SCORPIO

GOLD CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The following The Management Discussion and Analysis ("MD&A") of Scorpio Gold Corporation (the "Company" or "Scorpio Gold") is for the three-month period ended March 31, 2019 and is provided as of May 22, 2019. This MD&A is to be read in conjunction with the most recently issued annual consolidated financial statements of the Company for the year ended December 31, 2018 and the condensed interim financial statements of the Company for the three-month period ended March 31, 2019 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These documents are available on the Company's website (www.scorpiogold.com) and filed on SEDAR (www.sedar.com). All dollar amounts are in US dollars unless otherwise indicated.

Scorpio Gold was incorporated under the Business Corporations Act (British Columbia). The Company is a reporting issuer in the provinces of British Columbia and Alberta. Scorpio Gold is listed on the TSX Venture Exchange (the "TSX-V") under the trading symbol SGN. The Company and its subsidiaries conduct mining exploitation, exploration and development on mining properties, in the United States. On April 15, 2019, the Company consolidated its common shares on a two for one basis. As such, all per share amounts in this document have been retroactively restated to reflect this consolidation.

Debenture financing, debt extinction and increase in ownership of the Mineral Ridge mine.

On April 26, 2019, the Company received gross proceeds of $7 million from the issuance of secured subordinated convertible debentures. The Company utilized $3 million of these proceeds to repay bridge loans previously entered into to fund a $3 million payment to Waterton Precious Metals Fund II Cayman, LP (the "Lender") in consideration for (i) the settlement and termination of all liabilities under the senior secured credit facility (the "Senior Secured Credit Facility") advanced by the Lender to the Company, (ii) the termination of a gold and silver supply agreement dated May 18, 2011 among the Company, its subsidiaries and an affiliate of the Lender; and (iii) the purchase of the 30% membership interest of Elevon LLC ("Elevon") in Mineral Ridge Gold, LLC (which holds the Mineral Ridge Project) and the termination of an operating agreement dated March 10, 2010 between the Company and Elevon (collectively, the "Waterton Buyout"). As a result of the Waterton Buyout, the Company now owns 100% of the Mineral Ridge Project. In addition to the $3 million cash payment, the Company agreed to pay the Lender certain other amounts on a contingent basis, as more particularly described below under the heading "*Debenture Financing and Waterton Buyout".*

The Company's only source of revenue is its 100% owned Mineral Ridge mine, which suspended mining operations in November 2017 as the Company had mined all of its economical mineral reserves based on gold pricing and heap leach recovery parameters. Remaining reserves are determined uneconomical to continue mining with the existing processing infrastructure due to higher associated strip ratios and current heap leach recoveries and will require higher gold prices or mill processing to be considered economical. Management expects to generate limited revenues until approximately Q3 of 2019 from residual but diminishing gold recoveries from the leach pads and will use cash flow from the operation of the Mineral Ridge along with current cash on hand to fund the Company's operations until further financing is raised.

The Company's current focus is on raising sufficient financing to proceed with the construction of a new processing facility at Mineral Ridge with a view to process heap leach materials and additional open-pit mineral reserves. More details on this project are provided in the resource and reserve estimates section below.

In October 2017, the Company announced a positive feasibility study for processing the heap leach mineral resource at Mineral Ridge. This economically positive study provides the foundation for recovering a substantial portion of the 117,000 ounces of proven and probable reserves of gold contained on the heap leach pad. Additionally, due to higher expected recovery rates provided by the new milling circuit, the Company proceeded with a third-party analysis of its other known mineralization reserves. As announced on January 4, 2018, this study added additional mineral reserves of 156,000 ounces of gold for a combined mineral reserve of 273,000 ounces of gold in the proven and probable category. This is expected to extend the Mineral Ridge life of mine by an estimated total of 9 years, subject to the construction of the new processing facility. Further exploration at Mineral Ridge may also add additional resources. For more information refer to section Resource and Reserve Estimates section below in this document. For more information on the mineral reserves described in this paragraph, including information on tonnage and grade, see the heading "Mineral Properties – Mineral Ridge Property, Nevada – Resource and Reserve Estimates".

The successful completion to finance construction costs of a new processing facility and to support operations prior to and during the period of construction, obtaining relevant permits to proceed with construction and to resume mining, provided it is economically viable to do so, and the ability to identify future profitable business operations are not entirely within the control of the Company.

HIGHLIGHTS FOR THE FIRST QUARTER ("Q1") ENDED MARCH 31, 2019 AND SUBSEQUENT EVENTS

- 1,216 ounces of gold were produced at the Mineral Ridge mine, compared to 2,833 ounces produced during Q1 of 2018.
- Revenue of $1.5 million, compared to $3.0 million during Q1 of 2018.
- Total cash cost per ounce of gold sold(1) of $1,129, compared to $832 during Q1 of 2018.
- Mine operating earnings of $0.1 million, compared to $1.1 million during Q1 of 2018.
- Net earnings of $3.4 million ($0.05 basic and diluted per share), compared to a net loss of $0.1 million ($0.00 basic and diluted per share) during Q1 of 2018.
- Adjusted net earnings(1) of $0.1 million ($0.00 basic and diluted per share), compared to $0.4 million ($0.00 basic and diluted per share) during Q1 of 2018.
- Adjusted EBITDA(1) of $0.3 million ($0.00 basic and diluted per share), compared to $0.7 million ($0.01 basic and diluted per share) million during Q1 of 2018.
- Subsequent to March 31, 2019, the Company completed a $7 Million convertible debenture private placement financing, and the Company used the partial proceeds therefrom to extinguish certain debts and buy back the remaining 30% interest in Mineral Ridge (Refer to "*Debenture Financing and Waterton Buyout"* below).

(1) This is a non-IFRS measure; please see Non-IFRS performance measures section.

OUTLOOK

The Company's current focus is on raising sufficient financing to improve its financial position in order to allow it to proceed with the construction of a new processing facility at Mineral Ridge with a view to process heap leach materials and additional open-pit mineral reserves. More details on this project are provided in the resource and reserve estimates section below.

In order for this goal to be attained, management is currently focusing on meeting the following milestones:

Financing

Discussions are ongoing with financial firms to complete a financing on terms acceptable to the Company.

Permitting

Approval of the Plan of Operations ("PoO") amendment for Mineral Ridge was received from the Bureau of Land Management ("BLM") on June 27, 2018. This amendment includes authorization for the development and mining of the Custer and Oromonte surface pits, the Oromonte underground area, expansion of the high wall area of the Drinkwater pit, expansion of the Mary LC pit (Bunkhouse Hill area), the Bunkhouse Hill underground area, a 4,000 ton per day milling circuit including a carbon in leach circuit ("CIL") and filtration circuit for dry stack tailings, a conversion of the current leach pad to a tails storage facility ("TSF") providing additional capacity from 7.6 million tons ("MT") to 12 MT capacity, a 1,000 ton toll milling containment, and exploration drilling on an additional 1,400 acres.

On November 11, 2018, the Bureau of Mining Regulation and Reclamation ("BMRR") approved the Reclamation Permit Modification & Bond Determination for the Mineral Ridge Mine, which is associated with the approved PoO amendment and the pending Water Pollution Control Permit ("WPCP") modification. The updated determination increases the required bonding for Mineral Ridge by approximately $2.2 million over current levels.

The Nevada Division of Environmental Protection ("NDEP") conducted their initial review of the WPCP submitted to NDEP on February 20, 2018. Following their review additional documentation was requested and provided by the Company on July 19, 2018. On November 1, 2018 the NDEP then completed their initial technical review of the Major Modification Application. Comments were received on November 4, 2018 and have been addressed. Approval of the WPCP is expected to be received in Q2 of 2019.

KEY OPERATING AND FINANCIAL STATISTICS

	MARCH 31, 2019	MARCH 31, 2018
Processing		
Ounces produced		
Gold	1,216	2,833
Silver	768	1,355
Financials		
(In thousands of US dollars, except per ounce and per share numbers)	$	$
Total cash cost per ounce of gold sold[(1)]	1,129	832
Ounces sold		
Gold	1,211	2,300
Silver	759	875
Average price of gold		
London PM fix	1,304	1,329
Realized	1,218	1,309
Net earnings (loss)	3,425	144
Basic and diluted earnings (loss) per share	0.05	(0.00)
Adjusted net earnings[(1)]	100	435
Basic and diluted adjusted net (loss) earnings per share [(1)]	(0.00)	0.00
Adjusted EBITDA[(1)]	259	690
Basic and diluted adjusted EBITDA per share [(1)]	0.0	0.01
Cash flow (used for) from operating activities	(205)	828

[(1)] This is a non-IFRS performance measure; please see Non-IFRS performance measures section.

Debenture Financing and Waterton Buyout

On April 26, 2019, the Company closed a non-brokered private placement offering (the "Private Placement") of secured subordinated convertible debentures (each, a "Debenture") for gross proceeds of US$7 million.

Each Debenture has an issue price of US$1,000, a term of three years from the date of issuance and will bear interest at a rate of 10% per annum, payable semi-annually, which, subject to regulatory approval, may be paid in common shares of the Company ("Shares") at the option of the Company or the holder of the Debenture. The Debentures are secured by a security interest subordinate to all existing and future senior indebtedness of the Company as approved by the Company's board of directors, subject to certain board composition requirements.

Each Debenture is convertible into Shares at the option of the holder at any time prior to maturity at a conversion price of US$0.08 per Share (the "Conversion Price"), which is equivalent to 12,500 Shares for each US$1,000 principal amount of Debentures, subject to adjustment in certain circumstances. Debentures must be converted in minimum amounts of US$1,000. The Company will have the option on maturity, subject to regulatory approval and there being no default to the terms of the Debentures, to repay any portion of the principal amount of the Debentures in cash or by issuing and delivering to the holders of the Debentures such number of Shares equal to the principal amount of the Debenture divided by the Conversion Price.

Prior to the issuance of the Debentures, the Company completed a 2 for 1 consolidation of its issued and outstanding share capital.

The Debentures and Shares issued upon conversion thereof are subject to a four month hold period from the date of issuance of the Debentures in accordance with applicable securities laws and, if required, the policies of the Exchange. A US$175,000 finder's fee was paid in Debentures in connection with the Private Placement.

The Company utilized $3 million of these proceeds to repay bridge loans previously entered into to fund the Waterton Buyout, which consisted of (i) the settlement of the Senior Secured Credit Facility advanced by the Lender (ii) the termination of a gold and silver supply agreement dated May 18, 2011 among the Company, its subsidiaries and an affiliate of the Lender; and (iii) the purchase of the 30% membership interest of Elevon in Mineral Ridge Gold, LLC (which holds the Mineral Ridge Project) and the termination of an operating agreement dated March 10, 2010 between the Company and Elevon. As a result of the Waterton Buyout, the Company now owns 100% of the Mineral Ridge Project.

In addition to the $3 million cash payment the Company made to the Lender, the Company: (i) assigned to the Lender the Company's right to receive a contingent payment of up to CAD$1 million from Gold Standard Ventures Corp. ("Gold Standard"), upon a change of control of Gold Standard, pursuant to the terms of the sale of the Pinon property from the Company to Gold Standard in 2014, and (ii) agreed to make a contingent payment to Waterton if the Company completes certain asset sale or change of control transactions before 2022, with the amount of such payment being equal to a certain percentage of the value of such transactions.

MINERAL PROPERTIES

The Company's Chairman, Mr. Peter J. Hawley, is the Company's qualified person under National Instrument 43-101-*Standards of Disclosure for Mineral Projects* ("NI 43-101"), and has reviewed and approved the technical disclosure contained in this MD&A.

Mineral Ridge Property, Nevada

On March 10, 2010, the Company acquired a 70% interest in the Mineral Ridge project and related assets, which was a former producing gold mine in Nevada. Mining by the Company commenced in June 2011 and Mineral Ridge entered commercial production in January 2012. Mining was suspended in November 2017 as the Company had mined all of its then known mineral reserves, and because it was uneconomical to continue mining as a result of higher strip ratios associated with the remaining known mineral resources. On March 4, 2019, the Company acquired the remaining 30% ownership of the Mineral Ridge property from Elevon and as such currently own 100% of this project.

General

The Mineral Ridge Property is located about 56 km southwest of Tonopah, Nevada. The property consists of several consolidated claim blocks and historic mining operations dating from the 1860's through to the 1940's. Open pit mining began again in the area in 1989, primarily in the Drinkwater open pit. Gold mineralization is hosted in the lowest unit of the Wyman Limestone formation, typically referred to as the "Mary Limestone". Historic mining properties consolidated by the Mineral Ridge Property include the Drinkwater, Mary and Brodie underground mines. The areas surrounding these properties and the smaller satellite deposits nearby are the focus of current resource evaluation plans by both open pit and possibly underground mining. The Mineral Ridge Property had historically produced almost 630,000 ounces of gold before its acquisition by the Company, including ~168,000 ounces from open pit and ~462,000 ounces from underground mining operations. The property is currently bonded and permitted for heap leach gold processing and production. The property hosts multiple gold bearing structures, veins and bodies and features an existing infrastructure consisting of roadways, power grid, heap leach pad, crushing circuit, gold Adsorption/Desorption/Recovery ("ADR") plant, water supply, maintenance shop, refueling and storage facilities and administrative buildings.

Resource and Reserve Estimates

On January 4, 2018, the Company announced the results of an updated feasibility study for the Mineral Ridge project, which is reported in a technical report entitled "Updated Feasibility Study and National Instrument 43-101 Technical Report: Mineral Ridge Project" with an effective date of January 2, 2018 (the "Feasibility Study") to process the heap leach material and additional open-pit mineral reserves at Mineral Ridge (the "Project"). These additional open-pit mineral reserves were evaluated in the context of a higher gold recovery percentage provided by the construction of a processing facility.

The economic viability of the Project has been evaluated using constant dollar after-tax discounted cash flow methodology. This valuation method requires projecting material balances estimated from operations and calculating resulting economics. Economic value is calculated from sales of metal, plus net equipment salvage value and bond collateral less cash outflows such as operating costs, management fees, capital costs, working capital changes, any applicable taxes and reclamation costs. Of the $67.5 million in total capital required for the Project, $28.9 million is assumed to be financed through a capital lease. Resulting annual cash flows are used to calculate the net present value and internal rate of return of the Project.

The economic evaluation is based on the estimated mineral reserves on the heap leach pad as of June 29, 2017, plus the mineral reserves estimated in other areas that can be mined using open pit methods. Since the Project entails use of infrastructure active up to, and including, the time of capital investment, continuity of administrative and certain operational activities is expected, which allows certain costs to be determined based on actual history. Otherwise, operating and capital costs for proposed new activities have been derived by third-party engineers.

During the Project life (one year of initial capital investment and seven-and-one-half years of operation), the site will undergo further evaluation to extend its operating life, and as such, no end-of-project reclamation is included in this Project analysis.

The open-pit mining equipment necessary for the Project is assumed to be acquired through a capital lease. The lease is modeled at a four-year term at 6% interest. Interest payments are reported as cash operating costs, principal payments reduce cash as a financing activity and costs are booked as assets on the balance sheet.

Economic Results

Based on the economic parameters summarized above, the Project returns a NPV5% (after-tax) of $35.1 million and an IRR of 30.0%, and achieves payback in 2.9 years.

Economic Results

Area	Unit	Total/Average
Construction Period	years	1
Operating Period	years	7.5
Heap leach Pad Material Milled	kt	6,855
Average Leach Pad Gold Grade	opt	0.017
ROM Material Milled	kt	3,712
ROM Material Gold Grade	opt	0.042
Recovery After Process and Refining	%	91.6
Life of Project Gold Sold	koz	250.5
Average Annual Gold Sold	koz/a	33.4
Gold Price	$/oz	1,250
Realized Gold Price	$/oz	1,249.50
Average Silver Grade	opt	0.017
Average Annual Silver Sold	koz/a	3.7
Realized Silver Price (Average)	$/oz	19.81
Total Cash Cost	$/oz	805
Initial capital expenditures	$ million	34.9
Remnant Ore Capital Expenditures (Ops Year 6)	$ million	32.6
Total After-tax Net Cash Flow	$ million	53.5
Net Salvage Value	$ million	13.1
NPV of Net Cash Flow Discounted at 5%	$ million	35.1
IRR	%	30.0
Payback from End of Construction	years	2.9

Management anticipates that the Project returns could potentially be further enhanced through the judicious sourcing and refurbishment of certain used equipment, available for purchase in the south-western United States. However, no economic studies have been undertaken with respect to sourcing and refurbishing used equipment, including the Feasibility Study which is based on new equipment only.

Heap Leach Reserves and Resources

The Mineral Resource estimate for the material on the heap leach pad that is directly amenable to processing is provided in Table 1. No cut-off criteria have been applied since there will be no selectivity of areas to be processed and the leach pad will be processed in its entirety. The Mineral Resources are reported inclusive of Mineral Reserves and have an effective date of June 29, 2017. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The Mineral Resource estimate contained in the Feasibility Study was prepared by Mr. Ian Crundwell, P.Geo, a qualified person (“QP”) pursuant to NI 43-101, who is independent of the Company.

Table 1: Mineral Resource Estimate for Mineralization Contained within the Heap Leach Pad

Mineral Resource Classification	Tons ('000)	Gold (opt)	Silver (opt)	Contained Gold ('000 oz)	Contained Silver ('000 oz)
Measured	2,895	0.017	0.016	48.5	46.4
Indicated	4,220	0.017	0.018	73.2	74.1
Measured & Indicated	**7,117**	**0.017**	**0.017**	**121.7**	**120.4**
Inferred	76	0.016	0.027	1.2	2.0

Notes:

1. The effective date of the Mineral Resource estimate is June 29, 2017.
2. The QP for the estimate is Mr. Ian Crundwell, P.Geo.
3. Mineral Resources are quoted inclusive of Mineral Reserves. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
4. Mineral Resources are contained within the Mineral Ridge leach pad facility with the following assumptions: a long-term gold price of $1,216/oz; assumed process costs of $11/t; and metallurgical recovery for gold of 91%. Silver was not used in the consideration of reasonable prospects for eventual economic extraction. Silver recoveries from heap leach pad material are projected to be 24%.
5. Rounding may result in apparent differences when summing tons, grade and contained metal content.
6. Tonnage and grade measurements are in Imperial units. Grades are reported in ounces per ton.

The Mineral Reserve estimate for the material on the heap leach pad is provided in Table 2. The estimate has an effective date of June 29, 2017.

Table 2: Mineral Reserve Estimate for the Heap Leach Pad

Mineral Reserve Classification	Tons ('000)	Gold (opt)	Silver (opt)	Contained Gold ('000 oz)	Contained Silver ('000 oz)
Proven	2,895	0.017	0.016	48.5	46.4
Probable	4,220	0.017	0.018	73.2	74.1
Less Material Remaining in Place due to facility designs	(260)	0.017	0.017	(4.5)	(4.6)
Total Proven & Probable	**6,855**	**0.017**	**0.017**	**117.2**	**115.9**

Notes:

1. The Mineral Reserves have an effective date of June 29, 2017.
2. The QP for the estimate is Mr. Jeffery Choquette P.E., an employee of Hard Rock Consulting.
3. Mineral Reserves are contained within the Project leach pad facility with the following assumptions: long-term gold price of $1,300/oz; assumed total ore process costs of $10.59/t; metallurgical recovery for gold of 91%, and 24% for silver, refining and smelting cost of $28.39/oz of gold. Allowance has been made for the facility location which excludes 260,000 t; this material must remain in-place, based on the heap material mining and tailings placement design.
4. Rounding as required by reporting guidelines may result in summation differences.

Open-pit (other) area

Proven and Probable Mineral Reserves for the open-pit (other) area material are reported within the final pit design used for the mine production schedule and are shown in Table 3 below. These additional open-pit mineral reserves were evaluated in the context of a higher gold recovery percentage provided by the construction of a processing facility.

Table 3: Mineral Reserve Estimate for the Other Areas

Pit Area	Mineral Reserve Classification	Tons ('000)	Gold (opt)	Contained Gold ('000 oz)
	Proven	51	0.042	2.1
Brodie	Probable	12	0.027	0.3
	Subtotal Proven and Probable	**63**	**0.039**	**2.5**
	Proven	314	0.047	14.8
Custer	Probable	144	0.032	4.6
	Subtotal Proven and Probable	**459**	**0.042**	**19.4**
	Proven	836	0.038	32.1
Drinkwater	Probable	352	0.033	11.7
	Subtotal Proven and Probable	**1,189**	**0.037**	**43.7**
	Proven	470	0.035	16.3
Mary LC	Probable	276	0.035	9.7
	Subtotal Proven and Probable	**746**	**0.035**	**26.0**
	Proven	239	0.047	11.1
Bunkhouse	Probable	4	0.021	0.1
	Subtotal Proven and Probable	**243**	**0.046**	**11.2**
	Proven	563	0.071	39.8
Oromonte	Probable	449	0.030	13.7
	Subtotal Proven and Probable	**1,012**	**0.053**	**53.5**
	Proven	2,474	0.047	116.2
Total Combined	Probable	1,239	0.032	40.1
	Total Proven and Probable	**3,713**	**0.042**	**156.3**

Notes:

1. The Mineral Reserves have an effective date of November 30, 2017.
2. The Qualified Person for the estimate is Mr. Jeffery Choquette P.E., an employee of Hard Rock Consulting LLC.
3. Mineral Reserves are reported within the pit designs at a 0.01 opt gold cut-off grade. Pit designs incorporate the following considerations: base case gold price of $1,300/oz; pit slope angles that range from 38º-47º; average life-of-mine metallurgical recovery assumption of 93%; crushing costs of $1.81/t, process cost of $5.79/t, general and administrative and tax costs of $2.90/t; and average mining costs of $1.42/t mined
4. Rounding as required by reporting guidelines may result in summation differences.

The Mineral Resource estimate for the open-pit (other) areas is provided in Table 4 (Measured and Indicated) and Table 5 (Inferred). The Mineral Resources are reported inclusive of Mineral Reserves and have an effective date of November 30, 2017. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The Qualified Person for the mineral resource estimate contained in the Feasibility Study is Mr. Ian Crundwell, P.Geo.

Table 4: Measured and Indicated Mineral Resource Tabulation for Other Areas

Area	Classification	Tons (kt)	Gold Grade (opt)	Contained Gold (koz)
	Measured	455.7	0.063	28.6
Brodie	Indicated	237.9	0.056	13.4
	Subtotal Measured and Indicated	**693.6**	**0.060**	**41.9**
	Measured	147.8	0.083	12.3
Custer	Indicated	75.4	0.088	6.6
	Subtotal Measured and Indicated	**223.2**	**0.085**	**18.9**
	Measured	527.3	0.046	24.3
Drinkwater HW	Indicated	209.2	0.049	10.3
	Subtotal Measured and Indicated	**736.6**	**0.047**	**34.6**
	Measured	721.4	0.072	51.7
Mary LC & Bunkhouse	Indicated	403.3	0.074	29.8
	Subtotal Measured and Indicated	**1,124.7**	**0.072**	**81.5**
	Measured	235.8	0.162	38.3
Oromonte	Indicated	169.0	0.074	12.6
	Subtotal Measured and Indicated	**404.8**	**0.126**	**50.9**
	Measured	2,088.0	0.074	155.2
Combined	Indicated	1,094.8	0.066	72.6
	Total Measured and Indicated	**3,182.8**	**0.072**	**227.8**

Notes:

1. The effective date of the Mineral Resource estimate is November 30, 2017.
2. The QP for the estimate is Mr. Ian Crundwell, P.Geo.
3. Mineral Resources are reported inclusive of Mineral Reserves at a gold cut-off grade of 0.01 opt Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
4. Mineral Resources are constrained to the area within the grade-shell wireframes. The areas outside of these grade shells are assumed to be at zero grade.
5. These Mineral Resource are considered to be amenable to open-pit mining. Conceptual Whittle pit shells used the following assumptions: a long-term gold price of $1,350/oz; assumed combined operating costs of $12.36/t (mining, process, general and administrative); metallurgical recovery for gold of 95%, and variable pit slope angles that ranged from 38º-47º.
6. Rounding may result in apparent differences between when summing tons, grade and contained metal content. Tonnage and grade measurements are in Imperial units. Grades are reported in ounces per ton.

Table 5: Inferred Mineral Resource Tabulation for Other Areas

Area	Classification	Tons (kt)	Gold Grade (opt)	Contained Gold (koz)
Brodie	Inferred	2.4	0.034	0.08
Custer	Inferred	--	--	--
Drinkwater HW	Inferred	180.1	0.059	10.61
Mary LC & Bunkhouse	Inferred	0.1	0.061	0.01
Oromonte	Inferred	0.4	0.092	0.03
Combined	**Total Inferred**	**182.9**	**0.059**	**10.73**

Notes:

1. The effective date of the Mineral Resource estimate is November 30, 2017.
2. The QP for the estimate is Mr. Ian Crundwell, P.Geo.
3. Mineral Resources are reported inclusive of Mineral Reserves at a gold cut-off grade of 0.01 opt. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
4. Mineral Resources are constrained to the area within the grade-shell wireframes. The areas outside of these grade shells are assumed to be at zero grade.
5. These Mineral Resource are considered to be amenable to open-pit mining. Conceptual Whittle pit shells used the following assumptions: a long-term gold price of $1,350/oz; assumed combined operating costs of $12.36/t (mining, process, general and administrative); metallurgical recovery for gold of 95%, and variable pit slope angles that ranged from 38º-47º.
6. Rounding may result in apparent differences between when summing tons, grade and contained metal content. Tonnage and grade measurements are in Imperial units. Grades are reported in ounces per ton.

Further information on the Mineral Ridge project is available at SEDAR (www.sedar.com) under the Company’s profile, including the NI 43-101 Technical report titled “Updated Feasibility Study and National Instrument 43-101 Technical Report: Mineral Ridge Project” prepared by Novus Engineering Inc, with an effective date of January 2, 2018.

Mining activities

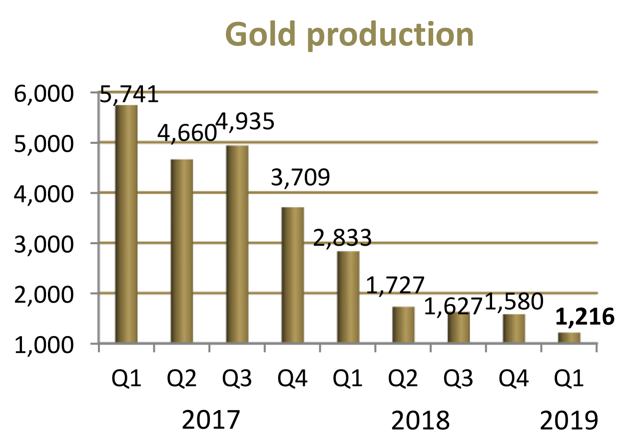
Mining at Mineral Ridge was suspended in early November 2017.

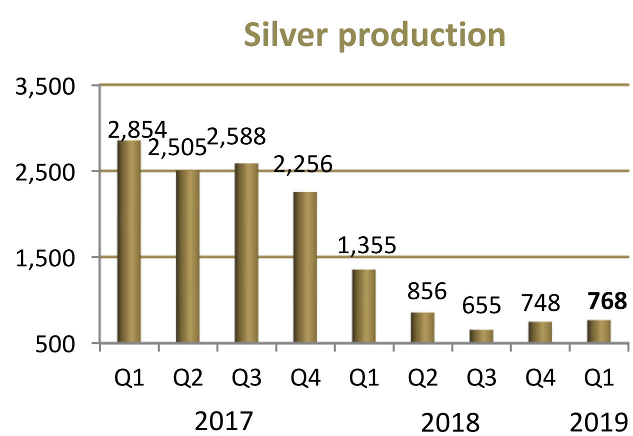
Operations activities

As a result of mining being suspended since November 2017, no fresh ore was crushed and placed on the leach pad at Mineral Ridge during Q1 of 2019 and Q1 of 2018.

During Q1 of 2019, application of cyanide leach solution to the ore on the leach pad was 258 million gallons (Q1 of 2018 – 254 million gallons). Also during Q1 of 2019, 225 million gallons (Q1 of 2018 – 207 million gallons) of pregnant, gold-bearing solution were processed through the ADR plant's carbon column circuit at an average grade of 0.0391 ppm (Q1 of 2018 – 0.090 ppm) gold and 0.050 ppm (Q1 of 2018 - 0.080 ppm) silver. Calculated efficiency for recovery of precious metals from solution processed through the ADR plant for Q1 of 2018 was 86.8% (Q1 of 2018 – 88.8%) for gold and 46% (Q1 of 2018 – 51%) for silver. The efficiency of this circuit is directly affected by the activity of the activated carbon utilized for recovery of precious metals from solution as well as the flow rate of the solution being pumped through the columns. The average flow rate for Q1 of 2019 was 1,739 gallons per minute ("gpm"), compared to 1,563 gpm in Q1 of 2018. This circuit is a closed loop circuit so any precious metals that are not recovered in the first pass will re-circulate and should eventually be recovered. The loaded carbon from this circuit is shipped off-site for custom stripping of the precious metals and upon completion of stripping, the carbon is returned to the site for re-use.

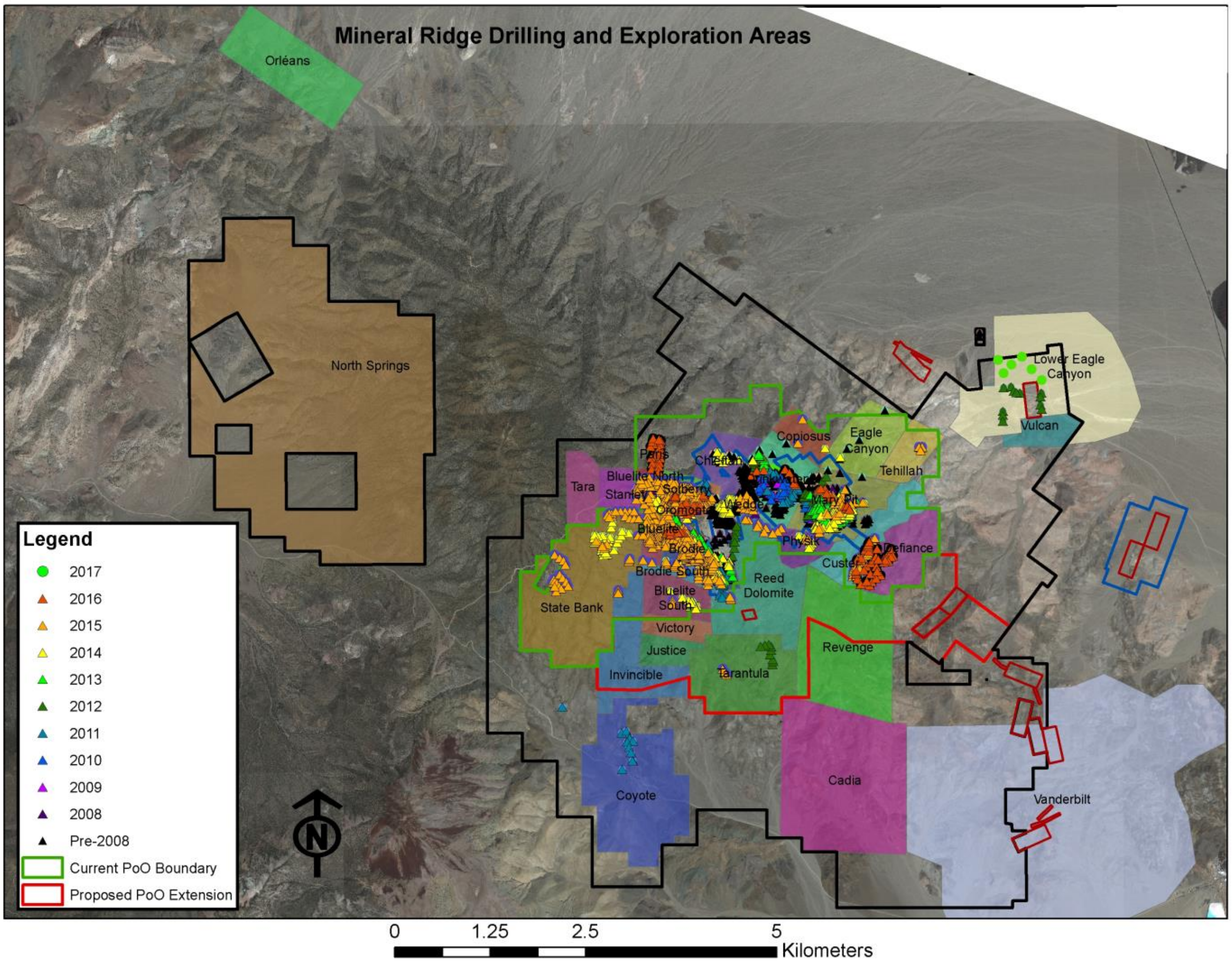
During Q1 of 2019, the Company produced 1,216 ounces of gold, a 57% decrease over the 2,833 ounces produced during Q1 of 2018 and 768 ounces of silver, a 43% decrease over the 1,355 ounces produced during Q1 of 2018. These production decreases are related to the fact that no fresh ore was added to the leach pad since November 2017.





Current Exploration / Permitting

Mineral Ridge Drilling



Mineral Ridge Gold, LLC ("MRG") project's total land package consists of 677 unpatented mining lode claims, 1 unpatented mill site claim, and 60 patented mining claims covering a total of 13,756 acres. Other fee lands and town lots in Silver Peak add an additional 123 acres, for a total land package of 13,879 acres.

No exploration activities were performed during Q1 of 2019. Future exploration will be planned as exploration funds are available.

The Mineral Ridge Plan of Operations amendment was approved by the BLM on June 27, 2018. This amendment includes authorization for the development and mining of the Custer and Oromonte surface pits, the Oromonte underground area, expansion of the high wall area of the Drinkwater pit, expansion of the Mary LC pit (Bunkhouse Hill area), the Bunkhouse Hill underground area, a 4,000 ton per day milling circuit including a CIL circuit and filtration circuit for dry stack tailings, a conversion of the current leach pad to a TSF and additional capacity from 7.6 MT to 12 MT capacity, a 1,000 ton toll milling containment, and exploration drilling on an additional 1,400 acres.

On November 11, 2018, the Bureau of Mining Regulation and Reclamation ("BMRR") approved the Reclamation Permit Modification & Bond Determination for the Mineral Ridge Mine, which is associated with the approved PoO amendment and the pending Water Pollution Control Permit ("WPCP") modification. The updated determination increases the required bonding for Mineral Ridge by approximately $2.2 million over current levels.

The Nevada Division of Environmental Protection ("NDEP") conducted their initial review of the WPCP submitted to NDEP on February 20, 2018. Following their review additional documentation was requested and provided by the Company on July 19, 2018. On November 1, 2018 the NDEP then completed their initial technical review of the Major Modification Application. Comments were received on November 4, 2018 and have been addressed. Approval of the WPCP is expected to be received in Q2 of 2019.

Other properties

Goldwedge

In December 2012, the Company acquired a 100% interest in the Goldwedge property from Royal Standard Minerals Inc.

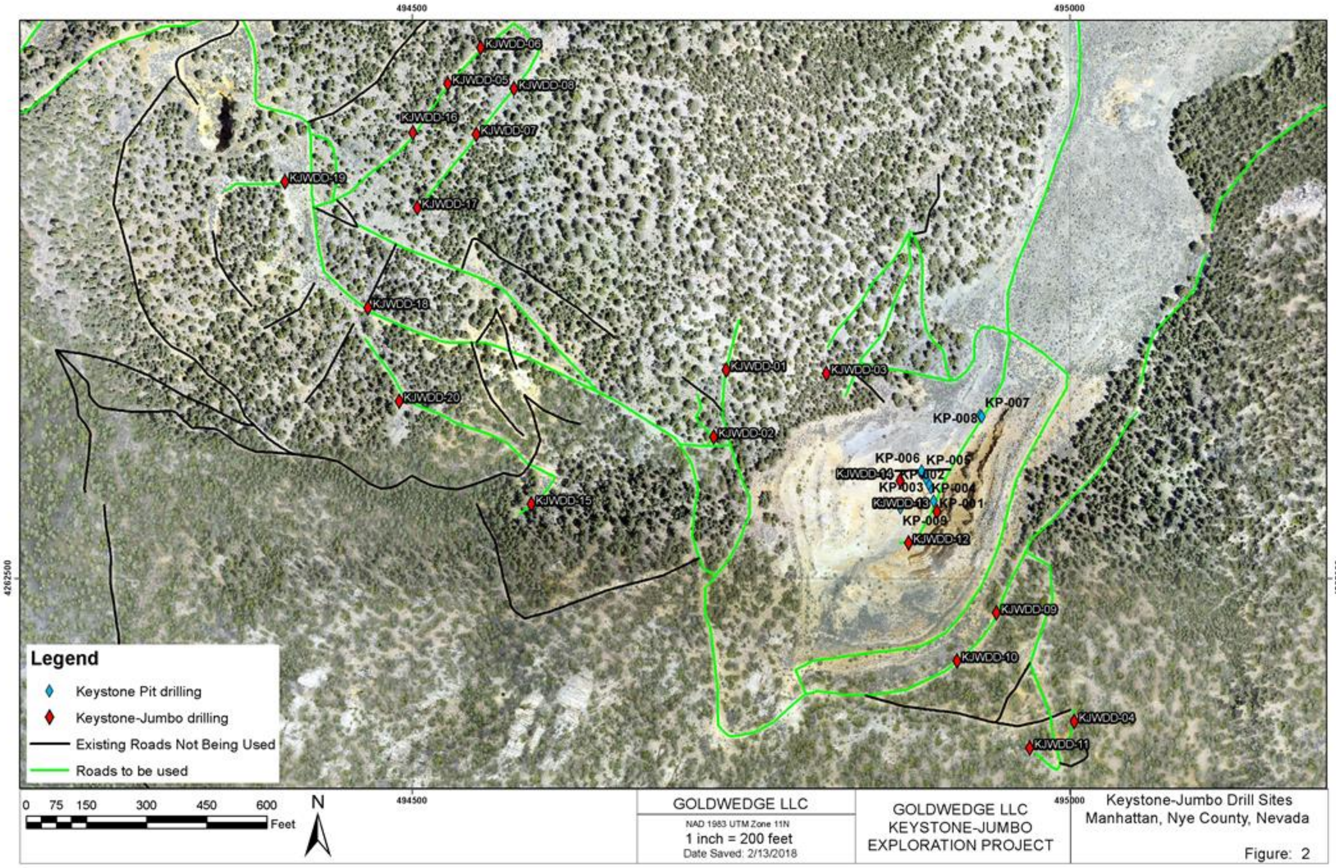
The Goldwedge property, including the Goldwedge mine and a processing plant, is located approximately 55 kilometers northeast of the town of Tonopah, in west-central Nevada, in a region of numerous historic and active gold mines. Effective July 28, 2015, the Goldwedge mill facility was placed on care and maintenance and can be restarted on short notice.

In February 2017, the Company signed a letter of intent with Lode-Star Mining Inc. ("Lode-Star") for a custom toll milling agreement. The companies completed permitting requirements to proceed with a test related to the potential toll milling arrangement. Prior to processing the test lot of Lode-Star's mineralized material through the Goldwedge mill, it was necessary to rehabilitate the mill crushing system. The modifications began in Q1 of 2017 and were completed in April of 2017 and Lode-Star's test material was milled in early May of 2017. The coarse gold component of Lode-Star's material was recovered by the gravity circuit and delivered to Lode-Star management for further testing. A definitive toll milling agreement will require completion of a cost analysis and other operational details which are expected to be concluded upon completion of the testing. Construction of a processing facility at Mineral Ridge, as discussed above, would impact the decision of Lode-Star.

On June 1, 2016, a Surface Exploration Plan of Operations for a 50-hole drilling program at Goldwedge was approved by the U.S. Forest Service. Exploration activities for the Goldwedge property included:

- Phase 1 drilling of the Goldwedge property was completed in May 2017. The drilling consisted of 7 reverse circulation ("RC") drill holes (2,295 meters) near existing underground workings designed to test down trend potential. The purpose of this drilling program was to test the down dip continuation of mineralization in favorable host lithology within the Reliance fault zone. Assays from this drilling program have been received. Three holes encountered significant mineralization. Three holes deviated and missed the targets. Subject to additional financing, a Phase II underground diamond drill program is recommended to follow up on the mineralization located from this drill program with the intention of adding additional mineralized material that can provide feed to the properties permitted milling circuit.

Keystone - Jumbo Planned Drilling



- Final approval from the U.S. Forest Service "USFS" for the Keystone Jumbo exploration drilling project was reported on February 5, 2019. This approval allows for a 29-hole RC drilling program in the Keystone and Jumbo Pit areas as well as drilling to occur between the two pits which is intended to follow-up on soil sampling work completed in 2016. The Keystone/Jumbo area is located three miles south-east of the main Goldwedge claim block. It consists of 851 acres and includes 42 lode claims. This plan was originally submitted on December 14, 2016 and required several iterations prior to its approval. Due to snow accumulations in the proposed drilling area, the Company intends to proceed with this drilling campaign in early spring when snow accumulations have receded in hopes of minimizing disturbance and degradation of existing roads.

Orléans

The Company staked an exploration target in 2016, named Orléans, which is located several miles to the northwest of the Mineral Ridge project. The claims are 100% owned by Scorpio Gold. The Orléans property consists of 330 acres and includes 16 lode claims The Orléans target area displays geological and structural controls identical to those seen at Mineral Ridge. Early stage in-house mapping and rock chip sampling began shortly after claim staking was conducted.

A surface sampling program was carried out in March 2017. Ninety rock chip samples of quartz outcrop and dump material were collected. These samples covered quartz outcrop across the central and southern portion of the claim block. This area is where the greatest historic work has been with shafts, adits, prospect pits and dozer trenches. These samples were sent to the ALS laboratory for gold and geochemical analysis. Seven samples came back above 0.034 ppm. The geochemical analysis is being reviewed to identify the type of quartz and the geochemical comparisons with formations from Mineral Ridge. Due to other priorities, no further work was conducted in this area during 2017 and 2018. If conducted, the next phase of work would include mapping and specific sampling to determine the source of the initial sample results.

Environmental Regulation

Exploration and development activities are subject to various federal, state and provincial laws and regulations which govern the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive.

Scorpio Gold conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to incur expenditures in the future to comply with such laws and regulations.

RESULTS OF OPERATIONS

The financial information disclosed below, including comparative period information has been prepared in accordance with IFRS and is reported in US dollars. Tabular dollar amounts except per share amounts are reported in thousands of US dollars.

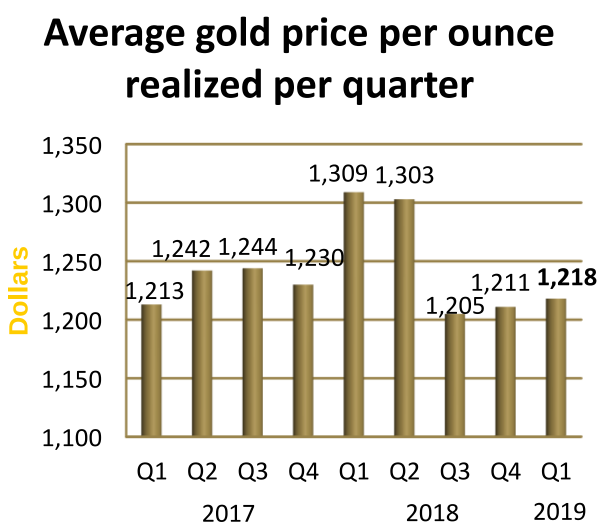
Scorpio Gold reported net earnings of $3.4 million for the three months ended March 31, 2019, compared to $0.1 million for the comparative period of 2018. Net earnings attributable to the shareholders of the Company were $3.4 million ($0.05 per share) for the three months ended March 31, 2019, compared to close to nil ($0.00 per share) for the comparative period of 2018. Net earnings attributable to the non-controlling interest were close to nil for the Q1 of 2019, compared to $0.2 million loss for Q1 of 2018.

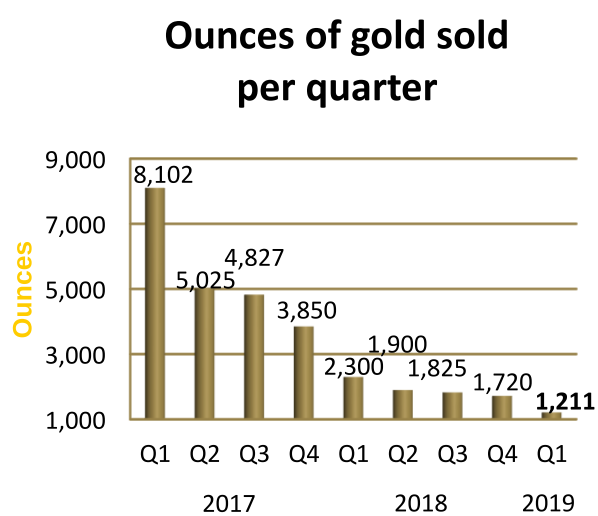
The most important differences between the three months ended March 31, 2019 and 2018 results are explained below.

Revenue

During Q1 of 2019, the Company sold 1,211 ounces of gold and 759 ounces of silver for total revenue of $1.5 million. During Q1 of 2018, the Company sold 2,300 ounces of gold and 875 ounces of silver for total revenue of $3.0 million. During the three-month period ended March 31, 2019, gold ounces were sold at an average price of $1,218 (compared to $1,309 in the comparative period of 2018) and silver ounces at an average price of $16 ($17 in the comparative period of 2018).

As of March 31,2019, the Company had finished goods inventories including 12 ounces of gold available for sale compared to 40 ounces of gold as at December 31, 2018.





Mine operating earnings

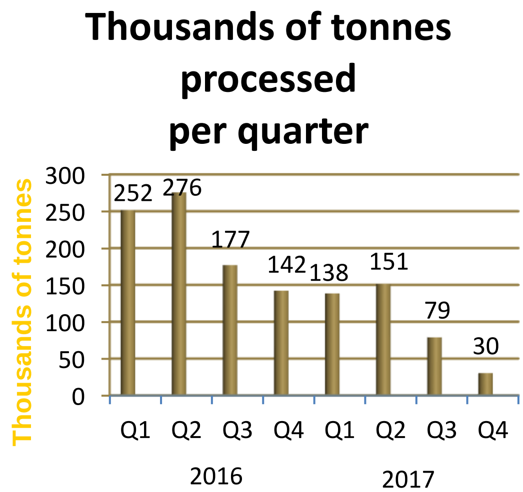
Cost of sales, excluding inventory write-down, was $0.9 million for the three months ended March 31, 2019 compared to $1.9 million for the three months ended March 31, 2018. The variance is essentially attributed to the lower number of ounces sold and the variance in cash operating cost per ounce[(1)] described below.

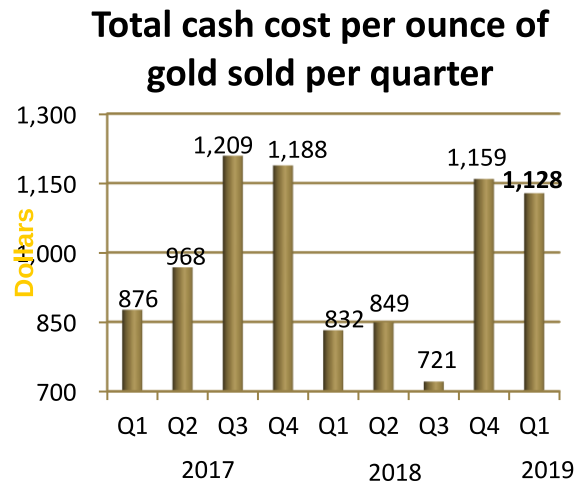
Cash operating cost per gold ounce sold[(1)], after silver by-product credits, was $1,126 for the three months ended March 31, 2019, compared to $811 for the three months ended March 31, 2018. Total cash cost per ounce sold[(1)], after silver by-product credits, was $1,129 for the three months ended March 31, 2019 compared to $832 for the comparative period of 2018. The increase in cash costs is due mainly to decreased production rates as compared to prior period.

During the three months ended March 31, 2019, the Company wrote down inventory for an amount of $0.5 million compared to nil for the corresponding period of 2018.

Mine operating earnings were therefore $0.1 million for the three months ended March 31, 2019 compared $1.1 million for the three months ended March 31, 2018.

[(1)] This is a non-IFRS financial performance measure. Please see Non-IFRS performance measures section.





Gain on debt settlement

As part of the Waterton buyout described above, the Company recorded a $3.8 million gain on debt settlement during Q1 of 2019.

Impairment

Mineral Ridge

The fact that the carrying amount of the net assets of the Company was higher than the Company's market capitalization as of March 31, 2019 and that mining at Mineral Ridge was suspended in November 2017 are indicators of impairment. In determining the recoverable amount of the Mineral Ridge cash-generating unit ("CGU"), the Company determined the recoverable value using fair value less costs of disposal. Impairment testing is performed using cash flow projections derived from expected future production, which incorporate reasonable estimates of precious metal production, future metal prices, operating costs, capital expenditures and the residual values of the assets. The determination of the recoverable value used Level 3 valuation inputs.

Based on its assessment the Company determined that the recoverable value using fair value less costs of disposal was $4.7 million. During the three months ended March 31, 2019, the Company recorded non-cash impairment charges for Mineral Ridge of $0.04 million compared to $0.3 million in the comparative period of 2018.

The Company has performed a sensitivity analysis to identify the impact of changes in forecasted revenues which is the key assumption that impacts the impairment calculation mentioned above. Using the foregoing impairment testing model, a 10% change in the forecasted revenues and holding all other assumptions constant has no impact on the impairment as the residual value of the assets remains constant.

The recoverability analysis over the Company's inventory as at March 31, 2019, using a gold price assumption of $1,300, indicated that their net realizable value was lower than the costs of production. As a result, a write-down on inventory was recognized in cost of sales for an amount of $0.5 million during Q1 of 2019 (nil in the comparative period of 2018).

General and administrative

General and administrative expenses totaled $0.2 million during Q1 of 2019, compared to $0.3 million during Q1 of 2018. This reduction mainly results from cost cutting measures.

LIQUIDITY AND CAPITAL RESOURCES

The Company had $0.8 million in cash as of March 31, 2019 compared to $1.1 million as of December 31, 2018.

The working capital deficiency was $1.4 million as of March 31, 2019, compared to $4.2 million as of December 31, 2017.

As indicated above, management expects the Company to generate limited revenues until approximately Q3 of 2019 from residual but diminishing gold recoveries from the leach pads. As such, the Company will use proceeds from the Convertible Debenture financing to support its operations until further financing is raised. The Company is currently evaluating various financing alternatives to support its operations and for the construction of a new processing facility at the Mineral Ridge mine.

The primary factors that will affect the future financial condition of the Company include the ability to raise debt, equity or other types of financing to finance exploration, development and capital expenditures including the construction of the processing facility and to meet its commitments and the ability to generate positive cash flows. Moreover, the availability of mineralization, the timeliness of the receipt of permits for expanded operations as well as the price of gold will affect the future financial condition of the Company.

INVENTORIES

Inventories decreased from $1.2 million as of December 31, 2018 to $1.1 million as of March 31, 2019. As indicated above, the Company recorded a write-down of $0.5 million on inventories during Q1 of 2019.

Mining was suspended in November of 2017 and all the ore stockpile was processed and placed on the leach pad during Q4 of 2017. Since then, sales derived from continued processing reduced the inventory level. However, during 2019, the Company re-evaluated the number of recoverable ounces on the leach pad which led to a net favourable adjustment of 981 ounces.

The nature of the heap leaching process used at Mineral Ridge inherently limits the ability to precisely monitor inventory levels on the leach pad. As at March 31, 2019, included in the metal in process inventories, are inventories on the leach pad for a total cost of close to nil after inventory write down (nil as at December 31, 2018). The ultimate recovery of mineralization from the heap leach pad will not be known until the total leaching process is concluded.

CURRENT LIABILITIES

Total current liabilities decreased from $6.9 million as at December 31, 2018 to $4.0 million as at March 31, 2019. This reduction relates to the Waterton Buyout where the Company entered into $3 million promissory notes in order to fund the extinguishment of its $6 million debt.

Income taxes payable relate to Nevada net proceeds tax.

EQUITY

Total equity increased from $4.9 million as at December 31, 2018 to $7.6 million as at March 31, 2018 mostly due to the Waterton Buyout.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly financial information for each of the last eight quarters:

Quarter Ending	Revenues $	Net (loss) earnings $	Basic and diluted (loss) earnings per share $
March 31, 2019	1,486	3,425	0.05
December 31, 2018	2,095	(383)	(0.01)
September 30, 2018	2,211	415	0.00
June 30, 2018	2,492	246	0.00
March 31, 2018	3,026	144	(0.00)
December 31, 2017	4,777	(1,205)	(0.02)
September 30, 2017	6,042	(2,774)	(0.03)
June 30, 2017	6,299	(285)	(0.01)
March 31, 2017	9,875	40	(0.00)

Due to the effect of rounding, the sum of individual quarterly per share amounts may not be equal to the earnings (loss) per share shown in the consolidated statements of comprehensive income.

CASH FLOWS

Cash outflows used by operating activities were $0.2 million for the three months ended March 31, 2019, compared to $0.8 million generated during the comparative period of 2018. This reduction is essentially caused by the reduced level of production at the Company's Mineral Ridge mine.

Cash flows used in investing activities were $0.7 million during Q1 of 2019 and mostly consisted of the acquisition of the 30% non-controlling interest in Mineral Ridge Gold, LLC . During Q1 of 2018, the Company invested $0.3 million in non-producing properties as well $0.3 million to increase the reclamation bonds.

Cash flows used for financing activities during Q1 of 2019 consisted of $2.3 million used in debt repayments, which was financed by $3.0 million received in the form of promissory notes.

Cash flows used for financing activities were $0.3 million for the three months ended March 31, 2018. These cash flows are related to $0.2 million of cash distributions to MRG's non-controlling interest and debt service for $0.1 million.

NON-IFRS PERFORMANCE MEASURES

Non-IFRS performance measures are furnished to provide additional information to readers to supplement the Company's financial statements, which are presented in accordance with IFRS. The Company believes that these measures, together with the measures determined in accordance with IFRS, provide investors with an ability to evaluate the underlying performance of the Company. These performance measures do not have a meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation or as a substitute for measures of performance presented in accordance with IFRS.

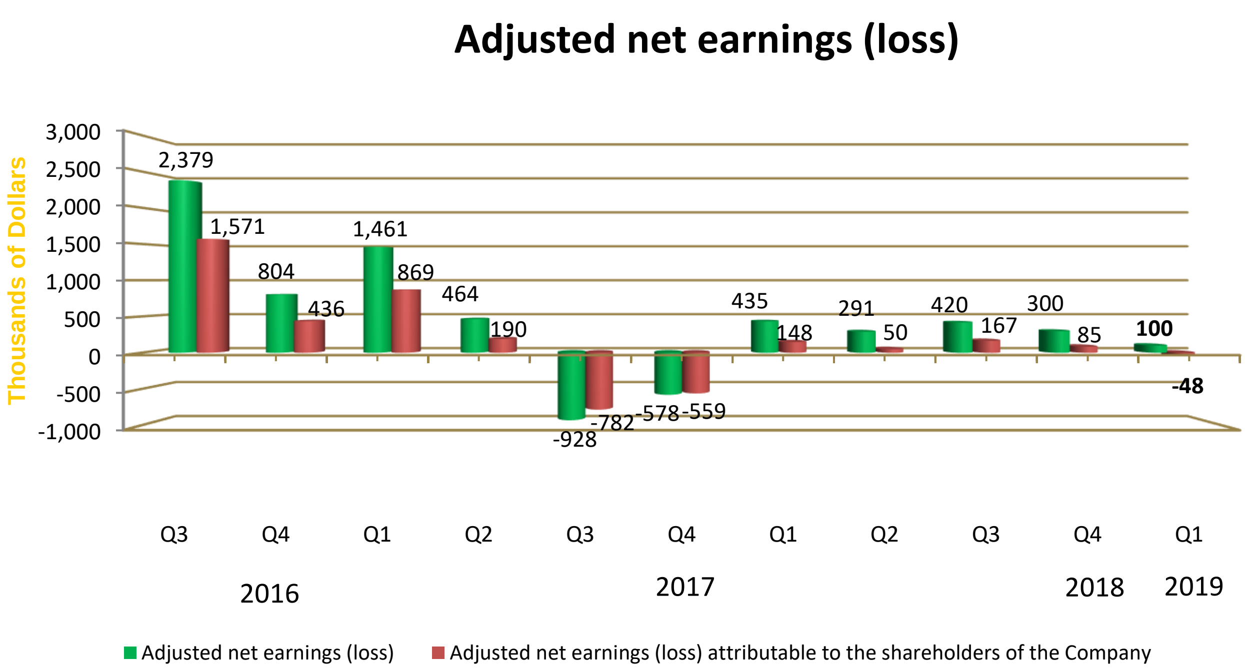
Adjusted net earnings

The Company uses the financial measure "Adjusted Net Earnings" to supplement information in its consolidated financial statements. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use this information to evaluate the Company's performance. The presentation of adjusted measures are not meant to be a substitute for net earnings presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures.

The term "Adjusted Net Earnings" does not have a standardized meaning prescribed by IFRS, and therefore the Company's definitions are unlikely to be comparable to similar measures presented by other companies. Management believes that the presentation of Adjusted Net Earnings provides useful information to investors because they exclude non-cash and other charges and are a better indication of the Company's profitability from operations. The items excluded from the computation of Adjusted Net Earnings, which are otherwise included in the determination of net earnings prepared in accordance with IFRS, are items that the Company does not consider to be meaningful in evaluating the Company's past financial performance or the future prospects and may hinder a comparison of its period-to-period profitability.

The following table provides a reconciliation of adjusted net earnings to the condensed interim consolidated financial statements:

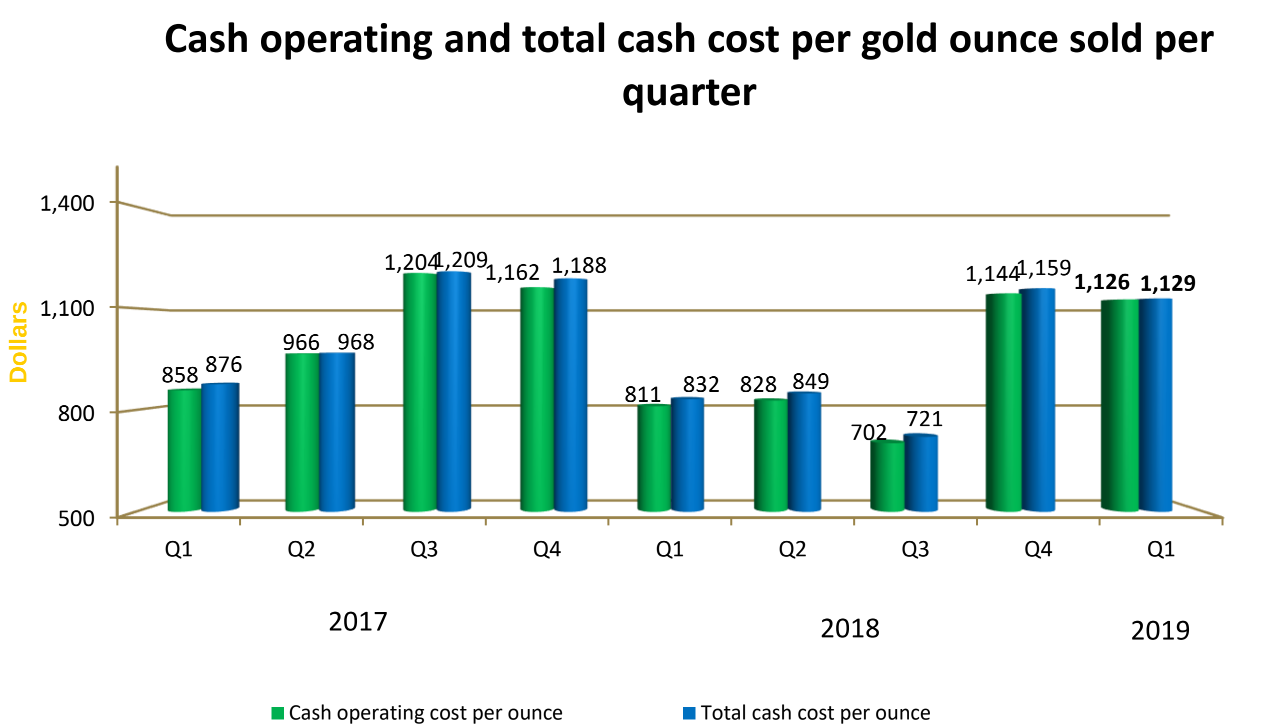
	Three months ended March 31, 2019	Three months ended March 31, 2018
	$	$
Net earnings for the periods	**3,425**	**144**
Gain on debt settlement	**(3,789)**	**-**
Inventory write-down	**458**	**-**
Gain on adjustment of provision for environmental rehabilitation	**-**	**(43)**
Impairment of mining assets	**40**	**347**
Foreign exchange gain	**(3)**	**(2)**
Deferred income tax recovery	**(31)**	**(11)**
Adjusted net earnings for the periods	**100**	**435**
Non-controlling interest	**(148)**	**(287)**
Adjusted net (loss) earnings for the periods attributable to the shareholders of the Company	**(48)**	**148**
Adjusted basic and diluted net (loss) earnings per share	**(0.00)**	**0.00**



Cash operating cost and total cash costs per gold ounce sold calculation

The Company has included as non-IFRS performance measures, cash operating costs and total cash costs per gold ounce sold, throughout this document. The Company reports cash costs on a sales basis. In the gold mining industry, cash cost per ounce is a common performance measure but does not have any standardized meaning. The Company follows the recommendations of the Gold Institute Production Cost Standard. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. The following table provides a reconciliation of cash operating costs and total cash costs per gold ounce sold to cost of sales per the consolidated financial statements.

	Three months ended March 31, 2019	Three months ended March 31, 2018
	$	$
Cash costs		
Cost of sales excluding depletion and amortization per consolidated financial statements	**1,375**	**1,915**
Inventory adjustment	**-**	**(19)**
By-product silver sales	**(12)**	**(15)**
Royalties	**-**	**(16)**
Cash operating costs	**1,363**	**1,865**
Nevada net proceeds tax- current	**4**	**50**
Total cash cost	**1,367**	**1,915**
Divided by ounces of gold sold	**1,211**	**2,300**
Cash operating cost per gold ounce sold	**1,126**	**811**
Total cash costs per gold ounce sold	**1,129**	**832**



Adjusted EBITDA

EBITDA is a non-IFRS financial measure, which excludes the following from net earnings:

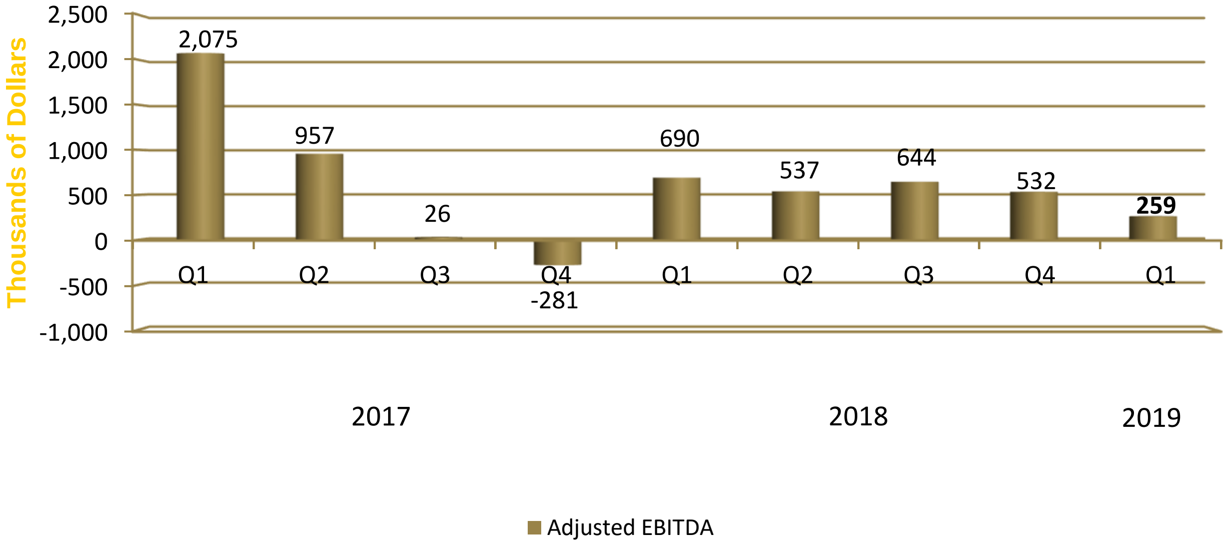
- Finance costs;
- Depletion and amortization; and
- Income tax expense

Management believes that EBITDA is a valuable indicator of the Company's ability to generate liquidity by producing operating cash flow to: fund working capital needs, service debt obligations and fund capital expenditures. EBITDA is also frequently used by investors and analysts for valuation purposes whereby EBITDA is multiplied by a factor or "EBITDA multiple" that is based on observed values to determine the approximate total enterprise value of a company. Adjusted EBITDA removes the effects of "impairments of mining assets', "write-down of inventory", "Gain on adjustment of provision for environmental rehabilitation", "gain on disposal of assets", "gain on debt settlement" and "foreign exchange gain". These charges are not reflective of the Company's ability to generate liquidity by producing operating cash flow and therefore these adjustments will result in a more meaningful valuation measure for investors and analysts to evaluate the Company's performance in the period and assess future ability to generate liquidity. EBITDA and adjusted EBITDA are intended to provide additional information to investors and analysts and do not have any standardized definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA and adjusted EBITDA exclude the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore is not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA and adjusted EBITDA differently.

The following table provides a reconciliation of adjusted and standardized EBITDA to the consolidated financial statements:

	Three months ended March 31, 2019	Three months ended March 31, 2018
	$	$
Net earnings for the periods	**3,425**	**144**
Finance costs	**150**	**200**
Depletion and amortization	**5**	**5**
Income tax expense	**(27)**	**39**
Standardized EBITDA	**3,553**	**388**
Gain on debt settlement	**(3,789)**	**-**
Inventory write-down	**458**	**-**
Impairment of mining assets	**40**	**347**
Gain on adjustment of provision for environmental rehabilitation	**-**	**(43)**
Foreign exchange gain	**(3)**	**(2)**
Adjusted EBITDA	**259**	**690**
Non-controlling interest	**(156)**	**(310)**
Adjusted EBITDA attributable to the shareholders of the Company	**103**	**380**
Adjusted basic and diluted EBITDA per share	**0.00**	**0.01**

Adjusted EBITDA per quarter



SELECTED QUARTERLY FINANCIAL AND OPERATING SUMMARY FOR QUARTERS ENDED

	DECEMBER 2017	MARCH 2018	JUNE 2018	SEPTEMBER 2018	DECEMBER 2018	MARCH 2019
Mining operations						
Mary LC pit						
Ore tonnes mined	-	-	-	-	-	-
Waste tonnes mined	-	-	-	-	-	-
Total mined	-	-	-	-	-	-
Strip ratio	-	-	-	-	-	-
Satellite pits						
Ore tonnes mined	24,290	-	-	-	-	-
Waste tonnes mined	113,972	-	-	-	-	-
Total mined	138,262	-	-	-	-	-
Strip ratio	4.7	-	-	-	-	-
Total producing pits						
Ore tonnes mined	24,290	-	-	-	-	-
Waste tonnes mined	113,972	-	-	-	-	-
Total mined	138,262	-	-	-	-	-
Strip ratio	4.7	-	-	-	-	-
Pits under development:						
Ore tonnes mined	-	-	-	-	-	-
Waste tonnes mined	-	-	-	-	-	-
Total mined	-	-	-	-	-	-
Total mining operations						
Ore tonnes mined	24,290	-	-	-	-	-
Waste tonnes mined	113,972	-	-	-	-	-
Total mined	138,262	-	-	-	-	-

	DECEMBER 2017	MARCH 2018	JUNE 2018	SEPTEMBER 2018	DECEMBER 2018	MARCH 2019
Processing						
Tonnes processed	30,259	-	-	-	-	-
Gold head grade (grams per tonne)	1.92	-	-	-	-	-
Availability	10%	-	-	-	-	-
Ounces produced						
Gold	3,709	2,833	1,727	1,627	1,580	1,216
Silver	2,256	1,355	856	655	748	768
Precious Metal Sales (ounces)						
Gold	3,850	2,300	1,900	1,825	1,720	1,211
Silver	2,501	875	1,000	800	850	759
Exploration Drilling						
Holes	-	-	-	-	-	-
Meters	-	-	-	-	-	-
Financial results						
	$	$	$	$	$	$
Cash operating cost per ounce of gold sold (1)	1,162	811	828	702	1,144	1,126
Total cash cost per ounce of gold sold (1)	1,188	832	849	721	1,159	1,129
Average price of gold						
London PM fix	1,276	1,329	1,306	1,213	1,226	1,304
Realized	1,230	1,309	1,303	1,205	1,211	1,218
Net earnings (loss)	(1,205)	144	246	415	(382)	3,425
Net earnings (loss) per share	(0.02)	(0.00)	0.00	0.00	(0.01)	0.05
Adjusted net earnings (loss) (1)	(578)	435	291	420	321	100
Adjusted basic and diluted net (loss) earnings per share (1)	(0.01)	0.00	0.00	0.00	0.00	(0.00)
Adjusted EBITDA (1)	(281)	690	537	644	532	259
Adjusted basic and diluted EBITDA per share (1)	(0.00)	0.01	0.00	0.01	0.00	0.00

(1) This is a non-IFRS financial performance measure. Please see Non-IFRS performance measures section.

CONTINGENCIES

Due to the size, complexity and nature of the Company's operations, various legal matters are outstanding from time to time. In the opinion of management, there are no legal matters that could have a material effect on the Company's consolidated financial position or results of operations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at March 31, 2019.

TRANSACTIONS WITH RELATED PARTIES

a) Compensation of key management personnel and directors

The Company considers its key management personnel to be the CEO and the individuals having the authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

The remuneration of directors and key management personnel during the three-month periods ended March 31, 2019 and March 31, 2018 is as follows:

	Three months ended March 31, 2019	Three months ended March 31, 2018
	$	$
Salaries and directors' fees	189	181

As at March 31, 2019, an aggregate of $217,324 resulting from transactions with key management is included in trade and other payables.

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three-month periods ended March 31, 2019 and March 31, 2018.

b) Waterton Precious Metals Fund II Cayman, LP ("Waterton Fund")

Waterton Fund, the Company's former lender, controls Elevon, LLC ("Elevon") which owned a 30% non-controlling interest in Mineral Ridge Gold, LLC until March 4, 2019. Management considers that Waterton Fund and Elevon were related parties of the Company until that date.

Related party transactions entered into with Waterton Fund during the periods ended March 31, 2019 and March 31, 2018 are as follows:

	Three months ended March 31, 2019	Three months ended March 31, 2018
	$	$
Interest on long-term debt	104	148

FINANCIAL INSTRUMENTS

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company's current policy to manage liquidity risk is to keep cash in bank accounts.

The following table outlines the expected maturity of the Company's significant financial liabilities into relevant maturity grouping based on the remaining period from the date of the statement of financial position to the contractual maturity date:

	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
	$	$	$	$	$
Trade and other payables	798	798	-	-	-
Promissory notes	3,000	3,000	-	-	-
Financing lease	20	20	-	-	-
Provision for environmental rehabilitation	5,420	-	249	4,383	788
	9,238	3,818	249	4,383	788

Fair Value

The fair value of cash, trade and other receivables, reclamation bonds, trade and other payables, promissory notes as well as financing lease approximate their carrying amount due to their short-term nature.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Except as set out below, the preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the annual audited consolidated financial statements as at December 31, 2018. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2018.

The following reflects policy being applied in the current quarter which was not applicable in the 2018 consolidated financial statements:

IFRS 16: Leases ("IFRS 16")

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all major leases.

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for 2018 has not been restated. It remains as previously reported under IAS 17 and related interpretations.

On initial application, the Company has elected to record right-of-use assets based on the corresponding lease liability which had no material impacts on the financial statements.

The Company has elected to apply the practical expedient to account for leases for which the lease term ends within 12 months of the date of initial application as short-term leases.

The Company has elected to apply the practical expedient to grandfather the assessment of which transactions are leases on the date of initial application, as previously assessed under IAS 17 and IFRIC 4. The Company applied the definition of a lease under IFRS 16 to contracts entered into or changed on or after January 1, 2019.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or
the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Management judgments and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Note 3(e) of the Company's annual audited consolidated financial statements for the year ended December 31, 2018.

CONTROLS AND PROCEDURES CERTIFICATION

The Chief Executive Officer and the Chief Financial Officer, together with other members of management, have designed the Company's disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would have been known to them, and by others, within those entities.

Management has also designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

Limitations of controls and procedures

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

RECENT ACCOUNTING PRONOUNCEMENTS

Certain amendments and new standards were issued by the International Accounting Standards Board ("IASB") or the IFRS Interpretations Committee ("IFRIC"). Those not applicable to or that do not have a significant impact on the Company have been excluded from the list below. The following is a description of the new or amended standards that have not yet been adopted by the Company.

i) Definition of a Business

In October 2018, the IASB issued amendments in Definition of a Business (Amendments to IFRS 3) which:

• clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;

• narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;

• add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;

• remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and

• add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted.

DISCLOSURE OF OUTSTANDING SECURITIES AS AT May 22, 2019

Outstanding common shares	62,474,118
Convertible debentures	89,687,500
Stock options	2,805,000
Fully diluted	154,966,618

FORWARD LOOKING STATEMENTS

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion other than statements of historical facts, including statements that address future potential sales transaction, business combination, debt refinancing, mining exploration drilling, exploration and development activities, production activities financing related transactions, the receipt of permits and events or developments that the Company expects, are forward looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include the ability of the Company to refinance its long-term debt, the availability of capital and financing to fund the Company's operations, the ability of the Company to raise financing to construct a new processing facility and general economic, market or business conditions and other factors discussed under "Risk Factors" in the Management Discussion and Analysis for the year ended December 31, 2018 and available at www.sedar.com under the Company's name.