



Condensed Interim Consolidated Financial Statements

For the nine months ended September 30, 2022

(Unaudited - Expressed in US dollars)

#### **NOTICE TO READER**

These condensed interim consolidated financial statements of Scorpio Gold Corporation have been prepared by management and approved by the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed interim consolidated financial statements, notes to the financial statements or the related Management's Discussion and Analysis.

## Scorpio Gold Corporation

Condensed Consolidated Interim Statements of Financial Position (unaudited)  
(Expressed in in thousands of US dollars)

		September 30, 2022	December 31, 2021
	Note(s)	\$	\$
<b>Assets</b>			
Current assets			
Cash		1,225	279
Receivables		23	144
Prepaid expenses and other		411	377
<b>Total current assets</b>		<b>1,659</b>	<b>800</b>
Producing mining assets	7	4,596	4,766
Non-producing mining assets	8	1,289	501
Reclamation bonds		7,758	7,723
<b>Total assets</b>		<b>15,302</b>	<b>13,790</b>
<b>Equity and liabilities</b>			
Current liabilities			
Trade and other payables	13	213	623
Loan	9	531	450
Convertible debentures	11	2,443	-
<b>Total current liabilities</b>		<b>3,187</b>	<b>1,073</b>
Provision for environmental rehabilitation		5,940	5,889
Warrant Liability	10	106	370
<b>Total liabilities</b>		<b>9,233</b>	<b>7,332</b>
<b>Equity</b>			
Share capital	12	61,094	53,977
Equity reserve	12	7,143	7,143
Convertible debentures	11	-	6,763
Investment valuation reserve		(2)	(2)
Foreign currency translation reserve		(194)	(194)
Deficit		(61,972)	(61,229)
<b>Total equity</b>		<b>6,069</b>	<b>6,458</b>
<b>Total liabilities and equity</b>		<b>15,302</b>	<b>13,790</b>
Nature of operations and going concerns	1		
Segmented information	14		

These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

/s/ Peter Brieger Director

/s/ Chris Zerga Director

## Scorpio Gold Corporation

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)

(Expressed in in thousands of US dollars)

	Note(s)	For the three months ended		For the nine months ended	
		September 30,	September 30,	September 30,	September 30,
		2022	2021	2022	2021
		\$	\$	\$	\$
<b>Revenue</b>		-	698	-	2,397
Cost of sales excluding inventory write-down		-	(707)	-	(1,529)
Depreciation & amortization		-	(12)	-	(34)
Inventory write-down		-	(386)	-	(1,599)
<b>Mine operating earnings</b>		-	<b>(407)</b>	-	<b>(765)</b>
<b>Expenses</b>					
General and administrative	4	(128)	(160)	(327)	(591)
Care and maintenance - Goldwedge		(154)	(193)	(588)	(556)
Care and maintenance - Mineral Ridge		(538)	-	(1,132)	-
Depreciation & amortization	7, 8	(13)	(11)	(42)	(33)
Gain (loss) on disposal of assets	7, 8	-	11	39	51
<b>Total expenses</b>		<b>(833)</b>	<b>(353)</b>	<b>(2,050)</b>	<b>(1,129)</b>
<b>Operating loss</b>		<b>(833)</b>	<b>(760)</b>	<b>(2,050)</b>	<b>(1,894)</b>
<b>Other income (expenses)</b>					
Finance costs	5	(89)	(186)	(372)	(557)
Financing income from reclamation bonds		29	1	35	6
Foreign exchange gain (loss)		9	(21)	253	12
Gain (loss) on warrant liability	10	134	(125)	252	1,616
Other income - recovery	6	1,139	-	1,139	-
		<b>1,222</b>	<b>(331)</b>	<b>1,307</b>	<b>1,077</b>
<b>Net (loss) earnings for the period</b>		<b>389</b>	<b>(1,091)</b>	<b>(743)</b>	<b>(817)</b>
Basic and diluted loss per common share		0.00	(0.01)	(0.00)	(0.01)
Basic and diluted weighted average number of common shares outstanding		210,936,665	121,100,106	171,513,278	111,427,829

See accompanying notes to these unaudited condensed consolidated interim financial statements.

## Scorpio Gold Corporation

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)

(Expressed in in thousands of US dollars)

	Note(s)	Number of shares	Share capital \$	Equity reserve \$	Convertible debentures \$	Investment valuation reserve \$	Foreign currency translation reserve \$	Deficit \$	TOTAL \$
<b>Balance, December 31, 2021</b>		<b>117,104</b>	<b>53,977</b>	<b>7,143</b>	<b>6,763</b>	<b>(2)</b>	<b>(194)</b>	<b>(61,229)</b>	<b>6,458</b>
Issuance of common shares on conversion of convertible debentures	11, 12	88,638	6,763	-	(6,763)	-	-	-	-
Issuance of common shares on conversion of convertible debentures Interest	11, 12	5,195	354	-	-	-	-	-	354
Net loss and comprehensive loss		-	-	-	-	-	-	(743)	(743)
<b>Balance, September 30, 2022</b>		<b>210,937</b>	<b>61,094</b>	<b>7,143</b>	<b>-</b>	<b>(2)</b>	<b>(194)</b>	<b>(61,972)</b>	<b>6,069</b>
<b>Balance, December 31, 2020</b>		<b>109,759</b>	<b>53,336</b>	<b>7,141</b>	<b>6,817</b>	<b>(2)</b>	<b>(194)</b>	<b>(56,553)</b>	<b>10,545</b>
Issuance of common shares on conversion of convertible debentures	11, 12	250	20	-	(20)	-	-	-	-
Issuance of common shares for non-producing assets	12	2,091	199	-	-	-	-	-	199
Share-based payments		-	-	2	-	-	-	-	2
Net loss and comprehensive loss		-	-	-	-	-	-	(817)	(817)
<b>Balance, September 30, 2021</b>		<b>112,100</b>	<b>53,555</b>	<b>7,143</b>	<b>6,797</b>	<b>(2)</b>	<b>(194)</b>	<b>(57,370)</b>	<b>9,929</b>

See accompanying notes to these unaudited condensed consolidated interim financial statements.

## Scorpio Gold Corporation

Condensed Consolidated Interim Statements of Cash Flows (unaudited)  
(Expressed in in thousands of US dollars)

	Note(s)	For the nine months ended	
		September 30, 2022	September 30, 2021
		\$	\$
<b>CASH PROVIDED BY (USED FOR):</b>			
<b>OPERATING ACTIVITIES:</b>			
Net loss for the period		(743)	(817)
<b>Items not affecting cash:</b>			
Depletion and amortization	7, 8	42	67
Share-based payments		-	2
Inventory write-down		-	1,599
Gain on disposal of assets	7	(39)	(51)
Financing costs	5	372	557
Financing income from reclamation bonds		(35)	(1)
Gain on warrant liability	10	(252)	(1,616)
Foreign exchange on warrant liability	10	(12)	36
<b>Change in non-cash working capital items:</b>			
Receivables		121	18
Prepaid expenses		4	111
Inventory		-	(1,570)
Trade and other payables		(293)	(504)
		<b>(835)</b>	<b>(2,169)</b>
<b>INVESTING ACTIVITIES:</b>			
Additions to producing mining assets	7	(8)	(75)
Additions to non-producing mining assets	8	(819)	(1,143)
Proceeds from disposal of assets	7	177	63
Reclamation bonds		-	(111)
		<b>(650)</b>	<b>(1,266)</b>
<b>FINANCING ACTIVITIES:</b>			
Proceeds from issuance of loan, net of issuance costs	9	81	-
Proceeds from issuance of convertible notes, net of issuance costs	11	2,350	-
		<b>2,431</b>	<b>-</b>
<b>DECREASE IN CASH FOR THE PERIOD</b>		<b>946</b>	<b>(3,435)</b>
CASH, BEGINNING OF THE PERIOD		279	4,147
<b>CASH, END OF PERIOD</b>		<b>1,225</b>	<b>712</b>
<b>Supplemental cash flow information</b>			
Cash paid for interest		-	-
Cash paid for income taxes		-	-
Issuance of common shares on conversion of convertible debentures	11	6,763	20
Issuance of common shares on conversion of convertible debentures		-	-
Interest	11	354	-
Issuance of common shares for non-producing mining assets		-	199
Non-producing mining assets included in trade and other payables		(1)	259

See accompanying notes to these unaudited condensed consolidated interim financial statements.

## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)  
For the Nine Months Ended September 30, 2022  
(Expressed in US Dollars)  
(Tabular amounts expressed in thousands of US dollars unless otherwise noted)

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### 1) NATURE OF OPERATIONS AND GOING CONCERN

Scorpio Gold Corporation (the “Company”) is a publicly traded company incorporated under the laws of the Province of British Columbia. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) and trade under the symbol SGN. The corporate office of the Company is located at 206 – 595 Howe Street, Vancouver, BC, V6C 2T5. The Company and its subsidiaries conduct mineral exploitation, exploration and development activities in the United States of America (“USA”).

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

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As at September 30, 2022, the Company had a working capital deficiency of \$1,528,000. The Company does not have sufficient financial resources to carry out currently planned operations through the next twelve months. Additional financing will 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.

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.

These unaudited condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

### 2) BASIS OF PRESENTATION

#### Statement of compliance

These unaudited condensed interim consolidated financial statements 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 unaudited condensed interim consolidated financial statements do not include all disclosures required for annual financial statements, and accordingly should be read in conjunction with the Company’s annual audited consolidated financial statements for the year ended December 31, 2021.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 29, 2022.

## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in US Dollars)

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

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### 2) BASIS OF PRESENTATION (CONTINUED)

#### **Basis of measurement**

These unaudited condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### **Functional and presentation currency**

These unaudited condensed interim consolidated financial statements are presented in United States dollars, which is the functional currency of the parent company and its subsidiaries.

#### **Management judgments and estimates**

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the unaudited condensed interim consolidated financial statements are consistent with those disclosed in the audited consolidated financial statements as at December 31, 2021.

### 3) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these unaudited condensed interim consolidated financial statements are the same as those applied by the Company as at and for the year ended December 31, 2021.

#### **New standards, interpretations and amendments not yet effective**

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



## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in US Dollars)

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

### 4) GENERAL AND ADMINISTRATIVE

	For the three months ended		For the nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2022	2021	2022	2021
	\$	\$	\$	\$
Salaries and benefits	-	53	-	163
Consultants	51	46	134	141
Insurance, travel and office related	12	15	39	43
Investor relations	3	41	22	183
Professional fees	44	2	112	36
Share-based payments	-	-	-	2
Transfer agent and listing fees	18	3	20	23
	<b>128</b>	<b>160</b>	<b>327</b>	<b>591</b>

### 5) FINANCE COSTS

	For the three months ended		For the nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2022	2021	2022	2021
	\$	\$	\$	\$
Interest on convertible debentures (Note 11)	72	179	321	534
Unwinding of discount of provision for environmental rehabilitation	17	7	51	23
	<b>89</b>	<b>186</b>	<b>372</b>	<b>557</b>

### 6) OTHER INCOME - RECOVERY

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

## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in US Dollars)

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

### 7) PRODUCING MINING ASSETS

	Mining interest \$	Plant and equipment \$	Mobile equipment \$	Furniture and office equipment \$	TOTAL \$	Mineral Ridge \$	Goldwedge \$	TOTAL \$
<b>Cost</b>								
<b>Balance, December 31, 2021</b>	<b>74,261</b>	<b>22,622</b>	<b>2,186</b>	<b>818</b>	<b>99,887</b>	<b>97,071</b>	<b>2,816</b>	<b>99,887</b>
Additions	-	-	-	8	8	-	8	8
Dispositions	-	(162)	(203)	-	(365)	(365)	-	(365)
<b>Balance, September 30, 2022</b>	<b>74,261</b>	<b>22,460</b>	<b>1,983</b>	<b>826</b>	<b>99,530</b>	<b>96,706</b>	<b>2,824</b>	<b>99,530</b>
<b>Accumulated impairment, depletion and amortization</b>								
<b>Balance, December 31, 2021</b>	<b>74,261</b>	<b>18,697</b>	<b>1,348</b>	<b>815</b>	<b>95,121</b>	<b>92,883</b>	<b>2,238</b>	<b>95,121</b>
Depletion and amortization	-	23	14	3	40	26	14	40
Dispositions	-	(92)	(135)	-	(227)	(227)	-	(227)
<b>Balance, September 30, 2022</b>	<b>74,261</b>	<b>18,628</b>	<b>1,227</b>	<b>818</b>	<b>94,934</b>	<b>92,682</b>	<b>2,252</b>	<b>94,934</b>
<b>Net book value</b>								
<b>Balance, December 31, 2021</b>	<b>-</b>	<b>3,925</b>	<b>838</b>	<b>3</b>	<b>4,766</b>	<b>4,188</b>	<b>578</b>	<b>4,766</b>
<b>Balance, September 30, 2022</b>	<b>-</b>	<b>3,832</b>	<b>756</b>	<b>8</b>	<b>4,596</b>	<b>4,024</b>	<b>572</b>	<b>4,596</b>

During the nine months ended September 30, 2022, the Company sold equipment with a net book value of \$138,000 (September 30, 2021 – \$10,000) for gross proceeds of \$177,000 (September 30, 2021 – \$49,000), and accordingly recorded a gain on disposal of assets of \$39,000 (September 30, 2021 – \$39,000).

## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in US Dollars)

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

### 8) NON-PRODUCING MINING ASSETS

	Mining interest \$	Plant and equipment \$	Mobile equipment \$	Construction in progress \$	TOTAL \$	Mineral Ridge \$	Goldwedge \$	TOTAL \$
<b>Cost</b>								
Balance, December 31, 2021	14,123	680	604	1,644	17,051	7,547	9,504	17,051
Additions	790	-	-	-	790	-	790	790
<b>Balance, September 30, 2022</b>	<b>14,913</b>	<b>680</b>	<b>604</b>	<b>1,644</b>	<b>17,841</b>	<b>7,547</b>	<b>10,294</b>	<b>17,841</b>
<b>Accumulated impairment, depletion and amortization</b>								
Balance, December 31, 2021	13,824	545	537	1,644	16,550	7,547	9,003	16,550
Depletion and amortization	-	2	-	-	2	-	2	2
<b>Balance, September 30, 2022</b>	<b>13,824</b>	<b>547</b>	<b>537</b>	<b>1,644</b>	<b>16,552</b>	<b>7,547</b>	<b>9,005</b>	<b>16,552</b>
<b>Net book value</b>								
Balance, December 31, 2021	299	135	67	-	501	-	501	501
<b>Balance, September 30, 2022</b>	<b>1,089</b>	<b>133</b>	<b>67</b>	<b>-</b>	<b>1,289</b>	<b>-</b>	<b>1,289</b>	<b>1,289</b>

During the nine months ended September 30, 2021, the Company sold equipment with a net book value of \$2,000 for gross proceeds of \$14,000, and accordingly recorded a gain on disposal of assets of \$12,000.

## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in US Dollars)

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

### 9) LOANS

	\$
<b>Balance, December 31, 2021</b>	450
Proceeds	81
<b>Balance, September 30, 2022</b>	<b>531</b>

In October 2021, the Company entered into a credit facility agreement with certain directors of the Company. The credit facility is unsecured and interest free. Pursuant to the agreement, the Company may draw advances up to \$500,000.

In February 2022, the Company amended the credit facility agreement to increase the facility from up to \$500,000 to up to \$750,000 and to extend the repayment date from January 1, 2022 to December 31, 2022. In February 2022, the Company received further advances of \$81,000.

### 10) WARRANT LIABILITY

	\$
<b>Balance, December 31, 2021</b>	370
Gain on revaluation	(252)
Currency translation effect	(12)
<b>Balance, September 30, 2022</b>	<b>106</b>

Share purchase warrants are considered a derivative liability, as the currency denomination of the exercise price is different from the functional currency of the Company.

The warrant liability was revalued as at September 30, 2022 using the Black-Scholes option pricing model with the following assumptions: a stock price of C\$0.05; a risk-free interest rate of 3.76%; an expected volatility of 110%; an expected life of 1 years; a forfeiture rate of 0%; an expected dividend of 0%; and an exchange rate of 1.374.

### 11) CONVERTIBLE DEBENTURES

#### Issued on April 26, 2019

	\$
<b>Balance, December 31, 2021</b>	6,763
Conversion to common shares	(6,763)
<b>Balance, September 30, 2022</b>	-

On April 26, 2019, the Company closed a non-brokered private placement offering of secured subordinated convertible debentures (each, a "2019 Debenture") for gross proceeds of \$7,000,000.

Each 2019 Debenture has an issue price of \$1,000, bears interest at a rate of 10% per annum, payable semi-annually, and matures April 26, 2022. Interest may be paid in common shares of the Company at the option of the Company

## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in US Dollars)

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

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### 11) CONVERTIBLE DEBENTURES (CONTINUED)

#### **Issued on April 26, 2019 (continued)**

or the holder of the 2019 Debenture, subject to regulatory approval. Each 2019 Debenture is convertible into common shares at the option of the holder at any time prior to maturity at a conversion price of \$0.08 per share (the "2019 Conversion Price"), which is equivalent to 12,500 common shares for each \$1,000 principal amount of 2019 Debentures, subject to adjustment in certain circumstances. The Company will have the option on maturity, subject to regulatory approval and there being no default to the terms of the 2019 Debentures, to repay any portion of the principal amount of the 2019 Debentures in cash or by issuing and delivering to the holders of the 2019 Debentures such number of common shares equal to the principal amount of the 2019 Debenture divided by the Conversion Price.

The 2019 Debentures are secured by a security interest subordinate to all existing and future senior indebtedness of the Company as approved by the Company's board of directors, subject to certain board composition requirements.

#### **During the nine months ended September 30, 2022**

- The Company recorded interest expense of \$228,000 on the 2019 Debentures.
- The Company issued 5,194,976 common shares to settle its interest payment of \$354,000 on the 2019 Debentures.
- The Company issued 88,637,500 common shares to satisfy the remaining principal amount of the 2019 Debentures (\$7,015,000).

#### **During the nine months ended September 30, 2021**

- In January and February 2021, the Company issued 250,000 common shares on conversion of \$20,000 of the 2019 Debentures.
- In April 2021, the Company paid \$355,000 cash to settle its semi-annual interest payment on the 2019 Debentures.
- During the nine months ended September 30, 2021, the Company recorded interest expense of \$534,000 on the 2109 Debentures.

#### **Issued on May 26, 2022**

	\$
<b>Balance, December 31, 2021</b>	-
Initial recognition	2,350
Accretion of interest	93
<b>Balance, September 30, 2022</b>	<b>2,443</b>

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## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in US Dollars)

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

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### 11) CONVERTIBLE DEBENTURES (CONTINUED)

#### **Issued on May 26, 2022 (continued)**

On May 26, 2022 (the “2022 Closing Date”), the Company issued entered into two convertible debentures agreements (the “2022 Debentures”) which provides for a credit facility for up to a total of \$2,450,000 (the “2022 Credit Facility”) until the maturity date of December 31, 2022 (the “2022 Maturity Date”) with companies owned by the Company’s directors (the “Lenders”). The 2022 Debentures bear interest of 12.75% per annum compounding monthly.

The 2022 Debentures are convertible into common shares at the option of the holder at any time prior to the 2022 Maturity Date at a conversion price of \$0.06 per share (the “2022 Conversion Price”).

At the 2022 Closing Date, the Lenders agreed to incorporate the bridge loans (the “2022 Bridge Loan”) issued to the Company on April 18, 2022, and May 20, 2022, with an amount of \$450,000 and \$700,000, respectively, into the 2022 Credit Facility as the first and second drawdowns, respectively.

In addition to the 2022 Bridge Loan, the Company further drew \$1,200,000 during the nine months ended September 30, 2022 from the 2022 Credit Facility.

During the nine months ended September 30, 2022, the Company recorded interest expense of \$93,000 on the 2022 Debentures.

### 12) SHARE CAPITAL

#### **Authorized**

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

#### **Issued and outstanding**

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

#### **During the nine months ended September 30, 2022**

- The Company issued 5,194,976 common shares to settle its interest payment of \$354,000 on the 2019 Debentures.
- The Company issued 88,637,500 common shares to satisfy the remaining principal amount of the 2019 Debentures (\$7,015,000).

#### **During the nine months ended September 30, 2021**

- In January and February 2021, the Company issued 250,000 common shares on conversion of \$20,000 of the 2019 Debentures.
- In March 2021, the Company issued 2,091,149 common shares valued at \$199,000 as part of the acquisition of the Manhattan project.

## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in US Dollars)

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

### 12) SHARE CAPITAL (CONTINUED)

#### Warrants

No warrants were granted, exercised or expired during the nine months ended September 30, 2022 and 2021.

The continuity of warrants for the nine months ended September 30, 2022 is as follows:

Expiry date	Exercise price CA\$	Balance, December 31, 2021 #	Granted #	Exercised #	Expired #	Balance, September 30, 2022 #
September 14, 2023	0.24	37,500,000	-	-	-	37,500,000
		<b>37,500,000</b>	-	-	-	<b>37,500,000</b>
<b>Weighted average exercise price (C\$)</b>		<b>0.24</b>	-	-	-	<b>0.24</b>

#### Stock options

The Company has a shareholder approved rolling stock option plan ("the Plan") which is applicable to directors, officers, employees and consultants. Under the Plan, the total outstanding stock options that may be granted are limited to 10% of the outstanding common shares of the Company at any one time. The exercise price of an option shall not be less than the discounted market price at the time of granting as prescribed by the policies of the TSX-V. The maximum term of stock options is ten years from the grant date. Vesting terms are at the discretion of the directors.

The continuity of stock options for the nine months ended September 30, 2022 is as follows:

Expiry date	Exercise price CA\$	Balance, December 31, 2021 #	Granted #	Exercised #	Cancelled/Expired #	Balance, September 30, 2022 #
July 23, 2022	0.155	200,000	-	-	(200,000)	-
June 6, 2023	0.550	420,000	-	-	(62,500)	357,500
June 5, 2024	0.100	1,700,000	-	-	(750,000)	950,000
July 23, 2025	0.155	150,000	-	-	-	150,000
September 14, 2025	0.155	3,415,000	-	-	(820,000)	2,595,000
		<b>5,885,000</b>	-	-	<b>(1,832,500)</b>	<b>4,052,500</b>
<b>Weighted average exercise price (C\$)</b>		<b>0.167</b>	-	-	<b>0.146</b>	<b>0.177</b>

As at September 30, 2022, all stock options were exercisable. As at September 30, 2022, the weighted average remaining contractual life of the stock options outstanding was 2.45 years.

No stock options were granted, exercised or expired during the nine months ended September 30, 2021.

## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in US Dollars)

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

### 13) RELATED PARTY TRANSACTIONS AND BALANCES

#### Compensation of key management personnel and directors

Key management includes members of the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid or accrued to key management personnel during the nine months ended September 30, 2022 and 2021 were as follows:

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

#### Amounts due to related parties

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

### 14) SEGMENTED 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 and Scorpio Gold (US) Corporation. Segments are operations reviewed by the CEO who is considered to be the chief operating decision maker.

Operating segment details are as follows:

	Mineral Ridge	Goldwedge	Others	TOTAL
	\$	\$	\$	\$
<b>As of September 30, 2022</b>				
Total Assets	11,833	2,193	1,276	<b>15,302</b>
Total Liabilities	5,595	431	3,207	<b>9,233</b>
<b>As of December 31, 2021</b>				
Total Assets	12,126	1,408	256	<b>13,790</b>
Total Liabilities	5,641	460	1,231	<b>7,332</b>



## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in US Dollars)

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

### 14) SEGMENTED INFORMATION (CONTINUED)

	For the three months ended September 30, 2022			Total \$
	Mineral Ridge \$	Goldwedge \$	Others \$	
<b>Expenses</b>				
General and administrative	-	-	(128)	(128)
Care and maintenance - Goldwedge	-	(154)	-	(154)
Care and maintenance - Mineral Ridge	(538)	-	-	(538)
Depreciation & amortization	(7)	(6)	-	(13)
<b>Total expenses</b>	<b>(545)</b>	<b>(160)</b>	<b>(128)</b>	<b>(833)</b>
<b>Operating earnings</b>	<b>(545)</b>	<b>(160)</b>	<b>(128)</b>	<b>(833)</b>
<b>Other income (expenses)</b>				
Finance costs	(16)	(2)	(71)	(89)
Financing income from reclamation bonds	28	1	-	29
Foreign exchange gain (loss)	-	-	9	9
Gain (loss) on warrant liability	-	-	134	134
Other income - recovery	-	-	1,139	1,139
	<b>12</b>	<b>(1)</b>	<b>1,211</b>	<b>1,222</b>
<b>Net (loss) earnings for the period</b>	<b>(533)</b>	<b>(161)</b>	<b>1,083</b>	<b>389</b>

	For the nine months ended September 30, 2022			Total \$
	Mineral Ridge \$	Goldwedge \$	Others \$	
<b>Expenses</b>				
General and administrative	-	-	(327)	(327)
Care and maintenance - Goldwedge	-	(588)	-	(588)
Care and maintenance - Mineral Ridge	(1,132)	-	-	(1,132)
Depreciation & amortization	(26)	(16)	-	(42)
Gain (loss) on disposal of assets	39	-	-	39
<b>Total expenses</b>	<b>(1,119)</b>	<b>(604)</b>	<b>(327)</b>	<b>(2,050)</b>
<b>Operating earnings</b>	<b>(1,119)</b>	<b>(604)</b>	<b>(327)</b>	<b>(2,050)</b>
<b>Other income (expenses)</b>				
Finance costs	(47)	(4)	(321)	(372)
Financing income from reclamation bonds	34	1	-	35
Foreign exchange gain (loss)	-	-	253	253
Gain (loss) on warrant liability	-	-	252	252
Other income - recovery	-	-	1,139	1,139
	<b>(13)</b>	<b>(3)</b>	<b>1,323</b>	<b>1,307</b>
<b>Net (loss) earnings for the period</b>	<b>(1,132)</b>	<b>(607)</b>	<b>996</b>	<b>(743)</b>

## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in US Dollars)

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

### 14) SEGMENTED INFORMATION (CONTINUED)

	For the three months ended September 30, 2021			Total \$
	Mineral Ridge \$	Goldwedge \$	Others \$	
<b>Revenue</b>	698	-	-	698
Cost of sales excluding inventory write-down	(707)	-	-	(707)
Depreciation & amortization	(12)	-	-	(12)
Inventory write-down	(386)	-	-	(386)
<b>Mine operating earnings</b>	<b>(407)</b>	-	-	<b>(407)</b>
<b>Expenses</b>				
General and administrative	-	-	(160)	(160)
Care and maintenance - Goldwedge	-	(193)	-	(193)
Depreciation & amortization	-	(11)	-	(11)
Gain (loss) on disposal of assets	-	11	-	11
<b>Total expenses</b>	-	<b>(193)</b>	<b>(160)</b>	<b>(353)</b>
<b>Operating earnings</b>	<b>(407)</b>	<b>(193)</b>	<b>(160)</b>	<b>(760)</b>
<b>Other income (expenses)</b>				
Finance costs	(7)	(1)	(178)	(186)
Financing income from reclamation bonds	-	-	1	1
Foreign exchange gain (loss)	-	-	(21)	(21)
Gain (loss) on warrant liability	-	-	(125)	(125)
	<b>(7)</b>	<b>(1)</b>	<b>(323)</b>	<b>(331)</b>
<b>Net (loss) earnings for the period</b>	<b>(414)</b>	<b>(194)</b>	<b>(483)</b>	<b>(1,091)</b>

## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in US Dollars)

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

### 14) SEGMENTED INFORMATION (CONTINUED)

	For the nine months ended September 30, 2021			Total \$
	Mineral Ridge \$	Goldwedge \$	Others \$	
<b>Revenue</b>	2,397	-	-	2,397
Cost of sales excluding inventory write-down	(1,529)	-	-	(1,529)
Depreciation & amortization	(34)	-	-	(34)
Inventory write-down	(1,599)	-	-	(1,599)
<b>Mine operating earnings</b>	<b>(765)</b>	-	-	<b>(765)</b>
<b>Expenses</b>				
General and administrative	-	-	(591)	(591)
Care and maintenance - Goldwedge	-	(556)	-	(556)
Care and maintenance - Mineral Ridge	-	-	-	-
Depreciation & amortization	-	(33)	-	(33)
Gain (loss) on disposal of assets	40	11	-	51
<b>Total expenses</b>	<b>40</b>	<b>(578)</b>	<b>(591)</b>	<b>(1,129)</b>
<b>Operating earnings</b>	<b>(725)</b>	<b>(578)</b>	<b>(591)</b>	<b>(1,894)</b>
<b>Other income (expenses)</b>				
Finance costs	(21)	(2)	(534)	(557)
Financing income from reclamation bonds	1	-	5	6
Foreign exchange gain (loss)	-	-	12	12
Gain (loss) on warrant liability	-	-	1,616	1,616
	<b>(20)</b>	<b>(2)</b>	<b>1,099</b>	<b>1,077</b>
<b>Net (loss) earnings for the period</b>	<b>(745)</b>	<b>(580)</b>	<b>508</b>	<b>(817)</b>

#### Geographic information

All revenue from the sale of precious metals for the nine months ended September 30, 2022 and 2021 were earned in the USA. Substantially all of the Company's revenues were from two customers.

All of the Company's non-current assets are located in the USA.

## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Nine Months Ended September 30, 2022

(Expressed in US Dollars)

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

### 15) FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### Financial instruments

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); fair value through other comprehensive income (“FVTOCI”); or at amortized cost. The carrying values of the Company’s financial instruments are classified into the following categories:

<u>Financial Instruments</u>	<u>Category</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Cash	FVTPL	1,225	279
Receivables	Amortized cost	23	144
Reclamation bonds	Amortized cost	7,758	7,723
Trade and other payables	Amortized cost	213	623
Loan	Amortized cost	531	450
Convertible debentures	Amortized cost	2,443	-
Warrant Liability	FVTPL	106	370

The Company’s financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying values of receivables, reclamation bonds, trade and other payables, and loans approximate their fair value due to their short-term nature. Cash is recorded at fair value using Level 1 of the fair value hierarchy. The fair value of the Company’s warrant liability is recorded at fair value using Level 3 of the fair value hierarchy. The carrying value of the warrant liability is determined using the Black-Scholes option pricing model.

#### Risk management

The Company’s risk management objectives and policies are consistent with those disclosed by the Company for the year ended December 31, 2021.