

ASX Announcement | 21 January 2026
Variscan Mines Limited (ASX:VAR)

NOVALES-UDÍAS PROJECT AND MARKET UPDATE

Highlights

- Underground drilling recommenced at Udías Mine
- All drilling completed at Udías Mine to date lies outside the current Mineral Resource Estimate (MRE) for the Novales-Udías Project
- Drilling will continue along mine development targeting new untested zones to link up with existing MRE zones and beyond to the San Jose Mine
- San Jose Mine Re-Start Study workstreams are ~95% complete; publication expected in coming weeks
- Completion of Earn-in to Midlands and Waterford zinc projects in Ireland with BMex expected very soon; diligence and transaction documents in agreed, final form.
- Strong Zinc prices with positive outlook, ahead of concentrate marketing outreach when Study published working with appointed Marketing Manager, Square Resources
- Variscan on track with progressing its Explorer-Producer Strategy to Mine Restart

Variscan Mines Limited (ASX:VAR) (“Variscan” or “the Company”) is pleased to provide the following exploration, operational and market update for its 100% owned Novales- Udías Project in Cantabria, northern Spain.

Drilling recommenced at Udias Mine

Underground drilling has recommenced at the Udías Mine following the festive season break. Having reported a series of excellent results in 2025¹ the future drilling plan is to continue to move systematically into new target zones along the existing mine development to link up with the MRE and the San Jose Mine in Novales (see Figures 1 and 2).

Variscan is integrating 3D mine survey data², historical drilling results³, face sampling data⁴ together with its own drilling results in 2025 to delineate drill targets. The Udías Mine complex has a large footprint of under-explored workings which is along strike from, but currently outside of the existing MRE. Assay results returned from the 2025 campaign of diamond drilling indicate that mineralised zones extend well beyond the current geological and MRE model and remain open. The drilling at Udías has continued to demonstrate strong geological similarity with mineralisation in the adjacent San Jose Mine, indicating they are part of the same mineral system.

¹ Refer ASX Announcements 23 February 2025, 01 June 2025 and 11 November 2025

² Refer ASX Announcement 29 September 2025

³ Refer ASX Announcement 07 August 2023

⁴ Refer ASX Announcement 10 September 2024

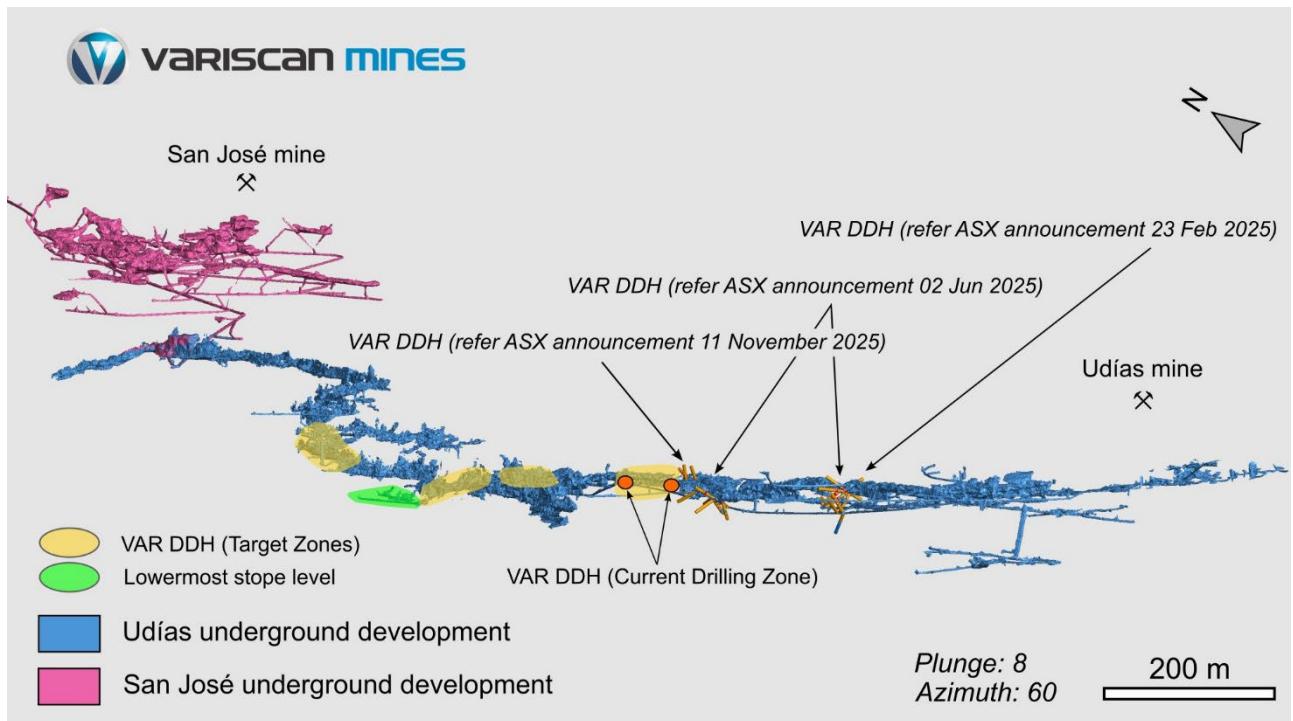


Figure 1. Orthographic view of Udías Mine current drilling locations, drilling results reported in 2025 and future drill targets to link with zones of current mineral resources in north-eastern part of the Udías Mine and beyond to the San José Mine.

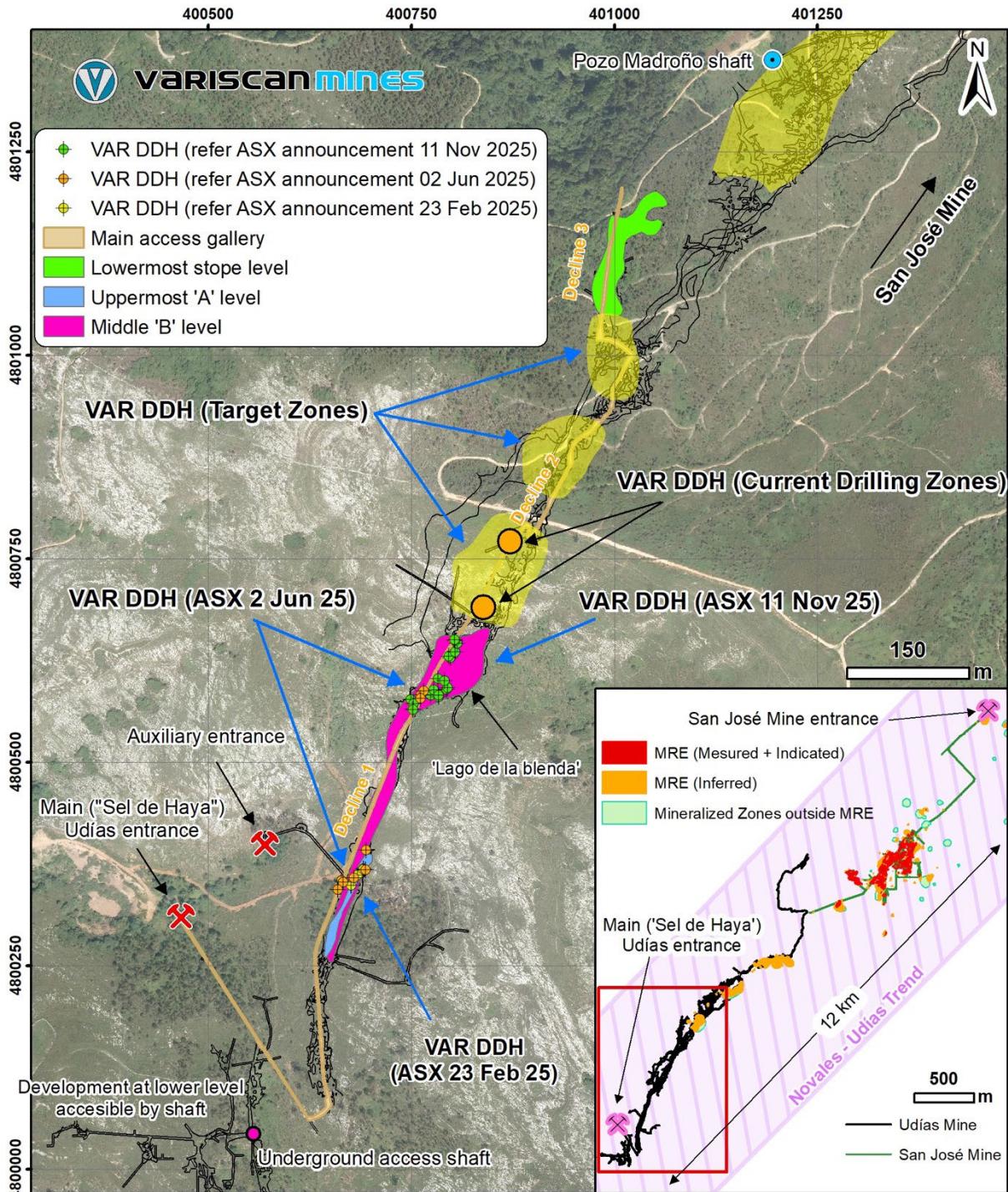


Figure 2. Plan view of the southern part of the Udías Mine indicating areas of current drilling locations, drilling results reported in 2025, mine development, and future drilling targets to link with zones of current mineral resources in north-eastern part of the Udías Mine and beyond to the San José Mine

San Jose Mine Re-Start Update

The workstreams required for the San Jose Mine Re-start Study are approximately 95% complete, with publication of the Study expected to be in the coming weeks.

The re-start of the San José Mine forms part of Variscan's stated Explorer-Producer Strategy for the overall Novales-Udias Project (of which the San José underground mine forms a central part).

The overarching guiding 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 cashflow generated
- Initially a 'starter' operation to provide a platform for future production growth
- Leverage the inherent advantages and the in-situ infrastructure already in place
- Use simplicity wherever possible to avoid complexity and delivery risk
- Where there are material opportunities to upgrade (change the "norm") of how the mine may be operated, these opportunities will be adopted
- A low Capex approach is deliberately sought recognizing this may have a trade off on Opex and perhaps certain operational efficiencies
- Based on 'ground truth' to make the mine restart 'permissible' and 'permissible' through consideration of the past, the people and the place.

The anticipated outcomes of an initial, 'starter operation' are:

- Phased, scalable production growth
- Cashflow generated from operations to organically fund exploration:
 - Significant drilling campaigns focused on increasing size of resource inventory
 - Proving up replacement resources ("drill while you mine") to ensure the growth and sustainability of the mining operation
 - Regional exploration over the 111km² licence area to realise the scale potential
- Cashflow to sustain Group activities
- Asset portfolio development including: evaluation of additional mine re-start opportunities

Completion of Bmex Earn-In

Following shareholder approval being secured at the Company's Annual General Meeting for the earn into the Midlands and Waterford zinc projects in Ireland, due diligence has been completed and final transaction documents are in agreed, final form. Consequently, transaction completion including finalization of an additional investment of \$0.25m is anticipated shortly.

Zinc Price & Concentrate Marketing

Zinc prices have shown recent strength, hitting recent highs around \$3,300/tonne due to tight inventories and strong demand. Global refined zinc inventories fell 30% in 2025 and sit at less than five days of demand.



Figure 3. Zinc Price Performance (Last 12 Months)⁵ Source: Trading Economics

The current zinc prices are trading at a 3.5x premium to the prevailing zinc price at time of San Jose Mine closure.

The outlook for zinc is positive. CRU Group (UK) recently published its 'Top Calls for Commodity Markets in 2026' report⁶, covering the themes shaping the global economy and major commodity sectors. Key takeaways for zinc include:

- Zinc looks set to stay in deficit in 2026
- Demand expected to exceed the concentrate supply outlook
- Price spikes possible as refined stocks remain at very low levels
- Prices likely to stay elevated throughout 2026
- Lack of mine supply growth
- Treatment Charges to remain low

Given the attractive market price environment, there is expected to be interest in Varsican's Novales-Udias Project and its 100% unallocated future zinc concentrate production. Commercial discussions are expected to begin following the publication of the Mine Re-Start Study which sets out production profiles. Those discussions will be advanced working with Square Trading Singapore Pte Ltd ("Square Trading"), who have been appointed as exclusive Marketing Manager⁷.

⁵ Price as at 16 January 2026

⁶ Available at: https://www.crugroup.com/en/campaigns/commodity-outlook-for-2026/?utm_source=linkedin&utm_medium=social_media&utm_campaign=global_outlook_for_2026

⁷ Refer ASX Announcement 13 August 2024

Square Trading's services will include developing and updating marketing strategies; preparing and providing short and long-term marketing plans; introducing Variscan to customers; liaising with customers in respect of sales contracts; assisting in preparing technical and commercial presentations to customers in respect of zinc and lead concentrates. Square Trading will use their reasonable endeavours to assist with procuring financing for Variscan to construct and operate the Novales-Udías Project.

Square Trading is a wholly owned subsidiary of Square Resources ("Square"). Established in March 2010, Square is active across the raw material supply chain from exploration, mining, sales to marketing and trading. It brings considerable global marketing and trading experience and capacity across a number of commodities and is working closely with Variscan to progress the San Jose Mine to production.

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

"We have hit the ground running in 2026. We are busy across a number of important work streams for our immediate and future growth.

We are very pleased that our drilling programme at the Udías Mine has quickly recommenced. Drilling will continue at Udías for the foreseeable future as we explore, define new zones of mineralisation and seek to link up with our existing high-grade Mineral Resource Estimate. We look forward to reporting further drilling success as results become available.

Our next key deliverable is publication of the Mine Re-Start Study which will deliver a realistic plan for early cash-flow from small scale production, re-positioning Variscan as cash-flow generating zinc producer, to sustainably fund ramp-up production growth and exploit exploration upside as well as the overall development of our project portfolio.

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-Udías Project as well as considering the local and macro environments in which we operate. 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

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: [<https://variscan.com.au/s/c7125d>]

Or scan the QR code.

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About Variscan Mines Limited (ASX:VAR)

Purpose, Strategy & Delivery



Purpose Our mission is clear: to develop our high-grade zinc assets to transition to a producing mining company

Strategy Our Explorer-Producer Strategy is designed to deliver: early cashflow from production at the San Jose and Udiás Mines, achieve attractive financial returns and sustainably fund ramp-up production growth, exploit exploration upside and the overall development of our project portfolio.

Focus Points



Zinc Focused

Structural opportunity to supply local markets as demand driven by energy transition tailwinds



Proven Assets

San Jose & Udiás Mines have proven track record of high-grade zinc production



Ready for Mine Re-Start

Near term production opportunity for cashflow to sustainably fund ramp-up growth and exploration upside

Delivery

1

Near Term Production

2

District Scale Exploration

3

Selective & Accretive M&A

For more information



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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 Spain⁸ and one of the world's richest MVT deposits⁹. 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 tenements¹⁰.

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 2024¹¹
- Expanded tenement holding of 111 km² (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^{12 13})
- 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% Zn¹⁴ with super high grade 'bolsas' (mineralised pods and lenses) commonly 10-20% Zn and in some instances +30% Zn¹⁵
- 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

⁸ Velasco, F., Herrero, J.M., Yusta, I., Alonso, J.A., Seibold, 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.

⁹ 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

¹⁰ Refer to ASX announcement of 29 July 2019

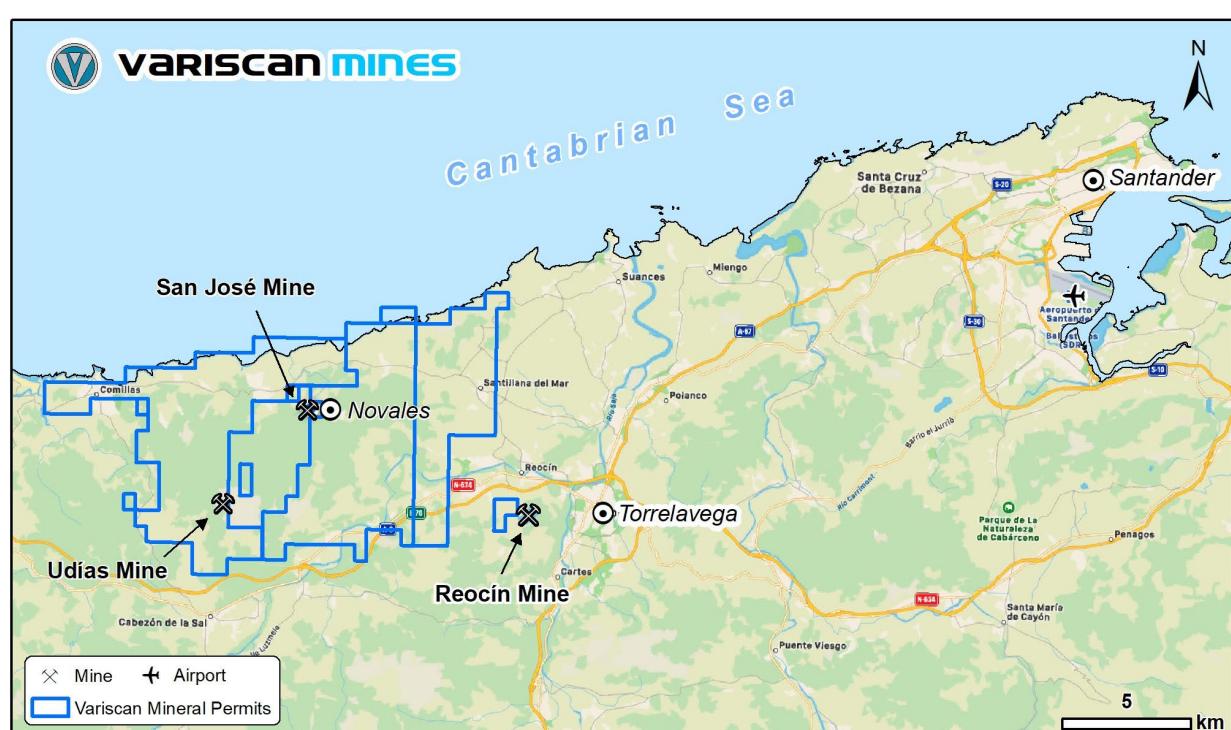
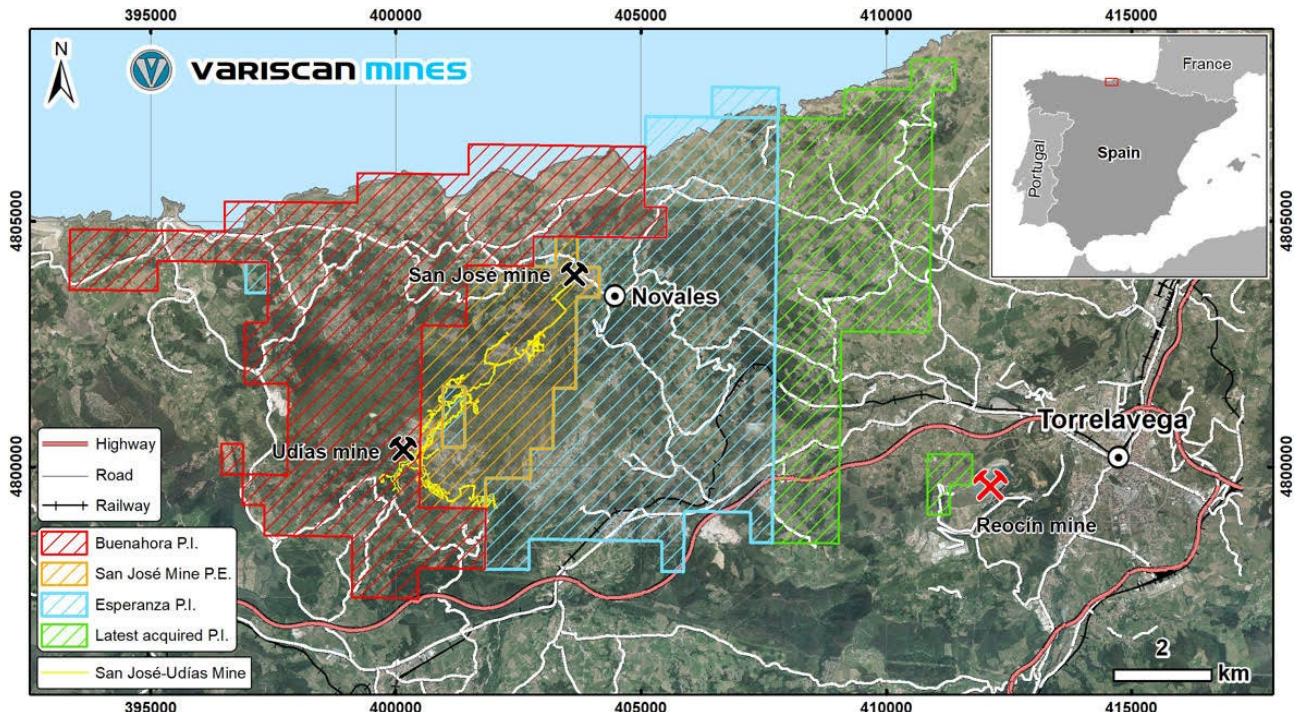
¹¹ Refer to ASX announcement of 8 December 2024

¹² Velasco, F., Herrero, J.M., Yusta, I., Alonso, J.A., Seibold, 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.

¹³ 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.

¹⁴ These figures have been taken from historical production data from the School of Mines in Torrelavega historical archives.

¹⁵ 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-Udías 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			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-Udías 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.