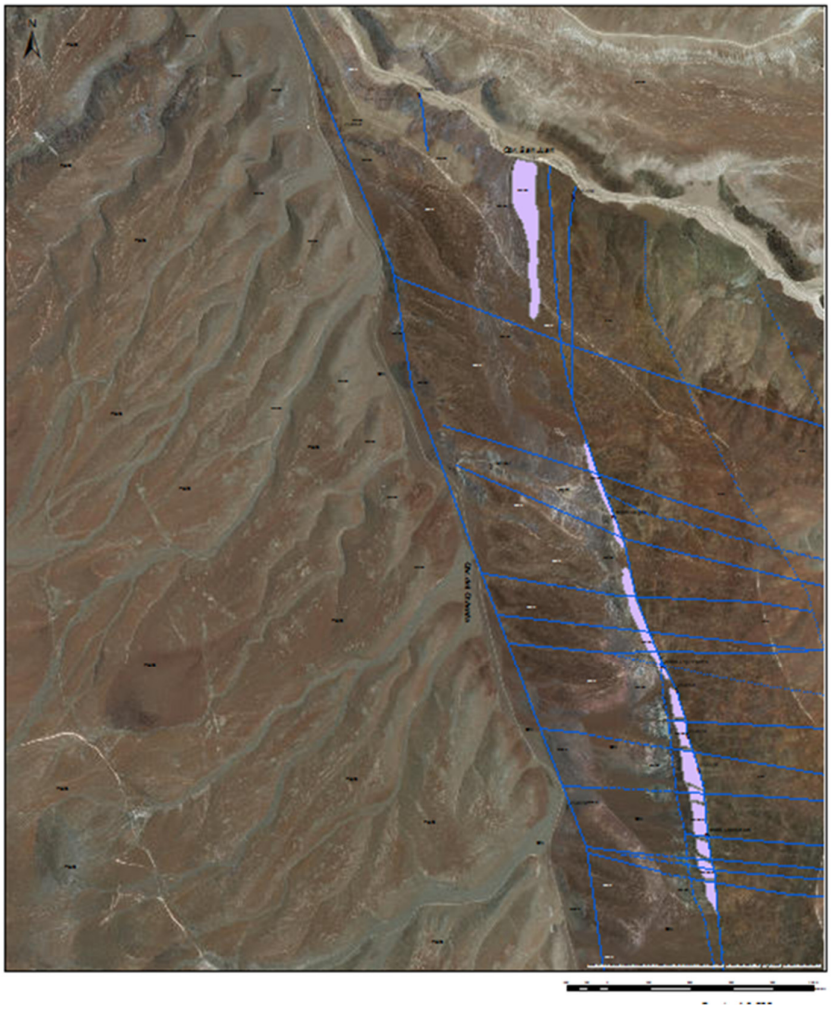
Alteration

Alteration is reduced to silica-epidote – Calcite in voids and chlorite – epidote in andesites, volcanic breccias and sandstones, in voids and invading apparently more permeable layers. Reported Magnetite in andesites should be of syngenetic origin but some could be related to the intrusion of the dioritic porphyry. The most important hydrothermal evidence seen and registered is the infill of calcite within the fault of the Mantos Hermoso zone and the NW structures on the intersections, where the most important feeders of mineralised zones are located.

Mineralisation

Observed mineralisation comprises chrysocolla, minor brochantite and “almagres”, no primary or secondary copper sulfides were identified. It is hosted in the calcite infill of the Mantos Gruesos fault that can reach up to 20 m, and in the NW structures close to the intersection with the MGF. The small mines that are in the area are located at the crossings of these two structural systems were the mineralisation is hosted in the calcite and as coatings in fractures. In the central north part of the area copper oxides in volcanic sedimentary horizons (manto-type) were observed in the Mantos Gruesos unit away from the main structural zone, indicating that the mineralisation fluids flowed out of the fault channel into permeable volcanic-sedimentary layers.

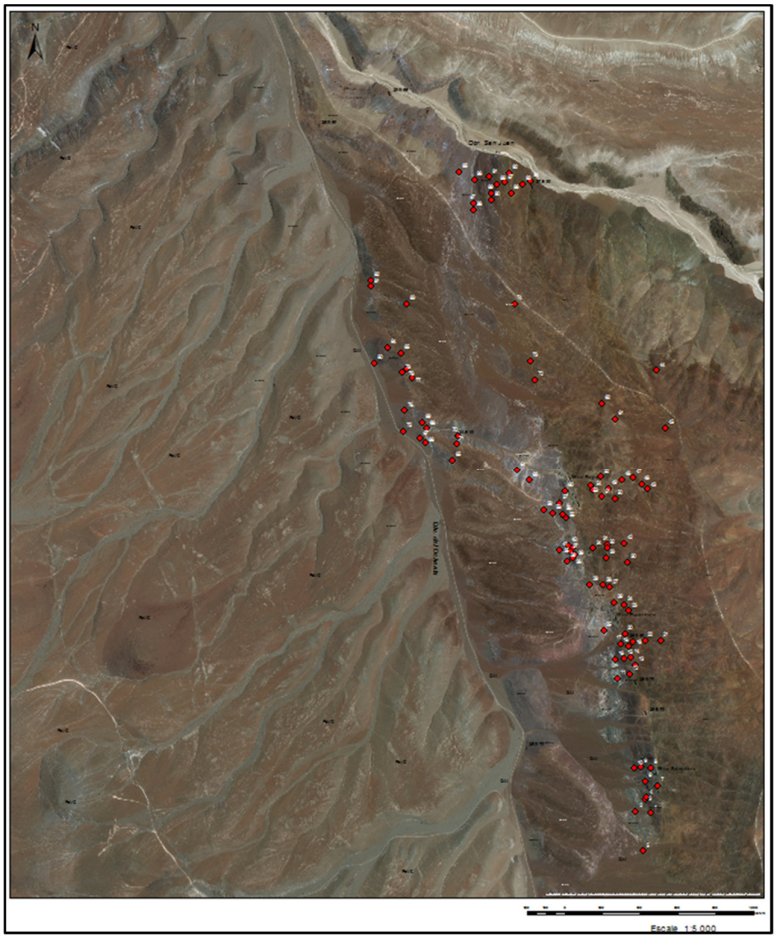
Figure 3. Rosario Project Mineralisation Map



Geochemistry / Rock Chip Samples

Some 98 new rock chip samples have been obtained from outcrops, existing trenches and small mine pits. A map of the sample locations is shown below.

Figure 4. Rosario Project 2019 Sampling Locations



Assay Results

The rock chip and grab samples taken during the fieldwork have been sent to ALS in La Serena and the results are expected by mid-May 2019.

Amendment to existing Option Agreement

The Company is in discussions with the Chilean vendors of the Rosario Project to amend the existing Option Agreement. Definitive documents are being finalised and the material terms will be announced as soon as practicable.

Next steps & future exploration activities

Varsican plans to further exploration work to confirm quality drill targets. Simultaneously the Company continues with its search and selection of high quality complementary base metals projects.

Project

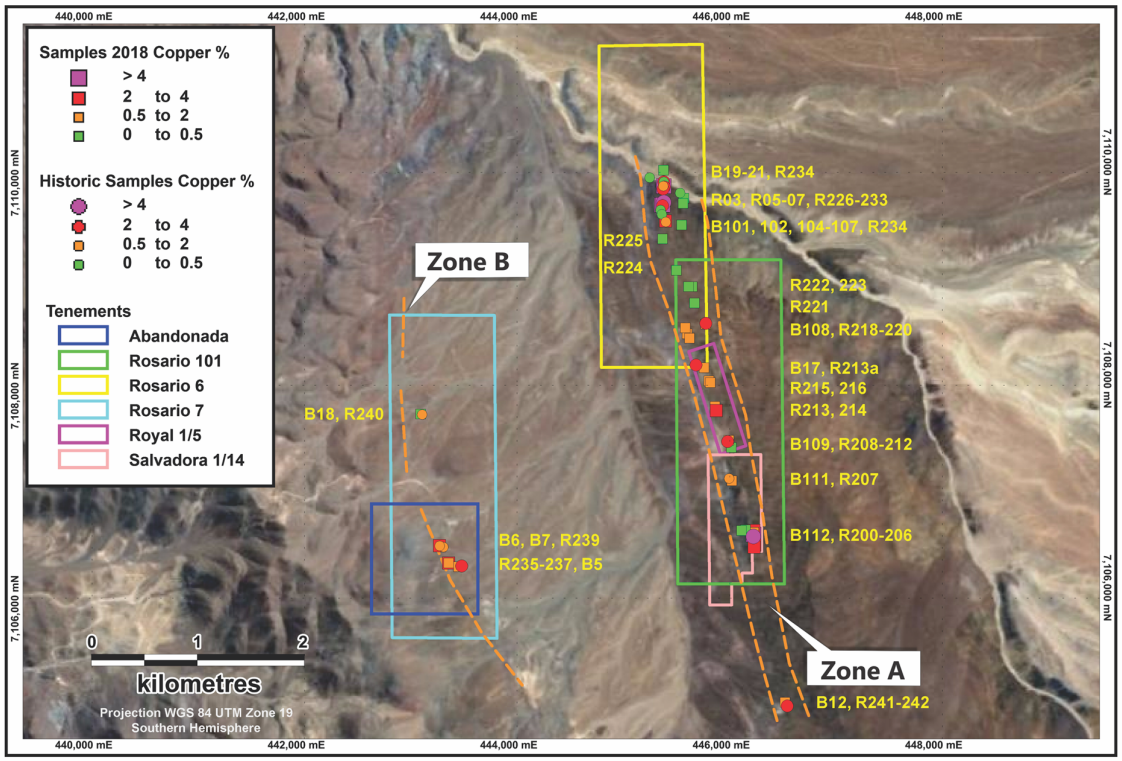
The Rosario project is located approximately 120 kilometres east of the port city of Chanaral in the Atacama Region of northern Chile. Chile is a proven mining jurisdiction and is the largest producer of copper globally.

The Rosario project lies about 20 kilometres north of the El Salvador mine (owned by CODELCO). It is one of the country's larger copper operations, within a region of dense mining activity (all scales) and good copper endowment.

Figure 5. Location of the Rosario Project

Initial field work conducted by Variscan in early 2018 validated the high grade copper potential of the Rosario Project. Selective rock chip and grab sampling by Variscan confirmed surface outcrops containing high grade copper. Assay results of samples recorded copper grades up to 4.82% Cu and silver grades up to 42g/t Ag. (ASX 11 April 2018)

Figure 6. Plan of Rock Chip & Grab Sampling Results



ENDS

For further information:

Variscan Mines Limited
P: +61 2 9906 5220
E: info@variscan.com.au

Competent Person's Statement

The information in this report that relates to exploration reporting at the Rosario project has been prepared by Mr. Eduardo Gonzalez, senior exploration geologist and contractor of Variscan Mines Ltd and revised by Mr. Gino Zandonai MSc. CSM, CP (AusIMM, RM CMC #0155). Gino Zandonai is a senior mining engineer and geostatistician and is a Member of the Australian Institute of Geoscientists. Mr. Zandonai is an employee of DGCS SA and is independent of Variscan Mines Ltd. Mr. Zandonai has sufficient relevant experience to the style of mineralisation and type of the deposit under consideration 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. Gino Zandonai consents to the inclusion in this announcement of this information in the form and context in which it appears

APPENDIX 1 - JORC Code, 2012 Edition

Table 1
Section 1 - Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	• 100 rock chip samples were obtained from outcrops, existing trenches and small pits • Field work to date has consisted of rock chip sampling carried out by an Mr Eduardo Gonzalez, a senior independent geological contractor of Variscan Mines Ltd
Drilling techniques	• No drilling undertaken, not applicable at this early stage
Drill sample recovery	• No drilling undertaken, not applicable at this early stage
Logging	• No drilling undertaken, not applicable at this early stage
Sub-sampling techniques and sample preparation	• Samples collected in the field were directly delivered to ALS Laboratory at La Serena in Chile • In ALS Laboratory, samples were finely crushed to >70% <2mm • Then pulverized in a hammer mill to >85% passing -75 µm
Quality of assay data and laboratory tests	• Gold was analyzed by ALS by Au 30g fire assay and AA finish (Method Au-ICP21) • Copper, silver and 34 other metallic elements were analyzed by ALS by method ME- ICP41 which is based on digestion by Aqua Regia and Inductively Coupled Plasma - Atomic Emission Spectroscopy • Standard ALS procedures were used for Quality Control – including assays of Duplicates and Blanks • Samples containing >1% Cu were reanalyzed by method Cu-AA46 which is based on Atomic Absorption Spectrometry
Verification of sampling and assaying	• Data storage in Excel spreadsheets and GIS database
Location of data points	• Sample locations were determined by hand held GPS in UTM Zone 19 South
Data spacing and distribution	• Sample The geochemical sampling was undertaken following the mineralized structure and randomly on the slope.
Orientation of data in relation to geological structure	• Mineralised zones are characterized by fracturing and brecciation and are controlled by near-vertical faults with a NWN-SES strike • Most samples were collected inside the fractured brecciated mineralised zones termed Zone A and Zone B
Sample security	• Samples were kept in the 4WD vehicle used by the geologist that collected the samples and transported in the same vehicle to La Serena ALS laboratory • The vehicle was parked in secure place and locked overnight
Audits or reviews	• There has been no external audit of Variscan's sampling techniques or data.

Section 2 Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	• Rosario 6 and Rosario 7 Exploration Concessions are now being converted into Exploitation Concessions • Salvadora Exploitation Concession for which an acquisition agreement has been negotiated • Rosario 101 exploration concession application • No known impediments for future exploration and development • The tenements are believed to be in good standing, with payments made to relevant government departments
Exploration done by other parties	• The Southern extension of mineralised Zone A is covered by an Exploitation Concession owned by State Mining Company ENAMI and has been tested by trenches perpendicular to NNW-SSE strike as well as several short RC drill holes. Data are not currently available
Geology	• Mineralised zones (Zone A and Zone B) are characterised by fracturing and brecciation and are controlled by moderate E-dipping to near-vertical faults with a NNW-SSE strike • Jurassic-Cretaceous submarine volcanic sequence is characterised by gentle dip of bedding, however, in the mineralised zone, due to fracturing and brecciation, bedding has been completely obliterated • In WSW part of Zone A, breccia consists of fragments of red colour which may be due to hydrothermal alteration by hematite • In Zone B hydrothermal coarse-grained crystalline hematite is obvious in the matrix of breccia • Due to hydrothermal alteration, in ENE part of Zone A, replacement by epidote and siderite is observed • Copper oxide mineralisation is present in fractures and in matrix of breccia and consists of green and black copper oxide minerals • Using Chilean terminology, mineralisation could be called 'Atacama Fault Zone' type • Presence of hydrothermal hematite (in part coarse-grained crystalline specularite) in fractures and matrix of breccia is indicative of Iron Oxide Copper Gold type. • Gold contents are low while silver contents are considered potentially high enough to constitute a valuable by-product from smelting copper sulphide concentrate – similar to some other copper mines in region.
Drill hole Information	• No drilling has been undertaken to date
Data aggregation methods	• No aggregation or high-grade cuts were applied to the data reported
Relationship between mineralisation widths and intercept lengths	• No drilling undertaken, not applicable at this early stage
Diagrams	• Basic location and sampling diagrams are provided in the announcement
Balanced reporting	• Samples collected inside Zone A and Zone B above 0.5% Cu have been reported. Samples with <0.5% Cu are also included within the tabulation provided in the announcement.
Other substantive exploration data	• No additional substantive exploration data is available.
Further work	• Excavation of trenches across entire width of mineralised zones (A and B) • Geophysical Induced Polarization (IP) surveys to define more accurately the best targets in sulphide zone for drill testing • Drill testing of shallow oxide zones