



**SCORPION
MINERALS**
LIMITED

ASX ANNOUNCEMENT

9 February 2022

Scorpion Accelerates Pharos Iron Ore Agreement with Fenix Resources

HIGHLIGHTS

- Scorpion and Fenix have accelerated and expanded previous iron ore earn-in agreement over the Pharos Project in WA
- Fenix is now deemed to have earned a 100% interest in the Iron Ore Rights in Pharos Project
- Consideration to be paid by Fenix to Scorpion consists of:
 - Upfront Consideration of 4 million ordinary shares in Fenix; and
 - Deferred consideration of:
 - 5 million Fenix ordinary shares on delineation of an inferred resource of at least 10Mt iron ore, or an indicated and/or measured resource of at least 1Mt iron ore; and
 - 5 million Fenix ordinary shares on first shipment from Pharos Project tenements
- New agreement allows SCN to focus its resources on gold, PGE-Ni-Cu and lithium exploration across its Murchison portfolio

Scorpion Minerals Limited (ASX: SCN) (“the Company” or “SCN”) is pleased to advise that it has 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 8th 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.

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.

BOARD OF DIRECTORS

Ms Bronwyn Barnes
Non-Executive Chair

Mr Craig Hall
Non-Executive Director

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

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Company Comment – Director Bronwyn Barnes

“Scorpion is very pleased to have expanded our agreement with Fenix and we are encouraged by Fenix Chairman John Welborn’s plans to establish a consolidated mid-west iron ore producer that leverages existing infrastructure and capabilities between the two companies. Scorpion secures strategic exposure to any future iron ore exploration and development success on our tenements, whilst maintaining the flexibility to aggressively pursue our gold, PGE nickel, copper, and lithium exploration plans within the Murchison. We look forward to working collaboratively with Fenix to expand operations and unlock full value from Pharos.”

In line with the amended agreement, Scorpion will receive the following consideration:

- (a) Upfront consideration of 4 million Fenix Shares
- (b) 5 million Fenix Shares upon the delineation and public announcement by Fenix to the ASX of an inferred resource of at least 10Mt of iron ore, or an indicated and/or measured resource of at least 1Mt; and
- (c) 5 million Fenix Shares upon the first shipment of iron ore by Fenix from the Tenements.

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

- ENDS -

Enquiries

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Non-Executive Chairman

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About Scorpion Minerals Limited

Scorpion Minerals Limited (ASX: SCN) is a WA based mineral exploration company focused on gold base metals and iron ore. Scorpion’s focus is the 100% owned Pharos project that covers 640km² and is located 60 km northwest of Cue in the Murchison Mineral Field, Western Australia. The Pharos project ism prospective for gold, iron ore, PGE-Ni-Cu and VMS hosted Cu-Zn-Ag Au mineralisation.

The strategic location of the Pharos tenements is further enhanced by exploration success in the region (Figure 2) for iron ore (Fenix Resources) copper (Cyprium), PGE-Ni-Cu (Podium and eMetals) and gold (Musgrave Minerals). Pharos project area appears to host a multitude of commodities targets that require detailed evaluation.

Scorpion has completed resource definition drilling at the Mount Mulcahy copper-zinc volcanic-hosted massive sulphide (VMS) deposit, a 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 at the ‘South Limb Pod’ (SLP).

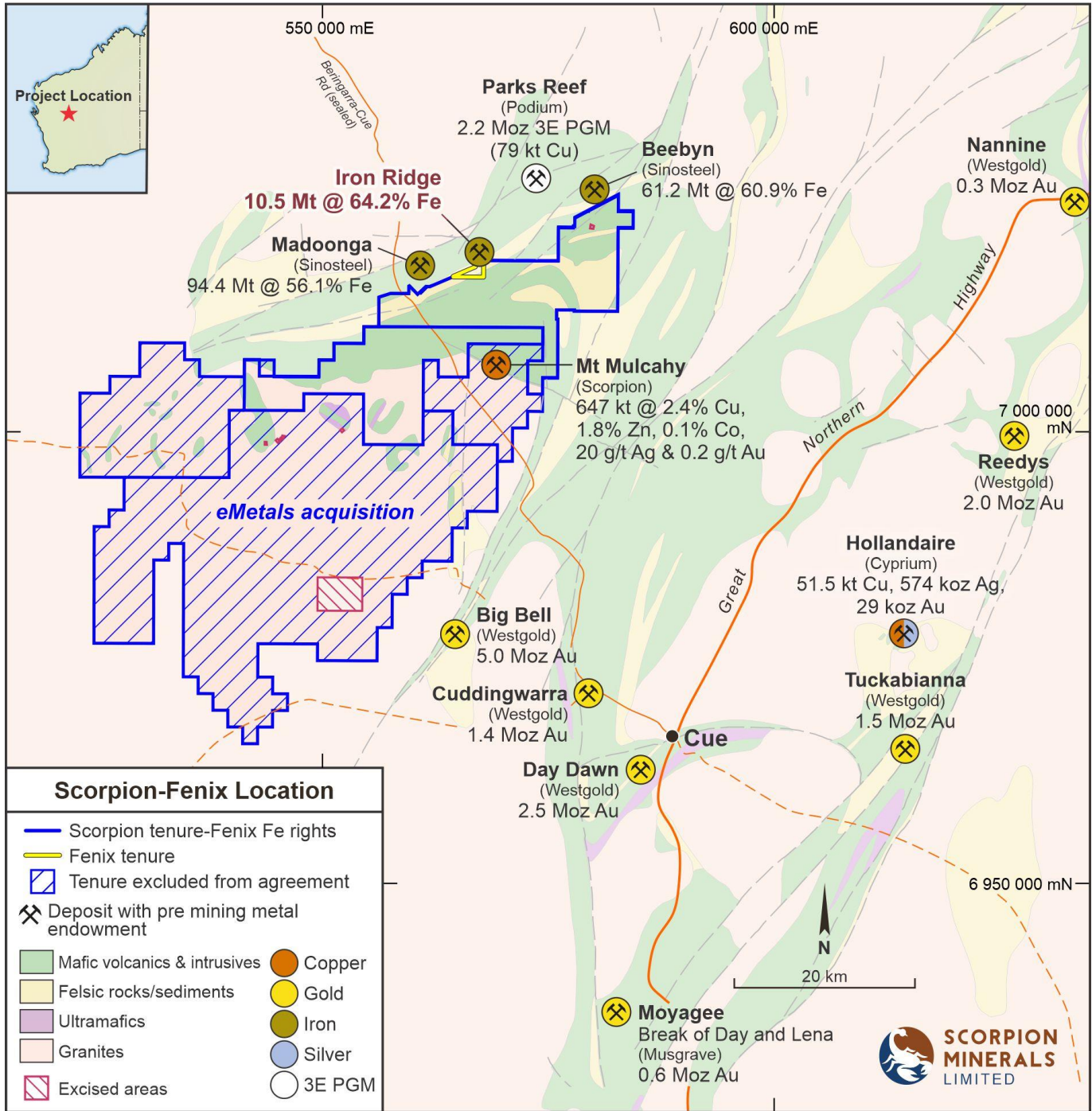


Figure 1 – Scorpion ground position in Murchison showing tenements subject to FEX Agreement

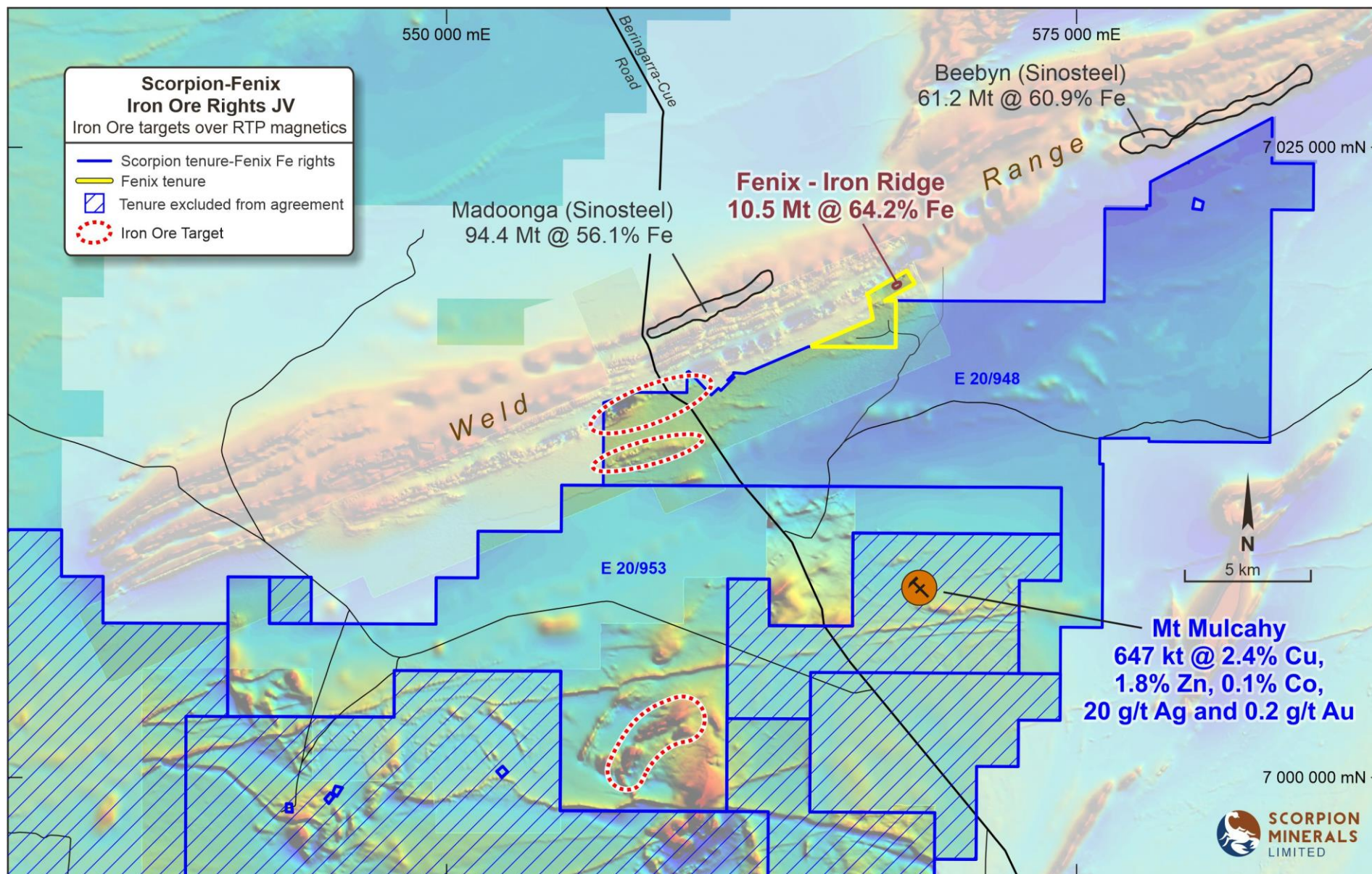


Figure 2 – Iron Ore potential of SCN tenements subject to FEX Agreement