



MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The following Management Discussion and Analysis (“MD&A”) of Scorpio Gold Corporation (the “Company” or “Scorpio Gold”) is for the nine-month period ended September 30, 2015 and is provided as of November 26, 2015. This MD&A is to be read in conjunction with the most recently issued annual consolidated financial statements of the Company for the year ended December 31, 2014 and the condensed consolidated interim financial statements of the Company for the nine-month period ended September 30, 2015 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). These documents are available on the Company’s website (www.scorpiongold.com) and filed on SEDAR (www.sedar.com). All dollar amounts are in US dollars unless otherwise indicated.

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

HIGHLIGHTS FOR THE THIRD QUARTER (“Q3”) ENDED SEPTEMBER 30, 2015

- 9,497 ounces of gold were produced at the Mineral Ridge mine, compared to 11,228 produced during Q3 of 2014.
- Revenue of \$9.3 million compared to \$14.8 million during Q3 of 2014.
- Total cash cost per ounce of gold sold ⁽¹⁾ of \$732 compared to \$859 during Q3 of 2014.
- Mine operating earnings ⁽¹⁾ of \$1.8 million compared to \$1.2 million during Q3 of 2014.
- Net loss of \$15.8 million (\$0.11 basic and diluted per share), compared to net earnings of \$ 0.3 million (\$0.00 basic and diluted per share) during Q3 of 2014 following non-cash impairment charges of \$16.9 million.
- Adjusted net earnings ⁽¹⁾ of \$1.1 million (\$0.01 basic and diluted per share) compared to \$0.5 million (\$0.00 basic and diluted per share) during Q3 of 2014.
- Adjusted EBITDA ⁽¹⁾ of \$3.2 million (\$0.02 basic and diluted per share) compared to \$3.6 million (\$0.02 basic and diluted per share) during Q3 of 2014.
- Cash flow from operating activities ⁽¹⁾ of \$2.3 million compared to \$5.0 million during Q3 of 2014.
- On August 14, 2015, the Company closed a \$6 million principal amount debt financing mainly used to fund the exploration and development of the Company’s Mineral Ridge property and for general working capital purposes. The debt bears interest at a rate of 10% per annum, paid quarterly in arrears, has a three year term, and is secured against all of the assets of the Company.

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

HIGHLIGHTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

- 30,187 ounces of gold were produced at the Mineral Ridge mine, compared to 30,556 during the nine months ended September 30, 2014.
- Revenue of \$33.8 million compared to \$38.6 million during the nine months ended September 30, 2014.
- Total cash cost per ounce of gold sold ⁽¹⁾ of \$779 compared to \$825 during the nine months ended September 30, 2014.
- Mine operating earnings ⁽¹⁾ of \$6.2 million compared to \$3.6 million during the nine months ended September 30, 2014.
- Net loss of \$13.3 million (\$0.10 basic and diluted per share) compared to net earnings of \$1.3 million (\$0.00 basic and diluted per share) following non-cash impairment charges of \$16.9 million.
- Adjusted net earnings ⁽¹⁾ of \$3.9 million (\$0.02 basic and diluted per share) compared to \$1.4 million (\$0.00 basic and diluted per share) during the nine months ended September 30, 2014.
- Adjusted EBITDA ⁽¹⁾ of \$7.9 million (\$0.04 basic and diluted per share) compared to \$10.8 million (\$0.06 basic and diluted per share) during the nine months ended September 30, 2014.
- Cash flow from operating activities ⁽¹⁾ of \$11.2 million, up from \$10.4 million during the nine months ended September 30, 2014.

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

KEY OPERATING AND FINANCIAL STATISTICS

	FOR THE THREE MONTHS ENDED SEPTEMBER 30		FOR THE NINE MONTHS ENDED SEPTEMBER 30	
	2015	2014	2015	2014
Mining operations				
Producing pits:				
<u>Mary pit</u>				
Ore tonnes mined	5,695	130,145	202,002	302,287
Waste tonnes mined	10,311	564,727	1,053,992	1,592,599
Total mined	16,006	694,872	1,255,994	1,894,886
Strip ratio	1.8	4.3	5.2	5.3
<u>Mary LC pit</u>				
Ore tonnes mined	83,577	-	83,577	-
Waste tonnes mined	941,334	-	941,334	-
Total mined	1,024,911	-	1,024,911	-
Strip ratio	11.3	-	11.3	-
<u>Satellite pits</u>				
Ore tonnes mined	127,546	-	241,665	-
Waste tonnes mined	990,728	-	1,276,601	-
Total mined	1,118,274	-	1,518,266	-
Strip ratio	7.8	-	5.3	-
<u>Drinkwater pit</u>				
Ore tonnes mined	-	74,343	-	395,177
Waste tonnes mined	-	110,401	-	834,938
Total mined	-	184,744	-	1,230,115
Strip ratio	-	1.5	-	2.1
Total producing pits				
Ore tonnes mined	216,818	204,488	527,244	697,464
Waste tonnes mined	1,942,373	675,128	3,271,927	2,427,537
Total mined	2,159,191	879,616	3,799,171	3,125,001
Strip ratio	9.0	3.3	6.2	3.5
Pits under development:				
Ore tonnes mined	-	29,386	92,146	36,301
Waste tonnes mined	-	793,866	1,995,432	1,462,424
Total mined	-	823,252	2,087,578	1,498,725
Total mining operations				
Ore tonnes mined	216,818	233,874	619,390	733,765
Waste tonnes mined	1,942,373	1,468,994	5,267,359	3,889,961
Total mined	2,159,191	1,702,868	5,886,749	4,623,726

	FOR THE THREE MONTHS ENDED SEPTEMBER 30		FOR THE NINE MONTHS ENDED SEPTEMBER 30	
	2015	2014	2015	2014
Processing				
Tonnes processed	213,957	276,857	626,980	768,703
Gold head grade (grams per tonne)	1.59	1.49	1.46	1.74
Availability*	45.0%	52.9%	46.7%	52.2%
Ounces produced				
Gold	9,497	11,228	30,187	30,556
Silver	4,927	4,911	14,837	13,795

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

Financials				
(In thousands of US dollars, except per ounce and per share numbers)	\$	\$	\$	\$
Total cash cost per ounce of gold sold ⁽¹⁾	732	859	779	825
Ounces sold				
Gold	8,516	11,639	29,141	30,499
Silver	4,168	4,734	14,490	13,450
Average price of gold				
London PM fix	1,124	1,282	1,178	1,288
Realized	1,089	1,260	1,151	1,259
Net (loss) earnings	(15,823)	275	(13,321)	1,261
Basic and diluted net (loss) earnings per share	(0.11)	(0.00)	(0.10)	0.00
Adjusted net earnings ⁽¹⁾	1,128	457	3,879	1,367
Basic and diluted adjusted net earnings per share ⁽¹⁾	0.01	0.00	0.02	0.00
Adjusted EBITDA ⁽¹⁾	3,208	3,551	7,946	10,792
Basic and diluted adjusted EBITDA per share ⁽¹⁾	0.02	0.02	0.04	0.06
Cash flow from operating activities	2,271	5,006	11,223	10,368

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

MINERAL PROPERTIES

The Company's President and 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 has been receiving 80% of cash flows generated at the Mineral Ridge mine in accordance with the project agreements, but effective August 14, 2015, the Company will now owe and accrue to its partner an amount equal to 10% of amounts actually distributed to the partners in the Mineral Ridge mine. For more information see "Long-term debt-Change to the Mineral Ridge operating agreement".

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. As of September 30, 2015, the Mineral Ridge project's total land package consists of 628 unpatented mining lode claims, 1 unpatented mill site claim, and 55 patented mining claims covering a total of 12,653 acres. Other fee lands and town lots in Silver Peak add an additional 123 acres, for a total land package of 12,776 acres.

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 estimated 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 estimates, 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.

In light of the recent downturn in the gold price, the Company has completed a detailed review of its mineral reserve and resource base as well as results from its 2014-15 drilling campaigns and has developed a revised mine plan to optimize the current working areas. The Company will focus on the current mining of the Mary LC pit as well as the newly developed Solberry and Bluelite satellite pits, both of which have a lower strip ratio and higher gold grades compared to the other deposits. Areas with higher strip ratios such as the Brodie pit and Phase 3 of the Mary LC pit will remain inactive until such time as there is an increase in the gold price to support their economic development.

Mining activities

Total mine production for the third quarter of 2015 was 2,162,311 tonnes compared to 1,702,868 tonnes mined in Q3 of 2014. For the first nine months of 2015 total mine production was 5,889,869 tonnes compared to 4,623,726 tonnes mined in the first nine months of 2014. Total mining operation in the third quarter of 2015 was composed of 219,938 tonnes of ore and 1,942,373 tonnes of waste. Included in the ore tonnage is 3,120 tonnes of historical waste dumps that ran an estimated 1.95 grams per tonne ("g/t") (0.057 oz/ton) gold compared to 55,675 tonnes having a gold grade of 0.67 g/t (0.020 oz/ton) during Q3 of 2014. The ore was mined from the 6390 bench in the Mary pit and the 6580, 6570, 6560, 6480, 6470, 6460, and 6450 benches in the Mary LC pit. During Q3 of 2015 ore was also mined from the 7380 through 7330 benches in the Solberry pit and the 7250 through 7200 benches in the Bluelite pit. Beginning in Q3 of 2015, development mining was completed and mining in all of the pits was considered production. During the third quarter of 2014 793,866 tonnes of development waste were removed from the Mary LC and satellite pits. Also there was 29,386 tonnes of ore mined from development areas during Q3 of 2014.

Based on a seven-day per week mine schedule, the average production for the third quarter of 2015 was 23,503 tonnes per day ("TPD") which is substantially higher than Q3 of 2014 which was 18,509 TPD. Mining operations previously occurred on a one-shift per day, five days a week schedule, with drilling operations working on a seven day per week schedule. Beginning June 1, 2015, mining contractor LEDCOR transitioned to mining seven days a week utilizing two crews. This allows for more flexibility of the mining equipment while also providing the ability to increase mine production.

The reconciliation of Q3 of 2015 actual results to the Company's current mineral model for the Mary Pit showed that the actual ore mined contained 12% less ore tonnes than predicted and the contained ounces were 31% lower than predicted mainly due to excess dilution and blast movement. For the Mary LC pit the reconciliation to the current mineral model showed that the actual ore mined contained 59% more ore tonnes than predicted and the contained ounces were 4% higher than predicted. The Q3 2015 reconciliation for the Bluelite pit shows that the actual ore mined was 26% greater than that predicted by the model and the contained ounces were 3% less than predicted. For the Solberry pit, the Q3 2015 reconciliation shows that the actual ore mined was 32.5% higher than predicted by the model and the contained ounces were 14% higher than predicted. The model to mine reconciliation results for the Brodie and Wedge pits are not presented as no mining occurred in either pit during Q3 of 2015. The mine ore control, based on blast hole assays, versus actual mine production shows to date a 14.9%, 16.1%, 16.0%, 9.0%, 9.4%, and 18.8% dilution of the mineralized material in the Mary, Mary LC, Brodie, Wedge, Bluelite, and Solberry pits, respectively. Projected dilution was estimated at 10%. The mine reconciliation, through the end of the third quarter of 2015, compared to the current mine model, which was developed with oversight from Welsh Hagen Associates, shows through the completion of the 6390 bench in the Mary pit that actual mine ore production was 35% higher than was predicted by the model and that the ore mined contained approximately 18.3% more gold

ounces than predicted. The mine reconciliation for the Mary LC pit through the 6460 bench shows that actual ore production was 55% greater than predicted by the model and the ore mined contained approximately 26% more gold ounces than predicted. For the Satellite pits the pit to date reconciliation for the Wedge pit through the 7100 bench shows that actual ore production was 21% higher than predicted and the ore mined contained 11% more gold ounces than predicted. For the Brodie pit through the 7000 bench the reconciliation shows that the actual ore mined was 81% higher than predicted by the model and that the ore contained 31% more gold ounces than predicted. For the Bluelite pit through the 7220 bench the reconciliation shows that the actual ore mined was 39% higher than predicted by the current model and that this ore contained 0.2% more gold ounces than predicted. For the Solberry pit through the 7350 bench the reconciliation shows that the actual ore mined was 4% more than predicted by the current model and that this ore contained 13% less gold ounces than predicted.

During Q3 of 2015, the actual mine grades of extracted gold mineralization for the Mary and Mary LC deposits were compiled with the remaining reserves remodeled to address the lower grade trend that was noted of mined material during Q1 and Q2 and continuing into Q3 of 2015. The mineral envelopes were adjusted in the updated new grade models to reflect the mineralized zones seen in areas already mined, other than that predicted by the model based on drilling. The remodeling effort resulted in the grade for the Mary and Mary LC deposits decreasing by 8.9% and 2.7% respectively. The objective of the remodeling effort was to enhance the predictive ability of the new model so that the grade of material expected to be mined will likely be closer to the actual material mined and leave some upside for positive grade variance. Observed to date in Q3 of 2015 is that the predicted higher grade zones are smaller in size but more lower grade zones are present and are being mined. This is somewhat contrary to that predicted by the model thus reducing the overall mine grade but virtually the same number of ounces are contained.

Operations activities

Total operations production for Q3 of 2015 was 213,957 tonnes processed, compared to 276,857 tonnes processed in Q3 of 2014. Total operations production in the first nine months of 2015 was 626,980 tonnes processed, compared to 768,703 tonnes processed in the first nine months of 2014. The processed ore was mined from the Mary and Mary LC pits as well as the Bluelite and Solberry satellite pits. The average crusher throughput per day for Q3 of 2015 was 2,326 tonnes at a head grade of 1.59 g/t (0.046 oz/ton) gold, compared to Q3 of 2014 which had 3,009 tonnes throughput per day at an average head grade of 1.49 g/t (0.043 oz/ton) gold. Year to date for 2015, the average crusher throughput per day was 2,297 tonnes at an average head grade of 1.46 g/t (0.043 oz/ton), compared to the first nine months of 2014 which had an average throughput rate of 3,138 tonnes per day at an average head grade of 1.74 g/t (0.051 oz/ton) gold. Estimated contained ounces of gold crushed and placed on the heap leach pad for Q3 of 2015 were 10,940 ounces, compared to 13,256 ounces in Q3 of 2014.

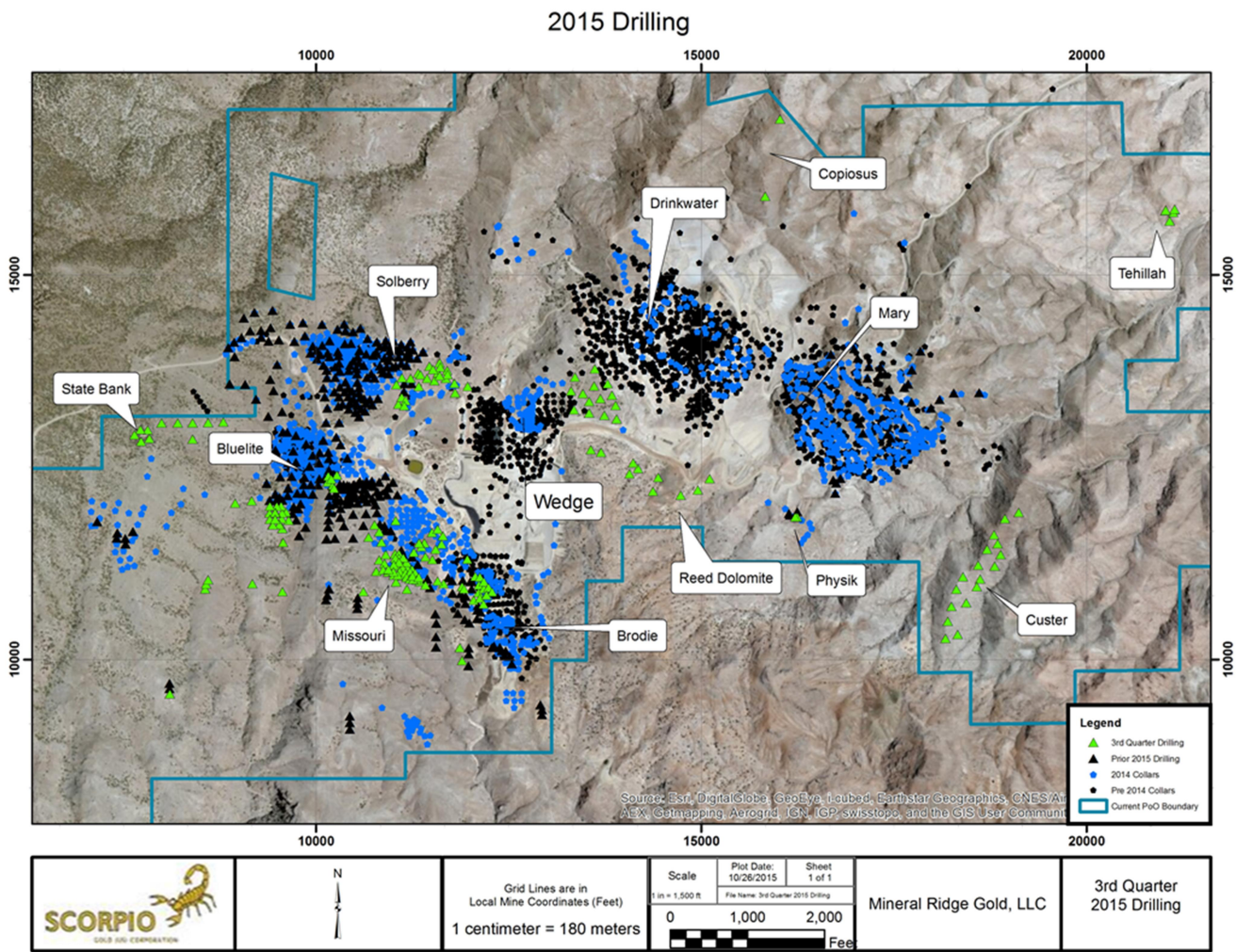
The availability of the crushing facility for the third quarter of 2015 was 45.0% compared to 52.9% for Q3 of 2014. Processing availability is based on hours of crusher operations versus permitted run time.

Application of cyanide leach solution to the freshly stacked mineralized material on the leach pad continues with 355 million gallons in Q3 of 2015, compared with 195 million gallons of leach solution applied during Q3 of 2014. The increased application of solution was due to higher fresh water production rates from the site's two producing water wells. These wells were rehabilitated in the third quarter of 2014, which allowed for these increased flow rates. There were 310 million gallons of pregnant, gold-bearing solution processed through the ADR carbon column circuit at an average grade of 0.27 ppm gold and 0.24 ppm silver, compared with 172 million gallons at an average head grade of 0.64 ppm gold and 0.37 ppm silver in Q3 of 2014. Calculated efficiency for recovery of precious metals from solution processed through the ADR for Q3 of 2015 was 84.7% for gold and 49.1% for silver, compared with 93.8% for gold and 73.0% for silver in Q3 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 Q3 of 2015 was 2,338 gallons per minute ("gpm") and the carbon efficiency averaged 41% of virgin carbon, compared to 1,299 gpm and 57% efficiency in Q3 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.

As a result of the recent higher than expected gold ounces recovered from the leach pad, a review of leach pad inventory level has been performed and an additional 2,418 estimated recoverable ounces were added to the leach pad inventory during Q3 of 2015.

During Q3 of 2015, the Company produced 9,497 ounces of gold and 4,927 ounces of silver, compared to 11,228 ounces of gold and 4,911 ounces of silver produced in Q3 of 2014. For the first nine months of 2015, the Company produced 30,187 ounces of gold and 14,837 ounces of silver, compared to 30,556 ounces of gold and 13,795 ounces of silver produced in the same period of 2014.

Current Exploration / Permitting



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 Q3 of 2015, the drills completed 204 holes for 18,163 meters of drilling, compared with 14,973 meters in Q3 of 2014. Year to date in 2015, 569 holes and 54,867 meters have been drilled compared with 423 holes and 45,221 meters in 2014. The first phase of 2015 exploration completed infill and development drilling of the Solberry, Mary, Mary LC and Bluelite deposits. Infill and development drilling in the Wedge and Brodie pits is also now complete. An emphasis has been placed on

targeting shallower, higher grade targets to decrease the cost per ounce of gold discovered and improve the economics of new discoveries. The second phase of drilling is focused on further defining targets identified last year including the State Bank, Custer and Physik targets as well as new targets south of the Brodie Deposit.

The 3D geological model has been continually refined throughout 2015, integrating field geological mapping, oriented core structural information and observations from ongoing mining operations which then has been used as a tool to identify and prioritize drill targets for the 2015 drill campaign.

Infill drilling in the known pits increased confidence of the deposits and is enabling more efficient mining.

Other properties

Goldwedge

The Goldwedge property, including the Goldwedge mine and 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.

The Goldwedge mill facility has been placed on a care and maintenance basis effective July 28th 2015 for the near-term and can be restarted immediately when needed.

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.

Current Exploration

A small 21 hole underground diamond exploration program totaling 1,429 meters was completed in Q2 of 2015 with all results released in Q3 of 2015. Mineralization of interest (0.03 oz/ton or 1.0 g/t and greater) was intersected in all 21 underground holes drilled in 2015. Results considered of significance for this deposit (0.1 oz/ton or 3.3 g/t and greater) were returned in 9 of the 21 holes. Several of the holes were drilled to verify historical drilling results; however, the Company was unable to replicate the more substantial downhole widths and grades reported in 2011-2012 drilling by the project's previous operator (as presented in the Company's November 4, 2013 news release).

Lac Arseneault Property

The Lac Arseneault property is located in Bonaventure County, 36 km north of the town of Paspébiac on the south coast of the Gaspé Peninsula, Quebec. The property consists of 20 contiguous unpatented claims covering approximately 1,044 hectares. Scorpio Gold holds a 100% interest in the property, subject to a 2% NSR royalty payable to the previous owner. The Company has written down the value of 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 a net loss of \$15.8 million for the three months ended September 30, 2015, compared to net earnings of \$0.3 million for the three months ended September 30, 2014. Net loss attributable to the shareholders of the Company was \$13.8 million (\$0.11 per share) for the three months ended September 30, 2015, compared to close to nil (\$0.00 per share) for the three months ended September 30, 2014. Net loss attributable to the non-controlling interest was \$2.0 million for the three months ended September 30, 2015 compared to net earnings of \$0.3 million for the three months ended September 30, 2014.

Scorpio Gold reported a net loss of \$13.3 million for the nine months ended September 30, 2015 compared to net earnings of \$1.3 million for the nine months ended September 30, 2014. Net loss attributable to the shareholders of the Company was \$12.6 million (\$0.10 per share) for the for the nine months ended September 30, 2015 compared to net earnings of \$0.3 million (\$0.00 per share) for the nine months ended September 30, 2014. Net loss attributable to the non-controlling interest was \$0.7 million for the nine months ended September 30, 2015 compared to net earnings of \$0.9 million for the nine months ended September 30, 2014.

The major differences between the three and nine-month periods ended September 30, 2015 and September 30, 2014 results are explained below.

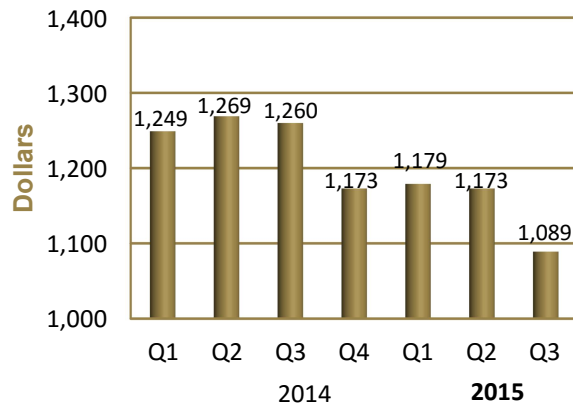
Revenue

During Q3 of 2015, the Company sold 8,516 ounces of gold and 4,168 ounces of silver for total revenue of \$9.3 million. During Q3 of 2014, the Company sold 11,639 ounces of gold and 4,734 ounces of silver for total revenue of \$14.8 million. During Q3 of 2015, gold ounces were sold at an average price of \$1,089 (\$1,260 in 2014) and silver ounces at an average price of \$15 (\$19 in 2014).

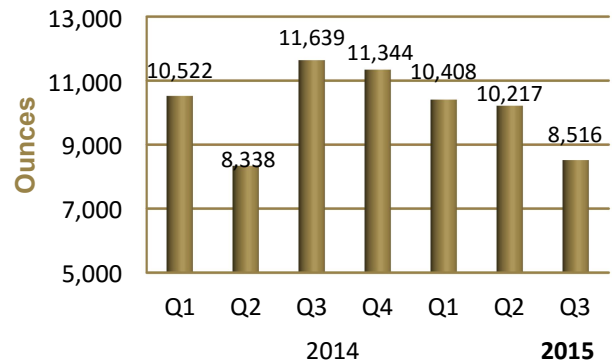
During the nine-month period ended September 30, 2015, the Company sold 29,141 ounces of gold and 14,490 ounces of silver for total revenue of \$33.8 million. During the nine-month period ended September 30, 2014, the Company sold 30,499 ounces of gold and 13,450 ounces of silver for total revenue of \$38.6 million. During the nine-month period ended September 30, 2015, gold ounces were sold at an average price of \$1,151 (\$1,259 in 2014) and silver ounces at an average price of \$16 (\$19 in 2014).

The Company's realized average gold price is lower than the average London PM fix price mainly because of timing of sales as well as the terms of the Company's gold and silver supply agreement. As of September 30, 2015, the Company had inventories including 1,089 ounces of gold available for sale compared to 75 ounces of gold as at December 31, 2014.

Average gold price per ounce realized per quarter



Ounces of gold sold per quarter



Mine operating earnings

Cost of sales, excluding depletion and amortization, decreased from \$10.8 million for Q3 of 2014 to \$5.5 million for Q3 of 2015. This decrease is mostly explained by the lower number of ounces sold and the variance in cash operating cost per ounce described below.

Cash operating cost per gold ounce sold ⁽¹⁾, after silver by-product credits, was \$744 for Q3 of 2015 compared to \$847 in Q3 of 2014. Total cash cost per ounce sold ⁽¹⁾, after silver by-product credits, was \$732 for Q3 of 2015 compared to \$859 in Q3 of 2014.

During the three-month period ended September 30, 2015, Solberry, Mary LC and Bluelite pits have entered commercial production. In the comparative period, development costs associated with those pits were capitalized thus were excluded from both cash cost and cost of sales. On the other hand, average head grade was 6.7% higher during Q3 of 2015 compared to Q3 of 2014, which positively impacted the cost of sales. During Q3 of 2015, the Company estimated that an additional 2,418 ounces of inventory was on the leach pad and in process, which was accounted for prospectively and also positively impacted cash cost for Q3 of 2015.

Depletion and amortization was \$2.1 million during Q3 of 2015, compared to \$2.7 million during Q3 of 2014, a reduction of 25% even though the Company mined 7% less ore during Q3 of 2015 than during the corresponding period of 2014. This is mainly explained by the fact that the Company recorded a \$26.9 million impairment on its assets at the Mineral Ridge mine during Q4 of 2014.

Mine operating earnings ⁽¹⁾ were therefore \$1.8 million for the third quarter of 2015, compared to \$1.2 million for the comparative period of 2014.

Cost of sales excluding depletion and amortization decreased from \$26.5 million for the nine-month period ended September 30, 2014 to \$23.7 million for the nine-month period ended September 30, 2015. This decrease is mostly explained by the lower number of ounces sold and the variance in cash operating cost per ounce described below.

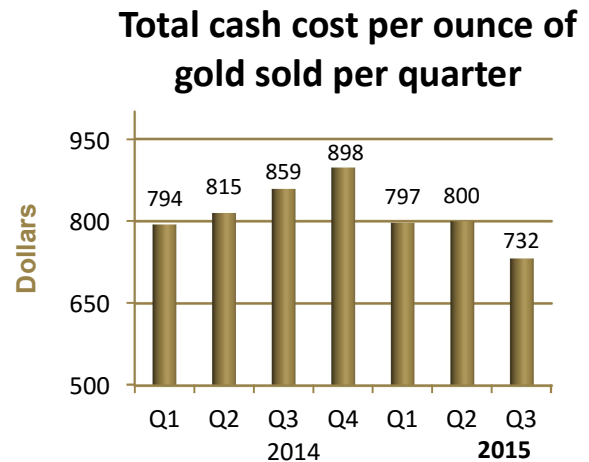
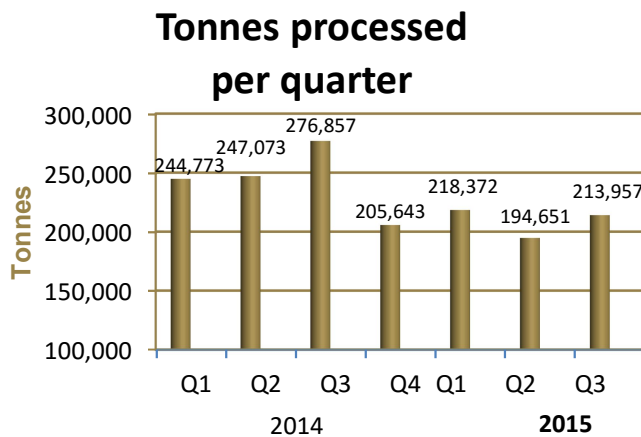
Cash operating cost per gold ounce sold ⁽¹⁾, after silver by-product credits, was \$778 for the first nine months of 2015 compared to \$813 in the same period of 2014. Total cash cost per ounce sold ⁽¹⁾, after silver by-product credits, was \$779 for the first nine months of 2015 compared to \$825 for the same period of 2014.

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

The transition of various pits from development stage to commercial production as well as the 16% reduction of grade during the first nine months of 2015 compared to same period of 2014 have negatively impacted the cash cost per ounce. In addition to the 3,307 ounces of inventory adjustment on the leach pad and in process which was accounted for prospectively as at December 31, 2014, the Company estimated that an additional 7,300 ounces of inventory adjustment was on the leach pad and in process during the nine-month period ended September 30, 2015 and positively impacted cash cost for 2015.

Depletion and amortization was \$3.8 million for Q3 of 2015 compared to \$8.6 million for first nine months of 2014, a reduction of 56% even though the Company mined 16% less ore during 2015 than during the corresponding period. This is mainly explained by the fact that the Company recorded a \$26.9 million impairment on its assets at the Mineral Ridge mine during Q4 of 2014.

Mine operating earnings ⁽¹⁾ were \$6.2 million for the first nine months of 2015 compared to \$3.6 million for the comparative period in 2014.



General and administrative

General and administrative expenses totalled \$0.5 million for Q3 of 2015 compared to \$0.4 million for Q3 of 2014. The Company incurred \$0.2 million of break fees and related costs during Q3 of 2015 following the termination of the proposed financing described below. This increase was partly offset by salary and benefits savings related to a senior member of management terminated during Q2 of 2015 as well as a more favorable USD/CAD exchange rate for both the three and nine-month periods ended September 30, 2015 compared to comparative periods of 2014.

General and administrative expenses totalled \$2.2 million for the first nine months of 2015, compared to \$1.4 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 Capital LLC. This financing was subsequently terminated and as such the Company was obligated to pay a \$0.5 million break fee along with approximately \$0.3 million of related due diligence and legal costs.

Care and maintenance

Starting on July 28, 2015, the Goldwedge property and mill facility was placed on temporary care and maintenance. The Company incurred \$0.1 million care and maintenance costs for the three and nine-month periods ended September 30, 2015.

Impairments

Mineral Ridge

The continued decline in metal prices and the decrease in the Company's market capitalization in 2015 was an indicator of impairment. In determining the recoverable amount of the Mineral Ridge cash-generating unit ("CGU"), the Company determined the recoverable value using the value in use. Impairment testing is performed using life of mine discounted cash flow projections derived from expected future production, which incorporate reasonable estimates of future metal prices, operating costs and capital expenditures. The determination of the value in use used Level 3 valuation techniques.

Based on its assessment, the Company recorded during the quarter ended September 30, 2015 a non-cash impairment charge for Mineral Ridge of \$8.1 million, using a discount rate of 9% along with an average gold price assumption of \$1,143 for the remaining of 2015 and \$1,200 thereafter.

The Company has performed a sensitivity analysis to identify the impact of changes in long-term gold price which is the key assumption that impacts the impairment calculation at the Mineral Ridge mine. Using the foregoing impairment testing model, considering a 10% change in the gold price assumption and holding all other assumptions constant, the decrease in recoverable value would be increased by \$4.2 million.

During the quarter ended September 30, 2015, the Company also reconsidered the possibility to build a processing facility at Mineral Ridge and thus recognized a non-cash impairment loss of \$0.5 million related to expenditures incurred by the Company on that project.

Goldwedge property and mill

The fact Goldwedge property and mill has been on care and maintenance since July 28, 2015 and that the Company has no exploration plans, nor the financial ability to fund any further exploration at this time are indicators of impairment. In determining the recoverable amount of the Goldwedge CGU, the Company determined the recoverable value using the fair value less costs to sell. The Company includes in its estimate an amount representing the value for its assets and current resources on its property. The Company also includes in its estimate an amount representing the value for potential discovery of additional resources on its property and an estimated amount for costs to sell the CGU. The determination of the fair value less costs to sell used Level 3 valuation techniques. Based on its assessment, the Company recorded during the quarter ended September 30, 2015 a non-cash impairment charge of \$8.3 million.

Other income (expenses)

Finance costs totalled \$0.1 million for both Q3 of 2015 and Q3 of 2014.

Finance costs totalled \$0.2 million for the nine-month period ended September 30, 2015 compared to \$0.5 million for the same period of 2014. On March 11 2015, the Company fully repaid the long-term debt owing to Waterton Global Value L.P. ("Waterton Global"). As described below, in August 2015, the Company entered into a new senior secured non-revolving credit facility with Waterton Precious Metals Fund II Cayman, LP ("Waterton Fund") for an amount of \$6 million bearing interest at a rate of 10% per annum. During the three and nine-month periods ended September 30, 2015, the Company incurred \$0.1 million interest related to this loan. This compares to \$0.1 million and \$0.4 million respectively, related to the previous debt facility during the three and nine-month periods ended September 30, 2014. The debt issue costs related to the loan with Waterton Fund are amortized over the duration of the debt, starting in Q3 of 2015.

During the first nine months of 2015, the Company incurred a foreign exchange loss of \$0.2 million mainly related to the \$CAD2.5 million debt representing a cash payment owing from the sale of the Pinon property, due to a less favorable USD/CAD exchange rate. On March 5, 2015, payment of this debt was received by the Company.

As of December 31, 2014, the Company held 6,750,000 shares of Gold Standard Ventures Corp. having a book value of \$3.1 million. During 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 Q3 of 2015, the Nevada net proceeds tax recovery amounted to \$0.1 million, compared to an expense of \$0.1 million for the same period of 2014. For the first nine months of 2015, the Nevada net proceeds tax expense amounted to \$0.02 million, compared to \$0.4 million for the same period of 2014.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2015, the Company had \$3.9 million in cash, compared to \$1.1 million as of December 31, 2014.

Working capital was \$6.7 million as of September 30, 2015, compared to \$8.0 million as of December 31, 2014. Proceeds from recently completed debt financing as well as changes in inventories, investments and current liabilities, which account for most of the change in working capital, are explained in their respective sections in this document.

The Company anticipates that it will make its planned exploration, development and capital expenditures from cash flow from operations at Mineral Ridge and the currently available cash balance.

The primary factors that will affect the future financial condition of the Company include the ability 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. Given the short remaining life of the Mineral Ridge mine, the availability of ore reserves as well as the level of gold price will also affect the future financial condition of the Company.

INVENTORIES

Inventories decreased from \$9.6 million as of December 31, 2014 to \$8.6 million as of September 30, 2015.

Metals in process decreased by \$1.9 million during the nine-month period ended September 30, 2015 mainly due to the decrease in unit cost per ounce.

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, 2015, included in the metal in process inventories, are inventories on the leach pad for a total cost of \$4.1 million (\$2.5 million as at December 31, 2014). As at December 31, 2014 and during the nine-month period ended September 30, 2015, the Company estimated that additional amounts of 3,307 and 7,300 gold ounces of inventory, respectively, were on the leach pad and in process, which was accounted for prospectively, with no associated costs. 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 to \$1.1 million as at September 30, 2015 compared to \$0.2 million as of December 31, 2014. This increase is due mainly to the timing of the Company's gold sales as the Company had 1,089 ounces of gold available for sale as at September 30, 2015 compared to 123 ounces of gold as at June 30, 2015.

INVESTMENTS

Investments decreased to close to \$nil as of September 30, 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 September 30, 2015, compared to \$7.2 million as at December 31, 2014.

During the first nine months of 2015, the Company added \$3.6 million to producing mining assets, which mainly consisted of \$3.1 million related to stripping activities and \$0.4 million related to mobile equipment at Mineral Ridge.

Management concluded that the Wedge, Brodie, Solberry, Bluelite and Mary LC pits have commenced commercial production during the nine-month period ended September 30, 2015 and therefore their related net book value of \$9.6 million was transferred from non-producing mining assets to producing mining assets.

During the nine-month period ended September 30, 2015, an amount of \$3.8 million has been recorded as depletion and amortization of producing mining assets.

As a result of the impairment discussed above, the Company recorded a non-cash impairment charge of \$6.8 million related to Mineral Ridge producing mining assets and \$1.5 million related to Goldwedge producing mining assets during the nine-month period ended September 30, 2015.

NON-PRODUCING MINING ASSETS AND OTHER

Non-producing mining assets and other stood at \$5.1 million as of September 30, 2015, compared to \$11.8 million as at December 31, 2014.

During the nine-month period ended September 30, 2015, the Company added \$11.7 million to non-producing mining assets. Of this amount, \$10.9 million relates to Mineral Ridge and primarily consists of \$5.7 million related to Mary LC pit development costs, \$3.0 million related to satellite pits development costs and \$1.7 million of exploration costs related to exploration targets surrounding the areas currently in development and production at the Mineral Ridge mine.

During the nine-month period ended September 30, 2015, the Company also incurred \$0.8 million in capitalized exploration and development expenditures on the Goldwedge property and \$0.4 million on various construction in process projects.

As discussed above, management concluded that the Wedge, Brodie, Solberry, Bluelite and Mary LC pits have commenced commercial production during the nine-month period ended September 30, 2015 and therefore their related net book value of \$9.6 million was transferred from non-producing mining assets to producing mining assets.

During the nine-month period ended September 30, 2015, the Company recorded a non-cash impairment charge of \$1.8 million related to Mineral Ridge non-producing mining assets and \$6.8 million related to Goldwedge non-producing mining assets. Included in the \$1.8 million impairment for Mineral Ridge is a non-cash impairment loss of \$0.5 million related to expenditures incurred by the Company on a processing facility feasibility study. During the quarter ended September 30, 2015, the Company reconsidered the possibility to build a processing facility and thus recognized a non-cash impairment loss of \$0.5 million related to expenditures incurred by the Company on that project.

RECLAMATION BONDS

The Company's reclamation bonds book value increased by \$0.3 million, from \$5.4 million as of December 31, 2014 to \$5.7 million as at September 30, 2015.

During the first nine months of 2015, the Mineral Ridge mine received regulatory approval for an updated plan of operations. As part of the requirements of such regulatory approval, the Company increased its reclamation bonds by \$0.8 million to \$11.0 million. The Company was required to provide an additional \$0.4 million in cash collateral to the surety issuing the bond on the Company's behalf.

CURRENT LIABILITIES

Total current liabilities were \$6.5 million as at September 30, 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 September 30, 2015. The increase in operation, exploration and development activities during the first nine months of 2015 explains the increase in trade and other payables as of September 30, 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 September 30, 2015 following the repayment made to Waterton Global. The September 30, 2015 \$0.08 million current portion of long-term debt is related to a loan on mobile equipment.

LONG-TERM DEBT

On August 14, 2015, the Company executed definitive agreements with Waterton Fund, an affiliate of Elevon, LLC, for a loan in the principal amount of \$6 million (the "Loan"). The Loan provides non-dilutive financing to the Company, and has a term of 36 months. The Loan bears interest at a rate of 10% per annum, payable quarterly, and is secured by a first priority security interest over all of the Company's assets. The Company incurred Waterton Fund a \$0.12 million structuring fee upon the advancement of the Loan, together with \$0.16 million of associated legal costs. The Loan may be voluntarily prepaid by the Company at any time, provided that upon such prepayment the Company shall pay the lesser of 24 months of interest on the principal amount, or such interest as would be payable between the date of such prepayment and the maturity date of the loan. Also, the Loan is subject to mandatory prepayment in certain circumstances, including upon a change of control of the Company. There are certain restrictions placed on the Company pursuant to the Loan, including, among others, a limitation on additional debt that can be incurred by the Company and the requirement that the Company's trade payables not exceed \$8.0 million.

The proceeds of the Loan will be mainly used to finance exploration and development at the Company's Mineral Ridge mine and for general working capital purposes.

Change to the Mineral Ridge operating agreement

In connection with the Loan with Waterton Fund completed in Q3 of 2015 described above, the Company has modified the Mineral Ridge operating agreement so that the Company's wholly owned subsidiary that holds the interest in Mineral Ridge will now owe and accrue to Elevon, LLC an amount equal to 10% of amounts actually distributed to the partners in the Mineral Ridge mine (the "Accrued Distribution Amount"). The Accrued Distribution Amount shall become due and payable upon a change of control of the Company, or if the settlement price of gold on the LBMA PM fix is equal to or exceeds US\$1,350 per ounce (the "Accrual Payment Date"). The Company holds a 70% interest in the Mineral Ridge mine, but was previously entitled to 80% of cash distributions from the mine. As a result of the foregoing amendment, the Company has effectively reverted to being entitled to 70% of cash flows distributed from the Mineral Ridge mine, but this change does not affect its cash position until the Accrual Payment Date, at which time the Accrued Distribution Amount must be paid. The accrual of the Accrued Distribution Amount will terminate in certain circumstances, including in the event of a sale by Scorpio or by Elevon, LLC its Mineral Ridge partner of their respective ownership interests in Mineral Ridge, however those events will not change the ongoing 70%/30% distribution of mine cash flows. During the three-month period ended

September 30, 2015, no amounts were actually distributed to the partners.

EQUITY

Total equity stood at \$14.3 million as at September 30, 2015 compared to \$26.4 million as at December 31, 2014. Most of this decrease is attributable to \$13.3 million net loss for the nine-month period ended September 30, 2015 partly offset by a \$1.1 net cash contribution by the non-controlling interest, being Elevon, LLC, the Company's partner at Mineral Ridge.

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⁾ \$
September 30, 2015	9,333	(15,823)	(0.11)	(0.11)
June 30, 2015	12,083	1,747	0.01	0.01
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)

⁽¹⁾ Due to the effect of rounding and share issuances during the period, 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 were \$2.3 million for Q3 of 2015, compared to \$5.0 million for Q3 of 2014. This variance is mostly due to changes in working capital items such as inventories and operating trade and other payables.

For the nine-month period ended September 30, 2015, cash flows generated from operating activities were \$11.2 million, compared to \$10.4 million for the same period of 2014. This variance is mostly caused by positive changes in working capital items such as inventories and operating trade and other payables offset by lower average gold price.

Cash outflows used in investing activities were \$6.4 million for the three months ended September 30, 2015 compared to \$4.3 million for the three months ended September 30, 2014. During Q3 of 2015, payments related to non-producing mining asset totalled \$4.2 million and mainly related to development costs of the Mary LC and satellite pits development and exploration related to targets surrounding the areas currently in production at the Mineral Ridge mine. During Q3 of 2015, investing activities related to producing mining assets totalled \$2.3 million and were mainly related to stripping activity at the Mineral Ridge mine.

During Q3 of 2014, investing activities related to non-producing mining asset additions totalled \$4.1 million and were mainly related to development costs of Mary LC pit, exploration related to targets surrounding the areas in development and production at the Mineral Ridge mine and \$0.5 million related to various construction in process projects. The Company also paid \$0.2 million related to the reclamation bonds related to the Goldwedge property.

During the nine-month period ended September 30, 2015, cash outflows used in investing activities were \$11.7 million. Payments related to non-producing mining asset during the nine-month period ended September 30, 2015 totalled \$12.7 million and mainly related to development costs of the Mary LC and satellite pits, exploration related

to targets surrounding the areas in development and production at the Mineral Ridge mine 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 from Gold Standard represented by a promissory note, for total proceeds of \$5.3 million. During the nine-month period ended September 30, 2015, investing activities related to producing mining assets amounted to \$4.0 million and were mainly related to stripping activities and payments related to fixed asset acquisitions. During the nine month ended September 30, 2015, the Company also paid \$0.4 million in cash collateral related to the reclamation bonds.

During the nine month period ended September 30, 2014, cash outflows related to investing activities totalled \$3.4 million. During the first nine months of 2014, investing activities related to producing mining assets totalled \$1.1 million and were mainly related to stripping activities. Non-producing mining asset additions totalled \$8.7 million and mainly related to development costs of Mary LC pit and exploration costs related to other exploration targets surrounding the areas in development or production at the Mineral Ridge mine and construction costs related to various projects. During the first nine months of 2014, the Company completed the sale of its Pinon non-producing asset 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. The Company also received a net amount of \$1.0 million related to the reduction in its reclamation bonds.

Cash inflows from financing activities were \$6.2 million for Q3 of 2015 compared to outflows of \$1.2 million for Q3 of 2014. The financing activities having the most significant impact during Q3 of 2015 are related to the \$6.0 million proceeds from the Loan from Waterton Fund described above, the payment of \$0.3 million of debt issue costs and \$0.5 million cash contribution received by the non-controlling interest. Cash outflows used by financing activities for Q3 of 2014 related to servicing the Company's then outstanding long-term debt and also included distributions to the non-controlling interest in the amount of \$0.4 million.

Cash inflows from financing activities were \$3.2 million for the nine-month period ended September 30, 2015 compared to outflows of \$8.3 million for same period of 2014. The financing activities having the most significant impact during nine-month period ended September 30, 2015 are related to the \$6.0 million proceeds from the Loan described above, the payment of \$0.3 million of debt issue costs and the net \$1.1 million cash contribution received from the non-controlling interest. During the nine-month period ended September 30, 2015, the Company also fully repaid the long-term debt with Waterton Global for an amount of \$3.4 million and made repayments on the loan on mobile equipment.

Cash outflows used for financing activities during the nine-month period ended September 30, 2014 were \$8.3 million. Those outflows related to service of the Company's then outstanding long-term debt and also include distributions to the non-controlling interest in the amount of \$1.0 million. Included in the first nine months of 2014 was a repayment of long-term debt in the cash amount of \$5.2 million, paid to the lender from the proceeds of the sale of Pinon assets.

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

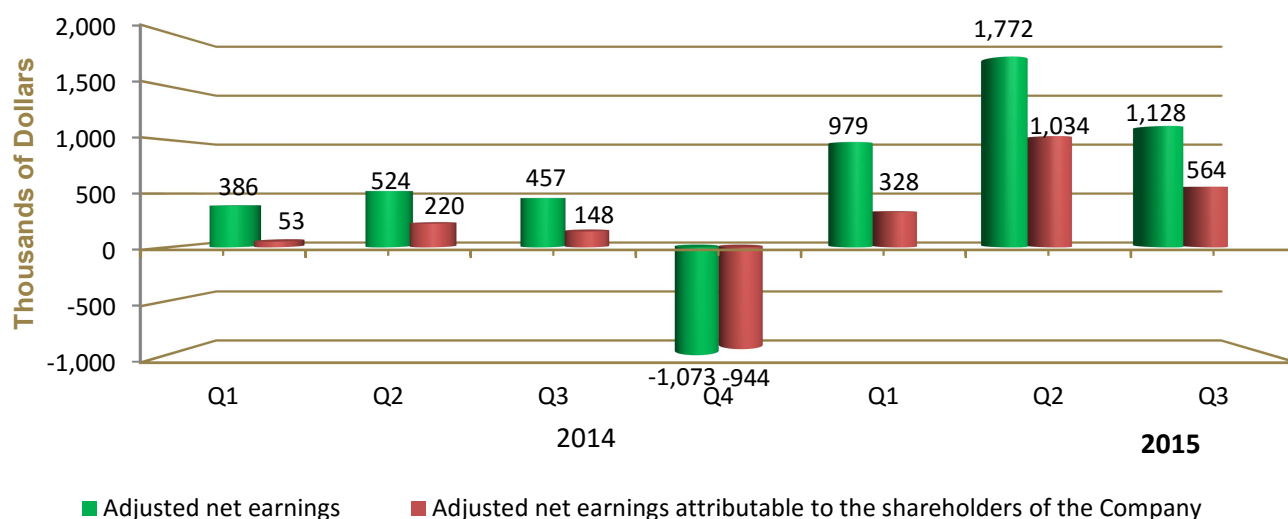
The Company uses the financial measure "Adjusted Earnings" to supplement information in its condensed consolidated interim financial statements. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use this information 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 financial statements:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	\$	\$	\$	\$
Net (loss) earnings for the periods	(15,823)	275	(13,321)	1,261
Share-based compensation	6	-	183	3
Loss on disposal and write-off of mining assets	19	69	57	69
Gain on disposal of investments	-	-	(172)	-
Impairments of mining assets	16,942	-	16,942	-
Foreign exchange (gain) loss	(16)	113	190	34
Adjusted earnings for the periods	1,128	457	3,879	1,367
Non-controlling interest	(564)	(309)	(1,953)	(946)
Adjusted earnings for the periods attributable to the shareholders of the Company	564	148	1,926	421
Adjusted basic and diluted earnings per share	0.01	0.00	0.02	0.00

Adjusted net earnings

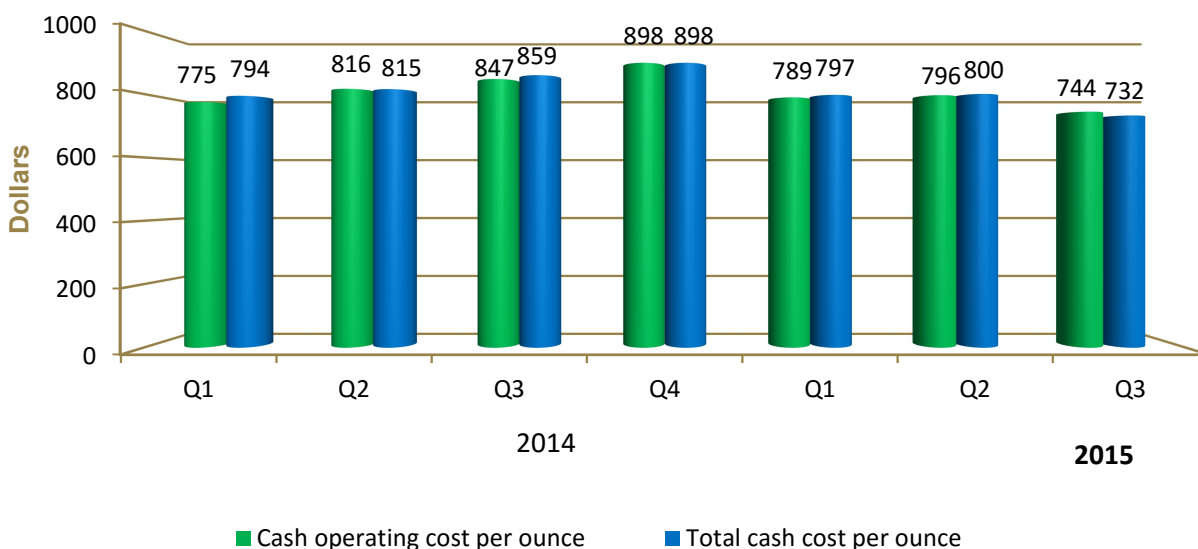


Cash operating cost and total cash costs per gold ounce sold calculation

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 September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	\$	\$	\$	\$
Cash costs				
Cost of sales excluding depletion and amortization per consolidated financial statements	5,513	10,819	23,708	26,476
Share-based compensation	-	-	(98)	-
Inventory adjustment	893	(873)	(681)	(1,405)
By-product silver sales	(62)	(91)	(228)	(262)
Royalties	(6)	-	(23)	-
Cash operating costs	6,338	9,855	22,678	24,809
Nevada net proceeds tax (recovery) expense	(103)	147	21	344
Total cash cost	6,235	10,002	22,699	25,153
Divided by ounces of gold sold	8,516	11,639	29,141	30,499
Cash operating cost per gold ounce sold	744	847	778	813
Total cash costs per gold ounce sold	732	859	779	825

Cash operating and total cash cost per gold ounce sold per quarter



Adjusted EBITDA

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

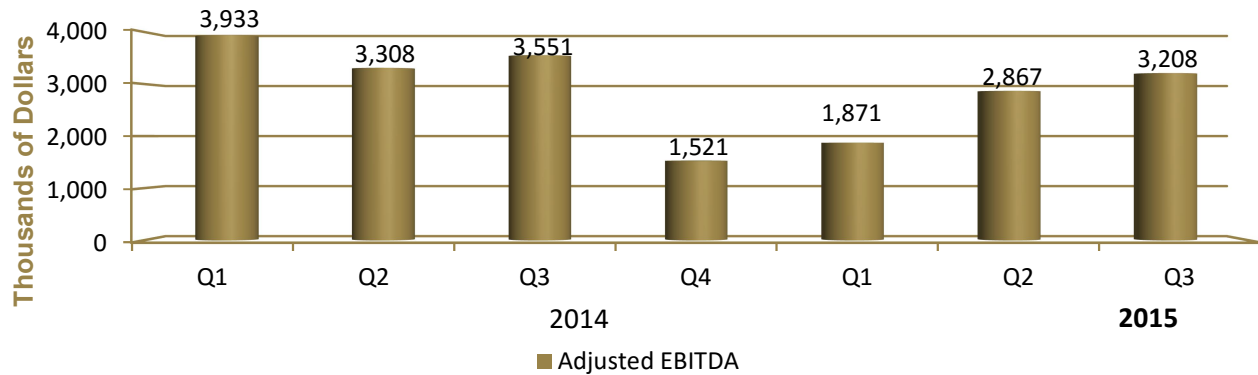
- Finance costs;
- Depletion and amortization; and
- Income tax (recovery) expense

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 "impairment charges", "gain or loss on disposal of mining assets" as well as "share-based compensation". 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 consolidated interim financial statements:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	\$	\$	\$	\$
Net (loss) earnings for the period	(15,823)	275	(13,321)	1,261
Finance costs	116	115	218	455
Depletion and amortization	2,067	2,745	3,828	8,610
Income tax (recovery) expense	(103)	234	21	360
Standardized EBITDA	(13,743)	3,369	(9,254)	10,686
Share-based compensation	6	-	183	3
Gain on disposal of investment	-	-	(172)	-
Loss on disposal and write-off of mining assets	19	69	57	69
Foreign exchange (gain) loss	(16)	113	190	34
Impairments of mining assets	16,942	-	16,942	-
Adjusted EBITDA	3,208	3,551	7,946	10,792
Non-controlling interest	(1,154)	(1,180)	(3,113)	(3,649)
Adjusted EBITDA attributable to the shareholders of the Company	2,054	2,271	4,833	7,143
Adjusted basic and diluted EBITDA per share	0.02	0.02	0.04	0.06

Adjusted EBITDA per quarter



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), loss on disposal of non-producing mining assets, gain on disposal of investments 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 FOR QUARTERS ENDED

	JUNE 2014	SEPTEMBER 2014	DECEMBER 2014	MARCH 2015	JUNE 2015	SEPTEMBER 2015
Mining operations						
Mary pit						
Ore tonnes mined	79,394	130,145	141,056	117,964	78,343	5,695
Waste tonnes mined	612,511	564,727	674,026	744,977	298,704	10,311
Total mined	691,905	694,872	815,082	862,941	377,047	16,006
Strip ratio	7.7	4.3	4.8	6.3	3.8	1.8
Mary LC pit						
Ore tonnes mined	-	-	-	-	-	83,577
Waste tonnes mined	-	-	-	-	-	941,334
Total mined	-	-	-	-	-	1,024,911
Strip ratio	-	-	-	-	-	11.3
Satellite pits						
Ore tonnes mined	-	-	-	58,073	56,046	127,546
Waste tonnes mined	-	-	-	172,352	113,521	990,728
Total mined	-	-	-	230,425	169,567	1,118,274
Strip ratio	-	-	-	3.0	2.0	7.8
Drinkwater pit						
Ore tonnes mined	165,882	74,343	-	-	-	-
Waste tonnes mined	326,304	110,401	-	-	-	-
Total mined	492,186	184,744	-	-	-	-
Strip ratio	2.0	1.5	-	-	-	-
Total producing pits						
Ore tonnes mined	245,276	204,488	141,056	176,037	134,389	216,818
Waste tonnes mined	938,815	675,128	674,026	917,329	412,225	1,942,373
Total mined	1,184,091	879,616	815,082	1,093,366	546,614	2,159,191
Strip ratio	3.8	3.3	4.8	5.2	3.1	9.0
Pits under development:						
Ore tonnes mined	6,915	29,386	44,756	38,882	53,264	-
Waste tonnes mined	411,162	793,866	1,001,959	804,549	1,190,883	-
Total mined	418,077	823,252	1,046,715	843,431	1,244,147	-

	JUNE 2014	SEPTEMBER 2014	DECEMBER 2014	MARCH 2015	JUNE 2015	SEPTEMBER 2015
Total mining operations						
Ore tonnes mined	252,191	233,874	185,812	214,919	187,653	216,818
Waste tonnes mined	1,349,977	1,468,994	1,675,985	1,721,878	1,603,108	1,942,373
Total mined	1,602,168	1,702,868	1,861,797	1,936,797	1,790,761	2,159,191

Processing

Tonnes processed	247,073	276,857	205,643	218,372	194,651	213,957
Gold head grade (grams per tonne)	1.80	1.49	1.68	1.41	1.37	1.59
Availability	52.4%	52.9%	42.8%	52.0%	43.3%	45.0%
Throughput (tonnes per day)						
Ounces produced						
Gold	9,034	11,228	10,258	11,952	8,738	9,497
Silver	3,771	4,911	4,387	6,319	3,591	4,927

Precious Metal Sales (ounces)

Gold	8,338	11,639	11,344	10,408	10,217	8,516
Silver	3,375	4,734	4,452	4,232	6,090	4,168

Exploration Drilling

Holes	164	132	61	112	253	204
Meters	15,234	15,772	7,734	8,908	27,796	18,163

Financial results

	\$	\$	\$	\$	\$	\$
Cash operating cost per ounce of gold sold ⁽¹⁾	816	847	898	789	796	744
Total cash cost per ounce of gold sold ⁽¹⁾	815	859	898	797	800	732
Average price of gold						
London PM fix	1,288	1,282	1,201	1,218	1,193	1,124
Realized	1,269	1,260	1,173	1,179	1,173	1,089
Net earnings (loss)	608	275	(28,675)	755	1,747	(15,823)
Earnings (loss) per share	0.00	(0.00)	(0.16)	0.00	0.01	(0.11)
Adjusted net earnings ⁽¹⁾	524	457	(1,073)	979	1,772	1,128
Adjusted basic and diluted net earnings per share ⁽¹⁾	0.00	0.00	(0.01)	0.00	0.01	0.01
Adjusted EBITDA ⁽¹⁾	3,308	3,551	1,521	1,871	2,867	3,208
Adjusted basic and diluted EBITDA per share ⁽¹⁾	0.02	0.02	0.01	0.01	0.01	0.02

⁽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 complexity and nature of the Company's operations, various legal and tax matters arise in the ordinary course of business. The Company accrues for such items when a liability is both probable and the amount can be reasonably estimated. In the opinion of management, these matters will not have a material effect on the condensed consolidated interim financial statements of the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at September 30, 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 other 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 and nine months periods ended September 30, 2015 and September 30, 2014 is as follows:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	\$	\$	\$	\$
Salaries and directors fees	204	272	689	850
Severance	-	-	250	-
Consulting fee with a director	-	48	44	118
Share-based compensation ⁽¹⁾	4	-	84	-
	208	320	1,067	968

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

During the three and nine months ended September 30, 2015, the Company incurred consulting fees of nil and \$44,216, respectively, 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 and for corporate financing work.

As at September 30, 2015, \$105,327 (2014, \$16,060) resulting from these transactions is included in trade and other payables.

Other than severance indicated above paid to a senior member of management, key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three and nine months ended September 30, 2015 and September 30, 2014.

b) Waterton Precious Metals Fund II Cayman, LP (“Waterton Fund”)

Waterton Fund, the Company’s lender, controls Elevon, LLC (“Elevon”) which owns a 30% non-controlling interest in Mineral Ridge Gold, LLC. Management considers that Waterton Fund is a related party.

Related party transactions entered into with Waterton Fund during the three and nine-month periods ended September 30, 2015 and September 30, 2014 are as follows:

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	\$	\$	\$	\$
Interest on long-term debt	77	-	77	-
Debt structuring fee	120	-	120	-
	197	-	197	-

c) Waterton Global Value, L.P. (“Waterton”)

The previous related party disclosures included transactions with Waterton Global Value, L.P. with respect to interest on long term debt and sales as it was thought to be a related entity to Elevon, the Company’s partner at Mineral Ridge and a related party to Scorpio Gold. During the year, management determined that Waterton Global Value, L.P. is not related to Elevon and as such, the Company has revised its related party disclosures to no longer include those transactions and balances with Waterton Global Value, L.P. The Company has revised its prior period presentation to reflect this change.

FINANCIAL INSTRUMENTS

a) Financial risk factors

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

(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	6,447	6,447	-	-	-
Long-term debt	6,104	77	6,027	-	-
Provision for environmental rehabilitation	6,300	347	3,157	2,234	562

(ii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk. There are no significant changes in the currency and price risks with those mentioned in the audited consolidated financial statements as at December 31, 2014.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's senior secured, non-revolving credit facility fixes interest at 10% per annum and accordingly is not subject to cash flow interest rate risk due to changes in the market rate of interest. The Company does not use financial derivatives to manage its exposure to interest rate risk.

b) Fair Value

The fair value of cash, trade and other receivables, reclamation bonds and 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 entered into the debt in August 2015.

- 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.

INDUSTRY, ECONOMIC AND ENVIRONMENTAL RISK FACTORS AFFECTING PERFORMANCE

As a mineral exploitation, 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 Company's 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.

The Company performs impairment testing when impairment indicators are present. In the determination of carrying values and impairment charges, management considers the recoverable amount which is the greater of fair value less costs to sell and value in use in the case of mining assets. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. Key assumptions related to the \$16.9 million impairment charge recorded during the three-month period ended September 30, 2015 are disclosed in the Impairments section above.

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 will be effective January 1, 2016. The Company is assessing the impact of these amendments:

i) 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.

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

Disclosure of information elsewhere in the interim financial report

iii) Revenue for contracts with customers ("IFRS 15")

In September 2015, the International Accounting Standards Board deferred the effective date of this standard to annual reporting periods beginning on or after January 1, 2018 instead of annual reporting periods beginning on or after January 1, 2017 as disclosed in the Company's consolidated financial statements as at December 31, 2014.

CONTROLS AND PROCEDURES CERTIFICATION

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

Management has also designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. There has been no change in the design of the Company's internal controls over financial reporting during the nine-month period ended September 30, 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

In light of another downturn in the gold price during the quarter, the Company is in the process of a detailed review of its mineral reserve and resource base as well as results received to date from its 2015 reverse circulation drilling campaign, which has just been completed. For the remainder of the year the Company will focus on the current mining of the Mary LC pit as well as the newly developed Solberry and Bluelite satellite pits, both of which have a lower strip ratio and higher gold grades compared to the other deposits at the Mineral Ridge mine. Areas with higher strip ratios such as the Brodie pit and Phase 3 of the Mary LC pit will remain inactive until such time there is an increase in the gold price to support their economic development.

Revised production guidance for the Mineral Ridge mine for 2015 remains at 38-40,000 ounces of gold produced at a total cash cost of \$800-\$850 per ounce gold sold and the Company expects to be in the high end of the ounces produced and low end of total cash cost per ounce.

The Goldwedge mill facility remains on cost reduction care and maintenance status that was effective July 28, 2015 for the near-term and can be restarted immediately when required.

The Company continues to focus on operational excellence and in particular to reduce waste dilution in current mining pits and is engaging in a continuous review of any potential cost cutting savings in response to the current low gold price environment.

On December 17th 2015 the 2016 proposed operations and budgets will be presented to the Board of the Company and guidance for 2016 will be announced as soon as possible thereafter.

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 November 26, 2015

Outstanding common shares	124,948,235
Stock options	10,745,000
Fully diluted	135,693,235

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 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 which is available at www.sedar.com under the Company's name.