



Interim Financial Report

For the half-year ended 31 December 2019

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These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these financial statements are to be read in conjunction with the Annual Report for the year ended 30 June 2019 and any public announcements made by Scorpion Minerals during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

Your Directors are pleased to present their report on the consolidated entity consisting of Scorpion Minerals Limited and the entity it controlled at the end of, or during, the half-year ended 31 December 2019.

DIRECTORS

The names of the Directors who held office during or since the end of the half-year, to the date of this report, are:

Bronwyn Barnes	Non-Executive Director
Carol New	Non-Executive Director
Craig Hall	Non-Executive Director

COMPANY SECRETARY

Carol New	
Kate Stoney	Appointed 2 December 2019

REVIEW OF OPERATIONS

PHAROS GOLD and BASE METALS PROJECT Murchison, WA

In late 2019, Scorpion announced it has agreed terms for an Option to Acquire 100% of two exploration tenement applications from Element 25 (ASX:E25) in the Murchison region of Western Australia (refer Announcement ASX:SCN 7th November 2019 "Option to Acquire Gold and Base Metals Project at Mt Mulcahy"). Applications E20/948 and E20/953 cover 384 km² and are contiguous with 58 km² of granted SCN tenure (E20/931) which contains the Mt Mulcahy copper-zinc volcanic-hosted massive sulphide (VMS) deposit. The two new tenements are to be known collectively as the Pharos Project, where systematic exploration will focus on interpreted structural controls for primarily gold mineralisation associated with NW trending splay structures off the Big Bell Shear, a major regional structure associated with significant gold endowment, including the 5Moz Big Bell gold deposit. The Company's geologists believe there is significant potential for new gold and base metal deposits exists within the expanded project area. The Company has noted several significant historical gold intercepts from Rotary Air Blast (RAB) drilling undertaken by previous companies, including the following high grade intersections from the Lantern prospect, following up on an original 3100 ppb soil sample in the 1990's:

- 2 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

Post half-year end, Scorpion announced the grant of key Pharos Project tenement E20/948 (refer ASX:SCN announcement 21st January 2020 "Grant of Pharos Tenement"), with the Company receiving formal communication of the grant of E20/948 and exercising its option under the terms of the Call Option Agreement by subsequent payment of \$15,000. The tenement now enters a 9-month option period during which Scorpion can exercise the option to acquire 100% of the tenement through a further payment of \$75,000. Also post half-year end, Scorpion announced results on assessment of outcrop and access in the Beacon, Lantern and Candle area within E20/948 (refer ASX:SCN announcement 13th February 2020 "New gold targets discovered at Pharos Project"), where selective rock chip sampling of outcrop, including quartz veins of various orientations in high priority zones was undertaken in early February. Thirty-seven samples were taken for analysis, with eight samples returning anomalous values above 180 ppb and two new zones discovered 400m south of mineralised drilling at Candle, returning maximum values of 2.8 and 2.5 g/t Au respectively. Scorpion has announced an intention to RC drill high grade mineralisation defined to date at Lantern and to test newly discovered zones at Candle and Beacon. The programmes will commence once Heritage clearance and Programme of Works (PoW) approval is granted.

MT MULCAHY COPPER PROJECT

Murchison, WA

The Mt Mulcahy project in Western Australia 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, 16th 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. 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 program.

DABLO Pd-Pt-Au-Ni-Cu PROJECT

Burkina Faso

In early 2018 Scorpion announced that it had entered into an agreement to acquire Scorpion Metals Limited (formally Scorpion Minerals Limited) (refer SCN:ASX announcement 10th January 2018), which holds the rights to enter a 70% joint venture interest in the Dablo exploration project in Burkina Faso, Africa, through Newgenco Exploration (West Africa) Pty Ltd ("NEWA"). The Company has expended funds required to earn a 15% interest in the Dablo Project under the arrangement, successfully discovering a number of new zones of Pd-Pt-Au-Ni-Cu mineralisation through drilling.

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 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 has 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 is considering, without limitation, potential legal remedies that may be available to the Company in relation to Scorpion's rights and interests under the MOA.

Post half-year end, the Company has been advised by legal representatives of NEWA that the Dablo Project tenements lapsed on or about mid-September 2019, 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. Scorpion continues to expressly reserve all its right in regards to this matter, and is considering, without limitation, potential legal remedies against NEWA, and has appointed a litigator to represent the Company.

RESULTS OF OPERATIONS

The Group incurred an after-tax operating loss for the half-year ended 31 December 2019 of \$311,587 (31 December 2018: \$2,356,894).

SUBSEQUENT EVENTS

On 21st January 2020 Scorpion announced the grant of key Pharos Project tenement E20/948 (refer ASX:SCN announcement "Grant of Pharos Tenement"), with the Company receiving formal communication of the grant of E20/948 and exercising its option under the terms of the Call Option Agreement by subsequent payment of \$15,000. The tenement now enters a 9-month option period during which Scorpion can exercise the option to acquire 100% of the tenement through a further payment of \$75,000.

On the 12th March 2020 Scorpion announced the acquisition of two prospecting licences, P20/2252 and P20/2253 (refer ASX:SCN announcement "Tenement Acquisitions Build Pharos Project"). Under the terms of the Agreement, the Company paid a \$1,000 option fee to enter into an exclusive right to purchase the tenements, with an additional consideration of \$10,000 (the exercise fee) within 30 days of an Extension of Term being granted.

On the 13th March 2020 Scorpion announced that the terms of the unsecured loan agreement with entities associated with Mr Michael Fotios had been varied (refer ASX:SCN announcement "Variation to Loan") by an increase of the facility to \$2,500,000 (from \$2,000,000) and extension to the Repayment Term to 31 December 2020.

There are no other matters or circumstances that have arisen since 31 December 2019.

CORPORATE

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of Directors and signed for and on behalf of the Board by:

Bronwyn Barnes
Non-Executive Director



Perth, Western Australia
13 March 2020

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF SCOPRION MINERALS LIMITED

As lead auditor for the review of Scorpion Minerals Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Scorpion Minerals Limited and the entities it controlled during the period.



Neil Smith
Director

BDO Audit (WA) Pty Ltd
Perth, 13 March 2020

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR
ENDED 31 DECEMBER 2019**

		Half Year	
	Note	2019	2018
CONTINUING OPERATIONS			
Other income	2	-	110
Exploration expenses		(110,474)	(29,088)
Finance costs		(47,756)	(177,207)
Impairment of asset		-	(1,622,768)
Other expenses	3	(153,357)	(527,941)
LOSS BEFORE INCOME TAX		(311,587)	(2,356,894)
Income tax expense		-	-
LOSS AFTER INCOME TAX FOR THE HALF YEAR		(311,587)	(2,356,894)
Other comprehensive income for the half year, net of tax		-	-
TOTAL COMPREHENSIVE LOSS FOR THE HALF YEAR ATTRIBUTABLE TO THE OWNERS OF SCORPION MINERALS LIMITED		(311,587)	(2,356,894)
Loss per share attributable to the ordinary equity holders of the Parent			
Basic and diluted (cents per share)		(0.17)	(1.45)

The above statement of profit or loss and other comprehensive income should be read in
conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF
FINANCIAL POSITION AS AT 31
DECEMBER 2019**

	Note	December 2019	June 2019
CURRENT ASSETS			
Cash and cash equivalents		2,109	4,750
Trade and other receivables		141,315	133,025
TOTAL CURRENT ASSETS		143,424	137,775
NON-CURRENT ASSETS			
Capitalised tenement acquisition costs	5	2,060,027	2,060,027
TOTAL NON-CURRENT ASSETS		2,060,027	2,060,027
TOTAL ASSETS		2,203,451	2,197,802
CURRENT LIABILITIES			
Trade and other payables	6	2,021,127	1,859,933
Borrowings	7	1,255,241	1,099,199
TOTAL LIABILITIES		3,276,368	2,959,132
NET ASSETS (LIABILITIES)		(1,072,917)	(761,330)
EQUITY			
Contributed equity	8	19,822,564	19,822,564
Accumulated losses		(21,359,774)	(21,048,187)
Reserves	9	464,293	464,293
TOTAL EQUITY/(DEFICIENCY)		(1,072,917)	(761,330)

The above statement of financial position should be read in
conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Issued Capital	Accumulated Losses	Reserve	Total Equity
CONSOLIDATED				
Balance 1 July 2019	19,822,564	(21,048,187)	464,293	(761,330)
Loss for the half-year	-	(311,587)	-	(311,587)
Total comprehensive loss for the half year	-	(311,587)	-	(311,587)
Shares issued during the period	-	-	-	-
Options issued during the period	-	-	-	-
Balance 31 December 2019	19,882,564	(21,359,774)	464,293	(1,072,917)

	Issued Capital	Accumulated Losses	Reserve	Total Equity
CONSOLIDATED				
Balance 1 July 2018	18,814,564	(18,403,955)	-	410,609
Loss for the half-year	-	(2,356,894)	-	(2,356,894)
Total comprehensive loss for the half year	-	(2,356,894)	-	(2,356,894)
Shares issued during the period	1,008,000	-	-	1,008,000
Options issued during the period	-	-	464,293	464,293
Balance 31 December 2018	19,822,564	(20,760,849)	464,293	(473,992)

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Note	Half-year	
		2019	2018
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(110,927)	(139,227)
Interest received		-	110
Interest paid		(5,857)	-
Net cash outflow from operating activities		(116,784)	(139,117)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash on acquisition of subsidiary		-	2,630
Net cash inflow/(outflow) from investing activities		-	2,630
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	7	114,143	111,568
Net cash inflow/(outflow) from financing activities		114,143	111,568
Net increase in cash and cash equivalents		(2,641)	(24,919)
Cash and cash equivalents at the beginning of the half-year		4,750	28,464
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR		2,109	3,545

The above statement of cash flows should be read in
conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

Statement of compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any public announcements made by Scorpion Minerals Ltd during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2019 annual financial report for the financial year ended 30 June 2019 with the exception of the changes outlined in 'Changes of Accounting Policies'. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going concern

The Group incurred a net loss of \$311,587 (31 December 2018: \$2,356,894) and incurred net cash outflows from operating activities of \$116,784 for the half year ended 31 December 2019 (31 December 2018: \$139,117 outflow). As at 31 December 2019, the group had a working capital deficiency of \$3,132,944 (30 June 2019: \$2,534,019) and a deficiency of assets to liabilities of \$1,072,917 (30 June 2019: \$761,330), trade and other payables of \$2,021,127 (30 June 2019: \$1,859,933) and borrowings of \$1,255,241 (30 June 2019: \$1,099,199). As at reporting date the Group had a cash balance of \$3,041. At the date of this report the majority of the current trade and other payables are overdue.

From the \$2,021,127 in trade and other payables outstanding at reporting date, \$1,242,492, are owed to related parties and internal creditors and \$778,635 are owed to external creditors. From the \$1,255,241 in borrowings outstanding at reporting date, \$1,246,115 are owed to related parties and \$9,126 are owed to external parties.

The ability of the Group to pay its debts as and when they become due is dependent upon:

- the group's continued ability to call upon the undrawn portion of the loan facility entered into with former director, Mr Michael Fotios and his associated entities and that loans drawn at 31 December 2019 will not be called for repayment until the Group is in a financial position to make repayment; and
- in addition to any financing provided under the terms of the loan agreement referred to above, further capital raisings being undertaken;
- the Group's continued support from related party and other creditors; and
- negotiating continued deferred terms of repayment with overdue third-party creditors.

These conditions indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

The Directors believe that there are sufficient funds available to continue to meet the Group's working capital requirements as at the date of this report. The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- As at 31 December 2019 the undrawn loan balance available to the Company with Mr. Fotios and his associated entities was \$404,000. On the 13th March 2020 the Company announced a further increase in the facility of \$500,000.
- letters of confirmation have been obtained in relation to related party creditors (refer Note 6) totalling \$1,320,780 and related party borrowings (refer Note 7) totalling \$1,246,115 confirming that they do not expect repayment until such

time that Scorpion Minerals Limited have received the necessary funds for repayment and such a repayment would not impair Scorpion Minerals Limited to continue as a going concern;

- The Directors have informally agreed to defer payment of their fees until such time as the Group's financial position is improved. One Director has agreed to accept part of their fees in shares;
- the Board is confident that the remaining liabilities not covered by deferment agreements are able to be settled in an orderly fashion, and at the date of this financial report, there are no statutory demands against the Company in respect of any outstanding liabilities; and
- the directors are actively searching for new opportunities and projects for the Company, and are confident that they will be able to achieve this in the near future
- The Company has the full capacity (Listing Rule 7.1 and 7.1A) to raise funds via a share placement

Should the Group not be able to achieve successful outcomes with the above matters, including renegotiation of terms with third party creditors, there is significant uncertainty whether the Group may be able to continue as a going concern, and therefore it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Significant accounting judgments and key estimates

The preparation of the interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2019.

Changes in accounting policy

A number of new or amended standards became applicable for the current reporting period for which the Group has adopted

- AASB 16 Leases

The new accounting policies are disclosed below. There is no impact on the Group for the period ended 31 December 2019, because all the leases that the Group is subject to as a lessor meet that accounting standard's exemptions for either low-value, or short-term leases

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Adoption of new and revised accounting standards

In the half year ended 31 December 2019, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2019. It has been determined by the Group that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

	Half-Year	
	31 December 2019	31 December 2018
	\$	\$
NOTE 2: OTHER INCOME		
Revenue		
Interest received	-	110
	-	110

NOTE 3: OTHER EXPENSES		
Other expenses		
Other administrative expenses	(42,546)	(28,974)
External professional fees	(49,934)	(130,276)
Directors Fees	(45,000)	(47,000)
Share based payments	-	(302,800)
ASX fees	(15,877)	(18,891)
	(153,357)	(527,941)

NOTE 4: SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group does not have any operating segments with discrete financial information. The group does not have any customers, and all the group's assets and liabilities are located within Australia.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

NOTE 5: CAPITALISED EXPLORATION EXPENDITURE

	31 December 2019	30 June 2019
	\$	\$
Capitalised exploration and evaluation		
Opening net book amount	2,060,027	2,060,027
Closing net book amount	2,060,027	2,060,027

Ultimate recoupment of exploration expenditure carried forward is dependant on successful development and commercial exploitation, or alternatively, sale of the respective areas.

NOTE 6: TRADE AND OTHER PAYABLES - UNSECURED

Trade payables	752,235	765,668
Director and former director related entities creditors	1,025,992	873,137
Accrued expenses	15,000	32,228
Accrued directors' fees and remuneration	216,500	177,500
Payroll liabilities – accrued superannuation	11,400	11,400
	2,021,127	1,859,933

NOTE 7: BORROWINGS - UNSECURED

	31 December 2019	30 June 2019
	\$	\$
Loans from non-related parties	9,126	8,952
Loans from related parties(1)	1,246,115	1,090,247
	1,255,241	1,099,199

1. Reconciliation of carrying amount of related party loans

Opening amount	1,090,247	354,297
Reclassified as other borrowings	-	(8,952)
Drawdowns during the year	114,143	167,164
Loans assumed on acquisition of subsidiary	-	868,982
Interest accrued	41,725	80,946
Interest repaid in shares during the year	-	(28,017)
Repayments in shares during the year	-	(344,173)
Closing drawdown balance	1,246,115	1,090,247

On 27 September 2018 and 18 October 2018, the Company announced that the terms of the unsecured loan agreement it had entered into with Mr Michael Fotios and associated entities on 26 October 2017, had been varied as follows:

- The facility limit was increased to \$2,000,000;
- Interest (on a simple interest basis) is payable at 8%;
- At any time after 16 October 2018, should the VWAP of the Company's ordinary shares exceed \$0.25 per share over a continuous 30 day period, then the Company may elect to repay the loan balance (including any accumulated interest) in cash or shares (subject to shareholder approval).

The undrawn loan balance available to the Company from Michael Fotios and associated entities as at 31 December 2019 amounts to \$404,000. On the 13th March 2020 the Company announced a further increase in the facility of \$500,000.

NOTE 8: ISSUED CAPITAL

	2019	
Issued Capital	Number	\$
Fully paid ordinary shares	177,024,525	17,762,702
Shares to be issued	11,000,000	2,200,000
Capital raising costs	-	(140,138)
	188,024,525	19,822,564

NOTE 9: OPTION RESERVE

	31 December 2019	30 June 2019
	\$	\$
Balance at beginning of period	464,293	2,629,621
Transfer to retained earnings on expiry of options	-	(2,629,621)
Issued during the period	-	464,293
Balance end of period	464,293	464,293

NOTE 10: CONTINGENCIES

At 31 December 2019, there were \$752,235 trade creditors and borrowings of \$9,126 included in current liabilities which were outside their agreed terms of repayment.

The Directors have and will continue to enter into repayment plans with their long outstanding third-party creditors. The Directors believe this will not have an effect on the Group's ability to continue as a going concern as detailed further in Note 1.

The Directors are of the opinion that there are no material contingent liabilities or contingent assets of the Group at reporting date (30 June 2019: nil).

NOTE 11: COMMITMENTS

There have been no changes in commitments from 30 June 2019.

NOTE 12: DIVIDENDS

There were no dividends paid during the half-year ended 31 December 2019 (30 June 19: Nil).

NOTE 13: SUBSEQUENT EVENTS

On 21st January 2020 Scorpion announced the grant of key Pharos Project tenement E20/948 (refer ASX:SCN announcement "Grant of Pharos Tenement"), with the Company receiving formal communication of the grant of E20/948 and exercising its option under the terms of the Call Option Agreement by subsequent payment of \$15,000. The tenement now enters a 9-month option period during which Scorpion can exercise the option to acquire 100% of the tenement through a further payment of \$75,000.

On the 12th March 2020 Scorpion announced the acquisition of two prospecting licences, P20/2252 and P20/2253 (refer ASX:SCN announcement "Tenement Acquisitions Build Pharos Project"). Under the terms of the Agreement, the Company paid a \$1,000 option fee to enter into an exclusive right to purchase the tenements, with an additional consideration of \$10,000 (the exercise fee) within 30 days of an Extension of Term being granted.

On the 13th March 2020 Scorpion announced that the terms of the unsecured loan agreement with entities associated with Mr Michael Fotios had been varied (refer ASX:SCN announcement "Variation to Loan") by an increase of the facility to \$2,500,000 (from \$2,000,000) and extension to the Repayment Term to 31 December 2020.

There are no other matters or circumstances that have arisen since 31 December 2019.

NOTE 14: RELATED PARTY TRANSACTIONS

During the half-year ended 31 December 2019, Delta Resource Management, an entity associated with former Director Michael Fotios, made loans totalling \$114,143 to the Company. Delta Resource Management has provided confirmation it will not call upon any outstanding payable balance and will provide funding as is required by the Company to pay its debts as and when they fall due, unless Scorpion Minerals Limited is in the position to repay the amount.

Refer to Note 6 and Note 7 regarding related party creditor and loan balances outstanding at 31 December 2019.

There are no other changes to related party transactions since the last reporting date.

DIRECTORS DECLARATION

In the Directors' opinion:

1. The financial statements and notes set out on pages 5 to 13 are in accordance with the *Corporations Act 2001*, including
 - (a). complying with the *Corporations Regulations 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting* and other mandatory professional requirements of the Group; and
 - (b). giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
2. There are reasonable grounds to believe that Scorpion Minerals Limited will be able to pay its debts as and when they become due and payable

This declaration is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors by:

Bronwyn Barnes
Non-Executive Director



Perth, Western Australia
13 March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Scorpion Minerals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Scorpion Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Neil Smith', with a stylized flourish at the end.

Neil Smith

Director

Perth, 13 March 2020