EXPLORATION UPDATE
SURFACE DRILLING PRIORITIES CONFIRMED
NEW EXPLORATION TARGETS DEFINED

Highlights

- **Variscan has acquired new data from drilling previously conducted by Asturiana de Zinc (Xstrata Zinc)**
- **Variscan has interpreted the data which has increased Variscan's understanding of the Novales-Udias project**
- **As a result, this has:**
  - **led to the discovery of new exploration targets**
  - **increased the confidence level of certain existing targets**
  - **identified a new 3km parallel mineralised trend**
- **Surface drilling targets have been prioritised for the next phase of drilling over the Novales-Udias Project**

- **Surface drilling planned for Q2/Q3 2021; drilling permit applications have been submitted**
- **Udias area in the southwest of the licence area is assessed to be most promising regional target for discovering a new deposit**
- **Market updates on progress from current underground drilling and regional surface drilling to follow**

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

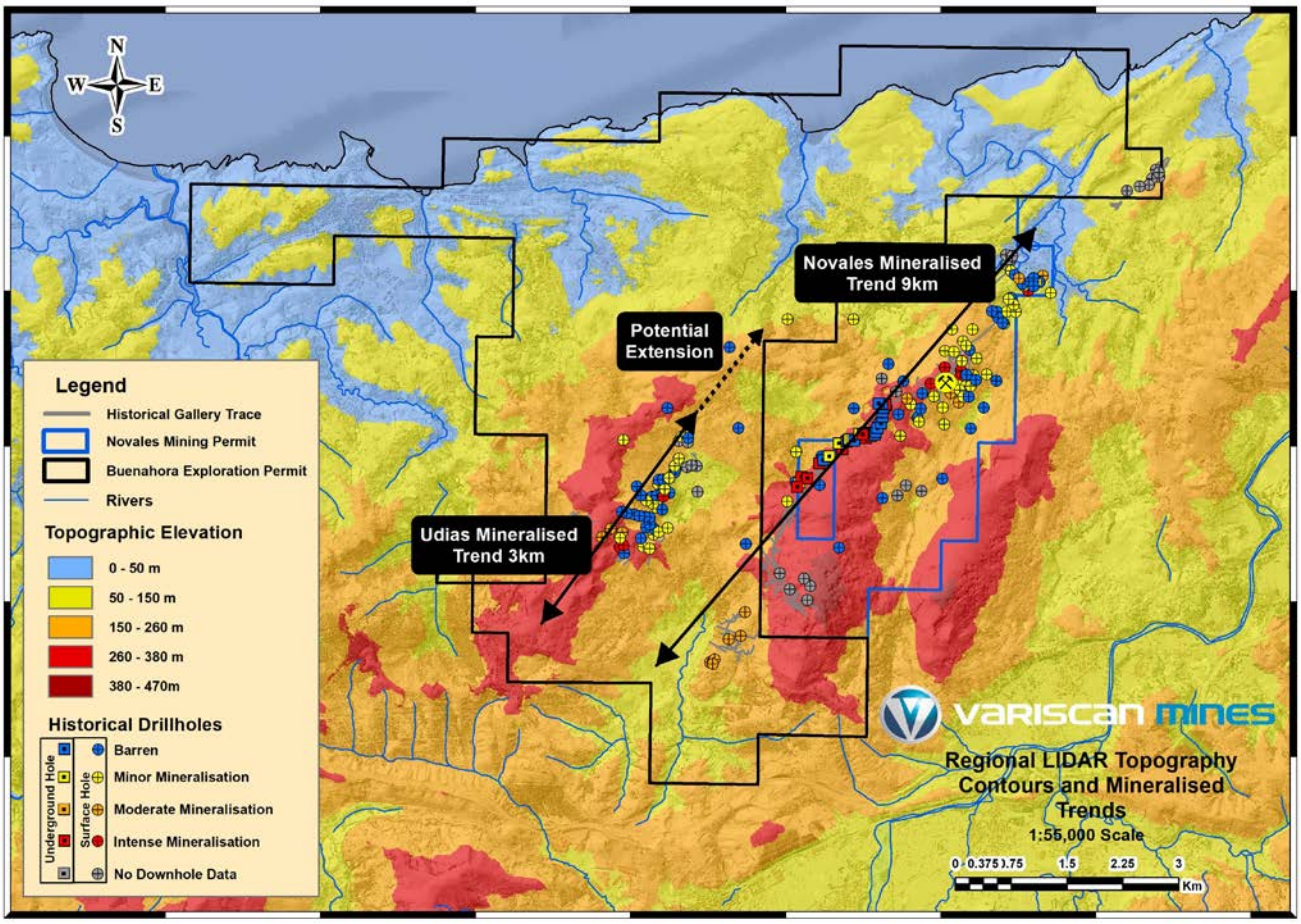
"While we've been drilling underground at the San Jose Mine, we've also been busy planning the next phase of our drilling campaign; surface drill testing advanced regional targets.

The data acquired and interpreted has produced great results allowing us to identify new exploration targets and confirm our priority surface drilling targets. All of which advances our exploration strategy – seeking to discover high-grade orebodies through exploration at the San Jose Mine, advanced regional targets and the potential linkages between them.

The two large regional trends of mineralisation are also significant as they increase the scale of the opportunity presented by the project as well as providing actionable exploration targets for immediate work and drilling."

Variscan Mines Limited ("**Variscan**" or the "**Company**" or the "**Group**") (ASX:VAR) is pleased to present new exploration targets and the priority surface targets for the next phase of drilling over the Novales-Udias zinc project in northern Spain, enhanced by newly acquired historical drilling data.

Figure 1. NE-SW parallel mineralised trends overlain on topographical heat map of the Novales-Udias Project with and Historical Surface and Underground drilling

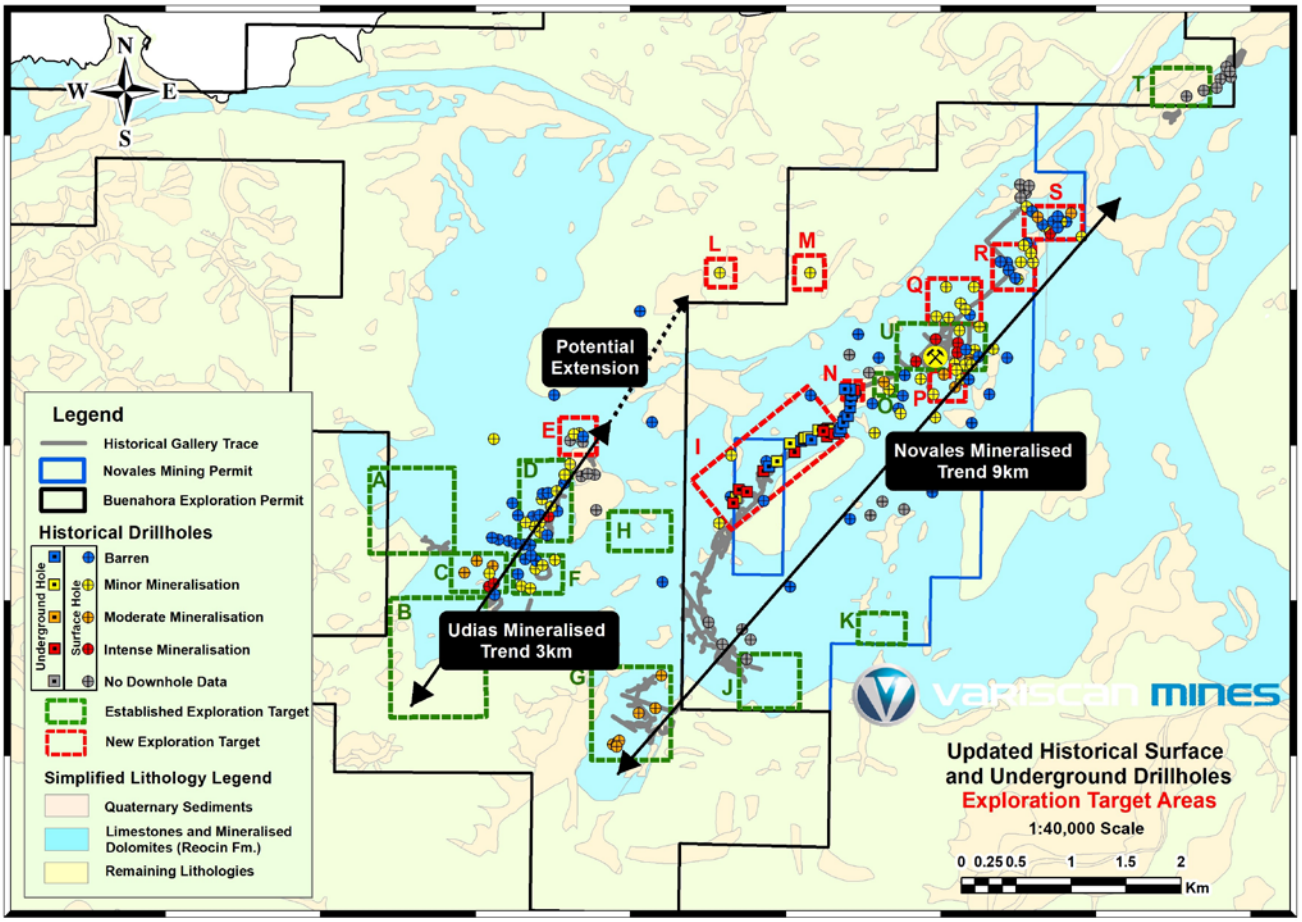


Key Findings & Activities

- Greater definition and refinement of existing priority exploration targets that have the potential to yield economic volumes of mineralisation from valuable infill data; ready for drill testing
- Discovery of new exploration targets across the Novales-Udias project
- Identification of a new parallel mineralised trend, over at least 3km of strike and approximately 1.5km west of the main 9km NE-SW Novales trend
- Results provide significant infill data to known mineralised areas allowing linkages to be made and better-informed target prioritisation
- Greater geological understanding of mineralised areas and exploration targets

- Surface drilling proposal has been submitted for permitting approval. Targets have been prioritised
- Drillcore samples from the Novales-Udias project held at the national core depository overseen by the Geological Mining Institute of Spain (IGME), in Peñarroya will provide additional information and potentially can be used in a Mineral Resource Estimate

Figure 2. New & Existing Exploration targets over the Novales-Udias Project



Note: The cut-off grades for drillholes classified by Variscan are as follows: Minor Mineralisation = 0-2% Zn, Moderate Mineralisation = 2-5% Zn, Intense Mineralisation = >5% Zn. Please note the holes classifed historically by AZSA without grades or logging data do not conform to these ranges and are only indications of mineralisation.

Valuable project dataset enlarged[1]

Variscan has acquired and interpreted a further historical 279 surface and underground drillholes for approximately 41,575.2 m. The enlarged project dataset has been increased to 705 underground and surface drillholes for 88,617m providing significant exploration time and cost savings. The new data was generated from drilling conducted by Asturiana de Zinc (Xstrata Zinc).

Exploration Targets expanded in size and scale

In total, 21 exploration targets have been defined using historical and contemporary geological data. These target areas include 12 established targets that were previously considered, and 9 new targets which have been delineated with the recently acquired surface and underground drilling data (see Figure 2).

[1] Cautionary statement: Variscan caution that many of the original data and data collection procedures have not been identified nor verified, and some of the reported data is incomplete. At present, the status of historic mineralised intervals as remaining in situ or exploited remains unclear. Historic intervals are reported as a demonstration of grade and thickness of mineralisation encountered, until further work has been completed to verify the status. As such, Variscan intend to use the historic drilling primarily to guide further exploration, including the design of the upcoming drilling programme. Further details on the data can be found in JORC Table 1 at the end of this document.

A parallel NE-SW mineralised trend over 3km

The new drillhole results have contributed significant infill data which has advanced our understanding of regional scale mineralised trends. These drillholes support the presence of an additional 3km trend in the Udias area. This mineralised corridor is sub-parallel to the main 9km NE-SW trend (see Figure 1). These extensive regional scale NE-SW oriented mineralised trends combine positive geochemical results, drilling and also correlate with some prospects that have been small-scale mined.

Topographic contours appear to correlate with these mineralised trends. These regional scale topographic anomalies are significant, as they delineate some karst dissolution structures which can be regarded as a potential indicator for mineralisation in the SW of the Buenahora exploration permit. Further work will be conducted to understand the controls on mineralisation and to trace the localised sources as multiple, separate pockets of mineralisation, typically N-S orientated, are observed within the pronounced regional trends. Overall, these trends substantially increase the scale of opportunity presented by the Novales-Udias project.

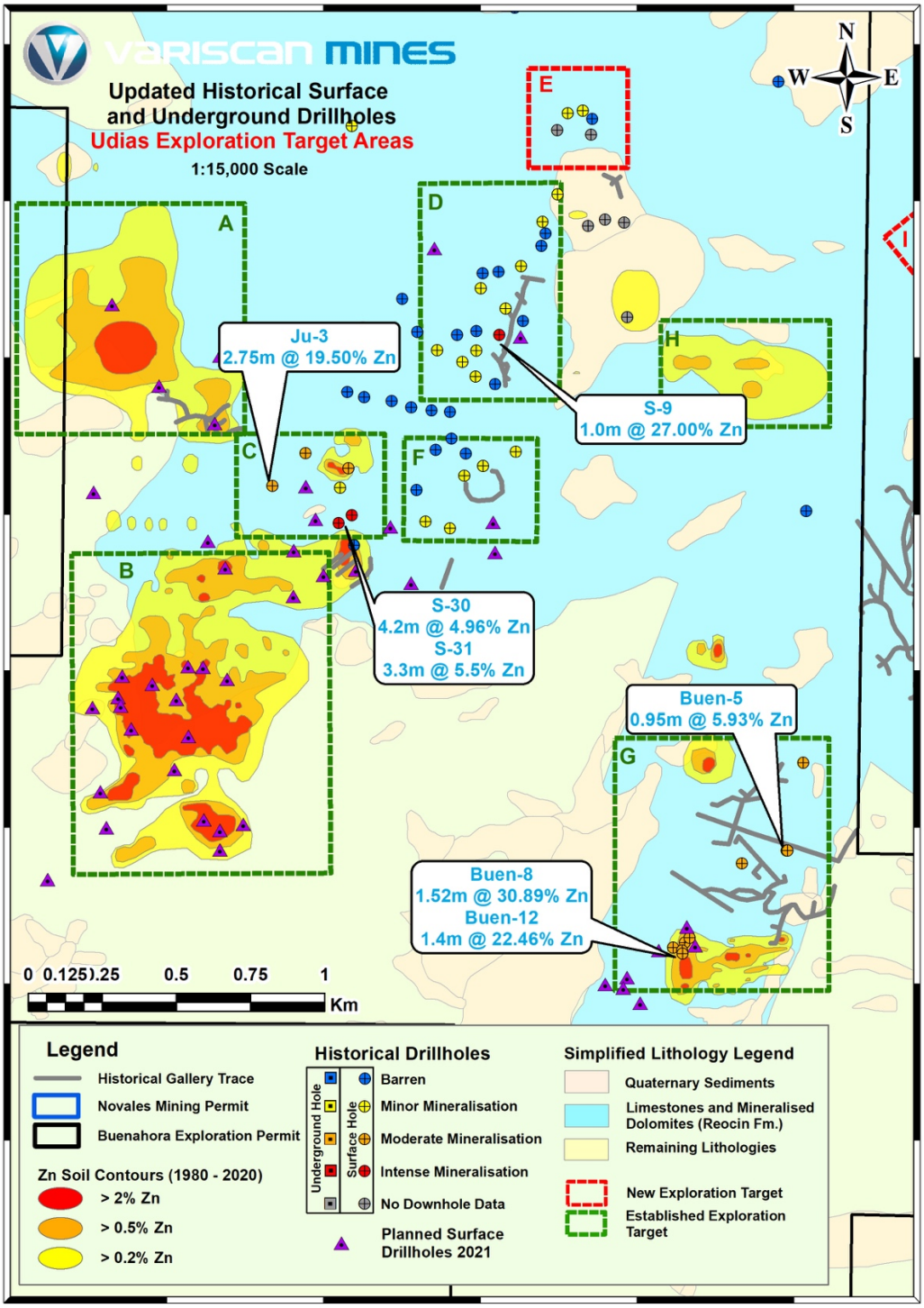
Surface drilling locations prioitised & applications submitted

Surface drilling to test regional targets is anticipated to commence quickly after the completion of the current underground drilling at the San Jose Mine. The Udias area in the SW of the licence area is assessed to be very promising for discovering a new deposit.

The Udias area has multiple, highly prospective, yet untested, drill targets including Magdalena, Sinforosa, Molitos and Pepita. These are situated on geochemical anomalies and former mine workings in close proximity of high-grade historical drilling intersections. Figure 3 provides a smaller scale map of the exploration targets defined and future drillhole locations.

Detailed mapping and further field sampling of these drill targets is being conducted concurrently in readiness for drilling in Q2/Q3 2021, depending on the speed of permitting approvals. The sampling results and drill target profiles will be presented shortly.

Figure 3. Detailed plan view of SW section of the licence areas showing priority drill targets and new exploration targets and their relationship to geological information and historical mine workings.



Looking Ahead

The Company's immediate focus is progressing with underground drilling at the San Jose Mine. Key activities include:

- Drilling central and southwestern zones of San Jose Mine
- Receiving assay results from drilling at the central zone of the San Jose Mine
- Mapping and sampling of drill targets over the Buenahora licence area

- Surface drilling permitting application pending
- Surface drilling in Q2/Q3 2021

Further details of the surface drilling campaign will be announced once permitting approvals have been granted

ENDS

This announcement has been 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.

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.

The information in this document that relates to previous exploration results, recently acquired, 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.

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 Mr. Ché Osmond, an employee of Wardell Armstrong International. Mr. Osmond is a Chartered Geologist (CGeol) and Fellow of the Geological Society of London, and European Geologist (EurGeol) of the European Federation of Geologists, 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 December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ('JORC Code'). Mr Osmond consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears.

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.

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 producing Novales 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 from contemporary and historical data across both the Buenahora exploration and Novales mining permits. Significantly, the Novales-Udias Project includes a number of granted mining tenements[2].

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[3][4])
- Novales Mine is within trucking distance (~ 80km) from the Asturias zinc smelter
- Classic MVT carbonate hosted Zn-Pb deposits
- Historic production of high-grade zinc; average grade reported as ~7% Zn[5]
- 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[6]
- Assay results of recent targeted grab samples taken from within the underground Novales Mine recorded 31.83% Zn and 62.3% Pb[7]
- Access and infrastructure all in place
- Local community and government support due to historic mining activity

[2] Refer to ASX announcement of 29 July 2019

[3] 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.

[4] 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.

[5] Anecdotal evidence from original Novales miners interviewed during the WAI Due Diligence supported with historical production data from the School of Mines in Torrelavega historical archives.

[6] 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)

[7] Refer to ASX Announcement of 19 December 2020

JORC Table 1, Sections 1 and 2 in reference to Historic Surface and Underground Drilling

This release references all 279 historic surface (246) and underground (33) drill holes recently acquired and collated to date. Only 72 of these holes include downhole sampling data and logging. These figures include 102 surface drillholes reported in the ASX announcement from the 26th August 2020 by Variscan Mines.

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representativity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• The data referenced in this release relates to exploration undertaken by mining companies operating the Project from the 1950's to the late 1990's. This historical data is held at the School of Mines and Energy Engineering at Torrelavega, a faculty of the University of Cantabria. It is understood that all historic drilling was core drilling. • The recent addition of new holes to this historical drilling database have been taken from historical plans (GIS collar points only with indications of mineralisation and some written intersections, many of these holes have incomplete data and cannot be plotted in 3D) • Due to the incomplete nature of the historic drill data and records, including procedures, a comment on the sample techniques, representativity or calibration of measurement tools or systems used by historic workers cannot be made. Further comment regarding specific components of the historic drilling is provided in subsequent sections of this table. The data cannot be considered 'industry standard' by modern standards • It has been assumed that all reported assays are representative of technology available at the time, but no reliance has been put on it.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• The historic surface and underground drilling reported here is understood to be all core drilling. No details of the drilling techniques employed have been identified in the historic data. This includes reference to core diameter(s), core orientation methods, nor down hole survey data. • This release relates to all 426 historic underground drill holes (1965 to 1991) collated to date with 47,041.87m, only 335 (26,335.59m) of which have been projected in 3D due to minor errors in the database or missing values that require verification with historic maps and sections before plotting in 3D reliably. • This release also relates to 102 (18,780.35m) historical surface drillholes (1957 to 1983), only 30 of which (6,628.3m) have sufficient data to be projected in 3D with downhole data (assay only). These holes consist of 57 vertical, 32 inclined and 13 holes with no dip indicated. • Additionally, recently digitised drillhole data has been acquired, which includes the aforementioned 102 historical surface drillholes and some underground holes ascertained from AZSA logs and historical plans recently discovered 279 drillholes including 41,575.2m. The total figure of 705 holes and 88,617.07m includes the 426 historical underground drillholes. Of these newly acquired holes there are 144 surface holes and 33 underground holes in addition to the pre-existing

Criteria	JORC Code explanation	Commentary
		102 surface holes. Thus, 177 (144 + 33 = 177) new holes of the total 279 reported in this press release are considered newly acquired, as 102 of these have been previously reported in Variscan ASX Release dated 26th August 2020, available on the Variscan Mines website. • No records of the type of drill rig used have been identified.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No records of core recovery have been identified for most of the historic data. However, recovery data is available for a small proportion of the newly acquired surface drillhole logs and they typically include recoveries >90%, however, in some cases lower recoveries have been recorded as low as 60%. • Given the absence of core recovery data, it is not possible to assess the potential of a relationship between sample recovery and grade. • The paucity of drill recovery data means that reported grades may be subject to either over or underreporting. No assessment or estimation of these effects has been made due to the lack of data.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Hardcopy geological logs have been digitised for the additional holes within the area. No geotechnical logs have been identified. The drill hole information reported here is not of a sufficient level of detail too support a Mineral Resource Estimation, mining or metallurgical study. • In the absence of detailed data, no comment on whether the logging, where observed, is qualitative or quantitative has be made. No core photography has been identified. • The geological logs have varying degrees of detail. However, basic intervals were digitised. • 42 of the additional holes added to the GIS database and reported in this press release have hard copy logs which include detailed information including: geotechnical logging (RQD/Recovery), lithological logging, stratigraphic column, downhole deviation, collar XYZ positions, hole orientation, assay results and detailed descriptions. The other recently digitised holes in this press release (279 – 42 = 237) do not include logging or photography of any kind and only include selected intersections provided by a historical map with tabulated results of interest and/or whether the hole is mineralised or not.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representativity of samples.* • *Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Historic approach to sampling appears selective, guided by geological observation and no "apparent" waste was sampled. • No details of the sub-sampling or sample preparation techniques have been identified from the historic records, and no supporting sampling procedures have been identified. It is not known whether ¼, ½ or whole core was submitted for analysis. • In the absence this data, and other data related to the sub-sampling techniques and sample preparation, no comment on the appropriateness of the sample preparation techniques has been made. • No evidence of Quality Control procedures nor results have been identified. This includes evidence of field duplicates or other current industry standard quality control procedures, such as Certified Reference Materials and blanks. • In the absence of sample size data, no comment on whether the sample size is appropriate to the grain size of the sampled material has been made.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and*	• No descriptions of the assaying and laboratory procedures used have been found. It is unknown whether the techniques used are partial or total, nor the laboratory used.

Criteria	JORC Code explanation	Commentary
	whether the technique is considered partial or total. • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• No descriptions of quality control procedures adopted by the laboratory, nor any results of any related Quality Control data, has been identified. No comment can be made on whether acceptable accuracy or precision of results has been established.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Due to the historic nature of the results reported, it has not been possible to verify significant intersections. It is not known whether verification of intersections was undertaken by previous operators at the time of drilling. A very small proportion of remaining core from these programmes has been identified to date; however, investigations are ongoing. • The historic data does not include any twinned holes. It is understood that Variscan is considering twinning historic drill holes as part of the companies exploration plans. • No documentation or records of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols have been identified. • Historic records consist largely of handwritten drill hole summaries. This data was identified and transcribed to Microsoft Excel © and then imported into Leapfrog Geo and Datamine Studio RM for drill hole database validation, significant intersections, and 3D viewing. It is understood that Variscan intend to transfer this data to an industry standard drill hole database during their ongoing exploration of the project. • Given the absence of detailed historical information relating to the assay data, no adjustment to the assay data has been made. The data has been reported as it was recorded in the original documentation. Variscan have no reason to disbelieve the data as presented in the historical logs, however, understand the limitations of the data for use in reliable and classified mineral resource estimations going forward until assay verification has been achieved to a satisfactory standard. • This release relates to all 279 historic surface (246) and underground (33) drill holes collated to date. Only 72 of these holes include downhole sampling data and logging.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The method of recording collar coordinates by the historic operating companies has not been identified. It is noted that much of the drilling was undertaken prior to the ubiquitous use of modern GPS by industry. The accuracy of reported drill hole collars has not been determined. Some historic drill hole collars have been verified in the field, although there are still some holes that require field verification underground in drilling bays. • Collar coordinates relating to the historic drill holes reported were identified in a local grid and transformed to the European Terrestrial Reference System 1989 (ETRS89), an earth-centre, earth-fixed geodetic Cartesian reference frame for GIS work. Thus, 2D maps (Figures) used in this report have been made with ETRS89. • The quality and adequacy of the topographic control on the location of collar points has not been assessed. • Collation and cross-reference of historic map, level plan and log/tabular hardcopy datasets shows a reasonable degree of relative geospatial correlation.

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• The underground and surface drillholes are not located in a grid pattern, it is considered likely that drillholes were placed based on accessibility underground. • Underground collars are generally within 30-40 m of each other with numerous holes from each collar in a radial pattern (fanned out from UG drilling bays). The data is very closely spaced due to accessibility underground. • Surface drillholes are sporadically spaced between 50m and 2km in and around the Buenahora exploration permit and the Novales mining permit. • An assessment of the data spacing with regards to its use in the estimation of a Mineral Resource or Ore Reserve has not been made, as the quality of the drill hole data precludes its use for these estimations. • It is not known whether sample compositing was applied to the raw historical assay data. However, significant intercepts where necessary have been reported as a sample length weighted mean grade of Zn and/or Pb %.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Mineralisation at the project has been reported as following subvertical structures and more commonly as stratiform, sub horizontal and lenticular with lateral and vertical bleeding. Some mineralisation has been reported as faulted and fractured, with a significant influence with the development of karsts. Mineralisation in this setting presents as 'bags' with lenticular form. Due to the irregular and or variable nature of the mineralisation, an estimated of potential bias through orientation of sampling has not been made. However, it is also important to note that most historical surface drillholes are vertical, and if intersecting sub-horizontal lenses, should provide true thickness. • It is unknown if the core sampling in the historic campaigns will have introduced a significant bias. • While the location of mineralisation centres on the Novales trend follows a broad NNE strike, the orientation of distinct orebodies on this trend is understood to be irregular and highly variable both in terms of strike and dip. UG drilling is often radial in nature, and no comment can be made on the orientation of drilling in respect of mineralisation orientation. Surface drilling is often vertical or dipping steeply.
Sample security	• *The measures taken to ensure sample security.*	• No records relating to the sample security have been identified.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews of the sampling techniques and data have been undertaken for the historical records.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The granted exploration permit "Buenahora" is held by Variscan Mines and includes a granted licence area of 40.52km^2. • The author is not aware, at the time of writing this, of any environmental issues that could affect ongoing works within these licences. • The exploitation permit for the Novales-Udias historic mine area is owned by Variscan Mines and includes a granted area of 13km^2. • The author is not aware, at the time of writing this, of any issues with tenure or permission to operate in this region.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The data referenced in this report refer to exploration undertaken by historic mining companies operating the Project from the 1950's to the mid 1980's. The previous workers include Hispanibal and Asturiana de Zinc (previously a subsidiary of Xstrata / Glencore). • The historic data referenced in this report and undertaken by the historic workers is held at the School of Mines and Energy Engineering at Torrelavega, a faculty of the University of Cantabria.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The mineralisation at the project is considered a Mississippi Valley Type Lead-Zinc type deposit with associated structural and stratigraphic controlled carbonate dissolution and replacement Lead-Zinc type mineralisation. • Mineralisation at the project has been reported as following subvertical structures and more commonly as stratiform, sub horizontal and lenticular with lateral and vertical bleeding. Some mineralisation has been reported as faulted and fractured, with a significant influence with the development of karsts. Mineralisation in this setting presents as 'bags' with lenticular form.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• The historic underground data relates to 279 historic surface and underground drill holes drilled between the early 1950s and late 1990s. However, there may be more data that has not been located or translated from hard copy to digital database yet. • Collar information (easting, northing, elevation, dip, azimuth, EOH) for the 279 surface and underground drill holes reported is detailed in Appendix 1. Collar information is detailed as it has been identified in historic records. Collar information has not been verified beyond cross-checking with a georeferenced plan called "100.4". Note there are many gaps in the data and a substantial number of drillholes only have X and Y co-ordinates with no dip, azimuth or length of the hole. • No records of specific gravity or density measurements have been identified. • It is noted that some of the drilling was undertaken prior to the cessation of mining activities on the project, and as such some of the mineralisation referenced in this announcement may have been mined out. It is understood that this area will be assessed under the proposed exploration activities which include further assessment of historic mining records and the completion of an underground survey (completed, with results pending) in order to understand the extent of mining activity and to the scale of in-situ mineralisation remaining in those zones.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated* • *Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting*	• Historic drill hole data in this announcement has been reported as it was presented in historic records. • No records relating to the use of weighted averaging techniques, maximum and / or minimum grade truncations (e.g. cutting of high grades) have been identified. It is noted that this may be material to the results; however, no comment in this regard has been made owing to the level of detail of the historic data. • Aggregated intersections stated in this press release have only been calculated for consecutive intervals with reported assay data, these aggregated intersections have been calculated as a weighted average based on the sample lengths. • No metal equivalent grades have been stated.

Criteria	JORC Code explanation	Commentary
	of metal equivalent values should be clearly stated.	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Due to the irregular form of the mineralisation style which can range from horizontal and gently dipping stratiform mineralisation to vertical structural mineralisation, and the absence (or records) of orientated core, true widths cannot be reported for the historic underground drilling. • For vertical surface holes the thickness of mineralisation is likely close to true thickness due to the sub-horizontal lenticular morphology of sulphide accumulations. • Therefore, interval widths reported refer to downhole length not true thickness in most cases.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• The information in this news release does not refer to a significant discovery; however, maps and figures have been included to illustrate the location of the results reported. • Drillhole collar positions are shown for all available historical drillholes in all figures provided within this press release.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All drill hole collar data relating to the 279 underground and surface drill holes reported here are tabulated in Appendix 1. • All raw intersections from historical drillholes reported in this press release as either a single interval or a length weighted average grade for multiple consecutive assay results in a single drillhole are shown in the table in Appendix 2.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• This report relates primarily to the 279 historic surface and underground drillholes. • Soil geochemistry referenced in this report pertain to samples taken in the 80's and also recent Variscan samples collected in 2020 then contoured using GIS software. • No other exploration data referenced in this report is considered sufficiently meaningful or material to warrant further reference.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Variscan are planning a series of exploration plans to advance the Novales-Udias Project. The exploration plan is likely to include: o Continuation of the current underground drilling operations at San Jose mine. o Application for surface drilling permits and planning surface exploration. • Diagrams illustrating the geological interpretations and possible extensions to mineralisation will be provided as appropriate.

Appendix 1: Tabluated collar and hole orientation data for 279 surface and underground historical drillholes discussed in this press release

Name	POINT_X	POINT_Y	POINT_Z	Length	Azimuth	Dip	Year
-	400303.6787	4800338.393					
-	400819.6172	4800872.323					
1-Rasa	401071.0993	4799637.674					
2-Rasa	401107.6118	4799813.887					
3-Rasa	401029.8242	4799907.549					
4-Rasa	400850.4363	4799771.024					
5-Rasa	400725.0236	4799972.637					
Buen-10	399854.6659	4798861.368		17.5		-90	1983
Buen-11	399894.301	4798878.209		24.5		-90	1983
Buen-12	399885.6921	4798851.288		22.5		-90	1983
Buen-13	399910.6529	4798894.24		41	185	-50	1983
Buen-4	400238.64	4799189.54		104.1		-90	1983
Buen-5	400240.12	4799189.35		93.7		-60	1983
Buen-8	399886.7224	4798840.987		18		-90	1983
Ju3	398502.0829	4800423.302				-45	
Ju4	398613.3721	4800532.932				-45	
Ju5	398758.8403	4800482.813				-90	
S II	401049.0065	4801161.942					
S III	401250.8889	4801434.564					
S.H.A-1	402994.6067	4802512.118		291		-90	1970
S.H.A-2	402988.2567	4802424.805		248		-90	1970
S.H.A-3	403005.7192	4802626.418		290		-90	1970
S.H.A-4	402962.8566	4802323.205		223		-90	1971
S.P-1	401465.9907	4800293.048					
S.P-1	402502.0451	4801000					
S.P-1 S-158/157	403611.5202	4803878.123					
S.P-10	402451.4337	4801917.333					
S.P-2	401225.5725	4801077.253					
S.P-2 S-156	403597.2326	4803897.173					
S.P-3	402236.2829	4801692.411					
S.P-4	402011.3866	4800911.888					
S.P-4	403563.8951	4803833.673					
S.P-4bis	403560.7201	4803952.736					
S.P-5	402760.2912	4801153.409					
S.P-5 159	404543.1199	4803799.807					
S.P-6	402470.4837	4801868.65					
S.P-6	404469.6979	4803693.973					
S.P-7	402214.3665	4801961.783					
S.P-7	402197.6027	4800945.14					
S.P-8	402364.6502	4802088.784					
S.P-8	402306.253	4801070.811					
S.P-9	402491.6504	4802031.634					
S.P-A 154	404036.971	4804324.212					
S.P-B 155	404065.5461	4804314.687					
S-1	405475.596	4804930.639					
S-10	404328.0829	4804313.828					
S-10	398904.8238	4800709.935					
S-100	404016.9588	4803295.895		223		-90	1959
S-100A	403933.9844	4803398.377					
S-100B	404116.1777	4803170.879					
S-101	403833.799	4803509.367		120		-90	1959
S-101	404817.4846	4802685.997					
S-101A	403911.4947	4803413.59		173		-45	1959
S-101B	403780.2347	4803574.272					
S-102	403618.04	4803754.338					
S-103	403668.1737	4803708.935					

S-104	403763.3902	4803590.612					
S-104	404750.0157	4802766.695					
S-105	403720.2932	4803659.467		240		-90	1961
S-105	404707.6823	4802831.518					
S-106	404246.988	4803140.266		128		-90	1961
S-107	404021.9859	4803693.035		143.5		-90	1961
S-108	404320.5158	4803538.465					
S-109	404363.3784	4803431.309					
S-11	404328.0829	4804313.828					
S-11	399187.9285	4800791.956					
S-110	403566.1079	4803246.814					
S-110	399410.179	4801234.605					
S-111	403442.2826	4803245.227					
S-111	399423.4082	4801276.938					
S-112	403678.8206	4803243.639					
S-112	399414.1477	4801315.303					
S-113	403742.6858	4803418.434					
S-113	399205.1265	4801090.407					
S-114	403822.7775	4803419.897					
S-114	399211.7411	4801142					
S-115	403619.7558	4803420.457					
S-115	399348.0018	4800980.604					
S-116	403902.9231	4803614.454					
S-116	399190.5744	4800880.592					
S-117	403978.3295	4803615.247					
S-117	399125.7513	4800933.508					
S-118	403933.8794	4803613.66					
S-118	399142.9493	4800842.227					
S-119	403861.648	4803619.216					
S-119	399254.0745	4800766.821					
S-12	404228.9075	4803899.798					
S-12	398812.2195	4800723.164					
S-120	403902.1294	4803664.46					
S-120	399464.1541	4801408.701					
S-121	403902.1294	4803563.654					
S-121	399058.2825	4800881.915					
S-122	404118.1907	4803478.188					
S-122	398990.8136	4800944.092					
S-123	402885.069	4803021.389					
S-123	399567.0772	4801302.074					
S-124	402795.9219	4802752.889					
S-124	399689.0504	4801313.451					
S-125	402864.1845	4802226.367					
S-125	399624.2273	4801323.24					
S-126	402768.9343	4802044.334		266			1972
S-126	399149.5639	4800457.456					
S-127	402654.6341	4802186.151		312		-90	1973
S-128	403110.4944	4802381.943		245		-90	1973
S-128	398940.5426	4801056.011					
S-129	403056.8016	4802317.384		253		-90	1973
S-129	399699.6337	4800993.304					
S-13	404228.9075	4803899.798					
S-13	398754.011	4800740.362					
S-130	403147.007	4802448.618		233		-90	1973
S-130	399154.3264	4800532.069					
S-131	403118.185	4802315.268					
S-131	399213.064	4800490.793					
S-132	403066.0444	4802453.38					
S-132	399324.1892	4800538.419					
S-133	402980.6014	4802264.467					
S-134	402967.9014	4802109.95		288		-90	1974

S-134	399463.3603	4801625.924					
S-135	403022.9348	4802179.801					
S-136	403092.785	4802179.801					
S-136	399577.6606	4801611.108					
S-137	403181.6851	4802389.351					
S-138	403279.052	4802046.45					
S-139	403315.0354	4802459.201		291		-90	1974
S-14	404228.9075	4803899.798					
S-14	399018.5949	4800302.476					
S-140	402787.9844	4801834.783		339		-90	1975
S-141	403439.919	4802378.768		284		-90	1975
S-142	403118.185	4801783.983		171		-90	1975
S-143	403884.4199	4802418.984		244		-90	1975
S-144	403728.0332	4802831.206		290		-90	1975
S-145	404326.8041	4801741.65		248		-90	1975
S-146	404654.8881	4802512.118		210		-90	1976
S-147	404901.0393	4803049.25		197		No data	1976
S-148 (PA)	406429.7515	4804642.507		259		No data	1977
S-149 (PE)	405886.0317	4805098.914		139		No data	1977
S-15	404496.0754	4804445.106					
S-15	399101.9388	4800279.656					
S-150	405153.3826	4804264.68					
S-153	405230.8431	4803858.744					
S-16	402320.2001	4802156.517					
S-16	404496.0754	4804445.106					
S-17	402273.6333	4802376.651					
S-17	404496.0754	4804445.106					
S-18	404733.69	4804317.797					
S-18	402085.4701	4802590.673					
S-19	402004.8161	4802406.284					
S-19	404733.69	4804317.797					
S-2	399264.6579	4801147.292					
S-2	405383.5208	4804911.589					
S-20	402184.7331	4802243.301					
S-20	404733.69	4804317.797					
S-21	404437.5536	4803801.656					
S-21	402508.5838	4802220.017					
S-22	401962.4827	4801851.717					
S-22	404588.9626	4803679.356					
S-23	404588.9626	4803679.356					
S-23	402612.0422	4802344.25					
S-24	404447.6748	4803761.906					
S-24	402061.9662	4802054.917					
S-25	404447.6748	4803761.906					
S-25	401651.5526	4802035.047					
S-26	402789.8188	4802548.63					
S-26	404341.3121	4803828.581					
S-27	402908.8815	4802742.306					
S-28	403018.1723	4802873.539					
S-29	403140.657	4803021.389					
S-3	399190.5744	4800946.738					
S-3	405347.5374	4804832.214					
S-30, S-31	398724.9068	4800297.184					
S-32	398777.8236	4800221.778					
S-33, S-34	398769.886	4800323.643					
S-35	398988.1677	4800408.309					
S-36, S-37	399052.9908	4800544.57					
S-38, S-39, S-40	398730.1985	4800416.247					

S-4	399341.3872	4801165.813					
S-4	405229.0038	4804811.047					
S-41	403190.1518	4802660.285					
S-42	403101.2516	4802768.235					
S-43	403062.6224	4802819.564					
S-44	403537.5328	4803092.827					
S-46	403454.9826	4803172.202					
S-46A	403516.8953	4803103.939					
S-46B	403380.37	4803251.577					
S-47	403657.5775	4803329.765					
S-47A	403747.0832	4803232.527					
S-47B	403592.0097	4803399.7					
S-5	399106.7013	4800582.869					
S-5	405435.3792	4805021.656					
S-6	399101.9388	4800672.893					
S-6	405471.3626	4804982.497					
S-7	399039.7616	4800678.185					
S-7, S-8	405074.4868	4804754.955					
S-8	398970.9698	4800688.768					
S-9	404328.0829	4804313.828					
S-9	399267.3037	4800933.508					
S-92	400922.8049	4801113.095					
S-95, S-98	399550.1439	4801691.541					
S-96	399499.3438	4801683.074					
S-97	399581.8939	4801664.024					
S-99	399289.7933	4801022.938					
SP-3	403640.0952	4803941.623					

Appendix 2: Raw reported assay results for all historical holes with callouts on maps and quoted in text

HoleID	From	To	Interval	Pb_%	Zn_%
Ju3	38.4	41.15	2.75	6.7	19.5
Ju3	41.15	41.5	0.35	0.25	1.05
Ju3	42.95	43.35	0.4	0.06	1.05
Ju3	58.5	58.7	0.2	0.03	0.2
Ju3	60.7	60.95	0.25	0.03	0.65
Ju4	78.7	82.2	3.5	0.1	0.6
Ju4	83.8	83.9	0.1	0.05	0.32
Ju5	6.2	6.55	0.35	0.07	0.37
Ju5	6.55	7.6	1.05	0.09	0.54
Ju5	11.4	11.65	0.25	0.12	1.22
Ju5	28.35	29.3	0.95	0.58	5.93
S-4	58.25	58.93	0.68	0.26	5.65
S-4	58.93	59.9	0.97	0.22	3.35
S-4	60.15	60.68	0.53	0.33	3.15
S-5	59.1	60.2	1.1	0.08	0.4
S-5	67.7	67.8	0.1	2.7	4.9
S-5	75.48	78.7	3.22	0.08	0.28
S-8	11.65	12.5	0.85	0.03	27.5
S-8	12.5	12.85	0.35	0.09	39.5
S-8	12.85	13.17	0.32	0.2	30.5
S-10	4	4.1	0.1	0.29	22.3
S-10	5.15	6.1	0.95	0.01	17
S-11	14	14.35	0.35	0.03	1.85
S-11	19.5	19.6	0.1	0.22	1.32
S-12	11.6	12.7	1.1	0.01	23

S-12	12.7	13	0.3	0.01	20.5
S-13	5.95	6.49	0.54	0.01	3.8
S-13	19.13	19.48	0.35	0.02	11.7
S-13	19.48	19.9	0.42	0.01	3.4
S-9			1	11	27
S-30			4.2		4.96
S-31			3.3		5.5
SC-06BIS	100.3	101.15	0.85	0.03	0.33
S-91			7.4		13.5
S-91A			2.4		21.04
S-92A			1.55		6.89
S-50			1.9		23.1
S-54B			0.7		9.6
S-54C			0.36		13.78
S-70A			1.75		12.9
S-71			1.48		10
S-71A			0.87		13.9
S-72			0.85		8.75
S-73A			1.13		16
S-84			0.86		29.83
S-134	77	77.6	0.6	1.6	19.85
S-28			5		0.82
S-23			5		3.35