

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Variscan Mines Limited

ABN

16 003 254 395

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	0	0
1.2 Payments for		
(a) exploration & evaluation	(300)	(739)
(b) development	0	0
(c) production	0	0
(d) staff costs (excludes direct exploration salaries)	(167)	(543)
(e) administration and corporate costs	(159)	(494)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	0	1
1.5 Interest and other costs of finance paid	0	0
1.6 Income taxes paid	0	0
1.7 Research and development refunds	384	384
1.8 Other (provide details if material)		
- Consulting fees and rent income	91	168
- Tenement security deposits refunded/(paid)	0	0
- JV income	0	0
1.9 Net cash from / (used in) operating activities	(151)	(1,223)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	0	(1)
(b) tenements (see item 10)	0	0
(c) investments	0	0
(d) other non-current assets	0	0
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	0	0
(b) tenements (see item 10)	0	0
(c) investments	0	567
(d) other non-current assets	0	0
2.3 Cash flows from loans to other entities	0	0
2.4 Dividends received (see note 3)	0	0
2.5 Other (provide details if material)	0	0
2.6 Net cash from / (used in) investing activities	0	566

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	0	0
3.2 Proceeds from issue of convertible notes	0	0
3.3 Proceeds from exercise of share options	0	0
3.4 Transaction costs related to issues of shares, convertible notes or options	0	0
3.5 Proceeds from borrowings	340	340
3.6 Repayment of borrowings	0	0
3.7 Transaction costs related to loans and borrowings	0	0
3.8 Dividends paid	0	0
3.9 Other (share capital applications)	0	0
3.10 Net cash from / (used in) financing activities	340	340

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	614	1,121
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(151)	(1,223)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	0	566
4.4	Net cash from / (used in) financing activities (item 3.10 above)	340	340
4.5	Effect of movement in exchange rates on cash held	8	7
4.6	Cash and cash equivalents at end of period	811	811

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	810	325
5.2	Call deposits and foreign currency equivalents	1	1
5.3	Bank overdrafts	0	0
5.4	Other – term deposits	0	288
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	811	614

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
24

Salaries, Directors fees and consultancy fees at normal commercial rates.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	0
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	0
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	340	340
8.2 Credit standby arrangements	0	0
8.3 Other (please specify)	0	0
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Variscan has entered into a loan agreement with its major shareholders (Dr Foo Fatt Kah and Mr Kwan Chee Seng) who are each Directors of the Company, for \$340,000. The loan is secured over a portion of the ordinary shares Variscan holds in Thomson Resources Ltd equal to the value of the loan amount. Interest is payable on maturity date (6mths from drawn down) at a rate of 18% p.a. if paid by maturity date and an amount of 30% p.a. for any amounts outstanding after maturity date. See ASX announcement on 18 December 2017 for further details.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	65
9.2 Development	0
9.3 Production	0
9.4 Staff costs (excludes direct exploration salaries)	200
9.5 Administration and corporate costs	250
9.6 Other (provide details if material)	0
9.7 Total estimated cash outflows	515

Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EL 5360	JV partner has earned interest	100%	49%
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date: 30 January 2018

Print name: Ivo Polovineo

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

Tenement	Tenement No.	Interest	Joint Venture Details
NEW SOUTH WALES			
Broken Hill			
Mundi Plains JV	EL 6404	14.4%	Teck 85.6%, Iluka earning
Willyama	EL 8075	0%	Note 1
Hillston	EL 6363	39.2%	Perilya can earn 80%, Eaglehawk 9.8%
Native Dog	EL 8236	0%	Note 1
Lachlan Fold Belt			
Woodlawn South	ELs 7257 and 7469	0%	Royalty interest only
Achilles and Chiron	EL 7746 and EL 7931	25%	Kidman 51% can earn 80%, Thomson 24%
SOUTH AUSTRALIA			
Junction Dam	EL 5682	11.5%	Teck 85.6%, Eaglehawk 2.9%, Iluka earning, Marmota 100% in uranium rights only, Note 2
Callabonna	EL 5360	49%	Red Metal 50%, can earn 70%
FRANCE			
Tennie	PER	100%	
St Pierre	PER	100%	
Merleac	PER	100%	
Beaulieu	PER	100%	
Loc Envel	PER	100%	
Silfiac	PER	100%	

EL = Exploration Licence

ELA= Exploration Licence Application

PER = Permis Exclusif de Recherche (France)

Note 1: Under an agreement with Silver City Minerals Limited, Broken Hill Operations and Eaglehawk Geological Consulting Pty Ltd Variscan has converted its interest in parts of these tenements to a NSR (Net Smelter Return).

Note 2: Marmota has earned 100% of the uranium rights only in EL 5682. Variscan has retained a 3.75% net profits royalty on production from a uranium mine.