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Financial Report  
For the year ended 30 June 2023

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## CORPORATE DIRECTORY

### Directors

Bronwyn Barnes      Non-Executive Chairman  
Kate Stoney         Executive Director – Finance  
Michael Kitney       Non-Executive Director

### Company Secretaries

Kate Stoney  
Josh Merriman

### Registered Office

2/50 Kings Park Road  
WEST PERTH WA 6005

Telephone            08 6241 1877

### Solicitors

Nova Legal  
Level 2  
50 Kings Park Road  
WEST PERTH WA 6005

Telephone: 08 9197 9800

### Share Registry

Advanced Share Registry

Telephone            08 9389 8033  
Facsimile            08 6370 4203  
Email:                 admin@advancedshare.com.au

### Auditors

Rothsay Audit & Assurance Pty Ltd  
Level 1, Lincoln House  
4 Ventnor Avenue  
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Telephone            08 9486 7094

ASX Code            SCN  
Website               www.scorpionminerals.com.au

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## DIRECTORS' REPORT

Your Directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Scorpion Minerals Limited and the entities it controlled at the end of or during the financial year ended 30 June 2023.

### DIRECTORS

The names and details of the Group's Directors in office during the financial year and until the date of this report are as follows:

Bronwyn Barnes	Non-Executive Chairman – appointed 31 October 2018
Kate Stoney	Executive Director – Finance – appointed 16 February 2021
Michael Kitney	Non-Executive Director – appointed 7 June 2022

### INFORMATION ON DIRECTORS

**Bronwyn Barnes** (*appointed NED 31 Oct 2018; Non-Exec Chair 25 Aug 2021; Exec Chair 13 Apr 2022; Non-Exec Chair 8 Jun 2023*)

Ms Barnes has had an extensive career in the resources sector, having worked with companies ranging from BHP Billiton to emerging juniors in directorship, executive leadership, and operational roles in Australia and internationally. Ms Barnes has extensive experience on ASX-listed company boards focused on minerals exploration and development.

Ms Barnes is currently Executive Chairman of Indiana Resources Ltd and Non-Executive Chairman of Finder Energy Ltd and Aerison Group Ltd. She was previously also a Non-Executive Director of Synergy (Electricity Generation and Retail Corporation).

**Kate Stoney** (*appointed NED 16 Feb 2021; Exec Director 8 Jun 2023*)

Ms Stoney is a CPA qualified accountant with over 15 years' experience working with public companies in administration, finance, ASX compliance, and company secretarial positions. Ms Stoney brings a wealth of experience in the exploration to production stages of mining and has an extensive network within the industry.

Ms Stoney is currently Non-Executive Director and Company Secretary of Horseshoe Metals Ltd and Company Secretary of Indiana Resources Ltd. She was previously General Manager – Finance and Company Secretary for Echo Resources Ltd (ASX: EAR).

**Michael Kitney** (*appointed 7 Jun 2022*)

Mr Kitney is an internationally experienced extractive metallurgist with in excess of 40 years' experience in resource evaluation and project development roles in Australia and internationally. From 2010 to early 2017 he held the role of COO for Kasbah Resources Limited, responsible for all aspects of resource development, metallurgical development, project feasibility and stakeholder engagement for the Achmmach Tin Project in Morocco.

Recently he was Chief Metallurgist for lithium developer Prospect Resources Limited (ASX:PSC). Metallurgical process testing and design experience includes heavy mineral recovery using gravity methods, magnetic separation and base metal and lithium mineral flotation process design. Hydrometallurgical process experience includes bauxite refining, lithium chemicals production, gold extraction and recovery and copper leaching and recovery. He is presently Executive Chairman of Mn Energy Limited for process development for battery grade manganese sulphate production and has contributed to project development and construction throughout Africa, SE Asia, the CIS and Australia. He is currently a Non-Executive Director of Monument Mining Limited (TSX:MMY) and was previously a Non-Executive Director of Breaker Resources NL (ASX:BRB). Mr Kitney holds a Master of Science degree from WA School of Mines (Mineral Economics) and is a member of the Australian Institute of Company Directors.

## COMPANY SECRETARIES

**Kate Stoney** (appointed 2 Dec 2019)

**Josh Merriman** (appointed 8 June 2023)

Mr Merriman is an experienced corporate finance and governance professional who has worked in private and public companies across multiple industries. He is currently Joint Company Secretary of Horseshoe Metals Ltd and Indiana Resources Ltd.

## PRINCIPAL ACTIVITY

The principal activity of the Group is exploration for mineral resources.

## INTERESTS IN SHARES AND OPTIONS

As at the date of this report, the interests of the Directors in the shares and options of Scorpion Minerals Limited were:

	Ordinary shares	Options over ordinary shares
Bronwyn Barnes	19,868,250	11,750,000
Kate Stoney <sup>1</sup>	5,000,000	104,500,000
Michael Kitney	-	2,000,000

<sup>1</sup> Ms Stoney's holdings comprises 3,000,000 unlisted options held personally and beneficially, and 5,000,000 ordinary shares and 101,500,000 unlisted options held by Obsidian Metals Group Pty Ltd, an entity of which she is director and shareholder (non-beneficial).

## DIVIDENDS

There were no dividends declared or paid during the financial year (2022: nil).

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Apart from the above or as noted elsewhere in this report no significant changes in the state of affairs of the Group occurred during the financial year.

## REVIEW OF OPERATIONS

During the year ended 30 June 2023, the Company's exploration activities focused on the newly acquired Youanmi Project and its existing Pharos Project in the Murchison region of Western Australia (refer Figure 1).

### **Youanmi Project, WA (SCN: option to acquire 100%)**

In December 2022, Scorpion announced that it had entered into a binding Option Agreement ("**Agreement**") to acquire a 100% interest in the Youanmi Lithium Project. The project comprises tenements E57/978, E57/1049 and E57/1056 ("**Youanmi Tenements**"), covering an area of 279 km<sup>2</sup> in the East Murchison Mineral Field approximately 450 km north of Perth (refer Figure 1).

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

The Agreement entitles Scorpion to acquire a 100% interest in the Youanmi Tenements in exchange for a cash payment of \$3.5 million and the granting of a \$1 per tonne royalty over ore mined and processed or removed from the Youanmi Tenements (refer ASX release 19 December 2022). Exercise of the option is subject to standard conditions precedent including due diligence.

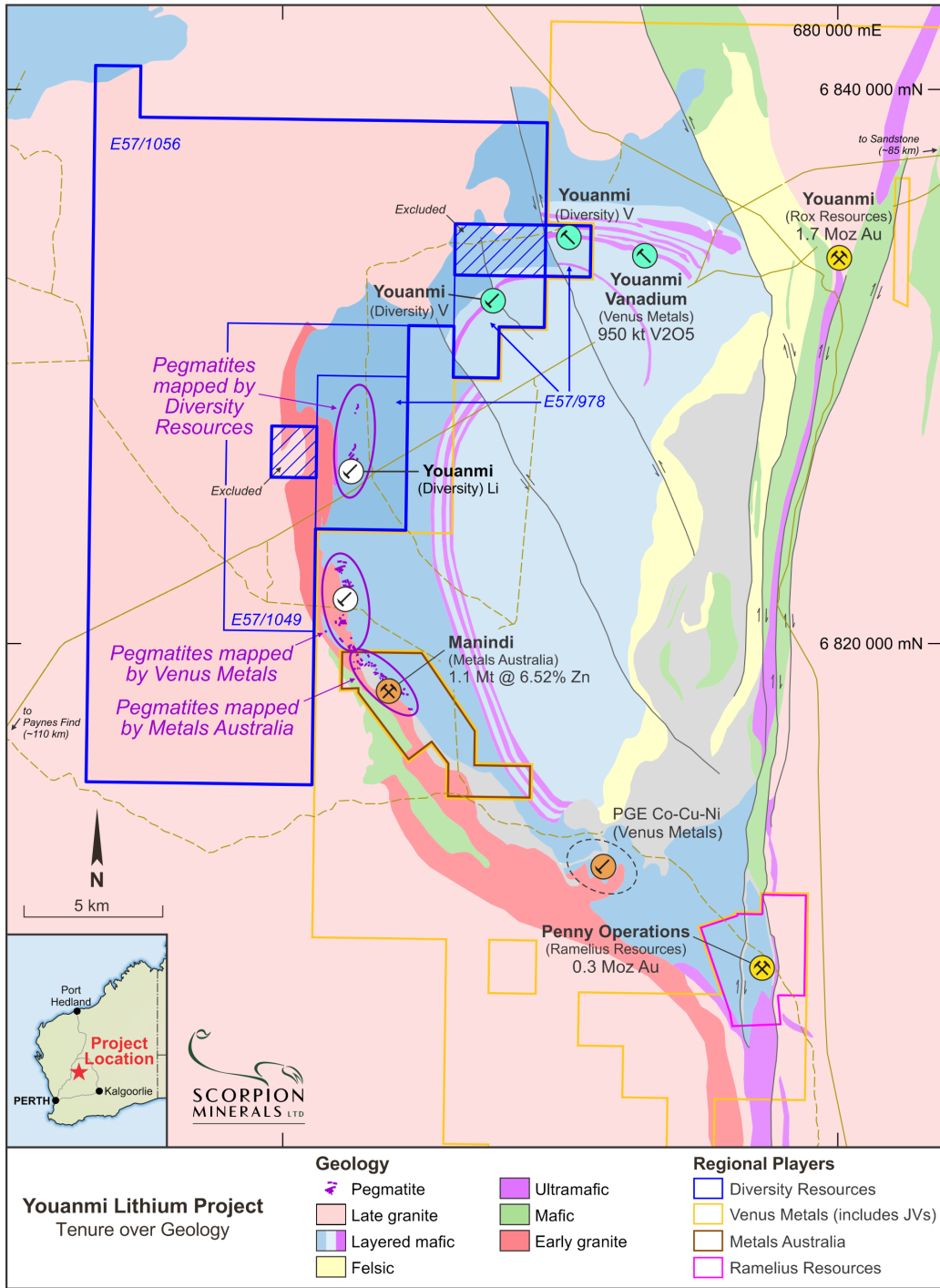


Figure 1: Plan showing Youanmi Tenements over simplified geology and adjacent explorers

### PROJECT SUMMARY

Youanmi sits at the northern end of a 20km long corridor of Lithium, Caesium, Tantalum (“LCT”) pegmatite intrusions that have delivered significant results for other explorers at the southern end of the trend (refer Figure 3). Historical exploration activity at the project includes geological mapping, rock chip sampling, airborne magnetic surveys and RC drilling.

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

Historic RC drill testing at Youanmi consisted of 54 holes (19MYRC005 to 19MYRC058) drilled in wide spaced fences along the 3km long zone with the majority drilled in the southern half of the trend.

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

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

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

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

## FIELD ACTIVITIES

During the year ended 30 June 2023, the Company began systematic exploration of Youanmi's lithium prospectivity, in line with a program of activities designed by the Company's technical advisor to progress towards a maiden mineral resource estimate.

The Company undertook its maiden drilling programmes at Youanmi, comprising an initial reverse circulation (RC) programme in February 2023 of 9 holes for 1,476 metres (refer ASX release 23 March 2023) and a follow-up RC infill programme of 14 holes for 2,158 metres (refer ASX release 30 May 2023). A further infill RC drilling programme was completed post period end, with 17 holes completed for 2,202 metres (refer ASX release 26 July 2023).

The Company's initial programme in February 2023 targeted shallow east-dipping LCT pegmatites that have been mapped along 3km of strike and remain open both along and across strike in parallel zones.

Assays results received from the programme confirmed lithium mineralisation extending down dip of multiple stacked shallow east-dipping LCT pegmatites to a depth of at least 175 metres below surface. Parallel pegmatites intersected east and west of the central zone have increased the width of the lithium corridor to at least 850 metres (refer Figures 2 and 3).

Individual pegmatites are up to 1,000m long and surface exposures suggest widths from 5m to 15m. Drilling intersected lithium mineralisation up to 13 metres in thickness, with individual 1m assays up to 3.19% Li<sub>2</sub>O were returned (refer ASX release 13 April 2023). Significant intercepts included:

- 9m @ 1.36% Li<sub>2</sub>O, 105ppm Ta<sub>2</sub>O<sub>5</sub> and 55ppm Nb<sub>2</sub>O<sub>5</sub> from 55m in SYRC4
- 4m @ 1.23% Li<sub>2</sub>O, 98ppm Ta<sub>2</sub>O<sub>5</sub> and 50ppm Nb<sub>2</sub>O<sub>5</sub> from 129m in SYRC6
- 5m @ 1.24% Li<sub>2</sub>O, 99ppm Ta<sub>2</sub>O<sub>5</sub> and 52ppm Nb<sub>2</sub>O<sub>5</sub> from 147m in SYRC6
- 4m @ 1.70% Li<sub>2</sub>O, 140ppm Ta<sub>2</sub>O<sub>5</sub> and 63ppm Nb<sub>2</sub>O<sub>5</sub> from 48m in SYRC2
- 6m @ 1.06% Li<sub>2</sub>O, 135ppm Ta<sub>2</sub>O<sub>5</sub> and 64ppm Nb<sub>2</sub>O<sub>5</sub> from 33m in SYRC5; and
- 4m @ 1.28% Li<sub>2</sub>O, 52ppm Ta<sub>2</sub>O<sub>5</sub> and 34ppm Nb<sub>2</sub>O<sub>5</sub> from 67m in SYRC8

RC drill holes were completed on wide spaced sections to test the geometry and down dip continuity of the stacked LCT pegmatites over 850m of strike. Significant zones of pegmatite hosted lithium mineralisation were intersected on all sections. These results confirmed historic drilling intercepts extending mineralisation down dip on each section.

The follow-up programme completed in May confirmed significant high-grade lithium mineralisation hosted by shallow east dipping LCT pegmatites along 3km of strike and extending to a minimum of 175m below surface. Drilling was completed on 80m spaced sections to infill and test the geometry and down dip continuity of the stacked LCT pegmatites over 850m of strike. Significant zones of pegmatite hosted lithium mineralisation were intersected on all sections.

Individual pegmatites are up to 1,000m long and surface exposures suggest widths from 5m to 15m. Drilling has intersected lithium mineralisation up to 14m in thickness, with individual 1m assays up to 2.84% Li<sub>2</sub>O returned.

Significant intercepts from the initial batch of assays (refer ASX release 23 June 2023) included:

- 9m @ 1.50% Li<sub>2</sub>O, 88ppm Ta<sub>2</sub>O<sub>5</sub> and 57ppm Nb<sub>2</sub>O<sub>5</sub> from 160m in SYRC014
- 10m @ 0.98% Li<sub>2</sub>O, 100ppm Ta<sub>2</sub>O<sub>5</sub> and 49ppm Nb<sub>2</sub>O<sub>5</sub> from 83m in SYRC018
- 6m @ 1.60% Li<sub>2</sub>O, 131ppm Ta<sub>2</sub>O<sub>5</sub> and 60ppm Nb<sub>2</sub>O<sub>5</sub> from 49m in SYRC009
- 7m @ 1.19% Li<sub>2</sub>O, 100ppm Ta<sub>2</sub>O<sub>5</sub> and 54ppm Nb<sub>2</sub>O<sub>5</sub> from 76m in SYRC011
- 5m @ 1.37% Li<sub>2</sub>O, 146ppm Ta<sub>2</sub>O<sub>5</sub> and 76ppm Nb<sub>2</sub>O<sub>5</sub> from 22m in SYRC013
- 5m @ 1.25% Li<sub>2</sub>O, 160ppm Ta<sub>2</sub>O<sub>5</sub> and 104ppm Nb<sub>2</sub>O<sub>5</sub> from 55m in SYRC017
- 6m @ 1.00% Li<sub>2</sub>O, 88ppm Ta<sub>2</sub>O<sub>5</sub> and 54ppm Nb<sub>2</sub>O<sub>5</sub> from 130m in SYRC016

Based on the intersection angle of the drilling with the modelled pegmatites, downhole widths noted above are interpreted to be close to true widths.

Assays from the second batch delivered further high-grade lithium mineralisation up to 2.36% Li<sub>2</sub>O intersected in stacked LCT pegmatites (refer ASX release 5 July 2023). Significant intercepts from the second batch of assays included:

- 5m @ 1.13% Li<sub>2</sub>O, 92ppm Ta<sub>2</sub>O<sub>5</sub> and 43ppm Nb<sub>2</sub>O<sub>5</sub> from 79m in SYRC019
- 9m @ 0.90% Li<sub>2</sub>O, 66ppm Ta<sub>2</sub>O<sub>5</sub> and 43ppm Nb<sub>2</sub>O<sub>5</sub> from 108m in SYRC021
- 6m @ 0.92% Li<sub>2</sub>O, 86ppm Ta<sub>2</sub>O<sub>5</sub> and 44ppm Nb<sub>2</sub>O<sub>5</sub> from 113m in SYRC020
- 6m @ 0.89% Li<sub>2</sub>O, 62ppm Ta<sub>2</sub>O<sub>5</sub> and 30ppm Nb<sub>2</sub>O<sub>5</sub> from 52m in SYRC021
- 4m @ 1.09% Li<sub>2</sub>O, 120ppm Ta<sub>2</sub>O<sub>5</sub> and 55ppm Nb<sub>2</sub>O<sub>5</sub> from 87m in SYRC020
- 3m @ 1.54% Li<sub>2</sub>O, 79ppm Ta<sub>2</sub>O<sub>5</sub> and 55ppm Nb<sub>2</sub>O<sub>5</sub> from 108m in SYRC022
- 3m @ 1.38% Li<sub>2</sub>O, 209ppm Ta<sub>2</sub>O<sub>5</sub> and 98ppm Nb<sub>2</sub>O<sub>5</sub> from 54m in SYRC022

Further RC infill drilling concluding in July 2023 intersected significant zones of pegmatite hosted lithium mineralisation were intersected on all sections, with mineralisation remaining open in all directions. Assays received post period end included the following significant results (refer ASX release 17 August 2023):

- 14m @ 1.50% Li<sub>2</sub>O, 64ppm Ta<sub>2</sub>O<sub>5</sub> and 42ppm Nb<sub>2</sub>O<sub>5</sub> from 126m in SYRC037
- 4m @ 1.38% Li<sub>2</sub>O, 107ppm Ta<sub>2</sub>O<sub>5</sub> and 52ppm Nb<sub>2</sub>O<sub>5</sub> from 20m in SYRC038
- 4m @ 1.35% Li<sub>2</sub>O, 64ppm Ta<sub>2</sub>O<sub>5</sub> and 54ppm Nb<sub>2</sub>O<sub>5</sub> from 47m in SYRC036
- 5m @ 0.94% Li<sub>2</sub>O, 93ppm Ta<sub>2</sub>O<sub>5</sub> and 67ppm Nb<sub>2</sub>O<sub>5</sub> from 105m in SYRC039
- 3m @ 1.32% Li<sub>2</sub>O, 87ppm Ta<sub>2</sub>O<sub>5</sub> and 52ppm Nb<sub>2</sub>O<sub>5</sub> from 148m in SYRC037
- 4m @ 0.97% Li<sub>2</sub>O, 172ppm Ta<sub>2</sub>O<sub>5</sub> and 77ppm Nb<sub>2</sub>O<sub>5</sub> from 83m in SYRC037

Significant high-grade lithium mineralisation hosted by shallow east dipping LCT pegmatites extends along 3km of strike and to a minimum of 175m below surface. Field reconnaissance and air photo interpretation has also identified multiple target areas that require follow up mapping, sampling and RC drill testing (refer Figure 4).

The technical information relating to the Youanmi Project contained in this report is derived from the below ASX releases:

19 <sup>th</sup> December 2022	SCN Expands Lithium Footprint – Major Project Acquisition
6 <sup>th</sup> February 2023	Youanmi Lithium Project Drilling Commences
23 <sup>rd</sup> March 2023	Drilling Confirms 3km of LCT Pegmatites Strike at Youanmi
29 <sup>th</sup> March 2023	Drilling Confirms 3km of LCT Pegmatites Strike – Amended
13 <sup>th</sup> April 2023	High Grade Lithium Drilling Results - Youanmi Project
15 <sup>th</sup> May 2023	Youanmi Infill Drilling Underway
30 <sup>th</sup> May 2023	Youanmi Infill Drilling Completed
8 <sup>th</sup> June 2023	Scorpion Appoints Lithium Industry Pioneer as CEO
23 <sup>rd</sup> June 2023	Further High-Grade Lithium Results – Youanmi Project
4 <sup>th</sup> July 2023	Infill RC Drilling Underway at Youanmi
5 <sup>th</sup> July 2023	More High-Grade Lithium at Youanmi - 2.36% Li <sub>2</sub> O
26 <sup>th</sup> July 2023	Infill RC Drilling Complete at Youanmi
27 <sup>th</sup> July 2023	Scorpion signs MOU with Sunwoda at Youanmi
3 <sup>rd</sup> August 2023	Infill Drilling Delivers More High-Grade Lithium at Youanmi



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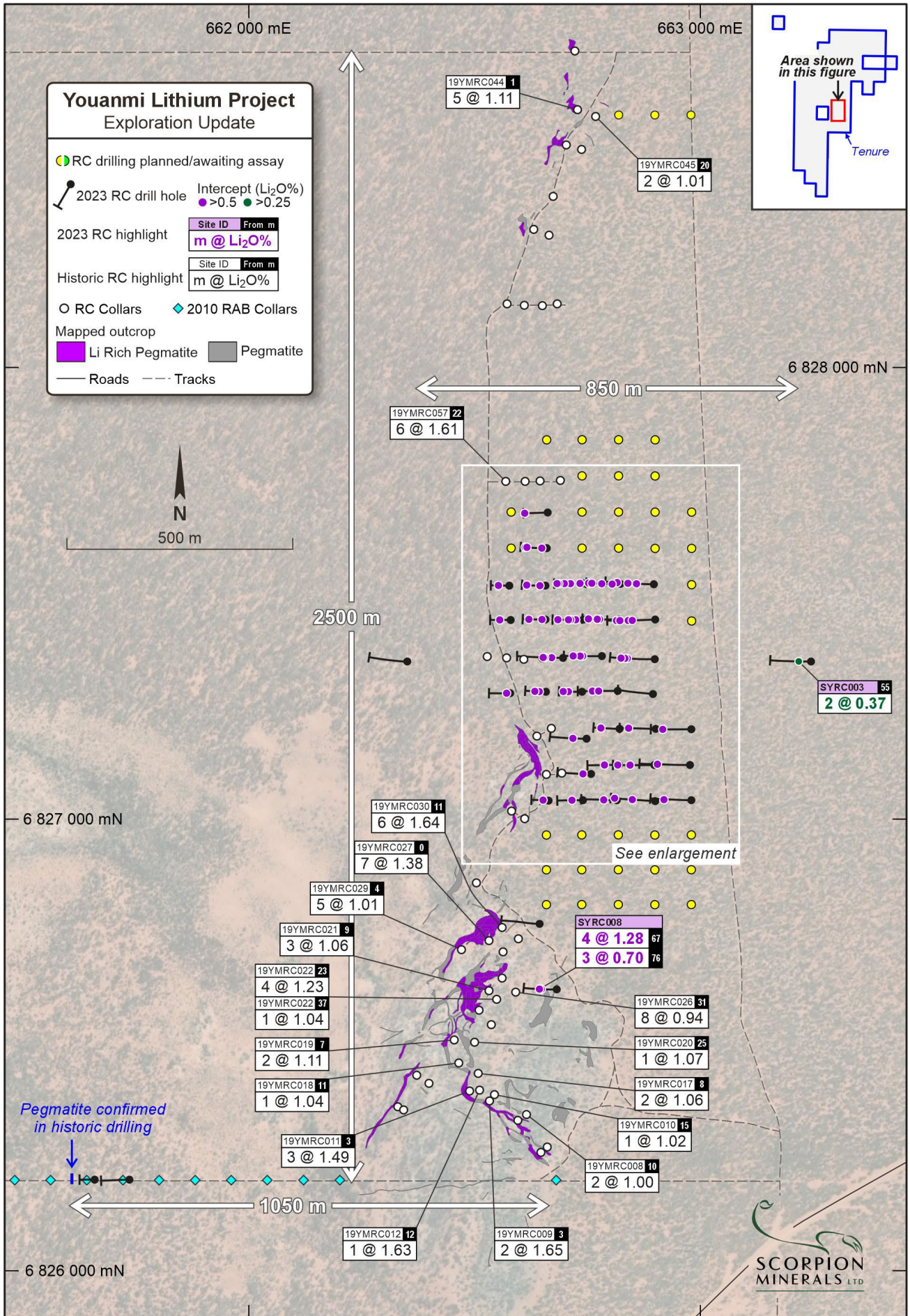


Figure 2: Plan showing mapped pegmatite outcrop and significant RC drilling intercepts

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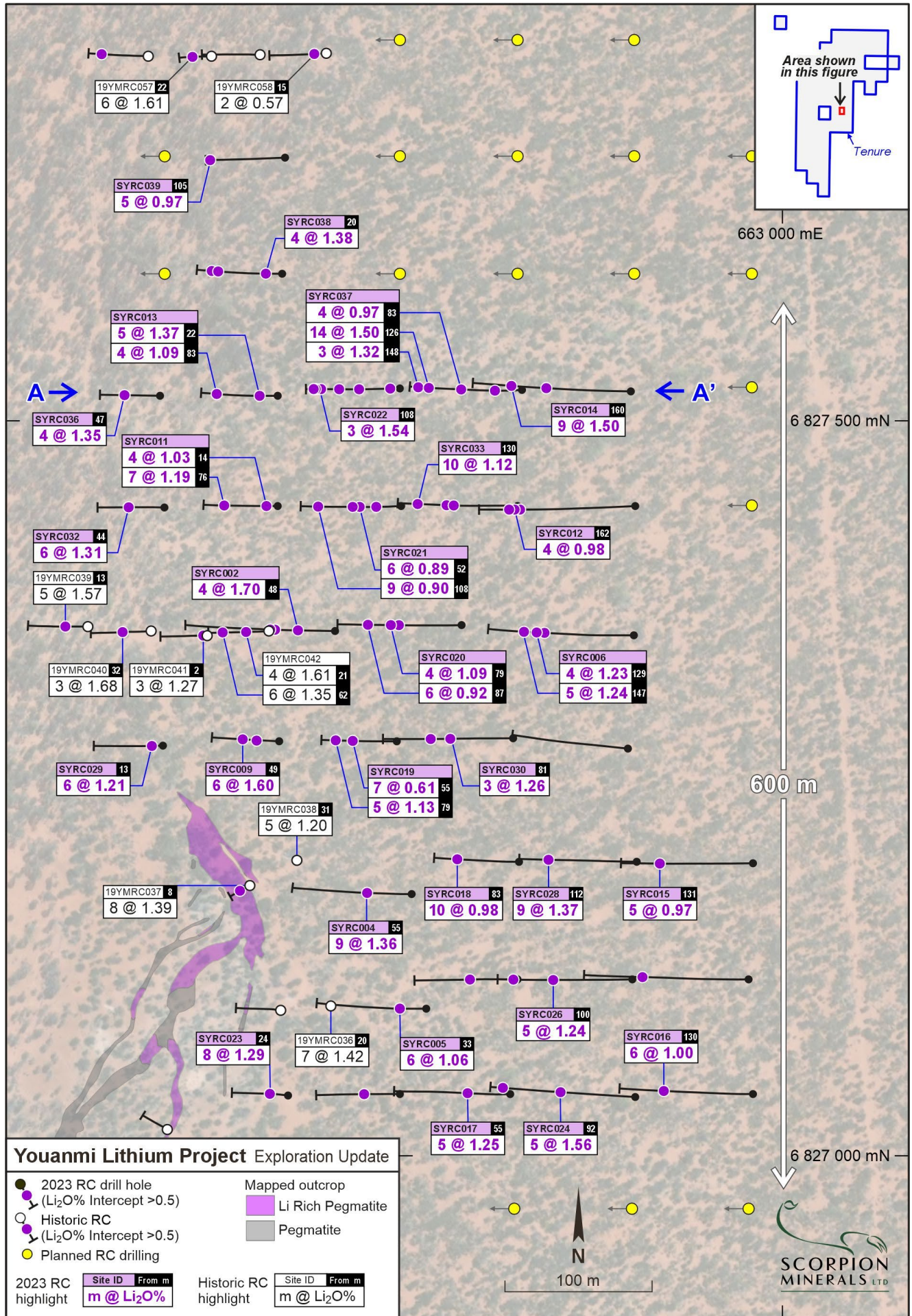


Figure 3: Plan showing mapped pegmatite outcrop and significant RC drilling intercepts (enlargement)

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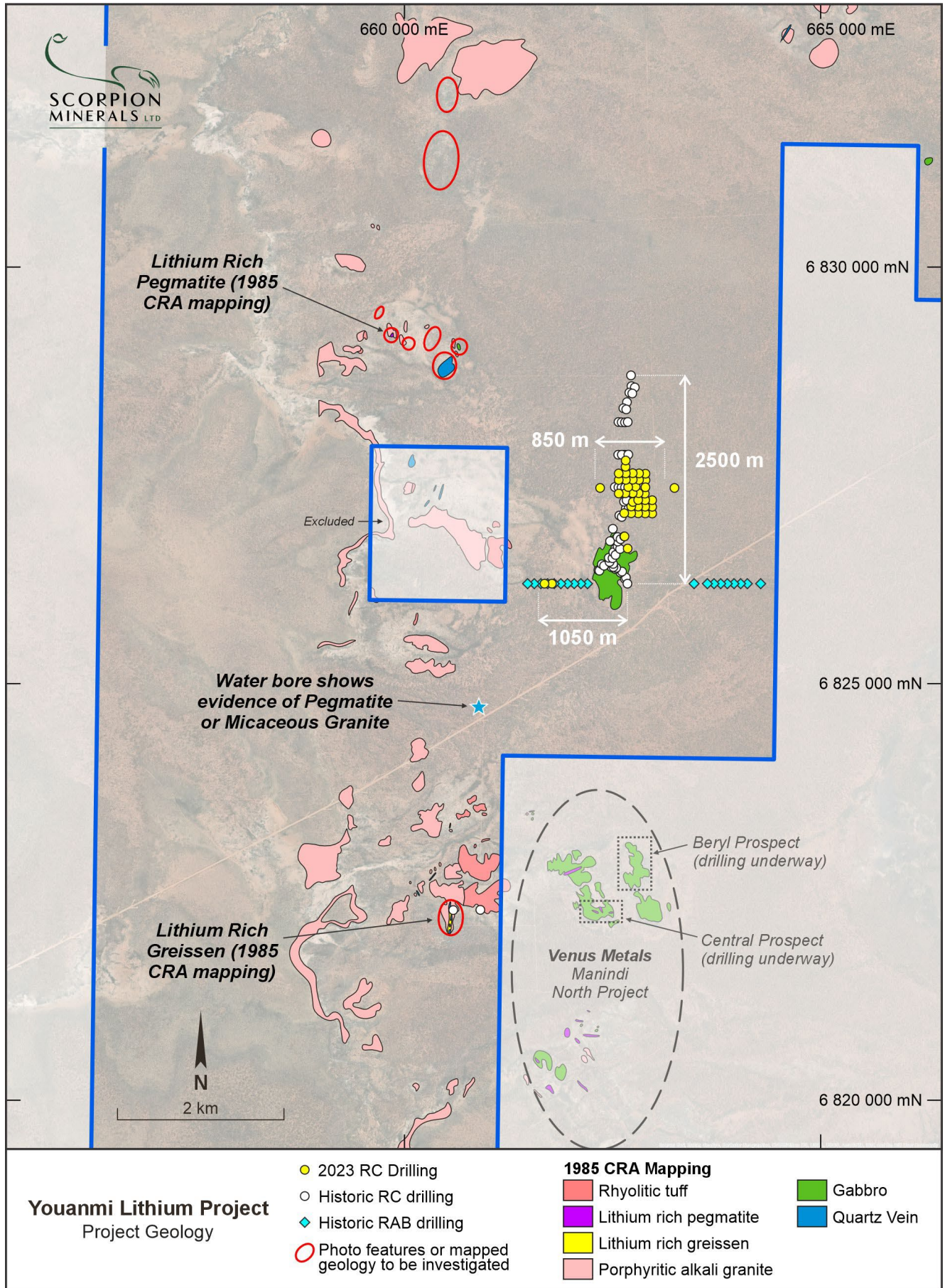


Figure 4: Plan showing mapped pegmatite outcrop and significant RC drilling intercepts (enlargement)

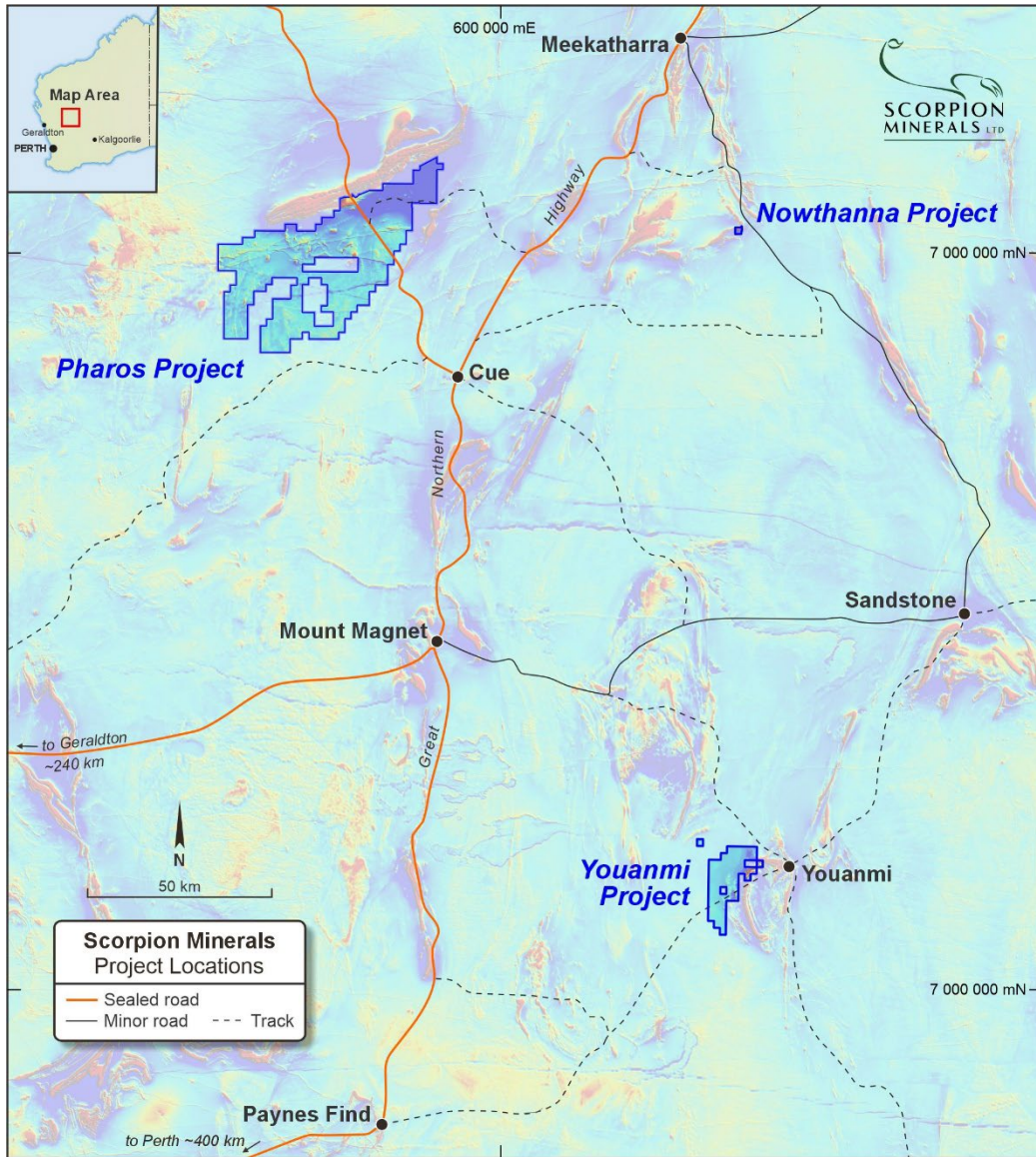


Figure 5: Location of the Company's Pharos, Youanmi and Nowthanna Projects

**Pharos Project, WA (SCN: 100%)**

The Pharos Project is 100% owned by Scorpion and covers an area of 1,335km<sup>2</sup> located 60km northwest of Cue in the Murchison Mineral Field, Western Australia. The project is prospective for lithium, PGE-Ni-Cu, gold, iron ore and VMS hosted Cu-Zn-Ag Au mineralisation (refer Figure 6).

Exploration activities at Pharos during the year ended 30 June 2023 focused on the largely untested 50km strike zone of LCT pegmatites identified via technical review. The Company also continued evaluation of the base metals and gold targets within the project area.

**Lithium targets**

Initial field reconnaissance during the year has confirmed extensive LCT pegmatite swarms at the Poona East and Poona West prospects (refer ASX release 20 October 2022). Activities completed included geological mapping and rock chip sampling, with the aims of determining the lateral extent of the corridor, identifying the potential for additional LCT pegmatites, and obtaining structural information for planning of initial stratigraphic reverse circulation ("RC") drill testing of target areas. Historic RC drill testing at Poona East and Poona West has been limited.

Mapping so far has confirmed multiple LCT pegmatites in both areas that are oriented sub parallel to the granite contact and are shallow dipping to the north (Poona East) and northeast (Poona West). Individual pegmatites are up to 1000m long and surface exposures suggest widths from 10m to 15m wide. Shallow dipping pegmatite orientation is a characteristic of significant LCT pegmatite systems.

Inspection of historic rock chip sample areas with high lithium results has confirmed the presence of zonation within the LCT pegmatites across their width and along strike, with further RC drilling required to properly assess these targets. Initial RC drill testing of initial targets at Poona will commence following additional heritage clearing underway to allow access to the expanded pegmatite target area.

**Base metal and gold targets**

The Pharos Project contains the Pallas, Mughal and Perses PGE-Ni-Cu-Co targets plus the Mt Mulcahy Cu-Zn-Ag-Au VMS deposit. Following the approvals of programs of work, planning and logistics have been advanced to allow for initial drill testing of Pallas and Perses. Further evaluation/planning for follow-up RC and/or diamond drilling was also undertaken for the existing gold targets at Oliver’s Patch and Ulysses.

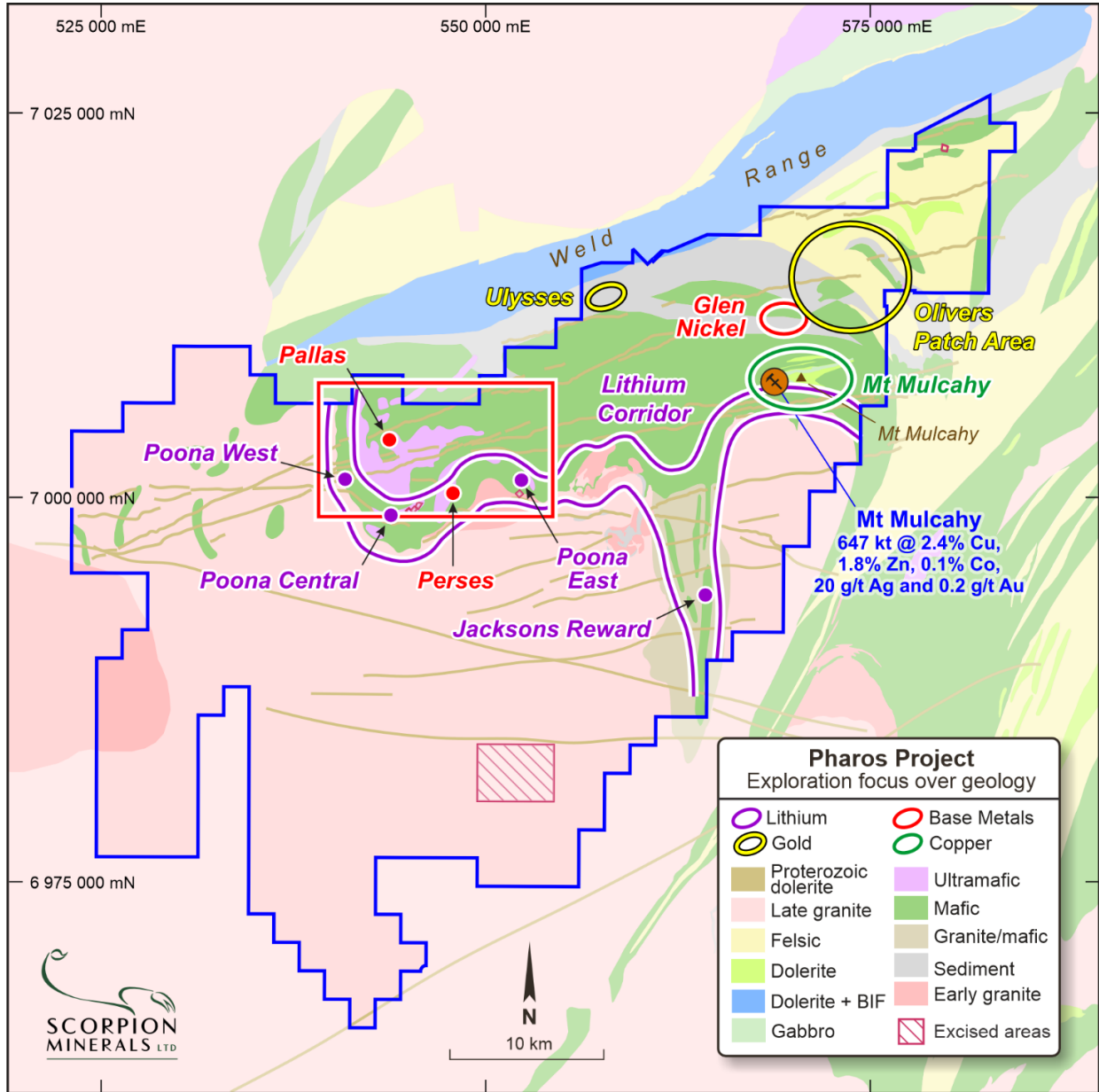


Figure 6: Location of Pharos Project commodity targets

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## RESULTS OF OPERATIONS

The Group incurred an after-tax operating loss for the year ended 30 June 2023 of \$3,243,338 (30 June 2022: \$943,545).

## CORPORATE

### **Management and board changes**

On 8 June 2023, the Company advised the appointment of Mr Michael Fotios as Chief Executive Officer to lead the Company's next phase of growth. Mr Fotios is a highly experienced mining industry executive and is widely regarded as a lithium industry pioneer, having been one of the first Australian mining executives to identify the potential of the battery minerals sector. Mr Fotios has an extensive and successful track record of taking projects from discovery through to development and production. In the lithium sector, he was a founder and former Managing Director of both Galaxy Resources Ltd and General Mining Corporation Ltd, which now form part of Allkem Ltd, one of the world's largest lithium producers.

The Company also advised the appointment of Mr Michael Langford as Chief Investment Officer as part of a renewed mandate with Airguide Advisory Pte. Ltd, the Company's strategic advisor. Additionally, Ms Bronwyn Barnes transitioned from Executive Chairman to Non-Executive Chairman, Ms Kate Stoney transitioned from Non-Executive Director to Executive Director – Finance, and Mr Josh Merriman was appointed Joint Company Secretary with Ms Stoney.

### **Share capital and funding**

The Company did not raise further funds from the issue of new capital during the year. Funding for the Company's activities was drawn from existing cash reserves and the proceeds of its holdings in Fenix Resources Ltd (ASX:FEX). During the year, the Company received a cash dividend from FEX of \$210,000 and proceeds of \$960,000 (before costs) from the disposal of its shareholding. The Company was issued 4,000,000 fully paid ordinary FEX shares in February 2022 as part consideration for the acceleration of the Farm-in and Joint Venture Agreement between the two parties.

On 11 November 2022, the Company released from escrow 4,000,000 fully paid ordinary shares held by eMetals Ltd (ASX:EMT), following the receipt of completed deeds of assignment from eMetals in connection with the Company's acquisition of tenements E20/885, E20/896, E20/963 and E20/964 ("Poona Project"). The shares had been issued to eMetals on 14 February 2022 as part consideration for the acquisition in accordance with the Binding Heads of Agreement between the companies dated 2 December 2021.

On 22 December 2022, the Company issued 5,000,000 fully paid ordinary shares to a private exploration company as part consideration for the option to acquire the Youanmi Lithium Project.

### **Other matters**

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

## SHAREHOLDER RETURNS

	2023	2022
Basic and diluted loss per share (cents)	(0.93)	(0.33)

## SIGNIFICANT EVENTS AFTER THE REPORTING DATE

The Company is not aware of any matter or circumstance that has arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Directors are not aware of any likely developments in the operations of the Group and the expected results of those operations that may have a material effect in subsequent years that are not already disclosed. Comments on certain operations of the Group are included in this annual report under the operating and financial review on activities on page 4.

## REMUNERATION REPORT – AUDITED

The Directors of Scorpion present the Remuneration Report for the Group for the financial year ended 30 June 2023. This Remuneration Report forms part of the Directors' Report and has been prepared in accordance with the disclosure requirements of the *Corporations Act 2001*. The information provided in this Remuneration Report has been audited as required under Section 308(3C) of the *Corporations Act*.

The Company's key management personnel are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group. The key management personnel of the Group for the financial year ended 30 June 2023 were as follows:

<b>Name</b>	<b>Position</b>	<b>Dates in office</b>
Bronwyn Barnes	Non-Executive Chairman	Appointed 8 June 2023
	Executive Chairman	Until 8 June 2023
Kate Stoney	Executive Director – Finance	Appointed 8 June 2023
	Non-Executive Director	Until 8 June 2023
	Company Secretary	Full financial year
Michael Kitney	Non-Executive Director	Full financial year
Michael Fotios	Chief Executive Officer	Appointed 8 June 2023

### **Assessing performance and claw-back of remuneration**

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors, the CEO and the executive team. The Board's policy for determining the nature and amount of remuneration for Board members and senior Executives of the Group (if any) is as follows:

#### **Remuneration Policies for Non-Executive Directors**

The Board will adopt remuneration policies for Non-Executive Directors (including fees, travel and other benefits). In adopting such policies, the Board will take into account the following guidelines:

- Non-Executive Directors should be remunerated by way of fees – in the form of cash, non-cash benefits or superannuation contributions;
- Non-Executive Directors should not participate in schemes designed for remuneration of executives;
- Non-Executive Directors should not receive bonus payments;
- Non-Executive Directors should not be provided with retirement benefits other than statutory superannuation.

The maximum aggregate annual remuneration is approved by shareholders. The current maximum aggregate amount of fees that can be paid to Non-Executive Directors is \$200,000, as approved at a General Meeting held on 22 January 2008. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group and are able to participate in employee option plans.

#### **Remuneration Policies for Executive Directors and Executive Management**

The Board will adopt remuneration policies for Executive Directors and Executive Management, including:

- Fixed annual remuneration (including superannuation) and short term and long-term incentive awards (including performance targets);
- Any termination payments (which are to be agreed in advance and include provisions in case of early termination); and
- Offers of equity under Board approved employee equity plans. Any issue of Company shares or options (if any) made to Executive Directors are to be placed before shareholders for approval.

The Board's objectives are that the remuneration policies:

- Motivate Executive Directors and Executive Management to pursue the long-term growth and success of the Company;
- Demonstrate a clear relationship between performance and remuneration; and
- Involve an appropriate balance between fixed and incentive remuneration, to reflect the short and long-term performance objectives appropriate to the Company's circumstances and goals.

There were no remuneration consultants engaged by the Company during the year.

### **Bonuses and performance-based remuneration**

There were no cash bonuses or non-monetary benefits paid to key management personnel during the year. There was no performance-based remuneration paid to Directors during the financial year. Based upon the present stage of development of the Company, performance-based remuneration is not considered appropriate.

### **Group performance, shareholder wealth and Directors' and executives' remuneration**

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and Directors and Executives' performance. Currently, this is facilitated through the issue of options to Executives to encourage the alignment of personal and shareholder interests. No market-based performance remuneration has been paid in the current year.

### **Details of remuneration**

The remuneration of the Company's key management personnel (as defined in AASB 124 Related Party Disclosures) for the year ended 30 June 2023 is set out below:

	<b>Short-Term</b>	<b>Post-Employment</b>	<b>Share-based Payments</b>		<b>Total</b>
	<b>Salary &amp; Fees</b>	<b>Superannuation</b>	<b>Shares</b>	<b>Options</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Directors</b>					
Bronwyn Barnes					
2023	106,667	11,200	148,000	178,880	444,747
2022	115,014	2,559	-	105,200	222,773
Kate Stoney					
2023	61,000	-	-	-	61,000
2022	49,000	-	-	128,352	177,352
Michael Kitney					
2023	42,000	-	-	51,906	93,906
2022	2,800	-	-	-	2,800
Craig Hall (resigned 7 June 2022)					
2022	25,636	-	-	105,200	130,836
<b>Executives</b>					
Michael Fotios					
2023	-	-	-	-	-
<b>Total</b>					
<b>2023</b>	<b>209,667</b>	<b>11,200</b>	<b>148,000</b>	<b>230,786</b>	<b>599,653</b>
<b>2022</b>	<b>192,450</b>	<b>2,559</b>	<b>-</b>	<b>338,752</b>	<b>533,761</b>

### **Amounts payable to key management personnel**

The following balances are outstanding at the reporting date (inclusive of GST where applicable) in relation to transactions with key management personnel and their related parties:

Director's remuneration payable to Integra Management Consultants Pty Ltd <sup>1</sup>	\$ 7,333
Director's superannuation payable to Lacos Pty Ltd <sup>1</sup>	700
Director's remuneration payable to Kate Stoney	6,600
Non-executive director's fees payable to Emdale Family Trust <sup>2</sup>	3,500
Consulting fees payable to Target Exploration Pty Ltd <sup>3</sup>	149,427
<b>Total</b>	<b>167,560</b>

1 Entity associated with Ms Barnes.

2 Entity associated with Mr Kitney.

3 Entity associated with Ms Stoney (see section immediately below).

### **Other transactions with key management personnel**

The services of Mr Fotios as CEO are provided through a management entity, Target Exploration Pty Ltd ("Target"), of which Ms Stoney is a director. During the period, amounts payable to Target in respect of Mr Fotios' CEO services totalled \$32,230. Target also provided finance and administration services to the value of \$33,500 and technical consulting services to the value of \$360,155 during the period.



Additionally, Obsidian Metals Group Pty Ltd ("Obsidian"), another entity of which Ms Stoney is a director, provided project generation services to the value of \$24,998 and corporate consulting services to the value of \$50,000 during the period. For the avoidance of doubt, Ms Stoney has no beneficial interest in the Company's contractual arrangements with Target or Obsidian.

### Executive contracts and service agreements

The remuneration arrangements for Executives (including Executive Directors) are formalised in employment contracts or service agreements. These contracts provide for the payment of annual fixed remuneration and, at the Board's discretion, the issuance of securities as short-term (STI) or long-term (LTI) incentives under the Company's Employee Securities Incentive Plan. The below table outlines the key terms of the contracts with Executives:

KMP	Term of Contract	Notice period by Company	Notice period by Executive	Base fee including superannuation (\$)	STI and LTI bonuses payable
B Barnes <sup>1</sup>	No fixed term	3 months	3 months	132,600	various <sup>4</sup>
K Stoney <sup>2</sup>	No fixed term	3 months	3 months	66,300	various <sup>5</sup>
M Fotios <sup>3</sup>	No fixed term	3 months	3 months	386,750	various <sup>6</sup>

1 Ms Barnes transitioned to Non-Executive Chairman with effect from 8 June 2023.

2 Ms Stoney was appointed Executive Director – Finance on 8 June 2023. No executive contract was in place for her previous position as Non-Executive Director.

3 Mr Fotios was appointed CEO on 8 June 2023. His appointment was effected via a variation to an existing services agreement between the Company and Obsidian Metals Group Pty Ltd ("Obsidian"), an entity associated with Ms Stoney.

4 In accordance with her ESA, Ms Barnes (or her nominee) was entitled to be issued the below securities, which were issued on 22 December 2022 following shareholder approval at the Company's Annual General Meeting on 29 November 2022:

(a) 2,000,000 fully paid ordinary shares in the Company, subject to the Company completing the acquisition of the Poona Project;

(b) 2,000,000 \$0.12 options expiring 4 years after the date of issue, vesting upon the shares of the Company achieving a 5-day volume-weighted average price of \$0.15 per share;

(c) 3,000,000 \$0.12 options expiring 4 years after the date of issue, vesting upon the Company acquiring a new project in addition to its existing projects (vested immediately upon the acquisition of the Youanmi Project); and

(d) 3,000,000 \$0.12 options expiring 4 years after the date of issue, vesting upon the Company acquiring a second new project in addition to its existing projects.

5 In accordance with her ESA, Ms Stoney (or her nominee) is entitled to be issued the below securities, subject to shareholder and/or regulatory approval:

#### Long term incentives

(a) 500,000 \$0.00 options expiring 2 years after the date of issue, subject to Ms Stoney providing 12 months of continuous service to the Company from the commencement date of the ESA;

(b) 500,000 \$0.00 options expiring 3 years after the date of issue, subject to Ms Stoney providing 24 months of continuous service to the Company from the commencement date of the ESA; and

(c) 500,000 \$0.00 options expiring 4 years after the date of issue, subject to Ms Stoney providing 36 months of continuous service to the Company from the commencement date of the ESA.

#### Short term incentives

Up to 100% of annual base salary depending on the achievement of annual stipulated milestones, to be issued in cash or shares (subject to shareholder approval where applicable) at the election of the Company.

6 In accordance with the provisions of the services agreement in respect of Mr Fotios' services, Obsidian (or its nominee) is entitled to be issued the below securities, subject to shareholder and/or regulatory approval:

#### Long term incentives

(a) 3,000,000 \$0.00 options expiring 2 years after the date of issue, subject to Mr Fotios providing 12 months of continuous service to the Company from the commencement date of Mr Fotios' services as CEO;

(b) 3,000,000 \$0.00 options expiring 3 years after the date of issue, subject to Mr Fotios providing 24 months of continuous service to the Company from the commencement date of Mr Fotios' services as CEO;

(c) 3,000,000 \$0.00 options expiring 4 years after the date of issue, subject to Mr Fotios providing 36 months of continuous service to the Company from the commencement date of Mr Fotios' services as CEO;

(d) 7,000,000 \$0.12 options expiring 24 months after the date of issue, subject to the Company announcing a binding Strategic Partner agreement, or the shares of the Company achieving a 5-day volume-weighted average price of \$0.15 per share;

(e) 7,000,000 \$0.12 options expiring 36 months after the date of issue, subject to the Company announcing the receipt of Strategic Partner Stage 1 funding, or the shares of the Company achieving a 5-day volume-weighted average price of \$0.25 per share; and

(f) 7,000,000 \$0.12 options expiring 48 months after the date of issue, subject to the Company announcing a JORC-compliant Mineral Resource of at least 10,000,000 tonnes of Li<sub>2</sub>O, or the shares of the Company achieving a 5-day volume-weighted average price of \$0.35 per share;

#### Short term incentives

Up to 100% of annual fee depending on the achievement of annual stipulated milestones, to be issued in cash or shares (subject to shareholder approval where applicable) at the election of the Company.

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### Non-Executive Director remuneration

The Board has determined that should a Non-Executive Director incur or be asked to incur excessive time in assisting the Company on specific matters, the Non-Executive Director is entitled to charge the Company for this additional time. The Board has also agreed that payments to Non-Executive Directors for the provision of such services shall be on reasonable commercial terms.

### Shareholdings of Directors

	Balance 1 July 2022	Granted as remuneration	On exercise of options	Other changes <sup>1</sup>	Balance 30 June 2023
Bronwyn Barnes	17,868,250	2,000,000	-	-	19,868,250
Kate Stoney	-	-	-	5,000,000	5,000,000
Michael Kitney	-	-	-	-	-
	<u>17,868,250</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>24,868,250</u>

<sup>1</sup> During the year, Ms Stoney became director and shareholder (non-beneficial) in Obsidian Metals Group Pty Ltd, which held 5,000,000 ordinary shares at the reporting date.

### Option holdings of Directors

	Balance 1 July 2022	Granted as remuneration	On exercising of options	Other changes <sup>1</sup>	Balance 30 June 2023
Bronwyn Barnes	3,750,000	8,000,000	-	-	11,750,000
Kate Stoney	3,000,000	-	-	101,500,000	104,500,000
Michael Kitney	-	2,000,000	-	-	2,000,000
	<u>6,750,000</u>	<u>10,000,000</u>	<u>-</u>	<u>101,500,000</u>	<u>118,250,000</u>

<sup>1</sup> During the year, Ms Stoney became director and shareholder (non-beneficial) in Obsidian Metals Group Pty Ltd, which held 101,500,000 unlisted options at the reporting date.

### Share-based compensation

On 22 December 2022, Ms Barnes was issued 2,000,000 fully paid ordinary shares in the Company and 8,000,000 unlisted options in various classes and with various vesting conditions, in accordance with the terms of her Executive Services Agreement disclosed above. On the same date, Mr Kitney was issued 1,000,000 \$0.15 unlisted options in the class expiring 22 December 2024 and 1,000,000 \$0.20 unlisted options in the class expiring 22 December 2024. On the same date, Obsidian Metals Group Pty Ltd ("Obsidian"), an entity of which Ms Stoney is a director, was issued 100,000,000 \$0.12 unlisted options in the class expiring 22 December 2026, subject to various conditions. For the avoidance of doubt, Ms Stoney has no beneficial interest in the options issued to Obsidian.

### Additional information

The table below sets out information about the Group's earnings and movements in shareholder wealth of the periods since listing:

	30 June 23	30 June 22	30 June 21	30 June 20	30 June 19	30 June 18
	\$	\$	\$	\$	\$	\$
Revenue	210,000	960,000	-	-	-	-
Net (loss) / profit before tax	(3,243,338)	(943,545)	(2,236,709)	(818,849)	(2,644,232)	(294,916)
Share price at reporting date	0.088	0.071	0.061	0.045	0.004	0.024

### Voting and comments made at the Group's 2022 Annual General Meeting

At the Annual General Meeting of the Company held on 29 November 2022, 99.97% of votes cast support the adoption of the Company's Remuneration Report for the year ended 30 June 2022 (2021: 99.95%). No comments were received at the meeting in respect of the Group's remuneration policy.

END OF AUDITED REMUNERATION REPORT

## DIRECTORS' MEETINGS

Given the size and nature of the Company, the Non-Executive Directors meet frequently at a management level. These meetings are not recorded as board meetings. During the year the Group held four Board meetings. Board decisions were also undertaken via circular resolutions signed by all Directors entitled to vote.

Director	Eligible to Attend	Attended
Bronwyn Barnes	4	4
Kate Stoney	4	4
Michael Kitney	4	4

## SHARES UNDER OPTION

The table below represents the movement of options from 1 July 2022 to the date of this report:

	<b>Number of options</b>
Balance at 1 July 2022	<b>32,250,000</b>
Movements of share options during the year	
12 Oct 2022: Exercise of \$0.00 T2 ESIP options in the class expiring 5 September 2024	(1,375,000)
12 Oct 2022: Exercise of \$0.00 T1 ESIP options in the class expiring 22 April 2024	(250,000)
12 Oct 2022: Exercise of \$0.00 T2 ESIP options in the class expiring 22 April 2025	(250,000)
22 Dec 2022: Issue of \$0.12 advisor options in the classes expiring 22 December 2026	100,000,000
22 Dec 2022: Issue of \$0.12 executive chairman options in the classes expiring 22 December 2026	8,000,000
22 Dec 2022: Issue of \$0.15 director options in the class expiring 22 Dec 2024	1,000,000
22 Dec 2022: Issue of \$0.20 director options in the class expiring 22 Dec 2024	1,000,000
22 Dec 2022: Issue of \$0.12 lead manager options in the class expiring 22 Dec 2022	6,000,000
5 Apr 2023: Issue of \$0.00 T3 ESIP options in the class expiring 22 April 2026	1,375,000
Total number of options outstanding as at the date of this report	<b>147,750,000</b>

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

## INSURANCE OF DIRECTORS AND OFFICERS

The Company entered into a directors and officers liability insurance policy for a 12-month period commencing 7 February 2022 for a total premium of \$26,010 (30 June 2021: \$19,500) and renewed the policy on 28 February 2023 for a 12-month period for a total premium of \$25,054.

The Company has entered into Deeds of Access, Insurance and Indemnity with each of the Directors and Officers of the Company. Under the Deeds of Access, Insurance and Indemnity, the Company will indemnify those Officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities as Directors and Officers of the Company or any related entities.

## ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to environmental regulation in respect to its mineral tenements relating to exploration activities on those tenements. No breaches of any environmental restrictions were recorded during the financial year.

## CORPORATE GOVERNANCE

The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition) as published by the ASX Corporate Governance Council.

The 2023 Corporate Governance Statement is dated as at 30 June 2023 and reflects the corporate governance practices in place throughout the 2023 financial year. A copy of the Company's 2023 Corporate Governance Statement can be accessed at the Company's website.

### NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The Board of Directors would consider the position that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditors, would not compromise the auditors' independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services would be reviewed to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 11 Code of Ethics for Professional Accountants.

Non-audit services provided totalling \$6,000 relate to tax compliance services and are not considered to impair auditor independence.

### 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 the following page.

Signed in accordance with a resolution of the Directors, and on behalf of the Board by,



Bronwyn Barnes  
**Non-Executive Chairman**

29 September 2023

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# ROTHSAY

AUDIT & ASSURANCE PTY LTD

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor of the audit of Scorpion Minerals Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

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

Rothsay Audit & Assurance Pty Ltd



Daniel Dalla  
Director

29 September 2023

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 \$	2022 \$
<b>REVENUE</b>			
Sales of mineral rights		-	960,000
Dividend income		210,000	-
Other income		-	270
<b>OPERATING EXPENSES</b>			
Director fees		(237,294)	(195,009)
Share based payments – directors	23	(230,786)	(338,752)
Share based payments – other	23	(1,155,524)	(307,402)
Exploration expenses		(384,745)	(712,120)
Occupancy expenses		(30,250)	(36,000)
Other expenses	2	(1,041,216)	(539,417)
Operating loss		(2,869,815)	(1,168,430)
<b>FINANCIAL EXPENSES</b>			
Gain/(loss) on financial instruments	3	(309,600)	300,000
Interest income	3	7,585	690
Interest expense		(70,235)	(75,805)
Finance costs - net		(372,250)	224,885
Loss before income tax		(3,243,338)	(943,545)
Income tax benefit/(expense)	4	-	-
<b>Loss after income tax for the year</b>		(3,243,338)	(943,545)
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive loss for the year</b>		(3,243,338)	(943,545)
<b>TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNERS OF SCORPION MINERALS LIMITED</b>	12	(3,243,338)	(943,545)
<b>Loss per share for loss attributable to ordinary equity holders of the Group:</b>			
Basic loss per share (cents per share)	14	(0.93)	(0.33)
Diluted loss per share (cents per share)	14	(0.93)	(0.33)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

**CONSOLIDATED STATEMENT OF FINANCIAL  
POSITION AS AT 30 JUNE 2023**

	Notes	2023 \$	2022 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	389,093	2,102,432
Trade and other receivables	6	231,339	167,879
Financial assets at fair value through profit and loss	7	-	1,260,000
<b>TOTAL CURRENT ASSETS</b>		<b>620,432</b>	<b>3,530,311</b>
<b>NON-CURRENT ASSETS</b>			
Capitalised exploration expenditure	8	4,351,476	2,060,027
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,351,476</b>	<b>2,060,027</b>
<b>TOTAL ASSETS</b>		<b>4,971,908</b>	<b>5,590,338</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	(1,079,985)	(707,515)
Borrowings	10	(904,810)	(1,196,682)
<b>TOTAL CURRENT LIABILITIES</b>		<b>(1,984,795)</b>	<b>(1,904,197)</b>
<b>TOTAL LIABILITIES</b>		<b>(1,984,795)</b>	<b>(1,904,197)</b>
<b>NET ASSETS / (LIABILITY)</b>		<b>2,987,113</b>	<b>3,686,141</b>
<b>EQUITY</b>			
Contributed equity	11	28,400,089	27,302,319
Accumulated losses	12	(27,825,936)	(24,585,598)
Reserves	13	2,412,960	969,420
<b>TOTAL EQUITY</b>		<b>2,987,113</b>	<b>3,686,141</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	Contributed Equity	Accumulated Losses	Share- based Payments Reserve	Total Equity
<b>CONSOLIDATED</b>					
<b>Balance 1 July 2022</b>		27,302,319	(24,585,598)	969,420	3,686,141
Loss for the year	12	-	(3,243,338)	-	(3,243,338)
<b>Total comprehensive loss for the year</b>		-	(3,243,338)	-	(3,243,338)
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the year	11	1,158,000	-	-	1,158,000
Options issued during the year			-	1,386,310	1,386,310
Expiry of options		-	3,000	(3,000)	-
Exercise of options		133,750	-	(133,750)	-
Capital raising costs		(193,980)	-	193,980	-
<b>Balance 30 June 2023</b>		28,400,089	(27,825,936)	2,412,960	2,987,113
	Note	Contributed Equity	Accumulated Losses	Share- based Payments Reserve	Total Equity
<b>CONSOLIDATED</b>					
<b>Balance 30 June 2021</b>		22,874,964	(23,801,988)	579,452	(347,572)
Loss for the year	12	-	(943,545)	-	(943,545)
<b>Total comprehensive loss for the year</b>		-	(943,545)	-	(943,545)
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the year	11	4,368,325	-	-	4,368,325
Options issued during the year		-	-	646,153	646,153
Transfer on exercise/lapse of options		-	159,935	(159,935)	-
<b>Balance 30 June 2022</b>		321,250	-	(96,250)	225,000
		(262,220)	-	-	(262,220)
		27,302,319	(24,585,598)	969,420	3,686,141

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	2023 \$	2022 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		1,760	-
Dividends received		210,000	-
Payments to suppliers and employees		(966,329)	(1,314,562)
Payments for exploration		(1,449,756)	(712,120)
Interest received		7,585	-
Interest paid		(122,787)	436
<b>Net cash outflow from operating activities</b>	24	<b>(2,319,527)</b>	<b>(2,026,246)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of listed investments (net of costs)		950,400	-
Payments for exploration assets		(104,892)	-
<b>Net cash inflow from investing activities</b>		<b>845,508</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from the issue of shares (less capital-raising costs)	11	-	4,044,805
Proceeds/(repayment) from borrowings		(239,320)	(50,000)
<b>Net cash inflow from financing activities</b>		<b>(239,320)</b>	<b>3,994,805</b>
Net increase/(decrease) in cash and cash equivalents		(1,713,339)	1,968,559
Cash and cash equivalents at the beginning of the year		2,102,432	133,873
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	5	<b>389,093</b>	<b>2,102,432</b>

The above Consolidated Statement of Cash Flows should be read  
in conjunction with the Notes to the Consolidated Financial Statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial information included in this report have been set out below.

#### a) Basis of preparation of historical financial information

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Boards, Australian Accounting Interpretations and the *Corporations Act 2001*. These financial statements have been prepared on a historical cost basis. Scorpion Minerals Limited is a for-profit entity for the purpose of preparing financial statements.

The financial report complies with Australian Accounting Standards which include International Financial Reporting Standards as adopted in Australia. Compliance with these standards ensure that the consolidated financial statements and notes as presented comply with International Financial Reporting Standards (IFRS).

#### Going Concern

The Group incurred a loss before tax of \$3,243,338 (2022: loss of \$943,545) and incurred cash outflows from operating activities of \$2,319,527 (2022: \$2,026,246) for the year ended 30 June 2023. At that date the Group had a working capital deficit of \$1,364,363 (2022 deficit: \$1,626,114) and net assets of \$2,987,113 (2022: \$3,686,141). This included current liabilities of \$1,079,985 (trade and other payables), and \$904,810 (borrowings).

From the \$1,079,985 in trade and other payables outstanding at year end, \$167,560 are owed to related parties, \$190,620 relates to Companies in Liquidation, and \$484,582 are owed to other creditors, with \$221,713 of the total amount being overdue or outside agreed payment terms. The balance of trade and other payables includes \$221,000 in accrued expenses and \$16,221 in insurance premium funding.

From the \$904,810 in borrowings outstanding at year end, \$199,864 is owed to Delta Resource Management Pty Ltd (In Liquidation), \$370,030 is owed to Investmet Ltd (In Liquidation), and \$334,916 is owed to Azurite Corporation Pty Ltd.

At 30 September 2023, the Group had a cash balance of \$389,093.

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:

- The Company has executed a loan facility agreement with associated entities. The loan facility with associated entities is to be repaid in cash within 7 days of the successful completion of a capital raising. Prior to a capital raising, any lender may convert all or some of the outstanding balance of the loan in ordinary shares at the price at which the capital raising is to be completed. Conversion of the loan to ordinary shares is subject to compliance with the applicable laws and regulations including the requirement to seek shareholder approval for a related party transaction. The loan bears interest of 8% p.a. The undrawn loan balance available to the Company as at 30 June 2023 from related entities amounts to \$1,325,000.
- The Company expects to raise additional funds through the Equity market.
- The Directors have also prepared a cash flow forecast that further indicates the Company's ability to continue to operate as a going concern. This assumes the ability to continue to defer payment of creditors and for the directors to continue to defer payment of fees or accept part of their fees in shares.

In the Directors' opinion, at the date of signing the financial report there are reasonable grounds to believe that the matters set out above will be achieved and have therefore prepared the financial statements on a going concern basis.

Should the Directors not achieve the matters set out above, there is material uncertainty whether the Group will be able to continue as a going concern. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities, which might be necessary should the Group not be able to continue as a going concern.

**b) Revenue Recognition**Interest

Revenue is recognised as interest accrues using the effective interest method. This method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipt over the expected life of the financial asset.

**c) Income Tax**

The income tax expense for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit. Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

**d) Impairment of Assets**

At each reporting date, the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, the recoverable amount is determined and impairment losses are recognised in Profit or Loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

**e) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**f) Fair value estimation**

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

The fair value of trade receivables and payables is their normal value less estimated credit adjustments due to their short-term nature.

**Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

**Financial assets at fair value through profit or loss**

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

**Impairment of financial assets**

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

**g) Borrowing costs**

Borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**h) Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 days payment terms. They are recognised initially at fair value and subsequently at amortised cost.

**i) Employee Benefits****Wages and Salaries, Annual Leave and Sick Leave**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of statement of financial position date are recognised in respect of employees' services rendered up to reporting date and measured at amounts expected to be paid when the liabilities are settled.

Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries are included as part of Other Payables and liabilities for annual and sick leave are included as part of Employee Benefits Provisions.

**Long Service Leave**

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the statement of financial position date using the projected future projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at reporting date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**Retirement Benefit Obligations**

The Group does not have a defined contribution superannuation fund. All employees of the Group are entitled to receive a superannuation guarantee contribution required by the Government which was 10.5% for the year ended 30 June 2023.

**j) Exploration and evaluation expenditure**

Exploration and evaluation expenditure encompass expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Exploration and evaluation expenditure incurred by the Group is accumulated for each area of interest and recorded as an asset if:

- 1) the right to tenure of the area of interest are current; and
- 2) at least one of the following conditions is also met:
  - a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
  - b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing. Exploration and evaluation incurred by the Group are expensed in the year they are incurred.

For each area of interest, expenditure incurred in the acquisition of rights to explore is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. Exploration and evaluation costs for projects acquired during the year ended 30 June 2023 have been capitalised on the basis that activities in these areas have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Exploration and evaluation incurred by the Group on its previously acquired projects is expensed as incurred.

The recoverable amount of each area of interest is determined on a bi-annual basis and the provision recorded in respect of that area adjusted so that the net carrying amount does not exceed the recoverable amount. For areas of interest that are not considered to have any commercial value, or where exploration rights are no longer current, the capitalised amounts are written off against the provision and any remaining amounts are charged to profit or loss. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

**k) Contributed Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**l) Goods and Services Tax**

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financial activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**m) Leases**

All leases other than short term leases and low value leases will be recognised on the balance sheet. The standard will see all leases, held by a lessee, record obligations as a liability and a corresponding right of use asset, both current and non-current, for the term of the lease.

It has been determined that there is no material impact of the new and revised Standards and Interpretations on the financial position or performance of the Group.

**n) Provisions**

Provisions for legal claims are recognised when the Group has a legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**o) Share-based payments**

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or options over shares ("equity-settled transactions").

The fair value of options is recognised as an expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the holder becomes unconditionally entitled to the options. Fair value is determined using a Black-Scholes option pricing model, or other models as appropriate. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Scorpion Minerals Limited ("market conditions").

The cumulative expense recognised between grant date and vesting date is adjusted to reflect the Director's best estimate of the number of options that will ultimately vest because of internal conditions of the options, such as the employees having to remain with the Group until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for options that do not ultimately vest because a market condition was not met. Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to Profit or Loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

**p) Earnings per Share****(i) Basic Earnings per Share**

Basic earnings per share is determined by dividing the operating loss after income tax by the weighted average number of ordinary shares outstanding during the financial year.

**(ii) Diluted Earnings per Share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of partly paid shares or options outstanding during the financial year.

**q) Segment Reporting**

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker, which has been identified by the Group as the Managing Director and other members of the Board of Directors.

**r) Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. Interest calculated using the effective interest rate method is accrued over the period it becomes due and increases the carrying amount of the liability.

**s) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Scorpion Minerals Limited. Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries are consistent with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**t) Changes in Accounting Policies**

In the year ended 30 June 2023, the Company 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 2022.

It has been determined that there is no material impact of the new and revised Standards and Interpretations on the financial position or performance of the Group.

**u) New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023.

The Group has reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2023. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies

**v) Critical Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Impairment of capitalised exploration and evaluation expenditure**

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include abandonment of area of interest, the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

**NOTE 2: EXPENSES**

	2023	2022
	\$	\$
<b>Other expenses</b>		
Accounting and secretarial fees	105,850	98,569
Audit fees	31,500	30,000
Consultants and advisors	532,180	126,667
Corporate costs	225,036	172,622
Legal fees	118,070	82,705
Insurance	27,639	23,884
Other expenses	941	4,970
	<u>1,041,216</u>	<u>539,417</u>

**NOTE 3: FINANCE INCOME**

	2023	2022
	\$	\$
<b>Finance income</b>		
Interest income	7,585	690
Fair value gain (loss) on asset recorded at fair value	(309,600)	300,000
	<u>(302,015)</u>	<u>300,690</u>

**NOTE 4: INCOME TAX**

	2023	2022
<b>(a) Reconciliation of income tax expense to prima facie tax payable</b>		
Loss before income tax	(3,243,338)	(943,545)
Prima facie income tax at 25% (2022: 25%)	(810,835)	(235,886)
Non-deductible expenses	347,266	161,558
Movement in unrecognised temporary differences	124,650	(75,000)
Effect of tax loss not recognised as deferred assets	338,919	149,328
Income tax (expense)/benefit	-	-
<b>(b) Unrecognised deferred tax assets arising on timing differences and losses</b>		
Unrecognised deferred tax asset – tax losses	4,090,569	3,936,824
Unrecognised deferred tax asset – timing	398,827	(70,000)
	<u>4,489,396</u>	<u>3,866,824</u>



## NOTE 5: CASH AT BANK

	2023	2022
Cash at bank and on hand	389,093	2,102,432
	<u>389,093</u>	<u>2,102,432</u>

Information about the Group's exposure to interest rate risk is provided in Note 15.

## NOTE 6: TRADE AND OTHER RECEIVABLES

	2023	2022
<b>Current</b>		
Integrated Client Account receivable	126,362	147,632
Other receivables	-	1,760
Prepayments	104,977	18,487
	<u>231,339</u>	<u>167,879</u>

As at 30 June 2023, trade receivables that were past due to impaired was nil (2022: nil). Information about the Group's exposure to credit risk is provided in Note 15.

## NOTE 7: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT & LOSS

	2023	2022
Investment	-	1,260,000
	<u>-</u>	<u>1,260,000</u>
<b>Listed Shares</b>		
Opening fair value	1,260,000	-
Fair value consideration received on sale of mineral rights	-	960,000
Revaluation	(300,000)	300,000
Proceeds from disposal of listed shares (before costs)	(960,000)	-
Closing fair value	<u>-</u>	<u>1,260,000</u>

Refer to Note 1(f) for further details on fair value estimation.

## NOTE 8: CAPITALISED EXPLORATION EXPENDITURE

	2023	2022
<b>Capitalised tenement acquisition costs</b>		
Opening net book amount	2,060,027	2,060,027
Acquisition costs – Poona Project	798,000	-
Acquisition costs – Youanmi Project	464,892	-
Capitalised exploration expenditure – Poona Project	227,660	-
Capitalised exploration expenditure – Youanmi Project	800,897	-
<b>Closing net book amount</b>	<u>4,351,476</u>	<u>2,060,027</u>

The ultimate recoverability of the Group's areas of interest is dependent on the successful discovery and commercialisation of the project. The Group follows the guidance of AASB 6 Exploration for and Evaluation of Mineral Resources to determine when capitalised exploration and evaluation expenditure is impaired.

Refer to Note 1(j) for further details.

## NOTE 9: TRADE AND OTHER PAYABLES

	2023	2022
Trade payables	842,763	687,515
Insurance premium funding	16,222	-
Accrued expenses	221,000	20,000
	<u>1,079,985</u>	<u>707,515</u>

Details about the Group's exposure to risks arising from current and non-current liabilities are set out in Note 15.

## NOTE 10: BORROWINGS

On 17 October 2018, the Group entered into a loan facility agreement with Mr Michael Fotios (a former Director of the Company) and associated entities (together, "Lenders"), incorporating various existing and preceding loan agreements between the parties. Mr Fotios was appointed CEO of the Company on 8 June 2023.

The agreement, as varied on various occasions, provides for the Lenders to provide a loan facility to the Group of up to \$2,500,000, repayable at an interest rate of 8% per annum. The loan facility is in place until 1 April 2024. The purpose of the loan facility is to provide working capital to the Group to fund its immediate operational requirements is at an interest rate of 8% per annum. The loan facility limit does not refresh if debt is converted to equity or if repayments are made in cash.

The undrawn loan facility balance available to the Company at 30 June 2023 was \$1,324,663. There was no further drawdown on the loan facility during the period. The below table summarises amounts repayable under the loan facility:

	2023	2022
Lender	\$	\$
Azurite Corporation Pty Ltd	334,916	317,220
Delta Resource Management Pty Ltd (In Liquidation)	199,864	187,650
Helios Corporation Pty Ltd	-	336,334
Investmet Limited (In Liquidation)	370,030	349,712
	<u>904,810</u>	<u>1,190,916</u>

Details about the Group's exposure to risks arising from current and non-current borrowings are set out in Note 15.

## NOTE 11: CONTRIBUTED EQUITY

	2023	
Issued Capital	Number	\$
Issued capital at start of period	331,831,192	26,656,289
Shares issued during period (a)	13,875,000	1,291,750
Shares to be issued (b)(i)	11,000,000	2,200,000
Capital raising costs	-	(193,980)
<b>Total Contributed Equity</b>	<u>356,706,192</u>	<u>28,400,089</u>

	2022	
Issued Capital	Number	\$
Issued capital at start of period	246,017,859	20,674,964
Shares issued during the period	85,813,333	4,689,575
Shares to be issued (b)(i)	11,000,000	2,200,000
Capital raising costs	-	(262,220)
<b>Total Contributed Equity</b>	<u>342,831,192</u>	<u>27,302,319</u>

(i) The above shares to be issued represents deferred consideration payable under the Mt Mulcahy Sale Agreement.

(a) *Movements in fully paid ordinary shares*

Details	Number	\$
Balance 30 June 2022	331,831,192	25,364,539
Issued during the period	13,875,000	1,291,750
<b>Balance 30 June 2023</b>	<b>345,706,192</b>	<b>26,656,289</b>

(b) *Movements in shares to be issued*

Details	Number	\$
Balance 30 June 2022	11,000,000	2,200,000
Issued during the period	-	-
<b>Balance 30 June 2023</b>	<b>11,000,000</b>	<b>2,200,000</b>

**NOTE 12: ACCUMULATED LOSSES**

	2023	2022
Accumulated losses at beginning of year	(24,585,598)	(23,801,988)
Net loss for the year	(3,243,338)	(943,545)
Transfer on expiry of options	3,000	159,935
<b>Accumulated losses at end of year</b>	<b>(27,825,936)</b>	<b>(24,585,598)</b>

**NOTE 13: SHARE BASED PAYMENT RESERVE**

	2023	2022
Balance at the beginning of the year	969,420	579,452
Transfer on expiry of options	(3,000)	(159,935)
Transfer on exercise of options	(133,750)	-
Issue of unlisted options at fair value through profit and loss	1,386,310	549,903
Issue of unlisted options credited against share capital	193,980	-
<b>Balance at end of year</b>	<b>2,412,960</b>	<b>969,420</b>

**Nature and purpose of reserves**

The share-based payments reserve is used to recognise the fair value of options issued to Directors, employees and contractors of the Company, and for the acquisition of assets.

**NOTE 14: LOSS PER SHARE**

	2023	2022
Loss attributable to the members of the Company used in calculating basic and diluted loss per share	(3,243,338)	(943,545)
Basic loss per share (cents)	(0.93)	(0.33)
Diluted loss per share (cents)	(0.93)	(0.33)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share)	349,479,258	284,521,247

The loss for the year means that the potential ordinary shares on issue are anti-dilutive.

## NOTE 15: FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This Note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

### **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from cash and cash equivalents.

### **Trade and other receivables**

As the Group operates in the mining explorer sector, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables. Presently, the Group undertakes exploration and evaluation activities exclusively in Australia. At the reporting date there were no significant concentrations of credit risk.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying Amount	
	2023	2022
	\$	\$
Cash and cash equivalents	389,093	2,102,432
Other receivables	231,339	167,879
	<u>620,432</u>	<u>2,270,311</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	2023	2022
	\$	\$
<i>Financial assets – counterparties without external credit rating</i>		
Financial assets with no default in past	231,339	167,879
<i>Cash at bank and short-term bank deposits</i>		
AA-S&P rating	389,093	2,102,432
	<u>620,432</u>	<u>2,270,311</u>

### **Capital Risk Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity and to sell surplus assets to fund exploration and evaluation activities. The Group monitors the level of funding from related parties and the reliance of such funding on the basis of the gearing ratio.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

### **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

#### **30 June 2023**

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>6 months or less</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>
Trade and other payables	1,079,985	1,079,985	1,079,985	-	-	-	-
Borrowings	904,810	904,810	904,810	-	-	-	-
	<u>1,984,795</u>	<u>1,984,795</u>	<u>1,984,795</u>	-	-	-	-

#### **30 June 2022**

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>6 months or less</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>
Trade and other payables	707,515	707,515	707,515	-	-	-	-
Borrowings	1,196,682	1,196,682	-	1,196,682	-	-	-
	<u>1,904,197</u>	<u>1,904,197</u>	<u>707,515</u>	<u>1,196,682</u>	-	-	-

### **Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### **Sensitivity analysis**

If the interest rates had weakened/strengthened by 10% (based on forward treasury rates) at 30 June 2023, there would be no material impact on the statement of profit or loss and other comprehensive income. There would be no effect on the equity reserves other than those directly related to statement of profit or loss and other comprehensive income movements.

### **Interest rate risk**

Exposure arises predominantly from assets and liabilities bearing variable interest rates as the Group intends to hold fixed rate assets and liabilities to maturity. Interest rate risk is not considered to be material.

2023	Fixed Interest	Floating Interest	Non-Interest Bearing	Total
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	-	389,093	-	389,093
Trade and other receivables	-	-	231,339	231,339
<b>Net Financial Assets</b>	-	389,093	231,339	620,432
<b>Financial Liabilities</b>				
Trade and other payables and borrowings	904,810	-	1,079,985	1,984,795
	904,810	-	1,079,985	1,984,795

2022	Fixed Interest	Floating Interest	Non-Interest Bearing	Total
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	-	2,102,432	-	2,102,432
Trade and other receivables	-	-	167,879	167,879
<b>Net Financial Assets</b>	-	2,102,432	167,879	2,270,311
<b>Financial Liabilities</b>				
Trade and other payables and borrowings	1,196,682	-	707,515	1,904,197
	1,196,682	-	707,515	1,904,197

#### **Fair values**

The Group does not have any financial instruments that are subject to recurring fair value measurements. Due to their short-term nature, the carrying amounts of the current receivables and current trade and other payables are assumed to approximate their fair value.

#### **NOTE 16: 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 17: COMMITMENTS**

##### **Exploration commitments**

The Group has certain obligations to perform minimum exploration work and to spend minimum amounts on exploration tenements. The obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Group.

Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishing of tenure or any new joint venture agreements. Expenditure may be increased when new tenements are granted.

Commitment contracted for at balance date but not recognised as liabilities are as follows:

	<b>2023</b>	<b>2022</b>
	\$	\$
Within one year	961,221	595,440
	<u>961,221</u>	<u>595,440</u>

#### **NOTE 18: EVENTS OCCURRING AFTER THE REPORTING PERIOD**

No matter or circumstance has arisen since the end of the audited period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

#### **NOTE 19: AUDITOR'S REMUNERATION**

	<b>2023</b>	<b>2022</b>
	\$	\$
Amount paid or payable to Rothsay Audit & Assurance Pty Ltd	31,500	30,000
Taxation services	6,000	5,000
	<u>37,500</u>	<u>35,000</u>

#### **NOTE 20: DIVIDENDS**

There were no dividends declared or paid during the year ended 30 June 2023 (2022: nil).

#### **NOTE 21: RELATED PARTY TRANSACTIONS**

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>(a) Summarised Compensation of Key Management Personnel</b>		
Short-term employee benefits	588,453	531,202
Post-employment benefits	11,200	2,559
	<u>599,653</u>	<u>533,761</u>

#### **(b) Other Transactions with Key Management Personnel**

##### **Related party transactions**

The Company has entered into a services agreement with Target Exploration Pty Ltd ("Target"), an entity of which Ms Kate Stoney (a Director of the Company) is a director, for the provision of various services, including those of Mr Michael Fotios as Chief Executive Officer of the Company. During the period, amounts payable to Target in respect of Mr Fotios' CEO services totalled \$32,230. Target also provided finance and administration services to the value of \$33,500 and technical consulting services to the value of \$360,155 during the period. Additionally, Obsidian Metals Group Pty Ltd ("Obsidian"), another entity of which Ms Stoney is a director, provided project generation services to the value of \$24,998 and corporate consulting services to the value of \$50,000 during the period.

These transactions are based on normal commercial terms and conditions and are undertaken at arm's length. For the avoidance of doubt, Ms Stoney has no beneficial interest in the Company's contractual arrangements with Target or Obsidian.

##### **Related party creditors and loans**

As at 30 June 2023, there was a balance of \$167,560 payable to related party creditors (2022: \$407,339 exclusive of GST), the details of which are noted in the Audited Remuneration Report above.

On 26 October 2018, the Company entered into a loan facility agreement with Mr Michael Fotios, a former Director of the Company. Mr Fotios was appointed CEO of the Company on 8 June 2023. Further information relating to loans is set out in Note 10.

## NOTE 22: INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Equity Holding		Cost of Parent Entity's Investment	
	2023 %	2022 %	2023 \$	2022 \$
<b>Parent Entity</b>				
Scorpion Minerals Limited				
<b>Controlled Entity</b>				
Placer Resources Pty Ltd	100	100	700,000	700,000
LESS Impairment Costs			(700,000)	(700,000)
Scorpion Metals Limited	100	100	168,000	168,000
LESS Impairment Costs			(168,000)	(168,000)
			-	-

Scorpion Minerals Limited, Scorpion Metals Limited and Placer Resources Pty Ltd are domiciled in and incorporated in Australia.

## NOTE 23: SHARE BASED PAYMENTS

During the financial year ended 30 June 2023 the Company issued options to Directors, employees and contractors of the Company under the Company's Employee Share Incentive Plan (ESIP), as approved. Share based payments are recognised in the profit and loss statement, or credited against issued capital. In the reporting period, share-based payments to the value of \$1,386,310 were expensed through profit and loss (2022: \$646,153), and share-based payments to the value of \$193,980 were credited against issued capital (2022: nil).

The fair value of the options has been calculated using the Black-Scholes and Monte Carlo option pricing models (where applicable). The model inputs are shown in the table below:

Date of issue	Date of expiry	Exercise price (\$)	Share price at grant date (\$)	Risk-free interest rate	Volatility	Number of options granted in period	Value taken up (\$)
15 Sep 2021 <sup>1</sup>	15 Sep 2024	0.00	0.070	0.06%	75%	-	17,276
15 Sep 2021 <sup>2</sup>	15 Sep 2025	0.00	0.070	0.06%	75%	-	47,383
22 Apr 2022 <sup>1</sup>	22 Apr 2025	0.00	0.075	1.00%	75%	-	26,846
22 Apr 2022 <sup>2</sup>	22 Apr 2026	0.00	0.075	1.00%	75%	-	39,965
22 Dec 2022 <sup>3</sup>	22 Dec 2026	0.12	0.075	3.18%	100%	10,000,000	473,435
22 Dec 2022 <sup>4</sup>	22 Dec 2026	0.12	0.075	3.18%	100%	10,000,000	61,569
22 Dec 2022 <sup>5</sup>	22 Dec 2026	0.12	0.075	3.18%	100%	20,000,000	115,593
22 Dec 2022 <sup>6</sup>	22 Dec 2026	0.12	0.075	3.18%	100%	20,000,000	114,374
22 Dec 2022 <sup>7</sup>	22 Dec 2026	0.12	0.075	3.18%	100%	40,000,000	211,203
22 Dec 2022 <sup>8</sup>	22 Dec 2026	0.12	0.075	3.18%	100%	2,000,000	18,378
22 Dec 2022 <sup>3</sup>	22 Dec 2026	0.12	0.075	3.18%	100%	3,000,000	142,031
22 Dec 2022 <sup>4</sup>	22 Dec 2026	0.12	0.075	3.18%	100%	3,000,000	18,471
22 Dec 2022	22 Dec 2024	0.15	0.075	3.13%	100%	1,000,000	28,392
22 Dec 2022	22 Dec 2024	0.20	0.075	3.13%	100%	1,000,000	23,514
22 Dec 2022	22 Dec 2024	0.12	0.075	3.13%	100%	6,000,000	193,980
5 Apr 2023 <sup>2</sup>	22 Apr 2026	0.00	0.066	3.14%	75%	1,375,000	47,880
						<b>117,375,000</b>	<b>1,580,290</b>



**Notes**

- 1) Options in this class were subject to the vesting condition that the recipient remain employed or engaged by the Company until 15 September 2023. The value of the options expensed was reduced in accordance with the portion of the vesting period falling within the reporting period.
- 2) Options in this class are subject to the vesting condition that the recipient remain employed or engaged by the Company until 15 September 2023. The value of the options expensed has been reduced in accordance with the portion of the vesting period falling within the reporting period.
- 3) Options in this class are subject to the vesting condition that the Company acquire a new project introduced by the recipients in addition to the Company's existing projects at the date of grant. Options in this class vested upon issue in accordance with the Company's acquisition of the Youanmi Project.
- 4) Options in this class are subject to the vesting condition that the Company acquire a second new project introduced by the recipients in addition to the Company's existing projects at the date of grant.
- 5) Options in this class are subject to the vesting condition that the Company either announces a Mineral Resource (as defined in the JORC Code) of at least 10 million tonnes at 1% Li<sub>2</sub>O (or equivalent) on a project introduced by the recipient, or that the 5-day volume-weighted average price of the Company's shares exceeds \$0.15.
- 6) Options in this class are subject to the vesting condition that the Company either announces a Mineral Resource (as defined in the JORC Code) of at least 20 million tonnes at 1% Li<sub>2</sub>O (or equivalent) on a project introduced by the recipient, or that the 5-day volume-weighted average price of the Company's shares exceeds \$0.25.
- 7) Options in this class are subject to the vesting condition that the Company either announces a Mineral Resource (as defined in the JORC Code) of at least 50 million tonnes at 1% Li<sub>2</sub>O (or equivalent) on a project introduced by the recipient, or that the 5-day volume-weighted average price of the Company's shares exceeds \$0.35.
- 8) Options in this class are subject to the vesting condition that the 5-day volume-weighted average price of the Company's shares exceeds \$0.15.

**NOTE 24: STATEMENT OF CASH FLOWS**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	389,093	2,102,432
Operating loss after tax	(3,243,338)	(943,545)
Interest	-	75,805
Share based payment expenses	1,386,310	307,402
Gain on sales of mineral rights	-	(960,000)
Finance (income)/loss	309,600	(300,000)
Changes in assets and liabilities		
Increase/(decrease) in exploration and evaluation assets	(789,327)	-
(Increase)/decrease in trade and other receivables	(63,460)	34,125
Increase/(decrease) in borrowings	(291,872)	(75,550)
Increase/(decrease) in trade and other payables	372,470	(164,483)
<b>Net cash (used in) operating activities</b>	<b>(2,319,527)</b>	<b>2,026,246</b>

There were no non-cash financing and investing activities (2022: nil)

**NOTE 25: SCORPION MINERALS LIMITED PARENT COMPANY INFORMATION**

	2023	2022
	\$	\$
<b>ASSETS</b>		
Current assets	620,268	2,269,432
Non-current assets	5,598,339	4,209,387
<b>TOTAL ASSETS</b>	<u>6,218,607</u>	<u>6,478,819</u>
<b>LIABILITIES</b>		
Trade payables	1,079,985	707,515
Borrowings	234,627	226,122
<b>TOTAL LIABILITIES</b>	<u>1,314,612</u>	<u>933,637</u>
<b>EQUITY</b>		
Contributed equity	28,400,089	27,302,319
Reserves	2,412,960	969,420
Accumulated losses	(25,909,054)	(22,726,557)
<b>TOTAL EQUITY</b>	<u>4,903,995</u>	<u>5,545,182</u>
<b>FINANCIAL PERFORMANCE</b>		
(Loss) for the year	<u>(3,185,497)</u>	<u>(880,838)</u>

**GUARANTEES ENTERED INTO BY THE PARENT ENTITY**

As at 30 June 2023, the Company has not provided any financial guarantees in relation to the debts of its subsidiaries.

**NOTE 26: CONTINGENT ASSETS AND LIABILITIES**

As at 30 June 2023, the Group has no contingent liabilities (2022: nil).

**Deferred consideration for project acquisitions**

The Company acquired the Mount Mulcahy Copper Project from Black Raven Mining Pty Ltd in 2012 (refer ASX release 19 July 2012). Deferred consideration is payable in relation to the project acquisition, comprising 4,000,000 fully paid ordinary shares in the Company upon the definition of a JORC-compliant resource of 50,000 tonnes of contained copper metal (or equivalent) and 7,000,000 fully paid ordinary shares in the Company upon the definition of a JORC-compliant resource of 100,000 tonnes of contained copper metal (or equivalent).

The Company acquired the Poona Project from eMetals Ltd in 2022 (refer ASX release 7 February 2022). Deferred consideration is payable in relation to the project acquisition, comprising two performance payments of \$50,000 payable to Venus Metals Corporation Ltd on the definition of inferred and probable JORC-compliant resources of 200,000 tonnes of Li<sub>2</sub>O (or equivalent), respectively.

The Company acquired a binding option to acquire the Youanmi Lithium Project from Diversity Resources Pty Ltd in 2022 (refer ASX release 19 December 2022). The Company must pay \$3,500,000 to complete the acquisition and grant a royalty of \$1/tonne of ore mined and processed or removed from the tenements (as defined in the option agreement).

The Company has not recognised any liabilities in relation to the above deferred consideration as the outcomes of the project milestones are not certain and do not meet the recognition requirements of AASB 137.

## DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, accompanying consolidated notes, are in accordance with the Corporations Act 2001 and:
  - (a) Comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) Give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Group.
2. In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
3. The Directors have been given the declarations required by section 295A.
4. The Group has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

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



Bronwyn Barnes  
**Non-Executive Chairman**

29 September 2023

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCORPION MINERALS LIMITED

### *Report on the Audit of the Financial Report*

#### *Opinion*

We have audited the financial report of Scorpion Minerals Limited ("the Company") and its controlled entities ("the Group") which comprises the consolidated statement of financial position as at 30 June 2023, 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 year then ended on that date and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration of the Company.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (Including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Emphasis of Matter - Material Uncertainty Related to Going Concern*

We draw attention to Note 1 (a) to the financial report which describes events and 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 that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SCORPION MINERALS LIMITED (continued)

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Key Audit Matter – Capitalised Exploration Expenditure</b>	<b>How our Audit Addressed the Key Audit Matter</b>
<p>The Group has significant capitalised exploration and evaluation expenditure of \$4,351,476 which represents a significant asset to the Group.</p> <p>We note that assessment for impairment capitalised exploration and evaluation expenditure is subject to a significant level of judgement.</p>	<p>Our procedures in assessing exploration expenditure included but were not limited to the following:</p> <ul style="list-style-type: none"><li>• We reviewed the ownership rights to the tenements, against which the expenditure is capitalised, their expiry dates and if required commitments were met;</li><li>• We assessed the reasonableness of capitalising exploration and evaluation expenditure in accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>;</li><li>• We tested a sample of exploration and evaluation expenditure to supporting documentation to ensure they were bona fide payments;</li><li>• We assessed the reasonableness of management's assessment for the existence impairment indicators; and</li><li>• We reviewed the appropriateness of the related disclosures in Note 8.</li></ul>

**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work we have performed we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SCORPION MINERALS LIMITED (continued)

***Directors' Responsibility for the Financial Report***

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the 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 financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

***Auditor's Responsibility for the Audit of the Financial Report***

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/Home.aspx](http://www.auasb.gov.au/Home.aspx).

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SCORPION MINERALS LIMITED (continued)

*Report on the Remuneration Report*

*Opinion on the Remuneration Report*

We have audited the remuneration report included in the directors' report for the year ended 30 June 2023.

In our opinion the remuneration report of Scorpion Minerals Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

*Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Rothsay Audit & Assurance Pty Ltd

Daniel Dalla  
Director

Dated 29 September 2023

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## ADDITIONAL INFORMATION

### Additional Information for Listed Public Companies

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is current as at 29 September 2023.

#### Distribution of quoted security holders

Range	Holders	Units	Percentage
1 - 1,000	40	6,420	0.00%
1,001 - 5,000	79	256,642	0.07%
5,001 - 10,000	136	1,134,666	0.33%
10,001 - 100,000	430	19,283,091	5.58%
Over 100,000	367	325,025,373	94.02%
<b>TOTAL</b>	<b>1,052</b>	<b>345,706,192</b>	<b>100.00%</b>

#### Voting rights

All ordinary shares carry one vote per share without restriction.

#### Unquoted securities

Nil.

#### On-market buy-back

There is no current on-market buy-back.

#### Securities Exchange listing

Quotation has been granted for the Company's Ordinary Shares on ASX Limited (Code: SCN).

#### Substantial shareholders

Shareholder Name	Units	Percentage
Delta Resource Management Pty Ltd	31,517,850	9.01%

#### Less Than Marketable Parcel

Parcel	Holders	Units	Percentage
Total unmarketable parcel	191	759,580	0.22%

#### Twenty largest shareholders – Ordinary Shares

	Shareholder Name	Units	Percentage
1	DELTA RESOURCE MANAGEMENT PTY LTD	17,850,000	5.16
2	DELTA RESOURCE MANAGEMENT PTY LTD	13,667,850	3.95
3	INVESTMET LTD	10,100,000	2.92
4	MS BETTY JEANETTE MOORE + MR PHILIP COLIN HAMMOND <BJM SUPER FUND A/C>	7,900,000	2.29
5	MR PHILIP COLIN HAMMOND + MS BETTY JEANETTE MOORE <MGB SUPER FUND A/C>	7,434,962	2.15
6	MOONBEAM HOLDINGS PTY LTD <THE BROWNYN BARNES FAM A/C>	7,106,845	2.06
7	MR BRETT JEFFREY STRICKLAND + MRS HAYLEY CHERIE STRICKLAND <B AND H STRICKLAND S/F A/C>	5,800,000	1.68
8	PERTH SELECT SEAFOODS PTY LTD	5,700,000	1.65
9	MR ERIC PETER MURPHY + MRS KIM LEA MURPHY <MURPHY FAMILY S/F A/C>	5,700,000	1.65
10	HELIOS CORPORATION PTY LTD <THE MICHAEL FOTIOS FAMILY>	5,441,244	1.57
11	OBSIDIAN METALS GROUP PTY LTD	5,000,000	1.45
12	DIVERSITY RESOURCES PTY LTD <DIVERSITY RESOURCES A/C>	5,000,000	1.45



13	SHARIC SUPERANNUATION PTY LTD <FARRIS SUPER FUND A/C>	5,000,000	1.45
14	MR ANTHONY HAROLD FOTIOS <FOTIOS FAMILY A/C>	4,781,937	1.38
15	LACLOS PTY LTD <LACLOS LIFESTYLE A/C>	4,666,667	1.35
16	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,154,983	1.20
17	MR STUART CAMERON BARNES + MRS BRONWYN BARNES <S & B BARNES FAMILY A/C>	3,894,738	1.13
18	ORBIT DRILLING PTY LTD	3,613,608	1.05
19	MR JOHN JANSEN + MRS DALE JANSEN <JJ RETIREMENT A/C>	3,379,100	0.98
20	ORANGE CORPORATION PTY LTD <SAINT GEORGE A/C>	3,333,334	0.96
	TOTAL	129,525,268	37.47

### Corporate Governance Statement

The Company's Corporate Governance Statement for the 2023 financial year can be accessed on the Company's website.

### TENEMENT LIST

Tenement	Location	Status	Interest %
E20/1020	WA	Granted	100
E20/885	WA	Granted	90
E20/896	WA	Granted	100
E20/931	WA	Granted	100
E20/948	WA	Granted	100
E20/953	WA	Granted	100
E20/962	WA	Granted	100
E20/963	WA	Granted	100
E20/964	WA	Granted	100
P20/2252	WA	Granted	100
P20/2253	WA	Granted	100
P51/3016	WA	Granted	100
P51/3017	WA	Granted	100
E57/1049-1 <sup>1</sup>	WA	Granted	100
E57/1056-1 <sup>1</sup>	WA	Granted	100
E57/978-1 <sup>1</sup>	WA	Granted	100
E04/2785	WA	Pending	100
E57/1377	WA	Pending	100

<sup>1</sup> Owned by Diversity Resources Pty Ltd – SCN entered into an Option Agreement on 16 December 2022

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## CORPORATE GOVERNANCE STATEMENT

Scorpion Minerals Limited (**SCN or Company**) Board of Directors (**Board**) is responsible for establishing the corporate governance framework of the Company and its related bodies corporate. In establishing this framework, the Board has considered and reports against the Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition) as published by the ASX Corporate Governance Council (**ASX Corporate Governance Principles**).

This Corporate Governance Statement has been approved by the SCN Board and summarises the corporate governance practices and procedures that were in place throughout the financial year commencing 1 July 2022 and to the date of this Statement. In addition to the information contained in this Statement, the Company's website at [www.scorpionminerals.com.au](http://www.scorpionminerals.com.au) contains additional details of its corporate governance practices and procedures.

The ASX Listing Rules require listed companies to include in their Annual Report or website a statement disclosing the extent to which they have complied with the ASX Corporate Governance Principles in the reporting period. The recommendations are not prescriptive and if a company considers that a recommendation is inappropriate having regard to its particular circumstances, the company has the flexibility not to adopt it. Where SCN considered it was not appropriate to presently comply with a particular recommendation, the reasons are set out in the relevant section of this Corporate Governance Statement.

With the exception of the departures detailed in this Corporate Governance Statement, the corporate governance practices of the Company during the reporting period were compliant with the ASX Corporate Governance Principles (4<sup>th</sup> Edition).

The table below provides a summary of the Company's compliance with each of the eight ASX Corporate Governance Principles:

Recommendation		Comply Yes/No/ Partly
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Yes Yes
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and, (b) provide security holders with all material information in its possession relevant to a decision on whether or not to re-elect a director.	Yes Yes
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment	Yes
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes

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	Recommendation	Comply Yes/No/ Partly
1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a diversity policy;</li> <li>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</li> <li>(c) disclose in relation to each reporting period:               <ul style="list-style-type: none"> <li>(1) the measurable objectives set for that period to achieve gender diversity;</li> <li>(2) the entity's progress towards achieving those objectives; and</li> <li>(3) either:                   <ul style="list-style-type: none"> <li>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</li> <li>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Indicators", as defined in and published under the Act.</li> </ul> </li> </ul> </li> </ul> <p>If the entity was in the S&amp;P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	<p>Yes</p> <p>Yes</p> <p>No</p> <p>Not applicable</p>
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</li> <li>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</li> </ul>	<p>Yes</p> <p>No</p>
1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</li> <li>(b) disclose for each reporting period, whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</li> </ul>	<p>Yes</p> <p>Not applicable</p>
2.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have a nomination committee which:               <ul style="list-style-type: none"> <li>(1) has at least three members, a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director,</li> </ul>               and disclose               <ul style="list-style-type: none"> <li>(3) the charter of that committee;</li> <li>(4) the members of the committee; and</li> <li>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of members at those meetings; or</li> </ul> </li> <li>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	<p>Not applicable</p> <p>Yes</p>

Recommendation		Comply Yes/No/ Partly
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes
2.3	A listed entity should disclose: <ul style="list-style-type: none"> <li>(a) the names of the directors considered by the board to be independent directors;</li> <li>(b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</li> <li>(c) the length of service of each director.</li> </ul>	Yes Yes Yes
2.4	A majority of the board of a listed entity should be independent directors.	Yes
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Yes
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	Yes
3.1	A listed entity should articulate and disclose its values.	Yes
3.2	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</li> <li>(b) ensure that the board or a committee of the board is informed of any material breaches of that code.</li> </ul>	Yes Yes
3.3	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose a whistleblower policy; and</li> <li>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</li> </ul>	Yes Yes
3.4	A listed entity should: <ul style="list-style-type: none"> <li>(a) have and disclose an anti-bribery and corruption policy; and</li> <li>(b) ensure that the board or committee of the board is informed of any material breaches of that policy.</li> </ul>	Yes Yes

	Recommendation	Comply Yes/No/ Partly
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>Not applicable</p> <p>Yes</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	Yes
4.3	<p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	Yes
5.1	<p>A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.</p>	Yes
5.2	<p>A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p>	Yes
5.3	<p>A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.</p>	Yes
6.1	<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	Yes
6.2	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Yes
6.3	<p>A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.</p>	Yes
6.4	<p>A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.</p>	Yes

	Recommendation	Comply Yes/No/ Partly
6.5	A listed entity should give security holders the option to receive communications from, and send communication to, the entity and its security registry electronically.	Yes
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director; and disclose</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>Not applicable</p> <p>Yes</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>No</p> <p>No</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluation and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>Not applicable</p> <p>Yes</p>
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risk and, if it does, how it manages or intends to manage those risks.	Yes
8.1	<p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>Not applicable</p> <p>Yes</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes

Recommendation		Comply Yes/No/ Partly
8.3	A listed entity which has an equity-based remuneration scheme should:  (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and  (b) disclose that policy or a summary of it.	Yes  Yes
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	Not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	Not applicable
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Not applicable

### Board Responsibilities

The Company has established the functions that are reserved to the Board. The Board acts on behalf of the shareholders and is therefore accountable to the shareholders. It also has other obligations of a regulatory or ethical nature. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to appropriately manage those risks.

The Board's role is to govern the Consolidated Entity. Without limiting the generality of that stated role, the key matters reserved specifically for the Board include:

- Appointment of the Managing Director (or equivalent) and other senior executives and the determination of their terms and conditions including remuneration and termination;
- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring budget and adequacy and integrity of financial and other reporting;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with applicable legislation and ASX Listing Rules);
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules); and
- Meeting with the external auditor, at their request, without management being present.

For a complete list of the functions reserved to the Board and a copy of the Board's Charter, please refer to the Corporate Governance section of the Company's website.

Due to the size of the Board and the stage of the Company's operations, the Board has opted not to establish an Audit, Risk, Remuneration or Nomination Committee. These duties and responsibilities are discharged by the full Board, in accordance with the Audit and Risk Committee and Remuneration and Nomination Committee Charters that have been adopted by the Board.

Refer to the Corporate Governance section of the Company's website for a copy of the Committee charters.

### **Responsibilities of Senior Executives**

The responsibility for the day-to-day operation and administration of the Company, in accordance with the direction of the Board, is delegated by the Board to the Managing Director (or equivalent) and the executive team. The Board ensures that this team is appropriately qualified and experienced to carry out their responsibilities and has in place procedures to assess the performance of the Managing Director (or equivalent) and the executive team. In delegating this power, the Board must also be satisfied that the Managing Director (or equivalent) and senior executives will exercise their powers reliably and competently, and in accordance with the requirements of the Board.

The matters and functions delegated by the Board to the Managing Director (or equivalent) and other senior executives include:

- Developing business plans, budgets and strategies for the Board's consideration and, to the extent approved by the Board, implementing these plans, budgets and strategies;
- Ensuring appropriate funding arrangements are in place for Company activities;
- Operating the Company's businesses and operations within the parameters set by the Board from time to time and keeping the Board informed of all material developments relating to the businesses and operations;
- Where proposed transactions, commitment or arrangements exceed the parameters set by the Board, referring the matter to the Board for its consideration and approval;
- Identifying and managing operational and other risks and, where those risks could have a material impact on the Company's businesses and operations, formulating strategies for managing these risks for consideration by the Board;
- Managing the Company's current financial and other reporting mechanisms to ensure that these mechanisms are functioning effectively to capture all relevant material information on a timely basis;
- Implementing the Company's internal controls; establishing procedures for monitoring these controls, and ensuring that these controls and procedures are appropriate and effective;
- Taking all reasonable steps to ensure that the Board is provided with accurate and sufficient information regarding the Company's operations on a timely basis and, in particular, that the Board is made aware of all relevant matters relating to the Company's performance (including future performance), financial condition, operating results and prospects and potential material risks so that the Board is in an appropriate position to fulfil its corporate governance responsibilities; and
- Implementing all policies, procedures and codes approved by the Board.

### **Performance evaluation of Board and Senior Executives**

The Board has adopted a policy for evaluating the performance of the Board and Directors, a copy of which is available on its website. Due to the size and scale of the Group's operations at present, no evaluation of Board performance was undertaken during the reporting period.

The Board has a policy for an annual evaluation of the Managing Director (or equivalent) and other senior executives, a copy of which is available on its website. However, no senior executives were employed by the Group during the reporting period.



For further information regarding the Company's Performance Evaluation Policy please refer to the Corporate Governance section of the Company's website.

### Structure of the Board and Skills Matrix

To ensure the Board is well equipped to discharge its responsibilities it has established guidelines for the nomination, selection, induction and ongoing professional development of Directors. These guidelines include a requirement to undertake appropriate background checks prior to the appointment of a person as a director, including but not limited to undertaking police and solvency checks, a formal induction program to enable new Directors to build their knowledge and make an effective contribution in a timely manner, and the provision of appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their roles as Directors effectively.

The Directors in office and the term of their appointment at the date of this Corporate Governance Statement are:

Name	Position	Date of Appointment
B Barnes	Non-Executive Chairman	31 October 2018
K Stoney	Executive Director - Finance	16 February 2021
M Kitney	Non-Executive Director	7 June 2022

The skills, experience and expertise relevant to the position of Director held by each Director at the date of this Statement are included in the Company's 2023 Annual Report.

The composition of the Board is reviewed regularly by the Board to ensure that the Directors between them bring the range of skills, knowledge and experience necessary to direct the Company's operations. The Board has agreed a formal skills matrix identifying the mix of areas the Board should collectively hold across its membership, which includes experience in areas such as: operational management, exploration, geology, finance/accounting, law and capital markets. The Board believes that the Directors between them bring the range of skills, knowledge and experience necessary to direct the Company's current operations.

The appointment of Non-Executive Directors is formalised in accordance with the requirements of the *Corporations Act 2001* and the Company's constitution.

Non-Executive Directors and senior executives have entered into Letters of Appointment with the Company. The Letter of Appointment summarises the Board policies and terms of appointment, including compensation relevant to the office of Director.

The Company Secretary is accountable directly to the Board on all matters to do with the proper functioning of the Board. All Directors have unfettered access to the Company Secretary. In addition, Directors are entitled, in furtherance of their duties, to seek independent professional advice at the Company's expense.

### Independence

Recommendation 2.4 requires a majority of the Board to be independent Directors. The ASX guidance on factors relevant to an assessment of independence includes interests, positions, associations or relationships which might interfere with, or reasonably be seen to interfere with, a director's capacity to bring independent judgement to bear on issues before the Board and to act in the best interests of the entity and its security holders generally. In accordance with this guidance, all of the current directors are considered to be independent directors.

### Nomination and Remuneration Committee

As noted above, neither a Nomination nor Remuneration Committee has been established and during the financial year, the full Board undertook the responsibilities for determining and reviewing compensation arrangements for the Directors and senior executives and ensuring that the Board continues to operate within the established guidelines. For further details regarding the procedure for the nomination, selection and

appointment of new Directors and re-election of incumbents, as well as a copy of the Nomination and Remuneration Committee Charter, please refer to the Corporate Governance section of the Company's website.

For further details on the remuneration policy of the Company, including a description of the structure of Non-executive Directors' remuneration and Executive Directors' and senior executives' remuneration, see the Remuneration Report of the 2023 Annual Report.

The Company does not have an equity-based remuneration scheme.

The Company acknowledges that the guidelines to ASX Principle 8.2 recommend that Non-executive Directors do not receive options with performance hurdles attached. However, in the Company's current circumstances, the Directors may consider options to be a cost effective and efficient means for the Company to provide a reward and incentive, as opposed to alternative forms of incentive, such as the payment of additional cash consideration that would be necessary for someone with the experience of the Directors, and may from time to time resolve to issue options to Non-executive Directors, including with performance hurdles, subject to regulatory and shareholder approval.

There is no scheme to provide retirement benefits (other than superannuation) for Non-executive Directors. For additional details please refer to the Corporate Governance section of the Company's website.

### **Audit and Risk Committee**

The Board has not established an Audit and Risk Committee. As noted above, during the financial year, the full Board undertook the responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes such as the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information, as well as non-financial considerations including the benchmarking of operational key performance indicators. The Board is also responsible for the nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year audit review.

The Company does not have any material exposure to economic, environmental or social sustainability risks.

### **Communication with Shareholders**

Pursuant to Principle 6, the Board aims to ensure that the shareholders are provided with full and timely information about the Company's activities. To promote effective communication with shareholders, the Company has designed a Shareholder Communication policy. Information is communicated to the shareholders through:

- The Annual Report which is made available to all shareholders;
- Announcements made through the ASX companies announcements platform;
- The Company's website which has a dedicated Investor Relations section for the purpose of publishing all Important Company information and relevant announcements made to the market; and
- The annual general meeting and any other meetings called to obtain approval for Board action as appropriate.

In addition, shareholders are encouraged to make their views known or to seek clarification on information available in the public arena by contacting the Company (including the Company's share registry, which facilitates electronic correspondence) or attending the annual general meeting. The external auditors also attend, and are available to answer queries on the preparation and content of the independent Audit Report, the accounting policies adopted by the Company in relation to the preparation of accounts and the independence of the Auditor in relation to the conduct of the audit at the Company's annual general meetings.

For further information regarding the Company's Shareholder Communication Policy please refer to the Corporate Governance section of the Company's website.

## Diversity Policy

The Company is committed to promoting equality and diversity in the workplace and aims to be an organisation where diversity is valued, respected and celebrated. All decisions relating to employees will be based strictly on merit, without regard to gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position.

Pursuant to Recommendation 1.5, the Company has established a Diversity Policy a copy of which is available on the Company's website. However due to the small size of the organization and its current stage of operations, the introduction of specific measurable objectives at this stage has not been implemented.

Whilst the Board of the Company strongly endorses the concept of gender diversity, until the Company's human resource base has grown to a point where fully implementing specific measurable objectives will become more meaningful, the Company will, in accordance with its Diversity Policy, continue to recruit the best person for each role, regardless of gender, ethnicity, age, relationship status or any other irrelevant factor not applicable to the position.

The Company currently has no employees. In accordance with Recommendation 1.5(c)(1), the table below shows the proportion of women in the whole organisation, women in senior executive positions and women on the Board. The Company defines "senior executive" as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Board: 66%  
Senior Executive: 0% Employees: 0%

## Share Trading

The Constitution of the Company permits Directors and officers to acquire shares in the Company.

In accordance with the provisions of the Corporations Act and the listing Rules of the ASX, Directors must advise the Company and the ASX of any transactions they conduct in securities of the Company.

The Company has established a Securities Trading Policy concerning trading in the Company's securities by Directors and employees. This policy provides a brief summary of the law on insider trading and other relevant laws, sets out the restrictions on dealing in securities by people who work for or who are associated with the Company, and is intended to assist in maintaining market confidence in the integrity of dealings in the Company's securities.

The policy stipulates that the only appropriate time for a Director or employee to deal in the Company's securities is when he or she is not in possession of 'price sensitive information' that is not generally available to the share market. A Director wishing to deal in the Company's securities may only do so after first having received approval from the Chairman. All staff wishing to deal must obtain approval from the Managing Director (or equivalent).

Trading in the Company's securities is also subject to specified blackout periods, which are set out in the Company's Securities Trading Policy or as otherwise determined by the Board from time to time.

The Company prohibits Directors and employees from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.

A copy of the Company's Securities Trading Policy is available in the Corporate Governance section of the Company's website.

## **Integrity of Financial Reporting and Risk Management Policies**

The Board has primary responsibility to ensure that the Company presents and publishes accounts which present a true and fair view of its results and financial position and that the accounting methods adopted are appropriate to the Company and consistently applied in accordance with relevant accounting standards and the applicable laws.

Under section 295A of the *Corporations Act*, the Managing Director (or equivalent) and the person who performs the Chief Financial Officer function are each required to provide a written statement to the Board that the Company's annual financial report presents a true and fair view, in all material respects, of the Company's financial condition and operational results and that it is in accordance with the relevant accounting standards. Recommendation 4.2 extends this requirement such that it applies to financial statements for any financial period and that the Managing Director (or equivalent) and the person who performs the Chief Financial Officer function must also confirm that this statement is founded on a sound system of risk management and internal compliance which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control system is operating effectively in all material respects. The Board confirms that it has received written statements to this effect from the Executive Director and the Chief Financial Officer for the half year, annual financial reports and quarterly reports from 1 July 2018 to the date of this report.

Due to the size of the Company and its current level of activity and operations, the Company does not have a formal internal audit function. Periodically, internal reviews of the Company's financial systems, documents and processes will be undertaken and any recommendation for improvement reported to the Board as part of the Company's risk management processes.

The Company is committed to the management of risks throughout its operations to protect all of its stakeholders. Risk management is carried out through the full Board and the processes and procedures mentioned above.

The Company's Risk Management Policy deals with the management and oversight of material business risks and provides the guiding principle for management in the identification of risks across the organisation as a whole, and within individual business units.

The Risk Management Policy provides a framework for systematically understanding and identifying the types of material business risks that may threaten the Group as a whole or specific business activities within the Company and includes risk mitigation strategies. When the Company's operations increase, the Company intends to establish specific frameworks for operational and organisational risk.

Due to the limited operations of the Group during the reporting period, the Board did not conduct a formal review of the Group's risk management framework but considered risk on an ongoing basis. The Board felt that given the nature and scale of the Company that process was the most appropriate and most robust means of monitoring and managing risk for the Company.

The Board has formed the view that the Company does not currently have any material exposure to economic, environmental or social sustainability risks, other than the risk of obtaining the necessary government and other approvals required for permitting of any proposed project development, that require demonstration by the Company of environmental/social acceptability of the project. The Company will manage these risks by developing its environmental, community and social development programs and communicating with both community and government regarding its development plans and risk management strategies. Also, the Company is subject to the ongoing risks associated with funding its exploration, mining development and other activities.

For a summary of the Company's Risk Management Policy, please refer to the Corporate Policies section of the Company's website.

## **Code of Conduct and Continuous Disclosure Policy**

The Company has a Code of Conduct and Continuous Disclosure Policy, which can be found in the Corporate Governance section of the Company's website.

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity

SCORPION MINERALS LIMITED

ABN/ARBN

40 115 535 030

Financial year ended:

30 June 2023

Our corporate governance statement<sup>1</sup> for the period above can be found at:<sup>2</sup>

- These pages of our annual report:
- This URL on our website: <https://www.scorpionminerals.com.au/wp-content/uploads/2023/03/2023-Corporate-Governance-Statement.pdf>

The Corporate Governance Statement is accurate and up to date as at 30 June 2023 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.<sup>3</sup>

Date: 29 September 2023

Name of authorised officer  
authorising lodgement:

  
Kate Stoney

<sup>1</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

<sup>2</sup> Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

<sup>3</sup> Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	<input checked="" type="checkbox"/>  and we have disclosed a copy of our board charter at:  www.scorpionminerals.com.au	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> Tick the box in this column only if you have followed the relevant recommendation in full for the whole of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate-governance/charters/”).

<sup>5</sup> If you have followed all of the Council’s recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Key to Disclosures Corporate Governance Council Principles and Recommendations

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Corporate Governance Council recommendation	Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<p>1.5 A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a diversity policy;</li> <li>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</li> <li>(c) disclose in relation to each reporting period:                             <ul style="list-style-type: none"> <li>(1) the measurable objectives set for that period to achieve gender diversity;</li> <li>(2) the entity's progress towards achieving those objectives; and</li> <li>(3) either:                                     <ul style="list-style-type: none"> <li>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</li> <li>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</li> </ul> </li> </ul> </li> </ul> <p>If the entity was in the S&amp;P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	<p><input checked="" type="checkbox"/> and we have disclosed a copy of our diversity policy at: www.scorpionminerals.com.au</p> <p>and we have disclosed the information referred to in paragraph (c) at: ..... [insert location]</p> <p>and if we were included in the S&amp;P / ASX 300 Index at the commencement of the reporting period our measurable objective for achieving gender diversity in the composition of its board of not less than 30% of its directors of each gender within a specified period.</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p>..... [insert location]</p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p>..... [insert location]</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p>www.scorpionminerals.com.au</p> <p>and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p>..... [insert location]</p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively at:</p> <p>...in our Corporate Governance Statement.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed our board skills matrix at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed the names of the directors considered by the board to be independent directors at:</p> <p>www.scorpionminerals.com.au</p> <p>and, where applicable, the information referred to in paragraph (b) at:</p> <p>..... [insert location]</p> <p>and the length of service of each director at:</p> <p>..... [insert location]</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
2.4	<p>A majority of the board of a listed entity should be independent directors.</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.5	<p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.6	<p>A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

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<b>PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should articulate and disclose its values.	<input checked="" type="checkbox"/> and we have disclosed our values at: www.scorpionminerals.com.au.	<input type="checkbox"/> set out in our Corporate Governance Statement
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	<input checked="" type="checkbox"/> and we have disclosed our code of conduct at: www.scorpionminerals.com.au	<input type="checkbox"/> set out in our Corporate Governance Statement
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	<input checked="" type="checkbox"/> and we have disclosed our whistleblower policy at: www.scorpionminerals.com.au	<input type="checkbox"/> set out in our Corporate Governance Statement
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	<input checked="" type="checkbox"/> and we have disclosed our anti-bribery and corruption policy at: www.scorpionminerals.com.au	<input type="checkbox"/> set out in our Corporate Governance Statement

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<b>PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:            .....  <i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:            .....  <i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner at:            .....  <i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>
4.3	<p>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<p><input checked="" type="checkbox"/></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

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<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<input checked="" type="checkbox"/> and we have disclosed our continuous disclosure compliance policy at: www.scorpionminerals.com.au	<input type="checkbox"/> set out in our Corporate Governance Statement
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at: www.scorpionminerals.com.au.	<input type="checkbox"/> set out in our Corporate Governance Statement
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input checked="" type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders at: www.scorpionminerals.com.au	<input type="checkbox"/> set out in our Corporate Governance Statement
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement

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<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>

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7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</p>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed how our internal audit function is structured and what role it performs at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed whether we have any material exposure to environmental and social risks at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and, if we do, how we manage or intend to manage those risks at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement</p>

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<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p><input type="checkbox"/></p> <p><i>[If the entity complies with paragraph (a):]</i></p> <p>and we have disclosed a copy of the charter of the committee at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p>and the information referred to in paragraphs (4) and (5) at:</p> <p>.....</p> <p><i>[insert location]</i></p> <p><i>[If the entity complies with paragraph (b):]</i></p> <p>and we have disclosed the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input checked="" type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at:</p> <p>www.scorpionminerals.com.au</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed our policy on this issue or a summary of it at:</p> <p>.....</p> <p><i>[insert location]</i></p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>



Key to Disclosures Corporate Governance Council Principles and Recommendations

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Corporate Governance Council recommendation		Where a box below is ticked, <sup>4</sup> we have followed the recommendation <b>in full</b> for the <b>whole</b> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
<b>ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES</b>			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	<input type="checkbox"/> and we have disclosed information about the processes in place at: ..... [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we do not have a director in this position and this recommendation is therefore not applicable <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	<input type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<input type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable <input type="checkbox"/> we are an externally managed entity that does not hold an AGM and this recommendation is therefore not applicable
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	Alternative to Recommendation 1.1 for externally managed listed entities:  The responsible entity of an externally managed listed entity should disclose:  (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and  (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	<input type="checkbox"/> and we have disclosed the information referred to in paragraphs (a) and (b) at: ..... [insert location]	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

	Corporate Governance Council recommendation	Where a box below is ticked, <sup>4</sup> we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: <sup>5</sup>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p><input type="checkbox"/></p> <p>and we have disclosed the terms governing our remuneration as manager of the entity at:</p> <p>.....</p> <p>[insert location]</p>	<p><input type="checkbox"/> set out in our Corporate Governance Statement</p>

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