



SCORPION MINERALS LIMITED

ASX ANNOUNCEMENT

30 April 2020

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2020

Scorpion Minerals Limited (ASX: SCN) provides the following review of activities for the quarter ended 31st March 2020.

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

The Company has an Option to Acquire 100% of two exploration tenement applications (E20/948 and E20/953) from Element 25 (**ASX:E25**) (refer Figures 1 & 2); with E20/948 recently granted. E20/948 and application E20/953- together the Pharos Project- cover 384 km² and are contiguous with 58 km² 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, 2 & 3) at the 'South Limb Pod' (SLP).

During the quarter, the Company exercised its option on E20/948 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.

During the quarter, the Company also finalised an agreement with local indigenous prospector Mr Terry Little for the acquisition of tenements P20/2252 and P20/2253 (refer Figures 3 & 4) which are the only internal tenements to the Company's existing Pharos Project area in the Murchison, WA. These tenements have historically produced significant occurrences of gold, mainly in the form of large alluvial nuggets. The most significant of these was a large nugget of around 800 grams (25oz.) from P20/2252 (refer Image 1 below) discovered by Mr Little.

The Company is encouraged by the presence of both large alluvial nuggets and historical workings in the vicinity of the known prospects at the Pharos Project and considers them an obvious proxy for a highly relevant gold geochemical signature. The tenements fall within a broad area of workings colloquially known as 'Oliver's Patch' (refer Figure 3 & 4), where prospectors have historically focussed on quartz vein with shallow shafts and drives. Only one shallow, wide-spaced regional drill line has been undertaken in the vicinity of these workings. 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 (the tenements are due for renewal on the 11th July 2020). Mr Little will retain alluvial rights to the tenements. The consideration will be payable within 7 days of signing formal binding legal agreements to transfer title.

BOARD OF DIRECTORS

Ms Bronwyn Barnes
Non-Executive Director

Mr Craig Hall
Non-Executive Director

Ms Carol New
*Non-Executive Director,
Joint Company Secretary*

Ms Kate Stoney
Joint Company Secretary

SCORPION MINERALS LIMITED

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Image 1 –Photographs of single gold nugget (broken up into three pieces upon excavation) retrieved from P20/2252 by Mr Terry Little (matchbox provides scale in first photo). Nugget weight was approximately 800gm (25 oz) pers. comm. T. Little

The Company has recently discovered additional gold targets at surface west of the Lantern Prospect (refer Figure 4) at the Candle and Beacon Prospects, and is planning a regional sampling and mapping programme to cover the Oliver’s Patch area in the current quarter.

Sampling at Candle confirm two mineralised vein sets 100m apart, with the western zone recording a maximum rock chip assay of 2.5 g/t Au, and the eastern zone 2.8 g/t Au. Both zones are 400 metres south of a historically reported mineralised RAB intersect of 4m @ 2.65 ppm Au from 28m to end. Sampling at Beacon Prospect returned anomalous samples from gossanous material, with a maximum assay of 0.84 g/t Au. Interpreted mineralisation controls at Lantern, Candle and Beacon were confirmed and drill planning commenced for RC drilling of priority targets

A detailed review of historic exploration data found no record of previous sampling of these outcrops. A short line of vertical RAB drilling on 100m centres some 60m south failed to intersect the mineralised structures (refer Figure 4). The western zone (maximum assay 2.5 ppm Au) in particular appears of a significant scale, with outcrop and subcrop outlined for at least 100m, with quartz stockworking and wall-rock alteration consistent with a zone of gold-bearing material up to 5m in width observed at surface. Wall rock alteration with quartz veining was also a feature of the eastern zone, which returned a maximum assay of 2.8 ppm Au. The Beacon target zone some 1.5km east is also inadequately tested by three historical north-oriented RAB holes drilled outside of the structural trend.

At Lantern, the Company could confirm that historical north-west oriented follow-up RAB drilling was oriented exactly parallel to the mineralised trend at Lantern, and extremely unlikely to test the mineralised zones encountered in earlier drilling.

The Company considers that the Beacon, Candle and Lantern 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.

Planning of an initial estimated 22 hole (2200m) RC drilling programme at the Pharos Project is ongoing, and includes several lines on a 40m x 40m grid to around 100m depth to define the high-grade mineralisation defined-to-date at Lantern and test the newly discovered zones at Candle and Beacon, along with selected workings within Oliver's Patch. Programme of Works (PoW) approval for the drilling has been granted by the Mines Department, but the Company is unable to progress Heritage clearance with the Heritage Service Provider in the current CoViD-19 situation. The Company is currently assembling available historical clearances from previous operators.

General Discussion of Mineral Potential of Pharos Project

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**

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 2), a major regional structure associated with significant gold endowment, including the 5Moz Big Bell gold deposit (refer Figure 1). The Company believes that significant potential for new gold and base metal deposits exist within the expanded project area.

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 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 3). 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, focusing on high priority targets.
4. Follow up RC drilling of historic drill intercepts at Lantern, Candle, Beacon, Oliver's Patch Mustang Sally, Ulysses and Laterite Hill.

MT MULCAHY COPPER PROJECT
Murchison, WA

Geology Discussion

The Mt Mulcahy project in Western Australia (Refer Figures 1, 2 & 3) 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. 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.

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 this 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

SCORPION MINERALS LIMITED

Dablo Pd-Pt-Au-Ni-Cu Project, Burkina Faso

Scorpion has previously announced (refer SCN:ASX announcement 10th January 2018) that it has entered into an agreement to acquire Scorpion Minerals Limited, which holds the rights to enter a 70% joint venture interest in the Dablo exploration project in Burkina Faso, Africa, 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.

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 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.

During the quarter, the Company was 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; who have requested documents from NEWA in relation to this matter. A formal response from legal representatives of NEWA remains outstanding at the time of writing.

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

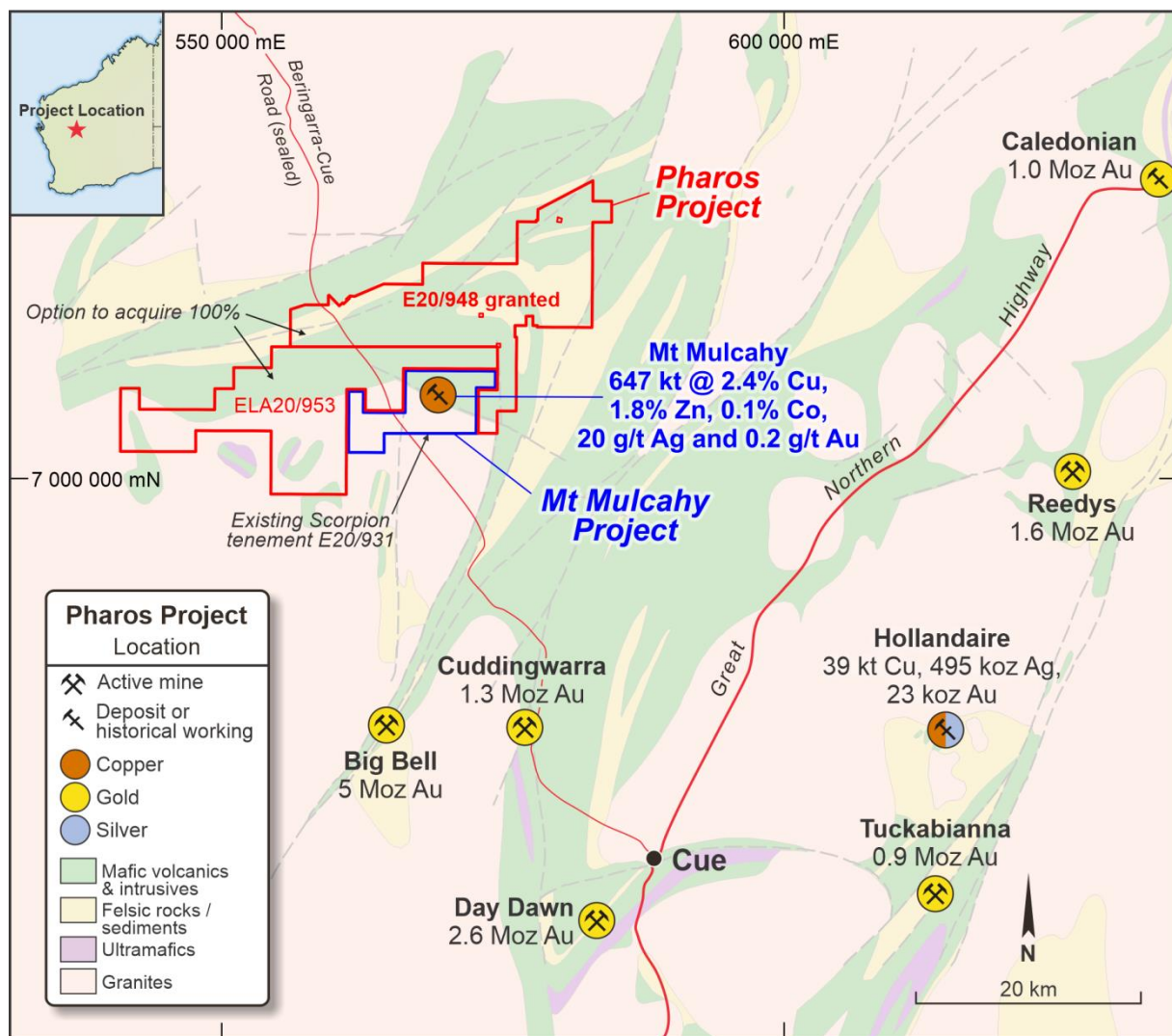


Figure 1 – Location of Mt Mulcahy Project and Regional Resources in Murchison area, WA

Competent Persons Statement

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.

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.

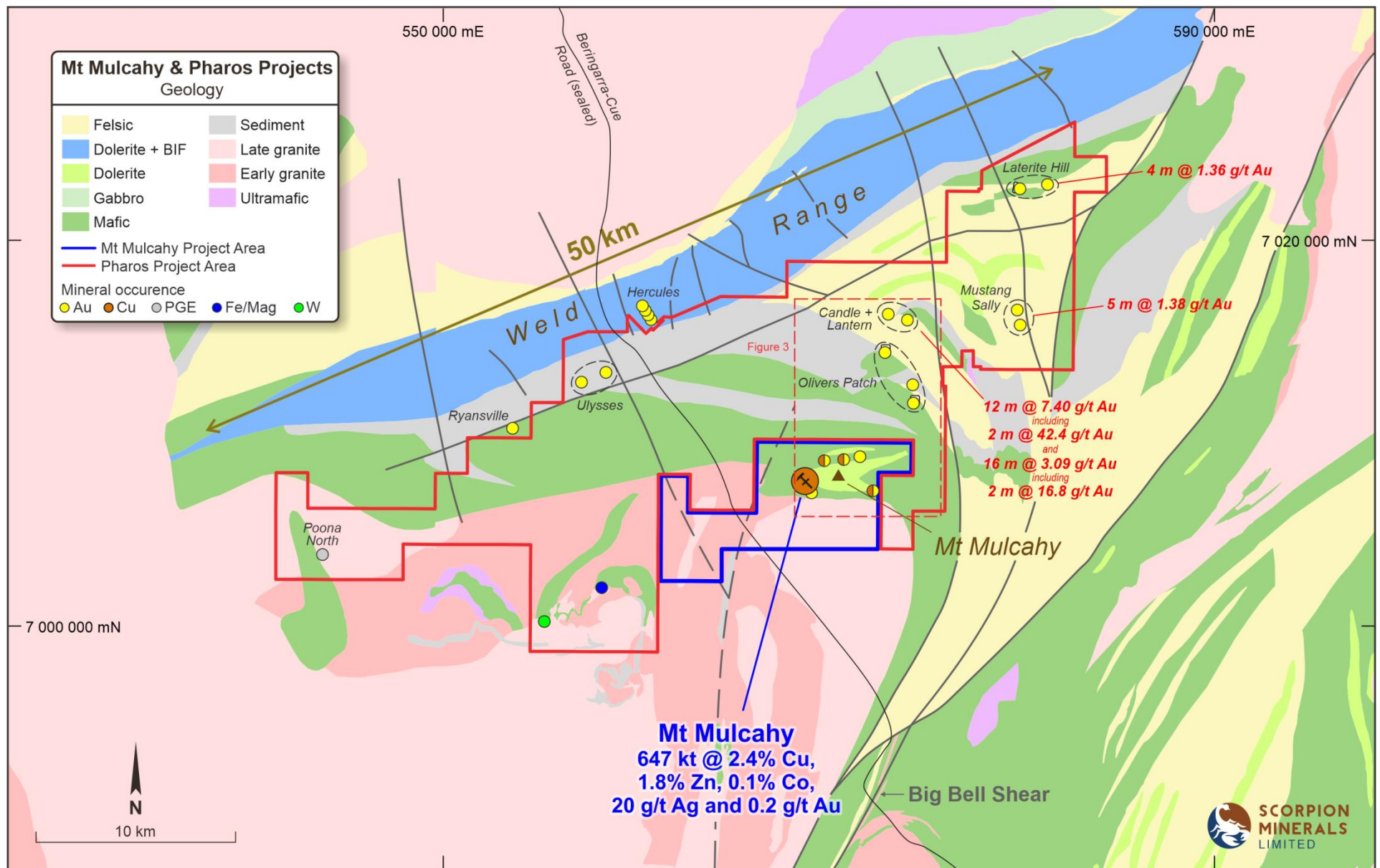


Figure 2 – Location of Pharos Project in relation to Mt Mulcahy, with known mineral occurrences and drilling highlights (refer ASX:SCN release 7/11/2019)

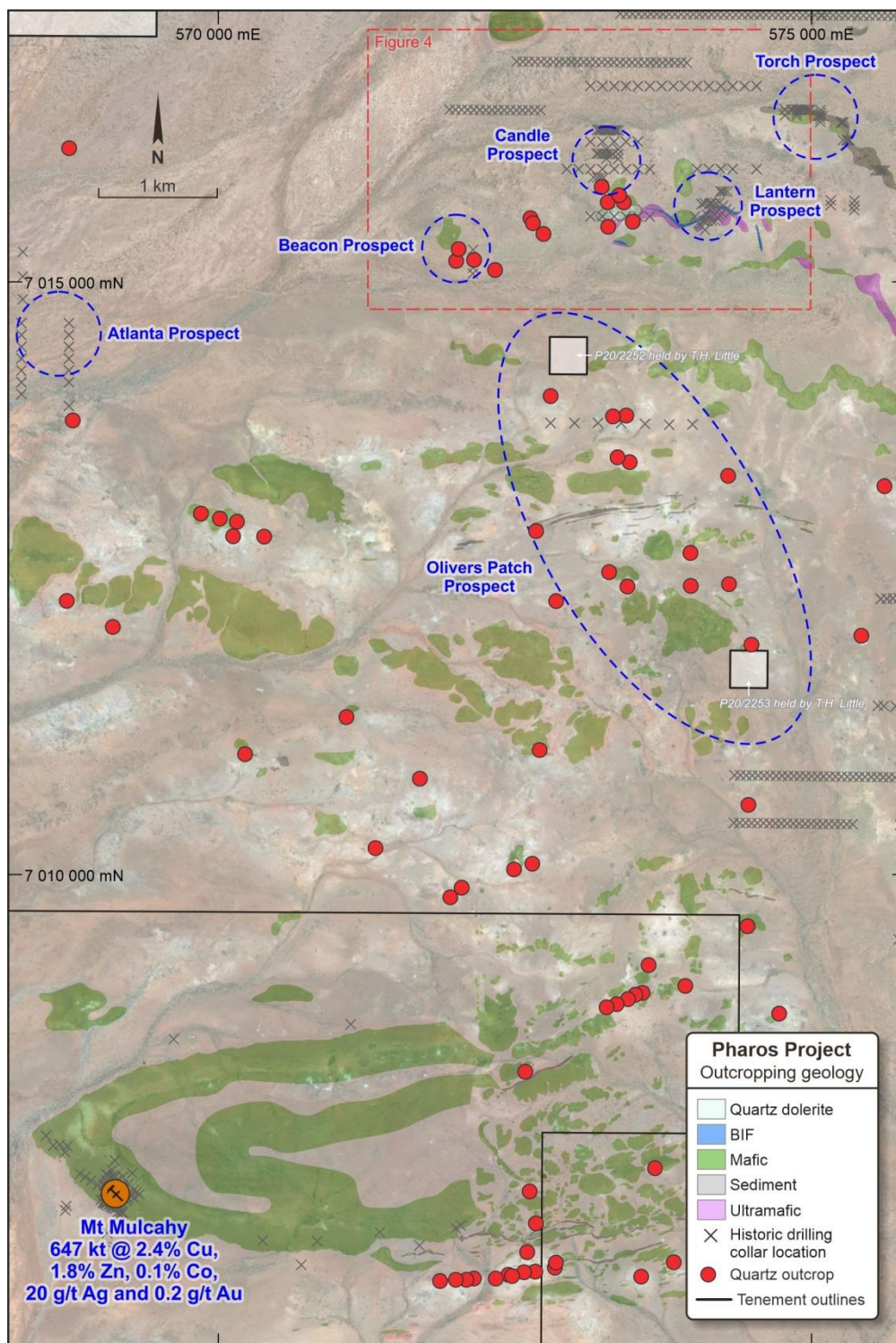


Figure 3 – Location of Advanced Prospects in relation to Mt Mulcahy, with Figure 5 inset

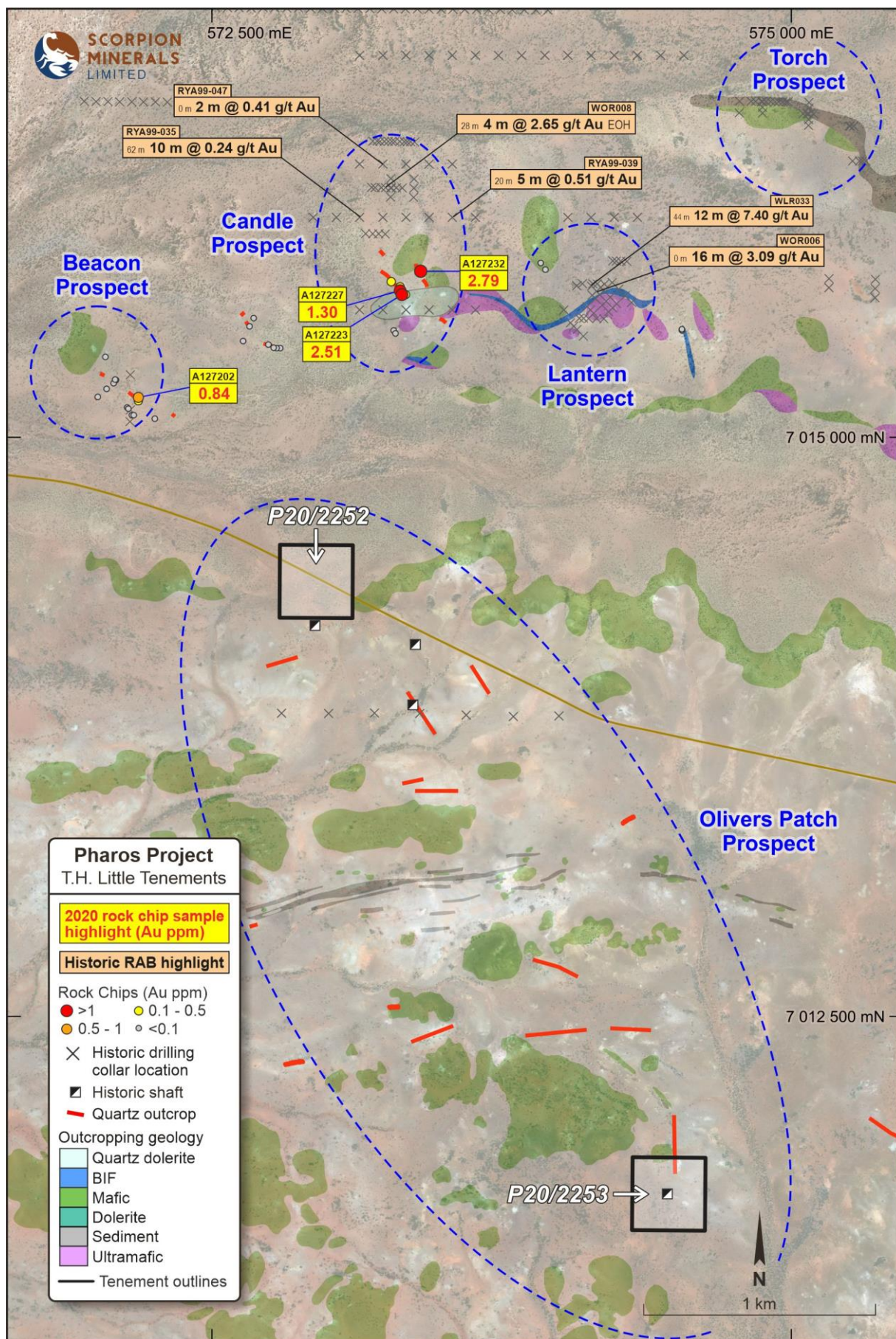


Figure 4 – Location of Tenements subject to option to purchase with Mr Terry Little. Road access denoted in brown

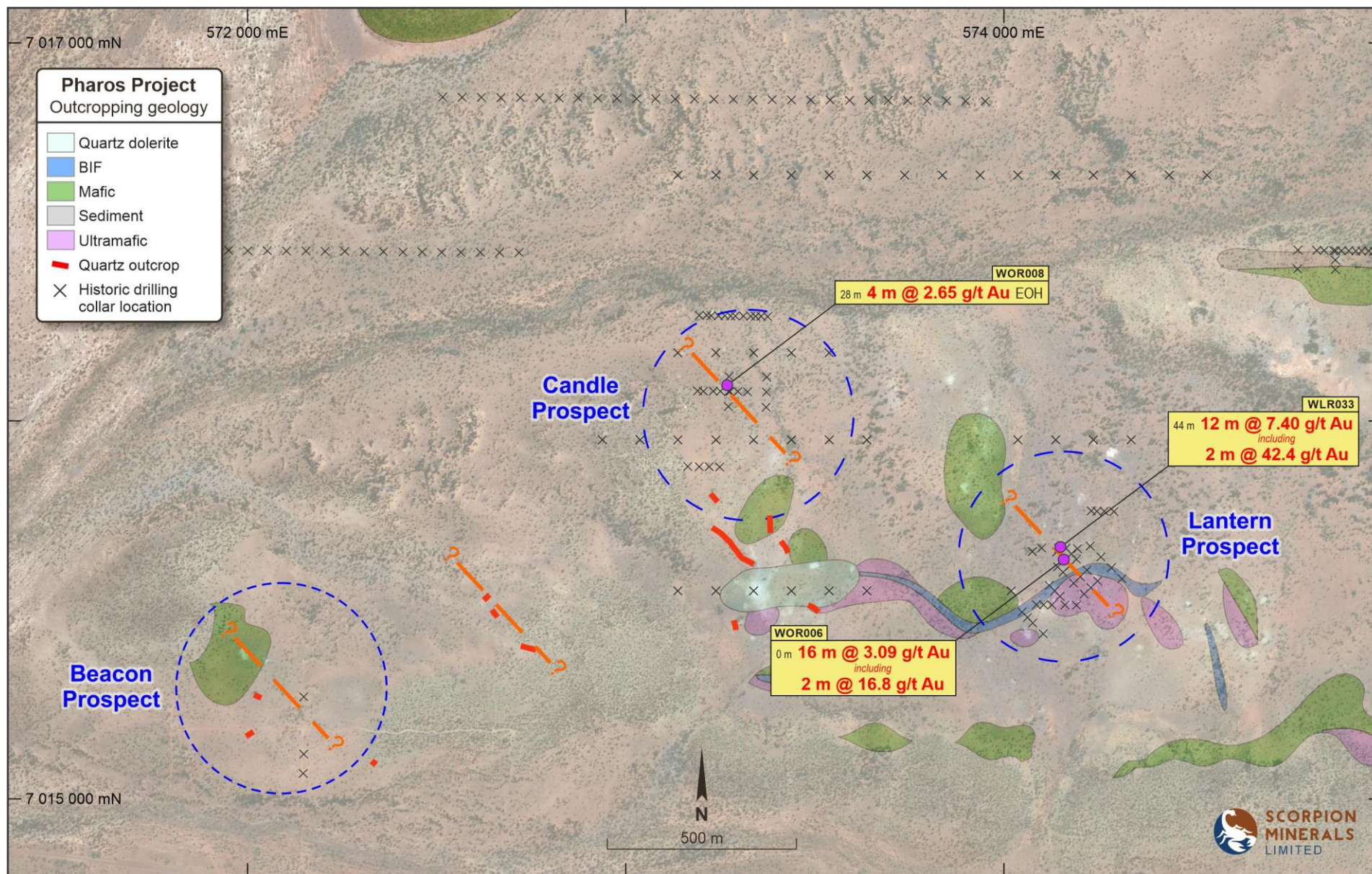


Figure 5 – Lantern and Candle Prospects showing Significant Historic Drilling Results, with geology after Newcrest 1999. Interpreted NW trend in orange

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	Pegasus Metals Ltd
P51/3016	WA	Application	100	Pegasus Metals Ltd
P51/3017	WA	Application	100	Pegasus Metals Ltd
E20/948	WA	Granted	0%*	Element 25
E20/953	WA	Application	0%	Element 25

- *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*

*Commenced 9 month option period for E20/948

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

Nil

** as per Pharos Project (Yallon and Sunday Well) Call Option Agreement Summary*

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

Scorpion Metals Limited

ABN

40 115 535 030

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(18)	(60)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(42)	(102)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	(5)	(5)
1.9 Net cash from / (used in) operating activities	(65)	(167)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	104	203
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	104	203

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2	5
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(65)	(167)
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)	104	203
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	41	41

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	41	2
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)	41	2

6. Payments to directors of the entity and their associates

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

Current quarter \$A'000
-
-

N/A

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

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

Current quarter \$A'000
-
-

N/A

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	2,500	1,700
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	40
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	60
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	100

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

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 30 April 2020
(Director/Company secretary)

Print name: Kate Stoney

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.