# VARISCAN SECURES THE MERLÉAC EXPLORATION LICENCE

- **Variscan Mines has been granted its third exploration licence in France.**
- **The Merléac PER licence is located in Brittany and covers 411 square kilometres of a well endowed region containing zinc-lead-copper-silver deposits including Porte-aux-Moines.**
- **Porte-aux-Moines is a volcanogenic massive sulphide (VMS) deposit with strong similarities to other VMS deposits such as Rosebery, Woodlawn and Que River in Australia.**
- **Extensive work at Porte-aux-Moines by the BRGM during the 1980's included approximately 9,200 metres of diamond drilling and two kilometres of underground development, defining high grade zinc-lead-copper-silver mineralisation up to 20 metres wide to a depth of about 300 metres from surface.**
- **The BRGM also completed substantial metallurgical work at Porte-aux-Moines and calculated a resource. Variscan plans to complete a small programme of drilling to help generate an updated resource to meet 2012 JORC guidelines.**
- **Variscan believes that Porte-aux-Moines may be part of a cluster of base metal deposits that typify VMS systems and considers the exploration potential immediately around the deposit to be very good.**
- **Merléac covers an estimated 70 strike kilometres of fertile host lithologies. Within these rocks recent work by Variscan has identified a number of outcropping gossans up to 400-500 metres in strike length with anomalous base metal assays in rock chips interpreted to represent the oxidised expressions of underlying sulphide-rich zones.**
- **The Company intends completing additional follow-up gossan sampling and mapping and will fly a large VTEM survey over the more prospective parts of the belt to confirm the location and geometry of potential VMS deposits once it gains government approvals.**
- **Additional licence applications in other prospective regions of France are within the approvals process.**

**Sydney, 10 November 2014:** Variscan Mines Limited (ASX: VAR) is pleased to announce that its wholly owned European subsidiary Variscan Mines SAS has received confirmation that it has been granted its third exploration licence within Brittany, France. The licence (PER) covers a significant geological domain with a demonstrated mineral endowment for volcanogenic massive sulphide (VMS) zinc-lead-copper-silver deposits.

The Merléac PER 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 base and precious metal deposits. One of the key deposits within the basin is the Porte-aux-Moines VMS zinc-lead-copper-silver deposit which lies near the centre of the Merléac licence about 125 kilometres west of Rennes, Brittany (Figure 1).

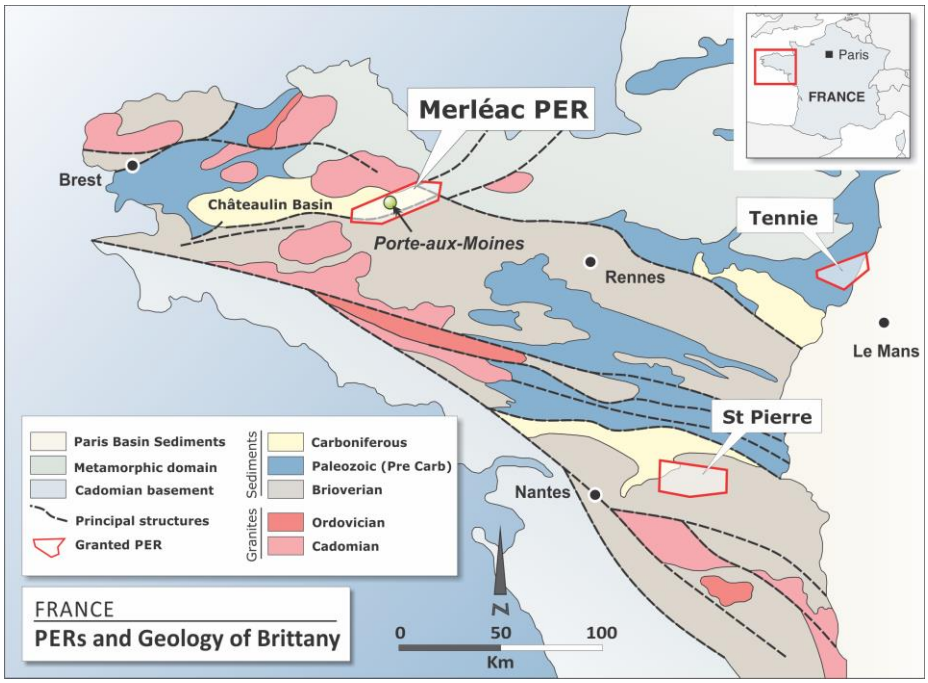


***Figure 1 - Location of the Merléac PER and other Variscan PERs***

### The Porte-aux-Moines Deposit

Porte-aux-Moines is a classic VMS deposit believed to have formed on or close to the sea floor during a volcanic-associated hydrothermal event. The deposit shares many 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)).

***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***

As with many VMS systems, Variscan believes Porte-aux-Moines may be one of a cluster of individual sulphide deposits that are frequently formed in close proximity to one another and which can generate sizable tonnages of high grade mineralisation.

Porte-aux-Moines was discovered by regional stream sediment sampling and follow-up drilling in 1975/76 by the BRGM (Bureau de Recherches Géologiques et Minières - the French geological survey). During the late 1970's and early 1980's the BRGM completed considerable exploration over the deposit including approximately 6,800 metres of surface core and 2,400 metres of underground drilling. It also completed about two kilometres of underground decline development to 150 metres below the surface including five crosscuts through the ore system to provide detailed geological data to assist in resource estimation and metallurgical sampling (Figure 2).

The work outlined zones of high grade lead-zinc-copper-silver mineralisation up to 20 metres thick from near surface to a depth of about 300 metres (Figure 3). Aside from the underground development and sampling, the deposit is essentially unmined.

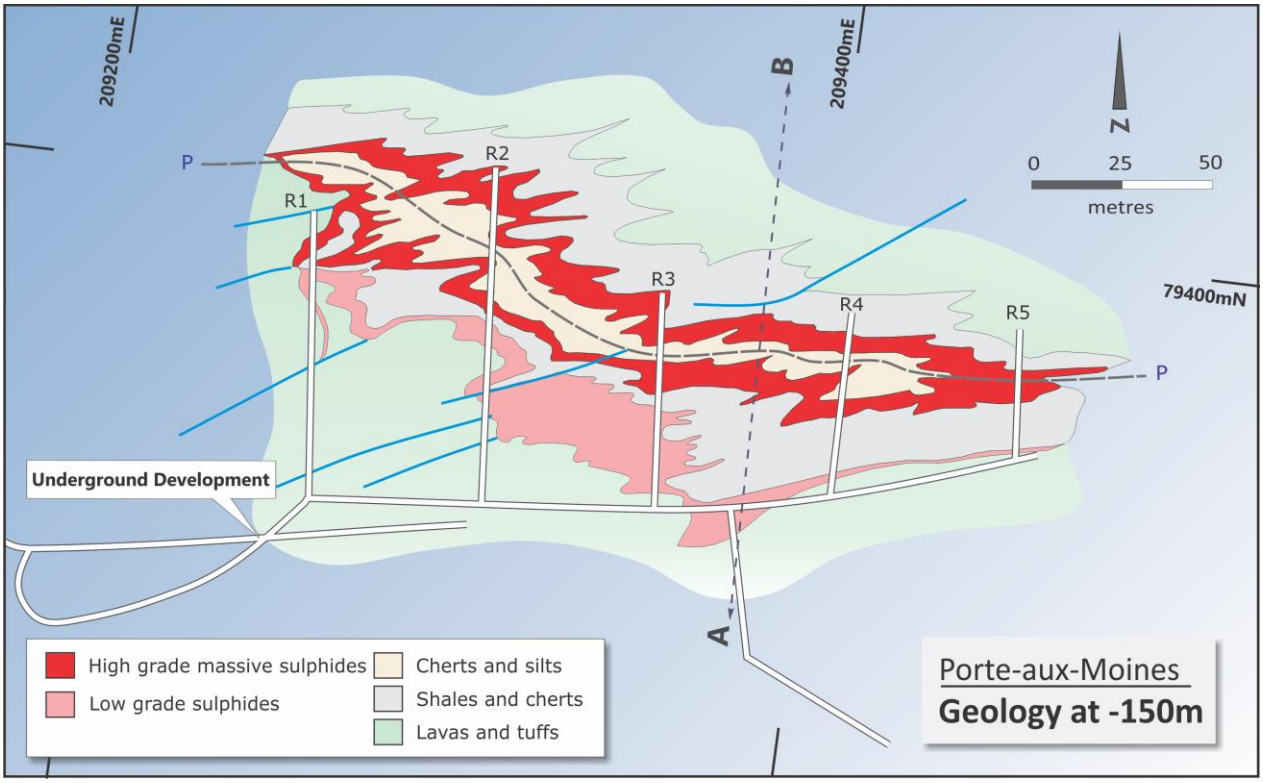


***Figure 2 – Plan view of Porte-aux-Moines deposit from BRGM report***

Variscan has commenced collecting all available data for Porte-aux-Moines (most held at the BRGM) to convert to digital formats and create a cohesive 3D model of the deposit. Resampling of some of the remaining old core from the BRGM exploration will be undertaken if possible and a small amount of additional confirmatory drilling completed to allow the generation of a resource estimate prepared under the guidelines of the JORC 2012 Code.

Variscan will also commence extensional exploration around Porte-aux-Moines including an airborne VTEM survey as it considers that there is substantial potential to discover new lenses of mineralisation. The BRGM is believed to have conducted relatively little drilling outside the main ore envelope and Variscan intends commencing this work once approvals from the authorities are granted.

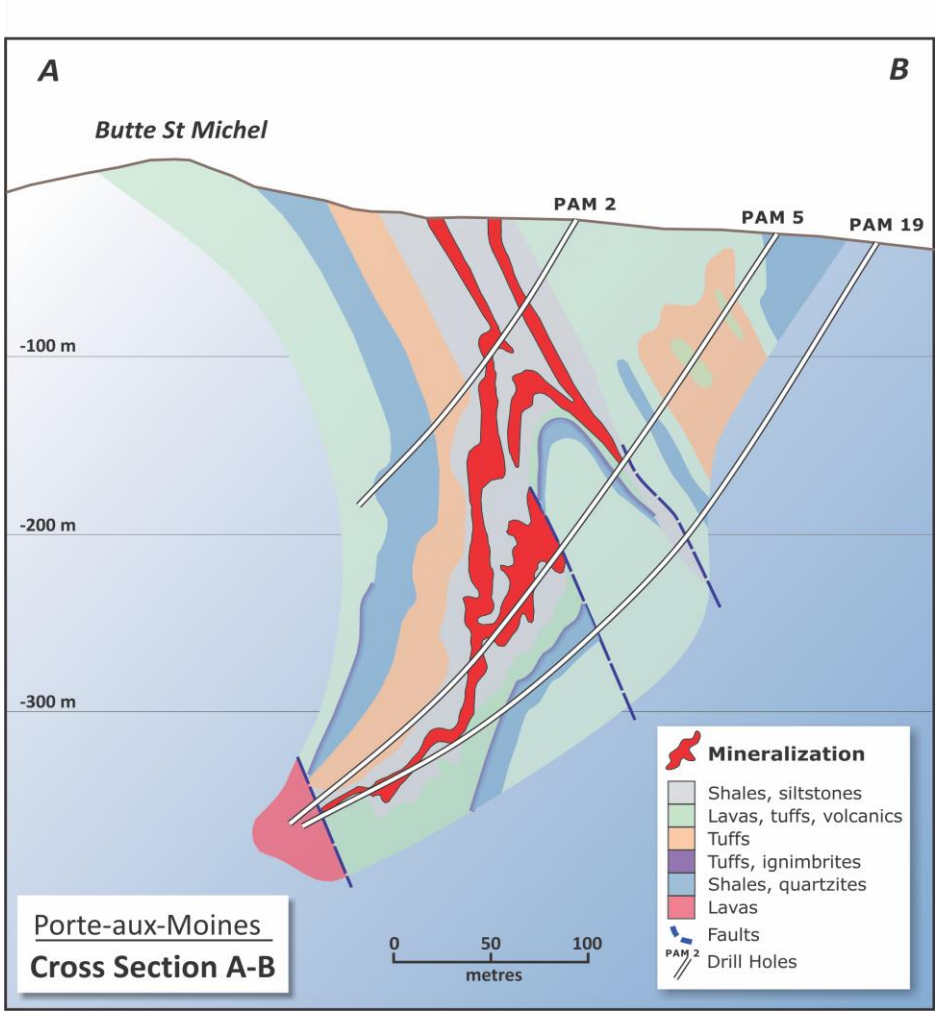


***Figure 3 – Cross Section at Porte-aux-Moines from BRGM reports***

**Other Gossans**

Elsewhere within the licence, recent field work by the Company has focussed on assessing the exploration potential within the estimated 70 kilometres of fertile rock sequences along strike from the Porte-aux-Moines deposit. This work has confirmed the presence of a number of outcropping gossans and gossanous horizons (Figures 4 and 5), 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.

Rock chips and grab samples of the sparse material remaining from the former iron mining activities were collected and assayed at the e-Mines XRF facility in southern France. Initial results returned from the sampling are encouraging, with anomalous geochemistry recorded in three of the gossans (up to 1986ppm zinc, 387ppm copper and 135ppm lead (Table A)), possibly representing oxidised and leached material developed over the top of primary VMS mineralisation. Anomalous samples will be sent to the ALS laboratory in Ireland for confirmatory chemical assaying including gold analysis.

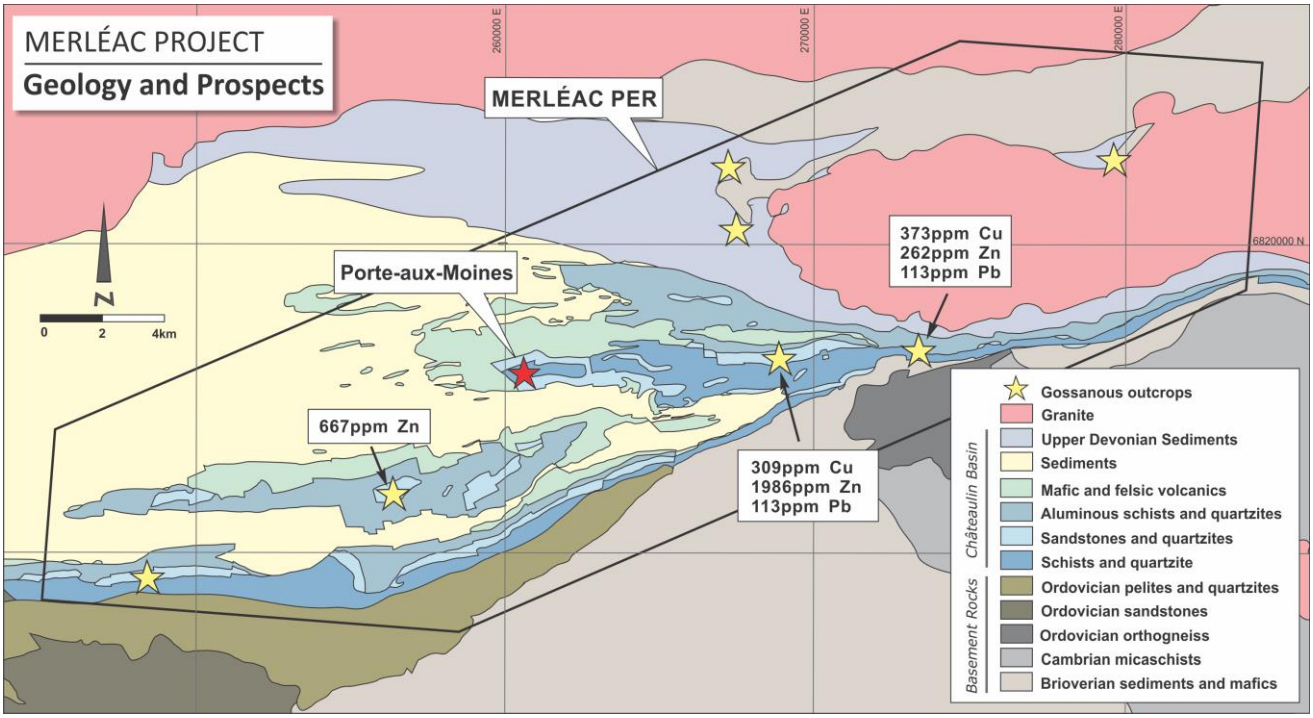


***Figure 4 – Geology, prospects and peak gossan assays recorded to date within the Merléac PER***

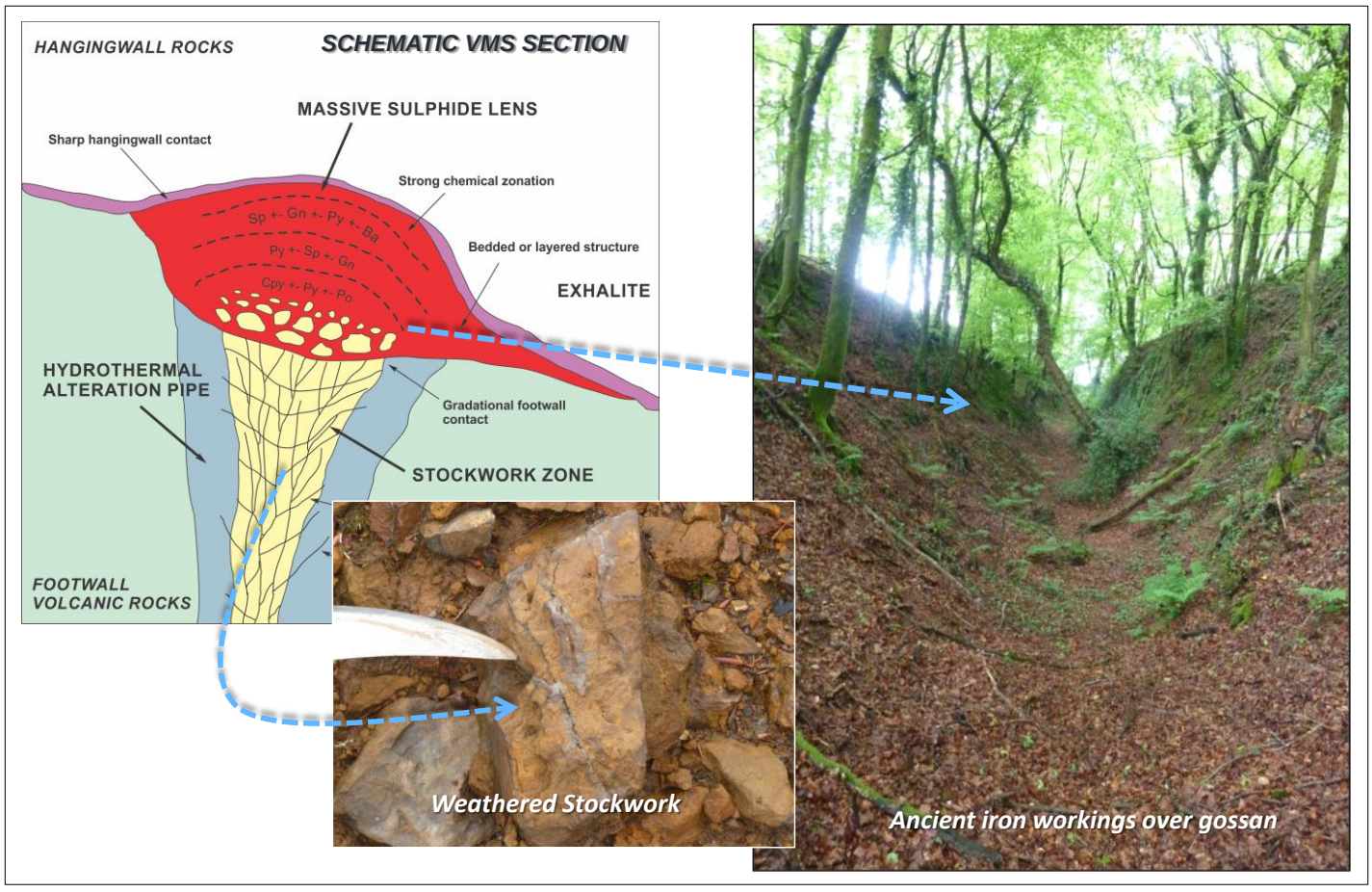


***Figure 5 – Photos from the old iron workings within the Merléac PER showing the interpreted relationships of the weathered, iron-rich material to the VMS deposit model as outlined by the USGS***

Commenting on the acquisition of the exploration licence, Variscan's Managing Director, Greg Jones said: "This is an important development for Variscan. For the first time since listing on the ASX in 1987 (as Platinum Search NL) the Company has been able to secure an advanced asset containing significant high grade mineralisation.

"The Company intends commencing work immediately to generate a resource estimate for the Porte-aux-Moines deposit which will include a small programme of core drilling to confirm previous exploration results and geological interpretations.

"The exploration upside in the immediate vicinity of Porte-aux-Moines and elsewhere within the licence is considered excellent. VMS deposits tend to occur in clusters and the Porte-aux-Moines area is believed to have good potential for the discovery of additional ore lenses. The confirmation by Variscan geologists of a number of gossanous outcrops within the same rock package that hosts Porte-aux-Moines confirms Variscan's view that additional discoveries could be made elsewhere within Merléac.

The Merléac project will form one of the cornerstones of future Variscan work in France. Along with the recently granted St Pierre licence, Merléac contains near-term, drill ready targets with good potential to generate economic discoveries."

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 | Easting | Northing | Fe(%) | Cu (ppm) | Zn (ppm) | Pb (ppm) | Description |
|---|---|---|---|---|---|---|---|
| AKMLCR002 | 245718 | 6808620 | 5.7 | < LOD | 95 | 28 | Siliceous shale locally chloritic with pyrite |
| AKMLCR003 | 246723 | 6808710 | 3.9 | 50 | 59 | 51 | Quartz veinlets with iron oxide |
| AKMLCR004 | 246695 | 6808620 | 2.9 | < LOD | < LOD | < LOD | Highly silicious, chloritic rock with stockwork of quartz + pyrite |
| AKMLCR005 | 246729 | 6808680 | 29.4 | < LOD | 159 | < LOD | Goethite and hematite after pyrite in lapili tuffs |
| AKMLCR006 | 248363 | 6809270 | 27.1 | < LOD | < LOD | < LOD | Massive goethite plus quartz after pyrite |
| AKMLCR007 | 247517 | 6809140 | 5.4 | < LOD | 32 | < LOD | Silicified oxidized rock |
| AKMLCR009 | 247517 | 6809140 | 10.7 | < LOD | 27 | 98 | Silicified tuffaceous sandstone |
| AKMLCR010 | 248096 | 6809210 | 35.9 | < LOD | 110 | < LOD | Goethite in siliceous rock |
| AKMLCR011 | 248823 | 6809180 | 30.5 | < LOD | 217 | < LOD | Goethite rich sample (after massive sulphides) |
| AKMLCR012 | 248823 | 6809180 | 6.6 | < LOD | 99 | < LOD | Chloritized and silicified tuff with pyrite boxworks |
| AKMLCR013 | 245747 | 6809830 | 29.1 | < LOD | 75 | < LOD | Goethite rich sample (after massive sulphides) |
| AKMLCR014 | 245137 | 6809000 | 2.0 | < LOD | 18 | < LOD | Siliceous banded rock with pyrite cubes |
| AKMLCR015 | 245137 | 6809000 | 6.2 | < LOD | 72 | 21 | Siliceous tuffs with pyrite cubes |
| AKMLCR016 | 245350 | 6809040 | 1.4 | < LOD | < LOD | < LOD | Siliceous sandstone with pyrite cubes |
| AKMLCR017 | 245328 | 6809170 | 26.2 | < LOD | 104 | 32 | Pyritic with hematite/goethite oxidation |
| AKMLCR018 | 250706 | 6810050 | 1.3 | < LOD | < LOD | 10 | Chloritic/siliceous tuffs, minor pyrite cubes |
| AKMLCR019 | 250706 | 6810050 | 0.7 | < LOD | < LOD | < LOD | Chert with trace pyrite and sericite stockwork with iron oxides |
| AKMLCR020 | 250259 | 6809270 | 14.0 | < LOD | 38 | < LOD | Stockwork with boxworks and goethite after sulphides |
| AKMLCR021 | 245537 | 6809220 | 17.1 | < LOD | 41 | < LOD | Silicified, pyritic rock with oxide stockwork after sulphides |
| AKMLCR022 | 249239 | 6814480 | 2.6 | < LOD | 52 | 24 | Highly silicified rock, chloritized and sericitized with minor pyrite |
| AKMLCR023 | 249239 | 6814480 | 4.9 | 47 | 96 | 34 | volcanic tuffs or shale slate very laminated pyrite cubes leached |
| AKMLCR025 | 249279 | 6811770 | 2.0 | < LOD | < LOD | 11 | Silicified rock with goethite replacing pyrite in stockworks |
| AKMLCR027 | 252776 | 6811080 | 12.5 | 108 | 95 | < LOD | Tuffs with quartz + sericite and iron oxides (goethite) |
| AKMLCR028 | 255125 | 6811830 | 14.2 | < LOD | 141 | < LOD | Quartz schist with iron oxide |
| AKMLCR029 | 256340 | 6812190 | 31.7 | < LOD | 150 | < LOD | Goethite and hydrothermal quartz stockwork |
| AKMLCR031 | 256335 | 6811760 | 17.5 | < LOD | 108 | < LOD | Highly weathered ferruginous sandstone coarse cut by iron oxide veins |
| AKMLCR032 | 256335 | 6811760 | 50.7 | < LOD | 551 | < LOD | Goethite rich sample after massive sulphides |
| AKMLCR033 | 256402 | 6811840 | 48.4 | < LOD | 667 | < LOD | Goethite rich sample after massive sulphides |
| AKMLCR034 | 256402 | 6811840 | 1.7 | < LOD | < LOD | < LOD | Quartzite with relic pyrite cubes |
| AKMLCR035 | 256402 | 6811840 | 4.3 | < LOD | 117 | 25 | Pumice tuff |
| AKMLCR036 | 256402 | 6811840 | 52.6 | < LOD | < LOD | < LOD | Slag? near old foundary |
| AKMLCR037 | 263361 | 6816310 | 13.5 | 69 | 33 | < LOD | Oxidized rock with quartz + sulphide boxworks |
| AKMLCR038 | 257116 | 6809510 | 17.1 | < LOD | 80 | < LOD | Silicified rock with discontinuous veinlets of goethite |
| AKMLCR039 | 259878 | 6810120 | 16.5 | < LOD | 542 | 56 | Quartz fragments in a goethite/hematite cement |
| AKMLCR040 | 269079 | 6816310 | 34.9 | 272 | 291 | < LOD | Brecciated stockwork to massive oxide after sulphide |
| AKMLCR041 | 268854 | 6816240 | 43.2 | 309 | 687 | 84 | Massive goethite gossan |
| AKMLCR042 | 268682 | 6816230 | 59.4 | 225 | 1986 | 135 | Massive goethite gossan |
| AKMLCR043 | 273465 | 6816410 | 51.4 | 373 | 262 | 113 | Massive goethite gossan |

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.*

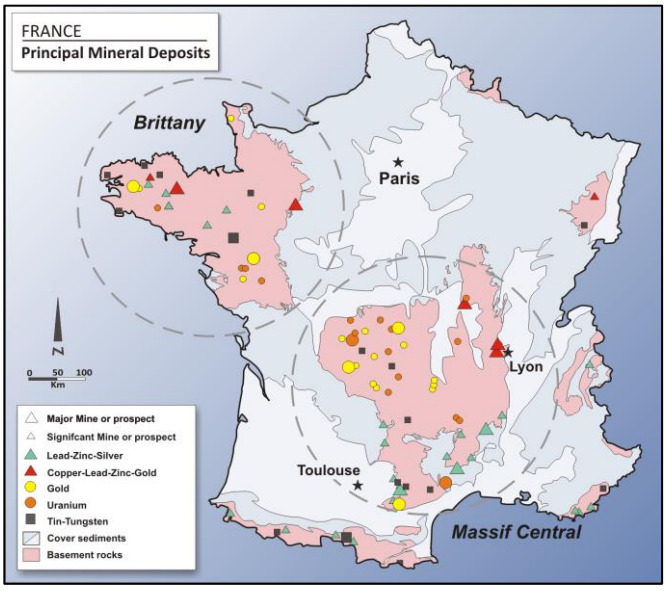
*In mid-2010 Variscan expanded its project search to include advanced and brown-field opportunities to meet its business objective of becoming a producer. The Company identified a range of opportunities within Europe and has progressed substantial evaluation and acquisition work. Variscan has incorporated 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 have been granted for more than two decades. 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<br>• 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)<br>• Rock samples with moderate to high iron oxide content were selected by qualified geologists<br>• Sample size was around 1 kilogram<br>• No field duplicates were collected<br>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<br>• Samples were dried and crushed to -2 mm<br>• Samples were then split down with riffle box to recover 100 g<br>• The sample splits were pulverized in a hammer mill to -80 µm<br>• 5 grams of the material were pressed into pellets ready for loading into a NITON XRF analytical device<br>• 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<br>• 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<br>• Further field checking of samples with high base or precious metal assays<br>• 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<br>• 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.<br>• 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)<br>• 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.<br>• 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.<br>• Subsequently the BRGM conducted substantial core drilling (+9km) and underground development on Porte-aux-Moines.<br>• In addition, the BRGM conducted significant mapping, geochemical and geophysical programmes around Porte-aux-Moines and regionally<br>• 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<br>• Digitising and compilation of all data, initially focusing on the Porte-aux-Moines deposit<br>• Follow-up drilling within Porte-aux-Moines, generation of a JORC compliant resource estimate<br>• VTEM Geophysical survey over mineralised lithological units<br>• Mapping and geochemical soil sampling at 50x50m centres on small selected areas such as Porte aux Moines deposit and around VTEM anomalies<br>• Follow-up diamond drilling program on new targets |