



Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021

(Unaudited – Expressed in US dollars)

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## **NOTICE TO READER**

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

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## Scorpio Gold Corporation

### Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss

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

		Three months ended March 31,	
	Note	2021	2020
<b>REVENUE</b>			
Revenue		\$ 1,094	\$ 1,039
Cost of sales excluding inventory write-down	4	(503)	(254)
Depreciation and amortization	8 & 9	(11)	-
Inventory write-down	7	(782)	(870)
<b>Mine operating loss</b>		<b>(202)</b>	<b>(85)</b>
<b>EXPENSES</b>			
General and administration	5	(233)	(197)
Care and maintenance - Goldwedge		(199)	(209)
Depreciation and amortization	8 & 9	(11)	(2)
Gain (loss) on disposal of assets	8	40	(4)
		<b>(403)</b>	<b>(412)</b>
<b>Operating loss</b>		<b>(605)</b>	<b>(497)</b>
<b>Other income (expense)</b>			
Finance costs	6	(184)	(209)
Finance income		3	15
Foreign exchange		13	(4)
Gain on warrant liability	10	661	-
		<b>493</b>	<b>(198)</b>
<b>NET LOSS AND COMPREHENSIVE LOSS</b>		<b>\$ (112)</b>	<b>\$ (695)</b>
<b>Basic and diluted loss per common share</b>		<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Basic and diluted weighted average number of common shares outstanding</b>		<b>110,060,867</b>	<b>62,474,118</b>

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

## Scorpio Gold Corporation

### Condensed Interim Consolidated Statements of Financial Position

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

		As at	
	Note	March 31, 2021	December 31, 2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		\$ 3,719	\$ 4,147
Receivables		67	23
Prepaid expenses		263	490
Inventories	7	901	1,122
<b>Total current assets</b>		<b>4,950</b>	<b>5,782</b>
<b>Producing mining assets</b>	8	<b>4,810</b>	<b>4,841</b>
<b>Non-producing mining assets</b>	9	<b>1,219</b>	<b>725</b>
<b>Reclamation bonds</b>		<b>7,611</b>	<b>7,611</b>
<b>TOTAL ASSETS</b>		<b>\$ 18,590</b>	<b>\$ 18,959</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables		\$ 802	\$ 635
<b>Total current liabilities</b>		<b>802</b>	<b>635</b>
<b>Provision for environmental rehabilitation</b>		<b>5,482</b>	<b>5,474</b>
<b>Warrant liability</b>	10	<b>1,673</b>	<b>2,305</b>
<b>Total liabilities</b>		<b>7,957</b>	<b>8,414</b>
<b>Equity</b>			
Share capital	12	53,555	53,336
Equity reserve	12	7,142	7,141
Convertible debentures	11	6,797	6,817
Investment valuation reserve		(2)	(2)
Foreign currency translation reserve		(194)	(194)
Deficit		(56,665)	(56,553)
<b>Total equity</b>		<b>10,633</b>	<b>10,545</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 18,590</b>	<b>\$ 18,959</b>
<b>Nature of operations and going concern</b>	1		
<b>Subsequent event</b>	11		

#### APPROVED BY THE BOARD

"Peter Brieger"  
Director

"Brian Lock"  
Director

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

## Scorpio Gold Corporation

### Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited – Expressed in thousands of US dollars, shares in thousands)

	Number of shares	Share capital	Equity reserve	Convertible debentures	Investment valuation reserve	Foreign currency translation reserve	Deficit	Total equity
Balance, December 31, 2020	109,759	\$ 53,336	\$ 7,141	\$ 6,817	\$ (2)	\$ (194)	\$ (56,553)	\$ 10,545
Issuance of common shares on conversion of convertible debentures	250	20	-	(20)	-	-	-	-
Issuance of common shares for non-producing mining assets	2,091	199	-	-	-	-	-	199
Share-based compensation	-	-	1	-	-	-	-	1
Net loss and comprehensive loss	-	-	-	-	-	-	(112)	(112)
Balance, March 31, 2021	112,100	\$ 53,555	\$ 7,142	\$ 6,797	\$ (2)	\$ (194)	\$ (56,665)	\$ 10,633

	Number of shares	Share capital	Equity reserve	Convertible debentures	Investment valuation reserve	Foreign currency translation reserve	Deficit	Total equity
Balance, December 31, 2019	62,474	\$ 51,449	\$ 6,688	\$ 6,847	\$ (2)	\$ (194)	\$ (55,135)	\$ 9,653
Net loss and comprehensive loss	-	-	-	-	-	-	(695)	(695)
Balance, March 31, 2020	62,474	\$ 51,449	\$ 6,688	\$ 6,847	\$ (2)	\$ (194)	\$ (55,830)	\$ 8,958

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

**Scorpio Gold Corporation**

## Condensed Interim Consolidated Statements of Cash Flows

*(Unaudited – Expressed in thousands of US dollars)*

	Three months ended March 31,	
	2021	2020
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (112)	\$ (695)
Items not affecting cash:		
Share-based compensation	1	-
Financing costs	184	209
Finance income	-	(15)
Gain on warrant liability	(661)	-
(Gain) loss on disposal of assets	(40)	4
Inventory write-down	782	870
Depletion and amortization	22	2
Foreign exchange on warrant liability	29	-
Change in non-cash working capital items:		
Receivables	(44)	241
Prepaid expenses	227	(85)
Inventories	(561)	(952)
Trade and other payables	2	(31)
	(171)	(452)
<b>INVESTING ACTIVITIES:</b>		
Additions to producing mining assets	-	(10)
Additions to non-producing mining assets	(307)	(11)
Proceeds from disposal of assets	50	26
	(257)	5
<b>DECREASE IN CASH FOR THE PERIOD</b>	(428)	(447)
<b>CASH, BEGINNING OF THE PERIOD</b>	4,147	2,243
<b>CASH, END OF PERIOD</b>	\$ 3,719	\$ 1,796
<b>Non-cash investing and financing activities</b>		
Issuance of common shares on conversion of convertible debentures	\$ 20	\$ -
Issuance of common shares for non-producing mining assets	199	-
Non-producing mining assets included in trade and other payables	30	-
<b>Supplemental cash flow information</b>		
Cash paid for interest	-	-
Cash paid for income taxes	-	-

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

## Scorpio Gold Corporation

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021

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

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#### 1. Nature of operations and going concern

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

In August 2020, the Company granted an option to Titan Mining Corporation (“Titan”) to earn an 80% interest in the Mineral Ridge property by spending \$35,000,000 on exploration over five years. If Titan spends \$7,000,000 of exploration expenditures on the Mineral Ridge property, it will also receive the right to acquire a 100% interest in Mineral Ridge by making a cash payment to the Company of \$35,000,000 on or before December 31, 2022 (Note 8).

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As at March 31, 2021, the Company had working capital of \$4,148,000. 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 may 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.

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

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

#### 2. Basis of presentation

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##### Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) using the accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These condensed interim consolidated financial statements do not include all disclosures required for annual financial statements, and accordingly should be read in conjunction with the Company’s annual audited consolidated financial statements for the year ended December 31, 2020.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 26, 2021.

## **Scorpio Gold Corporation**

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021

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

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## **2. Basis of presentation (Continued)**

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### **Basis of measurement**

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

### **Functional and presentation currency**

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

### **Management judgments and estimates**

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

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

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are consistent with those disclosed in the audited consolidated financial statements as at December 31, 2020.

## **3. Significant accounting policies**

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The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company as at and for the year ended December 31, 2020.

### **New standards, interpretations and amendments not yet effective**

A number of new standards, amendments to standards and interpretations are not yet effective as of March 31, 2021 and have not been applied in preparing these consolidated financial statements. In addition, none of these standards are applicable to the Company.



**Scorpio Gold Corporation**

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021

*(Tabular amounts expressed in thousands of US dollars unless otherwise noted)***4. Cost of sales**

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	Three months ended March 31,	
	2021	2020
Contractor charges	\$ 41	\$ 67
Labour	370	481
Fuel and reagents	424	281
Mechanical parts	27	30
Change in ore stockpile, metals in process, and finished goods inventories	(617)	(933)
Utilities, permits and other	258	328
	<u>\$ 503</u>	<u>\$ 254</u>

**5. General and administrative**

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	Three months ended March 31,	
	2021	2020
Salaries and benefits	\$ 54	\$ 69
Consultants	49	38
Directors' fees	-	41
Insurance, travel and office related	14	19
Investor relations	79	4
Professional fees	25	1
Share-based compensation (Note 12)	1	-
Transfer agent and listing fees	11	25
	<u>\$ 233</u>	<u>\$ 197</u>

## Scorpio Gold Corporation

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021

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

#### 6. Finance costs

		Three months ended March 31,	
	Note	2021	2020
Interest on convertible debentures	11	\$ 176	\$ 187
Unwinding of discount of provision for environmental rehabilitation		8	22
		\$ 184	\$ 209

#### 7. Inventories

		March 31,	December 31,
		2021	2020
Supplies	\$	735	\$ 792
Metals in process		161	315
Finished goods		5	15
	\$	901	\$ 1,122

During the three months ended March 31, 2021, inventory included as cost of sales is \$1,285,000 (2020 - \$1,124,000).

During the three months ended March 31, 2021, the Company recognized an inventory write-down of \$782,000 (2020 - \$870,000).

#### 8. Producing mining assets

In August 2020, the Company entered into an agreement with Titan whereby Titan can earn an 80% interest in the Mineral Ridge property by spending \$35,000,000 on exploration over five years.

Terms of the agreement require Titan to spend \$35,000,000 in staged expenditures over a period of five years (the "Option Term") to earn an 80% ownership interest (the "Earn-in Option") in MRG, an indirect subsidiary of the Company which holds all of the mineral rights and water rights comprising the Mineral Ridge property. In order to maintain the Earn-In Option in good standing, Titan must incur expenditures of \$7,000,000 on or before January 1, 2022, then a further \$7,000,000 on each of the third, fourth and fifth anniversaries of the commencement of the effectiveness of the Earn- In Option. In addition, if Titan spends the initial \$7,000,000 of expenditures by January 1, 2022, it will also have the right to acquire a 100% interest in MRG by making a cash payment to the Company of \$35,000,000 on or before December 31, 2022 (the "Purchase Option").

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

**Scorpio Gold Corporation**

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021

*(Tabular amounts expressed in thousands of US dollars unless otherwise noted)***8. Producing mining assets (Continued)**

		<b>Mining interest</b>	<b>Plant and Equipment</b>	<b>Mobile equipment</b>	<b>Furniture and office equipment</b>	<b>Total</b>
<b>Cost</b>						
December 31, 2019	\$	74,261	\$ 23,244	\$ 2,186	\$ 816	\$ 100,507
Change in provision for environmental rehabilitation		80	-	-	-	80
Disposals		-	(345)	-	-	(345)
Impairment		(80)	-	-	-	(80)
December 31, 2020		74,261	22,899	2,186	816	100,162
Disposals		-	(350)	-	-	(350)
March 31, 2021	\$	74,261	\$ 22,549	\$ 2,186	\$ 816	\$ 99,812
<b>Accumulated impairment, depletion and amortization</b>						
December 31, 2019	\$	74,261	\$ 19,159	\$ 1,265	\$ 811	\$ 95,496
Depreciation and amortization		-	34	47	4	85
Disposals		-	(260)	-	-	(260)
December 31, 2020		74,261	18,933	1,312	815	95,321
Depreciation and amortization		-	8	12	1	21
Disposals		-	(340)	-	-	(340)
March 31, 2021	\$	74,261	\$ 18,601	\$ 1,324	\$ 816	\$ 95,002
<b>Net book value</b>						
December 31, 2020	\$	-	\$ 3,966	\$ 874	\$ 1	\$ 4,841
March 31, 2021	\$	-	\$ 3,948	\$ 862	\$ -	\$ 4,810

**Scorpio Gold Corporation**

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021

*(Tabular amounts expressed in thousands of US dollars unless otherwise noted)***8. Producing mining assets (Continued)**

	<b>Mineral Ridge</b>	<b>Goldwedge</b>	<b>Total</b>
<b>Cost</b>			
December 31, 2019	\$ 97,718	\$ 2,789	\$ 100,507
Change in provision for environmental rehabilitation	80	-	80
Disposals	(345)	-	(345)
Impairment	(80)	-	(80)
December 31, 2020	97,373	2,789	100,162
Disposals	(350)	-	(350)
March 31, 2021	\$ 97,023	\$ 2,789	\$ 99,812
<b>Accumulated impairment, depletion and amortization</b>			
December 31, 2019	\$ 93,303	\$ 2,193	\$ 95,496
Depreciation and amortization	47	38	85
Disposals	(260)	-	(260)
December 31, 2020	93,090	2,231	95,321
Depreciation and amortization	11	10	21
Disposals	(340)	-	(340)
March 31, 2021	\$ 92,761	\$ 2,241	\$ 95,002
<b>Net book value</b>			
December 31, 2020	\$ 4,283	\$ 558	\$ 4,841
March 31, 2021	\$ 4,262	\$ 548	\$ 4,810

During the three months ended March 31, 2021, the Company sold equipment with a net book value of \$10,000 for gross proceeds of \$50,000, and accordingly recorded a gain on disposal of assets of \$40,000.

During the three months ended March 31, 2020, the Company sold equipment with a net book value of \$30,000 for gross proceeds of \$26,000, and accordingly recorded a loss on disposal of assets of \$4,000.

## Scorpio Gold Corporation

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021

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

#### 9. Non-producing mining assets

In March 2021, the Company completed an acquisition of the Manhattan project located in Nye County, Nevada and situated adjacent and proximal to the Company's Goldwedge property. In consideration, the Company paid \$100,000 cash and issued 2,091,149 common shares valued at \$199,000 (Note 12). The property is subject to a 2.0% net smelter returns royalty and certain reserved water rights.

	Mining interest	Plant and Equipment	Mobile equipment	Construction in progress	Total
<b>Cost</b>					
December 31, 2019	\$ 13,824	\$ 689	\$ 604	\$ 1,644	\$ 16,761
Additions	390	-	-	113	503
Change in provision for environmental rehabilitation	28	-	-	-	28
Impairment	(10)	-	-	(16)	(26)
December 31, 2020	14,232	689	604	1,741	17,266
Additions	178	-	-	-	178
Additions - Manhattan Gap	299	-	-	18	317
March 31, 2021	\$ 14,709	\$ 689	\$ 604	\$ 1,759	\$ 17,761
<b>Accumulated impairment, depletion and amortization</b>					
December 31, 2019	\$ 13,824	\$ 532	\$ 537	\$ 1,644	\$ 16,537
Depreciation and amortization	-	4	-	-	4
December 31, 2020	13,824	536	537	1,644	16,541
Depreciation and amortization	-	1	-	-	1
March 31, 2021	\$ 13,824	\$ 537	\$ 537	\$ 1,644	\$ 16,542
<b>Net book value</b>					
December 31, 2020	\$ 408	\$ 153	\$ 67	\$ 97	\$ 725
March 31, 2021	\$ 885	\$ 152	\$ 67	\$ 115	\$ 1,219

**Scorpio Gold Corporation**

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021

*(Tabular amounts expressed in thousands of US dollars unless otherwise noted)***9. Non-producing mining assets (Continued)**

	Mineral		
	Ridge	Goldwedge	Total
<b>Cost</b>			
December 31, 2019	\$ 7,547	\$ 9,214	\$ 16,761
Additions	26	477	503
Change in provision for environmental rehabilitation	-	28	28
Impairment	(26)	-	(26)
December 31, 2020	7,547	9,719	17,266
Additions	-	196	495
Additions - Manhattan Gap	-	299	299
March 31, 2021	\$ 7,547	\$ 10,214	\$ 7,547
<b>Accumulated impairment, depletion and amortization</b>			
December 31, 2019	\$ 7,547	\$ 8,990	\$ 16,537
Depreciation and amortization	-	4	4
December 31, 2020	7,547	8,994	16,541
Depreciation and amortization	-	1	1
March 31, 2021	\$ 7,547	\$ 8,995	\$ 16,542
<b>Net book value</b>			
December 31, 2020	\$ -	\$ 725	\$ 725
March 31, 2021	\$ -	\$ 1,219	\$ -

## Scorpio Gold Corporation

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021

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

#### 10. Warrant liability

	March 31, 2021	December 31, 2020
Beginning balance	\$ 2,305	\$ -
Issuance of warrants	-	3,337
Gain on revaluation	(661)	(1,148)
Currency translation effect	29	116
Ending balance	\$ 1,673	\$ 2,305

Share purchase warrants are considered a derivative liability, as the currency denomination of the exercise price is different from the functional currency of the Company.

The warrant liability was revalued as at March 31, 2021 using the Black-Scholes option pricing model with the following assumptions: a stock price of C\$0.12; a risk free interest rate of 0.23%; an expected volatility of 109%; an expected life of 2.5 years; a forfeiture rate of zero; an expected dividend of zero; and an exchange rate of 1.2575.

#### 11. Convertible debentures

	March 31, 2021	December 31, 2020
Beginning balance	\$ 6,817	\$ 6,847
Conversion to common shares	(20)	(30)
Ending balance	\$ 6,797	\$ 6,817

On April 26, 2019, the Company closed a non-brokered private placement offering of secured subordinated convertible debentures (each, a "Debenture") for gross proceeds of \$7,000,000.

Each Debenture has an issue price of \$1,000, bears interest at a rate of 10% per annum, payable semi-annually, and matures April 26, 2022. Interest may be paid in common shares of the Company at the option of the Company or the holder of the Debenture, subject to regulatory approval. Each Debenture is convertible into common shares at the option of the holder at any time prior to maturity at a conversion price of \$0.08 per share (the "Conversion Price"), which is equivalent to 12,500 common shares for each \$1,000 principal amount of Debentures, subject to adjustment in certain circumstances. The Company will have the option on maturity, subject to regulatory approval and there being no default to the terms of the Debentures, to repay any portion of the principal amount of the Debentures in cash or by issuing and delivering to the holders of the Debentures such number of common shares equal to the principal amount of the Debenture divided by the Conversion Price.

The Debentures are secured by a security interest subordinate to all existing and future senior indebtedness of the Company as approved by the Company's board of directors, subject to certain board composition requirements.

## Scorpio Gold Corporation

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021

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

#### 11. Convertible debentures (Continued)

In January and February 2021, the Company issued 250,000 common shares on conversion of \$20,000 of Debentures (Note 12).

In April 2021, the Company paid \$355,000 cash to settle its semi-annual interest payment on the Debentures.

During the three months ended March 31, 2021, the Company recorded interest expense of \$176,000 (2020 - \$187,000) on the Debentures.

As at March 31, 2021, interest payable on the Debentures totalled \$305,000 (December 31, 2020 - \$129,000) and is included in trade and other payables.

#### 12. Share capital

(a) Authorized

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

(b) Issued and outstanding

In January and February 2021, the Company issued 250,000 common shares on conversion of \$20,000 of Debentures (Note 11).

In March 2021, the Company issued 2,091,149 common shares valued at \$199,000 as part of the acquisition of the Manhattan project (Note 9).

(c) Warrants

The continuity of warrants for the three months ended March 31, 2021 is as follows:

Expiry date	Exercise price C\$	Balance, December 31, 2019	Granted	Exercised	Expired	Balance, March 31, 2021		
September 14, 2023	\$ 0.24	37,500,000	-	-	-	37,500,000		
		37,500,000	-	-	-	37,500,000		
Weighted average exercise price (C\$)	\$	0.24	\$	-	\$	-	\$	0.24



## Scorpio Gold Corporation

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021

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

#### 12. Share capital (Continued)

##### (d) Stock options

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

The continuity of stock options for the three months ended March 31, 2021 is as follows:

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

As at March 31, 2021, 8,400,000 stock options were exercisable.

As at March 31, 2021, the weighted average remaining contractual life of the stock options outstanding was 3.29 years.

##### (e) Share-based compensation

During the three months ended March 31, 2021, the Company recognized share-based compensation expense of \$1,000 (2020 - \$Nil) for options that vested during the period.

## Scorpio Gold Corporation

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021

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

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#### 13. Related party transactions and balances

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##### Compensation of key management personnel and directors

Key management includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel during the three months ended March 31, 2021 and 2020 were as follows:

	Three months ended March 31,	
	2021	2020
Chief Executive Officer	\$ 52	\$ 51
Chief Financial Officer & Corporate Secretary	39	38
Former President *	-	50
Director fees	-	40
	<u>\$ 91</u>	<u>\$ 179</u>

\* allocated to cost of sales and care and maintenance

##### Amounts due to related parties

Included in trade and other payables as at March 31, 2021, is \$20,000 (December 31, 2020 - \$18000) due to key management for director fees and the reimbursement of expenditures.

## Scorpio Gold Corporation

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021

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

#### 14. Segmented information

##### Industry information

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

Operating segment details are as follows:

Three months ended March 31, 2021	Mineral			Total
	Ridge	Goldwedge	Other	
<b>REVENUE</b>				
Revenue	\$ 1,094	\$ -	\$ -	\$ 1,094
Cost of sales excluding inventory write-down	(503)	-	-	(503)
Depreciation and amortization	(11)	-	-	(11)
Inventory write-down	(782)	-	-	(782)
<b>Mine operating loss</b>	<b>(202)</b>	<b>-</b>	<b>-</b>	<b>(202)</b>
<b>EXPENSES</b>				
General and administration	-	-	(233)	(233)
Care and maintenance - Goldwedge	-	(199)	-	(199)
Depreciation and amortization	-	(11)	-	(11)
Gain on disposal of assets	40	-	-	40
	40	(210)	(233)	(403)
<b>Operating loss</b>	<b>(162)</b>	<b>(210)</b>	<b>(233)</b>	<b>(605)</b>
<b>Other income (expense)</b>				
Finance costs	(7)	(1)	(176)	(184)
Finance income	-	-	3	3
Foreign exchange	-	-	13	13
Gain on warrant liability	-	-	661	661
	(7)	(1)	501	493
<b>NET EARNINGS (LOSS) AND COMPREHENSIVE INCOME (LOSS)</b>	<b>\$ (169)</b>	<b>\$ (211)</b>	<b>\$ 268</b>	<b>\$ (112)</b>

**Scorpio Gold Corporation**

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021

*(Tabular amounts expressed in thousands of US dollars unless otherwise noted)***14. Segmented information (Continued)****Industry information (Continued)**

Three months ended March 31, 2020	Mineral			Total
	Ridge	Goldwedge	Other	
<b>REVENUE</b>				
Revenue	\$ 1,039	\$ -	\$ -	\$ 1,039
Cost of sales excluding inventory write-down	(254)	-	-	(254)
Inventory write-down	(870)	-	-	(870)
<b>Mine operating loss</b>	<b>(85)</b>	<b>-</b>	<b>-</b>	<b>(85)</b>
<b>EXPENSES</b>				
General and administration	-	-	(197)	(197)
Care and maintenance - Goldwedge	-	(209)	-	(209)
Depreciation and amortization	-	(2)	-	(2)
Impairment of mining assets	(4)	-	-	(4)
	(4)	(211)	(197)	(412)
<b>Operating loss</b>	<b>(89)</b>	<b>(211)</b>	<b>(197)</b>	<b>(497)</b>
<b>Other income (expense)</b>				
Finance costs	(20)	(2)	(187)	(209)
Finance income	15	-	-	15
Foreign exchange	-	-	(4)	(4)
	(5)	(2)	(191)	(198)
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<b>\$ (94)</b>	<b>\$ (213)</b>	<b>\$ (388)</b>	<b>\$ (695)</b>

## Scorpio Gold Corporation

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021

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

#### 14. Segmented information (Continued)

##### Industry information (Continued)

As at March 31, 2021	Mineral			Total
	Ridge	Goldwedge	Other	
<b>TOTAL ASSETS</b>	\$ 13,060	\$ 2,045	\$ 3,485	\$ 18,590
<b>TOTAL LIABILITIES</b>	\$ 5,378	\$ 441	\$ 2,138	\$ 7,957

As at December 31, 2020	Mineral			Total
	Ridge	Goldwedge	Other	
<b>TOTAL ASSETS</b>	\$ 13,323	\$ 1,583	\$ 4,053	\$ 18,959
<b>TOTAL LIABILITIES</b>	\$ 5,436	\$ 462	\$ 2,516	\$ 8,414

##### Geographic information

All revenue from the sale of precious metals for the three months ended March 31, 2021 were earned in the USA. Substantially all of the Company's revenues were from two customers.

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

#### 15. Financial instruments and risk management

##### Financial instruments

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

Financial Instruments	Category	March 31, 2021	December 31, 2020
Cash	FVTPL	\$ 3,719	\$ 4,147
Receivables	Amortized cost	67	23
Reclamation bonds	Amortized cost	7,611	7,611
Trade and other payables	Amortized cost	(802)	(635)
Warrant liability	FVTPL	(1,673)	(2,305)

## Scorpio Gold Corporation

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021

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

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#### 15. Financial instruments (Continued)

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##### Financial instruments (Continued)

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

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

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

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

The carrying values of receivables, reclamation bonds, and trade and other payables approximate their fair value due to their short-term nature. Cash is recorded at fair value using Level 1 of the fair value hierarchy. The fair value of the Company's warrant liability is recorded at fair value using Level 3 of the fair value hierarchy. The carrying value of the warrant liability is determined using the Black-Scholes option pricing model.

##### *Risk management*

The Company's risk management objectives and policies are consistent with those disclosed by the Company for the year ended December 31, 2020.