



**Condensed Interim Consolidated Financial Statements**

**For the three months ended March 31, 2023**

**(UNAUDITED)**

**(Expressed in US dollars)**

### **NOTICE OF NO AUDITOR 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 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.

The accompanying unaudited interim financial statements of Scorpio Gold Corporation for the three months ended March 31, 2023 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

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## Scorpio Gold Corporation

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(Expressed in United States Dollars)

	As at	March 31,	December 31,
	Note(s)	2023	2022
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		57,831	331,899
Receivables		40,789	61,881
Prepaid expenses		188,893	344,088
		<b>287,513</b>	<b>737,868</b>
<b>Non-current assets</b>			
Reclamation deposits	3	7,896,367	7,818,085
Investments		764	764
Property, plant and equipment	4	4,750,166	4,782,357
Mineral properties	5	1,138,339	1,109,254
		<b>13,785,636</b>	<b>13,710,460</b>
<b>TOTAL ASSETS</b>		<b>14,073,149</b>	<b>14,448,328</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	6, 15	825,083	664,875
Loan payable	7	531,000	531,000
Warrant liability	8	1,271	44,195
		<b>1,357,354</b>	<b>1,240,070</b>
<b>Non-current liabilities</b>			
Convertible notes	9	2,633,007	2,519,526
Provision for environmental rehabilitation	10	5,925,662	5,862,850
		<b>8,558,669</b>	<b>8,382,376</b>
<b>TOTAL LIABILITIES</b>		<b>9,916,023</b>	<b>9,622,446</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11	61,028,900	61,028,900
Equity portion of convertible notes	9	72,630	72,630
Foreign currency translation reserve		(194,204)	(194,204)
Other reserves		(1,729)	(1,729)
Reserves	11	7,359,621	7,359,621
Accumulated deficit		(64,108,092)	(63,439,336)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>4,157,126</b>	<b>4,825,882</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>14,073,149</b>	<b>14,448,328</b>
<b>Nature of operations and going concern</b>	1		
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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

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

## Scorpio Gold Corporation

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

(Expressed in United States Dollars)

	Note(s)	For the three months ended	
		March 31, 2023	March 31, 2022
		\$	\$
<b>Expenses</b>			
Care and maintenance	12	527,393	566,409
Depreciation	4	12,791	14,375
Finance income	3	(78,282)	(190)
Finance costs	9, 14	176,293	191,740
Foreign exchange loss		1,024	6,954
Gain on disposal	4	(8,600)	(22,554)
Gain on remeasurement of warrant liability	8	(42,989)	(274,601)
General and administrative expenses	13	81,126	56,445
<b>Loss and comprehensive loss</b>		<b>(668,756)</b>	<b>(538,578)</b>
<b>Basic and diluted loss per share for the period attributable to common shareholders (\$ per common share)</b>		<b>(0.00)</b>	<b>(0.00)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>		<b>210,936,665</b>	<b>117,142,522</b>

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

## Scorpio Gold Corporation

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (unaudited)

(Expressed in United States Dollars)

	Note(s)	Share capital		Equity portion of convertible notes	Foreign currency translation reserve	Other reserves	Reserves	Accumulated deficit	TOTAL
		#	\$	\$	\$	\$	\$	\$	\$
<b>Balance as of December 31, 2022</b>		210,936,665	61,028,900	72,630	(194,204)	(1,729)	7,359,621	(63,439,336)	4,825,882
Loss and comprehensive loss		-	-	-	-	-	-	(668,756)	(668,756)
<b>Balance as of March 31, 2023</b>		210,936,665	61,028,900	72,630	(194,204)	(1,729)	7,359,621	(64,108,092)	4,157,126
<b>Balance as of December 31, 2021</b>		117,104,189	53,977,362	6,763,160	(194,204)	(1,729)	7,143,018	(61,228,840)	6,458,767
Shares issued for conversion of convertible notes		950,000	76,000	(76,000)	-	-	-	-	-
Loss and comprehensive loss		-	-	-	-	-	-	(538,578)	(538,578)
<b>Balance as of March 31, 2022</b>		118,054,189	54,053,362	6,687,160	(194,204)	(1,729)	7,143,018	(61,767,418)	5,920,189

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

## Scorpio Gold Corporation

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(Expressed in United States Dollars)

	Note(s)	For the three months ended	
		March 31, 2023	March 31, 2022
		\$	\$
<b>Cash flow from (used in)</b>			
<b>OPERATING ACTIVITIES</b>			
<b>Net loss</b>		(668,756)	(538,578)
Accretion of interest of convertible notes	9	113,481	191,740
Depreciation	4	12,791	14,375
Unwinding of discount of provision for environmental rehabilitation	10	62,812	-
Finance income	3	(78,282)	-
Gain on disposal of assets	4	(8,600)	(22,554)
Gain on remeasurement of the warrant liability	8	(42,989)	(274,601)
Effects of currency exchange rate changes	8	65	5,387
<b>Net changes in non-cash working capital items:</b>			
Accounts receivable		21,092	80,145
Prepaid expenses		155,195	63,727
Accounts payable and accrued liabilities		160,208	167,129
<b>Cash flow used in operating activities</b>		<b>(272,983)</b>	<b>(313,230)</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition costs on exploration and evaluation assets	5	(29,085)	(142,156)
Proceeds from disposal of property, plant and equipment	4	28,000	160,000
<b>Cash flow provided by (used in) investing activities</b>		<b>(1,085)</b>	<b>17,844</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds on loan payable, net of transaction costs		-	81,000
<b>Cash flow provided by financing activities</b>		<b>-</b>	<b>81,000</b>
<b>Decrease in cash</b>		<b>(274,068)</b>	<b>(214,386)</b>
<b>Cash, beginning of period</b>		<b>331,899</b>	<b>278,979</b>
<b>Cash, end of period</b>		<b>57,831</b>	<b>64,593</b>
<b>Supplemental cash flow information</b>			
Exploration and evaluation assets included in accounts payable and accrued liabilities		-	71,000
Shares issued for conversion of convertible notes		-	76,000
Cash paid for income taxes		-	-
Cash paid for interest		-	-

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 Three Months Ended March 31, 2023

(Expressed in United States Dollars)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

Scorpio Gold Corporation (the “Company” or “Scorpio”) 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 Suite 910 - 800 West Pender Street Vancouver, British Columbia V6C 2V6. 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. The Company then 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 not economic and so ceased operations at Mineral Ridge (Note 5).

These unaudited condensed consolidated interim 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 March 31, 2023, the Company had a working capital deficiency of \$1,069,841 (December 31, 2022 – \$502,202). Management estimates that these funds will not provide the Company with 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.

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

#### **Proposed Transactions**

On May 18, 2023, the Company entered into a non-binding letter of intent (the “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 Corp. (“Altus Gold”), a private mining issuer with two mineral exploration projects in Esmeralda County, Nevada.

Immediately prior to the completion of the Transaction, the Company will complete a 5:1 share consolidation.

Under the terms of the LOI, the Company will acquire all the outstanding shares of Altus Gold in exchange for issuing to the shareholders of Altus Gold 16,900,000 post-consolidated common shares of the Company.

Pursuant to the LOI, as a condition of closing the Transaction, the Company will complete a concurrent financing of a minimum of CA\$5,000,000 (the “Concurrent Financing”). Altus Gold agreed to provide a non-interest bearing, secured bridge loan of \$500,000 to Scorpio Gold (the “Bridge Loan”), which will be forgiven upon closing the Transaction. If the Transaction does not complete for any reason other than a breach by Altus Gold of an enforceable provision of the LOI or the definitive agreement, the Bridge Loan will be repayable on demand.



## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2023

(Expressed in United States Dollars)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN (CONTINUED)

#### **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.

The unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2023 were approved by the Board of Directors on June 6, 2023.

### 2. SIGNIFICANT ACCOUNTING STANDARDS AND BASIS OF PREPARATION

#### **Statement of compliance to International Financial Reporting Standards**

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting.

#### **Basis of presentation**

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2022.

#### **New accounting standards**

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

### 3. RECLAMATION DEPOSITS

	\$
<b>Balance as of December 31, 2022</b>	7,818,085
Finance income	78,282
<b>Balance as of March 31, 2023</b>	<b>7,896,367</b>

The Company has reclamation bonds of \$14,689,517 and entered into an agreement with a surety under which the cash collateral is \$7,896,367 (December 31, 2022 – \$7,818,085) of which \$7,632,270 (December 31, 2022 – \$7,556,606) is for Mineral Ridge and \$264,097 (December 31, 2022 – \$261,479) is for Goldwedge.

## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2023

(Expressed in United States Dollars)

### 4. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment is broken down as follows:

	Buildings	Equipment	Vehicles	Furniture	Computer	Total
	\$	\$	\$	\$	\$	\$
<b>COST</b>						
As of December 31, 2022	3,078,725	19,001,321	277,802	12,115	821,743	23,191,706
Disposal	-	(26,446)	-	-	-	(26,446)
As of March 31, 2023	3,078,725	18,974,875	277,802	12,115	821,743	23,165,260
<b>ACCUMULATED DEPRECIATION</b>						
As of December 31, 2022	(2,456,662)	(14,898,006)	(244,866)	(12,115)	(797,700)	(18,409,349)
Addition	(2,840)	(8,933)	-	-	(1,018)	(12,791)
Disposal	-	7,046	-	-	-	7,046
As of March 31, 2023	(2,459,502)	(14,899,893)	(244,866)	(12,115)	(798,718)	(18,415,094)
Net book value as of March 31, 2023	619,223	4,074,982	32,936	-	23,025	4,750,166

During the three months ended March 31, 2023, the Company sold equipment with a net book value of \$19,400 for gross proceeds of \$28,000, and accordingly recorded a gain on disposal of assets of \$8,600.

During the three months ended March 31, 2022, the Company sold equipment with a net book value of \$137,446 for gross proceeds of \$160,000, and accordingly recorded a gain on disposal of assets of \$22,554.

### 5. MINERAL PROPERTIES

The Company's mineral properties are broken down as follows:

	\$
<b>Goldwedge</b>	
Balance as of December 31, 2022	1,109,254
Additions	29,085
Balance as of March 31, 2023	1,138,339

## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2023

(Expressed in United States Dollars)

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### 5. MINERAL PROPERTIES (CONTINUED)

#### Mineral Ridge mine

In August 2020, the Company granted an option to Titan Mining Corporation (“Titan”) to earn an 80% interest in the Mineral Ridge property by spending \$35,000,000 on exploration over five years. In June 2021, Titan terminated the agreement.

In determining the recoverable amount of the Mineral Ridge cash-generating unit (“CGU”), the Company determined the recoverable value using the fair value less costs of disposal using Level 3 valuation inputs. Based on its assessment the Company determined that the recoverable value using fair value less costs of disposal was \$4,480,000 as at December 31, 2021. During the year ended December 31, 2021, the Company recorded non-cash impairment charges for Mineral Ridge of \$375,276.

As noted above, the Company ceased operations of its heap leach pads in December 2021. Accordingly, the Company wrote-off its inventory and recorded an impairment in cost of sales for an amount of \$2,263,497 during the year ended December 31, 2021.

#### Goldwedge property and mill

In March 2021, the Company completed an acquisition of the Manhattan project located in Nye County, Nevada and situated adjacent and proximal to the Company’s Goldwedge property. In consideration, the Company paid \$100,000 cash and issued 2,091,149 common shares valued at \$199,062. The property is subject to a 2.0% net smelter returns royalty and certain reserved water rights.

In determining the recoverable amount of the Goldwedge CGU, the Company determined the recoverable value using the fair value less costs of disposal using Level 3 valuation inputs. Based on its assessment the Company determined that the recoverable value using fair value less costs of disposal was \$2,009,000 as at December 31, 2021. During the year ended December 31, 2021, the Company recorded non-cash impairment charges for Goldwedge of \$1,998,447.

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of March 31, 2023 included a payable of \$369,564 (CA\$500,000) due to Waterton Precious Metals Fund II Cayman, LP (“Waterton”) pursuant to the Termination, Redemption and Release Agreement entered between the Company and Waterton on March 4, 2019 (December 31, 2022 – \$369,257 (CA\$500,000)).

## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2023

(Expressed in United States Dollars)

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### 7. LOAN PAYABLE

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 its credit facility agreement with certain directors of the Company to increase the facility from up to \$500,000 to up to \$750,000 and to extend the repayment date to December 31, 2022.

As of March 31, 2023 and December 31, 2022, the balance of the loan payable was \$531,000.

### 8. WARRANT LIABILITY

	\$
<b>Balance as of December 31, 2022</b>	44,195
Gain on remeasurement	(42,989)
Effect of movements on exchange rates	65
<b>Balance as of March 31, 2023</b>	<b>1,271</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 March 31, 2023 using the Black-Scholes option pricing model with the following assumptions: a stock price of CA\$0.05 (March 31, 2022 – CA\$0.065); a risk free interest rate of 3.78% (March 31, 2022 – 2.17%); an expected volatility of 82% (March 31, 2022 – 73%); an expected life of 0.45 years (March 31, 2022 – 1.46 years); a forfeiture rate of nil (March 31, 2022 – nil); an expected dividend of nil (March 31, 2022 – nil); and an exchange rate of 0.7391 (March 31, 2022 – 0.8003). As a result of the revaluation, the Company recognized a gain on remeasurement of warrant liability of \$42,989 (March 31, 2022 – \$274,601) in the condensed consolidated interim statements of loss and comprehensive loss during the three months ended March 31, 2023.

As of March 31, 2023 and December 31, 2022, 37,500,000 warrants with an exercise price of CA\$0.24 remain outstanding. The expiry date of those warrants is September 14, 2023.

## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2023

(Expressed in United States Dollars)

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### 9. CONVERTIBLE NOTES

	\$
<b>Balance as of December 31, 2022</b>	2,519,526
Interest	113,481
<b>Balance as of March 31, 2023</b>	<b>2,633,007</b>

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 12.375% 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 year ended December 31, 2022 from the 2022 Credit Facility.

Using a risk-adjusted discount rate of 18%, the Company calculated and recorded the equity portion of the notes to be \$72,630.

During the three months ended March 31, 2023, the Company recorded an accretion of interest expense of \$113,481 on the 2022 Debentures (March 31, 2022 – \$nil).

## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2023

(Expressed in United States Dollars)

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### 10. PROVISION FOR ENVIRONMENTAL REHABILITATION

The provision for environmental rehabilitation consists of mine closure, reclamation and retirement obligations for mine facilities and infrastructure. The Company has recorded the following provision for environmental rehabilitation.

	\$
<b>Balance as of December 31, 2022</b>	5,862,850
Unwinding discount	62,812
<b>Balance as of March 31, 2023</b>	<b>5,925,662</b>

As of March 31, 2023 and December 31, 2022, the total undiscounted amount of estimated cash flows required to settle the provision for environmental rehabilitation at Mineral Ridge and Goldwedge is approximately \$6,308,306 and \$482,282, respectively.

The settlement of the obligations is estimated to occur through to 2023 and 2034, for Mineral Ridge and Goldwedge, respectively. All environmental rehabilitation obligations are intended to be funded from cash balances at the time of the rehabilitation and from reclamation bonds once related rehabilitation work has been approved by the relevant authorities and related funds returned to the Company (Note 3).

### 11. SHARE CAPITAL

#### **Authorized share capital**

Unlimited number of common shares without par value.

#### **Issued share capital**

At March 31, 2023 and December 31, 2022, the Company had 210,936,665 common shares issued and outstanding with a value of \$61,028,900.

During the three months ended March 31, 2023, no share capital transactions occurred.

During the three months ended March 31, 2022, the Company issued 950,000 common shares on conversion of \$76,000 of convertible notes.

## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2023

(Expressed in United States Dollars)

### 11. SHARE CAPITAL (CONTINUED)

#### 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

No options were granted, exercised or expired during the three months ended March 31, 2023 and 2022.

The following summarizes information about stock options outstanding and exercisable at March 31, 2023:

Expiry date	Exercise price (\$)	Options outstanding	Options exercisable	Estimated grant date fair value (\$)	Weighted average remaining contractual life (in years)
June 6, 2023	0.55	357,500	357,500	-	0.18
June 5, 2024	0.10	950,000	950,000	-	1.18
September 14, 2025	0.17	2,295,000	2,295,000	-	2.46
November 10, 2027	0.05	6,655,000	6,655,000	216,603	4.62
		<b>10,257,500</b>	<b>10,257,500</b>	<b>216,603</b>	<b>3.66</b>
<b>Weighted average exercise price (\$)</b>		<b>0.09</b>	<b>0.09</b>		

### 12. CARE AND MAINTENANCE

	For the three months ended	
	March 31, 2023	March 31, 2022
	\$	\$
Contractor	584	683
Fuel and reagents	24,799	42,469
Labour	188,866	328,139
Mechanical parts	(7,001)	4,652
Other	342,645	468,792
Recovery	(22,500)	(278,326)
	<b>527,393</b>	<b>566,409</b>

## Scorpio Gold Corporation

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

For the Three Months Ended March 31, 2023

(Expressed in United States Dollars)

### 13. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three months ended	
	March 31, 2023	March 31, 2022
	\$	\$
Salaries and benefits (Note 15)	-	132
Consultants	49,424	34,581
Insurance, travel and office related	6,041	1,740
Investor relations	2,742	6,979
Professional fees (Note 15)	11,945	13,013
Transfer agent and filing fees	10,974	-
	<b>81,126</b>	<b>56,445</b>

### 14. FINANCE COSTS

	For the three months ended	
	March 31, 2023	March 31, 2022
	\$	\$
Interest on convertible debentures (Note 9)	<b>113,481</b>	174,750
Unwinding of discount of provision for environmental rehabilitation (Note 10)	<b>62,812</b>	16,990
	<b>176,293</b>	<b>191,740</b>

### 15. 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.

During the three months ended, the salaries and benefits incurred to the key management are as follows:

- Chief Financial Officer – \$15,805 (March 31, 2022 – \$nil);
- Corporate Secretary – \$6,656 (March 31, 2022 – \$nil);
- General Manager, the spouse of the Company CEO – \$14,424 (March 31, 2022 – \$33,656); and
- Former Chief Financial Officer and Corporate Secretary – \$nil (March 31, 2022 – \$40,000)

#### Amounts due to related parties

Included in trade and other payables as of March 31, 2023 is \$55,204 (December 31, 2022 – \$4,839) due to key management for director fees and the reimbursement of expenditures.

Subsequent to March 31, 2023, one of the Company's directors provided a short-term loan to the Company with an amount of CA\$180,000. In addition, the General Manager of the Company provided a short-term loan to the Company with the amount of \$20,000.



## Scorpio Gold Corporation

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### 16. SEGMENTED INFORMATION

The Company operates in one reportable segment being the exploration and evaluation of mineral properties. The Company's non-current assets are located are as follows:

	March 31, 2023	Canada	United States
	\$	\$	\$
<b>Non-current assets</b>			
Reclamation deposits	7,896,367	-	7,896,367
Investments	764	764	-
Property, plant and equipment	4,750,166	-	4,750,166
Mineral properties	1,138,339	-	1,138,339
	December 31, 2022	-	4,750,166
	\$	\$	\$
<b>Non-current assets</b>			
Reclamation deposits	7,818,085	-	7,818,085
Investments	764	764	-
Property, plant and equipment	4,782,357	-	4,782,357
Mineral properties	1,109,254	-	1,109,254

All of the revenue is generated from the Mineral Ridge project located in the United States.

### 17. CAPITAL MANAGEMENT

Capital is defined as equity attributable to shareholders' equity. The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern and to maximize the value for its shareholders.

The Company's activities have been primarily funded so far through cash flows from operating activities and equity and debt financing based on cash needs. The Company typically sells its shares by way of private placement.

The Company manages its capital structure and determines its capital requirements in light of the changing economic conditions and the risk characteristics of its assets. To reach its objectives, the Company may need to maintain or adjust its capital structure by issuing new share capital or new debt.

At this stage of its development, it is the Company's policy to preserve cash to fund its operations and not to pay dividends.

## Scorpio Gold Corporation

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### 18. FINANCIAL INSTRUMENTS

#### Fair value

The carrying values of receivables, reclamation deposits, accounts payable and accrued liabilities, and loan payable approximate their fair value due to their short-term nature. The fair value of the Company's investments and warrant liability is recorded at fair value using Level 1 and Level 3 of the fair value hierarchy, respectively. The carrying value of the warrant liability is determined using the Black-Scholes option pricing model.

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.

Set out below are the Company's financial assets and financial liabilities by category:

	March 31, 2023	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>				
<b>ASSETS</b>				
Cash	57,831	-	57,831	-
Receivables	40,789	-	40,789	-
Reclamation deposits	7,896,367	-	7,896,367	-
Investments	764	764	-	-
<b>FINANCIAL LIABILITIES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	(825,083)	-	(825,083)	-
Loan payable	(531,000)	-	(531,000)	-
Warrant liability	(1,271)	(1,271)	-	-
Convertible notes	(2,633,007)	-	(2,633,007)	-

## Scorpio Gold Corporation

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### 18. FINANCIAL INSTRUMENTS (CONTINUED)

#### Fair value (continued)

	December 31, 2022	FVTPL	Amortized costs	FVTOCI
	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>				
<b>ASSETS</b>				
Cash	331,899	-	331,899	-
Receivables	61,881	-	61,881	-
Reclamation deposits	7,818,085	-	7,818,085	-
Investments	764	764	-	-
<b>FINANCIAL LIABILITIES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	(664,875)	-	(664,875)	-
Loan payable	(531,000)	-	(531,000)	-
Warrant liability	(44,195)	(44,195)	-	-
Convertible notes	(2,519,526)	-	(2,519,526)	-

#### Financial risk management

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

##### Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is attributable to cash, receivables and reclamation bonds. The credit risk on cash, as well as reclamation bonds is limited because the Company invests its cash and reclamation bonds in deposits with well capitalized financial institutions with strong credit ratings. Receivables on regular precious metal sales are generally received within a week after delivery. The Company has no past due accounts and has not recorded a provision for doubtful accounts.

##### 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 to 3 years	4 to 5 years	More than 5 years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	825,083	825,083	-	-	-
Loan payable	531,000	531,000	-	-	-
Warrant liability	1,271	1,271	-	-	-
Convertible notes	2,633,007	2,633,007	-	-	-
Provision for environmental rehabilitation (undiscounted)	6,790,588	210,267	6,316,386	160,253	103,682
	<b>10,780,949</b>	<b>4,200,628</b>	<b>6,316,386</b>	<b>160,253</b>	<b>103,682</b>

## Scorpio Gold Corporation

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### 18. FINANCIAL INSTRUMENTS (CONTINUED)

#### **Financial risk management (continued)**

##### ***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and price risk.

##### ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The 2022 Credit Facility are fixed at an interest rate of 12.375% per annum and accordingly are not subject to cash flow interest rate risk due to changes in the market rate of interest. The Company does not use financial derivatives to manage its exposure to interest rate risk.

##### ***Currency risk***

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in US Dollars ("US\$"). The Company has not entered into any foreign currency contracts to mitigate this risk. The Company's financial assets and liabilities are held in US\$ and Canadian Dollars ("CA\$"); therefore, CA\$ accounts are subject to fluctuation against the US Dollars.

The Company had the following balances in foreign currency as at March 31, 2023:

	US\$	CA\$
Cash	42,934	20,155
Receivables	40,792	-
Reclamation deposits	7,896,367	-
Investments	764	-
Accounts payable and accrued liabilities	(397,897)	(577,960)
Loan payable	(531,000)	-
Warrant liability	(1,271)	-
Convertible notes	(2,633,007)	-
	<b>4,417,682</b>	<b>(557,805)</b>
Rate to convert to \$1.00 US\$	1.00000	0.73913
<b>Equivalent to US\$</b>	<b>4,417,682</b>	<b>(412,289)</b>

Based on the above net exposures as at March 31, 2023, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the US\$ against the CA\$ would increase/decrease comprehensive loss by \$40,000.