



Management's Discussion and Analysis
Quarterly Highlights

For the nine months ended September 30, 2020

(Expressed in US dollars)

INTRODUCTION

The following is management's discussion and analysis – quarterly highlights (“MD&A”) of the results of operations and financial condition of Scorpio Gold Corporation (the “Company” or “Scorpio Gold”) for the nine months ended September 30, 2020 and up to the date of this MD&A, and has been prepared to provide material updates to the business operations, financial condition, liquidity and capital resources of the Company since its last management's discussion and analysis for the fiscal year ended December 31, 2019 (the “Annual MD&A”).

This MD&A should be read in conjunction with the Annual MD&A and the audited consolidated financial statements for the year ended December 31, 2019, together with the notes thereto, and the accompanying unaudited condensed interim consolidated financial statements and related notes thereto for the nine months ended September 30, 2020 (the “Financial Report”).

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

The effective date of this MD&A is November 25, 2020.

DESCRIPTION OF BUSINESS

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

OPERATIONAL HIGHLIGHTS

During the nine months ended September 30, 2020 and up to the date of this MD&A, the Company completed the following:

- In September and October 2020, the Company raised C\$6 million in equity.
- The Company granted an option to Titan Mining Corporation (“Titan”) whereby Titan can earn an 80% interest in the Mineral Ridge by spending \$35 million.
- In October 2020, the Company executed an agreement for the acquisition of the Manhattan project located in Nye County, Nevada situated adjacent and proximal to the Company's Goldwedge property.
- In October 2020, the Company commenced an underground bulk sampling program at its 100% owned Goldwedge project.

Private placement

The Company completed a non-brokered private placement through the issue of 37,500,000 units at a price of C\$0.16 per unit for gross proceeds of C\$6,000,000, of which C\$4,443,000 was received in September and the remaining C\$1,557,000 in October. Each unit consists of one common share and one common share purchase warrant with each warrant exercisable into one common share at an exercise price of C\$0.24 until September 14, 2023. The Company paid finder's fees of \$38,000 and other share issue costs of \$22,000.

Augusta Investments Inc. (“Augusta”), a company held by Richard W. Warke, purchased C\$4,645,000 of the C\$6,000,000 private placement. Augusta initially invested \$3,088,000 in the first tranche bringing their investment to 19.99% of the then outstanding common shares of the Company. The Company subsequently received shareholder

approval at its October 2, 2020 annual general and special meeting of shareholders to approve Augusta as a control person of the Company, following which, Augusta invested another C\$1,557,000 bringing their investment to 27.2% of the outstanding common shares of the Company.

The Company intends to use these proceeds primarily for advancing the Goldwedge property, including advancing planned toll milling operations and furthering its exploration programs on the Goldwedge and Keystone-Jumbo deposit areas.

Mineral Ridge option agreement

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

If Titan spends \$7 million of expenditures by January 1, 2022, it can exercise its option to purchase a 100% interest in Mineral Ridge by paying the Company \$35 million on or before December 31, 2022.

Until the earlier of the December 31, 2021 and the date that the Company extracts a further 3,200 ounces of gold from the Mineral Ridge property, the Company may continue its gold recoveries from the heap leach operations on the Mineral Ridge property with 75% to be paid to the Company.

The agreement with Titan was approved by the Company's shareholders on October 2, 2020.

On August 31, 2020, Titan announced that it intends to immediately commence a comprehensive drilling campaign that will focus on the down-dip and strike extensions of the existing deposits around the existing open pits and thoroughly test the other targets with the potential for new discoveries.

This will be the first wide-ranging exploration drill program conducted on the nearly 14,000 acre Mineral Ridge property in the history of Scorpio Gold's tenure.

Manhattan project acquisition

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

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

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

Upon closing, the property will be subject to an existing 2.0% net smelter returns royalty and certain reserved water right. The sellers will make available copies of all non-interpretive geologic data, mining records and land status information and any drill core samples relating to the Manhattan Property that the sellers own or control. In addition, the Company has arranged for substitute surety arrangements in a form acceptable to each of the government authorities in the amount of \$191,188.

This acquisition of 4,300 acres, combined with the Goldwedge 1,771 acres gives Scorpio Gold complete land control of 6,071 acres around the Goldwedge facility, providing the opportunity to expand surface operations and the potential for expanding underground mining and exploration. It also consolidates a large land position along the Reliance Fault Zone, which has significant exploration potential for high-grade gold targets at the intersections of the Reliance structure and ring faulting related to the Manhattan Caldera. The Manhattan property is comprised of 22 patented claims and 219 unpatented claims situated adjacent and proximal to the Company's Goldwedge property.

Goldwedge bulk sample

In March 2020, the Company commenced an underground drilling campaign at the Company's Goldwedge project located in Manhattan, Nevada. The drilling program is resource definition drilling in areas where the Company's 2014 surface drilling intersected higher-grade mineralization proximal to existing underground workings (April 27, 2015 news release). The drilling program utilized the Company's Atlas Copco 262 skid-mounted drill rig which was operated by company personnel.

In July 2020, the Company announced initial gold and silver assay results from underground drilling at the Goldwedge property. Several samples from the drilling program were submitted for screen fire assay to determine any variability of the assay results in the fine and coarse fractions. Results from this testing indicated that a coarse component for both gold and silver is present, and although the gold results are fairly repeatable when compared to the original assays, there was a significant increase in silver values in many of the results.

In October 2020, the Company commenced an underground bulk sampling program and preliminary metallurgical testing at the Goldwedge property. The program is intended to provide additional information where 2020 drilling intersected high-grade gold and silver mineralization (7.6 m averaging 12.47 g/t gold and 176.23 g/t silver including 1.52 m grading 53.49 g/t gold and 0.15 m grading 3,960 g/t silver) proximal to underground workings. Scorpio Gold contracted Nevada Rand Mining LLC ("NRM") to conduct the underground program which began on October 7, 2020. The bulk sample program will consist of muck and channel sampling to provide a better representation of the gold and silver grade distribution within the mineralized zone. Metallurgical testing will also be conducted as a preliminary test to determine how the material will respond to conventional milling processes.

COVID-19

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

Exploration

QUALIFIED PERSON

Mohan Ramalingaswamy Vulimiri 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 OPERATIONAL HIGHLIGHTS

- 2,476 ounces of gold and 1,195 ounces of silver were produced at the Mineral Ridge mine compared to 2,825 ounces of gold and 1,680 ounces of silver produced during 2019.
- Revenue of \$3,914,000 compared to \$3,712,000 during 2019.
- Total cash cost per ounce of gold sold ⁽¹⁾ of \$1,570, compared to \$1,276 during 2019.
- Mine operating earnings of \$357,000 compared to \$70,000 during 2019.
- Net loss of \$1,773,000 (\$0.02 basic and diluted loss per share) compared to earnings of \$2,285,000 (\$0.04 basic and diluted earnings per share) during 2019.

- Adjusted net earnings ⁽¹⁾ of \$966,000 (\$0.01 basic and diluted earnings per share) compared to earnings of \$213,000 (\$0.00 basic and diluted earnings per share) during 2019.
- Adjusted EBITDA ⁽¹⁾ of \$1,616,000 (\$0.02 basic and diluted per share) compared to \$749,000 (\$0.01 basic and diluted per share) million during 2019.

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

Production

As a result of mining being suspended since November 2017, no fresh ore has been crushed and placed on the leach pad at Mineral Ridge. During the nine months ended September 30, 2020, application of cyanide leach solution to the ore on the leach pad was 1,032 million gallons and 870 million gallons of pregnant, gold-bearing solution were processed through the ADR plant's carbon column circuit at an average grade of 0.030 ppm gold and 0.035 ppm silver. Calculated efficiency for recovery of precious metals from solution processed through the ADR plant for the nine months ended September 30, 2020 was 88% for gold and 40% for silver. The efficiency of this circuit is directly affected by the activity of the activated carbon utilized for recovery of precious metals from solution as well as the flow rate of the solution being pumped through the columns. The average flow rate for the nine months ended September 30, 2020 was 2,213 gallons per minute. This circuit is a closed loop circuit so any precious metals that are not recovered in the first pass will re-circulate and should eventually be recovered. The loaded carbon from this circuit is shipped off-site for custom stripping of the precious metals and upon completion of stripping, the carbon is returned to the site for re-use. The Company produced 2,476 ounces of gold and 1,195 ounces of silver.

Operations

Scorpio Gold reported net loss of \$1,773,000 for the nine months ended September 30, 2020 compared to net loss of \$1,504,000 in the comparative period, after adjusting for a non-cash gain on debt settlement of \$3,789,000.

Revenue

During the nine months ended September 30, 2020, the Company sold 2,251 ounces of gold and 1,252 ounces of silver for total revenue of \$3,914,000 at an average price of \$1,723 for gold and \$19 for silver, whereas during the nine months ended September 30, 2019, the Company sold 2,826 ounces of gold and 1,659 ounces of silver for total revenue of \$3,712,000 at an average price of \$1,305 for gold and \$16 for silver.

As of September 30, 2020, the Company had finished goods inventories including 241 ounces of gold available for sale compared to 23 ounces of gold as at December 31, 2019.

Mine operating earnings (loss)

Mine operating earnings was \$357,000 for the nine months ended September 30, 2020 compared to \$70,000 for the comparative period of 2019.

Cost of sales, excluding inventory write-down, was \$1,279,000 for the nine months ended September 30, 2020 compared to \$2,025,000 for the nine months ended September 30, 2019. The variance is essentially attributed to the lower number of ounces sold and the variance in cash operating cost per ounce ⁽¹⁾ described below.

Cash operating cost per gold ounce sold ⁽¹⁾, after silver by-product credits, was \$1,570 for the nine months ended September 30, 2020 compared to \$1,276 for the nine months ended September 30, 2019. The increase in cash costs is due mainly to decreased production rates as compared to the prior period.

During the nine months ended September 30, 2020, the Company wrote down inventory for an amount of \$2,278,000 compared to \$1,617,000 for the corresponding period of 2019.

Inventories increased from \$973,000 as of December 31, 2019 to \$1,062,000 as of September 30, 2020. As indicated above, the Company recorded a write-down of \$2,278,000 on inventories during the nine months ended September 30, 2020.

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

The nature of the heap leaching process used at Mineral Ridge inherently limits the ability to precisely monitor inventory levels on the leach pad. As at September 30, 2020, included in the metal in process inventories, are inventories on the leach pad for a total cost of \$241,000 after inventory write-down (\$78,000 as at December 31, 2019). The ultimate recovery of mineralization from the heap leach pad will not be known until the total leaching process is concluded.

General and administrative

General and administrative expenses totaled \$942,000 during the nine months ended September 30, 2020 compared to \$700,000 during 2019. The increase is primarily due to increased share-based compensation off-set by a voluntary reduction in salaries and benefits during the previous quarter.

LIQUIDITY AND CAPITAL RESOURCES

The Company suspended mining operations of its Mineral Ridge mine in November 2017 as the Company had mined all of its economical mineral reserves based on gold pricing and heap leach recovery parameters. Management expects to generate limited revenues from Mineral Ridge until approximately Q2 of 2021 from residual but diminishing gold recoveries from the leach pads.

In September 2020, the Company completed the first tranche of a non-brokered private placement through the issue of 27,768,750 units at a price of C\$0.16 per unit for gross proceeds of \$3,360,000 (C\$4,443,000). Each unit consists of one common share and one common share purchase warrant with each warrant exercisable into one common share at an exercise price of C\$0.24 until September 14, 2023. The Company paid finder's fees of \$38,000 and other share issue costs of \$22,000.

As at September 30, 2020, the Company had working capital of \$4,813,000.

In October 2020, the Company completed the second and final tranche of the non-brokered private placement through the issue of 9,731,250 units gross proceeds of C\$1,557,000.

Management estimates that these funds may not provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months. Additional financing will be required by the Company to complete its strategic objectives and continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

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 is 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:

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2020	2019
(In thousands of US dollars, except per share numbers)	\$	\$
Net earnings (loss) for the period	(1,773)	2,285
Share-based compensation	449	133
Gain on settlement of debt	-	(3,789)
Inventory write-down	2,278	1,617
Impairment of mining assets	-	40
Impairment of mining assets	4	-
Gain on disposal of assets	(24)	-
Foreign exchange loss (gain)	32	(42)
Deferred income tax recovery	-	(31)
Adjusted net earnings for the period	966	213
Non-controlling interest	-	(149)
Adjusted net earnings for the period attributable to the shareholders of the Company	966	64
Adjusted basic and diluted net earnings per share	0.01	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 consolidated financial statements.

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2020	2019
<i>(In thousands of US dollars)</i>		
Cash costs		
Cost of sales excluding depletion and amortization per consolidated financial statements	3,557	3,642
Inventory adjustment	-	10
Share-based compensation	-	(24)
By-product silver sales	(24)	(26)
Cash operating costs	3,533	3,602
Nevada net proceeds tax	-	3
Total cash cost	3,533	3,605
Divided by ounces of gold sold	2,251	2,826
Cash operating cost per gold ounce sold	1,570	1,275
Total cash costs per gold ounce sold	1,570	1,276

Adjusted EBITDA

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

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

Management believes that EBITDA is a valuable indicator of the Company's ability to generate liquidity by producing operating cash flow to: fund working capital needs, service debt obligations and fund capital expenditures. EBITDA is also frequently used by investors and analysts for valuation purposes whereby EBITDA is multiplied by a factor or "EBITDA multiple" that is based on observed values to determine the approximate total enterprise value of a company. Adjusted EBITDA removes the effects of "impairments of mining assets", "write-down of inventory", "Gain on adjustment of provision for environmental rehabilitation", "gain on disposal of assets", "gain on debt settlement" and "foreign exchange gain". These charges are not reflective of the Company's ability to generate liquidity by producing operating cash flow and therefore these adjustments will result in a more meaningful valuation measure for investors and analysts to evaluate the Company's performance in the period and assess future ability to generate liquidity. EBITDA and adjusted EBITDA are intended to provide additional information to investors and analysts and do not have any standardized definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA and adjusted EBITDA exclude the impact of cash costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore is not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA and adjusted EBITDA differently.

The following table provides a reconciliation of adjusted and standardized EBITDA to the condensed interim consolidated financial statements:

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	2020	2019
<i>(In thousands of US dollars, except for per share amounts)</i>		
Net earnings (loss) for the period	(1,773)	2,285
Finance costs	642	528
Depletion and amortization	8	13
Income tax expense	-	(36)
Standardized EBITDA	(1,123)	2,790
Share-based compensation	449	133
Gain on debt settlement	-	(3,789)
Inventory write-down	2,278	1,617
Impairment of mining assets	4	40
Gain on disposal of assets	(24)	-
Foreign exchange loss (gain)	32	(42)
Adjusted EBITDA	1,616	749
Non-controlling interest	-	(156)
Adjusted EBITDA attributable to the shareholders of the Company	1,616	593
Adjusted basic and diluted EBITDA per share	0.02	0.01

TRANSACTIONS WITH RELATED PARTIES

The Company had no other related party transactions other than those incurred in the normal course of business as disclosed in the Financial Report.

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

Authorized: an unlimited number of common shares without par value

	Common Shares Issued and Outstanding	Warrants	Stock Options	Common Shares underlying the conversion of the principal amount of the convertible debentures
Balance as at September 30, 2020	97,036,041	37,500,000	8,450,000	89,687,500
Private placement	9,731,250	-	-	-
Issuance of shares for interest	2,616,666	-	-	-
Issuance of shares on conversion of convertible debentures	375,000	-	-	-
Balance as at the date of this MD&A	109,758,957	37,500,000	8,450,000	89,687,500

FORWARD LOOKING STATEMENTS

This MD&A may include or incorporate by reference certain statements or disclosures that constitute "forward-looking information" under applicable securities laws. All information, other than statements of historical fact, included or incorporated by reference in this MD&A that addresses activities, events or developments that Scorpio Gold or its management expects or anticipates will or may occur in the future constitute forward-looking information. Forward-looking information is provided through statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur or continue. These forward-looking statements are based on certain assumptions and analyses made by Scorpio Gold and its management in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances.

Although Scorpio Gold believes such forward-looking information and the expectations expressed in them are based on reasonable assumptions, investors are cautioned that any such information and statements are not guarantees of future realities and actual realities or developments may differ materially from those projected in forward-looking information and statements. Whether actual results will conform to the expectations of Scorpio Gold is subject to a number of risks and uncertainties, including those risk factors discussed under "Risk Management" in the above documents incorporated herein by reference. In particular, if any of the risk factors materialize, the expectations and the predictions based on them may need to be re-evaluated. Consequently, all of the forward-looking information in this MD&A and the documents incorporated herein by reference is expressly qualified by these cautionary statements and other cautionary statements or factors contained herein or in documents incorporated by reference herein, and there can be no assurance that the actual results or developments anticipated by Scorpio Gold will be realized or, even if substantially realized, that they will have the expected consequences for Scorpio Gold.

Forward-looking statements are based on the beliefs, estimates and opinions of Scorpio's management on the date the statements are made. Unless otherwise required by law, Scorpio Gold expressly disclaims any intention and assumes no obligation to update or revise any forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change, whether as a result of new information, future events or otherwise, and Scorpio Gold does not have any policies or procedures in place concerning the updating of forward-looking information other than those required under applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information.

OTHER INFORMATION

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's web site www.scorpogold.com.