

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2021

Scorpion Minerals Limited (ASX: SCN; Company) provides the following review of activities for the quarter ended 30 June 2021.

PHAROS GOLD AND BASE METALS PROJECT

Murchison, WA

During the quarter the Company continued activities at its 100% owned Pharos tenements in the Murchison region of Western Australia. With a strategic land package of 640 km² Pharos hosts a multitude of commodity targets prospective for iron ore, copper, PGE-Ni-Cu and gold. (Figure 1)

TARGET AREAS BY COMMODITY- PHAROS PROJECT

Iron Ore

During the quarter a review of available air magnetic surveys identified two target areas on the southern flank of the Weld Range at Iron Ridge Extension and Ulysses (refer Figures 2 & 3). Further interpretation of historic air core, reverse circulation (RC) and diamond drilling highlighted that previous work at Ulysses targeted gold and base metal geochemical anomalies that also intersected significant widths of Banded Iron Formation (BIF) beneath an area of cover to the south of the Weld Range. No assaying for Iron was undertaken during this previous work.

Further evaluation of the historic drilling at Ulysses has enabled the accurate location of the prospective iron formation and expedited the planned RC drilling programme that will target the oxidised iron formation from the surface to a depth of 100 metres. Drill logging has identified a strong oxidation profile at Ulysses to at least 100 metres depth (Figure 5).

Historic interpretation of magnetic data by consultant geophysicists in 1990 and again in 2010, remodelled after completion of a detailed 50m line-spaced helimag survey, identified several strong negative anomalies at the Iron Ridge Extension prospect. This type of anomaly was caused by reversely magnetised material of the Very Strongly Ferromagnetic type (VSFM) and it is likely that these reversely polarised features are VSFM material such as magnetite or hematite.

The area remains inadequately tested for its iron ore potential and the newly identified VSFM targets will be the focus of further evaluation and an RC drill programme.

The reprocessing of historic air magnetic data currently underway will aid in detailed definition of the Iron Ridge Extension and Ulysses iron targets, as well as providing information that will allow modelling of structurally controlled gold targets.

BOARD OF DIRECTORS

Ms Bronwyn Barnes
Non-Executive Director

Mr Craig Hall
Non-Executive Director

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

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The Company is continuing its review of potential high-grade gold potential at Ulysses, where Hill 50-style gold mineralisation models have long been considered possible but not effectively tested by previous exploration. In addition, there is significant potential for gold mineralisation within shear zones and vein style targets hosted within the adjacent mafic volcanics/intrusives.

Planned Exploration Activities

Planned activity for the coming quarter includes:

- | | |
|--|---------------------|
| 1. Airborne detailed photography | July |
| 2. Heritage Survey and Clearance | August |
| 3. Airborne and/or ground EM surveys | August - September |
| 4. RC drill testing (~1000m programme) of targets identified | September – October |

Gold

Scorpion's priority targets within Pharos include the Oliver's Patch Area, (containing the Candle, Lantern and Cap Lamp prospects), Ulysses, Mustang Sally and Laterite Hill

Significant gold drilling results include:

- 12m @ 7.40 g/t Au from 44m Lantern (Historic)
- 16m @ 3.09 g/t Au from 16m Lantern (Historic)
- 7m @ 8.33 g/t Au from 4m Lantern (SCN-2020)
- 5m @ 8.28 g/t Au from 9m Cap Lamp (SCN-2020)

The Company is planning RC drilling of targets at Lantern and Cap Lamp in the coming quarter.

Cu-Zn- Ag-Au

During the quarter a review of historic airborne VTEM confirmed numerous anomalies at Scorpion's Mt Mulcahy project. During the coming quarter the Company intends to advance several of these previously undrilled targets and undertake a diamond drilling programme at Mt Mulcahy

PGE-Ni-Cu

Significant PGE mineralisation has been identified in the region at the Parks Reef project located north of Mt Weld and operated by Podium Minerals. The Company has identified significant anomalies related to mafic/ultramafic intrusives identified by base metal exploration completed in the 1970's that was focussed on VMS Cu-Zn-Ag-Au mineralisation and are considered prospective for PGE-Ni-Cu mineralisation (Figure 2).

During the quarter the Company identified three high priority PGE-Ni-Cu Targets within the Pharos Project that are summarised below:

- Three PGE-Ni-Cu targets identified at Pallas, Glen Nickel and Mt Mulcahy South
- Geophysical (EM) anomalies located adjacent to Pallas PGE-Ni-Cu target
- Highly anomalous rock chip samples up to 1050ppm Ni and soil anomalies >700ppm Ni identified at Glen Nickel
- Highly anomalous rock chip results up to 3900ppm Ni and soil anomalies up to 960ppm Ni identified at Mt Mulcahy South

Drilling of priority targets, in particular Pallas, is planned to commence upon obtaining all necessary approvals. Other planned work includes reprocessing of available detailed air magnetic data sets and data capture of historic EM or IP surveys.

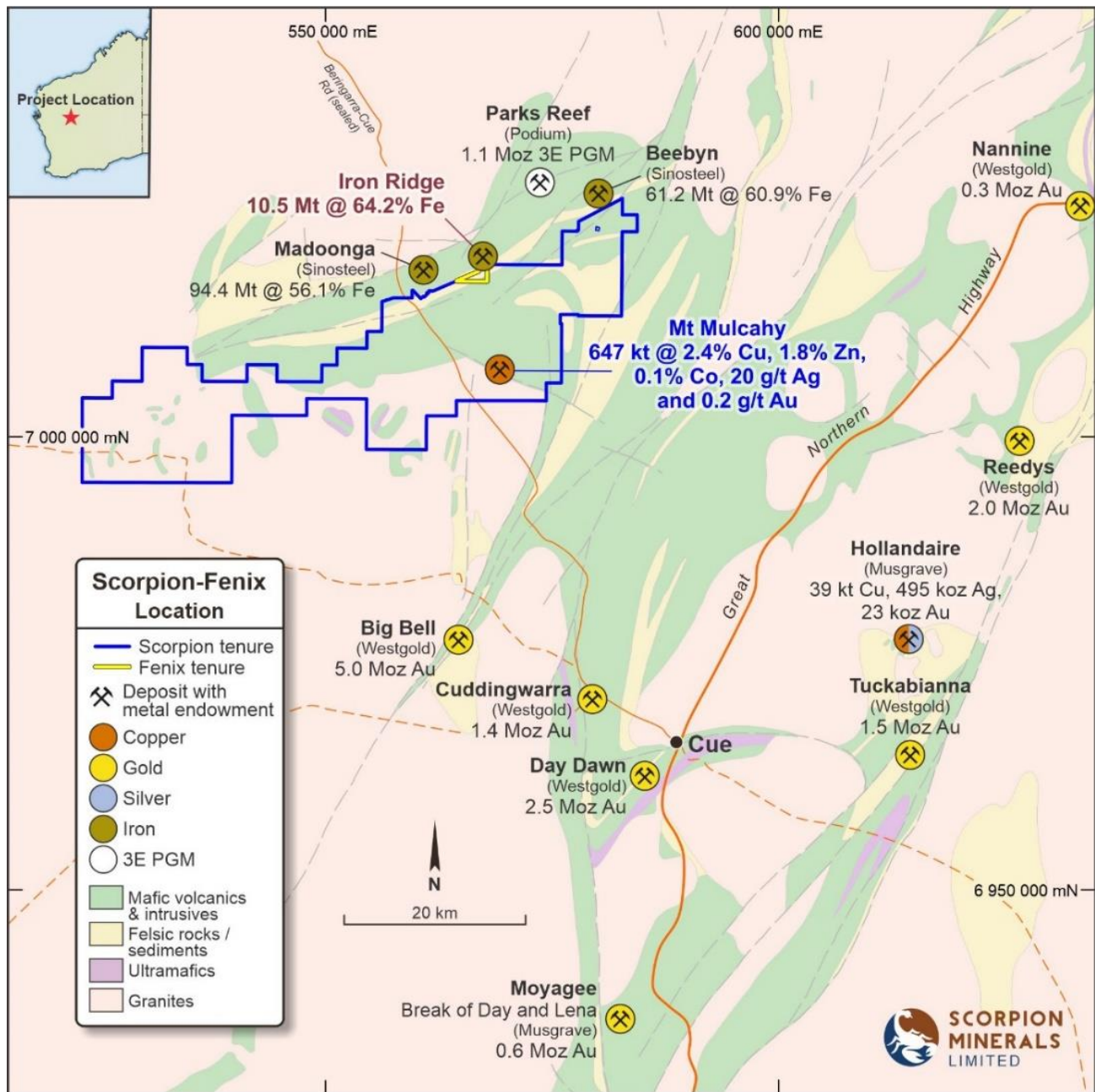


Figure 1 – Location of Pharos / Mt Mulcahy Project in Murchison area, WA, highlighting regional mineral endowment.

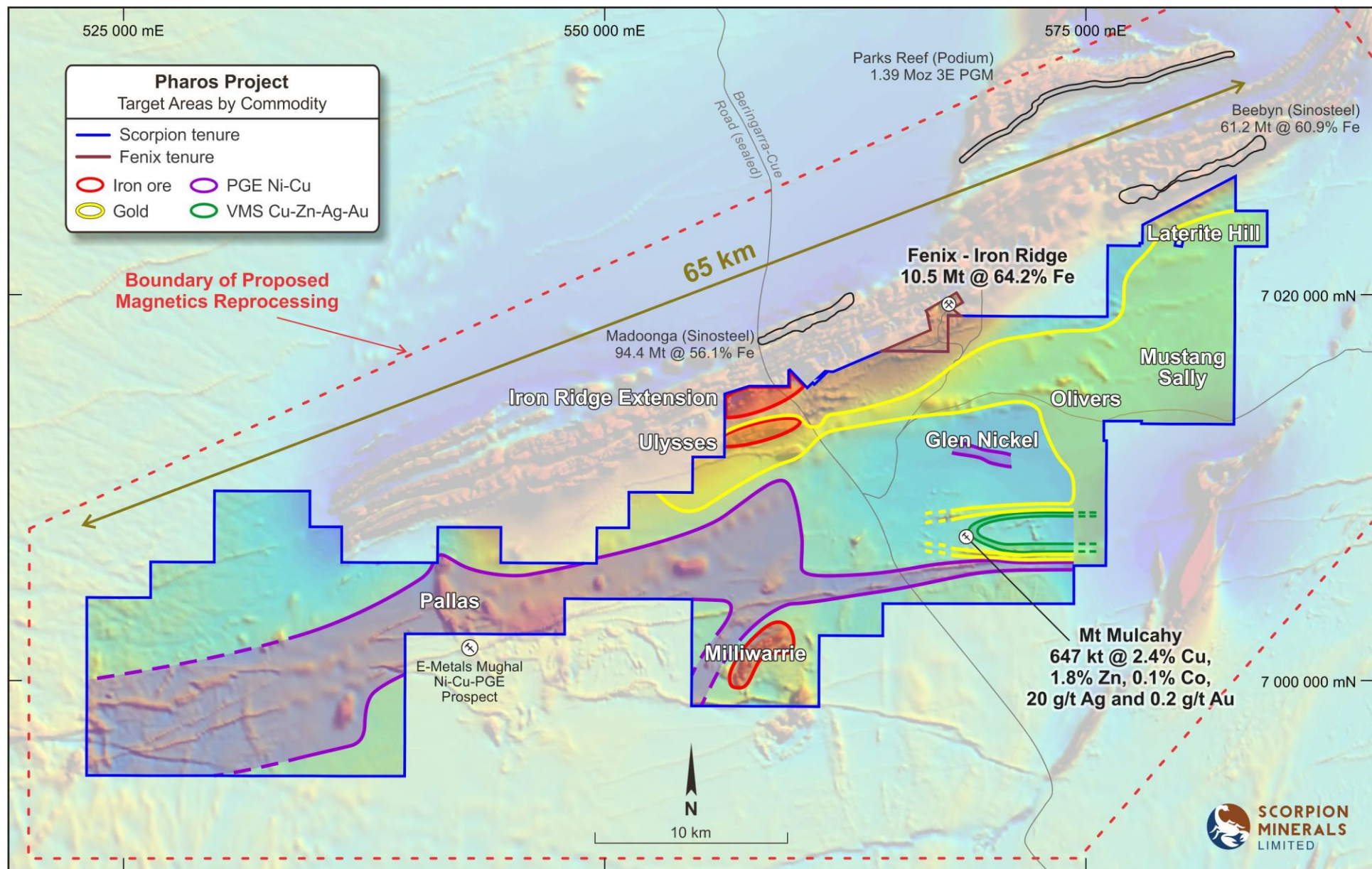


Figure 2 –Summary of Commodity Targets- Pharos Project-highlighting area of available Open File/Multi Client Magnetics to be reprocessed

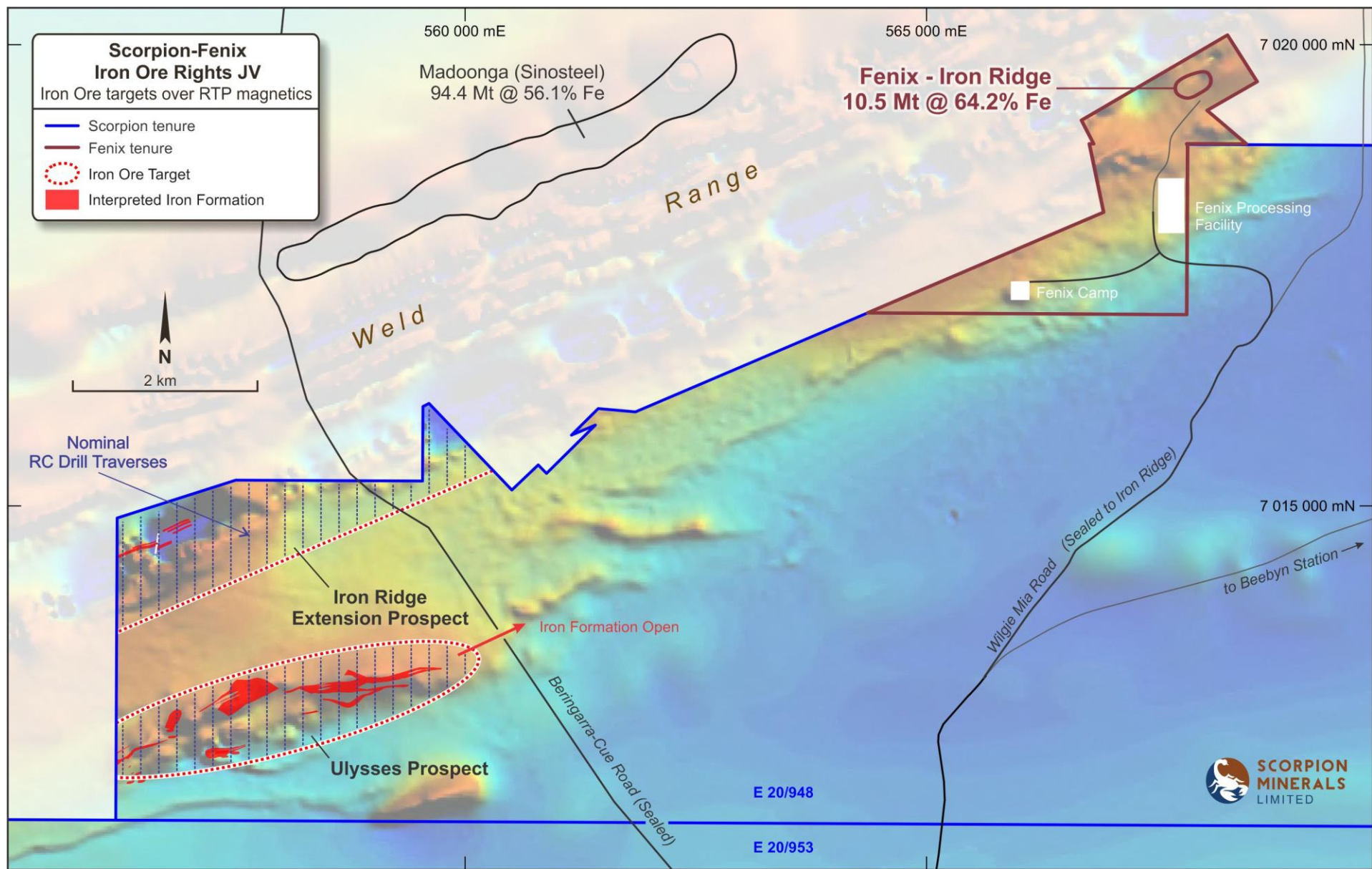


Figure 3 – Location of Fenix Mine and FEX-SCN JV Iron Ore Target Areas, highlighting position of Ulysses and Iron Ridge Extension Prospects – Pharos Project

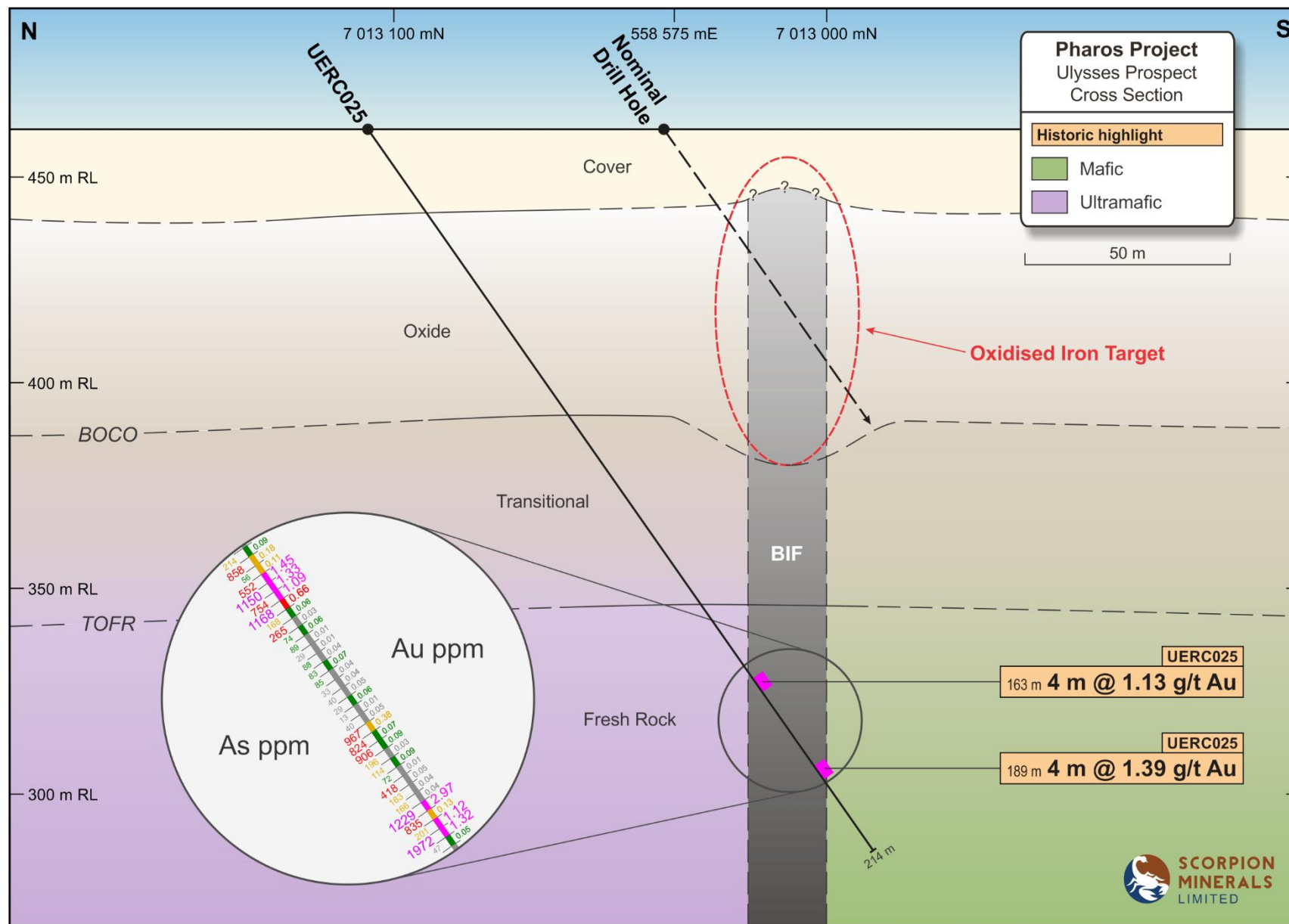


Figure 5 –Ulysses Cross Section from Figure 4, highlighting oxide iron target and related gold mineralisation from historic drilling

Table 1: Significant Intercept Results, Ulysses East Gold Prospect- >= 0.5 g/t Au

Site ID	GDA North	GDA East	RL	Dip	Azimuth	Depth (m)	From (m)	To (m)	Length (m)	Au g/t	Drill Type	Company
97UEAC004	7012656	557163	469	-60	340	77.0	27.0	32.0	5.0	0.68	AC	Hampton Hill
97UERB048	7013014	557782	464	-90	0	17.0	12.0	15.0	3.0	1.28	RAB	Hampton Hill
97UERB073	7012245	556139	471	-60	340	72.0	20.0	23.0	3.0	0.66	RAB	Hampton Hill
							32.0	35.0	3.0	0.57		
							67.0	72.0	5.0	0.54		
97UERC013	7012760	557443	466	-60	340	143.0	31.0	33.0	2.0	0.58	RC	Hampton Hill
							39.0	41.0	2.0	0.72		
97UERC015	7012957	557786	464	-60	340	169.0	63.0	69.0	6.0	0.84	RC	Hampton Hill
97UERC017	7012933	558507	461	-60	340	154.0	125.0	131.0	6.0	0.69	RC	Hampton Hill
							145.0	147.0	2.0	0.53		
97UERC019	7012964	558122	462	-60	340	123.0	71.0	73.0	2.0	0.91	RC	Hampton Hill
							77.0	79.0	2.0	0.91		
RYP99-002	7013032	557564	465	-60	160	250.0	41.0	42.0	1.0	1.15	RC	Hampton Hill
RYP99-003	7012937	557595	465	-60	160	103.0	50.0	51.0	1.0	0.95	RC	Hampton Hill
							54.0	55.0	1.0	0.66		
							76.0	80.0	4.0	1.09		
RYP99-004	7013147	559105	461	-60	160	204.0	184.0	188.0	4.0	0.72	RC	Hampton Hill
UEC001	7013176	558421	462	-55	160	438.5	313.0	314.0	1.0	3.50	DD	Hampton Hill
							331.0	332.0	1.0	0.64		
UEC002	7013102	558392	462	-55	160	294.0	216.0	217.0	1.0	1.18	DD	Hampton Hill
							225.0	230.0	5.0	1.11		
UEC003	7013137	558487	461	-55	160	316.0	239.0	240.0	1.0	0.51	DD	Hampton Hill
							245.0	248.0	3.0	0.63		
UERC023	7012997	558485	461	-90	0	114.0	105.0	110.0	5.0	0.75	RC	Hampton Hill
UERC025	7013106	558552	461	-55	162	214.0	163.0	167.0	4.0	1.13	RC	Aurora Minerals Limited
							189.0	193.0	4.0	1.39		

Table 2: Additional Intercepts Results, Ulysses East Gold Prospect>= 0.2 g/t Au

Site ID	GDA North	GDA East	RL	Dip	Azimuth	Depth (m)	From (m)	To (m)	Length (m)	Au g/t	Drill Type	Company
97UEAC002	7012836	557102	468	-60	340	89.0	50.0	54.0	4.0	0.30	AC	Hampton Hill
97UEAC004	7012656	557163	469	-60	340	77.0	27.0	32.0	5.0	0.68	AC	Hampton Hill
97UERB038	7012790	557434	466	-90	0	14.0	5.0	14.0	9.0	0.28	RAB	Hampton Hill
97UERB039	7012885	557402	466	-90	0	20.0	14.0	20.0	6.0	0.23	RAB	Hampton Hill
97UERB048	7013014	557782	464	-90	0	17.0	12.0	17.0	5.0	0.92	RAB	Hampton Hill
97UERB073	7012245	556139	471	-60	340	72.0	15.0	43.0	28.0	0.40	RAB	Hampton Hill
							67.0	72.0	5.0	0.54		
97UERB080	7012164	556368	470	-60	340	56.0	32.0	36.0	4.0	0.23	RAB	Hampton Hill
97UERC007	7012592	556236	471	-60	340	16.0	13.0	16.0	3.0	0.24	RC	Hampton Hill

For additional background on Pharos Project information please refer to ASX releases:

25/6/2020	"Pharos Project Exploration Update"
9/7/2020	"High Grade Gold Rock Chips - Pharos Project"
13/8/2020	"Drilling to Commence – Pharos Project"
31/8/2020	"Commencement of Drilling - Pharos Project"
28/9/2020	"High Grade Gold Confirmed at Lantern - Pharos Project"
8/10/2020	"Phase 2 RC Drilling Commenced- Pharos Project"
2/11/2020	"Priority PGE Ni-Cu Targets – Pharos Tenement"
24/11/2020	"Further High Grade Gold Results – Pharos Project"
08/02/2021	"Term Sheet – Iron Ore Rights at Pharos"
08/04/2021	"PGE-Ni-Cu Targets Identified at Pharos Project"
28/04/2021	"Fenix Iron Ore JV Update – Pharos"
16/06/2021	"Pallas PGE-Ni-Cu Target – Pharos"
23/06/2021	"Multiple Commodity Targets Identified at Pharos"
13/07/2021	"Fenix Iron Ore JV and Pallas PGE Target Exploration Update"
21/07/2021	"Iron Ore Targets Advanced and Drilling Expedited - Fenix JV"

MT MULCAHY COPPER PROJECT

Murchison, WA

Geology Discussion

The Mt Mulcahy project in Western Australia (refer Figures 1, 2) hosts the Mount Mulcahy copper-zinc deposit, a volcanic-hosted massive sulphide (VMS) zone of mineralisation with 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 (refer PUN:ASX release 25th September 2014 and Table 3)) at the 'South Limb Pod' (SLP). The tenement containing the SLP is now in its second year of grant (refer ASX:SCN "Mt Mulcahy Exploration Licence Granted, 16th September 2019"). The Company noted the following highlights in that release:

Contained metal at the SLP resource of:

- **33.5M pounds (15,200 tonnes) of Cu**
- **26.3M pounds (11,800 tonnes) of Zn,**
- **1.35M pounds (600 tonnes) of Co,**
- **415,000 ounces of Ag, and**
- **5000 ounces of Au**
- **87% of tonnes & 91% of Cu, Zn and Ag metal content classified Measured + Indicated.**
- **Significant intercepts from the historic drilling at SLP include:**

6.8m @ 4.9% Cu, 3.7% Zn, 0.16%Co, 39g/t Ag, and 0.19g/t Au

10.2m @ 4.5% Cu, 4.0% Zn, 0.17%Co, 33g/t Ag, and 0.18g/t Au

12.4m @ 3.1% Cu, 2.3% Zn, 0.10%Co, 28g/t Ag, and 0.21g/t Au

11.3m @ 4.9% Cu, 4.2% Zn, 0.16%Co, 44g/t Ag, and 0.57g/t Au

The folded horizon hosting the SLP VMS mineralisation forms a regional keel, where the surface expression can be traced for a distance of at least 12 kilometres along strike and excellent potential exists for additional mineralisation to be discovered along this prospective horizon. Twenty untested targets have been identified along strike of this horizon using a combination of VTEM and soil geochemistry. These targets have characteristics similar to the SLP and are considered prospective for VMS base metal accumulations. The Company maintains plans for extensional diamond holes targeting down dip and plunge of the current resource.

Gold targets within E20/931 are continually being evaluated in conjunction with the base metal prospectivity. A north-south trending Big Bell Shear splay is interpreted to pass through the western side of the licence area and auger soil geochemistry is planned to test for targets to be followed by RC drill testing of any anomalies defined by the programme. No active field work was undertaken during the quarter. However the Company has initiated discussion with a consultant on possible focussed geophysical surveys highlighted by a previous VTEM survey over the area.

Table 3: 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

CORPORATE

Exercise of Options

On 20th May 2021 the Company announced it had issued 500,000 fully paid ordinary shares following the exercise of 500,000 unlisted options (expiry date 18th October 2021, exercise price \$0.10 per share). Funds received by the Company totalled \$50,000. The Company also announced it had received a commitment from a major option holder for the early conversion of 3,250,000 unlisted 10 cent options and expects to receive additional funds totalling \$325,000 from further option conversions to be completed by 30th June 2021.

Subsequently, on the 18th June 2021 the Company announced that it had issued 1,000,000 fully paid ordinary shares following the exercise of 1,000,000 unlisted options (expiry date 18th October 2021, exercise price \$0.10 per share). Funds received by the Company totalled \$100,000. On the 5th July 2021, post-quarter end, the Company announced that it had issued 2,250,000 fully paid ordinary shares following the exercise of 2,250,000 unlisted options (expiry date 18th October 2021, exercise price \$0.10 per share). Funds received by the Company totalled \$225,000, fulfilling the commitment announced on the 20th May 2021.

Subsequent Events

Placement to raise funds

Subsequent to the end of the quarter the Company announced that it had received firm commitments from new and existing sophisticated investors to raise \$902,250 before costs in a placement.

Under the terms of the placement, SCN will issue a total of 12,030,000 new fully paid ordinary shares in the Company at an issue price of \$0.075. The placement price represented a discount of 0.13% to the last closing price of 7.6c and a 10% discount to the 15-day VWAP of 8.3 cents per share. The allotment of the new shares is not subject to shareholder approval and will fall within the Company's existing placement capacity. Settlement of the new shares was expected to occur on or around Wednesday 4th August 2021.

Funds raised from the placement are to be used to advance exploration across Scorpion's high-quality targets within the Company's Pharos Project.

Drill for Equity

In the same announcement, SCN agreed to issue an additional 1,500,000 million shares to iDrilling under a drill for equity arrangement on the same terms as the placement. SCN will then use iDrilling to complete upcoming drill programmes across the Pharos Project up to an amount of \$112,500 with any additional drilling costs to be paid in cash.

Conversion of Debt

As previously reported (ASX:SCN 8th June 2021 "*Debt Arrangement Update*"), SCN agreed with its lenders to convert a portion of its outstanding debt to equity in the Company at the same price as future placements in order that the lender maintains its position on the register. As part of this new placement a total of 3,600,000 new fully paid ordinary shares in the Company were to be issued to the lenders to extinguish \$270,000 of the outstanding loan balance. The loans and variations to them have previously been announced by the Company on 26th October 2017, 27th September 2018, 18th October 2018, 13th March 2020 and 29th September 2020.

This announcement has been authorised by the board of directors of the Company.

- ENDS -

Enquiries Bronwyn Barnes
 Non-Executive Director

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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
E20/931	WA	Granted	100	Scorpion Minerals Ltd
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
E20/948	WA	Granted	100	Scorpion Minerals Ltd
E20/953	WA	Granted	0 ¹	Element 25
E20/962	WA	Granted	100	Scorpion Minerals Ltd

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

E20/948 and E20/962, Murchison Area, Western Australia

➤ *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*

¹as per the 'Pharos Project (Yallon and Sunday Well) Call Option Agreement Summary' SCN has completed a 9 month option period for E20/953, and payment of \$75,000 to earn 100% due to Element 25 has been completed. At the time of writing both companies are facilitating the transfer of ownership to SCN.

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

Nil