DRILLING UPDATE: STRONG VISIBLE ZINC MINERALISATION
HIGH GRADE RESULTS FROM UNDERGROUND ROCK SAMPLING

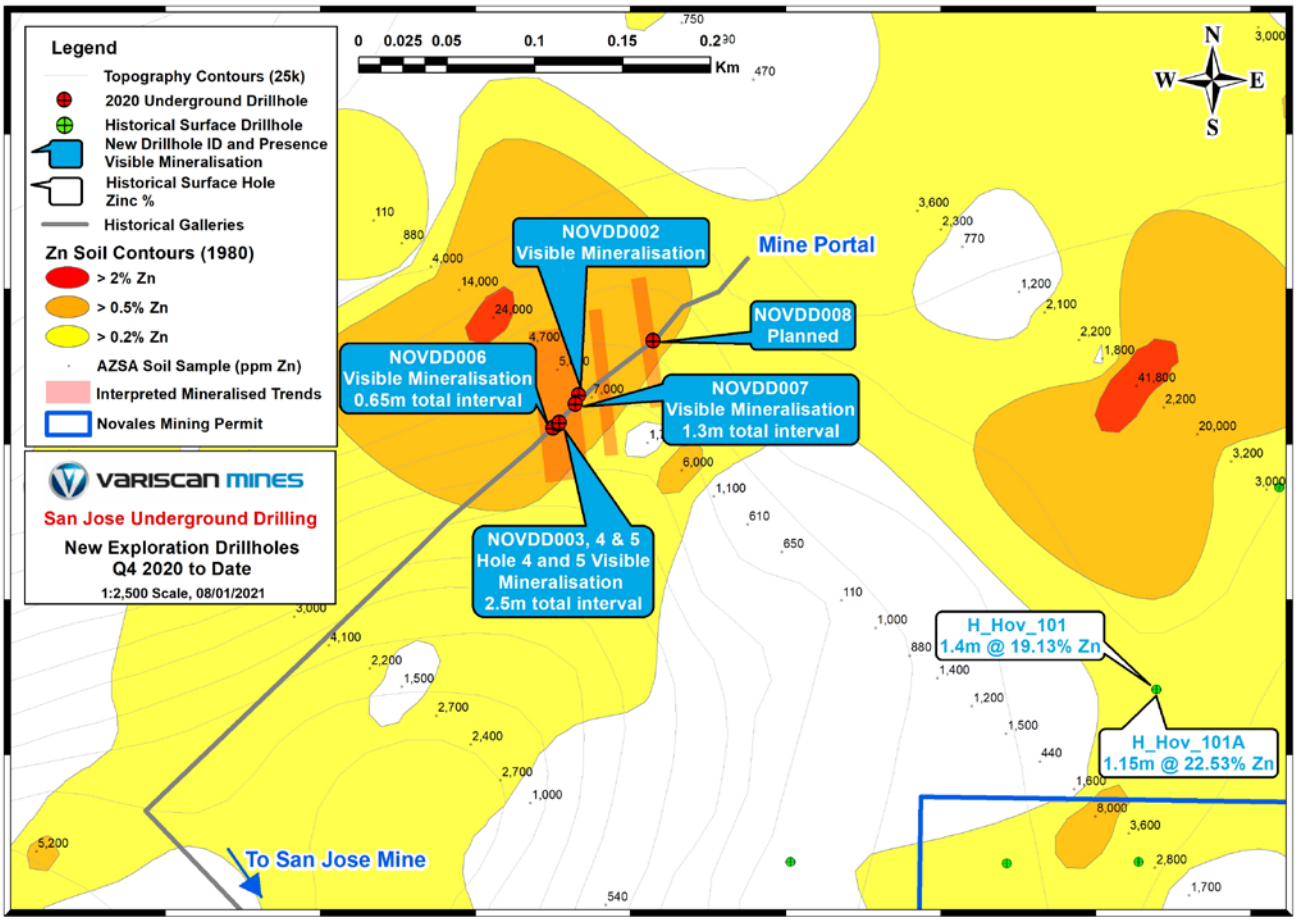
Highlights

- **Underground drilling programme at the San Jose-Novales Mine successfully intersects mineralisation in new area near the mine portal;**
- **Five drillholes completed (total 103.7m) with drilling on-going;**
- **Three of five holes drilled have intersected sulphide mineralisation consistent with high-grade zones observed in mined stopes;**
- **Drilling to test potential extensions of mineralisation along N-S strike of existing stopes, will continue as planned;**
- **Assays from 6 in-situ whole rock samples taken in the vicinity of future drill target areas have returned results between 7.6% to 31.2% Zn;**
- **Rock samples provide trace geochemical profile for vectoring exploration and drill planning;**
- **Underground channel sampling campaign completed, currently awaiting further assay results.**

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

"We are pleased with the early indications of the drillholes in the new target area in which three of the drillholes show strong visual zinc mineralization. We had to adjust the drill programme due to logistical and climatic factors. As a result, we have had a 'win' in defining a new mineralized area, avoiding downtime costs and still have plenty of meterage to complete the remainder of the originally planned drill programme. This has been enhanced by the high-grade rock sample results reported, and the channel sampling conducted."

Figure 1. Map showing Q4 2020 drillholes completed near the mine entrance showing visible mineralisation.



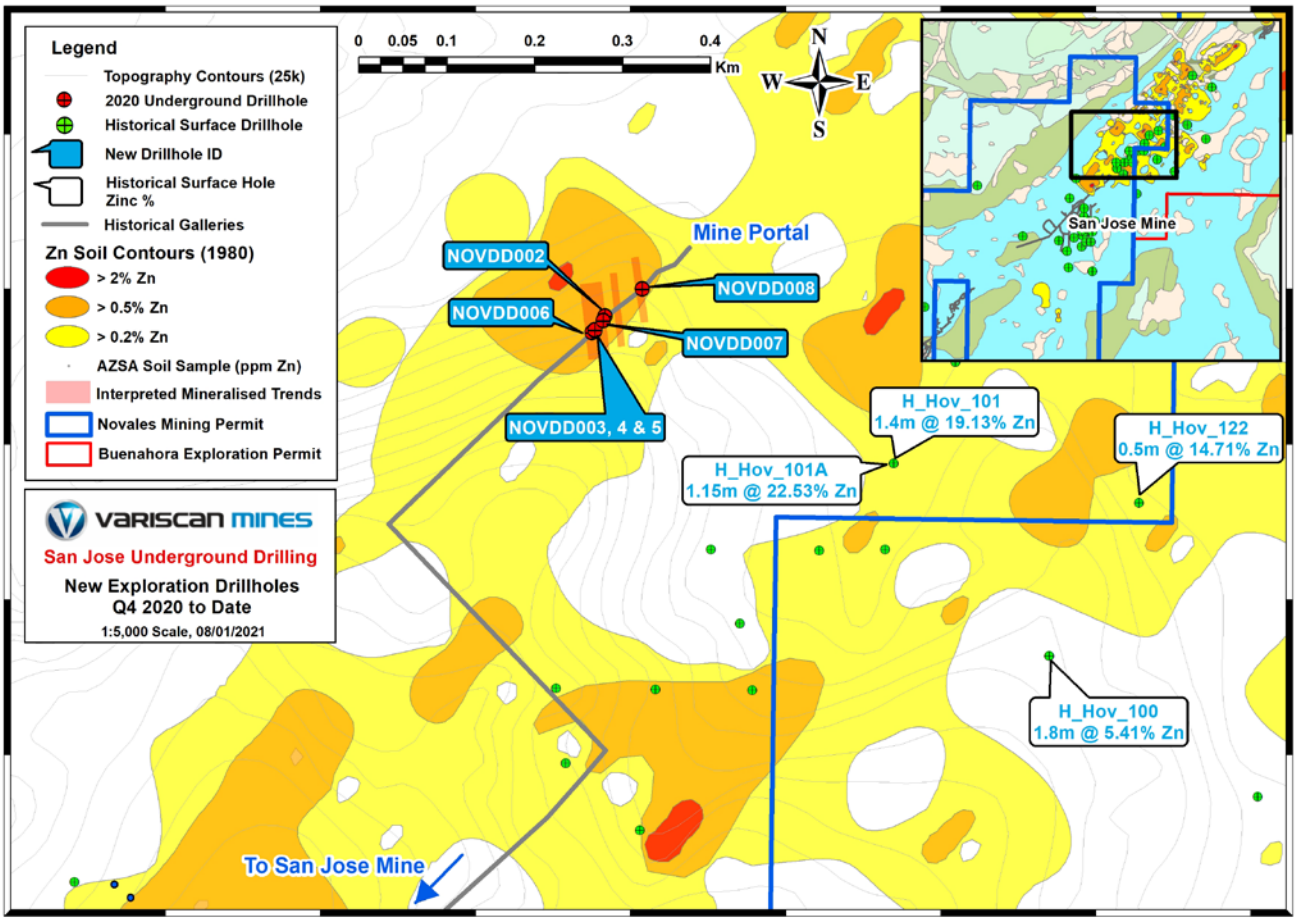
Variscan Mines Limited ("Variscan" or the "Company" or the "Group") (ASX:VAR) is pleased to provide an exploration update on the current drilling programme designed to test the high-grade extensions of zinc mineralisation at the underground San Jose-Novales Mine.

Variscan can confirm strong visible mineralisation has been intersected in some of the drillholes completed.

Key Findings and Next Steps

- A new mineralised area, defined by historical soil geochemistry, has been successfully drill-tested near the mine portal at San Jose. This signifies an unmined area that merits further exploration;
- Three of the five holes drilled, with preliminary logging, exhibit visually intense mineralised core, defining new mineralised trends 1.2km NE from the known San Jose mine mineralised structures (mined stopes), with similarly interpreted N-S orientation;
- Drilling has recommenced to complete holes near mine entrance and then move the rig further into the mine to test extensive N-S mineralised corridors;
- Six in-situ whole rock samples taken of different mineral textures underground have yielded high-grade Pb and Zn assay results. The trace element results will help determine changes in alteration that can serve as a vector towards mineralisation with further sampling; and
- Channel sampling completed, currently awaiting assay results.

Figure 2. Map of NE of San Jose mine showing historical (AZSA) soil geochemical anomaly near mine portal with Q4 2020 drillholes and N-S interpreted trends.



Drilling Update

Due to logistical and climatic factors, Variscan modified the underground drilling programme at the San Jose-Novales Mine and have successfully drilled near the San Jose Mine portal testing a significant historical soil geochemistry anomaly, indicating a series of N-S trending mineralised corridors (Figure 1).

Three of the five holes drilled include visibly intense mineralisation (NOVDD004, 5 & 7) with NOVDD002 exhibiting moderate visual mineralisation, with weak mineralisation (carbonate veins) visible in all five holes. Mineralisation style is visually consistent with sulphide rich carbonate hosted (Mississippi Valley Type) lenses observed in mined stopes in the San Jose Mine, see Image 1. Logging and sampling of drill core is underway. Table 1 sets out the details of drillhole orientations.

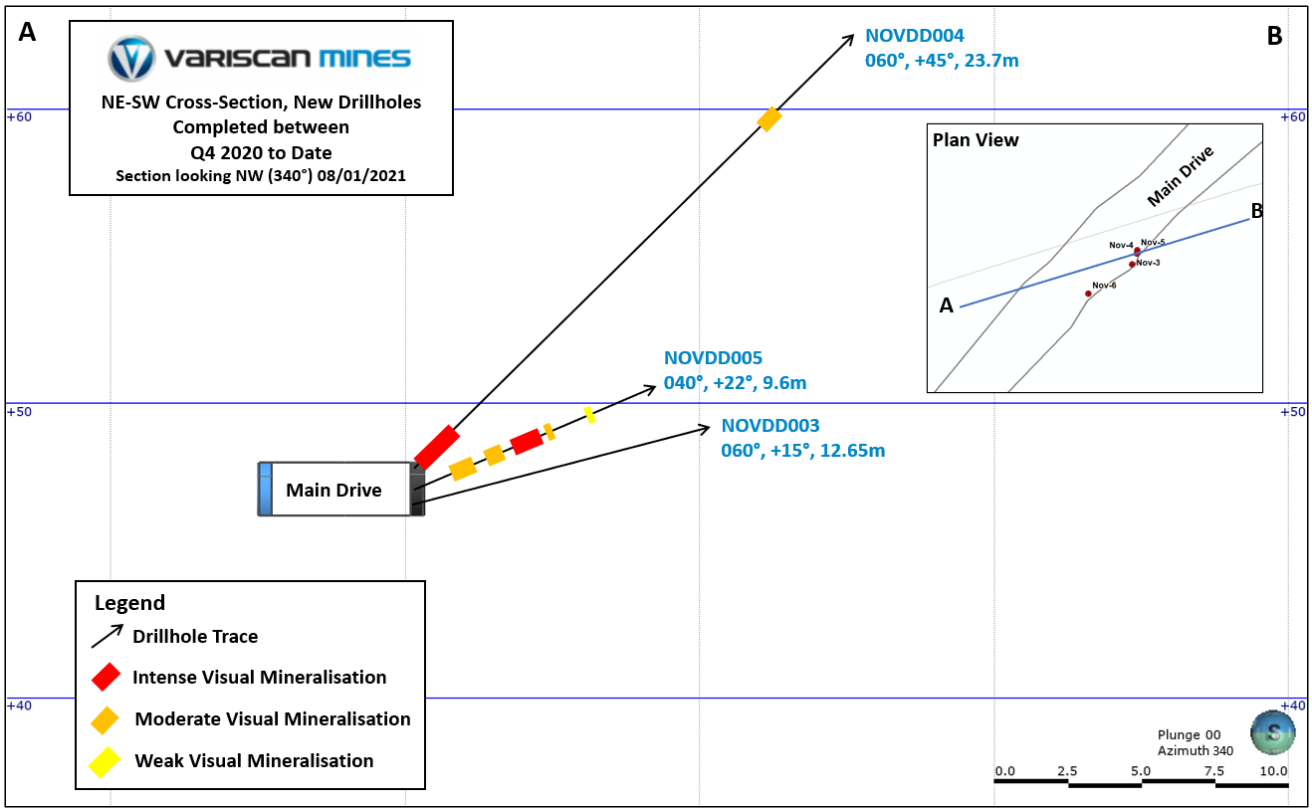
Table 1. Drillhole orientation, depth, visually mineralised intersections and status.

Hole ID	Azimuth (Deg)	Dip (Deg)	Length	Visual Mineralisation (weak to intense)	Hole Status
NOVDD001	268	78	13.7	-	Completed
NOVDD002	250	20	21.5	6.0 - 6.65m	Completed

NOVDD003	060	15	12.65	-	Completed
NOVDD004	082	45	23.7	0 - 1.55m, 19.92 – 20.5, 21.12 - 21.5m	Completed
NOVDD005	040	22	9.6	2.4 - 3.5m, 3.96 - 4.72m, 4.87 - 5.05m, 5.23 - 6m, 6.65 - 6.9m	Completed
NOVDD006	140	45	5.35	1.35 - 2m	Completed
NOVDD007	200	80	35	0 - 1.3m	In progress (17.2m)
NOVDD008	200	80	35	-	Planned

Image 1. Photograph of high-grade sphalerite (zinc) mineralisation from hole NOVDD004 (0 – 1.5m), core diameter 41mm, located near mine entrance.

Figure 3. NE-SW cross-section near mine portal showing selected drillholes NOVDD003, 004 and 005 with visually mineralised intersections.

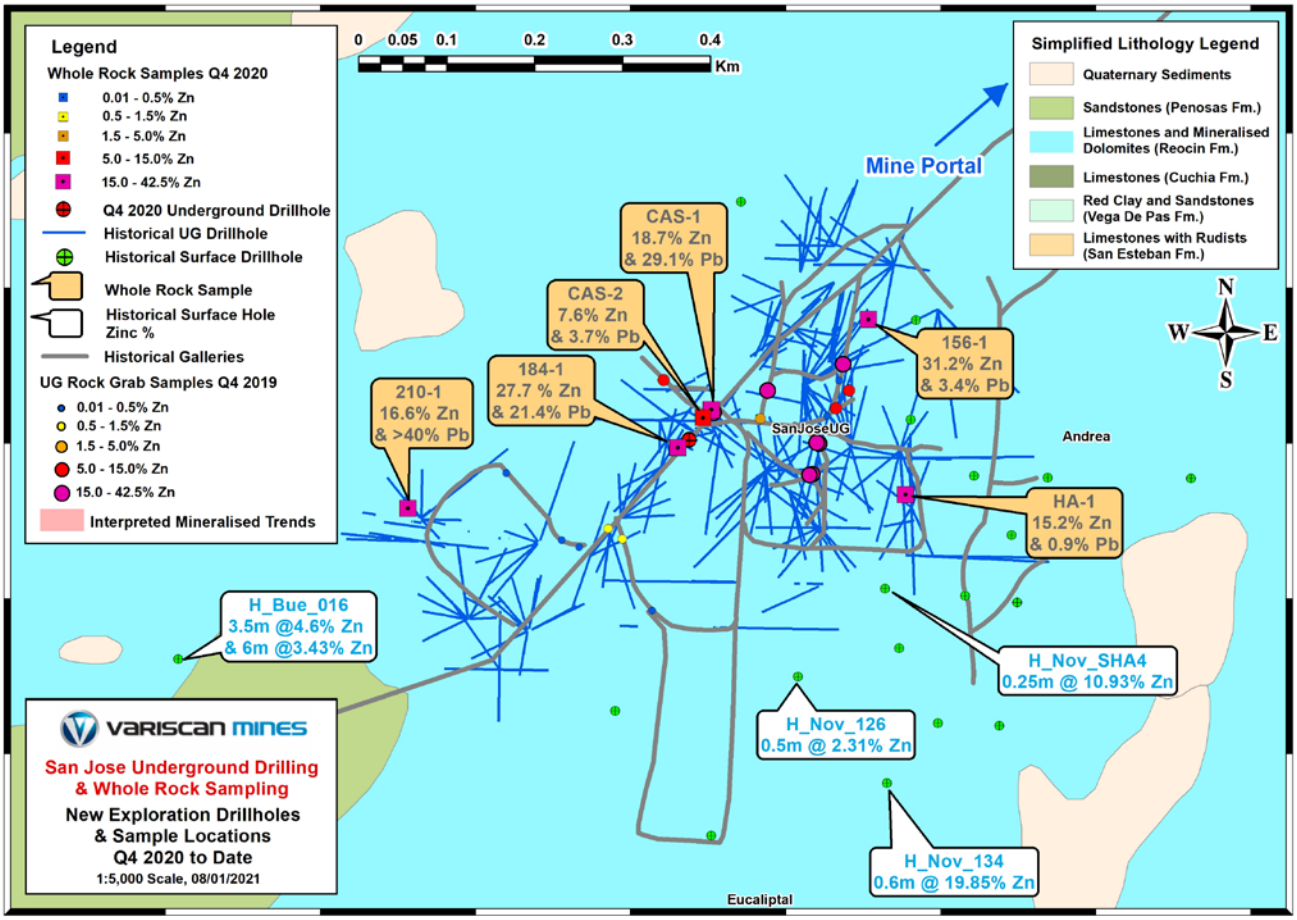


Whole Rock Samples

In December 2020, six in-situ rock samples were taken at various locations underground from mineralised wall rock within stopes at San Jose (see Figure 4).

The whole rock samples taken were texturally and mineralogically varied mineralised material on mined stope faces. These will provide a full element suite (geochemical profile) for the mineralisation at San Jose. The results of these samples (see Table 2) provide Variscan with useful background trace element analyses which can be used as a guide to determine alteration changes and assist as a vector for mineralisation during ongoing exploration.

Figure 4. Map of San Jose Mine with locations of whole rock samples

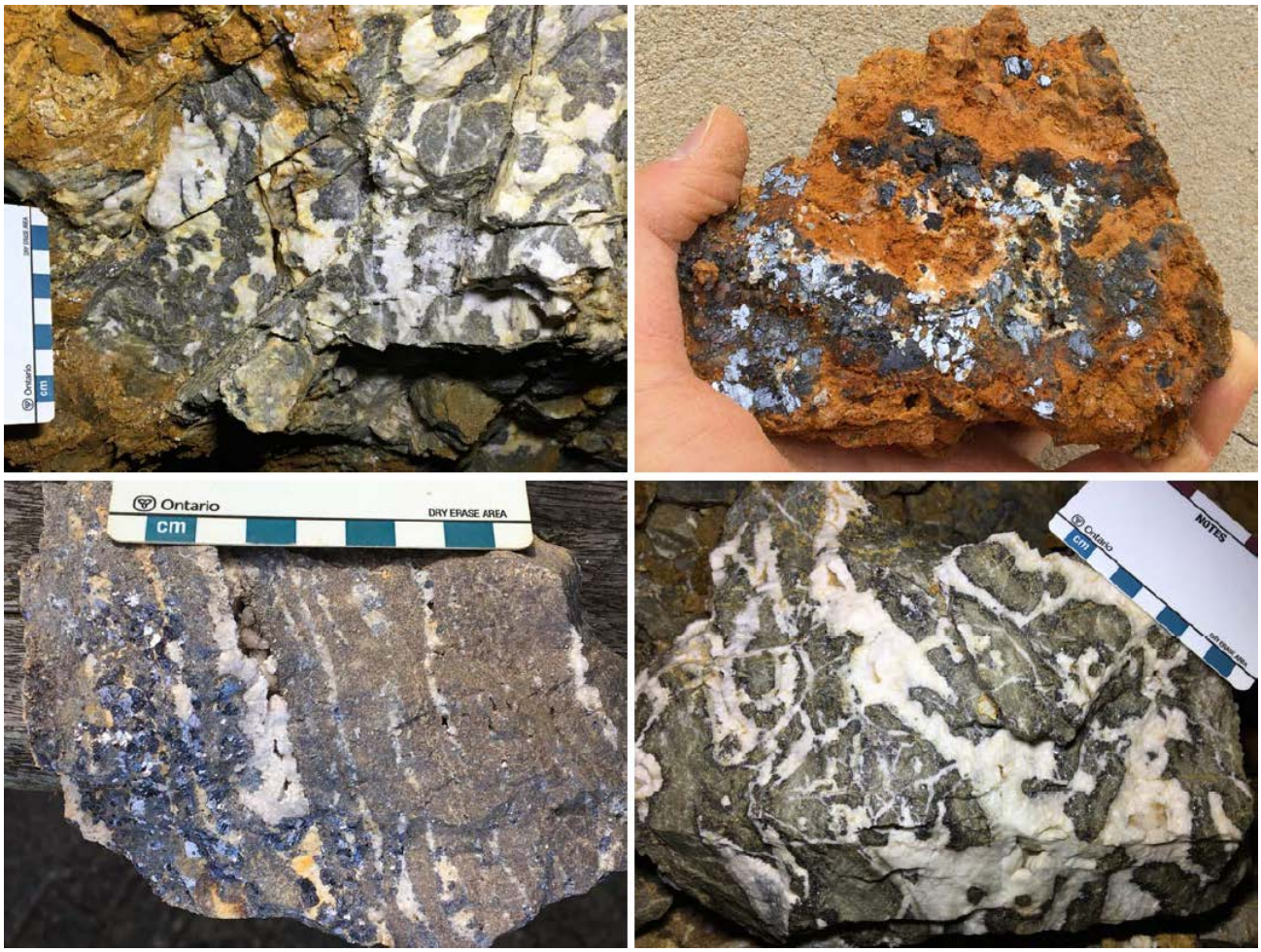


The results of these rock sample analyses are shown in Table 2 and images of four of the samples are shown in Image 2.

Table 2. Whole rock sample assay results for Pb and Zn, multi-element analyses are shown in Appendix 1.

Sample ID	Description	Zn (%)	Pb (%)
HA-1	Hoyo Alto zinc ore	15.2	-
210-1	Orebody 210 Pb-rich ore	16.6	>40
156-1	Orebody 156 zinc ore (part - replacement type)	31.2	3.4
CAS-1	La Caseta area Pb-rich ore	18.7	29.1
CAS-2	La Caseta area Fe-rich ore	7.6	3.7
184-1	Orebody 184 zinc-lead ore (replacement type)	27.7	21.4

Image 2. Whole rock sample photographs, clockwise HA-1, 210-1, 156-1 and 184-1.



Looking Ahead

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

- Drilling has recommenced to complete holes near mine entrance and then move the rig further into mine to test extensive N-S mineralised corridors;
- Reporting channel sampling assay results; and
- Surface drilling permitting applications.

ENDS

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

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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[1].

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[2][3])
- 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[4]
- 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[5]
- Assay results of recent targeted grab samples taken from within the underground Novales Mine recorded 31.83% Zn and 62.3% Pb[6]
- Access and infrastructure all in place
- Local community and government support due to historic mining activity

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.

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[1] Refer to ASX announcement of 29 July 2019

[2] 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.

[3] 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.

[4] 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.

[5] Anecdotal evidence from original Novales miners interviewed during the WAI Due Diligence. In addition, 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)

[6] Refer to ASX Announcement of 19 December 2020

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.

JORC Table 1, Sections 1 and 2 in reference to Historic Underground Drilling, Whole Rock Samples and Recent drillholes at the Novales-San Jose Mine

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 sample data referenced in this report relates to exploration undertaken by mining companies operating the Project from the 1950's to the late 1990's and recent wall rock samples taken by Variscan Mines in December 2020. 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. • Due to the incomplete nature of the historic drill data and records, including procedures, a comment on the sample 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. • In-situ whole rock samples (underground wall rock samples) were taken at geologist chosen mineralised locations underground (mined out stopes). They are considered as biased due to their selection process. • Whole rock samples were collected using a geological hammer (concentrated chips) of a mineralised face of between 8-10kg approximately, these pieces were placed in bags, that were sealed/labelled and sent for analysis. • The new drillholes undertaken by Variscan Mines referenced in this report have not been logged fully or sampled and therefore sampling techniques cannot be described here. Only visual descriptions of core have been described.
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, only 335 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 historical surface drillholes (1957 to 1983), only 30 of which 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. • No records of the type of drill rig used have been identified. • Recent underground drilling (Q4 2020 to date) referenced in this announcement comprises diamond drilling using 41mm (BQTK) core diameter drilled using a Hagby Onram 100 rig. The core is not oriented and the majority of holes are drilled in a fan pattern from single drill pads underground at an upward dip or inclination.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• No records of core recovery have been identified from the historic data. • Given the absence of core recovery data, it is not possible to

Criteria	JORC Code explanation	Commentary
	• *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.*	assess the potential of a relationship between sample recovery and grade. • The absence 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. • Core recovery for the recent Variscan drillholes have been high >90% as observed by drillers, this data has not been formally recorded and sent to WAI for review at present. This will form part of the detailed logging which will be conducted very soon. • Logging and sampling have not taken place thus far from the new diamond drillholes, therefore it is not possible to comment on measures taken to maximise sample recovery and representative nature of samples. • There are no assay results available for the new diamond drillholes and therefore it is not possible to comment on the relationship between sample recovery and grade.
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.*	• 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 digitized. All 335 holes plotted in 3D have at least assay or lithology downhole data. • Of the 102-total surface drillholes there are only 39 with assay data and 30 that correspond to holes with dip/depth/azimuth in the collar file. No lithological data was available from historic records to supplement the database during the digitisation process. • Only preliminary logging has been undertaken (visual approximations) for the new Q4 2020 diamond drillholes. Detailed geological and geotechnical logging is yet to be carried out but will follow shortly. Therefore, there is insufficient data to support a Mineral Resource estimate, mining study or metallurgical study at this stage. • Logging for new drillholes comprises visual estimations of mineralised intersections only. • Total percentage of metres that have preliminary visual logging is 100% and the total percentage of new drillholes that has detailed geological and geotechnical logging is 0% at this stage.
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.*	• 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 cannot 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.

Criteria	JORC Code explanation	Commentary
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• New drillholes (Q4 2020 to date) have not been sampled currently. However, industry best practice procedures have been written and will be employed going forward for logging, sampling and QAQC for this project. • Whole rock samples have not been sub sampled, cut, split or riffled in any way. These samples have been taken as raw hammered mineralised rock from mined out stope faces. The nature of quality and appropriateness of this sampling technique is considered sufficient for this type of sample as the selection criteria preclude them for usage within a Mineral Resource estimate. • QAQC was minimal for these whole rock samples and included a single blank sample to test the efficacy of laboratory sample preparation procedures. The blank material was composed of local Qijas limestone which returned a Zn grade of 0.25% and a Pb grade of 0.02% which deemed as low grade for Pb but still returned a low grade for Zn. This indicates either the laboratory protocols are not sufficient to prevent cross contamination between samples or that the Qijas limestone is not completely barren. However, a single sample is insufficient to make an accurate assessment of the suitability of this blank material. • The whole rock samples are not considered representative and include a significant bias, based on their selection criteria including only visibly intense mineralised material from mined out stopes. No field duplicates were taken during the collection of these samples underground.
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.*	• 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. • 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. • No samples have been taken for the new diamond drillholes undertaken by Variscan Mines at this stage, as such the quality of assay results and QAQC procedures cannot be comment on at this time. • Whole rock samples were sent to ALS Sevilla and the assay method used ME-ICP61 for multi-element analysis and Zn/Pb-OG62h for the primary elements of interest. These methods are considered appropriate for this mineralisation style. • Whole rock samples with assay data reported within this announcement have only a single blank sample inserted into the sample stream. The blank material was composed of local Qijas limestone which returned a Zn grade of 0.25% and a Pb grade of 0.02% which deemed as low grade for Pb but still returned a low grade for Zn. This indicates either the laboratory protocols are not sufficient to prevent cross contamination between samples or that the Qijas limestone is not completely barren. However, a single sample is insufficient to make an accurate assessment of the suitability of this blank material.
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*	• 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. No remaining core from these programmes have been identified to date, however investigations are ongoing. • The historic data does not include any twinned holes. It is understood that Variscan may consider twinning historic drill holes as part of the companies upcoming exploration plans.

Criteria	JORC Code explanation	Commentary
	data.	• 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. • All 426 historic underground drill holes collated to date with downhole data, only 335 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. There is a total of 615 holes in the collar file, 366 holes have sufficient XYZ, dip, depth or azimuth data to project in 2D or 3D. However, of the total 504 holes in the downhole file (assay and lithology combined) only 335 of these have corresponding drillhole collar information with all necessary data to plot these holes. Therefore, 335 is the final number plotted in 3D which excludes any drillhole without at least one key data (i.e. dip, azimuth, depth, XYZ) in the database. • Of the 102-total surface drillholes there are only 39 with assay data and 30 that correspond to holes with dip/depth/azimuth in the collar file. No lithological data was available from historic records to supplement the database during the digitisation process. • Q4 2020 diamond drillholes have yet to be sampled and analysed, as such there has been no attempt to verify these intersections. Twinned holes have been planned for the historical underground holes for the current drillhole campaign, however, these holes have yet to be drilled due to logistical challenges and are still planned for Q1 2021. Verification of data storage and recording procedures has not been undertaken for these new drillholes. No assay data is available to make any adjustments to at this stage. • Whole rock samples taken in Q4 2020 have not included any verification sampling or duplicates. Assay data has been verified with the original assay CSV file provided directly from the accredited laboratory ALS Sevilla. No adjustments have been made to the assay results and they have been reported unchanged from the laboratory.
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

Criteria	JORC Code explanation	Commentary
		ETRS89. • 3D projected data (shows as 2D cross-sections in this press release) have utilised the local mine grid co-ordinates. This was decided to allow more holes to be displayed as not all collars have both XY co-ordinates in Local and ETRS89 format, a transformation was calculated using the collars that have both Local and ETRS89 co-ordinates and was determined as unreliable and requires further investigation. To allow XY co-ordinates to be used for the holes with only ETRS89 co-ordinates a transformation was applied using the QGIS function GDAL Vector Conversion based on a selection of collars which have both Local and ETRS89 co-ordinates, the transformed holes align well with the georeferenced plan "30_26_P1_02" with a 1-2m discrepancy. This is sufficient for this level of study but should be improved significantly in the future by Variscan along with twinned hole verification to provide reliability for a Mineral Resource Estimate using these holes. • Ideally going forward a selection of the historic underground control points (i.e. K-21 found on historic plans) should be surveyed underground with a differential GPS to provide a robust transformation for all local mine grid data into ETRS89 for consistency. • The quality and adequacy of the topographic control on the location of historical collar points has not been assessed. • Collation and cross-reference of historic map, level plan and log/tabular hardcopy datasets show a reasonable degree of relative geospatial correlation. • The 3D underground survey was conducted by 3DMSI using initially a robotic total station to take the in-situ pre-existing historical survey pin locations to use as reference points. A "Z+F Imager 5010C laser scanner" was used to capture data inside stopes and drives at San Jose and these data were registered as a point cloud. The point cloud was simplified, and wireframes created from this data set. • It is important to note that the survey was re-located and scaled to fit a historical mine plan (30.26 P1_02.jpg) and therefore remaining within the local mine grid rather than a more typical CRS such as ETRS89. This method of transformation of the survey using the historical survey pins has caused inherent errors in the survey between 1 to 2.5m in some cases when compared with historical plans. This must be considered when planning drillholes and going forward a surveyor with a DGPS should re-survey the underground survey pins in ETRS89 and transform the whole survey to this CRS. • New drillholes (Q4 2020 to date) have their collar positions taken (at this stage) by a local surveyor using a known GPS location 83m outside the mine portal (ETRS89 co-ordinate system) and taking measurements from this reference point using a Lieca Disto X310 and orientations and dip readings from a brunton geological compass (approx. 1° accuracy), these readings were imported to VisualTopo software to create the polygons at the mine portal where most of the new drillholes are located. This method is useful for preliminary stage drillhole collar and gallery wall locations where the 3D laser scan survey completed in Q2 2020 did not cover as it was outside the main mine area required. However, going forward it is the understanding of WAI that Variscan mines will have a surveyor using a DGPS to take all collar locations at the end of the current drilling campaign for a higher level of accuracy. • Whole rock samples (Q4 2020) were positioned approximately inside stopes by the on-site geologist using historical stope maps and are considered to have an error margin of +/- 3m.

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 sighted 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. • Recent drillholes (Q4 2020 to date) have been drilled in a fan pattern from drilling pads underground. These holes have mostly been oriented upwards and their spacing varies significantly. This drillhole campaign is yet to be completed and therefore at this stage there is insufficient distribution of drillholes to support geological and grade continuity for this project. No assay results are available for these new holes, therefore no compositing can be applied at this stage. • Whole rock sample (Q4 2020) positions have been taken at random only where mineralisation is apparent. Data spacing is not considered sufficient to support a Mineral Resource. No compositing has been applied to the assay data.
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. • 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 and dipping steeply. • New drillholes (Q4 2020 to date) have been oriented upwards from the main gallery level at present, similar to those drilled historically to intersect mineralised lenses and corridors above the main gallery level. These orientations are considered appropriate for the geometry of this mostly lenticular MVT mineralisation at San Jose. However, in some cases faulting is perceived to provide structural pathways for mineralising fluids and are also being targeted as observed underground as both N-S and E-W orientations. The results of these holes are not available currently; thus, it is not possible to comment on the relationship between drilling orientation and the orientation of key mineralised structures or sampling bias. • Whole rock samples (Q4 2020) are considered bias because they comprise only mineralised material with an inherently inconsistent sampling methodology (hammering directly from mineralised stopes). Therefore, there is not relationship between sample orientation and mineralised structures that can be

Criteria	JORC Code explanation	Commentary
		deduced from these results.
Sample security	• *The measures taken to ensure sample security.*	• No records relating to the sample security have been identified. • Whole rock samples (Q4 2020) were sealed at the face in bags and kept inside a locked warehouse on site prior to transport to the laboratory.
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. • No detailed audits have taken place regarding the sampling techniques for new drillhole because no samples have been taken currently. • Whole rock sampling procedures have been reviewed by WAI and have been deemed appropriate for these types of samples.

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 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. • The author is not aware, at the time of writing this, of any issues with tenure or permission to operate in this region.
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*	• Historical surface drilling (102 holes) can be summarised as follows regarding Easting/Northing/RL/dip/azimuth: o ETRS89 Easting range 398,502 to 404,995m o RL range 37.98 to 388.45m o Dip range -45 to -90 o Azimuth range 0 to 328° o Hole depth ranges 18 to 686.7m o Interception depth ranges 0 to 484.8m • Historical underground drilling (335 holes that have both collar and downhole data that are plotted in 3D) can be summarised as follows

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td>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.</td><td>regarding Easting/Northing/RL/dip/azimuth:
o Local Mine Grid Easting range 20,037.55 to 29,958.05m
o RL range 42 to 74m
o Dip range -90 to +90
o Azimuth range 0 to 358.2°
o Hole depth ranges 7 to 232m
o Interception depth ranges 0 to 231.4m
• 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.
• Whole rock samples (Q4 2020) have only been situated using historical plans and maps and currently include approximate errors in XY co-ordinates of +/- 2m underground. They have been recorded as point samples only and do not have elevation data assigned currently.
• New diamond drillholes (Q4 2020 to date) have been summarised in the table below. Please note, accurate XYZ positions are currently not available as the final survey of collar points has not been undertaken as the campaign is still in progress.
<table>
<tr><th>Hole ID</th><th>Azimuth (Deg)</th><th>Dip (Deg)</th><th>Length</th><th>Visual Mineralisation (weak to intense)</th><th>Hole Status</th></tr>
<tr><td>NOVDD001</td><td>268</td><td>78</td><td>13.7</td><td>-</td><td>Completed</td></tr>
<tr><td>NOVDD002</td><td>250</td><td>20</td><td>21.5</td><td>6.0-6.65m</td><td>Completed</td></tr>
<tr><td>NOVDD003</td><td>060</td><td>15</td><td>12.65</td><td>-</td><td>Completed</td></tr>
<tr><td>NOVDD004</td><td>082</td><td>45</td><td>23.7</td><td>0-1.55m, 19.92-20.5m, 21.12-21.5m</td><td>Completed</td></tr>
<tr><td>NOVDD005</td><td>040</td><td>22</td><td>9.6</td><td>2.4-3.5m, 3.96-4.72m, 4.87-5.05m, 5.23-6m, 6.65-6.9m</td><td>Completed</td></tr>
<tr><td>NOVDD006</td><td>140</td><td>45</td><td>5.35</td><td>1.35-2m</td><td>Completed</td></tr>
<tr><td>NOVDD007</td><td>200</td><td>80</td><td>35</td><td>0-1.3m</td><td>In progress (17.2m)</td></tr>
<tr><td>NOVDD008</td><td>200</td><td>80</td><td>35</td><td>-</td><td>Planned</td></tr>
</table>
</td></tr>
<tr><td>Data aggregation methods</td><td>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</td><td>• 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) has 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 Table 1 and Table 2 has only been undertaken 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.</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
	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.*	• New drillholes (Q4 2020 to date) do not include assay results at this stage, therefore no comment can be made on data aggregation methods. • Whole rock sample (Q4 2020) have not undergone any type of data aggregation methods such as compositing or weighting. No metal equivalents have been reported for these results, they are as provided by the accredited laboratory.
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 drilling. • Therefore, interval widths reported refer to downhole length not true width. • Current ongoing drilling (Q4 2020 to date) includes predominantly holes oriented (dipping) upwards above the main gallery level to intersect N-S and E-W trending mineralised lenses. Currently, the visually mineralised intercepts observed from these holes have shown the geometry of the mineralised intercepts are consistent with those observed elsewhere at the San Jose mine. However, due to the nature of underground drilling and the orientation of holes, it is known that mineralisation is potentially being intersected at oblique angles and may not represent true thickness. • Table 1 provides visibly mineralised intersections, these are down hole lengths and may not represent true width.
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. • Figure 1 and Figure 3 are identical and indicate the position of new drillholes near the mine portal with annotations of whether visible mineralisation is present in each and also interpreted mineralised trends within historical geochemical soil anomalies. • Figure 2 shows a larger scale version of Figures 1/3 with callouts for historical surface drillholes. • Figure 4 provides a drawn NE-SW (Looking NW) cross-section showing selected new drillholes approximately to scale with visible mineralised intersections shown. In the absence of reliable XYZ co-ordinates this cross-section was drawn to indicate the current status of the drilling prior to assay results being available. • Figure 5 shows a map of the San Jose mine with IGME 25k scale geology as background with the main galleries and historical underground hole traces with the positions of whole rock samples and a single new drillhole (Q4 2020 to date), with callouts for all whole rock samples and selected historical surface drillholes.
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.*	• Drillhole intercepts and grades from historical holes have not been widely reported within this press release, instead they have been covered by prior ASX press releases from Variscan Mines Ltd and can be found on the website www.variscan.com.au • Whole rock sample assay results are all reported within this announcement in Table 2 and multi element analyses (all results are available in Appendix 1)
Other substantive	• *Other exploration data, if meaningful and material, should be reported*	• This report refers to the 335 historic underground drill holes reported and 30 surface drillholes that have been plotted in 3D in and around the San Jose-Novales.

Criteria	JORC Code explanation	Commentary
exploration data	*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 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 Further analysis of historical drilling data o Structural mapping o Continuation of the 2000m drilling campaign planned in Q4 2020. • A diagram illustrating the geological interpretations and possible extensions to mineralisation has been provided in Figure 1, 2, 3 and 5.

Appendix 1: Whole rock sample analysis results, raw data

Method	ME-ICP61											
Sample ID	Ag ppm	Al %	As ppm	Ba ppm	Be ppm	Bi ppm	Ca %	Cd ppm	Co ppm	Cr ppm	Cu ppm	Fe %
HA-1	4	0.14	<5	10	1.1	<2	16.25	422	<1	6	11	4.07
QIJ	<0.5	0.04	<5	<10	<0.5	3	39.6	6.3	2	3	3	0.12
210-1	12.4	0.06	16	<10	0.5	3	4.17	633	<1	3	12	1.61
156-1	13.4	0.05	<5	<10	1.2	2	10.2	982	<1	5	51	3
CAS-1	4.1	0.12	287	<10	0.8	<2	6.22	437	13	4	4	5.71
CAS-2	<0.5	0.22	818	10	1.3	<2	10.75	111	48	7	4	14.7
184-1	14.8	0.05	31	<10	0.6	<2	7.08	891	<1	4	13	2.1

Method	ME-ICP61											
Sample ID	Ga ppm	K %	La ppm	Mg %	Mn ppm	Mo ppm	Na %	Ni ppm	P ppm	Pb ppm	S %	Sb ppm
HA-1	<10	0.04	<10	7.79	1760	<1	0.03	<1	70	9180	7.16	12
QIJ	<10	0.01	<10	0.29	55	<1	0.03	6	40	216	0.15	<5
210-1	<10	0.02	<10	1.85	541	<1	0.01	<1	40	>10000	>10.0	292
156-1	<10	0.02	<10	5.08	1155	<1	0.02	<1	60	>10000	>10.0	38
CAS-1	<10	0.04	<10	2.91	704	<1	0.02	49	80	>10000	>10.0	185
CAS-2	<10	0.07	<10	4.81	1005	2	0.02	146	130	>10000	>10.0	14
184-1	<10	0.01	<10	3.43	739	<1	0.01	<1	40	>10000	>10.0	179

Method	ME-ICP61									Zn-OG62h	Pb-OG62h
Sample ID	Sc ppm	Sr ppm	Th ppm	Ti %	Tl ppm	U ppm	V ppm	W ppm	Zn ppm	Zn %	Pb %
HA-1	<1	30	<20	0.01	10	<10	4	<10	>10000	15.2	
QIJ	<1	309	<20	<0.01	<10	<10	9	<10	2500		
210-1	<1	49	<20	<0.01	10	<10	2	<10	>10000	16.6	>40
156-1	<1	18	<20	<0.01	<10	<10	5	<10	>10000	31.2	3.4
CAS-1	<1	14	<20	0.01	<10	<10	4	<10	>10000	18.7	29.1
CAS-2	<1	28	<20	0.01	<10	<10	9	<10	>10000	7.6	3.7
184-1	<1	14	<20	<0.01	10	<10	2	<10	>10000	27.7	21.4