



ASX Code: VAR
ACN: 003 254 395
Issued Shares: 674M
Unlisted Options: 57M
Cash Balance: \$0.6M
Listed Investments (at 30 September 2017): \$ 0.8M

Directors

Pat Elliott
 Stewart Dickson
 Greg Jones
 Jack Testard
 Kwan Chee Seng
 Dr Foo Fatt Kah
 Michael Moore

Top Shareholders

(30 September 2017)
 Kwan Chee Seng
 BNP Paribas
 Chris and Betsy Carr
 RHB Securities Singapore
 Dr Foo Fatt Kah

Top 20 Shareholders – 66.0%

Head Office

Variscan Mines Limited
 Level 1, 80 Chandos Street
 St Leonards NSW 2065

Postal

PO Box 956
 Crows Nest NSW 1585
T +61 (0)2 9906 5220
F +61 (0)2 9906 5233
E info@variscan.com.au

www.variscan.com.au

Highlights

- ✔ Publication of Independent Technical Assessment Report on leading French projects
- ✔ Additional and confirmatory assay results from drilling at St Pierre received; best intersection of 2 m @ 2.61 g/t Au in RCSTP006
- ✔ Review of significant historical database related to the high grade Salau tungsten mine
- ✔ Considerable exploration potential for tungsten-copper-gold within the Couflens licence area
- ✔ Sale of non-core investments resulting in non-dilutive cash inflow of A\$0.56M
- ✔ Identification of new opportunities outside of France to mitigate operational delays and re- balance sovereign exposure well advanced
- ✔ Field work at Merléac remains suspended until further operational decisions are provided by the French authorities. Extensive dialogue is ongoing

Exploration

FRANCE

PUBLICATION OF INDEPENDENT TECHNICAL REPORT

CSA Global Pty Ltd (“CSA Global”) prepared an Independent Technical Assessment Report (“ITAR”) having reviewed the leading projects in Variscan’s tenement holdings in France.

The projects are primarily situated in Brittany, western France with an additional tungsten project (Couflens) under a joint venture with Apollo Minerals (ASX:AON) in the Midi-Pyrénées, southern France. The ITAR is available to download from the Company’s website at: <http://www.variscan.com.au>

Highlights

Brittany

- Brittany is part of the Armorican Massif, which forms part of the Variscan Orogen, a Palaeozoic accretionary terrain that hosts a range of significant mineral deposits of various styles in Europe.
- The Armorican Massif hosts significant volcanogenic massive sulphide (VMS), orogenic gold, and tin-tungsten deposits that have supported historical mining operations.

- Significant mineralisation has been identified at all three of the Company's leading projects, with two sites having been mined in the 20th Century.

Merléac Project - Porte-aux-Moines Zinc deposit

- The geological setting – a continental back arc, is the same age as the Iberian Pyrite Belt. Continental back arc VMS deposits tend to be, on average, the largest VMS deposits, and those in the Iberian Pyrite Belt are amongst the largest in the world.
- CSA Global agrees with the general approach adopted towards the maiden Porte-aux-Moines Mineral Resource estimation and classification (as announced on 20 June 2016) and concludes that this is appropriate for the data and current level of knowledge about the deposit.
- Gossan samples from Porte-aux-Moines and other VMS prospects have geochemistry consistent with derivation from VMS mineralisation, which helps to confirm that iron-rich rocks at surface are likely to be the weathered equivalents of mineralised massive sulphides at depth.
- A VTEM airborne electromagnetic survey has been completed and has identified new targets for follow-up and drill testing.
- Exploration potential is considered very high for the Merléac Project.
- It is CSA Global's opinion that the exploration strategy is appropriate, and the planned work is technically sound.

Couflens Project – Tungsten

- The Couflens Project covers the historical Salau tungsten mine in southern France.
- Tungsten mineralisation is particularly high-grade (1.5 to >2% is supported by potentially economically significant gold grades (historical sampling reported grades up to 10 g/t Au, see ASX Announcement 25 October 2016).
- The deposit is largely open at depth, and there are a number of near-mine exploration targets.
- CSA Global regard exploration potential on the Couflens Project as high.
- It is CSA Global's opinion that the exploration strategy (as announced by Apollo Minerals on 14 March 2017) is appropriate, and the planned work is technically sound.

St Pierre Project - Gold

- The St Pierre Project is centred on the largest gold mine in Brittany at La Bellière.
- CSA Global view the St Pierre Project as highly prospective for orogenic gold mineralisation similar to the known deposit at La Bellière.
- Orogenic gold deposits are typically vertically extensive, suggesting that there is very good potential for further gold mineralisation to be discovered below existing workings at La Bellière and on peripheral targets, especially considering the very limited past exploration and drilling.
- There are good-quality exploration targets at the mine, near-mine and semi-regional scales.

Beaulieu Project - Tin

- Abbaretz-Nozay in the Beaulieu Project is the largest hard rock tin mining district in France, where the Bois-Vert mine produced 2,700 t of tin from east-striking sheeted veins
- Past mining operations demonstrate the presence of significant and extensive tin mineralisation in a productive historical tin province.
- Previous exploration has been limited, with little drilling below 50 m and indications that historical drilling has under-reported tin values due to inappropriate drilling and analytical methods.
- A systematic exploration program along the mineralised trend with effective drilling of prioritised targets presents a strong opportunity to outline substantial tin mineralisation.

Work Programme

- Although further exploration expenditure is currently under review (due to political uncertainty), planned exploration could include detailed mapping, alteration studies, surface geochemistry, electromagnetic geophysics, and drilling.
- CSA Global is of the opinion that the proposed work programmes are appropriate to advance the projects.

ST PIERRE

The Company completed its first drilling campaign on the Saint-Pierre-PER in the summer of 2017. Targets were drilled with two core holes (Ville-Tirard) and 15 reverse circulation holes (Belleville).

Project geology

The shear-zone system around Saint-Pierre is estimated to be 2.5 kilometre wide and at least 5 kilometres long. Numerous gold anomalies have been prospected in this shear-zone since the Roman Era up to the present day. The former La Bellière gold mine exploited a large quartz vein system of 1.5 to 2 kilometres long under the village to a depth of up to 170 metres.

Belleville

The Belleville target is located about 750 metres south from the La Bellière Mine. This area was mined (small gold quarry) in the past and the BRGM drilled holes which produced positive gold values. 15 RC drill holes were drilled along two sections, testing a broad gold-in-soil anomaly defined by previous Variscan exploration work.

Additional and confirmatory samples have now been received. Of note was the intersection of 2 metres @ 2.61 g/t gold in RCSTP006 between 9 and 11 metres down-hole. Visible gold was present in several samples. However, gold assay grades were highly variable and not easily reconcilable with visual estimates.

A table of RC drilling results is as follows:

Table 1. Significant Drill Holes Intersections above 0.2g/t gold

Hole Number	From (m)	To (m)	Interval (m)	Gold Assay (g/t gold)
RCSTP001	11	12	1	0.42
RCSTP002	47	48	1	0.60
RCSTP003	25	26	1	0.94
RCSTP004	0	1	1	1.09
RCSTP004	2	3	1	0.32
RCSTP004	36	37	1	1.96
RCSTP005	12	13	1	1.00
RCSTP006	1	2	1	0.22
RCSTP006	2	3	1	0.78
RCSTP006	3	4	1	0.45
RCSTP006	5	6	1	0.24
RCSTP006	9	11	2	2.61
RCSTP006	23	24	1	0.85
RCSTP006	70	71	1	0.51
RCSTP013	34	35	1	0.25

Table 2 – RC hole Specifications

Hole Number	Easting (m)	Northing (m)	Azimuth (degrees)	Dip (degrees)	Hole depth (m)
RCSTP001	395032.7	6691799.8	333	50	60
RCSTP002	395019.0	6691831.7	335	50	63
RCSTP003	395009.4	6691854.5	350	50	66
RCSTP004	394984.5	6691911.8	335	50	45
RCSTP005	394976.5	6691930.5	330	50	60
RCSTP006	394916.4	6691939.0	350	50	72
RCSTP007	394898.5	6691969.5	330	50	72
RCSTP008	395281.1	6691928.7	310	50	60
RCSTP009	395305.4	6691906.7	310	50	60
RCSTP010	395254.9	6691952.3	310	50	60
RCSTP011	395229.0	6691976.4	310	50	60
RCSTP012	395202.5	6692000.0	310	50	60
RCSTP013	395165.8	6692011.0	335	55	65
RCSTP014	395162.6	6692058.9	335	55	60
RCSTP015	395153.3	6692079.0	335	55	60

The drilling results suggest that further work is required to understand the style and genesis of the gold deposits within the project area. This may lead to new work programmes in this highly prospective area.

COUFLENS

Completion of review of Salau Mine production and exploration database

Following completion of the acquisition of a 80% interest in the Couflens Project, Apollo Minerals (AON:ASX) immediately commenced a review of the data relating to the historical Salau mine which was one of the world's highest-grade tungsten mines when it operated until the mid-1980's.

The database is extensive and comprises a combination of high quality geological and drilling data, as well as underground mining and processing data, covering all exploration and production during the mine's 15 years in operation.

The database, which has now largely been converted to digital format and integrated into a 3D model, includes:

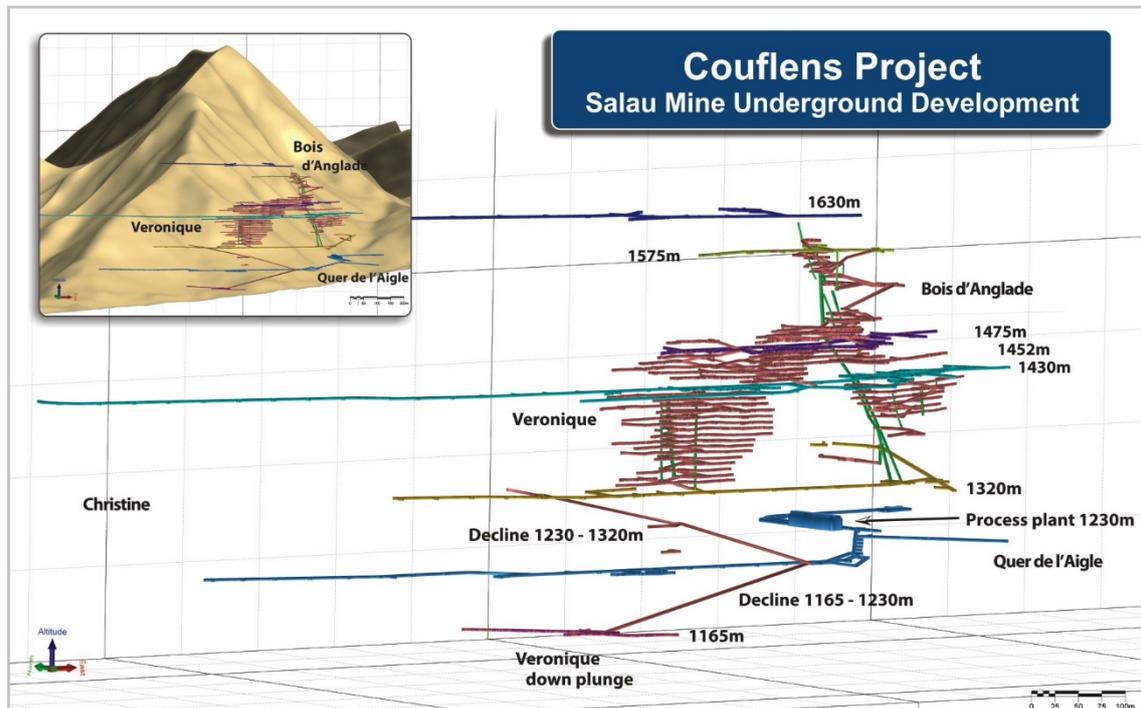
- Assay data and geological logs for more than 650 holes covering more than 45,000 metres of underground and surface drilling
- Mine level plans and cross sections incorporating geological mapping of the existing 24 kilometres of underground mine development, geological logging of drill holes, and related assay data
- Production records and information on the principal mining and processing methods, including the flowsheet used to produce tungsten concentrate from the historical processing facilities housed underground.

The database has rapidly advanced the understanding of the geology, mining and processing of the Salau deposit which represents a significant saving in cost and time and de-risks the upcoming exploration and study programs.

The database is enabling Apollo to readily define high priority exploration targets and has the potential to accelerate the definition of a maiden mineral resource estimate.

Underground Mine Development and Infrastructure

The existing underground development and infrastructure includes approximately 24km of adit and decline development providing access to six main mining levels, ore passes, ventilation raises and an UG chamber housing the historical processing facilities.



Salau Mine 3D Model of UG Development

Historical Geological and Drilling Data

The historical drilling database within the Salau mine area comprises 56 holes for 5,565m of surface drilling and 603 underground diamond drill holes for 45,396m. Detailed geological logs and assay data are available for all drill holes.

In addition, detailed mine level plans and cross sections incorporating geological mapping of UG development and mine stoping areas, geological logging of drill holes, and related assay data are available.

The majority of this historical drilling and underground development and stoping data has now been converted to digital format and uploaded into ArcGIS, Micromine and Surpac software packages to facilitate data integration, interpretation and 3D modelling. The development of a 3D model of the Salau mine incorporating all available historical data is now well-advanced.

Work Plan - Salau Mine Area

The initial work plan for the Salau mine area includes:

- Continued review and digitisation of available mine production and exploration data
- Mine area and old tailings area risk assessments
- Initial access and assessment of existing mine development and stoping areas
- Mapping and sampling of mineralisation exposed in previously developed mine areas
- Generation of a 3D model of the geology, zones of mineralisation and principal controls on mineralisation
- Underground drilling to confirm known zones of mineralisation and test for extensions of these zones

- Estimation and reporting of a Mineral Resource in accordance with the JORC Code

Initial work will focus on defining sufficient high grade tungsten mineralisation to justify commencement of mine feasibility studies, as well as testing the gold potential within and adjacent to the Salau mine area.

Significant Gold Potential Highlighted from Review of Regional Exploration Database

Apollo has also completed a review of an extensive database relating to the exploration potential of the wider 42km² Couflens licence area which revealed considerable exploration potential for tungsten-copper-gold and gold only deposits, particularly within a highly prospective corridor that extends for 5km along strike to the west of the Salau mine.

The available regional exploration datasets comprise a wealth of surface geological mapping, geochemical surveys, geophysical surveys, rock chip sampling and limited diamond drilling.

The review of the available exploration data has demonstrated that the gold potential of the region has been largely underestimated and that the nature of the gold mineralisation has previously not been fully understood.

The recent work has shown that this gold is associated with hydrothermal fluids focused by east-west trending fault structures recognised within the granodiorite at Salau. Numerous gold occurrences (up to 5.81 g/t gold) have been observed with tungsten where these fault structures intersect the granodiorite-carbonate bearing sediments contact.

Significantly, a high-grade gold only occurrence (6.91g/t gold) in quartz veining located approximately 500m to the west of the granodiorite highlights the potential for shear hosted gold mineralisation to be associated with regional fault structures.

Corporate

Variscan retains a 20% interest and is free-carried until a DFS is completed or total expenditure of €25 million is reached (whichever is less).

Variscan (through its wholly owned French subsidiary, Variscan Mines SAS) has submitted the application to transfer the Couflens PER to the joint venture company Mines du Salat ("MdS"). We continue to actively manage our interest in this promising project.

Couflens project highlights

- The Couflens Project covers the Salau mine which was discovered in 1964 by the BRGM (Bureau de Recherches Géologiques et Minières). Les Mines d'Anglade (LMA) operated the mine from April 1971 to November 1986.
- Salau was formerly one of the world's highest-grade tungsten mines having produced approximately 930,000 tonnes at 1.5% WO₃.
- Production grades were 2.0 to 2.5% WO₃ in the mines latter years.
- The deposit is recorded to contain significant copper-gold value.
- Former drilling confirmed the continuation of the mineralised system which remains open at depth.
- Substantial expected work programme announced by Apollo.

- Tungsten is an essential industrial metal categorised by the European Union as a “Critical Raw Material”.

MERLÉAC

The Company’s application to conduct exploration and confirmatory drilling at Merléac remains subject to the approval of the Côtes d'Armor préfecture.

A lack of political clarity has resulted in delayed decision making and consequently operational progress. This is intensively frustrating. The Company has engaged with all levels of the French government, relevant authorities and stakeholders to progress with the proposed field work campaign.

The Company welcomes the recent positive statements made by senior officials in support of mining exploration in France and affirmation of its legal title over the Merleac PER.

Whilst there is no clearly defined process, we will continue to maintain effective channels of communication with decision makers, at all levels, to establish the conditions for field work to re-commence.

Merléac Zinc project highlights

- Well-defined high grade Zn-Pb-Cu-Ag-Au deposit at Porte-aux-Moines
- Access to extensive work by BRGM from 1975 to 1985
 - ~6,843m surface drilling
 - ~2,830m underground drilling
 - ~2km underground development
- JORC Resource defined in 2016: 2.2 Mt @ 6% Zn, 1.3% Pb, 0.8% Cu, 81 g/t Ag, 0.9 g/t Au ¹
- Value of historical work completed to date estimated to be >A\$10M

AUSTRALIA

There have been no material developments concerning the Company’s joint venture interests in Australia during the period.

¹ Variscan refers to the announcement released to the market on 20 June 2016. The announcement is available from the Company’s website at www.variscan.com.au or from the ASX. It contains the Competent Persons statements and the JORC Table 1 relating to the JORC 2012 Mineral Resource estimation. Variscan confirms that it is not aware of any new information or data that materially affects the information included in the announcement and that all material assumptions and technical parameters underpinning the resource estimate continue to apply and have not materially changed.

Financial & Corporate

CORPORATE

The Company has made significant progress with the identification of new opportunities. The Board believes that the injection of new mineral assets will mitigate operational delays in France and re-balance sovereign exposure. The Company will make further announcements as appropriate.

The Company has also sought to reduce its overhead costs and still yet retain the technical capabilities that the Mining Code in France requires. Notably, the Non-Executive Directors have agreed to defer receiving fees for the period of 6 months. Subject to shareholder approval, the Executive Directors have agreed to receive shares in lieu of approximately 20% of their fees. We continue seek to reduce costs where practicable.

FINANCE & INVESTMENTS

Cash expenditure by Variscan on exploration and project appraisal for the quarter was \$0.4 million.

Cash available for Variscan at 30 September was \$0.6 million.

This will be supplemented by the payment of approximately \$0.4 million to the Company's wholly owned subsidiary, Variscan Mines SAS in France, following the successfully application under *Crédit d'Impôt Recherche* ("CIR") for fiscal years 2014 and 2015. CIR is a tax measure that enables a partial funding of research, development and experimentation (R&D) for companies; it can be in the form of a reimbursement or a reduction of corporate tax. The Company has recently submitted its CIR application for the 2016 fiscal year.

Investments

Variscan still holds a significant investment in Thomson Resources (ASX:TMZ) which has large landholdings for copper, gold and tin within the Thomson and Lachlan Fold Belts, NSW. As at 30 September, the value of the shareholding was approximately \$0.8 million.

Variscan Mines Limited

Stewart Dickson
CEO

Competent Persons Statement

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 Mines Limited 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.

JORC Code – Table 1

Section 1 - Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	<ul style="list-style-type: none"> At Belleville 15 Reverse Circulation (RC) drill holes were completed in April and May 2017 Samples were at 1 m intervals Sample weights per meter drilled were recorded Entire samples (averaging 30 to 35 kg each) were taken from site to the E-Mines sample prep laboratory in southern France Samples were then dried and riffle split to obtain approx. 3 kg which was pulverised (min. 80% passing 75 micron) 100 g split product sent to ALS Geochemistry Ireland.
Drilling techniques	<ul style="list-style-type: none"> Reverse circulation holes were drilled using 3 ½" diameter RC bits. RC cuttings were collected in an on-rig cyclone.
Drill sample recovery	<ul style="list-style-type: none"> During RC drilling, where water ingress was high, care was taken to reduce water loss to a minimum. At the end of every sample interval holes were purged by air to minimize water influence. RC cuttings were stored into woven fabric bags and weighed to compare against theoretical mass. Most mineralised intercepts recorded >95% recoveries.
Logging	<ul style="list-style-type: none"> RC cuttings were logged and sampled by Variscan geologists Each sample was briefly described with details entered into the geological database RC cuttings were photographed and representative samples stored for future use.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> Samples were collected by E-Mines personnel (sample preparation laboratory), bagged and tagged with unique sample numbers. Sample numbers were entered against down-hole depths, checked against the sample request and confirmed to Variscan geologists Average weight per sample was around 100 g of -2 mm material Samples were transported to ALS Geochemistry Ireland for analysis Samples were pulverized in a hammer mill to >80% passing -80 µm
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> Gold was analysed at ALS by Au 30g 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	<ul style="list-style-type: none"> Data storage in Excel spreadsheets and GIS database RCSTP004 at Belleville twinned one former 'wagon drill' hole completed by the BRGM in 1990.
Location of data points	<ul style="list-style-type: none"> RC drill collar positions were surveyed using hand-held GPS Downhole surveys for RC drilling were taken every 30 meters by the contract drilling group (Cofor) using a downhole camera system Recording of data points used RGF93-Lambert93 projection
Data spacing and distribution	<ul style="list-style-type: none"> At Belleville, two RC drill traverses oriented NNW were completed. Each hole was drilled at -55° to ~N335° and averaged 60-65m in depth. Traverse spacing was approximately 250m, with holes drilled at 30m intervals. RC sample intervals were at one meter. No compositing.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Holes were drilled from south to north at 50 to 55° to intersect the interpreted steep south-dipping gold mineralisation.
Sample security	<ul style="list-style-type: none"> Samples were transported to the E-Mines Dun facility by Variscan geologists. Samples were transported to ALS Geochemistry Ireland by FedEx transport.
Audits or reviews	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> St Pierre PERM (Permis Exclusif de Recherche de Mine, a French exploration licence) No known impediments for future exploration and development
Exploration done by other parties	<ul style="list-style-type: none"> Last significant gold exploration in area is believed to have been conducted by BRGM and SNEAP in the 1980s and Normandy La Source in the 1990's. Deeper diamond drilling of the eastern end of the La Belliere mine was completed as well as shallow drilling on subsidiary shears.
Geology	<ul style="list-style-type: none"> Shear hosted gold deposits
Drill hole Information	<ul style="list-style-type: none"> Summary information for the recent Ville Tirard and Belleville drill holes provided.
Data aggregation methods	<ul style="list-style-type: none"> No aggregation or high grade cuts have been applied to the data reported
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> The orientations of the 15 Belleville holes are considered a reasonable test of the projected high grade mineralised zones which are interpreted to dip from sub vertical to very steeply south (based on old BRGM exploration and mine data).
Diagrams	<ul style="list-style-type: none"> Provided in previous ASX release by Variscan Mines dated 17 July 2017.
Balanced reporting	<ul style="list-style-type: none"> All gold assays above 0.2g/t Au for Belleville are provided within the report. Any sample below 0.2g/t Au is not considered significant.
Other substantive exploration data	<ul style="list-style-type: none"> Much of the available historic exploration and mining data (that was held by the BRGM) has been compiled and converted to electronic formats by Variscan. Where possible, this has previously been published by Variscan, but given the age of much of the information and the difficulty in verifying key aspects of the data, only a limited amount can be reported.
Further work	<ul style="list-style-type: none"> Continued compilation and assessment of the large amount of geological data held at the BRGM. Geological and target assessment – possible new programme generation Possible additional soil geochemistry and mapping. Possible follow-up electrical geophysics to more accurately define any significant anomalies defined from the soil geochemistry. Drill testing.