



GOLD CORPORATION

Condensed Interim Consolidated Financial Statements of

Scorpio Gold Corporation

For the three months ended
March 31, 2016 and March 31, 2015
(unaudited)

**MANAGEMENT'S COMMENTS ON
UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Scorpio Gold Corporation

Condensed interim consolidated statements of operations

Three months ended March 31, 2016 and March 31, 2015

(In thousands of US dollars except for shares and per share amounts)

(unaudited)

	Three months ended March 31, 2016	Three months ended March 31, 2015
	\$	\$
Revenue	9,428	12,343
Cost of sales excluding depletion and amortization (Note 5)	(7,416)	(9,555)
Depletion and amortization	(147)	(733)
Mine operating earnings	1,865	2,055
Expenses		
General and administrative (Note 6)	(264)	(1,106)
Care and maintenance	(184)	-
Gain on disposal of mining assets	39	-
Operating earnings	1,456	949
Other (expenses) income		
Finance costs (Note 7)	(193)	(77)
Foreign exchange loss	(1)	(219)
Finance income	1	10
Gain on disposal of investments	-	172
	(193)	(114)
Earnings before income taxes	1,263	835
Income tax expense		
Current	(109)	(80)
Deferred	(75)	-
	(184)	(80)
Net earnings for the period	1,079	755
Net earnings attributable to:		
Shareholders of the Company	569	131
Non-controlling interest	510	624
	1,079	755
Earnings per share		
Basic	0.00	0.00
Diluted	0.00	0.00
Weighted average number of shares outstanding (Note 8)		
Basic	124,948,235	124,948,235
Diluted	124,948,235	125,060,770

See accompanying notes to the condensed interim consolidated financial statements

Scorpio Gold Corporation

Condensed interim consolidated statements of comprehensive income

Three months ended March 31, 2016 and March 31, 2015

(In thousands of US dollars)

(unaudited)

	Three months ended March 31, 2016	Three months ended March 31, 2015
	\$	\$
Net earnings for the period	1,079	755
Other comprehensive income (loss)		
Items that may subsequently be reversed to statement of operations:		
Change in fair value of available-for-sale investments (net of tax, nil)	-	98
Reclassification to statement of operations	-	(101)
Comprehensive income for the period	1,079	752
Comprehensive income attributable to:		
Shareholders of the Company	569	128
Non-controlling interest	510	624
	1,079	752

See accompanying notes to the condensed interim consolidated financial statements

Scorpio Gold Corporation

Condensed interim consolidated statements of financial position

As at

(In thousands of US dollars)

(unaudited)

	March 31, 2016	December 31, 2015
	\$	\$
Assets		
Current assets		
Cash	923	2,273
Trade and other receivables	12	22
Prepaid expenses and other	700	882
Inventories (Note 9)	11,214	10,538
Total current assets	12,849	13,715
Producing mining assets (Note 10)	4,953	5,024
Non-producing mining assets and other (Note 11)	4,557	2,979
Reclamation bonds	5,737	5,737
Total assets	28,096	27,455
Equity and liabilities		
Current liabilities		
Trade and other payables	4,629	5,575
Income taxes payable	109	43
Current portion of long-term debt (Note 12)	66	78
Total current liabilities	4,804	5,696
Long-term debt (Note 12)	5,773	5,759
Provision for environmental rehabilitation	5,430	5,408
Deferred income tax liability	519	444
Total liabilities	16,526	17,307
Equity		
Share capital (Note 13)	51,449	51,449
Equity reserve	6,388	6,388
Investment valuation reserve	(2)	(2)
Foreign currency translation reserve	(194)	(194)
Deficit	(45,856)	(46,425)
Equity attributable to shareholders of the Company	11,785	11,216
Non-controlling interest	(215)	(1,068)
Total equity	11,570	10,148
Total liabilities and equity	28,096	27,455

Contingencies (Note 16)

APPROVED BY THE BOARD

Director

Director

See accompanying notes to the condensed interim consolidated financial statements

Scorpio Gold Corporation

Condensed interim consolidated statements of changes in equity

Three months ended March 31, 2016 and March 31, 2015

(In thousands of US dollars, shares in thousands)

(unaudited)

	Share capital		Equity reserve	Investment valuation reserve	Foreign currency translation reserve	Deficit	Non-controlling interest	Total equity
	Number	Amount						
		\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2015	124,948	51,449	6,388	(2)	(194)	(46,425)	(1,068)	10,148
Net earnings for the period	-	-	-	-	-	569	510	1,079
Contribution by non-controlling interest	-	-	-	-	-	-	343	343
Balance, March 31, 2016	124,948	51,449	6,388	(2)	(194)	(45,856)	(215)	11,570

	Share capital		Equity reserve	Investment valuation reserve	Foreign currency translation reserve	Deficit	Non-controlling interest	Total equity
	Number	Amount						
		\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2014	124,948	51,449	6,184	1	(194)	(29,821)	(1,268)	26,351
Net earnings for the period	-	-	-	-	-	131	624	755
Distributions to non-controlling interest	-	-	-	-	-	-	(100)	(100)
Contribution by non-controlling interest	-	-	-	-	-	-	600	600
Change in fair value of available-for-sale investments	-	-	-	98	-	-	-	98
Reclassification of gain on available-for-sale investments to statement of operations	-	-	-	(101)	-	-	-	(101)
Share-based compensation	-	-	199	-	-	-	-	199
Balance, March 31, 2015	124,948	51,449	6,383	(2)	(194)	(29,690)	(144)	27,802

See accompanying notes to the condensed interim consolidated financial statements

Scorpio Gold Corporation

Condensed interim consolidated statements of cash flows
Three months ended March 31, 2016 and March 31, 2015
(In thousands of US dollars)
(unaudited)

	Three months ended March 31, 2016 \$	Three months ended March 31, 2015 \$
Operating activities		
Net earnings for the period before taxes	1,263	835
Adjustments for:		
Income taxes paid	(43)	(145)
Environmental rehabilitation expenditures	-	(4)
Items not involving cash :		
Finance costs (Note 7)	193	77
Finance income	(1)	(10)
Gain on disposal of mining assets	(39)	-
Depletion and amortization	151	735
Gain on disposal of investments	-	(172)
Share-based compensation	-	177
Cash flows from operating activities before movements in working capital:	1,524	1,493
Decrease in trade and other receivables	9	69
Decrease (increase) in prepaid expenses and other	182	(114)
(Increase) decrease in inventories	(675)	2,034
(Decrease) increase in trade and other payables	(1,406)	862
	(366)	4,344
Investing activities		
Additions to non-producing mining assets	(1,132)	(3,546)
Proceeds from disposal of non-producing mining assets	3	-
Additions to producing mining assets	(220)	(900)
Proceeds from disposal of producing mining assets	191	-
Proceeds from disposal of investments	-	5,250
Finance income received	-	15
	(1,158)	819
Financing activities		
Repayment of long-term debt	(19)	(3,451)
Interest paid	(150)	(53)
Contribution by non-controlling interest	343	600
Distributions to non-controlling interest	-	(100)
	174	(3,004)
Effect of foreign exchange rate changes on cash	-	177
(Decrease) increase in cash	(1,350)	2,336
Cash, beginning of period	2,273	1,114
Cash, end of period	923	3,450

See accompanying notes to the condensed interim consolidated financial statements

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

Three months ended March 31, 2016 and March 31, 2015

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

(unaudited)

1. Continuation of operations

Scorpio Gold Corporation (“Scorpio Gold” or the “Company”) and its subsidiaries conduct mineral exploitation, exploration and development activities in the United States.

The Company is incorporated under the Business Corporations Act (British Columbia) and is listed on the TSX Venture Exchange. The address of the Company’s registered office is 206-595 Howe Street, Vancouver, British Columbia, Canada, V6C 2T5 and its administrative office is located at 1462, de la Quebequoise, Val-d’Or, Quebec, Canada, J9P 5H4.

2. Statement of compliance

These condensed interim consolidated financial statements of the Company, including comparatives, have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) using the accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements do not include all disclosures required by IFRS for annual audited consolidated financial statements and accordingly should be read in conjunction with the Company’s annual audited consolidated financial statements for the year ended December 31, 2015 prepared in accordance with IFRS as issued by the IASB.

These condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 12, 2016.

3. Significant accounting policies and estimates

The preparation of financial data is based on accounting principles and estimates consistent with those used in the preparation of the audited consolidated financial statements as at December 31, 2015.

4. Financial instruments

a) Financial risk factors

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

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	4,629	4,629	-	-	-
Long-term debt	6,066	66	6,000	-	-
Provision for environmental rehabilitation	5,848	-	4,005	1,371	472

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

Three months ended March 31, 2016 and March 31, 2015

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

(unaudited)

4. Financial instruments (Continued)

b) Fair Value

The fair value of cash, reclamation bonds, trade and other payables approximate their carrying amount due to their short-term nature. 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 facility in August 2015.

5. Cost of sales

Cost of sales excluding depletion and amortization includes the following:

	Three months ended March 31, 2016	Three months ended March 31, 2015
	\$	\$
Contractor charges	3,697	2,839
Labour	1,989	2,374
Fuel and reagents	594	802
Mechanical parts	872	728
Change in ore stockpile, metals in process and finished goods inventories	(628)	1,978
Royalties	60	-
Other	832	834
	7,416	9,555

6. General and administrative

	Three months ended March 31, 2016	Three months ended March 31, 2015
	\$	\$
Salaries and benefits	153	219
Professional fees	39	76
Directors fees	33	30
Insurance, travel and office related	25	56
Consultants	7	8
Investor relations	4	36
Transfer agent and listing fees	2	3
Amortization	1	2
Share-based compensation	-	79
Break fee and related costs ⁽¹⁾	-	597
	264	1,106

⁽¹⁾ 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 thereafter terminated and as such the Company was obligated to pay a break fee and related due diligence and legal costs.

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

Three months ended March 31, 2016 and March 31, 2015

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

(unaudited)

7. Finance costs

	Three months ended March 31, 2016	Three months ended March 31, 2015
	\$	\$
Interest on long-term debt	150	54
Amortization of debt issue cost	21	-
Unwinding of discount of provision for environmental rehabilitation	22	23
	193	77

8. Weighted average number of shares and dilutive share equivalents

	Three months ended March 31, 2016	Three months ended March 31, 2015
Basic weighted average number of shares	124,948,235	124,948,235
Effect of dilutive securities:		
Stock options	-	112,535
Diluted weighted average number of shares	124,948,235	125,060,770

The following potentially dilutive securities were excluded from the dilutive number of shares outstanding for the following periods as they are anti-dilutive.

	Three months ended March 31, 2016	Three months ended March 31, 2015
Stock options	10,195,000	7,545,000

9. Inventories

	March 31, 2016	December 31, 2015
	\$	\$
Supplies	1,063	1,015
Ore stockpile	1,904	2,239
Metals in process	7,501	6,704
Finished goods	746	580
	11,214	10,538

During the three-month period ended March 31, 2016, inventory included as cost of sales is \$7.5 million (2015, \$10.3 million).

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

Three months ended March 31, 2016 and March 31, 2015

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

(unaudited)

10. Producing mining assets

	Mining interest	Plant and equipment	Mobile equipment	Furniture and office equipment	Total
Cost	\$	\$	\$	\$	\$
Balance, December 31, 2014	38,430	23,165	1,163	738	63,496
Transfer from non-producing mining assets	25,789	173	-	-	25,962
Additions	3,978	46	376	41	4,441
Write-off	-	(54)	(19)	-	(73)
Change in provision for environmental rehabilitation	(391)	-	-	-	(391)
Balance, December 31, 2015	67,806	23,330	1,520	779	93,435
Transfer from non-producing mining assets	-	89	-	-	89
Additions	194	-	16	12	222
Disposal	-	(431)	(3)	-	(434)
Balance, March 31, 2016	68,000	22,988	1,533	791	93,312

Accumulated depreciation and impairment

	Mining interest	Plant and equipment	Mobile equipment	Furniture and office equipment	Total
Balance, December 31, 2014	38,243	16,764	680	631	56,318
Transfer from non-producing mining assets	16,186	-	-	-	16,186
Depletion and amortization	5,122	187	154	87	5,550
Impairments	8,217	1,994	156	58	10,425
Write-off	-	(53)	(15)	-	(68)
Balance, December 31, 2015	67,768	18,892	975	776	88,411
Transfer from non-producing mining assets	-	81	-	-	81
Depletion and amortization	144	2	2	2	150
Disposal	-	(280)	(3)	-	(283)
Balance, March 31, 2016	67,912	18,695	974	778	88,359

Net book value

December 31, 2015	38	4,438	545	3	5,024
March 31, 2016	88	4,293	559	13	4,953

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

Three months ended March 31, 2016 and March 31, 2015

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

(unaudited)

10. Producing mining assets (Continued)

Producing mining assets is detailed by property as follows:

	Mineral Ridge	Goldwedge	Total
Cost	\$	\$	\$
Balance, December 31, 2014	60,890	2,606	63,496
Transfer from non-producing mining assets	25,940	22	25,962
Additions	4,441	-	4,441
Write-off	(73)	-	(73)
Change in provision for environmental rehabilitation	(391)	-	(391)
Balance, December 31, 2015	90,807	2,628	93,435
Transfer from non-producing mining assets	84	5	89
Additions	222	-	222
Disposal	(429)	(5)	(434)
Balance, March 31, 2016	90,684	2,628	93,312

Accumulated depreciation and impairment

	Mineral Ridge	Goldwedge	Total
Balance, December 31, 2014	56,212	106	56,318
Transfer from non-producing mining assets	16,186	-	16,186
Depletion and amortization	5,506	44	5,550
Impairments	8,609	1,816	10,425
Write-off	(68)	-	(68)
Balance, December 31, 2015	86,445	1,966	88,411
Transfer from non-producing mining assets	81	-	81
Depletion and amortization	147	3	150
Disposal	(279)	(4)	(283)
Balance, March 31, 2016	86,394	1,965	88,359

Net book value

December 31, 2015	4,362	662	5,024
March 31, 2016	4,290	663	4,953

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

Three months ended March 31, 2016 and March 31, 2015

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

(unaudited)

11. Non-producing mining assets and other

	Mining interest	Plant and equipment	Mobile equipment	Furniture and office equipment	Construction in progress	Total
Cost	\$	\$	\$	\$	\$	\$
Balance, December 31, 2014	28,865	1,185	589	43	547	31,229
Transfer to producing mining assets	(25,789)	-	-	-	(173)	(25,962)
Disposal	-	(500)	-	-	-	(500)
Transfer	73	-	-	-	(73)	-
Additions	12,043	-	15	-	443	12,501
Change in provision for environmental rehabilitation	(15)	-	-	-	-	(15)
Balance, December 31, 2015	15,177	685	604	43	744	17,253
Transfer to producing mining assets	-	-	-	-	(89)	(89)
Additions	1,571	-	-	-	21	1,592
Disposal	-	-	-	(6)	-	(6)
Balance, March 31, 2016	16,748	685	604	37	676	18,750

Accumulated depreciation and impairment

	Mining interest	Plant and equipment	Mobile equipment	Furniture and office equipment	Construction in progress	Total
Balance, December 31, 2014	18,895	462	12	29	-	19,398
Transfer to producing mining assets	(16,186)	-	-	-	-	(16,186)
Disposal	-	(427)	-	-	-	(427)
Impairments	9,840	464	438	-	721	11,463
Amortization	-	16	5	5	-	26
Balance, December 31, 2015	12,549	515	455	34	721	14,274
Transfer to producing mining assets	-	-	-	-	(81)	(81)
Amortization	-	1	-	1	-	2
Disposal	-	-	-	(2)	-	(2)
Balance, March 31, 2016	12,549	516	455	33	640	14,193

Net book value

December 31, 2015	2,628	170	149	9	23	2,979
March 31, 2016	4,199	169	149	4	36	4,557

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

Three months ended March 31, 2016 and March 31, 2015

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

(unaudited)

11. Non-producing mining assets and other (Continued)

Non-producing mining interest is detailed by property as follows:

	Mineral Ridge	Goldwedge	Other	Total
Cost	\$	\$		\$
Balance, December 31, 2014	20,351	10,338	540	31,229
Transfer to producing mining assets	(25,940)	(22)	-	(25,962)
Disposal	-	-	(500)	(500)
Additions	11,695	806	-	12,501
Change in provision for environmental rehabilitation	-	(15)	-	(15)
Balance, December 31, 2015	6,106	11,107	40	17,253
Transfer to producing mining assets	(84)	(5)	-	(89)
Additions	1,508	84	-	1,592
Disposal	-	-	(6)	(6)
Balance, March 31, 2016	7,530	11,186	34	18,750

Accumulated depreciation and impairment

	Mineral Ridge	Goldwedge	Other	Total
Balance, December 31, 2014	18,895	48	455	19,398
Transfer to producing mining assets	(16,186)	-	-	(16,186)
Disposal	-	-	(427)	(427)
Impairments	3,377	8,086	-	11,463
Amortization	-	22	4	26
Balance, December 31, 2015	6,086	8,156	32	14,274
Transfer to producing mining assets	(81)	-	-	(81)
Amortization	-	1	1	2
Disposal	-	-	(2)	(2)
Balance, March 31, 2016	6,005	8,157	31	14,193

Net book value

December 31, 2015	20	2,951	8	2,979
March 31, 2016	1,525	3,029	3	4,557

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

Three months ended March 31, 2016 and March 31, 2015

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

(unaudited)

12. Long-term debt

	March 31, 2016	December 31, 2015
	\$	\$
Senior secured credit facility, bearing interest at a rate of 10% per annum payable quarterly, secured by a first priority security interest over all of the Company's assets, repayable in August 2018, net of debt issue cost of \$227,000 ^(a)	5,773	5,752
Loan secured by mobile equipment having a net book value of \$100,000, bearing interest at 4.8%, payable by monthly instalments of \$6,731 until January 2017	66	85
Current portion	(66)	(78)
Long-term portion	5,773	5,759

Future principal repayments are as follows:

2017	\$66
2018	\$6,000

- ^{a)} On August 14, 2015, the Company executed definitive agreements with Waterton Precious Metals Fund II Cayman, LP ("Waterton Fund"), an affiliate of Elevon, LLC, for a loan in the principal amount of \$6 million (the "Loan"). The Company paid Waterton Fund a \$0.12 million structuring fee and incurred \$0.16 million of other related issue costs. The Loan matures and is payable 36 months after the date of advancement, but 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 Company has complied with all restrictions pursuant to the Loan at March 31, 2016.

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

Three months ended March 31, 2016 and March 31, 2015

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

(unaudited)

13. Share capital

(a) Authorized

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

(b) Stock option plan

A summary of changes in the Company's outstanding stock options for the three months ended March 31, 2016 and the year ended December 31, 2015, are as follows:

	Three months ended March 31, 2016		Year ended December 31, 2015	
	Number	Weighted average exercise price	Number	Weighted average exercise price
	(in thousands)	CAD\$	(in thousands)	CAD\$
Outstanding, beginning of period	10,545	0.49	9,170	0.65
Granted	-	-	3,225	0.14
Expired	(350)	0.57	(1,850)	(0.67)
Outstanding, end of period	10,195	0.49	10,545	0.49

(b) Stock option plan

	Three months ended March 31, 2016	Three months ended March 31, 2015
Weighted average fair value as at grant date	\$ -	\$ 0.07

The following table summarizes information about stock options outstanding and exercisable as at March 31, 2016:

Exercise price CAD\$	Weighted average remaining contractual life (in years)	Outstanding and exercisable (in thousands)
0.10	4.42	100
0.145	3.79	2,850
0.205	2.27	100
0.275	7.19	2,290
0.64	0.08	100
0.75	0.20	3,025
0.91	0.82	1,730
		10,195

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

Three months ended March 31, 2016 and March 31, 2015

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

(unaudited)

14. Segmented information

(a) Industry information

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

Operating segment details are as follows:

	Three months ended March 31, 2016			
	Mineral Ridge	Goldwedge	Other	Total
	\$	\$	\$	\$
Revenue from precious metal sales	9,428	-	-	9,428
Inter-segment (expense) - management fees	(292)	-	292	-
Cost of sales excluding depletion and amortization	(7,416)	-	-	(7,416)
Depletion and amortization	(147)	-	-	(147)
Mine operating earnings	1,573	-	292	1,865
Expenses				
General and administrative	-	-	(263)	(263)
Care and maintenance	-	(180)	-	(180)
Care and maintenance amortization	-	(4)	-	(4)
Amortization	-	-	(1)	(1)
Gain (loss) on disposal of assets	40	(1)	-	39
Operating earnings (loss)	1,613	(185)	28	1,456
Other (expenses) income				
Finance costs	(21)	(1)	(171)	(193)
Foreign exchange loss	-	-	(1)	(1)
Finance income	-	-	1	1
Earnings (loss) before income taxes	(21)	(1)	(171)	(193)
Income tax expense	1,592	(186)	(143)	1,263
	(184)	-	-	(184)
Net earnings (loss) for the period	1,408	(186)	(143)	1,079

Scorpio Gold Corporation

Notes to the condensed interim consolidated financial statements

Three months ended March 31, 2016 and March 31, 2015

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

	Three months ended March 31, 2015			
	Mineral Ridge	Goldwedge	Other	Total
	\$	\$	\$	\$
Revenue from precious metal sales	12,343	-	-	12,343
Inter-segment (expense) - management fees	(380)	-	380	-
Inter-segment (expense) - cost of sales	(123)	123	-	-
Cost of sales excluding depletion and amortization	(9,313)	(242)	-	(9,555)
Depletion and amortization	(716)	(17)	-	(733)
Mine operating earnings (loss)	1,811	(136)	380	2,055
Expenses				
General and administrative	-	-	(1,104)	(1,104)
Amortization	-	-	(2)	(2)
Operating earnings (loss)	1,811	(136)	(726)	949
Other (expenses) income				
Finance costs	(22)	(2)	(53)	(77)
Foreign exchange loss	-	-	(219)	(219)
Finance income	-	-	10	10
Gain on disposal of investments	-	-	172	172
	(22)	(2)	(90)	(114)
Earnings (loss) before income taxes	1,789	(138)	(816)	835
Income tax expense	(80)	-	-	(80)
Net earnings (loss) for the period	1,709	(138)	(816)	755

As at March 31, 2016

	Mineral Ridge	Goldwedge	Other	Total
	\$	\$	\$	\$
Total assets	23,428	3,969	699	28,096
Total liabilities	9,954	400	6,173	16,527

As at December 31, 2015

	Mineral Ridge	Goldwedge	Other	Total
	\$	\$	\$	\$
Total assets	21,667	3,911	1,877	27,455
Total liabilities	10,826	370	6,111	17,307

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Notes to the condensed interim consolidated financial statements
Three months ended March 31, 2016 and March 31, 2015
(Tabular amounts in thousands of US dollars unless otherwise noted)
(unaudited)

14. Segmented information (Continued)

(b) Geographic information

All revenue from the sale of precious metals for the periods ended March 31, 2016 and March 31, 2015 were earned in the United States. Substantially all of the Company's revenues are with one customer.

The Company's non-current assets by geographic locations are as follows:

	March 31, 2015	December 31, 2015
	\$	\$
Canada	3	9
USA	15,244	13,731
	15,247	13,740

15. Related party transactions

a) Compensation of key management personnel and directors

The Company considers its key management personnel to be the CEO and the individuals having the authority and responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly.

The remuneration of directors and key management personnel during the three-month periods ended March 31, 2016 and March 31, 2015 is as follows:

	Three months ended March 31, 2016	Three months ended March 31, 2015
	\$	\$
Salaries and directors' fees	204	265
Consulting fee with a director	-	32
Share-based compensation	-	80
	204	377

As at March 31, 2016, an aggregate of \$107,462 resulting from transactions with key management is included in trade and other payables.

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three-month periods ended March 31, 2016 and March 31, 2015.

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Notes to the condensed interim consolidated financial statements

Three months ended March 31, 2016 and March 31, 2015

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

(unaudited)

15. Related party transactions (Continued)

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 periods ended March 31, 2016 and March 31, 2015 are as follows:

	Three months ended March 31, 2016	Three months ended March 31, 2015
	\$	\$
Interest on long-term debt	149	-

16. 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 financial statements of the Company.