

QUARTERLY ACTIVITIES REPORT

QUARTER ENDED 31 DECEMBER 2022

HIGHLIGHTS

- **Lithium project acquisition – Scorpion secures binding option to acquire the Youanmi Lithium Project**
- **Combined new project area of 279km² covers northern portion of 20km lithium corridor**
- **Acquisition complements 50km lithium corridor at Company's existing 1,544km² Pharos Project**
- **Initial field reconnaissance during quarter confirms extensive LCT pegmatite swarms at Youanmi**
- **RC drill testing of Youanmi lithium targets to commence in February**
- **Technical review indicates Youanmi tenements also prospective for PGE-Ni-Cu, Vanadium and Base Metal mineralisation**
- **Field reconnaissance and mapping at Pharos confirms multiple mineralised LCT pegmatite dykes at Poona prospects**
- **Planning complete for upcoming RC drill testing of pegmatite target areas at Poona**
- **Other significant near-term exploration activity includes RC drill testing of PGE-Ni-Cu targets at Pharos**

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 December 2022.

Exploration & Development Portfolio Summary

Youanmi Lithium Project, WA

During the quarter, Scorpion announced that it had entered into a binding Option Agreement (**Agreement**) to acquire a 100% interest in the Youanmi Lithium Project (Youanmi) (refer ASX announcement 19 December 2022).

The project comprises tenements E57/978, E57/1049 and E57/1056 (**Tenements**), covering an area of 279 km² in the East Murchison Mineral Field approximately 450 km north of Perth (refer Figure 1).

The Youanmi acquisition presents an opportunity to actively participate in a region of growing significance for lithium mineralisation in Western Australia and follows a detailed technical review of the project by the Company's technical advisor.

The Agreement entitles Scorpion to acquire a 100% interest in the Tenements in exchange for a cash payment of \$3.5 million and the granting of a \$1/tonne royalty over ore mined and processed or removed from the Tenements. Exercise of the option is subject to standard conditions precedent including due diligence.

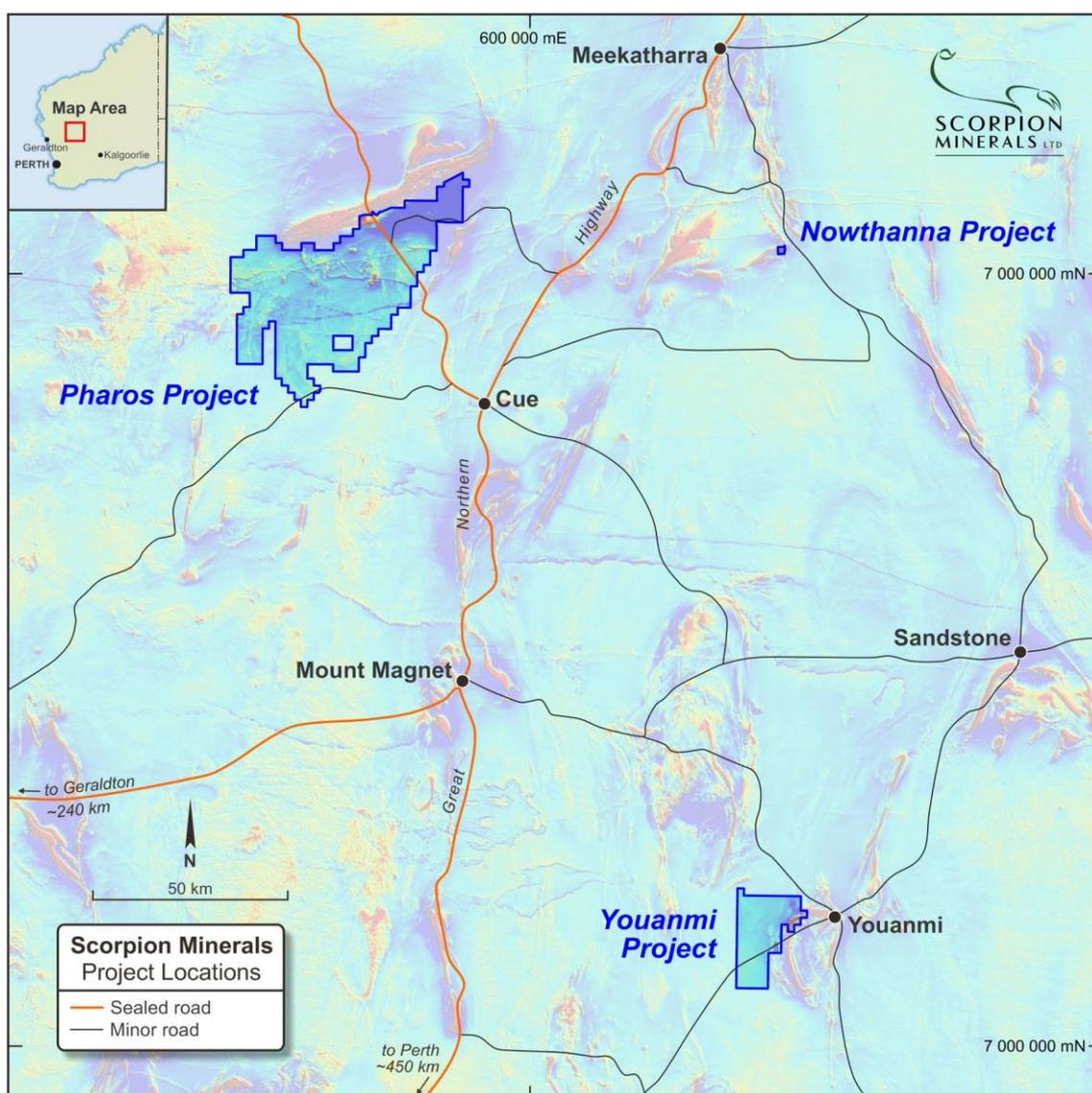


Figure 1: Location of the Company's Pharos, Youanmi and Nowthanna Projects

Project Summary

Youanmi sits at the northern end of a 20km long corridor of Lithium, Caesium, Tantalum ("LCT") pegmatite intrusions that have delivered significant results for other explorers at the southern end of the trend (Figures 2 and 3).

Historical exploration activity at the project includes geological mapping, rock chip sampling, airborne magnetic surveys and reverse circulation (RC) drilling.

Geological mapping has identified a 3km long zone of intermittent outcropping LCT pegmatites located about 1km east of a contact between a late-stage granite and the Youanmi Layered Mafic Complex. The late-stage granite exhibits coarse grained textures and enrichment in elements such as fluorine suggesting that it is the source of the LCT pegmatites to the east. This relationship appears to hold regionally as LCT pegmatite swarms have been discovered on the west side of the late granite within the Windimurra complex by Aldoro Resources.

Rock chip sampling was completed in two phases within the zone described above and identified significant lithium mineralisation at Youanmi. A total of 24 rock chip samples were taken with 18 samples returning values ranging from 0.58% to 4.22% Li₂O. Preliminary evaluation of airborne photography indicates there are zones of outcrop north of this zone that warrant follow up mapping and sampling.

Historic RC drill testing at Youanmi consisted of 54 holes (19MYRC005 to 19MYRC058) drilled in wide spaced fences along the 3km long zone with the majority drilled in the southern half of the trend. Significant intercepts (downhole intercepts approximate true thickness, Table 2 in ASX announcement 19 December 2022) included:

- 8m @ 1.39% Li₂O from 8m
- 6m @ 1.61% Li₂O from 22m
- 7m @ 1.42% Li₂O from 20m
- 7m @ 1.38% Li₂O from 0m
- 6m @ 1.64% Li₂O from 11m
- 6m @ 1.35% Li₂O from 62m

Mapping and RC drilling has so far confirmed multiple LCT zones that are oriented sub-parallel to the granite contact and are shallow dipping to the east or oriented east-west of unknown dip requiring further detailed investigation. It is important to note that exploration to the south by others has identified significant LCT mineralisation in east-west oriented pegmatites. Shallow dipping pegmatite orientation is a characteristic of significant LCT pegmatite systems.

Exploration at Youanmi and in the region has confirmed the presence of lepidolite, petalite and possible spodumene suggesting the presence of zonation within the LCT pegmatites either across their width and/or along strike. Future exploration will focus on determining the zonation trend in order to identify high priority targets.

The Tenements are additionally prospective for PGE-Ni-Cu, Base Metal (Zn-Cu-Ag-Au) and Vanadium mineralisation hosted by either the Youanmi Layered Mafic Complex or the adjacent greenstone sequence (Figure 2). Metal Australia's Manindi project (PGE-Ni Cu and Base Metals) and Venus Metal's Vidure prospect (PGE-Ni-Cu) lie to the south of Youanmi.

The northern part of Youanmi contains the western extension of the sequence that hosts Venus Metal's Youanmi Vanadium deposit. Further evaluation of the potential for Vanadium, PGE-Ni-Cu and Base Metal mineralisation will be undertaken simultaneously with lithium exploration.

Next Steps

RC drilling of existing targets down dip and across strike to identify parallel pegmatites will commence in February 2023.

Other planned activities at Youanmi during Q1 2023 include:

- Follow up geological mapping and rock chip sampling (underway)
- High resolution airborne photography if required
- Auger soil geochemistry aimed at identifying additional pegmatites under shallow soil cover
- Initial diamond drill testing of existing targets at depth
- Airborne and/or ground EM surveys

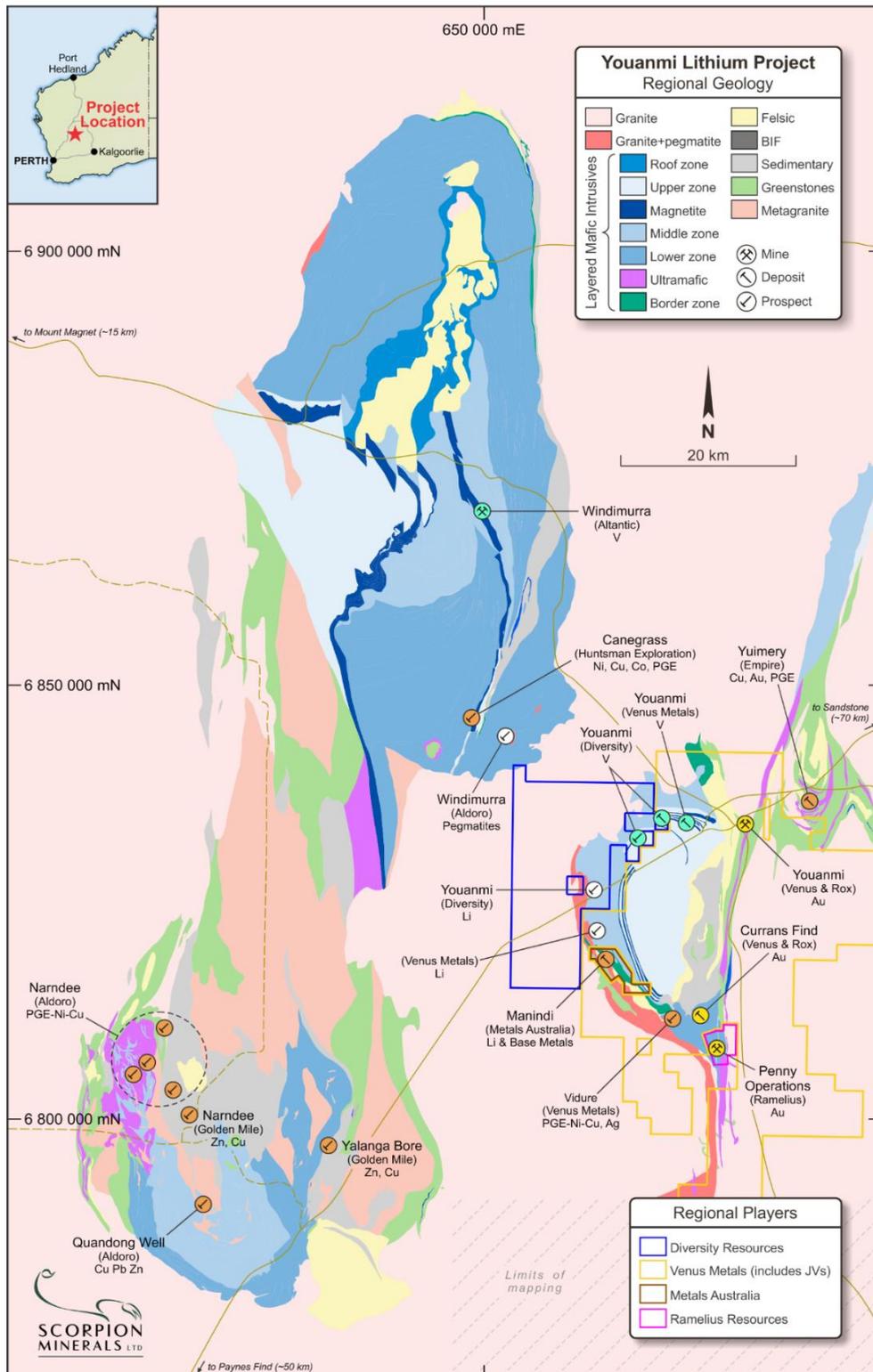


Figure 2: Regional location of Youanmi Lithium Project and neighbouring activity

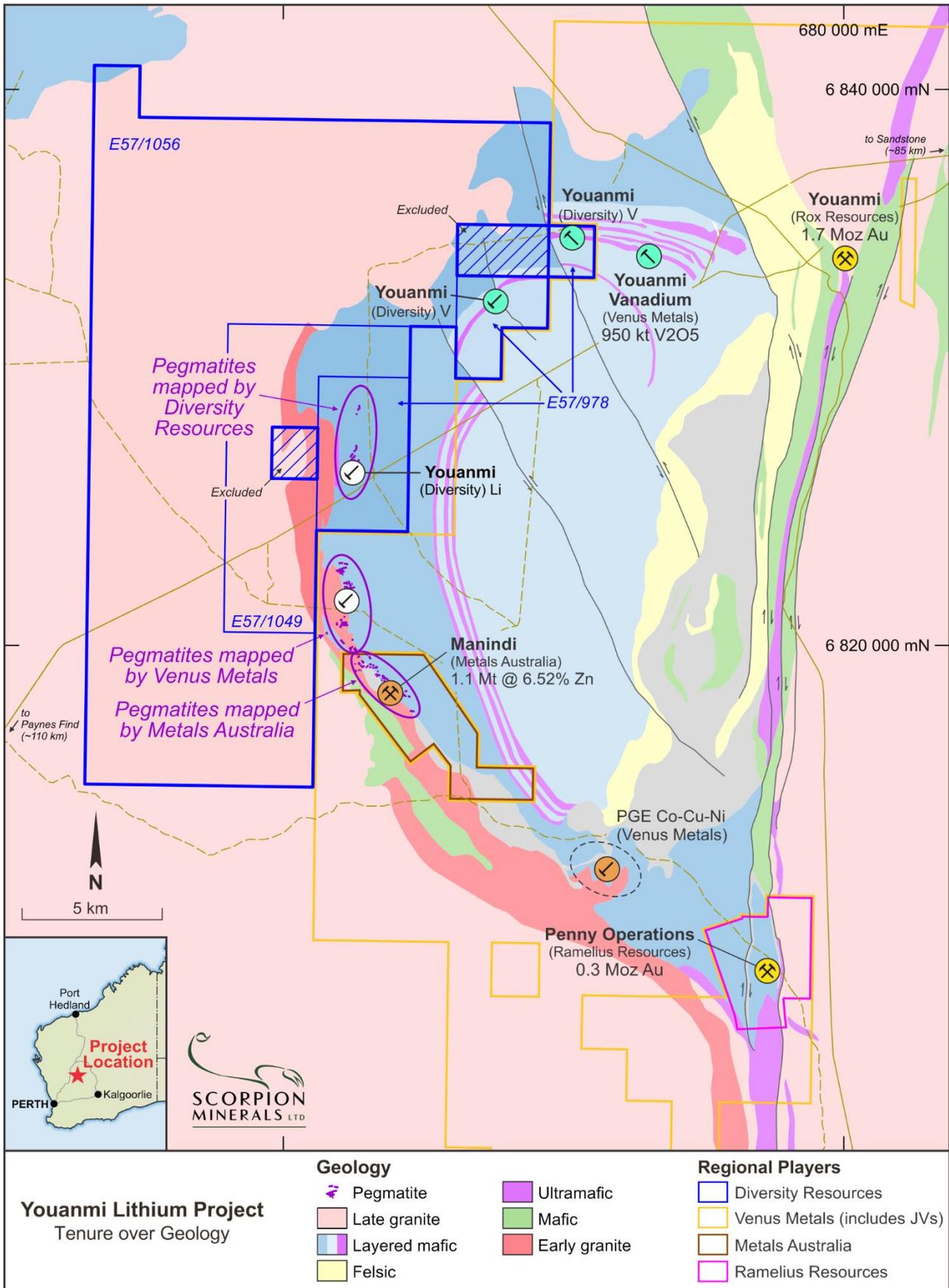


Figure 3: Plan showing Youanmi tenements over simplified geology and adjacent explorers

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 identified via technical review earlier in the year (refer ASX announcement 2 March 2022). The Company also continued evaluation of the gold and base metals targets within the project area.

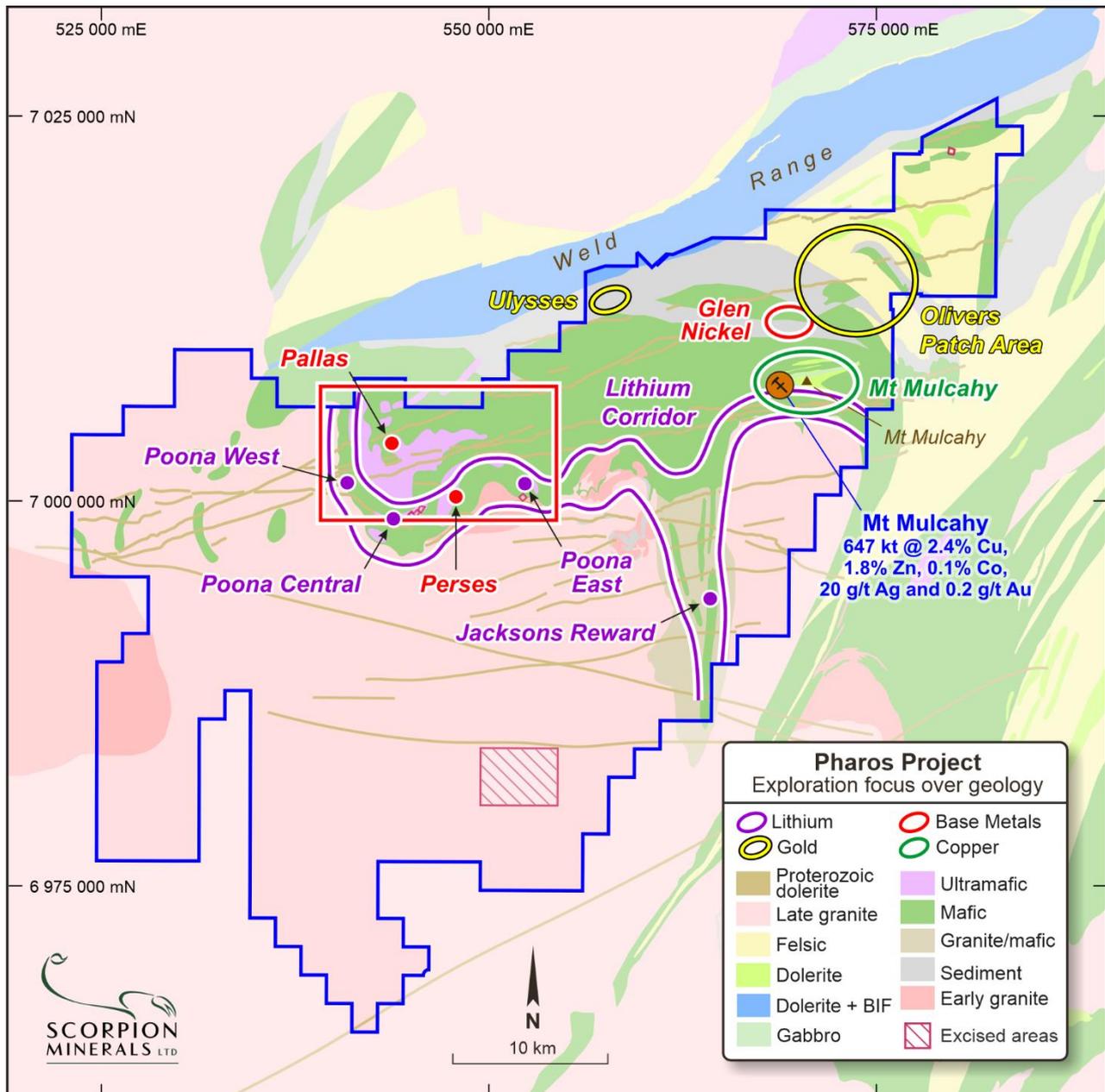


Figure 4: Location of Pharos Project commodity targets

Lithium Targets

During the quarter, initial field reconnaissance confirmed extensive LCT pegmatite swarms at the Poona East and Poona West prospects (refer ASX announcement 20 October 2022).

Activities completed included geological mapping and rock chip sampling, with the aims of determining the lateral extent of the corridor, identifying the potential for additional LCT pegmatites, and obtaining structural information for planning of initial stratigraphic RC drill testing of target areas. Historic RC drill testing at Poona East and Poona West has been limited.

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 northeast (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 Q1 2023, with additional heritage clearing underway to allow access to the expanded pegmatite target area.

Base Metal Targets

The Pharos Project contains the Pallas, Mughal and Perses PGE-Ni-Cu-Co targets plus the Mt Mulcahy Cu-Zn-Ag-Au VMS deposit. Following the PoW approvals outlined above, planning and logistics have been advanced to complete initial drill testing of Pallas and Perses during the coming quarter.

Gold Targets

Further evaluation/planning for follow-up RC and/or diamond drilling was undertaken for the existing gold targets at Oliver's Patch and Ulysses.

Corporate

During the quarter the Company received a cash dividend of \$210,000 from its shareholding in Fenix Resources Ltd (ASX:FEX). Scorpion was issued 4,000,000 fully paid ordinary shares in FEX earlier this year as part consideration for the acceleration of the Farm-in and Joint Venture Agreement between the two parties (refer ASX announcement 9 February 2022).

The Annual General Meeting of the Company was held on 29 November 2022, with all resolutions put to shareholders being passed.

On 22 December 2022, the Company issued 5 million shares to a private exploration company as part consideration for the option to acquire the Youanmi Lithium Project (refer ASX announcement 19 December 2022).

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 \$42,000. This consisted of payments for directors' fees, company secretarial fees and consulting 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 in the East Murchison Mineral Field approximately 450 km north of Perth. Scorpion entered into a binding Option Agreement to acquire the project in December 2022. The project is prospective for lithium, PGE-Ni-Cu, base metal (Zn-Cu-AG-Au), 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 and Pharos 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	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

In addition to the tenements listed above, the Company has entered into a binding Option Agreement to acquire the Youanmi Lithium Project, comprising E57/978, E57/1049 and E57/1056 in the East Murchison Mineral Field of Western Australia (refer ASX announcement 19 December 2022).

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

E20/885	WA	Granted	90	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

➤ *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 2022

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	(387)	(800)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(262)	(540)
1.3 Dividends received (see note 3)	210	210
1.4 Interest received	2	2
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	(437)	(1,128)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	(124)	(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 (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	(124)	(124)
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	(355)	(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	(355)	(359)

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	1,407	2,102
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(437)	(1,128)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(124)	(124)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(355)	(359)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	491	491

5. Reconciliation of cash and cash equivalents		Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	491	1,407
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)	491	1,407

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	42
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>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.</i></p> <p>Payments to Directors for director's fees, company secretarial fees and consulting services.</p>		

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)	(437)
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)	(437)
8.4 Cash and cash equivalents at quarter end (item 4.6)	491
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)	1,816
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.2
<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 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.