



**INTERIM MANAGEMENT'S DISCUSSION & ANALYSIS
QUARTERLY HIGHLIGHTS**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(EXPRESSED IN US DOLLARS)

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Scorpio Gold Corporation

MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

For the Nine Months Ended September 30, 2022

INTRODUCTION

This Interim Management’s Discussion and Analysis – Quarterly Highlights (the “Interim MD&A” or “MD&A”) has been prepared to provide material updates and analysis of the business operations, financial condition, financial performance, cash flows, liquidity, and capital resources of Scorpio Gold Corporation and its subsidiaries (“Scorpio Gold” or the “Company”).

Effective with the first interim quarter of the fiscal year ended December 31, 2020, the Company adopted the option under Section 2.2.1 of National Instrument 51-102F1 to provide the Interim MD&A disclosure under the “Quarterly Highlights” regime set out in that section of the instrument.

The following Interim MD&A as of November 29, 2022, should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company and the notes relating thereto, for the nine months ended September 30, 2022, which are prepared in accordance with International Financial Reporting Standards (“IFRS”) and the annual management discussion and analysis for the year ended December 31, 2021. All financial amounts are stated in US dollars unless stated otherwise. Additional information relating to the Company is filed on SEDAR at www.sedar.com.

OVERVIEW

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”).

2022 HIGHLIGHTS

- On January 4 2022, the Company announced the final results of its phase I drill program at the Goldwedge property.
- On March 10 2022, the Company issued 950,000 common shares on conversion of \$76,000 of convertible debentures (“2019 Debentures”).
- On April 26, 2022, the Company issued 5,194,976 common shares to settle its semi-annual interest payment of \$350,000 on the 2019 Debentures.
- On April 26, 2022, the Company issued 87,687,500 common shares on maturity of the remaining 2019 Debentures of \$7,015,000.
- On April 28, 2022, the Company announced that it has obtained bridge loans (“Loans”) from Ian Dawson and Bruce Dawson (collectively, the “Lenders”) in the aggregate principal amount of \$450,000. The Loans constitute a “related party transaction” as the Lenders are directors of the Company.
- On May 12, 2022, the Company announced the commencement of a phase II reverse circulation (“RC”) drilling program at its Goldwedge property.
- On May 30, 2022, the Company entered into two convertible loan agreements with two directors of the Company pursuant to which the Company may borrow the principal amount of \$2,450,000 (the “Convertible Loans”). In April and May 2022, the Company received \$1,150,000 which amount plus accrued interest will be incorporated in the Convertible Loans as the first and second draws.

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- On May 30, 2022, the Company also announced that it has obtained two additional bridge loans from the Lenders in the aggregate principal amount of \$700,000.
- On June 20, 2022, the Company drew \$600,000 on the Convertible Loans.
- On July 15, 2022, the Company drew \$600,000 on the Convertible Loans.
- On August 18, 2022, the Company announced that it has closed the two Convertible Loans pursuant to which the Company may borrow the aggregate principal amount of \$2,450,000. To date, the Lenders have advanced an aggregate of \$2,350,000 to the Company, which amount has been incorporated into the Loans. The Company intends to use the proceeds of the Convertible Loans to advance its Goldwedge property and for general working capital purposes.
- On September 27, 2022, the Company received a bonus cash payment from Orla Mining Ltd. of CAD \$1,500,000 regarding the past sale of certain mineral properties in Nevada (the “Pinion Properties”).
- On October 6, 2022, the Company announced updated significant intercepts for Phase II reverse circulation drilling program at its Goldwedge property.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.

The Company could be adversely impacted by the effects of the coronavirus. The extent to which the coronavirus impacts the Company, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. The continued spread of the coronavirus globally could materially and adversely impact the Company’s operations including workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, and restrictions to its drill programs, exploration and other metallurgical testing. The Company’s programs have not been impacted to date.

EXPLORATION

Goldwedge property (Nevada, US)

The Company holds a 100% interest in the consolidated Manhattan District in Nevada comprising the advanced exploration-stage Goldwedge property in Manhattan, Nevada with a fully permitted underground mine and a 400 ton per day mill facility.

On January 4, 2022, the Company announced the final results of phase 1 of its surface reverse circulation (“RC”) drilling program at the Manhattan West and East pits. Thirty-one holes (6,907m) were completed in this phase I program, including 19 holes in the West Pit area and 12 holes in the East Pit area. Assay results for 12 holes drilled in the West Pit and 5 holes in the East Pit area were reported in the Company’s July 20, September 7, November 2 and December 9, 2021 news releases. Scorpio Gold’s geological staff are in the process of compiling and reviewing the analytical and geological data in context with historical results to build a better understanding of the controls to mineralization and structural complexity of the East and West pit areas. Planning for a phase II drilling program is in progress and will focus on defining the extent and continuity of the multiple mineralized zones intersected to date.

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On May 12, 2022, the Company announced the first results of a phase II RC (“RC”) drilling program. Boart Longyear was selected to conduct the phase II RC drilling program which commenced on March 29, 2022. The planned program consists of 59 RC drill holes with a total of 10,800m and drilling is expected to continue for the next 6-7 months. The program was designed around results encountered in the 2021 phase I program. The target areas are situated around the Manhattan West and East pits, and between the Goldwedge underground and the open pits. The proposed drill holes on section will be targeting the lateral extent and continuity of the mineralization trending toward NW strike direction of the West Pit. The drilling will also be used to confirm the underground continuity potential in down dip direction of the Reliance Fault zone which is host to high-grade gold mineralization targets. Additional prospective areas expected to be tested during this campaign of drilling, include the SE continuity of the mineralization structure from the West Pit towards East Pit area and identified new parallel structures at both NE and SW sections of West Pit. Additional planning to confirm structural continuity for some areas with a diamond drill holes (“DDH”) have been designed and consist of 33 holes with total of 7400m of core drilling. A total of 20 RC drill holes have been completed to date, which represents 22% (2,350 m) of the planned RC drill program. **Figure 1** below show locations of completed and remaining drill hole to date for Phase II drilling program.

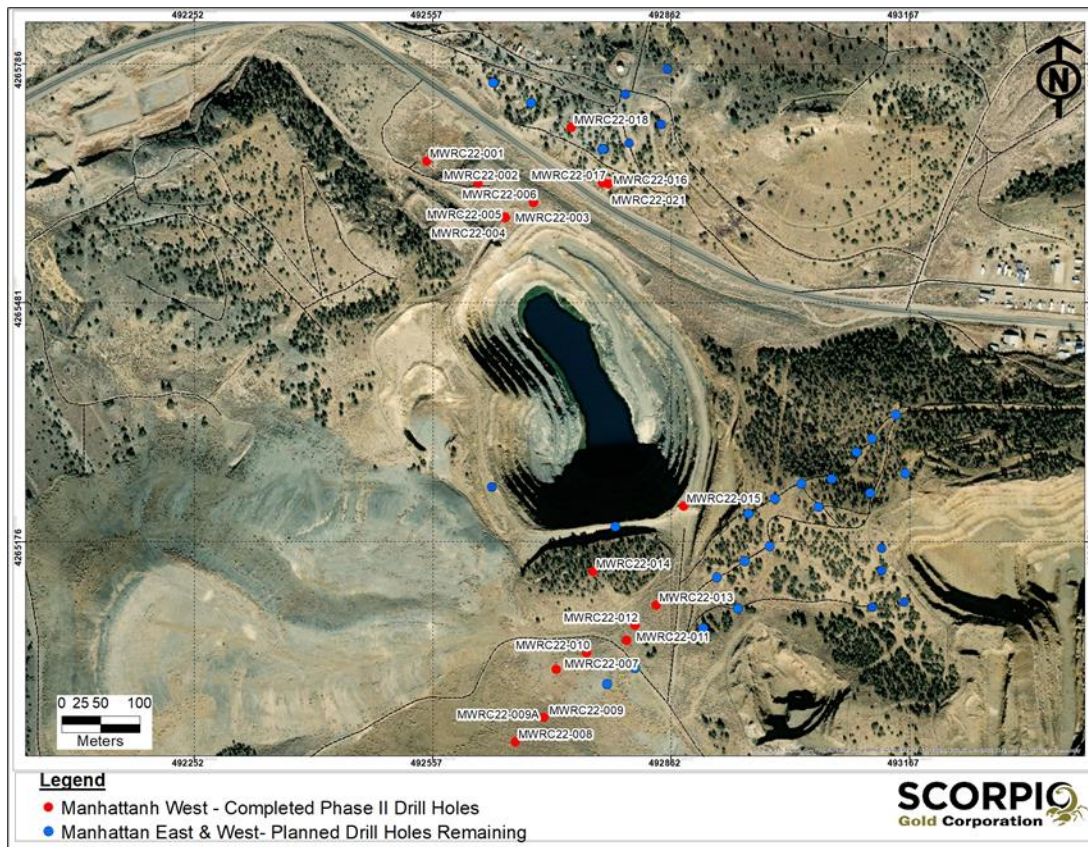


Figure 1: Plan map showing drill hole locations for completed (Red Dots) and remaining (Blue Dots) collars for Phase II drilling program

On October 6, 2022, the Company announced updated significant intercepts for phase II reverse circulation drilling program. A total of 3,935 meterage has been completed to date. Drilled holes targeted (1) northeastern Mustang Hill mineralization continuity trending in a new EW strike direction, (2) the potential continuity in down dip direction of the Reliance Fault Zone and (3) the southeastern and southwestern mineralization continuity of the ‘Main Trend’ through the West Pit. The 20 drill holes now represent 36% (3,935 m) of the planned RC drill program. Drilling confirmed strong mineralization trends with significant interceptions at the northeastern and southwestern sections of the West Pit.

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Manhattan property (Nevada, US)

The Company holds a 100% interest in the Manhattan Property situated adjacent and proximal to the Goldwedge property.

On June 9, 2022 the Company suspended the drilling program on the Manhattan property, to take some time to evaluate the data that has been collected to date. Geologists are currently working to complete the logging of chips and then move onto the interpretation phase of the analysis.

Mineral Ridge property (Nevada, US)

The Company holds 100% interest in the Mineral Ridge gold project located in Esmeralda Country, Nevada.

ENVIRONMENTAL

Goldwedge property (Nevada, US)

On July 22, 2022, the Company received final determination from Nevada Department of Environmental Protection on Water Pollution Control Permit NEV2002107.

This allows the Company to move forward with planned modifications to the existing Mill Facility to move to a Flotation System, enhancing the existing Gravity Separation Circuit.

QUALIFIED PERSON

The technical information contained within this MD&A has been reviewed and approved by independent geological consultant, Peter Hawley, B. Eng., BSc., P.Geo., a Qualified Person as defined by National Instrument 43-101 (NI 43-101).

CHANGE IN MANAGEMENT

On May 31, 2022, the Company announced Dan O'Brien and Doris Meyer have stepped down as Chief Financial Officer and Corporate Secretary.

On June 21, 2022, the Company announced the appointment of Mr. Alnesh Mohan as Chief Financial Officer.

RESULTS OF OPERATIONS

Three Months Ended September 30, 2022 compared with the Three Months Ended September 30, 2021

The Company reported net income of \$389,000 for the three months ended September 30, 2022, representing an increase of \$1,480,000 when compared to a net loss of \$1,091,000 for the three months ended September 30, 2021. The decrease in net loss during the three months ended September 30, 2022 was primarily the result of a decrease in cash and non-cash compensation (including revenue, general and administrative, care and maintenance for Goldwedge and finance costs) and increase in other income that was partially offset by the increase in care and maintenance for Mineral Ridge.

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. Since then, the Company has generated limited revenues from Mineral Ridge from residual but diminishing gold recoveries from the leach pads. In December 2021, the Company determined that operating the heap leach pads was no longer economic and so ceased operations at Mineral Ridge.

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For the Nine Months Ended September 30, 2022

The mine operating loss was \$nil for the three months ended September 30, 2022 compared to a loss of \$407,000 for the three months ended September 30, 2021.

During the three months ended September 30, 2022, both the Mineral Ridge and Goldwedge projects were in care and maintenance. Expenditures on Mineral Ridge totalled \$538,000 and Goldwedge totalled \$154,000 compared to \$nil on Mineral Ridge and \$193,000 on Goldwedge for the three months ended September 30, 2021.

General and administrative expenses totaled \$128,000 for the three months ended September 30, 2022 compared to \$160,000 for the three months ended September 30, 2021. The decrease is primarily due to decreased salaries and benefits and investor relations during the period that was partially offset by the increase in professional fees and transfer agent and listing fees.

Finance costs totaled \$89,000 for the three months ended September 30, 2022 compared to \$186,000 for the three months ended September 30, 2021 and primarily consists of \$72,000 (September 30, 2021 - \$179,000) in interest on the convertible debentures.

During the three months ended September 30, 2022, the Company received the bonus consideration of \$1,139,000 (CA\$1,500,000) from Orla Mining Ltd. (“Orla”) in connection with the letter of intent entered into with Gold Standard Ventures Corp. (“Gold Standard”) on January 29, 2014. On August 12, 2022, Orla completed the acquisition of Gold Standard; as a result, the acquisition triggered the bonus consideration.

Nine Months Ended September 30, 2022 compared with the Nine Months Ended September 30, 2021

The Company incurred a net loss of \$743,000 for the nine months ended September 30, 2022, representing a decrease of \$74,000 when compared with \$817,000 for the nine months ended September 30, 2021. The decrease in net loss during the nine months ended September 30, 2022 was primarily the result of a decrease in cash and non-cash compensation (including revenue, general and administrative and finance costs) and increase in other income that was partially offset by the increase in care and maintenance for Goldwedge and Mineral Ridge.

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. Since then, the Company generated limited revenues from Mineral Ridge from residual but diminishing gold recoveries from the leach pads. In December 2021, the Company determined that operating the heap leach pads was no longer economic and so ceased operations at Mineral Ridge.

The mine operating loss was \$nil for the nine months ended September 30, 2022 compared to a loss of \$765,000 for the nine months ended September 30, 2021.

During the nine months ended September 30, 2022, both the Mineral Ridge and Goldwedge projects were in care and maintenance. Expenditures on Mineral Ridge totalled \$1,132,000 and Goldwedge totalled \$588,000 compared to \$nil on Mineral Ridge and \$556,000 on Goldwedge for the nine months ended September 30, 2022.

General and administrative expenses totaled \$327,000 for the nine months ended September 30, 2022 compared to \$591,000 for the nine months ended September 30, 2021. The decrease is primarily due to decreased salaries and benefits and investor relations that was partially offset by the increase in professional fees.

Finance costs totaled \$372,000 for the nine months ended September 30, 2022 compared to \$557,000 for the nine months ended September 30, 2021 and primarily consist of \$321,000 (September 30, 2021 - \$534,000) in interest on the convertible debentures.

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During the nine months ended September 30, 2022, the Company received the bonus consideration of \$1,139,000 (CA\$1,500,000) from Orla in connection with the letter of intent entered into with Gold Standard on January 29, 2014. On August 12, 2022, Orla completed the acquisition of Gold Standard; as a result, the acquisition triggered the bonus consideration.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2022, the Company had a working capital deficiency of \$1,528,000 (December 31, 2021 – working capital deficiency of \$273,000) including cash and cash equivalents of \$1,225,000 (December 31, 2021 – \$279,000).

The Company began the fiscal year with cash of \$279,000. During the nine months ended September 30, 2022, the Company spent \$835,000 on operating activities, net of working capital changes, spent \$650,000 on investing activities, and received \$2,431,000 from financing activities resulting in an ending cash balance at September 30, 2022 of \$1,225,000.

As at September 30, 2022, the Company had a working capital deficiency of \$1,528,000.

On May 26, 2022 (the “2022 Closing Date”), the Company issued entered into two convertible debentures agreements (the “2022 Debentures”) which provides for a credit facility for up to a total of \$2,450,000 (the “2022 Credit Facility”) until the maturity date of December 31, 2022 (the “2022 Maturity Date”) with companies owned by the Company’s directors (the “Lenders”). The 2022 Debentures bear interest of 12.75% per annum compounding monthly. The 2022 Debentures are convertible into common shares at the option of the holder at any time prior to the 2022 Maturity Date at a conversion price of \$0.06 per share (the “2022 Conversion Price”). At the 2022 Closing Date, the Lenders agreed to incorporate the bridge loans (the “2022 Bridge Loan”) issued to the Company on April 18, 2022, and May 20, 2022, with an amount of \$450,000 and \$700,000, respectively, into the 2022 Credit Facility as the first and second drawdowns, respectively. In addition to the 2022 Bridge Loan, the Company further drew \$1,200,000 during the nine months ended September 30, 2022 from the 2022 Credit Facility.

During the nine months ended September 30, 2022, the Company received the bonus of \$1,139,000 (CA\$1,500,000) from Orla in connection with the letter of intent entered into with Gold Standard on January 29, 2014. On August 12, 2022, Orla completed the acquisition of Gold Standard; as a result, the acquisition triggered the bonus consideration.

The Company does not have 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.

OUTSTANDING SHARE DATA

At September 30, 2022, the Company had 210,936,665 common shares issued and outstanding (December 31, 2021 – 117,104,189).

During the nine months ended September 30, 2022:

- The Company issued 5,194,976 common shares to settle its interest payment of \$354,000 on the secured subordinated convertible debentures closed on April 26, 2019 (“2019 Debentures”).
- The Company issued 88,637,500 common shares to satisfy the remaining principal amount of the 2019 Debentures.

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- 1,832,500 options expired unexercised.

As at the date of this MD&A, the Company had the following common shares and options issued and outstanding:

- 210,936,665 common shares;
- 37,500,000 warrants with an exercise price of \$0.24; and
- 4,052,500 stock options with exercise prices ranging from \$0.10 to \$0.55 per share.

TRANSACTIONS WITH RELATED PARTIES

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 nine months ended September 30, 2022 and 2021 (in thousands of dollars) were as follows:

	For the three months ended		For the nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$	\$	\$	\$
Chief Executive Officer	-	53	-	159
Chief Financial Officer & Corporate Secretary	28	40	108	120
	28	93	108	279

Amounts due to related parties

Included in trade and other payables as at September 30, 2022, is \$5,040 (December 31, 2021 – \$19,000) due to key management for consulting fees, director fees and the reimbursement of expenditures.

ADOPTION OF NEW AND AMENDED IFRS PRONOUNCEMENTS

A number of new standards, amendments to standards and interpretations are not yet effective as of September 30, 2022 and have not been applied in preparing the unaudited condensed consolidated interim financial statements. In addition, none of these standards are applicable to the Company.

FORWARD-LOOKING INFORMATION

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

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and statements. Whether actual results will conform to the expectations of Scorpio Gold, the Company 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 the Company’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 at www.scorpogold.com.