FURTHER ENCOURAGING ASSAY RESULTS FROM MERLÉAC

- **Rock chip and grab sampling by Variscan has recorded further encouraging zinc-lead-copper assays at prospects within the Merléac licence in France.**
- **The Merléac licence covers 411 square kilometres of a well endowed region containing a number of volcanogenic massive sulphide (VMS) zinc-lead-copper-silver deposits including Porte-aux-Moines, an advanced, high grade deposit extensively drilled and developed underground by the BRGM in the 1980's.**
- **XRF values up to 1.6% lead, 1171 ppm zinc and 719 ppm copper were recorded at Porte-aux-Moines and at other prospects where recent work identified a number of outcropping gossans interpreted to represent the oxidised expressions of underlying sulphide-rich zones.**
- **The results confirm the strong prospectivity of the region for additional VMS deposits within the estimated 70 strike kilometres of host lithologies around Porte-aux-Moines.**
- **Variscan will send the samples to ALS for confirmatory chemical analysis including for gold.**
- **The Company intends flying a large heli-borne EM survey over the more prospective parts of the belt to confirm the location and geometry of potential VMS deposits once it has secured government approvals.**
- **Variscan also plans to complete drilling at Porte-aux-Moines to generate an updated resource under the guidelines of JORC 2012**

Sydney, 8 December 2014: Variscan Mines Limited (ASX: VAR) is pleased to announce that its wholly owned European subsidiary Variscan Mines SAS has received additional assays from a rock chip and grab sampling programme within its Merléac licence (PER) in Brittany, France. The new assays continue to confirm the excellent prospectivity of the licence for base and precious metal volcanogenic massive sulphide (VMS) deposits.

Merléac covers covers an area of 411 square kilometres over the eastern end of the Châteaulin Basin, a sequence of felsic volcanics and clastic sedimentary rocks containing VMS deposits including the Porte-aux-Moines zinc-lead-copper-silver deposit which lies near the centre of the Merléac licence about 125 kilometres west of Rennes, Brittany (Figure 1).

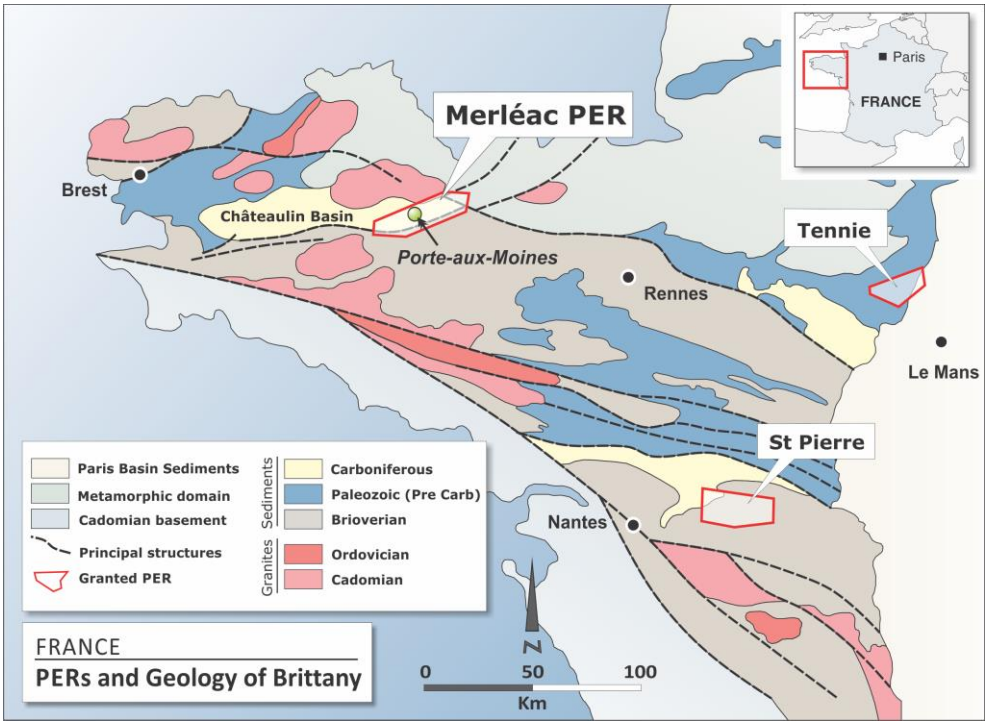


Figure 1 - Location of the Merléac PER and other Variscan PERs

Porte-aux-Moines was discovered by the BRGM (Bureau de Recherches Géologiques et Minières - the French geological survey) in 1975 and over the ensuing decade the group completed 9,673 metres of core drilling and just under two kilometres of underground development defining significant high grade lead-zinc-copper-silver mineralisation up to 20 metres thick from near surface to a depth of about 300 metres (Figure 2). The BRGM completed substantive metallurgical work and calculated a resource on the deposit.

Published information by the BRGM for Porte-aux-Moines can be found on the Variscan website by following the tabs Projects/Europe/Merléac and downloading the pdf report.

Porte-aux-Moines shares geological similarities to other VMS deposits in Australia such as Woodlawn, Rosebery and Que River which have been important sources of high grade base and precious metal production (for an indication of sizes and grades of these refer to the following table extracted from the US Geological Survey (USGS)). As with many VMS systems, Variscan believes Porte-aux-Moines may be part of a cluster of individual sulphide deposits that are frequently formed in proximity to one another and which can generate sizable tonnages of high grade mineralisation.

Tonnes and grades of selected VMS deposits in Australia

Deposit	Tonnes(M)	Cu %	Zn %	Pb %	Au g/t	Ag g/t
Woodlawn	17.7	1.7	9.9	3.8	1.4	80
Rosebery	28.3	0.6	14.3	4.3	2.4	145
Hellyer	16.9	0.4	13.8	7.2	2.5	167
Que River	6.0	0.4	12.5	7.0	3.4	171
Golden Grove	17.3	3.2	2.0	0.2	0.5	29
Teutonic Bore	2.5	3.5	9.6	0.8	0.2	146

USGS site address - http://mrdata.usgs.gov/vms/ download vms-csv.zip

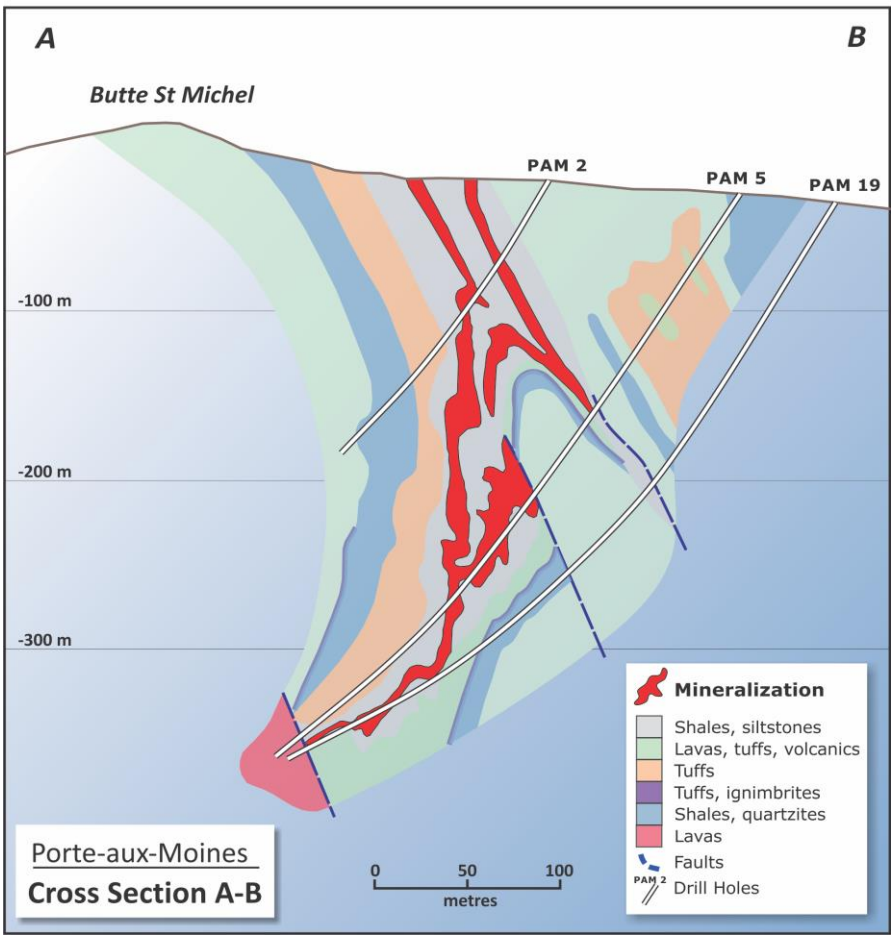


Figure 2 – Cross Section at Porte-aux-Moines from BRGM reports

As announced to the ASX on 10 November 2014, recent field work by the Company focussed on the continued assessment of the exploration potential within the rock sequences along strike from Porte-aux-Moines. This work confirmed the presence of a number of outcropping gossans and gossanous horizons (Figures 3 and 4), interpreted at some prospects to represent the oxidised expressions of underlying massive sulphides and associated footwall stockwork feeder zones. These gossans were previously mined by shallow open pits for iron up until the 19th century and generally have not been explored below the iron oxide cap aside from shallow BRGM drilling in some locations. Initial rock chips and grab samples of the sparse material remaining from the former iron mining activities were analysed via XRF and generated anomalous lead-zinc-copper geochemistry in three areas with assays up to 1986ppm zinc, 387ppm copper and 135ppm lead.

Further XRF assays have now been received from this work (Table A). The new results continue to provide strong encouragement with some of the highest values recorded to date of up to 1.6% lead, 1171 ppm zinc and 719 ppm copper at Porte-aux-Moines and over other gossans, notably those immediately east of Porte-aux-Moines (Figure 3) within the same volcanic/sedimentary rock units that hosts the VMS deposit.

The assays continue to confirm the excellent prospectivity of the region for additional VMS deposits within the estimated 70 strike kilometres of fertile host lithologies contained within the licence.

Variscan will send the samples to ALS for confirmatory chemical analysis including gold.

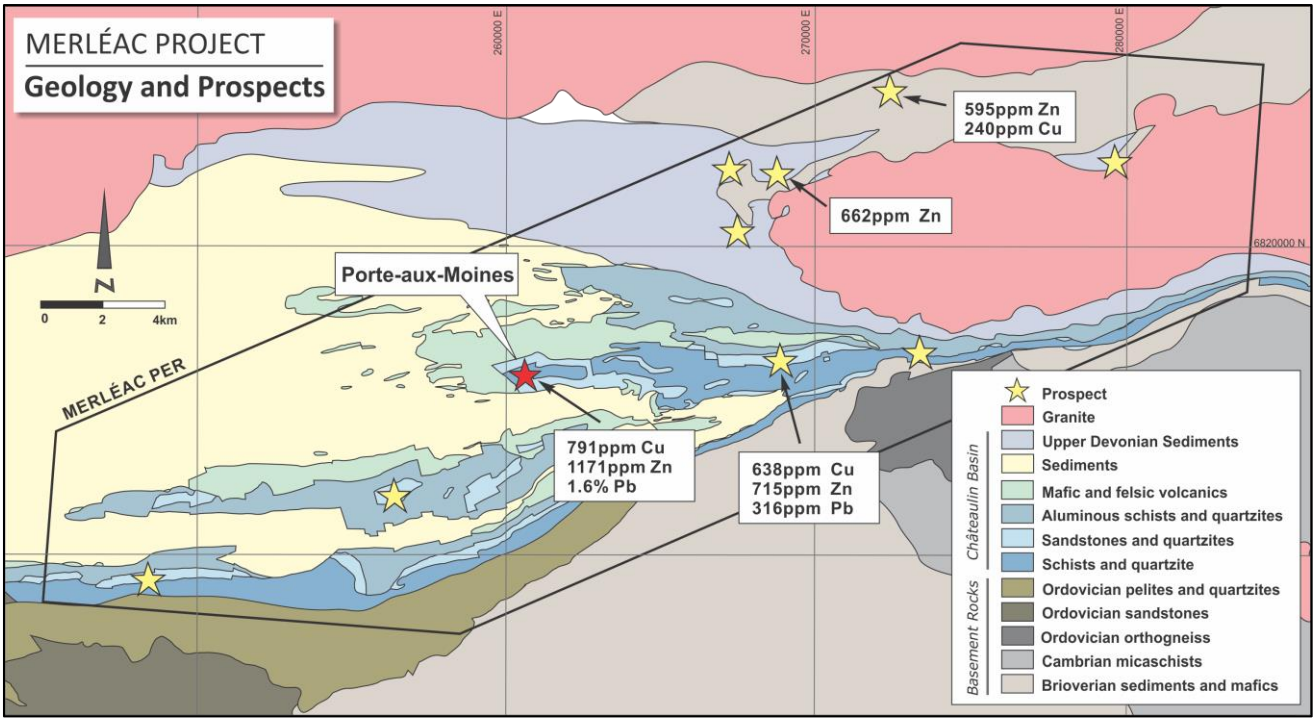


Figure 3 – Geology, prospects and peak gossan assays recorded in the latest sampling at Merléac

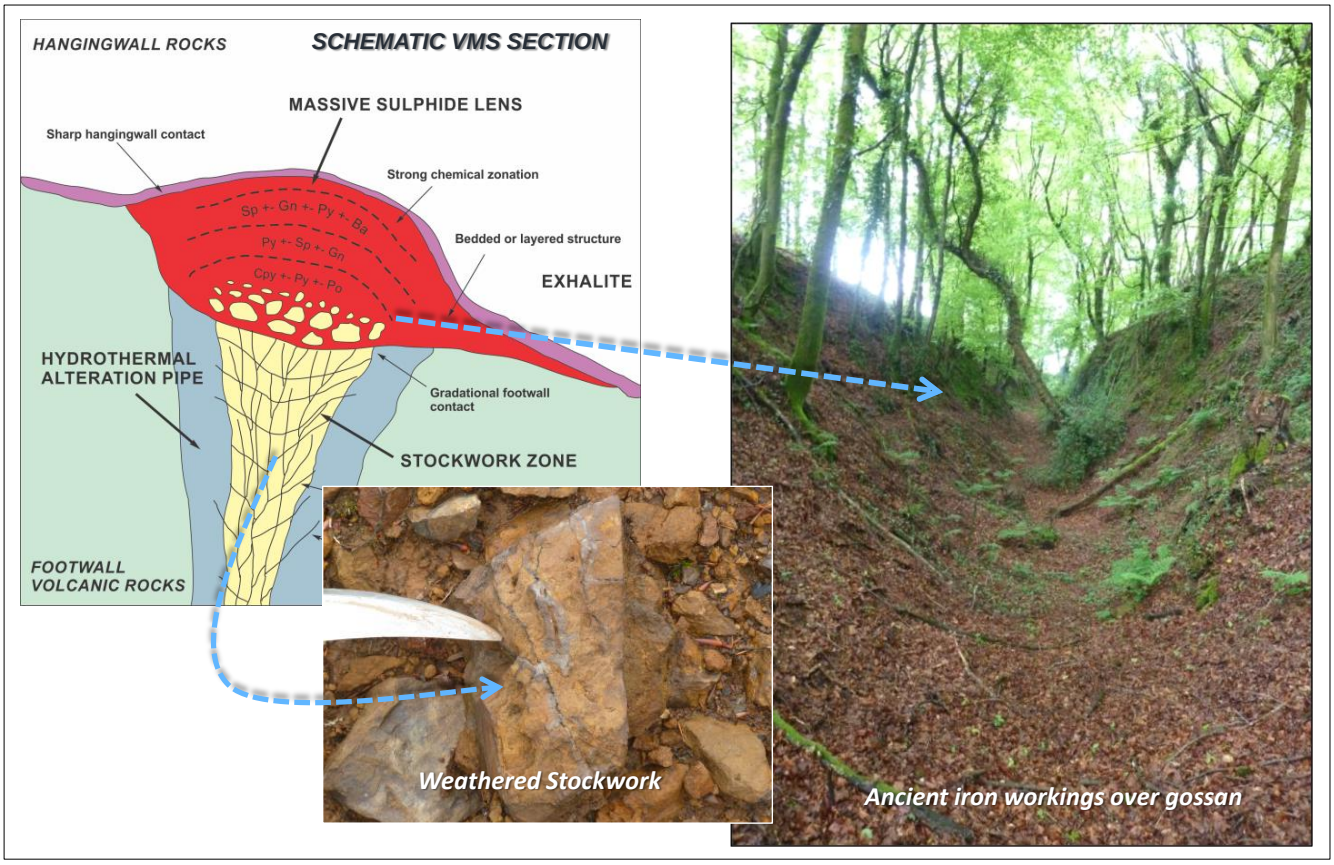


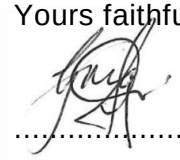
Figure 4 – Photos from the old iron workings within the Merléac PER showing the interpreted relationships of the weathered, iron-rich material to the VMS deposit model as outlined by the USGS

Commenting on the latest results, Variscan's Managing Director, Greg Jones said: "The new assays support our belief that additional VMS deposits will be discovered within the Merléac licence. The anomalous lead-zinc-copper assays recorded at these prospects may indicate the presence of deeper base metal sulphides contained within the same general rock units that host Porte-aux-Moines.

"Preparations have advanced for a large heli-borne electromagnetic survey planned to test the area containing a number of the gossans. This will commence once government approvals are gained and will provide a potent targeting technique for follow-up core drilling.

"In addition, the Company has commenced work at Porte-aux-Moines to generate a resource estimate. Compilation and digitising all available BRGM data and construction of a 3D model is in progress. A small programme of core drilling to confirm previous exploration results and geological interpretations is planned to assist in taking the resource estimate to a JORC 2012 standard."

Yours faithfully



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Greg Jones

Managing Director

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 NL 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.

Table A - Merléac rock chip and grab sample XRF results

Sample Number	Type	Easting (m)	Northing (m)	Fe %	Zn ppm	Pb ppm	Cu ppm
SZMLCR001	rock chip	256990	6816494	9.5	124	NSA	72
SZMLCR002	rock chip	276321	6816541	2.4	69	19	NSA
SZMLCR003	rock chip	272974	6816526	0.7	NSA	NSA	NSA
SZMLCR004	rock chip	272974	6816526	1.6	23	12	NSA
SZMLCR005	rock chip	280136	6822613	1.3	75	10	NSA
SZMLCR006	rock chip	267257	6822716	34.1	266	39	NSA
SZMLCR007	rock chip	267257	6822716	18.2	230	NSA	NSA
SZMLCR008	rock chip	266847	6819481	1.4	NSA	136	NSA
SZMLCR009	rock chip	266864	6819498	3.0	NSA	75	NSA
SZMLCR010	rock chip	264131	6820839	4.6	19	26	77
SZMLCR011	rock chip	267288	6822749	25.1	208	NSA	NSA
SZMLCR012	rock chip	267288	6822749	20.0	192	NSA	NSA
SZMLCR013	rock chip	267288	6822749	48.3	237	82	NSA
SZMLCR014	rock chip	267288	6822749	38.6	253	NSA	NSA
SZMLCR015	rock chip	267262	6822751	48.5	383	68	NSA
SZMLCR016	rock chip	267262	6822751	46.7	302	NSA	NSA
SZMLCR017	rock chip	265204	6823231	6.6	83	NSA	44
SZMLCR018	rock chip	265216	6823265	25.0	394	NSA	NSA
SZMLCR023	rock chip	260972	6815807	1.1	23	16	NSA
SZMLCR026	rock chip	260994	6815739	7.4	161	26	50
SZMLCR027	rock chip	260994	6815739	1.9	28	12	43
SZMLCR029	rock chip	260994	6815739	2.5	78	57	NSA
SZMLCR030	rock chip	260994	6815739	13.3	304	136	NSA
SZMLCR033	rock chip	260994	6815739	9.3	58	12	53
SZMLCR034	rock chip	260994	6815739	14.0	142	NSA	NSA
SZMLCR036	rock chip	272869	6824908	38.7	85	NSA	NSA
SZMLCR037	rock chip	272750	6824919	7.2	NSA	NSA	42
SZMLCR038	rock chip	272750	6824919	18.4	164	NSA	67
SZMLCR039	rock chip	271782	6825114	45.1	595	103	240
SZMLCR040	rock chip	271912	6825364	44.4	552	NSA	NSA
SZMLCR041	rock chip	271533	6825121	34.3	49	53	NSA
SZMLCR042	rock chip	267902	6816455	12.6	37	119	142
SZMLCR043	rock chip	267769	6820297	47.1	77	NSA	NSA
SZMLCR044	rock chip	267538	6820598	60.7	184	80	NSA
AKMLCR044	rock chip	267221	6816521	8.8	23	214	79
AKMLCR045	rock chip	279965	6822622	3.9	60	53	52
AKMLCR046	rock chip	270923	6814075	3.5	57	20	NSA
SZMLCO001	rock chip	264506	6813899	3.5	87	21	28
SZMLCO008	rock chip	261959	6816424	15.3	91	NSA	36
SZMLCO009	rock chip	262384	6816401	4.3	36	8	NSA
SZMLCO010	rock chip	279069	6822412	9.9	374	48	68
SZMLCO046	rock chip	272869	6824908	36.0	NSA	33	NSA
SZMLCO049	rock chip	267919	6816458	4.3	38	NSA	NSA
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SZMLCR046	float grab	271139	6823335	0.4	NSA	5	NSA

SZMLCR047	float grab	270986	6823212	0.7	NSA	5	NSA
SZMLCR048	float grab	270920	6823306	0.5	NSA	10	NSA
SZMLCR049	float grab	270720	6823611	2.3	21	8	NSA
SZMLCR050	float grab	267928	6817208	2.2	34	6	NSA
SZMLCR051	float grab	269568	6823149	0.7	NSA	63	NSA
SZMLCR052	float grab	269501	6823188	0.7	11	51	NSA
SZMLCR053	float grab	269409	6823228	0.3	NSA	NSA	NSA
SZMLCR054	float grab	268504	6816118	47.4	332	103	638
SZMLCR055	float grab	268765	6816187	34.6	415	NSA	185
SZMLCR056	float grab	268762	6816199	0.9	NSA	5	NSA
SZMLCR057	float grab	268754	6816233	54.5	715	53	216
SZMLCR058	float grab	268767	6816176	7.0	84	NSA	44
SZMLCR059	float grab	268856	6816236	33.5	643	70	267
SZMLCR060	float grab	269021	6816280	42.2	609	80	173
SZMLCR061	float grab	269021	6816280	25.1	214	135	270
SZMLCR062	float grab	269021	6816280	26.9	390	NSA	NSA
SZMLCR063	float grab	269081	6816309	26.0	284	273	426
SZMLCR064	float grab	269081	6816309	22.7	170	118	106
SZMLCR065	float grab	269081	6816309	2.8	16	NSA	NSA
SZMLCR066	float grab	269265	6816373	1.2	NSA	NSA	NSA
SZMLCR067	float grab	269292	6816371	1.2	NSA	NSA	NSA
SZMLCR068	float grab	269300	6816371	1.7	NSA	316	NSA
SZMLCR069	float grab	269356	6816367	2.3	NSA	NSA	NSA
SZMLCR070	float grab	269405	6816374	1.0	NSA	16	NSA
SZMLCR071	float grab	269344	6816156	3.4	11	47	61
SZMLCR072	float grab	269344	6816156	3.5	57	15	34
SZMLCR073	float grab	269223	6816310	1.8	8	NSA	NSA
SZMLCR074	float grab	269286	6816216	1.1	NSA	NSA	NSA
SZMLCR075	float grab	269286	6816216	1.6	10	NSA	33
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SZMLCR077	float grab	269462	6816348	0.9	8	150	27
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CP_MLC_745	rock chip	260580	6815865	11.9	221	NSA	NSA
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CP_MLC_748	rock chip	260573	6815837	9.4	73	27	NSA
CP_MLC_749	rock chip	260684	6815798	10.8	163	NSA	NSA
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CP_MLC_761	rock chip	260607	6815496	10.6	142	45	74
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CP_MLC_763	rock chip	260336	6815419	20.7	166	261	294
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CP_MLC_766	rock chip	260324	6815359	13.5	94	61	124
CP_MLC_767	rock chip	260324	6815359	4.1	40	47	25
CP_MLC_768	rock chip	260494	6815263	13.6	162	25	NSA
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CP_MLC_770	rock chip	260471	6815437	8.6	80	39	NSA
CP_MLC_771	rock chip	260471	6815437	11.7	153	3465	473
CP_MLC_772	rock chip	260471	6815437	13.3	92	403	146
CP_MLC_773	rock chip	260256	6815461	11.5	1171	14	130
CP_MLC_774	rock chip	260256	6815461	13.6	268	286	93
CP_MLC_775	rock chip	260256	6815461	14.3	157	1072	255
CP_MLC_776	rock chip	260256	6815461	25.7	202	16609	313
CP_MLC_777	rock chip	260539	6815689	13.4	173	24	NSA
CP_MLC_778	rock chip	260539	6815689	11.5	156	85	NSA
CP_MLC_779	rock chip	260438	6815737	12.3	293	NSA	37
CP_MLC_780	rock chip	260438	6815737	9.3	90	14	40
CP_MLC_781	rock chip	260271	6815755	16.7	160	24	193
CP_MLC_782	rock chip	260229	6815805	18.7	72	139	280
CP_MLC_783	rock chip	259926	6815774	10.3	184	29	31

CP_MLC_784	rock chip	259926	6815774	10.1	119	NSA	92
CP_MLC_785	rock chip	260081	6815792	8.8	190	56	NSA
CP_MLC_786	rock chip	260060	6815903	9.9	119	NSA	51
CP_MLC_787	rock chip	260060	6815903	2.6	41	NSA	NSA
CP_MLC_788	rock chip	260079	6815908	6.6	149	821	121
CP_MLC_789	rock chip	260172	6815833	7.5	125	75	29
CP_MLC_790	rock chip	260172	6815833	11.9	266	58	47
CP_MLC_791	rock chip	260172	6815833	8.4	78	37	NSA
CP_MLC_792	rock chip	260243	6815957	11.9	118	20	167
CP_MLC_793	rock chip	260381	6815954	12.2	252	76	NSA
CP_MLC_794	rock chip	260444	6815967	11.2	163	10	50
CP_MLC_795	rock chip	260217	6815521	8.7	303	55	172
CP_MLC_796	rock chip	260217	6815521	24.6	348	5550	614
CP_MLC_797	rock chip	260217	6815521	14.1	136	1567	236
CP_MLC_798	rock chip	260118	6815549	25.6	254	5691	791
CP_MLC_799	rock chip	260118	6815549	7.4	59	22	51
CP_MLC_800	rock chip	260118	6815549	12.7	381	105	63
CP_MLC_801	rock chip	260359	6816094	10.3	178	23	NSA
CP_MLC_802	rock chip	260224	6816080	7.3	86	NSA	51
CP_MLC_803	rock chip	260073	6816016	10.8	192	NSA	81
CP_MLC_804	rock chip	260139	6815960	9.4	165	56	NSA
CP_MLC_805	rock chip	260139	6815960	1.3	NSA	NSA	NSA
CP_MLC_806	rock chip	260139	6815960	8.0	62	10	NSA
CP_MLC_807	rock chip	260305	6815983	11.4	133	NSA	NSA
CP_MLC_808	rock chip	259773	6816025	6.6	12	76	36
CP_MLC_809	rock chip	259916	6816032	12.1	262	78	91
CP_MLC_810	rock chip	259916	6816032	10.5	166	NSA	60
CP_MLC_811	rock chip	260075	6816217	33.5	440	283	469
CP_MLC_812	rock chip	259984	6815936	10.8	161	NSA	NSA
CP_MLC_813	rock chip	259984	6815936	9.5	128	NSA	59
CP_MLC_814	rock chip	259868	6815949	2.1	20	NSA	NSA
CP_MLC_815	rock chip	259876	6815528	11.8	145	14	68
CP_MLC_816	rock chip	259876	6815528	8.2	107	NSA	138
CP_MLC_817	rock chip	259967	6815414	11.0	212	32	43
CP_MLC_818	rock chip	259967	6815414	8.7	80	70	32
CP_MLC_819	rock chip	260109	6815317	1.4	186	16	NSA
CP_MLC_820	rock chip	260662	6815548	0.9	NSA	NSA	NSA

Samples were analysed within the e-Mines laboratory using a handheld NITONXL3T GOLDD+ XRF machine

Background

Variscan (formerly PlatSearch NL) is a diversified resource company with exploration projects in eastern Australia and France and a strong portfolio of investments within a number of ASX-listed resource companies.

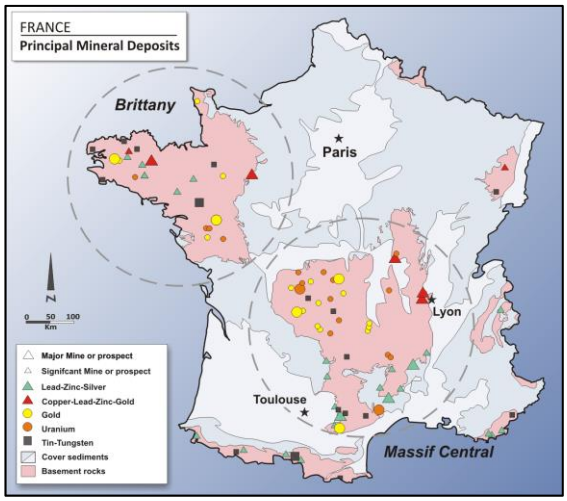
In mid-2010 Variscan expanded its project search to include advanced and brown-field opportunities to meet its business objective of becoming a producer. The Company identified a range of opportunities within Europe and has progressed substantial evaluation and acquisition work. Variscan has incorporated a wholly owned European subsidiary, Variscan Mines SAS, established and equipped an office in Orleans, France, and employed a team of experienced French geologists to assist in the work.

It is one of the most active resource companies in the region.

Variscan has targeted Europe due to its favourable geology, strong mineral endowment, good infrastructure and relatively modest sovereign risk. Europe has a long and rich history of mining stretching from pre early Greek and Roman times through to the present day and is well endowed with mineral deposits that have helped to dramatically shape the history of the region. Mineral deposits which have been a crucial part of the development and industrialisation of the Europe include –

- *the rich silver deposits of Laurion on the Greek Attica coast,*
- *the world-class copper, silver and iron deposits of Rio Tinto which were the most important source of metals for the Roman empire,*
- *the tin deposits of Cornwall, source of much raw material used in the Bronze age,*
- *the rich silver/copper/lead deposits of Rammelsberg which were an indispensable factor in the European resurgence after the Dark Ages, the Renaissance.*

One of the key regions of interest for Variscan is France. Formerly one of the larger European producers of metals such as lead-zinc-silver, gold and uranium, production and interest in mining within France declined rapidly from about the mid 1980's. The last significant metal mine closed around 2002 and no new exploration licences had been granted for more than two decades until the Tennie PER was granted to Variscan in June 2013. Large parts of the main mineral provinces of France are essentially unexplored, with little modern exploration or application of recent advances in the concepts of ore deposit formation.



Principal Mineral Deposits of France

JORC Code – Table 1

Section 2 - Reporting of Exploration Results

Criteria	Commentary
Sampling techniques	• Rock samples were either collected as grab/chip samples from outcrops, or as float in absence of outcrop in heavily vegetated areas • The samples were part of early stage exploration where Company geologists field checked iron rich outcrops identified in previous mapping by the BRGM (Bureau de Recherches Géologiques et Minières - the French geological survey) • Rock samples with moderate to high iron oxide content were selected by qualified geologists • Sample size was around 1 kilogram • No field duplicates were collected An independent consultant geologist experienced in assessment and sampling of oxidized material was used to assist in the selection, logging and interpretation of samples
Drilling techniques	• No drilling undertaken
Drill sample recovery	• No drilling undertaken
Logging	• Each sample was briefly described with details entered into the geological database
Sub-sampling techniques and sample preparation	• Samples were transported to the e-Mines sample prep./assay laboratory located in Dun, southern France • Samples were dried and crushed to -2 mm • Samples were then split down with riffle box to recover 100 g • The sample splits were pulverized in a hammer mill to -80 µm • 5 grams of the material were pressed into pellets ready for loading into a NITON XRF analytical device • Sample sizes and preparation techniques employed are considered to be appropriate for the generation of early stage exploration results
Quality of assay data and laboratory tests	• Samples were analysed within the e-Mines laboratory using a handheld Thermoscientific NITONXL3T GOLDD+ XRF machine • Readings were conducted over 45 seconds with an appropriate calibration mode for soil and rock samples. Both major and trace elements were recorded.
Verification of sampling and assaying	• Data storage in Excel spreadsheets and GIS database • Further field checking of samples with high base or precious metal assays • Anomalous samples will be sent to ALS facility for check chemical assaying
Location of data points	• GPS coordinates captured with Garmin GPS in latitude-longitude decimal degrees • Projection and recording of data points into the GIS database into the RGF93-Lambert93 system
Data spacing and distribution	• Random rock sampling (no fixed grid) over the permit
Orientation of data in relation to geological structure	• Rock samples were taken as spot measurements. • Due to previous old mining of iron oxide outcrops, little insitu material remained and it was not possible to clearly define the size or orientation of the underlying mineralisation.
Sample security	• Samples were transported to the Dun facility by Variscan geologists
Audits or reviews	• 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	• Merléac PERM (Permis Exclusif de Recherche de Mine, a French exploration licence) • No known impediments for future exploration and development
Exploration done by other parties	• Last significant exploration in area is believed to have been conducted by BRGM in the 1980s. • VMS potential of the region was recognised by the BRGM who conducted regional stream sediment programmes during the mid-1970s. The Porte-aux-Moines deposit was discovered in 1976 when follow-up soil sampling and shallow drilling intersected massive sulphides. • Subsequently the BRGM conducted substantial core drilling (+9km) and underground development on Porte-aux-Moines. • In addition, the BRGM conducted significant mapping, geochemical and geophysical programmes around Porte-aux-Moines and regionally • Much of the exploration data is held by the BRGM and will be compiled and assessed by the Company shortly
Geology	• Volcanogenic Massive Sulphide (VMS) deposits
Drill hole Information	• No drill core has been observed by Variscan geologists to date. The bulk of technical data for old drill holes is held by the BRGM and will be accessed by Variscan geologists shortly.
Data aggregation methods	• No aggregation or high grade cuts have been applied to the data reported
Relationship between mineralisation widths and intercept lengths	• No drill holes are reported in this announcement
Diagrams	• Diagrams for the Porte-aux-Moines deposit have been taken from published BRGM reports.
Balanced reporting	• All samples taken are published within the report
Other substantive exploration data	• Much of the previous exploration, mining, metallurgical and hydrological data is currently held by the BRGM and will be reported by the Company as it is accessed, complied and evaluated.
Further work	• Further sampling and assessment of gossans • Digitising and compilation of all data, initially focusing on the Porte-aux-Moines deposit • Follow-up drilling within Porte-aux-Moines, generation of a JORC compliant resource estimate • VTEM Geophysical survey over mineralised lithological units • Mapping and geochemical soil sampling at 50x50m centres on small selected areas such as Porte aux Moines deposit and around VTEM anomalies • Follow-up diamond drilling program on new targets