ASX Announcement | 25 March 2026

Variscan Mines Limited (ASX:VAR)

SAN JOSÉ MINE RESTART STUDY DEMONSTRATES ROBUST ECONOMICS

Highlights

- **San José Mine ReStart Study delivers economically attractive, 'starter operation' with 11-year mine life**
- **Attractive economics with low pre-production capital requirement; leverages the existing 1.6 km mine development reducing pre-production time (~2.5 years) and cost (~50% saving)**
- **Low sustaining capital expenditure and low capital intensity**

Parameter	Base Case Study Price EURO	Base Case Study Price AUD[1]	Current Price EURO	Current Price AUD
Total Revenue	€186m	A$326m	€226m	A$396m
Free Cashflow (After Tax)	€53m	A$93m	€75m	A$131m
NPV_5 (After Tax)	€38m	A$67m	€55m	A$96m
IRR	45%	45%	64%	64%
Payback Period	3.8 yrs	3.8 yrs	3.2 yrs	3.2 yrs
Period to Positive Cashflow (After Tax)	2.1 yrs	2.1 yrs	1.6 yrs	1.6 yrs
Pre-Production Capital Cost	€19m	A$33m	€19m	A$33m
NPV_5 / Pre Production Capex	2.1x	2.1x	3.0x	3.0x
Total Capital Cost	€27m	A$47m	€27m	A$47m
Total Cash Cost	€63/t	A$110/t	€63/t	A$110/t
Total Metal Produced (Zn, kt)	82.7	82.7	82.7	82.7
Total Metal Produced (Pb, kt)	9.7	9.7	9.7	9.7
Zinc Price	US$2,932/t	US$2,932/t	US$3,341/t	US$3,341/t
Lead Price	US$1,940/t	US$1,940/t	US$1,956/t	US$1,956/t

- **Only ~50% of the Project Mineral Resource Estimate utilized in the Study; significant scale-up potential to increase Mine Life**
- **Cash flow generated to fund increasing Mineral Resource inventory, production ramp-up, sustaining Group activities & asset portfolio development**

[1] EUR:AUD Exchange Rate of 1.75 applied throughout the Study

- **First concentrate production targeted for 2028**[2]
- **Funding discussions to prioritize non-dilutive financing, such as debt, royalty, streaming, grants & commodity off-take structures**
- **Zinc & Lead concentrate marketing outreach to commence working with exclusive Marketing Manager, Square Resources**

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

"The delivery of the San José Mine ReStart Study is a pivotal event. It illustrates the viability of recommencing mining operations at this former operational asset in a proven zinc district. The Study, for this 'starter operation' provides attractive financial returns and unlocks significant value for shareholders as well as providing a platform for further scale-up.

The Study outlines a compelling low-capital-cost opportunity for Variscan to transition to a zinc producer. Importantly, zinc and lead production from the San José Mine is targeted to provide free cash flow that will contribute to and significantly de-risk future production growth. Future scale-up opportunities may include bringing the adjoining Udias Mine into production and developing the significant land package of the wider Novales-Udias Project in the coming years, subject to successful exploration programmes and future studies".

The Mine ReStart Study will be available to download from the Company's website www.variscan.com.au

[2] Subject to capital, permitting, technical workstreams and commencing Early Works Package in 2026

IMPORTANT NOTICE / CAUTIONARY STATEMENT

The Mine ReStart Study ("**Study**") referred to in this announcement has been undertaken to determine the viability of recommencing underground mining at Variscan's San José Mine in Cantabria, northern Spain. The San José Mine forms a central part of the wider Novales-Udias Project (the "**Project**").

The Study has been produced to **Scoping Study** level, as defined in Clause 38 of the JORC Code (2012). It is a preliminary technical and economic assessment of the potential viability of the San José Mine to +/- 35% accuracy. It is based on low level technical and economic assessments that are not sufficient to support the estimation of Ore Reserves. The Study includes existing JORC 2012 Code Measured, Indicated and Inferred Mineral Resources defined with the San José Mine, with a production target derived from contained metal in the following categories: Measured (28%), Indicated (37%) and Inferred Mineral Resources (35%) over the Life of Mine. Investors are cautioned that there is a low level of geological confidence in Inferred Mineral Resources and there is no certainty that further drilling will result in the determination of Measured or Indicated Mineral Resources or that the production target will be realized. In the first 3 years of operation, the majority of Mineral Resources scheduled for extraction are Measured and Indicated, which supports the base case Payback Period of 3.8 years (3.2 years at current prices) and achieving positive cashflow generation within 2.1 years (1.6 years at current prices).

The Study is based on material assumptions outlined in this announcement, including assumptions about the availability of funding in the order of approximately €19m (A$33m). Investors should note that there is no certainty that Variscan will be able to raise the required amount of funding when needed. While Variscan considers all of the material assumptions to be based on reasonable economic grounds, there is no certainty that they will prove to be correct or that that outcomes indicated by the Study will be achieved.

Variscan has concluded it has reasonable basis for providing the production target and forecast financial information included in this announcement.

The Mineral Resources underpinning the production targets in this announcement were announced in the Mineral Resource Estimate ('**MRE**') published in December 2024 and have been prepared by a Competent Person in accordance with the requirements of the JORC Code 2012 Edition.

Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

EXECUTIVE SUMMARY

Variscan Mines Limited (ASX:VAR) ("Variscan" or "the Company") is pleased to announce the outcomes of its Mine ReStart Study for the former producing San José Mine in Cantabria, northern Spain. The San José Mine forms a central part of the wider Novales-Udias Project.

The Study has been completed to evaluate the viability of re-commencing zinc and lead mining from the former operational San José Mine. It demonstrates strong technical and economic outcomes which support the viability of re-commencing operations.

Variscan is seeking to initiate a 'starter operation' at the San José Mine utilizing only approximately 50% of the existing Mineral Resources[3] defined for the Project. Even so, the Study results highlight robust margins and economic returns. There is significant potential for production to subsequently increase as the wider Project develops.

All Mineral Resources included in the Study are contained within granted Mining Licenses in a proven zinc mining district that also hosted the world class Reocin Mine. The mining potential of the wider Project is not considered. The Study proposes utilising the existing base of operations at the existing mine site, already approved for mining and processing activities.

The strategy of the Company has been to leverage the inherent advantages of a brownfield operation to achieve early and low-capital-cost production. The Study indicates that the operation could realise that objective.

Variscan proposes to mine the resource by underground methods with initial treatment of the scheduled tonnes being conducted on site using a modular processing plant to produce zinc and lead concentrates. The Study base case assumes that zinc and lead concentrates will then be trucked to the San Juan de Neiva zinc smelter, which is approximately 175 km from the San José Mine, via the A-8 regional dual-carriageway highway.

Variscan is well advanced with the requisite approvals to commence production. Supplementary permits and engineering will allow Variscan to complete financing and Early Works activities prior to a Final Investment Decision ("**FID**").

The overarching principles underpinning the design philosophy of the Study for re-starting the San José Mine can be summarized as follows:

- Pragmatic approach taken in all areas to get operations started and cash flow generated.
- Initially a 'starter' operation to provide a platform for future production growth.

[3] Refer Variscan ASX Announcement 8 December 2024

- Leverage the inherent site advantages including the in-situ infrastructure and existing mine development.
- A low capital expenditure (capex) approach has been preferred.
- Utilising the historical experiences of the San José Mine, in order to 'make the mine restart more readily 'permittable' and 'permissible'.

Financial Summary and Key Production Outcomes

- Initial 11-year mine life with total production of 82,6 kt zinc (Zn) and 9,6 kt lead (Pb).
- Modular, 175 ktpa processing plant on the existing mine site, with land use approvals granted for mining and processing activities.
- Capturing significant capital and timetable savings utilizing existing site infrastructure and mine development.

Key Performance Indicators – Base Case Financial Outcomes

Parameter	€EURO	$AUD
Total Revenue	€186m	A$326m
Free Cash Flow (After Tax)	€53m	A$93m
NPV_5 (After Tax)	€38m	A$67m
IRR	45%	
Payback Period	3.8 years	
Period to Positive Cashflow (After Tax)	2.1 years	
Zinc Price	US$2,932/t Zn	
Lead Price	US$1,940/t Pb	

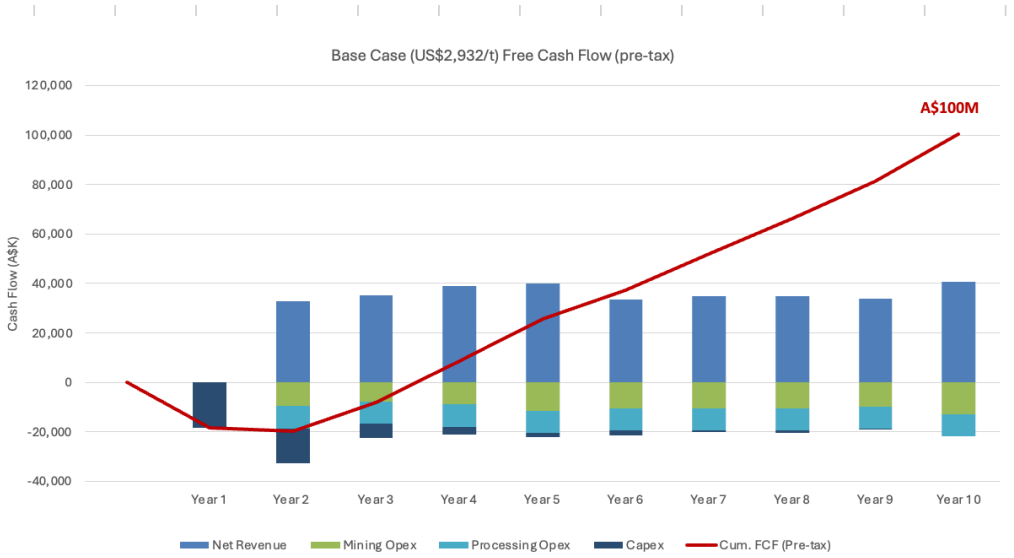

Figure 1. Estimated Annual Net Cash Flow vs Cumulative Free Cash Flow (Pre-Tax)

Key Performance Indicators – Base Case Capital Cost Estimates

Parameter	€EURO	$AUD
Pre-Production Capital Cost	€18.7m	A$32.7m
Plant, Property & Equipment Capital Cost	€2.7m	A$4.7m
Mine, Property & Development Capital Cost	€5.5m	A$9.6m
Total Capital Cost	€26.9m	A$47.1m

Key Performance Indicators – Base Case Unit Operating Cost Estimates

Parameter	€EURO	$AUD
Total Mine Opex (to portal Run Of Mine)	€29/t	A$51/t
Onsite Processing	€28/t	A$49/t
G&A Opex	€4/t	A$7/t
Cartage to Smelter	€1.5/t	A$2.6/t
Total Cash Cost	€63/t	A$110/t

Key Performance Indicators – Base Case Mine Physicals Outcomes

Parameter	Outcome
Total Metal Mined (Zn, kt)	93.9
Total Metal Mined (Pb, kt)	12.1
Total Metal Produced (Zn, kt)	82.7
Total Metal Produced (Pb, kt)	9.7
Total Tonnes mined (Mt)	1.6
Total Waste Tonnes (kt)	130
Total Rock Tonnes mined (Mt)	1.63
LOM Head Grade, Zn (%)	6.0
LOM Head Grade, Pb (%)	0.8

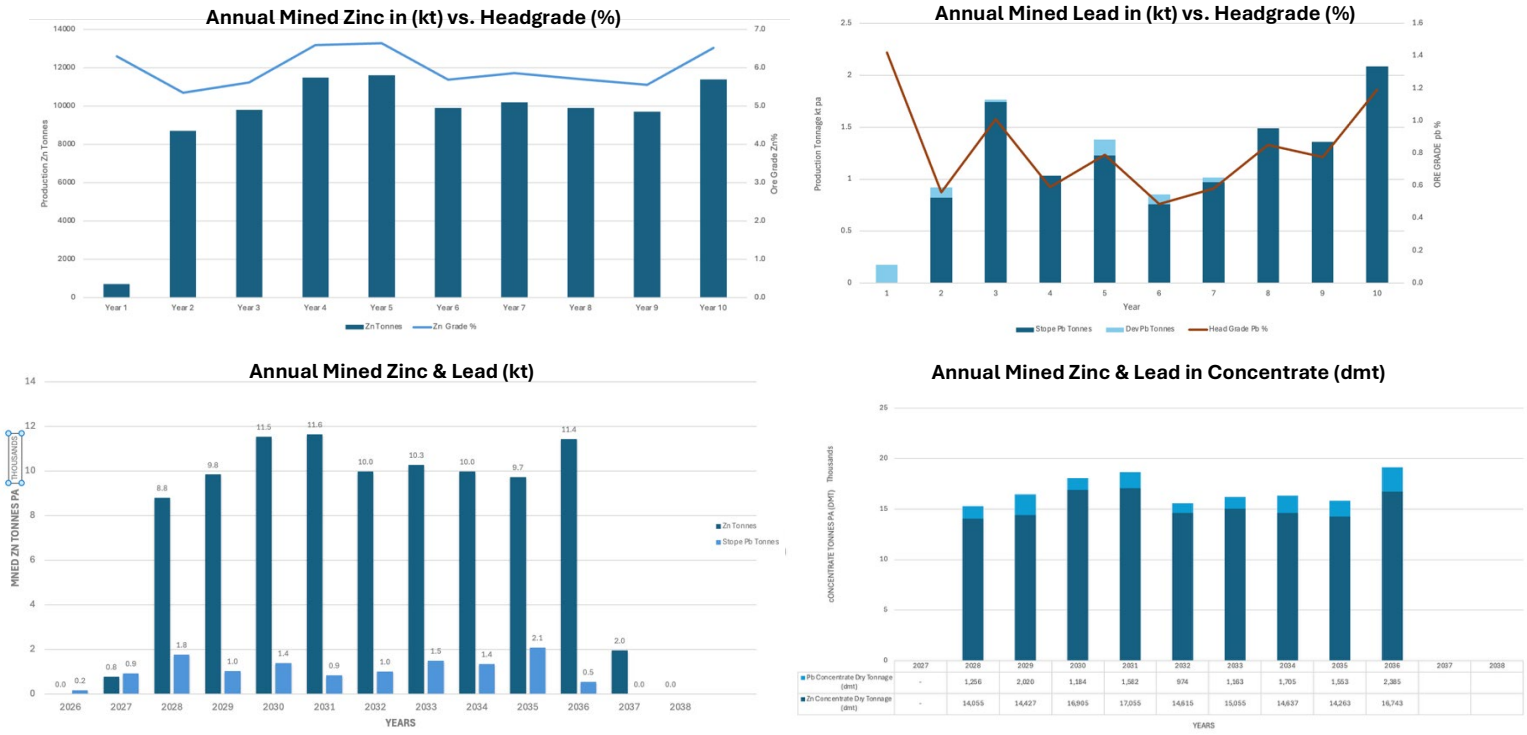

Figure 2. Summary Physicals & Financials with Annual Production Profiles (Zn and Pb)

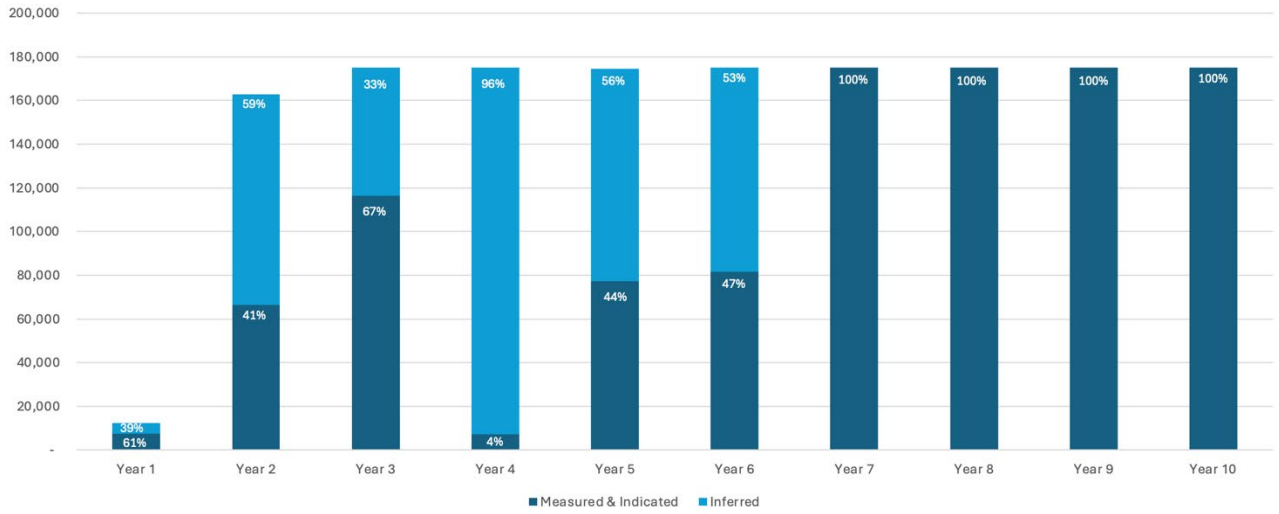

Figure 3. Mineral Resources Mined – Life Of Mine (Measured & Indicated vs Inferred Contribution)

Management have carefully considered the respective proportions of the Mineral Resources which make up the production schedule.

Based on the careful and considered study of the geology and the access provided by the existing substantive underground development the Company and its Engineering advisors have formed the view that over the Life of Mine the proportion (quantity) of Inferred Mineral Resources is not a determining factor of project viability.

Central to the reasoning is that operations are proposed within an existing mine environment, previously operating as late as 1999. The mine has substantive existing underground development which enables access directly to mineralisation. Variscan believe that the timing of the Inferred Mineral Resources in the production schedule is appropriate, as the most significant factor in determining project viability is the cost of underground mine development.

Variscan assess Years 1-3 to be most relevant when considering the early stage of the mine plan. This period constitutes the majority of the Payback Period and account for $^{3}/_{11}$ of the LOM. Over this period, Inferred Resources average 44%, with Measured & Indicated Mineral Resources in the arithmetic majority. This is higher than the industry average as reported by SRK Consulting[4].

Mine planning requires consideration of the geo-spatial environment. This is not a greenfield project, San Jose is a former operational mine. The mine plan has been developed deliberately to accommodate the existing workings and utilise them beneficially.

The tonnage scheduled for extraction reflects the practical and pragmatic approach recommended by the Company's consulting mining engineers, logically accessing the tonnage closer to existing mine development.

[4] Refer SRK Consulting (2021) 'Linking Mineral Resource and Mineral Reserve Classification with Techno-Economic Study Levels'.

The Company also considered geology. The Inferred Mineral Resources are surrounded by and enveloped around by Measured and Indicated Mineral Resources. This is consistent with the style of deposit type (MVT). There is a proven track record of converting Mineral Resources into higher confidence categories (including Ore Reserves historically), and that Inferred Resources are co-located with Measured and Indicated Mineral Resources and substantial mine development. This provides greater confidence and justification for their inclusion in a mine plan that is realistic.

Our approach, when considering all modifying and determining factors has been guided by the overarching principles underpinning the design philosophy, which are derived from the consequence of having a brownfield, former operational asset.

Next Steps

Variscan intends to continue to advance with financing and development activities working towards a FID. Ongoing exploration, notably underground drilling will continue concurrent to the workstreams at the San José Mine (see Figure 4).

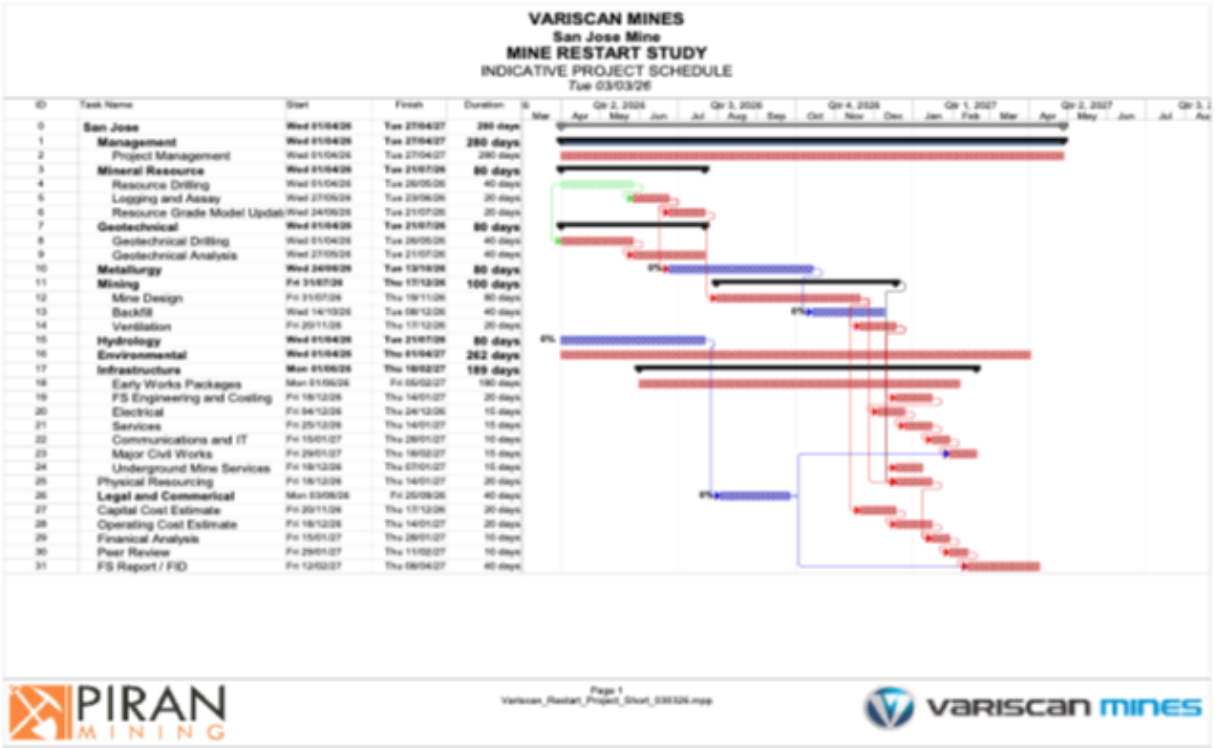

Figure 4. San José Mine Execution Schedule

Property Description, History and Ownership

- The Project is located in a proven Zn mining district, well endowed with shallow underground base metal mines, including the world-class Reocín Mine (approx. 9 km to the south east; Figure 5), that closed in 2003.
- All of the Project tenure held by Variscan Mines in Cantabria is 100% owned and held by Variscan Mines Cantabria S.L.; a 100% owned Spanish subsidiary of Australian incorporated and ASX-listed, Variscan Mines Ltd.
- The present tenure of Variscan over the Project consists of 10 adjacent permits totaling 400 mining *cuadricules* that correspond to an area of c. 111.10 km^2. The centrally located 12.22 km^2 San José permit is a granted exploitation (mining) permit and hosts the entire area of mining from the San José Mine in the Study – see Figure 5.
- All permits are in good standing.
- No environmental or social license issues that could affect ongoing works within these licenses are known, nor any issues with tenure or permission to operate in this area.

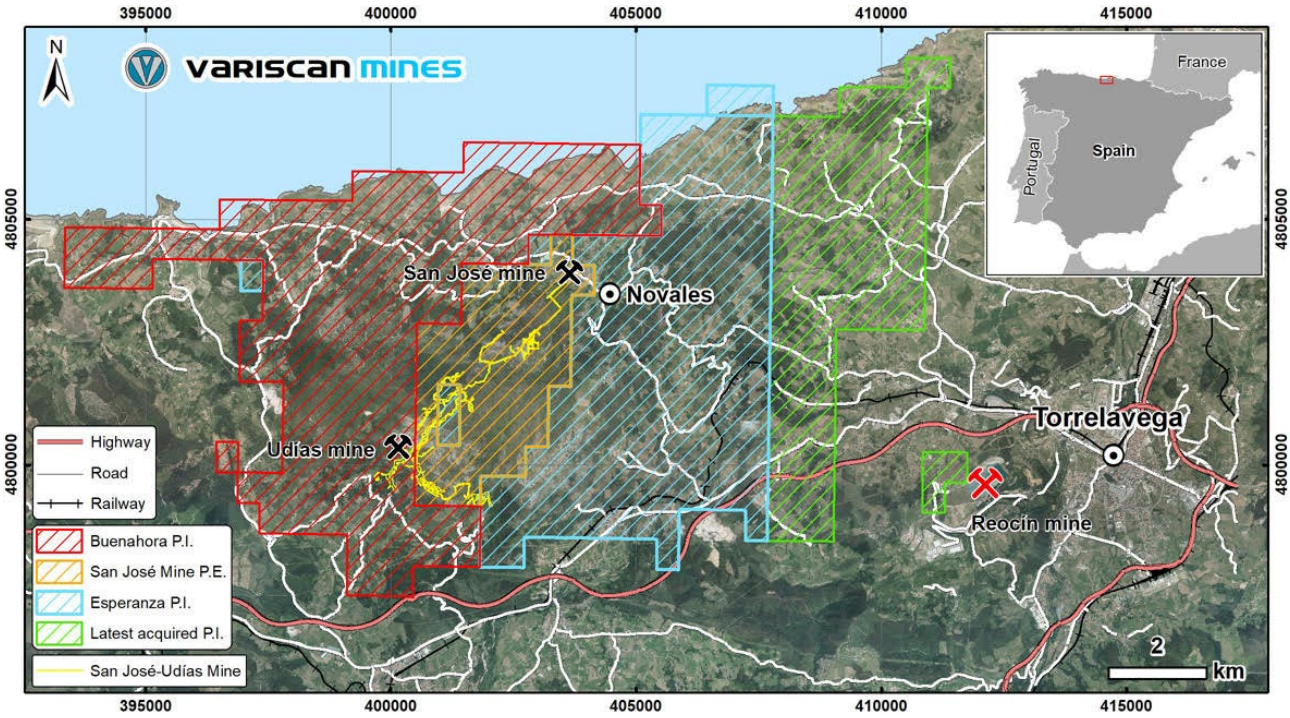

Figure 5. Map of Novales-Udias Project Licence Areas

- The first underground works at the San José Mine in Novales, as well as in the neighbouring mines on the hills in the surrounding area commenced prior to the 2nd World War. From the 1950s to 1989 the majority of exploration and production took place, being operated by Real Compañía Asturiana de Minas until its acquisition by Asturiana de Zinc (later acquired by Xstrata).

- Based on historical records, the production of the San José Mine between 1970 and 1988 is estimated to have been approximately 560,000 tonnes, with an average run of mine grade of 6.3% Zn and 1.9% Pb.
- In 1989, the San José Mine was sold to a local Spanish company, Hispanibal S.L. ('HSP') that mostly focused its mining operations on exploitation of the already identified mineral resources and produced zinc and lead concentrates until 1999. The mine went into care & maintenance status in 2002, but officially remaining 'active' until the present time due to ongoing activities.
- The San José Mine site is owned by HSP with whom Variscan initially entered into a Cooperation & Partnership Agreement in 2019.
- The 31,199 m^2 mine site is already permitted for use for mineral exploration, development and mining activities and provides access to the main portal of the underground San José Mine.
- In 2024, Variscan a signed a new agreement to lease the mine site and facilities for a period of 3 years and extendable up to 6 years, at the option of Variscan, at a competitive, commercial rate in line with prevailing local norms for industrial sites[5].

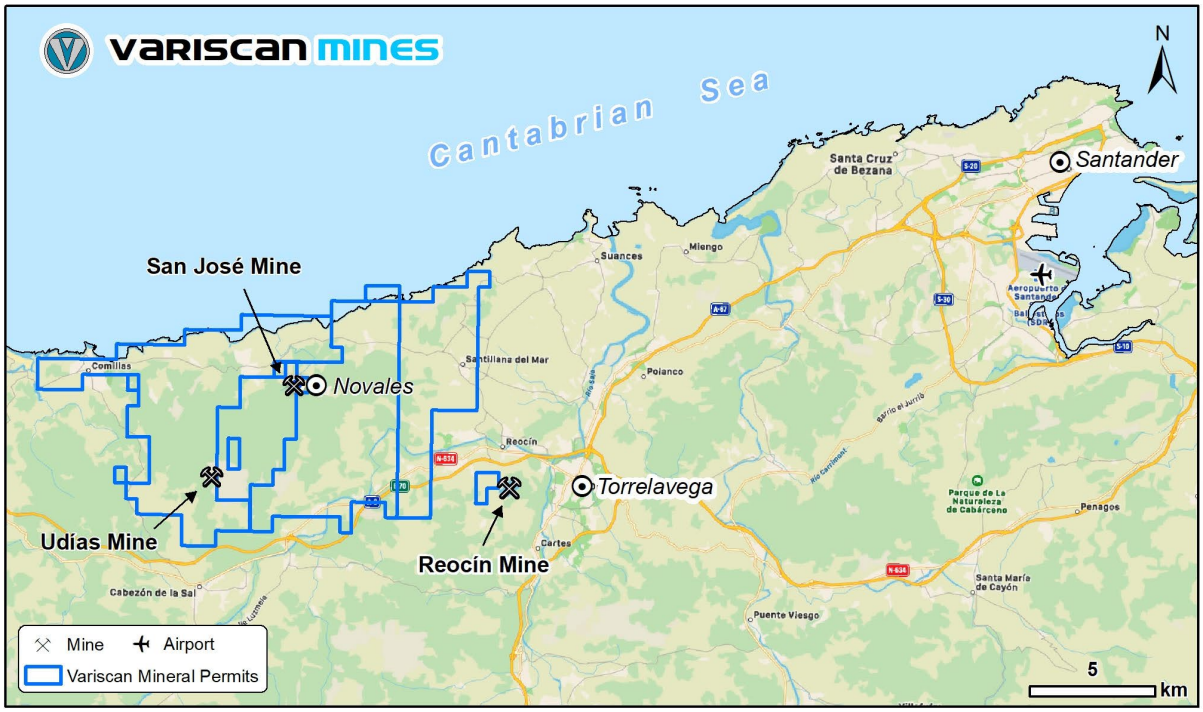

Figure 6. Map of Novales-Udias Project Licence Areas and local infrastructure

[5] Refer Variscan ASX Announcement of 28 January 2024

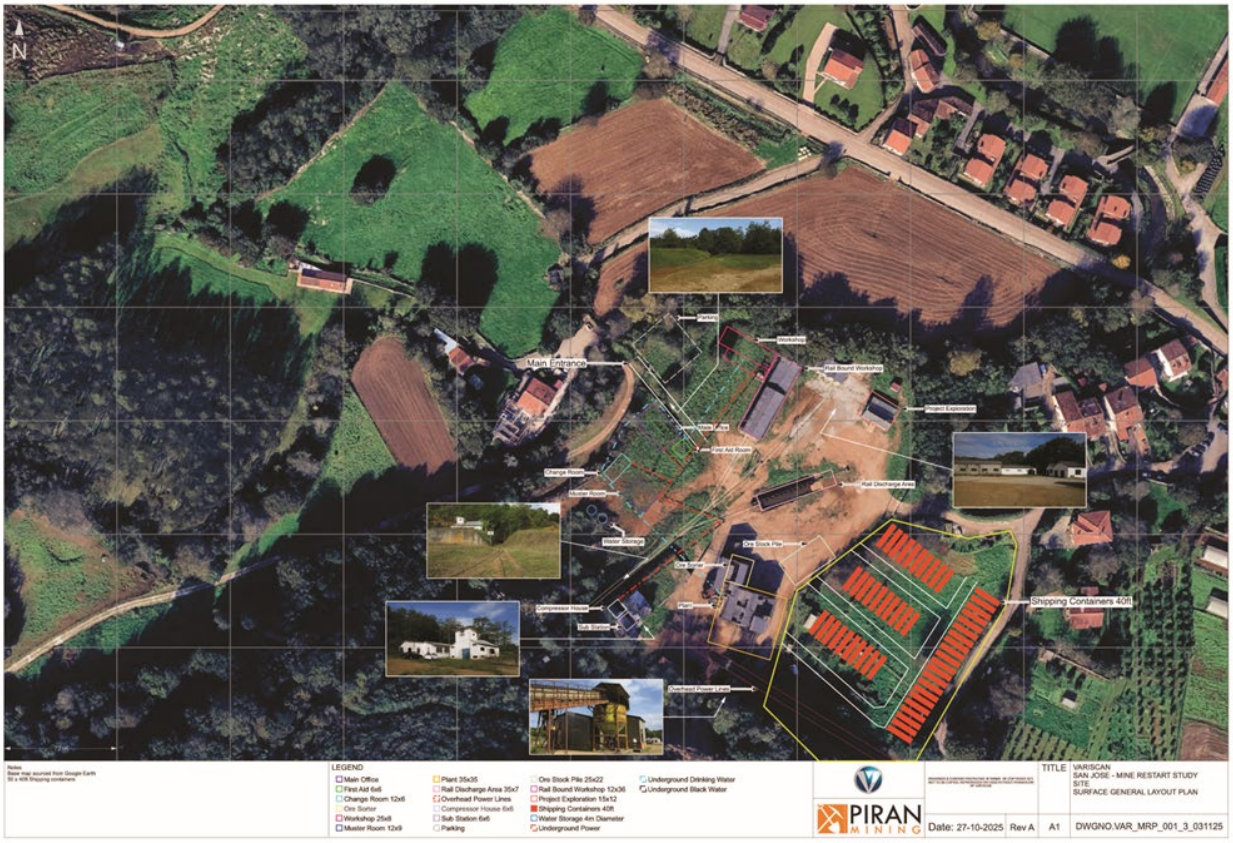

Figure 7. Aerial View of existing mine site facilities with projected new additional facilities shown

Geology

- Northern Spain hosts three principal regions of carbonate-hosted Zn-Pb deposits classified mostly as Mississippi-Valley Type ("**MVT**").
- Centrally, the Basque-Cantabrian Basin hosts five mineralised districts. The largest single producer to date is the world-class Reocín Mine from the Santander District with an original Mineral Resource of 87Mt @ 11% Zn and 1% Pb[6]. The total metal endowment of the deposit, including past production and remaining reserves, has been revised and stated as approximately 62 Mt grading 8.7% Zn and 1.0% Pb[7]. This district also hosts the MVT deposits of the Novales-Udías Project, located 9 km to the NW of Reocin.
- The Project lies within an extensive MVT Zn-Pb mineral field that stretches in a north-easterly direction for over 12 km from Udías in the SW, through San José, Oreña, to Ubiarco on the coast, named by Variscan as the '**Novales Trend'.**

[6] Porter GeoConsultancy Pty Ltd. Available at: https://portergeo.com.au/database/mineinfo.php?mineid=mn131
[7] 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.

- Zinc mineralisation is hosted by a distinctive unit of grey ankeritic dolostone (10-300 m thick, weathering to orange-brown colors) that is underlain and overlain by white limestone of Gargasian (Upper Aptian) age.
- Zinc deposition is interpreted to be strongly controlled by subvertical, NE-trending plumbing structures that circulated deeper-seated metal-bearing fluids from the underlying pre-Urgonian siliciclastics, but also by the presence of favourable stratigraphic horizons whereby permeable and reactive carbonate host rocks provided the required open spaces for the inferred fluid mixing and mineral deposition.
- The San José deposit is principally a Zn deposit with subordinate Pb, both of which mostly occur in sulphide form. The host rock is invariably dolostone, which effectively is the product of multi-stage hydrothermal alteration processes and which preferentially replaced the middle part of the several hundred meters-thick Gargasian (Upper Aptian) limestone unit, and occurs in a variety of textural styles and colors.
- Mineralisation at San José is typically stratiform, confined to flat-lying horizons and lenses ranging in thickness from 30 cm to several m and that occur in a stacked manner along what are inferred sub-vertical, normal, laterally-extensive feeder faults.
- Mineralised zones typically form series of sub-parallel 'elongated corridors' of stacked lenses with a combined total thickness attaining 100 m (including the interlayered barren dolostone intervals) and lengths exceeding 500 m.
- Mineralogy is simple, consisting of zinc blende (sphalerite), subordinate galena, and only occasional traces of marcasite.
- Grades vary from <1% to >45% Zn, with subordinate Pb (typically <3%, except for areas adjacent to mineralised faults where it can reach grades of c. 50%), whereas the values of silver are low, c. 15 ppm, in good agreement with the "classic" low-temperature style of mineralization.

MVT – Deposit Type

- MVT deposits are a style of low-temperature zinc-lead sulfide deposits hosted by platformal carbonates.
- MVT deposits are generally characterised by a stratiform style of development (flat-lying, tabular / lens-like / podiform orebodies), exhibiting multiple horizons, where the lowermost horizons are typically best mineralized, both in terms of grade and tonnage.
- MVT deposits commonly occur at shallow depth (<100-300m) and generally occur in clusters, providing for sizeable mineral resources.
- Grades of zinc sulfide deposits are typically high (6-12% Zn) and their metallurgy by flotation and electrolysis processes normally yields high-quality concentrates.

Mineral Resource Estimate

- Asturmine prepared the most recent MRE for the Novales-Udías Project which was published in December 2024[8].
- The MRE was completed in accordance with the JORC Code (2012), integrating both historical and modern exploration data to provide a comprehensive evaluation of the deposit.
- A robust database of 1,331 drill holes forms the basis of the MRE. Historical drilling accounts for 81.7% of the data, while modern campaigns conducted between 2020 and 2024 contribute the remaining 18.3%.
- The MRE for the Project (3.4Mt @ 7.61% Zn, 0.88% Pb) is comprised as follows in Figure 8.

Deposit	Mineral Resource Classification	Tonnage (t)	Grade			Contained Metal		
			Zinc (%)	Lead (%)	Zinc + Lead (%)	Zinc (t)	Lead (t)	Zinc + Lead (t)
San Jose	Measured	480,254	9.18	1.80	10.98	44,064	8,654	52,718
	Indicated	641,881	8.69	1.50	10.19	55,782	9,607	65,389
	Measured & Indicated	*1,122,135*	*8.90*	*1.63*	*10.53*	*99,845*	*18,262*	*118,107*
	Inferred	615,304	8.15	1.03	9.18	50,121	6,356	56,477
	Sub-total	*1,737,439*	*8.63*	*1.42*	*10.05*	*149,966*	*24,618*	*174,584*
San Jose (NE)	Inferred	931,608	5.72	0.20	5.92	53,306	1,860	55,165
Udías* (NE)	Inferred	709,533	7.60	0.47	8.07	53,915	3,316	57,232
Total	Measured	480,254	9.18	1.80	10.98	44,064	8,654	52,718
	Indicated	641,881	8.69	1.50	10.19	55,782	9,607	65,389
	Measured & Indicated	*1,122,135*	*8.90*	*1.63*	*10.53*	*99,845*	*18,262*	*118,107*
	Inferred	2,256,445	6.97	0.51	7.48	157,342	11,532	168,874
	Total	**3,378,580**	**7.61**	**0.88**	**8.49**	**257,187**	**29,794**	**286,981**

Figure 8. JORC-compliant MRE for San José Mine and north-eastern Udías by deposit and classification reported above a 2% Zn+Pb cut-off

Notes:

- *Mineral Resource table classified by deposit and reported in accordance with the JORC Code (2012).*
- *No 3D underground mining model is available for the Udías deposit (*). As a result, all resources in this area have been classified as Inferred and their actual value may be lower than reported*

- Only 50% of the existing MRE has been applied to the San José Mine operation in this Study (1.7Mt @ 8.63% Zn, 1.42% Pb) – see red box in Figure 8. This provides an appropriate level of confidence in categories of Mineral Resources used for deriving production targets and economics.
- Of the 1.7Mt, 67% of the contained metal is classified as Measured and Indicated and does not require any further drilling from a resource confidence aspect. The balance of 33% is classified as Inferred.

[8] Refer Variscan ASX Announcement 8 December 2024

- There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target will be realised.
- JORC MRE for San José Mine and north-eastern Udías by deposit is shown in plan view in Figure 9
- JORC MRE for San José Mine by resource classification is shown in 3D in Figure 10

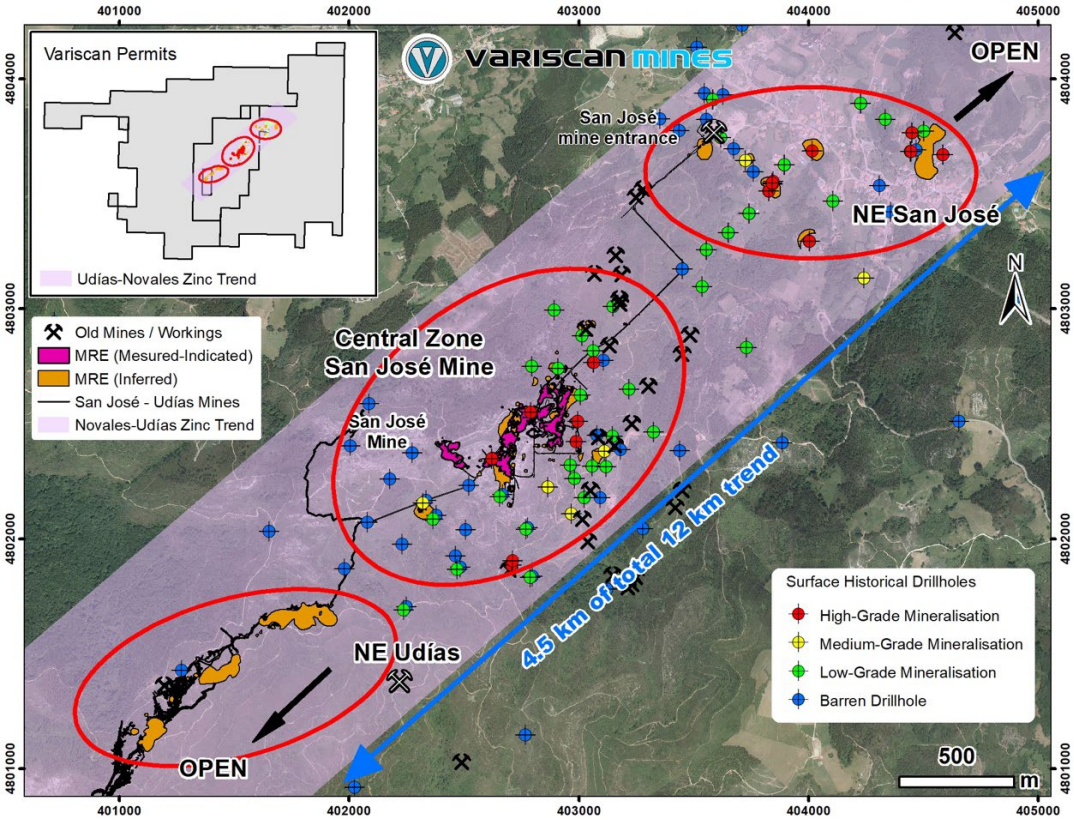

Figure 9. Plan View of JORC MRE for San José Mine and north-eastern Udías by deposit – only Mineral Resources contained in the Central Zone, San José Mine are utilised in the Study.

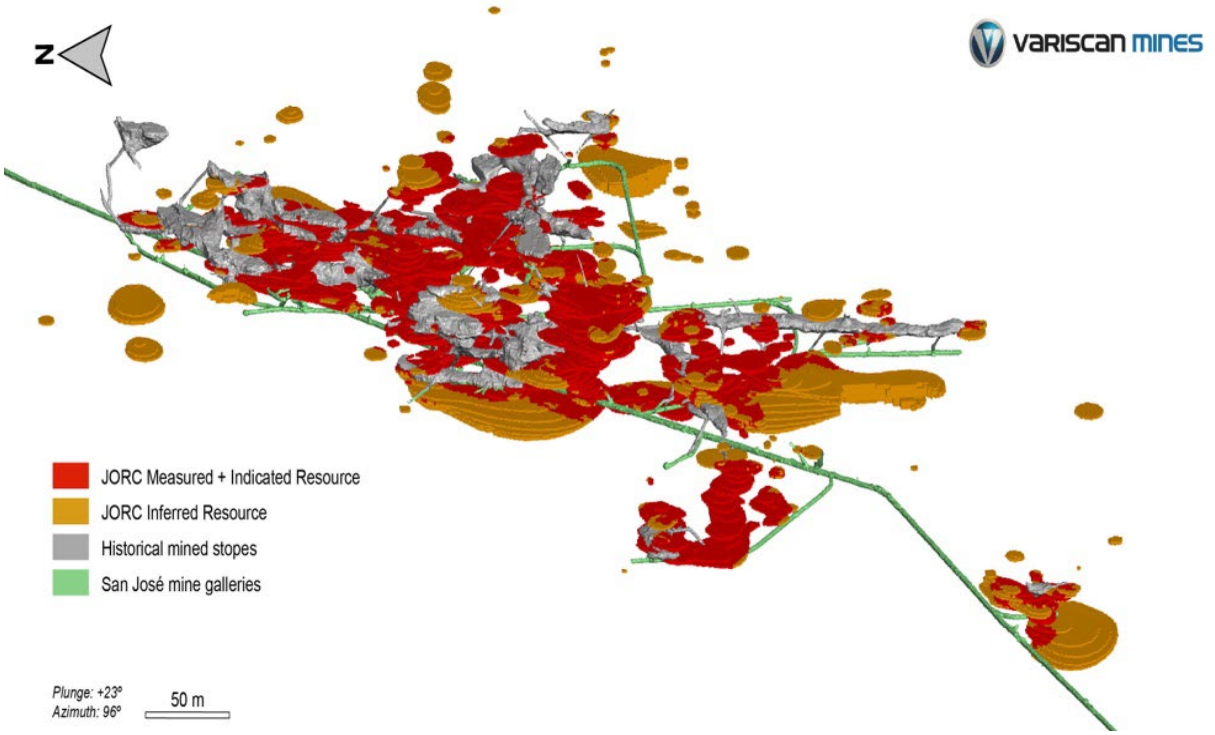

Figure 10. 3D View of MRE categories at the San José Mine

Geotechnical

- Three key areas of focus that have formed the Study geotechnical appraisal are an understanding of:
    - stope stability;
    - pillar stability; and
    - ground control systems.
- The geotechnical environment of the San José Mine can be summarised as a competent rock mass within a low stress regime.
- Core samples for geotechnical testing were obtained via surface PQ diamond drilling, undertaken by Variscan in November 2022.
- 12 of the 17 PQ drill core samples (70%), achieved Uniaxial Compressive Strength ('UCS') results that can be described as ranging between Moderately Strong to Very Strong (36 MPa – 108 MPa). One sample rose as high as Very Hard to Extremely Strong achieving a UCS result of 145MPa.
- Assessed as a low in-situ stress environment, confirmed from underground observations.
- The existing underground mine is located in an area that is classified to be within a region of low seismic risk.
- The existing naturally supported stopes currently remain in a stable state, so stope reinforcement is not considered necessary.

- Based on back analysis of existing development the estimated Mining Rock Mass Rating (MRMR) indicates the proposed ground support system consists of bolts and plates in only new areas of lateral development.
- Overall, the geotechnical environment is considered to be very amenable to open stoping with minimal artificial support or rock reinforcement requirements.

Mine Access

- The existing San José Mine portal to underground workings provides access to the proposed area of future mining operations.
- The mine portal is serviced by rails that feed the surface ROM area and rail bound workshop facilities. It is proposed for the restart of operations that these rails are to be refurbished to provide immediate haulage capacity within the existing drive dimensions.
- The existing portal and mine access is considered suitable due to:
    - Substantial time and cost saving versus developing an alternative access;
    - The portal and main gallery are located at an elevation that is close to optimal for extraction of the identified mining areas;
    - There is no requirement to re-establish dewatering and related drainage;
    - Battery powered rail haulage is a reliable, low tech, system that provides a clean alternative to diesel based haulage systems;
    - The main gallery rail haulage system is adequate for the proposed tonnage rate, matched to the proposed processing plant capacity; and
    - Minimal rehabilitation of the existing portal area is required permitting a rapid recommencement of mine development activities.

Mine Design

- The proposed mine design integrated with the existing development permits a relatively low-cost method of accessing the current Mineral Resources while enabling production at the required steady state tonnage.
- This approach has ultimately led to the selection of a mining method that primarily focuses on longhole open stoping without fill, and airleg mining in select areas not easily accessible or considered unviable using larger scale trackless machinery.
- The mine design utilises the existing portal for mine access to minimise pre-production development cost and time.
- A plan view of the Life of Mine ('**LOM**') Development Design and Stoping Areas with Current As-builts is shown in Figure 11.
- Each stoping area is accessed by a level access drive with a link to the main access.
- Horizontal development will vary from stope to stope depending on location in relation to the existing workings.

- All horizontal level development is designed at 3.0 m width x 3.0 m height, which provides sufficient area to accommodate a small underground loader (also known as LHDs or 'boggers') with a bucket capacity range of typically 1.5 – 3 yd^3) with adequate allowance for ventilation and development mine services such as water, power and compressed air. The LHD will be the largest form of mobile equipment operating in the mine.
- All lateral development will be mined using skid-steer pneumatically powered Jumbo rigs.
- Three types of vertical development are included in the mine design. These include, return air raises, escapeway raise and orepass raises to feed down to the main rail access.
- The return raises are designed to exhaust air to the Pozomadrono shaft within the connected Udias Mine.
- An orthogonal View of the Concept Design showing Location of OP's, RAR's and Escapeway is shown in Figure 12.
- Stope designs are based on maximising grade, reducing required capital and operating development and maximising efficiency of extraction by mechanising the majority of the mine for quicker turnaround time.
- The primary method of extraction is long hole open stoping and the secondary method is airleg shrinkage which was historically utilised at the mine.
- For stope definition, MSO™ (Mineable Shape Optimizer) software was used to assess the mineral resource model based on various input parameters such as cut-off grade and minimum mining widths.

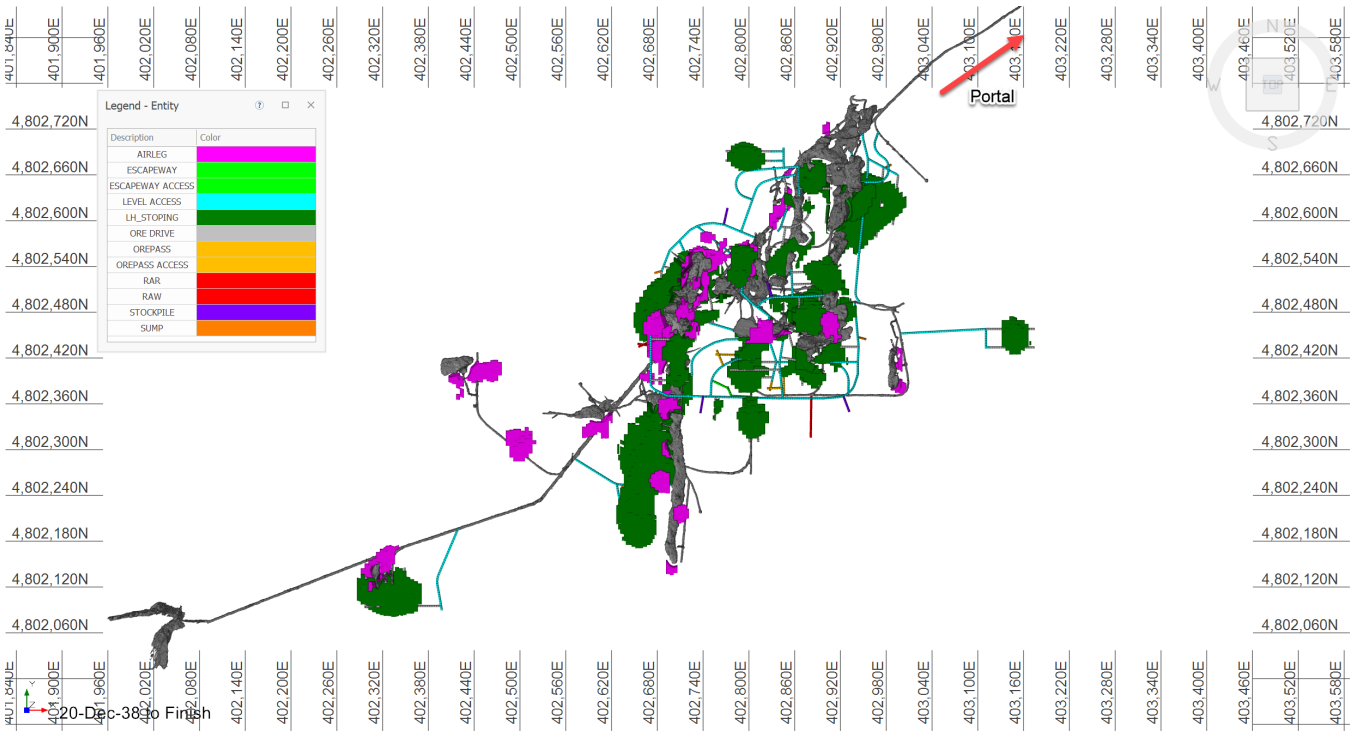

Figure 11. Plan view of LOM Development Design and Stoping Areas with Current Asbuilts

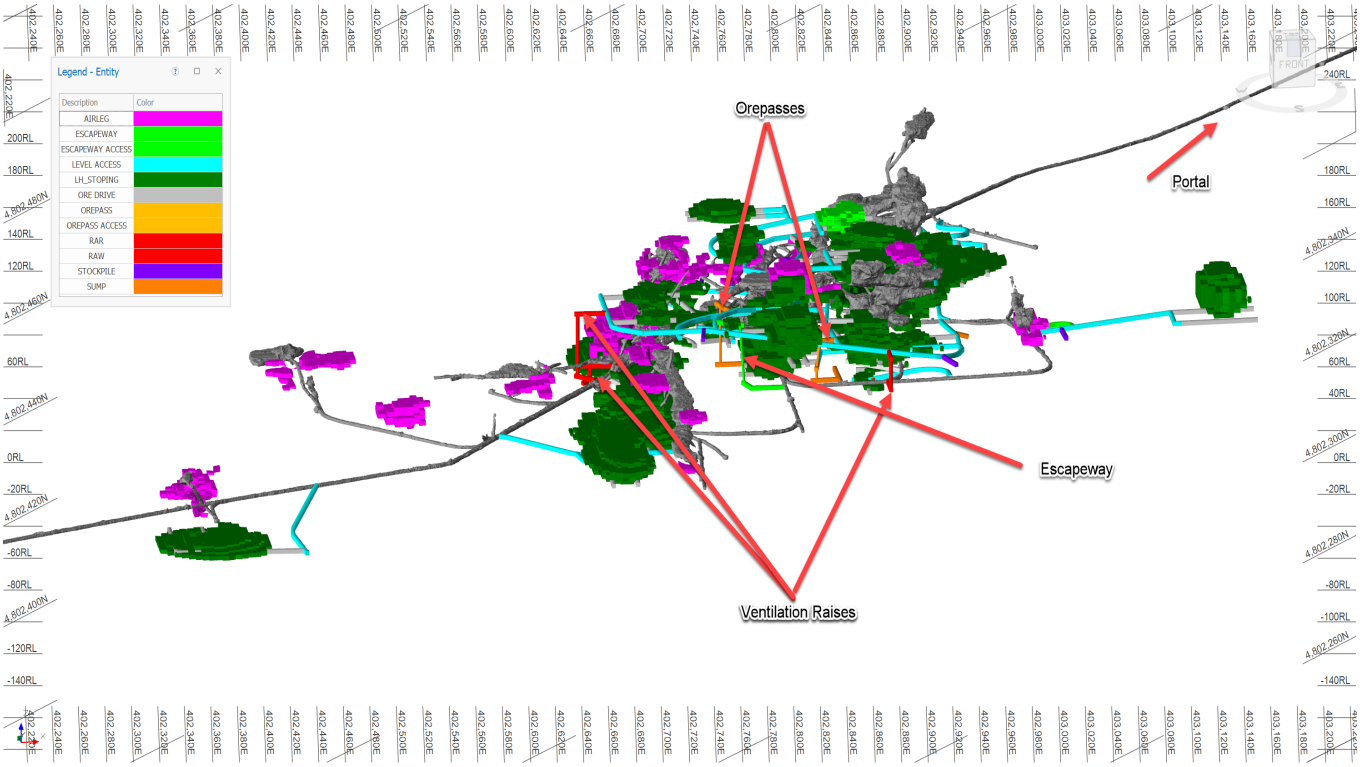

Figure 12. Orthogonal View of the Concept Design showing Location of OP's, RAR's and Escapeway

- Applying stope modifying factors, the MSO shapes require a recovery factor of 81% for the longhole stope tonnes and a recovery factor of 84.5% of the in-situ stope metal content.
- For materials handling, re-instating the previous materials handling system, to avoid additional pre-production capex and additional lead time to production was evaluated.
- The capacity of the refurbished rail / materials handling system is sufficient to meet the proposed production rate of approx. 175 ktpa (a higher rate than historical output achieved).
- An initial track condition survey has been conducted by Varsican to support the Study assumptions, but further engineering is required to support the refurbishment.

Mine Scheduling

- Mine schedule based on 11-year operation.
- Key Start Up Dates:
    - Early Works to be conducted in 2026 (Year 0).
    - Year 1 is defined as the first year of underground mining. Year 1 is a development year with focus on getting key stoping areas developed before production commences the following year.
    - Year 2 is estimated to be the first year of stope production.

- San José stoping has been sequenced as a top-down retreat stoping operation. The key driver for this sequence is ease of access and maintaining non-entry longhole stoping.
- Key mine physicals are summarized in in Figure 2.
- The LOM production is estimated to be approximately 1.6 Mt
- Approximately 4% of the resource is produced from Jumbo development while the remaining 96% is estimated to be produced from stoping activities.
- The LOM Zn metal production is estimated to be approximately 93.9 kt Zn mined.
- The average Zn grade is estimated to be 5.9% Zn mined.
- At full production, the 12-monthly average for 2030 to 2037 is 10,152 Zn tonnes per year. The ratio of development to production Zn tonnes is approximately 4% to 96% respectively.
- The LOM lead metal production is 12 kt Pb tonnes.
- The average mined Pb grade is estimated to be 0.8% Pb.
- At full production, the 12-monthly average for 2030 to 2037 is 1,312 Pb tonnes per year. The ratio of development to production Pb tonnes is approximately 5% to 95% respectively.
- Total LOM lateral development is estimated to be approximately 7.5km, with the 12-monthly average between Year 1 and Year 6 approximately 1 km/year. The total LOM vertical development is estimated to be approximately 300 m, with the 12-monthly average between 2030 and 2033 equal to 77 m per year.
- The total mined rock tonnage over the life of mine is approximately 1.7 Mt, of which 93% is from production and development (1.6 Mt), and the remaining 7% is waste (130 kt).

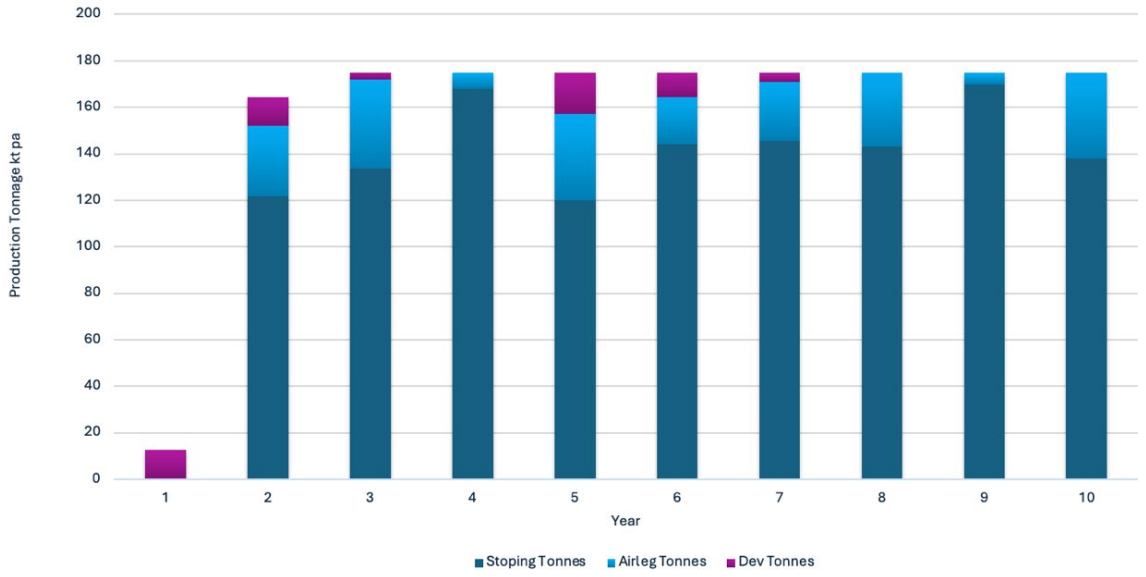

Figure 13. Annual profile of scheduled tonnage by mining method

- The total LOM production drilling requirement is estimated to be approximately 200,000 drill meters, with the 12-monthly average of the production years between Year 2 and Year 10 estimated to be 22,000 drill meters pa.

Physical Resources

- The Study assumes that the San José Mine will be run using an Owner Mining strategy
- The total human resource requirement for the operation of the San José Mine is estimated to be 123 personnel across the LOM, as summarised in Figure 14.

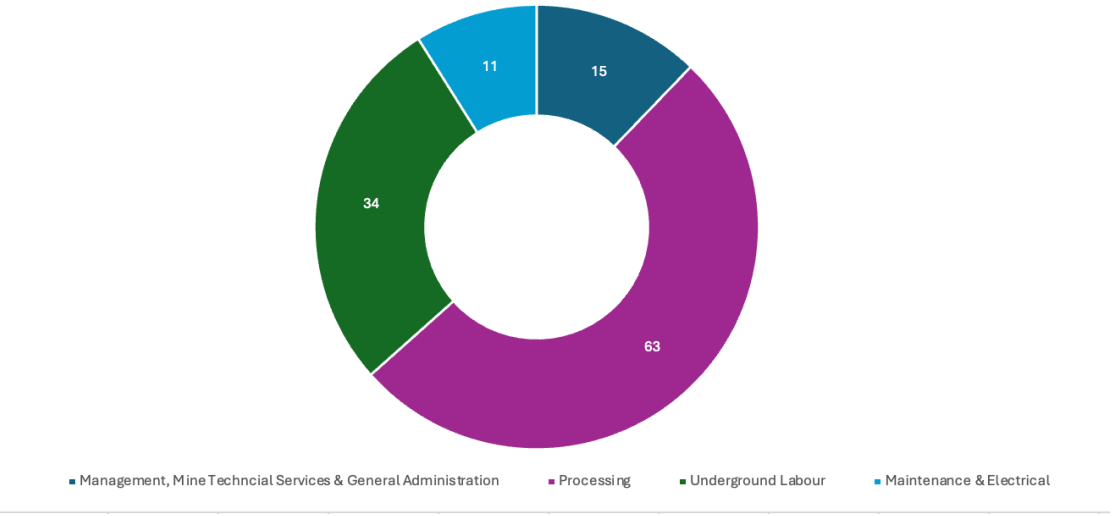

Figure 14. Estimated Total Human Resources Requirement by Function

- Mobile equipment required:
    - A twin boom pneumatic jumbo for all lateral development. Two jumbos will be required from 2027 to advance the development required to access stopes by 2028.
    - Pneumatic longhole production drill rigs to drill the longhole stopes and any ad hoc ancillary drilling that may be required once the mine is in full production. Longhole drilling will commence in 2028. Two rigs will be required in from 2029 to 2031 in order to maintain sufficient drill stocks to meet production demands.
    - Loader requirements for both development and stoping activities are based on a 2-3 yd^3 bucket capacity diesel loader.
    - Handheld airleg mining will be required primarily for narrow vein stoping activities. Airleg stoping will commence in Year 2 where it is estimated 6 airlegs units will be required, supported by traditional scraper/ winch units. It is also proposed that airleg mining will be utilised for any raise mining required that cannot be achieved through conventional longhole drill and blast methods.

Metallurgy

- Grinding Solutions Limited ("**GSL**") was contracted by Variscan, having consulted with Piran Mining, to undertake initial validation testing on samples from the San José Mine. Testing utilised previous operational plant data and separation methods.
- Pre-concentration methods were also evaluated to determine whether process plant sizing could be reduced while still maintaining targeted mine extraction rates.
- Following conclusions were drawn from metallurgical testwork:
    - Based on a bulk sample head grade of 11.1% Zn and 4.6% Pb
    - Pre-concentration testing was very amenable for both ore sorting and HLS/DMS
        - Ore sorter product giving 43.3% mass rejection and a flotation head grade of 7.3% Pb and 18.5% Zn at 94.9% Pb recovery and 94.9% Zn recovery
        - Ore sorter and HLS/DMS product giving 51.8% mass rejection and a flotation head grade of 8.6% Pb and 22.2% Zn at 94.4% Pb recovery and 94.4% Zn recovery
        - Based on performance and relative mass flowrate it was suggested that initial operation may be undertaken with ore sorting alone to reduce upfront capital expenditure and lower operating costs
        - (Note: Downstream testing undertaken on ore sorted product only)
    - Comminution data showed the material very easy to grind and moderate to soft for grindability:
        - Crushability at 63% and very easy
        - Abrasion 180 and slightly abrasive
        - BRWi 9.84 kWh/t showing moderate grindability
        - BBWi 7.98 kWh/t showing soft grindability
    - Flotation testing was carried out with a single open circuit test ('**OCT**') providing indications of potential grade and recovery for both Zn and Pb process streams
        - Zn Cl3 concentrate grade of 68.0% at 90.2% recovery
        - Pb Cl3 concentrate grade of 79.5% at 80.7% recovery
        - Results suggested that a single stage of cleaning would be sufficient to achieve target grades for both Pb and Zn showing potential for further recovery improvements

Processing & Plant Design

- Appropriate Process Technologies ("**APT**") was invited to submit a conceptual design and costing for a 175 ktpa crush, mill and float concentrator plant.
- Plant design based on a single-stage crushing circuit for preparation of the run of mine material to feed an ore sorter system, followed by further crushing and milling of the sorter product. Mill product is fed into a two-circuit differential float to produce separate lead and zinc concentrates.

Due to the low throughput of the plant, an emphasis was placed on a simplified circuit using reliable, low-cost equipment with a minimal amount of instrumentation, automation and control.

- Zinc flotation follows a Rougher – Cleaner circuit as indicated in the flowsheet shown in Figure 15.

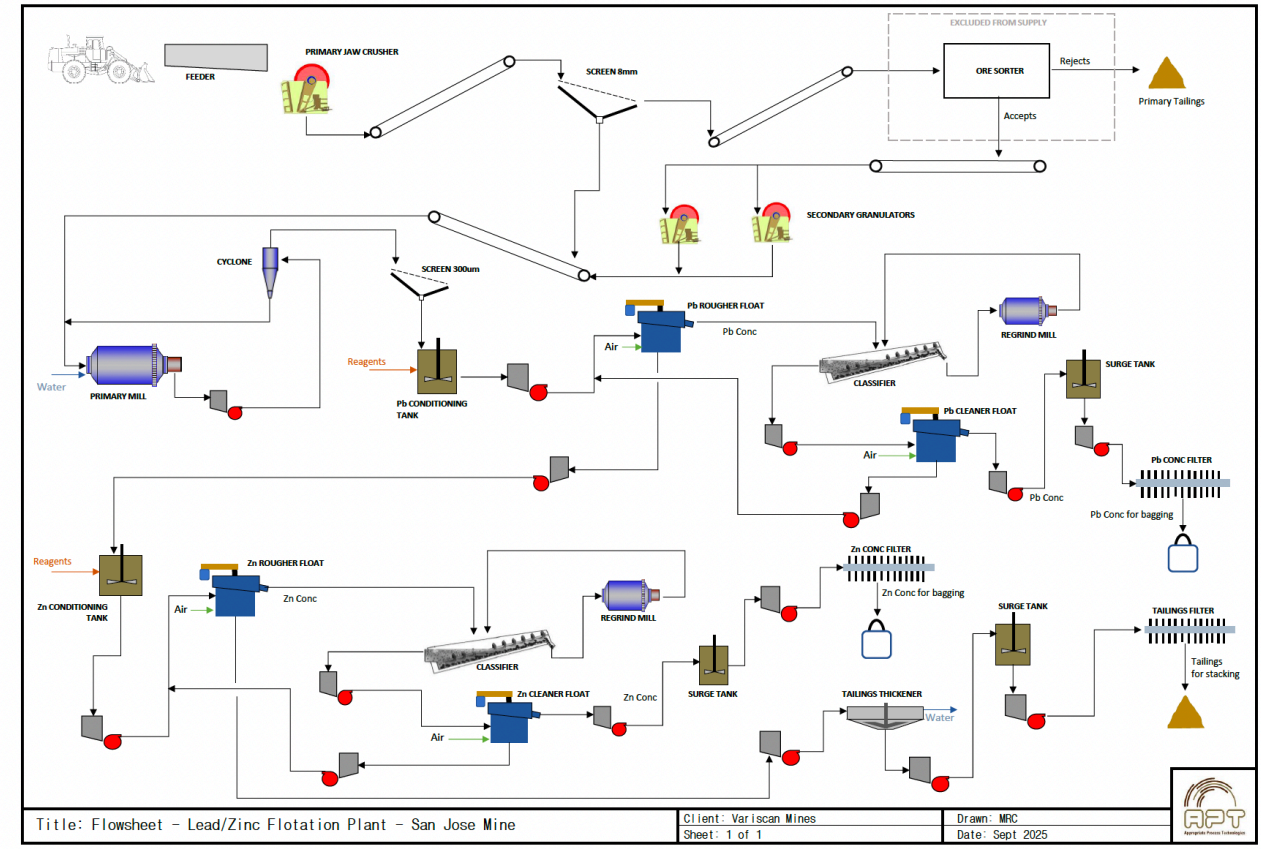

Figure 15. Zinc/Lead Flotation Plant Flow Sheet for San José Mine

Environmental, Social, Governance (ESG)

- Variscan recognises the importance of ESG and developing a realistic approach to deliver practical outcomes.
- Variscan believes that building strong stakeholder partnerships is key to building a more sustainable business and future
- Spain has the same Environmental Risk profile as Australia[9]
- Mining companies in Spain can access various sustainability certifications that demonstrate their commitment to more ethical, efficient, and environmentally responsible operations; Variscan may consider these as it progress with re starting mining operations

[9] Mining Journal Intelligence World Risk Report 2024

- It is assessed that there is a very positive attitude towards the re-commencement of mining at the San José Mine and surrounding licence areas; there have been no known objections to the exploration and development activities of the Company during its project ownership.
- Variscan signed a Technical Memorandum and a Cooperation Agreement with the School of Mines, University of Cantabria located in Torrelavega in 2019 granting access to its extensive archive which includes drilling data.
- Spain is promoting the new Mineral Raw Materials Plan 2025-2029 to strengthen sustainability and strategic autonomy.
- Management from Varsican have held regular meetings with the President of the Government of Cantabria and the Regional Minister for Industry, Employment, Innovation and Trade.
- Variscan has made significant progress on securing the permits required towards a restart of the San José Mine. The effect of the permitting progress made to date confers a number of advantages to Variscan:
    - Able to conduct the Early Works and development required to enable Mine Restart
    - Able to proceed with underground trial mining and small scale exploitation
    - Allows additional permitting processes to run concurrently to those works, resulting in no time delays or additional costs and ensuring continuity of permitting progress
    - Evidences strong in-house permitting capability and positive relationship with the Government of Cantabria
- Additional permit applications and the associated workstreams to support them are under way; the permitting pathway is set out in Figure 16

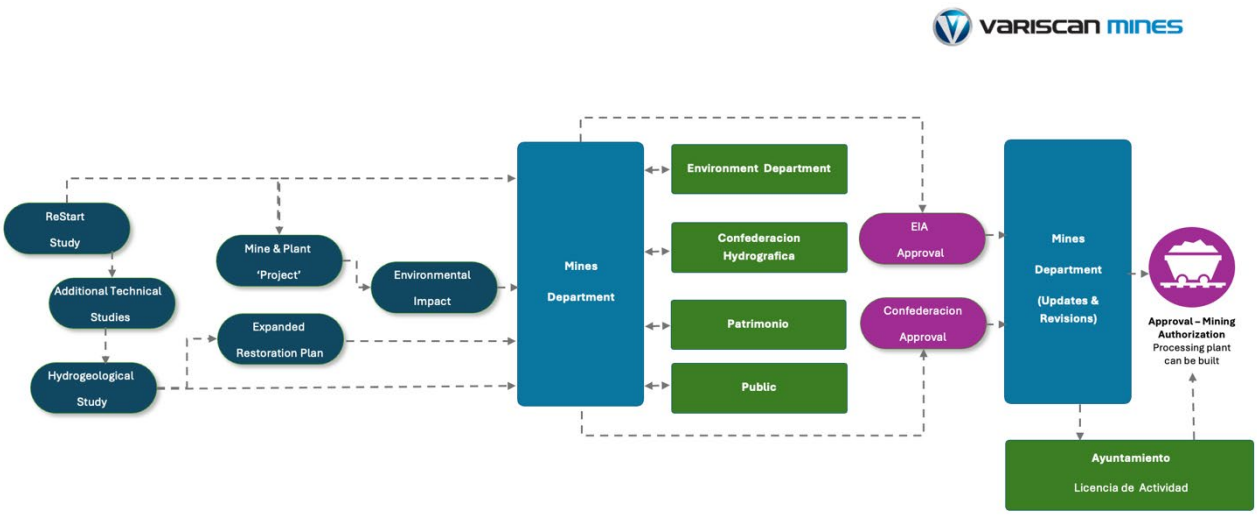

Figure 16. Permitting pathway for bringing the San José Mine & new processing plant

- A summary of ESG matters is set out in Figure 17

Figure 17. Summary of ESG matters – VAR 4P Model: Project, Permits, Place & Populus

Service & Infrastructure

- The infrastructure and services component includes site-wide services divided into two major components:
    - Early Works – Works required prior to the commencement of development at San Jose Mine.
    - Life of Mine – LOM.

Description	Commencement Year
Supply and Install 3-Phase Power to Site	2026
Supply and Install Additional Substation	2026
Supply & Install Surface 185kW Compressor	2026
Supply and/or Refurb Rails Stage 1	2026
Install U/G Services – Air & Water	2026
Purchase Land for Site Expansion	2026
Surface Earthworks and Civils	2026

Figure 18. Summary of Early Works to be conducted in 2026 (Year 0)

- The Early Works have an estimated cost of approximately €1.3m(A$2.3m), which are excluded from the Pre-Production Capital Cost, as these costs will be incurred under separate, earlier agreements before the FID or full construction phase.
- Actively undertaking early works is designed to de-risk the projects before main construction and accelerate production timelines. The Early Works will also support additional underground exploration drilling and technical workstreams.

Capital & Operational Costs

- The majority of the estimated Capex and Opex requirements have either been calculated from first principals or are based on budget prices (Class 4[10]), with a few exceptions.

Parameter	€EURO	$AUD
Pre-Production Capital Cost	€18.7m	A$32.7m
Plant, Property & Equipment (PP&E) Capital Cost[11]	€2.7m	A$4.7m
Mine, Property & Development (MP&D) Capital Cost	€5.5m	A$9.6m
Total Capital Cost	€26.9m	A$47.1m

Figure 19. LOM Estimated Capital Cost Summary

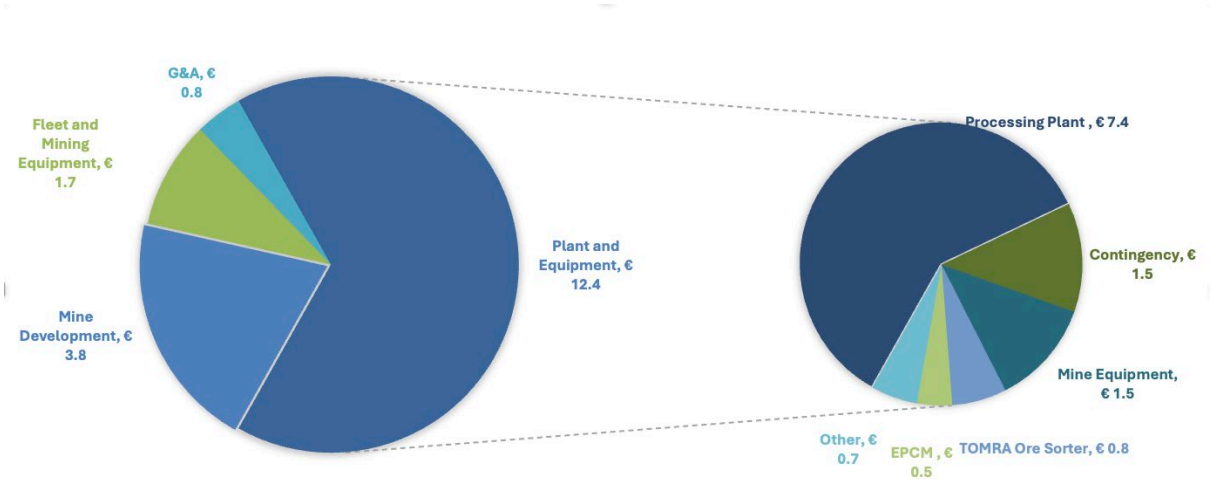

Figure 20. Breakout of Pre-Production Capital Cost

10 As defined by the Association for the Advancement of Cost Engineering. Typical accuracy ranges for Class 4 estimates are -15% to -30% on the low side, and +20% to +50% on the high side.

[11] Includes 15% Contingency

- Estimated PP&E capex (Plant, Property & Equipment) required is shown in Figure 21.

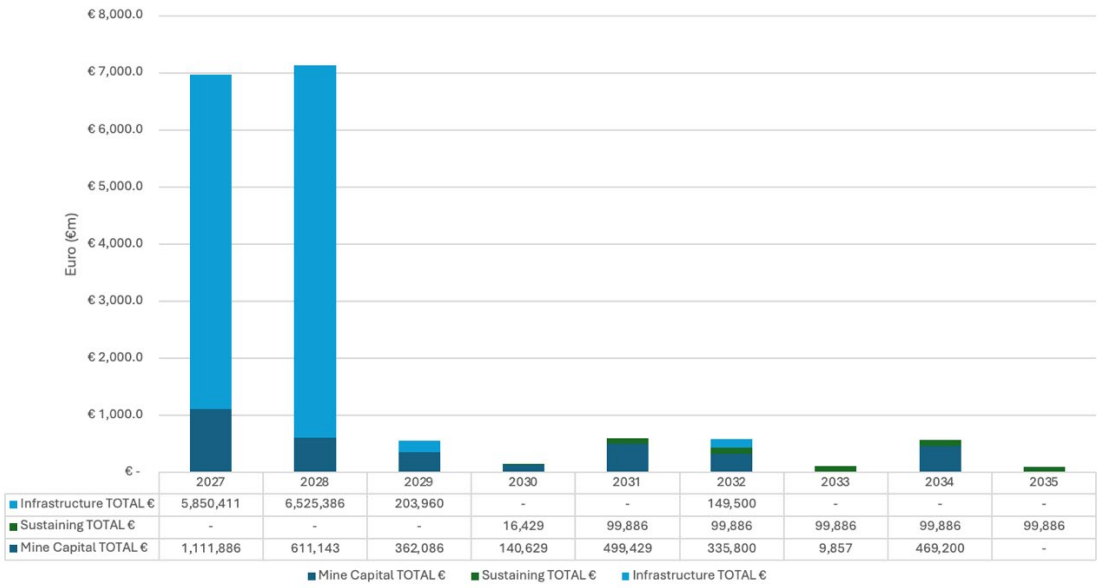

Figure 21. Property, Plant and Equipment (PP&E) Annual Capex Profile

- Estimated MP&D capex (Mine Property and Development) required is shown in Figure 22 illustrating the breakdown of the mine development required to bring the San José Mine into production in Year 2.

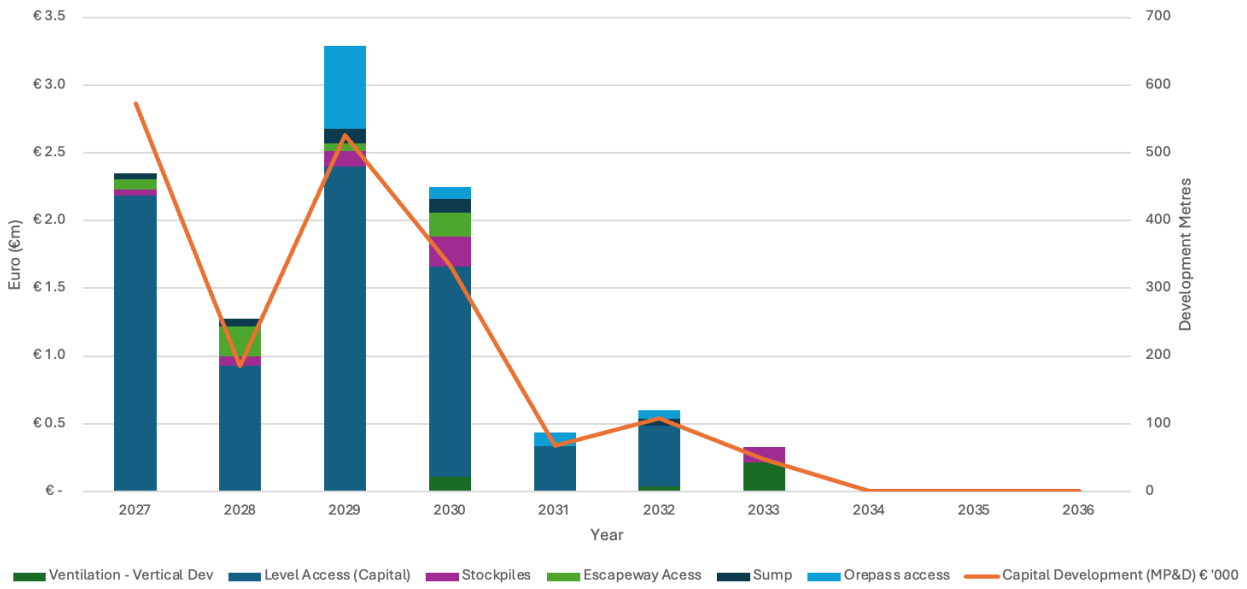

Figure 22. Estimated Mine Property and Development (MP&D) Annual Capex Profile

Parameter	€EURO	$AUD
Total Mine Opex (to portal ROM)	€29/t	A$51t
Onsite Processing	€28/t	A$49/t
G&A Opex	€4/t	A$7/t
Cartage to Smelter	€1.5/t	A$2.6/t
Total Cash Cost	€63t	A$110/t

Figure 23. Estimated Unit Operating Costs

Concentrate Treatment Costs & Routes to Market

- The Treatment Charges (TC) applied to the financial model are:
  - Smelter charge US$115/dmt conc.
  - Refining Charge US$0.10/kg Pb
- Given the size and proximity of the Glencore owned, San Juan de Nieva smelter, a base case assumption has been adopted that envisages all concentrate will be trucked to there. The facility is one of the largest Zn concentrate treatment plants in the world[12].
- Commercial discussions are expected to begin following the publication of this Study.
- Square Trading Singapore Pte Ltd have been appointed as exclusive Marketing Manager.
- Europe is one of the most important continents for refined zinc production[13] led by major firms including Glencore, Trafigura and Boliden.

Project Schedule

- Figure 24 provides an indication of timings required to finalise the necessary field and study work to achieve a level of confidence where a Final Investment Decision can be made
- Proposed that the Early Works activities can be conducted in parallel with field and study work as they are complementary.

[12] https://www.glencore.com/what-we-do/metals-and-minerals/zinc-and-lead#europe
[13] International Lead and Zinc Study Group "The World Zinc Factbook 2024

Figure 24. San José ReStart Execution Schedule

Financial Evaluation

- Financial evaluation demonstrates robust economics for the proposed restart of the San José Mine
- Base case economic performance indicators are set out in Figure 25

Parameter	€EURO	$AUD
Total Revenue	€186m	A$326m
Free Cashflow (After Tax)	€53m	A$93m
NPV_5 (After Tax)	€38m	A$67m
IRR	45%	
Government Royalties	-	-
Other Royalties	-	-
Corporate Tax	12%	12%
Cashflow Positive Period	3.5 years	
Payback Period	2.1 years	

Figure 25. Estimated Base case Economic Performance Indicators for San José Mine ReStart

- Key financial and processing assumptions:
    - Discount rate 5% (after tax)
    - Inflation rate 1% pa for LOM
    - Corporation Tax 12% (No tax holiday applied, potential grant in the future)
    - Zn pricing of US$1.33/lb (US$2,932/t) (a discount of 12% to LME spot price of US$3,341/t)
    - Pb pricing of US$0.88/lb (US$1,940/t) a discount of 1% to LME spot price of US$1,956/t)
    - Average Combined Concentrator and Ore Sorted Recovery Zn 88% fixed
    - Average Combined Concentrator and Ore Sorted Recovery Pb 80% fixed
    - Offtake terms and conditions based on typical current rates
        - Zn 85%
        - Pb 95%
    - Foreign Exchange Rate of 1.75 Euro € / AUD $
    - Foreign Exchange Rate of 0.90 Euro € / US$

Risk Adjusted Economic Outcomes & Sensitivity

- The concept of quantifying risk and the application of range analysis are considered an important step in assessing potential mining projects.
- Risk based simulations were undertaken to model the variability of the major input parameters.

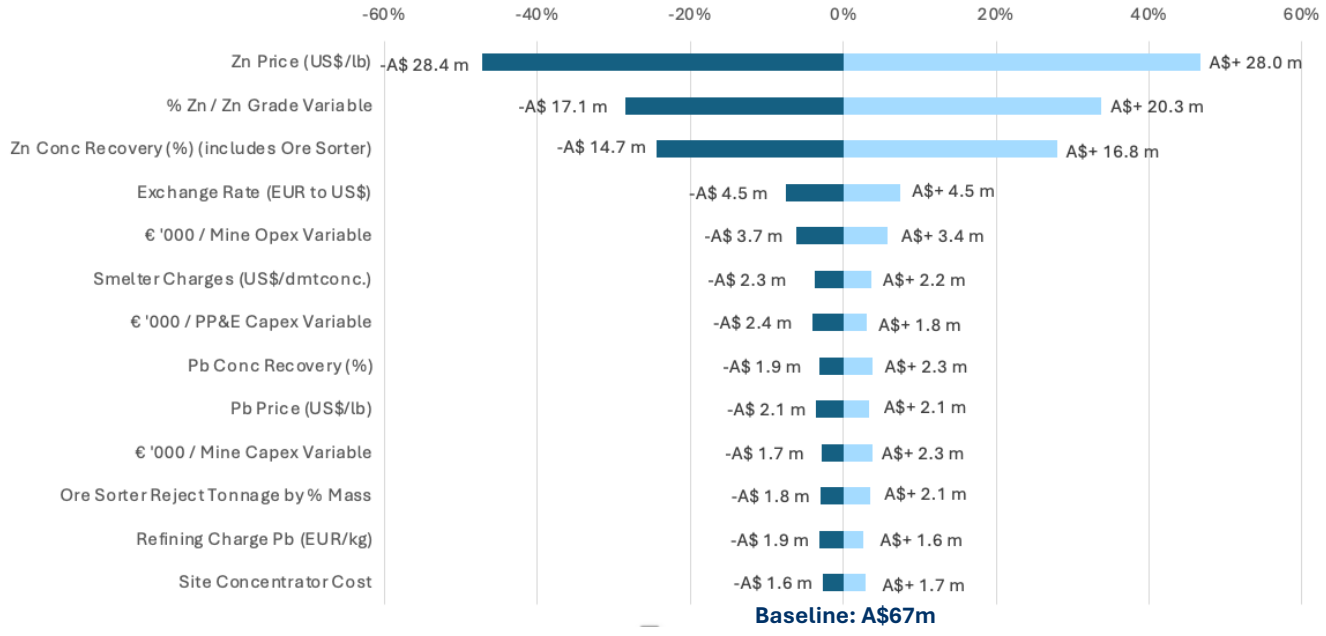

Figure 26. Sensitivity effects on Base Case Post Tax NPV_5

- Zinc price is the most influential factor determining economic performance; price sensitivities are shown below in Figure 27 (in EUR€) and Figure 28 (in A$)

Key Metrics	Units	-20% Study Price	-10% Study Price	Base Case Study Price	+10 % Study Price	Current Price	+20% Study Price	+25% Study Price
Zinc Price	US$/t	2,346	2,639	2,932	3,225	3,341	3,518	3,665
Lead Price	US$/t	1,552	1746	1,940	2,134	1,956	2,328	2,425
LOM Revenue	€m	145	164	185	206	211	226	235
Free Cash Flow (After Tax)	€m	17	35	53	70	75	88	105
NPV_5 (After Tax)	€m	10	31	38	51	55	66	79
IRR (After Tax)	%	16	24	45	59	64	74	88
NPV_5 / Pre Production Capex	Ratio (x)	0.5	1.7	2.1	2.8	3.0	3.6	4.3

Figure 27. Summary of Restart Financial Sensitivities in Euro (€) to Zinc price scenarios

Key Metrics	Units	-20% Study Price	-10% Study Price	Base Case Study Price	+10 % Study Price	Current Price	+20% Study Price	+25% Study Price
Zinc Price	US$/t	2,346	2,639	2,932	3,225	3,341	3,518	3,665
Lead Price	US$/t	1,552	1746	1,940	2,134	1,956	2,328	2,425
LOM Revenue	A$m	254	287	324	361	369	396	411
LOM Free Cash Flow (After Tax)	A$m	30	61	93	123	131	154	184
NPV_5 (After Tax)	A$m	18	54	67	89	96	116	138
IRR (After Tax)	%	16	24	45	59	64	74	88
NPV_5 / Pre Production Capex	Ratio (x)	0.5	1.7	2.1	2.8	3.0	3.6	4.3

Figure 28. Summary of Restart Financial Sensitivities in AUD (A$) to Zinc price scenarios

- The sensitivity of economic outcomes was evaluated with respect to realistic ranges for key project inputs.
- Figure 29, indicates there is only a 10% probability of the LOM NPV being less than €19m
- Figure 30, indicates there is only a 1% probability of achieving an IRR of less than 13%
- Figure 31, indicates the risk-based distribution of cumulative cashflow (After-Tax) over LOM
- ReStart economics are most sensitive to revenue stream variability rather than cost variability

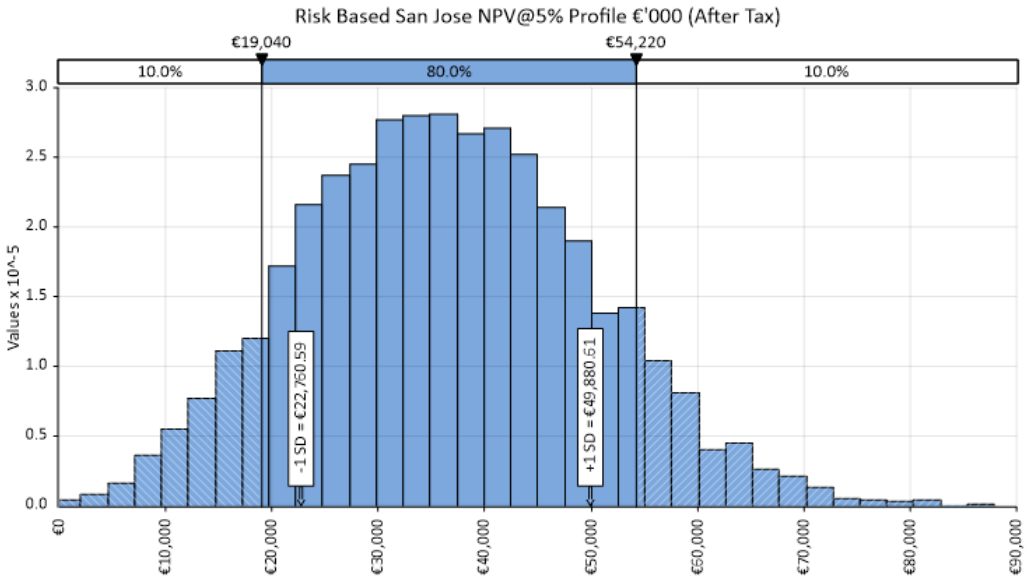

Figure 29. Summary of Range Based Distribution of NPV

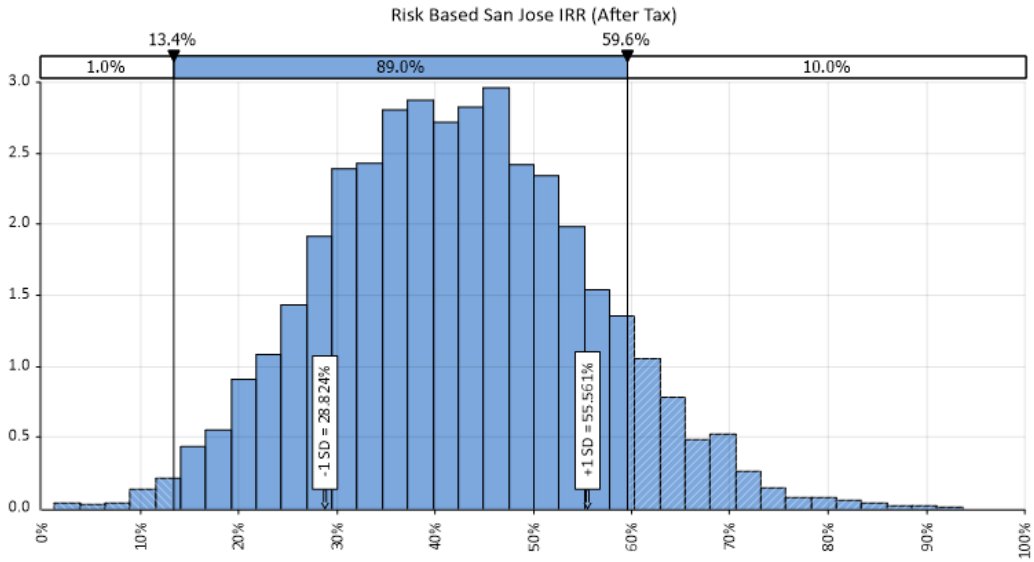

Figure 30. Summary of Range Based Distribution of IRR

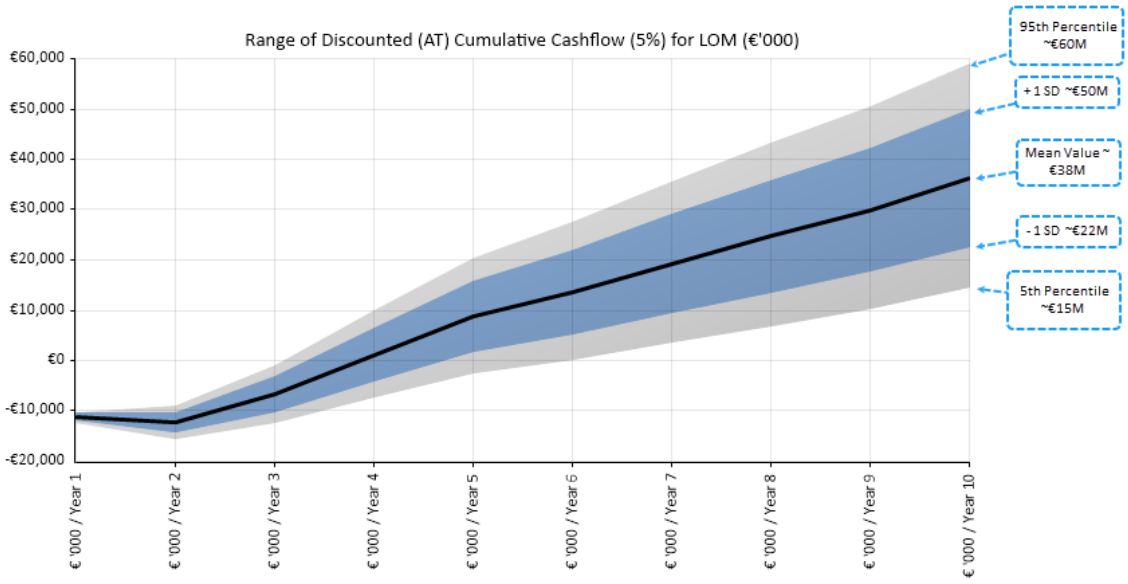

Figure 31. Summary of Range Based Distribution of Base Case Discounted Cumulative Cashflow ($NPV^{5\%}$ After-Tax) for LOM

Funding

The funding requirement to bring the San José Mine back into production is very low compared to similar zinc-focused underground mining projects. A peer group of 13 comparable underground projects owned by listed companies, indicates an average Capex requirement of US$211m vs. Capex of US$19m for the San José Mine. Management considers that the restart of the San José Mine will be attractive for future funding given its production profile, low operating costs, proven operational asset, low-risk jurisdiction and the high-quality of work undertaken in preparing the Study. This provides a strong platform for Variscan to commence financing discussions for the re-commencement of operations at the San José Mine.

Funding discussions will prioritize non-dilutive financing, such as debt, royalty, streaming, grants & commodity off-take structures

Square Trading, as exclusive Marketing Agent, in conjunction with conducting zinc & lead concentrate marketing outreach, will use its reasonable endeavours to assist with procuring off-take financing for Variscan to construct and operate the Project

Variscan will also be engaging with organisations at regional (Cantabria), national (Spain) and supranational (European Union) scales to explore funding options.

Conclusions & Recommendations

The Study supports a recommencement of mining at San José as a commercially viable, stand-alone operation.

Accordingly, the Board of Variscan has approved progression of technical and permitting workstreams and accompanying studies towards FID.

ENDS

To ask questions directly to the Variscan management team and access media content, visit our interactive investor website at: https://variscan.com.au/s/aa7e61

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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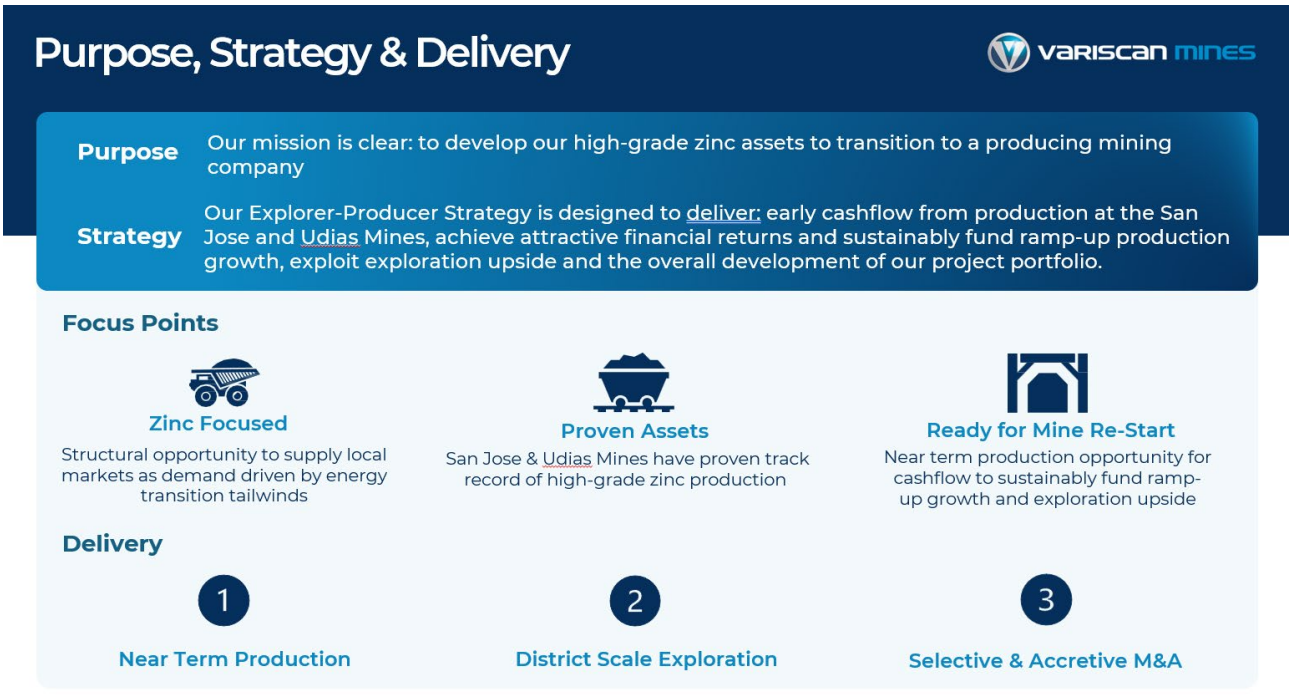
About Variscan Mines Limited (ASX:VAR)



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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 José 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 12km mineralised trend and a sub-parallel 3km trend from contemporary and historical data across both the Buenahora exploration and Novales mining permits.

The San José Mine is nearby (~9 km) to the world class Reocin Mine which is the largest known strata-bound carbonate-hosted Zn-Pb deposit in Spain[14] and one of the world's richest MVT deposits[15]. 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[16].

Novales-Udias Project Highlights

- Near term zinc production opportunity (subject to positive exploratory & development work)
- Updated JORC compliant Mineral Resource Estimate of 3.4Mt @ 7.6% Zn, 0.9 %Pb released in December 2024[17]
- Expanded tenement holding of 111 km^2 (including a number of granted mining tenements)
- Regional exploration potential for another discovery analogous to Reocin Mine (total past production and remaining resource 62Mt @ 8.7% Zn and 1.0% Pb[18] [19])
- Trucking distance (~175km) from the San Juan de Nieva smelter (Glencore owned)
- Classic MVT carbonate hosted Zn-Pb district
- Historic production of high-grade zinc from San José Mine; average grade reported as ~7% Zn[20] with super high grade 'bolsas' (mineralised pods and lenses) commonly 10-20% Zn and in some instances +30% Zn[21]
- Maiden drilling at Udias Mine returned excellent results all outside current MRE
- Simple mineralogy of sphalerite – galena – calamine
- Mineralisation is strata-bound, epigenetic, lenticular and sub-horizontal
- Access and infrastructure all in place
- Local community and government support due to historic mining activity

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[14] 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.

[15] 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

[16] Refer to ASX announcement of 29 July 2019

[17] Refer to ASX announcement of 8 December 2024

[18] 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.

[19] 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.

[20] These figures have been taken from historical production data from the School of Mines in Torrelavega historical archives.

[21] 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)

Mineral Resource Estimate for Novales-Udias Project

JORC Mineral Resource Estimate for San José Mine and north-eastern Udías by deposit and classification reported above at 2% Zn+Pb cut-off (ASX announcement 9 December 2024)

Deposit	Mineral Resource Classification	Tonnage (t)	Grade			Contained Metal		
			Zinc (%)	Lead (%)	Zinc + Lead (%)	Zinc (t)	Lead (t)	Zinc + Lead (t)
San Jose	Measured	480,254	9.18	1.80	10.98	44,064	8,654	52,718
	Indicated	641,881	8.69	1.50	10.19	55,782	9,607	65,389
	Measured & Indicated	*1,122,135*	*8.90*	*1.63*	*10.53*	*99,845*	*18,262*	*118,107*
	Inferred	615,304	8.15	1.03	9.18	50,121	6,356	56,477
	Sub-total	*1,737,439*	*8.63*	*1.42*	*10.05*	*149,966*	*24,618*	*174,584*
San Jose (NE)	Inferred	931,608	5.72	0.20	5.92	53,306	1,860	55,165
Udías* (NE)	Inferred	709,533	7.60	0.47	8.07	53,915	3,316	57,232
Total	Measured	480,254	9.18	1.80	10.98	44,064	8,654	52,718
	Indicated	641,881	8.69	1.50	10.19	55,782	9,607	65,389
	Measured & Indicated	*1,122,135*	*8.90*	*1.63*	*10.53*	*99,845*	*18,262*	*118,107*
	Inferred	2,256,445	6.97	0.51	7.48	157,342	11,532	168,874
	Total	**3,378,580**	**7.61**	**0.88**	**8.49**	**257,187**	**29,794**	**286,981**

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 14 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.

Project and Technical Expertise

Mr Tim Peters is a mining engineer and Principal of Piran Mining Pty Ltd ('**Piran**'). Piran was engaged by Variscan Mines to undertake the Re-start Study on the San Jose Mine. Mr Peters is a graduate of the Camborne School of Mines, England (ACSM), a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and Member of the Institute of Materials, Minerals & Mining (MIOM3).

He has sufficient relevant experience to advise the Company on matters relating to mine development and processing, project scheduling, processing methodology and project capital and operating costs. Mr Peters is satisfied that the information provided in this ASX announcement has been determined to a Scoping Study level of accuracy and, based on the data provided by the Company and his development experience, considers that the presentation of production targets is reasonable and that progress to a Feasibility Study can be justified.

Mineral Resource Estimate

The information in this report that relates to Mineral Resources is based on, and fairly represents, information compiled by Mr Juan Antonio Fernández García and Dr Mike Mlynarczyk.

Mr Juan Antonio Fernández García is a Principal Consultant and Competent Person at Asturmine and is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM(CP)). Mr Fernández García has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, as well as the activity being undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code and consents to the disclosure of the information in this report in the form and context in which it appears

Where reference is made to previous releases of exploration results and mineral resource estimates in this announcement, the Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements and all material assumptions and technical parameters underpinning the exploration results and mineral resource estimates included in those announcements continue to apply and have not materially changed.

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.

JORC Code, 2012 Edition – Table 1 report template

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>Mineral Resource estimate for conversion to Ore Reserves</td><td>• Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.
• Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</td><td>• The Mineral Resource Estimate for the Project is 3.4Mt @ 7.61% Zn, 0.88% Pb
• The MRE was published on 9 December 2024 and available at: https://variscan.com.au/announcements/6699764
• Only 50% of the existing MRE has been applied to the San José Mine operation in this Study (1.7Mt @ 8.63% Zn, 1.42% Pb) This provides an appropriate level of confidence in categories of Mineral Resources used for deriving production targets and economics.

<table>
<tr><th rowspan="2">Deposit</th><th rowspan="2">Mineral Resource Classification</th><th rowspan="2">Tonnage (t)</th><th colspan="3">Grade</th><th colspan="3">Contained Metal</th></tr>
<tr><th>Zinc (%)</th><th>Lead (%)</th><th>Zinc + Lead (%)</th><th>Zinc (t)</th><th>Lead (t)</th><th>Zinc + Lead (t)</th></tr>
<tr><td rowspan="5">San Jose</td><td>Measured</td><td>480,254</td><td>9.18</td><td>1.80</td><td>10.98</td><td>44,064</td><td>8,654</td><td>52,718</td></tr>
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</table>

• No Ore Reserves have been Declared</td></tr>
<tr><td>Site visits</td><td>• Comment on any site visits undertaken by the Competent Person and the outcome of those visits.
• If no site visits have been undertaken indicate why this is the case.</td><td>• Piran Mining Principal Mining Engineer, Tim Peters visited the site in May 2022 and May 2023. The site visits reviewed; mine access, geotechnical stability of existing voids, recently drilled diamond drill core, ground support requirements, stable stope dimensions, pillar dimensions and assess infrastructure required for the restart of the project. The visual inspections of existing voids and drill core showed a competent rock mass within a low stress regime and revealed naturally supported and stable lateral development with many open, naturally supported stable voids (noting that these voids are significantly dimensioned). The current mine access (portal) is suitable as it is located at an elevation close for extraction of identified mining areas. The existing portal area requires minimal rehabilitation to permit a rapid recommencement of mining</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
		activities.
Study status	• *The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* • *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	• **No Ore Reserves have been declared** • The study is at Scoping Study level, as defined in Section 38 of the JORC Code (2012 Edition) and has been completed to a +/- 35% level of accuracy • The Study has not been used to convert Mineral Resources to Ore Reserves. • Material modifying factors have been considered in the Study.
Cut-off parameters	• *The basis of the cut-off grade(s) or quality parameters applied.*	• During the Mine Stope design and optimization process a cut-off grade for the underground stopes of 4 % Zn was applied. • This is higher than the MRE cutoff grade of 2 % Zn+Pb but was applied following the updating of opex estimates for labour and consumables and ultimately to improve the overall economics of the project.
Mining factors or assumptions	• *The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* • *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* • *The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.* • *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* • *The mining dilution factors used.* • *The mining recovery factors used.* • *Any minimum mining widths used.* • *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* • *The infrastructure requirements of the selected mining methods.*	• No Ore Reserves have been declared • Underground mining methods are utilized in the Study. • The chosen mining methods are Longhole Open Stoping and Airleg Shrinkage in certain zones. • A detailed geotechnical assessment has not yet been completed. A set of estimated geotechnical parameters for the purpose of the Study have been used based on historical documentation, limited testing of rock properties from core samples supplied, industry experience, visual inspections conducted during site visits where it was found that; the existing stope voids showed a competent rock mass within a low stress regime and revealed naturally supported and stable lateral development with many open, naturally supported stable voids (noting that these voids are significantly dimensioned). Based on this, stope sizes were determined utilizing the modified stability graph method. • The model used for the stope optimisation was the MRE model titled BM San-Jose – Udias.dm. Mineable Shape Optimiser (MSO™) was used to create all stopes. The relatively flat, narrow and tabular nature of the mineralisation required a small (5 m x 5 m) cross section to be applied in the MSO process. This was done to ensure slender but high-grade veins were not excessively diluted and thereby missed in the evaluation. However, after review of the initial results this process was then repeated at 3 m x 3 m to further eliminate excessive dilution of the high

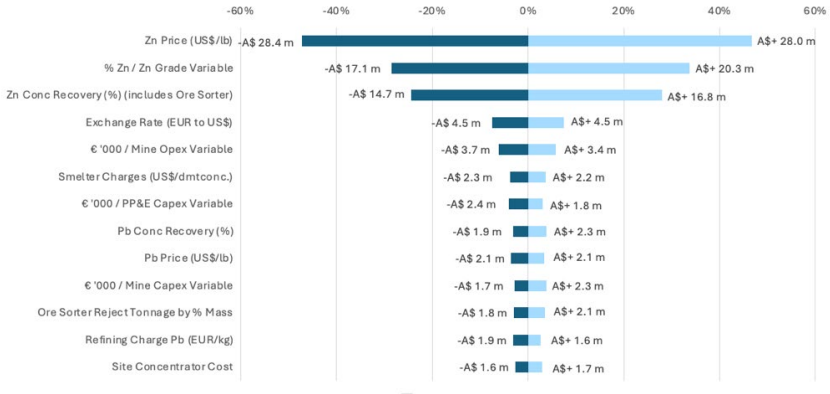
Criteria	JORC Code explanation	Commentary
		grade narrow parts of the deposit and hence increase the total metal mined. • Mining dilution factor applied is 15% • Mining recovery factors applied are 80% for the Longhole stopes and 90% for the Airleg Stopes • A 3 meter minimum mining width was applied along with a 5 meter exclusion zone distance from existing workings. • Inferred Resources have been included in the study. Over the Life of Mine, Mineral Resources scheduled for extraction for the production target as classified as: 9% Measured Mineral Resources, 58% Indicated Mineral Resources and 33% Inferred Minerals Resource. • All infrastructure required to facilitate the underground mining has been included.
Metallurgical factors or assumptions	• *The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* • *Whether the metallurgical process is well-tested technology or novel in nature.* • *The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* • *Any assumptions or allowances made for deleterious elements.* • *The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.* • *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	• The metallurgical flow sheet process is outlined in this Study Announcement. • It involves primary crushing and screening with the crushed material fed to an ore sorter. The accepted material is then fed for secondary crushing in two small parallel granulator crushers. Feed to the milling circuit is carried from the crushing circuit into the mill feed bin. A regulated belt is used to control feed into the ball mill. Float feed is first conditioned in an agitated holding tank where reagents are added. Lead flotation follows a rougher, while tailings from the lead float roughs is fed into the zinc flotation circuit. Float feed is first conditioned in an agitated holding tank where reagents are added. Zinc flotation follows a rougher. Final plant tailings from the Zinc float circuit rougher cells are added to the plant tailings. • The metallurgical process is considered standard using well tested technology • A single high grade (11.1 % Zn, 4.6 % Pb) bulk sample was supplied from the San Jose Mine and subject to metallurgical test work, performed by Grinding Solutions Limited (GSL). • GSL's work utilised previous operational plant data and separation methods from the mine which ceased commercial operations in the late 1990s. • Pre-concentration methods were also evaluated to determine whether process plant sizing could be reduced while still maintaining targeted

Criteria	JORC Code explanation	Commentary
		mine extraction rates. The testing process was completed in 3 Phases. Phase 1 - Pre-concentration (Ore sorter testing on +8-40mm fraction and Heavy Liquid Separation (HLS) on +1-8mm fraction) Phase 2 – Characterisation (Assay vs size (AxS). Communiton data on ore sorted material and composite generation for flotation). Phase 3 – Flotation (Confirmation rougher and open circuit testing (OCT) on a pre-concentrated composite. • No deleterious elements have been considered • In order to assess the pre-concentration methods a bulk sample of approx. 249 kg was supplied to GSL. • Based on the pre-concentrate test work results a reject rate of 43 % by mass at 95 % metal recovery is assumed in this Study. • **No Ore Reserve estimation has been made**.
Environmental	• *The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	• No environment assessment have been included in this Study. • Baseline Flora and Fauna Study has been completed, but not reported on. • Scoping Study level of analysis and these aspects of the Project will be fully addressed during the next phase of Study. • The environmental approvals process will commence during the next phase of Study.
Infrastructure	• *The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	• Variscan Mines holds lease rights to the land (an existing mine site), upon which the proposed surface infrastructure will be built. • Availability of additional adjacent land will be assessed as the next phase of Study progresses. • The San Jose Mine is located at the edge of the village of Novales approximately 30 km from the town of Santander. • Grid power, water infrastructure, local labour and major roads are easily accessible.
Costs	• *The derivation of, or assumptions made, regarding projected capital costs in the study.* • *The methodology used to estimate operating costs.* • *Allowances made for the content of deleterious elements.* • *The source of exchange rates used in the study.*	• Project capital costs have been estimated to +/- 35%. • Operating costs have been built up based on industry knowledge and initial discussions with potential suppliers • All labour costs are based on current Spanish legislation for the

Criteria	JORC Code explanation	Commentary
	• *Derivation of transportation charges.* • *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* • *The allowances made for royalties payable, both Government and private.*	province in which the Project is located and according to the employment position. • Onsite processing costs are based on a cost estimate supplied by the selected vendor of the proposed modular processing plant • No allowance has been made for deleterious elements. • The Exchange rate (€:US$) source is taken from the 5 year market average. • Transport charges of €14 /wmt concentrate were obtained from a local truck haulage company to deliver the concentrate from site to Glencore's San Juan de Nieva smelter. • Treatment charges are based on nominal smelter rates • No royalties payments are required for this Project

Revenue factors	• *The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.*
	• *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*
		• The base case commodity revenue factor assumptions are as follows based on 5 year price averaging:
		  ○ Zn Pricing of US$ 1.33 /lb (US$ 2,932 /t)
		  ○ Pb Pricing of US$ 0.88 /lb (US$ 1,940 /t)
		• Payabilities assumed are:
		  ○ Zinc 85 % NSR
		  ○ Lead 95 % NSR

Market assessment	• *The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* • *A customer and competitor analysis along with the identification of likely market windows for the product.* • *Price and volume forecasts and the basis for these forecasts.* • *For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.*	• The assessment of the concentrate market conditions and the suitability of the concentrates estimated to be produced from the San Josè mine has been gathered from preliminary industry discussions held by Variscan. • Study base case assumes that zinc and lead concentrates will be trucked to the San Juan de Neiva zinc smelter, which is approximately 175 km from the San José Mine, via the A-8 regional dual-carriageway highway • The Zn and Pb concentrates are high grade and are considered marketable and saleable. • Prices for both commodities are based on the previous 5 years price records • Demand for both Zn and Pb from San Josè is expected to remain high throughout the life of the mine.
Economic	• *The inputs to the economic analysis to produce the net present value*	• The level of accuracy is estimated to be +/-35% consistent with a

Criteria	JORC Code explanation	Commentary
	(NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. • *NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	Scoping Study. • The NPV has been calculated at a discount rate of 5%, an inflation rate of 1% per annum and corporation tax rate of 12%. Capital and Operating costs have been built up from estimates sourced from industry knowledge and initial discussions with potential suppliers. • Appropriate Process Technologies (APT) completed a conceptual design of a modular Processing Plant and calculated the capital outlay to be €7.7 M. This together with an ore sorter for €0.8 M accounts for approximately 61 % of the Plant, Property and Equipment capital estimate. A 15 % contingency was applied to all PP&E capex and a 5 % allowance for EPCM costs. • The model includes an allowance for sustaining capex. • The model was subject to a sensitivity analysis that tested all key financial inputs including; metal prices, exchange rate, processing recoveries, operating costs and capital costs. • Further economic inputs used to derive the NPV are detailed in Chapter 18 of the Study. • The NPV is most sensitive to revenue stream variability compared to cost variability within the same applied range. This is illustrated below where the top 4 inputs are related to commodity price, head grade and recovery to concentrate. 

Criteria	JORC Code explanation	Commentary
Social	• *The status of agreements with key stakeholders and matters leading to social licence to operate.*	• Variscan assesses a strong social licence to operate has been developed in this former mining district • Variscan continues to work with various stakeholders of the Project. • No Native Title matters arising • Established local relationships with certain agreements in place e.g. with School of Mines and Hispanibal (a local company)
Other	• *To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	• There are no Ore Reserves declared for this project as part of the Study • Variscan have appointed Square Resources as Exclusive Marketing Agent for Zn and Pb concentrates • No naturally occurring risks have been identified • No material legal agreements have been made • No government agreements are in place at this point in time. • There are reasonable grounds to expect that all necessary Regional (Cantabria) Government approvals will be obtained within the timeframe anticipated. • Variscan is yet to commence Pre-Feasibility or Feasibility studies.
Classification	• *The basis for the classification of the Ore Reserves into varying confidence categories.* • *Whether the result appropriately reflects the Competent Person's view of the deposit.* • *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	• **No Ore Reserves are declared in this Scoping study**
Audits or reviews	• *The results of any audits or reviews of Ore Reserve estimates.*	• **No Ore Reserves are declared in this Scoping study**
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should*	• **No Ore Reserves are declared in this Scoping study** • The scoping study has been completed to an accuracy of +/- 35%.

Criteria	JORC Code explanation	Commentary
	include assumptions made and the procedures used. • *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* • *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	