



SCORPION MINERALS LIMITED

ABN 40 115 535 030

Financial Report

For the year ended 30 June 2022

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CORPORATE DIRECTORY

Directors

| | |
|----------------|------------------------|
| Bronwyn Barnes | Executive Chairman |
| Kate Stoney | Non-Executive Director |
| Michael Kitney | Non-Executive Director |

Company Secretary

Kate Stoney

Registered Office

Level 1, 24 Mumford Place
Balcatta WA 6021

| | |
|-----------|--------------|
| Telephone | 08 6241 1877 |
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Solicitors

Mills Oakley
Level 24, 240 St George's Terrace
Perth WA 6000

Telephone: 08 9197 9800

Share Registry

Advanced Share Registry

| | |
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| 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
West Perth WA 6005

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| | |
|----------|-----------------------------|
| ASX Code | SCN |
| Website | www.scorpionminerals.com.au |

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 2022.

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 | Executive Chairman – appointed 31 October 2018 |
| Kate Stoney | Non-Executive Director – appointed 16 February 2021 |
| Michael Kitney | Non-Executive Director – appointed 7 June 2022 |
| Craig Hall | Non-Executive Director – appointed 11 February 2019 (resigned 7 June 2022) |

INFORMATION ON DIRECTORS

Bronwyn Barnes (*appointed 31 October 2018*)

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 in ASX listed company boards focused on minerals exploration and development.

Ms Barnes is currently Executive Chairman of ASX listed Indiana Resources Limited and Non-Executive Chairman of Aerison Group Limited and Finder Energy Ltd. She is also a Non-Executive Director of Synergy (Electricity Generation and Retail Corporation). Ms Barnes was previously a Non-Executive Director of MOD Resources Limited, Windward Resources Limited, Auris Minerals Ltd and JC International Group Ltd.

Craig Hall (*appointed 11 February 2019*) (*resigned 7 June 2022*)

Mr Hall is an experienced geologist with over 30 years of mineral industry experience in exploration, development and production roles in a range of commodities, principally precious and base metals. He has held a variety of senior positions with mid-tier and junior sector resource companies within Australia and overseas.

Mr Hall is currently a Non-Executive Director of ASX listed Auris Minerals Limited and Horseshoe Metals Limited. Mr Hall was previously a Non-Executive Director of Redbank Copper Limited, Eclipse Metals Limited and Target Energy Limited.

Kate Stoney (*appointed 16 February 2021*)

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 is currently Director and Company Secretary of Horseshoe Metals Limited (ASX:HOR) and Company Secretary of Indiana Resources Limited (ASX:IDA). She was previously General Manager – Finance and Company Secretary for Echo Resources Ltd (ASX: EAR). Ms Stoney brings a wealth of experience in the Exploration to Production Stages of Mining and has an extensive network within the industry.

Michael Kitney (*appointed 7 June 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 include 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 an Executive Director providing technical direction to 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 presently holds non-executive director positions with Breaker Resources NL (ASX:BRB) and Monument Mining Limited (TSX:MMY). 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 SECRETARY

Kate Stoney B Bus, CPA (*appointed 02 December 2019*)

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 | 17,868,250 | 3,750,000 |
| Kate Stoney | - | 3,000,000 |
| Michael Kitney | - | 3,000,000 |

DIVIDENDS

There were no dividends declared or paid during the financial year.

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.

OPERATING AND FINANCIAL REVIEW

REVIEW OF OPERATIONS

Scorpion Minerals Limited (ASX: SCN) (the Company) provides the following review of activities for the year ended 30 June 2022.

Key operational highlights for fiscal year 2022 include:

- Completed technical review highlights **strong lithium potential of Pharos** and extends zone of **pegmatite intrusion to 50km strike**
- **Several drill ready lithium and base metals targets identified**
- Strategic acquisition of **Poona Project** (E20/885, E20/896, E20/963 and E20/964) from eMetals Limited (ASX:EMT), which cover a combined **904km² in the Murchison Goldfield**

- Poona Project is contiguous with SCN's Pharos tenements and **increase SCN's footprint in the Murchison by approx 150% to now stand at 1,544km²**
- Completed **16 RC drill holes at Pharos for a total of 1,134m** targeting the Beacon, Candle, Candle North and Lantern Prospects and two east-west sections at Cap Lamp
- Results from the RC programme confirmed a **new shallow high-grade zone confirmed at Cap Lamp, with a best result of 1m @ 11.76 g/t Au from 10m**
- **Three high priority PGE-Ni-Cu Targets (Pallas, Glen Nickel and Mt Mulcahy South)** confirmed within the Pharos Project
- New agreement signed with Fenix Resources (ASX: FEX) **accelerates the previous farm-in and joint venture agreement**
- Appointment of **Airguide as strategic advisor** to support near-term exploration strategy and to introduce potential strategic partnerships to advance WA lithium assets
- Appointment of Obsidian Metals as lithium technical advisor - renowned WA-based lithium expert Michael Fotios is lead consultant for OMG and will guide Scorpion's lithium exploration strategy

PHAROS LITHIUM, GOLD and BASE METALS PROJECT Murchison, WA

Poona Project increases Murchison footprint by 150%

During the first half of the year, the Company advised that it had entered into a binding Heads of Agreement with eMetals Limited (ASX:EMT) ("eMetals") to acquire its interests in tenements E20/885, E20/896, E20/963 and E20/964 (together the "Tenements"), collectively referred to as the Poona Project. These tenements cover a combined 904km² located 60km northwest of Cue in the Murchison Goldfield of Western Australia (see Figures 1 and 2).

The Pharos Project now covers an area of 1,544km² in the Murchison Mineral Field, Western Australia, and is 100% owned by Scorpion. The Tenements are contiguous with SCN's Pharos tenements and comprise the Poona Project, containing the Mughal Ni-Cu target, and the Poona and Jackson's Reward Pegmatite occurrences, and are located immediately south of SCN's high priority PGE-Ni-Cu target identified at Pallas.

In the second half of the year SCN released announcements on the PGE-Ni-Cu and Au and lithium mineral prospectivity of the Poona Project, respectively. SCN plans to undertake an extensive drilling campaign across priority targets at Pharos, which will include testing of pegmatite targets at Poona, PGE-Ni-Cu target identified at Pallas, the shallow high-grade gold prospect at Cap Lamp, and Cu-Au-Zn VMS targets at Mt Mulcahy.

Under the agreement, SCN acquired 100% of eMetals interest in the Tenements for a cash consideration of \$12,500 and 4,000,000 fully paid ordinary shares in SCN. EMT will also receive a 0.5% net smelter return (NSR) royalty in respect of minerals mined from the Tenements, should commercial mining be undertaken. Settlement was completed following successful completion of due diligence in the second half of the year.

Further details on the tenement acquisition are available in the ASX announcement dated 6 December 2021.

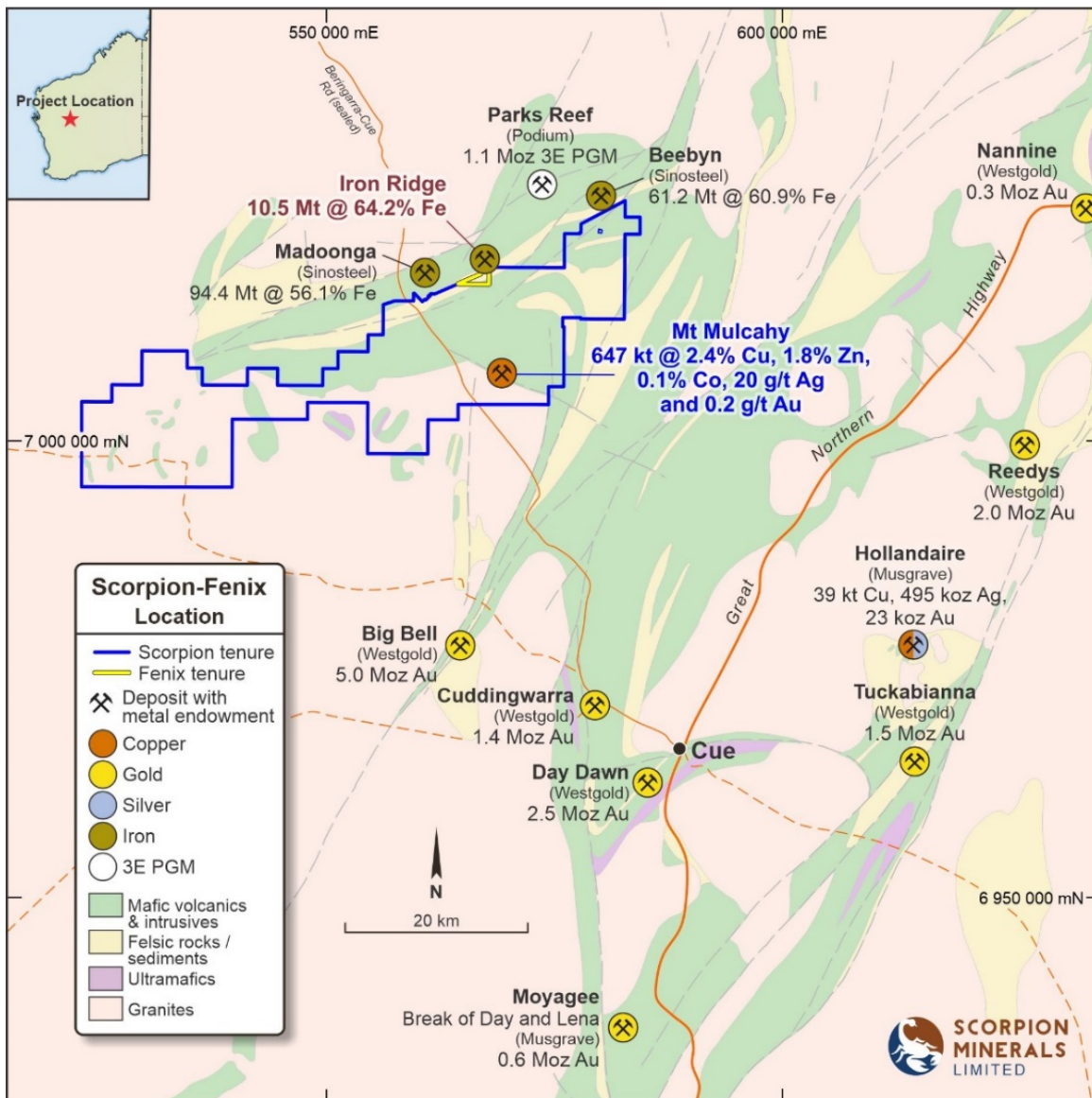


Figure 1 – Location of Pharos Project in Murchison area of WA, highlighting regional mineral endowment

Target Areas by Commodity – Pharos Project

Lithium

Following the acquisition of the Poona Project, SCN commenced a detailed technical data review that identified 50km of significant rare metal and Lithium, Caesium, Tantalum (“LCT”) pegmatite strike potential within the Company’s Pharos Project. The interpreted LCT Pegmatite Emplacement Zone (‘PEZ’) has now been extended east of the recently acquired Poona Prospect into the Jacksons Reward Prospect area within Pharos (refer Figure 4).

Scorpion’s ongoing technical review into the LCT pegmatite potential at Pharos has confirmed the PEZ contains mostly greenstone-hosted pegmatite intrusions adjacent to a contact with a Rb+Cs-enriched altered late granite. This area has seen previous historic exploration and small-scale production activity for Sn, Ta, W, Beryl and Emeralds (Poona and Aga Khan – Figures 3 and 4), all of which are typically present in most significant rare metal provinces (e.g. Pilbara and Greenbushes, WA).

Scorpion considers the entire PEZ zone a priority target that warrants considerable additional exploration focus. The balance of the Pharos Project is also considered highly prospective for LCT pegmatite mineralisation and will require further systematic exploration to effectively evaluate the potential and extent of the both the interpreted PEZ and elsewhere.

Further details on the lithium technical review and historic exploration summary are available in the ASX announcement dated 2 March 2022.

Nickel, Cobalt, PGE

Significant PGE mineralisation has been identified in the region at the Parks Reef project located north of Mt Weld and operated by Podium Minerals (refer Figure 1). The Company has identified significant anomalies related to mafic/ultramafic intrusives identified by base metal exploration completed in the 1960's that was focused on VMS Cu-Zn-Ag-Au mineralisation and are considered prospective for PGE-Ni-Cu mineralisation.

During the first half of the year, the Company identified three high priority PGE-Ni-Cu Targets (Pallas, Glen Nickel and Mt Mulcahy South) within the Pharos Project that are summarised below:

- a. Geophysical (EM) anomalies located adjacent to Pallas PGE-Ni-Cu target;
- b. Highly anomalous rock chip samples up to 1050ppm Ni and soil anomalies >700ppm Ni identified at Glen Nickel; and
- c. Highly anomalous rock chip results up to 3900ppm Ni and soil anomalies up to 960ppm Ni identified at Mt Mulcahy South.

Drilling of priority targets, in particular Pallas, is planned. Other planned work includes reprocessing of and/or data capture of historic EM or IP surveys.

Subsequent technical review of data the Poona tenure has also highlighted significant Ni, Co, Pd, Pt and Au soil anomalies associated with the interpreted Mindoolah Bore Mafic/Ultramafic Intrusive Complex ("MBIC"- refer Figure 12). Wide-spaced aircore drill traverses targeting magnetic highs intersected significant Ni with associated anomalous Co (max 1383ppm) & Pd+Pt (max 58 ppb) at the Perses Prospect where best results included 8m @ 1.02% Ni from 26m and 12m @ 0.71% Ni from 19m.

Targets at Poona correlate with those identified in historic work completed by Kennecott (1974) and CRA (1983) at the priority Pallas target on E20/953. Ground electromagnetic (EM) survey identified conductive and IP responses adjacent to PGE-Ni-Au anomalies remain untested.

The Company considers the Perses prospect a priority target that warrants detailed evaluation. The Company considers the MBIC highly prospective for PGE-Ni mineralisation, which will require further systematic exploration to effectively evaluate the entire intrusion. Significant targets remain to be followed up where EM/IP anomalies are coincident with elevated PGE-Ni-Au soil geochemical anomalies.

A summary of relevant geochemistry for the Poona Prospect is highlighted in Figures 12, 13 and 14. eMetals ASX releases dated 12 November 2020, 15 June 2021 and 28 October 2021 provide further recent background to the work completed. In addition, the July 2021 ground MLEM survey identified a broad conductive anomaly and an IP chargeability response at Perses adjacent to the earlier anomalous AC drilling.

Further details on the historic exploration summary pertaining to Nickel, Cobalt and PGE are available in the ASX announcement dated 11 February 2022.

Gold

During the year the Company drilled and released results for 16 reverse circulation (RC) holes drilled for a total of 1,134m to a maximum depth of 145m in north-south drill sections at Beacon, Candle, Candle North and Lantern, and two east-west sections at Cap Lamp. The holes were designed to scissor historic intersections to determine strike and dip of the high-grade structures. A single section was drilled at each target, apart from at Lantern and Candle where two sections were completed.

Most drill holes intersected significant dolerite-hosted structures with associated quartz veining, alteration (silica-carbonate-chlorite-pyrite-arsenopyrite) and/or the weathered remnants. Regional alteration (carbonate-chlorite) of the dolerite host rocks was also noted. Prospects contain multiple shear zone-hosted quartz vein targets within altered dolerite similar to "Day Dawn" style mineralisation. Recent receipt of detailed aeromagnetic imagery and aerial photography is assisting the Company's ongoing exploration programme.

Results from the RC programme confirmed a new shallow high-grade zone confirmed at Cap Lamp, with a best result of **1m @ 11.76 g/t Au from 10m** in quartz veining within Hole CLRC012 (refer Figure 16). Further drilling is planned at Cap Lamp, which is open to the west and north.

Scorpion's priority gold targets within Pharos include the Oliver's Patch Area, (containing the Candle, Lantern and Cap Lamp prospects), Ulysses, Mustang Sally and Laterite Hill.

Significant previous gold drilling results include:

- | | | |
|------------------------------|----------|------------|
| ○ 12m @ 7.40 g/t Au from 44m | Lantern | (Historic) |
| ○ 16m @ 3.09 g/t Au from 16m | Lantern | (Historic) |
| ○ 7m @ 8.33 g/t Au from 4m | Lantern | (SCN-2020) |
| ○ 5m @ 8.28 g/t Au from 9m | Cap Lamp | (SCN-2020) |

Results at Beacon, Candle, Candle North and Lantern prospects confirmed the newly interpreted orientation of high-grade structures.

Detailed discussions on the RC drilling completed at Cap Lamp, Lantern, Candle and Beacon are available in the ASX announcement dated 20 October 2021.

Iron Ore (Fenix JV)

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

During the year in focus, Scorpion released a review of available air magnetic surveys identifying two target areas on the southern flank of the Weld Range at Iron Ridge Extension and Ulysses (refer Figures 21 and 22). Further interpretation of historic air core, reverse circulation (RC) and diamond drilling highlighted that previous work at Ulysses targeted gold and base metal geochemical anomalies that also intersected significant widths of Banded Iron Formation (BIF) beneath an area of cover to the south of the Weld Range (refer Figure 23). No assaying for iron was undertaken during this previous work.

Further evaluation of the historic drilling at Ulysses has enabled the accurate location of the prospective iron formation and assisted planning of an RC drilling programme that will target the oxidised iron formation from the surface to a depth of 100m. Drill logging has identified a strong oxidation profile at Ulysses to at least 100m depth (Figure 24).

Historic interpretation of magnetic data by consultant geophysicists in 1990 and again in 2010, remodelled after completion of a detailed 50m line-spaced helimag survey, identified several strong negative anomalies at the Iron Ridge Extension prospect. This type of anomaly was caused by reversely magnetised material of the Very Strongly Ferromagnetic type (VSFM) and it is likely that these reversely polarised features are VSFM material such as magnetite or hematite.

The area remains inadequately tested for its iron ore potential and the newly identified VSFM targets will be the focus of further evaluation and an RC drill programme.

The Company received improved aeromagnetic data during the first half of the year, aiding in detailed definition of the Iron Ridge Extension and Ulysses iron targets. The Company, in conjunction with Fenix and the Native Title Party completed archaeological and ethnographic surveys of the complete Iron Ridge Extension and Ulysses targets, prior to planned RC drilling of priority areas.

In the second half of the year, the Company announced that it had executed a revised agreement with Fenix that has accelerated and expanded the previous iron ore earn-in agreement over the Pharos Project. Fenix is now deemed to have earned a 100% interest in the Iron Ore Rights within the Pharos Project, for a consideration to be paid by Fenix to Scorpion consisting of:

- Upfront consideration of:
 - 4 million ordinary shares in Fenix; and
- Deferred consideration of:
 - 5 million Fenix ordinary shares on delineation of an inferred resource of at least 10Mt iron ore, or an indicated and/or measured resource of at least 1Mt iron ore; and
 - 5 million Fenix ordinary shares on first shipment from Pharos Project tenements

Importantly, the new agreement provides Scorpion with strategic exposure to a consolidated mid-west iron ore producer and a clear pathway to extract maximum value from future iron ore exploration and development success at Pharos.

This upfront portion of this transaction was completed with Fenix issuing 4M shares to SCN on 10th March 2022.

Pharos Project Planned Exploration Activities

The Company is now in receipt of detailed aeromagnetic imagery for the complete project area (refer Figure 4 base image), which vastly improves understanding on certain mineralisation controls in the area and allows for improved targeting and drill planning. This is in addition to the now received high-resolution aerial photography, recently flown over the area. The Company intends to use both datasets heavily as it targets additional commodities across its tenure.

The following advanced exploration activities are planned:

1. RC drill follow up Pharos gold targets
2. RC drill test of Pallas Ni-Cu-PGE target
3. RC drill test of Poona lithium targets
4. RC pre-collaring of diamond holes- Mt Mulcahy
5. Diamond tail drilling at Mt Mulcahy

For additional background on Pharos Project information please refer to 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" |
| 6/12/2021 | "Scorpion increase Murchison Footprint" |
| 8/2/2022 | "Scorpion Accelerates Pharos Iron Ore Agreement with Fenix Resources" |
| 11/2/2022 | "Poona Tech Review Highlights Multiple PGE-Ni-Cu & Au Targets" |
| 14/2/2022 | "Multiple Lithium Targets Identified at Pharos Project" |
| 2/3/2022 | "Pharos Lithium Corridor Extended to 50km" |

MT MULCAHY COPPER PROJECT Murchison, WA

Geology Discussion

The Mt Mulcahy Project in Western Australia (refer Figures 1 and 2) hosts the Mount Mulcahy copper-zinc deposit, a volcanic-hosted massive sulphide (VMS) zone of mineralisation with a JORC 2012 Measured, Indicated and Inferred Resource of 647,000 tonnes @ 2.4% copper, 1.8% zinc, 0.1% cobalt and 20g/t Ag (refer PUN:ASX release 25 September 2014 and Table 1) at the 'South Limb Pod' (SLP). The tenement containing the SLP is now in its third year of grant (refer ASX:SCN "Mt Mulcahy Exploration Licence Granted, 16 September 2019"). The Company noted the following highlights in that release:

Contained metal at the SLP resource of:

- 33.5M pounds (15,200 tonnes) of Cu,
- 26.3M pounds (11,800 tonnes) of Zn,
- 1.35M pounds (600 tonnes) of Co,
- 415,000 ounces of Ag, and
- 5000 ounces of Au
- 87% of tonnes & 91% of Cu, Zn and Ag metal content classified Measured + Indicated.
- Significant intercepts from the historic drilling at SLP include:
 - 6.8m @ 4.9% Cu, 3.7% Zn, 0.16%Co, 39g/t Ag, and 0.19g/t Au
 - 10.2m @ 4.5% Cu, 4.0% Zn, 0.17%Co, 33g/t Ag, and 0.18g/t Au
 - 12.4m @ 3.1% Cu, 2.3% Zn, 0.10%Co, 28g/t Ag, and 0.21g/t Au
 - 11.3m @ 4.9% Cu, 4.2% Zn, 0.16%Co, 44g/t Ag, and 0.57g/t Au

The folded horizon hosting the SLP VMS mineralisation forms a regional keel, where the surface expression can be traced for a distance of at least 12km along strike and excellent potential exists for additional mineralisation to be discovered along this prospective horizon. Twenty untested targets have been identified along strike of this horizon using a combination of VTEM and soil geochemistry. These targets have characteristics similar to the SLP and are considered prospective for VMS base metal accumulations. The Company maintains plans for extensional diamond holes targeting down dip and plunge of the current resource.

Gold targets within E20/931 are continually being evaluated in conjunction with the base metal prospectivity. A north-south trending Big Bell Shear splay is interpreted to pass through the western side of the licence area and auger soil geochemistry is planned to test for targets to be followed by RC drill testing of any anomalies defined by the programme. No active field work was undertaken during the half-year, although the Company has completed heritage clearance for access and an area clearance for planned RC pre-collar and subsequent diamond tail drilling late in the half-year.

Table 1: Current Mineral Resource Estimate, Mt Mulcahy Project

(refer ASX release 25/9/2014 "Maiden Copper - Zinc Resource at Mt Mulcahy", which also contains a list of significant drill intersections for the deposit, listed within that report at Table 2)

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

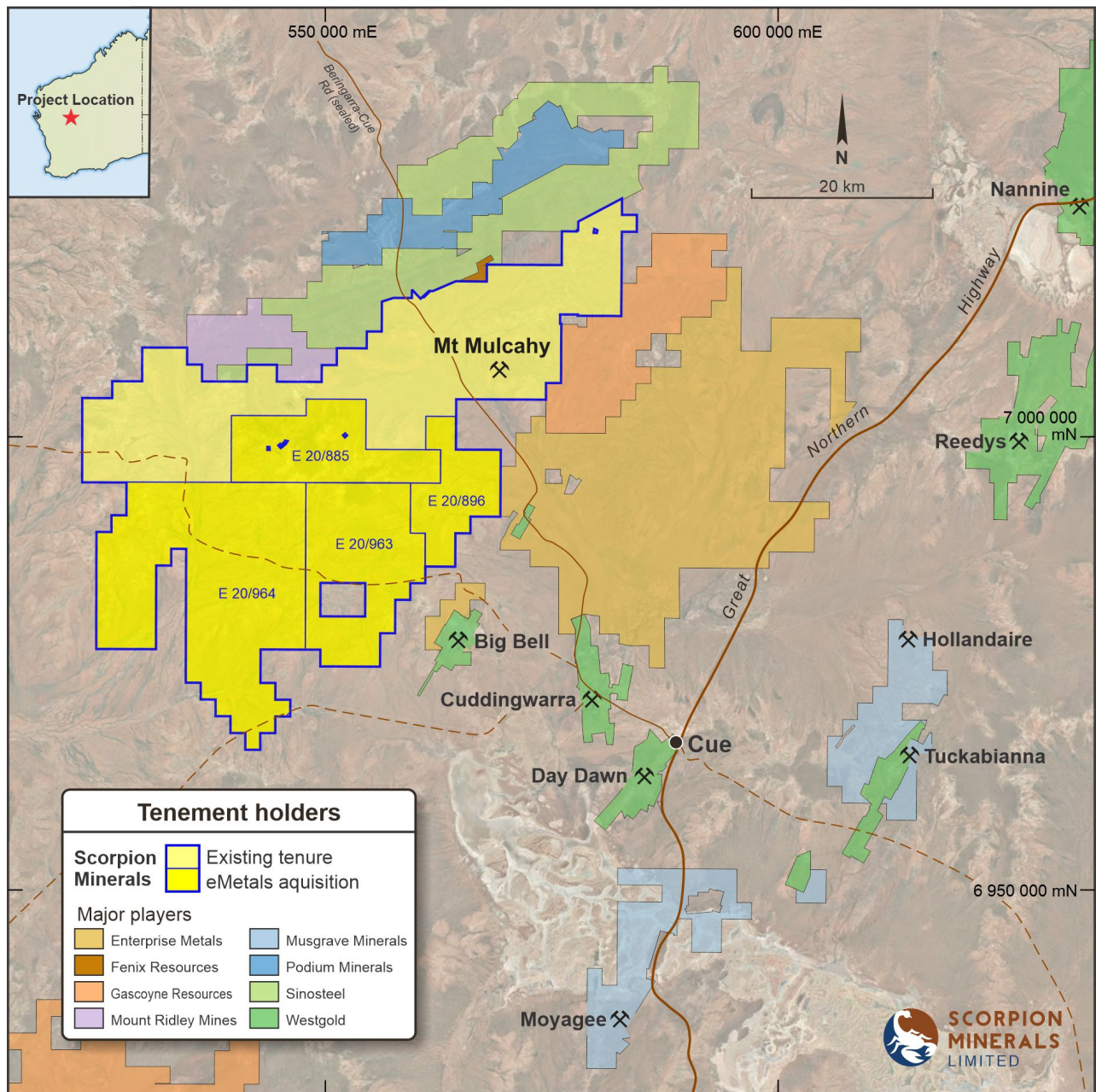


Figure 2 – Scorpion Minerals Limited 100% owned Pharos Project, highlighting major tenure holders early 2022

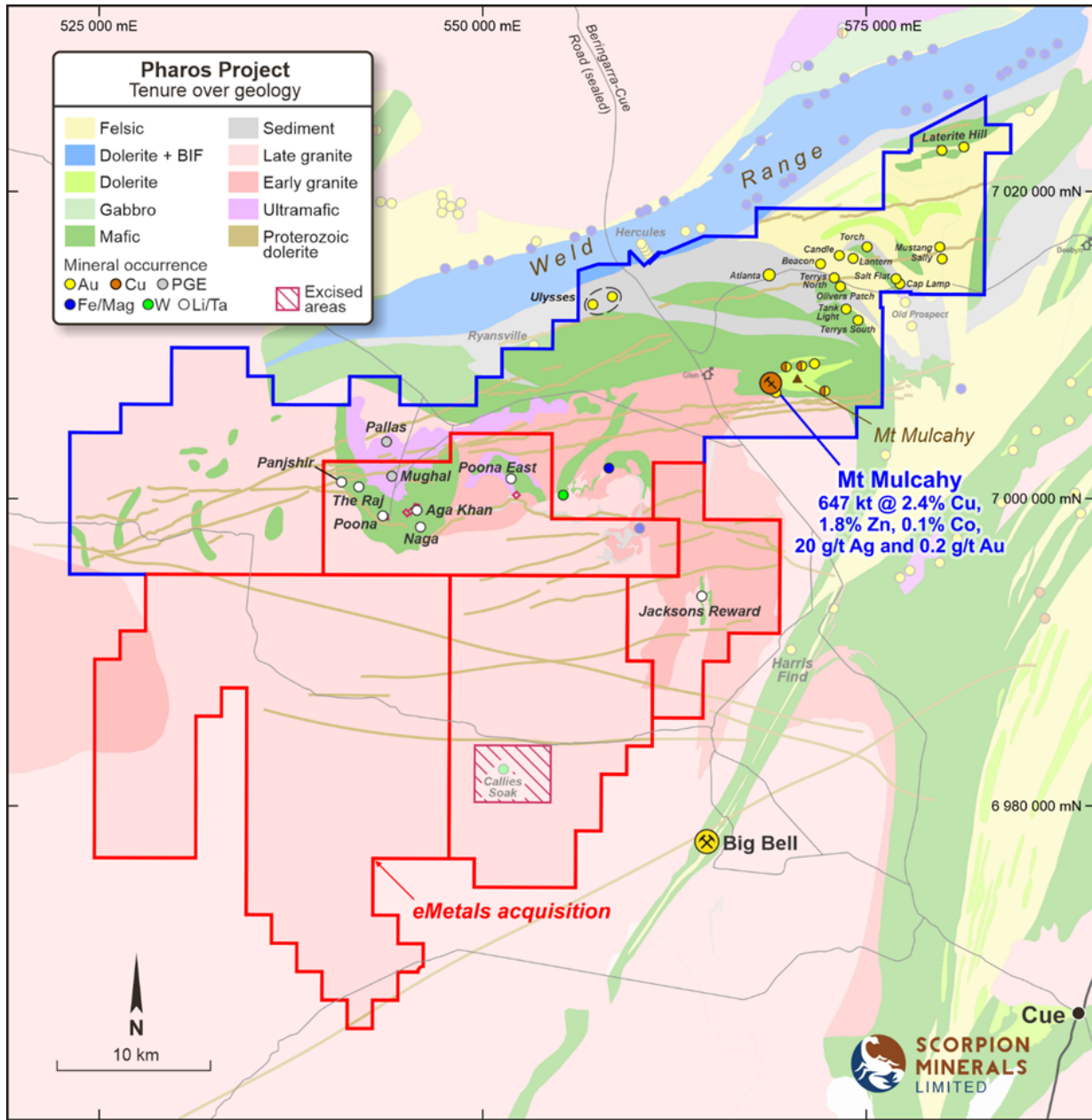


Figure 3 – Scorpion Minerals Limited 100% owned Pharos Project, overlain on regional geology, highlighting named prospects

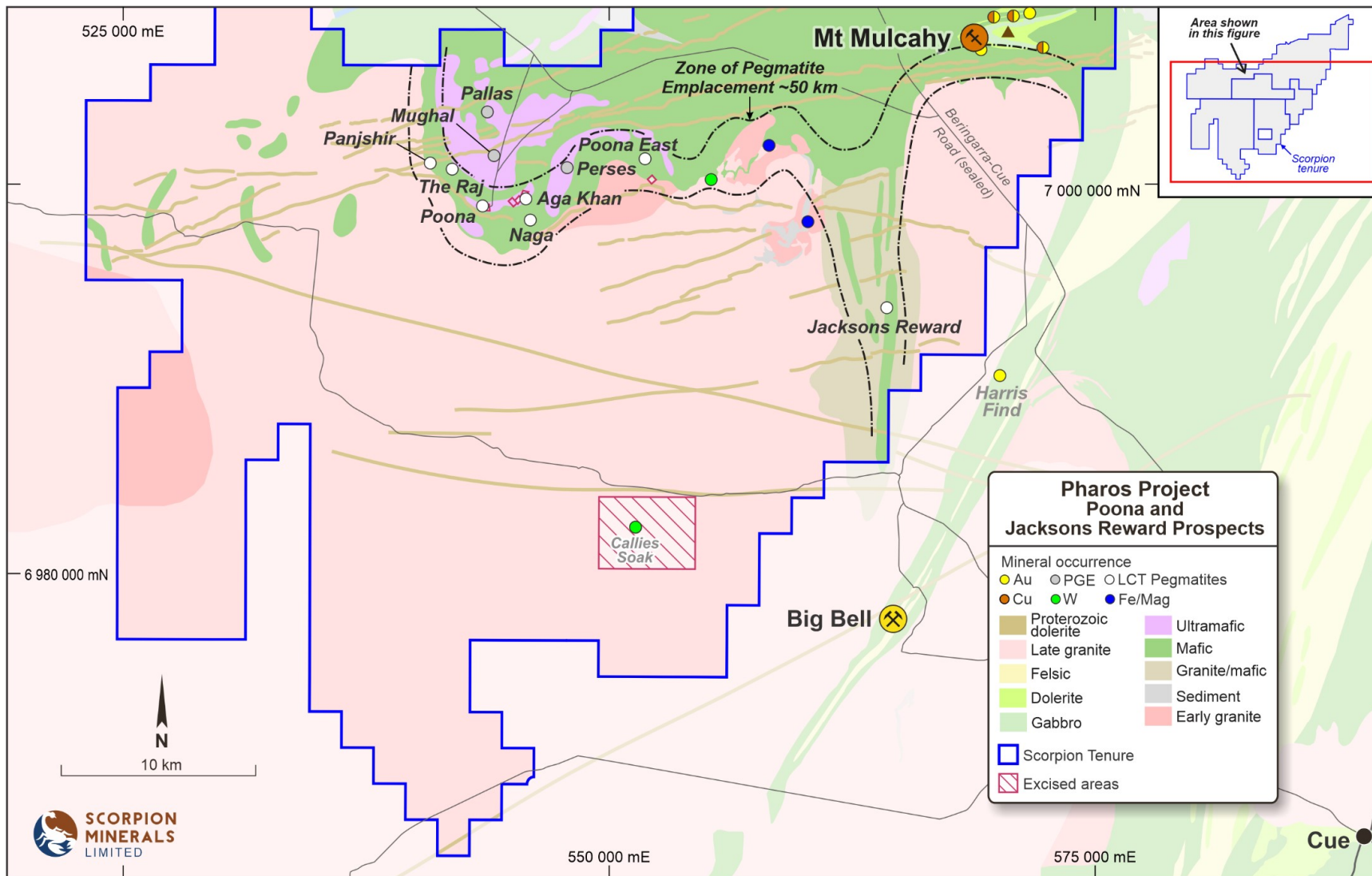


Figure 4 – Poona and Jacksons Reward Prospect Areas and Targets

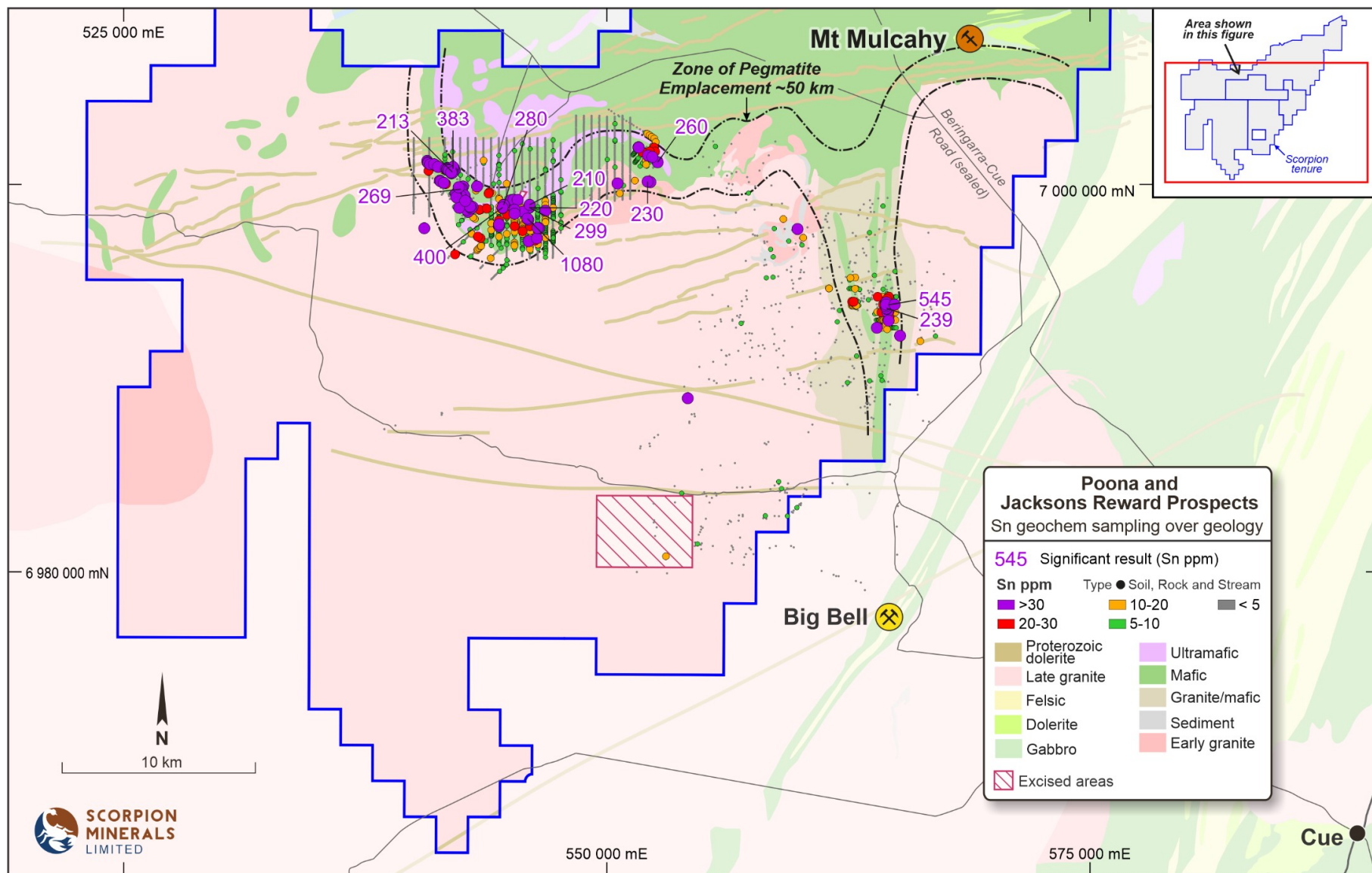


Figure 5 – Sn Regional Geochemistry (Combined Soil, Rock and Stream) relative to interpreted zone of Pegmatite Emplacement

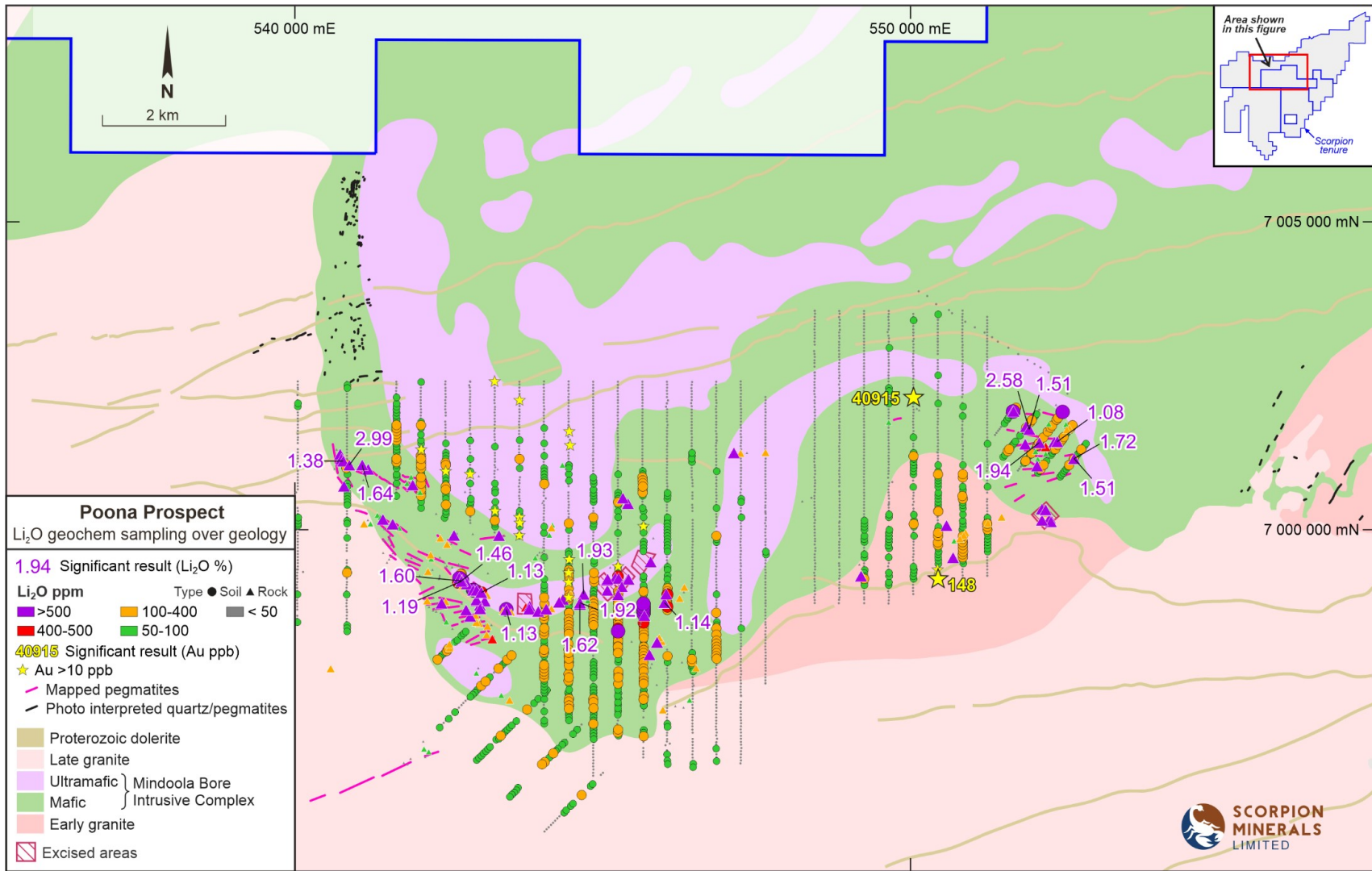
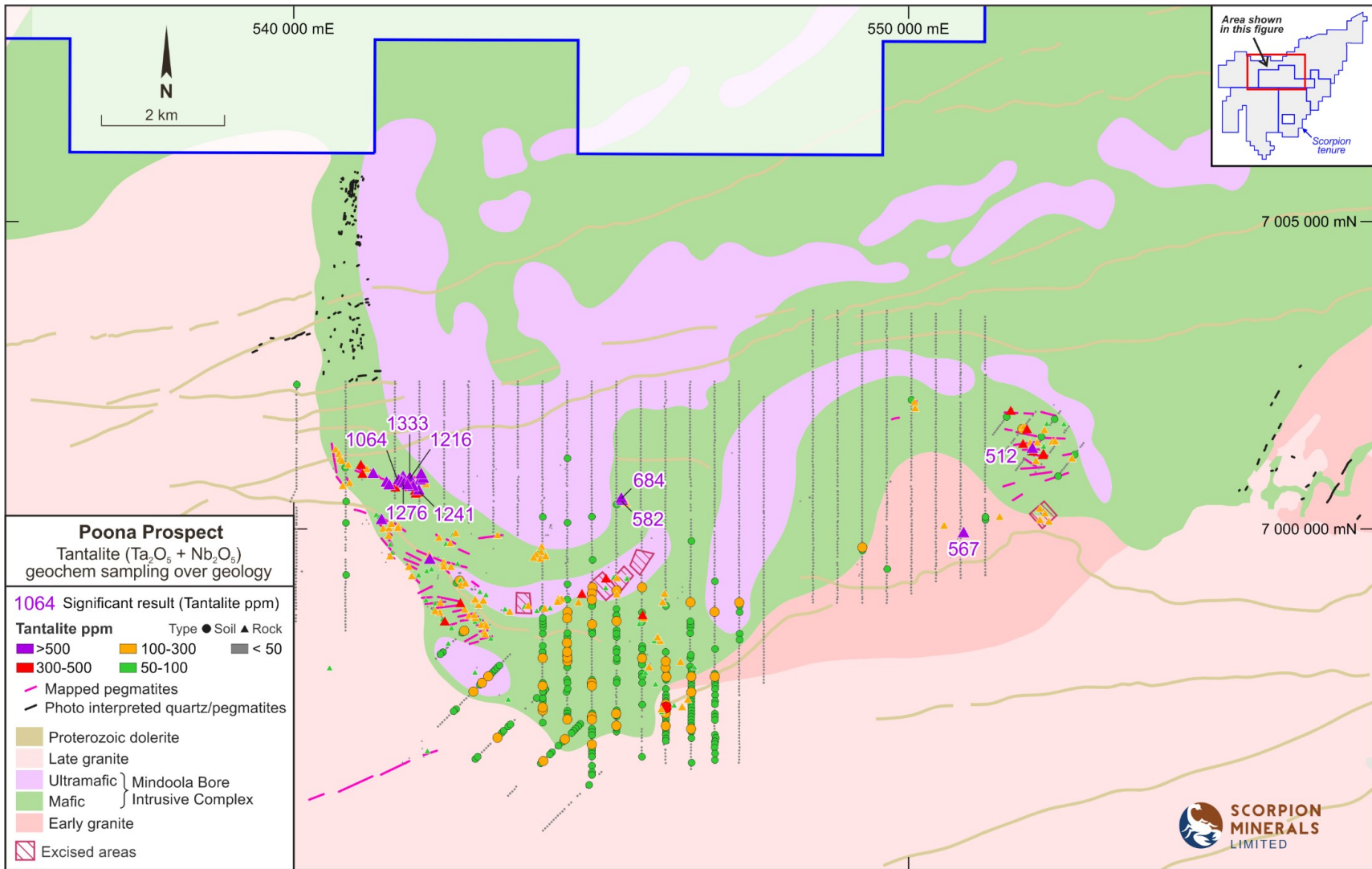


Figure 6 – Li₂O and Au Geochemistry, Poona setting



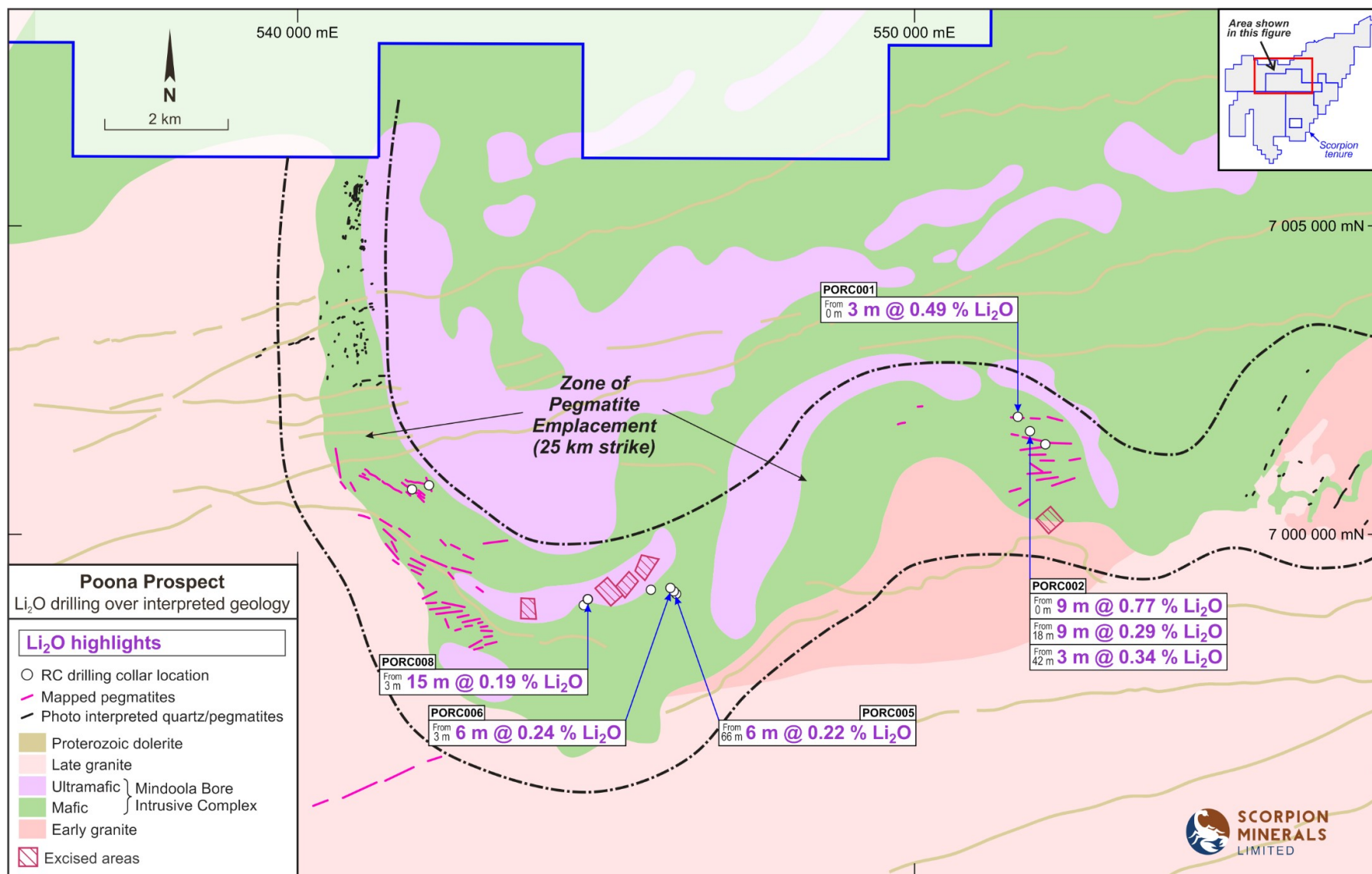


Figure 8 – Significant Li₂O Drilling Results, with target pegmatite emplacement zone highlighted, Poona setting

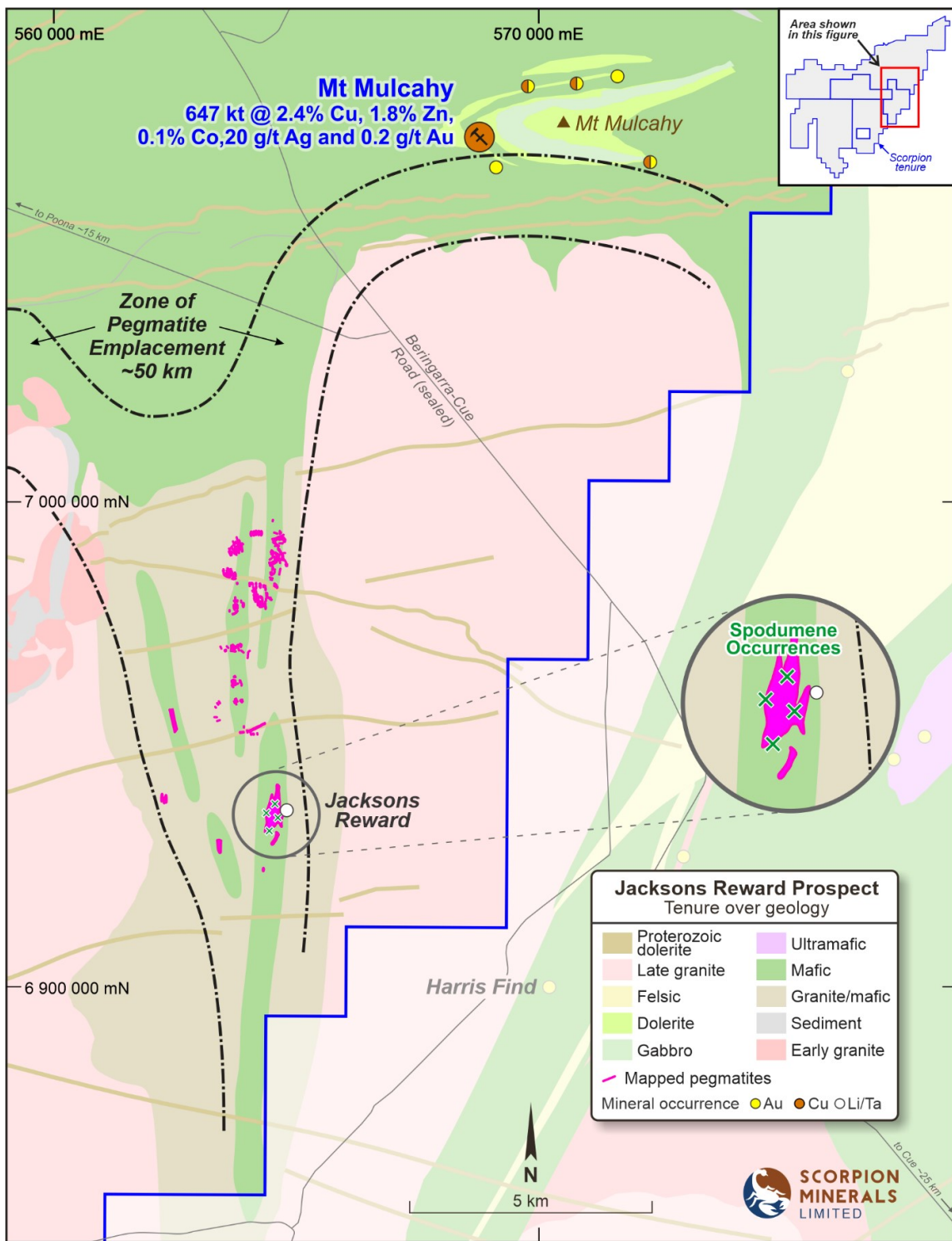


Figure 9 – Jackson's Reward regional setting, with historically logged spodumene in-hand-specimen highlighted

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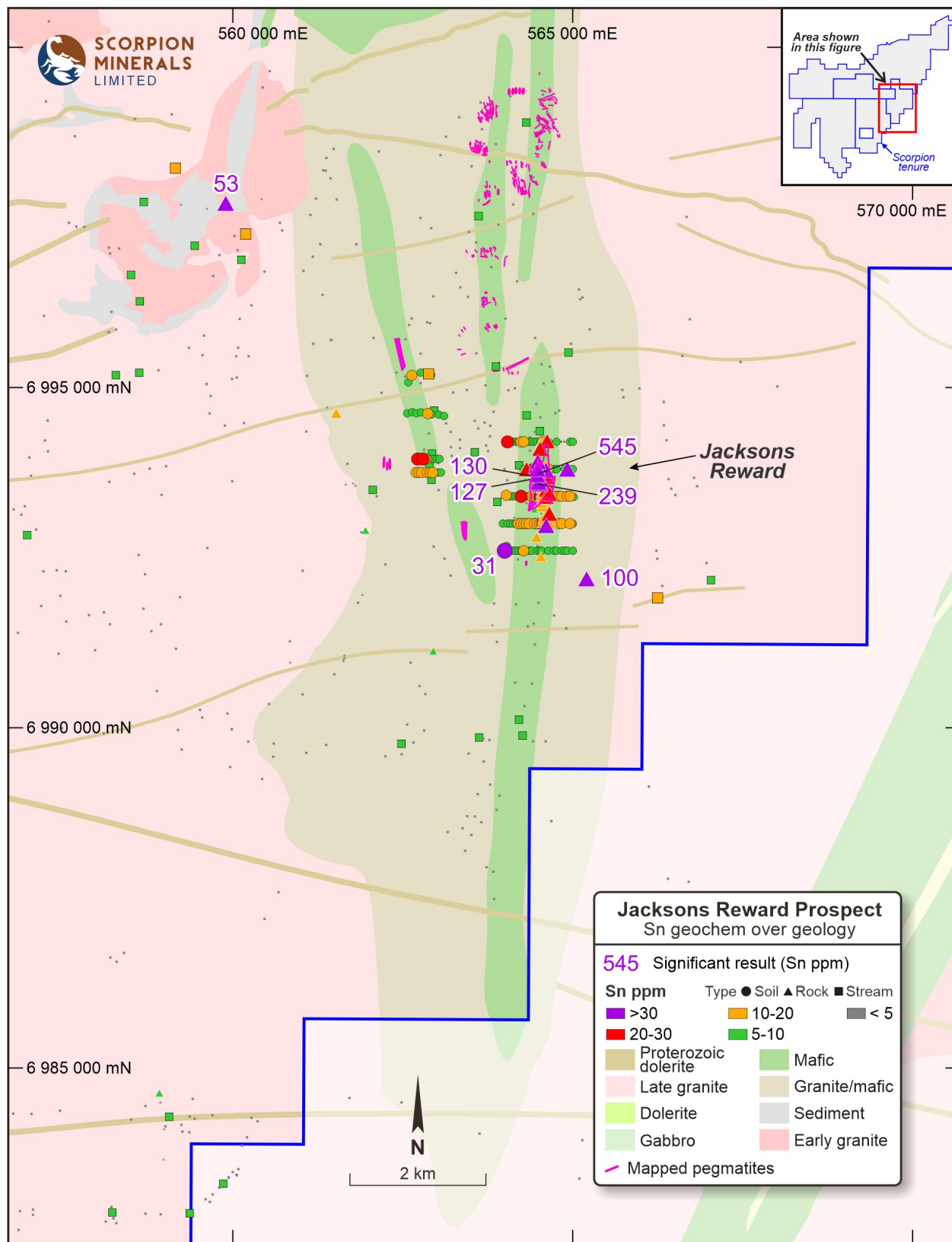


Figure 10 – Sn Geochemistry, Jackson's Reward setting

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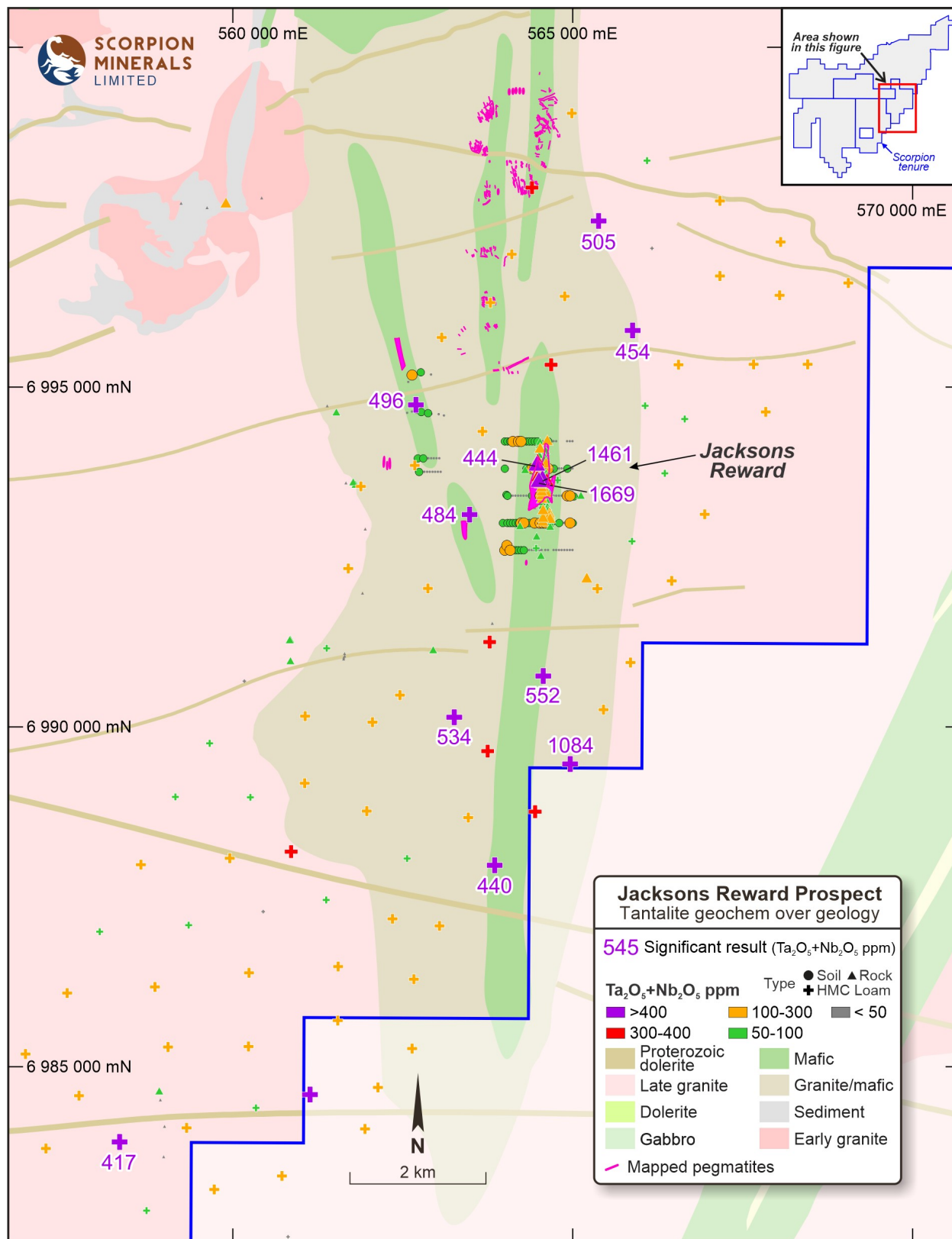


Figure 11 – Tantalite ($Ta_2O_5 + Nb_2O_5$) Geochemistry, Jackson's Reward setting

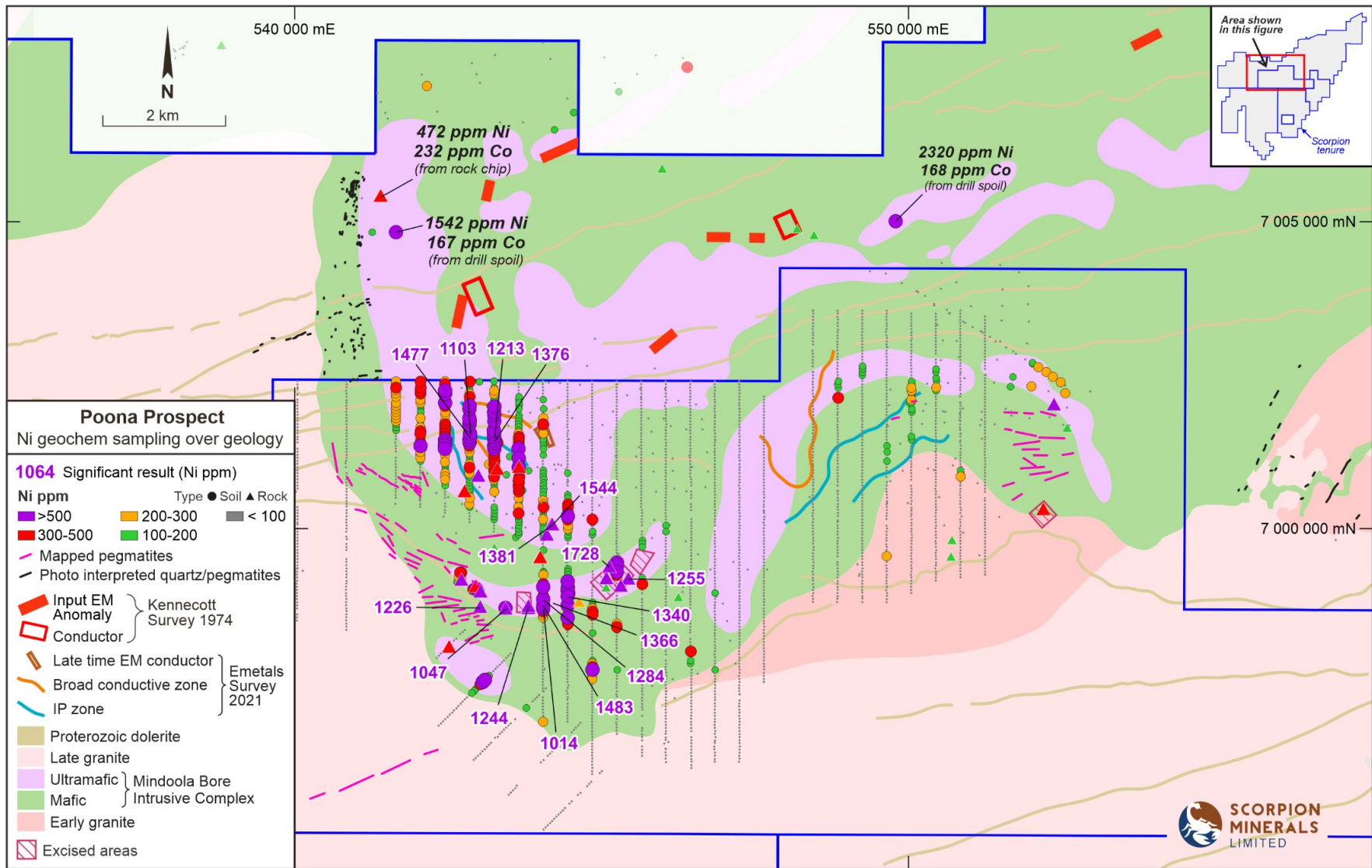


Figure 12 – Ni Geochemistry, Poona Area

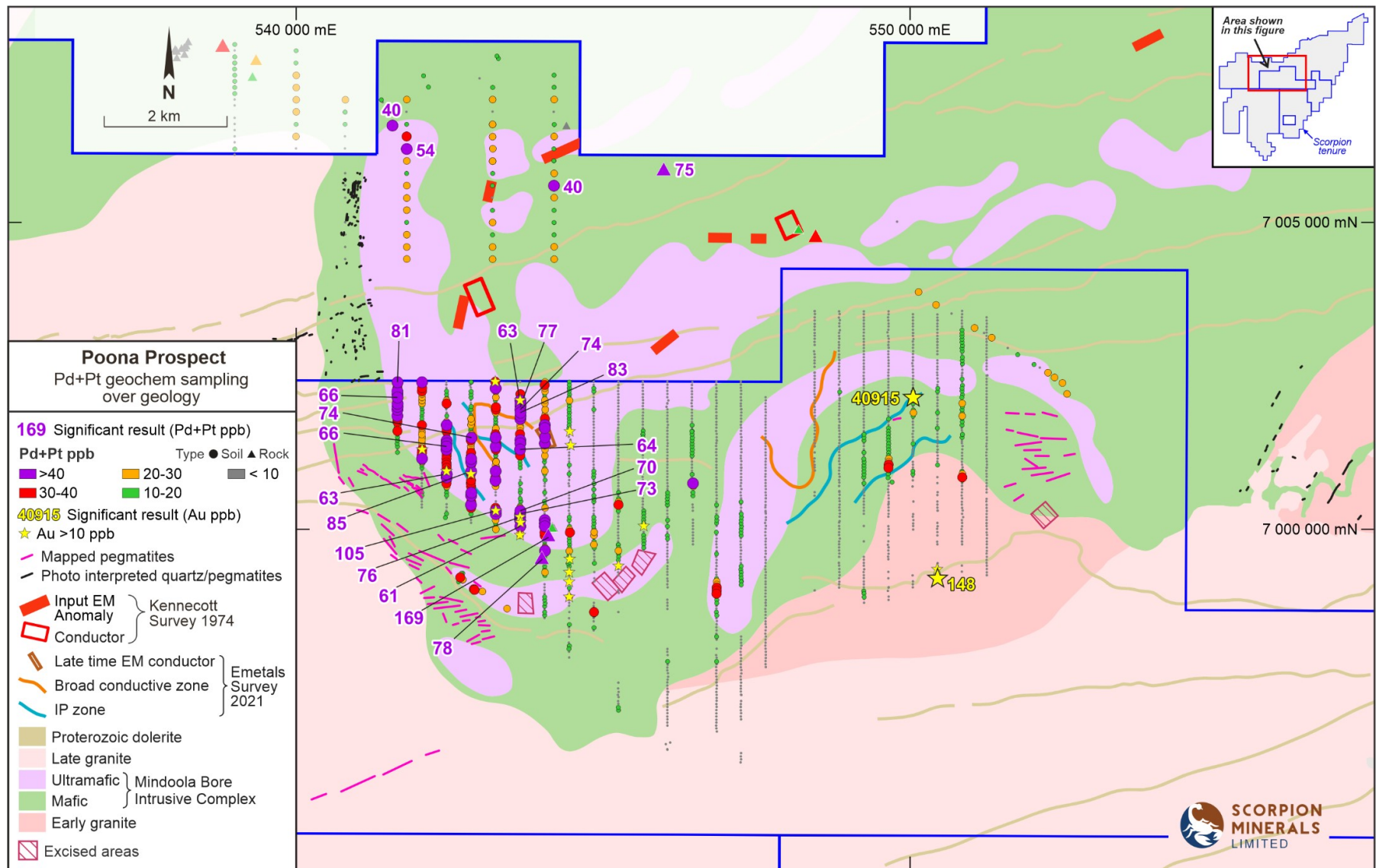


Figure 13 – Pd + Pt and Au Geochemistry

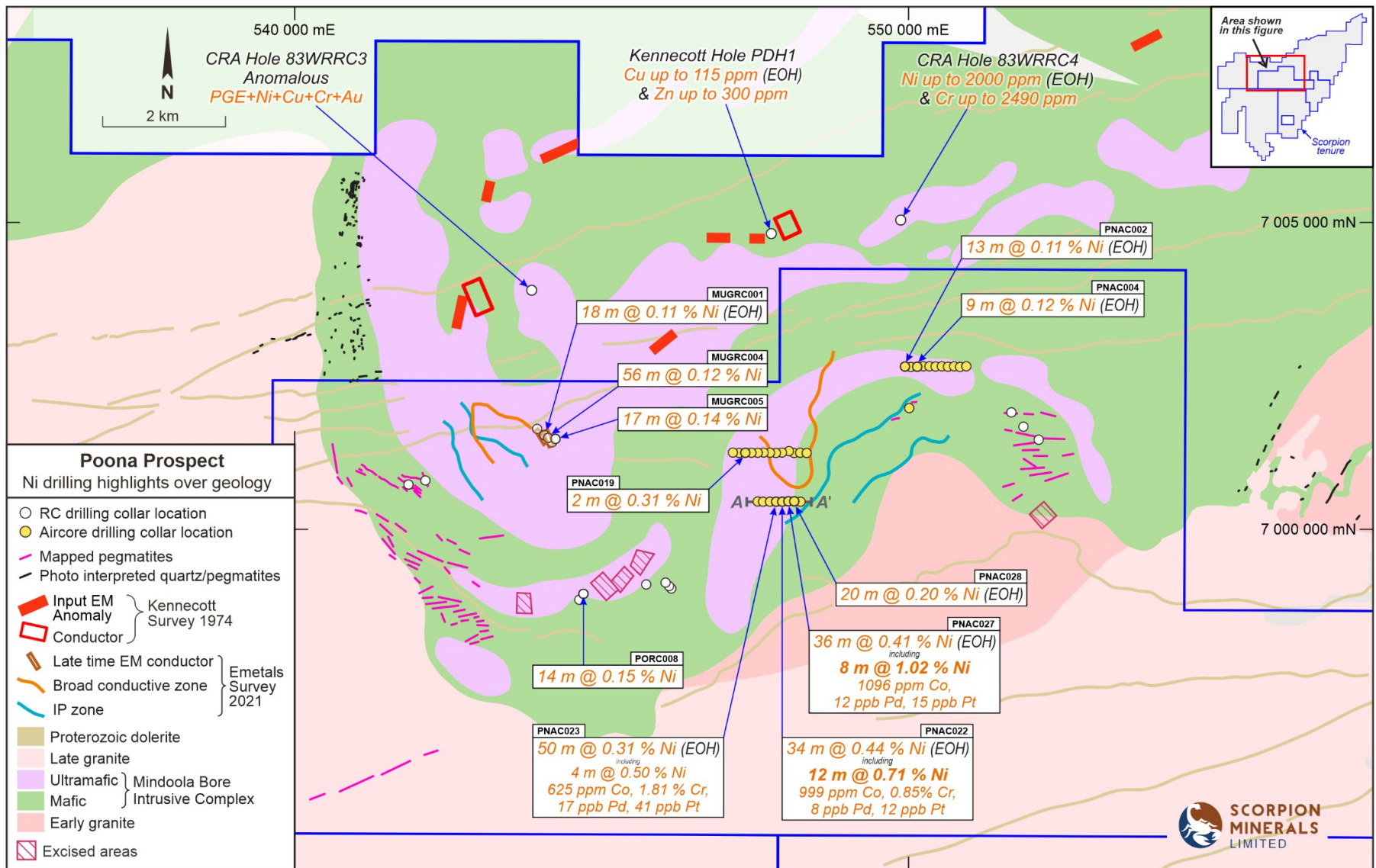


Figure 14– Significant Drilling Results - Base Metal and PGE

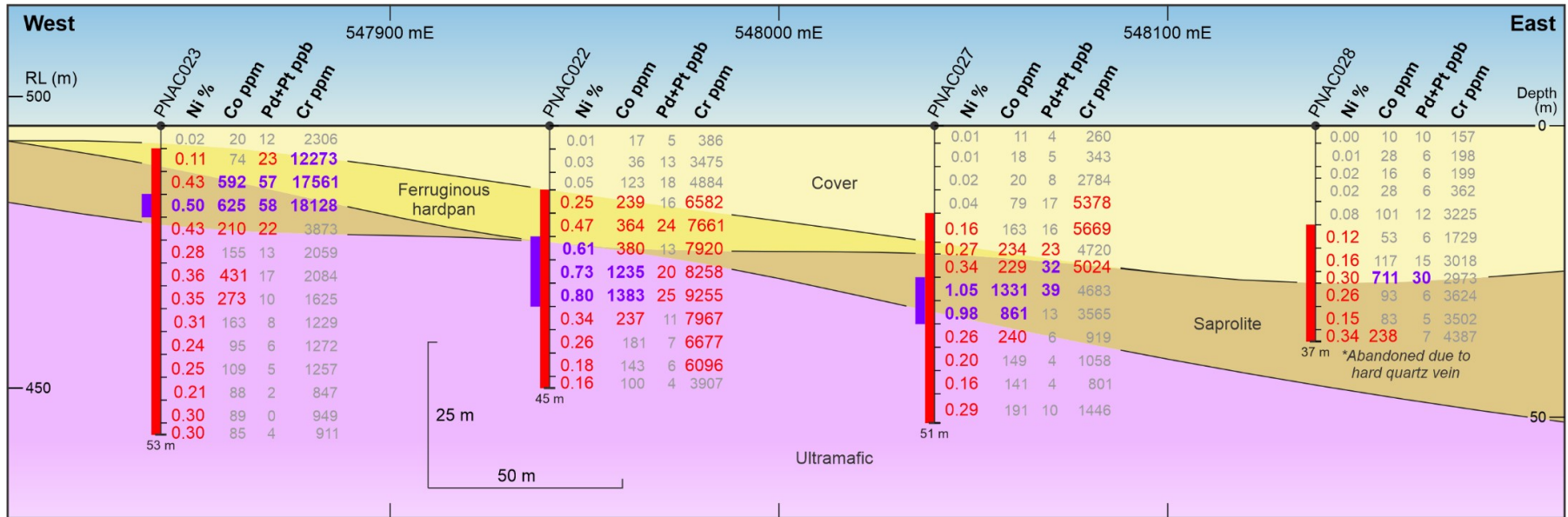
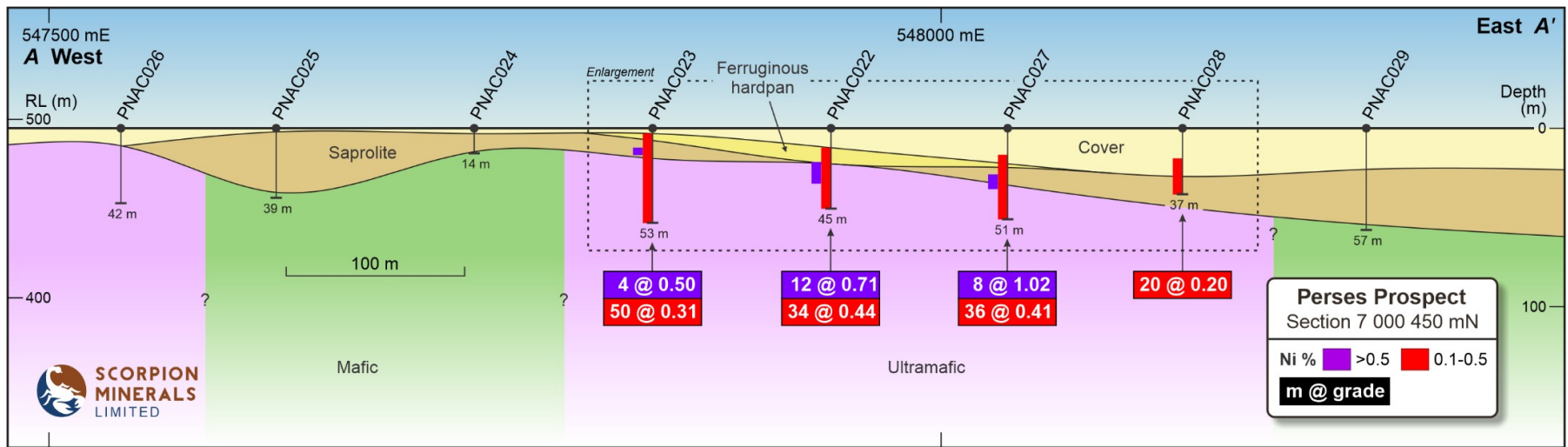


Figure 15 – Perses Cross Section 7 000 450 mN

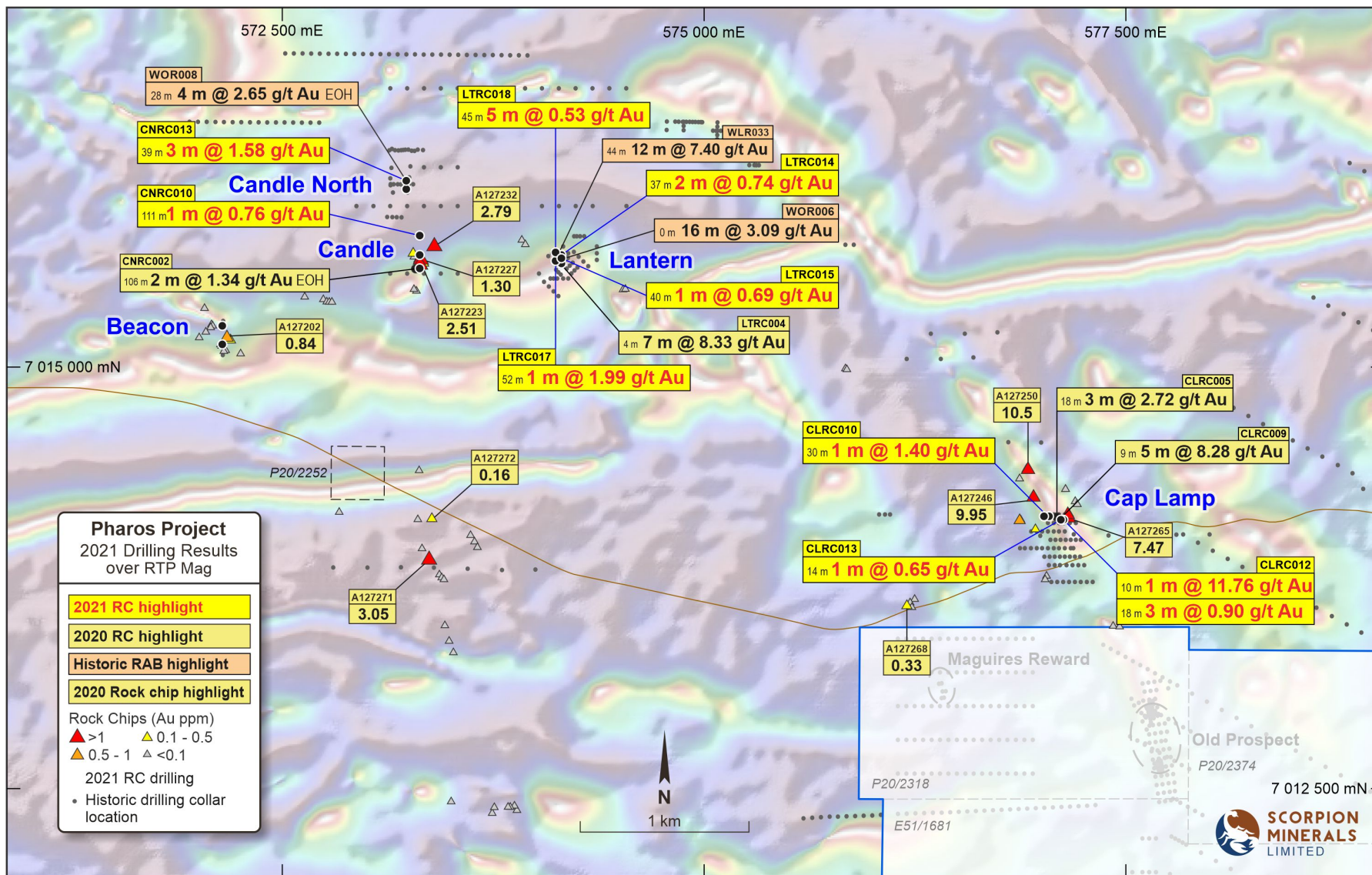


Figure 16 – 2021 RC Drilling Highlights Location Plan, north of Mt Mulcahy, overlain on newly acquired RTP magnetic imagery, refer Figure 3 for image location

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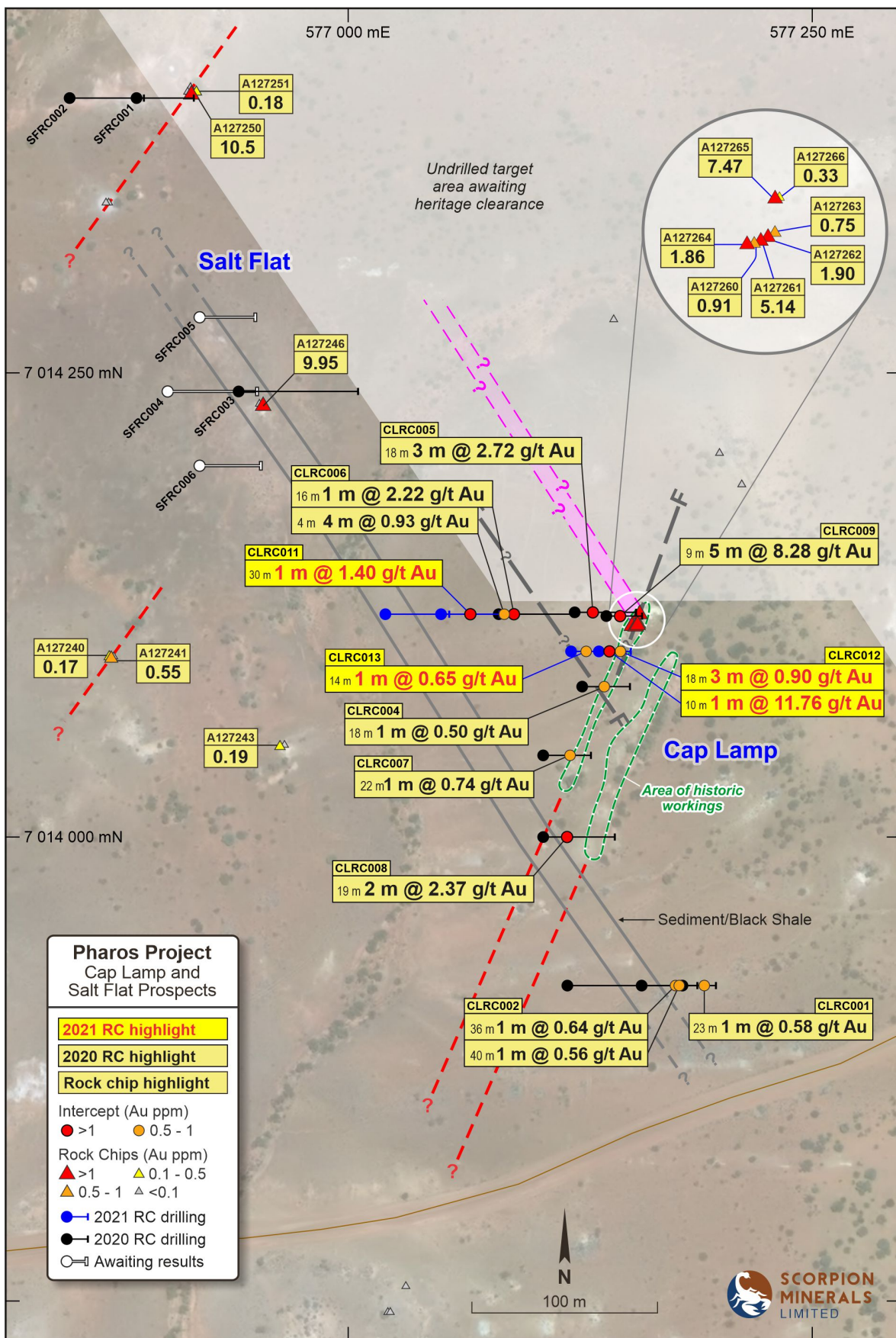


Figure 17 – Cap Lamp RC Drill plan, highlighting Cap Lamp Extension target zone in magenta

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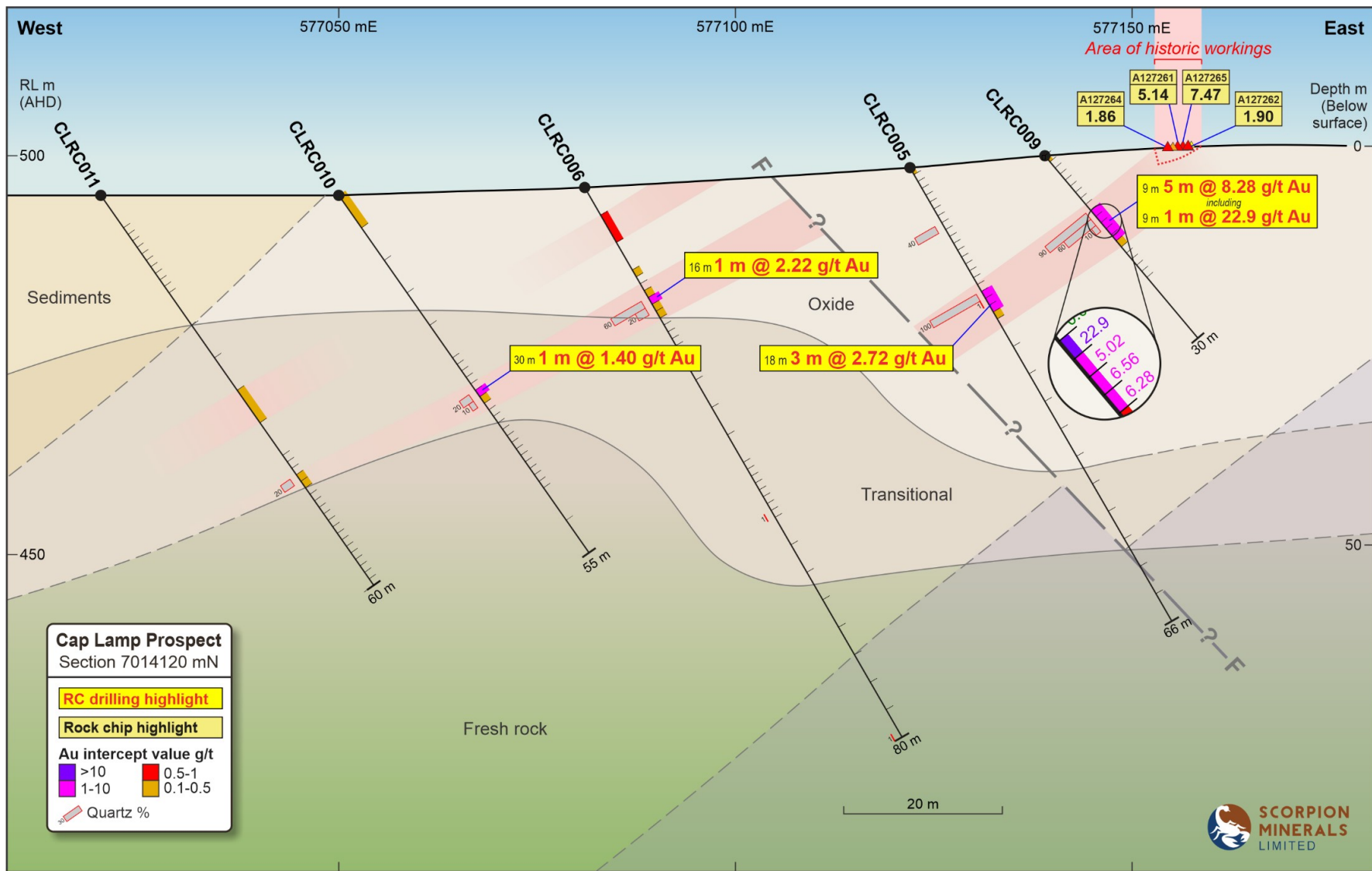


Figure 18 – Cap Lamp Cross Section 7014120mN

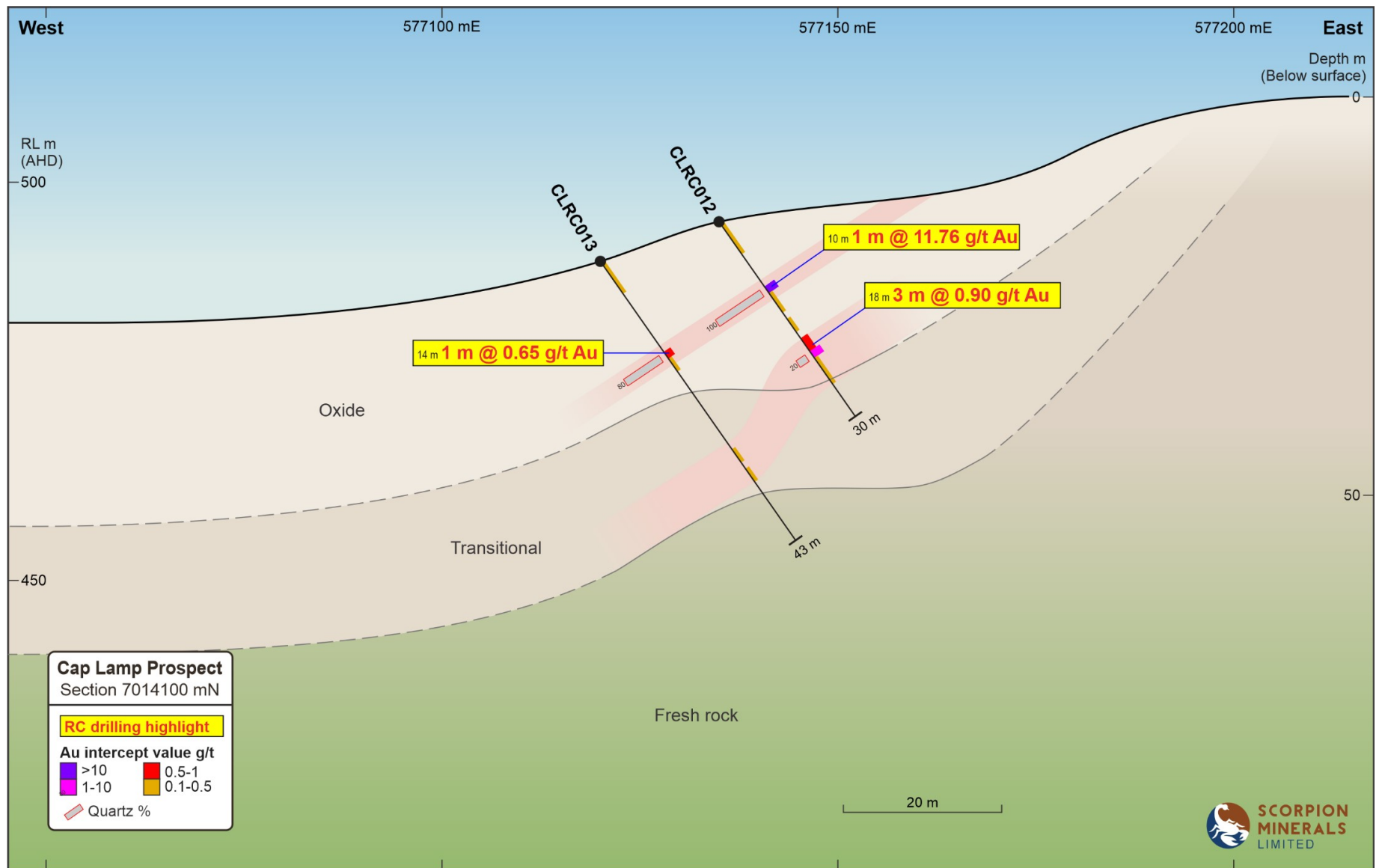


Figure 19 – Cap Lamp Cross Section 7014100mN

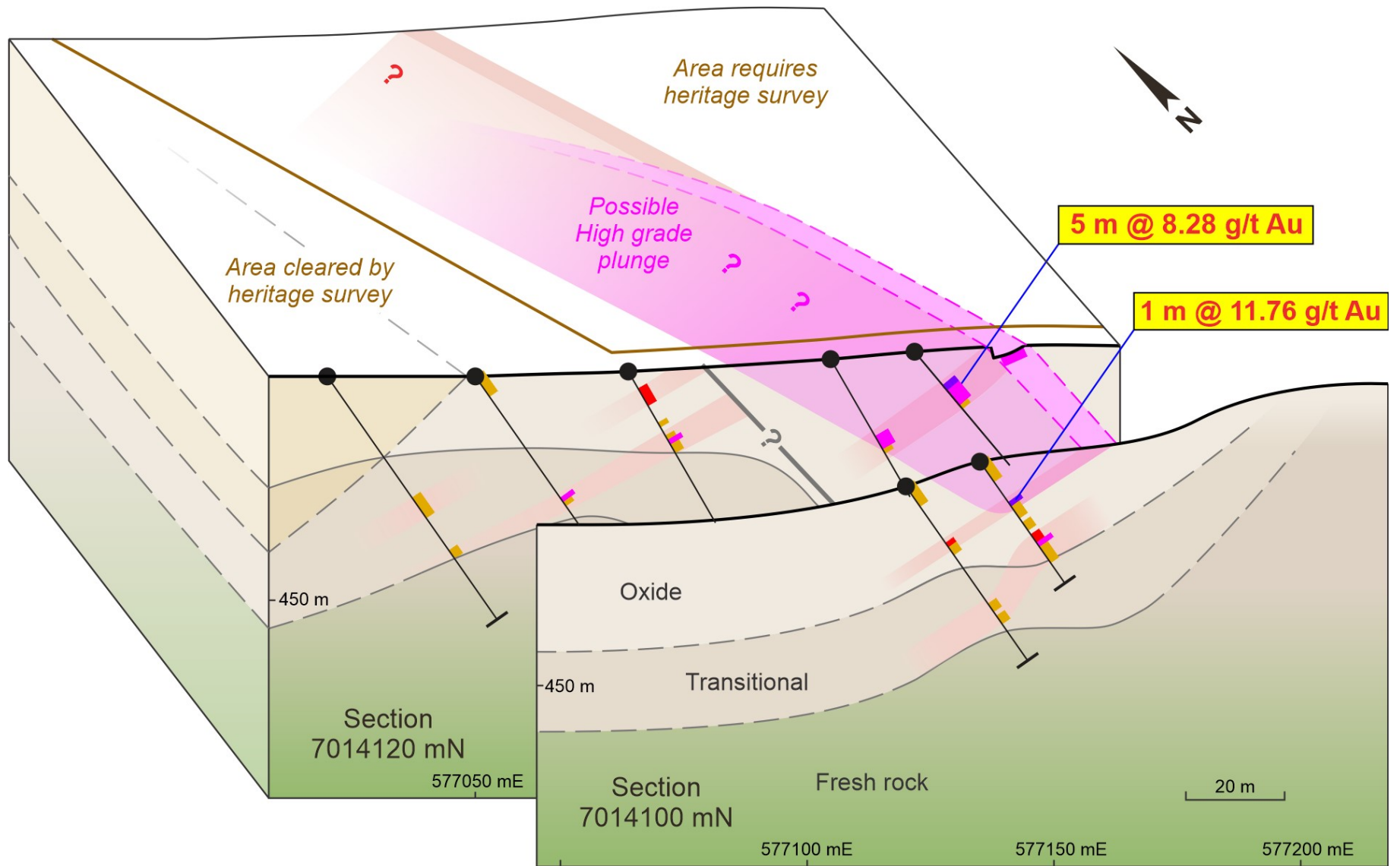


Figure 20 – Cap Lamp conceptual stacked sections, highlighting high-grade target in ground awaiting heritage survey prior to drilling

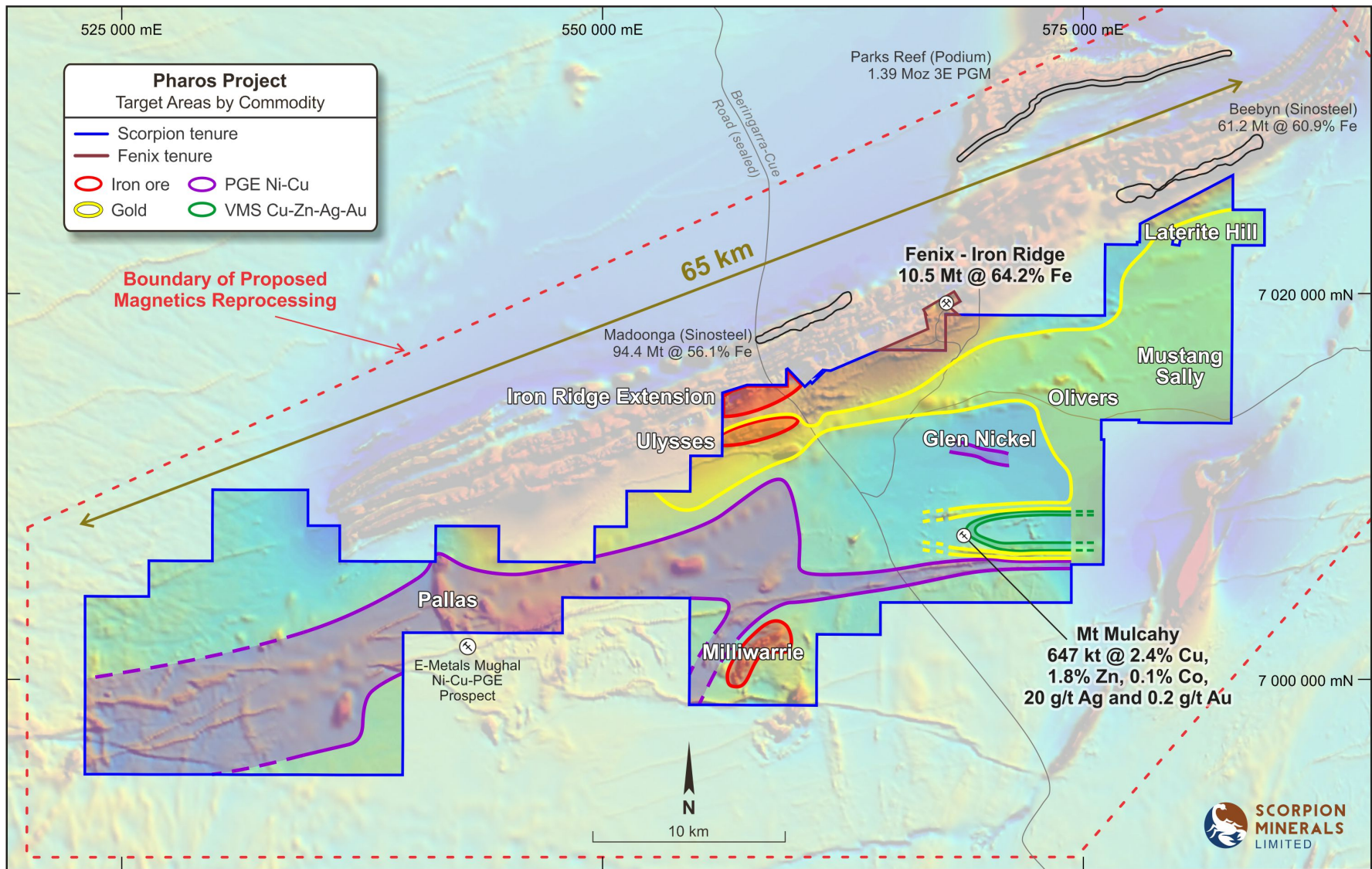


Figure 21 – Summary of Pharos Project Commodity Targets, highlighting area of available Open File/Multi Client Magnetics to be reprocessed

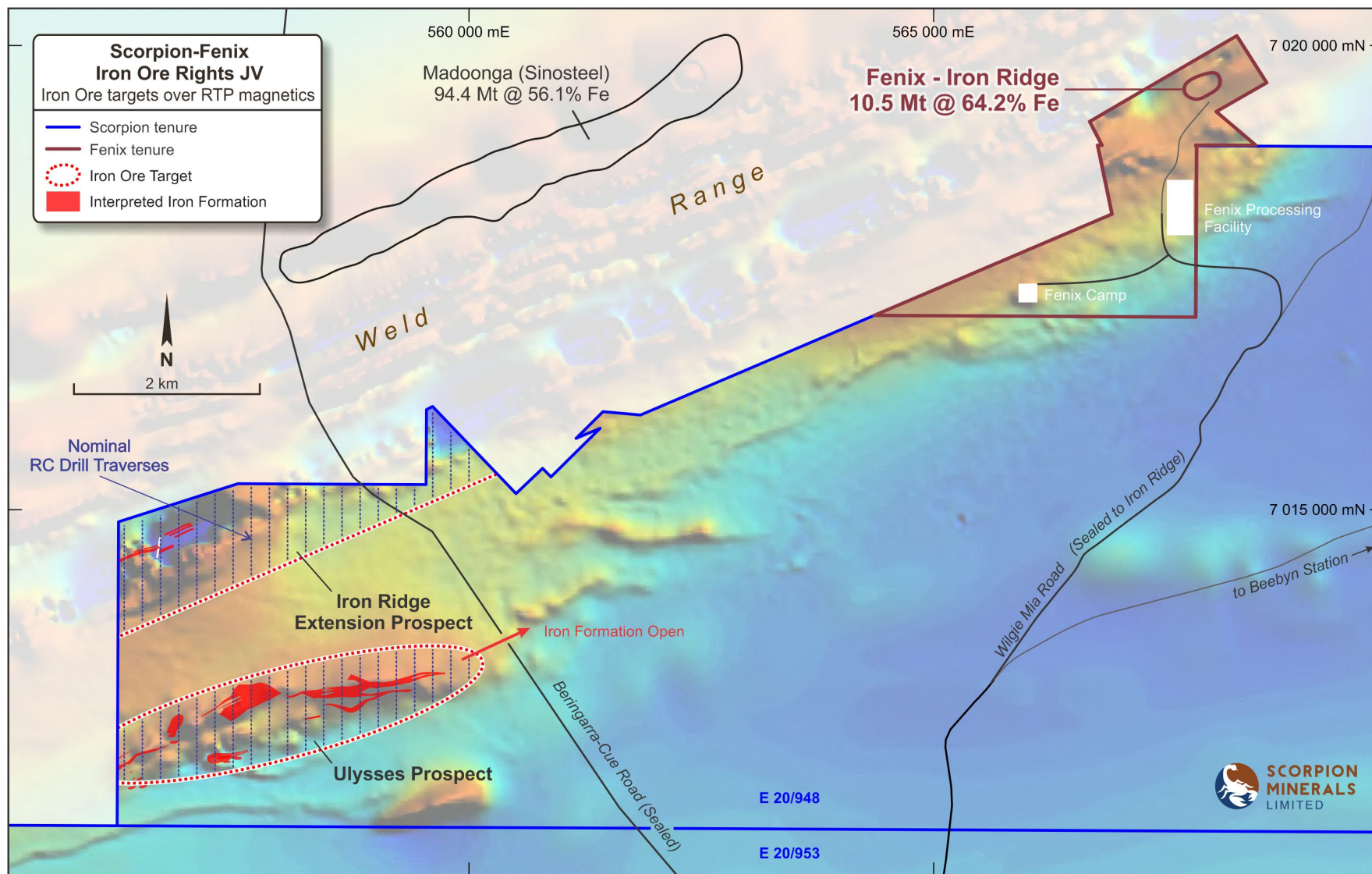


Figure 22 – Location of Fenix Mine and FEX-SCN JV Iron Ore Target Areas, highlighting position of Ulysses and Iron Ridge Extension Prospects – Pharos Project

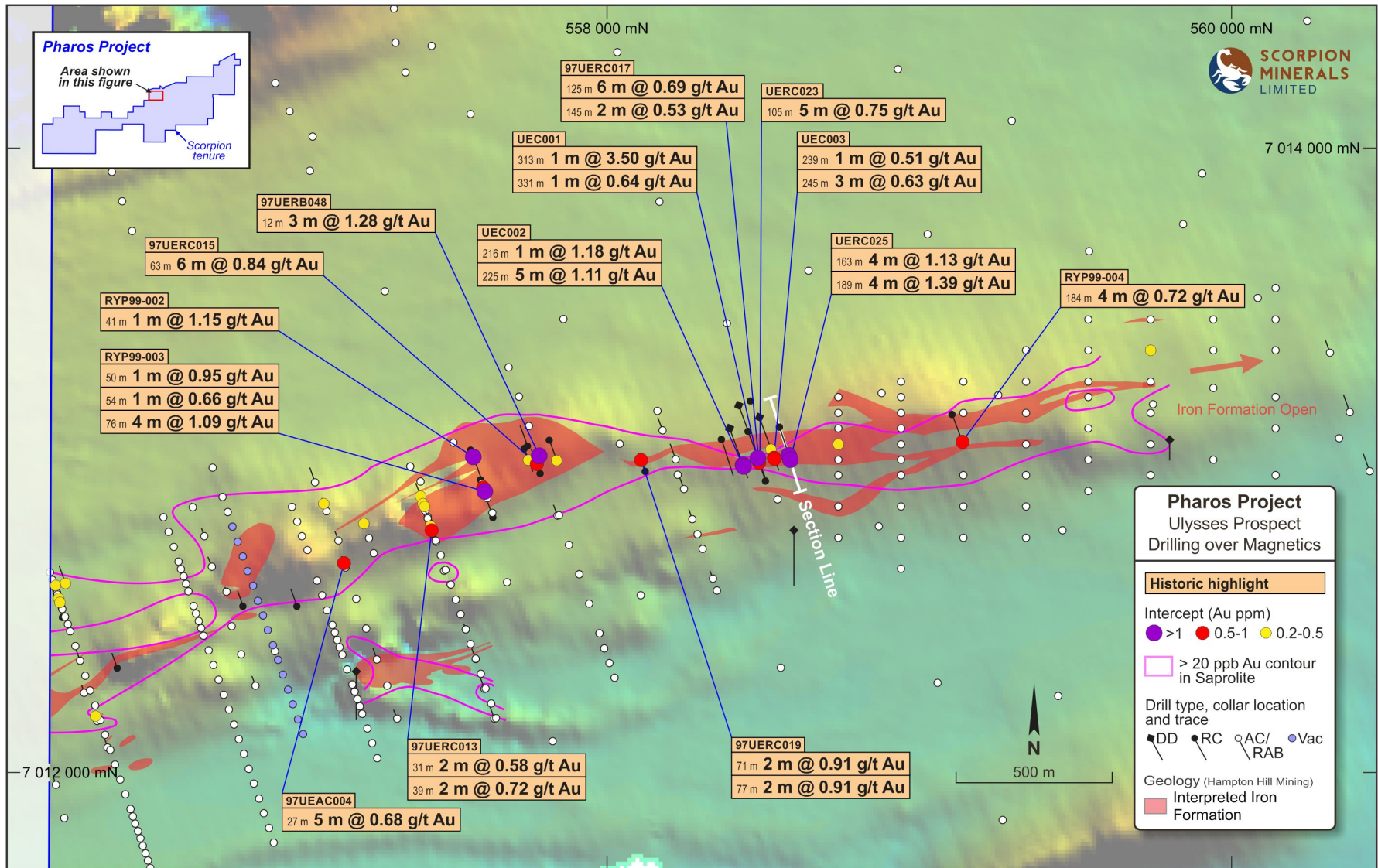


Figure 23 – Interpreted iron formation, historic drilling and significant gold intervals – Ulysses Prospect. No iron assays and outcrop very rarely apparent. Iron and gold mineralisation east of Section Line ineffectively tested by shallow drilling

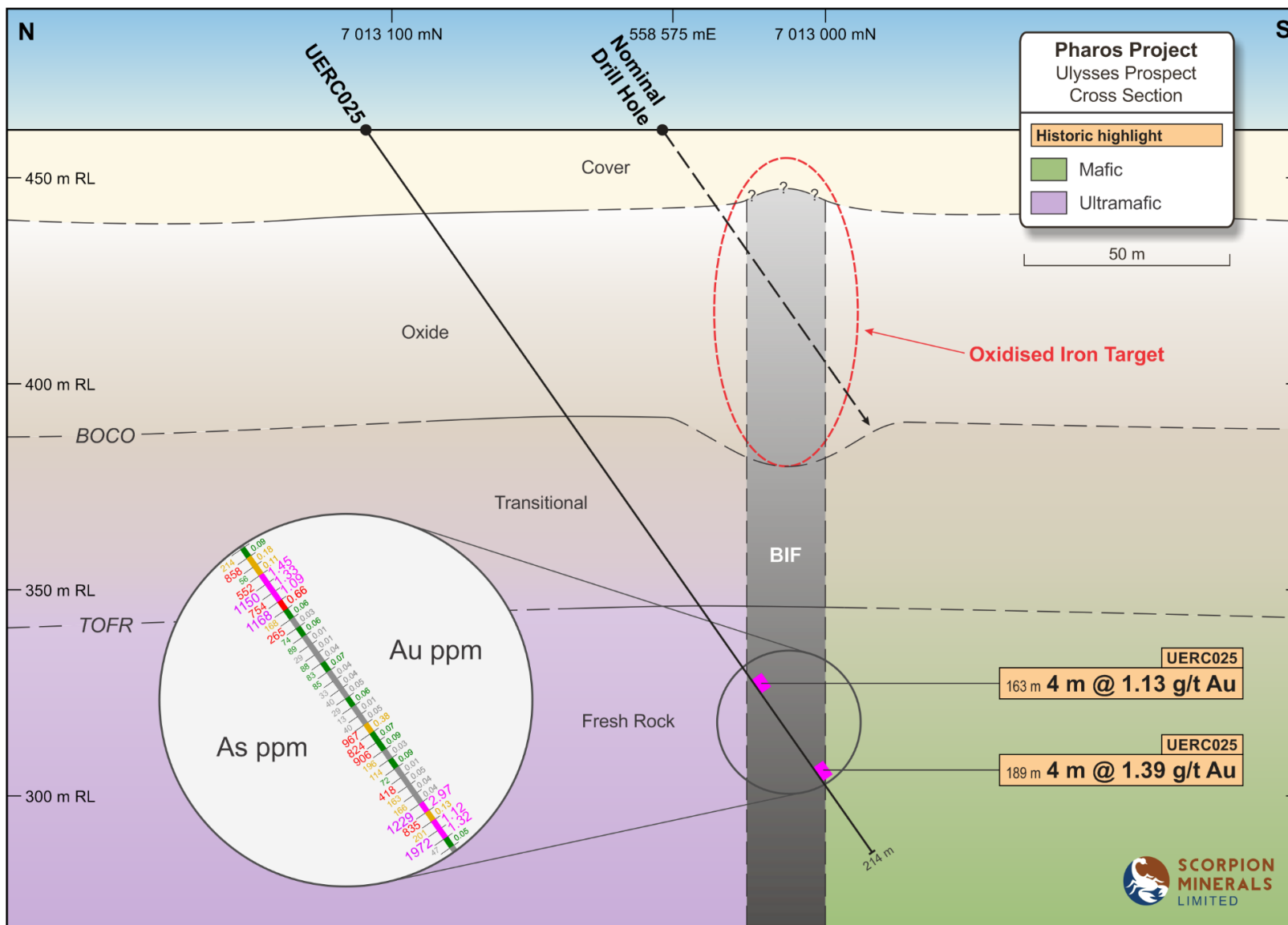


Figure 24 – Ulysses Cross Section from Figure 11, highlighting oxide iron target and related gold mineralisation from historic drilling

Competent Persons Statement 1

The information in this report that relates to the Exploration Results and Mineral Resources at the Mt Mulcahy and Pharos Projects is based on information reviewed by Mr Craig Hall, whom is a member of the Australian Institute of Geoscientists. Mr Hall is a director and consultant to Scorpion Minerals Limited and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. Mr Hall consents to the inclusion of the information in the form and context in which it appears.

Competent Persons Statement 2

The information in this report that relates to the Mt Mulcahy Mineral Resource is based on information originally compiled by Mr Rob Spiers, an independent consultant to Scorpion Minerals Limited and a then full-time employee and Director of H&S Consultants Pty Ltd (formerly Hellman & Schofield Pty Ltd), and reviewed by Mr Hall. This information was originally issued in the Company's ASX announcement "Maiden Copper-Zinc Resource at Mt Mulcahy", released to the ASX on 25th September 2014. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The company confirms that the form and context in which the findings are presented have not materially modified from the original market announcements.

Forward Looking Statements

Scorpion Minerals Limited has prepared this announcement based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of Scorpion Minerals Limited, its Directors, employees or agents, advisers, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it. This announcement is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any security, and neither this announcement nor anything in it shall form the basis of any contract or commitment whatsoever. This announcement may contain forward looking statements that are subject to risk factors associated with exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimate.

Corporate

Appointment of Obsidian Metals Group and Airguide as Strategic Technical Advisors

Scorpion announced in April 2022 that it had reached an agreement with independent technical consulting group Obsidian Metals Group Pty Ltd ("OMG") to provide technical services to Scorpion with industry lithium expert Michael Fotios acting as lead consultant to OMG. Mr Fotios' experience in the lithium sector is well recognised, as he was a founder and former Managing Director of both Galaxy Resources Ltd and General Mining Corporation Ltd, which now form part of the newly merged entity Allkem, the fifth largest lithium producer internationally with a market capitalisation of \$8.14 billion.

Under the terms of the Agreement OMG will receive a monthly retainer of \$10,000 plus GST and will also be entitled to receive the following success-based share incentive payments the issue of which are subject to receiving the required regulatory and shareholder approvals:

1. For project generation and introduction of project opportunity "Poona Project" - an issue of 5,000,000 fully paid shares in Scorpion
2. Acquisition of second project introduced by OMG - 10,000,000 options exercisable at 12c within 24 months of vesting
3. Acquisition of third project introduced by OMG - 10,000,000 options exercisable at 12c within 24 months of vesting
4. Resource Definition Milestone 1 - 10,000,000mt Li₂O or equivalent on any one project - 20,000,000 options exercisable at 12c within 24 months of vesting
5. Resource Definition Milestone 2 - 20,000,000mt Li₂O or equivalent on any one project - 20,000,000 options exercisable at 12c within 24 months of vesting
6. Resource Definition Milestone 3 - 50,000,000mt Li₂O or equivalent across all projects - 40,000,000 options exercisable at 12c within 24 months of vesting

Scorpion also announced the appointment of Airguide Advisory Pte. Ltd. ("Airguide"), the consulting arm of Airguide International Pte. Ltd., as its strategic advisor in June 2022. The appointment of Airguide was made to support the Company's near-term exploration strategy and to assist with introducing potential strategic partnerships to advance Scorpion's lithium assets in Western Australia.

Airguide's principals have over 25 years' experience in financial markets and the commodities sector. The Airguide Group provides strategic advice and facilitation services for commodity-related companies in addition to direct corporate debt funding. Airguide has a proven reach globally, and in Asia-Pacific specifically, that opens doors to conversations for clients with groups interested in investment funding, off-take partnerships, and opportunities in commodities broadly. Several of Airguide's advisory partnerships have resulted in the funding and expansion of projects in the lithium sector.

Board Movements

During the year in focus, Ms Bronwyn Barnes transitioned to the role of Executive Chairman with effect from 13 April 2022, leading Scorpion's corporate activities with a focus on negotiation of project acquisitions.

Mr Michael Kitney was appointed as a Non-Executive Director of the Company on 7 June 2022. Mr Kitney is an internationally experienced extractive metallurgist with more than 40 years' experience in resource evaluation and project development roles in Australia and internationally. He holds a Master of Science (Mineral Economics) degree from the WA School of Mines and is a member of the Australian Institute of Company Directors.

Mr Kitney is currently an Executive Director providing technical direction to Mn Energy Limited on 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 also holds non-executive director positions with Breaker Resources NL (ASX:BRB) and Monument Mining Limited (TSX:MMY).

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). Non-Executive Director Craig Hall resigned from the Board on 7 June 2022.

Fiscal Year 2022 Capital Raisings

On 13 April 2022, Scorpion advised that it had raised \$3,178,575 (before costs) via a placement of 62,325,000 shares, using its capacity under ASX Listing Rules 7.1 and 7.1A. The funds raised will be used to support planned drilling and geophysics programmes across the Company's 1,544 km² Pharos Project and for additional working capital. Further details on the capital raising are available in the ASX announcement dated 13 April 2022.

In July 2021, Scorpion received firm commitments from new and existing sophisticated investors to raise \$902,250 before costs ("placement"). In addition, the Company agreed to a drill for equity arrangement to a value of \$112,500 and the lender has elected to convert a portion of outstanding debt to equity to a value of \$270,000. The total value of these financial commitments was \$1,284,750.

FINANCIAL RESULTS FOR THE PERIOD

The operating loss after income tax of the Group for the year ended 30 June 2022 was \$943,545 (2021: loss of \$2,236,709).

SHAREHOLDER RETURNS

| | 2022 | 2021 |
|------------------------------------------|-------------|-------------|
| Basic and diluted loss per share (cents) | (0.33) | (0.98) |

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

The Company is not aware of any other 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.

COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential future impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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.

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. The Group has not yet fully reviewed the reporting requirements under the Energy Efficient Opportunities Act 2006 or the National Greenhouse and Energy Reporting Act 2007, but believes it has adequate systems in place to ensure compliance with these Acts having regard to the scale and nature of current operations.

CORPORATE GOVERNANCE

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

The 2022 Corporate Governance Statement is dated as at 30 June 2022 and reflects the corporate governance practices in place throughout the 2022 financial year. A copy of the Company's 2022 Corporate Governance Statement can be accessed at the Company's website.

REMUNERATION REPORT (AUDITED)

Directors and Key Management Personnel disclosed in this report (see page 3 for details about each Director). During the financial year there were no Key Management Personnel other than the Directors.

| Name | Position |
|----------------|----------------------------------------------|
| Bronwyn Barnes | Non-Executive Director |
| Kate Stoney | Non-Executive Director and Company Secretary |
| Craig Hall | Non-Executive Director resigned 7 June 2022 |
| Michael Kitney | Non-Executive Director appointed 7 June 2022 |

The information provided in this Remuneration Report has been audited as required under Section 308 (3C) of the Corporations Act 2001.

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 maximum aggregate amount of fees that can be paid to Non-Executive Directors is currently \$200,000 which was 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.

Performance based remuneration

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.

Voting and comments made at the Group's 2021 Annual General Meeting

At the Group's 2021 Annual General Meeting, the Company's Remuneration Report was passed by way of a poll. The Board remains confident that the Group's remuneration policy and the level and structure of its executive remuneration are suitable for the Company and its shareholders and hence it has not amended its overall remuneration policy.

Details of remuneration

The amount of remuneration of the Directors (as defined in AASB 124 Related Party Disclosures) is set out below. During the financial year there were no Key Management Personnel other than the Directors.

| | Short-Term Salary & Fees | Post-Employment Superannuation | Share-based Payments Options | Total |
|----------------------------------------------------|-----------------------------------------|-------------------------------------------|---------------------------------------------|----------------|
| | \$ | \$ | \$ | \$ |
| Directors | | | | |
| Bronwyn Barnes | | | | |
| 2022 | 115,014 | 2,559 | 105,200 | 222,773 |
| 2021 | 30,000 | - | 31,850 | 61,850 |
| Craig Hall (resigned 7 June 2022) | | | | |
| 2022 | 25,636 | - | 105,200 | 130,836 |
| 2021 | 30,000 | - | 31,850 | 61,850 |
| Kate Stoney | | | | |
| 2022 | 49,000 | - | 128,352 | 177,352 |
| 2021 | 29,250 | - | - | 29,250 |
| Michael Kitney (appointed 7 June 2022) | | | | |
| 2022 | 2,800 | - | - | 2,800 |
| Total Key Management Personnel compensation | | | | |
| 2022 | 192,450 | 2,559 | 338,752 | 533,761 |
| 2021 | 119,250 | - | 95,550 | 214,800 |

As at 30 June 2022 no amounts to directors remain unpaid.

There are no cash bonuses or non-monetary benefits relating to any of the Directors and Key Management Personnel during the year.

Shareholdings of Key Management Personnel

| | Balance 1 July 2021 | Granted as remuneration | On exercise of options | Net change Other | Balance 30 June 22 |
|----------------|------------------------|----------------------------|---------------------------|---------------------|-----------------------|
| Bronwyn Barnes | 17,868,250 | - | - | - | 17,868,250 |
| | 17,868,250 | - | - | - | 17,868,250 |

Option holdings of Key Management Personnel

| | Balance 1 July 2021 | Granted as remuneration | Expired | On exercising of options | Balance 30 June 22 |
|----------------|------------------------|----------------------------|-------------|-----------------------------|-----------------------|
| Bronwyn Barnes | 11,486,845 | 2,000,000 | (9,736,845) | - | 3,750,000 |
| Craig Hall | 1,750,000 | 2,000,000 | - | - | 3,750,000 |
| Kate Stoney | - | 3,000,000 | - | - | 3,000,000 |
| Michael Kitney | - | - | - | - | - |
| | 13,236,845 | 7,000,000 | (9,736,845) | - | 10,500,000 |

Service agreements

As at the date of this report there are no executives or Key Management Personnel, other than the Directors, engaged by the Company. Formal appointment letters are in place with Non-Executive Directors, each of which is entitled to a fee of \$42,000 per annum effective from 1 June 2022. There are no termination payments payable.

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.

Share-based compensation

Options granted to Directors' and Officers of the Company

On 24 November 2021 the Company approved the issue of 1,000,000 unlisted appointment options to Ms Kate Stoney with a strike price of \$0.12. These options have a three year expiry being 25 November 2024.

On 24 November 2021 the Company approved the issue of incentive options to Directors options under the Employee Option Plan. Ms Barnes, Ms Kate Stoney and Mr Hall were each issued 2,000,000 unlisted options with a strike price of \$0.00. These options will vest and become exercisable upon the Company's shares reaching a volume-weighted average price which is equal or greater than \$0.14 per share calculated over 5 consecutive ASX trading days. These options have a three year expiry being 25 November 2024.

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 22 | 30 June 21 | 30 June 20 | 30 June 19 | 30 June 18 |
|------------------------------|------------|-------------|------------|-------------|------------|
| | | | | \$ | \$ |
| Revenue | - | - | - | - | - |
| Net (loss)/profit before tax | (943,545) | (2,236,709) | (818,849) | (2,644,232) | (294,916) |
| Share price at year-end | 0.071 | 0.061 | 0.045 | 0.004 | 0.024 |

There were no remuneration consultants engaged by the Group during the financial year.
This is the end of the 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 |
| Craig Hall | 4 | 4 |
| Kate Stoney | 4 | 4 |
| Michael Kitney | - | - |

SHARES UNDER OPTION

The table below represents the movement of options from 1 of July 2021 and to the date of this report:

| | Number of options |
|---------------------------------------------------------------------------|--------------------------|
| Balance at 1 July 2021 | 40,375,000 |
| Movements of share options during the year | |
| 5 Jul 2021: exercise of \$0.10 loan conversion options issued 18 Oct 2018 | (2,250,000) |
| 15 Sep 2021: issue of \$0.00 ESOP employee options expiring 15 Sep 2023 | 1,375,000 |
| 15 Sep 2021: issue of \$0.00 ESOP employee options expiring 15 Sep 2024 | 1,375,000 |
| 15 Sep 2021: issue of \$0.00 ESOP employee options expiring 15 Sep 2025 | 1,375,000 |
| 18 Oct 2021: expiry of \$0.10 director options issued 18 Oct 2018 | (15,000,000) |
| 18 Oct 2021: expiry of \$0.10 loan conversion options issued 18 Oct 2018 | (3,750,000) |
| 26 Oct 2021: expiry of \$0.10 lead manager options issued 26 Oct 2018 | (500,000) |
| 25 Nov 2021: issue of \$0.12 director options expiring 25 Nov 2024 | 1,000,000 |
| 25 Nov 2021: issue of \$0.00 ESOP director options expiring 25 Nov 2024 | 6,000,000 |
| 22 Apr 2022: issue of \$0.00 ESOP employee options expiring 22 Apr 2024 | 750,000 |
| 22 Apr 2022: issue of \$0.00 ESOP employee options expiring 22 Apr 2025 | 750,000 |
| 22 Apr 2022: issue of \$0.00 ESOP employee options expiring 22 Apr 2026 | 750,000 |
| Total number of options outstanding as at the date of this report | 32,250,000 |

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 Officer's liability insurance policy for a 12-month period commencing 7 February 2022 for a total premium of \$26,009.50 (30 June 2021: \$19,500.00).

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.

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 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 page 64

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



Bronwyn Barnes
Director

Perth, Western Australia
30 September 2022

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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 2022, 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

30 September 2022

A Level 1/6 O'Connell Street
Sydney NSW 2000

A Level 1, Lincoln Building,
4 Ventnor Avenue, West Perth WA 6005

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ABN 14 129 769 151

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

| | Notes | 2022 \$ | 2021 \$ |
|-----------------------------------------------------------------------------------------|-------|-------------|-------------|
| REVENUE | | | |
| Sale of mineral rights | | 960,000 | - |
| Other income | | 270 | - |
| Director fees | | (195,009) | (91,250) |
| Director share based payments | 23 | (338,752) | - |
| Exploration expenses | | (712,120) | (1,138,462) |
| Occupancy expenses | | (36,000) | (36,000) |
| Share based payments | 23 | (307,402) | (416,516) |
| Other expenses | 2 | (539,417) | (464,937) |
| Operating loss | | (1,168,430) | (2,147,165) |
| Finance income | 3 | 300,690 | - |
| Finance costs | | (75,805) | (89,544) |
| Finance costs - net | | 224,885 | (89,544) |
| Loss before income tax | | (943,545) | (2,236,709) |
| Income tax benefit/(expense) | 4 | - | - |
| Loss after income tax for the year | | (943,545) | (2,236,709) |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive loss for the year | | (943,545) | (2,236,709) |
| TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNERS OF SCORPION MINERALS LIMITED | 12 | (943,545) | (2,236,709) |
| Loss per share for loss attributable to ordinary equity holders of the Group: | | | |
| Basic loss per share (cents per share) | 14 | (0.33) | (0.98) |
| Diluted loss per share (cents per share) | 14 | (N/A) | N/A |

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 2022**

| | Notes | 2022 \$ | 2021 \$ |
|-------------------------------------------------------------------|-------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 2,102,432 | 133,873 |
| Trade and other receivables | 6 | 167,879 | 133,756 |
| Financial assets at fair value through other comprehensive income | 7 | 1,260,000 | - |
| TOTAL CURRENT ASSETS | | <u>3,530,311</u> | <u>267,629</u> |
| NON-CURRENT ASSETS | | | |
| Capitalised exploration expenditure | 8 | 2,060,027 | 2,060,027 |
| TOTAL NON-CURRENT ASSETS | | <u>2,060,027</u> | <u>2,060,027</u> |
| TOTAL ASSETS | | <u>5,590,338</u> | <u>2,327,656</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | (707,515) | (1,394,095) |
| Borrowings | 10 | (1,196,682) | (1,281,133) |
| TOTAL CURRENT LIABILITIES | | <u>(1,904,197)</u> | <u>(2,675,228)</u> |
| TOTAL LIABILITIES | | <u>(1,904,197)</u> | <u>(2,675,228)</u> |
| NET ASSETS / (LIABILITY) | | <u>3,686,141</u> | <u>(347,572)</u> |
| EQUITY | | | |
| Contributed equity | 11 | 27,302,319 | 22,874,964 |
| Accumulated losses | 12 | (24,585,598) | (23,801,988) |
| Reserves | 13 | 969,420 | 579,452 |
| TOTAL EQUITY | | <u>3,686,141</u> | <u>(347,572)</u> |

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 2022**

| | Note | Contributed Equity | Accumulated Losses | Share- based Payments Reserve | Total Equity |
|-----------------------------------------------------------------|------|-----------------------|-----------------------|----------------------------------------|-----------------|
| CONSOLIDATED | | | | | |
| Balance 30 June 2021 | | 22,874,964 | (23,801,988) | 579,452 | (347,572) |
| Loss for the-year | 12 | - | (943,545) | - | (943,545) |
| Total comprehensive loss for the year | | - | (943,545) | - | (943,545) |
| Transactions with owners in their capacity as owners | | | | | |
| Shares issued during the year | 11 | 4,368,325 | - | - | 4,368,325 |
| Options issued during the year | | - | - | 646,153 | 646,153 |
| Expiry of options | | - | 159,935 | (159,935) | - |
| Exercise of options | | 321,250 | - | (96,250) | 225,000 |
| Capital raising costs | | (262,220) | - | - | (262,220) |
| Balance 30 June 2022 | | 27,302,319 | (24,585,598) | 969,420 | 3,686,141 |
| | Note | Contributed Equity | Accumulated Losses | Share- based Payments Reserve | Total Equity |
| CONSOLIDATED | | | | | |
| Balance 30 June 2020 | | 20,234,964 | (21,866,636) | 464,293 | (1,167,379) |
| Loss for the-year | 12 | - | (2,236,709) | - | (2,236,709) |
| Total comprehensive loss for the year | | - | (2,236,709) | - | (2,236,709) |
| Transactions with owners in their capacity as owners | | | | | |
| Shares issued during the year | 11 | 2,640,000 | - | - | 2,640,000 |
| Options issued during the year | | - | - | 416,516 | 416,516 |
| Transfer on exercise/lapse of options | | - | 301,357 | (301,357) | - |
| Balance 30 June 2021 | | 22,874,964 | (23,801,988) | 579,452 | (347,572) |

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 2022**

| | Notes | 2022 \$ | 2021 \$ |
|----------------------------------------------------------------|-------|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments to suppliers and employees | | (1,314,562) | (225,355) |
| Payments for exploration | | (712,120) | (1,139,712) |
| Interest paid | | 436 | (20,347) |
| Net cash outflow from operating activities | 2 | (2,026,246) | (1,385,414) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Net cash inflow from investing activities | | - | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from the issue of shares (less capital-raising costs) | 11 | 4,044,805 | 1,440,000 |
| Proceeds (repayment) from borrowings | | (50,000) | (87,918) |
| Net cash inflow from financing activities | | 3,994,805 | 1,352,082 |
| Net increase/(decrease) in cash and cash equivalents | | 1,968,559 | (33,332) |
| Cash and cash equivalents at the beginning of the year | | 133,873 | 167,205 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 5 | 2,102,432 | 133,873 |

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 \$943,545 (2021: loss of \$2,236,709) and incurred cash outflows from operating activities of \$2,026,246 (2021: \$1,385,414) for the year ended 30 June 2022. At that date the Group had a working capital surplus of \$1,626,114 (2021 deficit: \$2,407,599) and net assets of \$3,686,141 (2021 net liabilities of: \$347,572). This included current liabilities of \$707,515 (trade and other payables), and \$1,196,682 (borrowings).

From the \$687,515 in trade and other payables outstanding at year end \$437,339 are owed to related parties, \$185,550 relates to Companies in Liquidation, and \$64,626 are owed to external creditors. With \$41,511 being overdue or outside agreed payment terms.

From the \$1,196,682 in borrowings outstanding at year end, \$504,870 is owed to related parties and \$691,812 is owed to Helios Corporation Pty Ltd, Investmet Limited and Whitestone Mining Pty Ltd, who are all currently in liquidation.

At 30 September 2022, the Group had a cash balance of \$1,406,176.

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 2022 from related entities amounts to \$1,325,000.
- In addition, the current lenders (excluding Investmet Limited who are currently in Liquidation) have confirmed unconditionally that they will not call on or demand any repayment of the advances made to the Company up to 31 December 2022 or until such time as the Group's financial position improves.
- 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 consolidated entity 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 consolidated entity'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% for the year ended 30 June 2022.

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 incurred by the Group subsequent to acquisition of the rights to explore is expensed as incurred. During the financial year, no amounts have been capitalised, as the relevant tenement was in the process of being renewed, and all expenditure was recorded in Profit and Loss.

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. 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 2022, 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 2021.

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 2022.

The Group has reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2022. 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.

Coronavirus (COVID-19)

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. Currently there is no significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

NOTE 2: EXPENSES

| | 2022 | 2021 |
|---------------------------------|----------------|----------------|
| | \$ | \$ |
| Other expenses | | |
| Accounting and secretarial fees | 98,569 | 122,355 |
| Audit fees | 30,000 | 31,060 |
| Consultants and advisors | 126,667 | 65,507 |
| Corporate costs | 172,622 | 96,904 |
| Legal fees | 82,705 | 123,523 |
| Insurance | 23,884 | 22,967 |
| Other expenses | 4,970 | 2,621 |
| | <u>539,417</u> | <u>464,937</u> |

NOTE 3: FINANCE INCOME

| | 2022 | 2021 |
|-------------------------------------------------|----------------|----------|
| | \$ | \$ |
| Finance income | | |
| Interest income | 690 | - |
| Fair value gain on asset recorded at fair value | 300,000 | - |
| | <u>300,690</u> | <u>-</u> |

NOTE 4: INCOME TAX

| | 2022 | 2021 |
|--------------------------------------------------------------------------------------|------------------|------------------|
| (a) Reconciliation of income tax expense to prima facie tax payable | | |
| Loss before income tax | (943,545) | (2,236,709) |
| Prima facie income tax at 25% (2021: 26%) | (235,886) | (581,544) |
| Non-deductible expenses | 161,558 | 19 |
| Movement in unrecognised temporary differences | (75,000) | 40,443 |
| Effect of tax loss not recognised as deferred assets | 149,328 | 541,082 |
| Income tax (expense)/benefit | - | - |
| (b) Unrecognised deferred tax assets arising on timing differences and losses | | |
| Unrecognised deferred tax asset – tax losses | 3,936,824 | 3,783,652 |
| Unrecognised deferred tax asset – timing | (70,000) | 21,645 |
| | <u>3,866,824</u> | <u>3,805,297</u> |

NOTE 5: CASH AT BANK

| | 2022 | 2021 |
|--------------------------|------------------|----------------|
| Cash at bank and on hand | 2,102,432 | 133,873 |
| | <u>2,102,432</u> | <u>133,873</u> |

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

NOTE 6: TRADE AND OTHER RECEIVABLES

| | 2022 | 2021 |
|-------------------|----------------|----------------|
| Current | | |
| GST receivable | 147,632 | 117,364 |
| Other receivables | 1,760 | 16,392 |
| Prepayments | 18,487 | - |
| | <u>167,879</u> | <u>133,756</u> |

As at 30 June 2022, trade receivables that were past due to impaired was nil (2021: 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

| | 2022 | 2021 |
|-------------------------------------------------------------|------------------|----------|
| Investment | 1,260,000 | - |
| | <u>1,260,000</u> | <u>-</u> |
| Listed Shares | | |
| Fair value consideration received on sale of mineral rights | 960,000 | - |
| Revaluation | 300,000 | - |
| Closing fair value | <u>1,260,000</u> | <u>-</u> |

Refer to Note 1(u) for further details.

NOTE 8: CAPITALISED EXPLORATION EXPENDITURE

| | 2022 | 2021 |
|-----------------------------------------------|------------------|------------------|
| Capitalised tenement acquisition costs | | |
| Opening net book amount | 2,060,027 | 2,060,027 |
| Closing net book amount | <u>2,060,027</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(u) for further details.

NOTE 9: TRADE AND OTHER PAYABLES

| | 2022 | 2021 |
|---------------------------------------------------------|----------------|------------------|
| Trade payables | 687,515 | 1,213,462 |
| Director and former director related entities creditors | - | 97,383 |
| Accrued expenses | 20,000 | 20,000 |
| Accrued director fees and remuneration | - | 63,250 |
| | <u>707,515</u> | <u>1,394,095</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 14 March 2014, the Group entered into a loan agreement with the lenders (entities associated with Mr Michael Fotios) to the amount of \$1,000,000 or such other greater sum as the parties may agree in writing. The loan is provided by a syndicate of lender the details of which are provided in Note 21 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. This agreement was superseded by the variations and agreement described below.

| | 2022 | 2021 |
|-----------------------------------------------------------------|-----------|-----------|
| Reconciliation of carrying amount of loans from related parties | | |
| Opening amount | 1,275,541 | 1,294,608 |
| Reclassified as other borrowings | - | - |
| Drawdowns during the year | - | - |
| Interest accrued | 75,375 | 68,851 |
| Repayments during the year | (50,000) | - |
| Repayments in shares during the year | (110,000) | (87,918) |
| Closing drawdown balance | 1,190,916 | 1,275,541 |
| Loans from non-related parties | 5,766 | 5,592 |

From the \$1,190,916 draw down balance, \$504,870 are owed to related parties and \$686,046 relates to Helios Corporation Pty Ltd and Investmet Limited who are currently in Liquidation. This latter balance is not bound by the most recent Loan Variation announced on 29 September 2020.

On 27 October 2017, the Company announced it had entered into an agreement with Investmet Limited and Delta Resource Management Pty Ltd to provide funding of up to \$1,000,000 to the Company.

As per the ASX Announcement dated 27 September 2018, a Letter of Variation was executed to increase the loan facility limit from \$1,000,000 to \$2,000,000.

On 16 October 2018, a revised agreement incorporating all previous variations was signed.

On 29 September 2020 the Company announced to the ASX a further letter of variation had been executed extending the repayment date to 31 December 2021.

As per the ASX Announcement dated 13 March 2020, a Letter of Variation was executed to increase the loan facility limit from \$2,000,000 to \$2,500,000. As at 30 June 2022 the company had \$1,375,000 available redraw on the loan facility (see June Quarterly Activities and Cashflow announced on ASX 29 July 2022).

On 8 June 2021 the Company announced to the ASX a further letter of variation had been executed extending the repayment date to 31 December 2022.

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

| | 2022 | |
|---------------------------------|--------------------|-------------------|
| Issued Capital | Number | \$ |
| Fully paid ordinary shares (a) | 246,017,859 | 20,674,964 |
| Shares to be issued (b)(i) | 11,000,000 | 2,200,000 |
| Shares issued | 85,813,333 | 4,689,575 |
| Capital raising costs | | (262,220) |
| Total Contributed Equity | 342,831,192 | 27,302,319 |

| | 2021 | |
|---------------------------------|-------------|------------|
| Issued Capital | Number | \$ |
| Fully paid ordinary shares (a) | 204,517,859 | 18,034,964 |
| Shares to be issued (b)(i) | 11,000,000 | 2,200,000 |
| Shares issued | 41,500,000 | 2,640,000 |
| Total Contributed Equity | 257,017,859 | 22,874,964 |

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

(a) Movements in fully paid ordinary shares

| Details | Number | \$ |
|-----------------------------|-------------|------------|
| Balance 30 June 2021 | 246,017,859 | 20,674,964 |
| Issued during the year | 85,813,333 | 4,689,575 |
| Balance 30 June 2022 | 331,831,192 | 25,364,539 |

(b) Movements in shares to be issued

| Details | Number | \$ |
|-----------------------------|------------|-----------|
| Balance 30 June 2021 | 11,000,000 | 2,200,000 |
| Issued Placement shares | - | - |
| Balance 30 June 2022 | 11,000,000 | 2,200,000 |

NOTE 12: ACCUMULATED LOSSES

| | 2022 | 2021 |
|------------------------------------------|--------------|--------------|
| Accumulated losses at beginning of year | (23,801,988) | (21,866,636) |
| Net loss for the year | (943,545) | (2,236,709) |
| Transfer on expiry of options | 159,935 | 301,357 |
| Accumulated losses at end of year | (24,585,598) | (23,801,988) |

NOTE 13: SHARE BASED PAYMENT RESERVE

| | 2022 | 2021 |
|--------------------------------------|-----------|-----------|
| Balance at the beginning of the year | 579,452 | 464,293 |
| Transfer on expiry of options | (159,935) | (301,357) |
| Issue of unlisted options | 549,903 | 416,516 |
| Balance at end of year | 969,420 | 579,452 |

Nature and purpose of reserves

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

NOTE 14: LOSS PER SHARE

| | 2022 | 2021 |
|-------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| Loss attributable to the members of the Company used in calculating basic and diluted loss per share | (943,545) | (2,236,709) |
| Basic loss per share (cents) | (0.33) | (0.98) |
| Diluted loss per share (cents) | N/A | N/A |
| Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share) | 284,521,247 | 227,776,685 |

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 | |
|---------------------------|-----------------|---------|
| | 2022 | 2021 |
| | \$ | \$ |
| Cash and cash equivalents | 2,102,432 | 133,873 |
| Other receivables | 167,879 | 133,756 |
| | 2,270,311 | 267,629 |

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.

| | 2022 | 2021 |
|-------------------------------------------------------------------------|-----------|---------|
| | \$ | \$ |
| <i>Financial assets – counterparties without external credit rating</i> | | |
| Financial assets with no default in past | 167,879 | 133,756 |
| <i>Cash at bank and short-term bank deposits</i> | | |
| AA-S&P rating | 2,102,432 | 133,873 |
| | 2,270,311 | 267,629 |

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 2022

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

30 June 2021

| | Carrying amount | Contractual cash flows | 6 months or less | 6-12 months | 1-2 years | 2-5 years | More than 5 years |
|--------------------------|-----------------|------------------------|------------------|-------------|-----------|-----------|-------------------|
| Trade and other payables | 1,394,095 | 1,394,095 | 1,394,095 | - | - | - | - |
| Borrowings | 1,281,133 | 1,281,133 | - | 1,281,133 | - | - | - |
| | 2,675,228 | 2,675,228 | 1,394,095 | 1,281,133 | - | - | - |

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 Company'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 2022, 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.

| 2022 | Fixed Interest | Floating Interest | Non-Interest Bearing | Total |
|-----------------------------|----------------|-------------------|----------------------|-----------|
| | \$ | \$ | \$ | \$ |
| Financial Assets | | | | |
| Cash and cash equivalents | - | 2,102,432 | - | 2,102,432 |
| Trade and other receivables | - | - | 167,879 | 167,879 |
| Net Financial Assets | - | 2,102,432 | 167,879 | 2,270,311 |

| | | | | |
|-----------------------------------------|-----------|---|---------|-----------|
| Financial Liabilities | | | | |
| Trade and other payables and borrowings | 1,196,682 | - | 707,515 | 1,904,197 |
| | 1,196,682 | - | 707,515 | 1,904,197 |

| 2021 | Fixed Interest | Floating Interest | Non-Interest Bearing | Total |
|-----------------------------|----------------|-------------------|----------------------|---------|
| | \$ | \$ | \$ | \$ |
| Financial Assets | | | | |
| Cash and cash equivalents | - | 133,873 | - | 133,873 |
| Trade and other receivables | - | - | 133,756 | 133,756 |
| Net Financial Assets | - | 133,873 | 133,756 | 267,629 |

| | | | | |
|-----------------------------------------|-----------|---|-----------|-----------|
| Financial Liabilities | | | | |
| Trade and other payables and borrowings | 1,281,133 | - | 1,394,095 | 2,675,228 |
| | 1,281,133 | - | 1,394,095 | 2,675,228 |

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:

| | 2022 | 2021 |
|-----------------|----------------|----------------|
| | \$ | \$ |
| Within one year | 595,440 | 232,440 |
| | <u>595,440</u> | <u>232,440</u> |

NOTE 18: EVENTS OCCURRING AFTER THE REPORTING PERIOD

COVID-19

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential future impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

NOTE 19: AUDITOR'S REMUNERATION

| | 2022 | 2021 |
|--------------------------------------------------------------------------------------|---------------|---------------|
| | \$ | \$ |
| Amount paid or payable to Rothsay Audit & Assurance Pty Ltd (2021: Rothsay Auditing) | 30,000 | 30,000 |
| Tax compliance services | 5,000 | - |
| | <u>35,000</u> | <u>30,000</u> |

NOTE 20: DIVIDENDS

There were no dividends declared or paid during the current and prior years.

NOTE 21: RELATED PARTY TRANSACTIONS

| | 2022 | 2021 |
|----------------------------------------------------------------|----------------|----------------|
| | \$ | \$ |
| (a) Summarised Compensation of Key Management Personnel | | |
| Short-term employee benefits | 531,202 | 214,800 |
| Post-employment benefits | 2,559 | - |
| | <u>533,761</u> | <u>214,800</u> |

(b) Other Transactions with Key Management Personnel

There has been no other transactions with Key Management Personnel.

Related party creditors

The Group has entered into an administrative services management agreement with Delta Resource Management Pty Ltd (Delta). \$100,000 was settled through the issue of shares to Delta Resource Management Pty Ltd for the year ending 30 June 2022 (2021: \$1,200,000); As at 30 June 2022, there was a balance of \$407,339 excl. of GST outstanding (2021: \$520,046).

| | 2022 | 2021 |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| Delta Resource Management Pty Ltd | 407,339 | 520,046 |
| Investment Limited (in liquidation) | 33,018 | 93,018 |
| | <u>440,357</u> | <u>613,064</u> |

The above transactions are based on normal commercial terms and conditions and at arm's length.

Loans from related parties

The purpose of the loans with related parties is to provide working capital to the Group to fund its immediate operational requirements. The proceeds from the loans have been used to meet short-term expenditure needs. The following balance is outstanding at the end of the reporting period. Further information relating to loans is set out in Note 10.

| | 2022 | 2021 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| <i><u>Interest-bearing loans</u></i> | | |
| Azurite Corporation | 317,220 | 351,570 |
| Delta Resource Management Pty Ltd | 187,650 | 175,436 |
| Michael Fotios Family Trust | 336,334 | 419,141 |
| Investmet Limited (in liquidation) | 349,712 | 329,394 |
| | <u>1,190,916</u> | <u>1,275,541</u> |

The above loans (other than the portion relating to Investmet Limited, who are currently in Liquidation) are not expected to be repaid until such a time that the Company has received the necessary funds for repayment and such a repayment would not impair the ability for the Company to continue as a going concern.

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NOTE 22: INVESTMENT IN CONTROLLED ENTITIES

| Name of Entity | Equity Holding | | Cost of Parent Entity's Investment | |
|---------------------------|----------------|------|------------------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| Parent Entity | % | % | \$ | \$ |
| Scorpion Minerals Limited | | | | |
| Controlled Entity | | | | |
| 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 Metals Limited, Scorpion Minerals 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 2022 the Company issued options to Directors and employees under the Company's Share Option Plan. Share based payments are recognised in the profit and loss statement. In the reporting period, share-based payments to the value of \$646,153 were made (2021: \$416,516).

The fair value of the options has been calculated using the Black-Scholes option pricing model. The model inputs 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 | Value taken up (\$) |
|--------------------------|----------------|---------------------|--------------------------------------|-------------------------|------------|---------------------------|---------------------|
| 15 Sep 2021 | 15 Sep 2023 | 0.00 | 0.070 | 0.06% | 75% | 1,375,000 | 96,250 |
| 15 Sep 2021 ¹ | 15 Sep 2024 | 0.00 | 0.070 | 0.06% | 75% | 1,375,000 | 78,974 |
| 15 Sep 2021 ² | 15 Sep 2025 | 0.00 | 0.070 | 0.06% | 75% | 1,375,000 | 38,715 |
| 25 Nov 2021 | 25 Nov 2024 | 0.12 | 0.068 | 0.13% | 75% | 6,000,000 | 23,152 |
| 25 Nov 2021 ³ | 25 Nov 2024 | 0.00 | 0.068 | 0.13% | 75% | 1,000,000 | 315,600 |
| 22 Apr 2022 | 22 Apr 2024 | 0.00 | 0.075 | 1.00% | 75% | 750,000 | 56,250 |
| 22 Apr 2022 ¹ | 22 Apr 2025 | 0.00 | 0.075 | 1.00% | 75% | 750,000 | 29,403 |
| 22 Apr 2022 ² | 22 Apr 2026 | 0.00 | 0.075 | 1.00% | 75% | 750,000 | 7,809 |
| | | | | | | | 646,153 |

Notes

- Options in this class are subject to the vesting condition that the recipient remain employed or engaged by the Company until 15 September 2022. The value of the options expensed has been reduced in accordance with the portion of the vesting period falling within the reporting period.
- 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.
- Options in this class are subject to the vesting condition that the Company's Shares reach a volume-weighted average price of at least \$0.14 per Share calculated over five consecutive ASX trading days.

NOTE 24: STATEMENT OF CASH FLOWS

| | 2022 | 2021 |
|-----------------------------------------------------------------------------------------------------------|------------------|--------------------|
| | \$ | \$ |
| Reconciliation of cash and cash equivalents | | |
| Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows | | |
| Operating loss after tax | (943,545) | (2,236,709) |
| Interest | 75,805 | 89,544 |
| Share based payment expenses | 307,402 | 416,516 |
| Gain on sale of mineral rights | (960,000) | - |
| Finance income | (300,000) | - |
| Changes in assets and liabilities | | |
| (Increase)/decrease in trade and other receivables | 34,125 | 54,082 |
| Increase/(decrease) in borrowings | (75,550) | 69,197 |
| Increase/(decrease) in trade and other payables | (164,483) | 221,956 |
| Net cash (used in) operating activities | 2,026,246 | (1,385,414) |

There were no non-cash financing and investing activities (2021: nil)

NOTE 25: SCORPION MINERALS LIMITED PARENT COMPANY INFORMATION

| | 2022 | 2021 |
|------------------------------|------------------|------------------|
| | \$ | \$ |
| ASSETS | | |
| Current assets | 2,269,432 | 267,034 |
| Non-current assets | 4,209,387 | 2,785,887 |
| TOTAL ASSETS | 6,478,819 | 3,052,921 |
| LIABILITIES | | |
| Current liabilities | 707,515 | 1,392,485 |
| Borrowings | 226,122 | 211,674 |
| TOTAL LIABILITIES | 933,637 | 1,604,159 |
| EQUITY | | |
| Contributed equity | 27,302,319 | 22,874,964 |
| Reserves | 969,420 | 576,452 |
| Accumulated losses | (22,726,557) | (22,002,654) |
| TOTAL EQUITY | 5,545,182 | 1,448,762 |
| FINANCIAL PERFORMANCE | | |
| (Loss) for the year | (880,838) | (2,166,512) |

GUARANTEES ENTERED INTO BY THE PARENT ENTITY

As at 30 June 2022, the Company has not provided any financial guarantees in relation to the debts of its subsidiaries.

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 2022 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 by the Managing Director 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
Director

Perth, Western Australia
30 September 2022

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 2022, 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 2022 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.

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.

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

| Key Audit Matter - Capitalised Exploration Expenditure | How our Audit Addressed the Key Audit Matter |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The Group has significant capitalised exploration and evaluation expenditure of \$2,060,027 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. Management reviewed the assets for any indicators of impairment in accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>.</p> | <p>Our procedures in reviewing the need for impairment of capitalised exploration and evaluation included but were not limited to the following:</p> <ul style="list-style-type: none">• Reviewing the reasonableness of the management's assessment of the indicators of impairment; and• Reviewing the compliance of management's assessment with AASB 6. <p>We have also assessed the appropriateness of the disclosures included in the financial report.</p> |

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 2022, 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.

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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

SCORPION MINERALS LIMITED (continued)

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.

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.



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 2022.

In our opinion the remuneration report of Scorpion Minerals Limited for the year ended 30 June 2022 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

A handwritten signature in black ink, appearing to read 'Dalla', written in a cursive style.

Daniel Dalla
Director

Dated 30 September 2022

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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 2022.

Distribution of quoted security holders

| Range | Holders | Units | Percentage |
|------------------|------------|--------------------|----------------|
| 1 - 1,000 | 39 | 6,680 | 0.00% |
| 1,001 - 5,000 | 78 | 254,431 | 0.08% |
| 5,001 - 10,000 | 120 | 990,991 | 0.30% |
| 10,001 - 100,000 | 365 | 16,119,223 | 4.86% |
| Over 100,000 | 352 | 314,459,867 | 94.77% |
| TOTAL | 954 | 331,831,192 | 100.00% |

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 | 18,914,366 | 5.7% |

Less Than Marketable Parcel

| Parcel | Holders | Units | Percentage |
|---------------------------|---------|---------|------------|
| Total unmarketable parcel | 159 | 521,210 | 0.16% |

Twenty largest shareholders – Ordinary Shares

| | Shareholder Name | Units | Percentage |
|----|-------------------------------------------------------------------|------------|------------|
| 1 | DELTA RESOURCE MANAGEMENT PTY LTD | 18,914,366 | 5.7% |
| 2 | INVESTMET LTD | 15,620,631 | 4.71% |
| 3 | DELTA RESOURCE MANAGEMENT PTY LTD | 13,667,850 | 4.12% |
| 4 | INVESTMET LIMITED | 13,233,333 | 3.99% |
| 5 | MOONBEAM HOLDINGS PTY LTD <THE BRONWYN BARNES FAM A/C> | 7,106,845 | 2.14% |
| 6 | MR ERIC PETER MURPHY + MRS KIM LEA MURPHY <MURPHY FAMILY S/F A/C> | 5,700,000 | 1.72% |
| 7 | PERTH SELECT SEAFOODS PTY LTD | 5,700,000 | 1.72% |
| 8 | HELIOS CORPORATION PTY LTD <MICHAEL FOTIOS FAMILY> | 5,441,244 | 1.64% |
| 9 | SHARIC SUPERANNUATION PTY LTD <FARRIS SUPER FUND A/C> | 5,000,000 | 1.51% |
| 10 | MR ANTHONY HAROLD FOTIOS <FOTIOS FAMILY A/C> | 4,781,937 | 1.44% |
| 11 | LACLOS PTY LTD <LACLOS LIFESTYLE A/C> | 4,666,667 | 1.41% |
| 12 | MS BETTY JEANETTE MOORE & MR PHILIP COLIN HAMMOND <BJM SUPER A/C> | 4,500,000 | 1.36% |

| | | | |
|----|---------------------------------------------------------------------------------|-------------|--------|
| 13 | MR RICHARD KENNETH MAISH | 4,300,000 | 1.3% |
| 14 | MR PHILIP COLIN HAMMOND + MS BETTY JEANETTE MOORE <MGB SUPERANNUATION FUND A/C> | 4,110,000 | 1.24% |
| 15 | EMETALS LIMITED | 4,000,000 | 1.21% |
| 16 | MR STUART CAMERON BARNES + MRS BRONWYN BARNES <S & B BARNES FAMILY A/C> | 3,894,738 | 1.17% |
| 17 | ORBIT DRILLING PTY LTD | 3,613,608 | 1.09% |
| 18 | MS BETTY JEANETTE MOORE + MR PHILIP COLIN HAMMOND <BJM SUPER A/C> | 3,400,000 | 1.02% |
| 19 | MR JOHN JANSEN + MRS DALE JANSEN <JJ RETIREMENT A/C> | 3,379,100 | 1.02% |
| 20 | ORANGE CORPORATION PTY LTD <SAINT GEORGE A/C> | 3,333,334 | 1% |
| | TOTAL | 134,363,653 | 40.51% |

Corporate Governance Statement

The Company's Corporate Governance Statement for the 2022 financial year can be accessed on the Company's website.

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TENEMENTS

| Tenement | Location | Status | Interest % |
|----------------------|----------|---------|------------|
| E20/931 | WA | Granted | 100 |
| E20/948 | WA | Granted | 100 |
| E20/953 | WA | Granted | 100 |
| E20/962 | WA | Granted | 100 |
| P20/2252 | WA | Granted | 100 |
| P20/2253 | WA | Granted | 100 |
| P51/3016 | WA | Granted | 100 |
| P51/3017 | WA | Granted | 100 |
| | | | |
| E04/2785 | WA | Pending | 100 |
| E20/1020 | WA | Pending | 100 |
| | | | |
| E20/896 ¹ | WA | Granted | 100 |
| E20/885 ¹ | WA | Granted | 90 |
| E20/963 ² | WA | Granted | 100 |
| E20/964 ² | WA | Granted | 100 |

¹Currently in the process of transfer from EMetals Pty Ltd

²Currently in the process of transfer from RWG Minerals Pty Ltd

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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 (4th 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 2021 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 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 (4th 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 |

| | Recommendation | Comply Yes/No/Partly |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| 1.5 | <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a diversity policy; (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 (c) disclose in relation to each reporting period: <ul style="list-style-type: none"> (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: <ul style="list-style-type: none"> (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 (B) if the entity is a "relevant employer" under the Workplace Gender Equality Indicators", as defined in and published under the Act. <p>If the entity was in the S&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"> (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (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>Yes</p> <p>No</p> |
| 1.7 | <p>A listed entity should:</p> <ul style="list-style-type: none"> (a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and (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>Yes</p> <p>Not applicable</p> |
| 2.1 | <p>The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a nomination committee which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose (3) the charter of that committee; (4) the members of the committee; and (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 (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>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"> (a) the names of the directors considered by the board to be independent directors; (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 (c) the length of service of each director. | 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"> (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. | Yes Yes |
| 3.3 | A listed entity should: <ul style="list-style-type: none"> (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. | Yes Yes |
| 3.4 | A listed entity should: <ul style="list-style-type: none"> (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. | 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> <ol style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of members of the committee; and (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>(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 |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| 8.3 | A listed entity which has an equity-based remuneration scheme should: <ul style="list-style-type: none"> (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 an 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 | Independent Non-Executive Director | 31 October 2018 |
| K Stoney | Independent Non-Executive Director | 16 February 2021 |
| M Kitney | Independent 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 2022 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 2022 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 2022

Our corporate governance statement¹ for the period above can be found at:²

- These pages of our annual report:
- This URL on our website: https://www.scorpionminerals.com.au/?page_id=1470

The Corporate Governance Statement is accurate and up to date as at 30 June 2022 and has been approved by the board.

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

Date: 30 September 2022

Name of authorised officer
authorising lodgement:


Kate Stoney

¹ "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.

² 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.

³ 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, ⁴ 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 <u>NOT</u> followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵ |
|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT | | | |
| 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 OR <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 OR <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 OR <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 OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable |

⁴ 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/").

⁵ 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, ⁴ we have followed the recommendation in full for the whole 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: ⁵ |
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| <p>1.5 A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(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</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(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</p> <p>(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.</p> <p>If the entity was in the S&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:</p> <p>..... [insert location]</p> <p>and if we were included in the S&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 OR</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 OR</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 OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

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| PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE | | | |
| 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, 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 OR</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 OR</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>.....</p> <p>[insert location]</p> <p>and the length of service of each director at:</p> <p>.....</p> <p>[insert location]</p> | <p><input type="checkbox"/> set out in our Corporate Governance Statement</p> |
| 2.4 | A majority of the board of a listed entity should be independent directors. | <input checked="" type="checkbox"/> | <p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 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. | <input checked="" type="checkbox"/> | <p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |
| 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. | <input checked="" type="checkbox"/> | <p><input type="checkbox"/> set out in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p> |

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| PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY | | | |
| 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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| PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS | | | |
| 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:</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 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:</p> <p>.....</p> <p><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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| PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE | | | |
| 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 |
| PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS | | | |
| 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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|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| PRINCIPLE 7 – RECOGNISE AND MANAGE RISK | | | |
| 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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| PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY | | | |
| 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><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 OR</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 OR</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 OR</p> <p><input checked="" type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</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

| Corporate Governance Council recommendation | | Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole 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: ⁵ |
|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES | | | |
| 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: <i>[insert location]</i> | <input type="checkbox"/> set out in our Corporate Governance Statement OR <input checked="" type="checkbox"/> we do not have a director in this position and this recommendation is therefore not applicable OR <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 OR <input checked="" type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable OR <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 OR <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 |
| ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES | | | |
| - | <i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> 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: <i>[insert location]</i> | <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, ⁴ we have followed the recommendation in full for the whole 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: ⁵ |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| - | <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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