



**SCORPION
MINERALS**
LIMITED

ASX ANNOUNCEMENT

29 April 2022

QUARTERLY ACTIVITIES REPORT

QUARTER ENDED 31 MARCH 2022

Scorpion Minerals Limited (ASX:SCN) (**Scorpion, SCN or the Company**) is pleased to present its Quarterly Activities Report for the period ending 31 March 2022.

Highlights

- **Oversubscribed placement raises ~\$3.18m – strong support from existing shareholders and new sophisticated investors (post quarter-end)**
- **Completed acquisition of the Poona Project from eMetals Limited (ASX:EMT)**
- **SCN's footprint in the Murchison now stands at 1,544km²**
- **Completed technical review highlights strong lithium potential of Pharos and extends zone of pegmatite intrusion to 50km strike**
- **Pegmatites mapped to date remain untested by drilling**
- **Significant Li, Ta and Sn soil/rock chip anomalies identified adjacent to a granite greenstone contact**
- **Multiple base metal and Au targets within Poona Project area for follow-up exploration**
- **Key priority targets to be drill tested later this quarter**
- **Additional near-term work streams include geological mapping, soil geochemistry, airborne and/or ground EM survey**

Exploration & Development Activities

Pharos Project, WA (SCN: 100%)

The Pharos Project is 100% owned by Scorpion and covers an area of 1,544km² located 60km northwest of Cue in the Murchison Mineral Field, Western Australia.

BOARD OF DIRECTORS

Ms Bronwyn Barnes
Executive Chairman

Mr Craig Hall
Non-Executive Director

Ms Kate Stoney
*Non-Executive Director,
Company Secretary*

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Acquisition of 100% of Poona Project

In February 2022, Scorpion completed all due diligence activities associated with the binding Heads of Agreement ("the Agreement") with eMetals Limited (ASX:EMT) ("eMetals" or "EMT") to acquire EMT's interests in tenements E20/885, E20/896, E20/963 and E20/964 ("Tenements") which cover a combined 904km² in the Murchison Goldfield of Western Australia (see Figure 1).

As part of the transaction, SCN issued 4,000,000 fully paid ordinary shares to EMT during the quarter. The shares are subject to a holding lock pending completion by EMT of all Conditions Precedent to the Agreement. EMT will also receive a 0.5% net smelter return ("NSR") royalty in respect of minerals mined from the Tenements, should commercial mining be undertaken. The four Tenements (Poona Project) are contiguous to and south of SCN's Pharos tenements.

The Poona Project contains the Mughal Ni-Cu target plus the Poona and Jackson's Reward Rare Metal Pegmatite occurrences, all of which are located immediately south of SCN's high priority PGE-Ni-Cu targets at Pallas.

Full details of the Poona Project acquisition can be read in the ASX announcement dated 7 February 2022.

Scorpion Accelerates Pharos Iron Ore Agreement with Fenix Resources

In February 2022, Scorpion advised that it had entered into a Deed of Amendment Agreement with Fenix Resources Limited (Fenix) (ASX: FEX) in relation to tenements E20/953 and E20/948 (currently 100% owned by Scorpion) (together the Pharos Project Tenements).

In February 2021 (see ASX release dated 8 February 2021), a farm-in and joint venture agreement was executed between the two companies, which enabled Fenix to earn a 70% interest in the Iron Ore Rights over the Pharos Project Tenements by sole funding exploration and resource definition to identify up to 10 million tonnes (Mt) of iron ore.

The Pharos Project Tenements cover 640 km² and are contiguous to the tenements comprising Fenix's flagship Iron Ridge Project and contain numerous known iron ore targets.

The new agreement signed between Scorpion and Fenix accelerates and expands the previous farm-in and joint venture agreement such that Fenix is deemed to have earned a 100% interest in the Iron Ore rights on the Pharos Project Tenements in exchange for the issue of 4 million ordinary Fenix shares to Scorpion. Four million shares in Fenix were issued during the quarter to Scorpion on completion of the transaction.

Importantly, the new agreement provides Scorpion with strategic exposure to a consolidated mid-west iron ore producer and a clear pathway to extract maximum value from future iron ore exploration and development success at Pharos.

Further details of the agreement can be read in the ASX announcement dated 9 February 2022.

Base Metal Targets

Poona Technical Review Highlights Multiple PGE-Ni-Cu & Au Targets

In March 2022, the Company reported that a technical review of the Poona Project (ASX release dated 7 February 2022) had highlighted several PGE-Ni-Cu and Au targets for follow-up exploration.

Historic non-systematic programmes have been conducted intermittently across the Poona Project by multiple explorers from the early 1970's until 2021. These programmes were limited, only covered discreet areas and included soil/rock chip geochemistry, ground moving loop electromagnetic surveys (MLEM), reverse circulation (RC) drilling and wide spaced aircore (AC) drilling traverses.

These programmes identified significant untested mafic/ultramafic-hosted PGE-Ni-Cu targets within the Mindoolah Bore intrusive complex that correlate with EM/IP anomalies, and coincident elevated PGE and Ni geochemistry adjacent to basal or contact stratigraphic positions. Initial priority targets are set to be drilled this quarter, with additional near-term work streams including geological mapping, soil geochemistry, airborne and/or ground EM surveys.

Further details on the technical review and relevant maps and imagery can be found in the ASX announcement dated 11 February 2022.

Lithium Targets

Pharos Lithium Corridor Extended to 50km

In early March 2022, Scorpion confirmed that an ongoing technical review had extended the strike zone of significant rare metal and Lithium, Caesium, Tantalum ("LCT") pegmatite potential within the Company's Pharos Project to 50km.

The interpreted LCT Pegmatite Emplacement Zone ("PEZ") has now been extended east of the recently acquired Poona Prospect (see ASX release dated 7 February 2022) into the Jacksons Reward Prospect area within Pharos.

Zone of LCT pegmatite emplacement extended to 50 strike kilometres

Historic gold exploration programmes were conducted in the Jacksons Reward Prospect area by Australian Consolidated Minerals Ltd (1982) and CRA Exploration Ltd (1988), targeting a north-trending splay off the Big Bell structure. These programmes were limited, only covering discreet areas, and included soil, loam and rock chip geochemistry.

Scorpion's ongoing technical review of previous work completed at Pharos has focused on LCT pegmatite potential. It has now extended the strike to a 50km corridor of inferred emplacement, with the PEZ containing mostly greenstone-hosted pegmatite intrusions adjacent to a contact with a Rb+Cs-enriched altered late granite. This area has seen previous historic exploration and small-scale production activity for Sn, Ta, W, Beryl and Emeralds (Poona and Aga Khan), all of which are typically present in most significant rare metal provinces (e.g. Pilbara and Greenbushes, WA).

Further details on the review and a summary of historic exploration can be found in the ASX announcement dated 3 March 2022.

Gold Targets

Further evaluation/planning for follow-up RC and/or diamond drilling was undertaken for the existing gold targets at Oliver's Patch and Ulysses.

Corporate Summary

Successful Capital Raising Secures \$3M to Advance Exploration

Post quarter-end (see ASX announcement dated 13 April 2022), Scorpion advised that it had placed 62,325,000 shares to raise \$3,178,575 using its capacity under Listing Rules 7.1 and 7.1A. The placement was completed at a price of 5.1 cents per Share, a discount of 23% to the last traded price on 8 April 2022.

Funds raised will be used to support planned drilling and geophysics programmes across the Company's 1,544 km² Pharos Project and for additional working capital.

In addition, the Company is pleased to report that it has reached an agreement with independent technical consulting group Obsidian Metals Group Pty Ltd ("OMG") to provide technical services to Scorpion with industry lithium expert Michael Fotios acting as lead consultant to OMG. Mr Fotios' experience in the lithium sector is well recognised, as he was a founder and former Managing Director of both Galaxy Resources Ltd and General Mining Corporation Ltd, which now form part of the newly merged entity Allkem, the fifth largest lithium producer internationally with a market capitalisation of \$8.14 billion.

Further details on the capital raising and the appointment of OMG can be found in the ASX announcement dated 13 April 2022.

Listing Rule 5.3.5 disclosures

The amount of payments to related parties and their associates disclosed in section 6.1 of Appendix 5B accompanying this report was \$28,364. This consisted of payments to Directors for directors' fees, company secretarial fees and consulting fees.

The Board of Directors of SCN has authorised this announcement to be given to the ASX.

-ENDS-

Contacts

For more information, please contact:

Ms Bronwyn Barnes

Executive Chairman

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About Scorpion Minerals Limited

Scorpion Metals Limited (ASX:SCN) are an Australian mineral exploration and resource development company with a focus on creating wealth for shareholders through the discovery of world-class deposits, over a diversified range of minerals. Our current efforts are centred on our Pharos Project, located in the Murchison Province of Western Australia.

The Pharos Project

The Pharos Project consists of 1,544 square kilometres of granted tenure, located northwest of the small mining town of Cue (approximately 50 km) in the Murchison Mineral Field. The project is easily accessible from the Great Northern Highway by the sealed Jack Hills Mine access road and then by unsealed tracks.

The project is prospective for gold, iron ore, PGE-Ni-Cu, lithium and VMS hosted Cu-Zn-Ag Au mineralisation, and contains the Mt Mulcahy deposit. The 'South Limb Pod' zone of mineralisation at Mt Mulcahy contains a JORC 2012 Measured, Indicated and Inferred Resource of 647,000 tonnes @ 2.4% copper, 1.8% zinc, 0.1% cobalt and 20g/t Ag.

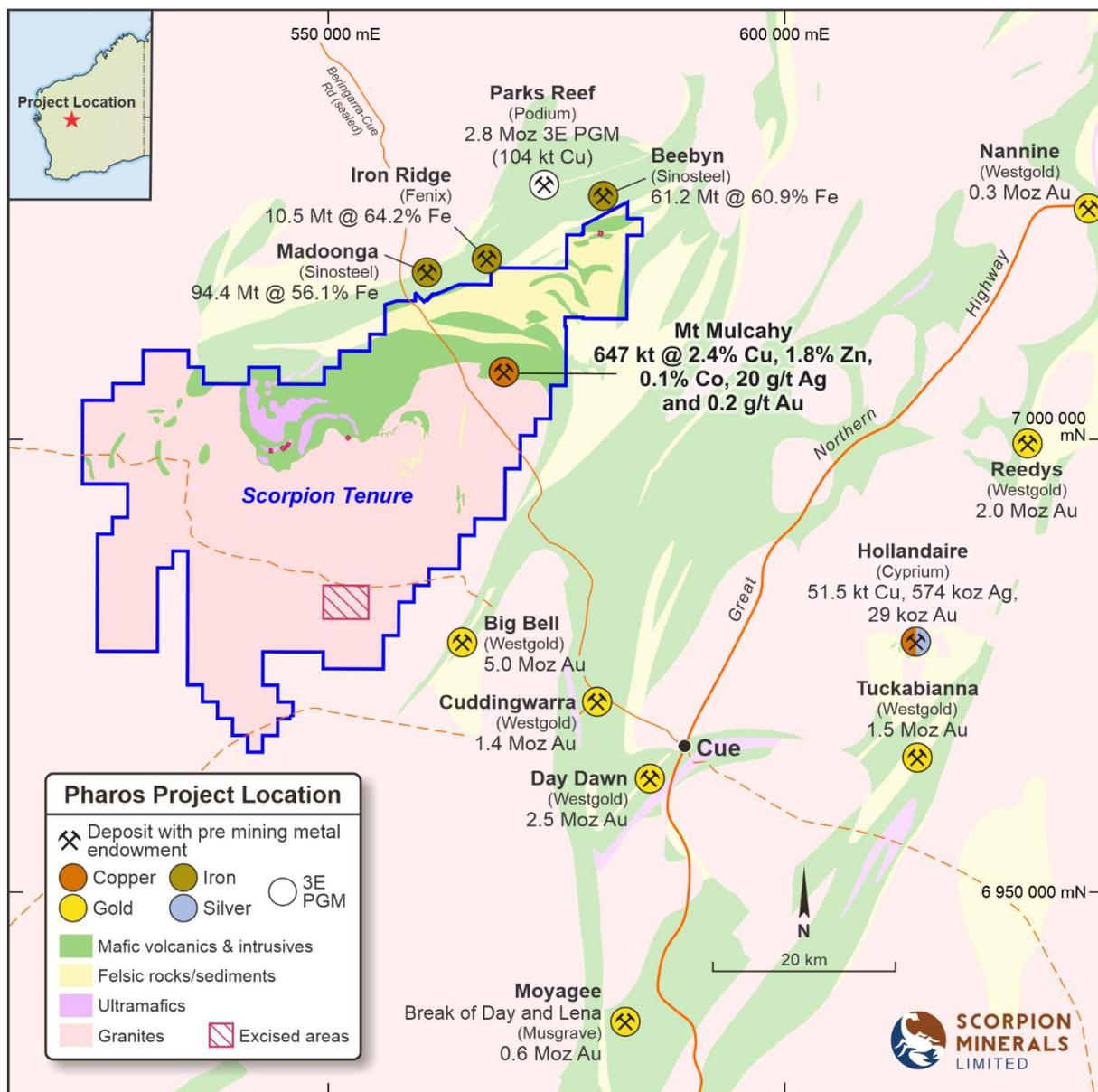


Figure 1 – Location of Scorpion Minerals Pharos Project and Regional Resources

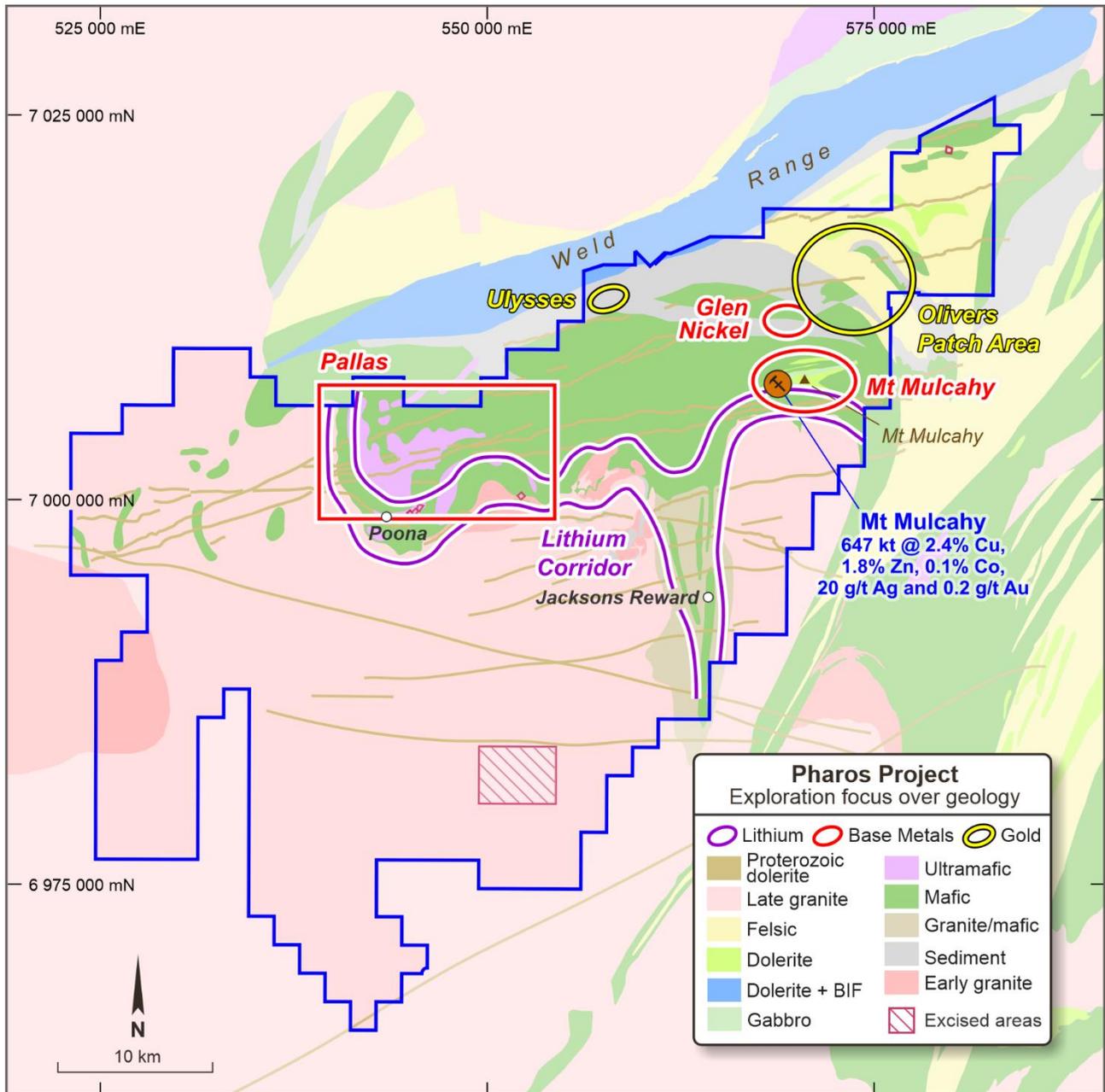


Figure 2 – Location of Pharos Commodity Targets Mt Mulcahy Cu-Zn-Ag-Au Resource

Table 1: Current Mineral Resource Estimate, Mt Mulcahy Project

(refer ASX release 25/9/2014 "Maiden Copper - Zinc Resource at Mt Mulcahy", which also contains a list of significant drill intersections for the deposit, listed within that report at Table 2)

Mt Mulcahy South Limb Pod Mineral Resource Estimate											
Resource Category	Grade						Contained Metal				
	Tonnes	Cu (%)	Zn (%)	Co (%)	Ag (g/t)	Au (g/t)	Cu (t)	Zn (t)	Co (t)	Ag (oz)	Au (oz)
Measured	193,000	3.0	2.3	0.1	25	0.3	5,800	4,400	220	157,000	2,000
Indicated	372,000	2.2	1.7	0.1	19	0.2	8,200	6,300	330	223,000	2,000
Inferred	82,000	1.5	1.3	0.1	13	0.2	1,200	1,100	60	35,000	
TOTAL	647,000	2.4	1.8	0.1	20	0.2	15,200	11,800	610	415,000	4,000

Competent Persons Statement 1

The information in this report that relates to the Exploration Results and Mineral Resources at the Mt Mulcahy and Pharos Projects is based on information reviewed by Mr Craig Hall, whom is a member of the Australian Institute of Geoscientists. Mr Hall is a director and consultant to Scorpion Minerals Limited and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. Mr Hall consents to the inclusion of the information in the form and context in which it appears.

Competent Persons Statement 2

The information in this report that relates to the Mt Mulcahy Mineral Resource is based on information originally compiled by Mr Rob Spiers, an independent consultant to Scorpion Minerals Limited and a then full-time employee and Director of H&S Consultants Pty Ltd (formerly Hellman & Schofield Pty Ltd), and reviewed by Mr Hall. This information was originally issued in the Company's ASX announcement "Maiden Copper-Zinc Resource at Mt Mulcahy", released to the ASX on 25th September 2014. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The company confirms that the form and context in which the findings are presented have not materially modified from the original market announcements.

Forward Looking Statements

Scorpion Minerals Limited has prepared this announcement based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of Scorpion Minerals Limited, its Directors, employees or agents, advisers, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it. This announcement is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any security, and neither this announcement nor anything in it shall form the basis of any contract or commitment whatsoever. This announcement may contain forward looking statements that are subject to risk factors associated with exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimate.

Appendix 1: Tenement Schedule (ASX Listing Rule 5.3.3)

➤ *The mining tenements held at the end of each quarter and their location*

➤ **TENEMENT SCHEDULE**

TENEMENT No.	LOCATION	STATUS	INTEREST %	HOLDER
P51/3016	WA	Granted	100	Scorpion Minerals Ltd
P51/3017	WA	Granted	100	Scorpion Minerals Ltd
P20/2252	WA	Granted	100	Scorpion Minerals Ltd
P20/2253	WA	Granted	100	Scorpion Minerals Ltd
E20/931	WA	Granted	100	Scorpion Minerals Ltd
E20/948	WA	Granted	100	Scorpion Minerals Ltd
E20/953	WA	Granted	100	Scorpion Minerals Ltd
E20/962	WA	Granted	100	Scorpion Minerals Ltd
E20/885	WA	Granted	0 ¹	eMetals Ltd (90%) ²
E20/896	WA	Granted	0 ¹	eMetals Ltd
E20/963	WA	Granted	0 ¹	RWG Minerals Ltd ³
E20/964	WA	Granted	0 ¹	RWG Minerals Ltd ³
E20/1020	WA	Granted	0 ⁴	Scorpion Minerals Ltd

¹ As per Binding HoA announcement to ASX 6 December 2021- *“Scorpion increases Murchison Footprint”*

² 10% B. R. Legendre

³ 100% subsidiary of eMetals Ltd

⁴ Application 7 December 2021

➤ *The mining tenements acquired during the quarter and their location*

Nil

➤ *The mining tenements disposed of during the quarter and their location*

Nil

➤ *The beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter*

Nil

➤ *The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter*

Nil

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Scorpion Minerals Limited

ABN

40 115 535 030

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	15
1.2 Payments for		
(a) exploration & evaluation	(103)	(601)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(82)	(512)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	20	(12)
1.9 Net cash from / (used in) operating activities	(165)	(1,110)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	(12)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(12)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	807
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	225
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(11)
3.5	Proceeds from borrowings	30	30
3.6	Repayment of borrowings	-	(50)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	30	1,001

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	145	131
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(165)	(1,110)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(12)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	30	1,001
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	10	10

5. Reconciliation of cash and cash equivalents		Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	10	145
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10	145

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	28
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Payment to Directors for director's fees and consulting services.</p>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	2,500	1,175
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	2,500	1,175
7.5 Unused financing facilities available at quarter end		1,325
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
The Company has an unsecured loan agreement with a syndicate of lenders. The facility limit is \$2,500,000, interest rate is 8% p.a.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(165)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(165)
8.4 Cash and cash equivalents at quarter end (item 4.6)	10
8.5 Unused finance facilities available at quarter end (item 7.5)	1,325
8.6 Total available funding (item 8.4 + item 8.5)	1,335
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	8
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
Answer: N/A	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2022

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.