ASX Announcement | 14 November 2024

Variscan Mines Limited (ASX:VAR)

UNDERGROUND DRILLING COMMENCED AT UDIAS MINE

Highlights

- **Underground drilling has commenced at Udias Mine; which has previously been untested by Variscan**
- **Udias Mine offers substantial brownfield opportunity; on strike and connected to San Jose Mine**
- **Priority drill targets were defined utilizing assays from historic underground face-sampling and drilling which show very high-grade zinc-lead results & confirm mineralization outside of the current Mineral Resource Estimate footprint**

Variscan Mines Limited (ASX:VAR) ("Variscan" or "the Company") is pleased to report that drilling has commenced at the former operational Udias Mine, situated within the Novales-Udias Project, located in Cantabria, northern Spain.

Figure 1. Underground drilling in the Udias Mine

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

"We are very excited to be drill-testing the Udias Mine complex for the first time. We do so with confidence as results from historical face sampling and drilling show excellent grades most of which are outside the existing Mineral Resource Estimate model.

Our acquisition and interpretation of historical data has certainly been value-accretive. It has given us operational leverage as we believe that a sizeable tonnage of high-grade zinc sulphide mineralization remains and has been untouched for nearly a century. The Udias Mine complex is substantially larger than San Jose and comparatively under-explored.

With the commencement of drilling, we are poised to unlock further value from one of the highest-grade, development stage zinc deposits in Europe, as we continue to make progress towards re-starting production."

Drilling will test targets in the Udias Mine complex for the first time

Variscan has commenced underground drilling in the Udias Mine. This mine complex has not been previously drill-tested by the Company. The southern part of the Udias Mine, exceeding 1.4 km in length, has never been drilled at all. The Udias Mine complex is directly linked underground to the San Jose Mine near Novales, and both mines sit on the 12km-long Novales- Udias Trend.

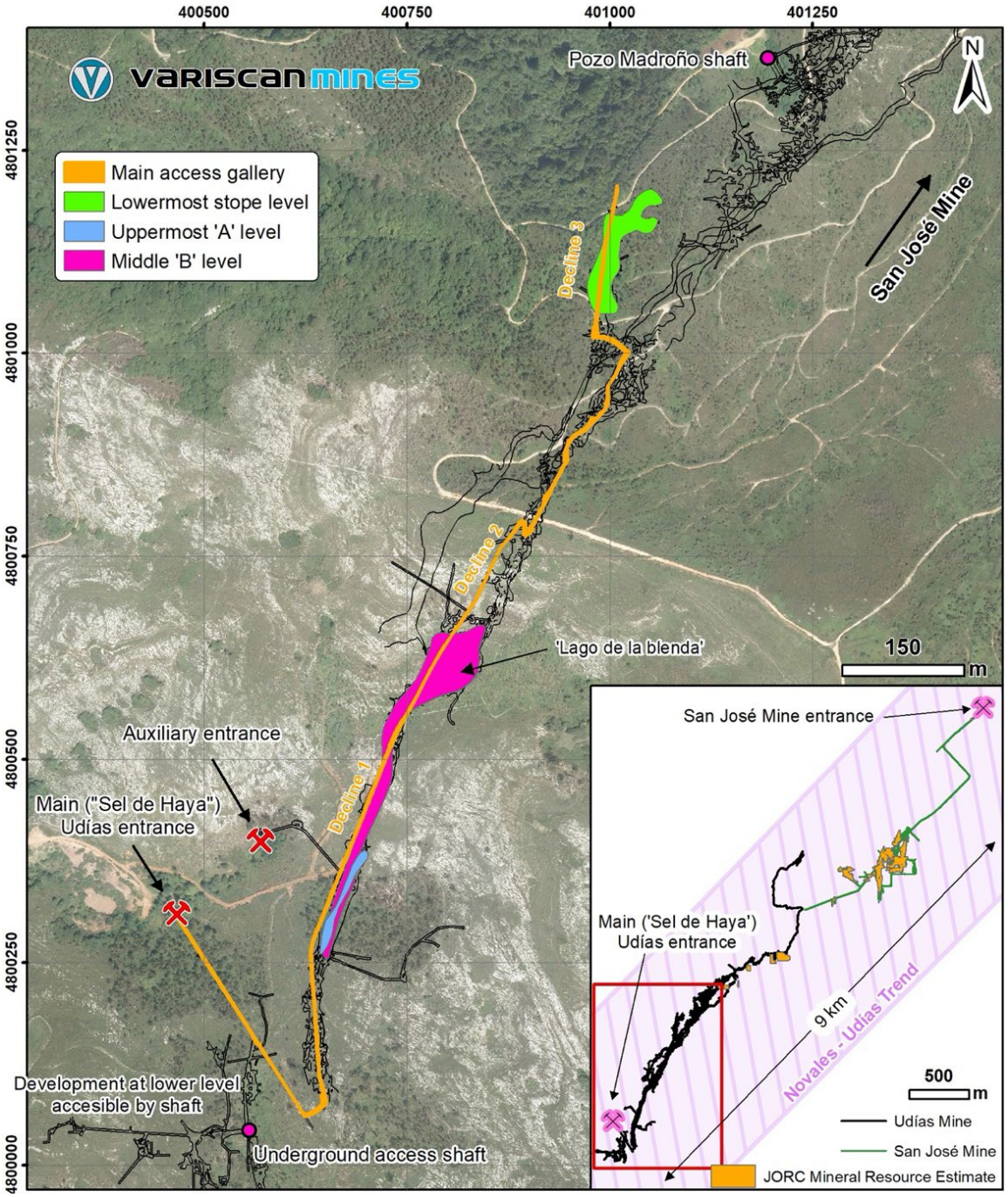
The very high-grade face-sampling sampling data recently reported (refer ASX announcement 10 September 2024) and positive historical drilling data reported by Variscan (refer ASX announcement 7 August 2023) indicate that there is excellent continuity of mineralisation extending, along strike, in a broad south-westerly direction from the San Jose Mine for over 3km and linking both mines.

These datasets have delineated high-priority targets for drill testing. The vast majority of the Udias Mine sits outside of the current Mineral Resource Estimate. There is real potential for a positive update to our mineral resource inventory following completion of the drilling program which is now underway.

Securing the recently granted Estela exploration licence, which overlays the centre of the Udias Mine footprint, has enabled field works to commence, including the facilitation of walk in underground access. The new licence area is part of a previously announced significant project tenement expansion. (refer ASX announcement 8 April 2024).

The style of zinc mineralisation is identical to that found at the San Jose Mine and consists of multiple stacked lenses of high-grade zinc sulphide mineralization occurring at the same elevations as at San Jose (i.e., no vertical offset).

Figure 2. Plan view of priority underground drilling target areas in the southern end of the Udias Mine



The mine consists of three levels. Drilling will commence at the southern end of the Udias Mine in the "A" Upper Level (shown in blue in Figure 2) where historical sampling returned grades in excess of 40% zinc. Thereafter drilling is planned to test the "B" Middle Level (shown in pink in Figure 2) and progress northward.

Drilling will be conducted by Variscan utilising its own portable drill rig. By having an in-house capability using our trained staff, we can conduct underground drilling programs efficiently, cost effectively and with a high degree of flexibility.

Udias Mine is highly prospective beyond existing Mineral Resource footprint

The Variscan geology team conducted "ground-truth" geological and mineralization mapping at Udias. This has confirmed extensive mine development (drives and stopes) along the south-west oriented Novales-Udias Trend.

Historical mining activity was limited to the upper mineralized horizons where calamine mineralization occurs. Sulfide zinc-lead mineralization was never mined at Udias because of the lack of suitable ore processing technology pre-1930 and has been proven to continue along strike for over 2.2km, most of which is not included in the existing MRE model.

The Udias Mine complex is substantially larger than the San Jose Mine and is under explored with no known drilling along the southernmost 1.4km of the mineral trend.

Figure 3. Udias Mine drill target areas are substantially larger than San Jose Mine and outside of the existing Mineral Resource footprint

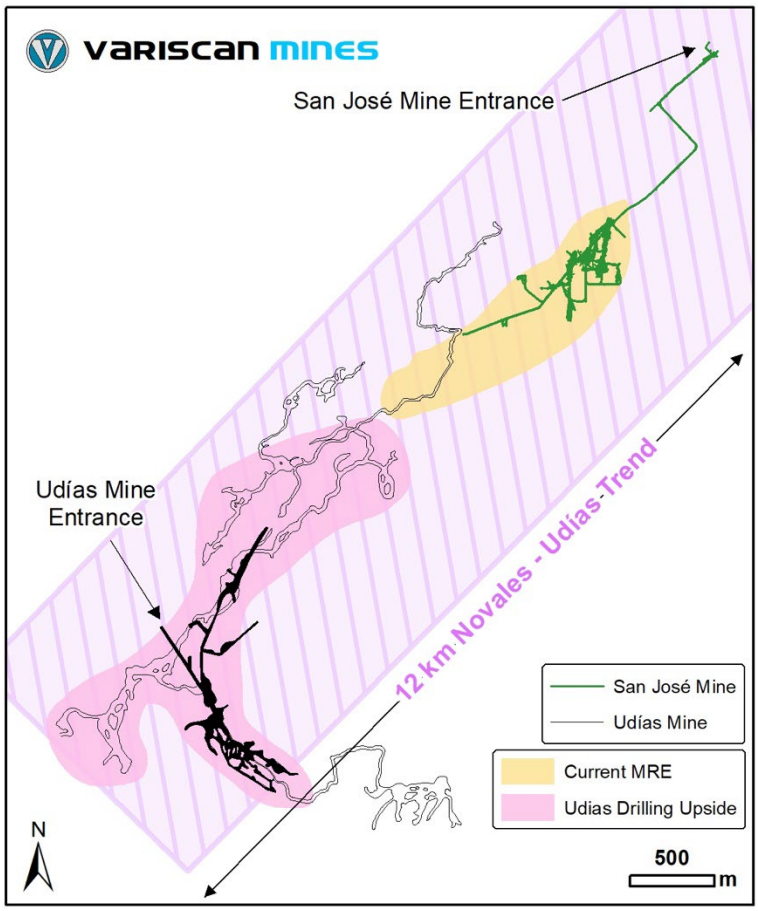
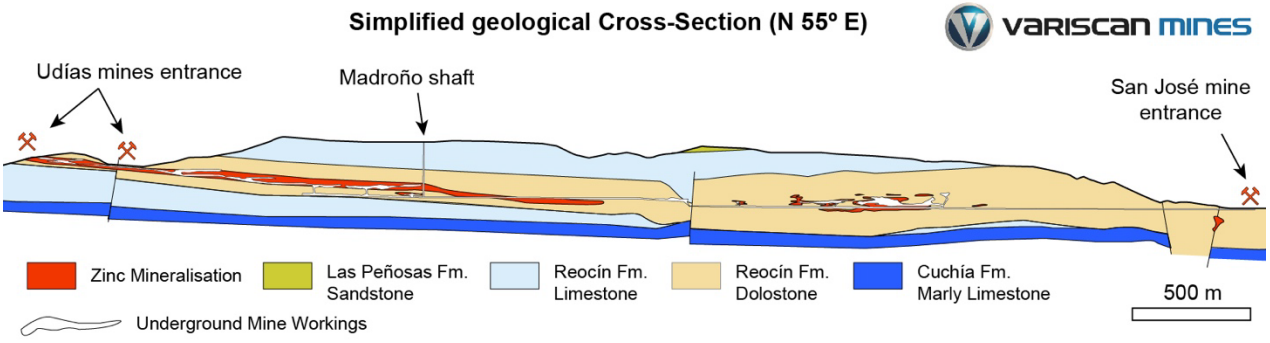


Figure 4. Simplified geological cross-section showing connectivity and continuity between San Jose Mine and Udias Mine



High-grade priority target areas guided by high grade historic sampling and drilling results

Recently, Variscan reported the findings of a significant batch of historical assay results from 337 samples (refer ASX announcement 10 September 2024). This sampling is understood to have been undertaken in the early 1980s, some 50 years after all mining operations had ceased. High-grade sample results taken along development drives and faces include:

- Sample UTS-15: 4.50m @ 26.47% Zn, 19.46% Pb
- Sample UTB-65: 2.80m @ 35.87% Zn, 0.17% Pb
- Sample UTB-11: 4.00m @ 21.50% Zn, 0.32% Pb
- Sample B-20: 3.00m @ 28.20% Zn, 5.90% Pb
- Sample UTB-32: 2.00m @ 36.95% Zn, 0.41% Pb
- Sample UTB-132: 2.00m @ 35.39% Zn, 0.07 % Pb
- Sample UTB-86: 4.00m @ 16.39% Zn, 2.18% Pb
- Sample D-5: 1.55m @ 41.00% Zn, 0.22% Pb

Earlier in August 2023, Variscan announced exploration and archival work at the San Jose Mine (refer ASX announcement 7 August 2023) which confirmed a south-west extension and continuity of mineralisation from the San Jose Mine, on the Novales-Udias Trend. The extension of mineralisation, along strike, comprised 131 historical drillholes for 7,398 metres which returned assay results including:

- Drillhole SU3/82: 10.90m @ 12.01% Zn, 0.62% Pb
- Drillhole S-89D: 14.85m @ 8.17% Zn, 0.64% Pb
- Drillhole S-89D: 10.70m @ 8.64% Zn, 0.57% Pb
- Drillhole S-89: 4.80m @ 14.36% Zn, 2.17%Pb
- Drillhole SU10/82: 6.20m @ 10.23% Zn, 3.00% Pb
- Drillhole S-89A: 6.10m @ 5.54% Zn, 0.57% Pb

The combination of both datasets has defined drill targets in high-priority target areas.

Figure 5. Plan view of underground face sampling results in the Udias Mine

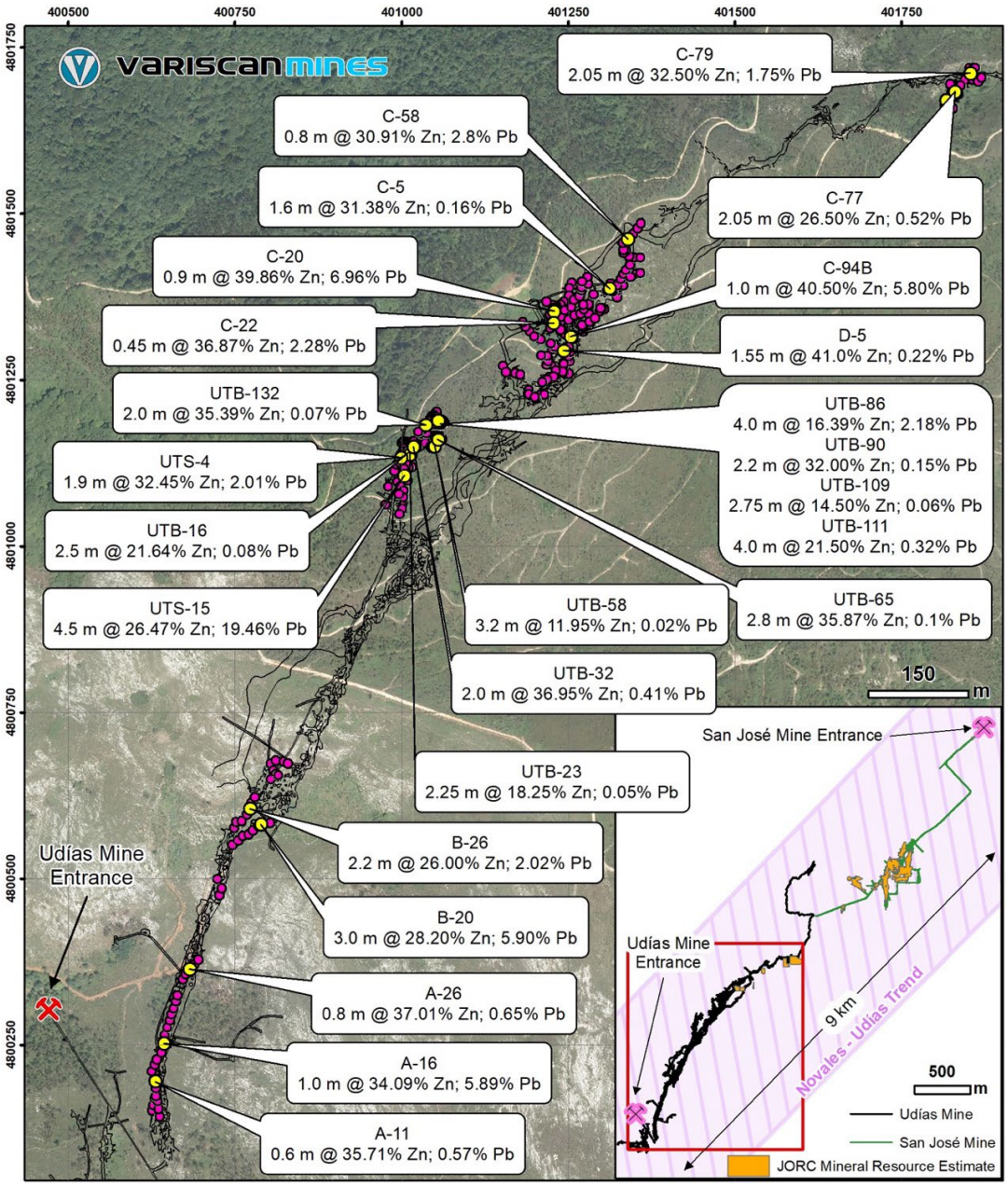
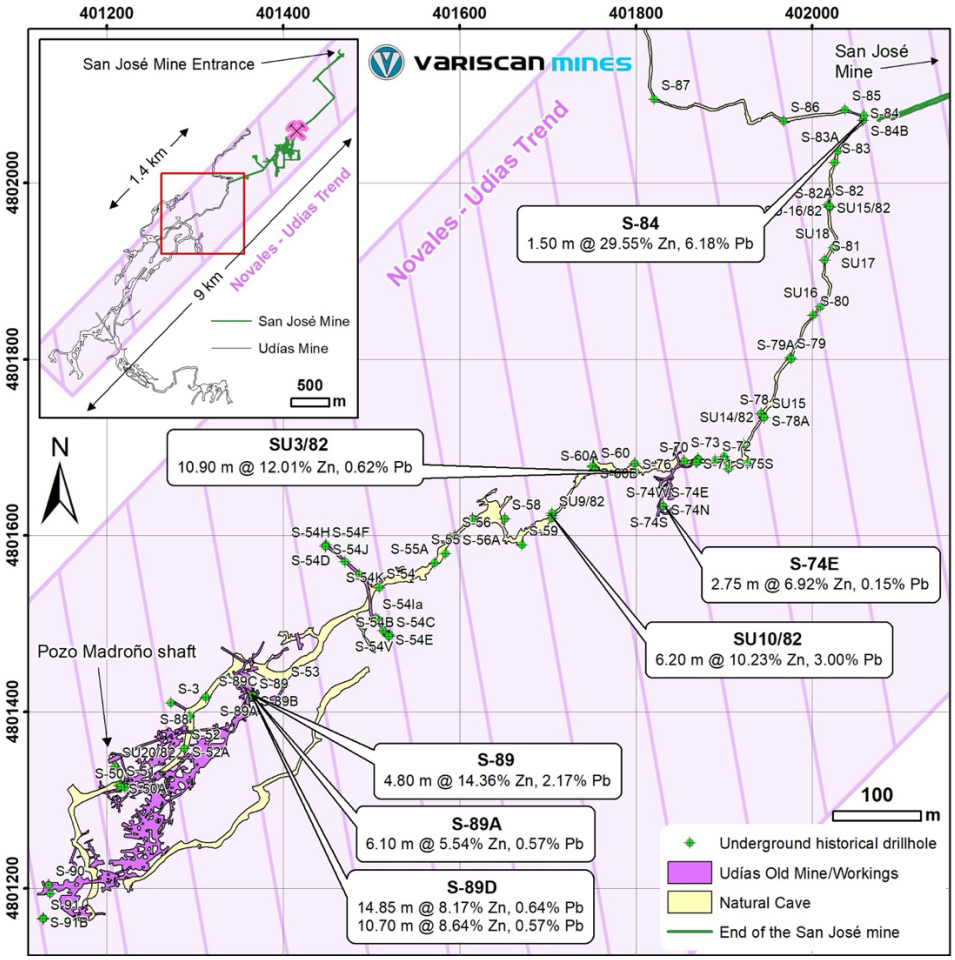


Figure 6. Plan view of drill-hole data illustrating significant exploration potential as mineralisation extends on strike to the south west of San Jose Mine (refer ASX release 7 August 2023)



Next Steps & Way Forward

Variscan remains on track to announce an updated Mineral Resource Estimate in the near future.

Following the recent capital raise, the Mine Re-Start Study for the San Jose Mine can be now be progressed. Further updates will follow after the publication of the updated Mineral Resource Estimate.

This drilling program at Udias will be ongoing and is expected to contribute to a further updated Mineral Resource Estimate for the combined Novales-Udias Project in mid 2025.

Assay results for this program will be reported as they are available.

ENDS

This ASX announcement has been approved by the Board and authorised for issue by Mr Stewart Dickson, Managing Director and CEO, Variscan Mines Limited

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About Variscan Mines Limited (ASX:VAR)

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. Its primary focus is the development of its advanced zinc projects in Spain. 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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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 Dr. Mike Mlynarczyk, Principal of the Redstone Exploration Services, a geological consultancy acting as an external consultant for Variscan Mines. Dr. Mlynarczyk is a Professional Geologist (PGeo) of the Institute of Geologists of Ireland, and European Geologist (EurGeol) of the European Federation of Geologists, as well as Fellow of the Society of Economic Geologists (SEG). With over 10 years of full-time exploration experience in MVT-style zinc-lead systems in several of the world's leading MVT provinces, Dr. Mlynarczyk 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'). Dr. Mlynarczyk consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears.

The information in this document that relates to previous exploration results was prepared pre-2012 JORC code. It is the opinion of Variscan that the exploration data is reliable. Although some of the data is incomplete, nothing has come to the attention of Variscan that causes it to question the accuracy or reliability of the historic exploration.

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.

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 San Jose 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 and a sub-parallel 3km trend from contemporary and historical data across both the Buenahora exploration and Novales mining permits.

The San Jose Mine is nearby (~9km) to the world class Reocin Mine which is the largest known strata-bound carbonate-hosted Zn-Pb deposit in Spain[1] and one of the world's richest MVT deposits[2]. Further it is within trucking distance (~80km) from the San Juan de Nieva zinc smelter operated by Asturiana de Zinc (100% owned by Glencore). Significantly, the Novales-Udias Project includes a number of granted mining tenements[3].

Novales-Udias Project Highlights

- Near term zinc production opportunity (subject to positive exploratory work)
- Large tenement holding of +100 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[4][5])
- Novales Mine is within trucking distance (~ 80km) from the zinc smelter in Asturias
- Classic MVT carbonate hosted Zn-Pb deposits
- Historic production of high-grade zinc; average grade reported as ~7% Zn[6]
- 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[7]
- Assay results of recent targeted grab samples taken from within the underground Novales Mine recorded 31.83% Zn and 62.3% Pb[8]
- Access and infrastructure all in place
- Local community and government support due to historic mining activity
- Maiden MRE of 1.08 Mt at 10% Zn established in Q4/2023

[1] 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' Econ. Geol. v.98, pp. 1371-1396.
[2] Leach, D.L., Sangster, D.F., Kelley, K.D., Large, R.R., Garven, G., Allen, C.R., Gutzner, J., Walters, S., (2005) 'Sediment-hosted lead-zinc deposits: a global perspective'. Econ. Geol. 100th Anniversary Special Paper 561 607
[3] Refer to ASX announcement of 29 July 2019
[4] 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.
[5] 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.
[6] These figures have been taken from historical production data from the School of Mines in Torrelavega historical archives.
[7] 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)
[8] Refer to ASX Announcement of 19 December 2020

Figure 7. Map of Novales-Udias Project Licence Areas with Udias Mine highlighted

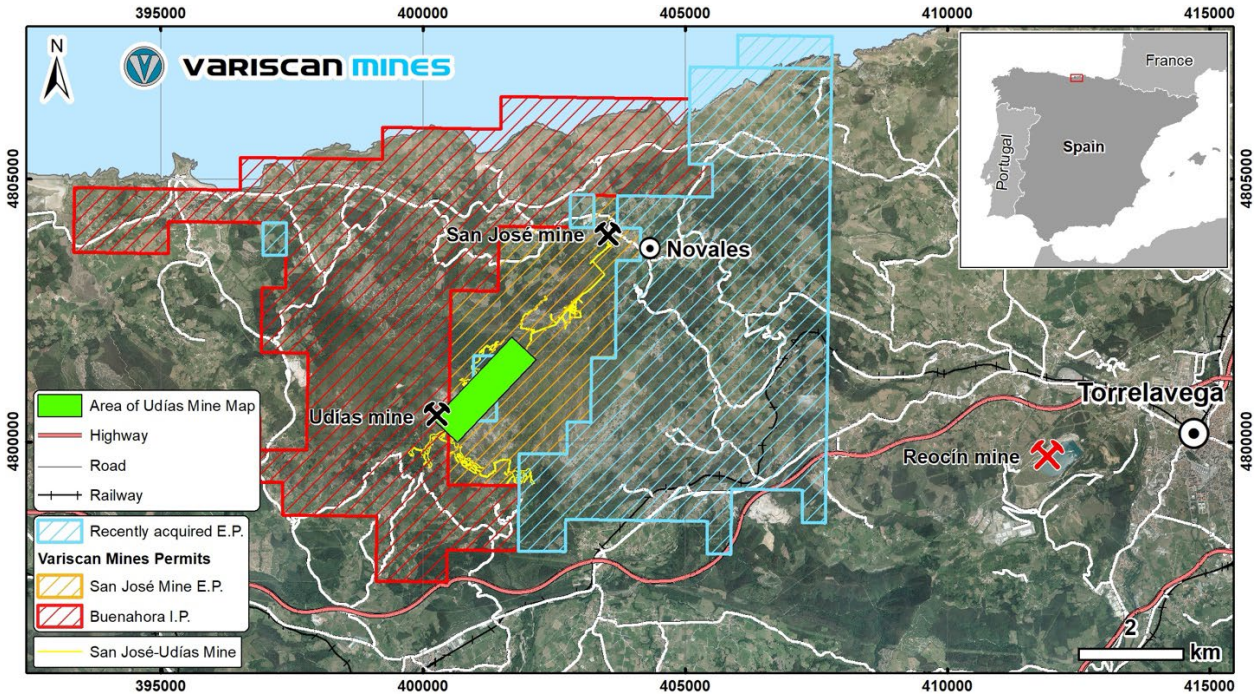

Figure 8. Map of Novales-Udias Project Licence Areas and local infrastructure