COMPLETION OF SALE OF FRENCH SUBSIDIARY

- **Legal completion of the sale of French subsidiary, Variscan Mines SAS and 20% interest in Couflens PER, to Apollo Minerals (ASX:AON) for total consideration in cash and shares of up to $4.25m**
- **Existing licences owned by Variscan Mines SAS (excluding Couflens PER) have been conditionally acquired by a new wholly owned subsidiary, Variscan Mines Europe Limited.**
- **Substantial reduction to fixed cost base – closure of the French operations will not draw on the current cash resources of the Company.**
- **Early cash consideration of A$1m (see below) expected to be limited – employment termination costs were materially higher due to transaction delays as a result of the French government extending its review period prior to approval**
- **Delivered the Company's objective of re-balancing the Company's sovereign exposure.**

Further to the announcements made on 8 March and 25 June 2018, Variscan Mines Limited ("Variscan" or the "Company") (ASX: VAR) is pleased to announce legal completion of the sale of the entire issued share capital of the Company's wholly owned French subsidiary, Variscan Mines SAS, to Apollo Minerals (ASX:AON) ("Apollo") for a total consideration of up to $4.25m payable in cash and deferred shares (the "Subsidiary Sale"). All required Conditions Precedent have now been met including all regulatory approvals by the French government for the transaction.

The remaining exploration licences owned by Variscan Mines SAS (excluding the Couflens PER) have been conditionally acquired by a new wholly owned subsidiary, Variscan Mines Europe Limited. Pursuant to the approval for the Subsidiary Sale, the Ministry of Economy and Finance has imposed, without prior consultation, the compulsory relinquishment of the remaining licences. The Company expects this to be completed before the end of the year.

Stewart Dickson, CEO of Variscan said,

'The successful sale of Couflens, in which we have a small minority stake, and the French subsidiary delivers a number of benefits to our shareholders. In addition to the cash consideration and upside potential through Apollo shares, our shareholders will benefit from a substantially reduced cost base. The rationalisation of our French assets and potential injection of new assets gives the Company a new path towards growth and value realisation'.

Consideration

The total consideration payable by Apollo to Variscan amounts to $4.25m in aggregate in cash and shares and is comprised as follows:

Cash Payments

- Initial Cash Consideration $200,000 *(received by Variscan)*
- Completion Cash Consideration $300,000
- 4 Months Cash Consideration $250,000 *(payable 4 months from Completion)*
- 8 Months Cash Consideration $250,000 *(payable 8 months from Completion)*

Equity Payments to be satisfied by the issuance of new AON shares

- First Milestone Consideration

  $250,000 on publication of a Tungsten Mineral Resource Estimate being the delineation of at least Inferred and Indicated Mineral Resources of at least 25,000 tonnes WO3 at an average grade of not less than 1% of WO3 using a cut-off grade of not less than 0.3%. In the event that the mineral resource estimate for tungsten is below those levels or an alternative mineral resource estimate for gold is published then the consideration shall be $125,000.

- Second Milestone Consideration

  $500,000 on publication of a Scoping Study for the Couflens project

- Third Milestone Consideration

  $500,000 on publication of a Pre-Feasibility Study for the Couflens project

- Fourth Milestone Consideration

  $500,000 on publication of a Definitive-Feasibility Study for the Couflens project

- Fifth Milestone Consideration

  $873,671 on the commencement of production at the Couflens project

Apollo has the right to make Cash Alternative payments instead of the Equity Payments.

Assumption of Liabilities

Apollo will assume contractual liabilities (existing and future) of Variscan Mines SAS up to an amount of €400,000 (approximately $626,329) (the “Assumed Liabilities”).

Adjustment to Consideration

The parties have agreed that the amount of cash consideration payable will be adjusted as certain contractual liabilities exceed the level of the Assumed Liabilities. As a result of transaction delays due to the French government having extended its review period prior to approval of the transaction, the employment termination costs are materially higher than previously expected. As a consequence, the cash consideration receivable by the Company is expected to be *de minimus.* Whilst this is frustrating and beyond the control of the Company, it is important to note that the closure of the French operations will not draw on the current cash resources of the Company.

ENDS

For further information:

Stewart Dickson, CEO

P: +61 2 9906 5220

E: info@variscan.com.au