



Management's Discussion and Analysis

For the nine months ended September 30, 2019
(Expressed in US dollars)

INTRODUCTION

The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of Scorpio Gold Corporation (the "Company" or "Scorpio Gold") for the nine months ended September 30, 2019 and up to the date of this MD&A, and should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2019 as well as the annual consolidated financial statements of the Company for the year ended December 31, 2018. These documents are available on the Company's website (www.scorpiongold.com) and filed on SEDAR (www.sedar.com).

All financial information in this MD&A is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in US dollars unless otherwise indicated.

The effective date of this MD&A is November 27, 2019.

DESCRIPTION OF BUSINESS

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 activities in the United States of America ("USA").

On April 15, 2019, the Company completed a 2 for 1 consolidation of its outstanding common shares. All share and per share amounts are shown on a post-consolidated basis retroactively throughout this MD&A.

OVERALL PERFORMANCE

During the nine months ended September 30, 2019, Scorpio Gold raised gross proceeds of \$7.0 million from the issuance of secured subordinated convertible debentures by way of a private placement which allowed the Company to eliminate its \$6 million senior secured debt with Waterton Global Resources Management in exchange for an upfront payment of \$3 million in cash, and resulted in increasing the Company's ownership of the Mineral Ridge Gold Mine from 70% to 100%.

The Company is now focusing its efforts on re-engaging with lenders who had previously expressed interest in funding the proposed new processing facility at the Mineral Ridge project. This new facility will allow the Company to capture the value in the gold reserves contained in the heap leach pad and unmined portions of the mine. The Company sees potential to increase those resources by further exploration within and outside the area of operations. The Scorpio Gold operating team at Mineral Ridge has proved its excellence over the past eight years and once financed, will build and operate the new processing facility with an expected mine life of at least seven years.

On June 6, 2019, the Company announced the commencement of drilling at its 100% owned Goldwedge property located in Manhattan Nevada. The drilling program will focus on the Keystone-Jumbo claim block. The program calls for drilling of up to 29 exploration holes with the intention of building on historic drilling and previously reported surface sampling results (December 15, 2016 news release) within the Keystone-Jumbo claim block. Nine of the 29 permitted core holes have been completed, totalling 2,062 feet (628 meters). Assay results for these drill holes are pending.

On June 24, 2019 the Company announced the receipt and approval of its Water Pollution Control Permit (WPCP), issued by the State of Nevada, that will allow Scorpio Gold to advance its exploration activities at Mineral Ridge.

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 from Mineral Ridge until approximately Q3 of 2020 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.

OPERATION HIGHLIGHTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

- 2,825 ounces of gold and 1,680 ounces of silver were produced at the Mineral Ridge mine, compared to 6,187 ounces of gold and 2,866 ounces of silver produced during 2018.
- Revenue of \$3.7 million, compared to \$7.7 million during 2018.
- Total cash cost per ounce of gold sold ⁽¹⁾ of \$1,276, compared to \$804 during 2018.
- Mine operating earnings of \$0.07 million, compared to earnings of \$2.9 million during 2018.
- Net earnings of \$2.3 million (\$0.04 basic and diluted per share), compared to earnings of \$0.8 million (\$0.00 basic and diluted per share) during 2018.
- Adjusted net earnings ⁽¹⁾ of \$0.2 million (\$0.00 basic and diluted per share), compared to earnings of \$1.1 million (\$0.00 basic and diluted per share) during 2018.
- Adjusted EBITDA ⁽¹⁾ of \$0.7 million (\$0.01 basic and diluted per share) compared to \$1.9 million (\$0.01 basic and diluted per share) million during 2018.

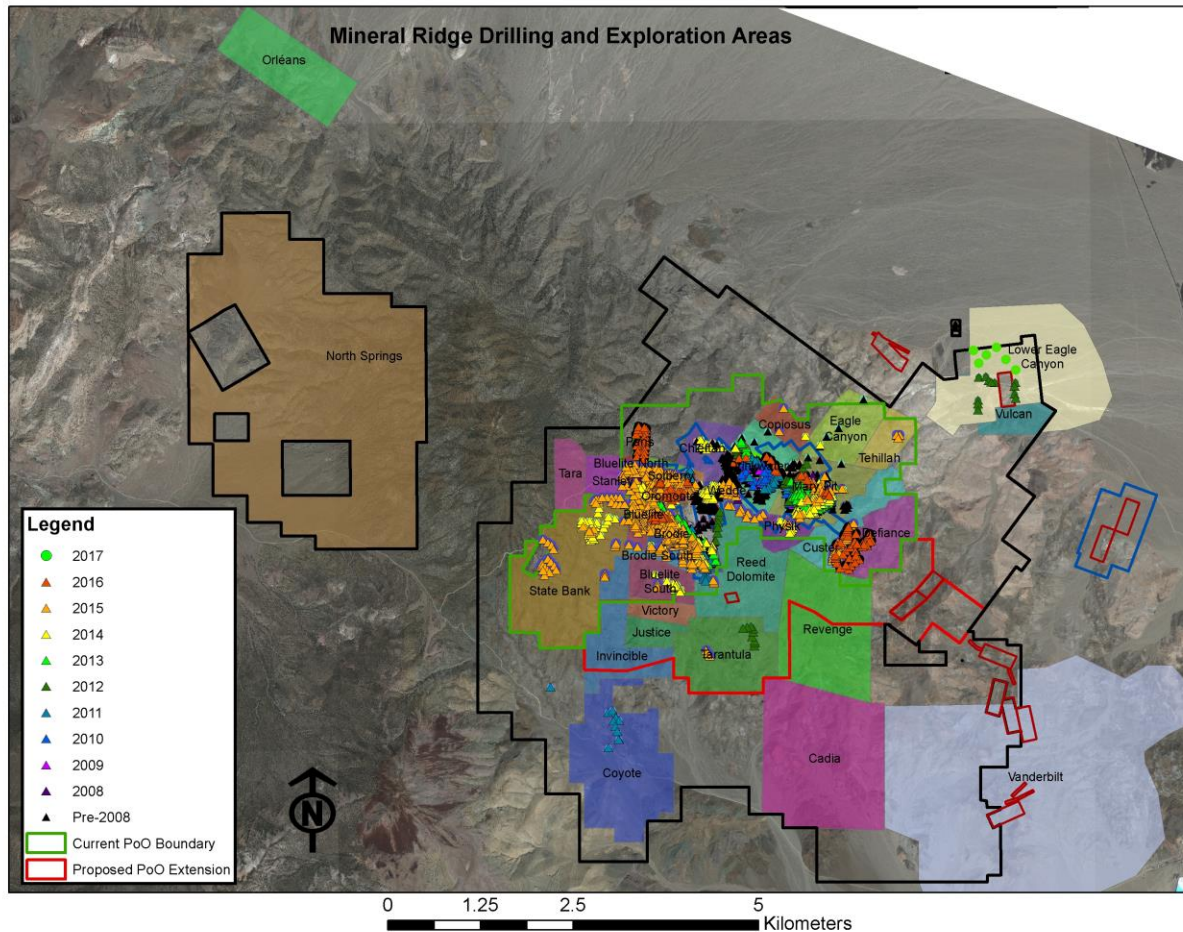
⁽¹⁾ This is a non-IFRS measure; please see Non-IFRS performance measures section.

MINERAL PROPERTIES

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 and as such currently own 100% of this project.

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.



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.

Current Mineral Ridge Exploration / Permitting

In June 2018, approval of the Plan of Operations ("PoO") amendment for Mineral Ridge was received from the Bureau of Land Management ("BLM"). On June 24, 2019 the Company announced the receipt and approval of its Water Pollution Control Permit (WPCP), issued by the State of Nevada, that will allow Scorpio Gold to advance its exploration activities at Mineral Ridge. This amendment includes authorization for exploration drilling on an additional 1,400 acres. No exploration activities were performed during the nine months ended September 30, 2019. Future exploration will be planned as exploration funds are available.

Resource and Reserve Estimates

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.

In January 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"). 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. 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 (1 year of initial capital investment and 7.5 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.Geol, 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.Geol.
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)
Brodie	Proven	51	0.042	2.1
	Probable	12	0.027	0.3
	Subtotal Proven and Probable	63	0.039	2.5
Custer	Proven	314	0.047	14.8
	Probable	144	0.032	4.6
	Subtotal Proven and Probable	459	0.042	19.4
Drinkwater	Proven	836	0.038	32.1
	Probable	352	0.033	11.7
	Subtotal Proven and Probable	1,189	0.037	43.7
Mary LC	Proven	470	0.035	16.3
	Probable	276	0.035	9.7
	Subtotal Proven and Probable	746	0.035	26.0
Bunkhouse	Proven	239	0.047	11.1
	Probable	4	0.021	0.1
	Subtotal Proven and Probable	243	0.046	11.2
Oromonte	Proven	563	0.071	39.8
	Probable	449	0.030	13.7
	Subtotal Proven and Probable	1,012	0.053	53.5
Total Combined	Proven	2,474	0.047	116.2
	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 38°-47°; 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).

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

Area	Classification	Tons (kt)	Gold Grade (opt)	Contained Gold (koz)
Brodie	Measured	455.7	0.063	28.6
	Indicated	237.9	0.056	13.4
	Subtotal Measured and Indicated	693.6	0.060	41.9
Custer	Measured	147.8	0.083	12.3
	Indicated	75.4	0.088	6.6
	Subtotal Measured and Indicated	223.2	0.085	18.9
Drinkwater HW	Measured	527.3	0.046	24.3
	Indicated	209.2	0.049	10.3
	Subtotal Measured and Indicated	736.6	0.047	34.6
Mary LC & Bunkhouse	Measured	721.4	0.072	51.7
	Indicated	403.3	0.074	29.8
	Subtotal Measured and Indicated	1,124.7	0.072	81.5
Oromonte	Measured	235.8	0.162	38.3
	Indicated	169.0	0.074	12.6
	Subtotal Measured and Indicated	404.8	0.126	50.9
Combined	Measured	2,088.0	0.074	155.2
	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.Geol.
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 38°-47°.
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.Geol.
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 38°-47°.
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.

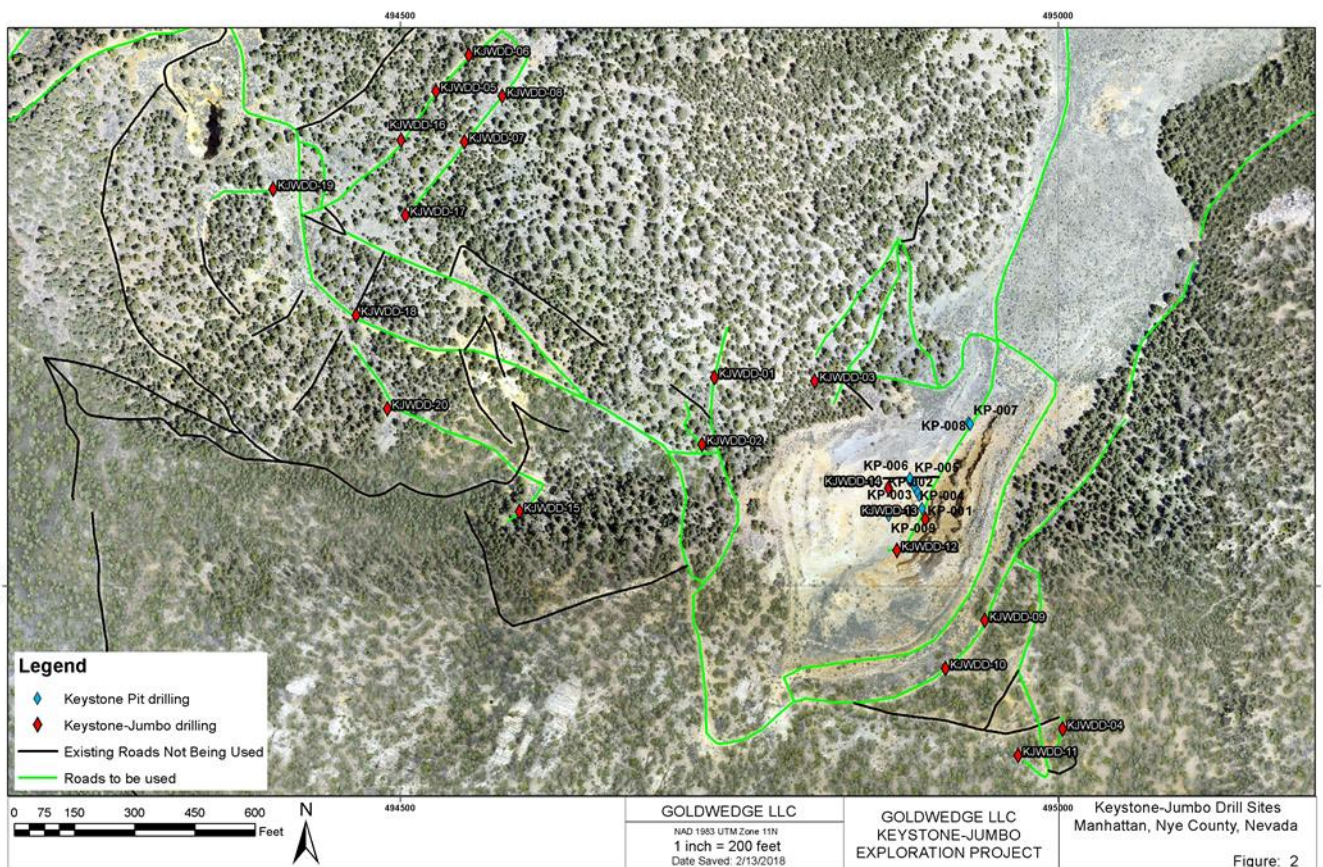
Other properties

Goldwedge

The Company holds a 100% interest in the Goldwedge property located in Manhattan Nevada.

On June 6, 2019, the Company announced the commencement of drilling on the Keystone-Jumbo claim block, for which the Company received drilling approval from the U.S. Forest Service in January 2019. The program calls for drilling of up to 29 exploration holes with the intention of building on historic drilling and previously reported surface sampling results (December 15, 2016 news release) within the Keystone-Jumbo claim block. Drilling between the two pits 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. Nine of the 29 permitted core holes have been completed, totalling 2,062 feet (628 meters). Assay results for these drill holes are pending.

Keystone - Jumbo Planned Drilling



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. Lode-Star has submitted a sample for metallurgical testing, to determine if their ore is amenable to multiple process scenarios, including gravity, flotation and cyanide leach, which will aid in determining expected recoveries and tails handling scenarios.

Ongoing discussions continue with Lode Star Management based on their results from testing of representative ore sample using various recovery methods. Based on these discussions, Lode Star management is agreeable to fund design engineering, processing equipment and construction costs associated with the necessary addition of a flotation circuit and process pond revisions to the Goldwedge property. The upfront capital costs incurred by Lode Star will be offset by a reduction in toll milling costs charged to Lode Star until the initial capital costs are repaid. The Lode Star tailings will be hauled to Mineral Ridge for final recovery and storage. Discussions are ongoing with the various regulatory agencies to ensure all permitting and compliance components of the arrangement are satisfied.

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.

Qualified Person

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.

KEY OPERATING AND FINANCIAL STATISTICS

	FOR THE THREE MONTHS ENDED		FOR THE NINE MONTHS ENDED	
	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018	SEPTEMBER 30, 2019	SEPTEMBER 30, 2018
Processing				
Ounces produced				
Gold	826	1,627	2,825	6,187
Silver	398	655	1,680	2,866
Financials				
(In thousands of US dollars, except per ounce and per share numbers)	\$	\$	\$	\$
Total cash cost per ounce of gold sold ⁽¹⁾	1,166	721	1,276	804
Ounces sold				
Gold	860	1,825	2,826	6,025
Silver	420	800	1,659	2,675
Average price of gold				
London PM fix	1,472	1,213	1,364	1,282
Realized	1,435	1,205	1,305	1,276
Net earnings (loss)	(281)	415	2,285	805
Basic and diluted net (loss) earnings per share	(0.00)	0.00	0.04	0.00
Adjusted net earnings ⁽¹⁾	168	420	213	1,146
Basic and diluted adjusted net earnings per share ⁽¹⁾	0.00	0.00	0.00	0.00
Adjusted EBITDA ⁽¹⁾	377	644	749	1,872
Basic and diluted adjusted EBITDA per share ⁽¹⁾	0.01	0.00	0.01	0.01

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

Production

As a result of mining being suspended since November 2017, no fresh ore has been crushed and placed on the leach pad at Mineral Ridge. During the nine months ended September 30, 2019, application of cyanide leach solution to the ore on the leach pad was 788 million gallons and 684 million gallons of pregnant, gold-bearing solution were processed through the ADR plant's carbon column circuit at an average grade of 0.04 ppm gold and 0.05 ppm silver. Calculated efficiency for recovery of precious metals from solution processed through the ADR plant for the nine months ended September 30, 2019 was 84% for gold and 43% 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 the nine months ended September 30, 2019 was 1,727 gallons per minute ("gpm"). 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. The Company produced 2,825 ounces of gold and 1,680 ounces of silver.

Operations

Scorpio Gold reported net earnings of \$2.3 million for the nine months ended September 30, 2019 compared to \$0.8 million in 2018.

Revenue

During the nine months ended September 30, 2019, the Company sold 2,826 ounces of gold and 1,659 ounces of silver for total revenue of \$3.7 million at an average price of \$1,305 for gold and \$16 for silver, whereas during the nine months ended September 30, 2018, the Company sold 6,025 ounces of gold and 2,675 ounces of silver for total revenue of \$7.7 million at an average price of \$1,276 for gold and \$16 for silver.

As of September 30, 2019, the Company had finished goods inventories including 5 ounces of gold available for sale compared to 40 ounces of gold as at December 31, 2018.

Mine operating earnings (loss)

Mine operating earning was therefore \$0.1 million for the nine months ended September 30, 2019 compared to earnings of \$2.9 million for the comparative period of 2018.

Cost of sales, excluding inventory write-down, was \$2.0 million for the nine months ended September 30, 2019 compared to \$4.8 million for the nine months ended September 30, 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 \$1,276 for the nine months ended September 30, 2019 compared to \$804 for the nine months ended September 30, 2018. The increase in cash costs is due mainly to decreased production rates as compared to the prior period.

During the nine months ended September 30, 2019, the Company wrote down inventory for an amount of \$1.6 million compared to \$Nil for the corresponding period of 2018.

Inventories decreased from \$1.2 million as of December 31, 2018 to \$1.1 million as of September 30, 2019. As indicated above, the Company recorded a write-down of \$1.6 million on inventories during the nine months ended September 30, 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 the nine months ended September 30, 2019, the Company re-evaluated the number of recoverable ounces on the leach pad which led to a net favourable adjustment of 3,252 ounces.

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

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 September 30, 2019, included in the metal in process inventories, are inventories on the leach pad for a total cost of \$0.1 million 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.

General and administrative

General and administrative expenses totaled \$0.7 million during the nine months ended September 30, 2019 which is comparable to \$0.7 million during 2018.

Impairment of mining assets

The fact that the carrying amount of the net assets of the Company was higher than the Company's market capitalization as of September 30, 2019 is an indicator 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 as at September 30, 2019 (2018 - \$5.6 million). During the nine months ended September 30, 2019, the Company recorded non-cash impairment charges for Mineral Ridge of \$0.04 million (2018 - \$0.4 million).

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.

Gain on debt settlement

On March 4, 2019, the Company completed the Waterton Buyout, under which:

- (i) the \$6 million loan advanced from Waterton Precious Metals Fund II Cayman LP ("Waterton Fund") to the Company was fully extinguished;
- (ii) the gold and silver supply agreement dated May 18, 2011 among the Company, its subsidiaries and an affiliate of Waterton Fund was terminated; and
- (iii) the Company acquired the 30% non-controlling membership interest of Elevon LLC ("Elevon") in Mineral Ridge Gold (which holds the Mineral Ridge Project) and the related operating agreement dated March 10, 2010 between the Company and Elevon was terminated (collectively, the "Waterton Buyout").

In consideration for the Waterton Buyout:

- (i) the Company paid Waterton Fund \$3 million (the "Upfront Payment");
- (ii) the Company assigned to Waterton Fund 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 sale of the Pinon property in 2014; and
- (iii) a contingent payment will be payable by the Company to Waterton Global Resource Management 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.

The Company received funding to complete the Upfront Payment pursuant to a 7% interest bearing \$3 million debt bridge financing (the "Bridge Financing") from arm's length parties to the Company in the form of promissory notes. The Bridge Financing was subsequently repaid at the closing of the convertible debenture financing.

As part of the Waterton Buyout, the Company recorded a \$3.8 million gain on debt settlement during the nine months ended September 30, 2019.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly financial information for each of the last eight quarters (expressed in thousands of US dollars, except per share amounts):

Quarter Ending	Revenues	Net earnings (loss)	Basic and diluted earnings (loss) per share
	\$	\$	\$
September 30, 2019	1,241	(281)	(0.00)
June 30, 2019	985	(861)	(0.01)
March 31, 2019	1,486	3,425	0.05
December 31, 2018	2,095	(383)	(0.01)
September 30, 2018	2,211	415	0.01
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)

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.

Mining at Mineral Ridge 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.

LIQUIDITY AND CAPITAL RESOURCES

The Company had \$3.2 million in cash as of September 30, 2019 compared to \$1.1 million as of December 31, 2018.

Working capital was \$4.0 million as of September 30, 2019, compared to a working capital deficiency of \$4.2 million as of December 31, 2018.

Total current liabilities decreased from \$6.9 million as at December 31, 2018 to \$0.9 million as at September 30, 2019. This reduction relates to the Waterton Buyout where the Company extinguished its \$6 million debt.

Total equity increased from \$4.9 million as at December 31, 2018 to \$13.5 million as at September 30, 2019 primarily due to the \$7.0 million convertible debenture and the Waterton Buyout.

Cash outflows used by operating activities were \$1.4 million for the nine months ended September 30, 2019 compared to inflows of \$1.9 million 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 \$0.9 million during the nine months ended September 30, 2019 and mostly consisted of the acquisition of the 30% non-controlling interest in Mineral Ridge Gold, LLC. During the nine months ended September 30, 2018, the Company invested \$0.4 million in non-producing properties as well \$0.3 million to increase the reclamation bonds.

Cash flows from financing activities during the nine months ended September 30, 2019 consisted of \$4.5 million compared to \$1.3 million used in financing activities in 2018.

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

Each Debenture has an issue price of US\$1,000, bears interest at a rate of 10% per annum, payable semi-annually, and matures April 26, 2022. Interest may be paid in common shares of the Company at the option of the Company or the holder of the Debenture. Each Debenture is convertible into common shares at the option of the holder at any time prior to maturity at a conversion price of \$0.08 per share (the "Conversion Price"), which is equivalent to 12,500 common shares for each \$1,000 principal amount of Debentures, subject to adjustment in certain circumstances. 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 common shares equal to the principal amount of the Debenture divided by the Conversion Price.

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.

As indicated above, management expects the Company to generate limited revenues until approximately Q3 of 2020 from residual but diminishing gold recoveries from the leach pads. As such, the Company will use the 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.

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 September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
(In thousands of US dollars, except per share numbers)	\$	\$	\$	\$
Net earnings (loss) for the period	(281)	246	2,285	390
Share-based compensation	-	-	133	-
Gain on settlement of debt	-	-	(3,789)	-
Inventory write-down	486	-	1,617	-
Gain on adjustment of provision for environmental rehabilitation	-	-	-	(43)
Impairment of mining assets	-	58	40	405
Gain on disposal of assets	-	(4)	-	(4)
Foreign exchange gain	(37)	(1)	(42)	(3)
Deferred income tax expense (recovery)	-	(8)	(31)	(19)
Adjusted net earnings (loss) for the period	168	291	213	726
Non-controlling interest	-	(241)	(149)	(528)
Adjusted net earnings (loss) for the period attributable to the shareholders of the Company	168	50	64	198
Adjusted basic and diluted net earnings (loss) per share	0.00	0.00	0.00	0.01

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 September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
(In thousands of US dollars)	\$	\$	\$	\$
Cash costs				
Cost of sales excluding depletion and amortization per consolidated financial statements	1,021	1,295	3,642	4,806
Inventory adjustment	(14)	(1)	10	(25)
Share-based compensation	-	-	(24)	-
By-product silver sales	(7)	(12)	(26)	(43)
Royalties	-	-	-	(17)
Cash operating costs	1,000	1,282	3,602	4,721
Nevada net proceeds tax	3	34	3	123
Total cash cost	1,003	1,316	3,605	4,844
Divided by ounces of gold sold	860	1,825	2,826	6,025
Cash operating cost per gold ounce sold	1,163	702	1,275	783
Total cash costs per gold ounce sold	1,166	721	1,276	804

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 September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
(In thousands of US dollars, except per share numbers)	\$	\$	\$	\$
Net earnings (loss) for the period	(281)	246	2,285	390
Finance costs	210	203	528	403
Depletion and amortization	4	4	13	9
Income tax expense	(5)	31	(36)	70
Standardized EBITDA	(72)	484	2,790	872
Share-based compensation	-	-	133	-
Gain on debt settlement	-	-	(3,789)	-
Inventory write-down	486	-	1,617	-
Impairment of mining assets	-	58	40	405
Gain on adjustment of provision for environmental rehabilitation	-	-	-	(43)
Gain on disposal of assets	-	(4)	-	(4)
Foreign exchange gain	(37)	(1)	(42)	(3)
Adjusted EBITDA	377	537	749	1,227
Non-controlling interest	-	(260)	(156)	(658)
Adjusted EBITDA attributable to the shareholders of the Company	377	277	593	569
Adjusted basic and diluted EBITDA per share	0.01	0.01	0.01	0.02

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 September 30, 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 and nine months ended September 30, 2019 and 2018 is as follows:

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Salaries and director fees	\$ 179	\$ 178	\$ 530	\$ 531

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, 2019 and 2018.

b) Waterton Fund

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

Related party transactions entered into with Waterton Fund during the three and nine months ended September 30, 2019 and 2018 are as follows:

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Interest on secured debt	\$ -	\$ 151	\$ 104	\$ 449

FINANCIAL INSTRUMENTS

Financial risk factors

The Company's financial risk factors are consistent with those disclosed by the Company for the year ended December 31, 2018.

Fair Value

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

- 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 has no financial instruments classified as Level 1, Level 2 or Level 3. There have been no transfers between levels of the fair value hierarchy.

DISCLOSURE OF OUTSTANDING SECURITIES AS AT THE DATE OF THIS MD&A

Outstanding common shares	62,474,118
Convertible debentures	89,687,500
Stock options	<u>5,190,000</u>
Fully diluted	<u>157,351,618</u>

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.