GEOPHYSICAL SURVEY IDENTIFIES MULTIPLE NEW, EXTENSIVE TARGETS AT BUENAHORA

Highlights

- **Multiple new, extensive and intense chargeable bodies detected from a 12 line Direct Current Induced Polarization (DCIP) survey over the Buenahora Exploration License in Cantabria, northern Spain.**
- **Strong, undrilled, chargeability anomalies are near surface (<100m depth) with potential for additional targets at depth due to the stratabound, vertically-stacked nature of orebodies in the district.**
- **High priority targets are expected to yield a number of new discoveries.**
- **The largest anomaly on Line 11 is a previously undetected target with a significant footprint, potentially larger than the San Jose Mine mineral sytem.**
- **2,000m drilling programme to test targets at Buenahora expected to commence in the current quarter, subject to receipt of a final outstanding local municipal permit, which is being finalised.**

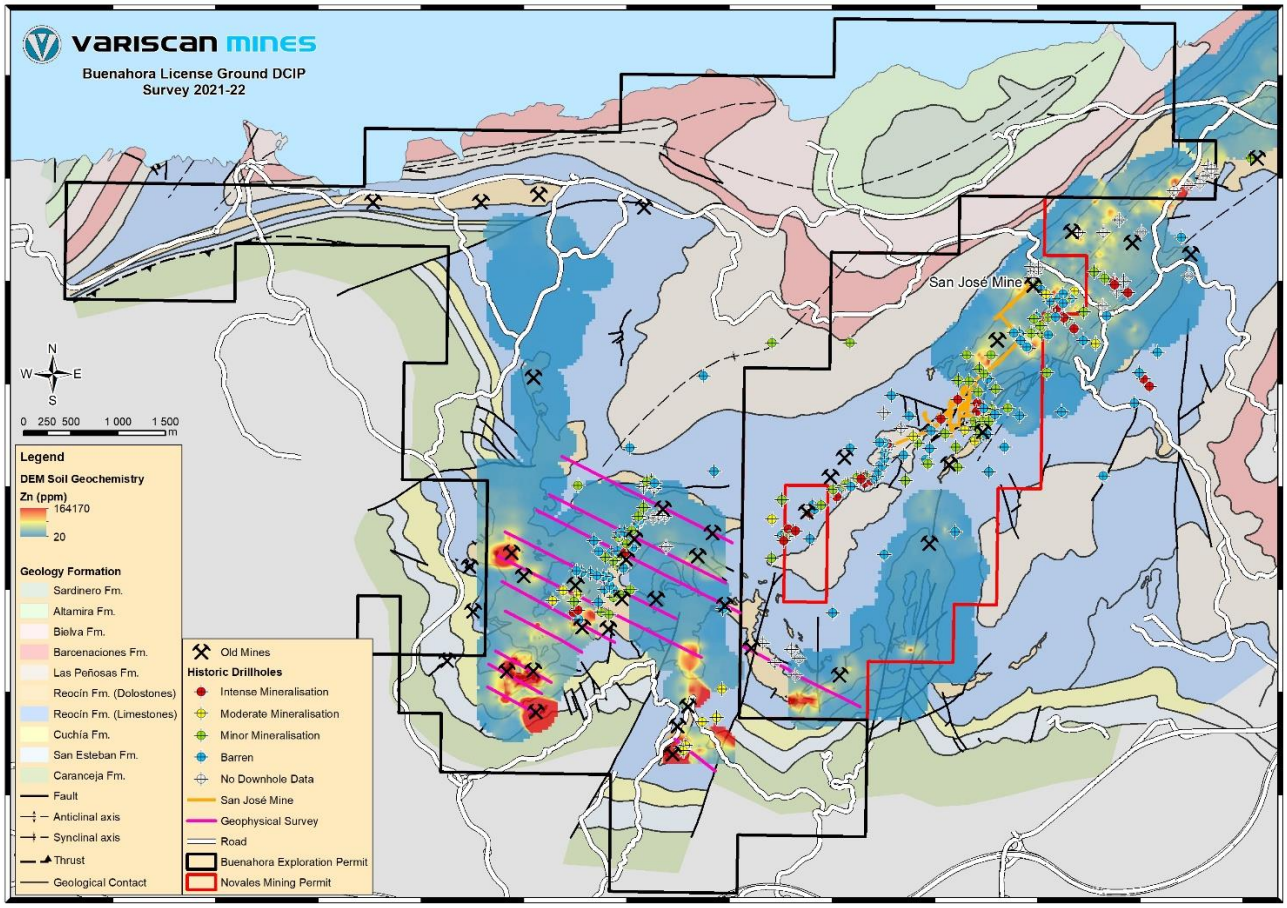
Variscan Mines Limited ("Variscan" or the "Company" or the "Group") (ASX:VAR) is pleased to announce that an Electrical Resistivity Tomography (ERT) and Direct Current Induced Polarization (DCIP) survey comprising of 12 lines for a total of 17.6 kilometres, has been completed over the Buenahora Exploration License, within the Novales-Udias Zn-Pb Project in northern Spain.

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

"The results from this ERT-DCIP survey are very positive, identifying numerous additional targets for future drill testing. Our immediate interest is the Line 11 anomaly, which is a large and intense target. When aggregated with adjacent anomalies it has a scale footprint larger than the San Jose Mine. We are planning to drill several holes over this target in our forthcoming surface drilling campaign.

The quantity and quality of targets derived from the survey add further scale potential to this highly prospective licence area, which was controlled by Asturiana de Zinc (Xstrata-Glencore) until 2003. We knew that the tenement area has extensive MVT style carbonate-hosted zinc mineralization featuring high-grade zinc and lead deposits across a multitude of historical workings. Following the survey, its prospectivity is substantially enhanced. We are excited to see the potential for the discovery of significant mineralization. Surface drilling site preparations have commenced and we look forward to drill-testing this very promising area of the Novales-Udias project.

Figure 1. Location of DCIP survey lines over the Buenahora Exploration Licence

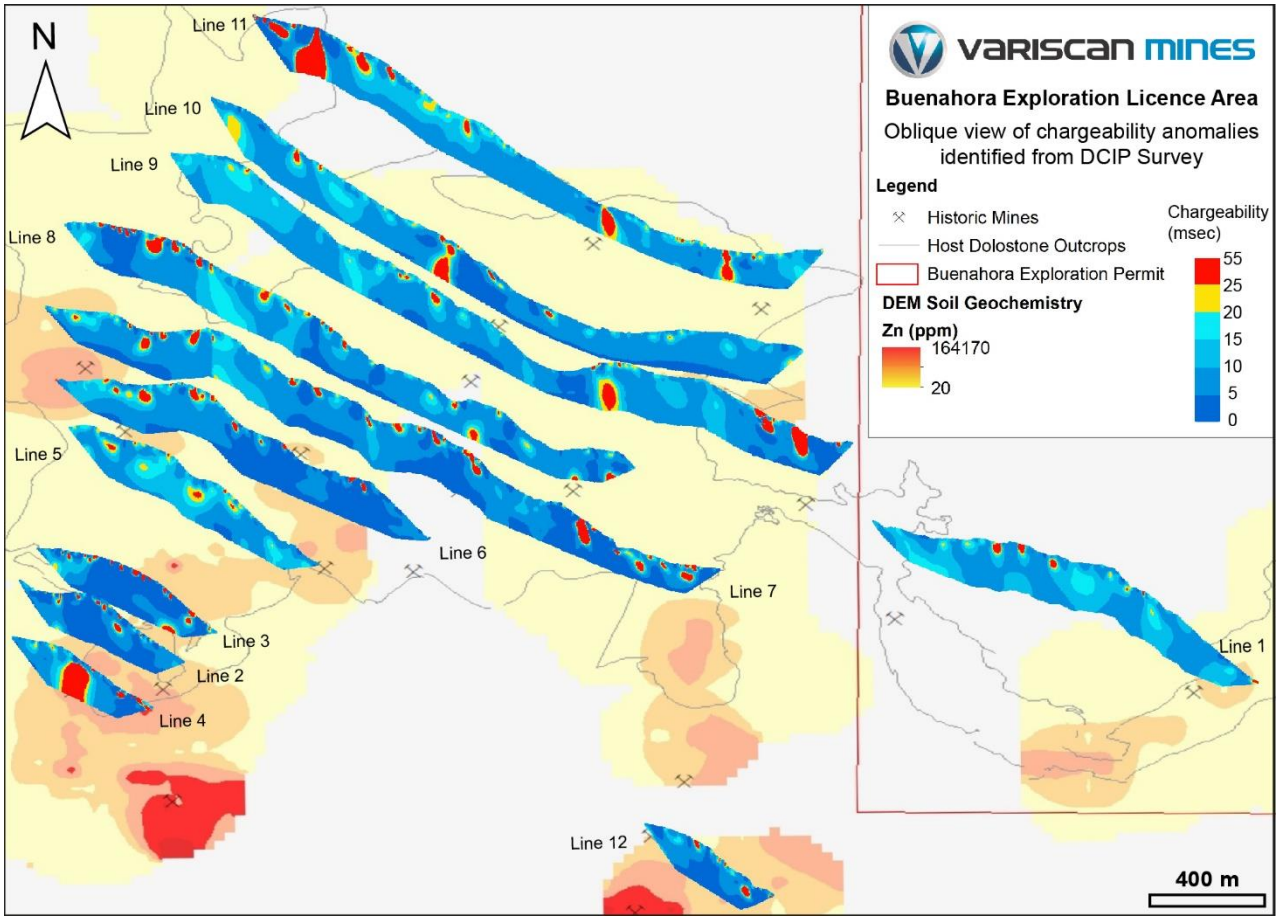


Ground geophysics survey identifies major, new targets over the Buenahora licence area

The results of the DCIP survey over the previously un-tested areas are highly significant for Variscan:

- Identified multiple new, zones of potentially high-grade mineralization that merit drilling;
- The IP anomalies occur over a wide area of the licence area and form linear features, interpreted to represent structurally-controlled mineral trends, consisting of multiple-stacked ore lenses, which is similar to the San Jose Mine and verified by geological observations of near-surface mine workings in the area;
- The ERT-DCIP survey has shown an excellent correlation with the host-rock lithologies in the area, and confirmed planned drill targets as well as identified new ones;
- The majority of the targets identified are located within the shallow-dipping dolostone horizon of the Reocin Formation, however the survey results indicate that some underlying carbonate horizons, such as the San Esteban limestone formation could also be an important host for lead-zinc mineralization, as evidenced, by the strong IP anomalies identified on Line 4;
- The acquired data is a significant milestone in developing an integrated view of the exploration and development potential of the project.

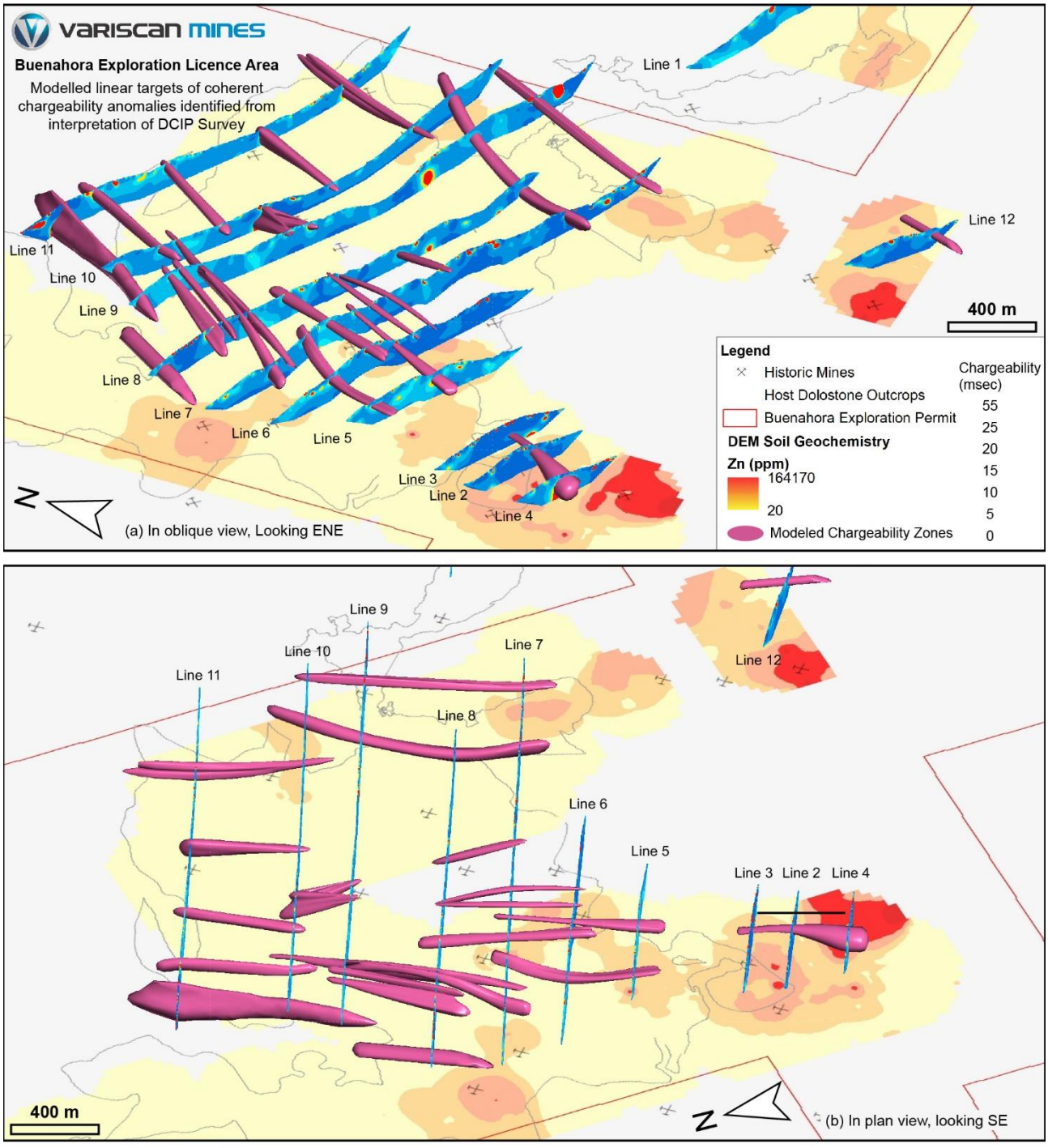
Figure 2. Chargeability anomalies identified from DCIP Survey



The DCIP survey represents another step in the progression of Variscan's systematic approach to exploration ahead of surface drilling over the Buenahora Exploration Licence. In combination, the geophysical, geological, geochemical and drilling data continues to indicate the potential for multiple clusters of MVT-style lead-zinc mineralisation to occur in much of the project area. Variscan had already defined 21 exploration target zones across this licence area; this will now be expanded and also refined ahead of future drilling.

The results of this DCIP survey directly support a key stated objective of Variscan's exploration plan, which is to seek to define a regionally significant mineral resource similar in size and grade to the former producing and proximal Reocín Mine.

Figure 3. Targets derived from modelled interpretation of the chargeability anomalies identified from DCIP Survey



The chargeability anomalies have undergone a systems approach of interpretation and re-processing incorporating stratigraphy, topography, structural geology, linkages and the orientation of known mineral trends to produce a 3D model of target zones for drilling and further exploration.

Line 11 target has potential to be bigger than the San Jose Mine

The largest IP anomaly is located on Line 11 in the north-west of the survey area. It is a totally new target previously undetected by exploration or historical mining activity. The shape of the anomaly is sub-vertical and corresponds to a mathematical model of a vertical or inclined vein. When aggregated with adjacent on-trend anomalies, the footprint of the target derived is larger in scale than the known mine workings of the San Jose Mine.

Figure 4. Scale comparison of Line 11 target and San Jose Mine

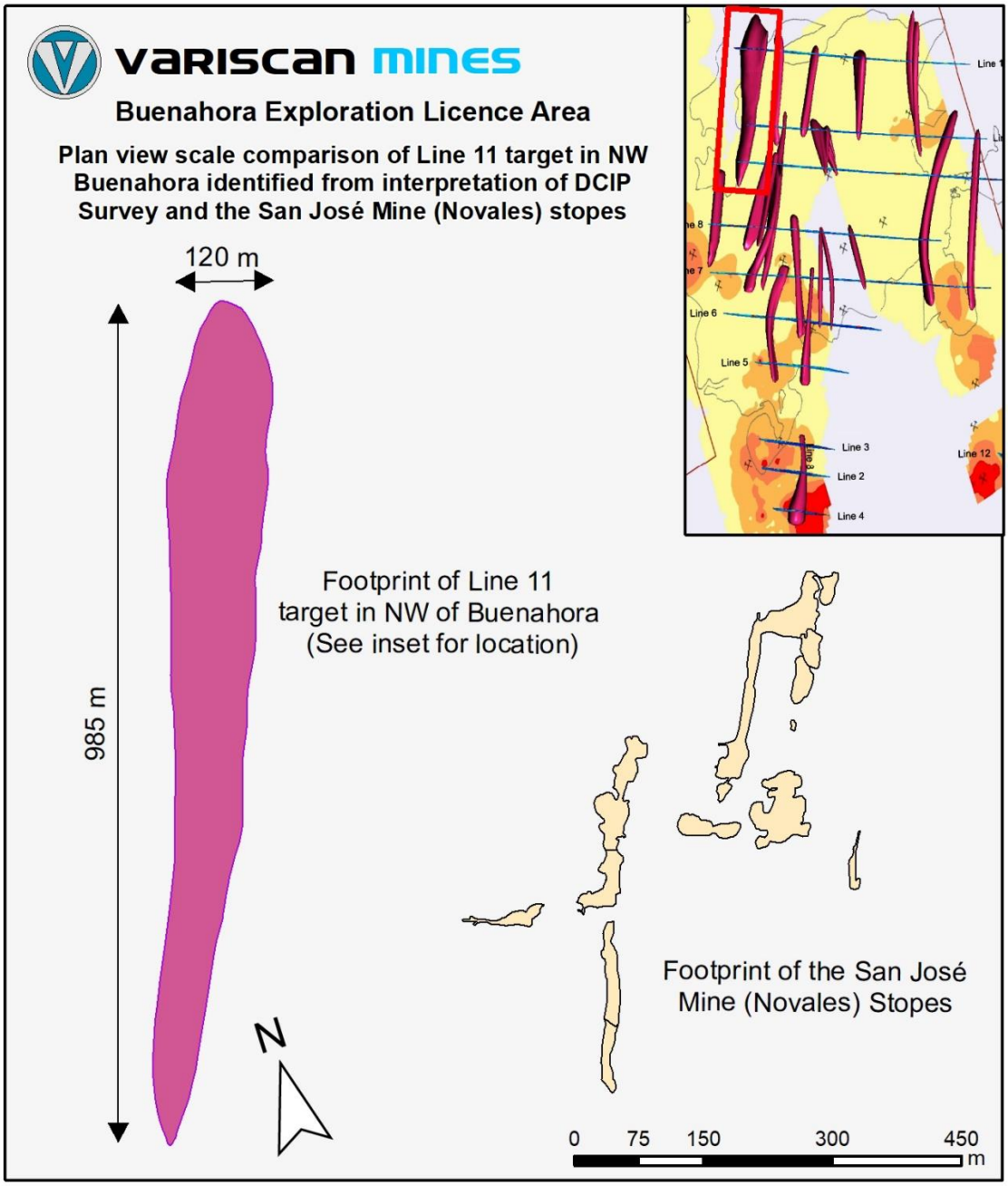
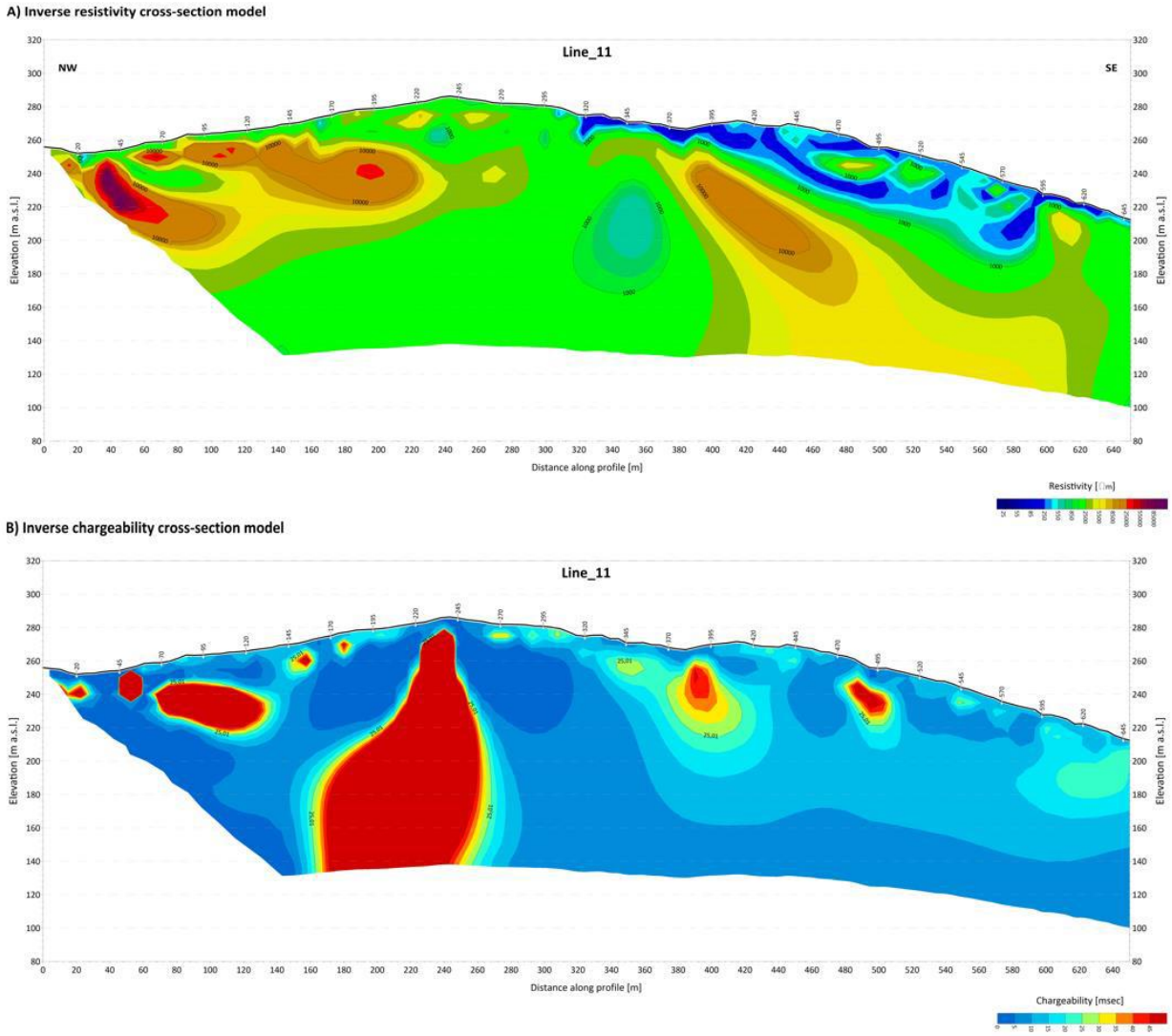


Figure 5. Resistivity & chargeability cross-sections for Line 11

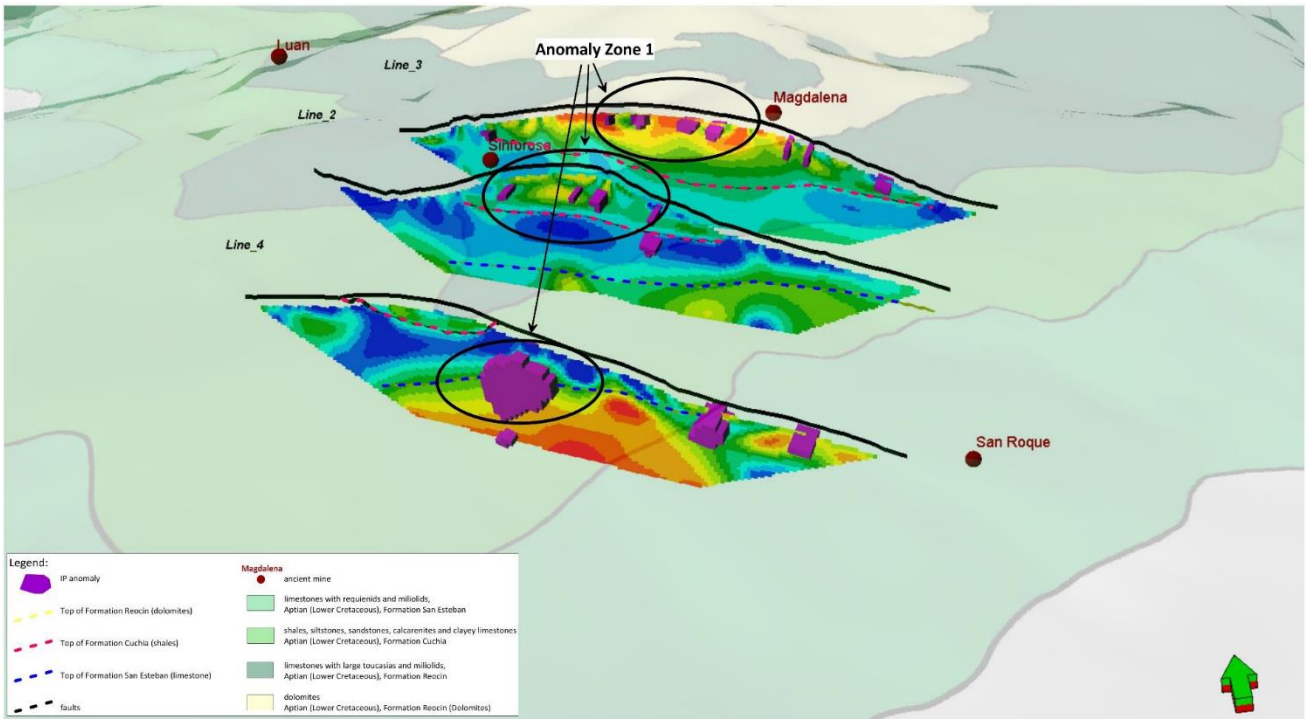


Line 4 target correlates to historical mining and geochemical data

The anomaly highlighted on Line 4 is another sizeable target, located in the southern part of the survey area. It correlates well with the former mine workings and strong geochemical anomalies around Magdalena, Sinforosa and San Roque. Soil sampling of these targets, returned a peak soil result of 16.33% Zn with 30% of soil samples + 1% Zn and 18% of soil samples +2% Zn.[1]

[1] Refer ASX announcement 12 August 2020

Figure 6. Resistivity & chargeability cross-sections for Lines 2, 3 & 4



Drilling plans are advanced

Logistical and enabling activities, including drill pad preparation are well underway for a approximately 2,000m diamond drilling programme over the Buenahora licence area. The Government of Cantabria's Department of Mines has already granted approval for the Company's planned surface drilling program of up to 50 drill-holes[2]. The Company has been closely engaged with the regional and local authorities to secure the required municipal approvals to commence surface drilling over the Buenahora licence area. Meetings with officials have been very positive with a large part of the approvals already having been granted. The local municipal '*licencia de actividad*' is now the only permit pending.

Looking Ahead

Variscan's immediate focus is progressing with:

- Completion of the underground drilling campaign at the San Jose Mine
- Reporting assay results from drilling at the San Jose Mine
- Securing the local municipal approval for the surface drilling application covering the Buenahora Exploration Licence
- Starting surface drilling over the Buenahora Exploration Licence
- Securing the licence renewal pending over the Guarajaz Project

ENDS

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

[2] Refer ASX announcement 20 October 2021

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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.

Competent Person Statement

The information in this report 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 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 historic 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.

Appendix A – JORC 2012 Edition Table 1

BUENAHORA ELECTRICAL RESISTIVITY TOMOGRAPHY (ERT) AND DIRECT CURRENT INDUCED POLARISATION (DCIP) SURVEY

The following information follows the requirements of the JORC 2012 Table 1, as applicable for ASX release related to the results of the ERT-DCIP survey conducted at the Buenahora project (Udias, Cantabria, Spain)

Section 1 Sampling Techniques and Data

Criteria		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.*	• This report relates to the results of the Electrical Resistivity Tomography (ERT) - Direct Current Induced Polarization (DCIP) survey conducted on the Buenahora exploration license during October and December 2021. • The survey was conducted by Geopartner Geofizyka, a geophysical services company from Cracow, Poland and supervised by Variscan Mines Ltd. personnel. • The survey targeted areas of known and prospective Mississippi Valley-Type zinc-lead mineralization hosted by dolostone of the Reocin formation at the Company's Buenahora exploration permit. • Electrical Resistivity Tomography (ERT) and Direct Current Induced Polarization (DCIP) are geophysical imaging techniques used to identify sub-surface materials, such as metallic ore. These methods consist of inducing an electric current into the subsurface through a series of transmitter electrodes and measuring the electrical response using receiver electrodes and measuring equipment. This allows to determine the sub-surface resistivity distribution and the capability of the sub-surface to store an electrical charge, providing among others information on the presence or absence of conductive ore minerals below ground, in the case of the present survey down to a depth exceeding 100m.
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 ASX release does not report exploration drilling.
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*	• The ASX release does not report exploration drilling.

Criteria		Commentary
	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.*	
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.*	• The ASX release does not report exploration drilling, no logging was undertaken.
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.*	• The survey consisted of 12 separate lines (Lines 1-12) totalling 17.57 line kilometres – refer to Figure 1. • The technical equipment used in the survey was: Measuring equipment: Ares II Receiver: 10-channels Transmitter: 850 W, 5A Cable type: ME II/5 – to 5 Electrode type: steel Type of measurement: Time Domain Measuring cycle: 1s ON 1s OFF Number of time windows (IP): 16 Measurement system array: Pole-Dipole forward and reverse Electrode spacing: a = 5 m Max active spread length: 305 m Min active spread length: 10 m MN dipole length: 5m, 15m, 25m, 50m, 80m Infinity electrode distance >> 1100m
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and 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.*	• Acquired ERT-DCIP data is of very good quality and both in-field and processing QC procedures were followed. In addition, for each of the lines both forward and reverse pole-dipole array measurements were done, to eliminate any potential bias due to the asymmetry of the array, thus doubling the number of data points and, in consequence, the surveying time. • The data has been reviewed and reprocessed by Graeme Hird of Rock Solid Seismic Pty Ltd, Australia.

<table>
<tr><th>Criteria</th><th></th><th>Commentary</th></tr>
<tr><td>Verification of sampling and assaying</td><td>• 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.</td><td>• Geophysical survey and results reported were captured electronically in the field by independent consultants and reviewed by the internal team.</td></tr>
<tr><td>Location of data points</td><td>• 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.</td><td>• Refer to Figure 1 & table below:
<table>
<tr><th rowspan="2">Geophysical Line No.</th><th colspan="4">Coordinate system: WGS84 UTM zone 30 N</th></tr>
<tr><th colspan="2">Start</th><th colspan="2">End</th></tr>
<tr><th>Easting</th><th>Northing</th><th>Easting</th><th>Northing</th></tr>
<tr><td>Line 1</td><td>400519</td><td>4799932</td><td>401751</td><td>4799299</td></tr>
<tr><td>Line 2</td><td>397829</td><td>4799749</td><td>398388</td><td>4799434</td></tr>
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<tr><td>Line 4</td><td>397817</td><td>4788505</td><td>398281</td><td>4799251</td></tr>
<tr><td>Line 5</td><td>398006</td><td>4800307</td><td>398811</td><td>4799875</td></tr>
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<tr><td>Line 7</td><td>397933</td><td>4800883</td><td>400072</td><td>4799823</td></tr>
<tr><td>Line 8</td><td>398002</td><td>4801148</td><td>399804</td><td>4800229</td></tr>
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<tr><td>Line 11</td><td>398602</td><td>4801944</td><td>400401</td><td>4801032</td></tr>
<tr><td>Line 12</td><td>399795</td><td>4798954</td><td>400221</td><td>4798620</td></tr>
</table></td></tr>
<tr><td>Data spacing and distribution</td><td>• 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.</td><td>• Line lengths from 530m to 2515m, with a line spacing of 160-420m.
• Electrode spacing: 5.0m</td></tr>
<tr><td>Orientation of data in relation to geological structure</td><td>• 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.</td><td>• Survey lines designed as near perpendicular to the dominant structural direction, which is concordant with the elongation of dominant mineral trends.</td></tr>
<tr><td>Sample security</td><td>• The measures taken to ensure sample security.</td><td>• No physical samples taken, results reported are those from a geophysical survey.</td></tr>
</table>

Criteria		Commentary
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Geophysical survey and results reported were undertaken by independent consultants, no audits or review were undertaken.

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 exploration permit "Buenahora" is held by Variscan Mines. • The licence has recently been renewed – refer ASX announcement 28 February 2022 • The author is not aware, at the time of writing this, of any environmental issues that could affect ongoing works within these licences.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Exploration and production has been undertaken in the area by other mining companies from the 1950's to the mid 1980's. The previous owners include Hispanibal and Asturiana de Zinc (previously a subsidiary of Xstrata / Glencore).
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 stratigraphy-controlled carbonate dissolution and replacement Lead-Zinc type mineralisation. • Geological and geophysical modelling suggests that the mineralisation at Buenahora is similar to those adjacent areas where it occurs as stratiform, sub-horizontal and lenticular, following sub-vertical trends, and with lateral and vertical extensions, with a significant control by steeply-dipping feeder faults. Mineralisation in this setting presents as 'bags' (pods) with sub-horizontal 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:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *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.*	• No drilling was completed. • Refer to Figure 1 and the table above in Section 1 under the heading 'Location of Data Points'.

Criteria	JORC Code explanation	Commentary
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 of metal equivalent values should be clearly stated.*	• No drilling was completed.
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').*	• No drilling was completed.
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.*	• No drilling was completed. • Refer to the body of the announcement.
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.*	• No drilling was completed. • All geophysical data was reported.
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.*	• 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*	• Subject to receiving the appropriate approvals Variscan have exploration plans to drill-test the targets which have been

Criteria	JORC Code explanation	Commentary
	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.*	delineated by the geophysical surveys.