

QUARTERLY ACTIVITIES REPORT

QUARTER ENDED 31 MARCH 2023

HIGHLIGHTS

- Maiden RC drilling programme conducted at highly prospective Youanmi Lithium Project – 9 holes for 1,476m
- Shallow east-dipping LCT pegmatites confirmed along 1km of strike up to 175m below surface
- Significant zones of pegmatite-hosted lithium mineralisation intersected across central corridor of up to 850m
- Individual pegmatites up to 1,000m long with widths of 5-15m
- Assays received post-quarter end confirm high-grade lithium mineralisation, with significant results including:
 - 9m @ 1.36% Li₂O from 55m;
 - 5m @ 1.70% Li₂O from 48m;
 - 4m @ 1.24% Li₂O from 55m;
 - 4m @ 1.23% Li₂O from 55m; and
 - Individual 1m assays up to 3.19% Li₂O
- Mineralisation remains open down dip
- Follow-up drilling to commence at Youanmi in current quarter to define extent of core pegmatite swarm and test adjacent pegmatites
- Planning also well advanced for initial RC drill testing of Pharos Project lithium targets at Poona Prospect

BOARD OF DIRECTORS

Ms Bronwyn Barnes
Executive Chairman

Mr Michael Kitney
Non-Executive Director

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

SCORPION MINERALS LIMITED

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Scorpion Minerals Limited (ASX:SCN) (**Scorpion, SCN or the Company**) is pleased to present its Quarterly Activities Report for the period ending 31 March 2023.

Commenting on the work completed during the March quarter, the Company's Executive Chairman Bronwyn Barnes said: "It was fantastic to complete our inaugural drilling programme at Youanmi, which returned such great results. We are now planning follow up drill programmes to define the extent of the core pegmatite swarm and test adjacent pegmatites. In addition, we are planning to complete a drill programme at Pharos during the next quarter."

Exploration & Development Portfolio Summary

Youanmi Lithium Project, WA

The Company's exploration activities during the quarter focused on the Youanmi Lithium Project, including the completion of a maiden drilling programme at Youanmi. The Company has entered into a binding Option Agreement to acquire a 100% interest in the project (refer ASX release 19 December 2022) and expanded its ground position during the current quarter with an application for an adjacent tenement E57/1377.

Activities during the quarter

The reverse circulation (RC) drilling programme at Youanmi comprised 9 holes for 1,476 metres (refer ASX release 29 March 2023).

Assays results received post-quarter end confirmed lithium mineralisation extends down dip of multiple stacked shallow east-dipping LCT pegmatites to a depth of at least 175 metres below surface. Parallel pegmatites intersected east and west of the central zone have increased the width of the corridor to at least 850 metres (refer Figure 1).

Individual pegmatites are up to 1,000m long and surface exposures suggest widths from 5m to 15m. Drilling intersected lithium mineralisation up to 13 metres in thickness, with individual 1m assays up to 3.19% Li₂O were returned (refer ASX release 13 April 2023). Significant intercepts include:

- **9m @ 1.36% Li₂O**, 105ppm Ta₂O₅ and 55ppm Nb₂O₅ from 55m in SYRC4
- **4m @ 1.23% Li₂O**, 98ppm Ta₂O₅ and 50ppm Nb₂O₅ from 129m in SYRC6
- **5m @ 1.24% Li₂O**, 99ppm Ta₂O₅ and 52ppm Nb₂O₅ from 147m in SYRC6
- **4m @ 1.70% Li₂O**, 140ppm Ta₂O₅ and 63ppm Nb₂O₅ from 48m in SYRC2
- **6m @ 1.06% Li₂O**, 135ppm Ta₂O₅ and 64ppm Nb₂O₅ from 33m in SYRC5; and
- **4m @ 1.28% Li₂O**, 52ppm Ta₂O₅ and 34ppm Nb₂O₅ from 67m in SYRC8

RC drill holes were completed on wide spaced sections to test the geometry and down dip continuity of the stacked LCT pegmatites over 850m of strike. Significant zones of pegmatite hosted lithium mineralisation were intersected on all sections. These results confirmed historic drilling intercepts extending mineralisation down dip on each section.

Follow up RC drilling will continue to test further down dip on these sections and systematically infill intervening sections along the initial 1,000m of strike. Other follow-up targets include two pegmatites at the southern end of the present target area interpreted to be another parallel zone of stacked LCT pegmatites.

Next steps

Planned activities at Youanmi over the next quarters include:

- Infill RC drilling of existing targets down dip and along strike
- RC drilling of parallel pegmatites to determine extent and composition
- Follow-up geological mapping and rock-chip sampling (underway)
- High resolution airborne photography if required
- Auger soil geochemistry aimed at identifying additional pegmatites under soil cover
- Initial diamond drill testing of existing targets at depth
- Airborne and/or ground EM surveys

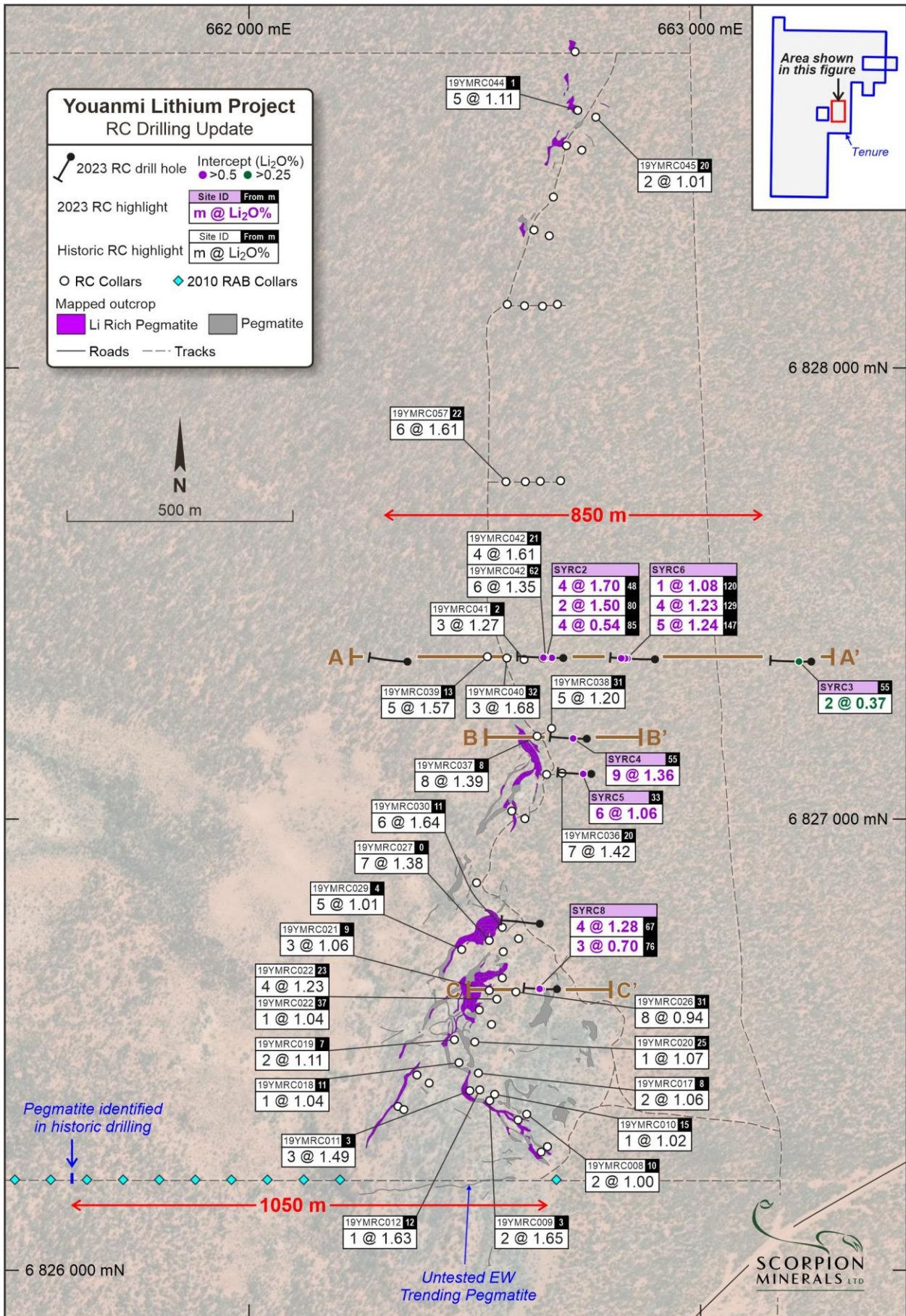


Figure 1: Plan showing mapped pegmatite outcrop and significant RC drilling intercepts

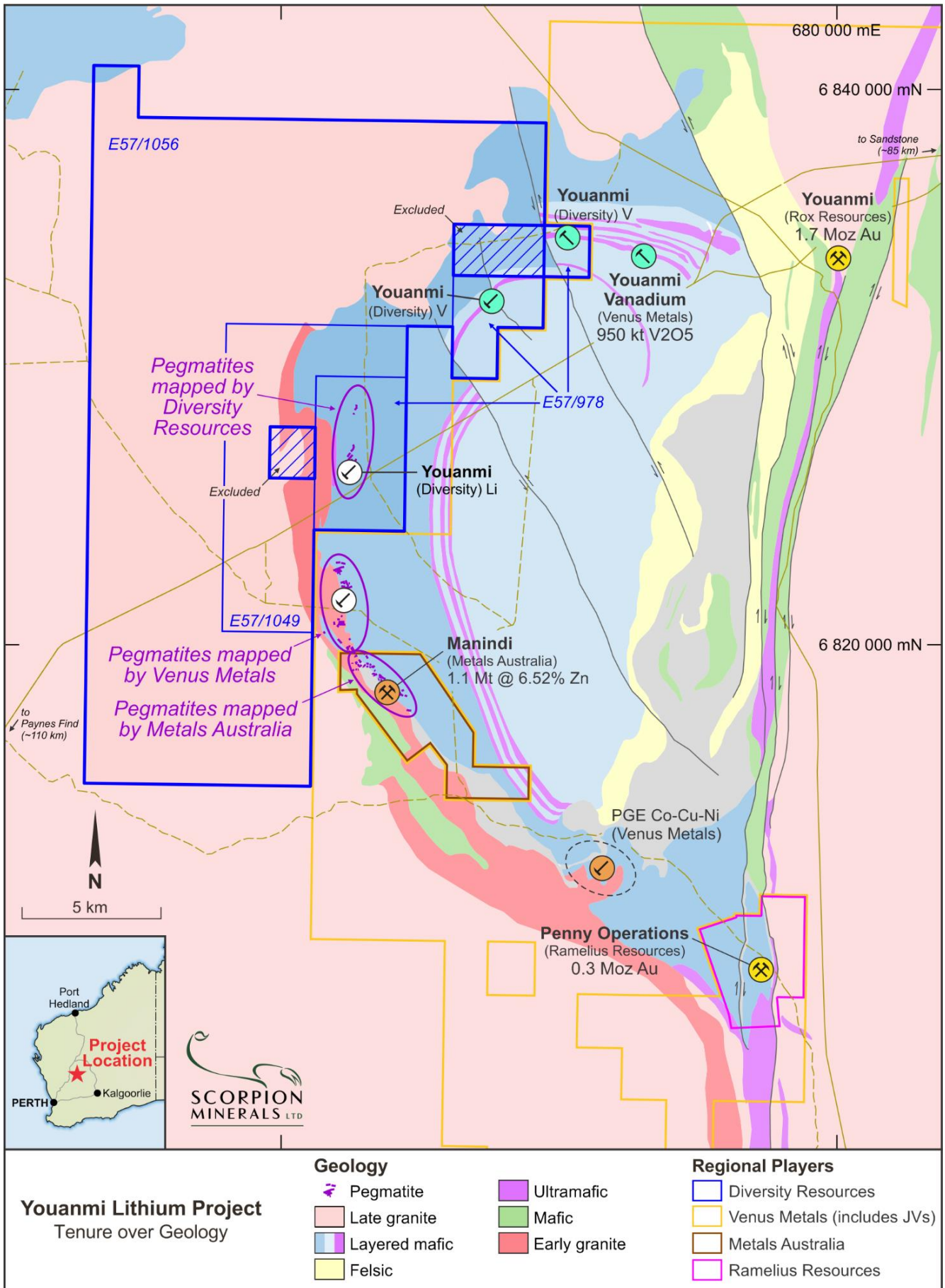


Figure 2: Plan showing Youanmi tenements over simplified geology and adjacent explorers

Pharos Project, WA (SCN: 100%)

The Pharos Project is 100% owned by Scorpion and covers an area of 1,544km² located 60km northwest of Cue in the Murchison Mineral Field, Western Australia. The project is prospective for lithium, PGE-Ni-Cu, gold, iron ore and VMS hosted Cu-Zn-Ag Au mineralisation (refer Figure 4).

Exploration activities during the quarter focused on the largely untested 50km strike zone of LCT pegmatites within the Project, with the Company continuing its evaluation of the extensive LCT pegmatite swarms at the Poona East and Poona West prospects (refer ASX release 20 October 2022).

Mapping so far has confirmed multiple LCT pegmatites in both areas that are oriented sub parallel to the granite contact and are shallow dipping to the north (Poona East) and north-east (Poona West). Individual pegmatites are up to 1000m long and surface exposures suggest widths from 10m to 15m wide. Shallow dipping pegmatite orientation is a characteristic of significant LCT pegmatite systems.

Inspection of historic rock chip sample areas with high lithium results has confirmed the presence of zonation within the LCT pegmatites across their width and along strike, with further RC drilling required to properly assess these targets.

Initial RC drill testing of initial targets at Poona is planned to commence in the following months, with additional heritage clearing underway to allow access to the expanded pegmatite target area.

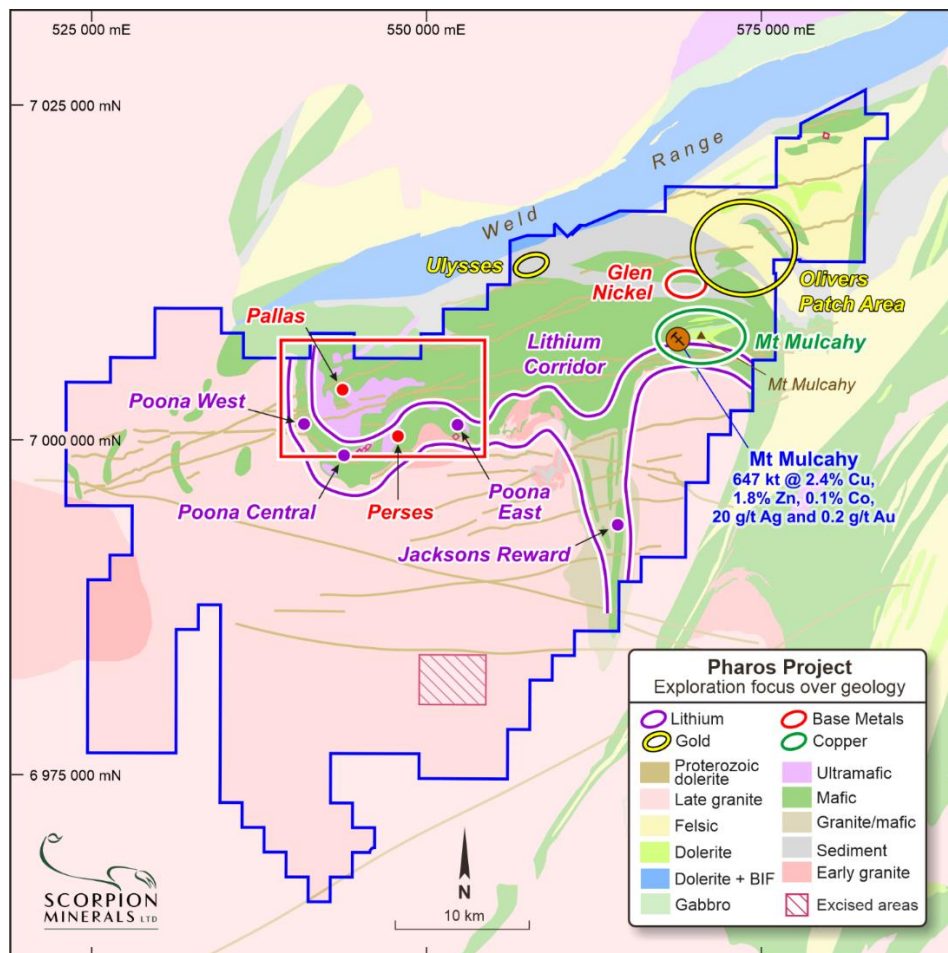


Figure 3: Location of Pharos Project commodity targets

Corporate

During the quarter the Company realised proceeds of \$960,000 (before costs) from the sale of its holdings in Fenix Resources Ltd (ASX:FEX). The Company was issued 4,000,000 shares in FEX as part consideration for the granting of iron ore rights over certain tenements within the Pharos Project (refer ASX release 9 February 2022). The sale of the FEX shares provided sufficient funds for the Company to progress its exploration activities and meet corporate and administrative overheads.

Listing Rule 5.3.5 disclosures

The amount of payments to related parties and their associates disclosed in section 6.1 of Appendix 5B accompanying this report was approximately \$30,000. This consisted of payments for directors' fees and company secretarial fees.

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

- ENDS -

Enquiries

Bronwyn Barnes

Executive Chairman

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About Scorpion Minerals Limited

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

Pharos Project

The Pharos Project consists of 1,544 square kilometres of granted tenure, located approximately 50 km northwest of the small mining town of Cue in the Murchison Mineral Field. The project is easily accessible from the Great Northern Highway by the sealed Jack Hills Mine access road and then by unsealed tracks. Scorpion holds a 100% interest in the project.

The project is prospective for gold, iron ore, PGE-Ni-Cu, lithium and VMS hosted Cu-Zn-Ag Au mineralisation, and contains the Mt Mulcahy deposit. The 'South Limb Pod' zone of mineralisation at Mt Mulcahy contains a JORC 2012 Measured, Indicated and Inferred Resource of 647,000 tonnes @ 2.4% copper, 1.8% zinc, 0.1% cobalt and 20g/t Ag (refer Table 1).

Youanmi Project

The Youanmi Project consists of 279 square kilometres of granted tenure, located approximately 130 kilometres northeast of the small mining centre of Payne's Find in the East Murchison Mineral Field. The project is easily accessible from the Great Northern Highway by the Payne's Find-Sandstone road which cuts the southern end of the project area and then by unsealed station tracks. Scorpion holds an option to purchase a 100% interest in the project.

The project is prospective for lithium, PGE-Ni-Cu, gold and vanadium mineralisation.

Table 1: Current Mineral Resource Estimate, Mt Mulcahy Project

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

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

Competent Persons Statement 1

The information in this report that relates to the Exploration Results and Mineral Resources at the Mt Mulcahy, Pharos and Youanmi Projects is based on information reviewed by Mr Michael Fotios, who is a member of the Australian Institute of Mining and Metallurgy. Mr Fotios is a 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 Fotios 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 Fotios. This information was originally issued in the Company's ASX announcement "Maiden Copper-Zinc Resource at Mt Mulcahy", released to the ASX on 25th September 2014. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The company confirms that the form and context in which the findings are presented have not materially modified from the original market announcements.

Forward Looking Statements

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

Appendix 1: Tenement Schedule (ASX Listing Rule 5.3.3)

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

➤ **TENEMENT SCHEDULE**

TENEMENT No.	LOCATION	STATUS	INTEREST %	HOLDER
P51/3016	WA	Granted	100	Scorpion Minerals Ltd
P51/3017	WA	Granted	100	Scorpion Minerals Ltd
P20/2252	WA	Granted	100	Scorpion Minerals Ltd
P20/2253	WA	Granted	100	Scorpion Minerals Ltd
E20/931	WA	Granted	100	Scorpion Minerals Ltd
E20/948	WA	Granted	100	Scorpion Minerals Ltd
E20/953	WA	Granted	100	Scorpion Minerals Ltd
E20/962	WA	Granted	100	Scorpion Minerals Ltd
E20/885	WA	Granted	90 ¹	Scorpion Minerals Ltd
E20/896	WA	Granted	100	Scorpion Minerals Ltd
E20/963	WA	Granted	100	Scorpion Minerals Ltd
E20/964	WA	Granted	100	Scorpion Minerals Ltd
E20/1020	WA	Granted	100	Scorpion Minerals Ltd
E57/978-I	WA	Granted	100 ²	Diversity Resources Pty Ltd
E57/1049-I	WA	Granted	100 ²	Diversity Resources Pty Ltd
E57/1056-I	WA	Granted	100 ²	Diversity Resources Pty Ltd
E57/1377	WA	Pending	0 ³	Scorpion Minerals Ltd

¹ 10% B.R. Legendre

² Scorpion Minerals Ltd holds a binding option to acquire a 100% interest in the Youanmi Lithium Project, comprising tenements E57/978-I, E57-1049-I and E57/1056-I (refer ASX release 19 December 2022)

³ Application made 13 January 2023

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

Nil

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

Nil

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

Nil

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

Nil

Appendix 5B

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

Name of entity

Scorpion Minerals Limited

ABN

40 115 535 030

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(375)	(1,175)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(190)	(730)
1.3 Dividends received (see note 3)	-	210
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(564)	(1,692)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	(124)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	960	960
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	960	836

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(359)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	(359)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	491	2,102
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(564)	(1,692)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	960	836
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(359)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	887	887

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	887	491
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	887	491

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	30
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Payments to Directors for director's fees and company secretarial fees.

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

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(564)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(564)
8.4 Cash and cash equivalents at quarter end (item 4.6)	887
8.5 Unused finance facilities available at quarter end (item 7.5)	1,325
8.6 Total available funding (item 8.4 + item 8.5)	2,212
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.9
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

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

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

Answer: N/A

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

Compliance statement

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

Date: 28 April 2023

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

Notes

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