ASX Announcement | 30 January 2026
Variscan Mines Limited (ASX:VAR)

CONVERTIBLE LOAN NOTE FINANCING FACILITY

Highlights

- **Binding term sheet signed for A$1 million Convertible Loan Note Facility with syndicate of mining sector-focused investors**
- **Enhanced financial liquidity to support exploration & development of the Novales- Udías Zinc Project**

Variscan Mines Limited (ASX:VAR) ("Variscan" or "the Company") is pleased to announce that it has entered into a binding term sheet for an unsecured, A$1 million convertible loan note facility (the "**Facility**") to support the exploration and development of its 100% owned Novales- Udías Zinc Project in Cantabria, northern Spain.

The Facility is being provided by a small syndicate of Professional and Sophisticated mining sector focused investors who are supportive of the Company's development plans and progression towards recommencing production at the San Jose Mine. The key terms of the Facility are set out in Schedule 1.

Pursuant to the terms of the Facility, Variscan has the ability to draw funds flexibly up to a maximum of A$1 million, for which the Company would issue 1 Note for every A$1 drawn. The Facility is currently wholly undrawn.

Notes, if issued, would be unsecured, have a face value of A$1 per Note, a maturity date of 12 months from the date of issuance and would be convertible into fully paid ordinary shares in Variscan at the Noteholder's election at a conversion price of a 20% discount to the 15-day volume weighted average closing price of Variscan shares traded on the ASX calculated on the date of the conversion notice, subject to a conversion cap of A$0.015 per share and a conversion floor of A$0.008 per share. The Notes would have a 10% coupon paid annually in Variscan shares at a deemed issue price, equal to the conversion terms set out above.

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

"We are delighted to have the continued support of sophisticated, mining-sector focused investors in Variscan. Their commitment is a strong display of confidence in both Variscan and the Novales-Udias Zinc Project in northern Spain.

We are poised to unlock further value from one of the highest-grade, development stage zinc deposits in Europe, which is continuing to make good progress towards re-starting production. Our Explorer-Producer strategy reflects the quality and advantages of the Novales-Udias Project. I am extremely excited about the Company's prospects and plans".

Next Steps & Way Forward

Variscan continues to deliver against its dual-track Producer-Explorer strategy of mine restart readiness and high-impact exploration with key upcoming catalysts including:

- Results from metallurgical test work for inclusion in the Mine Re-Start Study
- Results from geotechnical test work for inclusion in the Mine Re-Start Study
- Publication of the Mine Re-Start Study
- Further assay results from underground drilling at the Udías Mine

Schedule 1

CONVERTIBLE NOTE FACILITY TERMS	
Issuer	Variscan Limited ("VAR", "Variscan" or the "Company")
Financial Advisor	Powerhouse Advisory Australia Pty Ltd ("Powerhouse")
Investors	A syndicate of four sophisticated investors ("Syndicate")
Offer Type	Convertible note ("Note")
Principal Amount	$1.0 million (the "Offer")
Face Value	$1.00 per Note.
Maximum notes to be issued	1.0 million Notes
Maturity Date	12 months from the date of issuance
Tranches	The Company may draw any amount that is unanimously mutually agreed between the Syndicate and the Company.
Note Issuance	Notes will only be issued on capital drawn.
Coupon	10% per annum on issued Notes. Interest will accrue on the capital drawn and will be capitalised through the conversion into Ordinary Shares on the same terms as the Notes.
Conversion Trigger	The Notes will convert into Ordinary Shares at the election of the Noteholder. The Notes may be repaid in cash by the Company at any time before the Maturity Date.
Conversion Price	A 20% discount to the 15-day VWAP subject to the valuation cap and valuation floor.
Conversion Cap	A$0.015 per share.
Conversion Floor	A$0.008 per share.
Establishment Fee	2% of the Principal Amount payable to the Syndicate within 90 days of execution of the binding term sheet on pro rata basis.

Financial Advisor Fee	15 million options with an exercise price of $0.008 and an expiry date of 28 September 2028 to be issued to Alpine or its nominees within 10 business of execution of the binding term sheet. (to be issued pursuant to the Company's listing rule 7.1 capacity)
Conditions Precedent	Subject to ASX approval (if applicable) and shareholder approval (if applicable)
Security	Unsecured

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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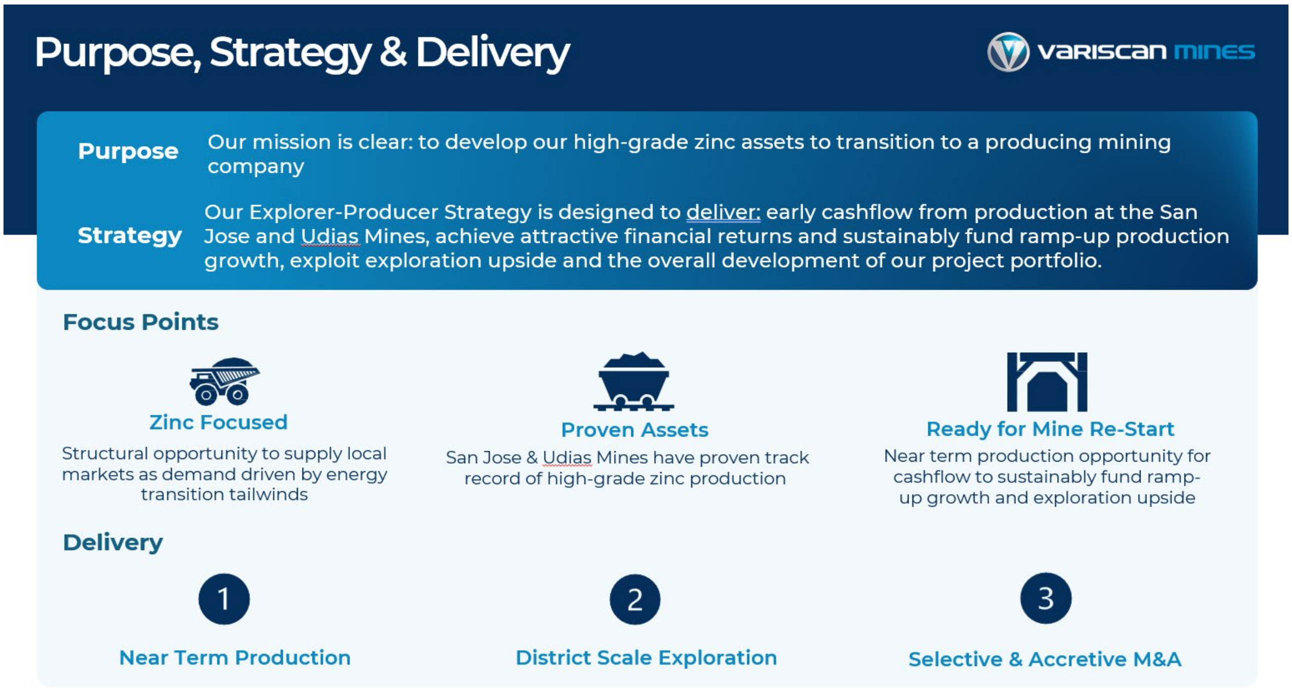
We encourage all investors to share questions on this announcement via our interactive investor hub.

Or scan the QR code.

Subscribe to our news alert service: https://variscan.com.au/s/8d46e7

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 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 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 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 & development work)
- Updated JORC compliant Mineral Resource Estimate of 3.4Mt @ 7.6% Zn, 0.9 %Pb released in December 2024[4]
- 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[5] [6])
- Trucking distance (~ 80km) from the San Juan de Nieva smelter (Glencore owned)
- Classic MVT carbonate hosted Zn-Pb district
- Historic production of high-grade zinc from San Jose Mine; average grade reported as ~7% Zn[7] with super high grade 'bolsas' (mineralised pods and lenses) commonly 10-20% Zn and in some instances +30% Zn[8]
- Maiden drilling at Udias Mine
- 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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[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] Refer to ASX announcement of 8 December 2024

[5] 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.

[6] 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.

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

[8] 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)

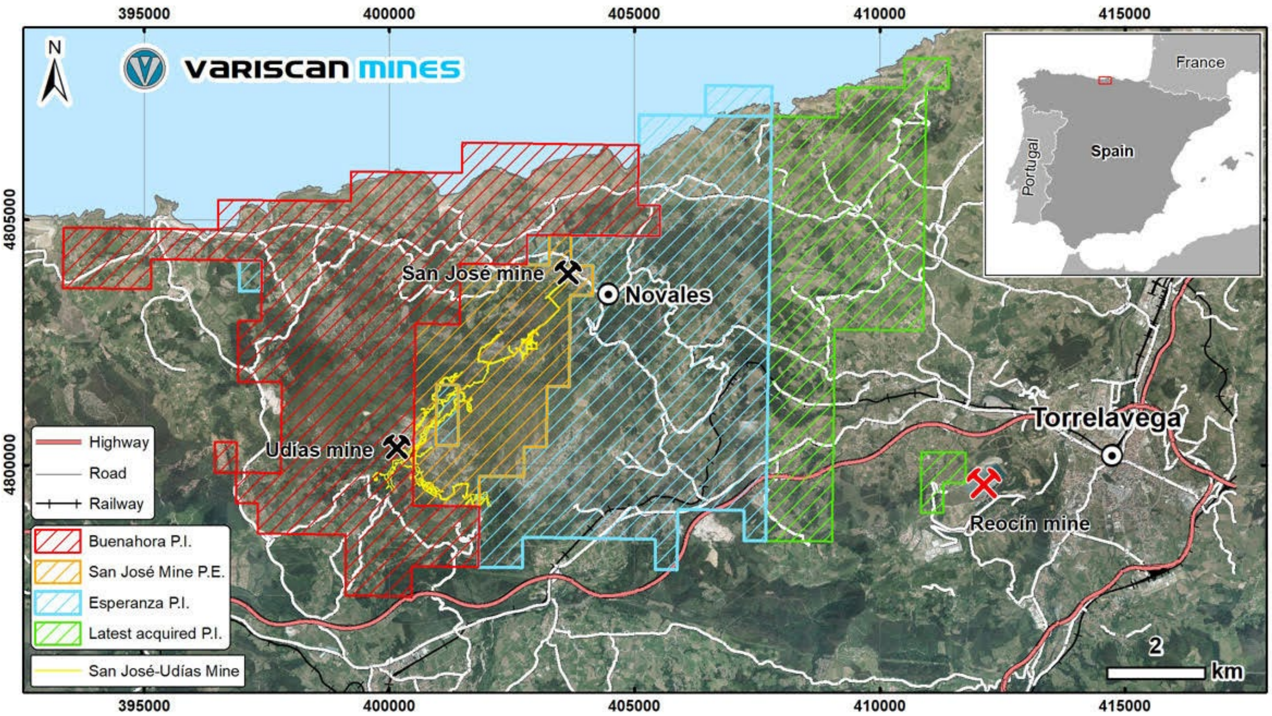

Figure 1. Map of Novales-Udias Project Licence Areas

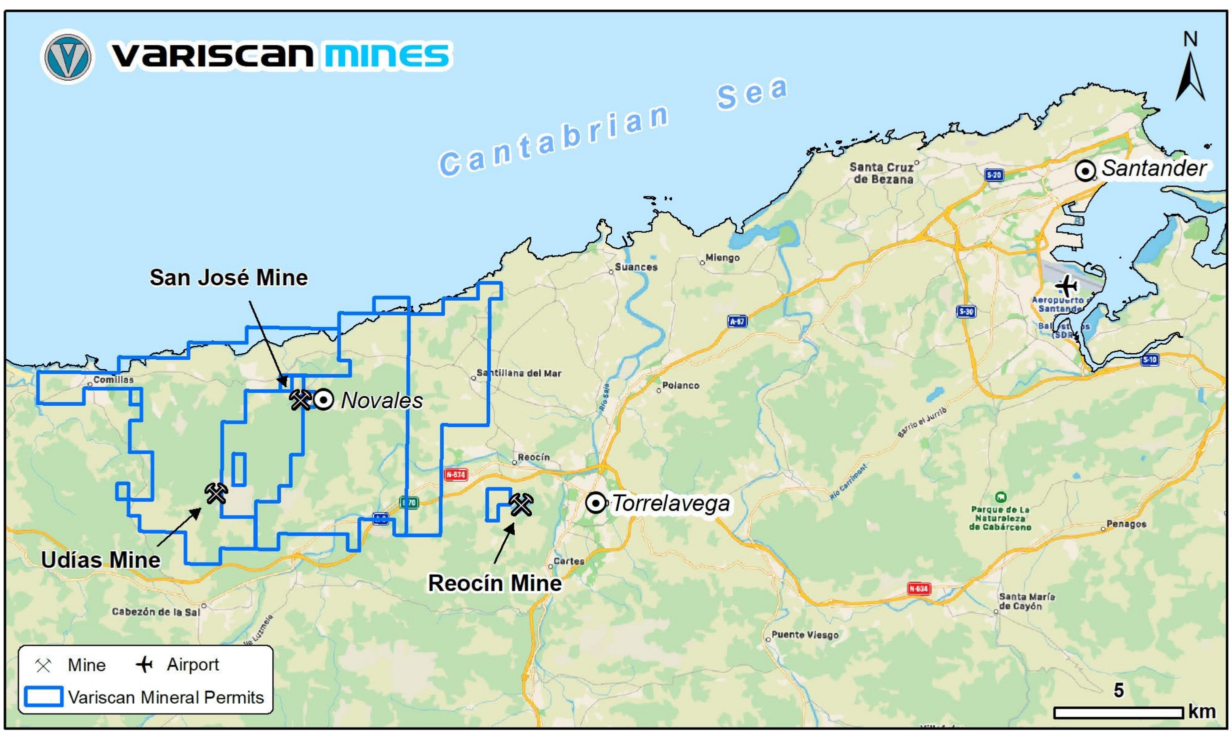

Figure 2. Map of Novales-Udias Project Licence Areas and local infrastructure

Mineral Resource Estimate for Novales-Udias Project

JORC Mineral Resource Estimate for San Jose 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 Zinc (%)	Grade Lead (%)	Grade Zinc + Lead (%)	Contained Metal Zinc (t)	Contained Metal Lead (t)	Contained Metal 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.

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.