



SCORPION MINERALS LIMITED

ASX ANNOUNCEMENT

6th December 2021

Scorpion Increases Murchison Footprint to 1,544km²

HIGHLIGHTS

- Scorpion has entered into a binding agreement with eMetals Limited (ASX: EMT) to acquire the Poona Project
- SCN to acquire an interest in tenements EL20/885, EL20/896, EL20/963 and EL20/964 which cover a combined 904km²
- Consideration for the acquisition is \$12,500 in cash and 4,000,000 fully paid ordinary shares in SCN
- EMT will also receive a 0.5% net smelter return (NSR) royalty in respect of minerals mined from the Tenements
- Strategic acquisition increases SCN's position in the Murchison by 150% providing significant exploration optionality

Scorpion Minerals Limited (ASX: SCN) ("**the Company**" or "**SCN**") is pleased to advise that it has entered into a binding Heads of Agreement ("**the agreement**") with eMetals Limited (ASX:EMT) ("**eMetals**" or "**EMT**") to acquire a 100% interest in tenements E 20/896, E 20/963, E 20/964 and a 90% interest in E 20/885 (collectively the "**tenements**") which cover a combined 904km² in the Murchison Goldfield of Western Australia (see Figure 1).

Under the agreement, SCN will acquire its interest in the tenements for a cash consideration of \$12,500 and 4,000,000 fully paid ordinary shares in SCN. EMT will also receive a 0.5% net smelter return (NSR) royalty in respect of minerals mined from the Tenements should commercial mining be undertaken.

Settlement is to be completed within 60 days of executing this agreement subject to successful completion of due diligence and other conditions precedent.

The four tenements (Poona Project) are contiguous and south of SCN's Pharos tenements. The Poona Project contains the Mughal Ni-Cu target plus the Poona and Jackson's Reward Rare Metal Pegmatite occurrences, all of which are located immediately south of SCN's high priority PGE-Ni-Cu targets at Pallas. The Company intends to make a further announcement about the mineral prospectivity of the Poona Project after receipt and review of data from eMetals.

Company Comment – Director Bronwyn Barnes

"We are pleased to be expanding our footprint in the Murchison via this low-cost transaction with EMT. The addition of these new tenements consolidates Scorpion's position in the Murchison and builds on our already robust portfolio of copper, gold and PGE-Ni-Cu targets in the region. Plans are well advanced to support drilling activity at Pallas and Mt Mulcahy once all necessary approvals and clearances are received, and we will now broaden this program to include an initial program across this new tenement package."

BOARD OF DIRECTORS

Ms Bronwyn Barnes
Non-Executive Director

Mr Craig Hall
Non-Executive Director

Ms Kate Stoney
Non-Executive Director,
Company Secretary

ISSUED CAPITAL

Ordinary Fully Paid
259,031,192

Options - Unlisted

Exp. 10/21 19,250,000 (\$0.10)
Exp. 11/23 15,000,000 (\$0.12)
Exp. 12/23 5,750,000 (\$0.12)

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Following receipt of all statutory approvals, SCN will undertake an extensive drilling campaign across priority targets at Pharos. Drilling will include testing of the PGE-Ni-Cu target identified at Pallas, the shallow high grade Gold Prospect at Cap Lamp, and the Cu-Au-Zn VMS targets at Mt Mulcahy in early 2022. This drilling will be expanded to include targets within the Poona Project as priorities emerge during the due diligence period.

Key Terms of the Agreement

Subject to satisfaction or waiver of the Conditions Precedent (as defined below), in consideration for the interest in the tenements (as outlined above), Scorpion will:

- i. on execution of the agreement, pay EMT \$12,500 in cash; and
- ii. upon settlement of the acquisition of the tenements:
 - (A) issue 4,000,000 fully paid ordinary shares in the capital of the Company (to be issued under the Company's existing Listing Rule 7.1 placement capacity); and
 - (B) grant EMT a 0.5% net smelter return (NSR) royalty in respect of minerals mined from the Tenements (payable only on and from commercial mining); and
- iii. accept the assignment of EMT's post settlement obligation to pay the two performance payments contained in the previous agreement between EMT and Venus Metals Corporation Limited (**VMC**). The performance payments are subject to and conditional upon achievement of the following performance milestones:
 - (C) \$50,000 payable to VMC upon the definition of an inferred mineral resources of not less than 200,000 tonnes of Li₂O or equivalent at 1% on either Tenement; and
 - (D) \$50,000 payable to VMC upon the definition of a probable mineral ore reserve of not less than 200,000 tonnes of Li₂O or equivalent at 1% on either Tenement.

Conditions Precedent

Settlement under the agreement is subject to the following conditions precedent being satisfied (or waived by SCN) within 60 days of execution (or such later date as mutually agreed):

- a. completion of legal and technical due diligence by SCN on the Tenements and any ancillary agreements to the reasonable satisfaction of SCN;
- b. there being no breach of the warranties provided by eMetals under the agreement;
- c. EMT procuring the requisite assignment deeds for the existing heritage, royalty and other agreements in respect of the tenements (on terms reasonably required by SCN);
- d. the parties obtaining all necessary regulatory and shareholder approvals pursuant to the ASX Listing Rules, the *Corporations Act 2001* (Cth) and their constituent documents for settlement of the acquisition (if any);
- e. the Parties obtaining all other necessary third party consents and approvals (including any necessary ministerial consents or approvals) to lawfully complete the matters set out in the agreement;

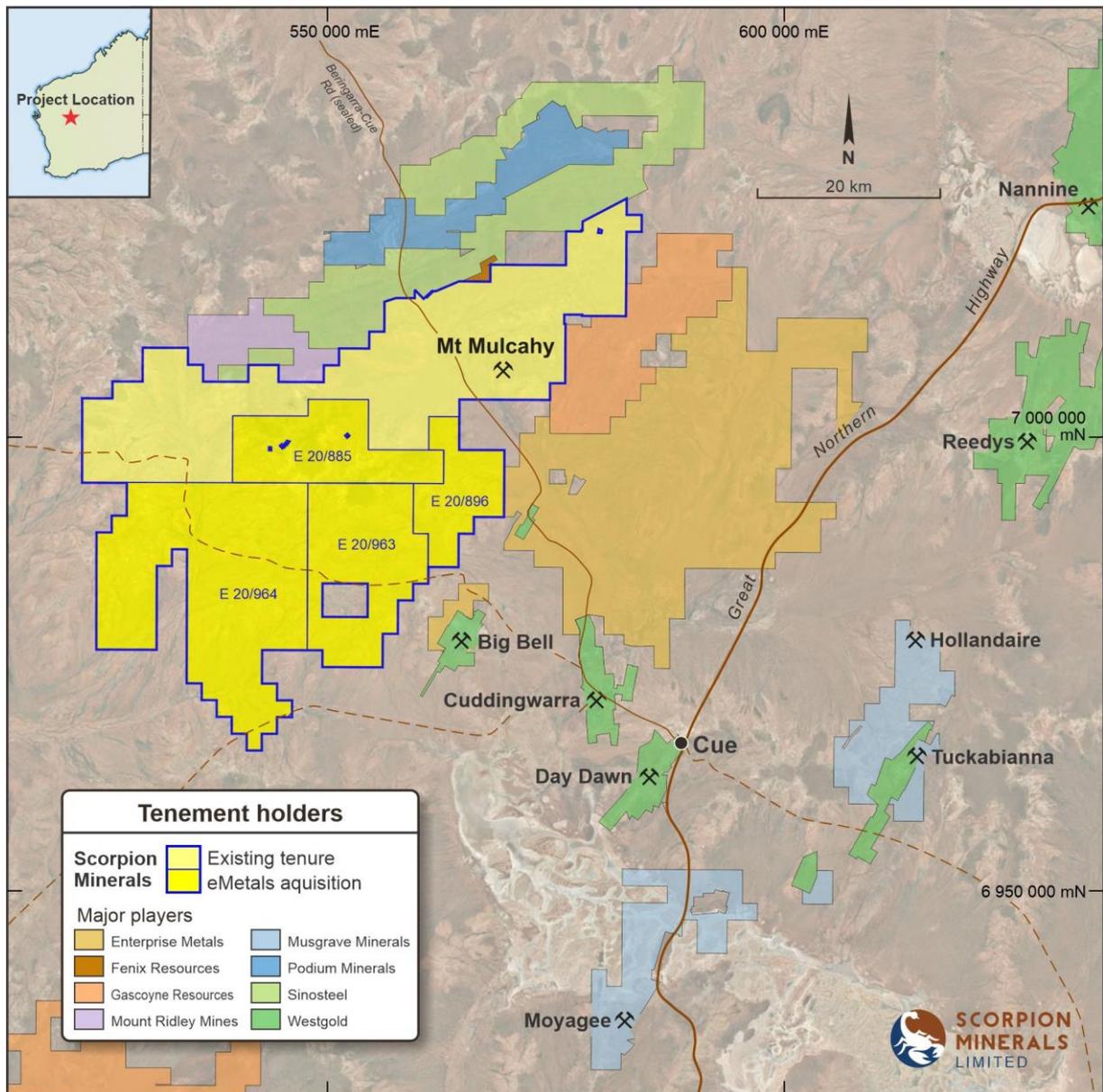


Figure 1: SCN Acquisition Tenements and Major Tenement Holders in Murchison Region

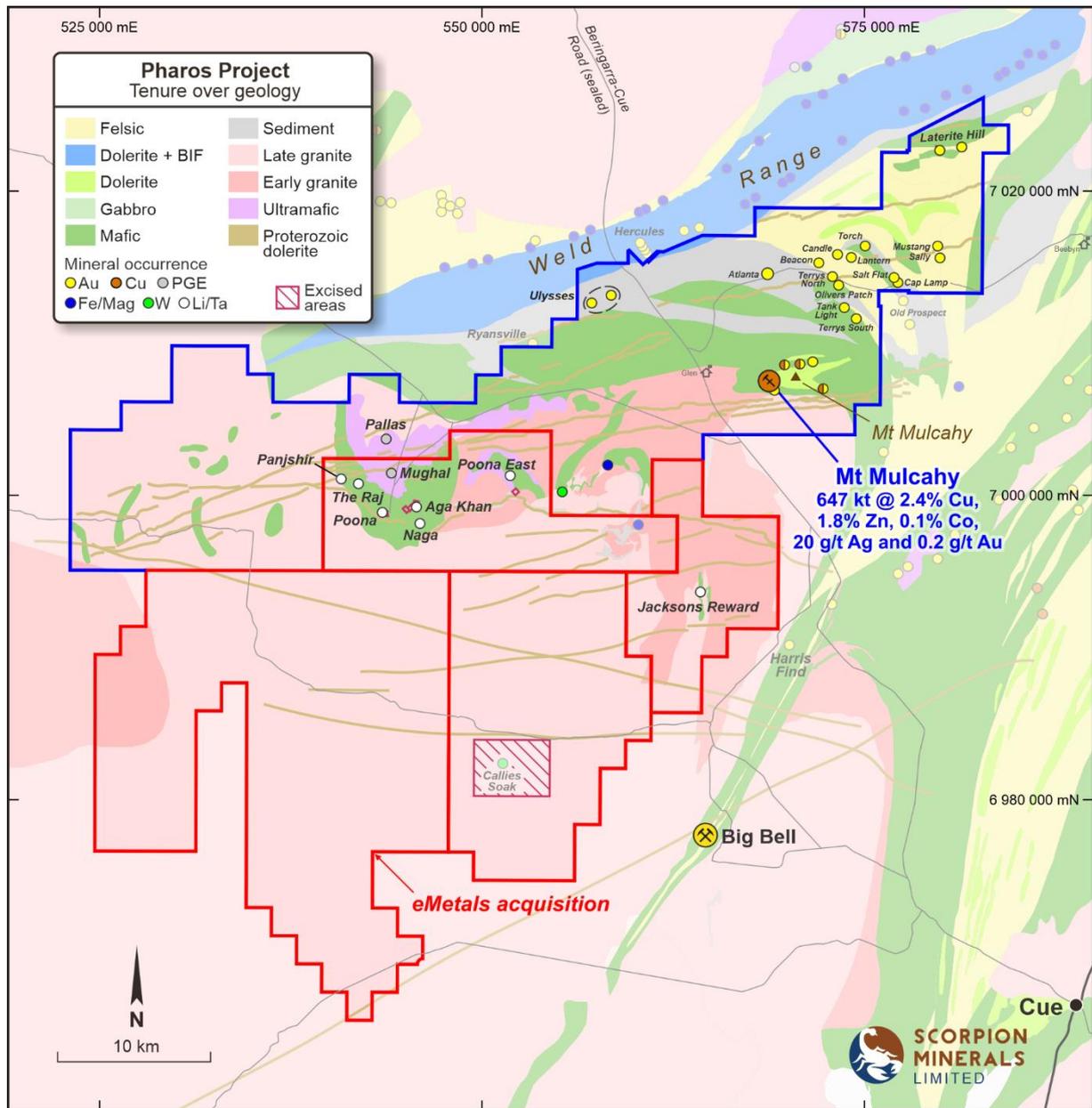


Figure 2: Location of Poona Project tenements with named mineral prospects

This announcement has been authorised by the board of directors of the Company.

- ENDS -

Enquiries

Bronwyn Barnes

Executive Chairman

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About Scorpion Minerals Limited

Scorpion Minerals Limited (ASX: SCN) is a WA based mineral exploration company focused on gold base metals and iron ore. Scorpion’s focus is the 100% owned Pharos project that covers 640km² and is located 60 km northwest of Cue in the Murchison Mineral Field, Western Australia. The Pharos project ism prospective for gold, iron ore, PGE-Ni-Cu and VMS hosted Cu-Zn-Ag Au mineralisation.

The strategic location of the Pharos tenements is further enhanced by exploration success in the region (Figure 3) for iron ore (Fenix Resources) copper (Cyprium), PGE-Ni-Cu (Podium) and gold (Musgrave Minerals). Pharos project area appears to host a multitude of commodities targets that require detailed evaluation.

Scorpion has completed resource definition drilling at 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 at the ‘South Limb Pod’ (SLP).

In addition, Scorpion has entered into a joint venture with Fenix Resources limited to explore for iron ore within the company’s tenements. Fenix can earn 70% of the iron ore rights by sole funding exploration and resource definition drilling to identify up to 10 million tonnes. Alternatively, Fenix can earn 70% of a portion of the tenements by funding a feasibility study on a resource of at least 1 million tonnes of iron ore

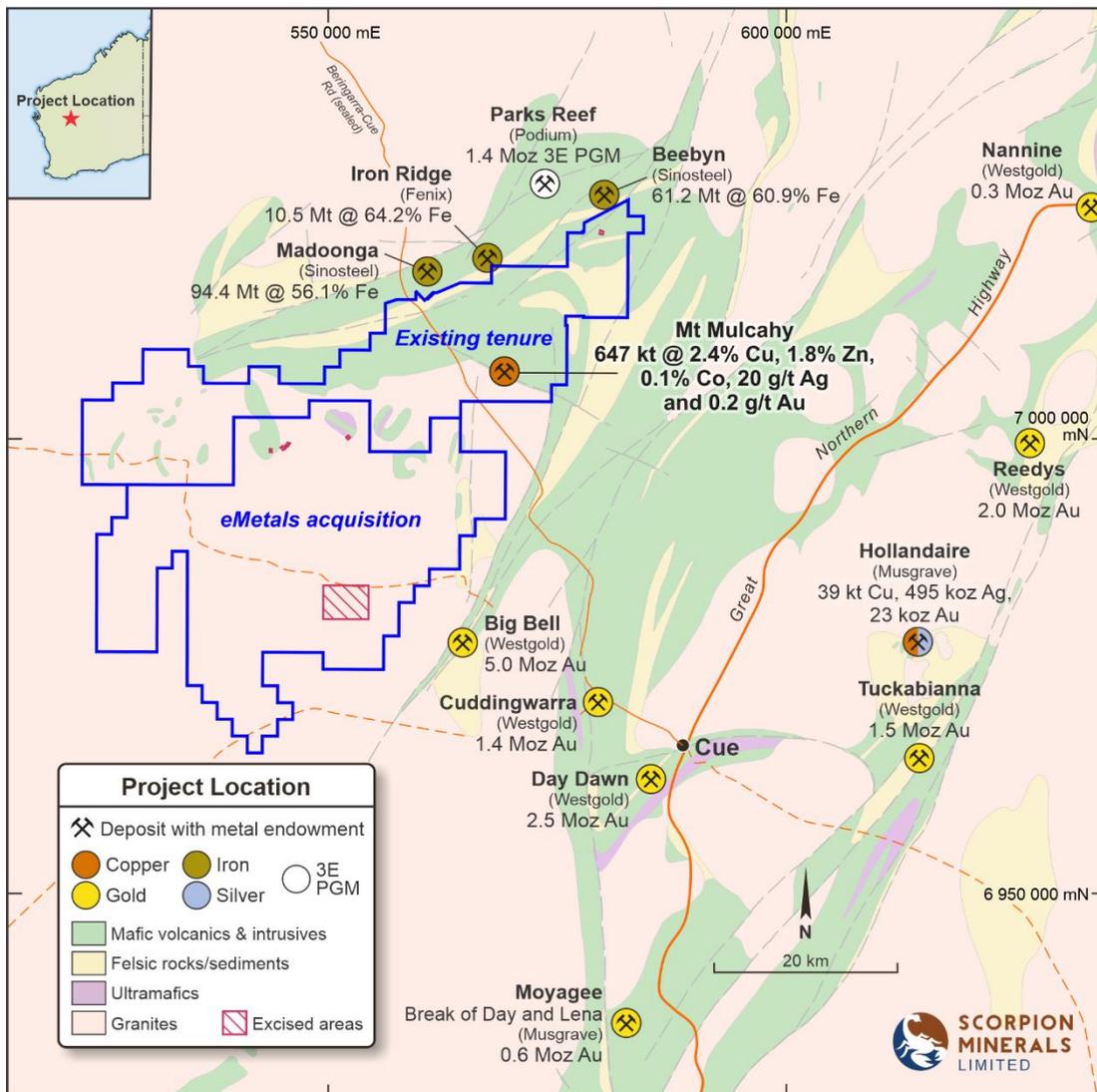


Figure 3: Location of Scorpion tenements highlighting regional mineral endowment in the Murchison