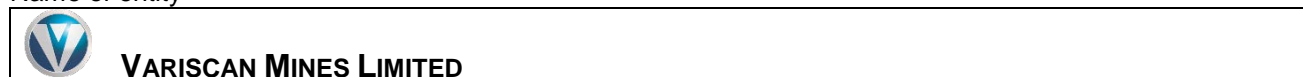


# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity



ABN

**16 003 254 395**

Quarter ended ("current quarter")

**30 September 2015**

### Consolidated statement of cash flows

#### Cash flows related to operating activities

	Current quarter 30 September 2015 \$A'000	Year to date (3 months) 30 September 2015 \$A'000
1.1 Receipts from product sales and related debtors	0	0
1.2 Payments for: (a) exploration and evaluation	(495)	(495)
(b) development	0	0
(c) production	0	0
(d) administration	(631)	(631)
1.3 Dividends received	0	0
1.4 Interest and other items of a similar nature received	8	8
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes paid/received R&D tax offset	0	0
1.7 Other - tenement security deposits/bank guarantee	0	0
- other deposits	0	0
- consulting fees and rental income	58	58
<b>Net Operating Cash Flows</b>	<b>(1,060)</b>	<b>(1,060)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	0	0
(b) equity investments	0	0
(c) other fixed assets	(4)	(4)
1.9 Proceeds from sale of: (a) prospects	0	0
(b) equity investments	0	0
(c) other fixed assets	0	0
1.10 Loans to other entities	0	0
1.11 Loans repaid by other entities	0	0
1.12 Other	0	0
<b>Net investing cash flows</b>	<b>(4)</b>	<b>(4)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,064)</b>	<b>(1,064)</b>

	Current quarter \$A'000	Year to date \$A'000
1.13 Total operating and investing cash flows (brought forward)	(1,064)	(1,064)
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares, options, etc	0	0
1.15 Proceeds from sale of forfeited shares	0	0
1.16 Proceeds from borrowings	0	0
1.17 Repayment of borrowings	0	0
1.18 Dividends paid	0	0
1.19 Other – Equity raising costs	0	0
<b>Net financing cash flows</b>	0	0
<b>Net increase (decrease) in cash held</b>	(1,064)	(1,064)
1.20 Cash at beginning of quarter/year to date	1,714	1,714
1.21 Exchange rate adjustments to item 1.20	18	18
1.22 <b>Cash at end of quarter</b>	668	668

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	137
1.24 Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Salaries, directors' fees and consultancy fees at normal commercial rates

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Expenditure by joint venture partners on exploration tenements in which Variscan has an interest amounted to \$85,000.

### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

### Estimated cash outflows for next quarter (Variscan Group)

	\$A'000
4.1 Exploration and evaluation	350
4.2 Development	0
4.3 Production	0
4.4 Administration (net)	450
<b>Total</b>	<b>800</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	183	136
5.2 Deposits at call and foreign currency equivalent	384	978
5.3 Bank overdraft	0	0
5.4 Other - bills receivable, bank accepted and short term bank deposits	101	600
<b>Total: cash at end of quarter (item 1.22)</b>	<b>668</b>	<b>1,714</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Quinyambie EL 5464	EL allowed to expire	52.6%	0%
6.2 Interests in mining tenements acquired or increased				

- 6.3 The full Variscan schedule of tenements is included as an attachment to this report.

**Issued and quoted securities at end of current quarter**

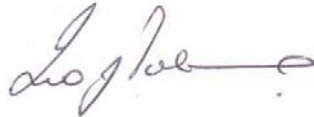
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total Number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 Ordinary securities - fully paid	306,447,930	306,447,930		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through return of capital, buy-backs,	Nil			
7.5 Convertible debt securities	Nil	Nil		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities redeemed for cash	Nil			
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
VARAO	10,900,000	Nil	\$0.30	25 Nov 2015
VARAU	2,300,000	Nil	\$0.14	31 Oct 2015
VARAV	15,650,000	Nil	\$0.07	4 Dec 2017
	130,682,738	130,655,138	\$0.015	4 May 2017
7.8 Issued during quarter	Nil			
7.9 Exercised during quarter	Nil			
7.10 Expired/cancelled during quarter	Nil			
7.11 Debentures (totals only)	Nil			
7.12 Unsecured notes (totals only)	Nil			

## Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
2. This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 30 October 2015

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(~~Director~~ / Company Secretary)

Print name:

Ivo Polovineo

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenements, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
3. **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
4. The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
5. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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Tenement	Tenement Number	Interest	Joint Venture Details
<b>NEW SOUTH WALES</b>			
<b>Broken Hill</b>			
Yalcowinna	EL 8078	0%	Note 1
Mundi Plains JV	EL 6404	20%	Teck 80%
Willyama	EL 8075	0%	Note 1
Hillston	EL 6363	39.2%	Perilya can earn 80%, Eaglehawk 9.8%
<b>Lachlan Fold Belt</b>			
Woodlawn South	ELs 7257 and 7469	0%	Royalty interest only
Trundle	EL 4512	0%	Royalty interest only
Achilles and Chiron	EL 7746 and EL 7931	49%	Kidman 51% can earn 80%, Thomson can earn 10%
<b>SOUTH AUSTRALIA</b>			
Junction Dam	EL 4509	16%	Teck 80%, Eaglehawk 4%, Marmota 100% in uranium rights only, Note 2
Callabonna	EL 5360	100%	Red Metal can earn 70%
<b>FRANCE</b>			
Tennie	PER	100%	
St Pierre	PER	100%	
Merleac	PER	100%	
Beaulieu	PER	100%	

EL = Exploration Licence

ELA= Exploration Licence Application

PER = Permis Exclusif de Recherche (France)

Note 1: These tenements are subject to agreements with Silver City Minerals Limited whereby Silver City Minerals Limited must meet expenditure commitments within various time frames. Under an agreement with Silver City Minerals Limited, Broken Hill Operations and Eaglehawk Geological Consulting Pty Ltd, Variscan has converted its interest in parts of these tenements to a NSR (Net Smelter Return).

Note 2: Marmota has earned 100% of the uranium rights only in EL 4509. Variscan has retained a 3.75% net profits royalty on production from a uranium mine.