SCORPIO

GOLD CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The following Management Discussion and Analysis ("MD&A") of Scorpio Gold Corporation (the "Company" or "Scorpio Gold") is for the nine-month period ended September 30, 2018 and is provided as of November 28, 2018. This MD&A is to be read in conjunction with the most recently issued annual consolidated financial statements for the year ended December 31, 2017 and the condensed interim consolidated financial statements of the Company for the three and nine-month periods ended September 30, 2018 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These documents are available on the Company's website (www.scorpiogold.com) and filed on SEDAR (www.sedar.com). All dollar amounts are in US dollars unless otherwise indicated.

Scorpio Gold was incorporated under the Business Corporations Act (British Columbia). The Company is a reporting issuer in the provinces of British Columbia and Alberta. Scorpio Gold is listed on the TSX Venture Exchange (the "TSX-V") under the trading symbol SGN. The Company and its subsidiaries conduct mining exploitation, exploration and development on mining properties, in the United States.

The Company's consolidated financial statements have been prepared on the going concern basis which assumes that the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future.

The Company's only source of revenue, the 70% owned Mineral Ridge mine, suspended mining in November 2017 as the Company had mined all of its economical mineral reserves based on gold pricing and heap leach recovery parameters. Remaining reserves are determined uneconomical to continue mining with the existing processing infrastructure due to higher associated strip ratios and current heap leach recoveries and will require higher gold prices or mill processing to be considered economical. Management expects to generate limited revenues until approximately Q1 of 2019 from residual but diminishing gold recoveries from the leach pads. As a result, the Company's revenues from operations have been and continue to be adversely affected, and cash flow from operations will soon be insufficient to support the Company. In addition, the principal of $6.0 million of the Company's long-term senior secured debt matured on August 13, 2018. Since the Company was not in a position to repay the $6 million debt at that date, it requested and received from its lender extensions of the maturity date of its debt agreement, the most recent of which extended the maturity date to December 19, 2018, subject to certain conditions.

In light of this situation, the Company does not expect that it will be able to generate sufficient cash flows from its operations to continue as a going concern in the near future. The Company will need to raise additional capital to support its operations and to settle its long-term debt. The Company is currently evaluating various business alternatives, which include a potential sale transaction, a business combination, or refinancing its long-term debt and raising the required capital to support its operations and for the construction of a new processing facility at the Mineral Ridge mine.

In October 2017, the Company announced a positive feasibility study for processing the heap leach mineral resource at Mineral Ridge. This economically positive study provides the foundation for recovering a substantial portion of the 117,000 ounces of proven and probable reserves of gold contained on the heap leach pad. Additionally, due to higher expected recovery rates provided by the new milling circuit, the Company proceeded with a third-party analysis of its other known mineralization reserves. As announced on January 4, 2018, this study added additional mineral reserves of 156,000 ounces of gold for a combined mineral reserve of 273,000 ounces of gold in the proven and probable category. This is expected to extend the Mineral Ridge life of mine by an estimated total of 7.5 years, subject to the construction of the new processing facility. Further exploration at Mineral Ridge may also add additional resources. For more information refer to section Resource and Reserve Estimates section below in this document.

The successful completion of a potential sale transaction, business combination, the refinancing of the Company's long-term debt, raising capital to finance construction of a new processing facility and to support operations during the period of construction, obtaining relevant permits to proceed with construction and to resume mining, provided it is economically viable to do so, and the ability to identify future profitable business operations are not entirely within the control of the Company. These factors create significant doubt and material uncertainty over the Company's ability to continue as a going concern in the foreseeable future.

HIGHLIGHTS FOR THE THIRD QUARTER ("Q3") ENDED SEPTEMBER 30, 2018 AND SUBSEQUENT EVENT

- 1,627 ounces of gold were produced at the Mineral Ridge mine during Q3 of 2018, compared to 4,935 ounces during Q3 of 2017.
- Revenue of $2.2 million, compared to $6.0 million during Q3 of 2017.
- Total cash cost per ounce of gold sold[(1)] of $721 compared to $1,209 during Q3 of 2017.
- Mine operating earnings of $0.9 million compared to a mine operating loss of $1.1 million during Q3 of 2017.
- Net earnings of $0.4 million ($0.00 basic and diluted per share), compared to a net loss of $2.8 million ($0.02 basic and diluted per share) during Q3 of 2017.
- Adjusted net earnings[(1)] of $0.4 million ($0.00 basic and diluted per share) compared to an adjusted net loss of $0.9 million ($0.01 basic and diluted per share) for Q3 of 2017.
- Adjusted EBITDA[(1)] of $0.6 million ($0.00 basic and diluted per share) compared to close to nil ($0.00 basic and diluted per share) during Q3 of 2017.
- In November 2018, the Company requested and received from its lender an extension to December 19, 2018 of the maturity date of its senior secured debt, subject to certain conditions.

HIGHLIGHTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

- 6,187 ounces of gold were produced at the Mineral Ridge mine, compared to 15,336 ounces produced during the nine months ended September 30, 2017.
- Revenue of $7.7 million, compared to $22.2 million during the nine months ended September 30, 2017.
- Total cash cost per ounce of gold sold[(1)] of $804, compared to $991 during the nine months ended September 30, 2017.
- Mine operating earnings of $2.9 million, compared to $2.4 million during the nine months ended September 30, 2017.
- Net earnings of $0.8 million ($0.00 basic and diluted per share), compared to a net loss of $3.0 million ($0.02 basic and diluted per share) during the nine months ended September 30, 2017.
- Adjusted net earnings[(1)] of $1.1 million ($0.00 basic and diluted per share), compared to $1.0 million ($0.00 basic and diluted per share) during the nine months ended September 30, 2017.
- Adjusted EBITDA[(1)] of $1.9 million ($0.01 basic and diluted per share), compared to $3.1 million ($0.02 basic and diluted per share) million during the nine months ended September 30, 2017.

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

OUTLOOK

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

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

Evaluation of business alternatives

The Company is currently evaluating various business alternatives including a potential sale transaction, business combination, refinancing its long-term debt, raising financing through an equity financing or through other types of financing.

Financing

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

Permitting

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

The Nevada Division of Environmental Protection ("NDEP") conducted their initial review of the Water Pollution Control Permit ("WPCP") submitted to NDEP on February 20, 2018. Following their review additional documentation was requested and provided by the Company on July 19, 2018. Approval of the WPCP is expected to be received in Q4 of 2018.

KEY OPERATING AND FINANCIAL STATISTICS

	FOR THE THREE MONTHS ENDED SEPTEMBER 30		FOR THE NINE MONTHS ENDED SEPTEMBER 30	
	2018	2017	**2018**	2017
Mining operations				
Mary LC pit				
Ore tonnes mined	**-**	61,555	**-**	315,242
Waste tonnes mined	**-**	309,207	**-**	1,805,218
Total mined	**-**	370,762	**-**	2,120,460
Strip ratio	**-**	5.0	**-**	5.7
Satellite pits				
Ore tonnes mined	**-**	19,074	**-**	54,564
Waste tonnes mined	**-**	360,403	**-**	551,254
Total mined	**-**	379,477	**-**	605,818
Strip ratio	**-**	18.9	**-**	10.1
Total producing pits				
Ore tonnes mined	**-**	80,629	**-**	369,806
Waste tonnes mined	**-**	669,610	**-**	2,356,472
Total mined	**-**	750,239	**-**	2,726,278
Strip ratio	**-**	8.3	**-**	6.4
Pits under development				
Ore tonnes mined	**-**	-	**-**	772
Waste tonnes mined	**-**	-	**-**	249,085
Total mined	**-**	-	**-**	249,857
Total mining operations				
Ore tonnes mined	**-**	80,629	**-**	370,578
Waste tonnes mined	**-**	669,610	**-**	2,605,557
Total mined	**-**	750,239	**-**	2,976,135

Processing	FOR THE THREE MONTHS ENDED SEPTEMBER 30 **2018**	2017	FOR THE NINE MONTHS ENDED SEPTEMBER 30 **2018**	2017
Tonnes processed	**-**	78,759		368,636
Gold head grade (grams per tonne)	**-**	1.34		1.54
Recoverable gold ounces placed on the leach pad[1]	**-**	2,299		12,456
Availability[2]	**-**	17%		27%
Ounces produced				
Gold	**1,627**	4,935	**6,187**	15,336
Silver	**655**	2,588	**2,866**	7,947

[1] A weighted average metallurgical recovery factor has been applied to the estimated contained ounces crushed and placed on the leach pad, based on the pits from which the ore was mined.

[2] Processing Availability is based on hours of crusher operations versus permitted run time.

Financials				
(In thousands of US dollars, except per ounce and per share numbers)	$	$	$	$
Total cash cost per ounce of gold sold[1]	**721**	1,209	**804**	991
Ounces sold				
Gold	**1,825**	4,827	**6,025**	17,954
Silver	**800**	2,301	**2,675**	8,422
Average price of gold				
London PM fix	**1,213**	1,278	**1,282**	1,251
Realized	**1,205**	1,244	**1,276**	1,229
Net (loss) earnings	**415**	(2,774)	**805**	(3,019)
Basic and diluted net (loss) earnings per share	**0.00**	(0.02)	**0.00**	(0.02)
Adjusted net earnings (loss) [1]	**420**	(928)	**1,146**	997
Basic and diluted adjusted net earnings (loss) per share [1]	**0.00**	(0.01)	**0.00**	0.00
Adjusted EBITDA[1]	**644**	26	**1,872**	3,058
Basic and diluted adjusted EBITDA per share [1]	**0.00**	0.00	**0.01**	0.02
Cash flow from operating activities	**662**	1,037	**1,855**	3,601

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

MINERAL PROPERTIES

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

Mineral Ridge Property, Nevada

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

General

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

Resource and Reserve Estimates

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

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

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

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

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

Economic Results

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

Economic Results

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

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

Heap Leach Reserves and Resources

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

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

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

Notes:

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

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

Table 2: Mineral Reserve Estimate for the Heap Leach Pad

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

Notes:

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

Open-pit (other) area

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

Table 3: Mineral Reserve Estimate for the Other Areas

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

Notes:

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

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

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

Area	Classification	Tons (kt)	Gold Grade (opt)	Contained Gold (koz)
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.Geo.
3. Mineral Resources are reported inclusive of Mineral Reserves at a gold cut-off grade of 0.01 opt Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
4. Mineral Resources are constrained to the area within the grade-shell wireframes. The areas outside of these grade shells are assumed to be at zero grade.
5. These Mineral Resource are considered to be amenable to open-pit mining. Conceptual Whittle pit shells used the following assumptions: a long-term gold price of $1,350/oz; assumed combined operating costs of $12.36/t (mining, process, general and administrative); metallurgical recovery for gold of 95%, and variable pit slope angles that ranged from 38--42º.
6. Rounding may result in apparent differences between when summing tons, grade and contained metal content. Tonnage and grade measurements are in Imperial units. Grades are reported in ounces per ton.

Table 5: Inferred Mineral Resource Tabulation for Other Areas

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

Notes:

1. The effective date of the Mineral Resource estimate is November 30, 2017.
2. The QP for the estimate is Mr. Ian Crundwell, P.Geo.
3. Mineral Resources are reported inclusive of Mineral Reserves at a gold cut-off grade of 0.01 opt. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
4. Mineral Resources are constrained to the area within the grade-shell wireframes. The areas outside of these grade shells are assumed to be at zero grade.
5. These Mineral Resource are considered to be amenable to open-pit mining. Conceptual Whittle pit shells used the following assumptions: a long-term gold price of $1,350/oz; assumed combined operating costs of $12.36/t (mining, process, general and administrative); metallurgical recovery for gold of 95%, and variable pit slope angles that ranged from 38--42º.
6. Rounding may result in apparent differences between when summing tons, grade and contained metal content. Tonnage and grade measurements are in Imperial units. Grades are reported in ounces per ton.

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

Mining activities

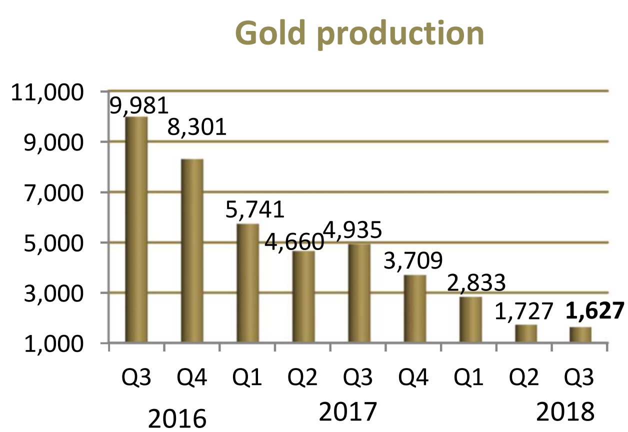
Mining at Mineral Ridge was suspended in early November 2017. Total mine production during the third quarter of 2017 was 750,239 tonnes, composed of 80,629 tonnes of ore and 669,610 tonnes of waste. For the first nine months of 2017, total mine production was 2,976,135 tonnes.

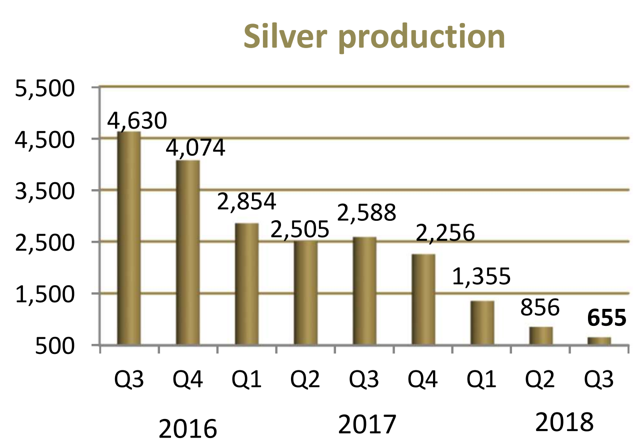
Operations activities

As a result of mining being suspended since November 2017, no fresh ore was crushed and placed on the leach pad at Mineral Ridge during the first nine months of 2018 compared to 368,636 tonnes for the same period of 2017. The average crusher throughput per day was 1,350 tonnes during the first nine months of 2017 at an average head grade of 1.54 g/t (0.045 oz/ton) gold.

During Q3 of 2018, application of cyanide leach solution to the ore on the leach pad was 266 million gallons (Q3 of 2017 – 276 million gallons). Also during Q3 of 2018, 225 million gallons (Q3 of 2017 – 261 million gallons) of pregnant, gold-bearing solution were processed through the ADR plant's carbon column circuit at an average grade of 0.09 ppm (Q3 of 2017 - 0.16 ppm) gold and 0.09 ppm (Q3 of 2017 - 0.14 ppm) silver. Calculated efficiency for recovery of precious metals from solution processed through the ADR plant for Q3 of 2018 was 85.3% (Q3 of 2017 – 90.1%) for gold and 34% (Q3 of 2017 – 63%) 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 Q3 of 2018 was 1,701 gallons per minute ("gpm"), compared to 1,981 gpm in Q3 of 2017. This circuit is a closed loop circuit so any precious metals that are not recovered in the first pass will re-circulate and should eventually be recovered. The loaded carbon from this circuit is shipped off-site for custom stripping of the precious metals and upon completion of stripping, the carbon is returned to the site for re-use.

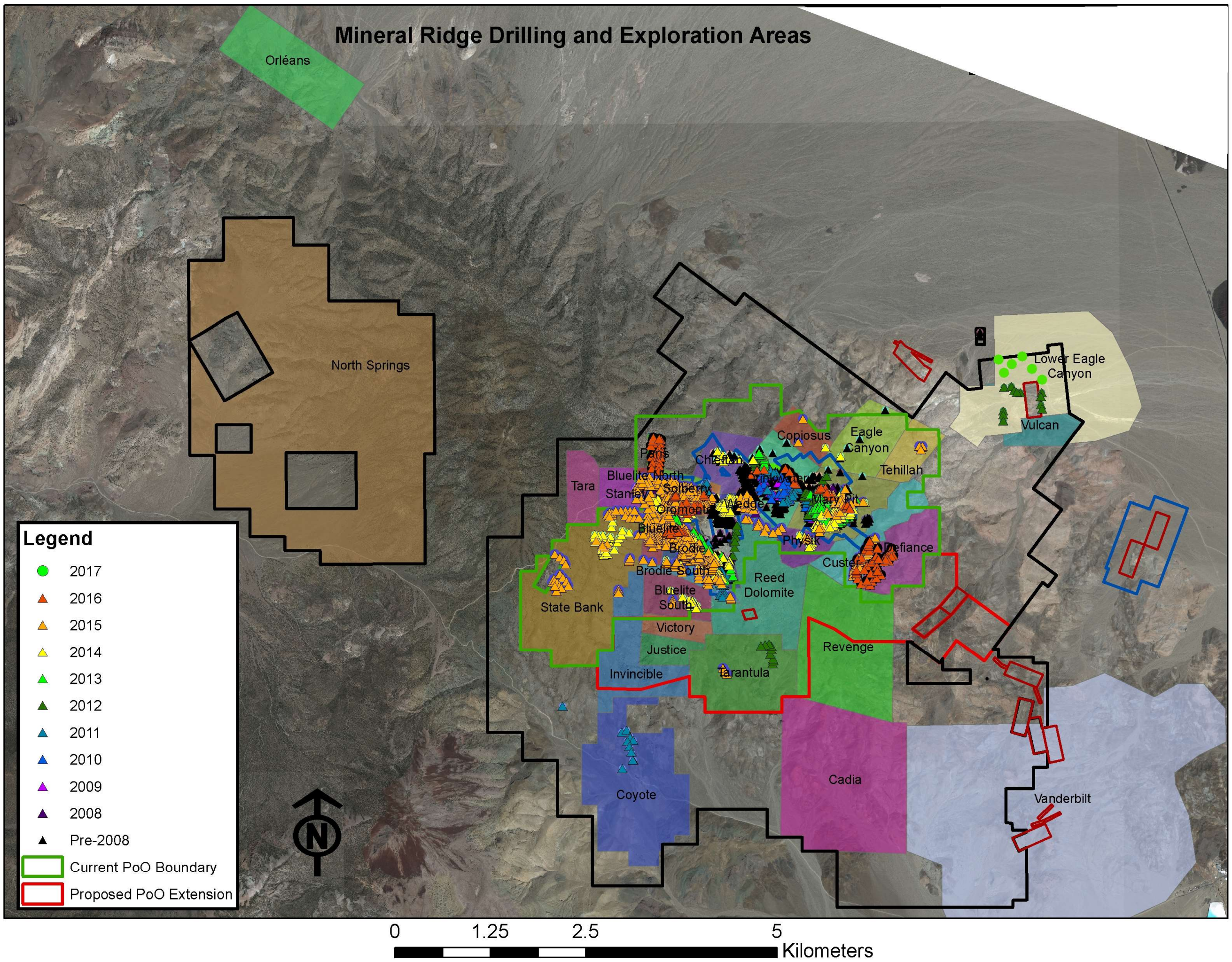
During Q3 of 2018, the Company produced 1,627 ounces of gold, a 67% decrease over the 4,935 ounces produced during Q3 of 2017 and 655 ounces of silver, a 75% decrease over the 2,588 ounces produced during Q3 of 2017. These production decreases are related to the fact that no fresh ore was added to the leach pad since November 2017.





Current Exploration / Permitting

Mineral Ridge Drilling



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

No exploration activities were performed in Q3 2018. Future exploration will be planned as exploration funds are available.

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

The Nevada Division of Environmental Protection ("NDEP") conducted their initial review of the Water Pollution Control Permit ("WPCP") submitted to on February 20, 2018. Following their review additional documentation was requested and provided by the Company on July 19, 2018. Approval of the WPCP is expected to be received in Q4 2018.

Other properties

Goldwedge

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

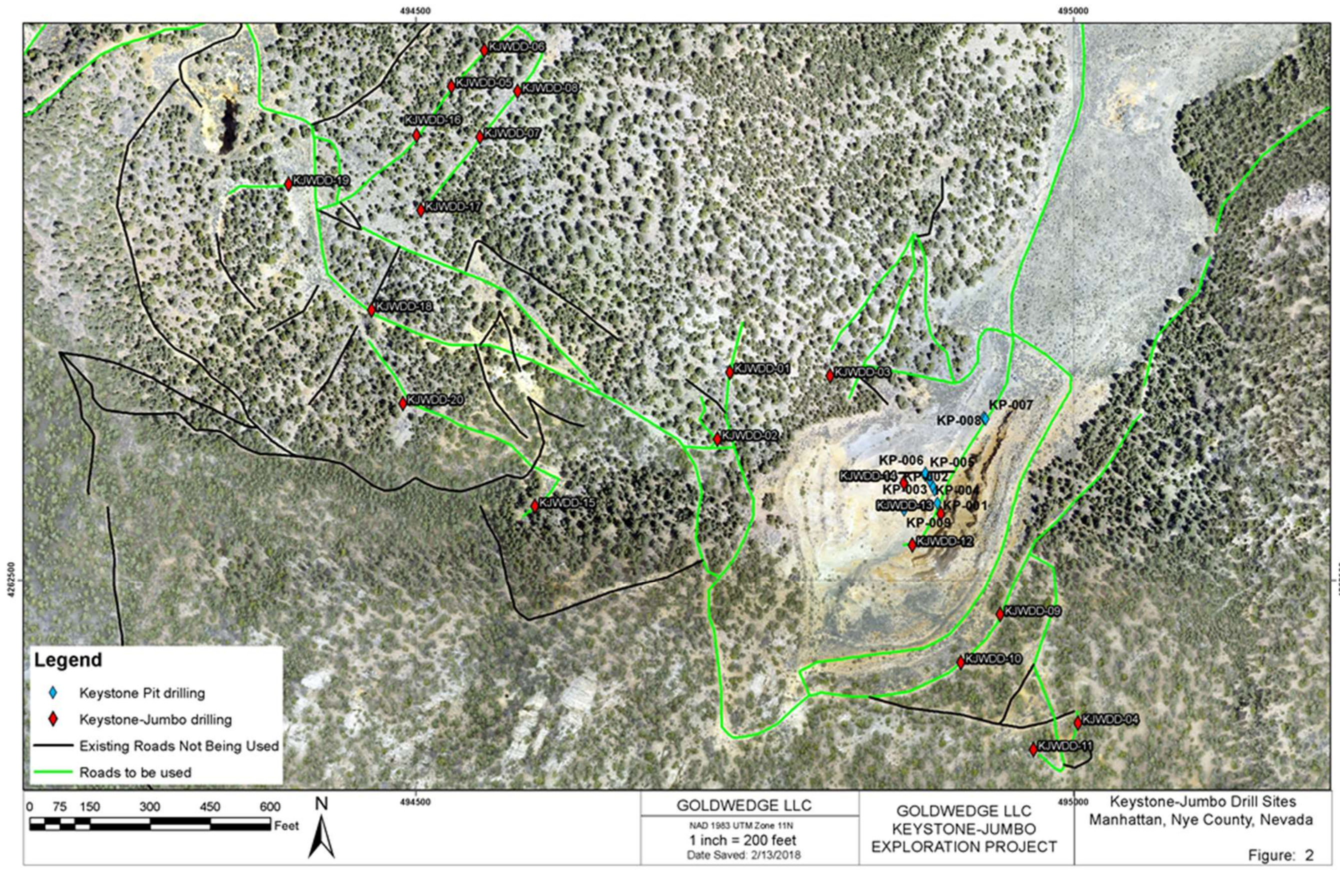
The Goldwedge property, including the Goldwedge mine and a processing plant, is located approximately 55 kilometers northeast of the town of Tonopah, in west-central Nevada, in a region of numerous historic and active gold mines. Effective July 28, 2015, the Goldwedge mill facility was placed on care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

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

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

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

Keystone - Jumbo Planned Drilling



- A proposed 29 hole RC drill program for the Keystone Pit has been prepared and permitting has begun with the U,S. Forest Service ("USFS"). The drilling program for the Keystone/Jumbo area, 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. During 2017, the USFS required an archeological study of this area; this study is complete and is under review by the USFS and should allow future exploration drilling.

- During Q3 of 2018, a draft biological evaluation/specialist's report for plants was submitted to the USFS for review. The purpose of this report is to address the effect of the proposed drill program on endangered and other at-risk species and their designated critical habitat.

- The Company intends to proceed with the proposed drilling program, once approved by the USFS and as exploration funds are available.

Orléans

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

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

Environmental Regulation

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

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

RESULTS OF OPERATIONS

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

Scorpio Gold reported net earnings of $0.4 million for the three months ended September 30, 2018, compared to a net loss of $2.8 million for the three months ended September 30, 2017. Net earnings attributable to the shareholders of the Company were $0.2 million ($0.00 per share) for the three months ended September 30, 2018, compared to a $2.1 million net loss ($0.02 per share) for the three months ended September 30, 2017. Net earnings attributable to the non-controlling interest were $0.3 million for the three months ended September 30, 2018, compared to a $0.7 million loss for the three months ended June 30, 2017.

Scorpio Gold reported net earnings of $0.8 million for the nine months ended September 30, 2018, compared to a net loss of $3.0 million for the nine months ended September 30, 2017. Net earnings attributable to the shareholders of the Company were $0.1 million ($0.00 per share) for the nine months ended September 30, 2018, compared to a net loss of $2.5 million ($0.02 per share) for the nine months ended September 30, 2017. Net earnings attributable to the non-controlling interest were $0.7 million for the nine months ended September 30, 2018, compared to a loss of $0.5 million for the nine months ended September 30, 2017.

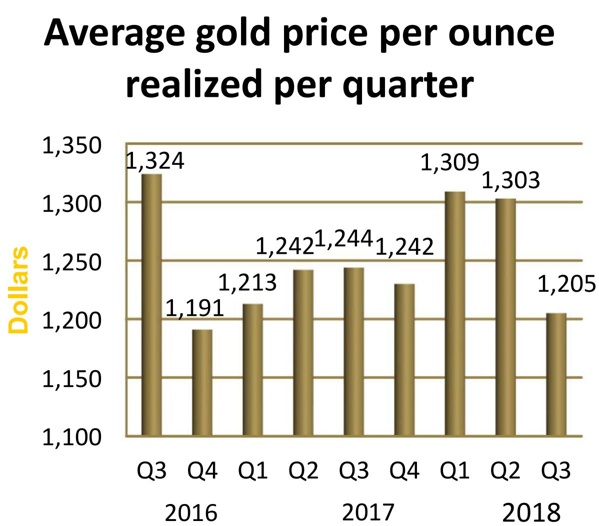
The most important differences between the three and nine-month periods ended September 30, 2018 and September 30, 2017 results are explained below.

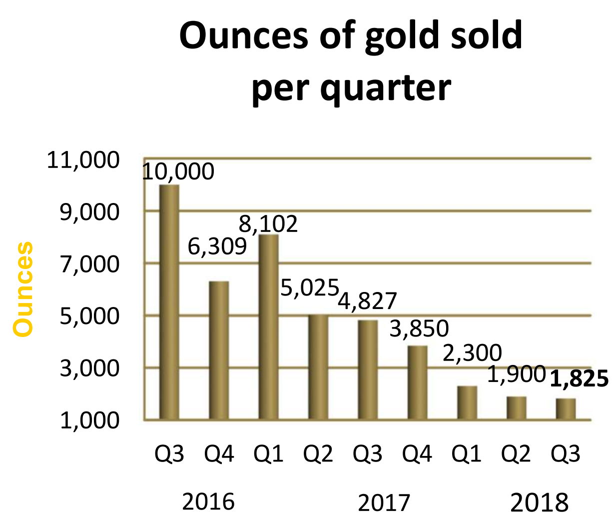
Revenue

During Q3 of 2018, the Company sold 1,825 ounces of gold and 800 ounces of silver for total revenue of $2.2 million. During Q3 of 2017, the Company sold 4,827 ounces of gold and 2,301 ounces of silver for total revenue of $6.0 million. During Q3 of 2018, gold ounces were sold at an average price of $1,205 compared to $1,244 in Q3 of 2017) and silver ounces at an average price of $15 ($17 in Q3 of 2017).

During the nine-month period 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, whereas during the nine-month period ended September 30, 2017, the Company sold 17,954 ounces of gold and 8,422 ounces of silver for total revenue of $22.2 million at an average price of $1,229 for gold and $17 for silver.

The Company's realized average gold price is lower than the average London PM fix mainly because of timing of sales as well as the terms of the Company's gold and silver supply agreement with Waterton Global Value L.P. As of September 30, 2018, the Company had finished goods inventories including 182 ounces of gold available for sale compared to 23 ounces of gold as at December 31, 2017.





Mine operating earnings

Cost of sales, excluding depletion and amortization, was $1.3 million for the three-month period ended September 30, 2018 compared to $6.4 million for the three-month period ended September 30, 2017. 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 $702 for the three-month period ended September 30, 2017, compared to $1,204 for the three-month period ended June 30, 2017. Total cash cost per ounce sold[(1)], after silver by-product credits, was $721 for the three-month period ended September 30, 2018 compared to $1,209 the three-month period ended September 30, 2017. The reduction in cash cost is mainly explained by the cost cutting measures along with favorable inventory adjustments.

Depletion and amortization was nil for the three-month period ended September 30, 2018, compared to $0.7 million for the three-month period ended September 30, 2017. Following the impairment recorded on assets at the Mineral Ridge mine during 2017 and during the nine months ended September 30, 2018, no depletion and amortization was recorded in 2018.
Mine operating earnings were therefore $0.9 million for the three-month period ended September 30, 2018 compared to a loss of $1.1 million for the three-month period ended September 30, 2017.

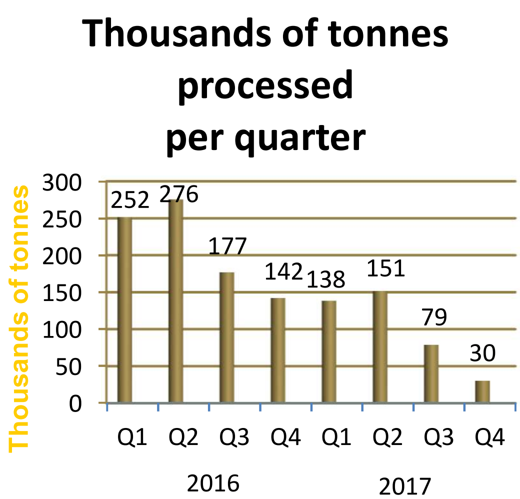
(1) This is a non-IFRS financial performance measure. Please see Non-IFRS performance measures section.

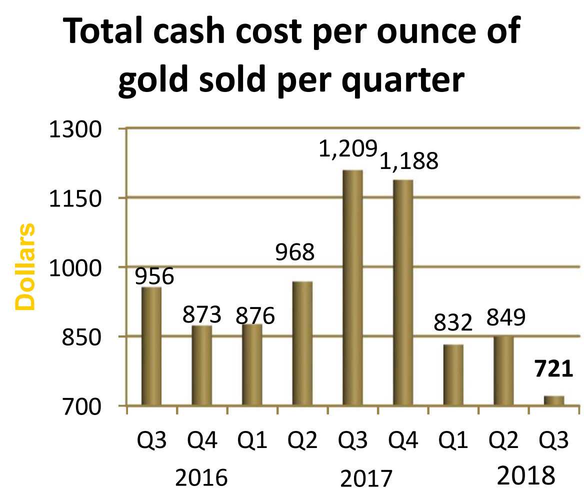
Cost of sales excluding depletion and amortization decreased from $18.5 million for the nine-month period ended September 30, 2017 to $4.8 million for the nine-month period ended September 30, 2018. The variance is essentially attributed to the lower number of ounces sold and the variance in cash operating cost per ounce(1) described below.

Cash operating cost per gold ounce sold(1), after silver by-product credits, was $783 for the nine-month period ended September 30, 2018, compared to $981 for the nine-month period ended September 30, 2017. Total cash cost per ounce sold (1), after silver by-product credits, was $804 for the nine-month period ended September 30, 2018 compared to $991 the nine-month period ended September 30, 2017. The reduction in cash cost is mainly explained by the cost cutting measures along with favorable inventory adjustments.

Depletion and amortization was nil during the nine-month period ended September 30, 2018, compared to $1.3 million during the nine-month period ended September 30, 2017.

Mine operating earnings were $2.9 million for the nine-month period ended September 30, 2018, compared to $2.4 million for the comparative period of 2017.





Impairment

Mineral Ridge

The fact that the carrying amount of the net assets of the Company was higher than the Company's market capitalization as of September 30, 2018 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 $5.6 million. During the nine-month period ended September 30, 2018, a total of $0.4 million of non-cash impairment charges for Mineral Ridge were recorded.

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

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

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.

Based on its assessment, the Company calculated that a non-cash impairment charge for Mineral Ridge of $4.8 million would be required, using a discount rate of 9% along with an average gold price assumption of $1,275 for the rest of 2017. However, since the depreciable amount of the assets, being defined as the net of the carrying amounts and the residual value, amounted to $1.1 million, the Company recorded a $1.1 million non-cash impairment charge during the third quarter of 2017 and a total of $3.4 million for the nine months ended September 30, 2017.

The recoverability analysis over the Company's inventory as at September 30, 2017, using a gold price assumption of $1,275, indicated that their net realizable value was lower than the costs of production. As a result, a write-down on inventory was recognized in cost of sales in an amount of $0.8 million during the period ended September 30, 2017.

General and administrative

General and administrative expenses totaled $0.2 million for Q3 of 2018, compared to $0.3 million for the same period of 2017. This reduction mainly results from cost cutting measures. Similarly, general and administrative expenses decreased from $1.0 million during the first nine months of 2017 to $0.7 million in the comparative period of 2018.

Gain on adjustment of provision for environmental rehabilitation

Following the renegotiation of a demobilization agreement with a contractor, a gain was recorded during Q1 of 2018 with respect to the reduction in rehabilitation costs on certain property, plant and equipment acquired by the Company.

LIQUIDITY AND CAPITAL RESOURCES

The Company had $0.9 million in cash as of September 30, 2018 and as of December 31, 2017.

The working capital deficiency was $3.6 million as of September 30, 2018, compared to $3.2 million as of December 31, 2017.

As indicated above, management expects the Company to generate limited revenues until approximately Q1 of 2019 from residual but diminishing gold recoveries from the leach pads. As such, the Company does not expect it will be able to generate sufficient cash flows from its operations to continue as a going concern in the near future and to settle its debt without it being refinanced. The Company will need to raise additional capital in the coming months in order to support its operations and to settle its senior secured debt, for which the Company's lender has agreed to an extension of the maturity date to December 19, 2018, subject to certain conditions. The Company is currently evaluating various business alternatives, which include a potential sale transaction, business combination, refinancing its long-term debt, and raising the required capital 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 refinance its long-term debt, the ability to raise equity financing or other types of financing to finance exploration, development and capital expenditures including the construction of the processing facility and to meet its commitments and the ability to generate positive cash flows. Moreover, the availability of mineralization, the timeliness of the receipt of permits for expanded operations as well as the price of gold will affect the future financial condition of the Company.

INVENTORIES

Inventories decreased from $2.5 million as of December 31, 2017 to $1.9 million as of September 30, 2018.

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 first nine months of 2018, the Company re-evaluated the number of recoverable ounces on the leach pad which led to a net favourable adjustment of 5,420 ounces.

The nature of the heap leaching process used at Mineral Ridge inherently limits the ability to precisely monitor inventory levels on the leach pad. As at September 30, 2018, included in the metal in process inventories, are inventories on the leach pad for a total cost of $0.7 million ($0.4 million as at December 31, 2017). The ultimate recovery of mineralization from the heap leach pad will not be known until the total leaching process is concluded.

Other metal in process inventories decreased during the first nine months of 2018 from $1.3 million to $0.4 million as the Company reduced the frequency of gold loaded carbon shipments from the mine site for further processing at a third party facility.

NON-PRODUCING MINING ASSETS AND OTHER

Non-producing mining assets and other stood at $2.7 million as of September 30, 2018 and December 31, 2017.

During the nine months ended September 30, 2018, the Company added $0.4 million to non-producing mining assets, essentially related to permitting and the mill feasibility study.

As a result of the impairment discussed above, the Company recorded a non-cash impairment charge of $0.4 million related to Mineral Ridge non-producing mining assets during the first nine months of 2018.

RECLAMATION BONDS

During the first nine months of 2018, the reclamation bonds were increased by $0.3 million.

CURRENT LIABILITIES

Total current liabilities were $6.9 million as at September 30, 2018 compared to $7.3 million as at December 31, 2017. Trade and other payables decreased from $1.0 million as of December 31, 2017 to $0.7 million as of September 30, 2018 as a result of reduced activities.

Income taxes payable relate to Nevada net proceeds tax.

LONG-TERM DEBT

On August 14, 2015, the Company executed a definitive agreement (the “Credit Agreement”) with Waterton Precious Metals Fund II Cayman LP (“Waterton Fund”), an affiliate of Elevon, LLC (“Elevon”), for a loan in the principal amount of $6 million (the “Loan”) having a term of 36 months. The Loan bears interest at a rate of 10% per annum, payable quarterly, and is secured by a first priority security interest over all of the Company’s assets. The Company incurred a $0.12 million structuring fee upon the advancement of the Loan, together with $0.16 million of associated legal costs. The Loan is subject to mandatory prepayment in certain circumstances, including upon a change of control of the Company, as defined in the Credit Agreement. 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. The Company has complied with all restrictions pursuant to the Loan as at June 30, 2018.

Commencing on August 13, 2018, the Company entered into a series of forbearance agreements (the “Forbearance Agreements”) with Waterton Fund in connection with the repayment of the Loan. Under the terms of the most recent Forbearance Agreement, Waterton Fund has agreed to not exercise its rights and remedies in connection with the Loan and extend the maturity date thereof to December 19, 2018, subject to the occurrence of default under, and the Company’s compliance with, the Forbearance Agreement and Credit Agreement.

EQUITY

Total equity increased to $5.5 million as at September 30, 2018 from $5.4 million as at December 31, 2017.

SUMMARY OF QUARTERLY RESULTS

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

Quarter Ending	Revenues $	Net (loss) earnings $	Basic and diluted (loss) earnings per share $
September 30, 2018	2,211	415	0.00
June 30, 2018	2,492	246	0.00
March 31, 2018	3,026	144	(0.00)
December 31, 2017	4,777	(1,205)	(0.01)
September 30, 2017	6,042	(2,774)	(0.02)
June 30, 2017	6,299	(285)	(0.00)
March 31, 2017	9,875	40	(0.00)
December 31, 2016	7,569	(4,270)	(0.03)

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

CASH FLOWS

Cash outflows from operating activities were $0.7 million for Q3 of 2018, compared to $1.0 million for the same period of 2017.

Cash flows generated from operating activities for the nine-month period ended June 30, 2018, were $1.9 million compared to $3.6 million for the comparative period of 2017.

Cash outflows used in investing activities were close to nil during Q3 of 2018.

Cash outflows used in investing activities were $2.0 million for the three months ended September 30, 2017. During Q3 of 2017, investing activities related to producing mining assets totaled $1.4 million and were mainly related to stripping activities. Non-producing mining asset payments totaled $0.6 million and mainly related to mill feasibility study and exploration expenditures.

Cash flows used in investing activities were $0.7 million for the nine months ended September 30, 2018 including additions to non-producing assets of $0.4 million. During the first nine months of 2018, the Company also added cash collateral of $0.3 million related to the reclamation bonds.

Cash flows used in investing activities were $4.2 million for the nine months ended September 30, 2017. Payments related to non-producing mining asset additions totalled $2.5 million and mainly relate to the development of satellite pits. During the first nine months of 2017, investing activities related to producing mining assets totalled $3.0 million and were mainly related to stripping activities. An amount of $1.3 million of cash that had been deposited with a court was returned to the Company in February of 2017 after a litigation settlement.

Cash flows used for financing activities were $0.5 million for Q3 of 2018. These cash flows are related to $0.3 million of cash distributions to MRG's non-controlling interest and debt service for $0.2 million.

Cash flows used for financing activities were $0.4 million for Q3 of 2017. These cash flows are related to $0.2 million of cash distributions to MRG's non-controlling interest and debt service for $0.2 million.

Cash flows used for financing activities were $1.3 million for the first nine months of 2018. These cash flows were related to $0.7 million of cash distributions to MRG's non-controlling interest and debt service of $0.5 million.

Cash flows used for financing activities were $1.3 million for the first nine months of 2017. These cash flows were related to $0.8 million of cash distributions to MRG's non-controlling interest and debt service of $0.5 million.

NON-IFRS PERFORMANCE MEASURES

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

Adjusted net earnings

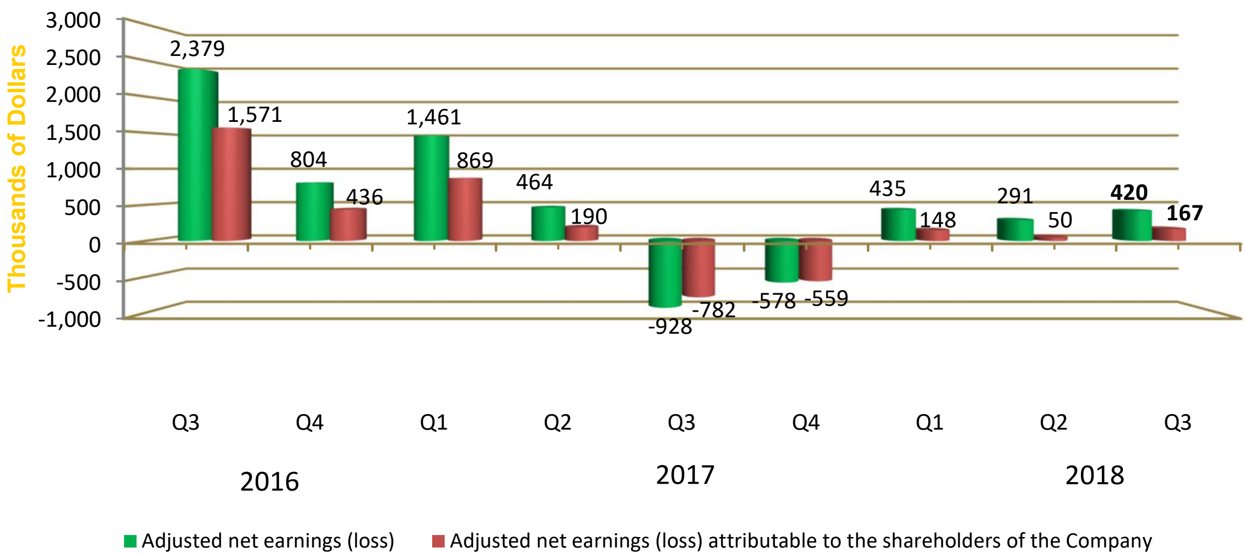
The Company uses the financial measure "Adjusted Net Earnings" to supplement information in its consolidated financial statements. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use this information to evaluate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

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

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

	Three months ended September 30, 2018	Three months ended September 30, 2017	**Nine months ended September 30, 2018**	Nine months ended September 30, 2017
	$	$	**$**	$
Net (loss) earnings for the periods	**415**	(2,774)	**805**	(3,019)
Gain on adjustment of provision for environmental rehabilitation	**-**	-	**(43)**	-
Impairment of mining assets	**8**	1,123	**413**	3,375
Loss (gain) on disposal of assets	**-**	6	**(4)**	4
Inventory write-down	**-**	830	**-**	830
Foreign exchange loss (gain)	**1**	-	**(2)**	1
Deferred income tax expense (recovery)	**(4)**	(113)	**(23)**	(194)
Adjusted net earnings (loss) for the periods	**420**	(928)	**1,146**	997
Non-controlling interest	**(253)**	(146)	**(782)**	(720)
Adjusted net earnings (loss) for the periods attributable to the shareholders of the Company	**167**	(782)	**364**	277
Adjusted basic and diluted net earnings (loss) per share	**0.00**	(0.01)	**0.00**	0.00

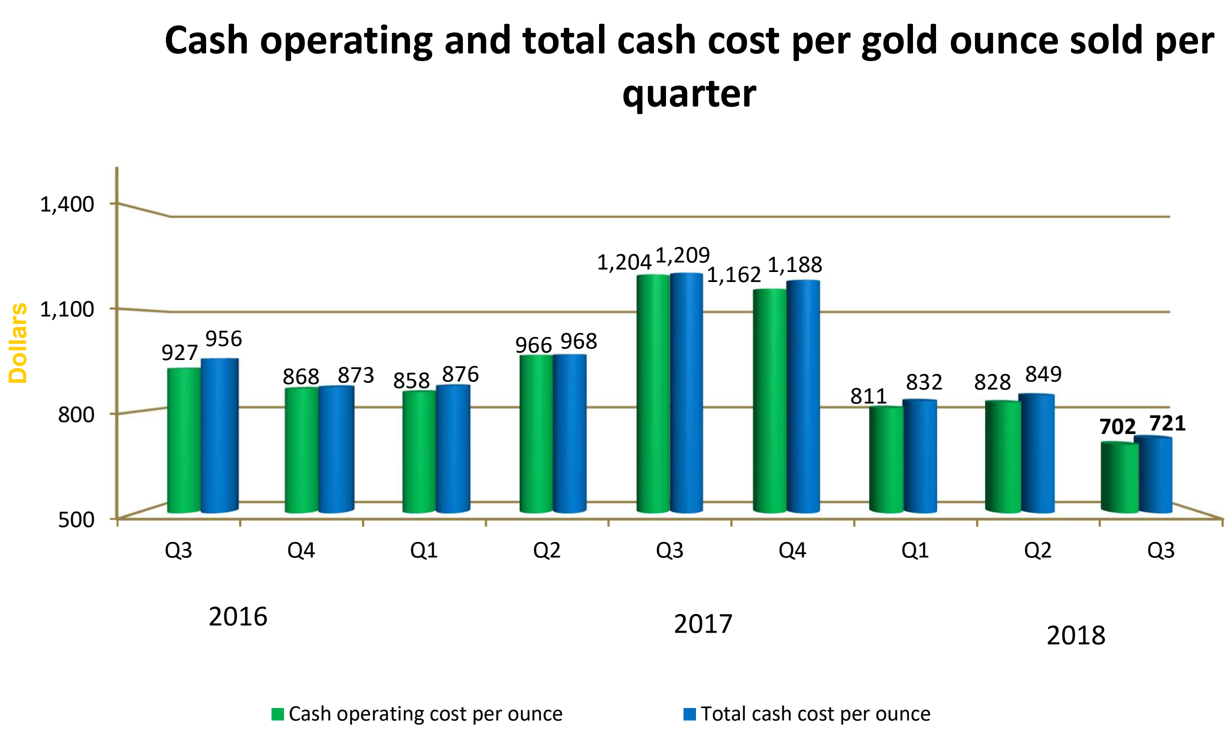
Adjusted net earnings (loss)



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 condensed interim consolidated financial statements.

	Three months ended September 30, 2018	Three months ended September 30, 2017	**Nine months ended September 30, 2018**	Nine months ended September 30, 2017
	$	$	**$**	$
Cash costs				
Cost of sales excluding depletion and amortization per consolidated financial statements	**1,295**	6,400	**4,806**	18,495
Inventory adjustment and write-down	**(1)**	(553)	**(25)**	(731)
By-product silver sales	**(12)**	(39)	**(43)**	(142)
Royalties	**-**	-	**(17)**	(10)
Cash operating costs	**1,282**	5,808	**4,721**	17,612
Nevada net proceeds tax	**34**	26	**123**	184
Total cash cost	**1,316**	5,834	**4,844**	17,796
Divided by ounces of gold sold	**1,825**	4,827	**6,025**	17,954
Cash operating cost per gold ounce sold	**702**	1,204	**783**	981
Total cash costs per gold ounce sold	**721**	1,209	**804**	991



Adjusted EBITDA

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

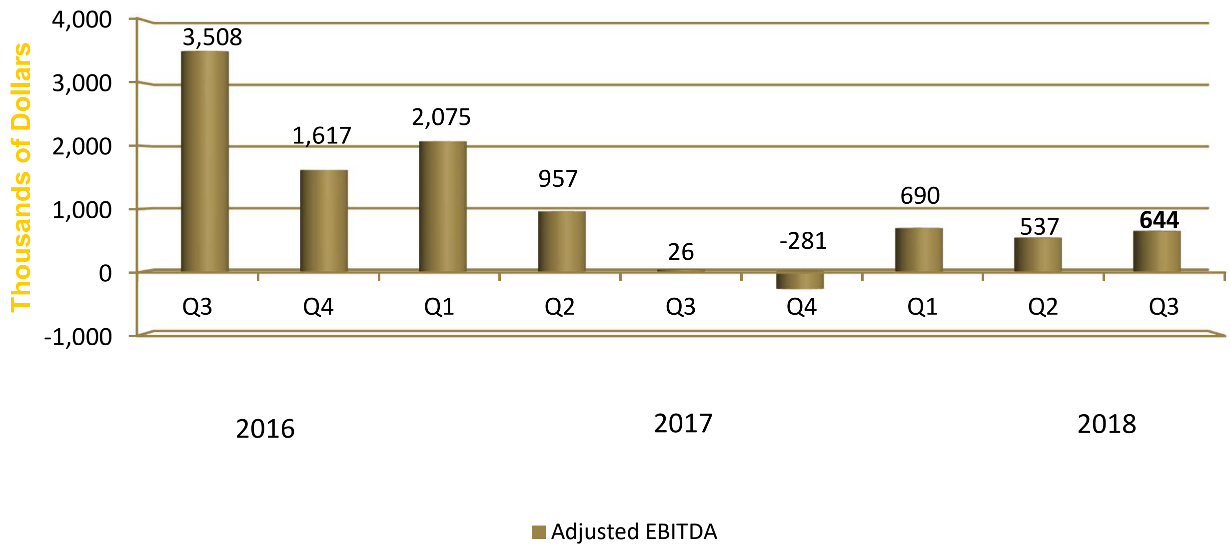
- Finance costs;
- Depletion and amortization; and
- Income tax expense

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" 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 condensed interim consolidated financial statements:

	Three months ended September 30, 2018	Three months ended September 30, 2017	**Nine months ended September 30, 2018**	Nine months ended September 30, 2017
	$	$	**$**	$
Net (loss) earnings for the period	**415**	(2,774)	**806**	(3,019)
Finance costs	**186**	196	**589**	582
Depletion and amortization	**4**	732	**13**	1,295
Income tax expense (recovery)	**30**	(87)	**100**	(10)
Standardized EBITDA	**635**	(1,933)	**1,508**	1,152
Inventory write-down	**-**	830	**-**	830
Impairment of mining assets	**8**	1,123	**413**	3,375
Gain on adjustment of provision for environmental rehabilitation	**-**	-	**(43)**	-
Gain (loss) on disposal of assets	**-**	6	**(4)**	4
Foreign exchange (gain) loss	**1**	-	**(2)**	1
Adjusted EBITDA	**644**	26	**1,872**	3,058
Non-controlling interest	**(270)**	(86)	**(841)**	(1,179)
Adjusted EBITDA attributable to the shareholders of the Company	**374**	(60)	**1,031**	1,879
Adjusted basic and diluted EBITDA per share	**0.00**	0.00	**0.01**	0.02

Adjusted EBITDA per quarter



SELECTED QUARTERLY FINANCIAL AND OPERATING SUMMARY FOR QUARTERS ENDED

	JUNE 2017	SEPTEMBER 2017	DECEMBER 2017	MARCH 2018	JUNE 2018	SEPTEMBER 2018
Mining operations						
Mary LC pit						
Ore tonnes mined	123,241	61,555	-	-	-	-
Waste tonnes mined	568,225	309,207	-	-	-	-
Total mined	691,466	370,762	-	-	-	-
Strip ratio	4.6	5.0	-	-	-	-
Satellite pits						
Ore tonnes mined	28,235	19,074	24,290	-	-	-
Waste tonnes mined	123,643	360,403	113,972	-	-	-
Total mined	151,878	379,477	138,262	-	-	-
Strip ratio	4.4	18.9	4.7	-	-	-
Total producing pits						
Ore tonnes mined	151,476	80,629	24,290	-	-	-
Waste tonnes mined	691,868	669,610	113,972	-	-	-
Total mined	843,344	750,239	138,262	-	-	-
Strip ratio	4.6	8.3	4.7	-	-	-
Pits under development:						
Ore tonnes mined	594	-	-	-	-	-
Waste tonnes mined	36,490	-	-	-	-	-
Total mined	37,084	-	-	-	-	-
Total mining operations						
Ore tonnes mined	152,070	80,629	24,290	-	-	-
Waste tonnes mined	728,358	669,610	113,972	-	-	-
Total mined	880,428	750,239	138,262	-	-	-

	JUNE 2017	SEPTEMBER 2017	DECEMBER 2017	MARCH 2018	JUNE 2018	SEPTEMBER 2018
Processing						
Tonnes processed	151,485	78,759	30,259	-	-	-
Gold head grade (grams per tonne)	1.50	1.34	1.92	-	-	-
Availability	34%	17%	10%	-	-	-
Ounces produced						
Gold	4,660	4,935	3,709	2,833	1,727	1,627
Silver	2,505	2,588	2,256	1,355	856	655
Precious Metal Sales (ounces)						
Gold	5,025	4,827	3,850	2,300	1,900	1,825
Silver	3,125	2,301	2,501	875	1,000	800
Exploration Drilling						
Holes	27	-	-	-	-	-
Meters	4,354	-	-	-	-	-
Financial results						
	$	$	$	$	$	$
Cash operating cost per ounce of gold sold [(1)]	966	1,204	1,162	811	828	702
Total cash cost per ounce of gold sold [(1)]	968	1,209	1,188	832	849	721
Average price of gold						
London PM fix	1,257	1,278	1,276	1,329	1,306	1,213
Realized	1,242	1,244	1,230	1,309	1,303	1,205
Net earnings (loss)	(285)	(2,774)	(1,205)	144	246	415
Net earnings (loss) per share	(0.00)	(0.02)	(0.01)	(0.00)	0.00	0.00
Adjusted net earnings (loss) [(1)]	464	(928)	(578)	435	291	420
Adjusted basic and diluted net (loss) earnings per share [(1)]	0.00	(0.01)	(0.00)	0.00	0.00	0.00
Adjusted EBITDA [(1)]	957	26	(281)	690	537	644
Adjusted basic and diluted EBITDA per share [(1)]	0.00	0.00	(0.00)	0.00	0.00	0.00

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

CONTINGENCIES

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

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at September 30, 2018.

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-month periods ended September 30, 2018 and September 30, 2017 is as follows:

	Three months ended September 30, 2018	Three months ended September 30, 2017	**Nine months ended September 30, 2018**	Nine montl ende September 3 201
	$	$	**$**	
Salaries and directors fees	**178**	193	**531**	59
Consulting fee paid to a former director	**-**	-	**-**	
	178	193	**531**	59

During the nine-month period ended September 30, 2017, the Company incurred legal services of $6,103 with David Smalley Law Corporation, whose principal was, at the time, a director of the Company. These services were incurred in the normal course of operations.

As at September 30, 2018, an aggregate of $176,522 resulting from transactions with key management is included in trade and other payables.

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three-month periods ended September 30, 2018 and September 30, 2017.

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 and Elevon are related parties of the Company.

Related party transactions entered into with Waterton Fund during the three and nine months periods ended September 30, 2018 and September 30, 2017 are as follows:

	Three months ended September 30, 2018	Three months ended September 30, 2017	**Nine months ended September 30, 2018**	Nine month ende September 3(201
	$	$	**$**	
Interest on long-term debt	**151**	151	**449**	44

FINANCIAL INSTRUMENTS

a) Financial risk factors

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

Liquidity risk

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

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

	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
	$	$	$	$	$
Trade and other payables	687	687	-	-	-
Principal on long-term debt and financing lease	6,080	6,080	-	-	-
Provision for environmental rehabilitation	5,174	-	250	4,352	572

b) 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. Fair value of long-term debt is not significantly different from its carrying since most of it matures in the short term.

INDUSTRY, ECONOMIC AND ENVIRONMENTAL RISK FACTORS AFFECTING PERFORMANCE

As a mineral exploration and development company, Scorpio Gold's performance is affected by a number of industry and economic factors and exposure to certain environmental risks, and other regulatory requirements. These have been detailed in the Company's annual MD&A available for the year ended December 31, 2017 under the Company's profile on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Except as set out below, the preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the annual audited consolidated financial statements as at December 31, 2017. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017.

The following policy reflects policy being applied in the period which was not applicable in the 2017 consolidated financial statements:

i) Financial instruments ("IFRS 9")

Financial instruments ("IFRS 9") was issued by the IASB and replaces *Financial instruments: recognition and measurement* ("IAS 39"). IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments also introduce a new loss impairment model and limited changes to the classification and measurement requirements for financial assets. This standard did not have a significant effect on the presentation and disclosure of the financial statements.

ii) Revenue from contracts with customers ("IFRS 15")

The core principle of this new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard also results in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improves guidance for multiple-element arrangements. The Company has adopted IFRS 15 using the cumulative effect method, without practical expedients, with the effect of initially applying this standard recognized at the date of initial application of January 1, 2018. Accordingly, the information presented for 2017 has not been restated. It is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. This standard did not have a significant effect on the presentation and disclosure of the financial statements.

Management judgments and estimates

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

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

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Note 3(e) of the Company's annual audited consolidated financial statements for the year ended December 31, 2017.

CONTROLS AND PROCEDURES CERTIFICATION

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

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

Effective June 30, 2018, the Company's Controller resigned from his position but has since continued to have a limited involvement with the Company. It was decided not to hire a replacement considering the Company's current financial situation. Management assessed the impact of this change and determined that there has been no change in the design of the Company's internal controls over financial reporting during the nine-month period ended September 30, 2018, that would materially affect, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Limitations of controls and procedures

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

RECENT ACCOUNTING PRONOUNCEMENTS

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

iii) Leases ("IFRS 16")

Leases ("IFRS 16") was issued by the IASB and will replace *Leases* ("IAS 17"). IFRS 16 requires most leases to be reported on a company's balance sheet as assets and liabilities. IFRS 16 is effective 1 January 2019. Early application is permitted for companies that also apply IFRS 15 *Revenue from Contracts with Customers*. The Company is currently assessing the impact of this new standard on its financial statements.

iv) Uncertainty over Income Tax Treatments ("IFRIC 23")

Uncertainty over Income Tax Treatments ("IFRIC 23") was issued by IASB on June 7, 2017 to clarify the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit/loss, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 *Income Taxes*. IFRIC 23 is effective January 1, 2019. The Company is currently assessing the impact of this new standard on its financial statements.

DISCLOSURE OF OUTSTANDING SECURITIES AS AT NOVEMBER 28, 2018

Outstanding common shares	124,948,235
Stock options	5,910,000
Fully diluted	130,858,235

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 Company's Management Discussion and Analysis for the year ended December 31, 2017 and available at www.sedar.com under the Company's name.