MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The following Management Discussion and Analysis ("MD&A") is for the three-month period ended March 31, 2015 and is provided as of May 28, 2015. This MD&A is to be read in conjunction with the most recently issued annual consolidated financial statements for the year ended December 31, 2014 and the condensed consolidated interim financial statements of Scorpio Gold Corporation (the "Company" or "Scorpio Gold") for the three-month period ended March 31, 2015, 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 mineral exploitation, exploration and development on mining properties in the United States.

HIGHLIGHTS FOR THE FIRST QUARTER ("Q1") ENDED MARCH 31, 2015

- 11,952 ounces of gold were produced at the Mineral Ridge mine during Q1 of 2015, compared to 10,294 ounces during Q1 of 2014. This 16% increase was primarily caused by increased leach solution flow to the heap leach pad, beginning in July 2014, which has increased ounce recoveries and reduced pad inventory levels.

- Revenue of $12.3 million, compared to $13.2 million during Q1 of 2014, due mainly to a lower average realized gold price during Q1 of 2015 compared to Q1 of 2014.

- Total cash cost per ounce of gold sold[(1)] of $797 compared to $794 during Q1 of 2014.

- Mine operating earnings [(1)] of $2.1 million compared to $1.3 million during Q1 of 2014.

- Net earnings of $0.8 million ($0.00 basic and diluted per share), compared to $0.4 million ($0.00 basic and diluted per share) during Q1 of 2014.

- Adjusted net earnings[(1)] of $1.0 million ($0.00 basic and diluted per share), compared to $0.4 million ($0.00 basic and diluted per share) during Q1 of 2014.

- Adjusted EBITDA [(1)] of $1.9 million ($0.01 basic and diluted per share) compared to $3.9 million ($0.02 basic and diluted per share) during Q1 of 2014.

- During Q1 of 2015, the Company received proceeds of $3.3 million from the sale of all of the common shares of Gold Standard held by it and also received payment from Gold Standard of the debt represented by the CAD$2.5 million promissory note received as part of the sale of the Pinon property.

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

- On March 6, 2015, the Company announced a strategic financing to raise gross proceeds of $15 million from the issuance of equity to an affiliate of Coral Reef Capital LLC ("Coral Reef"). This financing was thereafter terminated and as such the Company is obligated to pay a break fee of $0.5 million along with approximately $0.1 million of related due diligence and legal costs incurred by Coral Reef.

---

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

- On May 12, 2015, the Company announced a $3.4 million financing with Coral Reef in the form of Senior Secured Convertible Notes (see Liquidity and Capital Resources section below for further details).

KEY OPERATING AND FINANCIAL STATISTICS FOR THE THREE MONTHS ENDED

	MARCH 31, 2015	MARCH 31, 2014
Mining operations		
Mary pit		
Ore tonnes mined	117,964	92,748
Waste tonnes mined	744,977	415,361
Total mined	862,941	508,109
Strip ratio	6.3	4.5
Satellite pits		
Ore tonnes mined	58,073	-
Waste tonnes mined	172,352	-
Total mined	230,425	-
Strip ratio	3.0	-
Drinkwater pit		
Ore tonnes mined	-	154,952
Waste tonnes mined	-	398,233
Total mined	-	553,185
Strip ratio	-	2.6
Total producing pits		
Ore tonnes mined	176,037	247,700
Waste tonnes mined	917,329	813,594
Total mined	1,093,366	1,061,294
Strip ratio	5.2	3.3
Pits under development		
Ore Tonnes mined	38,882	-
Waste tonnes mined	804,549	257,396
Total mining operation		
Ore tonnes mined	214,919	247,700
Waste tonnes mined	1,721,878	1,070,990
	1,936,797	1,318,690

	MARCH 31, 2015	MARCH 31, 2014
Processing		
Tonnes processed	218,372	244,773
Gold head grade (grams per tonne)	1.41	1.95
Availability*	52.0%	51.1%
Ounces produced		
Gold	11,952	10,294
Silver	6,319	5,113

* Processing Availability is based on hours of crusher operations versus permitted run time.

Financials		
(In thousands of US dollars, except per ounce numbers)	$	$
Total cash cost per ounce of gold sold[1]	797	794
Ounces sold		
Gold	10,522	10,408
Silver	5,341	4,232
Average price of gold		
London PM fix	1,218	1,291
Realized	1,179	1,249
Net earnings (‘000)	755	378
Adjusted net earnings [1] (‘000)	979	386
Adjusted EBITDA[1] (‘000)	1,871	3,933
Cash flow from operating activities (‘000)	4,344	3,138

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

MINERAL PROPERTIES

The Company's CEO, 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 following technical disclosure.

Mineral Ridge Property, Nevada

On March 10, 2010, the Company acquired a 70% interest in the Mineral Ridge Property 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. The Company is currently receiving 80% of cash flows generated, in accordance with project agreements.

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 up through 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. With the exception of the Drinkwater pit, from which mining was completed in Q3 of 2014, these properties are the focus of current production plans by both open pit and possibly underground mining methods. 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, refuelling and storage facilities and administrative buildings

Resource and reserve estimates

In July of 2014, the Company announced results of an updated Life of Mine Plan ("LOM") completed for the Drinkwater, Mary, Mary LC, Brodie, Bluelite, Solberry, Wedge and Oromonte deposits at the 70% owned Mineral Ridge Property, located in Nevada.

The updated mine plan, which includes an updated mineral reserve estimate, projects mine life for the Mineral Ridge mine extending into the 3rd quarter of 2016, or approximately 29 months as of the end of March 2014, the date of the LOM update. Average ore production over this time frame is estimated at 73,700 tons per month ("t/m") based on total estimated Probable Mineral Reserves of 2.1 million tons ("Mt") at a grade of 0.061 ounces per ton ("oz/ton") gold (131,190 oz contained gold) within estimated Indicated Mineral Resources of 2.7 Mt at a grade of 0.059 oz/ton (160,300 oz contained gold). Expansion and infill drilling of the satellite deposits has continued since the March 31, 2014 cut-off date for the LOM and is expected to add to the resource base and potentially support further conversion of current mineral resources to mineral reserves.

This LOM is inclusive of the Drinkwater, Mary and Mary LC deposits and the five satellite deposits, Brodie, Wedge, Bluelite, Solberry and Oromonte. An Inferred Mineral Resource estimate for the Brodie, Wedge, Bluelite, and Solberry deposits, dated June 1, 2013, was reported in the Company's August 16, 2013 news release. Development drilling over the past two years has allowed for an upgrade of the previous resource estimate to include Indicated Mineral Resources containing Probable Mineral Reserves. The updated Indicated Mineral Resource estimate for the five satellite deposits is 625,100 tons at a grade of 0.061 oz/ton gold (38,360 oz contained gold), which includes Probable Mineral Reserves for four of the deposits of 463,880 tons at a grade of 0.065 oz/ton gold (30,050 oz contained gold).

The Mineral Resource and Mineral Reserve estimates in the LOM were prepared by Jim Ashton, P.E., an employee of the Company and a qualified person pursuant to NI 43-101 and audited by independent qualified person, Mr. Randy Martin, RM-SME of Welsh Hagen Associates. The LOM is an independent technical report supporting the disclosure of the Mineral Resource and Mineral Reserve estimate, was prepared by Welsh Hagen Associates and was filed on SEDAR on September 3, 2014.

See the Company's news release dated July 21, 2014 for further details of the LOM and the resource and reserve estimates contained therein.

Mining activities

Total mine production during the first quarter of 2015 was 1,936,797 tonnes compared to 1,318,690 tonnes mined in Q1 2014. During Q1 of 2015, mine production was composed of 214,919 tonnes of ore and 1,721,878 tonnes of waste. The ore was mined from the 6490 through 6450 benches in the Mary Pit, from the 6530 through 6500 benches in the Mary LC Pit, from the 7130 through the 7110 benches in the Wedge pit, and from the 7050 through 7030 benched in the Brodie pit. Pre-stripping of waste material from the Mary LC pit continued in preparation for commercial production amounted to 686,955 tonnes. Pre-stripping in the Brodie pit began and was completed during the 1st quarter and amounted to 117,594 tonnes. The current exploitation of the Mary pit is in full production and during the first quarter of 2015, 117,964 ore tonnes were mined compared to 92,748 ore tonnes during the first quarter of 2014. Mining in the Solberry and Bluelite satellite pits is expected to commence in Q2 of 2015.

The mining contractor, LEDCOR CMI Inc.'s performance has continued to improve as personnel and equipment availabilities remain stable. The average production in tonnes per day ("TPD") for the first quarter of 2015 was 35,867 TPD which is substantially higher than Q1 of 2014, which was 26,374 TPD. Mining operations occur on a one-shift per day, five days a week schedule with drilling operations working on a seven days per week schedule.

The reconciliation of Q1 2015 actual results to the Company's current model for the 6490 through 6450 benches at the Mary Pit showed that the actual ore mined contained 4% more ore tonnes than predicted by the model and the contained ounces were 38% lower than predicted by the model due to unexpected voids and excess dilution. The Q1 2015 reconciliation for the Brodie pit for the 7050 through 7030 benches shows that the actual ore mined was 32% greater than that predicted by the model and the contained ounces were 16% lower than predicted due to the spotty nature of the ore on the 7030 bench causing more internal dilution than was expected. For the 7130 through 7120 benches in the Wedge pit, the Q1 reconciliation shows that the actual ore mined was 60% higher than predicted by the model and the contained ounces were 51% greater than predicted. The mine ore control, based on blast hole assays, versus actual mine production shows to date a 15.0%, 20.6%, 17.7% and 7.2% dilution of the mineralized material in the Mary, Mary LC, Brodie, and Wedge Pits, respectively. Projected dilution was estimated at 10 %. The mine reconciliation, through the end of the first quarter of 2015, compared to the current mine model, which was developed with oversight from Welsh Hagen Associates, shows through the completion of the 6450 bench in the Mary pit that actual mine ore production was 18.3% higher than was predicted by the model and that the ore mined contained approximately 1.6% less gold ounces than predicted. The mine reconciliation for the Mary LC pit through the 6510 bench shows that actual ore production was 89% greater than predicted by the model and the ore mined contained approximately 67% more gold ounces than predicted. For the Satellite pits the pit to date reconciliation for the Wedge pit through the 7120 bench shows that actual ore production was 60% higher than predicted and the ore mined contained 50.7% more gold ounces than predicted. For the Brodie pit through the 7030 bench the reconciliation shows that the actual ore mined was 50.2 % higher than predicted by the model and that the ore contained 7.9 % more gold ounces than predicted.

As mining progresses in the Mary and Mary LC pits, the Company has noted that the actual mined grade is trending lower than that predicted by the current model. The Company will continue to monitor this trend and is working on an updated model which will address this issue.

Operations activities

Total operations production for Q1 of 2015 was 218,372 tonnes at a head grade of 0.057 opt (1.41 g/t) gold compared to 244,773 tonnes at a head grade of 0.071 opt (1.95 g/t) gold processed in Q1 of 2014. The processed ore was mined from the Mary, Mary LC and satellite pits. Estimated contained recoverable gold ounces crushed and placed on the heap leach pad for Q1 of 2015 were 6,490 compared to 9,966 ounces in Q1 of 2014.

The availability of the crushing facility for the first quarter of 2015 was 52.0% (Q1 of 2014, 51.1%). Processing availability is based on hours of crusher operations versus permitted run time. The applicable Air Quality permit allows for a crusher throughput rate of 363 tonnes per hour and 24 hours of operations per day. For Q1 of 2015, the crusher's availability was 52.0%, representing approximately 12 hours per day of operation.

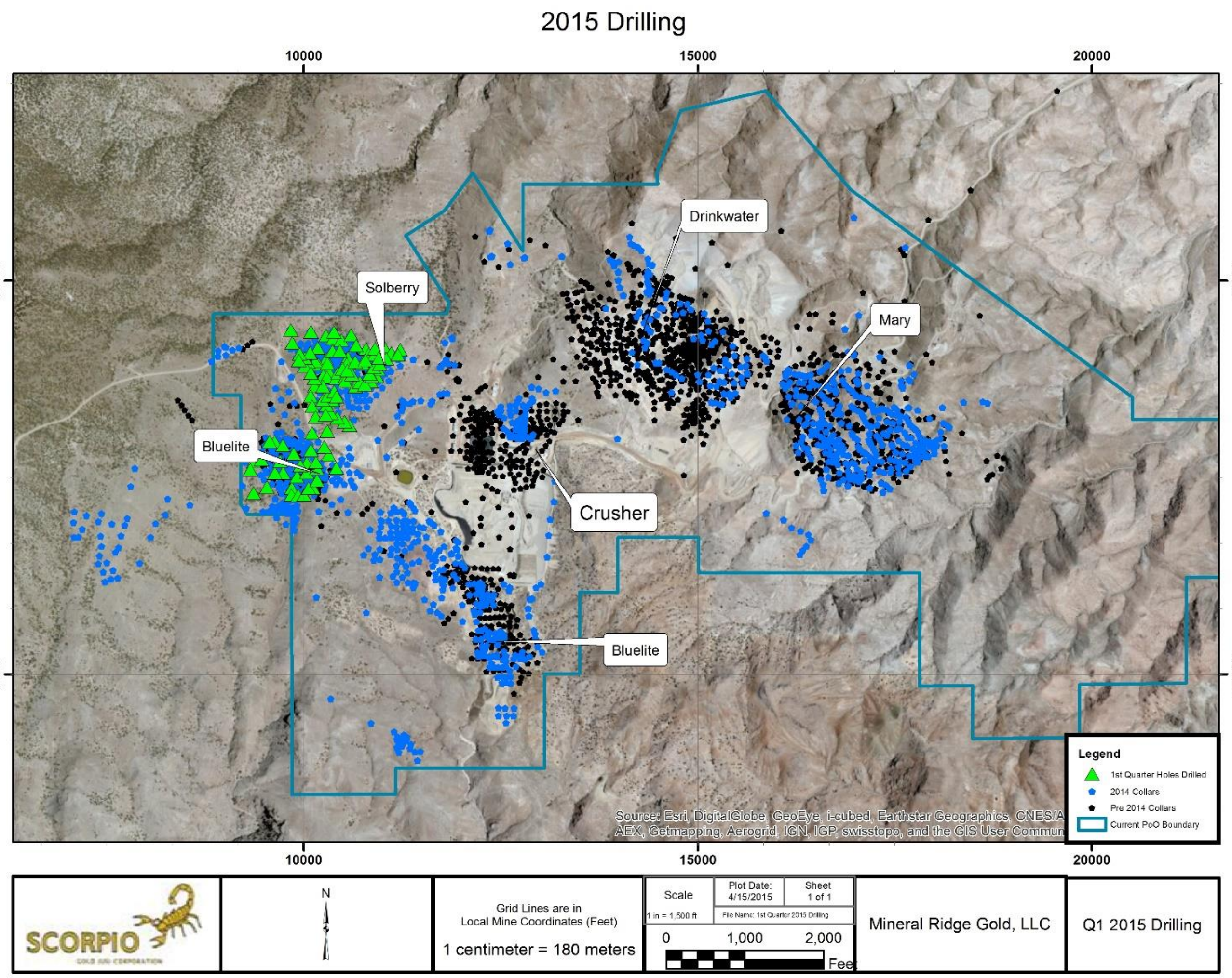
Application of cyanide leach solution to the freshly stacked mineralized material on the leach pad continues with 319 million gallons applied in Q1 of 2015 compared with 175 million gallons of leach solution applied during Q1 of 2014. There were 283 million gallons of pregnant, gold-bearing solution processed through the ADR's carbon column circuit at an average grade of 0.32 ppm gold and 0.24 ppm silver compared with 148 million gallons at an average head grade of 0.57 ppm gold and 0.37 ppm silver in Q1 of 2014. Calculated efficiency for recovery of precious metals from solution processed through the ADR for Q1 of 2015 was 89.6% for gold and 60.0% for silver compared with 89.5% for gold and 67.9% for silver in Q1 of 2014. The efficiency of this circuit is directly affected by the activity of the activated carbon utilized for recovery of precious metals from solution as well as the flow rate of the solution being pumped through the columns. The average flow rate for Q1 of 2015 was 2,185 gallons per minute ("gpm") compared to 1,145 gpm in Q1 of 2014. This circuit is a closed loop circuit so any precious metals that are not recovered in the first pass will re-circulate and eventually be recovered. The loaded carbon from this circuit is shipped off site for stripping of the precious metals and upon completion of stripping is returned to the site for reuse.

For Q1 of 2015, the Company produced 11,952 ounces of gold and 6,319 ounces of silver compared to 10,294 ounces of gold and 5,113 ounces of silver produced in Q1 of 2014.

While currently cycling through lower grade material in the Mary pit, our gold production continues to be aided by the drawdown of ounces from the leach pad inventory and by ongoing efforts to re-contour the periphery of the leach pad to bring previously un-leached material under leach.

Further information on the Mineral Ridge project is available at SEDAR (www.sedar.com), including the LOM, which is a NI 43-101 technical report entitled "Mineral Ridge Project, Esmeralda County, Nevada, USA, NI 43-101 Technical Report on Life of Mine Plan." by AMEC E&C Services Inc., dated July 15, 2012 and the "Amended and Restated NI 43-101 Technical Report on The Mineral Ridge Satellite Deposits, Esmeralda County, Nevada USA" by Telesto Nevada, Inc., a Welsh Hagen Company dated April 4, 2014.

Current Exploration / Permitting



In the first quarter of 2015, the Company released the majority of the final drill results from the 419 holes (44,392 meter) combined diamond and RC drill program. Of the total holes drilled, 399 holes for 41,453 meters were RC drilling and 20 holes for 2,939 meters were diamond drilling. The 2014 program targeted infill and resource expansion drilling around the Mary LC pit area and the satellite deposits with the focus on replacing ounces produced and extending mine life. The program did not entirely replace depletion but did identify several new target areas.

Prior to the commencement of the 2015 drilling campaign, drill sites and exploration roads were built and updates were made to the 3D geological model with information obtained during the 2014 drill program and the data from oriented core drilling and interpretation of prior geophysical field surveys. Drilling commenced in early March 2015, with the use of three reverse circulation (RC) drill rigs. During Q1 of 2015, the drills completed 8,862 meters of drilling, compared with 6,582 meters in Q1 of 2014. The first phase of 2015 exploration is focused on completing infill and development drilling of the Solberry and Bluelite deposits followed by completing infill and development drilling in the Mary, Mary LC, Wedge and Brodie pits. An emphasis has been placed on targeting shallower, higher grade targets to decrease the cost per ounce discovered and improve the economics of new discoveries. The potential second phase will look at further defining targets identified last year including the State Bank, Custer and Physik targets as well as new targets south of the Brodie Deposit. This may include targeting green field exploration targets such as the North Springs target if time allows.

The 3D geological model has been further refined in early 2015 integrating field geological mapping, oriented core structural information and observations from ongoing mining operations.

Initial infill and development drill results from Solberry and Bluelite have started to be received in late Q1 and once compiled will be made public.

The current resource and pit shell at the Solberry pit appear to be constrained by the extent of historic and ongoing drilling rather than any demonstrated termination of the mineralized trend to the south and southeast. The 2015 drill program is designed to potentially expand the footprint and enhance the confidence level of the current resource.

On June 26, 2014, a plan of operations amendment seeking authorization for mining of the expanded Brodie pit and Wedge B pit, as well as development of the Bluelite and Solberry satellite pits, and further expansion of the Mary LC pit was submitted to the Bureau of Land Management ("BLM") and the Nevada Division of Environmental Protection ("NDEP"). On August 29, NDEP approved the plan amendment and issued the final permit with an effective date of October 16, 2014. The plan amendment review has also been completed by the BLM, and preparation of an Environmental Assessment ("EA") of the project began on October 1, 2014. The draft EA was submitted to the BLM on December 10, 2014 and approved on March 25, 2015. The draft EA was issued for a 15-day public comment period and subsequently, the BLM decision was issued which authorizes development of the satellite pits, and expansion of existing pits commencing in April 2015.

Other properties

Goldwedge

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.

Summary

Access is excellent from paved roads and both water and power are available on site. The Goldwedge Mine contains a small gold mineralized area with excellent potential to grow with further exploration and development. The existing estimated resource covers a strike length of approximately 335 meters, with a drill tested vertical extent of over 152 meters. The system is open along strike down-dip and down-plunge toward the northwest. The project includes a permitted 455 tonne per day crushing plant, gravity recovery facility, leach pads and over 610 meters of decline.

2015 Exploration and Development Activity

In 2014, the Company drilled four diamond drill holes at Goldwedge. The objective of the program was to gain knowledge of the geology and aid in identifying mineralization trends in the area. The program was successful and met its objectives and this information will be incorporated into the preliminary mine model that will guide future surface and underground exploration programs.

The Goldwedge mill continues processing high grade ore from the Mineral Ridge property as ore becomes available. Optimization of the Goldwedge milling circuit for the Mineral Ridge ore is complete which ensures optimal recoveries of coarse gold from the ore. Additionally, when tailings material from the Goldwedge mill is subsequently refed into the Mineral Ridge crushing circuit and agglomerated with ore from Mineral Ridge currently being processed, the ore processed at the Goldwedge facility is expected to achieve a total gold recovery of 93% based on metallurgical testing previously conducted by Kappes Cassidy in Reno Nevada.

In Q1, 2015, the U.S. Forest Service (“USFS”) continued to review the Plan of Operations (“PoO”) for exploration drilling submitted to them and the Nevada Division of Environmental Protection (NDEP) on October 20, 2014. On November 4, 2014, NDEP issued their approval for proposed drilling on privately owned ground, while the USFS review covers exploration drilling on public land. The PoO application for the USFS also required reports on cultural and biological baseline studies conducted at Goldwedge in 2014. Those reports are also being reviewed by USFS staff.

In Q2 of 2015, the Company commenced an underground diamond drill program at Goldwedge to define previously identified mineralization.

Lac Arseneault Property

The Lac Arseneault property is located in Bonaventure County, 36 km north of the town of Paspebiac on the south coast of the Gaspe Peninsula, Quebec. The property consists of 30 contiguous unpatented claims covering approximately 480 hectares. Scorpio Gold holds a 100% interest in the property, subject to a 2% NSR royalty payable to the previous owner. The Company has impaired the property in prior years and has no current exploration plans for the property.

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.

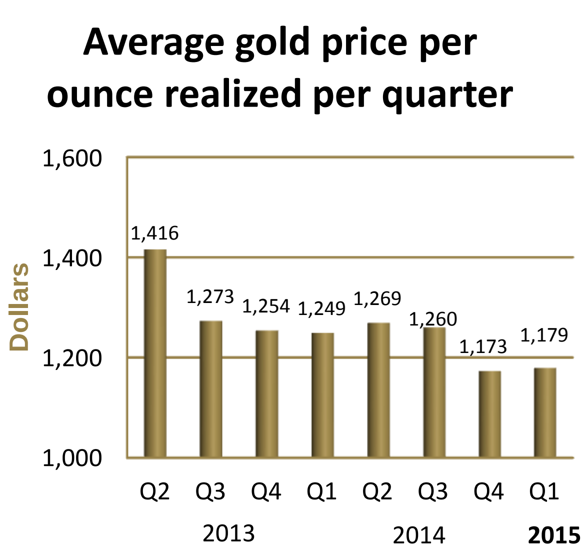
Scorpio Gold reported net earnings of $0.8 million for the three months ended March 31, 2015, compared to $0.4 million for the three months ended March 31, 2014. Net earnings attributable to the shareholders of the Company were $0.1 million ($0.00 per share) for the three months ended March 31, 2015, compared to $0.05 million ($0.00 per share) for the three months ended March 31, 2014. Net earnings attributable to non-controlling interest was $0.6 million for the three months ended March 31, 2015, compared to $0.3 million for the three months ended March 31, 2014. The major differences between the 2015 and 2014 results are explained below.

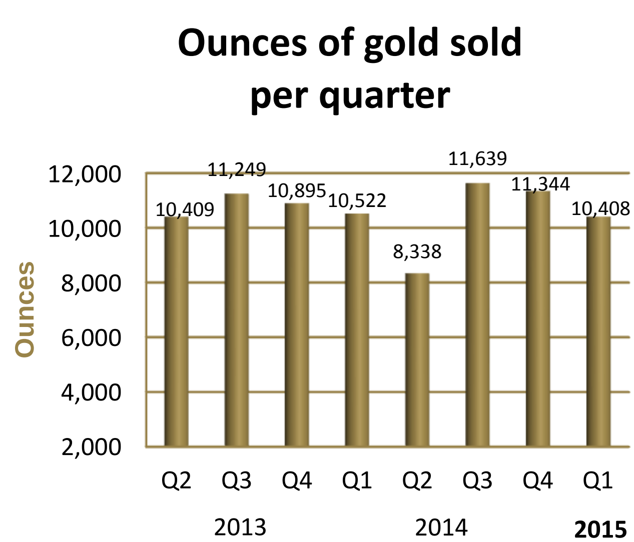
Revenue

During Q1 of 2015, the Company sold 10,408 ounces of gold and 4,232 ounces of silver for total revenue of $12.3 million. During Q1 of 2014, the Company sold 10,522 ounces of gold and 5,341 ounces of silver for total revenue of $13.2 million. During Q1 of 2015, gold ounces were sold at an average realized price of $1,179 ($1,249 in Q1 of 2014) and silver ounces at an average price of $16 ($20 in Q1 of 2014).

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.

As of March 31, 2015, the Company had inventories including 1,608 ounces of gold available for sale compared to 75 ounces of gold as at December 31, 2014.





Mine operating earnings

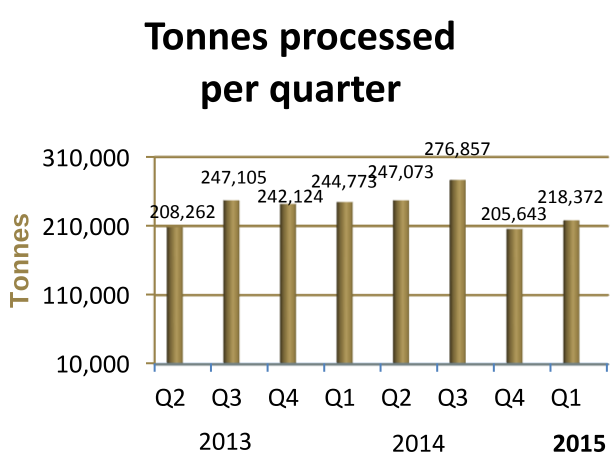
Cost of sales, excluding depletion and amortization, increased from $8.8 million for Q1 of 2014 to $9.5 million for Q1 of 2015. The decrease in metals in process inventories partially offset by the increase in finished goods inventories negatively impacted the cost of sales excluding depletion and amortization. Average head grade was 27.7% lower during Q1 of 2015 compared to Q1 of 2014, which also negatively impacted the cost of sales.

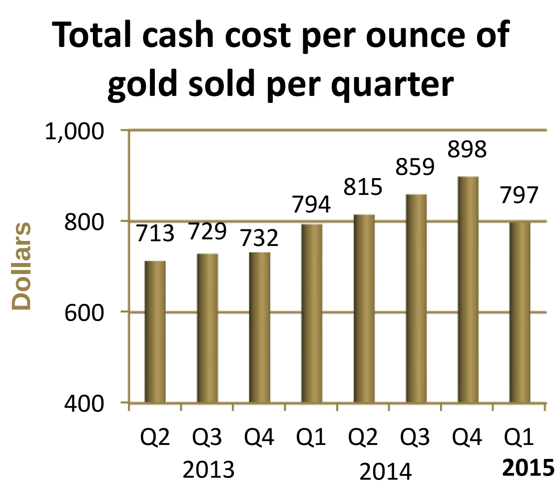
Cash operating cost per gold ounce sold [(1)], after silver by-product credits, was $789 for Q1 of 2015, compared to $775 in the Q1 of 2014. Total cash cost per ounce sold [(1)], after silver by-product credit, was $797 for Q1 of 2015, compared to $794 in Q1 of 2014. As at December 31, 2014, the Company estimated that an additional 3,307 ounces of such inventory was on the leach pad and in process, which was accounted for prospectively and positively impacted cash cost for Q1 of 2015, but this positive impact was offset by a lower mined grade during Q1 of 2015 compared to Q1 of 2014.

Depletion and amortization was $0.7 million during Q1 of 2015, compared to $3.1 million during Q1 of 2014, a reduction of 76.6% even though the Company mined 29.0% less ore during Q1 of 2015 than during the corresponding period. This is mainly explained by the fact that the Company recorded $26.9 million impairment on its assets at the Mineral Ridge mine during Q4 of 2014.

As a result, cost of sales including depletion and amortization decreased from $11.9 million for the three-month period ended March 31, 2014 to $10.3 million for the three-month period ended March 31, 2015.

Mine operating earnings[(1)] were therefore $2.1 million for the first quarter of 2015, compared to $1.3 million for the comparative period of 2014.





(1) This is a non-IFRS financial performance measure. For further information and a detailed reconciliation, refer to section "Non-IFRS performance measures" of this MD&A.

General and administrative

General and administrative expenses totalled $1.1 million for Q1 of 2015, compared to $0.5 million for the same period of 2014.

On March 6, 2015, the Company announced a strategic financing to raise $15 million from the issuance of equity to an affiliate of Coral Reef. This financing was thereafter terminated and as such the Company is obligated to pay a $0.5 million break fee along with approximately $0.1 million of related due diligence and legal costs incurred by Coral Reef.

During the period ended March 31, 2015, an aggregate of 2,925,000 stock options were granted to directors, officers, employees and consultants of the Company, while none were granted in the same period of 2014. Share-based compensation, which is non-cash in nature, totalled $0.2 million for 2015, compared to close to nil during 2014. Of this amount, $0.08 million was charged to general and administrative expenses, $0.1 million was charged to cost of sales and the difference was capitalized to non-producing mining assets.

Other (expenses) income

Finance costs totalled $0.08 million during Q1 of 2015, compared to $0.2 million for the comparative period of 2014. During Q1 of 2015, the long-term debt owing to Waterton was fully repaid.

During Q1 of 2015, the Company incurred a foreign exchange loss of $0.2 million on the $CAD2.5 million debt represented by a promissory note due to a less favorable USD/CAD exchange rate. On March 5, 2015, payment of the debt represented by this note was received by the Company.

As of December 31, 2014, the Company held 6,750,000 shares of Gold Standard having a book value of $3.1 million. In Q1 of 2015, all of these shares were sold for net proceeds of $3.3 million and as a result a gain on disposal of investments of $0.2 million was recorded.

Current income tax expense

For Q1 of 2015, the Nevada net proceeds tax amounted to $0.08 million, compared to $0.2 million for the same period of 2014.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2015, the Company had $3.5 million in cash, compared to $1.1 million as of December 31, 2014.

Working capital was $5.1 million as of March 31, 2015, compared to $8.0 million as of December 31, 2014. Change in inventories, investments and current liabilities, which account for most of the change in working capital, are explained in their respective sections below.

On May 12, 2015, the Company entered into a commitment letter with Coral Reef for the issuance of senior secured convertible notes (the "Notes") in the principal amount of approximately US$3.4 million, the proceeds of which will be used for the purposes of funding exploration, development and mining of the Mineral Ridge property and exploration at the Goldwedge property, for general working capital purposes, and to fund fees and expenses incurred in connection with the Notes transaction, as well as fees and expenses from the previous cancelled Coral Reef financing (see the Company's news release of April 28, 2015 for more information).

The Notes will bear interest at a rate of 12% per annum and mature 13 months after their issue date, subject to a right of the Company to extend maturity for six months if the Notes are not in default. The Notes will be convertible into common shares of Scorpio Gold at the option of Coral Reef based on a conversion price of US$0.108, per share. In addition, the Company will pay a 2% arrangement fee to Coral Reef and will issue to Coral Reef 31,217,529 common share purchase warrants (the "Warrants"). The Warrants will have an exercise price of US$0.108 and will expire upon maturity of the Notes. However, should the Notes be prepaid in advance of one year, the exercise period of the Warrants will be one year from the date of issuance. The Notes and Warrants will contain a restriction that they may not be converted or exercised to acquire more than an aggregate of 19.99% of the outstanding common shares of the Company unless shareholder approval is first obtained. Coral Reef will be granted two board of director observer positions on closing and, if Coral Reef holds more than 19.99% of Scorpio Gold's outstanding shares as a result of the conversion of the Notes or the exercise of the Warrants, Coral Reef's appointed observers will become directors of Scorpio Gold.

The Notes will be subject to customary default/acceleration provisions as well as customary financial covenants including a restriction on maximum capital expenditures and a minimum required level of earnings before interest, tax, depreciation and amortization (EBITDA). The Notes will be secured by the Company's interest in the Mineral Ridge mine as well as the Goldwedge property. Under the terms of the commitment letter, the issue of the Notes remains subject to definitive documentation, regulatory approvals and other customary conditions, and therefore there can be no assurance that the foregoing financing will be completed.

Cash flow generated from the Mineral Ridge mine along with proceeds from the Notes and further financing may be required to fund planned capital expenditures both at the Mineral Ridge and Goldwedge mine. In addition, the Company anticipates it may require additional financing to fund the potential construction of a mill facility at the Mineral Ridge mine. The Company is currently evaluating various financing opportunities in this regard.

The primary factors that will affect the future financial condition of the Company include the ability to continue to generate positive cash flows, the ability to raise equity financing, or other types of financing as and when required and the level of exploration, development and capital expenditures required to meet its commitments.

INVENTORIES

Inventories decreased from $9.6 million as of December 31, 2014 to $7.5 million as of March 31, 2015.

Metal in process decreased by $3.2 million to $4.6 million during Q1 of 2015. This is primarily caused by increased solution flow to the leach pad, beginning in July 2014, which has increased gold recoveries and reduced pad inventory levels. Moreover, the number of ounces placed on the pad during Q1 of 2015 was lower than during Q1 of 2014.

The nature of the heap leaching process used at Mineral Ridge inherently limits the ability to precisely monitor inventory levels on the leach pad. As at March 31, 2015, included in the metal in process inventories, are inventories on the leach pad for a total cost of $1.7 million ($2.5 million as at December 31, 2014). The ultimate recovery of gold from the heap leach pad will not be known until the total leaching process is concluded.

Finished goods inventory increased by $1.4 million to $1.6 million during Q1 of 2015, due mainly to the timing of the Company's gold sales.

INVESTMENTS

Investments decreased to close to $nil as of March 31, 2015 from $5.3 million as of December 31, 2014 . As of December 31, 2014, the Company held 6,750,000 shares of Gold Standard having a book value of $3.1 million. In Q1 of 2015, all of these shares were sold for net proceeds of $3.3 million. As at December 31, 2014, the Company also had a debt represented by a promissory note from Gold Standard having a book value of $2.2 million. On March 5, 2015, payment of the debt represented by this note was received by the Company.

PRODUCING MINING ASSETS

Producing mining assets stood at $8.3 million as of March 31, 2015, compared to $7.2 million as at December 31, 2014.

During Q1 of 2015, the Company added $1.0 million to producing mining assets which mainly consist of $0.8 million related to stripping activities at Mineral Ridge.

Management concluded that the Wedge and Brodie pits have commenced commercial production during Q1 of 2015 and therefore their related net book value of $0.8 million was transferred from non-producing mining assets to producing mining assets.

During Q1 of 2015, an amount of $0.7 million has been recorded as depletion and amortization of producing mining assets.

NON-PRODUCING MINING ASSETS AND OTHER

Non-producing mining assets and other stood at $14.9 million as of March 31, 2015, compared to $18.0 million as at December 31, 2014.

During Q1 of 2015, the Company added $3.9 million of non-producing mining assets. Of this amount, $3.8 million additions relates to Mineral Ridge and is mainly constituted of $2.5 million related to Mary LC pit development, $0.5 million of exploration related to targets surrounding the areas currently in development and production at the Mineral Ridge mine, $0.5 million of development costs related to satellite pits and $0.3 million related to various construction in process projects.

As discussed above, management concluded that the Wedge and Brodie pits have commenced commercial production during Q1 of 2015 and therefore their related net book value of $0.8 million was transferred from non-producing mining assets to producing mining assets.

CURRENT LIABILITIES

Total current liabilities were $6.6 million as at March 31, 2015, compared to $8.5 million at December 31, 2014.

Trade and other payables increased from $5.3 million as at December 31, 2014 to $6.4 million as at March 31, 2015.

On March 6, 2015, the Company announced a strategic financing to raise $15 million from the issuance of equity to Coral Reef Capital LLC ("Coral Reef"). This financing was thereafter terminated and as such the Company is obligated to pay a $0.5 million break fee along with approximately $0.1 million of related due diligence costs incurred by Coral Reef. The increase in operation, exploration and development activities during Q1 of 2015 also explains the remaining increase in trade and other payables as of March 31, 2015 compared to December 31, 2014.

The current portion of long-term debt decreased from $3.1 million as at December 31, 2014 to $0.08 million as at March 31, 2015 following the repayment made to Waterton during Q1 of 2015.

EQUITY

Total equity increased by $1.4 million during Q1 of 2015, from $26.4 million at December 31, 2014 to $27.8 million at March 31, 2015. Most of this increase is attributable to the $0.8 million net earnings for Q1 of 2015 as well as a $0.5 million net cash contribution by the non-controlling interest, being Waterton, the Company's partner in the Mineral Ridge mine.

SUMMARY OF QUARTERLY RESULTS

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

Quarter Ending	Revenues $	Net earnings (loss) $	Basic earnings (loss) per share[(1)] $	Diluted earnings (loss) per share[(1)] $
March 31, 2015	12,343	755	0.00	0.00
December 31, 2014	13,377	(28,675)	(0.16)	(0.16)
September 30, 2014	14,754	275	(0.00)	(0.00)
June 30, 2014	10,646	608	0.00	0.00
March 31, 2014	13,249	378	0.00	0.00
December 31, 2013	13,739	(1,976)	(0.02)	(0.02)
September 30, 2013	14,406	810	0.00	0.00
June 30, 2013	14,835	(7,772)	(0.05)	(0.05)

(1) Due to the effect of share issuances during the year, the sum of individual quarterly per share amounts may not be equal to the earnings (loss) per share shown in the consolidated statements of operations.

CASH FLOWS

Cash flows generated from operating activities was $4.3 million for Q1 of 2015, compared to $3.1 million for the same period of 2014. Drawdown of inventories offset by lower metals prices prevailing during Q1 of 2015 compared to prior year explain most of this improvement.

Cash flows from investing activities were $0.8 million for the three months ended March 31, 2015. Payments related to non-producing mining asset additions in Q1 of 2015 totalled $3.5 million and mainly relate to Mary LC pit development, exploration related to targets surrounding the areas currently in development and production at the Mineral Ridge mine, development related to the satellite pits and various construction in process projects. As discussed above, the Company disposed of its 6,750,000 shares in Gold Standard and received payment of the debt represented by a promissory note, for total proceeds of $5.3 million. During Q1 of 2015, investing activities related to producing mining assets were mainly related to stripping activities.

Cash flows from investing activities were $3.9 million for the three months ended March 31, 2014. Non-producing mining asset additions in Q1 of 2014 mainly relate to Mary LC pit development as well as exploration related to exploration targets surrounding the areas currently in development or production at the Mineral Ridge mine and construction in process related to various projects. During Q1 of 2014, the Company completed the sale of its Pinon non-producing asset to an affiliate of Gold Standard for consideration of $7.7 million (CAD$8.5 million) in cash. Of the cash consideration, $5.4 million (CAD$6.0 million) was paid at closing. During Q1 of 2014, investing activities related to producing mining assets were mainly related to stripping activities. The Company reduced its reclamation bond cash collateral by approximately $0.8 million during Q1 of 2014 following an agreement with a new surety under which the cash collateral requirement was significantly reduced

Cash outflows used for financing activities were $3.0 million for Q1 of 2015, compared to $6.1 million for Q1 of 2014. During Q1 of 2015, the Company fully repaid the long-term debt with Waterton for an amount of $3.4 million. Also during Q1 of 2015, the Company paid $0.1 million of distributions and received $0.6 million of cash contributions from the non-controlling interest in the Mineral Ridge mine, being Waterton. During Q1 of 2014, following the sale of Pinon assets, cash amounts of $5.5 million were used in prepayment of the then outstanding long-term debt.

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.

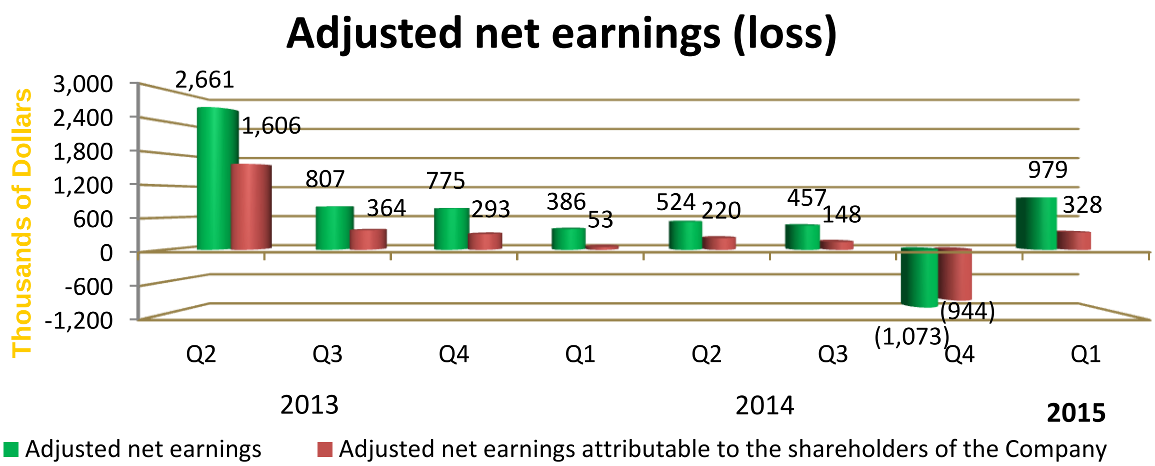
Adjusted earnings

The Company uses the financial measure “Adjusted Earnings” to supplement information in its condensed consolidated interim 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 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 Earnings provides useful information to investors because it excludes non-cash and other charges and is a better indication of the Company’s profitability from core operations. The items excluded from the computation of Adjusted 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 earnings to the consolidated financial statements:

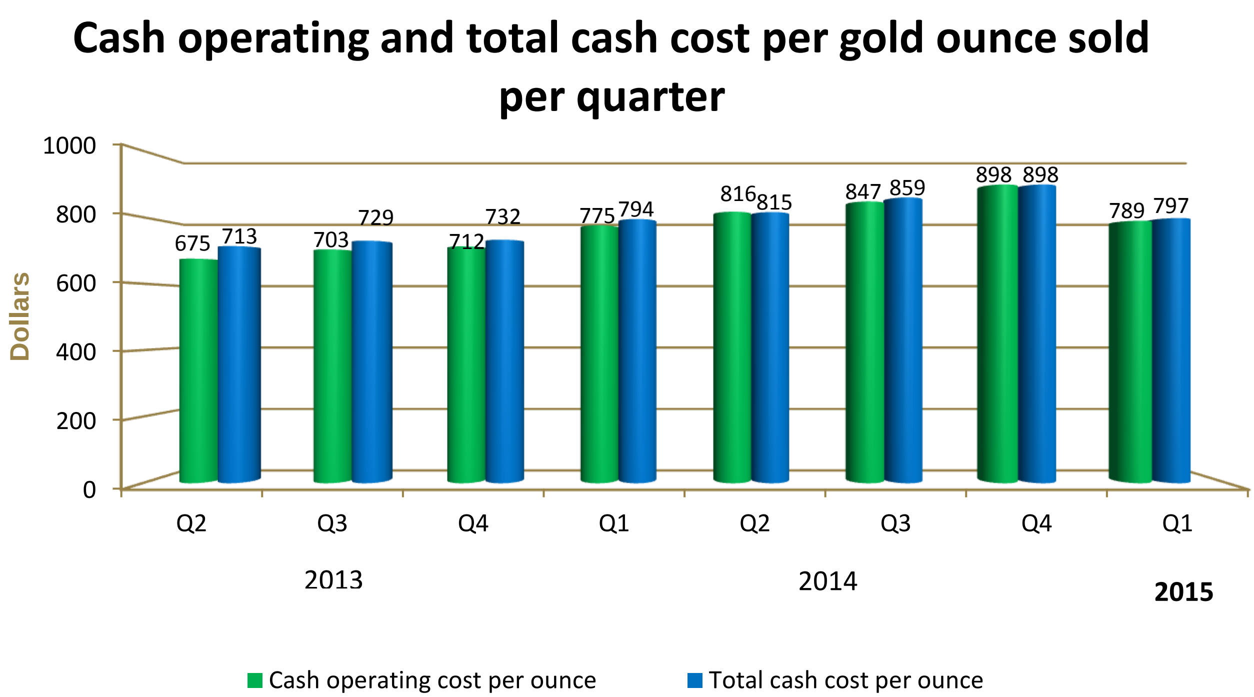
	Three months ended March 31, 2014	Three months ended March 31, 2014
	$	$
Net earnings for the period	755	378
Share-based compensation	177	3
Gain on disposal of investments	(172)	-
Foreign exchange loss	219	5
Adjusted net earnings for the period	979	386
Non-controlling interest	(651)	(333)
Adjusted net earnings for the period attributable to the shareholders of the Company	328	53
Adjusted basic and diluted net earnings per share	0.00	0.00



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

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

	Three months ended March 31, 2015	Three months ended March 31, 2014
	$	$
Cash costs		
Cost of sales excluding depletion and amortization per consolidated financial statements	9,555	8,786
Share-based compensation	(98)	-
Inventory adjustment	(1,178)	(527)
By-product silver sales	(67)	(106)
Cash operating costs	8,212	8,153
Nevada net proceeds tax	80	201
Total cash cost	8,292	8,354
Divided by ounces of gold sold	10,408	10,522
Cash operating cost per gold ounce sold	789	775
Total cash costs per gold ounce sold	797	794



Adjusted EBITDA

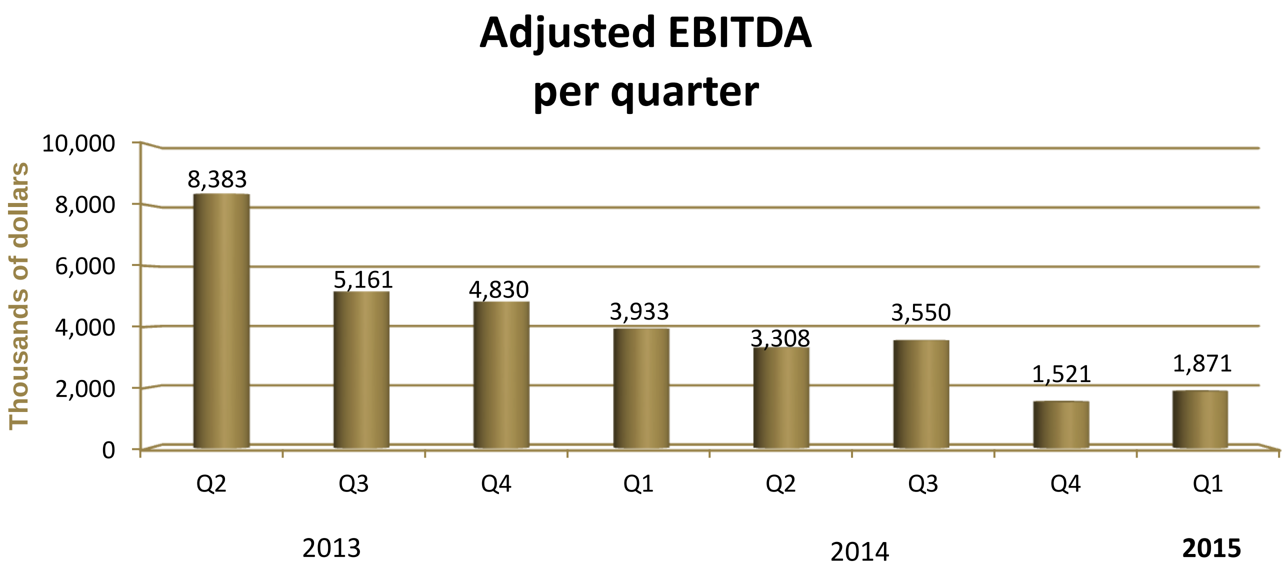
EBITDA is a non-IRFS financial measure, which excludes the following from net earnings:

- 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 analyst for valuation purposes whereby EBITDA is multiplied by a factor or "EBITDA multiple" that is based on an observed values to determine the approximate total enterprise value of a company. Adjusted EBITDA removes the effects of "share-based compensation", "gain on disposal of investments" as well as "foreign exchange loss". 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 analyst 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 analyst 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 consolidated interim financial statements:

	Three months ended March 31, 2015	Three months ended March 31, 2014
	$	$
Net earnings for the period	755	378
Finance costs	77	211
Depletion and amortization	735	3,135
Income tax expense	80	201
EBITDA	1,647	3,925
Share-based compensation	177	3
Gain on disposal of investments	(172)	-
Foreign exchange loss	219	5
Adjusted EBITDA	1,871	3,933
Non-controlling interest	(897)	(1,340)
Adjusted EBITDA attributable to the shareholders of the Company	974	2,593
Adjusted basic and diluted EBITDA per share	0.01	0.02



Additional measures

The Company uses other financial measures the presentation of which is not meant to be a substitute for other subtotals or totals presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures. The following other financial measures are used:

- *Mine operating earnings* - represents the amount of revenues in excess of cost of sales excluding depletion and amortization and depletion and amortization.
- *Operating earnings* - represents the amount of earnings before finance cost, foreign exchange gain (loss) and income tax expense.
- *Cash flows from operating activities before movements in working capital* - excludes the non-cash movement from period-to-period in working capital items, including trade and other receivables, prepaid expenses and other, inventories, trade and other payables.

The terms described above do 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. The Company's management believes that their presentation provides useful information to investors because Cash flows from *operating activities* before movements in working capital excludes the non-cash movement in working capital items, mine operating earnings excludes expenses not directly associate with commercial production and operating earnings excludes finance and tax related expenses and income/recoveries. These, in management's view, provide useful information of the Company's cash flows from *operating activities* and are considered to be meaningful in evaluating the Company's past financial performance or the future prospects.

SELECTED QUARTERLY FINANCIAL AND OPERATING SUMMARY

	DECEMBER 2013	MARCH 2014	JUNE 2014	SEPTEMBER 2014	DECEMBER 2014	MARCH 2015
Mining operations						
Mary pit						
Ore tonnes mined	136,891	92,748	79,394	130,145	141,056	117,964
Waste tonnes mined	563,368	415,361	612,511	564,727	674,026	744,977
Total mined	700,259	508,109	691,905	694,872	815,082	862,941
Strip ratio	4.1	4.5	7.7	4.3	4.8	6.3
Satellite pits						
Ore tonnes mined	-	-	-	-	-	58,073
Waste tonnes mined	-	-	-	-	-	172,352
Total mined	-	-	-	-	-	230,425
Strip ratio	-	-	-	-	-	3.0
Drinkwater pit						
Ore tonnes mined	100,732	154,952	165,882	74,343	-	-
Waste tonnes mined	441,244	398,233	326,304	110,401	-	-
Total mined	541,976	553,185	492,186	184,744	-	-
Strip ratio	4.4	2.6	2.0	1.5	-	-
Total producing pits						
Ore tonnes mined	237,623	247,700	245,276	204,488	141,056	176,037
Waste tonnes mined	1,004,612	813,594	938,815	675,128	674,026	917,329
Total mined	1,242,235	1,061,294	1,184,091	879,616	815,082	1,093,366
Strip ratio	4.2	3.3	3.8	3.3	4.8	5.2
Pits under development:						
Ore tonnes mined	-	-	6,915	29,386	44,756	38,882
Waste tonnes mined	151,332	257,396	411,162	793,866	1,001,959	804,549
Total mined	151,332	257,396	418,077	823,252	1,046,715	843,431
Total mining operations						
Ore tonnes mined	237,623	247,700	252,191	233,874	185,812	214,919
Waste tonnes mined	1,155,944	1,070,990	1,349,977	1,468,994	1,675,985	1,721,878
Total mined	1,393,567	1,318,690	1,602,168	1,702,868	1,861,797	1,936,797

	DECEMBER 2013	MARCH 2014	JUNE 2014	SEPTEMBER 2014	DECEMBER 2014	MARCH 2015
Processing						
Tonnes processed	242,124	244,773	247,073	276,857	205,643	218,372
Gold head grade (grams per tonne)	2.28	1.95	1.80	1.49	1.68	1.41
Availability	51.9%	51.1%	52.4%	52.9%	42.8%	52.0%
Ounces produced						
Gold	11,348	10,294	9,034	11,228	10,258	11,952
Silver	4,154	5,113	3,771	4,911	4,387	6,319
Precious Metal Sales (ounces)						
Gold	10,895	10,522	8,338	11,639	11,344	10,408
Silver	4,154	5,341	3,375	4,734	4,452	4,232
Exploration Drilling						
Holes	91	64	164	132	61	112
Meters	9,940	6,582	15,234	15,772	7,734	8,862

	DECEMBER 2013	MARCH 2014	JUNE 2014	SEPTEMBER 2014	DECEMBER 2014	MARCH 2015
Financial results						
	$	$	$	$	$	$
Cash operating cost per ounce of gold sold [(1)]	712	775	816	847	898	789
Total cash cost per ounce of gold sold[(1)]	732	794	815	859	898	797
Average price of gold						
London PM fix	1,276	1,293	1,288	1,282	1,201	1,218
Realized	1,254	1,249	1,269	1,260	1,173	1,179
Net earnings (loss)	(1,977)	378	608	275	(28,675)	755
Earnings (loss) per share	(0.02)	0.00	0.00	(0.00)	(0.16)	0.00
Adjusted net earnings (loss)[(1)]	775	386	524	457	(1,073)	979
Adjusted basic and diluted net earnings (loss) per share[(1)]	0.00	0.00	0.00	0.00	(0.01)	0.00
Adjusted EBITDA[(1)]	4,830	3,933	3,308	3,550	1,521	1,871
Adjusted basic and diluted EBITDA per share [(1)]	0.03	0.02	0.02	0.02	0.01	0.01

[(1)] This is a non-IFRS financial performance measure. For further information and a detailed reconciliation, refer to section "Non-IFRS performance measures" of this MD&A.

CONTINGENCIES

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

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at March 31, 2015.

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, directly or indirectly.

The remuneration of directors and key management personnel during the three-month periods ended March 31, 2015 and March 31, 2014 is as follows:

	Three months ended March 31, 2015	Three months ended March 31, 2014
	$	$
Salaries and directors' fees	**265**	295
Consulting fee with a director	**32**	23
Share-based compensation[1]	**80**	-
	377	318

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

During the three month period ended March 31, 2015, the Company incurred consulting fees of $32,000 with Brigill Investments Ltd., a firm controlled by Brian Lock, a director of the Company. These services were incurred in the normal course of operations in relation to a scoping study on the design and construction of a potential gold/silver processing and refining facility at the Mineral Ridge mine in Nevada.

As at March 31, 2015, $121,162 resulting from these transactions is included in trade and other payables.

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three-month periods ended March 31, 2015 and March 31, 2014.

b) Waterton Global Value, L.P.

An affiliate of Waterton, the Company’s former lender, owns a 30% non-controlling interest in the Mineral Ridge mine. Management considers that Waterton is a related party.

Transactions entered into with Waterton during the three-month periods ended March 31, 2015 and March 31, 2014 are as follows:

	Three months ended March 31, 2015	Three months ended March 31, 2014
	$	$
Sales	**12,197**	13,028
Interest on long-term debt	**56**	190

FINANCIAL INSTRUMENTS

a) Financial risk factors

(i) Liquidity risk

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

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

	Total	Less than 1 year	1-3 years	4-5 years	More than 5 years
	$	$	$	$	$
Trade and other payables	6,423	6,423	-	-	-
Income taxes payable	80	80	-	-	-
Long-term debt	141	75	66	-	-
Provision for environmental rehabilitation	5,796	-	411	2,650	2,735

b) Fair Value

The fair value of cash, reclamation bonds, promissory notes, trade and other payables approximate their carrying amount due to their short-term nature. Investments, which are designated as available-for-sale, are recorded at fair value. Fair value of long-term debt is not significantly different from its carrying amount since interest rates in the market have not materially changed since the Company assumed the debt in December 2012.

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

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

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 December 31, 2014 annual MD&A available under the Company's profile on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited consolidated financial statements as at December 31, 2014. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2014.

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 audited consolidated financial statements for the year ended December 31, 2014.

RECENT ACCOUNTING PRONOUNCEMENTS

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

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

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

b) Amendments to Interim financial reporting ("IAS 34")

   Disclosure of information elsewhere in the interim financial report.

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 Canadian Generally Accepted Accounting Principles. There has been no change in the design of the Company's internal controls over financial reporting during the three-month period ended March 31, 2015, that would materially affect, or is reasonably likely to materially affect, the Company's internal control 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.

OUTLOOK

Looking forward to the remainder of 2015, the Company anticipates another full year of strong production at Mineral Ridge from the Mary and the Mary LC pits with additional development commencing in Q2 of 2015 from the Bluelite and Solberry pits.

Production guidance for the Mineral Ridge mine for 2015 is 40-45,000 ounces of gold produced at a total cost of $800-$850 per ounce gold sold. The Company also launched an extensive drill program for 2015 with an increase in planned drill footage from that of its 145,000 foot drill campaign in 2014. The first phase of infill and development drilling will focus on delineating and expanding areas of known mineralization proximal to existing production pits and satellite deposits. A potential second phase exploration drilling program has been designed to quickly identify and delineate new open pit targets for potential development within the existing Plan of Operation permit boundary.

The Company continues to focus on operational excellence and in particular to reduce waste dilution in current mining pits.

All final modifications to the Goldwedge mill and gravity circuit were completed in December 2014, resulting in optimized gold recovery and the facility is now being used to batch mill high grade gold material from the Mineral Ridge operation as it becomes available.

The geology team has completed its review of all geological data at Goldwedge and continues with an exploration program that involves mapping of geological structures both on surface and from underground workings. The first phase of an oriented-core drilling campaign completed four holes that were designed to twin or off-set high-interest historical reverse circulation holes. Data from the core holes has been logged, assayed and compiled which will now be used to as a template to guide the second phase of a 5,000 foot underground core drilling program with the plan of resource definition and using the results of the 2014 surface drill program as a guideline to the 2015 underground program. In addition, two small pits that were previously mined in the 1980's, the Keystone and Jumbo pits, are currently in process for an application for surface drilling at a later time. Other than the current 2015 underground drill program, any further investment at the Goldwedge property would be subject to the Company obtaining sufficient financing.

At Mineral Ridge, the Company continues to advance the potential for a processing facility, which is being finalized in a detailed scoping study anticipated to be completed in Q3 of 2015. Currently, the Company is in talks with various financial institutions about potential financing options for the mill facility project.

In May 2015, the Company announced a $3.4 million financing with Coral Reef in the form of Senior Secured Convertible Notes which will be used to advance the Mineral Ridge project.

The Company continues to seek and evaluate new projects that will increase its asset base as well as enhance value for its shareholders.

DISCLOSURE OF OUTSTANDING SECURITIES AS AT MAY 28, 2015

Outstanding common shares	124,948,235
Stock options	10,445,000
Fully diluted	135,393,235

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 exploration drilling, exploration and development activities, production activities 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 exploration successes, continued availability of capital and financing, 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, 2014 and available at www.sedar.com under the Company's name.