



**SCORPION
MINERALS**
LIMITED

ASX ANNOUNCEMENT

31 JANUARY 2019

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2018

Scorpion Minerals Limited (ASX: SCN) provides the following review of activities for the quarter ended 31 December 2018.

SCORPION MINERALS LIMITED Dablo Pd-Pt-Au-Ni-Cu Project, Burkina Faso

Scorpion has previously announced (refer PUN:ASX announcement 10th January 2018) that it has entered into an agreement to acquire Scorpion Minerals Limited, which holds the rights to enter a 70% joint venture interest in the Dablo exploration project in Burkina Faso, Africa, (refer Figure 1) through Newgenco Exploration (West Africa) Pty Ltd ("NEWA"). The Company has recently earned a 15% interest in the Dablo Project.

Burkina Faso is considered a premier exploration destination for large mineral deposits (particularly gold) within the Paleo-Proterozoic greenstones of the Birimian shield (refer Figure 1).

On the 23rd October 2018 (refer ASX:PUN release "Dablo Project Update"), the company announced results from the 3000 m RC drilling programme completed at Dablo PGE-Au-Ni-Cu project earlier in the year (refer PUN:ASX announcements 12th June 2018 and 18th June 2018), where holes tested extensions to previous drilling and undrilled regional targets.

Highlights (refer Figures 3, 4) announced included:

- Two regional PGE-Au-Ni-Cu discoveries made south of Dablo North – Tangaseiga and La Forge.
- Better results from drilling include (3E = Pd+Pt+Au):
 - Dablo North: **29m @ 3.97 g/t 3E, 0.64% Ni, 0.24% Cu from 32m**
 - Tangaseiga: **24m @ 1.74 g/t 3E, 0.37% Ni, 0.08% Cu from 8m**
 - La Forge: **12m @ 3.00 g/t 3E, 0.50% Ni, 0.09% Cu from 66m**
- Potential epigenetic orogenic high-grade gold mineralisation discovered north of northern ultramafic contact at Dablo North:
 - **2m @ 13.75 g/t Au from 88 m**

Detailed results are covered in Table 1. Results confirmed the potential for multiple zones of PGE-Au-Ni-Cu and lode Au mineralisation along the identified 6km strike of the Dablo Ultramafic-Mafic Intrusive Complex, with an additional 24km of interpreted corridor remains to be tested.

BOARD OF DIRECTORS

Mr Neil Porter
Non-Executive Director

Ms Bronwyn Barnes
Non-Executive Director

Mr Grant Osborne
Non-Executive Director

Ms Carol New
Company Secretary

SCORPION MINERALS LIMITED

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Regional works

The Company is reviewing regional gold potential with the Dablo Project Tenure. The Company also intends to geochemically test priority terrains at the Kelbo Ouest and Perko permits in the future (refer Figure 2). Initial results from lag geochemistry on the Perko permit (west of Dablo) have provided targets to be followed up by soil sampling.

Security Situation

On 31 December 2018, the Burkina Faso Government declared a state of emergency in a number of provinces in northern and eastern Burkina Faso along the Mali, Niger, Togo and Benin borders. Although this does not directly affect the project area, the company is monitoring security concerns and working with the joint venture partner to assess the situation. At this stage no work is being undertaken in the field and planned work activity is on hold until the situation stabilises.

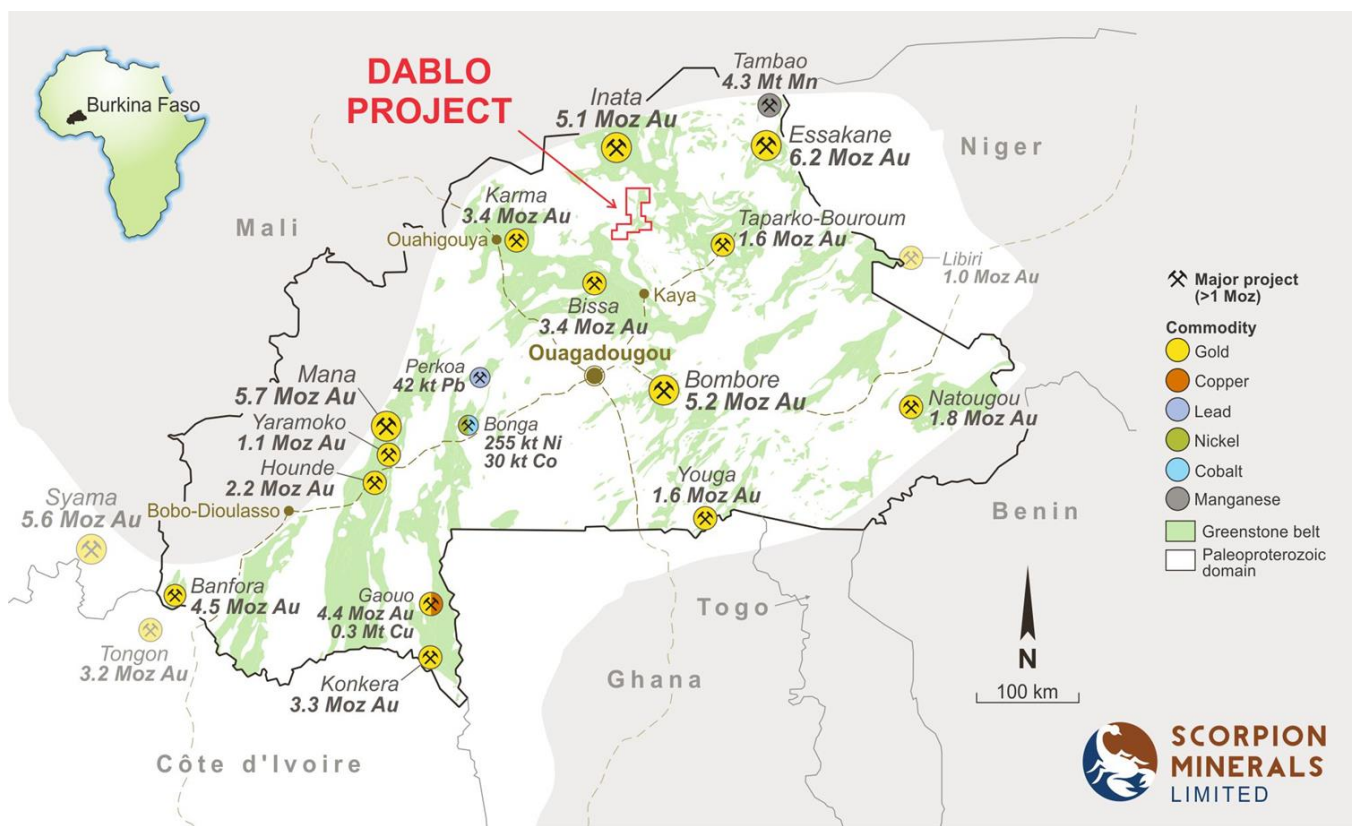


Figure 1: Dablo Project Location, highlighting significant regional mineral projects

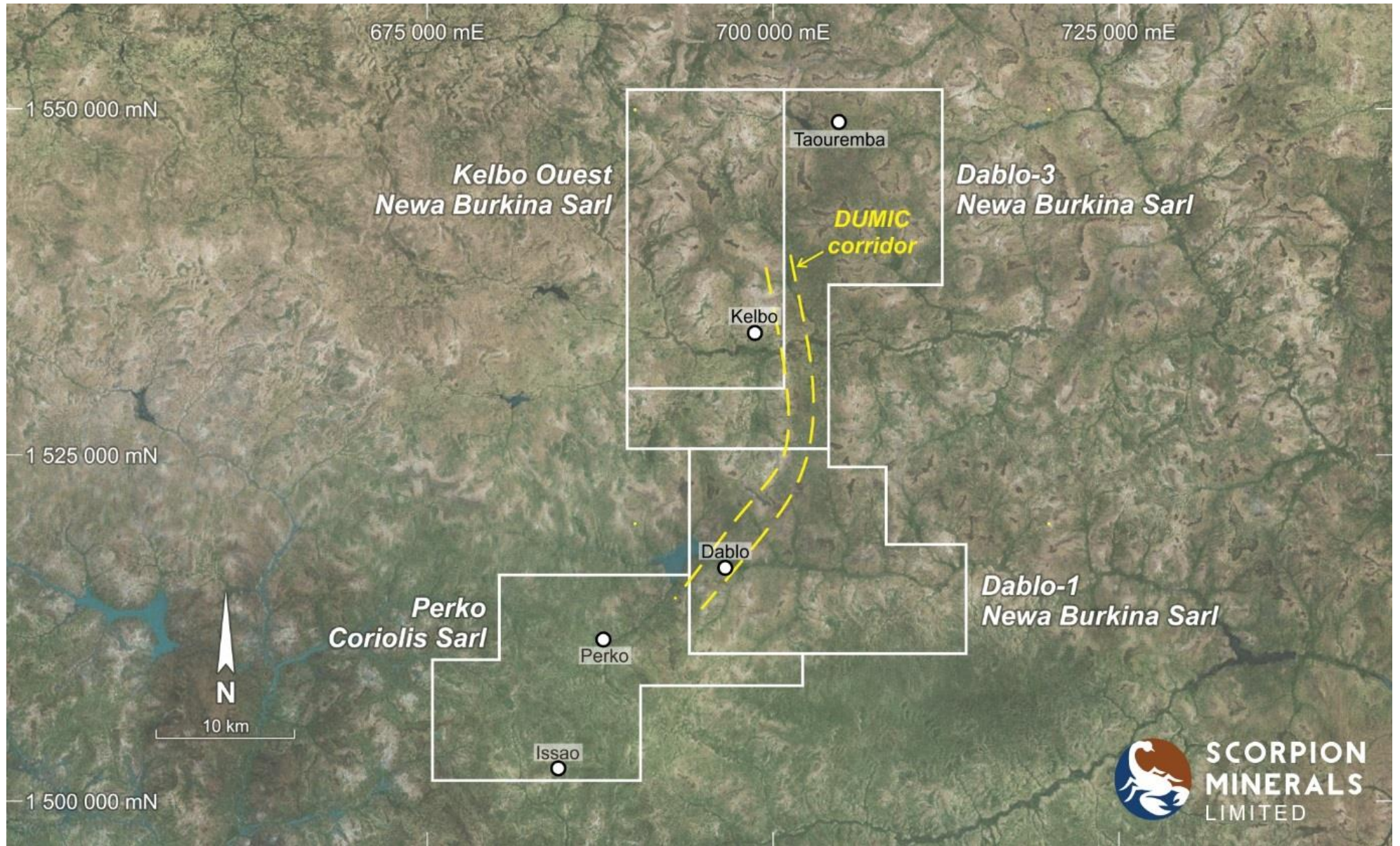


Figure 2: Dablo Project Tenure, highlighting DUMIC (Dablo UltraMafic Intrusive Complex) corridor.

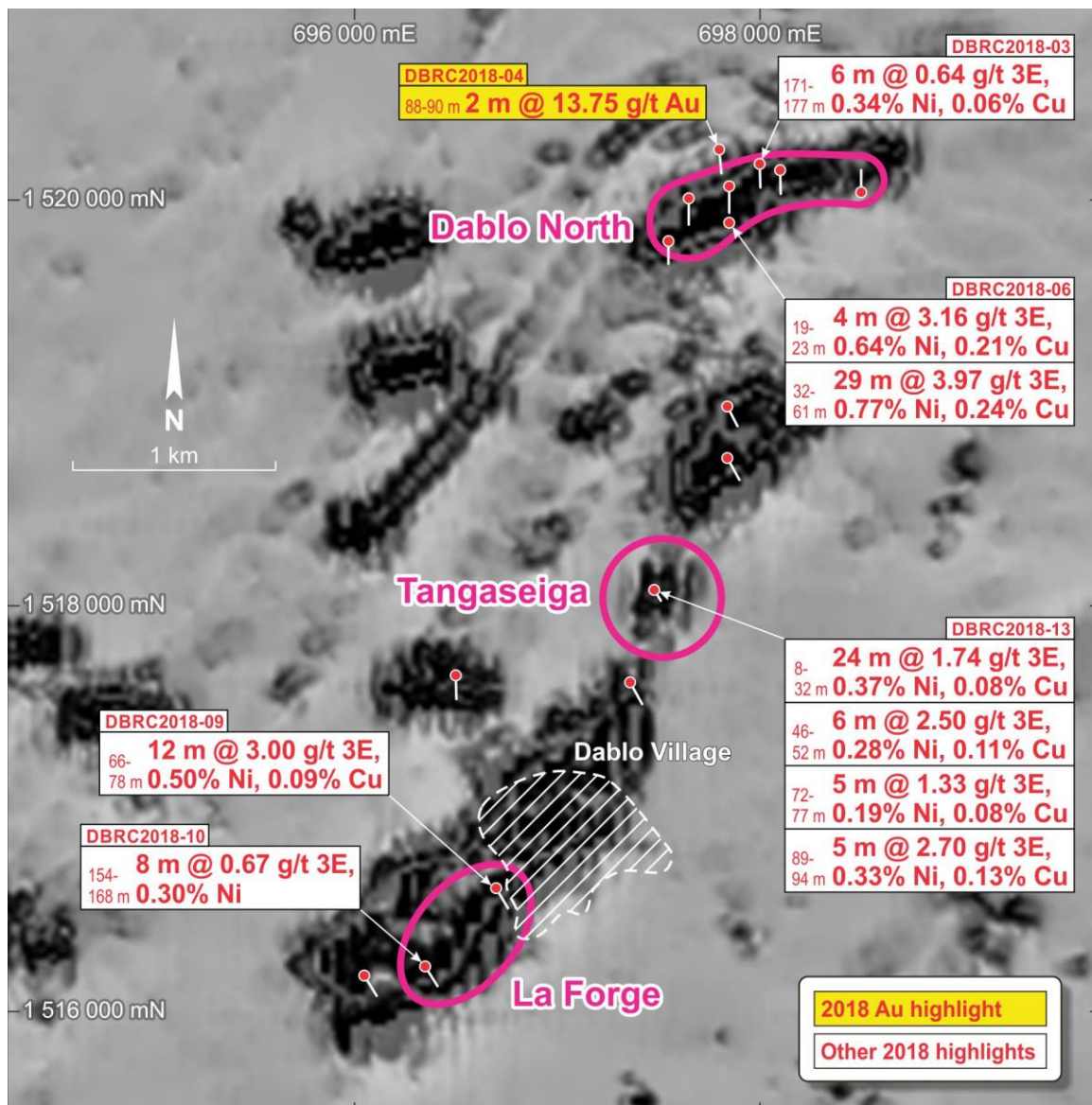


Figure 3: Significant results (white for multi-element intersect, yellow for gold only) from 2018 RC drill campaign, highlighting discovery holes at two new mineralised prospects, and a newly discovered orogenic gold prospect. Background image is greyscale magnetic first vertical derivative.

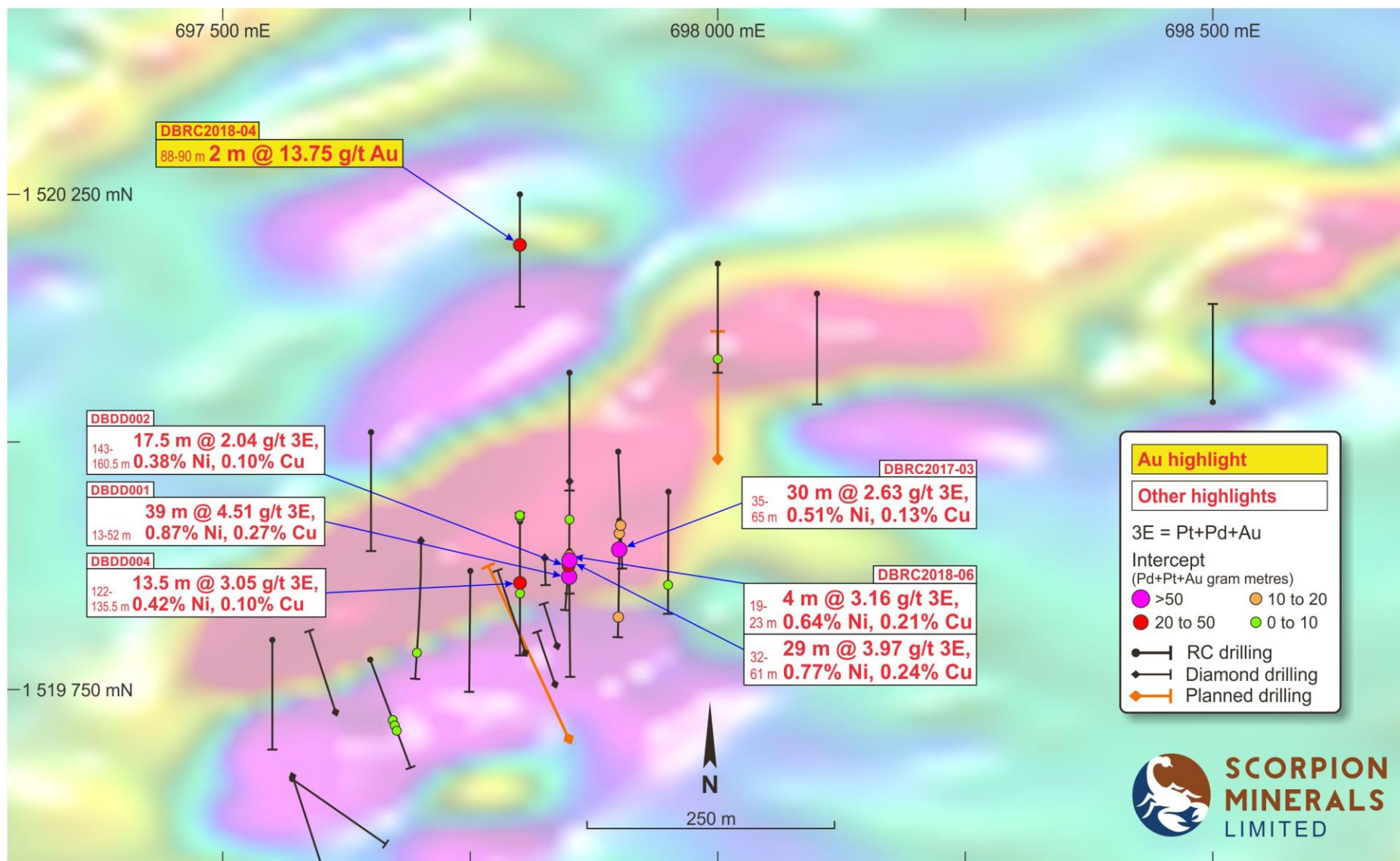


Figure 4: Dablo North significant results at from 2018 RC drill campaign. Colour background image is 1VDRTP magnetic imagery

Table 1: Detailed results from 2018 RC Drilling, Dablo Project ($\geq 1\text{m}$ @ Pd+Pt ≥ 0.5 g/t).

Hole_ID		Int	From	To	Cu	Ni	Co	Au	Pt	Pd	Pd+Pt+Au (3E)
		m	m	m	ppm	ppm	ppm	g/t	g/t	g/t	g/t
DBRC2018-01	NSR										
DBRC2018-02		1	148	149	207	3040	145	0.04	0.16	0.38	0.57
		1	187	188	938	3050	137	0.08	0.24	0.92	1.24
DBRC2018-03		1	167	168	478	1855	94	0.04	0.15	0.63	0.82
DBRC2018-03		6	171	177	580	3423	148	0.02	0.15	0.47	0.64
DBRC2018-04		2	88	90	262	13	37	13.75		0.01	13.75
DBRC2018-05		1	3	4	328	2770	172	0.07	0.16	0.37	0.60
DBRC2018-05		1	122	123	102	2640	124	0.02	0.16	0.50	0.68
DBRC2018-06		4	19	23	2135	6355	163	0.36	0.83	1.97	3.16
DBRC2018-06		29	32	61	2392	7731	181	0.65	0.99	2.33	3.97
DBRC2018-06	<i>Including</i>	19	32	51	2956	9454	201	0.82	1.23	2.91	4.96
DBRC2018-07	NSR										
DBRC2018-08	NSR										
DBRC2018-09		7	5	12	346	6200	280	0.04	0.16	0.32	0.52
DBRC2018-09		1	36	37	155	3660	154	0.02	0.13	0.44	0.59
DBRC2018-09		1	39	40	806	5600	176	0.55	0.71	2.07	3.34
DBRC2018-09		4	62	66	27	4570	188	0.13	0.20	0.46	0.79
DBRC2018-09		12	66	78	926	5020	210	0.46	0.64	1.90	3.00
DBRC2018-10		1	89	90	84	2170	138	0.01	0.14	0.57	0.71
DBRC2018-10		2	144	146	19	2880	143	0.01	0.10	0.61	0.72
DBRC2018-10		8	154	162	132	3030	152	0.05	0.11	0.52	0.67
DBRC2018-10	<i>Including</i>	2	156	158	22	3290	329	0.13	0.33	1.43	1.88
DBRC2018-10		1	166	167	782	3750	170	0.95	0.17	0.46	1.57
DBRC2018-10		2	172	174	40	2330	128	0.02	0.23	0.91	1.16
DBRC2018-11	NSR										
DBRC2018-12	NSR										
DBRC2018-13		24	8	32	780	3712	208	0.16	0.56	1.02	1.74
DBRC2018-13		12	12	24	1006	4458	151	0.12	0.75	1.59	2.46
DBRC2018-13		1	36	37	811	2650	146	0.11	0.56	0.98	1.65
DBRC2018-13		1	43	44	336	2130	119	0.10	0.35	0.60	1.04
DBRC2018-13		6	46	52	1119	2833	146	0.21	0.89	1.40	2.50
DBRC2018-13		1	63	64	366	2940	187	0.04	0.42	0.60	1.05
DBRC2018-13		1	68	69	768	3360	164	0.21	0.48	1.03	1.73
DBRC2018-13		5	72	77	775	1900	96	0.14	0.44	0.76	1.33
DBRC2018-13		1	81	82	167	2130	129	0.01	0.45	0.71	1.17

Hole_ID	(con't)	Int	From	To	Cu	Ni	Co	Au	Pt	Pd	Pd+Pt+Au (3E)
		m	m	m	ppm	ppm	ppm	g/t	g/t	g/t	g/t
DBRC2018-13		5	89	94	1324	3252	137	0.15	0.87	1.69	2.70
DBRC2018-14		1	83	84	952	4180	157	0.05	0.34	0.61	1.00
DBRC2018-15		1	229	230	1950	3000	106	0.14	0.38	0.44	0.96
DBRC2018-16		1	13	14	1290	4030	188	0.30	0.84	0.90	2.03
DBRC2018-16W	NSR										

NSR = No significant result

Table 2: Updated location of Reverse Circulation drill hole collars (WGS84 Z30N datum).

Hole_ID	UTM_E	UTM_N	RL	Azimuth	Dip	Max Depth (m)
DBRC2018-01	697650	1520010	318.50	180	-53	200
DBRC2018-02	697850	1520070	320.00	180	-53.5	200
DBRC2018-03	698000	1520180	320.86	180	-56.7	200
DBRC2018-04	697800	1520250	321.55	180	-55.6	200
DBRC2018-05	697550	1519800	320.98	180	-56.6	200
DBRC2018-06 ¹	697850	1519890	317.99	180	-55	75
DBRC2018-07	698500	1520040	320.78	360	-60	200
DBRC2018-08	698100	1520150	318.00	180	-56	200
DBRC2018-09	696700	1516610	313.75	150	-56.5	200
DBRC2018-10	696350	1516225	319.64	150	-55	200
DBRC2018-11	696050	1516180	327.78	150	-55.5	200
DBRC2018-12	696500	1517660	307.33	180	-55	200
DBRC2018-13	697480	1518080	314.00	150	-55	114
DBRC2018-14	697360	1517625	308.00	150	-55.5	200
DBRC2018-15	697840	1518730	322.35	150	-56	250
DBRC2018-16	697840	1518985	320.04	150	-55.7	243
DBRC2018-16W	697860	1518945	320	0	-90	70

¹ DBRC2018-06 is located 5m north of DBDD001 and was drilled as a twin for comparison between the RC and DD sampling methods.

MT MULCAHY COPPER PROJECT
Murchison, WA

Geology Discussion

The Mt Mulcahy project in Western Australia (Refer Figure 5) 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) at the ‘South Limb Pod’ (SLP).

The folded horizon hosting this mineralisation forms a regional keel, where the surface expression can be traced for a distance of at least 12 kilometres along strike, and excellent potential exists for additional mineralisation to be discovered along this prospective horizon (refer Figure 8).

Table 3: Current Mineral Resource Estimate, Mt Mulcahy Project

Mt Mulcahy South Limb Pod Mineral Resource Estimate as at 30 th September 2018											
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

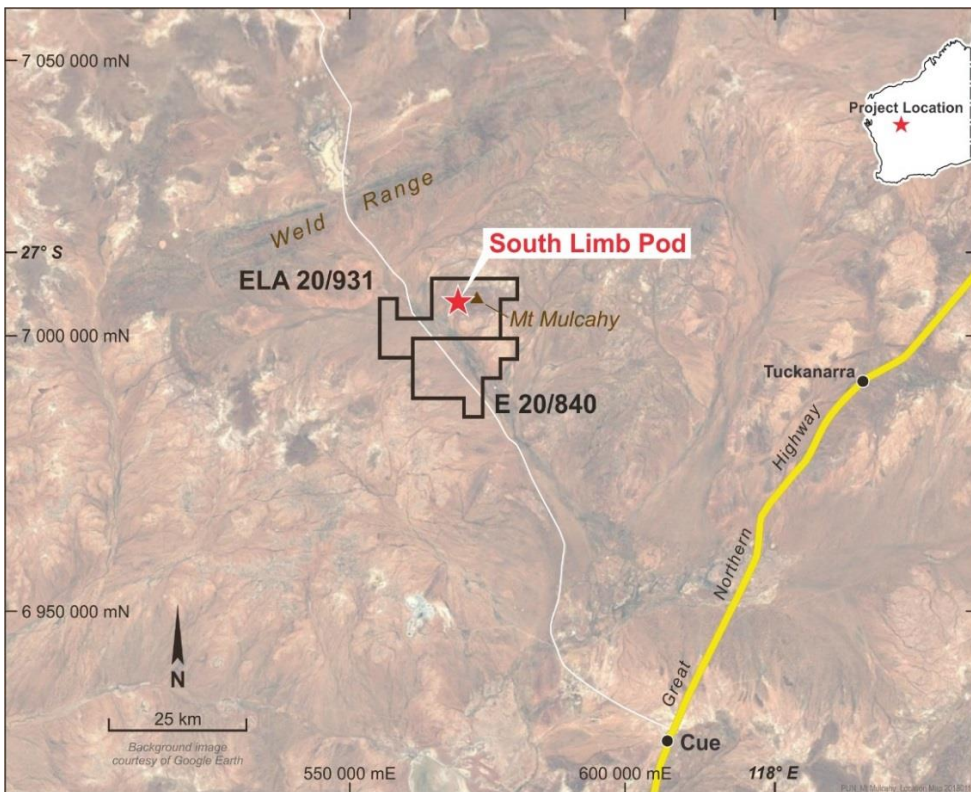


Figure 5: Scorpion Minerals Mt Mulcahy location map.

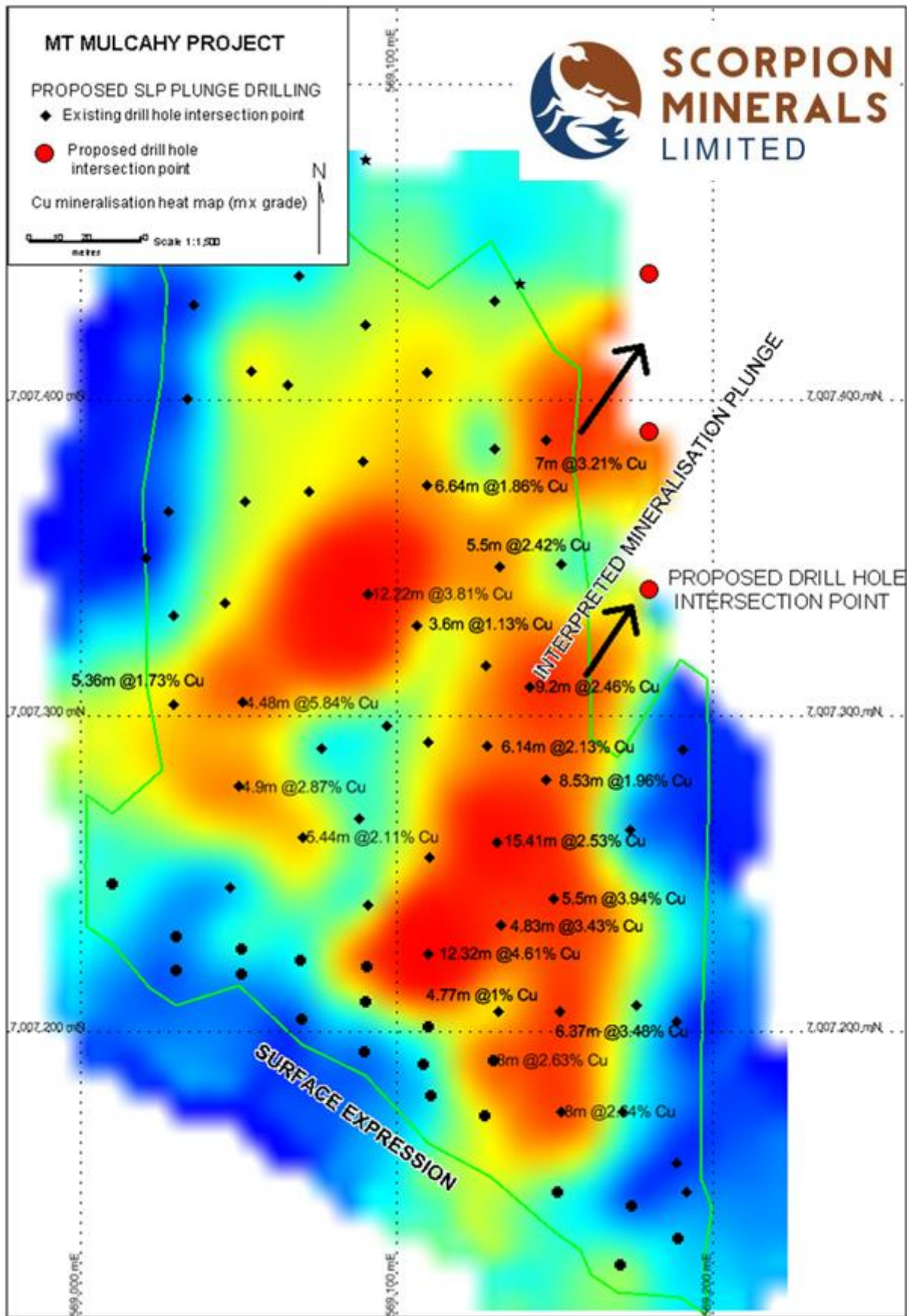


Figure 6: Plan of proposed SLP down plunge drilling.

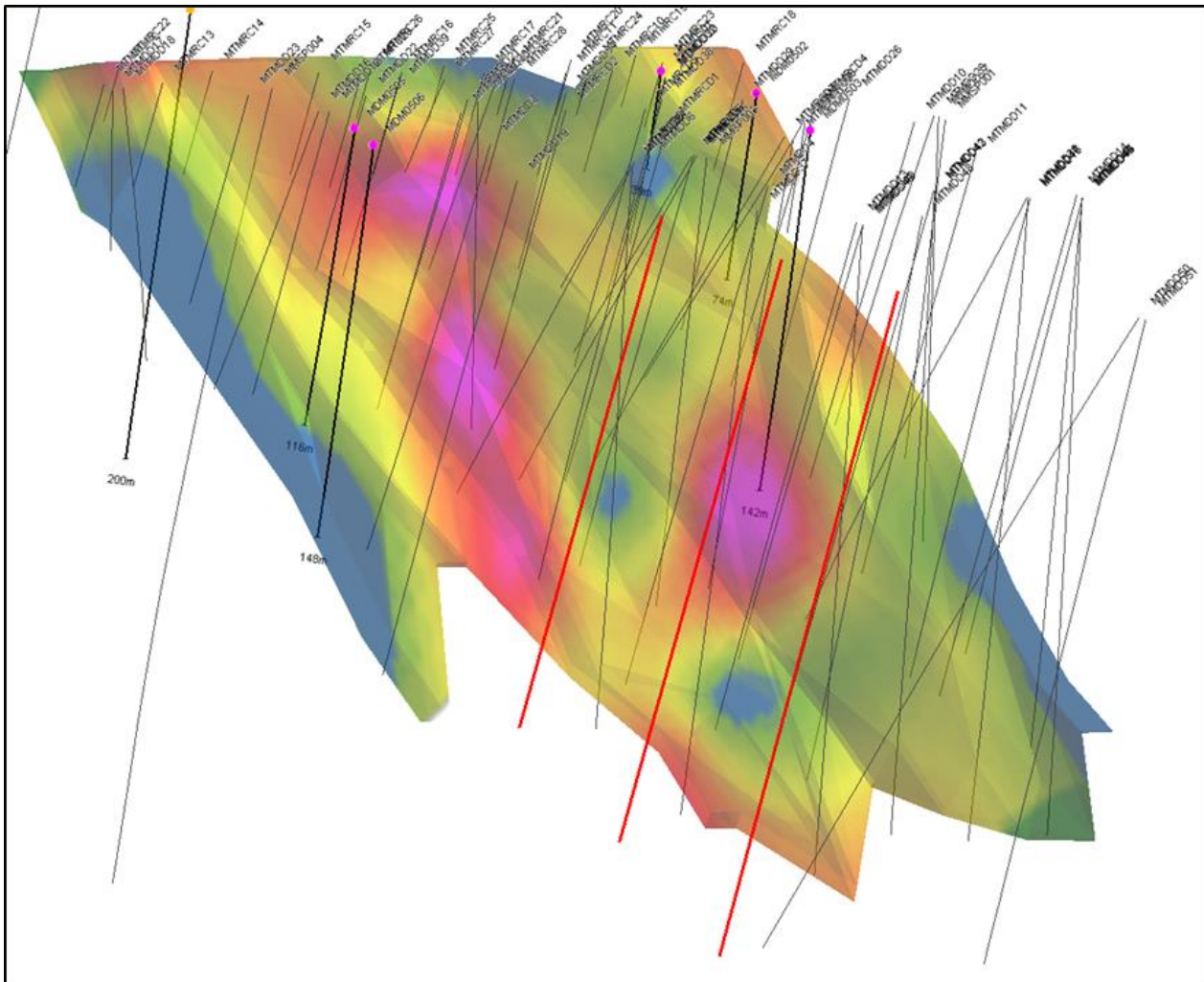


Figure 7: Oblique section of proposed SLP down plunge drilling (red traces), viewed from North East. Previous drilling defining the current resource denoted by grey or black traces.

Geology Activities

The Company is currently awaiting the grant of ELA 20/931, and is finalising heritage agreements with the respective Native Title Claimant Group. Planned drilling of down-plunge extensional holes (refer Figures 6, 7) to the current resource at the SLP awaits the grant of the new licence.

The Company is also progressing its applications (P51/3016-17) in the Nowthanna area, also finalising heritage agreements with the respective Native Title Claimant Group. The project is some 50km south of Meekatharra, and contains stratigraphy which the Company believes has the potential to host VMS mineralisation.

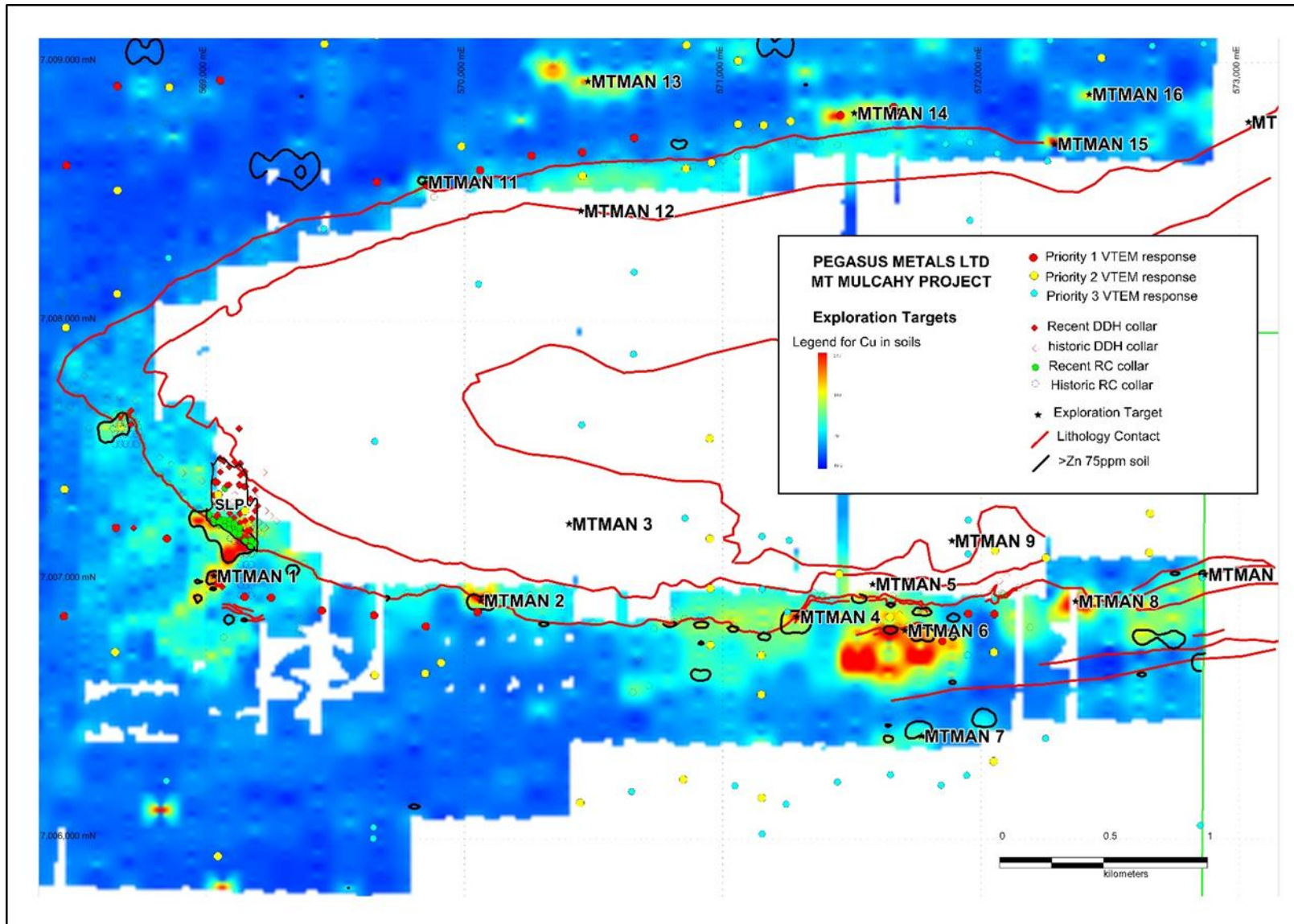


Figure 8: Mt Mulcahy priority exploration areas (MTMAN designation), in relation to South Limb Pod (SLP), shown with soil geochemistry, VTEM anomalies, and lithology contacts.

CORPORATE

A general meeting of the Company's shareholders was held on 2 October 2018. At the general meeting, shareholders approved, amongst other things:

- The issue of 12 million fully paid ordinary shares with respect to the acquisition of Scorpion Minerals Limited; and
- A change in name of the Company from Pegasus Metals Limited to Scorpion Minerals Limited.

Post quarter end, on the 3rd January 2019, the ASX was advised of the name change from Pegasus to Scorpion Minerals Ltd (ASX:SCN).

Also post-quarter end, on the 16th January, the Company received the resignation of Mr Brendon Morton, whom was replaced in the role of company secretary by Ms Carol New.

- ENDS -

Enquiries

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Non-Executive Director
T: +61 8 6241 1877

Competent Persons Statement 1

The information in this report that relates to the geology and Exploration Results relating to the Dablo Project in Burkina Faso is based on, and fairly reflects information compiled by Mr Grant Osborne, whom is a member of the Australian Institute of Geoscientists. Mr Osborne 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'. Mr Osborne consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Competent Persons Statement 2

The information in this report that relates to the Exploration Results and Mineral Resources at the Mt Mulcahy Project is based on information reviewed by Mr Craig Hall, whom is a member of the Australian Institute of Geoscientists. Mr Hall is a contractor 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 data in the form and context in which it appears.

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 Ltd, its Directors, employees or agents, advisers, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it. This announcement is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any security, and neither this announcement nor anything in it shall form the basis of any contract or commitment whatsoever. This announcement may contain forward looking statements that are subject to risk factors associated with exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimate.

Appendix 1: Tenement Schedule (ASX Listing Rule 5.3.3)

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

- **TENEMENT SCHEDULE**

TENEMENT No.	LOCATION	STATUS	INTEREST %	HOLDER
E20/931	WA	Application	100	Pegasus Metals Ltd
E20/840	WA	Granted	100	Pegasus Metals Ltd
P51/3016	WA	Application	100	Pegasus Metals Ltd
P51/3017	WA	Application	100	Pegasus Metals Ltd

- *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*

15% of Dablo 1,2,3,4- Burkina Faso.

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

Nil

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Scorpion Minerals Limited

ABN

40 115 535 030

Quarter ended ("current quarter")

31 December 2018

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	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(45)	(144)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(45)	(144)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10) - refund	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	7	7
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	7	7

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	40	112
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	40	112

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1	28
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(45)	(144)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	7	7
4.4 Net cash from / (used in) financing activities (item 3.10 above)	40	112
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	3	3

Mining exploration entity and oil and gas exploration entity quarterly report

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	3	1
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)	3	1

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	-
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates

	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

8. Financing facilities available

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	2,000	1,441
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

8.1—On 18 September 2018, the loan facility with entities associated with Mr Michael Fotios was increased to \$2.0 million.

Mining exploration entity and oil and gas exploration entity quarterly report

9. Estimated cash outflows for next quarter		\$A'000
9.1	Exploration and evaluation	120
9.2	Development	-
9.3	Production	-
9.4	Staff costs	-
9.5	Administration and corporate costs	40
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	160

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

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.

Sign here



(Director/Company secretary)

Date: .31 January 2019

Print name: Bronwyn Barnes

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.