# ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2020

**Scorpion Minerals Limited (ASX: SCN)** provides the following review of activities for the quarter ended 30 September 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**); which forms the basis for the Pharos Project (refer Figures 1 & 2)- covering 384 km$^2$ of prospective ground contiguous with 58 km$^2$ of granted SCN tenure (E20/931), containing the Mount Mulcahy copper-zinc volcanic-hosted massive sulphide (VMS) deposit.

Post-quarter end, the Company has activated the call option agreement and purchase agreement for E20/948, which requires ministerial approval for the transfer of title within the first year of grant. The Company and E25 have exchanged formal confirmation of exercise and are facilitating this transfer, with E25 advising at the time of writing that ministerial consent to transfer E20/948 under section 64 (1) (b) of the Mining Act 1978 (WA) and Regulation 36(c) had been received.

The Company has also recently applied for exploration licence E20/962 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 E20/962 (Choallie Creek) is approximately 200km$^2$ and will bring the total contiguous package under the control of the Company in this highly prospective region, including Mt Mulcahy, to over 640km$^2$.

During the quarter the Company announced (*refer ASX:SCN "High Grade Gold Rock Chips - Pharos Project"* released 9 July 2020) results of rockchip sampling undertaken by Company geologists. 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 2 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 Figures 3, 6 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 **7.5 g/t Au**, and an approximate average value of **2.1 g/t Au** over approximately 5m length (refer Figures 3, 6 and photo 1). At Cap Lamp, the Company also compiled additional historical drilling results which include Rotary Air Blast (RAB)

For personal use only

SCORPION MINERALS LIMITED

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
ABN 40 115 535 030
24 Mumford Place
Balcatta WA 6021
T: +61 8 6241 1877
F: +61 8 6241 1811
www.scorpionminerals.com.au

drilling highlights of **2m @ 5.5 g/t Au** from 18m and various anomalous results (refer Table 3 for a complete list of historical 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 6). Additional anomalous results were returned from stoped quartz veins at Olivers Patch (maximum assay **3.0 g/t Au)**, and from a working on P20/2253, where sampled material returned a maximum value of **1.2 g/t Au**.

The Company subsequently commenced Phase 1 exploration drilling on E20/948 (*refer ASX:SCN "Commencement of Drilling - Pharos Project"* released 31st August 2020, with 28 Reverse Circulation (RC) Holes completed for 2,482m, drilling to a maximum depth of 174 m across 7 separate prospects within E20/948 (refer Figure 3, and Table 2), and has released results for first 4 holes received. The laboratory has advised that they were experiencing significant industry demand and whilst they are operating at maximum capacity, delays to normal sample turnaround may be expected.

The Company received assay results for the first four holes completed in the programme, BCRC001-002 at Beacon, and LTRC004-5 at Lantern, and reported to the market on. A significant shallow result of **7m @ 8.33 g/t A**u from 4m was returned from drillhole LTRC004, including **3m @ 18.0 g/t Au from 4m.** (refer Figures 4, 5 and Table 1 for a complete list of available results).

**Lantern Prospect Drilling Discussion**

The Lantern prospect includes significant intersects previously recorded by Rotary Air Blast (RAB) drilling of:

- **12m @ 7.4 g/t Au, including 2m @ 42.4 g/t Au**; and
- **16m @ 3.1 g/t Au, including 2m @16.8 g/t Au**.

In an effort to better define this mineralisation, six RC holes (LTRC001-006) for 696 m were completed by the Company on two East-West sections 40m apart. Drilling defined a significantly weathered profile oxidised to around 75m depth, with primary rock around 10-15m further down. Remnant quartz veins were relatively abundant in the oxide sequence, which primarily consisted of hematite and limonite-rich clays. Primary rocks were typically dolerite, with sheared/altered counterparts. Drilling was targeting a regional 145° - 155° shear foliation with local sub-parallel quartz veining, crosscutting a stratigraphic sequence of dolerite with thin (ca. 1-3m width) intercalated Banded Iron Formation (BIF) horizons mapped at orientations between 080° and 140° within the wider prospect area. One hole, LTRC002, was abandoned at 96m within the targeted mineralisation zone after the hole lost circulation due to proximal historical drilling, and the drill bit and hammer subsequently silted up upon re-entry. The hole was abandoned within an altered sulfide-mineralised margin of a BIF horizon. The next hole in the section, LTRC006, intersected 20m downhole length of BIF, and was completed to 174m depth.

Results from LTRC004 and LTRC005 were received, including a significant result of **7m @ 8.33 g/t Au from 4m,** including **3m @ 18.0 g/t Au from 4m** was returned from drillhole LTRC004 (refer Figures 4 and 5). Initial results are not well understood, and further details, including additional analysis- particularly arsenic assays which are helpful in establishing the mineralisation/shear controls, are awaited.

**Beacon Prospect Drilling Discussion**

The Beacon prospect was defined on the back of two anomalous rockchip samples to a maximum value of 0.84 g/t Au earlier this year (refer Figures 3,4), and surface nugget distribution in the proximal area. Two RC holes for 200m were drilled 40m apart as an initial test of a larger planned East-West traverse to be extended further to the west. Drilling encountered a variably silicified and veined west-dipping shear, within a strongly carbonate-altered dolerite. Results from the first two holes were disappointing, with no significant results returned. However, the Company's geologists were encouraged by the intensity and style of alteration, which they considered prospective for proximal gold mineralisation.

For personal use only

For personal use only

**Phase 2 RC Drilling Discussion**

Post-quarter end, to take advantage of drill rig availability, the Company announced (refer *ASX:SCN "Phase 2 RC Drilling Commenced- Pharos Project"* released 8 October 2020) it had brought forward its planned second Phase RC drilling, which allowed for an additional 2,500m of follow up exploration .

At the time of writing, the Phase 2 drilling had been halted, with 21 holes completed for 2008m drill advance. Phase 2 drilling included additional drilling at Cap Lamp, Lantern, Candle, Salt Flat and Olivers Patch, and initial drilling across additional workings in the area such as Terrys South and north of Maguires Reward (refer Figure 3). Samples have been submitted to the laboratory requesting an aqua regia digestion in an effort to expedite results and geological understanding, with anomalous samples to be re-analysed by fire assay.

*For additional background on Pharos Project information please refer to ASX releases:*

*25/6/2020 "Pharos Project Exploration Update"*
*9/7/2020 "High Grade Gold Rock Chips - Pharos Project"*
*13/8/2020 "Drilling to Commence – Pharos Project"*
*31/8/2020 "Commencement of Drilling - Pharos Project"*
*28/9/2020 "High Grade Gold Confirmed at Lantern - Pharos Project"*
*8/10/2020 "Phase 2 RC Drilling Commenced- Pharos Project"*

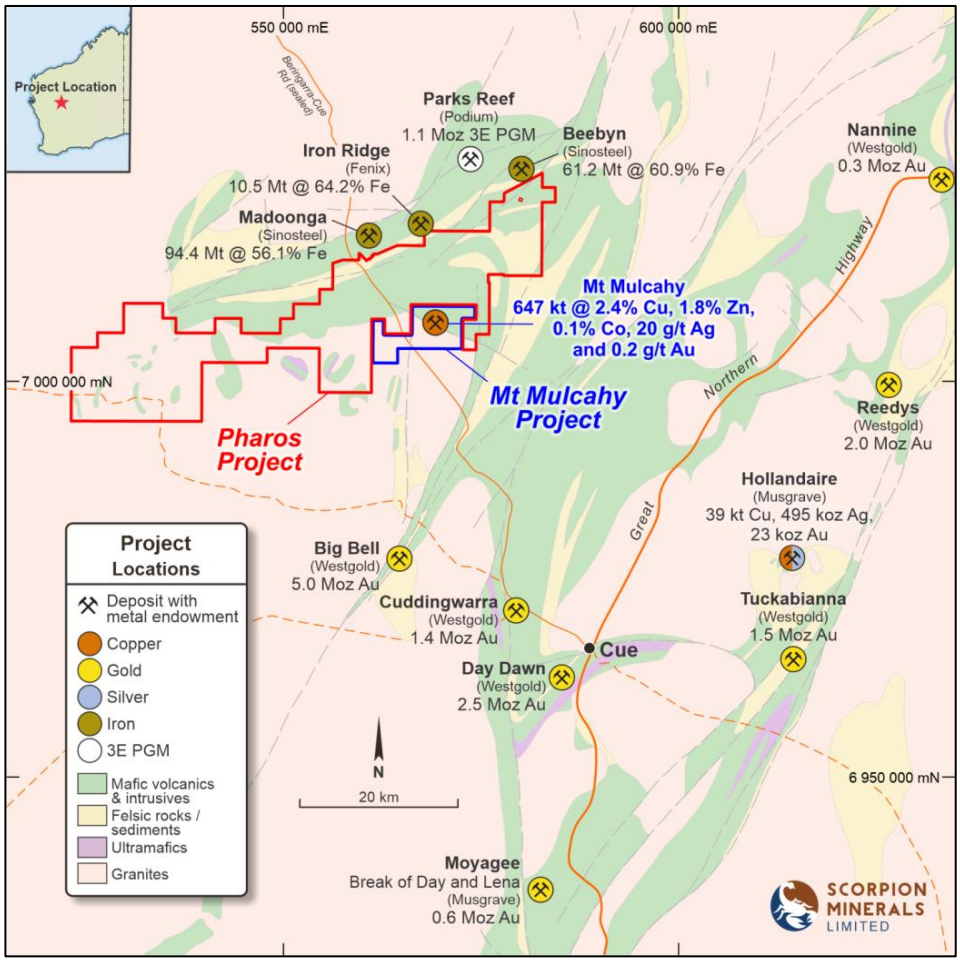



***Figure 1 – Location of Pharos and Mt Mulcahy Project in Murchison area, WA, highlighting regional mineral endowment***

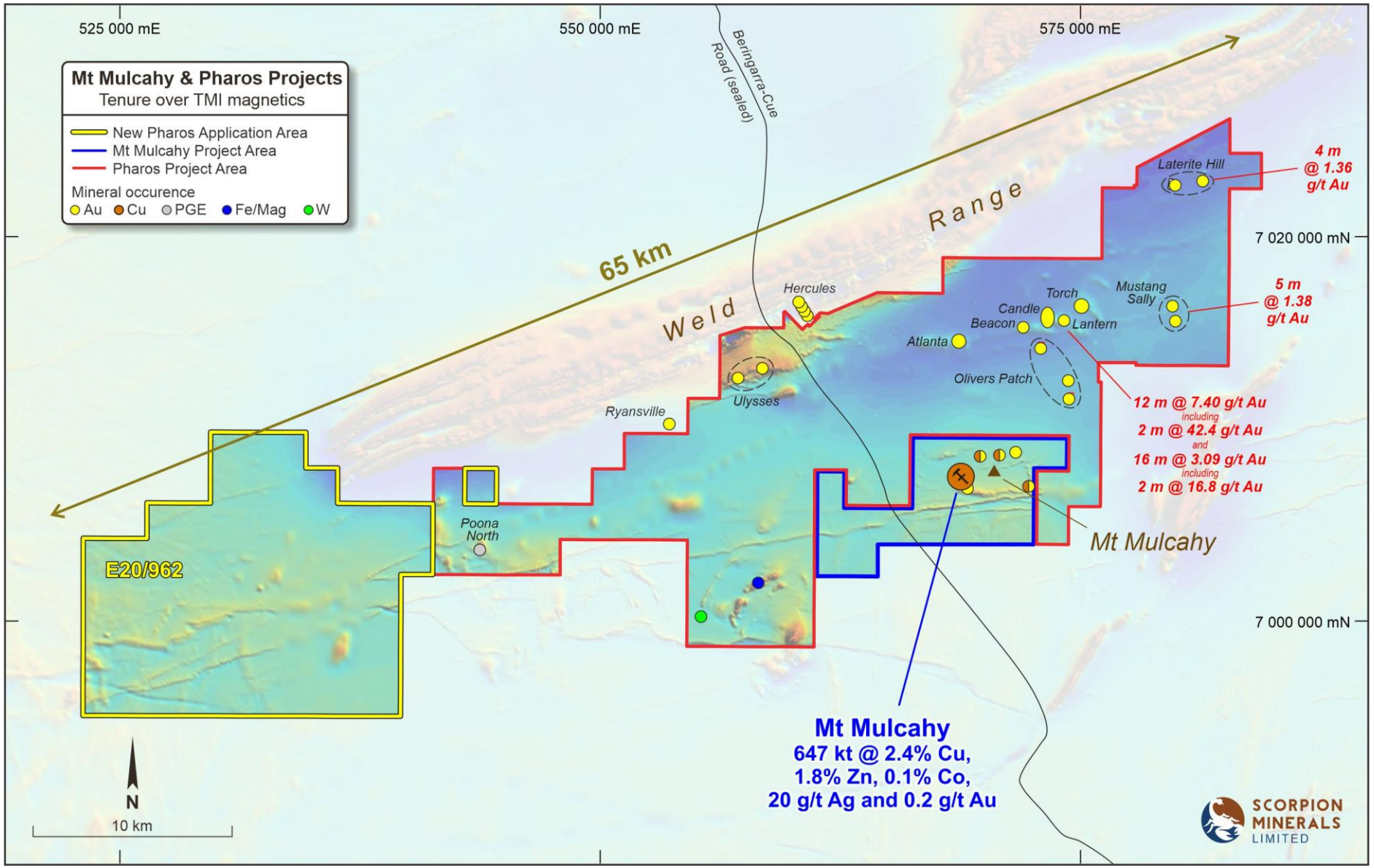



***Figure 2 – Location of Pharos and Mt Mulcahy Project, with SCN current mineral prospects highlighted, tenure overlain on TMI magnetics***

personal use only

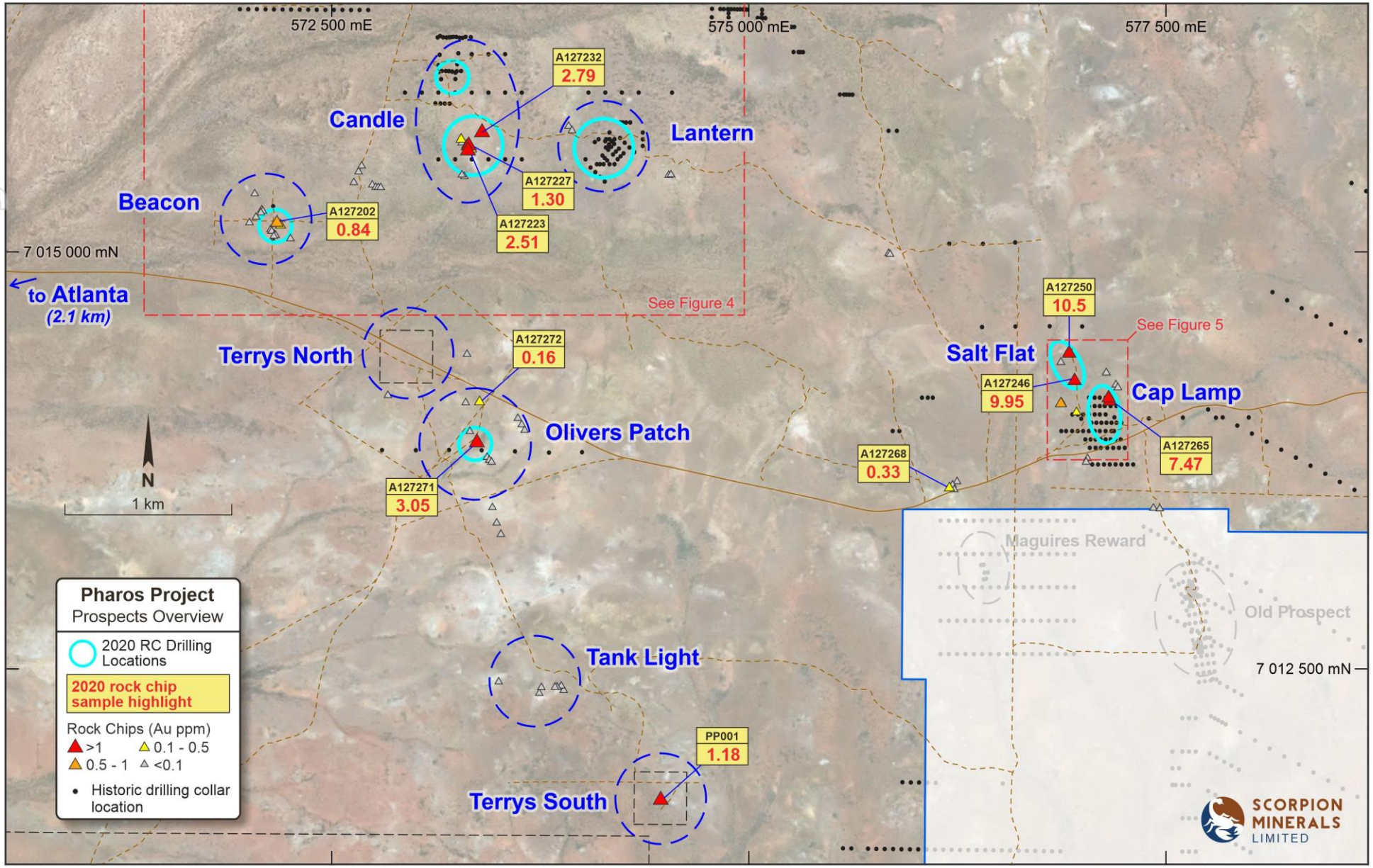



***Figure 3 – Location of RC Drilling of prospects, Pharos Project***

personal use only

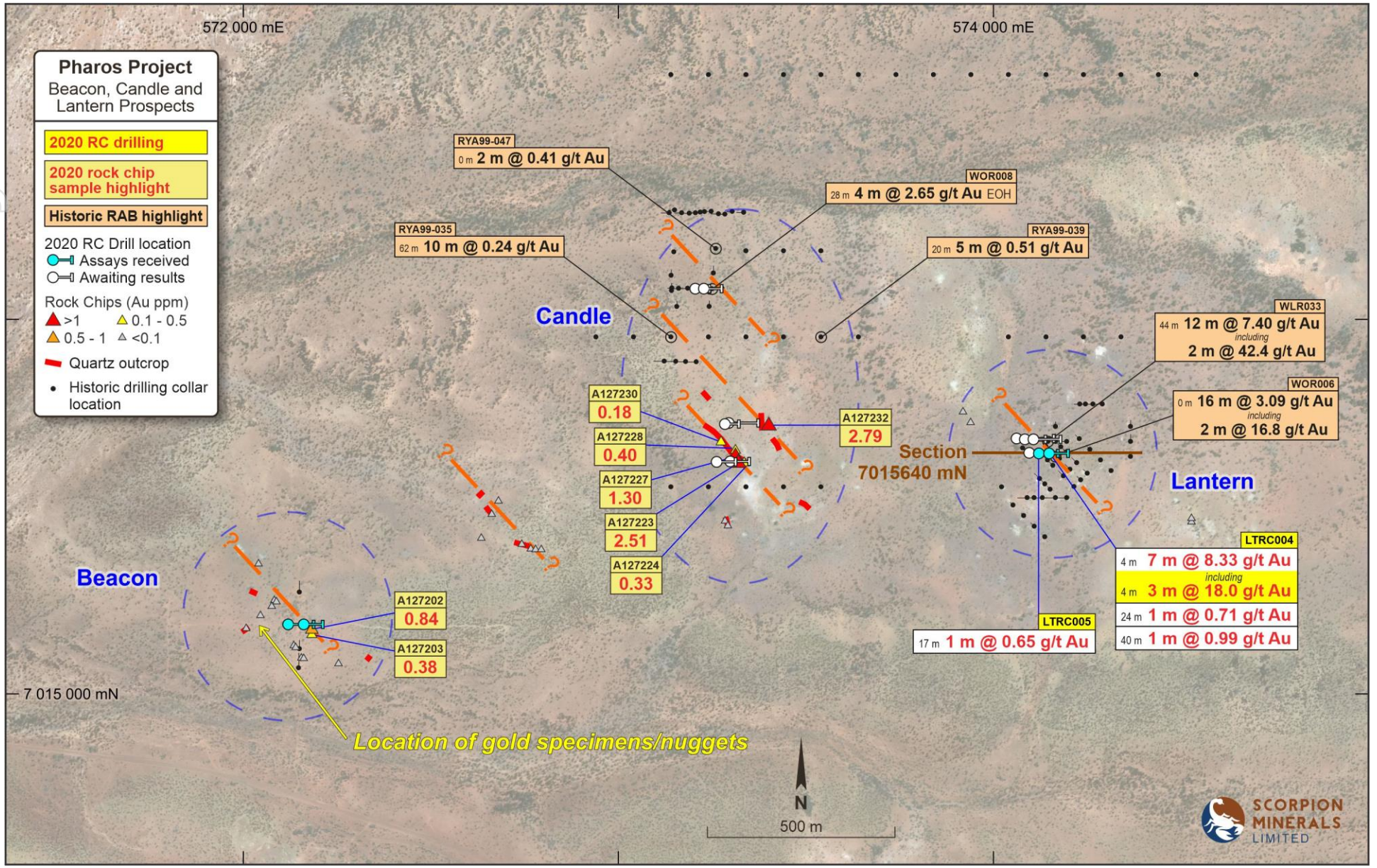



***Figure 4 – Location of RC Drilling at Beacon, Candle and Lantern prospects, Pharos Project, with approximate location of gold specimens located on the morning of 29th August 2020 prior to commencement of drilling highlighted***

personal use only

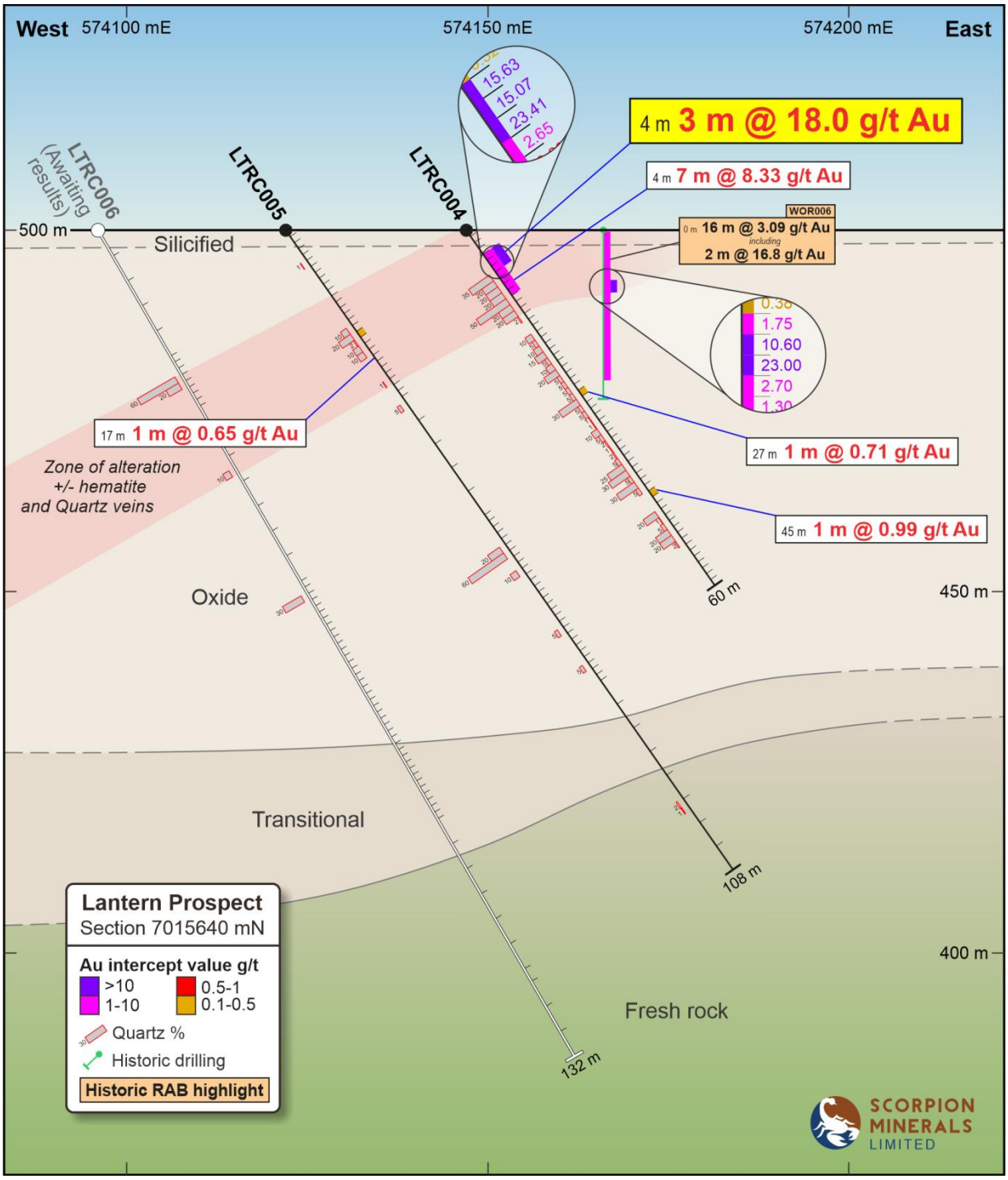



***Figure 5 –RC Drilling Cross Section7015640 mN, Lantern prospects, Pharos Project, with Significant intercepts highlighted, and lower grade (>0.5 g/t Au) intervals noted. Angled historical RAB lines oblique to section removed. Results for LTRC006 awaited.***

For personal use only

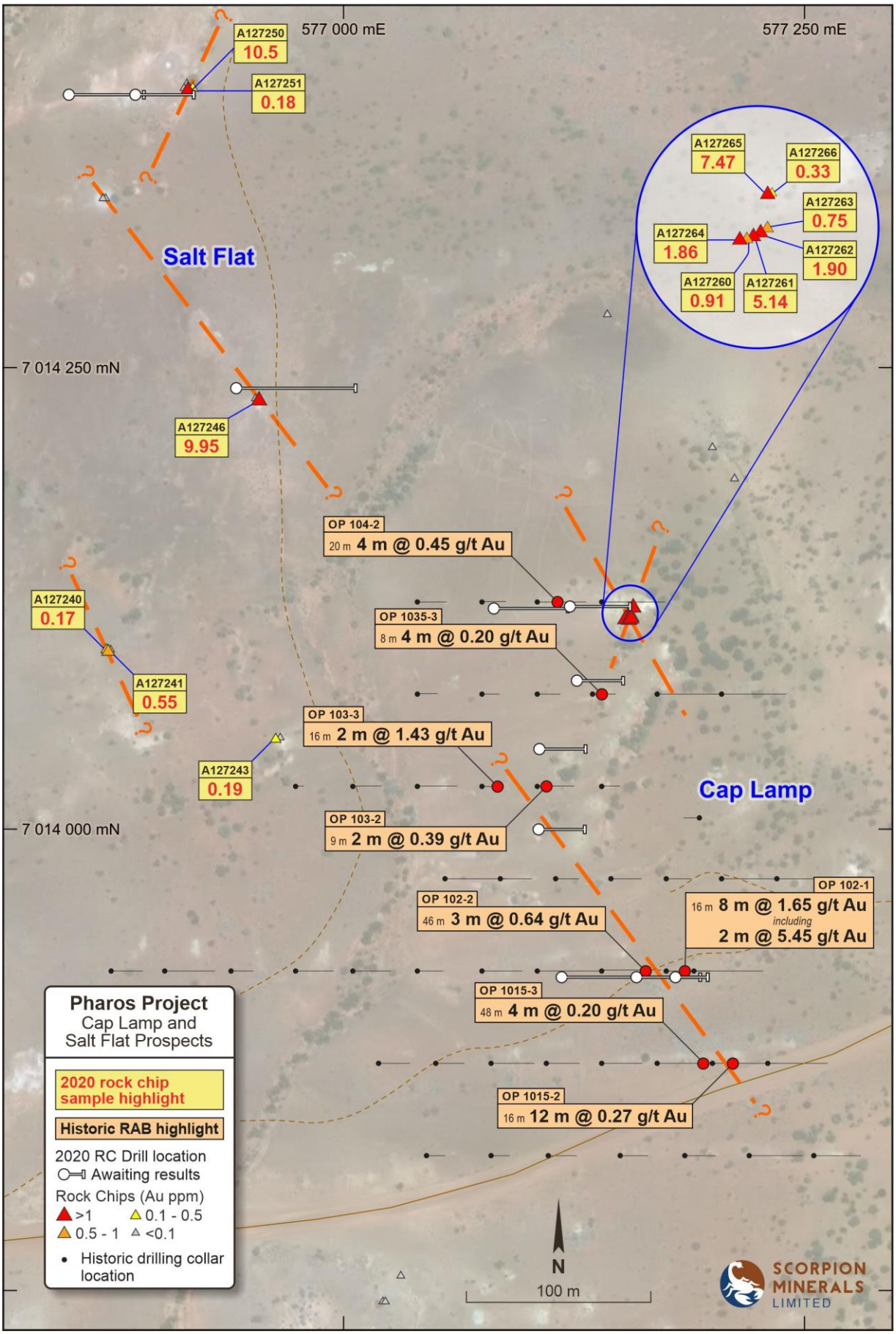



*Figure 6 – Location of RC Drilling at Cap Lamp and Salt Flat prospects, Pharos Project*

For personal use only

***Table 1 – Pharos 2020 RC Drilling Significant Results >1m >/= 0.5 g/t Au***

| Prospect | Hole ID | MGA Northing | MGA Easting | Nominal RL | MGA Azimuth | Dip | Max Depth (m) | From (m) | To (m) | Interval (m) | Au g/t |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Atlanta** | ATRC001 | 7014357 | 568689 | 500 | 90 | -60 | 92.0 | Awaiting Results | | | |
| **Beacon** | BCRC001 | 7015185 | 572160 | 500 | 90 | -50 | 80.0 | NSI | | | |
| | BCRC002 | 7015185 | 572120 | 500 | 90 | -55 | 120.0 | NSI | | | |
| **Cap Lamp** | CLRC001 | 7013920 | 577180 | 500 | 90 | -60 | 36.0 | Awaiting Results | | | |
| | CLRC002 | 7013920 | 577158 | 500 | 90 | -60 | 60.0 | Awaiting Results | | | |
| | CLRC003 | 7013920 | 577118 | 500 | 90 | -60 | 150.0 | Awaiting Results | | | |
| | CLRC004 | 7014081 | 577126 | 500 | 90 | -50 | 40.0 | Awaiting Results | | | |
| | CLRC005 | 7014121 | 577122 | 500 | 90 | -60 | 66.0 | Awaiting Results | | | |
| | CLRC006 | 7014120 | 577081 | 500 | 90 | -60 | 80.0 | Awaiting Results | | | |
| | CLRC007 | 7014044 | 577105 | 500 | 90 | -50 | 40.0 | Awaiting Results | | | |
| | CLRC008 | 7014000 | 577105 | 500 | 90 | -50 | 60.0 | Awaiting Results | | | |
| **Candle** | CNRC001 | 7015723 | 573296 | 500 | 90 | -50 | 120.0 | Awaiting Results | | | |
| | CNRC002 | 7015720 | 573284 | 500 | 90 | -70 | 108.0 | Awaiting Results | | | |
| | CNRC003 | 7015620 | 573298 | 500 | 90 | -55 | 78.0 | Awaiting Results | | | |
| | CNRC004 | 7015619 | 573263 | 500 | 90 | -55 | 100.0 | Awaiting Results | | | |
| | CNRC005 | 7016079 | 573225 | 500 | 90 | -50 | 80.0 | Awaiting Results | | | |
| | CNRC006 | 7016079 | 573204 | 500 | 90 | -55 | 108.0 | Awaiting Results | | | |
| **Lantern** | LTRC001 | 7015680 | 574108 | 500 | 90 | -55 | 126.0 | Awaiting Results | | | |
| | LTRC002 | 7015680 | 574084 | 500 | 90 | -55 | 96.0 | Awaiting Results | | | |
| | LTRC003 | 7015681 | 574062 | 500 | 90 | -55 | 174.0 | Awaiting Results | | | |
| | LTRC004 | 7015642 | 574147 | 500 | 90 | -55 | 60.0 | **4.0** | **11.0** | **7.0** | **8.33** |
| | LTRC004 | | | | | | **including** | **4.0** | **7.0** | **3.0** | **18.0** |
| | LTRC004 | | | | | | and | 27 | 28 | 1.0 | 0.71 |
| | LTRC004 | | | | | | and | 45 | 46 | 1.0 | 0.99 |
| | LTRC005 | 7015642 | 574122 | 500 | 90 | -55 | 108.0 | 17 | 18 | 1.0 | 0.65 |
| | LTRC006 | 7015643 | 574096 | 500 | 90 | -60 | 132.0 | Awaiting Results | | | |
| **Olivers Patch** | OPRC001 | 7013860 | 573356 | 500 | 90 | -60 | 40.0 | Awaiting Results | | | |
| | OPRC002 | 7013857 | 573323 | 500 | 90 | -60 | 100.0 | Awaiting Results | | | |
| **Salt Flat** | SFRC001 | 7014398 | 576886 | 500 | 90 | -50 | 48.0 | Awaiting Results | | | |
| | SFRC002 | 7014398 | 576850 | 500 | 90 | -60 | 80.0 | Awaiting Results | | | |
| | SFRC003 | 7014240 | 576941 | 500 | 90 | -50 | 100.0 | Awaiting Results | | | |

**N.B.**
Au by 50gm Fire Assay, Nagrom method – FA50_OES
No upper cut applied, 0.50 g/t lower cut, allowing 2m internal waste; >1.0m width
Northing and Easting co-ordinates obtained by handheld GPS accuracy +/- 3m, nominal RL used
Reported intervals are downhole lengths, true width not known
NSI = No Significant Intercept

**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 Minerals Limited and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. Mr Hall consents to the inclusion of the 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 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.*

For personal use only

## Table 2: Rock chip sample location and assay

***Results released during quarter (9/7/2020 )***

| Prospect | Sample ID | North MGA | East MGA | Au ppm |
|---|---|---|---|---|
| Salt Flat | **A127240** | **7014097** | **576872** | **0.170** |
| | **A127241** | **7014097** | **576872** | **0.551** |
| | A127242 | 7014097 | 576873 | 0.005 |
| | **A127243** | **7014049** | **576964** | **0.186** |
| | A127244 | 7014049 | 576965 | 0.004 |
| | A127245 | 7014233 | 576953 | 0.005 |
| | **A127246** | **7014233** | **576954** | **9.947** |
| | A127247 | 7014342 | 576871 | 0.013 |
| | A127248 | 7014342 | 576870 | 0.014 |
| | A127249 | 7014401 | 576916 | 0.057 |
| | **A127250** | **7014401** | **576917** | **10.501** |
| | **A127251** | **7014401** | **576917** | **0.184** |
| | 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 |
| | **A127260** | **7014114** | **577154** | **0.910** |
| | **A127261** | **7014115** | **577155** | **5.136** |
| | **A127262** | **7014115** | **577156** | **1.898** |
| | **A127263** | **7014116** | **577157** | **0.751** |
| | **A127264** | **7014114** | **577153** | **1.856** |
| | **A127265** | **7014121** | **577157** | **7.472** |
| | **A127266** | **7014121** | **577158** | **0.334** |
| | PP003 | 7013456 | 577465 | 0.003 |
| Olivers Patch | A127270 | 7013857 | 573374 | 0.114 |
| | **A127271** | **7013860** | **573371** | **3.046** |
| | **A127272** | **7014104** | **573386** | **0.159** |
| | 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 |
| | **A127268** | **7013588** | **576202** | **0.334** |
| | 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** | **PP001** | **7011718** | **574472** | **1.182** |

***Previously released 13/2/2020***

| Prospect | Sample ID | North MGA | East MGA | Au ppm |
|---|---|---|---|---|
| Beacon | **A127202** | **7015170** | **572182** | **0.841** |
| | **A127203** | **7015166** | **572183** | **0.382** |
| | A127204 | 7015166 | 572183 | 0.068 |
| | A127205 | 7015126 | 572138 | 0.003 |
| | 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 | **A127223** | **7015617** | **573319** | **2.509** |
| | **A127224** | **7015618** | **573331** | **0.328** |
| | A127225 | 7015462 | 573284 | 0.003 |
| | A127226 | 7015451 | 573292 | 0.004 |
| | **A127227** | **7015636** | **573313** | **1.303** |
| | **A127228** | **7015640** | **573312** | **0.397** |
| | A127229 | 7015657 | 573280 | 0.023 |
| | **A127230** | **7015673** | **573277** | **0.18** |
| | A127231 | 7015709 | 573401 | 0.011 |
| | **A127232** | **7015716** | **573401** | **2.794** |
| 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

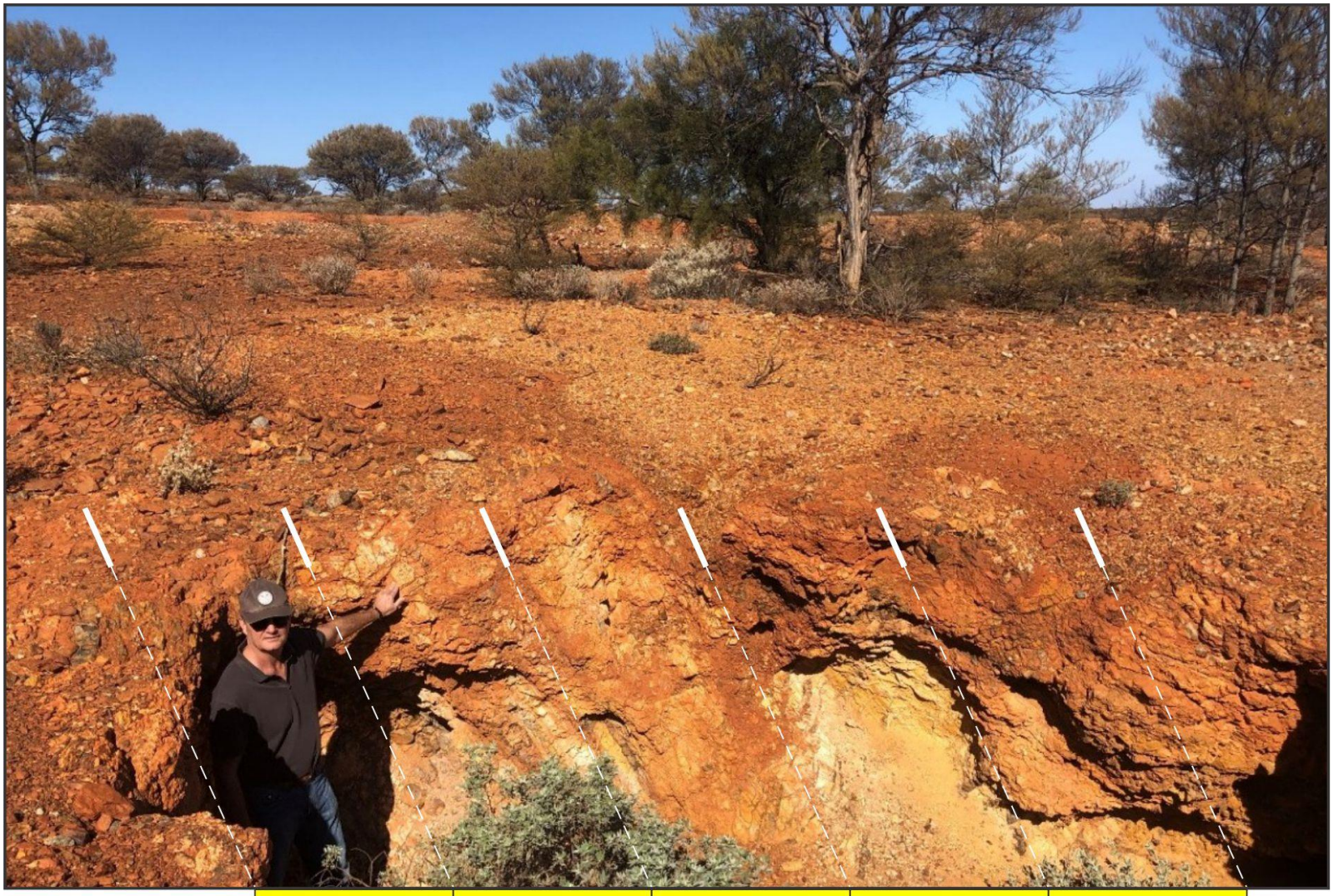
For personal use only

**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 | **44.00** | **56.00** | **12.00** | **7.40** | RAB | Hampton |
| | | | | | | | *Including* | ***46.00*** | ***48.00*** | ***2.00*** | ***42.41*** | | |
| | | | | | | | | 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 | **0.00** | **16.00** | **16.00** | **3.09** | RAB | Guardian |
| | | | | | | | *Including* | ***8.00*** | ***10.00*** | ***2.00*** | ***16.80*** | | |
| | | | | | | | | 20.00 | 24.00 | 4.00 | 0.37 | | |
| Candle | WOR008 | 7016072 | 573243 | 0 | 0 | -60 | 32.00 | **28.00** | **32.00** | **4.00** | **2.65 EOH** | 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 | **16.00** | **24.00** | **8.00** | **1.65** | RAB | Newcrest |
| | | | | | | | *including* | ***18.00*** | ***20.00*** | ***2.00*** | ***5.45*** | | |
| 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 |

personal use only

personal use only



| Sample ID | A127263 | A127262 | A127261 | A127260 | A127264 |
|---|---|---|---|---|---|
| Au ppm | 0.75 | 1.90 | 5.14 | 0.91 | 1.86 |
| | 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$^{o}$ strike and 60$^{o}$ dip to west**

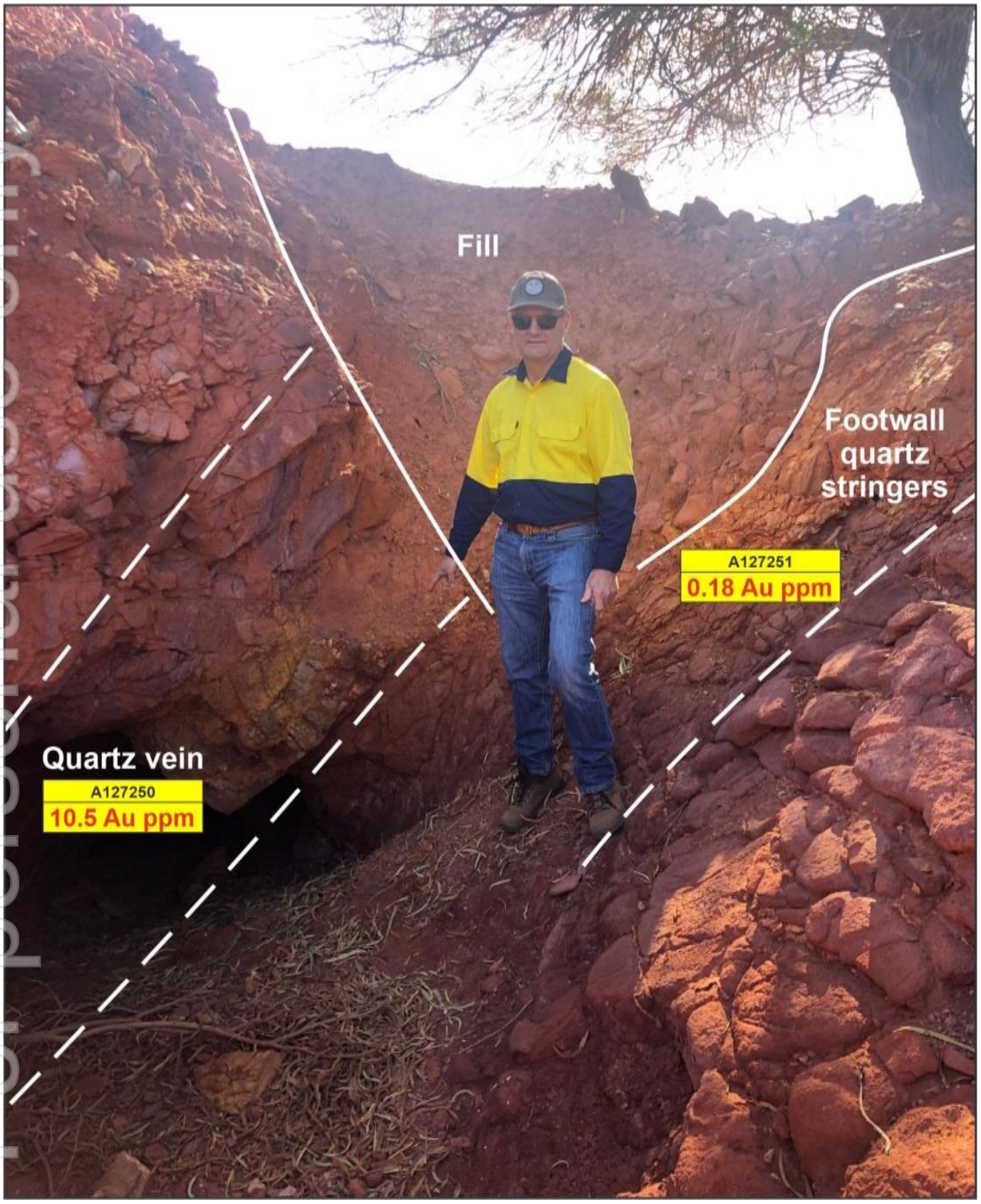



**Photo 2 – Stoped mineralised quartz veining at Salt Flat (approx. 576916mE, 7014401mN), which returned a maximum assay of 10.5ppm Au. View is approximately North. Note backfilling above veining.**

For personal use only

***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 is in its first year of grant (refer ASX:SCN Mt Mulcahy Exploration Licence Granted, 16 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 within E20/931 are currently being evaluated in conjunction with the base metal prospectivity. 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. Some field reconnaissance was undertaken at Mt Mulchay during the quarter while drilling commitments at Pharos allowed, primarily assessing gold prospects on the northern side of the VMS stratigraphy.

For personal use only

**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** |

## 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 a then-proposed 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 12th June 2020 the Company advised NEWA that it accepted NEWA's repudiation of the Dablo Project joint venture and demanded repayment of the sum of $AUD1.07M. On the 22nd June 2020 the Company was advised that a liquidator had been appointed to NEWA on the 15th June 2020, through a creditor's voluntary liquidation. 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. During the quarter, the liquidator advised of their refusal to accept the POD, and the Company 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. However, this action was discontinued on the basis of the lack of a likely commercial outcome.

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 Scorpion understands that NEWA-associated entities have re-applied for two 'Dablo JV'

For personal use only

tenements, being Dablo-3 and Perko. The Company has raised its concerns over the matter with the Australian Securities and Investment Commission ("ASIC").

Scorpion continues to expressly reserve all its right in regards to this matter and continues to consider, 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.

During the quarter the Company issued 2,000,000 fully paid shares priced at $0.07 as part of a drill-for-equity arrangement with its drilling contractor, for work undertaken at its Pharos Project.

Also, during the quarter, the Company announced that terms of unsecured loans provided to the Company had been varied by extending the repayment term to 31 December 2021, and the date of the Annual General Meeting (AGM), to be held on Monday 30 November 2020, with the Notice of Meeting to follow.

Post-quarter end, the Company announced on the 20 October 2020 that all $0.05 cent options expiring within October 2020 had been exercised, with the Company issuing 13,357,500 fully paid shares, with funds received totalling $667,875.

**- ENDS –**

*This report has been authorised by the board of directors of the Company.*

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

For personal use only

For personal use only

## 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 | Granted | 100 | Scorpion Minerals Ltd |
| P51/3017 | WA | Granted | 100 | Scorpion Minerals Ltd |
| E20/962 | WA | Application | 0 | Scorpion Minerals Ltd |
| E20/948 | WA | Granted | 0[1] | Element 25 |
| E20/953 | WA | Granted | 0[2] | Element 25 |
| P20/2252 | WA | Granted | 0[3] | T.H. Little |
| P20/2253 | WA | Granted | 0[3] | T.H. Little |

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

P51/3016, P51/3017 granted September 2, 2020

- ***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***

[1]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 17th October 2020. At the time of writing both companies had exchanged formal confirmation of exercise and were facilitating this transfer.
[2]as per the 'Pharos Project (Yallon and Sunday Well) Call Option Agreement Summary' SCN has commenced a 9 month option period for E20/953, with payment of $75,000 to earn 100% due to Element 25 before 18th June 2021
[3]Payment to earn 100% of both tenements from T.H. Little completed. Transfer of tenements currently underway.

- ***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 | Quarter ended ("current quarter") |
|---|---|
| 40 115 535 030 | 30 September 2020 |

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (3 months) $A'000 |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | - | - |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation (if expensed) | (169) | (169) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | - | - |
| | (e) administration and corporate costs | (133) | (133) |
| 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) | (7) | (7) |
| **1.9** | **Net cash from / (used in) operating activities** | **(309)** | **(309)** |

| | | | |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 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 | - | - |

For personal use only

For personal use only

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (3 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** | **-** | **-** |

| **3.** | **Cash flows from financing activities** | | |
|---|---|---|---|
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 125 | 125 |
| 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 | - | - |
| 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** | **125** | **125** |

| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
|---|---|---|---|
| 4.1 | Cash and cash equivalents at beginning of period | 199 | 199 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (309) | (309) |
| 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) | 125 | 125 |

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (3 months) $A'000 |
|---|---|---|---|
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| **4.6** | **Cash and cash equivalents at end of period** | **15** | **15** |

| 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 | 15 | 199 |
| 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)** | **15** | **199** |

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

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

For personal use only

| 7. | **Financing facilities**<br>*Note: the term "facility' includes all forms of financing arrangements available to the entity.*<br>*Add notes as necessary for an understanding of the sources of finance available to the entity.* | **Total facility amount at quarter end $A'000** | **Amount drawn at quarter end $A'000** |
|---|---|---|---|
| 7.1 | Loan facilities | 2500 | 1596 |
| 7.2 | Credit standby arrangements | - | - |
| 7.3 | Other (please specify) | - | - |
| 7.4 | **Total financing facilities** | 2500 | 1596 |

| | | |
|---|---|---|
| 7.5 | **Unused financing facilities available at quarter end** | 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.

| 8. | **Estimated cash available for future operating activities** | **$A'000** |
|---|---|---|
| 8.1 | Net cash from / (used in) operating activities (Item 1.9) | (309) |
| 8.2 | Capitalised exploration & evaluation (Item 2.1(d)) | - |
| 8.3 | Total relevant outgoings (Item 8.1 + Item 8.2) | (309) |
| 8.4 | Cash and cash equivalents at quarter end (Item 4.6) | 15 |
| 8.5 | Unused finance facilities available at quarter end (Item 7.5) | 904 |
| 8.6 | Total available funding (Item 8.4 + Item 8.5) | 919 |
| 8.7 | **Estimated quarters of funding available (Item 8.6 divided by Item 8.3)** | 2.97 |

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

For personal use only

## 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: ...30 October 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.

For personal use only