



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

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

(EXPRESSED IN US DOLLARS)

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Scorpio Gold Corporation

MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

For the Nine Months Ended September 30, 2023

INTRODUCTION

This Interim Management’s Discussion and Analysis – Quarterly Highlights (the “Interim MD&A” or “MD&A”) has been prepared to provide material updates and analysis of the business operations, financial condition, financial performance, cash flows, liquidity, and capital resources of Scorpio Gold Corporation and its subsidiaries (“Scorpio Gold” or the “Company”) for the nine months ended September 30, 2023 is prepared as at November 29, 2023.

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

The following Interim MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company and the notes relating thereto, for the nine months ended September 30, 2023, which are prepared in accordance with International Financial Reporting Standards (“IFRS”) and the annual management discussion and analysis for the year ended December 31, 2022. All financial amounts are stated in US dollars unless stated otherwise. Additional information relating to the Company is filed on SEDAR at www.sedarplus.ca.

FORWARD-LOOKING INFORMATION

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

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

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

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OVERVIEW

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

2023 HIGHLIGHTS

- On May 25, 2023, the Company announced that it has entered into a non-binding letter of intent dated May 18, 2023 setting out the terms of a proposed arm’s length transaction by the Company of all of the issued and outstanding shares of Altus Gold Corp. (“Altus Gold”). See below under Proposed Transactions for further details.

FINANCIAL REPORTING AND DISCLOSURE DURING ECONOMIC UNCERTAINTY

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic; the Company has not been significantly impacted by the spread of COVID-19. However, the ongoing COVID-19 pandemic, inflationary pressures, rising interest rates, the global financial climate and the conflict in Ukraine are affecting current economic conditions and increasing economic uncertainty, which may impact the Company’s operating performance, financial position and the Company’s ability to raise funds at this time.

EXPLORATION

Goldwedge property and mill (Nevada, US)

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

Manhattan property (Nevada, US)

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

Mineral Ridge property (Nevada, US)

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

QUALIFIED PERSON

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

CHANGE IN MANAGEMENT

On March 21, 2023, the Company announced the appointment of Peter Hawley to the Board of Directors.

On May 1, 2023, Catherine Cox resigned as Corporate Secretary.

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For the Nine Months Ended September 30, 2023

RESULTS OF OPERATIONS

Three Months Ended September 30, 2023 compared with the Three Months Ended September 30, 2022

The Company reported a net loss of \$581,761 for the three months ended September 30, 2023, representing an increase of \$970,700 when compared to a net income of \$388,939 for the three months ended September 30, 2022. The increase in net loss during the three months ended September 30, 2023 was primarily the result of an increase in cash and non-cash compensation (including finance costs and gain on remeasurement of warrant liability) and decrease in care and maintenance, general and administrative expenses and other income, which were partially offset by an increase in finance income and foreign exchange gain.

The Company suspended mining operations of its Mineral Ridge mine in November 2017 as the Company had mined all of its economical mineral reserves based on gold pricing and heap leach recovery parameters. Since then, the Company has generated limited revenues from Mineral Ridge from residual but diminishing gold recoveries from the leach pads. In December 2021, the Company determined that operating the heap leach pads were no longer economic and so ceased operations at Mineral Ridge.

During the three months ended September 30, 2023, both the Mineral Ridge and Goldwedge projects were in care and maintenance. Expenditures on Mineral Ridge totalled \$412,403 and Goldwedge totalled \$80,654 compared to \$538,256 on Mineral Ridge and \$153,246 on Goldwedge for the three months ended September 30, 2022.

General and administrative expenses totaled \$44,419 for the three months ended September 30, 2023 compared to \$127,801 for the three months ended September 30, 2022. The decrease is primarily from insurance, travel and office related, investor relations, consultants and transfer agent and filing fees.

Finance costs totaled \$192,413 for the three months ended September 30, 2023 compared to \$88,322 for the three months ended September 30, 2022 and primarily consists of \$126,806 (September 30, 2022 - \$71,302) in interest on the convertible debentures.

Other income for the three months ended September 30, 2023 was \$nil compared to \$1,139,471 for the three months ended September 30, 2022. During the three months ended September 30, 2022, the Company received the bonus consideration (the “Bonus Consideration”) of \$1,139,471 (CA\$1,500,000) from Orla Mining Ltd. (“Orla”) in connection with the letter of intent entered into with Gold Standard Ventures Corp. (“Gold Standard”) on January 29, 2014. On August 12, 2022, Orla completed the acquisition of Gold Standard; as a result, the acquisition triggered the Bonus Consideration. No such transaction occurred during the three months ended September 30, 2023.

Nine Months Ended September 30, 2023 compared with the Nine Months Ended September 30, 2022

The Company reported a net loss of \$1,920,810 for the nine months ended September 30, 2023, representing an increase of \$1,243,838 when compared to a net loss of \$676,972 for the nine months ended September 30, 2022. The increase in net loss during the nine months ended September 30, 2023 was primarily the result of an increase in cash and non-cash compensation (including finance costs, foreign exchange loss, gain on disposal and gain on remeasurement of warrant liability) and decrease in care and maintenance, general and administrative expenses and other income, which were offset by an increase in finance income.

The Company suspended mining operations of its Mineral Ridge mine in November 2017 as the Company had mined all of its economical mineral reserves based on gold pricing and heap leach recovery parameters. Since then, the Company has generated limited revenues from Mineral Ridge from residual but diminishing gold recoveries from the leach pads. In December 2021, the Company determined that operating the heap leach pads were no longer economic and so ceased operations at Mineral Ridge.

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MANAGEMENT DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS

For the Nine Months Ended September 30, 2023

During the nine months ended September 30, 2023, both the Mineral Ridge and Goldwedge projects were in care and maintenance. Expenditures on Mineral Ridge totalled \$1,160,523 and Goldwedge totalled \$291,729 compared to \$1,131,917 on Mineral Ridge and \$587,710 on Goldwedge for the nine months ended September 30, 2022.

General and administrative expenses totaled \$241,304 for the nine months ended September 30, 2023 compared to \$327,277 for the nine months ended September 30, 2022. The decrease is primarily from insurance, travel and office related, investor relations and professional fees offset by the increase in consultants and transfer agent and filing fees.

Finance costs totaled \$552,833 for the nine months ended September 30, 2023 compared to \$371,431 for the nine months ended September 30, 2022 and primarily consists of \$360,220 (September 30, 2022 - \$320,461) in interest on the convertible debentures.

Other income for the nine months ended September 30, 2023 was \$nil compared to \$1,139,471 for the nine months ended September 30, 2022. During the nine months ended September 30, 2022, the Company received the Bonus Consideration of \$1,139,471 (CA\$1,500,000) from Orla in connection with the letter of intent entered into with Gold Standard on January 29, 2014. On August 12, 2022, Orla completed the acquisition of Gold Standard; as a result, the acquisition triggered the Bonus Consideration. No such transaction occurred during the nine months ended September 30, 2023.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2023, the Company had a working capital deficiency of \$2,123,794 (December 31, 2022 – working capital deficiency of \$502,202) including cash and cash equivalents of \$8,535 (December 31, 2022 – \$331,899).

The Company began the fiscal year with cash of \$331,899. During the nine months ended September 30, 2023, the Company spent \$1,003,296 on operating activities, net of working capital changes, spent \$27,537 on investing activities and received \$707,469 proceeds on loan payable resulting in an ending cash balance at September 30, 2023 of \$8,535.

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

OUTSTANDING SHARE DATA

At September 30, 2023, the Company had 210,936,665 common shares issued and outstanding (December 31, 2022 – 210,936,665).

During the nine months ended September 30, 2023:

- No share capital transactions occurred.
- 357,500 options expired unexercised.
- 37,500,000 warrants expired unexercised.

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

- 210,936,665 common shares; and
- 9,900,000 stock options with exercise prices ranging from \$0.05 to \$0.17 per share.

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For the Nine Months Ended September 30, 2023

TRANSACTIONS WITH RELATED PARTIES

Compensation of key management personnel and directors

Key management includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, and the Corporate Secretary.

The aggregate compensation paid or accrued to key management personnel during the nine months ended September 30, 2023 and 2022 were as follows:

- Chief Financial Officer – \$78,858 (September 30, 2022 – \$28,430);
- Former Corporate Secretary – \$8,831 (September 30, 2022 – \$nil);
- General Manager, the spouse of the Company CEO – \$100,968 (September 30, 2022 – 100,968); and
- Former Chief Financial Officer and Corporate Secretary – \$nil (September 30, 2022 – \$80,000)

Amounts due to related parties

Included in trade and other payables as of September 30, 2023 is \$64,864 (December 31, 2022 – \$4,839) due to key management for director fees and the reimbursement of expenditures.

During the nine months ended September 30, 2023, one of the Company's directors provided a short-term loan to the Company with an amount of \$133,136 (CA\$180,000). In addition, the General Manager of the Company provided a short-term loan to the Company with an amount of \$20,000.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

PROPOSED TRANSACTIONS

On May 18, 2023, the Company entered into a non-binding letter of intent (the "Original LOI") setting out the terms of a proposed arm's length acquisition (the "Transaction") by the Company of all of the issued and outstanding shares of Altus Gold, a private mining issuer with two mineral exploration projects in Esmeralda County, Nevada. The LOI was initially amended on August 16, 2023, and then further amended on November 8, 2023 (the "Amended LOI").

In connection with Acquisition, the Company proposed to:

- Complete a 9:1 share consolidation of the common shares of the Company (the "Share Consolidation") prior to the completion of the Acquisition.
- Complete the initial financing to issue 10,000,000 units of the Company at a purchase price of CA\$0.02 per unit for gross proceeds of CA\$200,000 prior to the Share Consolidation. Each unit consists of one pre-consolidation common share of the Company and one common share purchase warrant of the Company, with each warrant exercisable for one pre-consolidation common share of the Company at an exercise price of CA\$0.05 per share for a period of two years from the date of issuance.
- Complete a private placement (the "CD Financing") of convertible debentures of the Company (each, a "Debenture") in the aggregate principal amount of not less than CA\$1,200,000. The Debentures will bear interest at 10% per annum and will have a term of one year. The principal amount of the Debentures, including all accrued but unpaid interest will be convertible, subject to the approval of TSX-V, at the election of Company, into units, each to be comprised of one post-consolidation common share of the Company and one common share purchase warrant of

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the Company, at a conversion price to be determined in the context of the market. The completion of the CD Financing is conditional on:

- (i) the approval of TSX-V,
 - (ii) the definitive agreement for the Acquisition having been executed, and
 - (iii) completion of the Share Consolidation and two business days having passed thereafter.
- Pursuant to the Amended LOI, the Company also proposes to complete a concurrent private placement (the “Concurrent Financing”) to raise aggregate gross proceeds to the Company of at least CA\$2,000,000 by the issuance of post-consolidation units of the Company at a purchase price of \$0.20 per unit, each unit to be comprised of one post-consolidation common share of the Company and one-half of one common share purchase warrant, each whole warrant being exercisable into one post-consolidation common share of the Company at an exercise price of CA\$0.40 per share for a period of two years from the date of issuance.

Under the terms of the Amended LOI, the Company will acquire all the outstanding shares of Altus Gold in exchange for issuing to the shareholders of Altus Gold up to 21,000,000 post-consolidation common shares of the Company. The Amended LOI also contemplates that, upon completion of the Acquisition, the Board of the Company will be restructured to be comprised of five directors, two being Altus Gold nominees and three being Scorpio nominees, and Michael Townsend, current CEO of Altus Gold, will be appointed CEO of the combined entity, while Chris Zerga will become the Company’s COO. The parties intend to enter into a definitive agreement that will replace and supersede the Amended LOI. The outside date for the Transaction is December 31, 2023, which may be extended by the mutual consent of the parties.

In addition, pursuant to the Original LOI, Altus Gold provided a non-interest bearing, secured loan (the “Bridge Loan”) to the Company in the aggregate principal amount of CA\$845,000 in connection with the Acquisition. The Bridge Loan will be forgiven if the Company completes the Acquisition with Altus Gold. If the Acquisition does not complete, the Bridge Loan will be repayable in cash on demand by Altus Gold, or in certain circumstances, the Bridge Loan may be settled in common shares of the Company, subject to the approval of TSX-V. In the event that the settlement of the Bridge Loan in common shares is not approved by TSX-V, the Bridge Loan would remain payable in cash. If the Bridge Loan is settled in common shares, for so long as Altus Gold holds at least 5% of the Company issued and outstanding common shares (calculated on an undiluted basis), Altus Gold would have the right to appoint one nominee to the board of directors of the Company.

CRITICAL ACCOUNTING ESTIMATES

These financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. Refer to Note 2 of the audited financial statements for the year ended December 31, 2022 for details on critical accounting estimates and judgments.

ADOPTION OF NEW AND AMENDED IFRS PRONOUNCEMENTS

There were no new or amended IFRS pronouncements effective January 1, 2023 that impacted these condensed consolidated interim financial statements.

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FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in various tables in note 18 of our unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2023. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the financial statements for the year ended December 31, 2022.

OTHER INFORMATION

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