ASX Announcement | 15 March 2024
Variscan Mines Limited (ASX:VAR)

FINANCIAL REPORT – HALF-YEAR ENDED 31 December 2023

Variscan Mines Limited ("Variscan" or the "Company") encloses its half-year financial report for the period ended 31 December 2023.

Yours faithfully

Mark Pitts

Company Secretary

This announcement has been approved for release by Mr Mark Pitts, Company Secretary, Variscan Mines Limited.

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About Variscan Mines Limited (ASX:VAR)
Variscan Mines Limited (ASX:VAR) is a growth oriented, natural resources company focused on the acquisition, exploration and development of high-quality strategic mineral projects. The Company has compiled a portfolio of high-impact base-metal interests in Spain, Chile and Australia. Its primary focus is the development of its advanced zinc projects in Spain. The Company's name is derived from the Variscan orogeny, which was a geologic mountain building event caused by Late Paleozoic continental collision between Euramerica (Laurussia) and Gondwana to form the supercontinent of Pangea.
To learn more, please visit: www.variscan.com.au

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Variscan Mines

Interim Financial Report

for the half-year ended

31 December 2023

Contents

Corporate Information

Directors

Mr Anthony Wehby	*Non-executive Chairman*
Mr Stewart Dickson	*Managing Director & CEO*
Mr Nick Farr-Jones	*Non-executive Director*
Dr Frank Bierlein	Non-executive Director

Company Secretary

Mr Mark Pitts

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Auditors

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Securities Exchange Listing

Variscan Mines Limited's shares are listed on the Australian Securities Exchange (ASX: VAR)

Competent Persons Statements

The information in this document that relates to the Exploration Target, Exploration results and technical information about the Novales-Udias project is based on, and fairly represents information and supporting documentation reviewed by by Dr. Mike Mlynarczyk, Principal of Redstone Exploration Services, a geological consultancy acting as an external consultant for Variscan Mines. Dr. Mlynarczyk is a Professional Geologist (PGeo) of the Institute of Geologists of Ireland, and European Geologist (EurGeol) of the European Federation of Geologists, as well as Fellow of the Society of Economic Geologists (SEG). With over 10 years of full-time exploration experience in MVT-style zinc-lead systems in several of the world's leading MVT provinces, Dr. Mlynarczyk has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ('JORC Code'). Dr. Mlynarczyk consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears.

Where Company refers to exploration results, historical data and mineral resource estimates previously advised to the ASX it confirms that it is not aware of any new information or data that materially affects the information included in previous announcements and all material assumptions and technical parameters disclosed in those announcements continue to apply and have not materially changed.

Directors' Report

Your Directors of Variscan Mines Limited (the "Company") submit the Interim Financial Report of the Group, being the Company and its controlled entities ("Variscan" or the "Group"), for the half year ended 31 December 2023. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Mr Anthony Wehby	Non-executive Chairman
Mr Stewart Dickson	Managing Director & CEO
Mr Nicholas (Nick) Farr-Jones	Non-executive Director
Dr Frank Bierlein	Non-executive Director

Review of operations

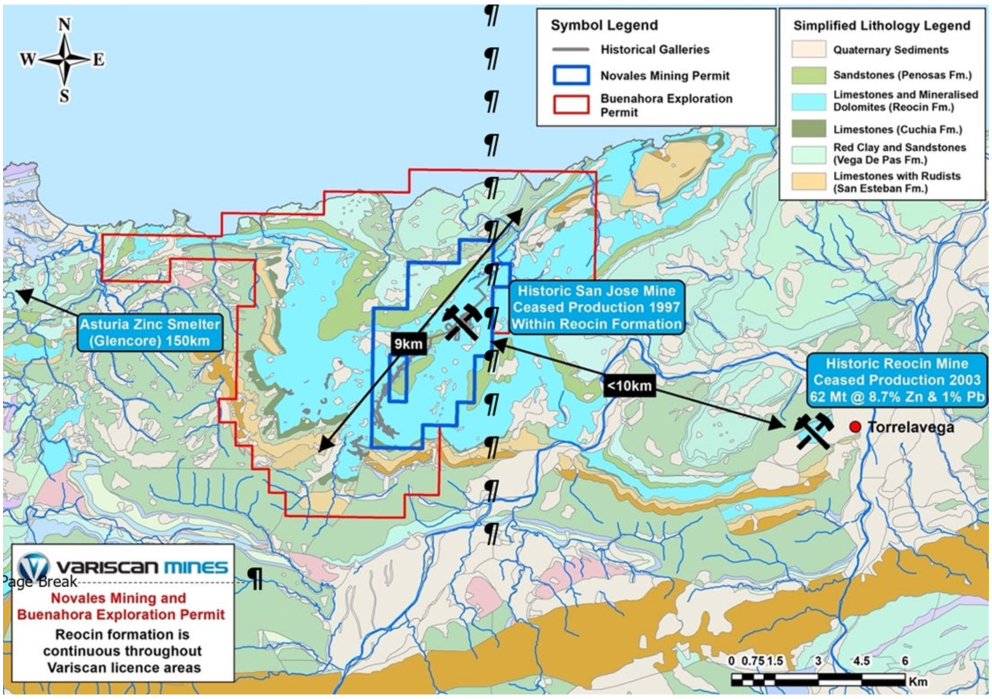
Spain – Novales-Udias Zinc Project

Project summary and strategy

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 over the 9km Novales Trend, which includes a number of satellite underground and surface workings.

This project, which is highly prospective across multiple fronts and located in close proximity to both major infrastructure requirements and zinc consumers, continued to be the major focus of Variscan's exploration and development activities over the six months to 31 December 2023.

Figure 1: Novales-Udias Project Opportunities



Directors' Report

Over the past six months, Variscan has made rapid progress towards a mine restart.

Initial, maiden JORC-compliant Mineral Resource Estimate for San Jose

In late November 2023, Variscan released an initial, maiden JORC (2012) compliant Mineral Resource Estimate ("MRE") for the San Jose Mine, near Novales, located in Cantabria, northern Spain. (see ASX announcement dated 28 November 2023).

CSA Global ("CSA Global"), a member of the ERM Group of Companies, was engaged by Variscan to report a MRE for the San Jose deposit and the adjacent north-eastern part of the Udías deposit. The MRE is 1.1Mt @ 9.0% Zn and 1.2%Pb at a cut-off grade of 2% Zn.

Table 1. JORC Mineral Resource Estimate for San Jose Mine and north-eastern Udías by deposit and classification reported above a 2% Zn cut-off

Deposit	Classification	Tonnes (Kt)	Zn %	Pb %	Zn + Pb %
San Jose	Indicated	490	10.0	1.7	**11.7**
	Inferred	250	12.3	1.6	**14.0**
	Sub-total	**740**	**10.8**	**1.7**	12.5
San Jose (NE)	Inferred	260	4.7	0.1	**4.8**
Udías (NE)	Inferred	90	6.5	0.4	**6.8**
Total	**Indicated**	**490**	**10.0**	**1.7**	**11.7**
	Inferred	**590**	**8.2**	**0.8**	**8.9**
	Total	**1,080**	**9.0**	**1.2**	**10.2**

Notes:

- *Due to effects of rounding, the total may not represent the sum of all components.*
- *Mineral Resource is reported from all blocks, classified as either Indicated or Inferred, where interpolated block grade is ≥2.0% Zn.*
- *Block model is coded where blocks have been depleted by historical underground mining activities.*
- *A density value of 3 t/m 3 is applied to all blocks.*

The MRE has been estimated for the San Jose deposit as well as the adjacent north-eastern part of the Udías deposits, both of which were previously mined for zinc during the 20th century. The Project is centred around the historically mined San Jose underground zinc-lead project with a large surrounding area of exploration opportunities over the 9km Novales Trend, which includes a number of satellite underground and surface workings.

The MRE incorporates outcomes from extensive drilling campaigns undertaken in and around the Project. Underground and surface drilling has been carried out since the 1960s, with a drill hole database now comprising 1,105 drill-holes covering approximately 94,808m. Variscan itself carried out surface and underground drilling programs in 2022 and 2023, targeting extensions to the known zones of mineralisation as well as targeting new zones of mineralisation.

The mineralisation is classified as Mississippi Valley-type ("MVT"), hosted within a stratiform dolomitic unit. The MRE is classified as a combination of Indicated and Inferred categories and has been reported in accordance with the JORC Code (2012)[1], with geological and sampling evidence sufficient to assume geological and grade continuity within the volumes classified as Indicated. The MRE classification levels were based upon an assessment of geological understanding of the deposit, geological and grade continuity, drillhole spacing, quality control results, search and interpolation parameters, and an analysis of available density information.

The deposit is considered to be of sufficient grade, quantity, and continuity to have reasonable prospects for eventual economic extraction.

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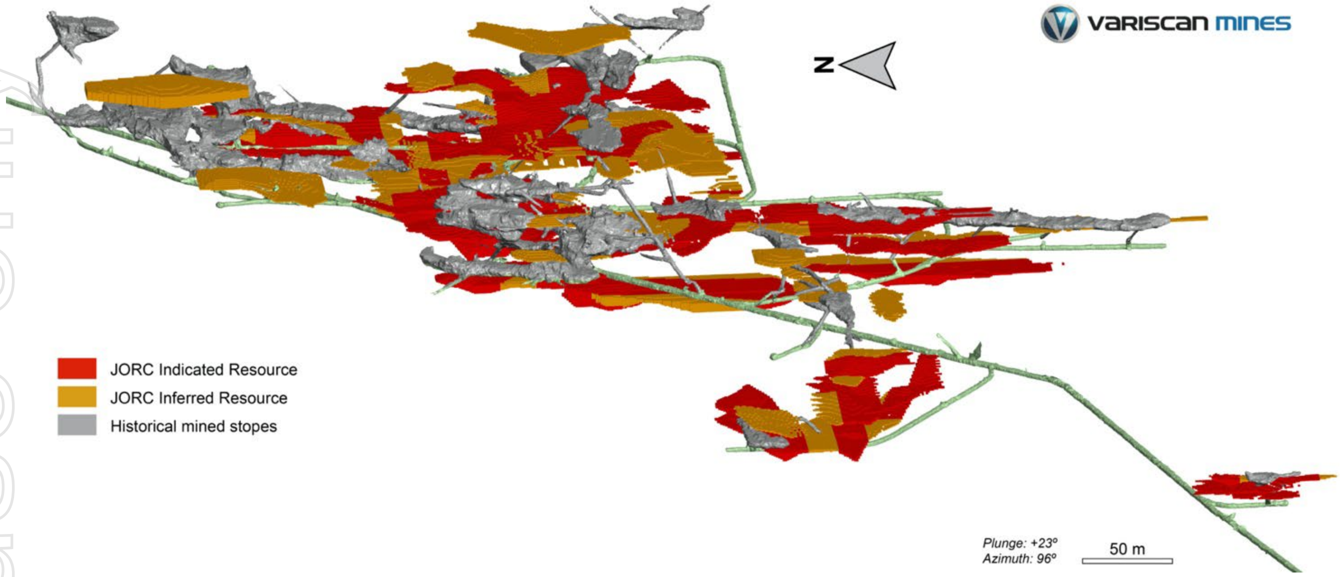
[1] Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition. Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC)

Figure 1. Mineral Resource Estimate categories in 3D View



Additional JORC Exploration Target indicates the potential scale and grade of the San Jose Mine

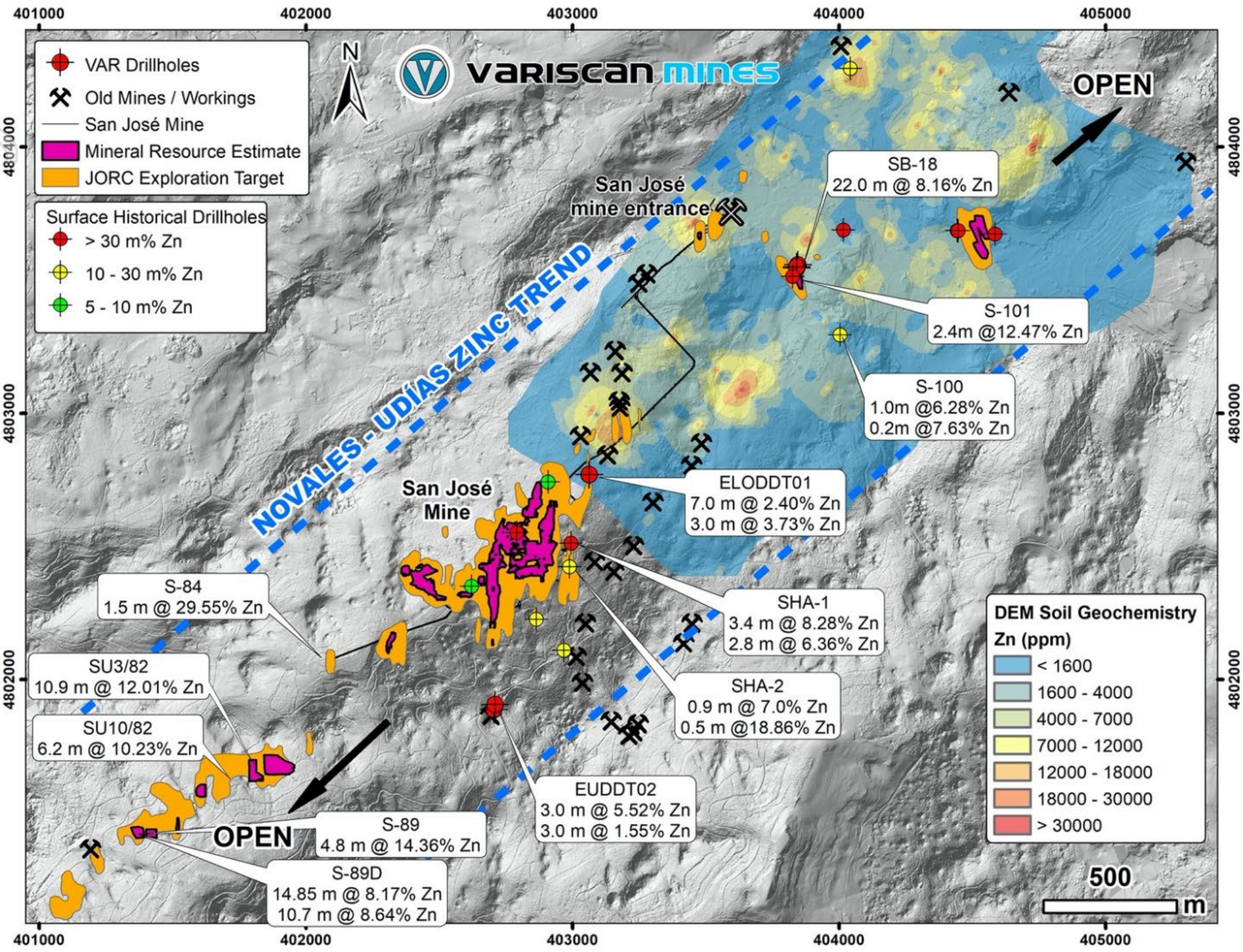
The abovementioned reported MRE sits within a larger JORC Exploration Target of 3Mt - 6Mt, with grade ranges of 7 - 11% Zn and 0.3 - 1.6% Pb[2].

Table 2. JORC Exploration Target Tonnage and Grade Estimate Ranges

Range	Tonnes (Mt)	Zn %	Pb %
Lower Estimate	3.0	7.0	0.3
Upper Estimate	6.0	11.0	1.6

[2] The potential quantity and grade of this exploration target is conceptual in nature, there is currently insufficient exploration completed to support a mineral resource of this size and it is uncertain whether continued exploration will result in the estimation of a Mineral Resource. The Exploration Target has been prepared in accordance with the JORC Code (2012).

Figure 2. JORC Exploration Target indicates scope for Mineral Resource to grow



Phase 3 Underground Drilling at San Jose Mine defines a new thick lower lens of high-grade zinc with up to 25% zinc intersected

In early October 2023, Variscan Mines released high grade zinc assay results from the Phase 3 underground diamond drilling campaign at the San Jose Mine (see ASX announcement dated 5 October 2023). This drilling programme has been focussed on prospective zones identified from the development of the Company's 3D model and is targeting an expansion of zones of mineralisation. These drill results achieve both objectives by defining a new lower lens beneath the La Catedral in the Central Zone and expanding the mineralisation footprint with continuity as the new lens links up with the La Caseta trend. The La Catedral lower lens is immediately accessible from main gallery level of the mine.

Selected drilling results:

- NDDT007B 21.85m @ 8.50% Zn, 0.38% Pb
  - including 18.05m @ 10.22% Zn, 0.46% Pb
- NDDT007 23.35m @ 7.09% Zn, 1.72% Pb
  - including 11.0m @ 11.58% Zn, 3.35% Pb
- NDDT014 14.55m @ 5.81% Zn, 0.90% Pb
- NDDT012 10.30m @ 5.09% Zn, 0.19% Pb
- NDDT010 3.80m @ 24.58% Zn, 3.13% Pb
- NDDT008 9.30m @ 5.18% Zn, 0.13% Pb

Figure 3. Cross-section of newly defined La Catedral Lower Lens, Central Zone, San Jose Mine

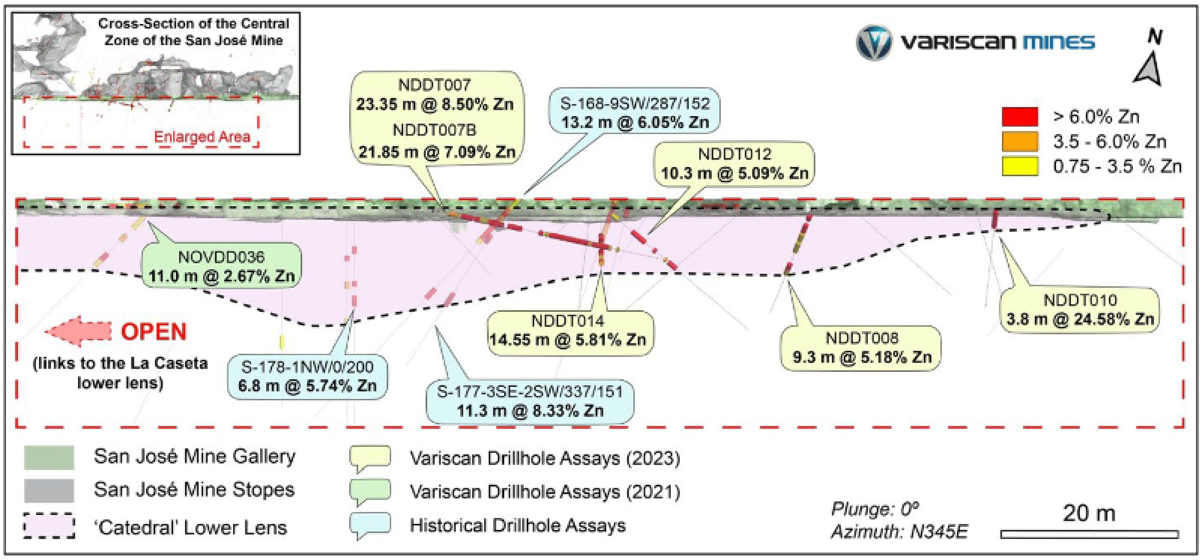


Figure 4. 3D model illustrating newly defined La Catedral Lower Lens, Central Zone, San Jose Mine

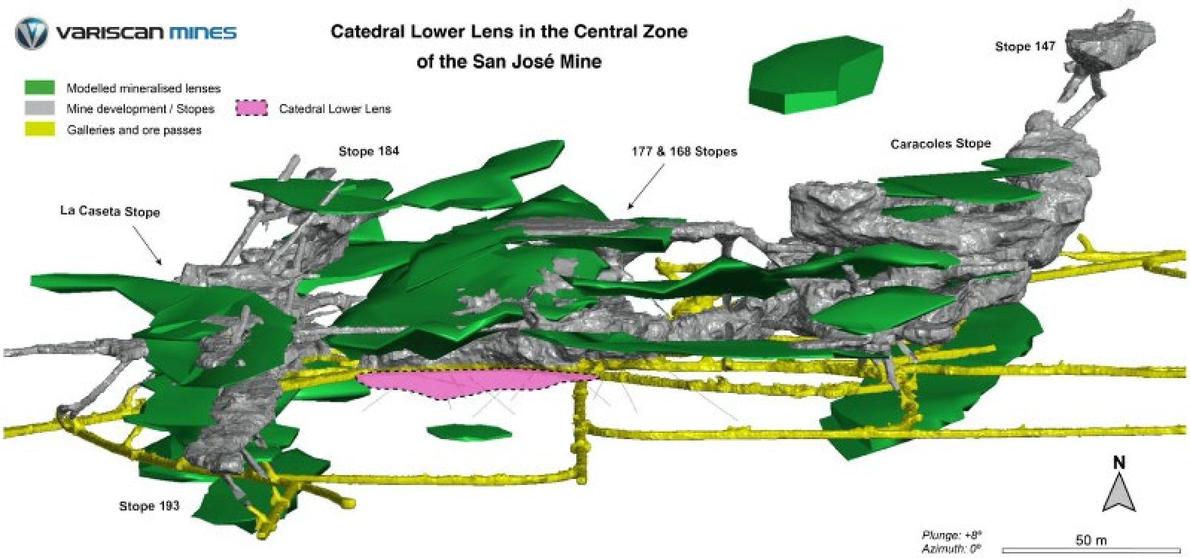
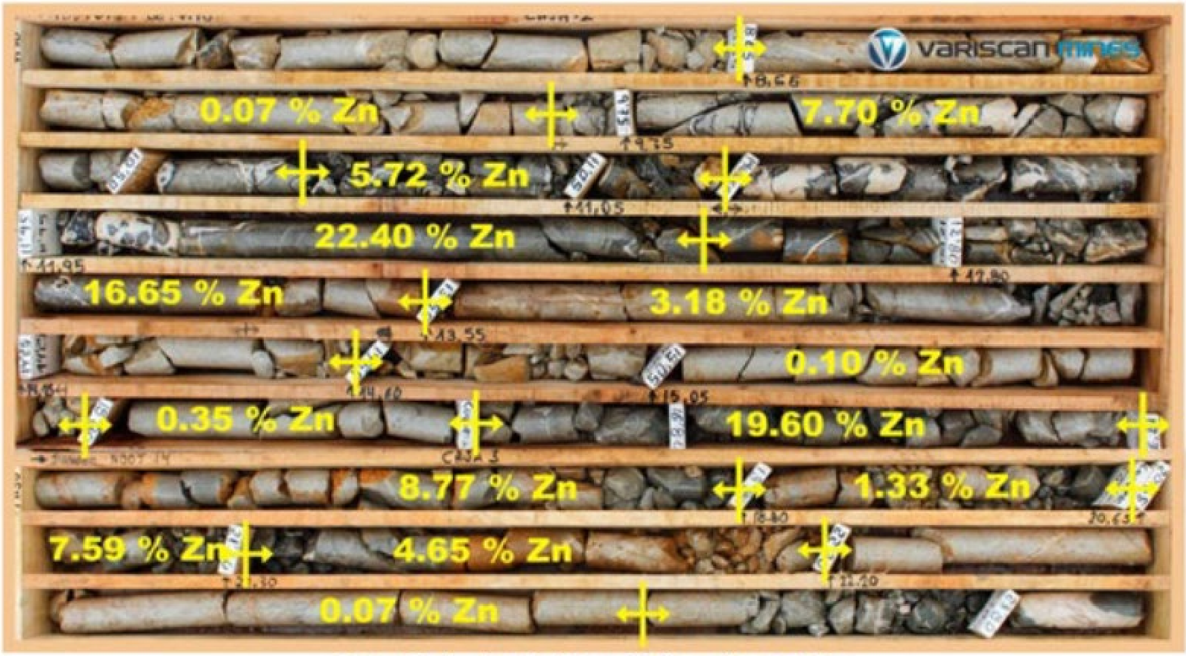


Figure 5: Diamond Drill Core from NDDT014 (14.55m @ 5.81% Zn, 0.90% Pb) illustrating massive sphalerite hosted in dolostone



Note: Hole depth shown is from 8m to 24m

Further critical milestones in development of San Jose are currently a work-in-progress

With delineation of a maiden Mineral Resource Estimate for San Jose now complete, Variscan's next focus is the delivery of other milestones critical to San Jose again becoming a producing mine. San Jose-related tasks that Variscan plans to deliver over the first half of Calendar Year 2024 include:

- Preparation of a mine-restart concept study for the San Jose Mine.
- A Phase 4 underground drilling campaign
- A potential surface drilling campaign at San Jose along strike
- A potential MRE upgrade
- The potential actioning of recommendations coming out of the now-being-prepared mine re-start study

Spain – Guajaraz Zinc Project

The Guajaraz Project is a prospective brown-field zinc-rich polymetallic opportunity with known mineral occurrences. The project is located in the highly mineralised Central Zone of the Iberian Massif, which ranks as one of the most mineralised geological units globally and represents the internal zone of the prolific European Variscan Orogenic belt.

The project area lies within a primary igneous and metamorphic crystalline plateau that hosts abundant hydrothermal vein networks that have a long history of exploration. Brittle-fault related vein and silicified breccia ore deposits are of the BPGC type (zinc-galena-pyrite-chalcopyrite).

While the main focus over the half-year was again the exploration and eventual development of the Novales-Udias project, Guajaraz remains a core asset in Variscan's portfolio.

Three-year extension of Guajaraz exploration license delivered

In late October 2023, Variscan announced that the Consejería de Desarrollo Sostenible (Department of Sustainable Development) of the Junta de Comunidades de CastillaLa Mancha (the regional Government of Castile-La Mancha) had approved a 3-year extension of the "Guajaraz" Permiso de Investigación (Exploration License), located in central Spain (see ASX announcement dated 26 October 2023).

A long-term exploration program for Guajaraz is now taking shape

The design of a future long-term work program for the Guajaraz Project, which will extend across the 2023 through 2026 lifespan of the now renewed Exploration License, includes:

- Soil geochemistry.
- Geophysical survey.
- Initial drilling campaign.

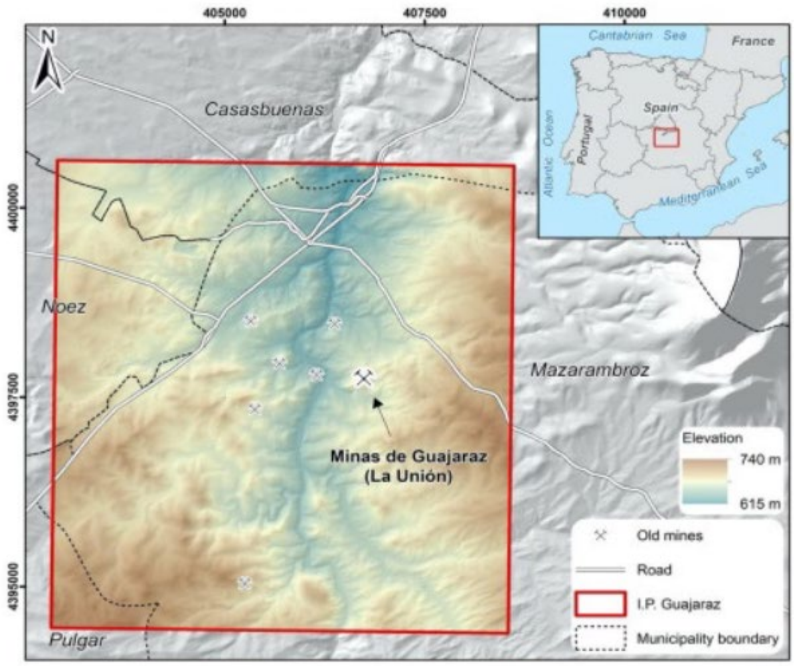
Directors' Report

A geophysical campaign will be carried out, covering the same areas included in the already undertaken geochemical prospecting campaign with assay results pending. The main objective will be to discover polymetallic (Zn-Pb-Ag-Cu), deposits by recording anomalous chargeability and resistivity values utilising Direct Current Induced Polarization (DCIP). Initial planning anticipates the acquisition of chargeability and resistivity data along six profiles between 1.3-1.7km in length. The total length of the campaign will be approximately 8,500 metres.

Depending on the results obtained in the proposed geochemical and geophysical surveys, capital allocation and permitting, a surface drilling campaign is anticipated be conducted to drill-test targets identified. The objective of the drilling would be to seek extensions of (Zn-Pb-Ag-Cu) mineralization stepping out from the La Unión Mine.

Initial drill hole planning has been conducted based on the geological knowledge acquired to date. The final location of drill-holes will be refined by the results of the preceding geochemical and geophysical surveys.

Figure 7. Guajaraz Project location



Significant events after balance date

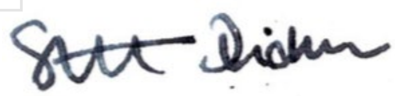
On 19 January 2024, the Company issued 14,555,556 shares at $0.018 each pursuant to a placement originally announced on 9 March 2023. The Company also issued 7,277,778 unlisted free attaching options exercisable at 2.75 cents ($0.0275) each on or before 15 March 2025.

Other than the above, there has been no additional matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Auditor Independence and Non-Audit Services

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year report. This Independence Declaration is set out on page 11 and forms part of this Directors' Report for the half year ended 31 December 2023.

Signed in accordance with a resolution of the Directors.



Stewart Dickson

Managing Director

Dated this 15th day of March 2024

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Variscan Mines Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
15 March 2024

David Healy

D B Healy
Partner

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2023

	Notes	Consolidated Six months to 31 December 2023 $	Six months to 31 December 2022 $
Continuing operations			
Interest income		6,726	3,829
Other income		1,078	-
Total income		**7,804**	**3,829**
Compliance expenses		(34,483)	(40,495)
Professional services expenses		(114,511)	(143,439)
Finance expenses		(156)	(31)
Directors' expenses		(121,000)	(150,520)
Travel and accommodation expenses		(23,181)	-
Share based payments	6	-	(108,744)
Other expenses		(46,136)	(47,281)
Total expenses		**(339,467)**	**(490,510)**
Realised gain/(loss) on foreign exchange		(1,509)	1,619
Unrealised gain/(loss) on foreign exchange		2,032	46
Total foreign exchange gain/(loss)		**523**	**1,665**
Loss before income tax		**(331,140)**	**(485,016)**
Income tax expense		-	-
Loss for the period after income tax		**(331,140)**	**(485,016)**
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(53,795)	20,183
Other comprehensive (loss) / income for the period, net of tax		**(53,795)**	**20,183**
Total comprehensive loss for the period		**(384,935)**	**(464,833)**
Loss per share			
Basic and diluted loss per share (cents per share)	3	(0.09)	(0.18)

The accompanying notes form part of these financial statements

Condensed Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	Consolidated 31 December 2023 $	Consolidated 30 June 2023 $
Assets			
Current assets			
Cash and cash equivalents		778,915	1,017,571
Trade and other receivables		140,446	375,680
Total current assets		**919,361**	**1,393,251**
Non-current assets			
Property, plant and equipment		66,851	71,158
Deferred exploration and evaluation expenditure	4	8,702,779	8,097,650
Other non-current assets		66,899	67,798
Total non-current assets		**8,836,529**	**8,236,606**
Total assets		**9,755,890**	**9,629,857**
Liabilities			
Current liabilities			
Trade and other payables		386,519	254,179
Total current liabilities		**386,519**	**254,179**
Total liabilities		**386,519**	**254,179**
Net assets		**9,369,371**	**9,375,678**
Equity			
Issued capital	5	35,792,871	35,344,243
Reserves	5	302,697	875,774
Accumulated losses		(26,726,197)	(26,844,339)
Total equity		**9,369,371**	**9,375,678**

The accompanying notes form part of these financial statements

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2023

	Consolidated				
	Issued capital	Share-based payment reserve	Foreign currency translation reserve	Accumulated losses	Total
1 July 2022	**34,018,303**	**636,838**	**85,649**	**(25,977,099)**	**8,763,691**
Loss for the period	-	-	-	(485,016)	**(485,016)**
Other comprehensive income for the period, net of income tax	-	-	20,183	-	**20,183**
Total comprehensive loss for the period	**-**	**-**	**20,183**	**(485,016)**	**(464,833)**
Share based payments	-	108,744	-	-	**108,744**
Lapse of options	-	(19,000)	-	19,000	**-**
31 December 2022	**34,018,303**	**726,582**	**105,832**	**(26,443,115)**	**8,407,602**
1 July 2023	**35,344,243**	**726,582**	**149,192**	**(26,844,339)**	**9,375,678**
Loss for the period	-	-	-	(331,140)	**(331,140)**
Other comprehensive loss for the period, net of income tax	-	-	(53,795)	-	**(53,795)**
Total comprehensive loss for the period	**-**	**-**	**(53,795)**	**(331,140)**	**(384,935)**
Issue of shares for cash	333,000	-	-	-	**333,000**
Issue of shares in lieu of fees	45,628	-	-	-	**45,628**
Exercise of performance rights	70,000	(70,000)	-	-	**-**
Lapse of options	-	(449,282)	-	449,282	**-**
31 December 2023	**35,792,871**	**207,300**	**95,397**	**(26,726,197)**	**9,369,371**

The accompanying notes form part of these financial statements

Condensed Consolidated Statement of Cash Flows

For the half-year ended 31 December 2023

		Consolidated	
		Six months to 31 December 2023	Six months to 31 December 2022
	Notes	$	$
Cash flows from operating activities			
Payments to suppliers and employees		(384,639)	(361,349)
Interest received		6,726	3,829
Finance costs		(156)	(31)
Net cash outflow from operating activities		**(378,069)**	**(357,551)**
Cash flows from investing activities			
Exploration and evaluation expenditure		(191,925)	(933,320)
Purchase of property, plant and equipment		(640)	(2,997)
Net cash outflow from investing activities		**(192,565)**	**(936,317)**
Cash flows from financing activities			
Proceeds from issue of shares	5	333,000	-
Net cash inflow from financing activities		**333,000**	**-**
Net (decrease) in cash and cash equivalents		**(237,634)**	**(1,293,868)**
Cash and cash equivalents at the beginning of the period		1,017,571	1,945,935
Effect of foreign exchange rate fluctuations on cash held		(1,022)	9,763
Cash and cash equivalents at the end of the period		**778,915**	**661,830**

The accompanying notes form part of these financial statements

Notes to the Condensed Interim Financial Statements

For the half-year ended 31 December 2023

Note 1: Basis of Preparation

These condensed interim financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards including AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements comprise the consolidated condensed interim financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity. The interim financial statements do not include full disclosures of the type normally included in the annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as the annual financial report. It is recommended these interim financial statements be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by Variscan Mines Limited and its subsidiaries during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. The financial statements have been prepared on a historical cost basis, except for financial assets carried at fair value. Historical cost is based on the fair values of the consideration given in exchange for assets, goods and services. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the interim financial statements, the half year has been treated as a discrete reporting period.

(a) Statement of compliance

The financial report was authorised for issue on 15 March 2024.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

New Standards and Interpretations applicable for the half year ended 31 December 2023

In the period ended 31 December 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations on issue not yet adopted for the period ended 31 December 2023. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

(b) Going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. For the half-year ended 31 December 2023, the Group recorded a net loss after tax of $331,140 (2022: $485,016), and net cash outflows from operating and investment activities of $570,634 (2022: $1,293,868). At 31 December 2023, the Group had $778,915 in cash and cash equivalents (30 June 2023: $1,017,571) and net working capital of $532,842 (30 June 2023: $1,139,072).

Furthermore, as noted in Note 9, subsequent to the end of the year the Company issued 14,555,556 shares at $0.018 each pursuant to a placement originally announced on 9 March 2023.

Notwithstanding the above, and whilst not immediately required, the Group will need to raise further funds into the future to meet its budgeted and planned exploration expenditure as well as corporate overheads. The Group's ability to raise additional funds into the future will be impacted by the success of exploration activities and market conditions. The Directors have reviewed the Group's overall financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will have sufficient funds available for at least 12 months to achieve its objectives and noting that it will be able to raise further funding or reduce or delay expenditures. Should these planned activities to raise or conserve capital not be successful, there exists a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and, therefore, to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Notes to the Condensed Interim Financial Statements

For the half-year ended 31 December 2023

Note 2: Segment Reporting

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

Based on the quantitative thresholds included in AASB 8, there are currently two geographical segments, being Australia and Spain, which are considered for management purposes to form part of the single reportable segment of mineral exploration.

Segment information

The following tables present revenue and profit information and certain asset and liability information regarding geographical segments:

	As at	Australia $	Spain $	Total $
Segment assets	31 December 2023	797,735	8,958,155	9,755,890
	30 June 2023	974,554	8,655,303	9,629,857
Segment liabilities	31 December 2023	(330,683)	(55,836)	(386,519)
	30 June 2023	(206,655)	(47,524)	(254,179)

	For the half year ended	Australia $	Spain $	Total $
Segment income	31 December 2023	7,804	-	7,804
	31 December 2022	3,829	-	3,829
Segment loss before income tax expense	31 December 2023	(332,218)	1,078	(331,140)
	31 December 2022	(495,356)	10,340	(485,016)

Notes to the Condensed Interim Financial Statements

For the half-year ended 31 December 2023

Note 3: Loss Per Share

Basic and diluted loss per share

	Consolidated	
	Six months to 31 December 2023	Six months to 31 December 2022
Basic and Diluted loss per share (cents per share)	(0.09)	(0.18)

Gain/(Loss)

The Gain or (Loss) used in the calculation of basic and diluted gain/(loss) per share is as follows:

	Consolidated	
	Six months to 31 December 2023	Six months to 31 December 2022
	$	$
Loss used in the calculation of basic loss per share	(331,140)	(485,016)

Weighted average number of ordinary shares

The weighted average number of ordinary shares used in the calculation of basic and diluted loss per share is as follows:

	Consolidated	
	Six months to 31 December 2023	Six months to 31 December 2022
	Number	Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	351,907,581	266,732,024
There is no impact of potential ordinary shares as they are considered anti-dilutive	-	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**351,907,351**	**266,732,024**

Note 4: Deferred Exploration and Evaluation Expenditure

Carrying value

	Consolidated	
	31 December 2023 $	30 June 2023 $
Exploration and evaluation costs	8,702,779	8,097,650

Reconciliation

	Consolidated	
	Six months to 31 December 2023 $	Year to 30 June 2023 $
Opening balance	8,097,650	6,710,006
Expenditure incurred	637,643	1,231,286
Depreciation capitalised	8,077	7,546
Impact of foreign currency exchange differences	(40,591)	227,538
Amounts written off	-	(78,726)
Closing balance	**8,702,779**	**8,097,650**

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

Note 5: Issued Capital & Reserves

Contributed Equity

	31 December 2023 $	30 June 2023 $
Share capital		
634,444,812 ordinary shares fully paid (30 June 2023: 338,003,630)	35,792,871	35,344,243

Movement in ordinary shares on issue

	Six months to 31 December 2023		Year to 30 June 2023	
	Number	$	Number	$
Balance at beginning of period	338,003,630	35,344,243	266,732,024	34,018,303
Shares issued for cash	18,499,999	333,000	66,666,667	1,200,000
Shares issued in lieu of share issue costs	-	-	1,527,778	27,500
Shares issued in lieu of directors fees	2,385,627	45,628	3,077,161	70,940
Subscription funds for unissued shares (a)	-	-	-	55,000
Shares issued for funds received during prior period (a)	3,055,556	-	-	-
Exercise of performance rights	2,500,000	70,000	-	-
Share issue costs	-	-	-	(27,500)
Balance at end of period	**364,444,812**	**35,792,871**	**338,003,630**	**35,344,243**

a) In June 2023, the Company received $55,000 relating to the second tranche of the share placement conducted during the year. The 3,055,556 shares relating to these funds were issued on 21 August 2023.

Reserves

	31 December 2023 $	30 June 2023 $
Share based payment reserve	207,300	726,582
Foreign currency translation reserve	95,397	149,192
Total Reserves	**302,697**	**875,774**

Note 5: Issued Capital & Reserves

Movement in share-based payment reserve

	Consolidated	
	Six months to 31 December 2023	Year to 30 June 2023
	$	$
Opening balance	726,582	636,838
Share based payments during the period	-	108,744
Exercise of performance rights	(70,000)	
Lapse of options	(449,282)	(19,000)
Closing balance	**207,300**	**726,582**

Movement in unlisted options on issue

	Six months to 31 December 2023		Year to 30 June 2023	
	Number	$	Number	$
Balance at beginning of period	46,277,779	656,582	19,500,000	574,135
Issue of options to Directors and Key Management Personnel	-	-	12,000,000	84,800
Expense recognised for further vesting during the period	-	-	-	16,647
Lapse of options	(16,500,000)	(449,282)	(500,000)	(19,000)
Options issued as free-attaching to placement	28,833,333	-	15,277,779	-
Balance at end of period	**58,611,112**	**207,300**	**46,277,779**	**656,582**

Movement in performance rights on issue

	Six months to 31 December 2023		Year to 30 June 2023	
	Number	$	Number	$
Balance at beginning of period	2,500,000	70,000	2,500,000	62,704
Additional vesting expense recognised for previously issued securities	-	-	-	7,296
Exercise of performance rights	(2,500,000)	(70,000)	-	-
Balance at end of period	**-**	**-**	**2,500,000**	**70,000**

Note 6: Share-based Payments

The following share-based payment arrangements were in place during the period:

Unlisted options

	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $	Vesting terms	Current Status
Director Options – Tranche 1	4,000,000	26 Nov 2020	30 Nov 2023	$0.055	$0.0206	Note 2	Lapsed
Director Options – Tranche 2	4,000,000	26 Nov 2020	30 Nov 2023	$0.065	$0.0200	Note 2	Lapsed
Director Options – Tranche 3	4,000,000	26 Nov 2020	30 Nov 2023	$0.08	$0.0193	Note 2	Lapsed
Broker Options	2,500,000	30 Jun 2021	30 Sep 2024	$0.12	$0.0490	Immediately	Vested, exercisable
Key Management Personnel Options – Tranche 1	1,500,000	25 Nov 2021	30 Nov 2023	$0.095	$0.0196	Immediately	Lapsed
Key Management Personnel Options – Tranche 2	1,500,000	25 Nov 2021	30 Nov 2023	$0.10	$0.0190	Immediately	Lapsed
Key Management Personnel Options – Tranche 3	1,500,000	25 Nov 2021	30 Nov 2023	$0.11	$0.0183	Immediately	Lapsed
Key Management Personnel Options – Tranche 4	4,000,000	30 Nov 2022	30 Nov 2024	$0.045	$0.0080	Immediately	Vested, exercisable
Key Management Personnel Options – Tranche 5	4,000,000	30 Nov 2022	30 Nov 2024	$0.055	$0.0070	Immediately	Vested, exercisable
Key Management Personnel Options – Tranche 6	4,000,000	30 Nov 2022	30 Nov 2024	$0.065	$0.0062	Immediately	Vested, exercisable

2 – Each of the three tranches of Director Options vests as follows:

- 1/3 vests upon grant
- 1/3 vests after 12 months from the date of grant
- 1/3 vests after 24 months from the date of grant

The fair value of services rendered in return for unlisted options is based on the fair value of the unlisted options granted, measured using the Black-Scholes model. The following inputs were used in the measurement of the fair values at grant date of the unquoted options issued during the comparative financial period, being the Key Management Personnel (KMP) options tranches 4 to 6:

	KMP Options – Tranche 4	KMP Options – Tranche 5	KMP Options – Tranche 6
Fair value (per security) at grant date	$0.0080	$0.0070	$0.0062
Share price at grant date	$0.022	$0.022	$0.022
Exercise price	$0.045	$0.55	$0.65
Expected volatility	100%	100%	100%
Option life	2 years	2 years	2 years
Expected dividends	-	-	-
Risk-free interest rate	3.11%	3.11%	3.11%
Number of options	4,000,000	4,000,000	4,000,000
Total fair value of securities granted	$32,000	$28,000	$24,800

These three tranches of options vested during the financial year ended 30 June 2023.

Note 6: Share-based Payments

Performance rights

	Number	Grant date	Expiry date	Fair value at grant date $	Vesting date
Managing Director Performance Rights – Tranche 1	1,250,000	26 Nov 2020	30 Nov 2023	$0.028	30 Nov 2021
Managing Director Performance Rights – Tranche 2	1,250,000	26 Nov 2020	30 Nov 2023	$0.028	30 Nov 2022

A total of 2,500,000 unquoted performance rights were granted to the Company's Managing Director in accordance with shareholder approval granted by at the Company's 2020 Annual General Meeting. The fair value of these securities is based on the market value of the underlying ordinary share on grant date, being $0.028.

These rights vested in two separate tranches after 12 and 24 months, respectively. Both tranches were exercised during the current financial period and, as a result, 2,500,000 ordinary shares were issued. Refer Note 5.

As at 31 December 2023, the Group has no Performance Rights on issue.

Note 7: Financial Instruments

Fair value measurement

Measured at fair value on recurring basis

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observe ability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial assets held at fair value were disposed of during the previous financial year.

Transfers

There have been no transfers between the levels of the fair value hierarchy during the half year ended 31 December 2023.

Not measured at fair value (but fair value disclosures are required)

The Directors consider that the carrying amounts of current receivables and current payables are considered to be a reasonable approximation of their fair values.

Note 8: Contingencies and Commitments

Exploration expenditure commitments

On 1 July 2019, the Company announced it had agreed to material amendments to the Rosario Project Option Agreement with the vendors, resulting in the total unconditional cash payments due to the project vendors reducing by 94% from US$5.0M to US$0.3M, as well as granting the Company an earn-in right reflecting expenditures made to date and in the future. To date, the Group has made payments under the earn-in agreement totalling US$50,000 and secured a 10.4% interest in the project.

The Company can increase its interest up to 90% through total payments and expenditure on the project of approximately US$2.23M. Finally, certain milestone payments totalling an additional $2.0M may be payable upon the satisfaction of a number of milestones.

Contingencies

There has been no change in contingent liabilities since the last annual reporting date (30 June 2023: $nil).

Milestone consideration

In accordance with the acquisition agreements, the Company must issue additional shares upon the satisfaction of certain exploration milestones. These milestones are for the definition, in accordance with JORC 2012, of an Inferred Mineral Resource (or greater) of:

- Milestone 1: 4 million tonnes at 7% Zn
- Milestone 2: 8 million tonnes at 7% Zn

Upon satisfaction of each of these milestones, the Company must issue 27,500,000 ordinary shares to the vendors of Slipstream Spain Pty Ltd and Slipstream Spain 2 Pty Ltd, and 2,426,471 shares to Hispanibal S.L. as the vendor of the "Hispanibal Option", for a total of 59,852,941 Ordinary Shares if both milestones are met.

As at the date of this report, the Directors are of the view that the work conducted on the projects to date is not of a sufficiently advanced stage to determine the probability of meeting these milestones and therefore no current obligation has been recorded in this interim financial report.

Note 9: Significant Events after Balance Date

On 19 January 2024, the Company issued 14,555,556 shares at $0.018 each pursuant to a placement originally announced on 9 March 2023. The Company also issued 7,277,778 unlisted free attaching options exercisable at 2.75 cents ($0.0275) each on or before 15 March 2025.

Other than the above, there has been no additional matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Note 10: Significant Accounting Estimates and Judgements

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2023.

Directors' Declaration

Directors' Declaration

In the opinion of the Directors of Variscan Mines Limited (the 'Company'):

1. the accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001* including:

    a. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year then ended; and

    b. complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. the interim financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

4. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2023.

This declaration is signed in accordance with a resolution of the board of Directors.

Stewart Dickson
Managing Director
Dated this 15th day of March 2024

INDEPENDENT AUDITOR'S REVIEW REPORT
To the Members of Variscan Mines Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Variscan Mines Limited ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Variscan Mines Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
15 March 2024

David Healy

D B Healy
Partner