Interim Financial Report

For the half-year ended 31 December 2023

SCORPION MINERALS LIMITED | www.scorpionminerals.com.au | ASX:SCN
LEVEL 2, 50 KINGS PARK RD, WEST PERTH WA 6005 | T: +61 8 6241 1877 | F: +61 8 6241 1811 | ABN: 40 115 535 030

Contents

These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these financial statements are to be read in conjunction with the Annual Report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

Your Directors are pleased to present their report on the consolidated entity consisting of Scorpion Minerals Limited ("**Scorpion**" or "**Company**") and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

DIRECTORS

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

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

COMPANY SECRETARIES

Kate Stoney
Josh Merriman

REVIEW OF OPERATIONS

During the half-year the Company's exploration activities continue to focus on its existing Pharos and Youanmi Projects in the Murchison region of Western Australia (Figure 1).

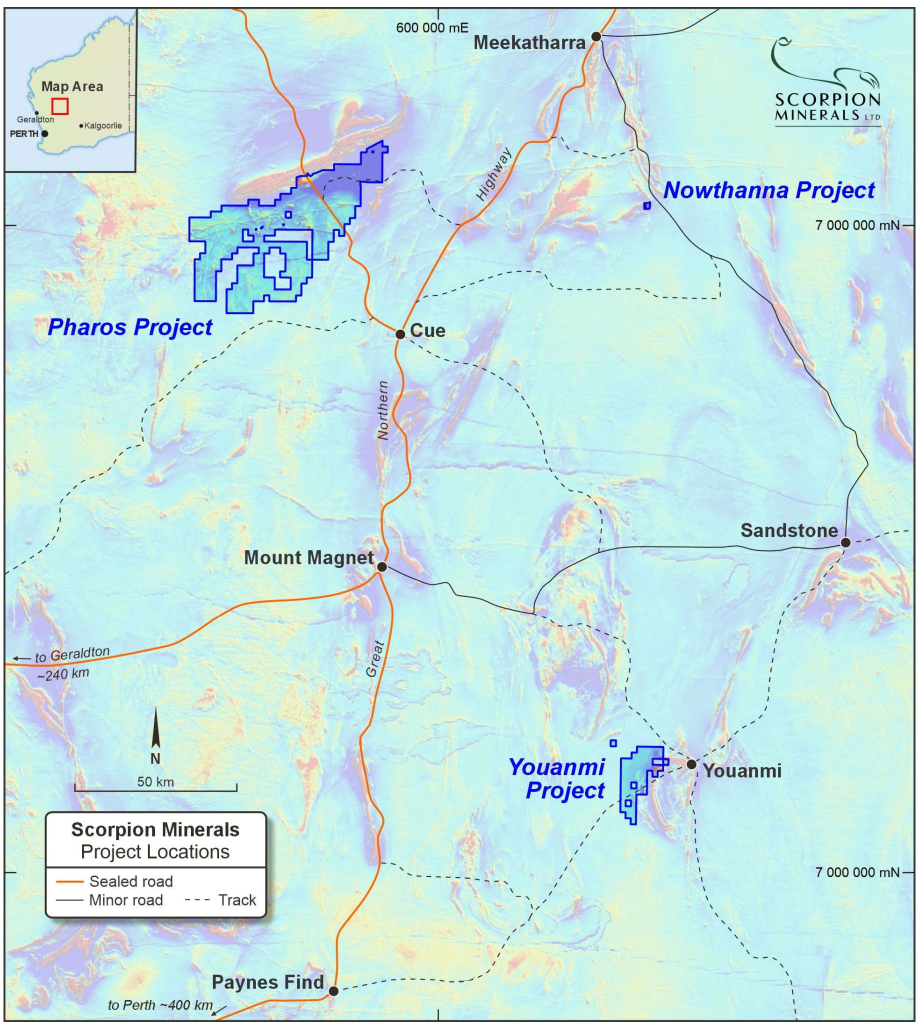

Figure 1: Location of the Company's Pharos, Youanmi and Nowthanna Projects

Pharos Project, WA (SCN: 100%)

The Pharos Project is 100% owned by Scorpion and covers an area of 1,283km^2 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 2).

Exploration activities at the Pharos Project during the half-year continued to focus on the largely untested 50km strike zone of LCT pegmatites encompassing the Poona prospects.

Lithium targets – maiden drill programme

In December 2023, the Company completed its maiden RC drill programme at Poona East and Poona West lithium targets (refer ASX release 22 December 2023). A total of seven holes were completed for 937 metres, designed to test stratigraphy and structural orientation to aid future drill planning (refer Figure 3).

The drilling tested shallow targets identified by historic surface sampling, which returned high-grade results of up to 2.99% Li_2O. Five holes intersected significant widths of pegmatites up to 28 metres downhole, with 175 samples submitted for analysis and initial results expected in early 2024. The results will inform planning for follow-up RC drilling of existing targets down dip and along strike. RC drilling is also planned to determine the extent and composition of parallel pegmatites. Other planned activities at Poona during the year include additional geological mapping and rock chip sampling, auger soil geochemistry aimed at identifying additional pegmatites under shallow soil cover, and XRD analysis and preliminary metallurgical test work.

Lithium targets – background

Extensive LCT pegmatite swarms have been identified at the Poona East and Poona West prospects (refer Figure 3). Historic RC drill testing at Poona East and Poona West has been limited, while 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.

Base metal and gold targets

The Pharos Project contains the Olivers Patch and Ulysses gold targets, Pallas, Mughal and Perses PGE-Ni-Cu-Co targets plus the Mt Mulcahy Cu-Zn-Ag-Au VMS deposit (refer Table 1). During the half-year, the Company continue to advance planning for initial drill testing of targets at Pallas and Perses.

Table 1: Current Mineral Resource Estimate, Mt Mulcahy Project

Mt Mulcahy South Limb Pod Mineral Resource Estimate*											
Resource Category	Grade						Contained Metal				
	Tonnes	Cu (%)	Zn (%)	Co (%)	Ag (g/t)	Au (g/t)	Cu (t)	Zn (t)	Co (t)	Ag (oz)	Au (oz)
Measured	**193,000**	3.0	2.3	0.1	25	0.3	5,800	4,400	220	157,000	2,000
Indicated	**372,000**	2.2	1.7	0.1	19	0.2	8,200	6,300	330	223,000	2,000
Inferred	**82,000**	1.5	1.3	0.1	13	0.2	1,200	1,100	60	35,000	-
TOTAL	**647,000**	**2.4**	**1.8**	**0.1**	**20**	**0.2**	**15,200**	**11,800**	**610**	**415,000**	**4,000**

* refer ASX release 25 September 2014 titled "*Maiden Copper - Zinc Resource at Mt Mulcahy*", which contains a list of significant drill intersections for the deposit.

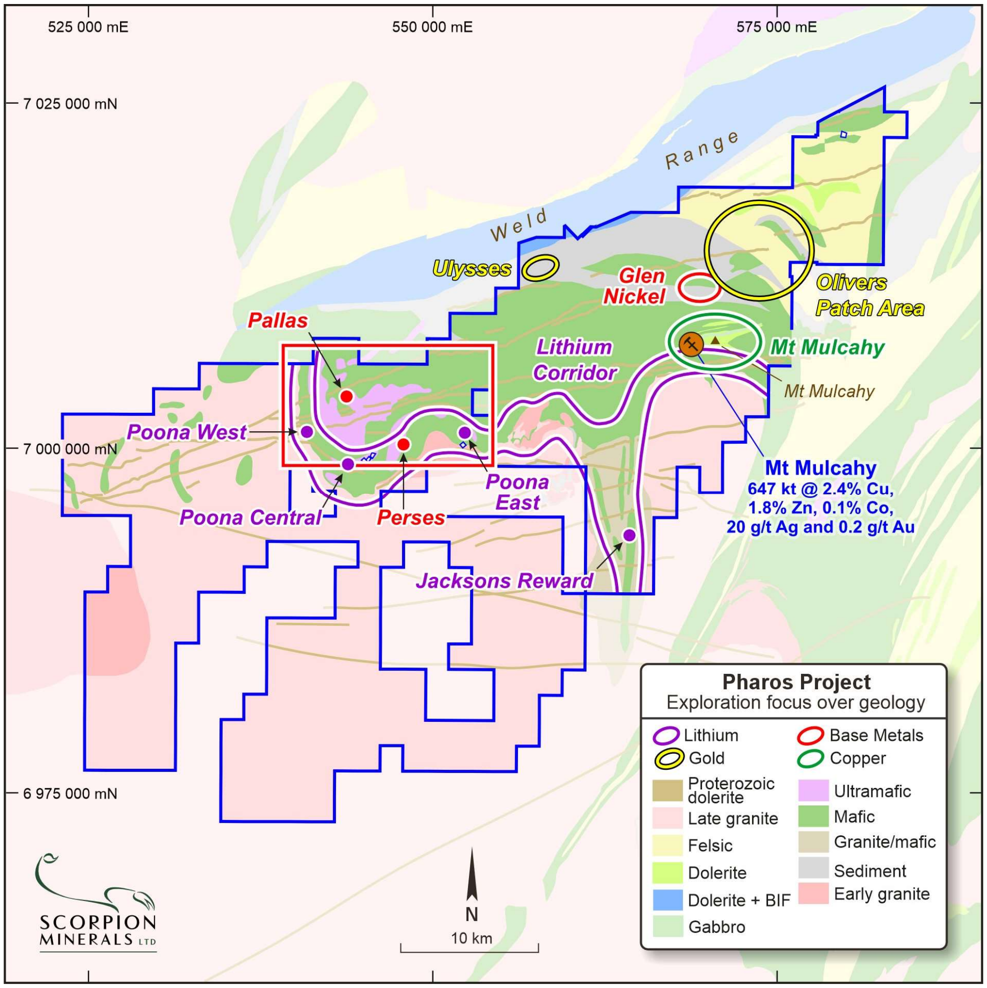

Figure 2: Location of Pharos Project commodity targets

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

25/06/2020	*"Pharos Project Exploration Update"*
09/07/2020	*"High Grade Gold Rock Chips – Pharos Project"*
13/08/2020	*"Drilling to Commence – Pharos Project"*
31/08/2020	*"Commencement of Drilling – Pharos Project"*
28/09/2020	*"High Grade Gold Confirmed at Lantern - Pharos Project"*
08/10/2020	*"Phase 2 RC Drilling Commenced- Pharos Project"*
02/11/2020	*"Priority PGE Ni-Cu Targets – Pharos Tenement"*
24/11/2020	*'Further High-Grade Gold Results – Pharos Project"*
08/02/2021	*"Term Sheet – Iron Ore Rights at Pharos"*
08/04 2021	*"PGE-Ni-Cu Targets Identified at Pharos Project"*
28/04/2021	*"Fenix Iron Ore JV Update – Pharos"*
16/06/2021	*"Pallas PGE-Ni-Cu Target – Pharos"*
23/06/2021	*"Multiple Commodity Targets Identified at Pharos"*
13/07/2021	*"Fenix Iron Ore JV and Pallas PGE Target Exploration Update"*
21/07/2021	*"Iron Ore Targets Advanced and Drilling Expedited – Fenix JV"*
12/08/2021	*"RC Drilling Commences at Pharos Gold Targets"*
23/08/2021	*"Completion of Drilling at Pharos Gold Targets"*
20/10/2021	*"New Shallow High-Grade Gold Zone Confirmed at Cap Lamp"*
06/12/2021	*"Scorpion increase Murchison Footprint"*
07/02/2022	*"Scorpion Acquires Poona Project"*
11/02/2022	*"Poona Tech Review Highlights Multiple PGE-Ni-Cu & Au Targets"*
14/02/2022	*"Multiple Lithium Targets Identified at Pharos Project"*
02/03/2022	*"Pharos Lithium Corridor Extended to 50km"*
20/10/2022	*"Multiple Lithium Pegmatite Dykes at Poona"*
12/12/2023	*"RC Drilling Commences at Poona Lithium Targets"*
22/12/2023	*"RC Drilling Completed at Poona Lithium Targets"*

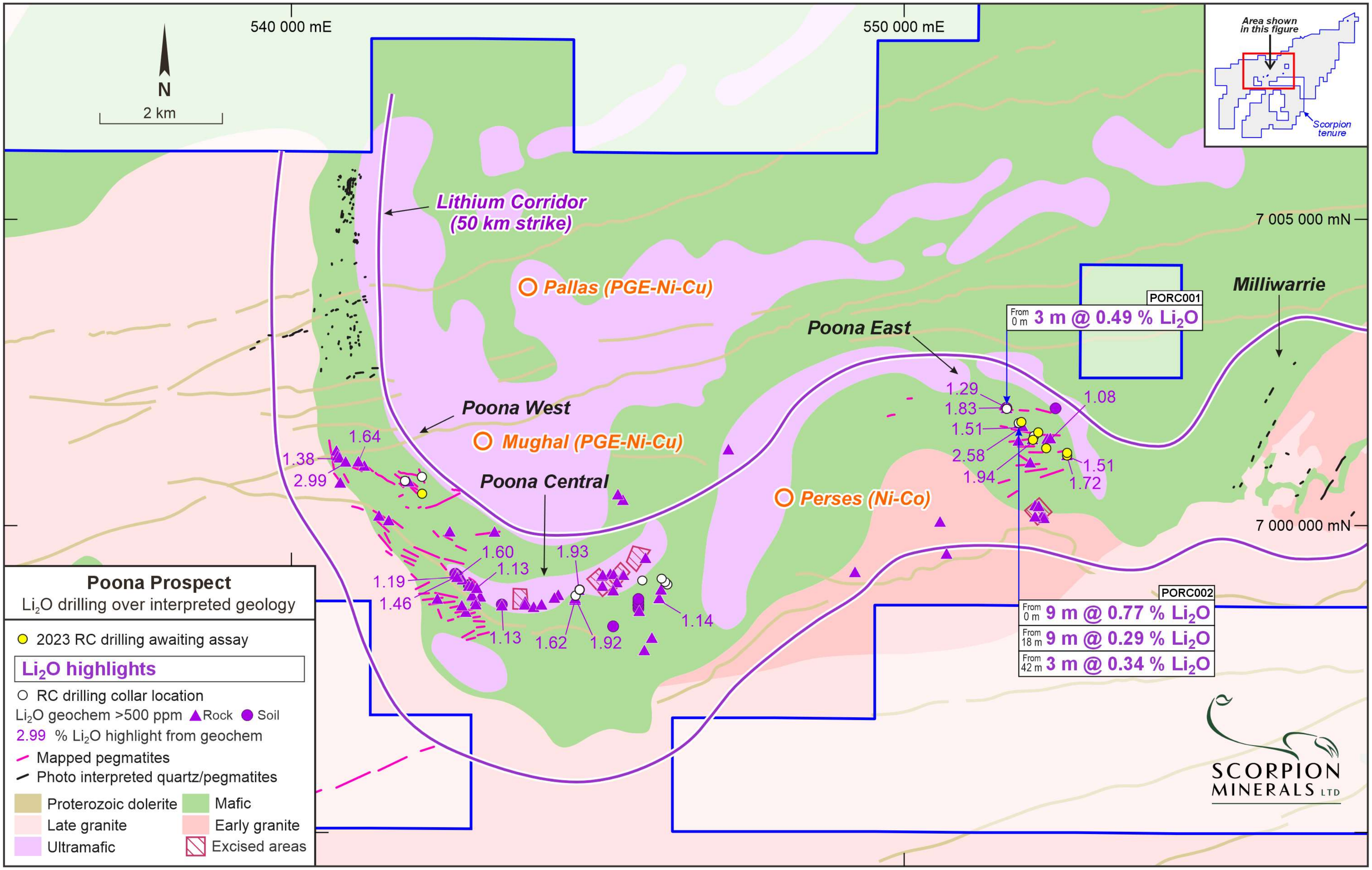

Figure 3: Completed drill holes from December 2023 RC programme at Poona, with significant historic rock chip and RC results

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

During the half-year the Company continued its extensive field work at the Youanmi Lithium Project in the East Murchison Mineral Field, Western Australia, culminating in the release of a maiden Exploration Target. Targeted drilling throughout 2023 has provided the Company with considerable technical data, to be integrated into a maiden JORC resource estimate for the project.

Project summary

Scorpion holds a binding right to acquire the Youanmi Lithium Project in the East Murchison Mineral Field of Western Australia (refer ASX announcement 19 December 2022). The project comprises tenements E57/978, E57/1049 and E57/1056 ("**Youanmi Tenements**"), covering an area of 279 km^2 in the East Murchison Mineral Field approximately 450 km north of Perth (refer Figure 1). The Company has additionally made an application for an adjoining tenement E57/1422 (replacing an earlier application E57/1377 covering the same area).

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 4). 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.

Mapping and RC drilling at Youanmi 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 Project is 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 (refer Figure 4). Further evaluation of the potential for Vanadium, PGE-Ni-Cu and Base Metal mineralisation will be undertaken simultaneously with lithium exploration.

Activities during the half-year

In July 2023, the Company completed an infill RC drill programme at Youanmi of 17 holes for 2,202 metres (refer ASX release 26 July 2023). The programme was a follow-up to previous RC programmes completed in the first half of 2023 and was designed to infill the existing drill pattern at spacing of 80m x 80m. Two additional RC holes were drilled at a new pegmatite target southwest of the existing drilling.

The Company received assays results from the programme in August 2023 (refer ASX releases 3 August and 17 August 2023), which confirmed the continuity and thickness of high-grade lithium mineralisation hosted by shallow east-dipping LCT pegmatites along 3km of strike and extending to a minimum of 175m below surface. Mineralisation remains open in all directions.

All sections drilled intersected significant zones of pegmatite-hosted lithium mineralisation, with individual assays up to 2.9% Li_2O (SYRC032 45-46m) and significant intercepts including the below:

- **14m @ 1.50% Li_2O,** 64ppm Ta_2O_5 and 42ppm Nb_2O_5 **from 126m in SYRC037**
- **9m @ 1.37% Li_2O,** 125ppm Ta_2O_5 and 53ppm Nb_2O_5 **from 112m in SYRC028**
- **10m @ 1.12% Li_2O,** 120ppm Ta_2O_5 and 82ppm Nb_2O_5 **from 130m in SYRC033**
- **8m @ 1.29% Li_2O,** 85ppm Ta_2O_5 and 50ppm Nb_2O_5 **from 24m in SYRC023**
- **6m @ 1.31% Li_2O,** 104ppm Ta_2O_5 and 60ppm Nb_2O_5 **from 44m in SYRC03**

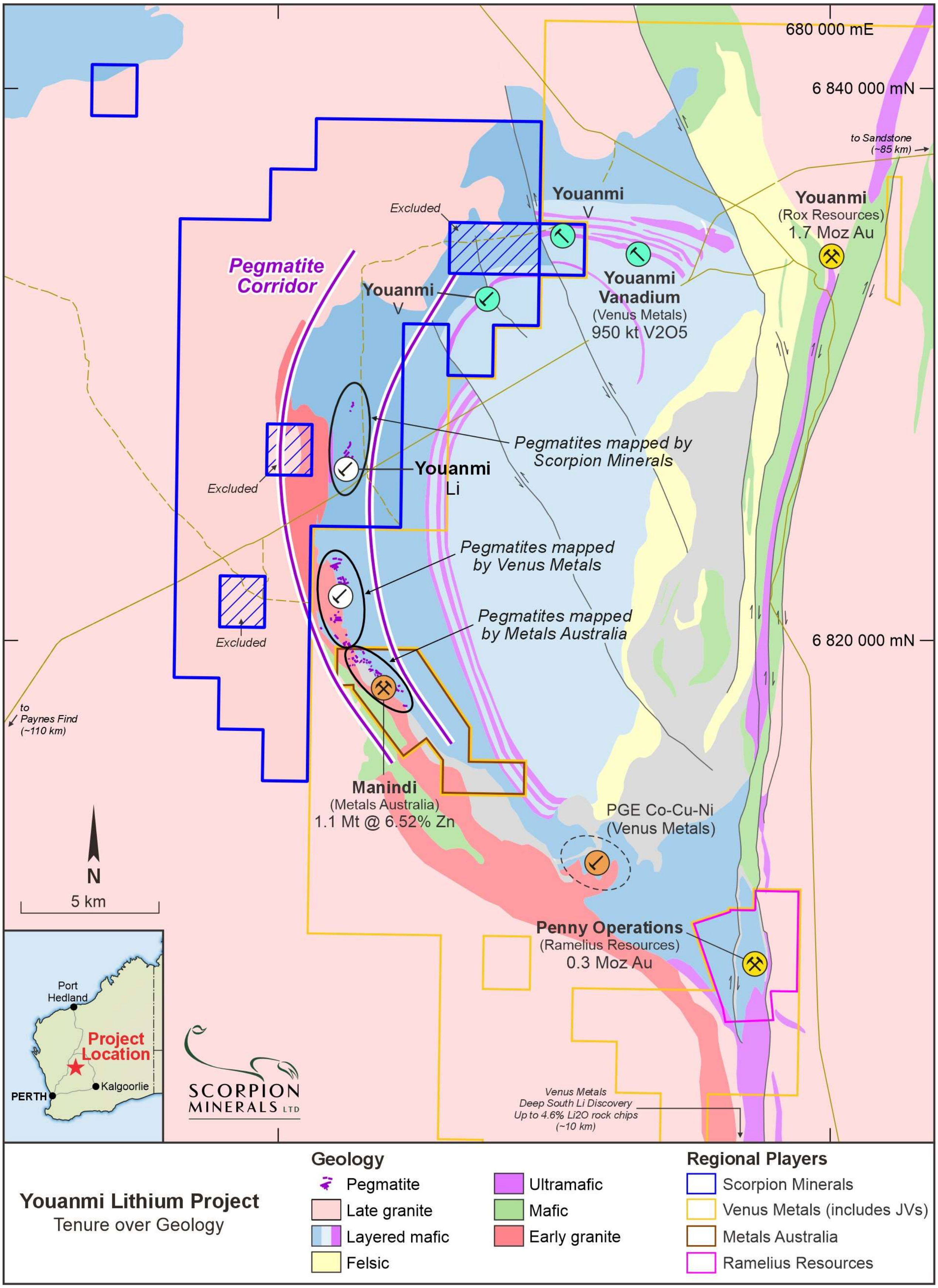

Figure 4: Plan showing Youanmi Tenements over simplified geology and adjacent explorers

Exploration Target

In October 2023, the Company released an initial Exploration Target for the Youanmi Project of **<u>7.6-13.6 million tonnes grading at 1.0-1.4% Li_2O</u>** (refer ASX release 11 October 2023).

The approximate Exploration Target ranges are shown in Table 2 below. The Exploration Target covers the upper and lower pegmatites in the central 900m of the project area ("Central Target Area"), or around 35% of the 2,500m mineralised trend (refer Figures 5 and 6).

Table 2: Exploration Target Ranges – Upper and Lower Pegmatite

Target	Tonnes Range (MT)		Li_2O Range (%)	
	Minimum	Maximum	Minimum	Maximum
Lower Pegmatite	6.0	10.7	1.0	1.4
Upper Pegmatite	1.6	2.9	1.0	1.4
Total Exploration Target	**7.6**	**13.6**	**1.0**	**1.4**

The Exploration Target is based on interpretation of exploration completed to date (see summary of ASX releases below) and includes:

- 93 Reverse Circulation (RC) drill holes completed for 8,246m;
- 2,310 drill hole assay results;
- 36 surface rock chip sampling assay results;
- detailed 1:1000 scale surface geological mapping;
- geophysical datasets including detailed airborne magnetics and radiometrics; and
- wireframing and 3D modelling of the upper and lower pegmatites in the Central Area.

The Exploration Target only includes the wireframed size of the upper and lower pegmatites in the central 900m of the existing 2500m strike tested by historic RC drilling. The Exploration Target does not include other pegmatites mapped and sampled that have limited or no RC drill testing to date.

The Central Target Area has largely been drilled at 80m x 80m spacing (refer Figure 6). Geological modelling and wireframing of the pegmatites completed included projections down dip in the north where the drill spacing is wider resulting in the range of the tonnage estimate (refer Figure 5). The upper and lower pegmatites are both mineralised from wall to wall, remain open down dip/plunge and along strike of the wireframed area.

Tonnage was estimated by calculating the volume of the wireframes and multiplying by a density of 2.7 tonnes/m^3. The weighted average grade was calculated for the lithium assays inside the wireframes, being about 1.2% Li_2O within a range of intercept grades from 1.0 to 1.4% Li_2O.

Drilling to date has demonstrated significant high-grade lithium mineralisation hosted by shallow east dipping stacked LCT pegmatites along 2,500m of strike and extending to a minimum of 175m below surface. Individual pegmatites are up to 1,000m long and surface exposures suggest widths from 5m to 15m. Drilling has intersected lithium mineralisation up to 14 metres in thickness. These results indicate that the pegmatite is thickening down plunge and dip to the northeast and further drilling will be completed in this area to follow up.

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

19/12/2022	*"SCN Expands Lithium Footprint – Major Project Acquisition"*
06/02/2023	*"Youanmi Lithium Project Drilling Commences"*
23/03/2023	*"Drilling Confirms 3km of LCT Pegmatites Strike at Youanmi"*
29/03/2023	*"Drilling Confirms 3km of LCT Pegmatites Strike at Youanmi – Amended"*
13/04/2023	*"High Grade Lithium Results – Youanmi Project"*
15/05/2023	*"Youanmi Infill Drilling Underway"*
30/05/2023	*"Youanmi Infill Drilling Completed"*
08/06/2023	*"Scorpion Appoints Lithium Industry Pioneer as CEO"*
23/06/2023	*"Further High-Grade Lithium Results – Youanmi Project"*
04/07/2023	*"Infill RC Drilling Underway at Youanmi"*
05/07/2023	*"More High-Grade Lithium at Youanmi – 2.36% Li_2O"*
26/07/2023	*"Infill RC Drilling Complete at Youanmi"*
03/08/2023	*"Infill Drilling Delivers More High-Grade Lithium at Youanmi"*
17/08/2023	*"High Grade Lithium at Youanmi"*
11/10/2023	*"Lithium Exploration Target at Youanmi"*

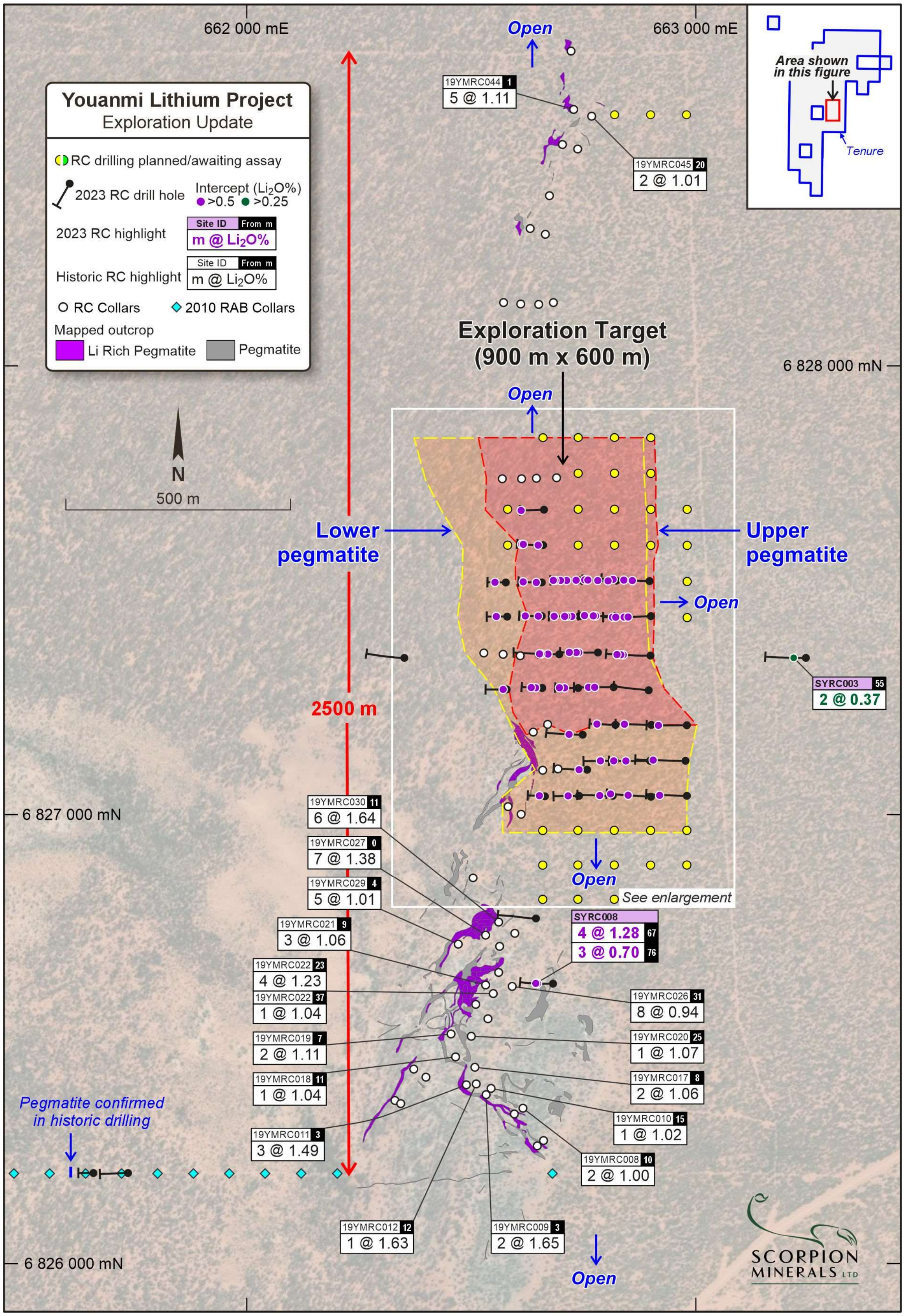

Figure 5: plan showing Exploration Target area with mapped pegmatite outcrop and significant RC drilling intercepts

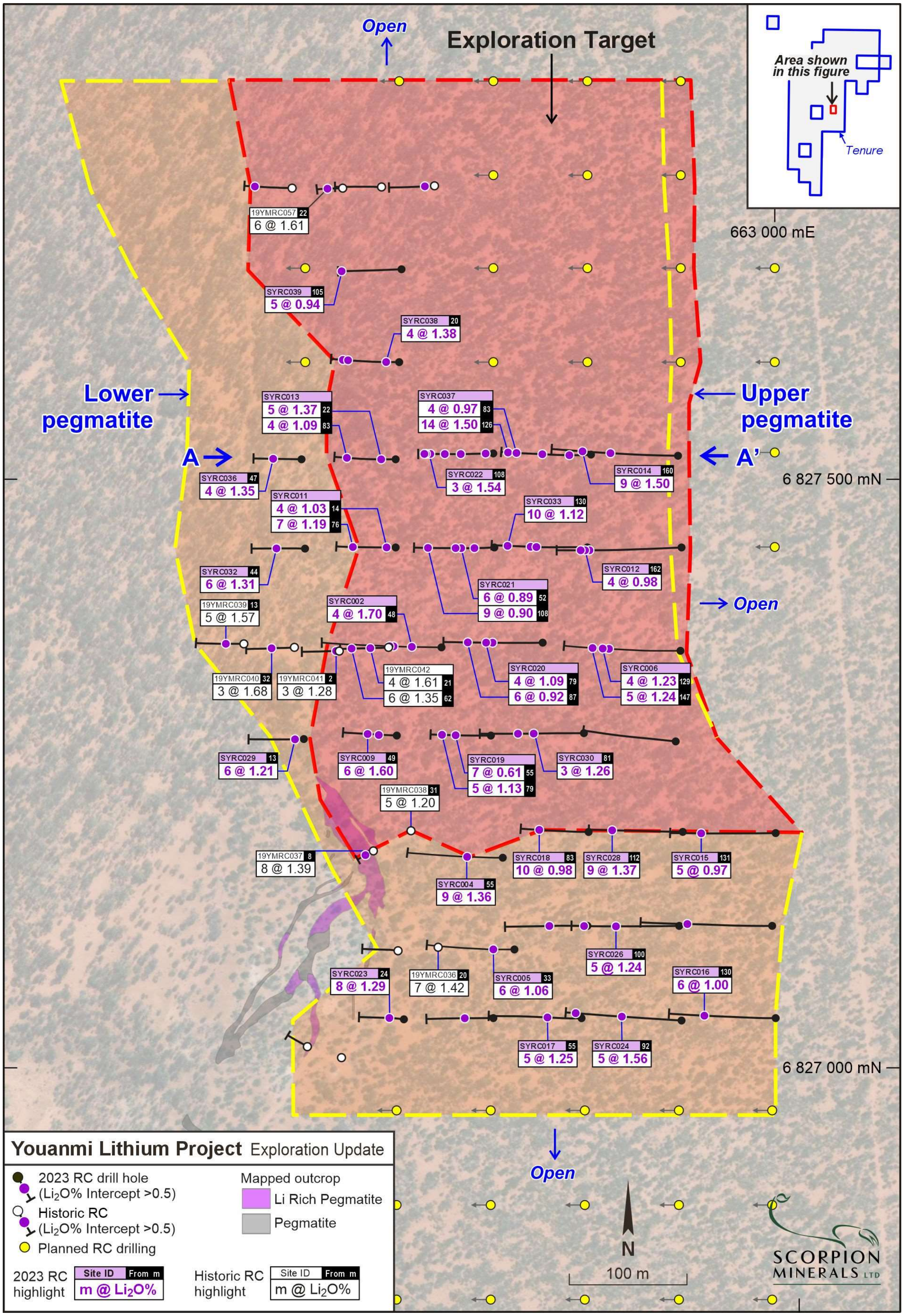

Figure 6: plan enlargement showing mapped pegmatite outcrop and significant RC drilling intercepts

RESULTS OF OPERATIONS

The Group incurred an after-tax operating loss for the half-year ended 31 December 2023 of $1,539,400 (31 December 2022: $2,071,204).

CORPORATE

On 27 July 2023, the Company advised that it had signed a Memorandum of Understanding (MOU) with Sunwoda Electronic Co. Ltd, a global industry leader in the design and manufacture of lithium-ion batteries. The MOU provides a framework for project-level investment, future off-take agreements, and accelerated development of the Youanmi Lithium Project.

On 20 November 2023, the Company issued 60,000,000 shares to new and existing sophisticated investors, raising $3 million (before costs) to fund ongoing activities ("Placement Shares"). The Placement Shares were issued using the Company's existing capacity under ASX Listing Rules 7.1 and 7.1A. The offer included a 1-for-2 offer of free attaching options, exercisable at $0.075 and with an expiry period of two years from the date of issue ("Free Attaching Options"). CPS Capital and Merchant Capital Partners acted as joint lead managers to the placement and are entitled to receive 3,500,000 options in the same class as the Free Attaching Options.

The Company held its Annual General Meeting on 30 November 2023, with all resolutions put to shareholders being passed.

SUBSEQUENT EVENTS

On 22 February 2024, the Company held an Extraordinary General Meeting to ratify the issue of shares from its November 2023 placement and approve the issue of the accompanying free attaching options and joint lead manager options. All resolutions at the meeting were approved by shareholders and the Company allotted the options on 1 March 2024 under its prospectus dated 29 February 2024. ASX has granted quotation of the options under the designation SCNO.

There are no other matters or circumstances that have arisen since 31 December 2023 that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001, and signed for and on behalf of the Board by:

Bronwyn Barnes
Non-Executive Chairman

Perth, Western Australia
13 March 2024

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

To the Directors of Scorpion Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2023 there have been:

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

This declaration is in relation to Scorpion Minerals Limited and the entities it controlled during the half-year.

In.Corp Audit & Assurance Pty Ltd

Daniel Dalla
Director

Perth, 13 March 2024

In.Corp Audit & Assurance Pty Ltd
ABN 14 129 769 151

Level 1
6-10 O'Connell Street
SYDNEY NSW 2000

Suite 11, Level 1
4 Ventnor Avenue
WEST PERTH WA 6005

GPO BOX 542
SYDNEY NSW 2001

T +61 2 8999 1199
E team@incorpadvisory.au
W incorpadvisory.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Half-Year 2023	Half-Year 2022
CONTINUING OPERATIONS			
Dividend income		-	210,000
Interest income		968	4,414
Directors' fees		(95,995)	(96,295)
Exploration expenses		(221,979)	(535,979)
Fair value loss on financial assets		-	(300,000)
Finance costs		(25,566)	(44,489)
Occupancy costs		-	(18,000)
Staff costs		(66,863)	-
Other expenses	3	(388,749)	(510,243)
Share-based payments	4	(741,216)	(780,612)
LOSS BEFORE INCOME TAX		(1,539,400)	(2,071,204)
Income tax (expense)/benefit		-	-
LOSS AFTER INCOME TAX FOR THE HALF-YEAR		(1,539,400)	(2,071,204)
Other comprehensive income for the half-year, net of tax		-	-
TOTAL COMPREHENSIVE LOSS FOR THE HALF-YEAR ATTRIBUTABLE TO THE OWNERS OF SCORPION MINERALS LIMITED		(1,539,400)	(2,071,204)
Loss per share attributable to the ordinary equity holders of the Parent			
Basic and diluted (cents per share)		(0.42)	(0.60)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	December 2023	June 2023
CURRENT ASSETS			
Cash and cash equivalents		1,637,203	389,093
Trade and other receivables		302,215	231,339
TOTAL CURRENT ASSETS		**1,939,418**	**620,432**
NON-CURRENT ASSETS			
Capitalised exploration expenditure	5	5,160,495	4,351,476
TOTAL NON-CURRENT ASSETS		**5,160,495**	**4,351,476**
TOTAL ASSETS		**7,099,913**	**4,971,908**
CURRENT LIABILITIES			
Trade and other payables	6	(1,186,928)	(1,079,984)
Borrowings	7	(928,398)	(904,810)
TOTAL LIABILITIES		**(2,115,326)**	**(1,984,795)**
NET ASSETS (LIABILITIES)		**4,984,587**	**2,987,113**
EQUITY			
Contributed equity	8	31,431,997	28,400,089
Accumulated losses		(29,253,285)	(27,825,936)
Reserves	9	2,805,875	2,412,960
TOTAL EQUITY/(DEFICIENCY)		**4,984,587**	**2,987,113**

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

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Issued Capital	Accumulated Losses	Reserve	Total Equity
CONSOLIDATED					
Balance 1 July 2023		28,400,089	(27,825,936)	2,412,960	2,987,113
Loss for the half-year		-	(1,539,400)	-	(1,539,400)
Total comprehensive loss for the half-year		28,400,089	(29,365,336)	2,412,960	1,447,713
Shares issued during the period	8	3,000,000	-	-	3,000,000
Capital raising costs	8	(204,342)	-	-	(204,342)
Options issued during the period	9	-	-	741,216	741,216
Transfer on lapse of options		-	112,051	(112,051)	-
Transfer on exercise of options	9	236,250	-	(236,250)	-
Balance 31 December 2023		**31,431,997**	**(29,253,285)**	**2,805,875**	**4,984,587**

	Issued Capital	Accumulated Losses	Reserve	Total Equity
CONSOLIDATED				
Balance 1 July 2022	27,302,319	(24,585,598)	969,420	3,686,141
Loss for the half-year	-	(2,071,204)	-	(2,071,204)
Total comprehensive loss for the half-year	-	(2,071,204)	-	(2,071,204)
Shares issued during the period	1,158,000	-	-	1,158,000
Capital raising costs	(193,980)	-	193,980	-
Options issued during the period	-	-	780,612	780,612
Transfer on exercised/lapsed of options	133,750	-	(133,750)	-
Balance 31 December 2022	**28,400,089**	**(26,656,802)**	**1,810,262**	**3,553,549**

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

STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Half-year 2023 $	Half-year 2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividend income		-	210,000
Other income		968	6,174
Payments to suppliers and employees		(480,681)	(582,929)
Payments for exploration		(1,065,857)	(778,459)
Interest paid		(1,978)	(121,951)
Net cash outflow from operating activities		**(1,547,548)**	**(1,267,165)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation		-	(104,892)
Net cash inflow/(outflow) from investing activities		**-**	**(104,892)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,000,000	-
Payments for capital raisings		(204,342)	-
Repayment of borrowings	7	-	(239,320)
Net cash inflow/(outflow) from financing activities		**2,795,658**	**(239,320)**
Net increase in cash and cash equivalents		1,248,110	(1,611,377)
Cash and cash equivalents at the beginning of the half-year		389,093	2,102,432
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR		**1,637,203**	**491,055**

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the annual financial statements for the year ended 30 June 2023 and any public announcements made by Scorpion Minerals Ltd during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2023 annual financial report for the financial year ended 30 June 2023. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going concern
The Group incurred a net loss of $1,539,400 (31 December 2022: $2,071,204) and incurred net cash outflows from operating activities of $1,547,548 for the half-year ended 31 December 2023 (31 December 2022: $1,267,165 outflow). As at 31 December 2023, the Group had a working capital deficit of $175,908 (30 June 2023: $1,364,363) and net assets of $4,984,587 (30 June 2023: $2,987,113), trade and other payables of $1,186,928 (30 June 2023: $1,079,985) and borrowings of $928,398 (30 June 2023: $904,810). As at reporting date the Group had a cash balance of $1,637,203.

The ability of the Group to pay its debts as and when they become due is dependent upon:
- the Group's continued ability to call upon the undrawn portion of the loan facility entered into with former director of the Company Mr Michael Fotios and his associated entities; and
- in addition to any financing provided under the terms of the loan agreement referred to above, further capital raisings being undertaken;
- negotiating continued deferred terms of repayment with overdue third-party creditors.

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

The Directors believe that there are sufficient funds available to continue to meet the Group's working capital requirements as at the date of this report. The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:
- as at 31 December 2023 the undrawn loan balance available to the Company with Mr. Fotios and his associated entities was $1,324,663;
- the Board is confident that the liabilities of the Company are able to be settled in an orderly fashion, and at the date of this financial report, there are no statutory demands against the Company in respect of any outstanding liabilities; and
- the Company has the full capacity (Listing Rule 7.1 and 7.1A) to raise funds via a share placement.

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

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

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2023.

Changes in accounting policy
The accounting policies are consistent with those applied in the previous financial year and those of the corresponding interim reporting period.

Adoption of new and revised accounting standards
In the half-year ended 31 December 2023, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2023. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business.

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

NOTE 2: 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.

	Half-Year	
	31 December 2023	**31 December 2022**
NOTE 3: OTHER EXPENSES		
Accounting expense	(73,200)	(62,263)
Audit expense	(9,000)	(10,000)
Consulting expense	(154,514)	(314,752)
Corporate expense	(88,054)	(68,664)
Insurance expense	(13,727)	(13,866)
Legal expense	(47,929)	(36,018)
Other administrative expense	(2,325)	(4,680)
	(388,749)	**(510,243)**

NOTE 4: SHARE BASED PAYMENT EXPENSE

Share based payments are recognised in the profit and loss statement. In the reporting period, share-based payments to the value of $741,216 were expensed (31 December 2022: $840,842).

The fair value of the options expensed in the period has been calculated using the appropriate option pricing model for each class of options. For options not yet vested at the start of the reporting period, the value of the options expensed has been reduced in accordance with the portion of the vesting period falling within the reporting period. The model inputs for option valuations are shown in the table below:

Date of issue	Date of expiry	Exercise price ($)	Underlying share price at issue ($)	Risk-free interest rate	Volatility	Number of options granted in period	Value taken up in period ($)
15 Sep 2021 [1]	15 Sep 2025	0.00	0.070	0.06%	75%	-	10,152
22 Apr 2022 [1]	22 Apr 2026	0.00	0.075	1.00%	75%	-	8,476
22 Dec 2022 [2]	22 Dec 2026	0.12	0.075	3.18%	100%	-	59,625
22 Dec 2022 [3]	22 Dec 2026	0.12	0.075	3.18%	100%	-	111,942
22 Dec 2022 [4]	22 Dec 2026	0.12	0.075	3.18%	100%	-	110,762
22 Dec 2022 [5]	22 Dec 2026	0.12	0.075	3.18%	100%	-	204,533
22 Dec 2022 [6]	22 Dec 2026	0.12	0.075	3.18%	100%	-	17,798
22 Dec 2022 [2]	22 Dec 2026	0.12	0.075	3.18%	100%	-	17,887
5 Apr 2023 [1]	22 Apr 2026	0.00	0.066	3.14%	75%	-	42,870
12 Oct 2023 [7]	12 Oct 2025	0.12	0.055	3.98%	65%	6,000,000	5,652
12 Oct 2023 [8]	12 Oct 2026	0.12	0.055	3.91%	75%	6,000,000	7,103
12 Oct 2023 [9]	12 Oct 2027	0.12	0.055	3.95%	95%	6,000,000	9,417
12 Oct 2023	12 Oct 2025	0.12	0.055	3.98%	65%	1,000,000	8,688
12 Oct 2023 [10]	12 Oct 2026	0.12	0.055	3.91%	75%	1,000,000	4,041
12 Oct 2023 [11]	12 Oct 2027	0.12	0.055	3.95%	95%	1,000,000	3,383
12 Oct 2023 [12]	12 Oct 2025	0.00	0.055	3.98%	65%	1,000,000	18,410
12 Oct 2023 [13]	12 Oct 2026	0.00	0.055	3.91%	75%	1,000,000	7,285
12 Oct 2023 [14]	12 Oct 2027	0.00	0.055	3.95%	95%	1,000,000	4,541
1 Dec 2023	22 Apr 2026	0.00	0.044	4.07%	70%	1,000,000	44,000
1 Dec 2023 [15]	1 Dec 2025	0.00	0.044	4.17%	65%	3,500,000	25,246
1 Dec 2023 [16]	1 Dec 2026	0.00	0.044	4.07%	70%	3,500,000	8,431
1 Dec 2023 [17]	1 Dec 2027	0.00	0.044	4.09%	90%	3,500,000	5,060
1 Dec 2023 [7]	1 Dec 2025	0.12	0.044	4.17%	65%	7,000,000	1,416
1 Dec 2023 [8]	1 Dec 2026	0.12	0.044	4.07%	70%	7,000,000	1,735
1 Dec 2023 [18]	1 Dec 2027	0.12	0.044	4.09%	90%	7,000,000	2,763
						56,500,000	**741,216**

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.
2. 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 and the Youanmi Project which was subsequently introduced by the recipients.

3. 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_2O (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.
4. 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_2O (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.
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 50 million tonnes at 1% Li_2O (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.
6. 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.
7. Options in this class are subject to the vesting condition that the Company either signs a binding strategic partner agreement, or that the 5-day volume-weighted average price of the Company's shares exceeds $0.15.
8. Options in this class are subject to the vesting condition that the Company either announces that it has secured stage 1 strategic partner funding, or that the 5-day volume-weighted average price of the Company's shares exceeds $0.25.
9. Options in this class are subject to the vesting condition that the Company either announces that it has secured stage 2 strategic partner funding, or that the 5-day volume-weighted average price of the Company's shares exceeds $0.35.
10. Options in this class are subject to the vesting condition that the recipient remain employed or engaged by the Company until 21 September 2024.
11. Options in this class are subject to the vesting condition that the recipient remain employed or engaged by the Company until 21 September 2025.
12. Options in this class are subject to the vesting condition that the recipient remain employed or engaged by the Company until 7 June 2024.
13. Options in this class are subject to the vesting condition that the recipient remain employed or engaged by the Company until 7 June 2025.
14. Options in this class are subject to the vesting condition that the recipient remain employed or engaged by the Company until 7 June 2026.
15. Options in this class are subject to the vesting condition that the recipient remain employed or engaged by the Company until 1 June 2024.
16. Options in this class are subject to the vesting condition that the recipient remain employed or engaged by the Company until 1 June 2025.
17. Options in this class are subject to the vesting condition that the recipient remain employed or engaged by the Company until 1 June 2026.
18. 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_2O (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.

NOTE 5: CAPITALISED EXPLORATION EXPENDITURE

	31 December 2023 $	30 June 2023 $
Capitalised exploration and evaluation		
Opening net book amount	4,351,476	2,060,027
Acquisition of Poona Project	-	798,000
Acquisition of Youanmi Project	-	464,892
Capitalised exploration expenditure – Poona Project	325,824	227,660
Capitalised exploration expenditure – Youanmi Project	483,195	800,897
Closing net book amount	5,160,495	4,351,476

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

eMetals Ltd, the previous holder of the Poona Project, retains a 0.5% net smelter return royalty over minerals mined from tenements E20/885, E20/896, E20/963 and E20/964.

Exercise of the option to acquire the Youanmi Project is subject to a cash payment of $3,500,000 and the granting of a royalty of $1 per tonne of ore mined and processed or removed from tenements E57/978, E57/1049 and E57/1056.

NOTE 6: TRADE AND OTHER PAYABLES – UNSECURED

	31 December 2023 $	30 June 2023 $
Trade payables	967,541	842,762
Insurance premium funding	-	16,222
Accrued expenses	219,387	221,000
	1,186,928	1,079,984

NOTE 7: BORROWINGS – UNSECURED

Lender	31 December 2023 $	30 June 2023 $
Azurite Corporation Pty Ltd	342,763	334,916
Delta Resource Management Pty Ltd (In Liquidation)	206,021	199,864
Investmet Limited (In Liquidation)	379,614	370,030
Closing balance	**928,398**	**904,810**

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 31 December 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:

NOTE 8: ISSUED CAPITAL

	31 December 2023	
Issued Capital	**Number**	**$**
Opening Balance 1 July 2023	356,706,192	28,400,089
Exercise of options	3,750,000	236,250
Issue of ordinary shares	60,000,000	3,000,000
Capital raising costs	-	(204,342)
Balance end of period	**420,456,192**	**31,431,997**

NOTE 9: SHARE BASED PAYMENT RESERVE

	31 December 2023	30 June 2023
Share Based Payment Reserve	**$**	**$**
Balance at beginning of period	2,412,960	969,420
Transfer on expiry of options	(112,051)	(3,000)
Transfer on exercise of options	(236,250)	(133,750)
Issue of unlisted options at fair value through profit & loss	157,171	1,386,310
Issue of unlisted options credited against share capital	-	193,980
Provision for vesting of options issued in prior periods	584,045	-
Balance end of period	**2,805,875**	**2,412,960**

NOTE 10: CONTINGENCIES

The Directors are of the opinion that there are no material contingent assets or contingent liabilities of the Group at reporting date (30 June 2023: nil).

Deferred consideration receivable on sales of mineral rights

In 2022, the Company accelerated its joint venture agreement with Fenix Resources Ltd (ASX:FEX) ("Fenix") by granting Fenix 100% of the iron ore rights on tenements E20/953 and E20/948 within the Pharos Project ("JV Tenements") (refer ASX release 9 February 2022). Under the amended JV agreement, deferred consideration is payable by Fenix in relation to the JV Tenements, comprising 5,000,000 fully paid ordinary shares in Fenix upon the definition of either a JORC-compliant inferred resource of at least 10,000,000 tonnes of iron ore or a JORC-compliant indicated and/or measured resource of at least 1,000,000 tonnes of iron ore, and a further 5,000,000 fully paid ordinary shares in Fenix on the first shipment of iron ore from the JV Tenements.

The Company has not recognised an asset 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.

Deferred consideration payable from project acquisitions

In 2012, the Company acquired the Mount Mulcahy Copper Project from Black Raven Mining Pty Ltd (refer ASX release 19 July 2012). Deferred consideration is payable by Scorpion 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).

In 2022, the Company acquired the Poona Project from eMetals Ltd (ASX:EMT) (refer ASX release 7 February 2022). Deferred consideration is payable by Scorpion in relation to the project acquisition, comprising two performance payments of $50,000 payable to Venus Metals Corporation Ltd (ASX:VMC) on the definition of inferred and probable JORC-compliant resources of 200,000 tonnes of >1% Li_2O (or equivalent).

In 2022, the Company also acquired a binding option to acquire the Youanmi Lithium Project from Diversity Resources Pty Ltd (refer ASX release 19 December 2022). The Company must pay $3,500,000 to complete the acquisition and grant a royalty of $1 per 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.

NOTE 11: COMMITMENTS

There have been no changes in commitments from 30 June 2023.

NOTE 12: DIVIDENDS

There were no dividends paid during the half-year ended 31 December 2023 (30 June 2023: nil).

NOTE 13: SUBSEQUENT EVENTS

There are no matters or circumstances that have arisen since 31 December 2023 that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company.

DIRECTORS' DECLARATION

In the Directors' opinion:

1. The financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including

    (a). complying with the *Corporations Regulations 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting* and other mandatory professional requirements of the Group; and

    (b). giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

2. There are reasonable grounds to believe that Scorpion Minerals Limited will be able to pay its debts as and when they become due and payable.

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

Bronwyn Barnes
Non–Executive Chairman

Perth, Western Australia
13 March 2024

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SCORPION MINERALS LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT

In.Corp Audit & Assurance Pty Ltd
ABN 14 129 769 151

Level 1
6-10 O'Connell Street
SYDNEY NSW 2000

Suite 11, Level 1
4 Ventnor Avenue
WEST PERTH WA 6005

GPO BOX 542
SYDNEY NSW 2001

T +61 2 8999 1199
E team@incorpadvisory.au
W incorpadvisory.au

To the Members of Scorpion Minerals Limited

Conclusion

We have reviewed the accompanying half-year financial report of Scorpion Minerals Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements including a summary of significant accounting policies, other explanatory information, and the directors' declaration.

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

a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our 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 requirements 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 review report.

SCORPION MINERALS LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

Emphasis of Matter – Material Uncertainty in Relation to Going Concern

We draw attention to note 1 in the financial report, which indicates that the Group incurred a loss of $1,593,400 for the half-year, and the Group's current liabilities exceed its current assets by $175,908. As stated in note 1, these events or conditions along with our matters as set for in note 1 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half year ended on that date, and complying with AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

In.Corp Audit & Assurance Pty Ltd

Daniel Dalla
Director

Perth, 13 March 2024