FOLLOW-UP & IN-FILL DRILLING COMMENCES AT SAN JOSE MINE

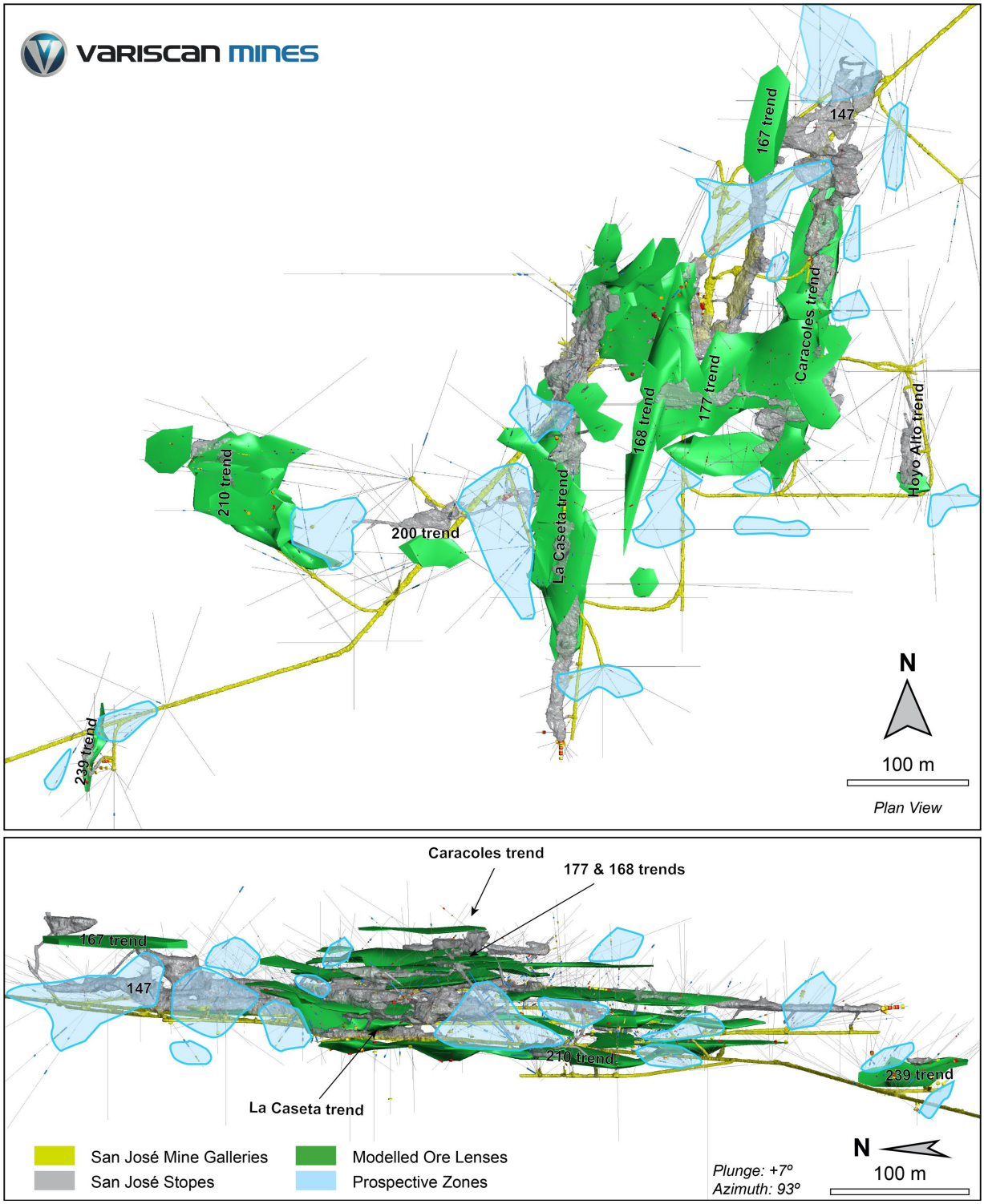
Variscan Mines Limited ("**Variscan**" or the "**Company**" or the "**Group**") (ASX:VAR) is pleased to report the start of its Phase 3 underground drilling campaign at the San Jose Mine, near Novales, located in Cantabria, northern Spain.

Highlights

- **Phase 3 underground drilling campaign of up to 1,000m gets underway at Variscan's San Jose Mine**
- **This round of drilling is focussed on:**
  - **testing in-mine prospective zones identified from the recent 3D model of mineralisation and mine development**
  - **expanding zones of mineralisation via in-fill and step-out drillholes**
- **Drilling is expected to continue through until the end of Q4 calendar 2023**
- **As this drilling programme occurs, Variscan is also progressing towards a maiden JORC-compliant Mineral Resource Estimate for the San Jose Mine.**

Figure 1. Underground drilling at San Jose Mine gets underway

Figure 2. Plan and orientated view of the 3D Mineralisation (green) and Mine Development (grey and yellow) Model of San Jose Mine together with prospective target zones (blue)



Exploration Potential & Drilling Strategy

Variscan's recently published 3D model of mineralisation and mine development identified prospective zones for future exploration and resource tonnage potential within the San Jose Mine (see Figure 2 and refer ASX announcement 25 May 2023). This Phase 3 underground drilling programme is based on synthesised findings from the successful drilling campaigns already conducted by Variscan, as well as

the collation of a substantial historical dataset and subsequent 3D modelling. The programme will see up to 1,000m of drilling undertaken, as Variscan explores multiple zinc targets within the San Jose Mine.

It will also continue to test and expand known zinc mineralised zones and prospective zinc-rich lenses that have been identified in our earlier drilling and exploration work. These zinc lenses are spread out along an in-mine strike length of over 2km, with the mine situated on the wider 9km Novales-Udias Trend. The underground drilling program will generally consist of short holes (<30m) drilled from the main gallery system of the mine (or from the overlying stopes) directly into the underlying or overlying, undeveloped, laterally extensive mineralised lenses, the presence of which is supported by geological evidence, but that require confirmation drilling. The drilling campaign will be conducted by utilising a portable drill, owned and operated by Variscan, which confers cost-effectiveness, efficiency and flexibility.

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

"I am pleased to report that Variscan has kicked-off its third campaign of underground drilling at the San Jose Mine. Our drilling and modelling has indicated significant exploration upside both on surface and underground. This underground in-fill drilling, off the back of recently reported successful step-out drilling, will address strategic spatial gaps which could yield further tonnage. I look forward to providing regular updates as results become available."

Looking Ahead & Workplan

The Company is now progressing the following activities, all of which are focussed on the San Jose Mine:

- Delivery of approvals to undertake further surface drilling in and around the San Jose Mine to test promising near-mine exploration targets
- Reporting results of Phase 3 underground infill and resource definition drilling
- Publishing a focussed JORC-compliant maiden Mineral Resource Estimate
- Reporting a Mine Re-Start Concept Study
- In support of the above activities, the delivery of associated environmental, social and governance ("ESG") initiatives.

ENDS

This announcement has been approved by the Board and authorised for issue by Mr Stewart Dickson, Managing Director & CEO, Variscan Mines Limited.

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Notes

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.

To learn more, please visit: www.variscan.com.au

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.

Novales-Udias Project - 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 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 Spain[1] and one of the world's richest MVT deposits[2]. 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 tenements[3].

Novales-Udias Project Highlights

- Near term zinc production opportunity (subject to positive exploratory work)
- Large tenement holding of 68.3 km^2 (including a number of granted mining tenements)
- Regional exploration potential for another discovery analogous to Reocin (total past production and remaining resource 62Mt @ 8.7% Zn and 1.0% Pb[4],[5])
- Novales Mine 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% Zn[6]
- 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% Zn[7]
- Access and significant infrastructure already 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)