



Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2020

(Unaudited – Expressed in US dollars)

NOTICE TO READER

These condensed interim consolidated financial statements of Scorpio Gold Corporation have been prepared by management and approved by the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed interim consolidated financial statements, notes to the financial statements or the related Management's Discussion and Analysis.

Scorpio Gold Corporation

Condensed interim consolidated statements of net earnings (loss) and comprehensive income (loss)

(Unaudited – Expressed in thousands of US dollars except for share and per share amounts)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2020	2019	2020	2019
REVENUE					
Revenue		\$ 1,434	\$ 1,241	\$ 3,914	\$ 3,712
Cost of sales excluding inventory write-down	4	(627)	(535)	(1,279)	(2,025)
Inventory write-down	7	(797)	(486)	(2,278)	(1,617)
Mine operating earnings		10	220	357	70
EXPENSES					
General and administration	5	(629)	(182)	(942)	(700)
Care and maintenance - Goldwedge		(129)	(188)	(550)	(490)
Impairment of mining assets	9	-	-	(4)	(40)
Gain on disposal of assets	8	28	-	24	-
		(730)	(370)	(1,472)	(1,230)
Operating loss		(720)	(150)	(1,115)	(1,160)
Other income (expense)					
Finance costs	6	(220)	(210)	(642)	(528)
Finance income		-	37	16	106
Foreign exchange		(28)	37	(32)	42
Gain on debt settlement		-	-	-	3,789
		(248)	(136)	(658)	3,409
Net earnings (loss) before income taxes		(968)	(286)	(1,773)	2,249
Income tax recovery		-	5	-	36
NET EARNINGS (LOSS) AND COMPREHENSIVE INCOME (LOSS)		\$ (968)	\$ (281)	\$ (1,773)	\$ 2,285
Net earnings (loss) and comprehensive income (loss) attributable to:					
Shareholders of the Company		\$ (968)	\$ (281)	\$ (1,773)	\$ 2,272
Non-controlling interest		-	-	-	13
NET EARNINGS (LOSS) AND COMPREHENSIVE INCOME (LOSS)		\$ (968)	\$ (281)	\$ (1,773)	\$ 2,285
Basic and diluted earnings (loss) per common share		\$ (0.01)	\$ (0.00)	\$ (0.03)	\$ 0.04
Basic and diluted weighted average number of common shares outstanding		74,096,639	62,474,118	67,929,207	62,474,118

The accompanying notes form an integral part of these condensed interim consolidated financial statements

Scorpio Gold Corporation

Condensed interim consolidated statements of financial position

(Unaudited – Expressed in thousands of US dollars)

		As at	
	Note	September 30, 2020	December 31, 2019
ASSETS			
Current assets			
Cash		\$ 3,955	\$ 2,243
Receivables		9	389
Prepaid expenses		598	434
Inventories	7	1,062	973
Total current assets		5,624	4,039
Producing mining assets	8	4,919	5,011
Non-producing mining assets	9	462	224
Reclamation bonds		7,141	6,186
TOTAL ASSETS		\$ 18,146	\$ 15,460
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables		\$ 811	\$ 524
Income tax payable		-	5
Total current liabilities		811	529
Provision for environmental rehabilitation		5,344	5,278
Total liabilities		6,155	5,807
Equity			
Share capital	10	52,874	51,449
Equity reserve	10	9,374	6,688
Convertible debentures		6,847	6,847
Investment valuation reserve		(2)	(2)
Foreign currency translation reserve		(194)	(194)
Deficit		(56,908)	(55,135)
Total equity		11,991	9,653
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 18,146	\$ 15,460
Nature of operations	1		
Subsequent events	14		

APPROVED BY THE BOARD

"Peter Brieger"

Director

"Brian Lock"

Director

The accompanying notes form an integral part of these condensed interim consolidated financial statements

Scorpio Gold Corporation

Condensed interim consolidated statements of changes in equity
(Unaudited – Expressed in thousands of US dollars, shares in thousands)

	Number of shares	Share capital	Equity reserve	Convertible debentures	Investment valuation reserve	Foreign currency translation reserve	Deficit	Non-controlling interest	Total equity
Balance, December 31, 2019	62,474	\$ 51,449	\$ 6,688	\$ 6,847	\$ (2)	\$ (194)	\$ (55,135)	\$ -	\$ 9,653
Private placement	27,769	1,063	2,237	-	-	-	-	-	3,300
Issuance of common shares for convertible debenture interest	6,793	362	-	-	-	-	-	-	362
Share-based compensation	-	-	449	-	-	-	-	-	449
Net loss and comprehensive loss	-	-	-	-	-	-	(1,773)	-	(1,773)
Balance, September 30, 2020	97,036	\$ 52,874	\$ 9,374	\$ 6,847	\$ (2)	\$ (194)	\$ (56,908)	\$ -	\$ 11,991

	Number of shares	Share capital	Equity reserve	Convertible debentures	Investment valuation reserve	Foreign currency translation reserve	Deficit	Non-controlling interest	Total equity
Balance, December 31, 2018	62,474	\$ 51,449	\$ 6,555	\$ -	\$ (2)	\$ (194)	\$ (48,802)	\$ (4,105)	\$ 4,901
Convertible debentures	-	-	-	6,847	-	-	-	-	6,847
Share-based compensation	-	-	133	-	-	-	-	-	133
Net earnings and comprehensive income	-	-	-	-	-	-	2,272	13	2,285
Loss on acquisition of non-controlling interest	-	-	-	-	-	-	(4,779)	4,092	(687)
Balance, September 30, 2019	62,474	\$ 51,449	\$ 6,688	\$ 6,847	\$ (2)	\$ (194)	\$ (51,309)	\$ -	\$ 13,479

The accompanying notes form an integral part of these condensed interim consolidated financial statements

Scorpio Gold Corporation

Condensed interim consolidated statements of cash flows

(Unaudited – Expressed in thousands of US dollars)

	Nine months ended September 30,	
	2020	2019
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES:		
Net earnings (loss) before income taxes	\$ (1,773)	\$ 2,249
Adjustment for:		
Income tax paid	(5)	(141)
Items not affecting cash:		
Share-based compensation	449	133
Financing costs	642	528
Finance income	(16)	(87)
Gain on debt settlement	-	(3,789)
Impairment of mining assets	4	40
Gain on disposal of assets	(24)	-
Inventory write-down	2,278	1,617
Depletion and amortization	8	13
Change in non-cash working capital items:		
Receivables	380	(5)
Prepaid expenses	(164)	(208)
Inventories	(2,367)	(1,497)
Trade and other payables	56	(299)
	(532)	(1,446)
INVESTING ACTIVITIES:		
Additions to producing mining assets	(10)	-
Additions to non-producing mining assets	(216)	(234)
Acquisition of non-controlling interest	-	(687)
Reclamation bonds	(939)	-
Proceeds from disposal of assets	109	-
	(1,056)	(921)
FINANCING ACTIVITIES:		
Private placement	3,360	-
Share issue costs	(60)	-
Proceeds from issuance of convertible debentures, net	-	6,847
Promissory notes	-	3,000
Repayment of promissory notes	-	(3,030)
Repayment of secured debt and financing lease	-	(2,365)
	3,300	4,452
INCREASE IN CASH FOR THE PERIOD	1,712	2,085
CASH, BEGINNING OF THE PERIOD	2,243	1,100
CASH, END OF PERIOD	\$ 3,955	\$ 3,185
Non-cash investing and financing activities		
Issuance of common shares for convertible debenture interest	\$ 362	\$ -
Non-producing mining assets included in trade and other payables	29	169
Supplemental cash flow information		
Cash paid for interest	-	-
Cash paid for income taxes	5	-

The accompanying notes form an integral part of these condensed interim consolidated financial statements

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

1. Nature of operations

Scorpio Gold Corporation (the "Company") is a publicly traded company incorporated under the laws of the Province of British Columbia. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") and trade under the symbol SGN. The corporate office of the Company is located at Unit 1 - 15782 Marine Drive, White Rock, B.C., V4B 1E6. The Company and its subsidiaries conduct mineral exploitation, exploration and development activities in the United States of America ("USA").

In August 2020, the Company entered into a part and parcel transaction whereby the Company would raise C\$6 million in equity (Note 10 and 14) and grant an option to Titan Mining Corporation ("Titan") to earn an 80% interest in the Mineral Ridge property by spending \$35 million on exploration over five years (Note 8). If Titan spends \$7 million of exploration expenditures on Mineral Ridge, it will also receive the right to acquire a 100% interest in Mineral Ridge by making a cash payment to Scorpio Gold of \$35 million on or before December 31, 2022.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As at September 30, 2020, the Company had working capital of \$4,813,000. In October 2020, the Company completed the second and final tranche of a non-brokered private placement for gross proceeds of C\$1,557,000 (Note 14). Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months.

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse impacts of the outbreak and its effects on the Company's business or ability to raise funds.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

2. Basis of presentation

Statement of compliance

These condensed interim consolidated financial statements 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") as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements do not include all disclosures required for annual financial statements, and accordingly should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended December 31, 2019.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 25, 2020.

Basis of measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in United States dollars, which is the functional currency of the parent company and its subsidiaries.

Management judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are consistent with those disclosed in the audited consolidated financial statements as at December 31, 2019.

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

3. Significant accounting policies

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company as at and for the year ended December 31, 2019.

New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of September 30, 2020 and have not been applied in preparing these condensed interim consolidated financial statements. In addition, none of these standards are applicable to the Company.

4. Cost of sales

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Contractor charges	\$ 136	\$ 67	\$ 285	\$ 165
Labour	431	456	1,351	1,529
Fuel and reagents	235	237	706	687
Mechanical parts	155	32	201	100
Change in ore stockpile, metals in process, and finished goods	(764)	(545)	(2,385)	(1,454)
Utilities, permits and other	434	288	1,121	998
	\$ 627	\$ 535	\$ 1,279	\$ 2,025

5. General and administrative

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Salaries and benefits	\$ 14	\$ 77	\$ 118	\$ 301
Consultants	24	-	80	4
Directors' fees	-	6	41	62
Insurance, travel and office related	15	21	48	47
Investor relations	59	-	80	7
Professional fees	53	72	72	144
Project evaluation	-	3	-	3
Share-based compensation	449	-	449	110
Transfer agent and listing fees	15	3	54	22
	\$ 629	\$ 182	\$ 942	\$ 700

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

6. Finance costs

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Interest on convertible debentures	\$ 198	\$ 180	\$ 576	\$ 304
Interest on secured debt	-	-	-	104
Interest on promissory notes	-	-	-	30
Unwinding of discount of provision for environmental rehabilitation	22	30	66	90
	\$ 220	\$ 210	\$ 642	\$ 528

7. Inventories

	September 30, 2020	December 31, 2019
Supplies	\$ 726	\$ 745
Metals in process	134	217
Finished goods	202	11
	\$ 1,062	\$ 973

During the nine months ended September 30, 2020, inventory included as cost of sales is \$3,557,000 (2019 - \$3,642,000).

During the nine months ended September 30, 2020, the Company recognized an inventory write-down of \$2,278,000 (2019 - \$1,617,000).

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

8. Producing mining assets

In August 2020, the Company entered into an agreement with Titan whereby Titan can earn an 80% interest in the Mineral Ridge property by spending \$35 million on exploration over five years.

Terms of the agreement require Titan to spend \$35 million in staged expenditures over a period of five years (the "Option Term") to earn an 80% ownership interest (the "Earn-in Option") in Mineral Ridge Gold LLC ("MRG"), an indirect subsidiary of the Company which holds all of the mineral rights and water rights comprising the Mineral Ridge property. In order to maintain the Earn-In Option in good standing, Titan must incur expenditures of \$7 million on or before January 1, 2022, then a further \$7 million on each of the third, fourth and fifth anniversaries of the commencement of the effectiveness of the Earn- In Option. In addition, if Titan spends the initial \$7 million of expenditures by January 1, 2022, it will also have the right to acquire a 100% interest in MRG by making a cash payment to the Company of \$35 million on or before December 31, 2022 (the "Purchase Option").

Until the earlier of the December 31, 2021 and the date that the Company extracts a further 3,200 ounces of gold from the Mineral Ridge property, the Company may continue its gold recoveries from the heap leach operations on the Mineral Ridge property for its own account with 25% of the proceeds of such operation, net of operating costs, to be held in a segregated trust account which will remain an asset of MRG if Titan exercises the Earn-in Option or Purchase Option.

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

8. Producing mining assets (Continued)

	Mining interest	Plant and Equipment	Mobile equipment	Furniture and office equipment	Total
Cost					
December 31, 2018	\$ 74,292	\$ 23,372	\$ 2,186	\$ 816	\$ 100,666
Additions	-	-	-	10	10
Change in provision for environmental rehabilitation	267	-	-	-	267
December 31, 2019	74,559	23,372	2,186	826	100,943
Disposals	-	(345)	-	-	(345)
September 30, 2020	\$ 74,559	\$ 23,027	\$ 2,186	\$ 826	\$ 100,598
Accumulated impairment, depletion and amortization					
December 31, 2018	\$ 74,261	\$ 19,151	\$ 1,264	\$ 808	\$ 95,484
Impairment	298	128	-	10	436
Depletion and amortization	-	8	1	3	12
December 31, 2019	74,559	19,287	1,265	821	95,932
Disposals	-	(260)	-	-	(260)
Depletion and amortization	-	7	-	-	7
September 30, 2020	\$ 74,559	\$ 19,034	\$ 1,265	\$ 821	\$ 95,679
Net book value					
December 31, 2019	\$ -	\$ 4,085	\$ 921	\$ 5	\$ 5,011
September 30, 2020	\$ -	\$ 3,993	\$ 921	\$ 5	\$ 4,919

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

8. Producing mining assets (Continued)

	Mineral Ridge	Goldwedge	Total
Cost			
December 31, 2018	\$ 97,877	\$ 2,789	\$ 100,666
Additions	10	-	10
Change in provision for environmental rehabilitation	267	-	267
December 31, 2019	98,154	2,789	100,943
Disposals	(345)	-	(345)
September 30, 2020	\$ 97,809	\$ 2,789	\$ 100,598
Accumulated impairment, depletion and amortization			
December 31, 2018	\$ 93,303	\$ 2,181	\$ 95,484
Impairment	436	-	436
Depletion and amortization	-	12	12
December 31, 2019	93,739	2,193	95,932
Disposals	(260)	-	(260)
Depletion and amortization	-	7	7
September 30, 2020	\$ 93,479	\$ 2,200	\$ 95,679
Net book value			
December 31, 2019	\$ 4,415	\$ 596	\$ 5,011
September 30, 2020	\$ 4,330	\$ 589	\$ 4,919

During the nine months ended September 30, 2020, the Company sold equipment with a net book value of \$85,000 for gross proceeds of \$109,000, and accordingly recorded a gain on disposal of assets of \$24,000.

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

9. Non-producing mining assets and other

	Mining interest	Plant and Equipment	Mobile equipment	Furniture and office equipment	Construction in progress	Total
Cost						
December 31, 2018	\$ 16,283	\$ 689	\$ 604	\$ 26	\$ 1,644	\$ 19,246
Additions	383	-	-	-	31	414
Disposals	-	-	-	(26)	-	(26)
Change in provision for environmental rehabilitation	50	-	-	-	-	50
December 31, 2019	16,716	689	604	-	1,675	19,684
Additions	175	-	-	-	68	243
September 30, 2020	\$ 16,891	\$ 689	\$ 604	\$ -	\$ 1,743	\$ 19,927
Accumulated impairment, depletion and amortization						
December 31, 2018	\$ 13,824	\$ 528	\$ 537	\$ 26	\$ 1,644	\$ 16,559
Impairment	2,892	-	-	-	31	2,923
Depletion and amortization	-	4	-	-	-	4
Disposals	-	-	-	(26)	-	(26)
December 31, 2019	16,716	532	537	-	1,675	19,460
Impairment	4	-	-	-	-	4
Depletion and amortization	-	1	-	-	-	1
September 30, 2020	\$ 16,720	\$ 533	\$ 537	\$ -	\$ 1,675	\$ 19,465
Net book value						
December 31, 2019	\$ -	\$ 157	\$ 67	\$ -	\$ -	\$ 224
September 30, 2020	\$ 171	\$ 156	\$ 67	\$ -	\$ 68	\$ 462

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

9. Non-producing mining assets and other (Continued)

	Mineral			
	Ridge	Goldwedge	Other	Total
Cost				
December 31, 2018	\$ 7,549	\$ 11,653	\$ 44	\$ 19,246
Additions	34	380	-	414
Disposal	-	-	(26)	(26)
Change in provision for environmental rehabilitation	-	50	-	50
December 31, 2019	7,583	12,083	18	19,684
Additions	26	217	-	243
September 30, 2020	\$ 7,609	\$ 12,300	\$ 18	\$ 19,927
Accumulated impairment, depletion and amortization				
December 31, 2018	\$ 7,549	\$ 8,986	\$ 24	\$ 16,559
Impairment	34	2,869	20	2,923
Depletion and amortization	-	4	-	4
Disposal	-	-	(26)	(26)
December 31, 2019	7,583	11,859	18	19,460
Impairment	4	-	-	4
Depletion and amortization	-	1	-	1
September 30, 2020	\$ 7,587	\$ 11,860	\$ 18	\$ 19,465
Net book value				
December 31, 2019	\$ -	\$ 224	\$ -	\$ 224
September 30, 2020	\$ 22	\$ 440	\$ -	\$ 462

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

10. Share capital

(a) Authorized

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

(b) Issued and outstanding

In April and May 2020, the Company issued 6,793,173 common shares valued at \$362,000 to settle its semi-annual interest payment on its convertible debentures.

In September 2020, the Company completed the first tranche of a non-brokered private placement through the issue of 27,768,750 units at a price of C\$0.16 per unit for gross proceeds of \$3,360,000 (C\$4,443,000). Each unit consists of one common share and one common share purchase warrant with each warrant exercisable into one common share at an exercise price of C\$0.24 until September 14, 2023. The Company paid finder's fees of \$38,000 and other share issue costs of \$22,000. The warrants were valued on a relative fair value basis at \$2,237,000 using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 0.32%; an expected volatility of 113%; an expected life of 3 years; a forfeiture rate of zero; an expected dividend of zero.

(c) Warrants

The continuity of warrants for the nine months ended September 30, 2020 is as follows:

Expiry date	Exercise price C\$	Balance, December 31, 2019	Granted	Exercised	Expired	Balance, September 30, 2020
September 14, 2023	\$ 0.24	-	37,500,000	-	-	37,500,000
		-	37,500,000	-	-	37,500,000
Weighted average exercise price (C\$)	\$	-	\$ 0.24	\$	-	\$ 0.24

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

10. Share capital (Continued)

(d) Stock options

The Company has a shareholder approved rolling stock option plan (“the Plan”) which is applicable to directors, officers, employees and consultants. Under the Plan, the total outstanding stock options that may be granted are limited to 10% of the outstanding common shares of the Company at any one time. The exercise price of an option shall not be less than the discounted market price at the time of granting as prescribed by the policies of the TSX-V. The maximum term of stock options is ten years from the grant date. Vesting terms are at the discretion of the directors.

The continuity of stock options for the nine months ended September 30, 2020 is as follows:

Expiry date	Exercise price C\$	Balance, December 31, 2019	Granted	Exercised	Expired	Balance, September 30, 2020				
January 14, 2020	\$ 0.29	875,000	-	-	(875,000)	-				
August 30, 2021	\$ 0.17	1,095,000	-	-	-	1,095,000				
July 23, 2022	\$ 0.155	-	200,000	-	-	200,000				
June 6, 2023	\$ 0.55	720,000	-	-	-	720,000				
June 5, 2024	\$ 0.10	2,500,000	-	-	-	2,500,000				
July 23, 2025	\$ 0.155	-	150,000	-	-	150,000				
September 14, 2025	\$ 0.165	-	3,815,000	-	(30,000)	3,785,000				
		5,190,000	4,165,000	-	(905,000)	8,450,000				
Weighted average exercise price (C\$)	\$	0.21	\$	0.16	\$	-	\$	0.29	\$	0.18

As at September 30, 2020, 8,300,000 stock options were exercisable.

As at September 30, 2020, the weighted average remaining contractual life of the stock options outstanding was 3.79 years.

(e) Share-based compensation

During the nine months ended September 30, 2020, the Company recognized share-based compensation expense of \$449,000 (2019 - \$133,000) for options that vested during the period.

On July 23, 2020, the Company granted 150,000 stock options to officers at a fair value of \$13,000 or \$0.11 per option, all of which was recorded as share-based compensation for the nine months ended September 30, 2020. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 0.27%; an expected volatility of 99%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

10. Share capital (Continued)

(e) Share-based compensation (Continued)

On July 23, 2020, the Company granted 200,000 stock options to two investor relations companies at a fair value of \$16,000 or \$0.10 per option, of which \$9,000 was recorded as share-based compensation for the nine months ended September 30, 2020. The options vest 25% on grant and 25% every three months thereafter. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 0.27%; an expected volatility of 135%; an expected life of 2 years; a forfeiture rate of zero; and an expected dividend of zero.

On September 14, 2020, the Company granted 3,815,000 stock options to directors, officers, employees and consultants at a fair value of \$427,000 or \$0.15 per option, all of which was recorded as share-based compensation for the nine months ended September 30, 2020. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 0.32%; an expected volatility of 110%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

11. Related party transactions and balances

Compensation of key management personnel and directors

Key management includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel during the three and nine months ended September 30, 2020 and 2019 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Salaries* and director fees	\$ 62	\$ 179	\$ 333	\$ 530
Share-based compensation	270	-	270	110
	\$ 332	\$ 179	\$ 603	\$ 640

* certain salaries have been allocated to cost of sales and care and maintenance

Amounts due to related parties

Included in trade and other payables as at September 30, 2020, is \$23,000 (December 31, 2019 - \$3,000) due to key management for director fees and for the reimbursement of expenditures.

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

12. Segmented information

Industry information

The Company is engaged in mining exploitation, exploration and development and has one operating mine and a toll milling facility. The Company has two reportable segments being Mineral Ridge and Goldwedge. The Other category is composed of head office and Scorpio Gold (US) Corporation. Segments are operations reviewed by the CEO who is considered to be the chief operating decision maker.

Operating segment details are as follows:

Three months ended September 30, 2020	Mineral Ridge Goldwedge Other			Total
REVENUE				
Revenue	\$ 1,434	\$ -	\$ -	\$ 1,434
Cost of sales excluding inventory write-down	(627)	-	-	(627)
Inventory write-down	(797)	-	-	(797)
Mine operating earnings	10	-	-	10
EXPENSES				
General and administration	-	-	(629)	(629)
Care and maintenance - Goldwedge	-	(129)	-	(129)
Impairment of mining assets	-	-	-	-
Gain on disposal of assets	28	-	-	28
	28	(129)	(629)	(730)
Operating earnings (loss)	38	(129)	(629)	(720)
Other income (expense)				
Finance costs	(20)	(2)	(198)	(220)
Finance income	-	-	-	-
Foreign exchange	-	-	(28)	(28)
	(20)	(2)	(226)	(248)
Net earnings (loss) before income taxes	18	(131)	(855)	(968)
Income tax expense	-	-	-	-
NET EARNINGS (LOSS) AND COMPREHENSIVE INCOME (LOSS)	\$ 18	\$ (131)	\$ (855)	\$ (968)

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

12. Segmented information (Continued)

Industry information (Continued)

Three months ended September 30, 2019	Mineral			Total
	Ridge	Goldwedge	Other	
REVENUE				
Revenue	\$ 1,241	\$ -	\$ -	\$ 1,241
Cost of sales excluding inventory write-down	(535)	-	-	(535)
Inventory write-down	(486)	-	-	(486)
Mine operating earnings	220	-	-	220
EXPENSES				
General and administration	-	-	(182)	(182)
Care and maintenance - Goldwedge	-	(188)	-	(188)
Impairment of mining assets	-	-	-	-
	-	(188)	(182)	(370)
Operating earnings (loss)	220	(188)	(182)	(150)
Other income (expense)				
Finance costs	(28)	(2)	(180)	(210)
Finance income	26	1	10	37
Foreign exchange	-	-	37	37
	(2)	(1)	(133)	(136)
Net earnings (loss) before income taxes	218	(189)	(315)	(286)
Income tax recovery (expense)	(3)	-	8	5
NET EARNINGS (LOSS) AND COMPREHENSIVE INCOME (LOSS)	\$ 215	\$ (189)	\$ (307)	\$ (281)

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

12. Segmented information (Continued)

Industry information (Continued)

Nine months ended September 30, 2020	Mineral			Total
	Ridge	Goldwedge	Other	
REVENUE				
Revenue	\$ 3,914	\$ -	\$ -	\$ 3,914
Cost of sales excluding inventory write-down	(1,279)	-	-	(1,279)
Inventory write-down	(2,278)	-	-	(2,278)
Mine operating earnings	357	-	-	357
EXPENSES				
General and administration	-	-	(942)	(942)
Care and maintenance - Goldwedge	-	(550)	-	(550)
Impairment of mining assets	(4)	-	-	(4)
Gain on disposal of assets	24	-	-	24
	20	(550)	(942)	(1,472)
Operating earnings (loss)	377	(550)	(942)	(1,115)
Other income (expense)				
Finance costs	(61)	(5)	(576)	(642)
Finance income	15	1	-	16
Foreign exchange	-	-	(32)	(32)
	(46)	(4)	(608)	(658)
Net earnings (loss) before income taxes	331	(554)	(1,550)	(1,773)
Income tax expense	-	-	-	-
NET EARNINGS (LOSS) AND COMPREHENSIVE INCOME (LOSS)	\$ 331	\$ (554)	\$ (1,550)	\$ (1,773)

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

12. Segmented information (Continued)

Industry information (Continued)

Nine months ended September 30, 2019	Mineral			Total
	Ridge	Goldwedge	Other	
REVENUE				
Revenue	\$ 3,712	\$ -	\$ -	\$ 3,712
Inter-segment (expense) - management fees	(27)	-	27	-
Cost of sales excluding inventory write-down	(2,025)	-	-	(2,025)
Inventory write-down	(1,617)	-	-	(1,617)
Mine operating earnings	43	-	27	70
EXPENSES				
General and administration	-	-	(700)	(700)
Care and maintenance - Goldwedge	-	(490)	-	(490)
Impairment of mining assets	(40)	-	-	(40)
	(40)	(490)	(700)	(1,230)
Operating earnings (loss)	3	(490)	(673)	(1,160)
Other income (expense)				
Finance costs	(85)	(6)	(437)	(528)
Finance income	84	3	19	106
Foreign exchange	-	-	42	42
Gain on debt settlement	-	-	3,789	3,789
	(1)	(3)	3,413	3,409
Net earnings (loss) before income taxes	2	(493)	2,740	2,249
Income tax recovery	28	-	8	36
NET EARNINGS (LOSS) AND COMPREHENSIVE INCOME (LOSS)	\$ 30	\$ (493)	\$ 2,748	\$ 2,285

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

12. Segmented information (Continued)

Industry information (Continued)

As at September 30, 2020	Mineral			Total
	Ridge	Goldwedge	Other	
TOTAL ASSETS	\$ 13,023	\$ 1,351	\$ 3,772	\$ 18,146
TOTAL LIABILITIES	\$ 5,283	\$ 415	\$ 457	\$ 6,155

As at December 31, 2019	Mineral			Total
	Ridge	Goldwedge	Other	
TOTAL ASSETS	\$ 12,362	\$ 1,122	\$ 1,976	\$ 15,460
TOTAL LIABILITIES	\$ 5,170	\$ 414	\$ 223	\$ 5,807

Geographic information

All revenue from the sale of precious metals for the nine months ended September 30, 2020 were earned in the USA. Substantially all of the Company's revenues were from two customers.

All of the Company's non-current assets are located in the USA.

13. Financial instruments and risk management

Financial instruments

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); fair value through other comprehensive income ("FVTOCI"); or at amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instruments	Category	September 30, 2020	December 31, 2019
Cash	FVTPL	\$ 3,955	\$ 2,243
Receivables	Amortized cost	9	389
Reclamation bonds	Amortized cost	7,141	6,186
Trade and other payables	Amortized cost	(811)	(524)

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

13. Financial instruments (Continued)

Financial instruments (Continued)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying values of receivables, reclamation bonds, and trade and other payables approximate their fair value due to their short-term nature. Cash is recorded at fair value using Level 1 of the fair value hierarchy.

Risk management

The Company's risk management objectives and policies are consistent with those disclosed by the Company for the year ended December 31, 2019.

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2020

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

14. Subsequent events

Subsequent to September 30, 2020, the Company completed the following transactions:

- In October 2020, the Company executed an agreement to acquire the Manhattan project, subject to certain closing conditions. The Manhattan project is located in Nye County, Nevada situated adjacent and proximal to the Company's Goldwedge property.

In consideration, the Company agreed to pay the following on closing:

- (i) \$100,000 cash; and
- (ii) \$150,000 in common shares priced at a 10% discount to the 10-day volume weighted average price on the TSX-V

Upon closing, the property will be subject to an existing 2.0% net smelter returns royalty and certain reserved water right.

- In October 2020, the Company completed the second and final tranche of a non-brokered private placement through the issue of 9,731,250 units at a price of C\$0.16 per unit for gross proceeds of C\$1,557,000. Each unit consists of one common share and one common share purchase warrant with each warrant is exercisable into one common share at an exercise price of \$0.24 until September 14, 2023.
- In October 2020, the Company issued 2,616,666 common shares valued at \$358,000 to settle its semi-annual interest payment on its convertible debentures.
- In November 2020, the Company issued 375,000 common shares on conversion of \$30,000 of convertible debentures.