STRONGLY ELEVATED GOLD ASSAYS AT MERLÉAC

- **Rock chip and grab sampling has recorded encouraging gold assays at prospects within the Merléac exploration licence, France.**
- **Merléac covers a region containing volcanogenic massive sulphide (VMS) zinc-lead-copper-silver deposits including Porte-aux-Moines, a high grade deposit extensively drilled and developed underground by the BRGM in the 1980's.**
- **Previously reported XRF values of up to 1.6% lead, 1171ppm zinc and 719ppm copper were recorded in surface sampling at a number of prospects, including Porte-aux-Moines. These samples were sent to ALS laboratory for confirmatory assaying including gold.**
- **Two groups of strongly gold anomalous assays have been generated, one associated with sub-cropping gossanous material and mine dump rubble from Porte-aux-Moines and another from Les Forges prospect, seven kilometres along strike.**
- **Values up to 3.67g/t gold were recorded at Les Forges and 1.35g/t gold at Porte-aux-Moines.**
- **The results confirm that the VMS deposits in the area are gold bearing which will be further evaluated as part of a planned drilling programme to test the gossans and to generate an updated resource for Porte-aux-Moines under the guidelines of JORC 2012.**
- **A contract to commence a large heli-borne VTEM survey over the more prospective parts of the belt to confirm the location and geometry of potential VMS deposits has been signed. The survey will commence once government approvals have been secured.**

Variscan Mines Limited (ASX: VAR) is pleased to announce that its wholly owned European subsidiary Variscan Mines SAS has received gold assays from a recently completed surface sampling programme within its Merléac licence (PER) in Brittany, France. Highly elevated gold results were recorded in two areas that are associated with volcanogenic massive sulphide (VMS) deposits.

The Merléac licence covers an area of 411 square kilometres over the eastern end of the Châteaulin Basin, a sequence of felsic volcanics and clastic sedimentary rocks containing VMS deposits including the Porte-aux-Moines zinc-lead-copper-silver deposit which lies near the centre of the Merléac licence about 100 kilometres west of Rennes, Brittany (Figure 1).

Porte-aux-Moines was discovered by the BRGM (Bureau de Recherches Géologiques et Minières - the French geological survey) in 1975 and over the ensuing decade the group completed 9,673 metres of core drilling and just under two kilometres of underground development defining significant high grade lead-zinc-copper-silver mineralisation up to 20 metres thick from near surface to a depth of about 300 metres. The BRGM completed substantive metallurgical work and calculated a resource on the main deposit.

Published information by the BRGM for Porte-aux-Moines can be found on the Variscan Mines website by following the tabs Projects/Europe/Merléac and downloading the pdf report.

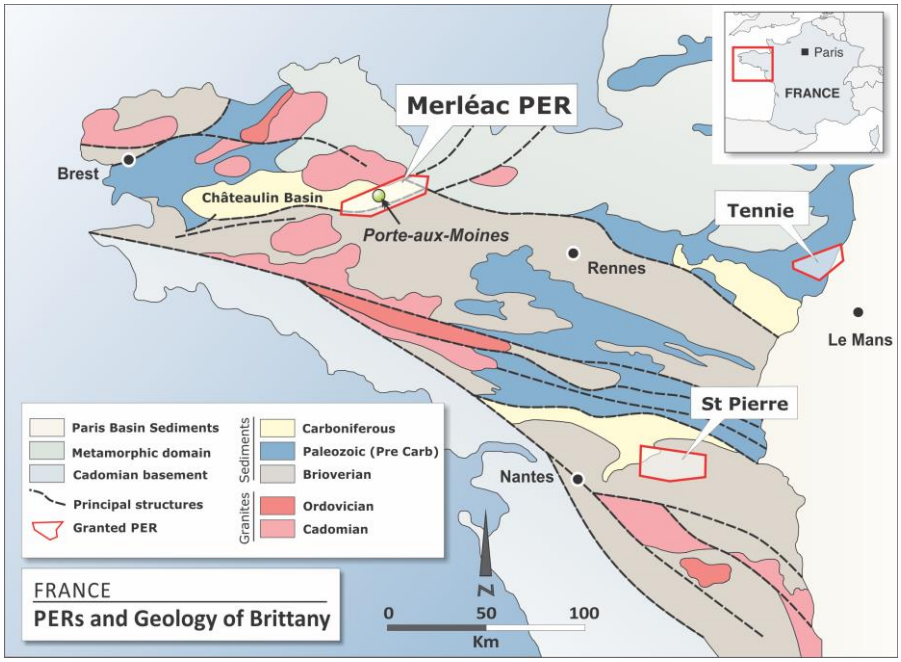


Figure 1 - Location of the Merléac PER and other Variscan PERs

Porte-aux-Moines shares geological similarities to other VMS deposits in Australia such as Woodlawn, Rosebery and Que River which have been important sources of high grade base and precious metal production. Many of these VMS systems are quite gold rich (see following Table) and samples collected in a recent rock chip / grab sampling programme over Porte-aux-Moines and other prospects were analysed for gold to determine whether the VMS deposits in Merléac may also be gold bearing.

Tonnes and grades of selected VMS deposits in Australia

Deposit	Tonnes(M)	Cu %	Zn %	Pb %	Au g/t	Ag g/t
Woodlawn	17.7	1.7	9.9	3.8	1.4	80
Rosebery	28.3	0.6	14.3	4.3	2.4	145
Hellyer	16.9	0.4	13.8	7.2	2.5	167
Que River	6.0	0.4	12.5	7.0	3.4	171
Golden Grove	17.3	3.2	2.0	0.2	0.5	29
Teutonic Bore	2.5	3.5	9.6	0.8	0.2	146

USGS site address - http://mrdata.usgs.gov/vms/ download vms-csv.zip

As announced to the ASX on 10 November and 8 December 2014, the sampling programme was conducted by Variscan to help assess the exploration potential within the rock sequences around and along strike from Porte-aux-Moines. The work confirmed the presence a number of outcropping gossans and gossanous horizons (Figure 2), interpreted at some prospects to represent the oxidised expressions of underlying massive sulphides and associated footwall stockwork feeder zones.

Several of these gossans were previously mined by shallow open pits for iron up until the 19th century and have often not been explored below the iron oxide cap aside from BRGM RAB and core drilling in some locations. Samples from the sparse residual material remaining from the mining activities were analysed via XRF and generated anomalous lead-zinc-copper values up to 1.6% lead, 1171ppm zinc and 719ppm copper. These samples were sent to the ALS laboratory in Ireland for confirmatory base metal and gold analysis. Assays have now been received (Table A).

Aside from generally confirming the XRF base metal results, a number of the ALS samples recorded highly elevated gold assays, particularly at Porte-aux-Moines and at the Les Forges prospect located about seven kilometres to the east (Figure 2).

At Porte-aux-Moines, samples from the sub-cropping gossan and the scattered sulphide bearing material remaining on the old mine dump returned gold assays up to 1.35g/t gold. Samples containing higher zinc/lead/copper assays (for example SZMLCR022, 025 and 028 - see Table A) consistently returned elevated gold results, indicating that Porte-aux-Moines likely carries significant gold values within the high grade zinc/lead/copper/silver core of the deposit.

At Les Forges prospect, gold assays up to 3.67g/t gold were recorded within the same rock units that host the Porte-aux-Moines deposit. Gossanous float striking for over 400 metres has been detected in this area.

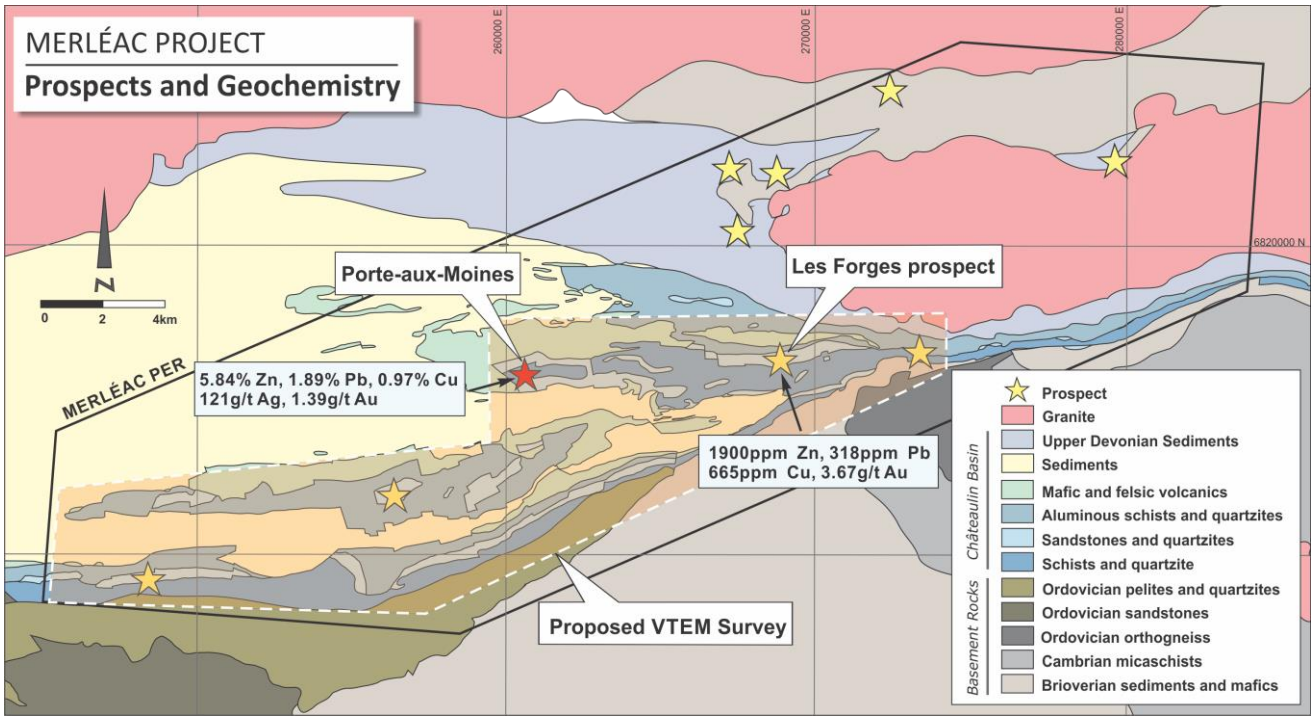


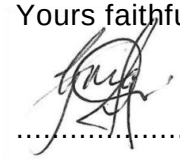
Figure 2 – Peak ALS assays recorded in sampling at Porte-aux-Moines and the Les Forges prospect

A distinct trend of elevated arsenic (with some antimony) along this belt indicates that the gold values seen in both areas may be the result of a separate structurally controlled overprint on the VMS mineralisation.

The gold assays continue to confirm the excellent prospectivity of the region for economic deposits within the estimated 70 strike kilometres of fertile host lithologies contained within Merléac.

A contract to commence a large heli-borne VTEM survey over the more prospective parts of the belt has been signed with Geotech Airborne Limited. The survey will cover approximately 150 square kilometres over the southern section of the Merléac licence including around the Porte-aux-Moines deposit and Les Forges prospect. The VTEM will provide critical targeting information on the location and geometry of potential VMS deposits beneath the known gossans and below cover. The survey will commence once government approvals have been secured, expected to occur in the June quarter, 2015.

Yours faithfully



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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 NL 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.

Table A - Merléac rock chip and grab sample ALS results

Sample Number	Easting (m)	Northing (m)	Zn ppm	Pb ppm	Cu ppm	Ag g/t	Au g/t
AKMLCR005	246,729	6,808,678	188	12	95	<0.5	<0.005
AKMLCR006	248,363	6,809,266	61	14	18	<0.5	0.021
AKMLCR010	248,096	6,809,211	124	8	10	<0.5	<0.005
AKMLCR011	248,823	6,809,176	221	8	13	<0.5	<0.005
AKMLCR013	245,747	6,809,826	113	8	12	<0.5	<0.005
AKMLCR017	245,328	6,809,169	108	25	18	<0.5	0.013
AKMLCR020	250,259	6,809,266	35	6	9	<0.5	<0.005
AKMLCR021	245,537	6,809,222	43	4	2	<0.5	0.006
AKMLCR027	252,776	6,811,079	114	12	111	<0.5	<0.005
AKMLCR028	255,125	6,811,834	136	12	45	<0.5	0.007
AKMLCR029	256,340	6,812,192	231	25	14	<0.5	0.098
AKMLCR031	256,335	6,811,765	111	8	11	<0.5	<0.005
AKMLCR032	256,335	6,811,765	599	8	5	<0.5	<0.005
AKMLCR033	256,402	6,811,841	748	4	13	<0.5	<0.005
AKMLCR036	256,402	6,811,841	79	6	6	<0.5	0.009
AKMLCR037	263,361	6,816,309	30	4	64	<0.5	<0.005
AKMLCR038	257,116	6,809,512	112	6	12	<0.5	<0.005
AKMLCR039	259,878	6,810,122	712	84	29	<0.5	<0.005
AKMLCR040	269,079	6,816,306	345	48	377	<0.5	0.005
AKMLCR041	268,854	6,816,245	761	66	379	<0.5	0.005
AKMLCR042	268,682	6,816,228	1900	82	349	<0.5	0.011
AKMLCR043	273,465	6,816,412	291	103	437	<0.5	NSS
CP_MLC_728	261,073	6,815,824	3420	213	276	9.1	0.845
CP_MLC_731	260,841	6,816,004	217	114	321	<0.5	0.007
CP_MLC_732	260,813	6,815,937	280	546	139	3.5	0.048
CP_MLC_734	260,682	6,815,918	338	41	9	<0.5	<0.005
CP_MLC_735	260,682	6,815,918	435	88	37	<0.5	<0.005
CP_MLC_741	260,576	6,816,242	204	8	15	<0.5	<0.005
CP_MLC_743	260,484	6,815,918	414	74	210	<0.5	0.007
CP_MLC_745	260,580	6,815,865	212	<2	<1	<0.5	<0.005
CP_MLC_746	260,580	6,815,865	309	9	7	<0.5	<0.005
CP_MLC_747	260,573	6,815,837	244	183	23	0.5	0.012
CP_MLC_750	260,684	6,815,798	217	2	<1	<0.5	<0.005
CP_MLC_762	260,578	6,815,610	223	303	69	1.2	0.010
CP_MLC_763	260,336	6,815,419	186	289	280	5.5	0.032
CP_MLC_766	260,324	6,815,359	80	64	91	1.7	0.036
CP_MLC_768	260,494	6,815,263	159	24	15	<0.5	<0.005
CP_MLC_771	260,471	6,815,437	232	4570	651	12.7	0.536
CP_MLC_772	260,471	6,815,437	81	358	103	1.5	0.005
CP_MLC_774	260,256	6,815,461	243	264	57	2.7	0.047
CP_MLC_775	260,256	6,815,461	175	1050	224	2.9	0.054
CP_MLC_776	260,256	6,815,461	170	15100	251	6.3	0.271
CP_MLC_777	260,539	6,815,689	170	42	7	<0.5	<0.005

Sample Number	Easting (m)	Northing (m)	Zn ppm	Pb ppm	Cu ppm	Ag g/t	Au g/t
CP_MLC_779	260,438	6,815,737	291	95	8	<0.5	<0.005
CP_MLC_781	260,271	6,815,755	135	22	114	<0.5	0.013
CP_MLC_782	260,229	6,815,805	61	145	228	<0.5	0.011
CP_MLC_790	260,172	6,815,833	240	64	31	<0.5	0.006
CP_MLC_792	260,243	6,815,957	106	30	167	<0.5	<0.005
CP_MLC_793	260,381	6,815,954	258	34	16	<0.5	<0.005
CP_MLC_796	260,217	6,815,521	335	6370	497	<0.5	0.013
CP_MLC_797	260,217	6,815,521	142	1620	216	0.9	0.006
CP_MLC_798	260,118	6,815,549	284	5550	664	2.2	0.054
CP_MLC_800	260,118	6,815,549	383	102	30	<0.5	0.005
CP_MLC_809	259,916	6,816,032	229	118	43	0.6	0.015
CP_MLC_811	260,075	6,816,217	526	288	410	3.4	0.069
SZMLCO008	261,959	6,816,424	98	<2	17	<0.5	<0.005
SZMLCO046	272,869	6,824,908	13	7	7	<0.5	0.005
SZMLCR006	267,257	6,822,716	261	21	43	<0.5	0.041
SZMLCR007	267,257	6,822,716	216	26	5	<0.5	<0.005
SZMLCR011	267,288	6,822,749	199	7	3	0.8	<0.005
SZMLCR013	267,288	6,822,749	154	20	7	<0.5	0.012
SZMLCR014	267,288	6,822,749	191	22	21	<0.5	0.088
SZMLCR015	267,262	6,822,751	237	38	23	<0.5	0.074
SZMLCR016	267,262	6,822,751	183	20	4	<0.5	0.019
SZMLCR018	265,216	6,823,265	425	32	8	<0.5	0.009
SZMLCR019	260,972	6,815,807	124	281	405	9.3	0.370
SZMLCR022	260,972	6,815,807	2280	4670	3530	79.7	1.350
SZMLCR024	260,972	6,815,807	69	189	639	4.0	0.529
SZMLCR025	260,972	6,815,807	16050	9230	9740	121.0	1.325
SZMLCR028	260,994	6,815,739	58400	18900	1010	34.0	0.718
SZMLCR030	260,994	6,815,739	329	157	56	0.8	0.017
SZMLCR031	260,994	6,815,739	196	173	16	1.7	0.099
SZMLCR034	260,994	6,815,739	105	16	7	<0.5	0.009
SZMLCR035	260,994	6,815,739	38	892	71	14.3	0.450
SZMLCR036	272,869	6,824,908	93	10	41	0.6	0.008
SZMLCR038	272,750	6,824,919	187	10	63	<0.5	<0.005
SZMLCR039	271,782	6,825,114	580	61	199	1.4	0.028
SZMLCR040	271,912	6,825,364	614	12	97	<0.5	0.021
SZMLCR041	271,533	6,825,121	83	31	30	1.0	NSS
SZMLCR042	267,902	6,816,455	35	113	144	1.0	3.670
SZMLCR043	267,769	6,820,297	74	6	38	<0.5	0.007
SZMLCR044	267,538	6,820,598	228	<2	90	0.7	NSS
SZMLCR054	268,504	6,816,118	359	33	665	2.2	0.535
SZMLCR055	268,765	6,816,187	568	5	197	<0.5	0.010
SZMLCR057	268,754	6,816,233	683	27	247	0.9	0.009
SZMLCR059	268,856	6,816,236	660	38	233	0.5	0.033
SZMLCR060	269,021	6,816,280	774	89	176	<0.5	0.046

Sample Number	Easting (m)	Northing (m)	Zn ppm	Pb ppm	Cu ppm	Ag g/t	Au g/t
SZMLCR062	269,021	6,816,280	710	30	128	<0.5	0.006
SZMLCR063	269,081	6,816,309	410	318	509	0.9	0.033
SZMLCR064	269,081	6,816,309	407	281	235	<0.5	0.019
SZMLCR085	269,127	6,822,224	48	4	74	<0.5	<0.005
SZMLCR088	268,868	6,822,599	777	5	24	<0.5	<0.005
SZMLCR089	268,628	6,822,294	776	30	54	<0.5	0.011
SZMLCR102	263,810	6,816,344	42	70	252	<0.5	NSS
SZMLCR110	263,362	6,816,310	157	56	41	<0.5	0.005
SZMLCR125	266,393	6,822,014	184	5	41	<0.5	<0.005
SZMLCR129	248,299	6,809,185	37	<2	3	<0.5	<0.005

NSS - not sufficient sample

Background

Variscan (formerly PlatSearch NL) is a diversified resource company with exploration projects in eastern Australia and France and a strong portfolio of investments within a number of ASX-listed resource companies.

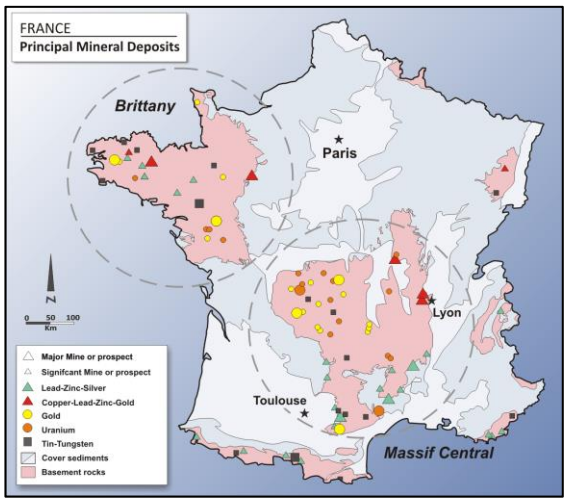
In mid-2010 Variscan expanded its project search to include advanced and brown-field opportunities to meet its business objective of becoming a producer. The Company identified a range of opportunities within Europe and has progressed substantial evaluation and acquisition work. Variscan has incorporated a wholly owned European subsidiary, Variscan Mines SAS, established and equipped an office in Orleans, France, and employed a team of experienced French geologists to assist in the work.

It is one of the most active resource companies in the region.

Variscan has targeted Europe due to its favourable geology, strong mineral endowment, good infrastructure and relatively modest sovereign risk. Europe has a long and rich history of mining stretching from pre early Greek and Roman times through to the present day and is well endowed with mineral deposits that have helped to dramatically shape the history of the region. Mineral deposits which have been a crucial part of the development and industrialisation of the Europe include –

- *the rich silver deposits of Laurion on the Greek Attica coast,*
- *the world-class copper, silver and iron deposits of Rio Tinto which were the most important source of metals for the Roman empire,*
- *the tin deposits of Cornwall, source of much raw material used in the Bronze age,*
- *the rich silver/copper/lead deposits of Rammelsberg which were an indispensable factor in the European resurgence after the Dark Ages, the Renaissance.*

One of the key regions of interest for Variscan is France. Formerly one of the larger European producers of metals such as lead-zinc-silver, gold and uranium, production and interest in mining within France declined rapidly from about the mid 1980's. The last significant metal mine closed around 2002 and no new exploration licences had been granted for more than two decades until the Tennie PER was granted to Variscan in June 2013. Large parts of the main mineral provinces of France are essentially unexplored, with little modern exploration or application of recent advances in the concepts of ore deposit formation.



Principal Mineral Deposits of France

JORC Code – Table 1

Section 2 - Reporting of Exploration Results

Criteria	Commentary
Sampling techniques	• Rock samples were either collected as grab/chip samples from outcrops, or as float in absence of outcrop in heavily 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
Drilling techniques	• No drilling undertaken
Drill sample recovery	• No drilling undertaken
Logging	• Each sample was briefly described with details entered into the geological database
Sub-sampling techniques and sample preparation	• 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
Quality of assay data and laboratory tests	• Samples were analysed within the e-Mines laboratory using a handheld Thermoscientific NITONXL3T GOLDD+ XRF machine • Readings were conducted over 90 seconds with an appropriate calibration mode for soil and rock samples. Both major and trace elements were recorded. • Based on the NITON XRF assay results for Cu, Pb, Zn, and Ag, samples were selected and sent to the ALS Lab (Ireland) for confirmatory chemical analysis. • Samples were analysed at ALS Lab by 33 elements four acid ICP-AES. Lead, zinc, and silver were analysed by Ore Grade – Four Acid method when 'ore' grades were encountered. • Gold was analysed by Au 50g fire assay and AA finish. When high grade gold results were recorded, additional gold assays were completed by fire assay and a gravimetric finish. • 10% of samples were analysed as duplicates for QA/QC control.
Verification of sampling and assaying	• Data storage in Excel spreadsheets and GIS database • Further field checking of samples with high base or precious metal assays • Anomalous samples will be sent to ALS facility for check chemical assaying
Location of data points	• GPS coordinates captured with Garmin GPS in latitude-longitude decimal degrees • Projection and recording of data points into the GIS database into the RGF93-Lambert93 system
Data spacing and distribution	• Random rock sampling (no fixed grid) over the permit
Orientation of data in relation to geological structure	• Rock samples were taken as spot measurements. • Due to previous old mining of iron oxide outcrops, little insitu material remained and it was not possible to clearly define the size or orientation of the underlying mineralisation.
Sample security	• Samples were transported to the Dun facility by Variscan geologists
Audits or reviews	• There has been no external audit or review of the Company's techniques or data.

Section 2 Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	• Merléac PERM (Permis Exclusif de Recherche de Mine, a French exploration licence) • No known impediments for future exploration and development
Exploration done by other parties	• 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 (+9km) 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 shortly
Geology	• Volcanogenic Massive Sulphide (VMS) deposits
Drill hole Information	• No drill core has been observed by Variscan geologists to date. The bulk of technical data for old drill holes is held by the BRGM and will be accessed by Variscan geologists shortly.
Data aggregation methods	• No aggregation or high grade cuts have been applied to the data reported
Relationship between mineralisation widths and intercept lengths	• No drill holes are reported in this announcement
Diagrams	• Diagrams for the Porte-aux-Moines deposit have been taken from published BRGM reports.
Balanced reporting	• All samples taken are published within the report
Other substantive exploration data	• 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, complied and evaluated.
Further work	• Further sampling and assessment of gossans • Digitising and compilation of all data, initially focusing on the Porte-aux-Moines deposit • Follow-up drilling within Porte-aux-Moines, generation of a JORC compliant resource estimate • VTEM Geophysical survey over mineralised lithological units • Mapping and geochemical soil sampling at 50x50m centres on small selected areas such as Porte aux Moines deposit and around VTEM anomalies • Follow-up diamond drilling program on new targets