



Interim Financial Report

For the half-year ended 31 December 2021

Contents

DIRECTORS' REPORT	1
AUDITOR'S INDEPENDENCE DECLARATION	25
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2021	26
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021	27
STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2021	28
STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021	29
NOTES TO THE FINANCIAL STATEMENTS	30
DIRECTORS' DECLARATION	35
INDEPENDENT AUDITOR'S REVIEW REPORT	36

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these financial statements are to be read in conjunction with the Annual Report for the year ended 30 June 2021 and any public announcements made by Scorpion Minerals during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

Your Directors are pleased to present their report on the consolidated entity consisting of Scorpion Minerals Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

DIRECTORS

The names of the Directors who held office during or since the end of the half-year, to the date of this report, are:

Bronwyn Barnes	Non-Executive Chairman (from 26 August 2021) Non-Executive Director (to 26 August 2021)
Craig Hall	Non-Executive Director
Kate Stoney	Non-Executive Director

COMPANY SECRETARY

Kate Stoney

REVIEW OF OPERATIONS

Scorpion Minerals Limited (ASX: SCN) (the Company) provides the following review of activities for the half-year ended 31 December 2021.

PHAROS GOLD and BASE METALS PROJECT Murchison, WA

During the half-year, the Company advised that it had entered into a binding Heads of Agreement with eMetals Limited (ASX:EMT) ("eMetals") to acquire its interests in tenements E20/885, E20/896, E20/963 and E20/964, which cover a combined 904km² in the Murchison Goldfield of Western Australia (see Figures 1, 2 and 3), increasing SCN's position in the Murchison by 150%, and providing significant exploration optionality and multi-commodity exposure.

Under the agreement, SCN acquired 100% of eMetals interest in the Tenements for a cash consideration of \$12,500 and 4,000,000 fully paid ordinary shares in SCN. 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. Settlement was completed following successful completion of due diligence post half-year end.

The four tenements are contiguous with SCN's Pharos tenements (refer Figures 2 and 3) and comprise the Poona Project, which is known to contain the Mughal Ni-Cu target, and the Poona and Jackson's Reward Pegmatite occurrences, and are located immediately south of SCN's high priority PGE-Ni-Cu target identified at Pallas. Post half-year end SCN released announcements on the PGE-Ni-Cu and Au and lithium mineral prospectivity of the Poona Project, respectively.

Following receipt of all statutory approvals SCN will undertake an extensive drilling campaign across priority targets at Pharos, which will include testing of the PGE-Ni-Cu target identified at Pallas, the shallow high-grade gold prospect at Cap Lamp, and at its Cu-Au-Zn VMS targets at Mt Mulcahy in early 2022. This drilling will be expanded to include targets within the Poona Project as priorities emerge during further review.

Target Areas by Commodity – Pharos Project

Gold

During the half-year the Company drilled and released results for 16 Reverse Circulation (RC) holes drilled for a total of 1,134m to a maximum depth of 145m in north-south drill sections at Beacon, Candle, Candle North and Lantern, and two east-west sections at Cap Lamp. The holes were designed to scissor historic intersections to determine strike and dip of the high-grade structures. A single section was drilled at each target, apart from at Lantern and Candle where two sections were completed.

Most drill holes intersected significant dolerite-hosted structures with associated quartz veining, alteration (silica-carbonate-chlorite-pyrite-arsenopyrite) and/or the weathered remnants. Regional alteration (carbonate-chlorite) of the dolerite host rocks was also noted. Prospects contain multiple shear zone-hosted quartz vein targets within altered dolerite similar to "Day Dawn" style mineralisation. Recent receipt of detailed aeromagnetic imagery and aerial photography is assisting the Company's ongoing exploration programme.

Results from the RC programme confirmed a new shallow high-grade zone confirmed at Cap Lamp, with a best result of **1m @ 11.76 g/t Au from 10m** in quartz veining within Hole CLRC012. Further drilling is planned at Cap Lamp, which is open to the west and north.

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 previous 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)

Results at Beacon, Candle, Candle North and Lantern prospects confirmed the newly interpreted orientation of high-grade structures.

Cap Lamp Prospect Drilling Discussion

The Cap Lamp prospect consists of a line of shallow workings (<5m depth) oriented NNE-SSW covering some 150m of strike (refer Figure 5). A compilation of historical Rotary Air Blast (RAB) drilling results and soil geochemical sampling confirms the mineralised trend. Channel sampling of west-dipping veining in the only easily accessible surface working returned multiple high grade values with an approximate average value of 2.1 g/t Au over approximately 5m length, with a maximum value of 7.5 g/t Au returned from the north face of the working in a one metre wide quartz vein.

Eight holes (CLRC001-008) for 532m were completed on four 40m spaced sections in Phase 1 drilling in 2020, along with a deeper drill traverse 80m further south, east of the line of workings. A single hole for 30m (CLRC009) on the northern section was completed in Phase 2.

A significant result of **5m @ 8.28 g/t Au** from 9m was returned in CLRC009, which was open to the north and west (refer Figures 5, 6 and 8). A down-dip result of **3m @ 2.72 g/t Au** was returned from CLRC005, and near surface mineralisation was noted in CLRC006 further west.

Four additional RC holes (CLRC010-013) for 245m were completed during 2021 on the northernmost section at Cap Lamp, and on an infill section 20m south (refer Figure 5).

A best result of **1m @ 11.76 g/t Au from 10m** in hole CLRC012 was recorded on the infill section (refer Figure 6), in distinctive quartz veining, along strike from the high-grade result in CLRC009 (refer Figure 6). In addition, continuity of the mineralisation was noted in all holes drilled.

High grade shoot development with a northerly plunge is interpreted at Cap Lamp (refer Figure 8). Future drilling will be prioritised to define the extent of the mineralisation down-dip and further along strike to the North, which has never been drilled.

This drilling requires Heritage Clearance from the Native Title Party, as the area was not completed in the time available during the original survey period. This area has now been heritage cleared late in the half-year.

Lantern Prospect Drilling Discussion

The Lantern prospect includes significant intersects previously recorded by RAB drilling of **12m @ 7.4 g/t Au, including 2m @ 42.4 g/t Au** in RAB hole WLR033; and **16m @ 3.1 g/t Au, including 2m @ 16.8 g/t Au** in RAB hole WOR006.

Drilling was targeting sub-vertical to West dipping structures, oriented NW-SE crosscutting an approximately east-west oriented stratigraphic sequence of dolerite with thin (ca. 1m-3m width at surface) intercalated Banded Iron Formation (BIF) horizons. This structural orientation was based on the high-grade results in WLR033 and WOR006 interpreted as being hosted by the same structure.

Six RC holes (LTRC001-006) for 696m were completed on two east-west sections 40m apart as part of Phase 1 drilling. Drilling defined a significantly weathered profile oxidised to around 75m depth, with primary rock around 10m-15m further down. Quartz veining was intersected throughout the weathering profile hosted by dolerite or its sheared/altered counterparts.

A significant high grade result of **3m @ 18.0 g/t Au** from 4m was returned from drill hole LTRC004, within a larger intercept of **7m @ 8.33 g/t Au** from 4m (using a 0.5 g/t Au lower cut), in proximity to high-grade from the historic intersect of **2m @ 16.8 g/t Au** from 8m in hole WOR006.

Significant mineralised sulphide and veining was observed on sheared contacts between dolerite and intercalated BIF including a deep intersection in LTRC003 (**6m @ 0.85g/t Au from 148m**). This interval was extremely sulphidic and affected by high water flow and possible poor sample recovery. Re-splitting and duplicate sampling of this interval returned values of 1.1 and 1.4 g/t Au over the same interval.

Phase 2 drilling 'scissored' the Phase 1 drilling to test a possible east-dipping mineralisation control. Seven holes (LTRC007-013) on 3 x 40m sections for 820m advance were completed to a maximum depth of 200m. Following interpretation of results, the mineralising target structure (T1) was interpreted in a WNW-ESE orientation, dipping sub-vertically, predominantly to the north.

Drilling conducted during 2021 consisted of shallow drilling on N-S oriented drill fences testing for both a north and south-dipping control. Results indicated moderate anomalism encountered in the vicinity of previous high grades, with support for the T1 interpretation, with a best result of 1m @ 1.99 g/t Au from 53m returned in hole LTRC017.

Further work includes accurate collar and downhole surveying to better define the mineralisation before drilling additional targets in the area, such as an interpreted parallel structure (T2) adjacent to an untested **3,100 ppb** soil anomaly approximately 150m north of the T1 zone.

Candle Prospect Drilling Discussion

The Candle Prospects were highlighted from multiple anomalous rock chip samples to a maximum of 2.79 g/t Au taken from historically unsampled dolerite-hosted quartz outcrops oriented NW-SE. The newly discovered zones at Candle were some 375m-475m south of a historical RAB drilling highlight of 4m @ 2.65 g/t Au from 28m to the bottom of hole in WOR008.

The Company drilled six holes (CNRC001-006) for 594m on three sections in Phase 1 drilling, with two holes per section line 100m apart targeting the outcrop in the south, and two holes on a single section targeting mineralisation highlighted by the historical result in WOR008 (Candle North). A further three holes for 370m (CNRC007-009) were completed in Phase 2, with a single hole scissored back on each section against the Phase 1 drilling to better assess the dip of expected mineralisation.

At Candle, hole CNRC002 in the second section intersected 7m of mineralised dolerite from 101m to the end of hole at 108m, including 2m @ 1.34 g/t from 106m, and hole CNRC009 returning 1m @ 2.08 g/t from 55m in prospective geology in the northernmost section.

Results were re-assessed with consideration to the postulated T1 structural orientation interpreted at Lantern, and five holes (CNRC010-014) for 486m were drilled in two areas, Candle North and Candle, on two north-south sections scissoring previously encountered gold mineralisation.

At Candle North, shallow scissor drilling returned a best result of 3m @ 1.58 g/t Au from 39m in hole CNRC013, in proximity to the result in WOR008. The Company will complete step out sectional drilling targeting the T1 orientation (WNW-ESE) to test the extent of the mineralised structure down dip and along strike. The Candle North target is located in an area of no outcrop where soil cover is interpreted to extend to a depth of 2m to 3m.

At Candle, holes intersected significant dolerite-hosted structures with associated quartz veining, and silica-carbonate-chlorite-alteration, with associated arsenopyrite-pyrite mineralisation. Despite the intensity and width of alteration, and notable arsenopyrite, results were not able to outline significant gold mineralisation, with a best result of 0.76 g/t Au in hole CNRC010 within a corresponding arsenic anomaly, in the vicinity of the result from CNRC002.

The Company remains encouraged by the style and nature of mineralisation at Candle, which is associated with strong alteration and warrants further investigation. Further work includes accurate collar and downhole surveying to better define the mineralisation before drilling additional targets in both areas.

Beacon Prospect Drilling Discussion

The Beacon Prospect was defined on the back of two anomalous rock chip samples to a maximum value of 0.84 g/t Au earlier this year, and surface nugget distribution in the proximal area. Two RC holes for 200m were drilled 40m apart as an initial test of a larger planned east-west traverse to be extended further to the west. Drilling encountered a variably silicified and veined shear within a strongly carbonate-altered dolerite. The intensity and style of alteration intersected was considered proximal to mineralisation. In 2021, the Company completed an additional two holes (BCRC003-004) for 203m scissoring the initial target area, with additional encouraging alteration noted. Some weakly anomalous gold (sub 0.1 g/t Au) was noted with alteration.

Iron Ore (Fenix JV)

Scorpion has entered into a joint venture with Fenix Resources Limited to explore for iron ore within the Company's tenements. Fenix can earn 70% of the iron ore rights by sole funding exploration and resource definition drilling to identify up to 10 million tonnes. Alternatively, Fenix can earn 70% of a portion of the tenements by funding a feasibility study on a resource of at least 1 million tonnes of iron ore.

During the half-year the Company released a review of available air magnetic surveys identifying two target areas on the southern flank of the Weld Range at Iron Ridge Extension and Ulysses (refer Figures 9 and 10). 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 (refer Figure 11). 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 100m. Drill logging has identified a strong oxidation profile at Ulysses to at least 100m depth (Figure 12).

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 Company received improved aeromagnetic data during the half-year, aiding in detailed definition of the Iron Ridge Extension and Ulysses iron targets. The Company, in conjunction with Fenix and the Native Title Party have now completed archaeological and ethnographic surveys of the complete Iron Ridge Extension and Ulysses targets, prior to planned RC drilling of priority areas.

Post half-year end, the Company announced that Scorpion and Fenix have accelerated and expanded the previous iron ore earn-in agreement over the Pharos Project, with Fenix now deemed to have earned a 100% interest in the Iron Ore Rights within the Pharos Project, for a consideration to be paid by Fenix to Scorpion consisting 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

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 1960's that was focused on VMS Cu-Zn-Ag-Au mineralisation and are considered prospective for PGE-Ni-Cu mineralisation (refer Figure 8).

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

- a. Three PGE-Ni-Cu targets identified at Pallas, Glen Nickel and Mt Mulcahy South;
- b. Geophysical (EM) anomalies located adjacent to Pallas PGE-Ni-Cu target;
- c. Highly anomalous rock chip samples up to 1050ppm Ni and soil anomalies >700ppm Ni identified at Glen Nickel; and
- d. 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 and/or data capture of historic EM or IP surveys.

Pharos Project Planned Exploration Activities

The Company is now in receipt of detailed aeromagnetic imagery for the complete project area (refer Figure 4 base image), which vastly improves understanding on certain mineralisation controls in the area and allows for improved targeting and drill planning. This is in addition to the now received high-resolution aerial photography, recently flown over the area. The Company intends to use both datasets heavily as it targets additional commodities across its tenure.

The following activities are planned to take place over the next half-year, following receipt of statutory approvals:

1. RC drill follow up Pharos gold targets (approx. 500m)
2. RC drill test of Pallas Ni-Cu-PGE target (approx. 200m)
3. RC drill test of Poona lithium targets (approx. 300m)
4. RC pre-collaring of diamond holes- Mt Mulcahy (approx. 500m)
5. Diamond tail drilling at Mt Mulcahy (approx. 250m)

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

25/06/2020	"Pharos Project Exploration Update"
09/07/2020	"High Grade Gold Rock Chips - Pharos Project"
13/08/2020	"Drilling to Commence – Pharos Project"
31/08/2020	"Commencement of Drilling - Pharos Project"
28/09/2020	"High Grade Gold Confirmed at Lantern - Pharos Project"
08/10/2020	"Phase 2 RC Drilling Commenced- Pharos Project"
02/11/2020	"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"
12/08/2021	"RC Drilling Commences at Pharos Gold Targets"
23/08/2021	"Completion of Drilling at Pharos Gold Targets"
20/10/2021	"New Shallow High-Grade Gold Zone Confirmed at Cap Lamp"
6/12/2021	"Scorpion increase Murchison Footprint"
8/2/2022	"Scorpion Accelerates Pharos Iron Ore Agreement with Fenix Resources"
11/2/2022	"Poona Tech Review Highlights Multiple PGE-Ni-Cu & Au Targets"
14/2/2022	"Multiple Lithium Targets Identified at Pharos Project"
2/3/2022	"Pharos Lithium Corridor Extended to 50km"

MT MULCAHY COPPER PROJECT Murchison, WA

Geology Discussion

The Mt Mulcahy Project in Western Australia (refer Figures 1 and 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 25 September 2014 and Table 3) at the 'South Limb Pod' (SLP). The tenement containing the SLP is now in its third year of grant (refer ASX:SCN "Mt Mulcahy Exploration Licence Granted, 16 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 12km 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 half-year, although the Company has completed heritage clearance for access and an area clearance for planned RC pre-collar and subsequent diamond tail drilling late in the half-year.

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

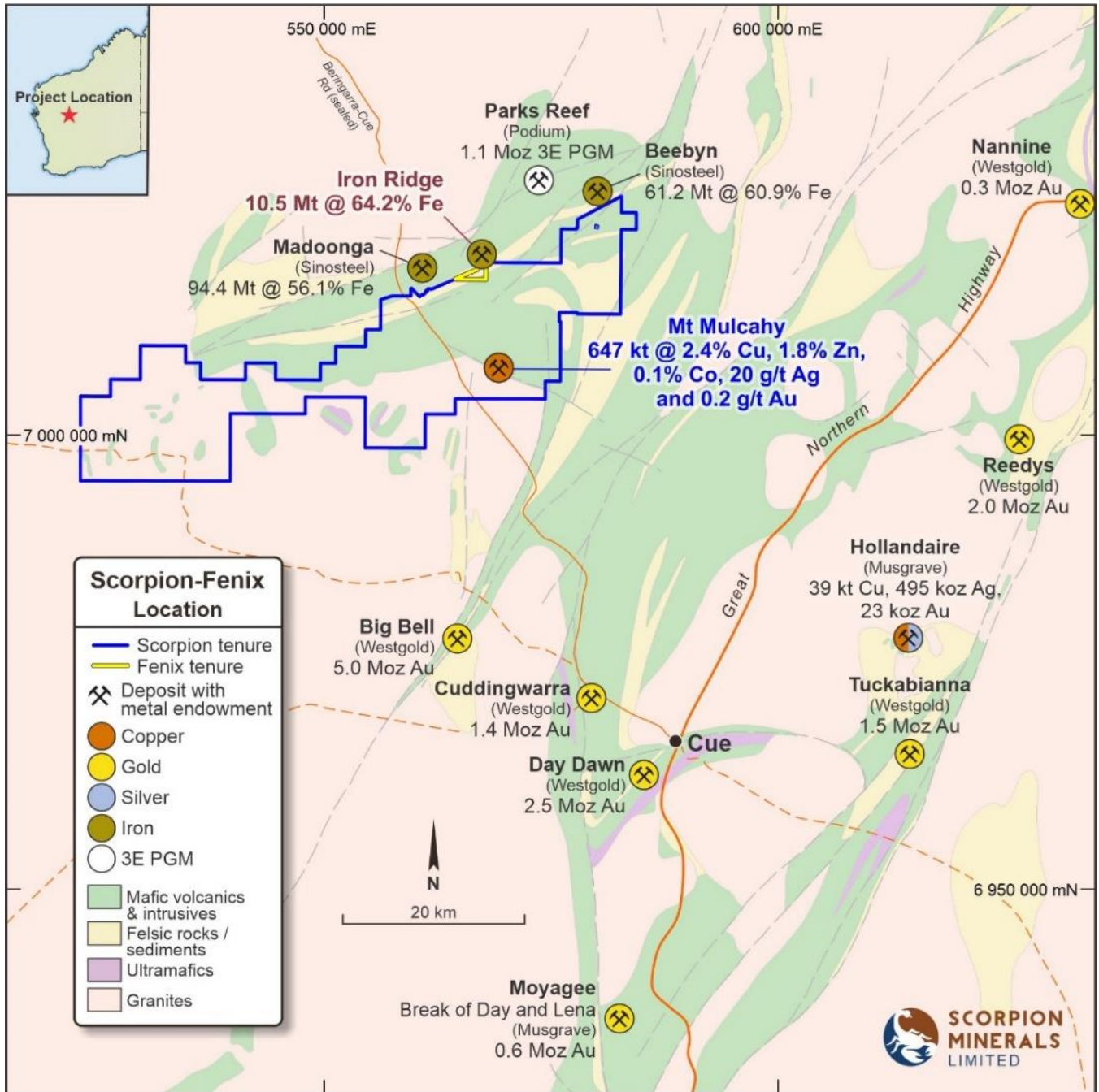


Figure 1 – Location of Pharos Project in Murchison area of WA, highlighting regional mineral endowment

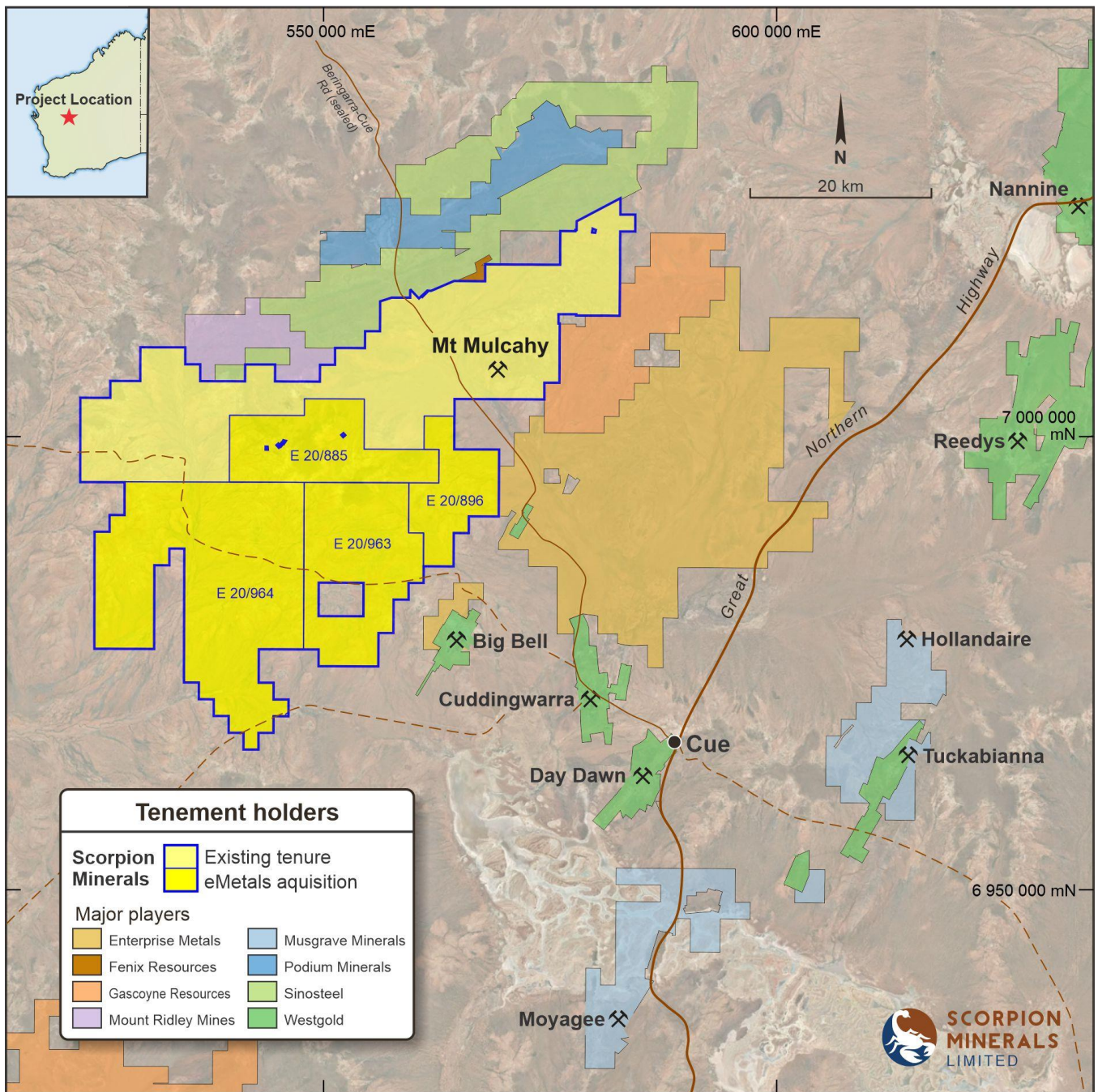


Figure 2 – Scorpion Minerals Limited 100% owned Pharos Project, highlighting major tenure holders

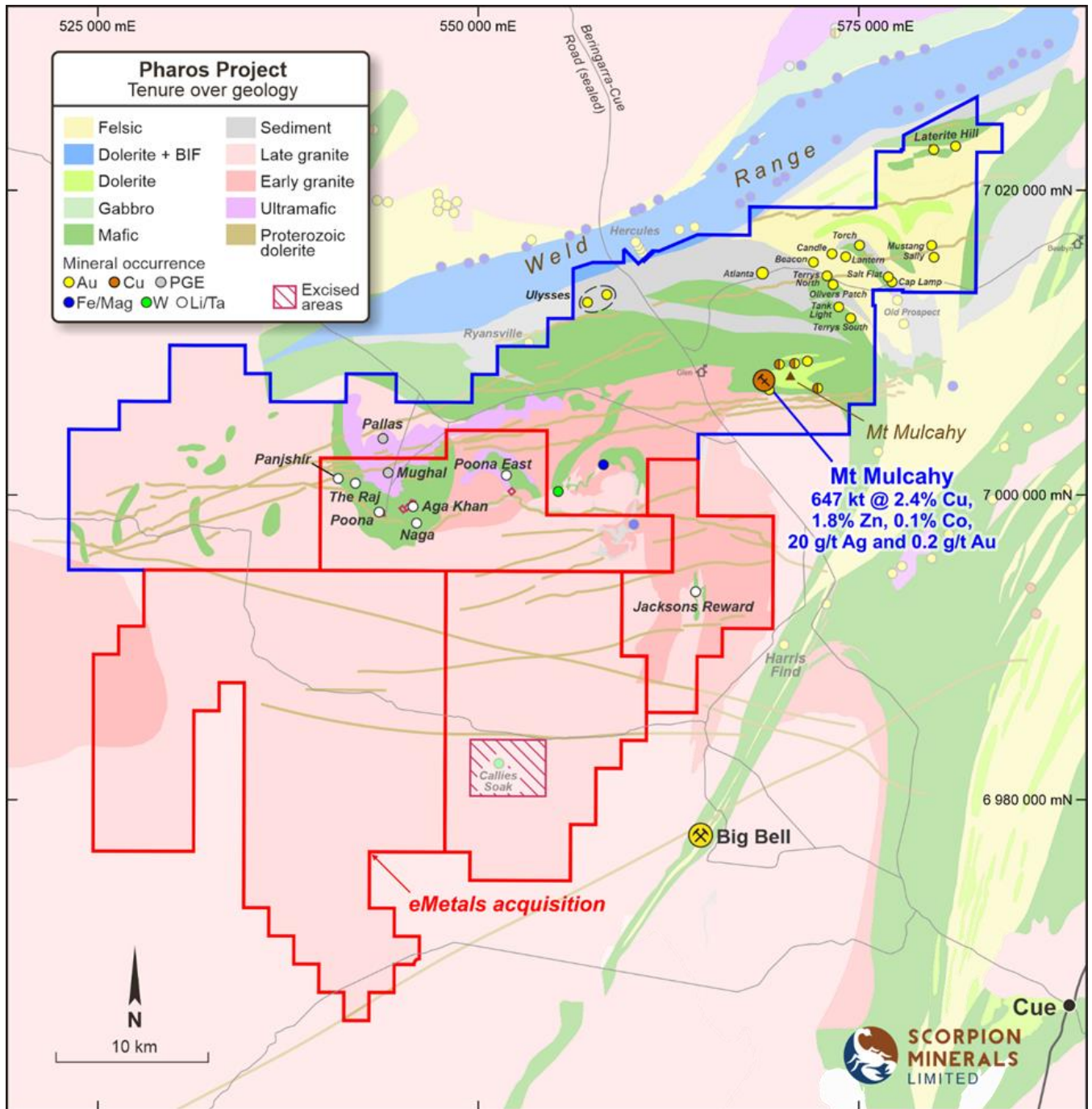


Figure 3 – Scorpion Minerals Limited 100% owned Pharos Project, overlay on regional geology, highlighting named prospects

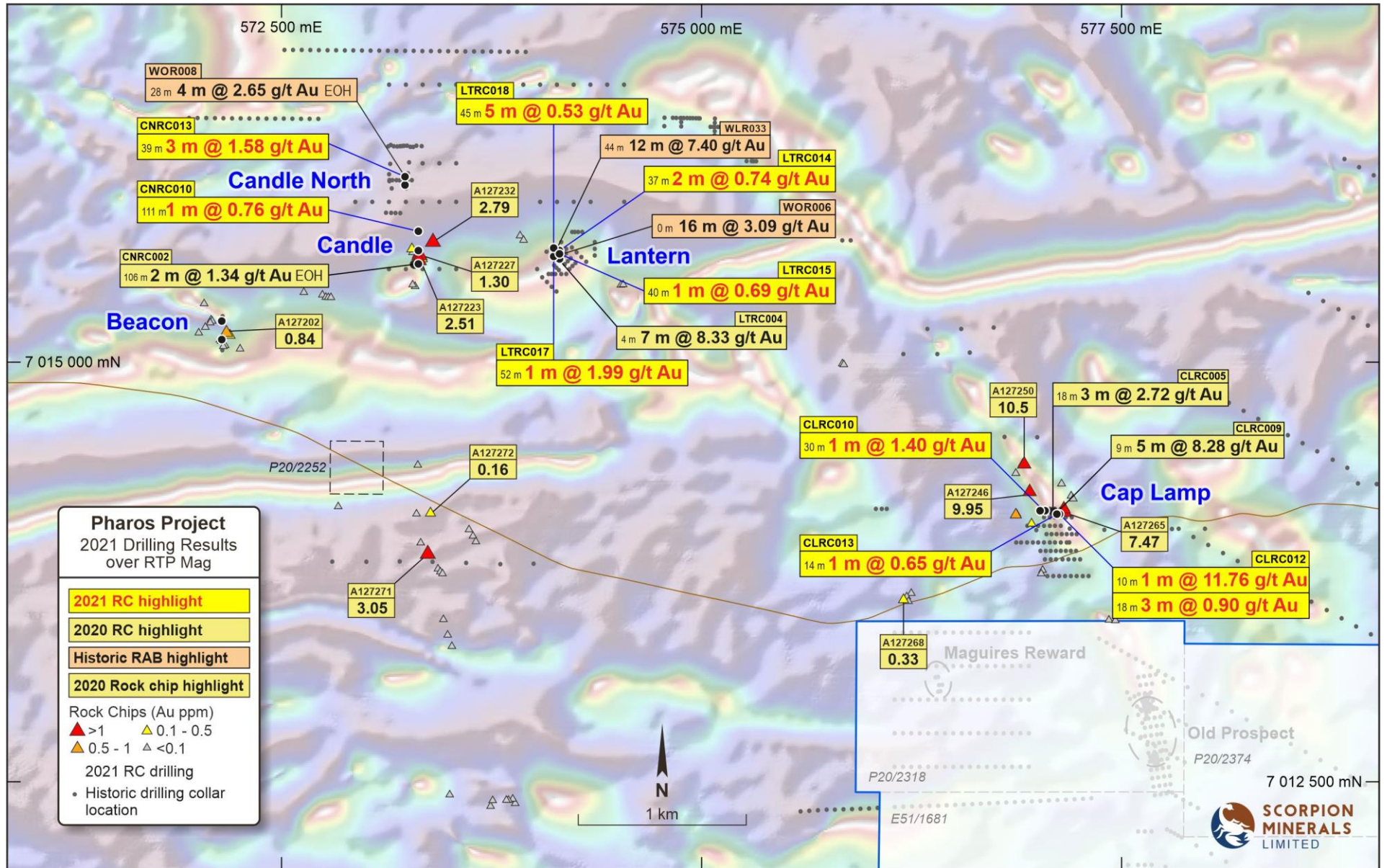


Figure 4 – 2021 RC Drilling Highlights Location Plan, north of Mt Mulcahy, overlain on newly acquired RTP magnetic imagery

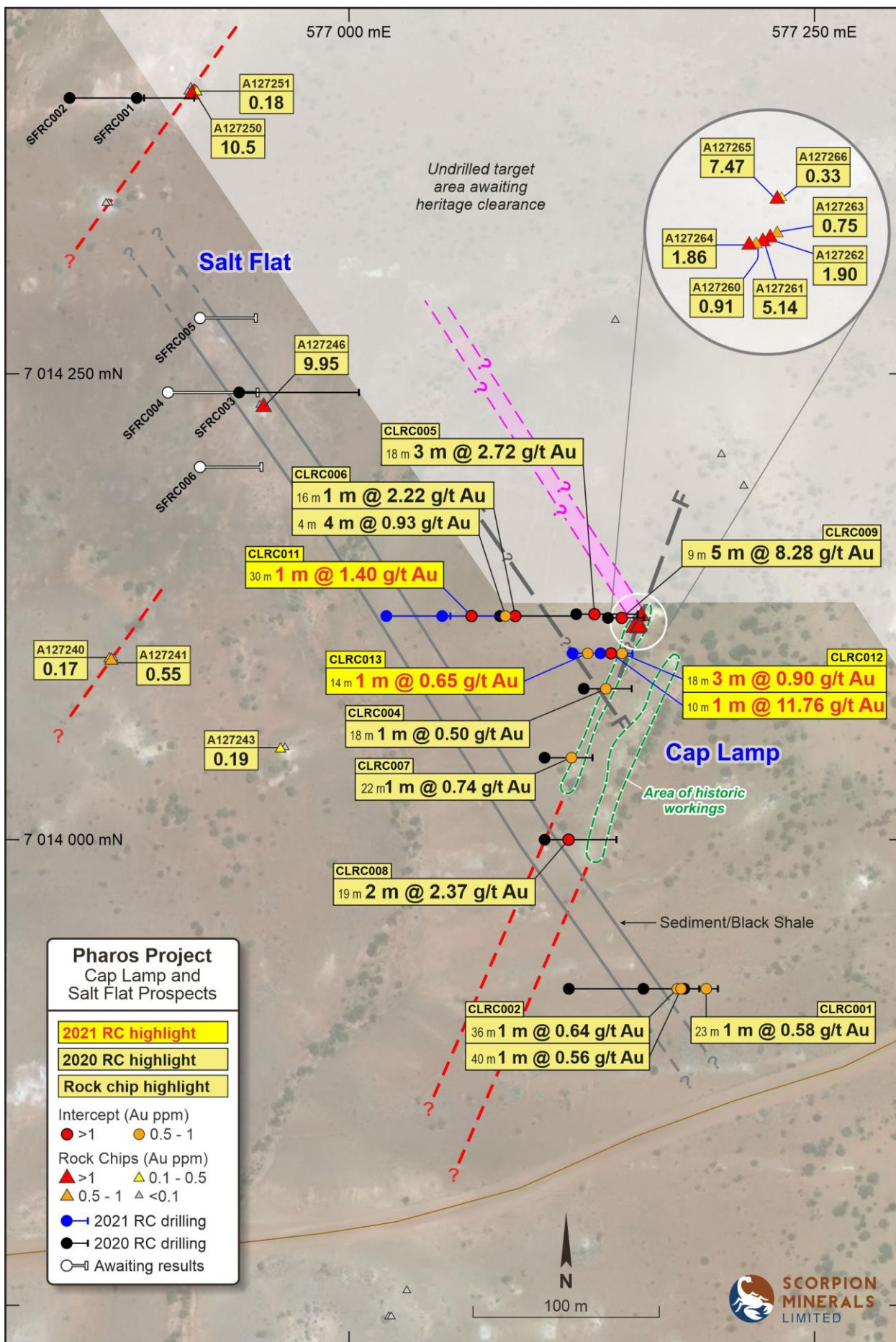


Figure 5 – Cap Lamp RC Drill plan, highlighting Cap Lamp Extension target zone in magenta

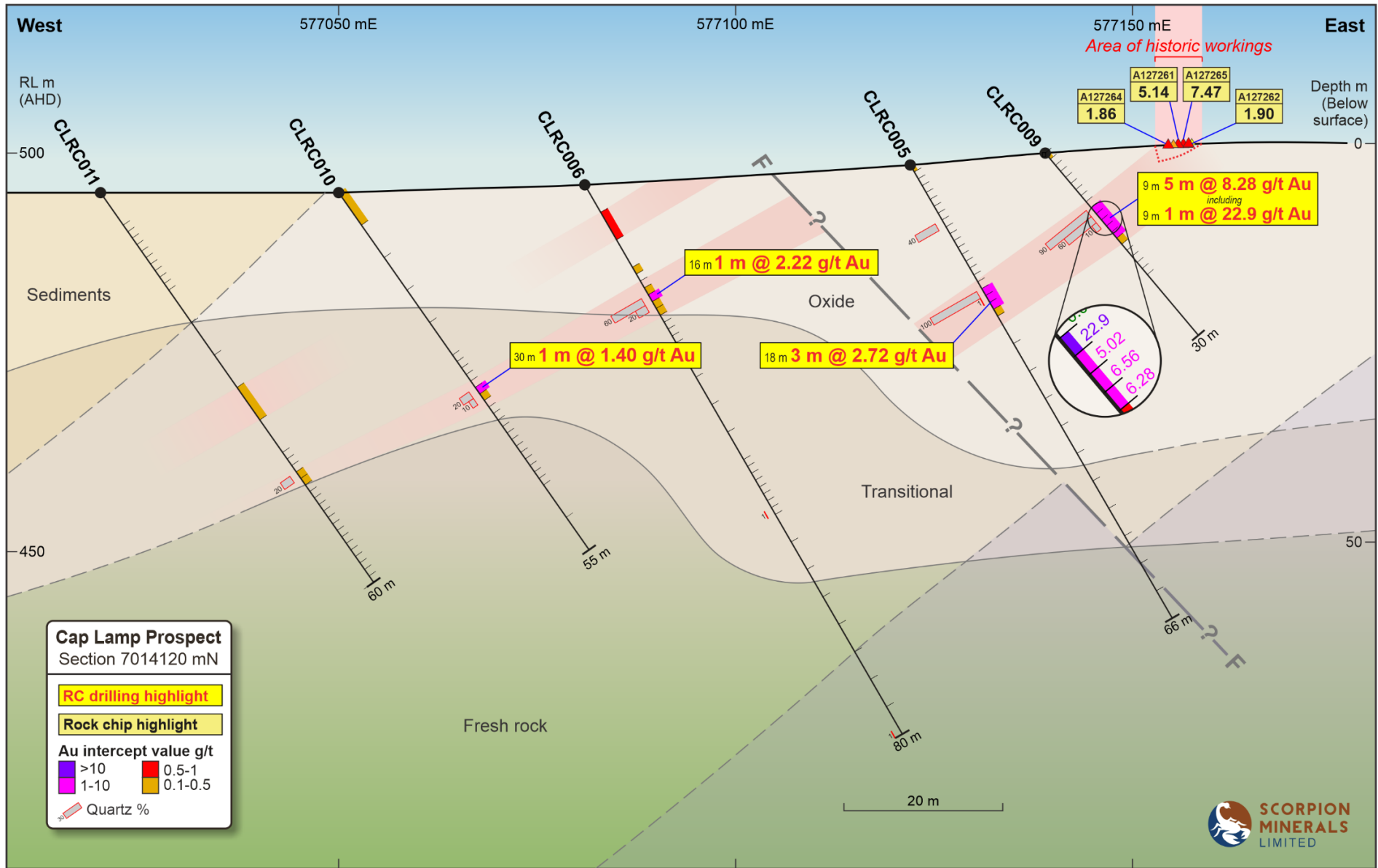


Figure 6 – Cap Lamp Cross Section 7014120mN

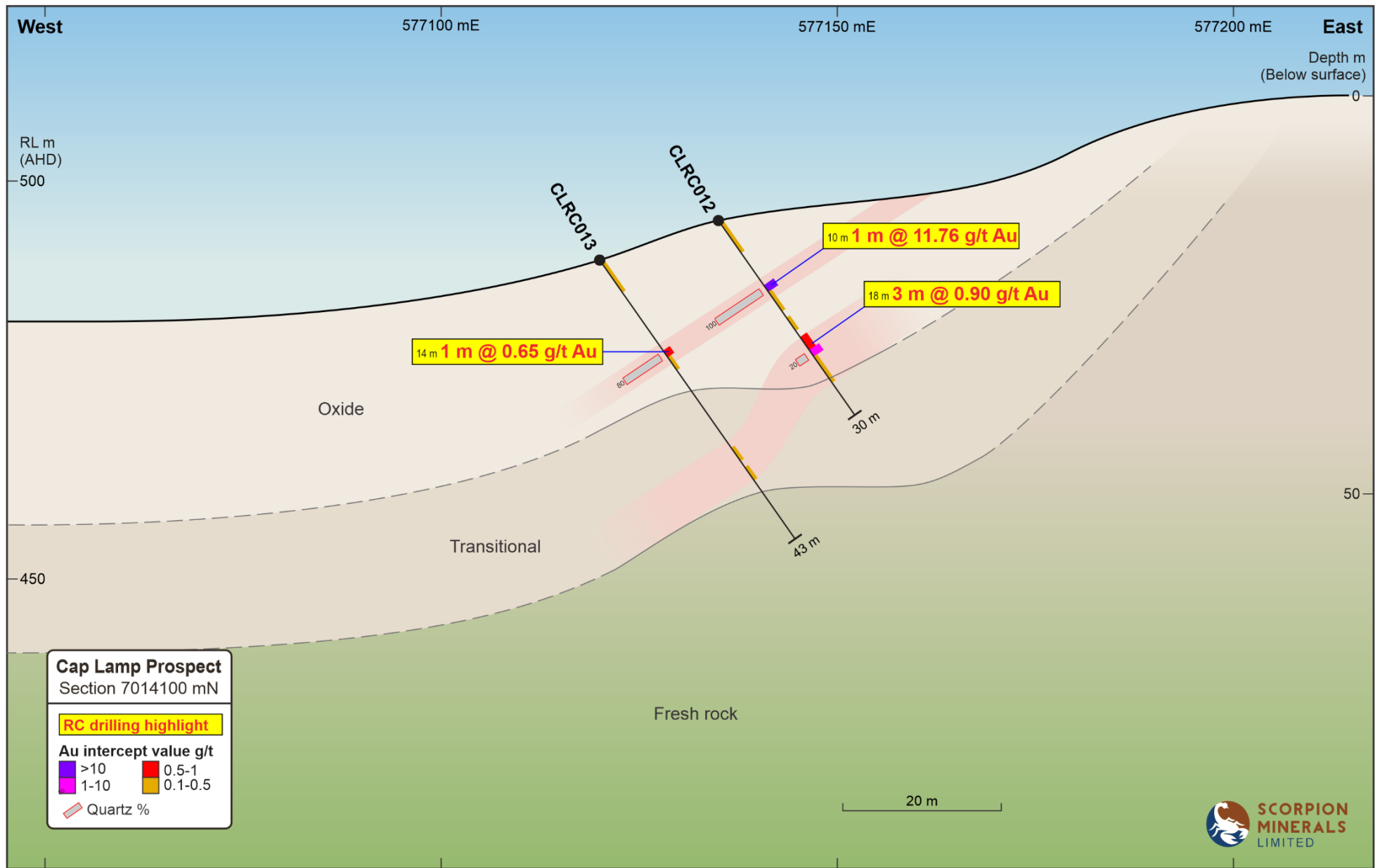


Figure 7 – Cap Lamp Cross Section 7014100mN

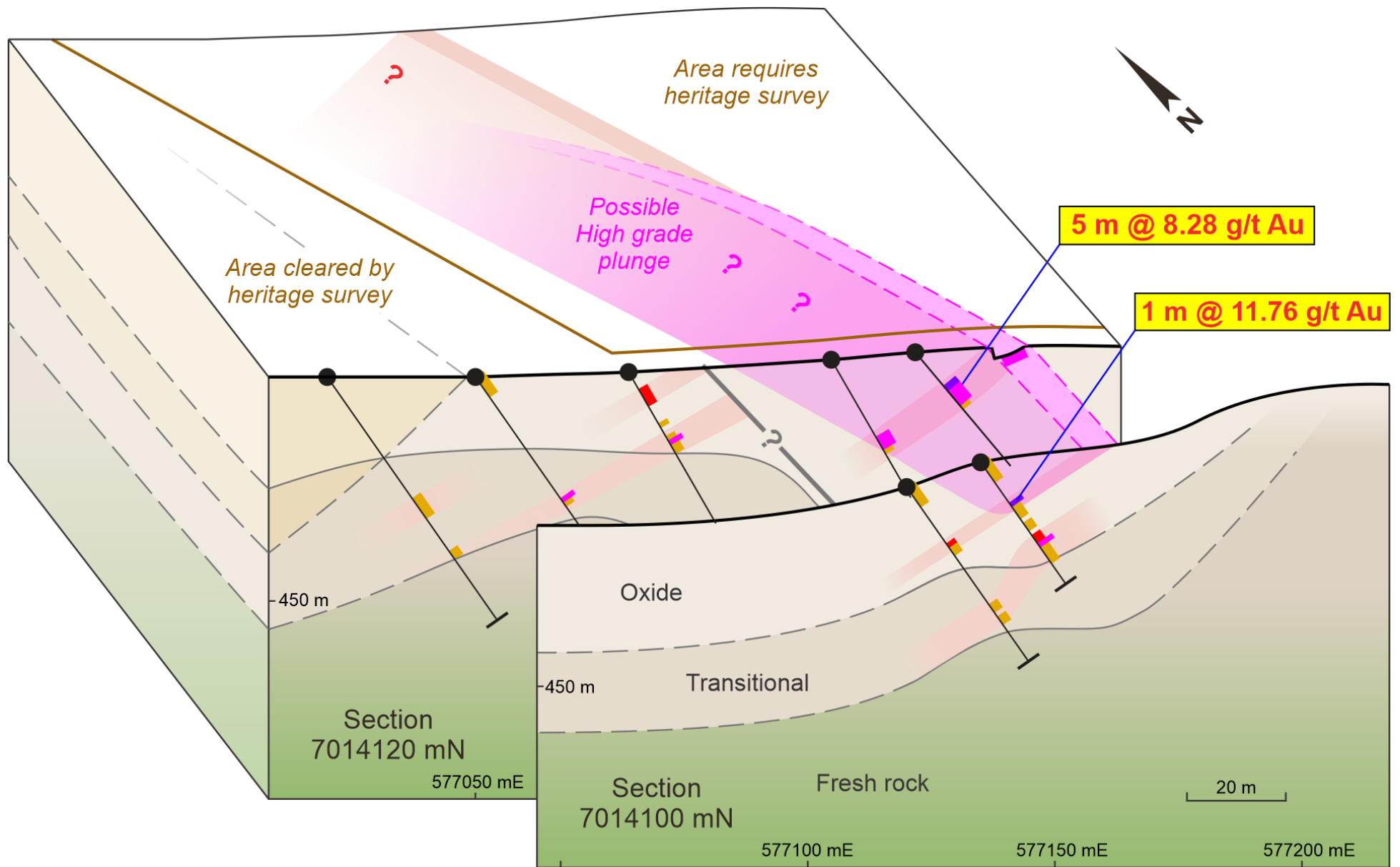


Figure 8 – Cap Lamp conceptual stacked sections, highlighting high-grade target in ground awaiting heritage survey prior to drilling

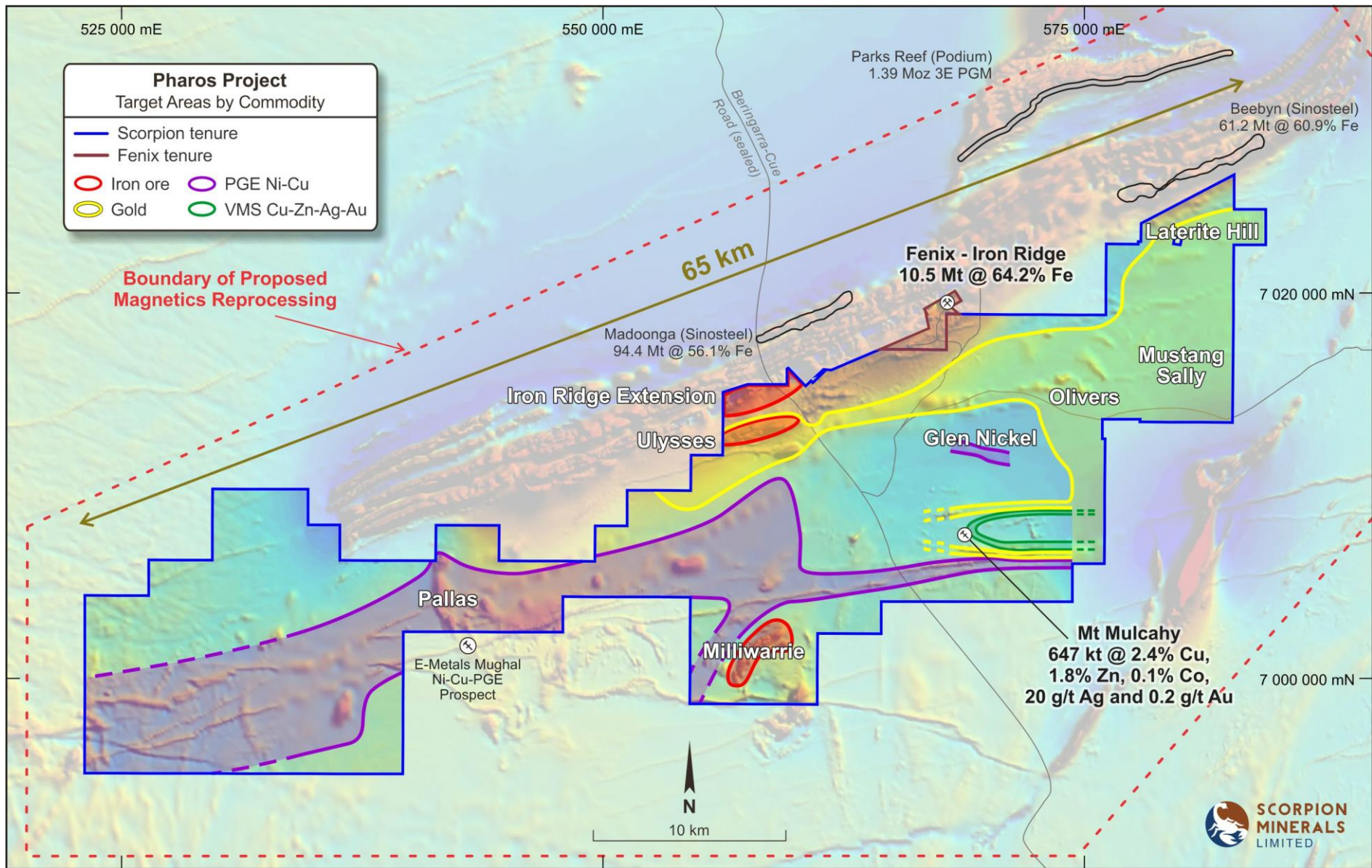


Figure 9 – Summary of Pharos Project Commodity Targets, highlighting area of available Open File/Multi Client Magnetics to be reprocessed

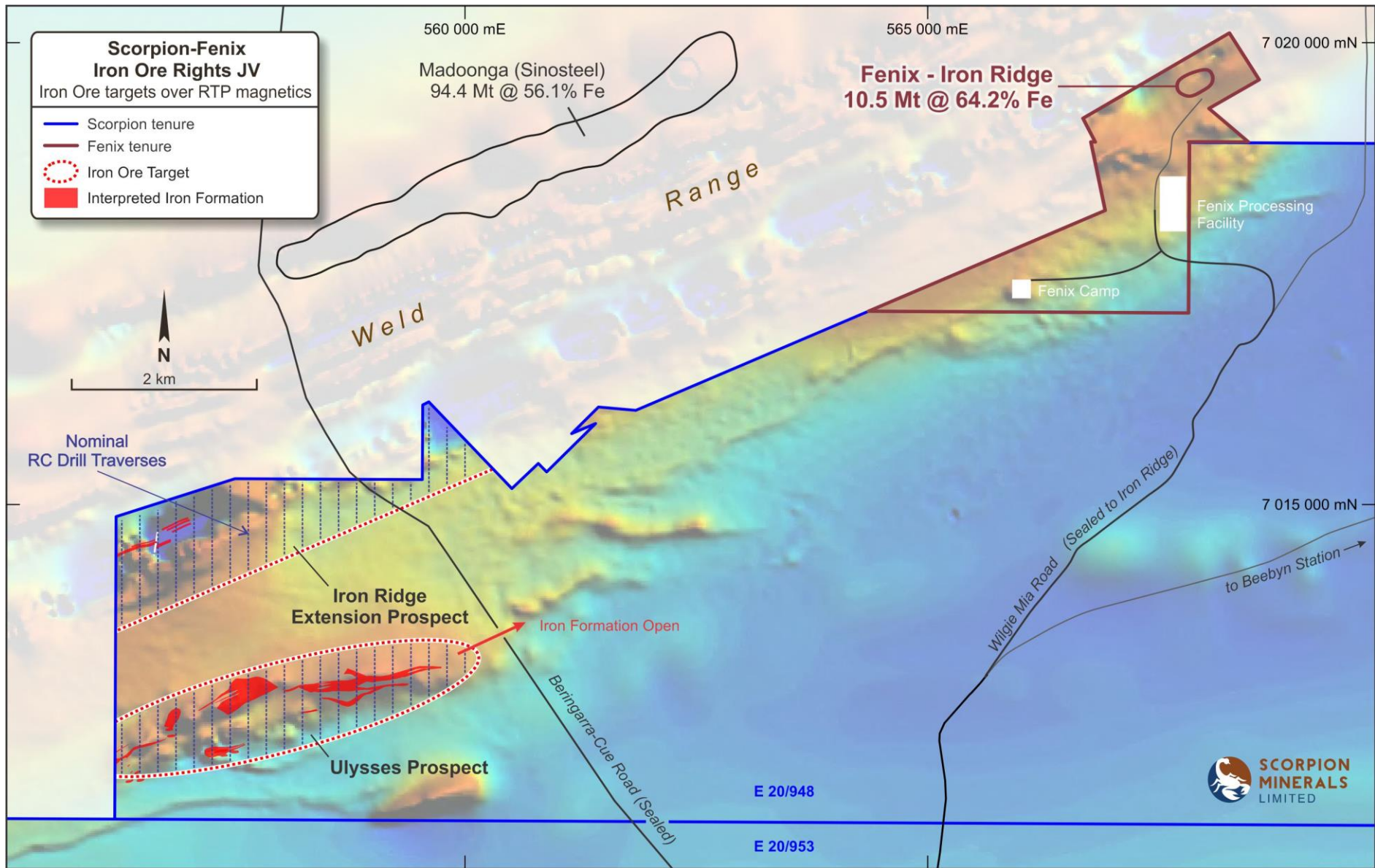


Figure 10 – Location of Fenix Mine and FEX-SCN JV Iron Ore Target Areas, highlighting position of Ulysses and Iron Ridge Extension Prospects – Pharos Project

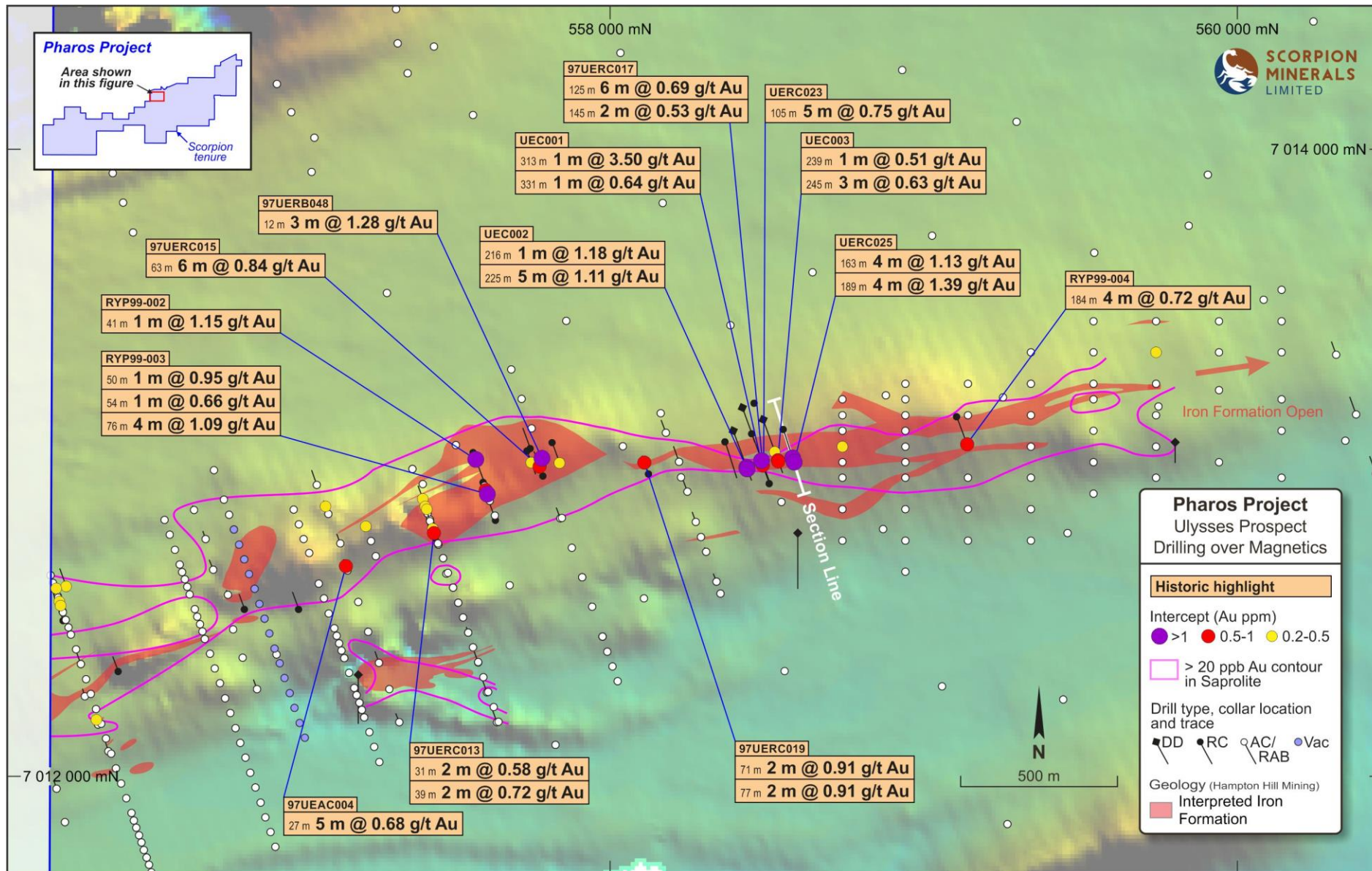


Figure 11 – Interpreted iron formation, historic drilling and significant gold intervals – Ulysses Prospect. No iron assays and outcrop very rarely apparent. Iron and gold mineralisation east of Section Line ineffectively tested by shallow drilling

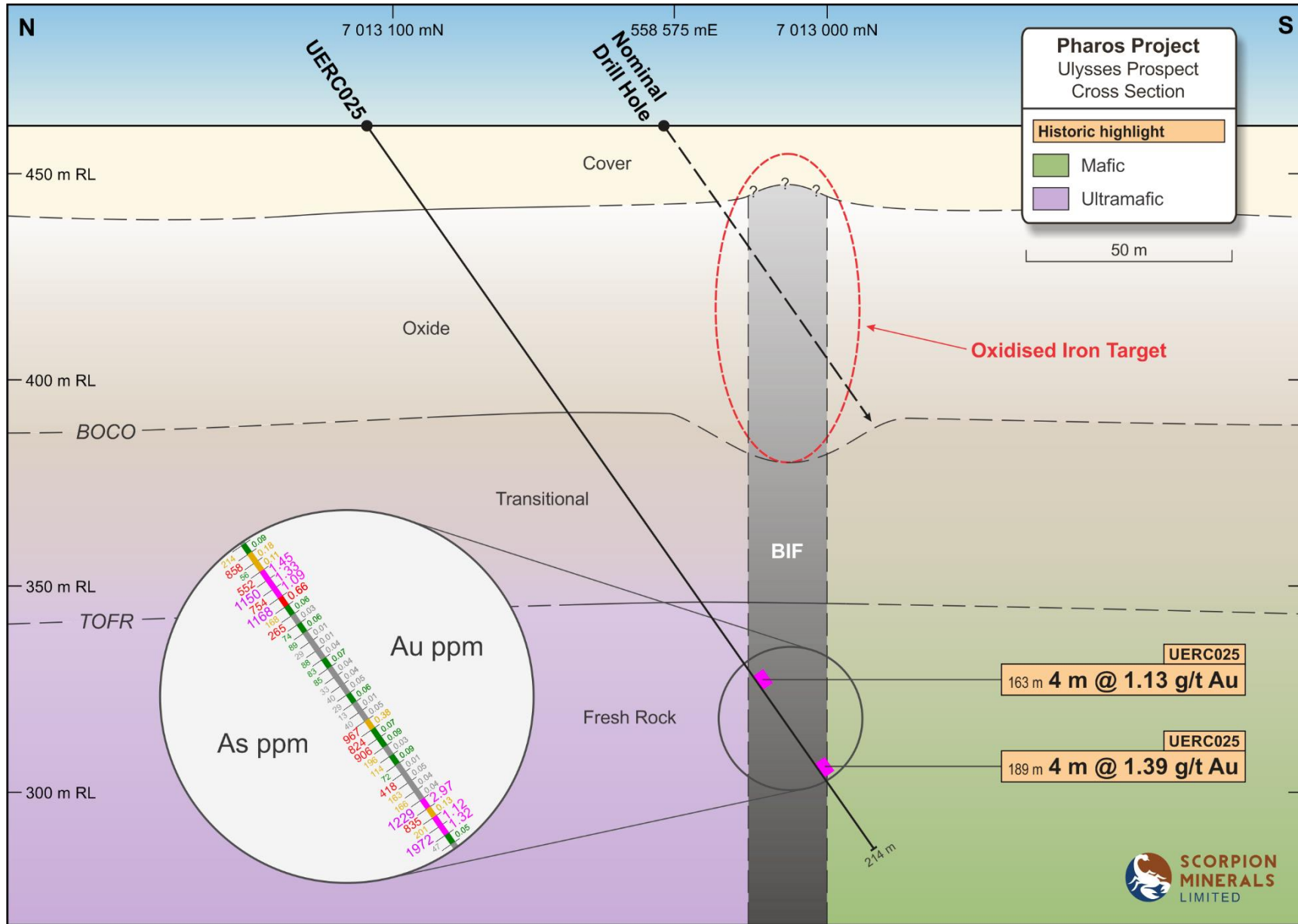


Figure 12 – Ulysses Cross Section from Figure 11, highlighting oxide iron target and related gold mineralisation from historic drilling

**Table 2: Pharos Project RC Drilling Significant Results: >1m ≥0.5 g/t Au
New Results**

Prospect	Hole ID	MGA Northing	MGA Easting	RL	MGA Azimuth	Dip	Max Depth (m)	From (m)	To (m)	Interval (m)	Au g/t	Notes
Beacon	BCRC003	7015140	572150	500	0.0	-55.0	103.0	NSI				3
	BCRC004	7015250	572150	500	180.0	-55.0	100.0	NSI				3
Cap Lamp	CLRC010	7014120	577050	495	90.0	-55.0	55.0	30.0	31.0	1.0	1.40	3
	CLRC011	7014120	577020	495	90.0	-55.0	60.0	NSI*				3,4
	CLRC012	7014100	577135	495	90.0	-55.0	30.0	10.0	11.0	1.0	11.76	3
								18.0	21.0	3.0	0.90	3
	CLRC013	7014100	577120	495	90.0	-55.0	43.0	14.0	15.0	1.0	0.65	3
Candle	CNRC010	7015785	573320	500	180.0	-55.0	121.0	111.0	112.0	1.0	0.76	3
	CNRC011	7015660	573320	500	0.0	-55.0	145.0	NSI				3
	CNRC012	7016060	573240	500	0.0	-55.0	60.0	NSI				3
	CNRC013	7016110	573240	500	180.0	-55.0	60.0	39.0	42.0	3.0	1.58	3
	CNRC014	7015590	573320	500	0.0	-55.0	100.0	NSI				3
Lantern	LTRC014	7015650	574160	500	180.0	-55.0	37.0	21.0	23.0	2.0	0.74	3,4
	LTRC015	7015670	574160	500	180.0	-55.0	55.0	40.0	41.0	1.0	0.69	3,4
	LTRC016	7015620	574160	500	0.0	-55.0	55.0	NSI*				3,4
	LTRC017	7015635	574125	500	0.0	-55.0	55.0	52.0	53.0	1.0	1.99	3,4
	LTRC018	7015685	574125	500	180.0	-55.0	55.0	45.0	50.0	5.0	0.53	1,3,4

Notes

- 1 - 4m or 5m composite
 - 2 - Au by 50gm Fire Assay, NAGROM method – FA50_OES
 - 3 - Au by 40gm Aqua Regia Digest, NAGROM method – ICP008
 - 4 - Incomplete sampling
- No upper cut applied, 0.5 g/t lower cut, allowing 2m internal waste
Coordinate system GDA94z50. Northing and Easting obtained by handheld GPS, accuracy +/- 3m, nominal RL used
NSI = No Significant Intercept, NSI* = No Significant Intercept, but incomplete sampling

Table 3: Previously Released Results

Prospect	Hole ID	MGA Northing	MGA Easting	RL	MGA Azimuth	Dip	Max Depth (m)	From (m)	To (m)	Interval (m)	Au g/t	Notes
Atlanta	ATRC001	7014357	568689	500	90.0	-60.0	92.0	NSI				2
	ATRC002	7014344	568648	500	90.0	-60.0	120.0	Not Sampled				
Beacon	BCRC001	7015185	572160	500	90.0	-50.0	80.0	NSI				2
	BCRC002	7015185	572120	500	90.0	-55.0	120.0	NSI				2
Cap Lamp	CLRC001	7013920	577180	500	90.0	-60.0	36.0	23.0	24.0	1.0	0.58	2
	CLRC002	7013920	577158	500	90.0	-60.0	60.0	36.0	37.0	1.0	0.64	2
								40.0	41.0	1.0	0.56	2

Prospect	Hole ID	MGA Northing	MGA Easting	RL	MGA Azimuth	Dip	Max Depth (m)	From (m)	To (m)	Interval (m)	Au g/t	Notes	
Prospect	CLRC003	7013920	577118	500	90.0	-60.0	150.0	NSI				2	
	CLRC004	7014081	577126	500	90.0	-50.0	40.0	18.0	19.0	1.0	0.50	2	
	CLRC005	7014121	577122	498.5	90.0	-60.0	66.0	18.0	21.0	3.0	2.72	2	
	CLRC006	7014120	577081	496	90.0	-60.0	80.0	4.0	8.0	4.0	0.93	1,2	
								16.0	17.0	1.0	2.22	2	
	CLRC007	7014044	577105	500	90.0	-50.0	40.0	22.0	23.0	1.0	0.74	2	
	CLRC008	7014000	577105	500	90.0	-50.0	60.0	19.0	21.0	2.0	2.37	2	
	CLRC009	7014119	577139	500	90.0	-50.0	30.0	9.0	14.0	5.0	8.28	3,4	
								Including	9.0	10.0	1.0	22.88	3,4
Candle	CNRC001	7015723	573296	500	90.0	-50.0	120.0	NSI				2	
	CNRC002	7015720	573284	500	90.0	-70.0	108.0	102.0	103.0	1.0	1.47	3	
								End of Hole	106.0	108.0	2.0	1.34	3
	CNRC003	7015620	573298	500	90.0	-55.0	78.0	NSI				2	
	CNRC004	7015619	573263	500	90.0	-55.0	100.0	NSI				2	
	CNRC005	7016079	573225	500	90.0	-50.0	80.0	43.0	44.0	1.0	1.12	2	
	CNRC006	7016079	573204	500	90.0	-55.0	108.0	NSI				2	
	CNRC007	7015623	573381	500	270.0	-60.0	90.0	NSI*				3,4	
	CNRC008	7015721	573440	500	270.0	-60.0	180.0	NSI*				3,4	
Lantern	CNRC009	7016079	573296	500	270.0	-60.0	100.0	55.0	56.0	1.0	2.08	3,4	
	LTRC001	7015680	574108	500	90.0	-55.0	126.0	67.0	68.0	1.0	1.55	2	
	LTRC002	7015680	574084	500	90.0	-55.0	96.0	85.0	88.0	3.0	0.66	2	
	LTRC003	7015681	574062	500	90.0	-55.0	174.0	148.0	154.0	6.0	0.85	2	
	LTRC004	7015642	574147	500	90.0	-55.0	60.0	4.0	11.0	7.0	8.33	2	
								Including	4.0	7.0	3.0	18.04	2
									27.0	28.0	1.0	0.71	2
									45.0	46.0	1.0	0.99	2
	LTRC005	7015642	574122	500	90.0	-55.0	108.0	17.0	18.0	1.0	0.65	2	
	LTRC006	7015643	574096	500	90.0	-60.0	132.0	NSI				2	
	LTRC007	7015640	574200	500	270.0	-60.0	80.0	36.0	37.0	1.0	0.55	3,4	
								45.0	47.0	2.0	1.05	3,4	
	LTRC008	7015644	574250	500	270.0	-60.0	110.0	NSI*				3,4	
	LTRC009	7015680	574140	500	270.0	-60.0	80.0	NSI*				3,4	
	LTRC010	7015682	574180	500	270.0	-60.0	110.0	NSI*				3,4	
	LTRC011	7015604	574241	500	270.0	-60.0	120.0	12.0	13.0	1.0	0.51	3,4	
	LTRC012	7015600	574275	500	270.0	-60.0	200.0	Not Sampled					
LTRC013	7015600	574200	500	270.0	-60.0	120.0	1.0	2.0	1.0	0.53	3,4		
Maguires North	MNRC001	7013535	576209	500	90.0	-50.0	40.0	NSI*				3,4	
	MNRC002	7013537	576191	500	90.0	-60.0	84.0	NSI*				3,4	
Olivers Patch	OPRC001	7013860	573356	500	90.0	-60.0	40.0	NSI*				2,4	
	OPRC002	7013857	573323	500	90.0	-60.0	100.0	NSI*				2,4	
	OPRC003	7013898	573329	500	90.0	-50.0	40.0	NSI*				3,4	
	OPRC004	7013896	573301	500	90.0	-60.0	90.0	NSI*				3,4	
Salt Flat	SFRC001	7014398	576886	500	90.0	-50.0	48.0	NSI				2	
	SFRC002	7014398	576850	500	90.0	-60.0	80.0	NSI				2	
	SFRC003	7014240	576941	500	90.0	-50.0	100.0	NSI				2	
	SFRC004	7014240	576903	500	90.0	-60.0	96.0	Not Sampled					
	SFRC005	7014280	576920	500	90.0	-60.0	60.0	Not Sampled					
	SFRC006	7014200	576920	500	90.0	-60.0	66.0	Not Sampled					
Terrys South	TSRC001	7011720	574440	500	90.0	-50.0	78.0	55.0	58.0	3.0	0.84	3,4	
	TSRC002	7011720	574434	500	90.0	-60.0	114.0	NSI*				3,4	

Notes

1 - 4m or 5m composite

2 - Au by 50gm Fire Assay, NAGROM method – FA50_OES

3 - Au by 40gm Aqua Regia Digest, NAGROM method – ICP008

4 - Incomplete sampling

No upper cut applied, 0.5 g/t lower cut, allowing 2m internal waste

Coordinate system GDA94z50. Northing and Easting obtained by handheld GPS, accuracy +/- 3m, nominal RL used

NSI = No Significant Intercept, NSI/= No Significant Intercept, but incomplete sampling

Table 4: 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 5: 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

Site ID	GDA North	GDA East	RL	Dip	Azimuth	Depth (m)	From (m)	To (m)	Length (m)	Au g/t	Drill Type	Company
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

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.

RESULTS OF OPERATIONS

The Group incurred an after-tax operating loss for the half-year ended 31 December 2021 of \$1,411,293 (31 December 2020: \$1,708,133).

CORPORATE

During the half-year the Company announced that it had completed a placement of 10,763,333 fully paid ordinary shares to new and existing sophisticated investors to raise \$807,250 before costs. The allotment of the new shares, which occurred on 13 August 2021, was not subject to shareholder approval and fell within the Company's existing placement capacity.

SCN also agreed to issue an additional 1,500,000 shares to iDrilling under a drill-for-equity arrangement on the same terms as the placement. SCN would 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. The allotment of the new shares, which occurred on 25 October 2021, was not subject to shareholder approval and fell within the Company's existing placement capacity.

As previously announced (ASX:SCN 8 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. Subject to shareholder approval, 3,600,000 new fully paid ordinary shares in the Company were to be issued to the lenders to extinguish \$270,000 of outstanding debt. The loan agreement and variations thereto had previously been announced by the Company on 26 October 2017, 27 September 2018, 18 October 2018, 13 March 2020 and 29 September 2020.

The Company held its Annual General Meeting on 24 November 2021 with all resolutions passed, including ratification of the above-mentioned placement of 10,763,333 shares, ratification of the above-mentioned 1,500,000 drill-for-equity shares, and approval to issue the above-mentioned 3,600,000 debt-for-equity shares, which were ultimately allotted after the close of the half-year. In addition, a special resolution to issue up to 10% of the issued capital of the Company was passed. Option issues to directors under terms set out were also passed.

The Company continues to address opportunities within Australia that complement the focus of the Company's current areas.

SUBSEQUENT EVENTS

On 7 February 2022, SCN announced that it had completed all due diligence activities associated with the binding Heads of Agreement with eMetals Limited (ASX:EMT) to acquire the Poona Project adjacent to SCN's existing Pharos Project, comprising tenements E20/885, E20/896, E20/963 and E20/964. On 14 February 2022, SCN issued 4,000,000 fully paid ordinary shares to EMT to complete the acquisition of a 100% interest in the Poona Project. The shares were placed in a holding lock pending receipt of completed Deeds of Assignment. EMT is also entitled to a 0.5% net smelter return royalty in respect of minerals mined from the Poona Project tenements, should commercial mining be undertaken.

On 9 February 2022, SCN announced that it had entered into a Deed of Amendment agreement with Fenix Resources Limited (ASX:FEX) in relation to tenements E20/953 and E20/948 at SCN's Pharos Project, in which SCN has a 100% interest. The tenements are subject to a Farm-in and Joint Venture Agreement executed in February 2021, which enabled FEX to earn up to a 70% interest in the iron ore rights at the tenements by sole funding exploration and resource definition. The Deed of Amendment accelerates the existing Farm-in and Joint Venture Agreement by deeming FEX to have earned a 100% interest in the iron ore rights at the tenements, in exchange for upfront consideration of 4 million fully paid ordinary shares in FEX. SCN is also entitled to deferred consideration of 5 million FEX shares upon the delineation and public announcement by FEX of an inferred resource of at least 10Mt of iron ore, or an indicated and/or measured resource of at least 1Mt; and a further 5 million FEX shares upon the first shipment of iron ore by FEX from the tenements.

On 24 February 2022, SCN issued 3.6 million fully paid ordinary shares at a deemed issue price of \$0.075 per share to satisfy \$270,000 of debt under an unsecured loan agreement with entities associated with Mr Michael Fotios (a former director of the Company who resigned on 31 October 2018). The issue of shares was approved by shares at the Annual General Meeting of the Company on 24 November 2021.

There are no other matters or circumstances that have arisen since 31 December 2021.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 25.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*, and signed for and on behalf of the Board by:

Bronwyn Barnes
Non-Executive Chairman

A handwritten signature in black ink that reads "Bd Barnes." The signature is written in a cursive, flowing style.

Perth, Western Australia
4 March 2022



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsay.com.au

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001**

As lead auditor of the review of Scorpion Minerals Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Scorpion Minerals Limited and the entities it controlled during the half-year.

Rothsay Auditing

A handwritten signature in black ink, appearing to read 'Dalla', written in a cursive style.

Daniel Dalla
Partner

4 March 2022



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE
HALF-YEAR ENDED 31 DECEMBER 2021**

	Note	Half-Year	
		2021	2020
CONTINUING OPERATIONS			
Directors Fees		(51,667)	(46,250)
Exploration expenses		(432,667)	(897,313)
Finance costs		(39,951)	(47,716)
Occupancy costs		(18,000)	(18,000)
Other expenses	3	(241,506)	(282,338)
Share Based Payment	4	(627,502)	(416,516)
LOSS BEFORE INCOME TAX		<u>(1,411,293)</u>	<u>(1,708,133)</u>
Income tax (expense)/benefit		-	-
LOSS AFTER INCOME TAX FOR THE HALF-YEAR		<u>(1,411,293)</u>	<u>(1,708,133)</u>
Other comprehensive income for the half-year, net of tax		-	-
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO THE OWNERS OF SCORPION MINERALS LIMITED		<u>(1,411,293)</u>	<u>(1,708,133)</u>
Loss per share attributable to the ordinary equity holders of the Parent Basic and diluted (cents per share)		(0.55)	(0.84)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Note	December 2021	June 2021
CURRENT ASSETS			
Cash and cash equivalents		145,150	133,873
Trade and other receivables		127,947	133,756
TOTAL CURRENT ASSETS		273,097	267,629
NON-CURRENT ASSETS			
Capitalised exploration expenditure	5	2,060,027	2,060,027
TOTAL NON-CURRENT ASSETS		2,060,027	2,060,027
TOTAL ASSETS		2,333,124	2,327,656
CURRENT LIABILITIES			
Trade and other payables	6	(1,060,043)	(1,394,095)
Borrowings	7	(1,270,950)	(1,281,133)
TOTAL LIABILITIES		(2,330,993)	(2,675,228)
NET ASSETS (LIABILITIES)		2,131	(347,572)
EQUITY			
Contributed equity	8	24,104,708	22,874,964
Accumulated losses		(25,050,345)	(23,801,988)
Reserves	9	947,768	579,452
TOTAL EQUITY/(DEFICIENCY)		2,131	(347,572)

The above statement of financial position should be read in
conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY FOR
THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Note	Issued Capital	Accumulated Losses	Reserve	Total Equity
CONSOLIDATED					
Balance 1 July 2021		22,874,964	(23,801,988)	579,452	(347,572)
Loss for the half-year		-	(1,411,293)	-	(1,411,293)
Total comprehensive loss for the half-year		22,874,964	(25,213,281)	579,452	(1,758,865)
Shares issued during the period	8	1,144,750	-	-	1,144,750
Capital Raising Costs	8	(11,256)	-	-	(11,256)
Options issued during the period	9	-	-	627,502	627,502
Transfer on exercised/lapsed of options	9	96,250	162,936	(259,186)	-
Balance 31 December 2021		24,104,708	(25,050,345)	947,768	2,131

	Issued Capital	Accumulated Losses	Reserve	Total Equity
CONSOLIDATED				
Balance 1 July 2020	20,234,964	(21,866,636)	464,293	(1,167,379)
Loss for the half-year	-	(1,708,133)	-	(1,708,133)
Total comprehensive loss for the half-year	-	(1,708,133)	-	(1,708,133)
Shares issued during the period	1,290,000	-	-	1,290,000
Options issued during the period	-	-	416,516	416,516
Transfer on exercised/lapsed of options	-	293,199	(293,199)	-
Balance 31 December 2020	21,524,964	(23,281,570)	587,610	(1,168,996)

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Note	Half-year	
		2021	2020
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(406,647)	(544,517)
Payments for exploration		(665,570)	(897,312)
Interest paid		-	(1,693)
Net cash outflow from operating activities		(1,072,217)	(1,443,522)
CASH FLOWS FROM INVESTING ACTIVITIES			
		-	-
Net cash inflow/(outflow) from investing activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Issue of Shares	8	1,144,750	1,290,000
Payments for Capital Raising	8	(11,256)	-
Repayment of borrowings	7	(50,000)	-
Proceeds from borrowings	7	-	6,003
Net cash inflow/(outflow) from financing activities		1,083,494	1,296,003
Net increase in cash and cash equivalents		11,277	(147,519)
Cash and cash equivalents at the beginning of the half-year		133,873	167,205
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR		145,150	19,686

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

Statement of compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the annual financial statements for the year ended 30 June 2021 and any public announcements made by Scorpion Minerals Ltd during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2021 annual financial report for the financial year ended 30 June 2021 with the exception of the changes outlined in 'Changes of Accounting Policies'. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going concern

The Group incurred a net loss of \$1,411,293 (31 December 2020: \$1,708,133) and incurred net cash outflows from operating activities of \$1,072,217 for the half-year ended 31 December 2021 (31 December 2020: \$1,443,522 outflow). As at 31 December 2021, the Group had a working capital deficiency of \$2,057,896 (30 June 2021: \$2,407,599) and net assets of \$2,131 (30 June 2021 deficiency: \$347,572), trade and other payables of \$1,060,043 (30 June 2020: \$1,394,095) and borrowings of \$1,270,950 (30 June 2021: \$1,281,133). As at reporting date the Group had a cash balance of \$145,150. At the date of this report the majority of the current trade and other payables are overdue.

From the \$978,126 in trade and other payables outstanding at reporting date, \$490,370 is owed to related parties and internal creditors and \$487,757 is owed to external creditors. From the \$1,270,950 in borrowings outstanding at reporting date, \$544,314 is owed to related parties and \$726,636 is owed to external parties.

The ability of the Group to pay its debts as and when they become due is dependent upon:

- the Group's continued ability to call upon the undrawn portion of the loan facility entered into with former director, Mr Michael Fotios and his associated entities and that loans drawn at 31 December 2021 will not be called for repayment until the Group is in a financial position to make repayment; and
- in addition to any financing provided under the terms of the loan agreement referred to above, further capital raisings being undertaken;
- the Group's continued support from related party and other creditors; and
- negotiating continued deferred terms of repayment with overdue third-party creditors.

These conditions indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

The Directors believe that there are sufficient funds available to continue to meet the Group's working capital requirements as at the date of this report. The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- As at 31 December 2021 the undrawn loan balance available to the Company with Mr. Fotios and his associated entities was \$1,324,663;
- letters of confirmation have been obtained in relation to related party creditors (refer Note 5) totalling \$487,757 and related party borrowings (refer Note 6) totalling \$544,314 confirming that they do not expect repayment until such time

that Scorpion Minerals Limited have received the necessary funds for repayment and such a repayment would not impair Scorpion Minerals Limited to continue as a going concern;

- the Directors have informally agreed to defer payment of their fees until such time as the Group's financial position is improved;
- the Board is confident that the remaining liabilities not covered by deferment agreements are able to be settled in an orderly fashion, and at the date of this financial report, there are no statutory demands against the Company in respect of any outstanding liabilities;
- the Directors are actively searching for new opportunities and projects for the Company, and are confident that they will be able to achieve this in the near future; and
- the Company has the full capacity (Listing Rule 7.1 and 7.1A) to raise funds via a share placement.

Should the Group not be able to achieve successful outcomes with the above matters, including renegotiation of terms with third party creditors, there is significant uncertainty whether the Group may be able to continue as a going concern, and therefore it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Significant accounting judgments and key estimates

The preparation of the interim financial reports 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.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2021.

Changes in accounting policy

The accounting policies are consistent with those applied in the previous financial year and those of the corresponding interim reporting period.

Adoption of new and revised accounting standards

In the half-year ended 31 December 2021, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2021. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

NOTE 2: SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group does not have any operating segments with discrete financial information. The Group does not have any customers, and all the Group's assets and liabilities are located within Australia.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

	Half-Year	
	31 December 2021	31 December 2020
NOTE 3: OTHER EXPENSES		
Accounting expense	(39,369)	(76,218)
Audit expense	(10,000)	(10,000)
Consulting expense	(76,036)	(63,169)
Corporate expense	(68,683)	(32,049)
Insurance expense	(12,549)	(10,104)
Legal expense	(32,639)	(89,714)
Other administrative expense	(2,230)	(1,084)
	(241,506)	(282,338)
NOTE 4: SHARE BASED PAYMENT EXPENSE		
Share based payments to directors	(338,752)	(95,551)
Other share based payments	(288,750)	(320,965)
	(627,502)	(416,516)

On 16 September 2021, the Company issued three tranches of 1,375,000 Options to eligible participants in the Scorpion Minerals Limited Employee Option Plan approved by shareholders on 30 November 2020 (**ESOP**). The first tranche of Options expires on 16 September 2023 and has a nil exercise price. The second tranche of Options expires on 16 September 2024 and has a nil exercise price, but will only vest and become exercisable on the recipient remaining employed or engaged by the Company until 15 September 2022. The third tranche of Options expires on 16 September 2025 and has a nil exercise price, but will only vest and become exercisable on the recipient remaining employed or engaged by the Company until 15 September 2023. Each tranche of the Options was valued at \$96,250 upon issue.

On 25 November 2021, the Company issued 6,000,000 Options to Directors under the ESOP, as approved by shareholders at the Annual General Meeting of the Company on 24 November 2021. The Options expire on 25 November 2024 and have a nil exercise price, but will only vest and become exercisable upon the Company's shares reaching a volume weighted average price equal to or great than \$0.14 per Share over five consecutive ASX trading days. The Options were valued at \$315,600 upon issue.

On 25 November 2021, the Company issued 1,000,000 Options to Kate Stoney under her appointment letter as a Director, as approved by shareholders at the Annual General Meeting of the Company on 24 November 2021. The Options expire on 25 November 2024 and are exercisable at \$0.12. The Options were valued at \$23,152 upon issue.

NOTE 5: CAPITALISED EXPLORATION EXPENDITURE

	31 December 2021	30 June 2021
	\$	\$
Capitalised exploration and evaluation		
Opening net book amount	2,060,027	2,060,027
Closing net book amount	2,060,027	2,060,027

Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas.

NOTE 6: TRADE AND OTHER PAYABLES – UNSECURED

	31 December 2021	30 June 2021
	\$	\$
Trade payables	948,126	1,213,462
Director and former director related entities creditors	30,000	97,383
Accrued expenses	9,000	20,000
Accrued directors' fees and remuneration	72,917	63,250
	1,060,043	1,394,095

NOTE 7: BORROWINGS – UNSECURED

	31 December 2021	30 June 2021
	\$	\$
Reconciliation of carrying amount of related party loans		
Opening amount	1,275,541	1,294,608
Repayments	(50,000)	-
Repayments in shares during the year	-	(87,918)
Drawdowns during the year	-	-
Interest accrued	39,642	68,851
Closing drawdown balance	1,265,183	1,275,541
Loans from non-related parties	5,767	5,592

On 27 September 2018, 18 October 2018, and 13 March 2020 the Company announced that the terms of the unsecured loan agreement it had entered into with Mr Michael Fotios and associated entities on 26 October 2017, had been varied as follows:

- The facility limit was increased to \$2,500,000;
- Interest (on a simple interest basis) is payable at 8%;
- At any time after 16 October 2018, should the VWAP of the Company's ordinary shares exceed \$0.25 per share over a continuous 30 day period, then the Company may elect to repay the loan balance (including any accumulated interest) in cash or shares (subject to shareholder approval).

The undrawn loan balance available to the Company from Michael Fotios and associated entities as at 31 December 2021 amounts to \$1,324,663.

NOTE 8: ISSUED CAPITAL

	2021	
Issued Capital	Number	\$
Opening Balance 1 July 2021	246,017,859	22,874,964
Exercise of options	2,250,000	225,000
Issue of Ordinary shares	10,763,333	807,250
Issue of Ordinary shares	1,500,000	112,500
Exercise of Options	1,375,000	96,250
Capital raising costs	-	(11,256)
Balance end of period	261,906,192	24,104,708

NOTE 9: SHARE BASED PAYMENT RESERVE

	31 December 2021	30 June 2021
Share Based Payment Reserve	\$	\$
Balance at beginning of period	579,452	464,293
Transfer on expiry of options	(259,186)	(301,357)
Issue of unlisted options	627,502	416,516
Balance end of period	947,768	579,452

NOTE 10: CONTINGENCIES

At 31 December 2021, there were \$483,272 in trade payables and borrowings of \$726,636 included in current liabilities which were outside their agreed terms of repayment.

The Directors have and will continue to enter into repayment plans with their long outstanding third-party creditors. The Directors believe this will not have an effect on the Group's ability to continue as a going concern, as detailed further in Note 1.

The Directors are of the opinion that there are no material contingent liabilities or contingent assets of the Group at reporting date (30 June 2021: nil).

NOTE 11: COMMITMENTS

There have been no changes in commitments from 30 June 2021.

NOTE 12: DIVIDENDS

There were no dividends paid during the half-year ended 31 December 2021 (30 June 2021: Nil).

NOTE 13: SUBSEQUENT EVENTS

On 7 February 2022, SCN announced that it had completed all due diligence activities associated with the binding Heads of Agreement with eMetals Limited (ASX:EMT) to acquire the Poona Project adjacent to SCN's existing Pharos Project, comprising tenements E20/885, E20/896, E20/963 and E20/964. On 14 February 2022, SCN issued 4,000,000 fully paid ordinary shares to EMT to complete the acquisition of a 100% interest in the Poona Project. The shares were placed in a holding lock pending receipt of completed Deeds of Assignment. EMT is also entitled to a 0.5% net smelter return royalty in respect of minerals mined from the Poona Project tenements, should commercial mining be undertaken.

On 9 February 2022, SCN announced that it had entered into a Deed of Amendment agreement with Fenix Resources Limited (ASX:FEX) in relation to tenements E20/953 and E20/948 at SCN's Pharos Project, in which SCN has a 100% interest. The tenements are subject to a Farm-in and Joint Venture Agreement executed in February 2021, which enabled FEX to earn up to a 70% interest in the iron ore rights at the tenements by sole funding exploration and resource definition. The Deed of Amendment accelerates the existing Farm-in and Joint Venture Agreement by deeming FEX to have earned a 100% interest in the iron ore rights at the tenements, in exchange for upfront consideration of 4 million fully paid ordinary shares in FEX. SCN is also entitled to deferred consideration of 5 million FEX shares upon the delineation and public announcement by FEX of an inferred resource of at least 10Mt of iron ore, or an indicated and/or measured resource of at least 1Mt; and a further 5 million FEX shares upon the first shipment of iron ore by FEX from the tenements.

On 24 February 2022, SCN issued 3.6 million fully paid ordinary shares at a deemed issue price of \$0.075 per share to satisfy \$270,000 of debt under an unsecured loan agreement with entities associated with Mr Michael Fotios (a former director of the Company who resigned on 31 October 2018). The issue of shares was approved by shares at the Annual General Meeting of the Company on 24 November 2021.

There are no other matters or circumstances that have arisen since 31 December 2021.

NOTE 14: RELATED PARTY TRANSACTIONS

Refer to Note 6 and Note 7 regarding related party creditor and loan balances outstanding at 31 December 2021.

There are no other changes to related party transactions since the last reporting date.

DIRECTORS' DECLARATION

In the Directors' opinion:

1. The financial statements and notes set out on pages 26 to 34 are in accordance with the *Corporations Act 2001*, including
 - (a). complying with the *Corporations Regulations 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting* and other mandatory professional requirements of the Group; and
 - (b). giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
2. There are reasonable grounds to believe that Scorpion Minerals Limited will be able to pay its debts as and when they become due and payable

This declaration is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors by:

Bronwyn Barnes
Non-Executive Chairman



Perth, Western Australia
4 March 2022



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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
SCORPION MINERALS LIMITED**

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Scorpion Minerals Limited ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 the Group does not comply with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial report which describes events and conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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 Half-Year Financial Report* section of our report. We are independent of the Group 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.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company would be in the same terms if given to the directors as at the time of this auditor's review report.





Directors' Responsibility for the Half-Year 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 the 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.

Auditor's Responsibility for the Review of the Half-Year 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 2021 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.

Rothsay Auditing

Dated 4 March 2022

**Daniel Dalla
Partner**