

QUARTERLY ACTIVITIES REPORT

QUARTER ENDED 31 DECEMBER 2023

HIGHLIGHTS

- Oversubscribed \$3M capital raising complete to assist with fast-tracking WA lithium strategy
- Exploration Target at Youanmi central trend reported during the quarter of 7.6-13.6m tonnes grading at 1.0-1.4% Li₂O with mineralisation open in all directions
- Exploration Target includes upper and lower pegmatite units only in central 900m section of 2500m corridor open north, south and down dip
- Initial Exploration Target does not include numerous adjacent stacked pegmatites based upon prospective geology and historic drilling intersections
- Maiden RC drilling completed at the Pharos Project to test the Poona East and West targets respectively
- Total of 7 holes completed for 937m to test stratigraphy and structural orientation to aid future drill planning
- 5 holes intersected significant widths of pegmatite up to 28 metres downhole
- Drilling tested shallow targets identified by historic surface sampling that returned high-grade values up to 2.99% Li₂O
- Busy pipeline of exploration activity planned for Q1 and Q2 2024 across both Youanmi and Pharos Projects

BOARD OF DIRECTORS

Ms Bronwyn Barnes
Non-Executive Chairman

Ms Kate Stoney
Executive Director - Finance, Joint Company Secretary

Mr Michael Kitney
Non-Executive Director

MANAGEMENT

Mr Michael Fotios
Chief Executive Officer

Mr Michael Langford
Chief Investment Officer

Mr Josh Merriman
Joint 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 December 2023.

Management Commentary

Commenting on the key developments for the December quarter, **Scorpion's CEO Michael Fotios commented:** "We continued to systematically advance our WA portfolio during the quarter, headlined by the reporting of our initial lithium exploration target for the Youanmi Project. This exploration target highlights a set of very encouraging numbers that demonstrates the potential scale and continuity of only ~35% of the existing 2,500m Youanmi Mineralised Trend. Looking ahead to the coming months, our targeted drilling over the past 12 months has provided our team with considerable technical data and will integrate this into our Maiden JORC Resource Estimate for the project following an upcoming infill drilling program.

At Pharos, we were very pleased to report the completion of our maiden lithium drilling programme. Early indications from this initial phase of drilling appear positive and we look forward to providing an update on initial results shortly.

Scorpion also completed a heavily supported \$3M capital raising during the quarter which has the Company very well positioned to deliver on its core objectives in 2024. The Board would like to thank both CPS Capital and Merchant Capital Partners for their support during this process."

Exploration & Development Portfolio Summary

Youanmi Lithium Project, WA

Youanmi Exploration Target

In October, the Company released an initial Exploration Target for the central target area at Youanmi of **7.6 to 13.6 million tonnes grading at 1.0-1.4% Li₂O*** (refer ASX release 10 October 2023).

The approximate Exploration Target ranges are shown in Table 1 below. The area covered by the Exploration Target includes the upper and lower pegmatites in the central 900m of the 2,500m mineralised strike at Youanmi identified to date (refer Figures 1 and 2).

Table 1: Exploration Target Ranges – Upper and Lower Pegmatite*

Target	Tonnes Range (MT)		Li ₂ O Range (%)	
	Minimum	Maximum	Minimum	Maximum
Lower Pegmatite	6.0	10.7	1.0	1.4
Upper Pegmatite	1.6	2.9	1.0	1.4
Total Exploration Target	7.6	13.6	1.0	1.4

* The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Company's modelling demonstrates the potential scale and high-grade nature of the Youanmi Project, with the release of an Exploration Target demonstrating the significant amount of work completed since the Company acquired a binding option to acquire the Project in December 2022.

The Exploration Target is based on over 8,000m of drilling and extensive sampling and mapping, and does not include other pegmatites mapped and sampled that have limited or no RC drill testing to date. Mineralisation at Youanmi remains open in all directions with clear potential for expansion.

Further details and technical information on the Youanmi Exploration Target can be reviewed in the ASX announcement dated 11 October 2023.

Youanmi Exploration Strategy: Next Steps

Planned activities at Youanmi over the next quarters are designed to test the validity of the Exploration Target and provide the information necessary for a maiden Mineral Resource Estimate. These include:

- Infill RC drilling of existing exploration target at 40m x 40m spacing
- Diamond drill testing of exploration target and initial metallurgical test work
- Extensional RC drilling of exploration target down dip and along strike

The RC drill programme comprised 7 holes for 937 metres. Drilling was targeted at outcropping LCT pegmatites at the Poona East and West targets (Figure 3).

Importantly, a total of 5 holes intersected significant widths of pegmatite up to 28 metres downhole. 175 samples have been submitted for assay with results expected late January.

Initial geological mapping completed by Scorpion has confirmed extensive stacked LCT pegmatites at Poona (Figure 3). Individual pegmatites are up to 1000m long and surface exposures suggest widths from 5m to 15m wide. Drilling has indicated the pegmatites dip steeply north with further drilling required to confirm orientation.

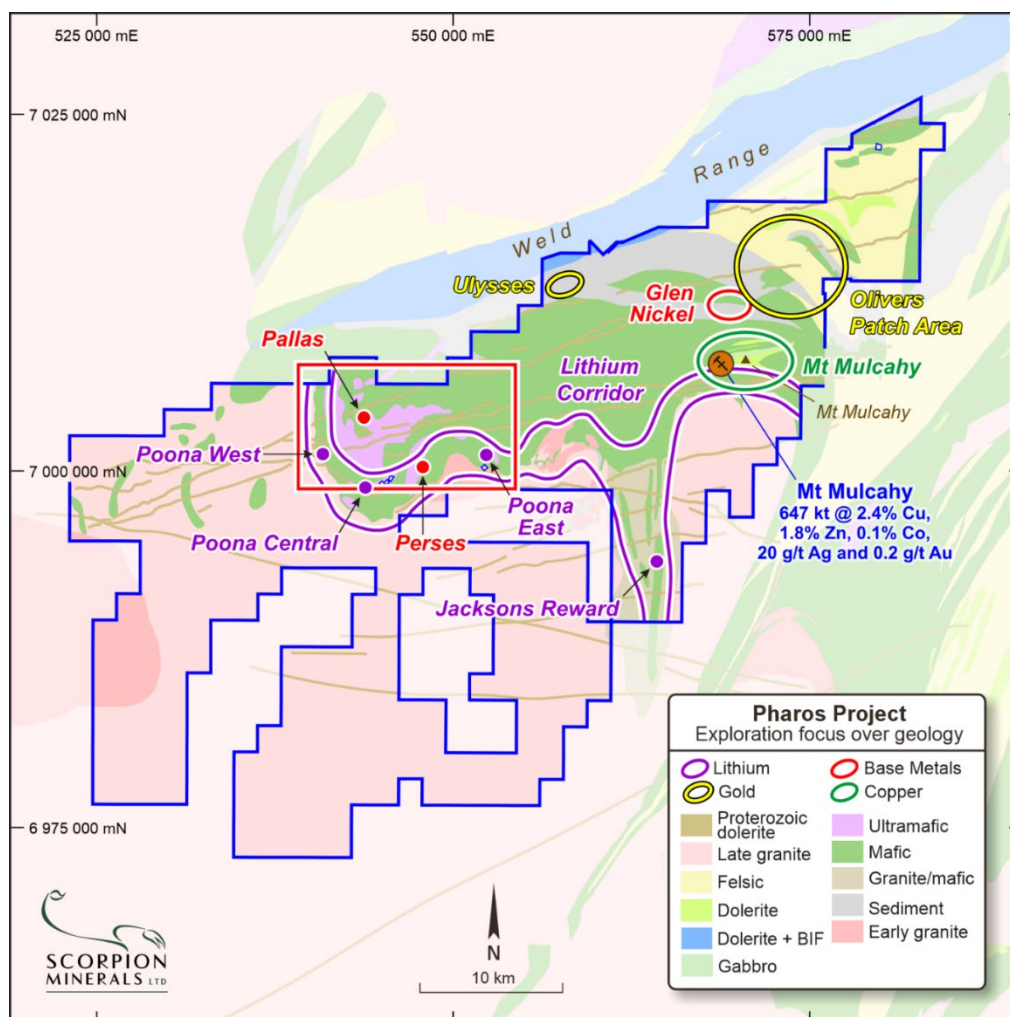


Figure 3: Pharos Project Plan showing Lithium Corridor, Poona Targets and other commodity targets.

Pharos Exploration Strategy: Next Steps

Scorpion plans to undertake the following exploration programmes over Q1 and Q2 2024 and regular updates on progress will be provided:

- Follow up 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
- Auger soil geochemistry aimed at identifying additional pegmatites under shallow soil cover
- Initial Diamond drill testing of existing targets at depth
- XRD and preliminary metallurgical test work

Corporate

Placement

During the quarter, the Company raised \$3 million (before costs) via the issue of 60,000,000 shares to new and existing investors, with the proceeds to be used to advance the Company's lithium exploration strategy in Western Australia, for new strategic opportunities and for general working capital. The placement shares were issued at \$0.05 per share using the Company's existing capacity under Listing Rule 7.1 and Listing Rule 7.1A (refer ASX announcement 9 November 2023).

Participants in the placement are entitled to receive free attaching options on a 1:2 basis, with an exercise price of \$0.075 per option and an expiry date two years from the date of issue. The Company will issue equivalent options to the joint lead managers of the placement, CPS Capital Pty Ltd and Merchant Capital Partners Pty Ltd. Subject to ASX requirements and shareholder approval at the Company's upcoming Extraordinary General Meeting, to be held on 22 February 2024, the Company will apply for quotation of the options.

Other matters

The Company's Annual General Meeting was held on 30 November 2023, with all resolutions put to shareholders being passed.

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 \$383,000. This consisted of payments to Directors for directors' fees, superannuation and company secretarial fees totalling approximately \$53,000, as well as payments to Target Exploration Pty Ltd (an entity of which Ms Kate Stoney is a director) of approximately \$325,000 for CEO services, exploration management and technical consulting services, and corporate and administrative services, and payments to Horseshoe Metals Ltd (an entity of which Ms Stoney is a director) for vehicle hire.

Payments to related parties and their associates during the quarter included amounts in respect of invoices from prior periods, the payment of which was deferred pending the Company's capital raising.

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

- ENDS -

Enquiries

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About Scorpion Minerals Limited

Scorpion Minerals 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 1,335 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 2).

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 2: 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
E04/2785	WA	Pending	0 ³	Scorpion Minerals Ltd
E57/1377	WA	Pending	0 ⁴	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 30 September 2021

⁴ 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 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(931)	(1,150)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	(10)
(e) administration and corporate costs	(247)	(389)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
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	(1,177)	(1,548)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

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

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	3,000	3,000
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	(204)	(204)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
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	2,796	2,796

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 (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	18	389
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,177)	(1,548)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,796	2,796
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,637	1,637

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	1,637	18
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)	1,637	18

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	383
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.

Comprises payments to Directors for directors' fees, superannuation and company secretarial fees totalling approximately \$53,000; payments to Target Exploration Pty Ltd (an entity of which Ms Kate Stoney is a director) of approximately \$325,000 for CEO services, exploration and technical consulting services, and corporate and administrative services; and payments to Horseshoe Metals Ltd (an entity of which Ms Kate Stoney is a director) of approximately \$5,000 for vehicle hire.

Payments included amounts relating to activities in previous quarters for which payment had been deferred pending the Company's capital raising.

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)	(1,177)
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)	(1,177)
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,637
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)	2,962
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.52
<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: 31 January 2024

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.