



Management's Discussion and Analysis
Quarterly Highlights

For the three months ended March 31, 2021

(Expressed in US dollars)

INTRODUCTION

The following is management's discussion and analysis – quarterly highlights (“MD&A”) of the results of operations and financial condition of Scorpio Gold Corporation (the “Company” or “Scorpio Gold”) for the three months ended March 31, 2021 and up to the date of this MD&A, and has been prepared to provide material updates to the business operations, financial condition, liquidity and capital resources of the Company since its last management's discussion and analysis for the fiscal year ended December 31, 2020 (the “Annual MD&A”).

This MD&A should be read in conjunction with the Annual MD&A and the audited consolidated financial statements for the year ended December 31, 2020, together with the notes thereto, and the accompanying unaudited condensed interim consolidated financial statements and related notes thereto for the three months ended March 31, 2021 (the “Financial Report”).

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

The effective date of this MD&A is May 26, 2021.

DESCRIPTION OF BUSINESS

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

OPERATIONAL HIGHLIGHTS

During the three months ended March 31, 2021 and up to the date of this MD&A, the Company completed the following:

- In March 2021, the Company completed the acquisition of the Manhattan project located in Nye County, Nevada situated adjacent and proximal to the Company's Goldwedge property.
- In April 2021, the Company announced the result from an ongoing underground bulk sampling program at its 100% owned Goldwedge property.
- In April 2021, the Company paid a total of US\$355,274 to settle its semi-annual interest payment to its convertible debenture holders. The Company has \$7,125,000 secured subordinated convertible debentures that mature on April 26, 2022. The debentures bear interest at the rate of 10% per annum, payable semi-annually. The Company did not exercise its option to pay this interest in shares and instead elected to settle this interest payment in cash.

In addition, exploration is ongoing by Titan Mining Corporation (“Titan”) on Scorpio Gold's Mineral Ridge project. Titan can earn an 80% interest in the Mineral Ridge property by spending \$35 million in staged expenditures over five years. If Titan spends \$7 million of expenditures by January 1, 2022, it can exercise its option to purchase a 100% interest in Mineral Ridge by paying the Company \$35 million on or before December 31, 2022.

Manhattan project acquisition

In March 2021, the Company completed the acquisition of the Manhattan project located in Nye County, Nevada adjacent and proximal to the Company's Goldwedge property. In consideration, the Company paid \$100,000 cash and issued 2,091,149 common shares being the equivalent value of \$150,000 on July 20, 2020. The Manhattan project is subject to an existing 2.0% net smelter returns royalty and certain reserved water rights. The sellers will provide copies of all non-interpretive geologic data, mining records and land status information and any drill core samples relating to the Manhattan project that the sellers own or control. In addition, the Company has arranged for substitute surety arrangements in a form acceptable to each of the government authorities in the amount of \$191,188.

This acquisition of 4,300 acres (1740 hectares), combined with the Goldwedge 1,771 acres (717 hectares) gives Scorpio Gold complete land control of 6,071 acres (2457 hectares) around the Goldwedge facility, providing the opportunity to expand surface operations and the potential for expanding underground mining and exploration. It also consolidates a large land position along the Reliance Fault Zone, which has significant exploration potential for high-grade gold targets at the intersections of the Reliance structure and ring faulting related to the Manhattan Caldera. The Manhattan property is comprised of 22 patented claims and 219 unpatented claims situated adjacent and proximal to the Company's Goldwedge property.

Goldwedge exploration

In April 2021, the Company announced the results from the first 3 holes of its underground drilling program. The current program is focused on defining the on-strike and down-dip continuity of mineralization intersected in the 2020 drilling as well as testing new areas with the potential to define a mineral resource base. Results to date indicate the extension of mineralization southward, hosted within sheared, metamorphosed, interbedded limestones and argillites with quartz, and calcite veining. Highlights include 7.4 meters grading 9.02 g/t, 5.3 meters grading 5.11 g/t and 2.7 meters grading 9.19 g/t, situated in an area with an average depth from topographic surface of 25 m. Drilling is currently ongoing at the northern section to test mineralization continuity in that strike direction. The planned footage for this drilling program is 2065 meters (6,772 ft) with 371 meters (1,217 ft) (18%) completed to date.

COVID-19

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

QUALIFIED PERSON

Mohan Ramalingaswamy Vulimiri is the Company's qualified person under National Instrument 43-101-*Standards of Disclosure for Mineral Projects* ("NI 43-101") and has reviewed and approved the technical disclosure contained in this MD&A.

MINERAL RIDGE OPERATIONAL HIGHLIGHTS

- 603 ounces of gold and 330 ounces of silver were produced at the Mineral Ridge mine compared to 877 ounces of gold and 410 ounces of silver produced during 2020.
- Revenue of \$1,094,000 compared to \$1,039,000 during 2020.
- Total cash cost per ounce of gold sold ⁽¹⁾ of \$2,120 compared to \$1,679 during 2020.
- Mine operating loss of \$202,000 compared to \$85,000 during 2020.
- Net loss of \$112,000 (\$0.00 basic and diluted loss per share) compared to a loss of \$695,000 (\$0.01 basic and diluted loss per share) during 2020.
- Adjusted net loss ⁽¹⁾ of \$43,000 (\$0.00 basic and diluted loss per share) compared to earnings of \$183,000 (\$0.00 basic and diluted earnings per share) during 2020.
- Adjusted EBITDA ⁽¹⁾ of \$163,000 (\$0.00 basic and diluted per share) compared to \$394,000 (\$0.01 basic and diluted per share) during 2020.

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

Production

As a result of mining being suspended since November 2017, no fresh ore has been crushed and placed on the leach pad at Mineral Ridge. During the three months ended March 31, 2021, application of cyanide leach solution to the ore on the leach pad was 364 million gallons and 274 million gallons of pregnant, gold-bearing solution were processed through the ADR plant's carbon column circuit at an average grade of 0.017 ppm gold and 0.017 ppm silver. Calculated efficiency for recovery of precious metals from solution processed through the ADR plant for the three months ended March 31, 2021 was 91% for gold and 60% for silver. The efficiency of this circuit is directly affected by the activity of the activated carbon utilized for recovery of precious metals from solution as well as the flow rate of the solution being pumped through the columns. The average flow rate for the three months ended March 31, 2021 was 2,094 gallons per minute. This circuit is a closed loop circuit so any precious metals that are not recovered in the first pass will re-circulate and should eventually be recovered. The loaded carbon from this circuit is shipped off-site for custom stripping of the precious metals and upon completion of stripping, the carbon is returned to the site for re-use. The Company produced 2,800 ounces of gold and 1,358 ounces of silver.

Operations

Scorpio Gold reported net loss of \$112,000 for the three months ended March 31, 2021 compared to net loss of \$695,000 in the comparative period.

Revenue

During the three months ended March 31, 2021, the Company sold 603 ounces of gold and 256 ounces of silver for total revenue of \$1,094,000 at an average price of \$1,795 for gold and \$27 for silver, whereas during the three months ended March 31, 2020, the Company sold 666 ounces of gold and 352 ounces of silver for total revenue of \$1,039,000 at an average price of \$1,550 for gold and \$18 for silver.

As of March 31, 2021, the Company had finished goods inventories including 5 ounces of gold available for sale compared to 15 ounces of gold as at December 31, 2020.

Mine operating earnings

Mine operating loss was \$202,000 for the three months ended March 31, 2021 compared to \$85,000 for the comparative period of 2020.

Cost of sales, excluding inventory write-down, was \$503,000 for the three months ended March 31, 2021 compared to \$254,000 for the three months ended March 31, 2020. The variance is essentially attributed to the lower number of ounces sold and the variance in cash operating cost per ounce ⁽¹⁾ described below.

Cash operating cost per gold ounce sold ⁽¹⁾, after silver by-product credits, was \$2,120 for the three months ended March 31, 2021 compared to \$1,679 for the three months ended March 31, 2020. The increase in cash costs is due mainly to decreased production rates and increased reagent consumption as compared to the prior period.

During the three months ended March 31, 2021, the Company wrote down inventory for an amount of \$782,000 compared to \$870,000 for the corresponding period of 2020.

Inventories decreased from \$1,112,000 as of December 31, 2020 to \$901,000 as of March 31, 2021. As indicated above, the Company recorded a write-down of \$782,000 on inventories during the three months ended March 31, 2021.

The nature of the heap leaching process used at Mineral Ridge inherently limits the ability to precisely monitor inventory levels on the leach pad. As at March 31, 2021, included in the metal in process inventories, are inventories on the leach pad for a total cost of \$50,000 after inventory write-down (\$99,000 as at December 31, 2020). The ultimate recovery of mineralization from the heap leach pad will not be known until the total leaching process is concluded.

General and administrative

General and administrative expenses totaled \$233,000 during the three months ended March 31, 2021 compared to \$197,000 during 2020. The increase is primarily due to increased investor relations and legal fees during the period.

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

LIQUIDITY AND CAPITAL RESOURCES

The Company suspended mining operations of its Mineral Ridge mine in November 2017 as the Company had mined all of its economical mineral reserves based on gold pricing and heap leach recovery parameters. Management expects to generate limited revenues from Mineral Ridge until approximately Q4 of 2021 from residual but diminishing gold recoveries from the leach pads.

As at March 31, 2021, the Company had working capital of \$4,148,000. Management estimates that these funds may not provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months. Additional financing may be required by the Company to complete its strategic objectives and continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

NON-IFRS PERFORMANCE MEASURES

Non-IFRS performance measures are furnished to provide additional information to readers to supplement the Company's financial statements, which are presented in accordance with IFRS. The Company believes that these measures, together with the measures determined in accordance with IFRS, provide investors with an ability to evaluate the underlying performance of the Company. These performance measures do not have a meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These performance measures should not be considered in isolation or as a substitute for measures of performance presented in accordance with IFRS.

Adjusted net earnings

The Company uses the financial measure "Adjusted Net Earnings" to supplement information in its consolidated financial statements. The Company believes that in addition to conventional measures prepared in accordance with IFRS, the Company and certain investors and analysts use this information to evaluate the Company's performance. The presentation of adjusted measures is not meant to be a substitute for net earnings presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures.

The term "Adjusted Net Earnings" does not have a standardized meaning prescribed by IFRS, and therefore the Company's definitions are unlikely to be comparable to similar measures presented by other companies. Management believes that the presentation of Adjusted Net Earnings provides useful information to investors because they exclude non-cash and other charges and are a better indication of the Company's profitability from operations. The items excluded from the computation of Adjusted Net Earnings, which are otherwise included in the determination of net earnings prepared in accordance with IFRS, are items that the Company does not consider to be meaningful in evaluating the Company's past financial performance or the future prospects and may hinder a comparison of its period-to-period profitability.

The following table provides a reconciliation of adjusted net earnings to the consolidated financial statements:

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2021	2020
(In thousands of US dollars, except per share numbers)	\$	\$
Net loss for the period	(112)	(695)
Share-based compensation	1	-
Gain on warrant liability	(661)	-
Inventory write-down	782	870
Loss (gain) on disposal of assets	(40)	4
Foreign exchange loss (gain)	(13)	4
Adjusted net earnings for the period	(43)	183
Adjusted basic and diluted net earnings (loss) per share	(0.00)	0.00

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

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

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2021	2020
<i>(In thousands of US dollars)</i>		
Cash costs		
Cost of sales excluding depletion and amortization per consolidated financial statements	1,285	1,124
By-product silver sales	(7)	(6)
Cash operating costs	1,278	1,118
Nevada net proceeds tax	-	-
Total cash cost	1,278	1,118
Divided by ounces of gold sold	603	666
Cash operating cost per gold ounce sold	2,120	1,679
Total cash costs per gold ounce sold	2,120	1,679

Adjusted EBITDA

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

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

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

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

	FOR THE THREE MONTHS ENDED MARCH 31,	
	2021	2020
(In thousands of US dollars, except per share numbers)	\$	\$
Net loss for the period	(112)	(695)
Finance costs	184	209
Depletion and amortization	22	2
Standardized EBITDA	94	(484)
Share-based compensation	1	-
Gain on warrant liability	(661)	-
Inventory write-down	782	870
Loss (gain) on disposal of assets	(40)	4
Foreign exchange loss (gain)	(13)	4
Adjusted EBITDA	163	394
Adjusted basic and diluted EBITDA per share	0.00	0.01

TRANSACTIONS WITH RELATED PARTIES

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

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

Authorized: an unlimited number of common shares without par value

	Common Shares Issued and Outstanding	Warrants	Stock Options	Common Shares underlying the conversion of the principal amount of the convertible debentures
Balance as at March 31, 2021	112,100,106	37,500,000	8,450,000	89,062,500
Balance as at the date of this MD&A	112,100,106	37,500,000	8,450,000	89,062,500

FORWARD LOOKING STATEMENTS

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

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

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

OTHER INFORMATION

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