



## ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2020

Scorpion Minerals Limited (ASX: SCN) provides the following review of activities for the quarter ended 30th June 2020.

### **PHAROS GOLD and BASE METALS PROJECT** **Murchison, WA**

The Company has an Option to Acquire 100% of exploration tenements E20/948 and E20/953 from Element 25 (ASX: E25) (refer Figures 1 & 2); which forms the basis for the Pharos Project- covering 384 km<sup>2</sup> of prospective ground contiguous with 58 km<sup>2</sup> of granted SCN tenure (E20/931), containing the Mount Mulcahy copper-zinc volcanic-hosted massive sulphide (VMS) deposit.

During the quarter, the Company applied for exploration licence EL20/962 immediately west of application E20/953 (refer Figure 2) to cover an interpreted extension to the greenstone belt southwest of the Weld Range, containing several mafic intrusions that are of high interest. The application for EL20/962 (Choallie Creek) is approximately 200km<sup>2</sup> and will bring the total contiguous package in this highly prospective region, including Mt Mulcahy, to over 640km<sup>2</sup>.

During the quarter the Company also completed a heritage survey in conjunction with the traditional owners to clear tracks and lines for planned drilling. Post-quarter end the Company received Preliminary Advice from the heritage service provider in respect of the heritage survey, and is finalising drill planning accordingly.

Also post-quarter end the Company announced (refer ASX:SCN "High Grade Gold Rock Chips - Pharos Project" released 9<sup>th</sup> July 2020) results of rock chip sampling undertaken concurrently by Company geologists whom were onsite during the heritage survey.

Sampling of outcrop and workings, including quartz veins of various orientations in high priority zones was undertaken. Fifty-seven samples were taken for analysis by fire assay, with seventeen samples returning anomalous values above **150 ppb**. (refer Table 1 for a complete list of results).

Highlights from rock chip samples include two high grade (**10.5 g/t Au and 10.0 g/t Au**) assays returned from undrilled workings 200m apart, at a prospect now named Salt Flat, 200m West of Cap Lamp (refer figure 5 and photo 2).

A line of workings at Cap Lamp returned multiple high grade values from channel sampling of veining in the only easily accessible area, with a maximum value of

#### BOARD OF DIRECTORS

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**7.5 g/t Au**, and an approximate average value of **2.1 g/t Au** over approximately 5m length (refer Figure 5 and photo 1). At Cap Lamp, the Company also compiled additional historical drilling results which include RAB drilling highlights of **2m @ 5.5 g/t Au** from 18m and various anomalous results (refer Table 2 for a complete list of results).

The historical RAB drilling in the vicinity of these workings was not overlapping and is considered to have not adequately tested this area (refer Figure 5). Additional anomalous results were returned from stoped quartz veins at Oliver's (maximum assay **3.0 g/t Au**), and from a timbered working on P20/2253, where material returned a maximum value of **1.2 g/t Au**.

The Company also completed a heritage clearance survey at Atlanta, west of Beacon, where historical vertical reconnaissance drilling returned a value of **5m @ 0.7 g/t Au** in mineralised laterite. Historically this intersect has not been followed up and will now be tested by an initial single shallow angle hole in the planned RC drilling programme. A small Programme of Works (PoW) to cover this area has been submitted to the Department of Mines, Industry Regulations and Safety. All other drill targets now have approved PoW's, including on P20/2253.

An initial estimated 2200m Reverse Circulation ("RC") drilling programme for the Pharos Project, and will include several lines on a nominal 40m x 40m grid to around 100m depth to define the high-grade mineralisation previously identified at Lantern. The drilling programme is also planned to test the newly discovered zones at Candle and Beacon, along with selected workings within Oliver's Patch and workings along the 'Old Prospect' northern extension and Salt Flat Prospect (refer Photos 1 and 2). RC Drilling at Pharos is to be approved by the board shortly, and is expected to commence in August.

The Company considers that the Beacon, Candle, Lantern and newly outlined prospects such as Cap Lamp and 'Salt Flat' areas contain multiple quartz vein targets similar to "Day Dawn" style mineralisation (refer Figure 1), and is highly encouraged by the open-ended nature of the current prospects.

### General Discussion of Mineral Potential of Pharos Project

The Company has an Option to Acquire 100% of two exploration tenement applications (E20/948 and E20/953) from Element 25 (ASX: E25)<sup>1</sup>; with E20/948 recently granted.<sup>2</sup> E20/948 and application E20/953 - together the Pharos Project - cover 384 km<sup>2</sup>, and are contiguous with 58 km<sup>2</sup> of granted SCN tenure (E20/931), which contains the Mount Mulcahy copper-zinc volcanic-hosted massive sulphide (VMS) deposit, a zone of mineralisation with a JORC 2012 Measured, Indicated and Inferred Resource of 647,000 tonnes @ 2.4% copper, 1.8% zinc, 0.1% cobalt and 20g/t Ag (refer SCN:ASX release 25 September 2014, also Figures 1 & 3) at the 'South Limb Pod' (SLP).

**Table 1: Rock chip sample location and assay**

<i>Results released post-quarter end (9/7/2020)</i>					<i>Previously released 13/2/2020</i>				
Prospect	Sample ID	North MGA	East MGA	Au ppm	Prospect	Sample ID	North MGA	East MGA	Au ppm
Salt Flat	A127240	7014097	576872	0.170	Beacon	A127202	7015170	572182	0.841
	A127241	7014097	576872	0.551		A127203	7015166	572183	0.382
	A127242	7014097	576873	0.005		A127204	7015166	572183	0.068
	A127243	7014049	576964	0.186		A127205	7015126	572138	0.003

<sup>1</sup> Refer ASX:SCN release dated 7 November 2019 "Option to Acquire Gold and Base Metal Projects at Mt Mulcahy".

<sup>2</sup> Refer ASX:SCN release dated 23 January 2020 "Grant of Pharos Project Tenement".

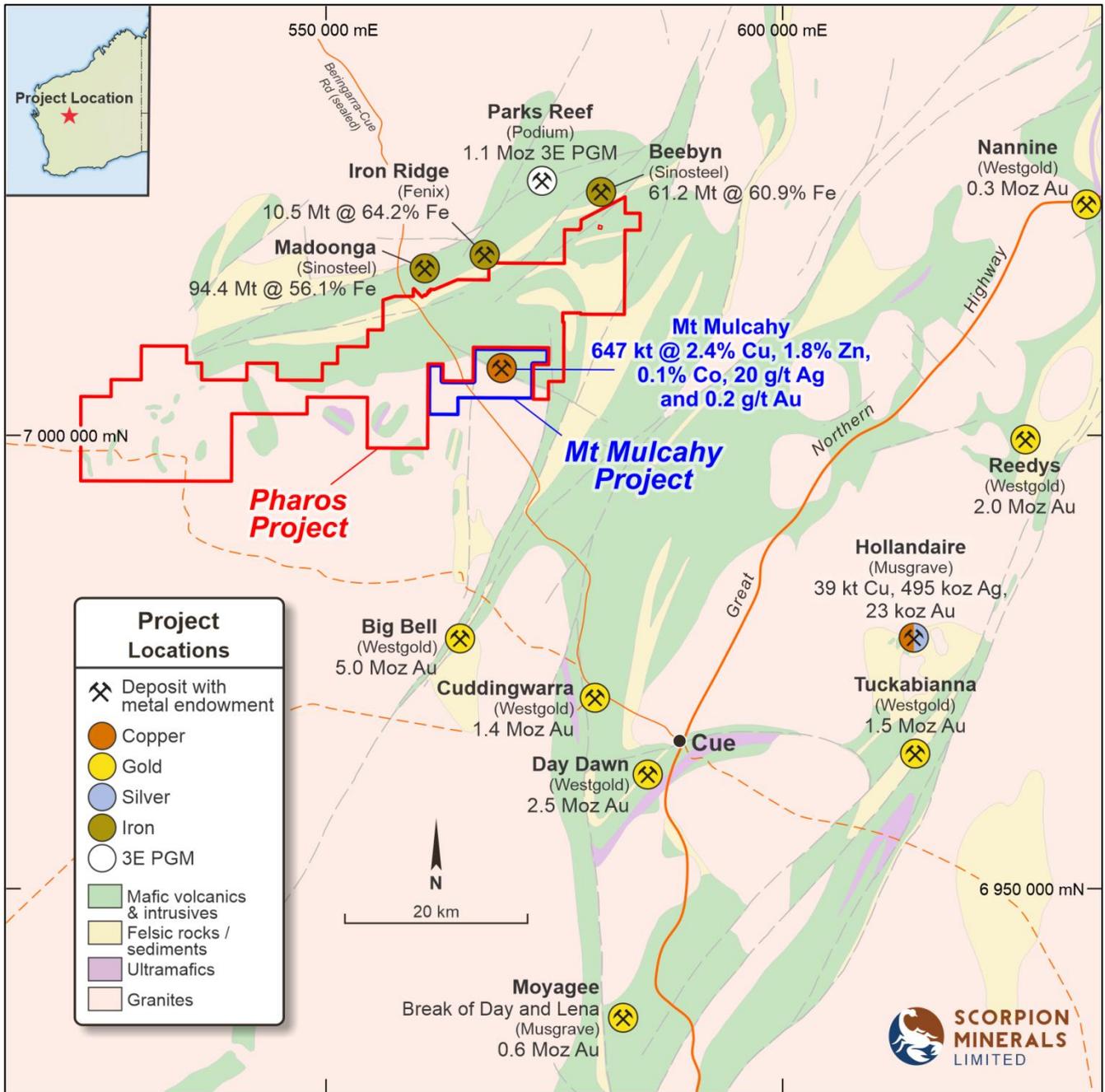
	A127244	7014049	576965	0.004
	A127245	7014233	576953	0.005
	<b>A127246</b>	<b>7014233</b>	<b>576954</b>	<b>9.947</b>
	A127247	7014342	576871	0.013
	A127248	7014342	576870	0.014
	A127249	7014401	576916	0.057
	<b>A127250</b>	<b>7014401</b>	<b>576917</b>	<b>10.501</b>
	<b>A127251</b>	<b>7014401</b>	<b>576917</b>	<b>0.184</b>
	PP004	7014404	576915	0.002
Cap Lamp	A127252	7013758	577031	0.005
	A127253	7013744	577022	0.006
	A127254	7013744	577022	0.006
	A127255	7013458	577425	0.005
	A127256	7013458	577426	0.003
	A127257	7014190	577212	0.002
	A127258	7014207	577200	0.018
	A127259	7014279	577143	0.002
	<b>A127260</b>	<b>7014114</b>	<b>577154</b>	<b>0.910</b>
	<b>A127261</b>	<b>7014115</b>	<b>577155</b>	<b>5.136</b>
	<b>A127262</b>	<b>7014115</b>	<b>577156</b>	<b>1.898</b>
	<b>A127263</b>	<b>7014116</b>	<b>577157</b>	<b>0.751</b>
	<b>A127264</b>	<b>7014114</b>	<b>577153</b>	<b>1.856</b>
	<b>A127265</b>	<b>7014121</b>	<b>577157</b>	<b>7.472</b>
	<b>A127266</b>	<b>7014121</b>	<b>577158</b>	<b>0.334</b>
		PP003	7013456	577465
Olivers Patch	A127270	7013857	573374	0.114
	<b>A127271</b>	<b>7013860</b>	<b>573371</b>	<b>3.046</b>
	<b>A127272</b>	<b>7014104</b>	<b>573386</b>	<b>0.159</b>
	A127273	7014097	573303	0.008
	A127274	7013925	573328	0.005
	A127275	7013769	573431	0.002
	A127276	7013752	573445	0.002
	A127277	7013744	573457	0.005
	A127278	7013933	573657	0.002
	A127279	7013966	573639	0.001
	A127280	7014004	573616	<0.001
	A127281	7014388	573310	0.001
	A127282	7013469	573463	0.001
	A127283	7013469	573464	<0.001
	A127284	7013375	573489	0.001
	A127285	7013311	573515	0.001
	PP005	7014140	572837	0.001
North Of Maguires	A127267	7013604	576220	0.045
	<b>A127268</b>	<b>7013588</b>	<b>576202</b>	<b>0.334</b>
	A127269	7013578	576232	0.006
Tank Light	A127286	7012423	573501	0.004
	A127287	7012423	573502	0.005
	A127288	7012389	573757	0.003
	A127289	7012392	573839	0.018
	A127290	7012393	573851	0.009
	A127291	7012398	573876	0.010
	A127292	7012372	573891	0.012
	PP002	7012355	573744	0.005
Terrys	<b>PP001</b>	<b>7011718</b>	<b>574472</b>	<b>1.182</b>

	A127206	7015131	572134	0.002	
	A127207	7015098	572159	0.001	
	A127208	7015096	572153	0.001	
	A127209	7015081	572254	0.003	
	A127210	7015208	572046	0.002	
	A127211	7015176	572007	<0.001	
	A127212	7015236	572076	<0.001	
	A127213	7015250	572084	0.001	
	A127214	7015247	572086	0.001	
	A127215	7015349	572039	0.003	
	East of Beacon	A127216	7015416	572633	0.001
		A127217	7015480	572661	<0.001
		A127218	7015515	572680	0.001
		A127219	7015401	572743	0.001
		A127220	7015387	572767	0.001
A127221		7015386	572778	0.001	
A127222		7015386	572794	0.001	
Candle	<b>A127223</b>	<b>7015617</b>	<b>573319</b>	<b>2.509</b>	
	<b>A127224</b>	<b>7015618</b>	<b>573331</b>	<b>0.328</b>	
	A127225	7015462	573284	0.003	
	A127226	7015451	573292	0.004	
	<b>A127227</b>	<b>7015636</b>	<b>573313</b>	<b>1.303</b>	
	<b>A127228</b>	<b>7015640</b>	<b>573312</b>	<b>0.397</b>	
	A127229	7015657	573280	0.023	
	<b>A127230</b>	<b>7015673</b>	<b>573277</b>	<b>0.18</b>	
	A127231	7015709	573401	0.011	
	<b>A127232</b>	<b>7015716</b>	<b>573401</b>	<b>2.794</b>	
Regional	A127233	7015728	573940	0.017	
	A127234	7015464	574530	0.004	
	A127235	7015755	573920	0.006	
	A127236	7015463	574528	0.007	
	A127237	7014986	575847	0.001	
	A127238	7014987	575846	0.002	

Coordinate system MGA94 zone 50, sample sites located by GPS, accuracy +/- 3m  
 Assay method, 50g Fire assay, lower detection limit 0.001 ppm

**Table 2: Material Historical Results (>=>4m @ >0.2 g/t Au)- Reported intervals are downhole lengths, true width not known**

Prospect	Hole ID	MGA Northing	MGA Easting	Assumed RL	MGA Azimuth	Dip	Max Depth (m)	From (m)	To (m)	Interval (m)	Au (g/t)	Drill Type	Company
Candle	RYA99-035	7015952	573141	0	0	-90	95.00	62.00	72.00	10.00	0.24	Aircore	Newcrest
Candle	RYA99-039	7015952	573541	0	0	-90	50.00	20.00	25.00	5.00	0.51	Aircore	Newcrest
Candle	RYA99-047	7016188	573260	0	0	-90	55.00	0.00	2.00	2.00	0.41	Aircore	Newcrest
Candle	WCR05	7016082	573277	0	270	-60	58.00	40.00	44.00	4.00	0.21	RAB	Hampton
Lantern	WLR001	7015633	574164	0	315	-60	59.00	36.00	47.00	11.00	0.69	RAB	Guardian
								51.00	59.00	8.00	0.59 EOH		
Lantern	WLR006	7015601	574159	0	315	-60	53.00	4.00	8.00	4.00	0.74	RAB	Guardian
								24.00	28.00	4.00	0.23		
Lantern	WLR009	7015566	574124	0	315	-60	40.00	0.00	4.00	4.00	0.28	RAB	Guardian
								8.00	12.00	4.00	0.36		
Lantern	WLR024	7015654	574143	0	135	-60	56.00	16.00	24.00	8.00	0.57	RAB	Guardian
								28.00	36.00	8.00	0.83		
								40.00	44.00	4.00	0.42		
Lantern	WLR032	7015666	574169	0	270	-60	57.00	0.00	4.00	4.00	0.94	RAB	Hampton
								52.00	57.00	5.00	0.64 EOH		
Lantern	WLR033	7015666	574149	0	270	-60	94.00	<b>44.00</b>	<b>56.00</b>	<b>12.00</b>	<b>7.40</b>	RAB	Hampton
								<i>Including</i>		<b>46.00</b>	<b>48.00</b>	<b>2.00</b>	<b>42.41</b>
								68.00	72.00	4.00	0.23		
Lantern	WOR005	7015674	574159	0	0	-60	44.00	40.00	44.00	4.00	0.51 EOH	RAB	Guardian
Lantern	WOR006	7015633	574158	0	0	-60	27.00	<b>0.00</b>	<b>16.00</b>	<b>16.00</b>	<b>3.09</b>	RAB	Guardian
								<i>Including</i>		<b>8.00</b>	<b>10.00</b>	<b>2.00</b>	<b>16.80</b>
								20.00	24.00	4.00	0.37		
Candle	WOR008	7016072	573243	0	0	-60	32.00	<b>28.00</b>	<b>32.00</b>	<b>4.00</b>	<b>2.65 EOH</b>	RAB	Guardian
Candle	WOR009	7016033	573243	0	0	-60	32.00	0.00	4.00	4.00	0.37	RAB	Guardian
Mustang Sally	MS256-4	7016797	579630	0	117	-60	102.00	89.00	91.00	2.00	2.46	RAB	Equinox
Mustang Sally	MS255-3	7016689	579607	0	117	-60	81.00	49.00	50.00	1.00	3.50	RAB	Equinox
Mustang Sally	MS264-5	7016606	579558	0	117	-60	89.00	53.00	58.00	5.00	1.38	RAB	Equinox
Laterite Hill	LWL100-4	7022651	581237	0	156	-60	55.00	28.00	32.00	4.00	1.36	RAB	Equinox
Laterite Hill	LWN329-3	7022599	582096	0	117	-60	71.00	43.00	44.00	1.00	1.18	RAB	Equinox
Laterite Hill	LWN330-4	7022716	582134	0	117	-60	54.00	29.00	30.00	1.00	1.35	RAB	Equinox
Cap Lamp	OP 102-1	7013923	577175	0	90	-60	49.00	<b>16.00</b>	<b>24.00</b>	<b>8.00</b>	<b>1.65</b>	RAB	Newcrest
								<i>including</i>		<b>18.00</b>	<b>20.00</b>	<b>2.00</b>	<b>5.45</b>
Cap Lamp	OP 102-2	7013923	577140	0	90	-60	65.00	46.00	49.00	3.00	0.64	RAB	Newcrest
Cap Lamp	OP 103-2	7014023	577105	0	90	-60	41.00	9.00	11.00	2.00	0.40	RAB	Newcrest
Cap Lamp	OP 103-3	7014023	577075	0	90	-60	21.00	16.00	18.00	2.00	1.43	RAB	Newcrest
Cap Lamp	OP 104-2	7014123	577105	0	90	-60	54.00	20.00	24.00	4.00	0.45	RAB	Newcrest
Cap Lamp	OP 1015-2	7013873	577200	0	90	-60	71.00	16.00	28.00	12.00	0.27	RAB	Newcrest
Cap Lamp	OP 1015-3	7013873	577170	0	90	-60	65.00	48.00	52.00	4.00	0.20	RAB	Newcrest
Cap Lamp	OP 1035-3	7014073	577135	0	90	-60	26.00	8.00	12.00	4.00	0.20	RAB	Newcrest



**Figure 1 – Location of Pharos and Mt Mulcahy Project in Murchison area, WA, highlighting regional mineral endowment.**

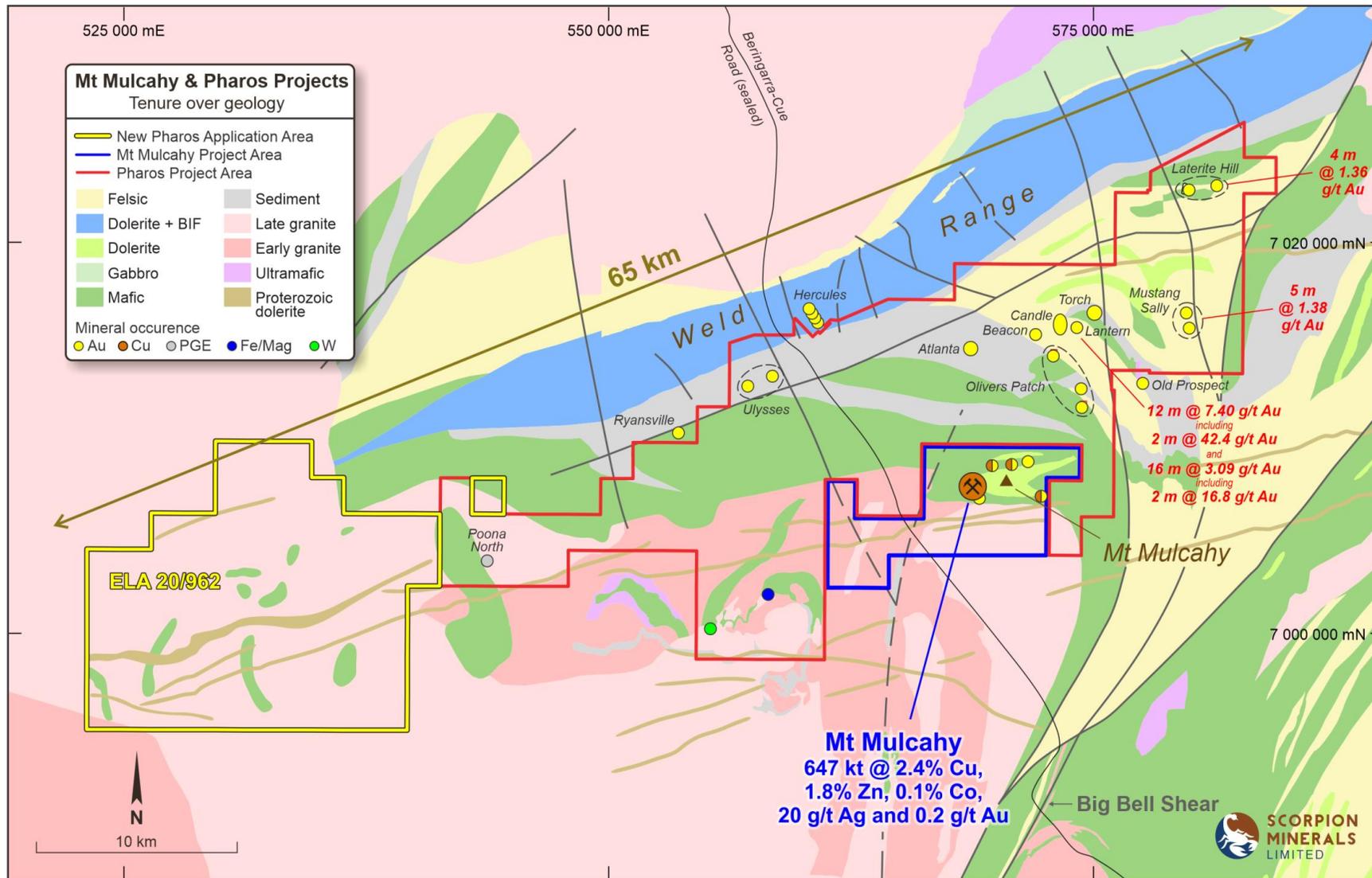


Figure 2 – Location of Pharos and Mt Mulcahy Project, with drilling highlights; demarcation of ELA20/962 within project in yellow.

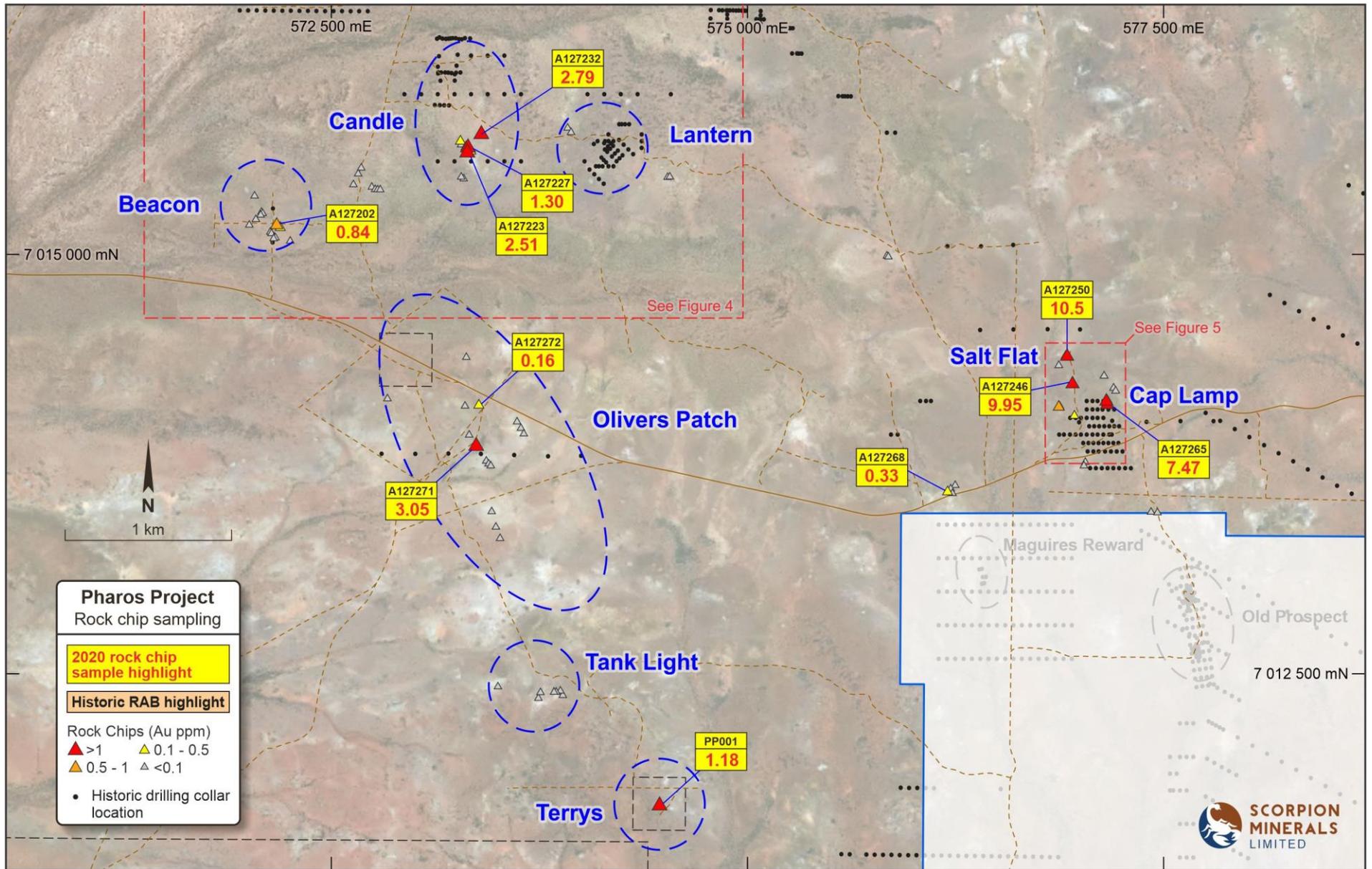


Figure 3 – Location of Pharos advanced prospects

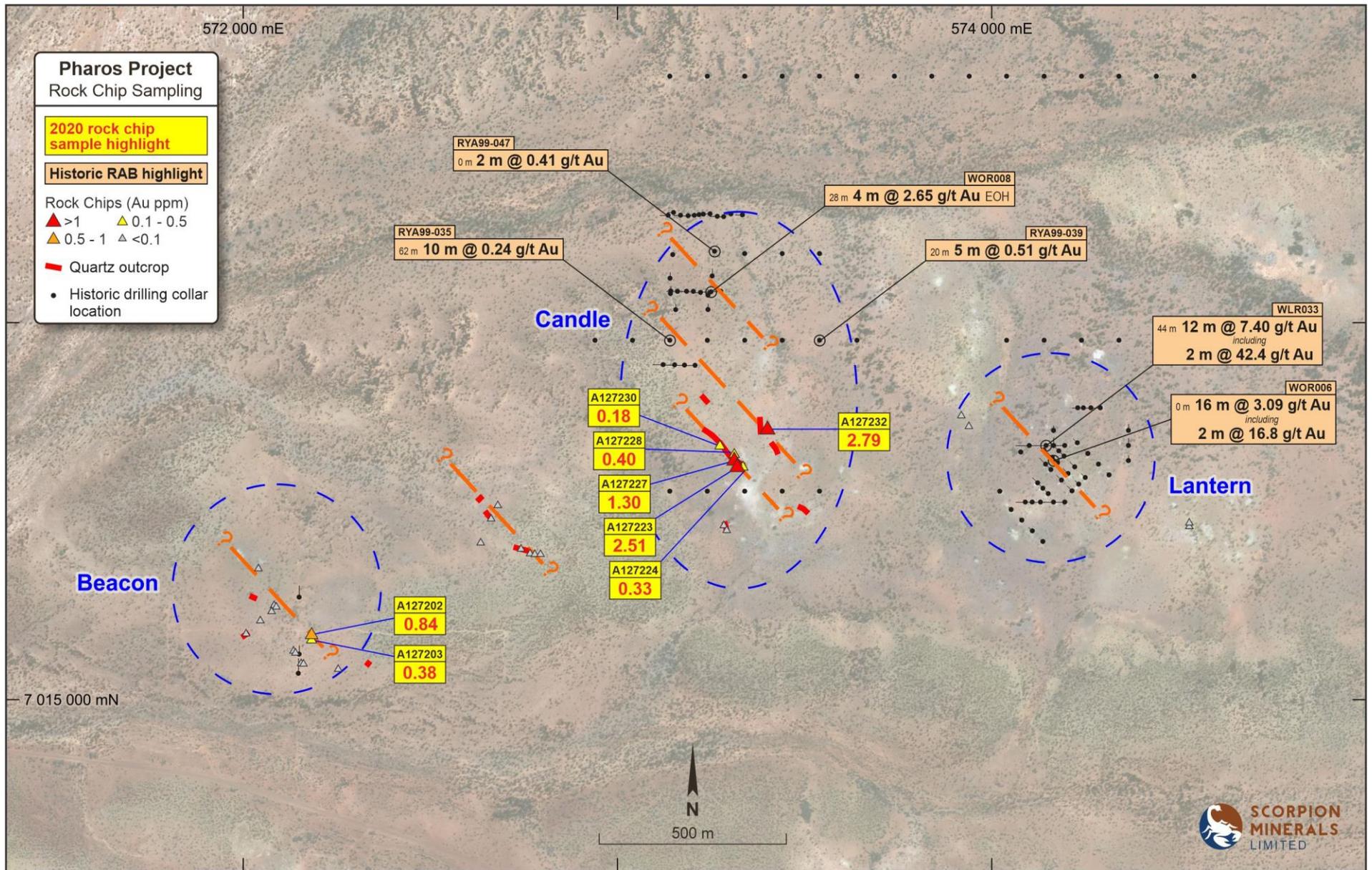


Figure 4 – Beacon, Candle and Lantern Prospects showing Significant Historic Drilling Results, with 2020 rock chip highlights in yellow. Interpreted NW mineralised trend in orange

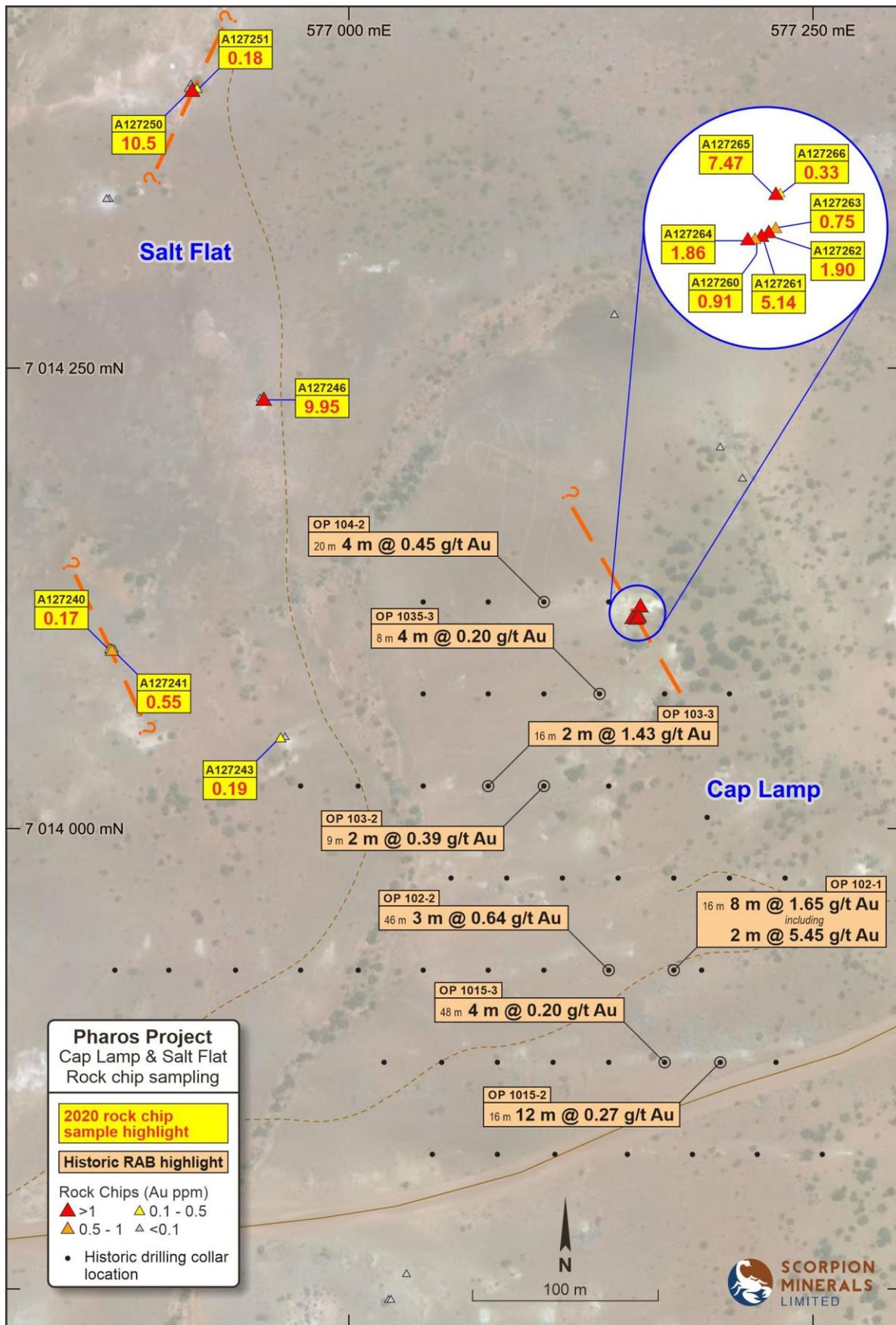


Figure 5 – Cap Lamp and Salt Flat prospects showing Significant Historic Drilling Results, with 2020 rock chip highlights in yellow. Interpreted NW and NE mineralised trends in orange



Sample ID	A127263	A127262	A127261	A127260	A127264
Au ppm	<b>0.75</b>	<b>1.90</b>	<b>5.14</b>	<b>0.91</b>	<b>1.86</b>
	qtz vein	qtz stringers	qtz stringers	qtz stockwork	qtz vein

Photo 1 – Northernmost working at Cap Lamp (approx 7014116mN, 577157mE) view is approximately South confirming 330° strike and 60° dip to west

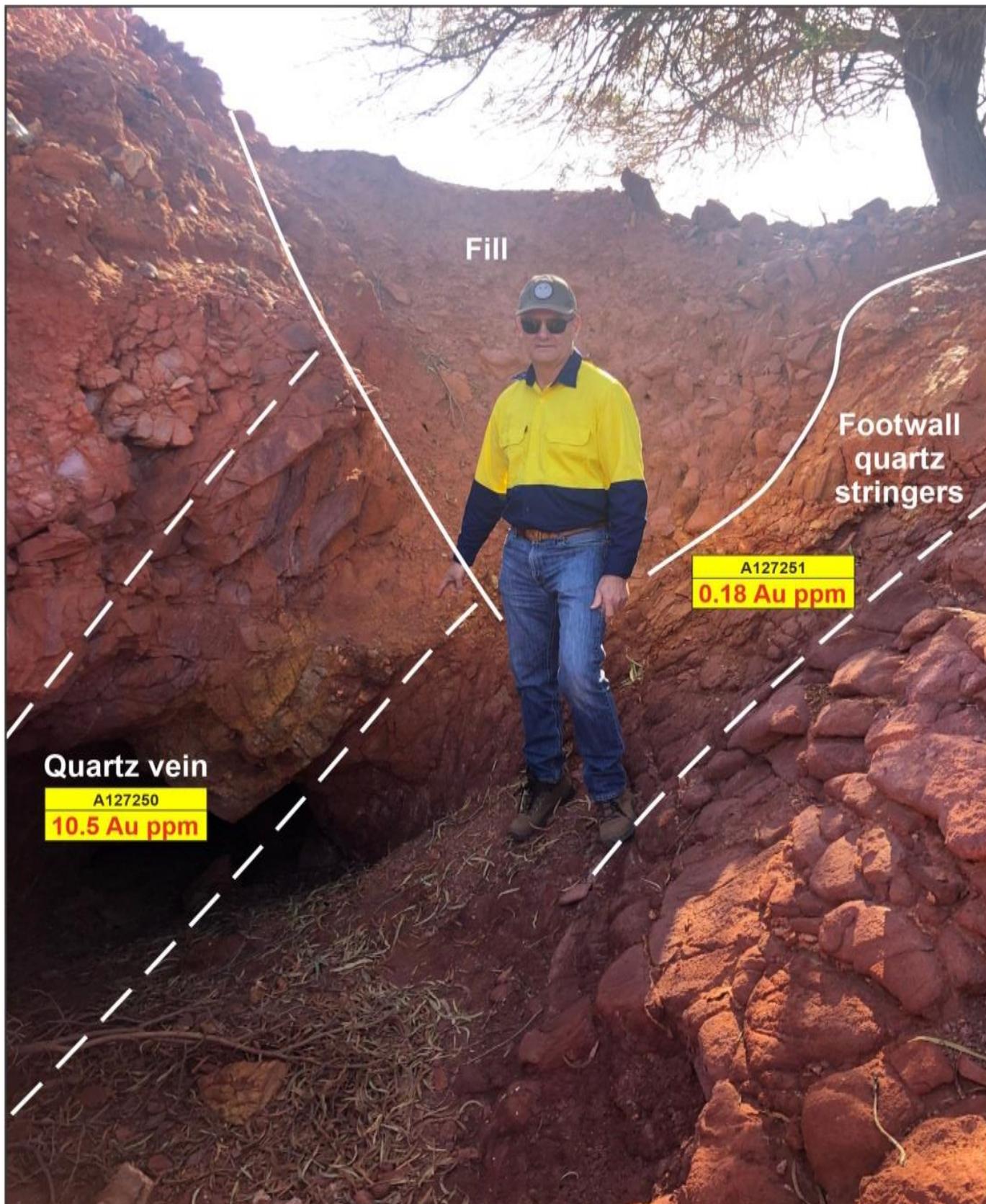


Photo 2 – Stopped mineralised quartz veining at Salt Flat (approx. 576916mE, 7014401mN), which returned a maximum assay of 10.5ppm Au. View is approximately North. Note backfilling above veining.

The Pharos Project tenements are considered prospective for a number of gold mineralisation types including:

1. Shear zone hosted lode style mineralisation hosted in mafic, ultramafic and felsic volcanics.
2. Banded Iron hosted "Hill 50" style replacement deposits.
3. High grade quartz vein "Day Dawn" style mineralisation hosted within dolerite and basalt.
4. Felsic porphyry hosted quartz stockwork and ladder vein mineralisation.

The Company has noted several significant historical gold intercepts from Rotary Air Blast (RAB) drilling undertaken by previous companies on the tenements, including the following high grade intersections from the Lantern prospect on E20/948, following up on an original 3100 ppb (3.1 g/t) Au soil sample in the 1990's from Guardian Resources:

- **12 m @ 7.40 g/t Au from 44 m, including 2 m @ 42.4 g/t Au in Hole**
- **16 m @ 3.09 g/t Au from 0 m, including 2 m @ 16.8 g/t Au**

The Company considers that the Beacon, Candle, Lantern and the Oliver's Patch areas within the Pharos Project contain multiple quartz-vein targets similar to "Day Dawn" style mineralisation (refer Figure 2) and is highly encouraged by the open-ended nature of the current prospects. The Company has recently discovered additional gold targets<sup>3</sup> at surface west of the Lantern Prospect at the Candle and Beacon Prospects.

Planned systematic exploration will focus on interpreted structural controls for primarily gold mineralisation associated with NNW trending splay structures off the Big Bell Shear (refer Figure 1), a major regional structure associated with significant gold endowment, including the 5Moz Big Bell gold deposit (refer Figure 2). The Company believes that significant potential for new gold and base metal deposits exist within the expanded project area.

The stratigraphic sequence to the west of and adjacent to the Big Bell shear contains all the above rock types for the gold mineralisation styles targeted, and systematic exploration has not been undertaken historically where the NW-NNW trending splays off the Big Bell shear intersect these lithologies (refer Figure 1). Previous explorers have noted repeated observation of sericite-chlorite-carbonate alteration and pyrite-arsenopyrite mineralisation associated with gold mineralisation, which the Company believes indicative of large Archean gold hydrothermal systems.

Planned future exploration includes:

1. Reprocessing of existing air magnetics and completion of a regional geologic interpretation.
2. Detailed geological mapping and rock chip sampling of selected target areas.
3. Systematic auger soils geochemical sampling of the project initially focusing on high priority targets.
4. Follow up RC drilling of historic drill intercepts at Lantern, Candle, Beacon, Oliver's Patch, Cap Lamp and Atlanta
5. Follow up investigation and RC drilling of Mustang Sally, Ulysses and Laterite Hill.

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<sup>3</sup> Refer ASX:SCN release dated 13 February 2020 "New gold targets discovered at Pharos Project".

**MT MULCAHY COPPER PROJECT**  
**Murchison, WA**

**Geology Discussion**

The Mt Mulcahy project in Western Australia (refer Figures 1 & 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) at the 'South Limb Pod' (SLP). The tenement containing the SLP has been only recently granted (refer ASX:SCN Mt Mulcahy Exploration Licence Granted, 16<sup>th</sup> 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 12 kilometres 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 has plans for 3 extensional diamond tail holes targeting down dip of the current resource.

Gold targets will also be pursued in tandem with the base metal exploration. 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 field work was undertaken during the quarter.

**Table 3: 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 this report at Table 2)

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

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

Scorpion has previously announced (refer SCN:ASX announcement 10<sup>th</sup> 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, through a joint venture with Newgenco Exploration (West Africa) Pty Ltd (“NEWA”).

As noted in previous quarterlies, 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 due to security concerns, which has recently been extended by the Burkinabe Parliament for a further year, to be reviewed in January 2021. Scorpion had previously communicated to the market that no work was being undertaken in the field and planned work activity was on hold until the situation stabilises.

During the initial State of Emergency declaration, the Company’s joint venture partner advised that it had terminated the Memorandum of Agreement (MOA) between NEWA and Scorpion; that it considers the period of exclusivity relating to the Dablo Project at an end and that they are continuing to seek and speak to potential new investors in the Dablo Project. Scorpion had subsequently advised NEWA that it expressly reserves all its right in regards to this matter and that it was considering, without limitation, potential legal remedies that may be available to the Company in relation to Scorpion’s rights and interests under the MOA.

On the 22<sup>nd</sup> June 2020 the Company was advised of the appointment of a liquidator to NEWA on the 15<sup>th</sup> June 2020, through a creditor’s voluntary liquidation, shortly after the Company advised NEWA on the 12<sup>th</sup> June 2020 that it accepted NEWA’s repudiation of the Dablo Project joint venture and demanded repayment of the sum of \$AUD1.07M. Scorpion was not listed as a creditor of NEWA in its directors’ report on company activities and property, and the Company subsequently submitted a Proof of Debt (“POD”) in the liquidation of NEWA in the amount of \$AUD1.07M. Post-quarter end, the liquidator has advised of their refusal to accept the POD, and the Company has now instituted an appeal to the Federal Court of Australia against the rejection of the POD and application for orders in relation to the external administration of NEWA.

Previously the Company had been advised by legal representatives of NEWA that the Dablo Project tenements lapsed; that no replacement tenements have been applied for; that there was no intention of re-applying for the tenements and that the business operations of NEWA have ceased. As a result of enquiries made during the current quarter Scorpion understands that NEWA-associated entities have re-applied for two ‘Dablo JV’ tenements, being Dablo-3 and Perko.

Scorpion continues to expressly reserve all its right in regards to this matter and is considering, without limitation, all potential legal remedies against NEWA’s subsidiaries and directors at the time.

## CORPORATE

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

- ENDS -

**Enquiries**    **Craig Hall**  
**Non-Executive Director**  
**T: +61 8 6241 1877**

### 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 Metals 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.*

*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	Granted	100	Scorpion Minerals Ltd
P51/3016	WA	Application	100	Scorpion Minerals Ltd
P51/3017	WA	Application	100	Scorpion Minerals Ltd
E20/962	WA	Application	100	Scorpion Minerals Ltd
E20/948	WA	Granted	0% <sup>1</sup>	Element 25
E20/953	WA	Application	0%	Element 25
P20/2252	WA	Granted	0% <sup>2</sup>	T.H. Little
P20/2253	WA	Granted	0% <sup>2</sup>	T.H. Little

- *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*

<sup>1</sup>as per the 'Pharos Project (Yallon and Sunday Well) Call Option Agreement Summary' SCN has commenced a 9 month option period for E20/948, with payment of \$75,000 to earn 100% due to Element 25 before 21<sup>st</sup> October 2020

<sup>2</sup>Requires extension to term to be granted, initiating payment of \$10,000 to earn 100% of both tenements from T.H. Little. At the time of writing, confirmation was received of the extension of term for both tenements (*pers.comm Terry Little*).

- *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 Metals Limited

ABN

40 115 535 030

Quarter ended ("current quarter")

30 June 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(88)	(148)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(112)	(214)
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 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(18)	(23)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(218)</b>	<b>(385)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	-	--
(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 (12 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	412	412
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	-	203
3.6	Repayment of borrowings	(36)	(36)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>376</b>	<b>579</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	41	5
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(218)	(385)
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)	376	579

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>199</b>	<b>199</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	199	-
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>199</b>	<b>41</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

<b>Current quarter \$A'000</b>
-
-

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

N/A

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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	2500	1596
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	2500	1596
7.5 <b>Unused financing facilities available at quarter end</b>		904
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(218)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(218)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	199
8.5 Unused finance facilities available at quarter end (Item 7.5)	904
8.6 Total available funding (Item 8.4 + Item 8.5)	885
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	4

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

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

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

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

## 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 July 2020.....

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.