

# SCORPIO



**GOLD CORPORATION**

Condensed Consolidated Interim Financial Statements of

**Scorpio Gold Corporation**

For the three and nine months ended  
September 30, 2015 and September 30, 2014  
(unaudited)

**MANAGEMENT'S COMMENTS ON  
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

## Scorpio Gold Corporation

Condensed consolidated interim statements of operations

Three and nine months ended September 30, 2015 and September 30, 2014

(In thousands of US dollars)

(unaudited)

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	\$	\$	\$	\$
<b>Revenue</b>	<b>9,333</b>	14,754	<b>33,759</b>	38,649
Cost of sales excluding depletion and amortization (Note 5)	<b>(5,513)</b>	(10,819)	<b>(23,708)</b>	(26,476)
Depletion and amortization	<b>(2,054)</b>	(2,743)	<b>(3,812)</b>	(8,603)
Mine operating earnings	<b>1,766</b>	1,192	<b>6,239</b>	3,570
<b>Expenses</b>				
General and administrative (Note 6)	<b>(504)</b>	(402)	<b>(2,188)</b>	(1,430)
Care and maintenance including amortization	<b>(129)</b>	-	<b>(129)</b>	-
Loss on disposal and write-off of mining assets (Note 11)	<b>(19)</b>	(69)	<b>(57)</b>	(69)
Impairments of mining assets (Notes 11 and 12)	<b>(16,942)</b>	-	<b>(16,942)</b>	-
Operating (loss) earnings	<b>(15,828)</b>	721	<b>(13,077)</b>	2,071
<b>Other income (expenses)</b>				
Finance costs (Note 7)	<b>(116)</b>	(115)	<b>(218)</b>	(455)
Foreign exchange gain (loss)	<b>16</b>	(113)	<b>(190)</b>	(34)
Finance income	<b>2</b>	16	<b>13</b>	39
Gain on disposal of investments	<b>-</b>	-	<b>172</b>	-
	<b>(98)</b>	(212)	<b>(223)</b>	(450)
<b>(Loss) earnings before income taxes</b>	<b>(15,926)</b>	509	<b>(13,300)</b>	1,621
<b>Income tax recovery (expense)</b>				
Current	<b>103</b>	(147)	<b>(21)</b>	(360)
Deferred	<b>-</b>	(87)	<b>-</b>	-
	<b>103</b>	(234)	<b>(21)</b>	(360)
<b>Net (loss) earnings for the period</b>	<b>(15,823)</b>	275	<b>(13,321)</b>	1,261
Net (loss) earnings attributable to:				
Shareholders of the Company	<b>(13,790)</b>	(11)	<b>(12,649)</b>	337
Non-controlling interest	<b>(2,033)</b>	286	<b>(672)</b>	924
	<b>(15,823)</b>	275	<b>(13,321)</b>	1,261
<b>(Loss) earnings per share</b>				
Basic	<b>(0.11)</b>	(0.00)	<b>(0.10)</b>	0.00
Diluted	<b>(0.11)</b>	(0.00)	<b>(0.10)</b>	0.00
<b>Weighted average number of shares outstanding (Note 8)</b>				
Basic	<b>124,948,235</b>	124,948,235	<b>124,948,235</b>	124,948,235
Diluted	<b>124,948,235</b>	124,948,235	<b>124,948,235</b>	124,965,575

See accompanying notes to the condensed consolidated interim financial statements

## Scorpio Gold Corporation

Condensed consolidated interim statements of comprehensive (loss) income  
Three and nine months ended September 30, 2015 and September 30, 2014  
(In thousands of US dollars)  
(unaudited)

	<b>Three months ended September 30, 2015</b>	Three months ended September 30, 2014	<b>Nine months ended September 30, 2015</b>	Nine months ended September 30, 2014
	\$	\$	\$	\$
<b>Net (loss) earnings for the period</b>	<b>(15,823)</b>	275	<b>(13,321)</b>	1,261
Other comprehensive (loss) income Items that may subsequently be reversed to profit or loss:				
Change in fair value of available-for-sale investments (net of tax, nil, (\$87), nil, nil) (Note 10)	-	(710)	<b>98</b>	(154)
Reclassification to statement of operations	-	-	<b>(101)</b>	-
<b>Comprehensive (loss) income for the period</b>	<b>(15,823)</b>	(435)	<b>(13,324)</b>	1,107
<b>Comprehensive (loss) income attributable to:</b>				
Shareholders of the Company	<b>(13,790)</b>	(721)	<b>(12,652)</b>	183
Non-controlling interest	<b>(2,033)</b>	286	<b>(672)</b>	924
	<b>(15,823)</b>	(435)	<b>(13,324)</b>	1,107

See accompanying notes to the condensed consolidated interim financial statements

## Scorpio Gold Corporation

Condensed consolidated interim statements of financial position

As at

(In thousands of US dollars)

(unaudited)

	September 30, 2015	December 31, 2014
	\$	\$
<b>Assets</b>		
Current assets		
Cash	3,931	1,114
Trade and other receivables	16	89
Prepaid expenses and other	624	542
Inventories (Note 9)	8,644	9,568
Investments (Note 10)	1	5,264
<b>Total current assets</b>	<b>13,216</b>	<b>16,577</b>
Producing mining assets (Note 11)	8,285	7,178
Non-producing mining assets and other (Note 12)	5,134	11,831
Reclamation bonds	5,734	5,357
<b>Total assets</b>	<b>32,369</b>	<b>40,943</b>
<b>Equity and liabilities</b>		
Current liabilities		
Trade and other payables	6,447	5,264
Income taxes payable	20	145
Current portion of long-term debt (Note 13)	77	3,126
<b>Total current liabilities</b>	<b>6,544</b>	<b>8,535</b>
Long-term debt (Note 13)	5,758	312
Provision for environmental rehabilitation	5,810	5,745
<b>Total liabilities</b>	<b>18,112</b>	<b>14,592</b>
<b>Equity</b>		
Share capital (Note 14)	51,449	51,449
Equity reserve	6,389	6,184
Investment valuation reserve	(2)	1
Foreign currency translation reserve	(194)	(194)
Deficit	(42,470)	(29,821)
Equity attributable to shareholders of the Company	15,172	27,619
Non-controlling interest	(915)	(1,268)
<b>Total equity</b>	<b>14,257</b>	<b>26,351</b>
<b>Total liabilities and equity</b>	<b>32,369</b>	<b>40,943</b>

Contingencies (Note 20)

APPROVED BY THE BOARD

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

See accompanying notes to the condensed consolidated interim financial statements

## Scorpio Gold Corporation

Condensed consolidated interim statements of changes in equity

Three and nine months ended September 30, 2015 and September 30, 2014

(In thousands of US dollars, shares in thousands)

(unaudited)

	Share capital		Equity reserve	Investment valuation reserve	Foreign currency translation reserve	Deficit	Non-controlling interest	Total equity
	Number	Amount						
Balance, December 31, 2014	124,948	\$ 51,449	\$ 6,184	\$ 1	\$ (194)	\$ (29,821)	\$ (1,268)	\$ 26,351
Net loss for the period	-	-	-	-	-	(12,649)	(672)	(13,321)
Distributions to non-controlling interest	-	-	-	-	-	-	(100)	(100)
Contributions by non-controlling interest	-	-	-	-	-	-	1,125	1,125
Change in fair value of available-for-sale investments (net of tax)	-	-	-	98	-	-	-	98
Reclassification of gain on available-for-sale investments to statement of operations	-	-	-	(101)	-	-	-	(101)
Share-based compensation	-	-	205	-	-	-	-	205
<b>Balance, September 30, 2015</b>	<b>124,948</b>	<b>51,449</b>	<b>6,389</b>	<b>(2)</b>	<b>(194)</b>	<b>(42,470)</b>	<b>(915)</b>	<b>14,257</b>

	Share capital		Equity reserve	Investment valuation reserve	Foreign currency translation reserve	Deficit	Non-controlling interest	Total equity
	Number	Amount						
Balance, December 31, 2013	124,948	\$ 51,449	\$ 6,181	\$ -	\$ (194)	\$ (9,682)	\$ 7,143	\$ 54,897
Net earnings for the period	-	-	-	-	-	337	924	1,261
Distributions to non-controlling interest	-	-	-	-	-	-	(978)	(978)
Change in fair value of available-for-sale investments	-	-	-	(154)	-	-	-	(154)
Share-based compensation	-	-	3	-	-	-	-	3
<b>Balance, September 30, 2014</b>	<b>124,948</b>	<b>51,449</b>	<b>6,184</b>	<b>(154)</b>	<b>(194)</b>	<b>(9,345)</b>	<b>7,089</b>	<b>55,029</b>

See accompanying notes to the condensed consolidated interim financial statements

## Scorpio Gold Corporation

### Condensed consolidated interim statements of cash flows

Three and nine months ended September 30, 2015 and September 30, 2014

(In thousands of US dollars)

(unaudited)

	Three months ended September 30 2015	Three months ended September 30 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	\$	\$	\$	\$
<b>Operating activities</b>				
(Loss) earnings before taxes for the period	(15,926)	509	(13,300)	1,621
Adjustment for:				
Income tax paid	-	(16)	(145)	(431)
Environmental rehabilitation expenditures	-	-	(4)	(24)
Items not involving cash:				
Finance costs	116	115	218	455
Finance income	(2)	(16)	(13)	(39)
Gain on disposal of investments	-	-	(172)	-
Impairments of mining assets (Notes 11 and 12)	16,942	-	16,942	-
Loss on disposal and write-off of mining assets	19	69	57	69
Share-based compensation (Note 14)	6	-	183	3
Depletion and amortization	2,067	2,745	3,828	8,610
Cash flows from operating activities before movements in working capital	3,222	3,406	7,594	10,264
Change in working capital items (Note 15)	(951)	1,600	3,629	104
	<b>2,271</b>	<b>5,006</b>	<b>11,223</b>	<b>10,368</b>
<b>Investing activities</b>				
Additions to non-producing mining assets	(4,156)	(4,089)	(12,684)	(8,720)
Proceeds from disposal of non-producing mining assets	-	-	35	5,413
Proceeds from disposal of investments	-	-	5,250	-
Additions to producing mining assets	(2,284)	(7)	(3,978)	(1,132)
Additions to reclamation bonds	-	(211)	(425)	(2,502)
Reductions to reclamation bonds	50	-	50	3,548
Finance income received	-	17	15	34
	<b>(6,390)</b>	<b>(4,290)</b>	<b>(11,737)</b>	<b>(3,359)</b>
<b>Financing activities</b>				
Proceeds from senior credit facility	6,000	-	6,000	-
Payment of debt issue costs	(250)	-	(250)	-
Repayment of long-term debt	(19)	(736)	(3,488)	(6,993)
Interest paid	(78)	(88)	(133)	(376)
Distributions to non-controlling interest	-	(357)	(100)	(978)
Contributions by non-controlling interest	525	-	1,125	-
	<b>6,178</b>	<b>(1,181)</b>	<b>3,154</b>	<b>(8,347)</b>
<b>Effect of foreign exchange rate changes on cash</b>	<b>-</b>	<b>111</b>	<b>177</b>	<b>34</b>
Increase (decrease) in cash	2,059	(354)	2,817	(1,304)
Cash, beginning of period	1,872	1,825	1,114	2,775
<b>Cash, end of period</b>	<b>3,931</b>	<b>1,471</b>	<b>3,931</b>	<b>1,471</b>

Supplemental cash flow information (Note 16)

See accompanying notes to the condensed consolidated interim financial statements

## Scorpio Gold Corporation

### Notes to the condensed consolidated interim financial statements

Three and nine months ended September 30, 2015 and September 30, 2014

(Tabular amounts in thousands of US dollars unless otherwise noted)

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#### 1. Corporate information

Scorpio Gold Corporation (“Scorpio Gold” or the “Company”) and its subsidiaries conduct mineral exploitation, exploration and development in the United States.

The Company is incorporated under the Business Corporations Act (British Columbia) and is listed on the TSX Venture Exchange. The address of the Company’s registered office is 206-595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5 and its administrative office is located at 1462, de la Quebeoise, Val-d’Or, Quebec, Canada, J9P 5H4.

#### 2. Statement of compliance and basis of preparation

These condensed consolidated interim financial statements of the Company, including comparatives, have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS 34”) using the accounting policies consistent with International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2014.

These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors of the Company on November 26, 2015.

#### 3. Significant accounting policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited consolidated financial statements as at December 31, 2014.

##### a) Management judgments and estimates

The preparation of these condensed consolidated interim financial statements requires the Company’s management to make judgments, estimates and assumptions about future events that affect the amounts reported in the condensed consolidated interim financial statements and related notes to the condensed consolidated interim financial statements. The areas involving significant judgments and estimates have been set out in and are consistent with Note 3(e) of the Company’s audited consolidated financial statements as at December 31, 2014.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements are as follows:

##### 1) Asset carrying values and impairment

The Company performs impairment testing when impairment indicators are present. In the determination of carrying values and impairment charges, management considers the recoverable amount which is the greater of fair value less costs to sell and value in use in the case of mining assets. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.



## Scorpio Gold Corporation

Notes to the condensed consolidated interim financial statements

Three and nine months ended September 30, 2015 and September 30, 2014

*(Tabular amounts in thousands of US dollars unless otherwise noted)*

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### 3. Significant accounting policies (Continued)

#### a) Management judgments and estimates (Continued)

##### 1) Asset carrying values and impairment (Continued)

###### i) Mineral Ridge mine

The continued decline in metal prices and the decrease in the Company's market capitalization in 2015 was an indicator of impairment. In determining the recoverable amount of the Mineral Ridge cash-generating unit ("CGU"), the Company determined the recoverable value using the value in use. Impairment testing is performed using life of mine discounted cash flow projections derived from expected future production, which incorporate reasonable estimates of future metal prices, operating costs and capital expenditures. The determination of the value in use used Level 3 valuation techniques.

Based on its assessment, the Company recorded during the quarter ended September 30, 2015 a non-cash impairment charge for Mineral Ridge of \$8.1 million, using a discount rate of 9% along with an average gold price assumption of \$1,143 for the remainder of 2015 and \$1,200 thereafter.

The Company has performed a sensitivity analysis to identify the impact of changes in long-term gold price which is the key assumption that impacts the impairment calculation at the Mineral Ridge mine. Using the foregoing impairment testing model, considering a 10% change in the gold price assumption and holding all other assumptions constant, the decrease in recoverable value would be increased by \$4.2 million.

During the quarter ended September 30, 2015, the Company also reconsidered the possibility to build a processing facility at the Mineral Ridge mine and thus recognized a non-cash impairment loss of \$0.5 million related to expenditures incurred by the Company on that project.

###### ii) Goldwedge property and mill

The fact that the Goldwedge property and mill have been put on care and maintenance since July 28, 2015 and that the Company has no exploration plans, nor the financial ability to fund further exploration at this time are indicators of impairment. In determining the recoverable amount of the Goldwedge CGU, the Company determined the recoverable value using the fair value less costs to sell. The Company includes in its estimate an amount representing the value for its assets and current resources on the Goldwedge property. The Company also includes in its estimate estimated amount for costs to sell the CGU. The determination of the fair value less costs to sell used Level 3 valuation techniques. Based on its assessment, the Company recorded a non-cash impairment charge of \$8.3 million during the quarter ended September 30, 2015.

## Scorpio Gold Corporation

### Notes to the condensed consolidated interim financial statements

Three and nine months ended September 30, 2015 and September 30, 2014

(Tabular amounts in thousands of US dollars unless otherwise noted)

### 3. Significant accounting policies (Continued)

#### b) Accounting standards issued but not effective

In addition to the accounting standards issued but not effective disclosed in the consolidated financial statements as at December 31, 2014, the following improvements will be effective January 1, 2016. The Company is assessing the impact of these amendments:

##### i) Amendments to *Non-current assets held for sale and discontinued operations* ("IFRS 5")

Changes in methods of disposal with respect to non-current assets held for sale and discontinued operations.

##### ii) Amendments to *Interim financial reporting* ("IAS 34")

Disclosure of information elsewhere in the interim financial report

##### iii) Revenue for contracts with customers ("IFRS 15")

In September 2015, the International Accounting Standards Board deferred the effective date of this standard to annual reporting periods beginning on or after January 1, 2018 instead of annual reporting periods beginning on or after January 1, 2017 as disclosed in the Company's consolidated financial statements as at December 31, 2014.

### 4. Financial instruments

#### a) Financial risk factors

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

##### (i) 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	6,447	6,447	-	-	-
Long-term debt	6,104	77	6,027	-	-
Provision for environmental rehabilitation	6,300	347	3,157	2,234	562

##### (ii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk. There are no significant changes in the currency and price risks from those mentioned in the audited consolidated financial statements as at December 31, 2014.

## Scorpio Gold Corporation

Notes to the condensed consolidated interim financial statements

Three and nine months ended September 30, 2015 and September 30, 2014

(Tabular amounts in thousands of US dollars unless otherwise noted)

### 4. Financial instruments (Continued)

#### a) Financial risk factors (Continued)

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's senior secured, non-revolving credit facility fixes interest at 10% per annum and accordingly is not subject to cash flow interest rate risk due to changes in the market rate of interest. The Company does not use financial derivatives to manage its exposure to interest rate risk.

#### b) Fair Value

The fair value of cash, trade and other receivables, reclamation bonds and trade and other payables approximate their carrying amount due to their short-term nature. Investments, which are designated as available-for-sale, are recorded at fair value. Fair value of long-term debt is not significantly different from its carrying amount since interest rates in the market have not materially changed since the Company entered into the debt facility in August 2015.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means.
- Level 3 inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The Company's investments in common shares are classified as Level 1 in the fair value hierarchy. The Company has no financial instruments classified as Level 2 or Level 3.

### 5. Cost of sales

Cost of sales excluding depletion and amortization includes the following:

	<b>Three months ended September 30, 2015</b>	Three months ended September 30, 2014	<b>Nine months ended September 30, 2015</b>	Nine months ended September 30, 2014
	\$	\$	\$	\$
Contractor charges	<b>4,405</b>	3,215	<b>9,252</b>	10,052
Labour	<b>2,127</b>	2,202	<b>6,756</b>	6,458
Fuel and reagents	<b>921</b>	923	<b>2,173</b>	2,620
Mechanical parts	<b>695</b>	866	<b>2,092</b>	2,515
Change in ore stockpile, metals in process and finished goods inventories	<b>(3,573)</b>	2,676	<b>838</b>	2,169
Royalties	<b>6</b>	-	<b>23</b>	-
Other	<b>932</b>	937	<b>2,574</b>	2,662
	<b>5,513</b>	10,819	<b>23,708</b>	26,476

## Scorpio Gold Corporation

### Notes to the condensed consolidated interim financial statements

Three and nine months ended September 30, 2015 and September 30, 2014

(Tabular amounts in thousands of US dollars unless otherwise noted)

#### 6. General and administrative

	<b>Three months ended September 30, 2015</b>	Three months ended September 30, 2014	<b>Nine months ended September 30, 2015</b>	Nine months ended September 30, 2014
	\$	\$	\$	\$
Break fee and related costs <sup>(1)</sup>	213	-	810	-
Salaries and benefits	143	223	810	719
Professional fees	15	26	133	168
Insurance, travel and office related	28	38	106	126
Directors fees	31	34	91	135
Share-based compensation	6	-	85	3
Investor relations	10	43	61	163
Project evaluation	41	8	45	43
Consultants	12	15	33	41
Transfer agent and listing fees	5	13	11	25
Amortization	-	2	3	7
	<b>504</b>	402	<b>2,188</b>	1,430

(1) On March 6, 2015, the Company announced a strategic financing to raise \$15 million from the issuance of equity to an affiliate of Coral Reef Capital LLC ("Coral Reef"). This financing was thereafter terminated and as such the Company paid a break fee of \$0.5 million along with approximately \$0.3 million of related due diligence and legal costs.

#### 7. Finance costs

	<b>Three months ended September 30, 2015</b>	Three months ended September 30, 2014	<b>Nine months ended September 30, 2015</b>	Nine months ended September 30, 2014
	\$	\$	\$	\$
Interest on long-term debt	78	94	134	391
Amortization of debt issue cost	15	-	15	-
Unwinding of discount of provision for environmental rehabilitation	23	21	69	64
	<b>116</b>	115	<b>218</b>	455

## Scorpio Gold Corporation

Notes to the condensed consolidated interim financial statements

Three and nine months ended September 30, 2015 and September 30, 2014

(Tabular amounts in thousands of US dollars unless otherwise noted)

### 8. Weighted average number of shares and dilutive share equivalents

	<b>Three months ended September 30, 2015</b>	Three months ended September 30, 2014	<b>Nine months ended September 30, 2015</b>	Nine months ended September 30, 2014
Basic weighted average number of shares	<b>124,948,235</b>	124,948,235	<b>124,948,235</b>	124,948,235
Effect of dilutive securities:				
Stock options	-	-	-	17,340
Diluted weighted average number of shares	<b>124,948,235</b>	124,948,235	<b>124,948,235</b>	124,965,575

The following potentially dilutive securities were excluded from the dilutive number of shares outstanding for the following periods as they are anti-dilutive:

	<b>Three months ended September 30, 2015</b>	Three months ended September 30, 2014	<b>Nine months ended September 30, 2015</b>	Nine months ended September 30, 2014
Stock options	<b>10,745,000</b>	9,610,000	<b>10,745,000</b>	9,510,000

### 9. Inventories

	<b>September 30, 2015</b>	December 31, 2014
	\$	\$
Supplies	<b>1,096</b>	1,183
Ore stockpile	<b>509</b>	356
Metals in process	<b>5,981</b>	7,862
Finished goods	<b>1,058</b>	167
	<b>8,644</b>	9,568

During the nine-month period ended September 30, 2015, inventory included as cost of sales is \$27.2 million (2014, \$35.1 million).

## Scorpio Gold Corporation

Notes to the condensed consolidated interim financial statements

Three and nine months ended September 30, 2015 and September 30, 2014

(Tabular amounts in thousands of US dollars unless otherwise noted)

### 10. Investments

	September 30, 2015	December 31, 2014
	\$	\$
Investment in common shares of Gold Standard Ventures Corp. ("Gold Standard")		
Balance, beginning of period	3,084	-
Addition	-	4,363
Disposal <sup>(1)</sup>	(3,084)	-
Change in fair value during the period	-	(1,279)
Balance, end of period	-	3,084
Promissory note receivable from Gold Standard and accrued interest <sup>(1)</sup>	-	2,176
Other investment in shares		
Balance, beginning of period	4	3
Change in fair value during the period	(3)	1
Balance, end of period	1	4
	1	5,264

<sup>(1)</sup> During the first quarter of 2015, the Company sold its investment in the common shares of Gold Standard for aggregate net proceeds of \$3.3 million which resulted in a gain on disposal of \$0.2 million. During the first quarter of 2015, the Company also received payment of the debt represented by the CAD\$2.5 million promissory note received as part of the sale to Gold Standard of the Pinon property.

## Scorpio Gold Corporation

Notes to the condensed consolidated interim financial statements

Three and nine months ended September 30, 2015 and September 30, 2014

(Tabular amounts in thousands of US dollars unless otherwise noted)

### 11. Producing mining assets

	Mining interest	Plant and equipment	Mobile equipment	Furniture and office equipment	Total
<b>Cost</b>	\$	\$	\$	\$	\$
Balance, December 31, 2013	36,794	19,427	1,016	802	58,039
Additions	1,280	100	24	37	1,441
Disposal	-	(151)	(59)	(108)	(318)
Change in provision for environmental rehabilitation	356	-	-	-	356
Transfer from non-producing mining assets	-	3,789	182	7	3,978
Balance, December 31, 2014	38,430	23,165	1,163	738	63,496
Transfer from non-producing mining assets	25,789 <sup>(1)</sup>	66	-	-	25,855
Additions	3,159	37	371	35	3,602
Write-off	-	(54)	(19)	-	(73)
<b>Balance, September 30, 2015</b>	<b>67,378</b>	<b>23,214</b>	<b>1,515</b>	<b>773</b>	<b>92,880</b>

### Accumulated depreciation and impairments

	Mining interest	Plant and equipment	Mobile equipment	Furniture and office equipment	Total
Balance, December 31, 2013	25,910	9,389	314	559	36,172
Disposal	-	(100)	(45)	(104)	(249)
Transfer from non-producing mining assets	-	37	59	4	100
Impairments	3,632	5,426	145	-	9,203
Depletion and amortization	8,701	2,012	207	172	11,092
Balance, December 31, 2014	38,243	16,764	680	631	56,318
Transfer from non-producing mining assets <sup>(1)</sup>	16,186	-	-	-	16,186
Depletion and amortization	3,453	156	140	72	3,821
Impairments	6,601	1,592	130	1	8,324
Write-off	-	(40)	(14)	-	(54)
<b>Balance, September 30, 2015</b>	<b>64,483</b>	<b>18,472</b>	<b>936</b>	<b>704</b>	<b>84,595</b>

### Net book value

December 31, 2014	187	6,401	483	107	7,178
<b>September 30, 2015</b>	<b>2,895</b>	<b>4,742</b>	<b>579</b>	<b>69</b>	<b>8,285</b>

<sup>(1)</sup> The Wedge, Brodie, Solberry, Bluelite and Mary LC pits at the Mineral Ridge mine entered into the production phase during 2015, and therefore related asset and impairment balances were transferred from non-producing mining assets to producing mining assets.

## Scorpio Gold Corporation

Notes to the condensed consolidated interim financial statements

Three and nine months ended September 30, 2015 and September 30, 2014

(Tabular amounts in thousands of US dollars unless otherwise noted)

### 11. Producing mining assets (Continued)

Producing mining assets is detailed by property as follows:

	Mineral Ridge	Goldwedge	Total
<b>Cost</b>	\$	\$	\$
Balance, December 31, 2013	58,039	-	58,039
Additions	1,441	-	1,441
Disposal	(318)	-	(318)
Change in provision for environmental rehabilitation	356	-	356
Transfer from non-producing mining assets	1,372	2,606	3,978
Balance, December 31, 2014	60,890	2,606	63,496
Transfer from non-producing mining assets	25,833	22	25,855
Additions	3,602	-	3,602
Write-off	(73)	-	(73)
<b>Balance, September 30, 2015</b>	<b>90,252</b>	<b>2,628</b>	<b>92,880</b>

#### Accumulated depreciation and impairments

	Mineral Ridge	Goldwedge	Total
Balance, December 31, 2013	36,172	-	36,172
Disposal	(249)	-	(249)
Transfer from non-producing mining assets	-	100	100
Impairments	9,203	-	9,203
Depletion and amortization	11,086	6	11,092
Balance, December 31, 2014	56,212	106	56,318
Transfer from non-producing mining assets	16,186	-	16,186
Depletion and amortization	3,778	43	3,821
Impairments	6,801	1,523	8,324
Write-off	(54)	-	(54)
<b>Balance, September 30, 2015</b>	<b>82,923</b>	<b>1,672</b>	<b>84,595</b>

#### Net book value

December 31, 2014	4,678	2,500	7,178
<b>September 30, 2015</b>	<b>7,329</b>	<b>956</b>	<b>8,285</b>



## Scorpio Gold Corporation

Notes to the condensed consolidated interim financial statements

Three and nine months ended September 30, 2015 and September 30, 2014

(Tabular amounts in thousands of US dollars unless otherwise noted)

### 12. Non-producing mining assets and other

	Mining interest	Plant and equipment	Mobile equipment	Furniture and office equipment	Construction in progress	Total
<b>Cost</b>	\$	\$	\$	\$	\$	\$
Balance, December 31, 2013	15,084	3,030	771	50	805	19,740
Additions	13,097	3	-	-	2,285	15,385
Change in provision for environmental rehabilitation	82	-	-	-	-	82
Transfer	602	569	-	-	(1,171)	-
Transfer to producing mining assets	-	(2,417)	(182)	(7)	(1,372)	(3,978)
Balance, December 31, 2014	28,865	1,185	589	43	547	31,229
Transfer to producing mining assets	(25,789)	-	-	-	(66)	(25,855)
Disposal	-	(500)	-	-	-	(500)
Transfer	73	-	-	-	(73)	-
Additions	11,229	-	15	-	440	11,684
<b>Balance, September 30, 2015</b>	<b>14,378</b>	<b>685</b>	<b>604</b>	<b>43</b>	<b>848</b>	<b>16,558</b>

### Accumulated depreciation and impairments

	Mining interest	Plant and equipment	Mobile equipment	Furniture and office equipment	Construction in progress	Total
Balance, December 31, 2013	1,198	461	32	22	-	1,713
Transfer to producing mining assets	-	(37)	(59)	(4)	-	(100)
Impairments	17,697	-	-	-	-	17,697
Amortization	-	38	39	11	-	88
Balance, December 31, 2014	18,895	462	12	29	-	19,398
Transfer to producing mining assets	(16,186)	-	-	-	-	(16,186)
Disposal	-	(427)	-	-	-	(427)
Impairments	7,323	390	362	-	542	8,617
Amortization	-	14	5	3	-	22
<b>Balance, September 30, 2015</b>	<b>10,032</b>	<b>439</b>	<b>379</b>	<b>32</b>	<b>542</b>	<b>11,424</b>

### Net book value

December 31, 2014	9,970	723	577	14	547	11,831
<b>September 30, 2015</b>	<b>4,346</b>	<b>246</b>	<b>225</b>	<b>11</b>	<b>306</b>	<b>5,134</b>

## Scorpio Gold Corporation

Notes to the condensed consolidated interim financial statements

Three and nine months ended September 30, 2015 and September 30, 2014

(Tabular amounts in thousands of US dollars unless otherwise noted)

### 12. Non-producing mining assets and other (Continued)

Non-producing mining interest is detailed by property as follows:

	Mineral Ridge	Goldwedge	Other	Total
<b>Cost</b>	\$	\$	\$	\$
Balance, December 31, 2013	8,026	11,174	540	19,740
Additions	13,697	1,688	-	15,385
Change in provision for environmental rehabilitation	-	82	-	82
Transfer to producing mining assets	(1,372)	(2,606)	-	(3,978)
Balance, December 31, 2014	20,351	10,338	540	31,229
Transfer to producing mining assets	(25,833)	(22)	-	(25,855)
Disposal	-	-	(500)	(500)
Additions	10,889	795	-	11,684
<b>Balance, September 30, 2015</b>	<b>5,407</b>	<b>11,111</b>	<b>40</b>	<b>16,558</b>

#### Accumulated depreciation and impairments

	Mineral Ridge	Goldwedge	Other	Total
Balance, December 31, 2013	1,198	69	446	1,713
Transfer to producing mining assets	-	(100)	-	(100)
Impairments	17,697	-	-	17,697
Amortization	-	79	9	88
Balance, December 31, 2014	18,895	48	455	19,398
Transfer to producing mining assets	(16,186)	-	-	(16,186)
Disposal	-	-	(427)	(427)
Impairments	1,838	6,779	-	8,617
Amortization	-	19	3	22
<b>Balance, September 30, 2015</b>	<b>4,547</b>	<b>6,846</b>	<b>31</b>	<b>11,424</b>

#### Net book value

December 31, 2014	1,456	10,290	85	11,831
<b>September 30, 2015</b>	<b>860</b>	<b>4,265</b>	<b>9</b>	<b>5,134</b>

## Scorpio Gold Corporation

Notes to the condensed consolidated interim financial statements

Three and nine months ended September 30, 2015 and September 30, 2014

(Tabular amounts in thousands of US dollars unless otherwise noted)

### 13. Long-term debt

	September 30, 2015	December 31, 2014
	\$	\$
Senior secured credit facility, bearing interest at a rate of 10% per annum payable quarterly, secured by a first priority security interest over all of the Company's assets, repayable in August 2018, net of debt issue cost of \$269,000 <sup>a)</sup>	5,731	-
Loan secured by mobile equipment having a net book value of \$129,930, payable by monthly instalments of \$6,731 including interest at 4.8% per annum, until January 2017	104	-
Senior secured credit agreement <sup>b)</sup>	-	3,438
Current portion	(77)	(3,126)
<b>Long-term portion</b>	<b>5,758</b>	<b>312</b>

Future principal repayments are as follows:

2016	\$77
2017	\$27
2018	\$6,000

- a) On August 14, 2015, the Company executed definitive agreements with Waterton Precious Metals Fund II Cayman, LP ("Waterton Fund"), an affiliate of Elevon, LLC, for a loan in the principal amount of \$6 million (the "Loan"). The Company paid Waterton Fund a \$0.12 million structuring fee and incurred \$0.16 million of other related issue costs. The Loan may be voluntarily prepaid by the Company at any time, provided that upon such prepayment the Company shall pay the lesser of 24 months of interest on the principal amount, or such interest as would be payable between the date of such prepayment and the maturity date of the loan. Also, the Loan is subject to mandatory prepayment in certain circumstances, including upon a change of control of the Company.

There are certain restrictions placed on the Company pursuant to the Loan, including, among others, a limitation on additional debt that can be incurred by the Company and the requirement that the Company's trade payables not exceed \$8.0 million.

- b) On March 11, 2015, the Company fully repaid the long-term debt then owing to Waterton Global Value L.P. ("Waterton Global").

## Scorpio Gold Corporation

Notes to the condensed consolidated interim financial statements

Three and nine months ended September 30, 2015 and September 30, 2014

(Tabular amounts in thousands of US dollars unless otherwise noted)

### 14. Share capital

(a) Authorized

Authorized share capital consists of an unlimited number of common shares without par value.

(b) Stock option plan

A summary of changes in the Company's outstanding stock options for the nine months ended September 30, 2015 and the year ended December 31, 2014, are as follows:

	Nine months ended September 30, 2015		Year ended December 31, 2014	
	Number	Weighted average exercise price	Number	Weighted average exercise price
	(in thousands)	CAD\$	(in thousands)	CAD\$
Outstanding, beginning of period	9,170	0.65	12,227	0.61
Granted	3,225	0.14	-	-
Expired	(1,650)	(0.73)	(3,057)	(0.47)
Outstanding, end of period	10,745	0.48	9,170	0.65

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	\$	\$
Weighted average fair value as at grant date	0.07	-

The following table summarizes information about stock options outstanding and exercisable as at September 30, 2015:

Exercise price	Weighted average remaining contractual life	Outstanding	Exercisable
CAD\$	(in years)	(in thousands)	(in thousands)
0.10	3.59	300	100
0.145	4.29	2,900	2,900
0.205	2.78	100	100
0.275	7.69	2,290	2,290
0.64	1.93	100	100
0.65	0.28	300	300
0.75	0.70	3,025	3,025
0.91	1.32	1,730	1,730
		10,745	10,545

## Scorpio Gold Corporation

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Three and nine months ended September 30, 2015 and September 30, 2014

(Tabular amounts in thousands of US dollars unless otherwise noted)

### 14. Share capital (Continued)

#### (c) Share-based compensation

The Company used the Black-Scholes model to estimate fair value using the following weighted average assumptions. Expected stock price volatility is based on the historical share price volatility.

	<b>Three months ended September 30, 2015</b>	Three months ended September 30, 2014	<b>Nine months ended September 30, 2015</b>	Nine months ended September 30, 2014
Expected dividend yield	Nil %	-	Nil %	-
Expected stock price volatility	91%	-	77%	-
Risk free interest rate	0.5 %	-	1.14%	-
Expected life	3 years	-	4 years	-
Expected forfeiture rate	0.00%	-	0.00%	-
Share-based compensation:	\$	\$	\$	\$
Included in general and administrative expenses	6	-	85	3
Included in cost of sales	-	-	98	-
Capitalized to non-producing mining assets	-	-	22	-
<b>Total share-based compensation</b>	<b>6</b>	<b>-</b>	<b>205</b>	<b>3</b>

### 15. Change in working capital items

Information regarding change in working capital items is as follows:

	<b>Three months ended September 30, 2015</b>	Three months ended September 30, 2014	<b>Nine months ended September 30, 2015</b>	Nine months ended September 30, 2014
	\$	\$	\$	\$
Decrease (increase) in trade and other receivables	2	(91)	74	28
Increase in prepaid expenses and other	(139)	(22)	(82)	(192)
(Increase) decrease in inventories	(3,510)	2,601	925	2,031
Increase (decrease) in trade and other payables	2,696	(888)	2,712	(1,763)
	<b>(951)</b>	<b>1,600</b>	<b>3,629</b>	<b>104</b>

## Scorpio Gold Corporation

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### 16. Supplemental cash flow information

Supplementary information regarding other non-cash investing and financing transactions

	<b>Three months ended September 30, 2015</b>	Three months ended September 30, 2014	<b>Nine months ended September 30, 2015</b>	Nine months ended September 30, 2014
	\$	\$	\$	\$
Depreciation of fixed assets capitalized to non-producing mining assets	2	20	15	62
Acquisition of mobile equipment financed by long-term debt	-	-	154	-
Share-based compensation capitalized to non-producing mining assets	-	-	22	-
Disposal of the Pinon non-producing mining assets:				
By receipt of promissory note receivable	-	-	-	2,267
By receipt of investment in common shares in Gold Standard	-	-	-	3,737

### 17. Capital management

Capital is defined as equity attributable to equity shareholders and long-term debt (including the short-term portion thereof). The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern and to maximize the value for its shareholders.

The Company's activities have been primarily funded so far through cash flows from operating activities and equity and debt financing based on cash needs. The Company typically sells its shares by way of private placement. During the quarter ended September 30, 2015, the Company entered into a \$6.0 million principal amount long-term debt facility with Waterton Fund.

The Company manages its capital structure and determines its capital requirements in light of the changing economic conditions and the risk characteristics of its assets. To reach its objectives, the Company may need to maintain or adjust its capital structure by issuing new share capital or new debt.

At this stage of its development, it is the Company's policy to preserve cash to fund its operations and not to pay dividends. The Company is subject to and has complied with externally imposed capital requirements as described in Note 13.

The following summarizes the Company's capital structure:

	<b>September 30, 2015</b>	December 31, 2014
	\$	\$
Long-term debt, including current portion	5,835	3,438
Equity attributable to shareholders of the Company	15,172	27,619
Capital	21,007	31,057

## Scorpio Gold Corporation

Notes to the condensed consolidated interim financial statements

Three and nine months ended September 30, 2015 and September 30, 2014

*(Tabular amounts in thousands of US dollars unless otherwise noted)*

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### 18. Segmented information

(a) Industry information

The Company is engaged in mining exploitation, exploration and development and has one operating mine and a toll milling facility. During the year ended December 31, 2014, the Company's determination of its reportable operating segments was revised to reflect the fact that Goldwedge toll milling facility was placed in service. The Company has two reportable segments being Mineral Ridge and Goldwedge. The Other category is composed of head office, Scorpio Gold (US) Corporation and Pinon LLC. Segments are operations reviewed by the CEO who is considered to be the chief operating decision maker.

Comparative information have been prepared to conform with the current reportable segment format and definition.

Operating segment details are as follows:

## Scorpio Gold Corporation

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(Tabular amounts in thousands of US dollars unless otherwise noted)

### 18. Segmented information (Continued)

	Three months ended September 30, 2015			
	Mineral Ridge	Goldwedge	Other	Total
	\$	\$	\$	\$
Revenue from precious metal sales	9,333	-	-	9,333
Inter-segment (expense) - management fees	(368)	-	368	-
Cost of sales excluding depletion and amortization	(5,485)	(28)	-	(5,513)
Depletion and amortization	(2,049)	(5)	-	(2,054)
Mine operating earnings (loss)	1,431	(33)	368	1,766
Expenses				
General and administrative	-	(37)	(467)	(504)
Care and maintenance	-	(116)	-	(116)
Care and maintenance amortization	-	(13)	-	(13)
Loss on disposal and write-off of mining assets	(19)	-	-	(19)
Impairments of mining assets	(8,640)	(8,302)	-	(16,942)
Operating loss	(7,228)	(8,501)	(99)	(15,828)
Other (expenses) income				
Finance costs	(24)	(1)	(91)	(116)
Foreign exchange gain	-	-	16	16
Finance income	2	-	-	2
	(22)	(1)	(75)	(98)
Loss before income taxes	(7,250)	(8,502)	(174)	(15,926)
Income tax recovery	103	-	-	103
Net loss for the period	(7,147)	(8,502)	(174)	(15,823)

	Three months ended September 30, 2014			
	Mineral Ridge	Goldwedge	Other	Total
	\$	\$	\$	\$
Revenue from precious metal sales	14,754	-	-	14,754
Inter-segment (expense) - management fees	(384)	-	384	-
Cost of sales excluding depletion and amortization	(10,819)	-	-	(10,819)
Depletion and amortization	(2,743)	-	-	(2,743)
Mine operating earnings	808	-	384	1,192
Expenses				
General and administrative	-	-	(400)	(400)
Loss on disposal of mining assets	(69)	-	-	(69)
Amortization	-	-	(2)	(2)
Operating earnings (loss)	739	-	(18)	721
Other (expenses) income				
Finance costs	(21)	-	(94)	(115)
Foreign exchange loss	-	-	(113)	(113)
Finance income	-	-	16	16
	(21)	-	(191)	(212)
Earnings (loss) before income taxes	718	-	(209)	509
Income tax expense	(147)	-	(87)	(234)
Net earnings (loss) for the period	571	-	(122)	275



## Scorpio Gold Corporation

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### 18. Segmented information (Continued)

	Nine months ended September 30, 2015			
	Mineral Ridge	Goldwedge	Other	Total
	\$	\$	\$	\$
Revenue from precious metal sales	33,759	-	-	33,759
Inter-segment (expense) - management fees	(1,120)	-	1,120	-
Inter-segment (cost of sales) - revenue	(123)	123	-	-
Cost of sales excluding depletion and amortization	(23,352)	(356)	-	(23,708)
Depletion and amortization	(3,778)	(34)	-	(3,812)
Mine operating earnings (loss)	5,386	(267)	1,120	6,239
Expenses				
General and administrative	-	(37)	(2,148)	(2,185)
Care and maintenance	-	(116)	-	(116)
Care and maintenance amortization	-	(13)	-	(13)
Loss on disposal of non-producing mining assets	-	-	(38)	(38)
Amortization	-	-	(3)	(3)
Loss on disposal and write-off of mining assets	(19)	-	-	(19)
Impairments of mining assets	(8,640)	(8,302)	-	(16,942)
Operating loss	(3,273)	(8,735)	(1,069)	(13,077)
Other (expenses) income				
Finance costs	(69)	(5)	(144)	(218)
Foreign exchange loss	-	-	(190)	(190)
Finance income	2	-	11	13
Gain on disposal of investments	-	-	172	172
	(67)	(5)	(151)	(223)
Loss before income taxes	(3,340)	(8,740)	(1,220)	(13,300)
Income tax expense	(21)	-	-	(21)
Net loss for the period	(3,361)	(8,740)	(1,220)	(13,321)

	Nine months ended September 30, 2014			
	Mineral Ridge	Goldwedge	Other	Total
	\$	\$	\$	\$
Revenue from precious metal sales	38,649	-	-	38,649
Inter-segment (expense) - management fees	(1,053)	-	1,053	-
Cost of sales excluding depletion and amortization	(26,476)	-	-	(26,476)
Depletion and amortization	(8,603)	-	-	(8,603)
Mine operating earnings	2,517	-	1,053	3,570
Expenses				
General and administrative	(12)	-	(1,411)	(1,423)
Loss on disposal of mining assets	(69)	-	-	(69)
Amortization	-	-	(7)	(7)
Operating earnings (loss)	2,436	-	(365)	2,071
Other (expenses) income				
Finance costs	(64)	-	(391)	(455)
Foreign exchange loss	-	-	(34)	(34)
Finance income	-	-	39	39
	(64)	-	(386)	(450)
Earnings (loss) before income taxes	2,372	-	(751)	1,621
Income tax expense	(360)	-	-	(360)
Net earnings (loss) for the period	2,012	-	(751)	1,261

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(Tabular amounts in thousands of US dollars unless otherwise noted)

### 18. Segmented information (Continued)

<b>As at September 30, 2015</b>				
	Mineral Ridge	Goldwedge	Other	Total
Total assets	\$ 23,279	\$ 5,507	\$ 3,583	\$ 32,369
Total liabilities	11,554	398	6,160	18,112

  

<b>As at December 31, 2014</b>				
	Mineral Ridge	Goldwedge	Other	Total
Total assets	\$ 22,226	\$ 13,052	\$ 5,665	\$ 40,943
Total liabilities	10,290	412	3,890	14,592

#### (b) Geographic information

All revenue from the sale of precious metals for the periods ended September 30, 2015 and September 30, 2014 was earned in the United States. Substantially all of the Company's revenues are from one customer.

The Company's non-current assets by geographic locations are as follows:

	<b>September 30, 2015</b>	December 31, 2014
	\$	\$
Canada	9	86
USA	<b>19,144</b>	24,280
	<b>19,153</b>	24,366

## Scorpio Gold Corporation

### Notes to the condensed consolidated interim financial statements

Three and nine months ended September 30, 2015 and September 30, 2014

(Tabular amounts in thousands of US dollars unless otherwise noted)

#### 19. Related party transactions

a) Compensation of key management personnel and directors

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

The remuneration of directors and key management personnel during the three and nine months periods ended September 30, 2015 and September 30, 2014 is as follows:

	<b>Three months ended September 30, 2015</b>	Three months ended September 30, 2014	<b>Nine months ended September 30, 2015</b>	Nine months ended September 30, 2014
	\$	\$	\$	\$
Salaries and directors fees	<b>204</b>	272	<b>689</b>	850
Severance	-	-	<b>250</b>	-
Consulting fee with a director	-	48	<b>44</b>	118
Share-based compensation <sup>(1)</sup>	<b>4</b>	-	<b>84</b>	-
	<b>208</b>	320	<b>1,067</b>	968

(1) Share-based compensation is the fair value of options expensed during the period to key management personnel and directors.

As at September 30, 2015, \$105,327 (2014, \$16,060) resulting from these transactions is included in trade and other payables.

Other than severance indicated above, key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three and nine months ended September 30, 2015 and September 30, 2014.

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### 19. Related party transactions (Continued)

#### b) Waterton Precious Metals Fund II Cayman, LP (“Waterton Fund”)

Waterton Fund, the Company’s lender, controls Elevon, LLC (“Elevon”) which owns a 30% non-controlling interest in Mineral Ridge Gold, LLC. Management considers that Waterton Fund is a related party.

Related party transactions entered into with Waterton Fund during the three and nine-month periods ended September 30, 2015 and September 30, 2014 are as follows:

	<b>Three months ended September 30, 2015</b>	Three months ended September 30, 2014	<b>Nine months ended September 30, 2015</b>	Nine months ended September 30, 2014
	\$	\$	\$	\$
Interest on long-term debt	77	-	77	-
Debt structuring fee	120	-	120	-
	<b>197</b>	-	<b>197</b>	-

#### c) Waterton Global Value, L.P. (“Waterton”)

The previous related party disclosures included transactions with Waterton Global Value, L.P. with respect to interest on long term debt and sales as it was thought to be a related entity to Elevon, the Company’s partner at Mineral Ridge and a related party to Scorpio Gold. During the year, management determined that Waterton Global Value, L.P. is not related to Elevon and as such, the Company has revised its related party disclosures to no longer include those transactions and balances with Waterton Global Value, L.P. The Company has revised its prior period presentation to reflect this change.

### 20. Contingencies

Due to the complexity and nature of the Company’s operations, various legal and tax matters arise in the ordinary course of business. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated. In the opinion of management, these matters will not have a material effect on the condensed consolidated financial statements of the Company.