SCORPIO GOLD CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The following Management Discussion and Analysis ("MD&A") is for the six-month period ended June 30, 2015 and is provided as of August 26, 2015. This MD&A is to be read in conjunction with the most recently issued annual consolidated financial statements for the year ended December 31, 2014 and the condensed consolidated interim financial statements of Scorpio Gold Corporation (the "Company" or "Scorpio Gold") for the three and six-month periods ended June 30, 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These documents are available on the Company's website (www.scorpiogold.com) and filed on SEDAR (www.sedar.com). All dollar amounts are in US dollars unless otherwise indicated.

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

HIGHLIGHTS FOR THE SECOND QUARTER ("Q2") ENDED JUNE 30, 2015 AND SUBSEQUENT EVENTS

- 8,738 ounces of gold were produced at the Mineral Ridge mine, compared to 9,034 ounces produced during Q2 of 2014.
- Revenue of $12.1 million, compared to $10.6 million during Q2 of 2014, due to a higher number of ounces of gold sold despite a lower average gold price.
- Total cash cost per ounce of gold sold(1) of $800, compared to $815 during Q2 of 2014.
- Mine operating earnings (1) of $2.4 million, compared to $1.0 million during Q2 of 2014, mainly due to lower depletion and amortization.
- Net earnings of $1.7 million ($0.01 basic and diluted per share), compared to $0.6 million ($0.00 basic and diluted per share) during Q2 of 2014.
- Adjusted net earnings (1) of $1.8 million ($0.01 basic and diluted per share), compared to $0.5 million ($0.00 basic and diluted per share) during Q2 of 2014.
- Adjusted EBITDA (1) of $2.9 million ($0.01 basic and diluted per share), compared to $3.4 million ($0.02 basic and diluted per share) during Q2 of 2014.
- Cash flow from operating activities (1) of $4.6 million, compared to $2.2 million during Q2 of 2014, mainly as a result of a decrease in inventory level.
- Effective July 28, 2015, the Goldwedge property was put on care and maintenance.
- On August 14, 2015, the Company closed a $6 million principal amount debt financing that will be mainly used to fund the exploration and development of the Company's Mineral Ridge property and for general working capital purposes. The debt bears interest at a rate of 10% per annum, paid quarterly in arrears, has a three year term, and is secured against all of the assets of the Company and its subsidiaries.

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

HIGHLIGHTS FOR THE SIX MONTHS ENDED JUNE 30, 2015

- 20,690 ounces of gold were produced at the Mineral Ridge mine, compared to 19,328 ounces produced during the six months ended June 30, 2014.
- Revenue of $24.4 million, compared to $23.9 million during the six months ended June 30, 2014, mainly due to increased production which resulted in a higher number of ounces of gold sold, but at a lower average gold price.
- Total cash cost per ounce of gold sold[(1)] of $798, compared to $803 during the six months ended June 30, 2014.
- Mine operating earnings [(1)] of $4.5 million, compared to $2.4 million during the six months ended June 30, 2014, mainly due to lower depletion and amortization.
- Net earnings of $2.5 million ($0.01 basic and diluted per share), compared to net earnings of $1.0 million ($0.00 basic and diluted per share).
- Adjusted net earnings [(1)] of $1.4 million ($0.01 basic and diluted per share), compared to $0.9 million ($0.00 basic and diluted per share) during the six months ended June 30, 2014.
- Adjusted EBITDA [(1)] of $4.7 million ($0.02 basic and diluted per share), compared to $7.2 million ($0.04 basic and diluted per share) million during the six months ended June 30, 2014.
- Cash flow from operating activities [(1)] of $9.0 million, compared to $5.4 million during the six months ended June 30, 2014, mainly as a result of a decrease in inventory level.

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

KEY OPERATING AND FINANCIAL STATISTICS

	FOR THE THREE MONTHS ENDED		FOR THE SIX MONTHS ENDED	
	JUNE 30, 2015	JUNE 30, 2014	**JUNE 30, 2015**	JUNE 30, 2014
Mining operations				
Mary pit				
Ore tonnes mined	78,343	79,394	196,307	172,142
Waste tonnes mined	298,704	612,511	1,043,681	1,027,872
Total mined	377,047	691,905	1,239,988	1,200,014
Strip ratio	3.8	7.7	5.3	6.0
Satellite pits				
Ore tonnes mined	56,046	-	114,119	-
Waste tonnes mined	113,521	-	285,873	-
Total mined	169,567	-	399,992	-
Strip ratio	2.0	-	2.5	-
Drinkwater pit				
Ore tonnes mined	-	165,882	-	320,834
Waste tonnes mined	-	326,304	-	724,537
Total mined	-	492,186	-	1,045,371
Strip ratio	-	2.0	-	2.3
Total producing pits				
Ore tonnes mined	134,389	245,276	310,426	492,976
Waste tonnes mined	412,225	938,815	1,329,554	1,752,409
Total mined	546,614	1,184,091	1,639,980	2,245,385
Strip ratio	3.1	3.8	4.3	3.6
Pits under development				
Ore tonnes mined	53,264	6,915	92,146	6,915
Waste tonnes mined	1,190,883	411,162	1,995,432	668,558
Total mined	1,244,147	418,077	2,087,578	675,473
Total mining operation				
Ore tonnes mined	187,653	252,191	402,572	499,891
Waste tonnes mined	1,603,108	1,349,977	3,324,986	2,420,967
Total mined	1,790,761	1,602,168	3,727,558	2,920,858

	FOR THE THREE MONTHS ENDED		FOR THE SIX MONTHS ENDED	
	JUNE 30, 2015	JUNE 30, 2014	**JUNE 30, 2015**	JUNE 30, 2014
Processing				
Tonnes processed	194,651	247,073	413,023	491,846
Gold head grade (grams per tonne)	1.37	1.80	1.39	1.87
Availability*	43.3%	52.4%	47.6%	51.7%
Ounces produced				
Gold	8,738	9,034	20,690	19,328
Silver	3,591	3,771	9,910	8,884

* Processing Availability is based on hours of crusher operations versus permitted run time.

Financials				
(In thousands of US dollars, except per ounce and per share numbers)	$	$	$	$
Total cash cost per ounce of gold sold[1]	800	815	798	803
Ounces sold				
Gold	10,217	8,338	20,625	18,860
Silver	6,090	3,375	10,322	8,716
Average price of gold				
London PM fix	1,193	1,288	1,206	1,291
Realized	1,173	1,269	1,176	1,258
Net earnings	1,747	608	2,626	986
Basic and diluted net earnings per share	0.01	0.00	0.01	0.00
Adjusted net earnings [1]	1,772	524	2,751	910
Basic and diluted adjusted net earnings per share [1]	0.01	0.00	0.01	0.00
Adjusted EBITDA[1]	2,867	3,308	4,738	7,241
Basic and diluted adjusted EBITDA per share [1]	0.01	0.02	0.02	0.04
Cash flow from operating activities	4,608	2,224	8,952	5,362

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

MINERAL PROPERTIES

The Company's President and CEO, Mr. Peter J. Hawley, is the Company's qualified person under National Instrument 43-101-*Standards of Disclosure for Mineral Projects* ("NI 43-101"), and has reviewed and approved the following technical disclosure.

Mineral Ridge Property, Nevada

On March 10, 2010, the Company acquired a 70% interest in the Mineral Ridge Property and related assets, which was a former producing gold mine in Nevada. Mining by the Company commenced in June 2011 and Mineral Ridge entered commercial production in January 2012. The Company is currently receiving 80% of cash flows generated at the Mineral Ridge mine in accordance with the project agreements, but effective August 14, 2015, the Company will now owe and accrue to its partner an amount equal to 10% of amounts actually distributed to the partners in the Mineral Ridge mine. For more information see Results of Operations – Debt Financing.

General

The Mineral Ridge Property is located about 56 km southwest of Tonopah, Nevada. The property consists of several consolidated claim blocks and historic mining operations dating from the 1860's up through the 1940's. Open pit mining began again in the area in 1989, primarily in the Drinkwater open pit. Gold mineralization is hosted in the lowest unit of the Wyman Limestone formation, typically referred to as the "Mary Limestone". Historic mining properties consolidated by the Mineral Ridge Property include the Drinkwater, Mary and Brodie underground mines. With the exception of the Drinkwater pit, from which mining was completed in Q3 of 2014, these properties are the focus of current production plans by both open pit and possibly underground mining methods. The Mineral Ridge Property had historically produced almost 630,000 ounces of gold before its acquisition by the Company, including ~168,000 ounces from open pit and ~462,000 ounces from underground mining operations. The property is currently bonded and permitted for heap leach gold processing and production. The property hosts multiple gold bearing structures, veins and bodies and features an existing infrastructure consisting of roadways, power grid, heap leach pad, crushing circuit, gold Adsorption/Desorption/Recovery ("ADR") plant, water supply, maintenance shop, refuelling and storage facilities and administrative buildings

Resource and reserve estimates

In July of 2014, the Company announced results of an updated Life of Mine Plan ("LOM") completed for the Drinkwater, Mary, Mary LC, Brodie, Bluelite, Solberry, Wedge and Oromonte deposits at the 70% owned Mineral Ridge Property, located in Nevada.

The updated mine plan, which includes an updated mineral reserve estimate, projects mine life for the Mineral Ridge mine extending into the 3rd quarter of 2016, or approximately 29 months as of the end of March 2014, the date of the LOM update. Average ore production over this time frame is estimated at 73,700 tons per month ("t/m") based on total estimated Probable Mineral Reserves of 2.1 million tons ("Mt") at a grade of 0.061 ounces per ton ("oz/ton") gold (131,190 oz contained gold) within estimated Indicated Mineral Resources of 2.7 Mt at a grade of 0.059 oz/ton (160,300 oz contained gold). Expansion and infill drilling of the satellite deposits has continued since the March 31, 2014 cut-off date for the LOM and is expected to add to the resource base and potentially support further conversion of current mineral resources to mineral reserves.

This LOM is inclusive of the Drinkwater, Mary and Mary LC deposits and the five satellite deposits, Brodie, Wedge, Bluelite, Solberry and Oromonte. An Inferred Mineral Resource estimate for the Brodie, Wedge, Bluelite, and Solberry deposits, dated June 1, 2013, was reported in the Company's August 16, 2013 news release. Development drilling over the past two years has allowed for an upgrade of the previous resource estimate to include Indicated Mineral Resources containing Probable Mineral Reserves. The updated Indicated Mineral Resource estimate for the five satellite deposits is 625,100 tons at a grade of 0.061 oz/ton gold (38,360 oz contained gold), which includes Probable Mineral Reserves for four of the deposits of 463,880 tons at a grade of 0.065 oz/ton gold (30,050 oz contained gold).

The Mineral Resource and Mineral Reserve estimates in the LOM were prepared by Jim Ashton, P.E., an employee of the Company and a qualified person pursuant to NI 43-101 and audited by independent qualified person, Mr. Randy Martin, RM-SME of Welsh Hagen Associates. The LOM is an independent technical report supporting the disclosure of the Mineral Resource and Mineral Reserve estimate, was prepared by Welsh Hagen Associates and was filed on SEDAR on September 3, 2014.

See the Company's news release dated July 21, 2014 for further details of the LOM and the resource and reserve estimates contained therein.

In light of the recent downturn in the gold price, the Company has completed a detailed review of its mineral reserve and resource base as well as results from its 2014-15 drilling campaigns and has developed a revised mine plan to optimize the current working areas. The Company will focus on the current mining of the Mary LC pit as well as the newly developed Solberry and Bluelight satellite pits, both of which have a lower strip ratio and higher gold grades compared to the other deposits. Areas with higher strip ratios such as the Brodie pit and Phase 3 of the Mary LC pit will remain inactive until such time there is an increase in the gold price to support their economic development.

Mining activities

Total mine production for second quarter of 2015 was 1,790,761 tonnes, compared to 1,602,168 tonnes mined in Q2 of 2014. For the first six months of 2015 total mine production was 3,727,558 tonnes, compared to 2,920,858 tonnes mined in the first six months of 2014. Total mining operation in the 2nd quarter was composed of 187,653 tonnes of ore and 1,603,108 tonnes of waste. The ore was mined from the 6490 through 6400 benches (10-foot benches) in the Mary pit and from the 6610 through 6580 benches and 6530 through 6480 benches (10-foot benches) in the Mary LC pit. Ore was also mined from the Satellite pits as follows: from the 7130 through 7100 benches in the Wedge pit, from the 7050 through 7000 benches in the Brodie (phase A) pit, from the 7390 and 7380 benches in the Solberry pit, and from the 7260 bench in the Bluelite pit. All benches are 10-foot in height. The average gold grade of the mined ore in Q2 of 2015 was 1.49 grams per tonne, which was lower than the 2014 Q2 grade of 1.59 grams per tonne. For the first six months of 2015, the average gold grade of the ore mined was 1.52 grams per tonne, which was lower than the first six months of 2014 grade of 1.69 grams per tonne. Stripping of waste material from the Mary LC pit continued through the second quarter of 2015 and amounted to 1,045,756 tonnes. For the first six months of 2015, the stripping in the Mary LC pit totaled 1,732,711 tonnes. During Q2 of 2015, 52,483 tonnes of ore were mined from the Mary LC pit and 56,827 tonnes of ore were mined from the Satellite pits. The average grade from the Mary LC and Satellite pits were 1.42 grams per tonne and 1.59 grams per tonne respectively. The most recent mine plan shows that the grade of the ore mined in the third quarter will increase.

The average production for the second quarter of 2015 was 33,162 tonnes per day ("TPD") which is substantially higher than Q2 of 2014 which was 30,811 TPD. Mining operations occur on a one-shift per day, five days a week schedule, with drilling operations working on a seven day per week schedule. Beginning June 1, 2015, LEDCOR transitioned to mining seven days a week utilizing two crews. This allows for more flexibility of the mining equipment while also providing the ability to increase mine production.

The reconciliation of Q2 2015 actual results to the Company's current mineral model for the Mary Pit showed that the actual ore mined contained 3% less ore tonnes than predicted and the contained ounces were 37% lower than predicted mainly due to excess dilution and blast movement. For the Mary LC Pit the reconciliation to the current mineral model showed that the actual ore mined contained 13% more ore tonnes than predicted and the contained ounces were 2% lower than predicted. The Q2 2015 reconciliation for the Brodie pit shows that the actual ore mined was 141% greater than that predicted by the model and the contained ounces were 60% higher than predicted. For the Wedge pit, the Q2 2015 reconciliation shows that the actual ore mined was 13.5% lower than predicted by the model and the contained ounces were 18% lower than predicted. The model to mine reconciliation results for the Bluelite and Solberry pits are not presented as only two small benches from each pit have been mined to date. The mine ore control, based on blast hole assays, versus actual mine production shows to date a 14.9%, 17.3%, 16.0%, 9.0%, 17.1%, and 26.9% dilution of the mineralized material in the Mary, Mary LC, Brodie, Wedge, Bluelite, and Solberry Pits, respectively. Projected dilution was estimated at 10%. The mine reconciliation, through the end of the second quarter of 2015, compared to the current mine model, which was developed with oversight from Welsh Hagen Associates, shows through the completion of the 6400 bench in the Mary pit that actual mine ore production was 35% higher than was predicted by the model and that the ore mined contained approximately 18.6% more gold ounces than predicted. The mine reconciliation for the Mary LC pit through the 6490 bench shows that actual ore production was 59% greater than predicted by the model and the ore mined contained approximately 47% more gold ounces than predicted. For the Satellite pits the pit to date reconciliation for the Wedge pit through the 7000 bench shows that actual ore production was 21% higher than predicted and the ore mined contained 11% more gold ounces than predicted. For the Brodie pit through the 7000 bench the reconciliation shows that the actual ore mined was 81% higher than predicted by the model and that the ore contained 31% more gold ounces than predicted. For the Bluelite pit through the 7250 bench the reconciliation shows that the actual ore mined was 39% less than predicted by the current model and that this ore contained 59% less gold ounces than predicted. For the Solberry pit through the 7380 bench the reconciliation shows that the actual ore mined was 8% more than predicted by the current model and that this ore contained 23% less gold ounces than predicted. Only two small benches from each of the Bluelite and Solberry pit have been mined as of the end of Q2 thus the reported results to date are not a fair comparison to what the total modeled pits represent.

During Q2, the actual mine grades of extracted gold mineralization for the Mary and Mary LC deposits were compiled with the remaining reserves remodeled to address the lower grade trend that was noted of mined material during Q1 of 2015. The previous mineral envelopes have been adjusted in the updated new grade models to reflect the mineralized zones seen in areas already mined, other than that predicted by the model based on drilling. The remodeling effort resulted in the grade for the Mary and Mary LC deposits decreasing by 8.9% and 2.7% respectively. This conservative measure will ensure that the grade of material expected to be mined will likely be closer to the actual material mined and leave the upside for positive grade variance.

Operations activities

Total operations production for Q2 of 2015 was 194,651 tonnes processed, compared to 247,073 tonnes processed in Q2 of 2014. Total operations production in the first six months of 2015 was 413,023 tonnes processed, compared to 491,846 tonnes processed in the first six months of 2014. The processed ore was mined from the Mary, Mary LC pits as well as the Wedge, Brodie, Bluelite and Solberry satellite pits. The average crusher throughput per day for Q2 of 2015 was 2,139 tonnes at a head grade of 0.040 opt (1.37 g/t) gold, compared to Q2 of 2014 which had 2,715 tonnes throughput per day at an average head grade of 0.053 opt (1.80 g/t) gold. Year to date for 2015, the average crusher throughput per day was 2,282 tonnes at an average head grade of 0.041 opt (1.39 g/t), compared to the first six months of 2014 which had an average throughput rate of 2,715 tonnes per day at an average head grade of 0.055 opt (1.87 g/t) gold. Estimated recoverable contained ounces of gold crushed and placed on the heap leach pad for Q2 of 2015 were 5,769 ounces, compared to 9,297 ounces in Q2 of 2014.

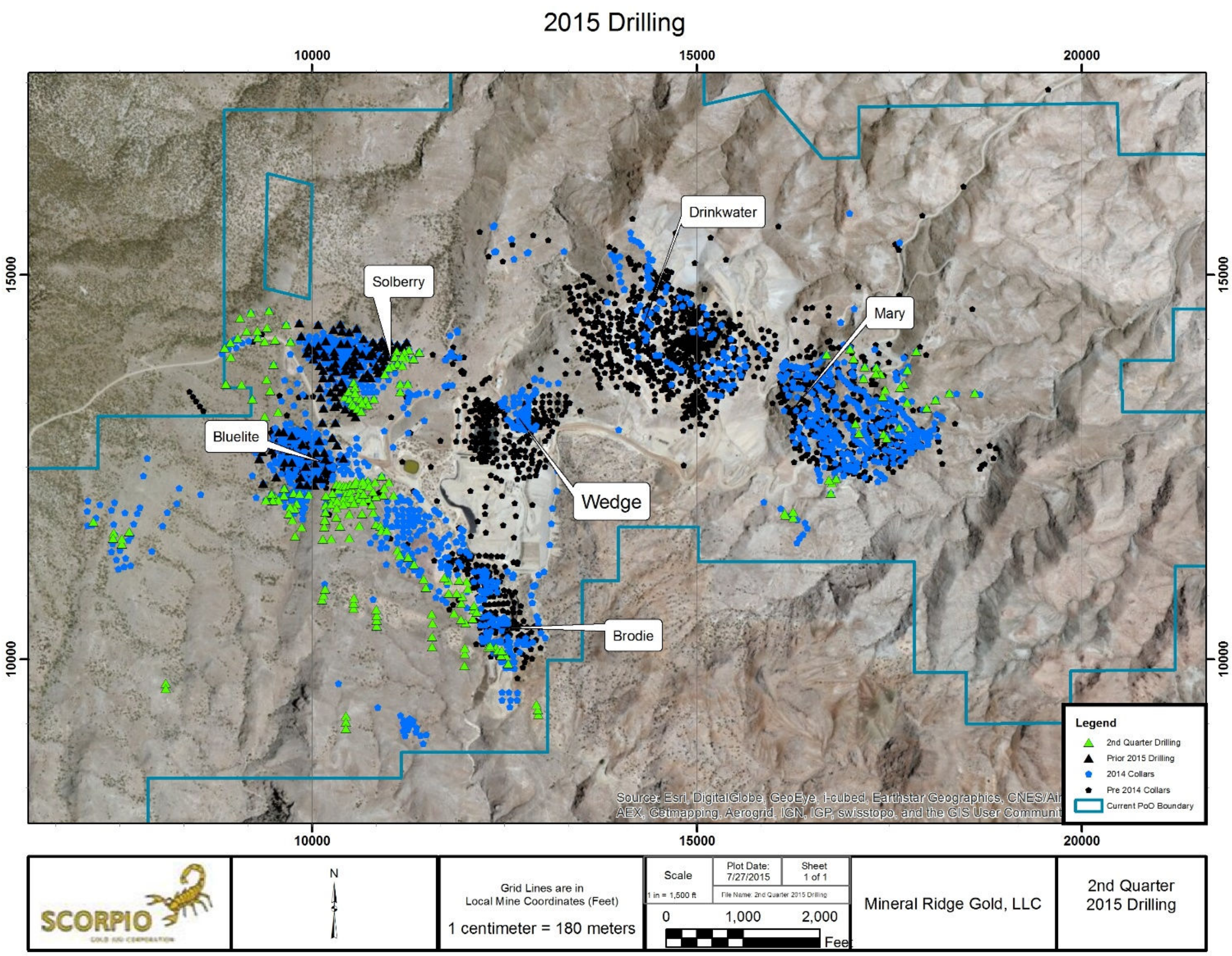
The availability of the crushing facility for the second quarter of 2015 was 43.3% compared to 52.4% for Q2 of 2014. Processing availability is based on hours of crusher operations versus permitted run time.

Application of cyanide leach solution to the freshly stacked mineralized material on the leach pad continues with 335 million gallons in Q2 of 2015, compared with 167 million gallons of leach solution applied during Q2 of 2014. The increased application of solution was due to higher fresh water production rates from the sites, two producing water wells. These wells were rehabilitated in the third quarter of 2014, which allowed for these increased flow rates. There were 296 million gallons of pregnant, gold-bearing solution processed through the ADR carbon column circuit at an average grade of 0.30 ppm gold and 0.23 ppm silver, compared with 146 million gallons at an average head grade of 0.69 ppm gold and 0.41 ppm silver in Q2 of 2014. Calculated efficiency for recovery of precious metals from solution processed through the ADR for Q2 of 2015 was 86.5% for gold and 56.7 % for silver, compared with 83.1% for gold and 56.0% for silver in Q2 of 2014. The efficiency of this circuit is directly affected by the activity of the activated carbon utilized for recovery of precious metals from solution as well as the flow rate of the solution being pumped through the columns. The average flow rate for Q2 of 2015 was 2,256 gpm ("gallons per minute") and the carbon efficiency averaged 56.0% of virgin carbon, compared to 1,099 gpm and 52.8% efficiency in Q2 of 2014. This circuit is a closed loop circuit so any precious metals that are not recovered in the first pass will re-circulate and eventually be recovered. The loaded carbon from this circuit is shipped off site for stripping of the precious metals and upon completion of stripping is returned to the site for reuse.

As a result of the recent higher than expected gold ounces recovered from the leach pad, a review of leach pad inventory level has been performed and an additional 4,882 estimated recoverable ounces were added to the leach pad inventory during Q2 of 2015.

During Q2 of 2015, the Company produced 8,738 ounces of gold and 3,591 ounces of silver, compared to 9,034 ounces of gold and 3,771 ounces of silver produced in Q2 of 2014. For the first half of 2015, the Company produced 20,690 ounces of gold and 9,910 ounces of silver, compared to 19,328 ounces of gold and 8,884 ounces of silver produced in the same period of 2014.

Current Exploration / Permitting



Prior to the commencement of the 2015 drilling campaign, drill sites and exploration roads were built and updates were made to the 3D geological model with information obtained during the 2014 drill program and the data from oriented core drilling and interpretation of prior geophysical field surveys. Drilling commenced in early March 2015, with the use of three reverse circulation (RC) drill rigs. During Q2 of 2015, the drills completed 253 holes for 27,735 meters of drilling, compared with 163 holes for 15,250 meters in Q2 of 2014. The first phase of 2015 exploration completed infill and development drilling of the Solberry, Mary, Mary LC and Bluelite deposits. Completing infill and development drilling in the Wedge and Brodie pits is ongoing. An emphasis has been placed on targeting shallower, higher grade targets to decrease the cost per ounce discovered and improve the economics of new discoveries. The second phase is working at further defining targets identified last year including the State Bank, Custer and Physik targets as well as new targets south of the Brodie Deposit. This may include targeting green field exploration targets such as the North Springs target if time allows.

The 3D geological model has been further refined in early 2015, integrating field geological mapping, oriented core structural information and observations from ongoing mining operations which then has been used as a tool to identify and prioritize drill targets for the 2015 drill campaign.

Initial infill and development drill results from Solberry and Bluelite have continued to be received in Q2 of 2015 and are being released as they are compiled into the existing data base to form wire frame mineralized solids which will be incorporated into the existing pit designs.

Infill drilling in the known pits will increase confidence of the deposits and enable more efficient mining.

The Plan of Operations Amendment and associated Environmental Assessment authorizing expansion of the Mary LC Pit, the Brodie Pit, and the Wedge Pit, as well as development of the Bluelite and Solberry satellite pits, received final approval from the Bureau of Land Management ("BLM") on April 16, 2015.

The Company is currently evaluating the possible expansion of the heap leach pad to the western side of the existing facility. A preliminary design has identified two potential options: involving a 1.3 MT expansion and a 4.4 MT expansion respectively. Initial discussions regarding permitting of this expansion have been held with the BLM and the Nevada Division of Environmental Protection.

Other properties

Goldwedge

The Goldwedge property, including the Goldwedge mine and a processing plant, is located approximately 55 kilometers northeast of the town of Tonopah, in west-central Nevada, in a region of numerous historic and active gold mines.

The Goldwedge mill facility has been placed on a care and maintenance basis effective July 28th 2015 for the near-term and can be restarted immediately when needed.

Summary
Access is excellent from paved roads and both water and power are available on site. The Goldwedge Mine contains a small gold mineralized area with excellent potential to grow with further exploration and development. The existing estimated resource covers a strike length of approximately 335 meters, with a drill tested vertical extent of over 152 meters. The system is open along strike down-dip and down-plunge toward the northwest. The project includes a permitted 455 tonne per day crushing plant, gravity recovery facility, leach pads and over 610 meters of decline.

Current Exploration
A small 21 hole underground diamond exploration program totaling 1,429 meters was completed in Q2 of 2015 with results continuing to be received.

Lac Arseneault Property

The Lac Arseneault property is located in Bonaventure County, 36 km north of the town of Paspebiac on the south coast of the Gaspe Peninsula, Quebec. The property consists of 30 contiguous unpatented claims covering approximately 480 hectares. Scorpio Gold holds a 100% interest in the property, subject to a 2% NSR royalty payable to the previous owner. The Company has written down the value of the property in prior years.

Environmental Regulation

Exploration and development activities are subject to various federal, state and provincial laws and regulations which govern the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive.

Scorpio Gold conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to incur expenditures in the future to comply with such laws and regulations.

RESULTS OF OPERATIONS

The financial information disclosed below, including comparative period information has been prepared in accordance with IFRS and is reported in US dollars. Tabular dollar amounts except per share amounts are reported in thousands of US dollars.

Scorpio Gold reported net earnings of $1.7 million for the three months ended June 30, 2015, compared to $0.6 million for the three months ended June 30, 2014. Net earnings attributable to the shareholders of the Company were $1.0 million ($0.01 per share) for the three months ended June 30, 2015, compared to $0.3 million ($0.00 per share) for the three months ended June 30, 2014. Net earnings attributable to the non-controlling interest were $0.7 million for the three months ended June 30, 2015, compared to $0.3 million for the three months ended June 30, 2014.

Scorpio Gold reported net earnings of $2.5 million for the six months ended June 30, 2015, compared to $1.0 million for the six months ended June 30, 2014. Net earnings attributable to the shareholders of the Company were $1.1 million ($0.01 per share) for the six months ended June 30, 2015, compared to $0.3 million ($0.00 per share) for the six months ended June 30, 2014. Net earnings attributable to the non-controlling interest were $1.4 million for the six months ended June 30, 2015, compared to $0.6 million for the six months ended June 30, 2014.

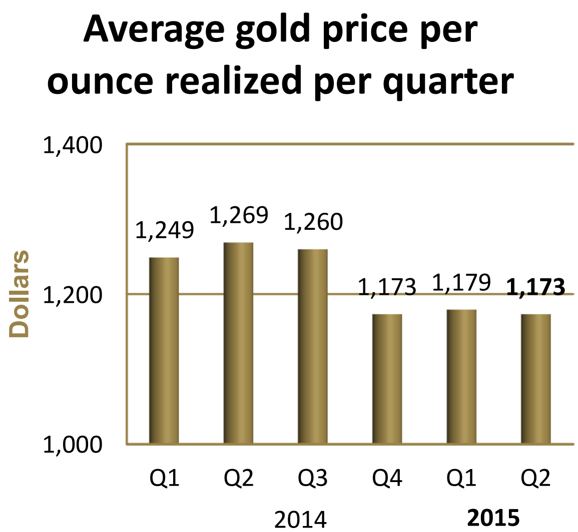
The major differences between the three and six-month periods ended June 30, 2015 and June 30, 2014 results are explained below.

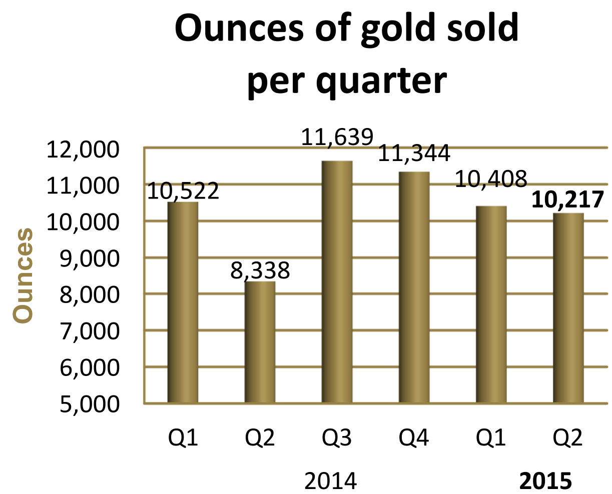
Revenue

During Q2 of 2015, the Company sold 10,217 ounces of gold and 6,090 ounces of silver for total revenue of $12.1 million. During Q2 of 2014, the Company sold 8,338 ounces of gold and 3,375 ounces of silver for total revenue of $10.6 million. Revenue for Q2 of 2015 was favorably impacted by a reduction of 1,485 ounces of gold available for sale in inventory during Q2 of 2015. During Q2 of 2015, gold ounces were sold at an average price of $1,173 ($1,269 in Q2 of 2014) and silver ounces at an average price of $16 ($19 in Q2 of 2014).

During the six-month period ended June 30, 2015, the Company sold 20,625 ounces of gold and 10,322 ounces of silver for total revenue of $24.4 million at an average price of $1,176 for gold and $16 for silver, whereas during the six-month period ended June 30, 2014, the Company sold 18,860 ounces of gold and 8,716 ounces of silver for total revenue of $23.9 million at an average price of $1,258 for gold and $20 for silver.

The Company’s realized average gold price is lower than the average London PM fix mainly because of timing of sales as well as the terms of the Company’s gold and silver supply agreement. As of June 30, 2015, the Company had inventories including 123 ounces of gold available for sale, compared to 75 ounces of gold as at December 31, 2014.





Mine operating earnings

Cost of sales excluding depletion and amortization increased from $6.9 million for Q2 of 2014 to $8.6 million for Q2 of 2015. This increase is explained by the increase in the number of gold ounces sold and the variance in cash operating cost per ounce described below.

Cash operating cost per gold ounce sold [(1)], after silver by-product credits, was $796 for Q2 of 2015, compared to $816 in Q2 of 2014. Total cash cost per ounce sold [(1)], after silver by-product credits, was $800 for Q2 of 2015, compared to $815 in Q2 of 2014. During Q2 of 2015, the Company estimated that an additional 4,882 ounces of inventory was on the leach pad and in process, which was accounted for prospectively and positively impacted cash cost for Q2 of 2015. This positive impact was however offset by a lower mined grade during Q2 of 2015 compared to Q2 of 2014. Average head grade was 23.9% lower during Q2 of 2015 compared to Q2 of 2014, which negatively impacted the cost of sales.

Depletion and amortization was $1.0 million during Q2 of 2015, compared to $2.7 million during Q2 of 2014, a reduction of 62.4% even though the Company mined 25.6% less ore during Q2 of 2015 than during the corresponding period of 2014. This is mainly explained by the fact that the Company recorded $26.9 million impairment on its assets at the Mineral Ridge mine during Q4 of 2014.

As a result, cost of sales including depletion and amortization slightly increased from $9.6 million for the three-month period ended June 30, 2014 to $9.7 million for the three-month period ended June 30, 2015.

Mine operating earnings[(1)] were therefore $2.4 million for the second quarter of 2015, compared to $1.0 million for the comparative period of 2014.

Cost of sales excluding depletion and amortization increased from $15.7 million for the six-month period ended June 30, 2014 to $18.2 million for the six-month period ended June 30, 2015. This increase is explained by the increase in the number of gold ounces sold and the variance in cash operating cost per ounce below.

Cash operating cost per gold ounce sold [(1)], after silver by-product credits, was $792 for the first half of 2015 compared to $793 in the same period of 2014. Total cash cost per ounce sold [(1)], after silver by-product credits, was $798 for the first half of 2015, compared to $803 for the same period of 2014. In addition to the 4,882 additional

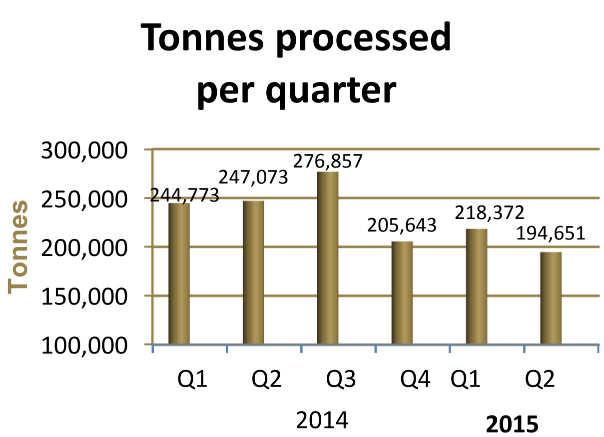
[(1)] This is a non-IFRS financial performance measure. Please see Non-IFRS performance measures section.

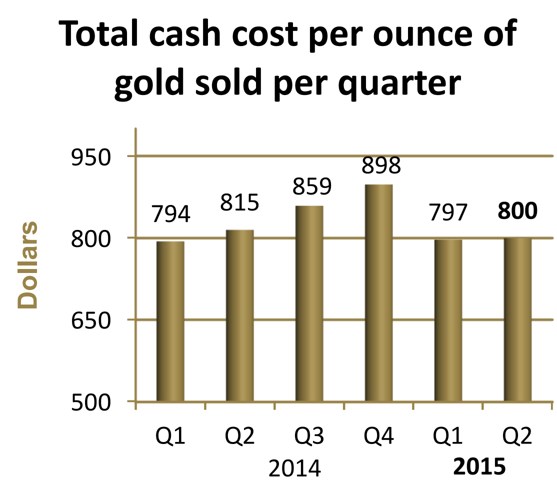
ounces mentioned above, as at December 31, 2014, the Company estimated that an additional 3,307 ounces of inventory were on the leach pad and in process, which was accounted for prospectively and positively impacted cash cost for 2015, but this positive impact was offset by a lower mined grade during 2015 compared to 2014. Average head grade was 25.7% lower during the first half of 2015 compared to same period of 2014, which negatively impacted the cost of sales.

Depletion and amortization was $1.8 million during the first half of 2015, compared to $5.9 million during the first half of 2014, a reduction of 70% even though the Company mined 19.5% less ore during 2015 than during the corresponding period. This is mainly explained by the fact that the Company recorded $26.9 million impairment on its assets at the Mineral Ridge mine during Q4 of 2014.

As a result, cost of sales including depletion and amortization decreased from $21.5 million for the period ended June 30, 2014 to $20.0 million for the period ended June 30, 2015.

Mine operating earnings(1) were therefore $4.5 million for the period ended June 30, 2015, compared to $2.4 million for the comparative period of 2014.





General and administrative

General and administrative expenses totalled $0.6 million for Q2 of 2015, compared to $0.5 million for the same period of 2014. The increase in salaries and benefits for the three and six-month periods ended June 30, 2015 is related to severance accounted for as a result of termination of employment. This increase was offset by salary and benefits savings for the terminated employee as well as a more favorable USD/CAD exchange rate for both the three and six-month periods ended June 30, 2015 compared to comparative periods of 2014.

General and administrative expenses totalled $1.7 million for the first half of 2015, compared to $1.0 million for the same period of 2014. 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. This financing was thereafter terminated and as such the Company is obligated to pay a $0.5 million break fee along with approximately $0.1 million of related due diligence and legal costs incurred by Coral Reef.

During the period ended March 31, 2015, an aggregate of 2,925,000 stock options were granted to directors, officers, employees and consultants of the Company, while none were granted in the same period of 2014. Share-based compensation, which is non-cash in nature, totalled $0.2 million for 2015, compared to close to nil during 2014. Of this amount, $0.08 million was charged to general and administrative expenses, $0.1 million was charged to cost of sales and the difference was capitalized to non-producing mining assets.

Other (expenses) income

Finance costs significantly reduced for the three and six-month periods ended June 30, 2015 compared to same periods of 2014 as a result of the long-term debt owing to Waterton Global Value L.P. ("Waterton Global") being fully repaid during Q1 of 2015.

During the first half of 2015, the Company incurred a foreign exchange loss of $0.2 million on the $CAD2.5 million debt represented by a promissory note due to a less favorable USD/CAD exchange rate. On March 5, 2015, payment of the debt represented by this note was received by the Company.

As of December 31, 2014, the Company held 6,750,000 shares of Gold Standard having a book value of $3.1 million. During Q1 of 2015, all of these shares were sold for net proceeds of $3.3 million and as a result a gain on disposal of investments of $0.2 million was recorded.

Current income tax expense

For Q2 of 2015, the Nevada net proceeds tax amounted to $0.04 million, compared to close to nil for the same period of 2014. For the first half of 2015, the Nevada net proceeds tax amounted to $0.1 million, compared to $0.2 million for the same period of 2014.

Debt financing

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 Loan provides non-dilutive financing to the Company, and has a term of 36 months. The Loan bears interest at a rate of 10% per annum, payable quarterly, and is secured by a first priority security interest over all of the Company's assets. The Company paid Waterton Fund a $0.12 million structuring fee upon the advancement of the Loan, together with reimbursement of certain expenses. The Loan 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. The Loan is also subject to mandatory prepayment in certain circumstances, including upon a change of control of the Company. The definitive documentation for the Loan includes customary representations, warranties and covenants, including restrictive covenants that are within industry standards for a secured debt financing.

The proceeds of the Loan will be mainly used to finance exploration and development at the Company's Mineral Ridge mine, for general working capital purposes and to pay the break fee and other costs associated with the Company's recently terminated financing activities.

In connection with the Loan, the Company has modified the Mineral Ridge operating agreement so that the Company's wholly owned subsidiary that holds the interest in Mineral Ridge will now owe and accrue to Elevon, LLC an amount equal to 10% of amounts actually distributed to the partners in the Mineral Ridge mine (the "Accrued Distribution Amount"). The Accrued Distribution Amount shall become due and payable upon a change of control of the Company, or if the settlement price of gold on the LBMA PM fix is equal to or exceeds US$1,350 per ounce (the "Accrual Payment Date"). The Company holds a 70% interest in the Mineral Ridge mine, but is currently entitled to 80% of cash distributions from the mine. As a result of the foregoing amendment, the Company has effectively reverted to being entitled to 70% of cash flows distributed from the Mineral Ridge mine, but this change does not affect its cash position until the Accrual Payment Date, at which time the Accrued Distribution Amount must be paid. The accrual of the Accrued Distribution Amount will terminate in certain circumstances, including in the event of a sale by Scorpio or its Mineral Ridge partner of their respective ownership interests in Mineral Ridge, however those events will not change the ongoing 70%/30% distribution of mine cash flows.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2015, the Company had $1.9 million in cash, compared to $1.1 million as of December 31, 2014.

Working capital was $0.7 million as of June 30, 2015, compared to $8.0 million as of December 31, 2014. Change in inventories, investments and current liabilities, which account for most of the change in working capital, are explained in their respective sections below.

The Company anticipates that it will make its planned exploration, development and capital expenditures from cash flow from operations at Mineral Ridge and the currently available cash balance from the recent debt financing mentioned above.

The primary factors that will affect the future financial condition of the Company include the ability to generate positive cash flows, the ability to raise equity financing, or other types of financing as and when required and the level of exploration, development and capital expenditures required to meet its commitments. Given the short remaining life of the Mineral Ridge mine, the availability of ore reserves as well as the level of gold price will also affect the future financial condition of the Company.

INVENTORIES

Inventories decreased from $9.6 million as of December 31, 2014 to $5.1 million as of June 30, 2015.

Metal in process decreased by $0.9 million during Q2 of 2015 and by $4.1 million during the first half of 2015 to $3.8 million as at June 30, 2015. This is primarily caused by increased solution flow to the leach pad, beginning in July 2014, which has increased gold recoveries and reduced pad inventory levels. Moreover, the number of mined ounces placed on the pad was 37.9% and 35.5% lower during Q2 of 2015 and during the first half of 2015 respectively, compared to same periods of 2014.

The nature of the heap leaching process used at Mineral Ridge inherently limits the ability to precisely monitor inventory levels on the leach pad. As at June 30, 2015, included in the metal in process inventories, are inventories on the leach pad for a total cost of $1.8 million ($2.5 million as at December 31, 2014). As at December 31, 2014 and during Q2 of 2015, the Company estimated that additional 3,307 and 4,882 additional ounces of inventory were on the leach pad and in process, which was accounted for prospectively, with no associate costs. The ultimate recovery of gold from the heap leach pad will not be known until the total leaching process is concluded.

Finished goods inventory decreased by $1.5 million during Q2 of 2015 and by $0.1 million during the first half of 2015 to $0.1 million, due mainly to the timing of the Company’s gold sales.

INVESTMENTS

Investments decreased to close to $nil as of June 30, 2015 from $5.3 million as of December 31, 2014 . As of December 31, 2014, the Company held 6,750,000 shares of Gold Standard having a book value of $3.1 million. In Q1 of 2015, all of these shares were sold for net proceeds of $3.3 million. As at December 31, 2014, the Company also had a debt represented by a promissory note from Gold Standard having a book value of $2.2 million. On March 5, 2015, payment of the debt represented by this note was received by the Company.

PRODUCING MINING ASSETS

Producing mining assets stood at $8.9 million as of June 30, 2015, compared to $7.2 million as at December 31, 2014.

During the first half of 2015, the Company added $1.8 million to producing mining assets, which mainly consisted of $1.0 million related to stripping activities and $0.4 million related to mobile equipment at Mineral Ridge.

Management concluded that the Wedge, Brodie and Solberry pits have commenced commercial production during the first half of 2015 and therefore their related net book value of $1.6 million was transferred from non-producing mining assets to producing mining assets.

During the first half of 2015, an amount of $1.8 million has been recorded as depletion and amortization of producing mining assets.

NON-PRODUCING MINING ASSETS AND OTHER

Non-producing mining assets and other stood at $20.1 million as of June 30, 2015, compared to $11.8 million as at December 31, 2014.

During the first half of 2015, the Company added $10.0 million to non-producing mining assets. Of this amount, $9.3 million relates to Mineral Ridge and is mainly constituted of $5.7 million related to Mary LC pit development costs, $2.3 million related to development of the satellite pits and $1.0 million of exploration costs related to exploration targets surrounding the areas currently in development and production at the Mineral Ridge mine. During the first half of 2015, the Company also incurred $0.7 million in capitalized exploration and development expenditures on the Goldwedge property and $0.3 million on various construction in process projects.

As discussed above, management concluded that the Wedge, Brodie and Solberry pits have commenced commercial production during the first half of 2015 and therefore their related net book value of $1.6 million was transferred from non-producing mining assets to producing mining assets.

RECLAMATION BONDS

The Company's reclamation bonds book balance increased by $0.4 million, from $5.4 million as of December 31, 2014 to $5.8 million as at June 30, 2015.

During the first half of 2015, the Mineral Ridge mine received regulatory approval for an updated plan of operations. As part of the requirements of such regulatory approval, the Company increased its reclamation bonds by $0.8 million to $11.0 million. The Company was required to provide an additional $0.4 million in cash collateral to the surety issuing the bond on the Company's behalf.

CURRENT LIABILITIES

Total current liabilities were $6.9 million as at June 30, 2015, compared to $8.5 million at December 31, 2014.

Trade and other payables increased from $5.3 million as at December 31, 2014 to $6.7 million as at June 30, 2015. On March 6, 2015, the Company announced a strategic financing to raise $15 million from the issuance of equity to Coral Reef Capital LLC ("Coral Reef"). This financing was thereafter terminated and as such the Company is obligated to pay a $0.5 million break fee along with approximately $0.1 million of related due diligence costs incurred by Coral Reef. The increase in operation, exploration and development activities during the first half of 2015 also explains the remaining increase in trade and other payables as of June 30, 2015 compared to December 31, 2014.

The current portion of long-term debt decreased from $3.1 million as at December 31, 2014 to $0.08 million as at June 30, 2015 following the repayment made to Waterton Global.

EQUITY

Total equity increased by $3.1 million during the first half of 2015, from $26.4 million at December 31, 2014 to $29.5 million at June 30, 2015. Most of this increase is attributable to the $2.5 million net earnings for the first half of 2015 as well as a $0.5 million net cash contribution by the non-controlling interest, being Elevon, LLC, the Company's partner in the Mineral Ridge mine.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly financial information for each of the last eight quarters:

Quarter Ending	Revenues $	Net earnings (loss) $	Basic earnings (loss) per share $	Diluted earnings (loss) per share $
June 30, 2015	12,083	1,747	0.01	0.01
March 31, 2015	12,343	755	0.00	0.00
December 31, 2014	13,377	(28,675)	(0.16)	(0.16)
September 30, 2014	14,754	275	(0.00)	(0.00)
June 30, 2014	10,646	608	0.00	0.00
March 31, 2014	13,249	378	0.00	0.00
December 31, 2013	13,739	(1,976)	(0.02)	(0.02)
September 30, 2013	14,406	810	0.00	0.00

CASH FLOWS

Cash flows generated from operating activities were $4.6 million for Q2 of 2015, compared to $2.2 million for the same period of 2014. This variance is mostly due to the favorable impact of the reduction in inventory, as discussed above.

For the six-month period ended June 30, 2015, cash flows generated from operating activities were $9.0 million, compared to $5.4 million for the same period of 2014. This variance is mostly due to the $4.2 million reduction in metal in process and finished goods inventories compared to same period of prior year, as discussed above.

Cash outflows used in investing activities were $6.2 million for the three months ended June 30, 2015. During Q2 of 2015, investing activities related to producing mining assets totalled $0.8 million and were mainly related to stripping activities and payments related to fixed assets. Non-producing mining asset payments totalled $5.0 million and mainly related to development costs of the Mary LC and satellite pits development, exploration related to targets surrounding the areas currently in development and production at the Mineral Ridge mine and various construction in process projects. As discussed above, the Company also paid $0.4 million in cash collateral related to the reclamation bonds.

Cash outflows used in investing activities were $3.0 million for the three months ended June 30, 2014. During Q2 of 2014, investing activities related to producing mining assets totalled $0.9 million and were mainly related to stripping activities. Non-producing mining asset additions totalled $2.6 million and mainly related to development costs of Mary LC pit and exploration costs related to other exploration targets surrounding the areas currently in development and production at the Mineral Ridge mine as well as construction in progress costs related to various projects. The Company also received $0.5 million related to the reclamation bonds related to the Goldwedge and Pinon properties.

During the six-month period ended June 30, 2015, cash outflows used in investing activities were $5.3 million. Payments related to non-producing mining asset additions during the first half of 2015 totalled $8.5 million and mainly related to development costs of the Mary LC and satellite pits, exploration related to targets surrounding the areas currently in development and production at the Mineral Ridge mine and various construction in process projects. As discussed above, the Company disposed of its 6,750,000 shares in Gold Standard and received payment of the debt represented by a promissory note, for total proceeds of $5.3 million. During the first half of 2015, investing activities related to producing mining assets were mainly related to stripping activities and payments related to fixed asset acquisitions.

During the six-month period ended June 30, 2014, cash flows from investing activities were $0.9 million. During the first half of 2014, investing activities related to producing mining assets totalled $1.1 million and were mainly related to stripping activities. Non-producing mining asset additions totalled $4.6 million and mainly related to development costs of Mary LC pit and exploration costs related to other exploration targets surrounding the areas currently in development and production at the Mineral Ridge mine as well as construction in progress costs related to various projects. During the first half of 2014, the Company completed the sale of its Pinon non-producing asset and $5.4 million was paid at closing. The Company also received a net amount of $1.3 million related to the reduction in its reclamation bonds.

Cash outflows used for financing activities during Q2 of 2015 were limited to repayment of the long-term debt on mobile equipment.

During Q2 of 2014, cash outflows used for financing activities amounted to $1.1 million and related to service of the Company's long-term debt with Waterton Global and distributions to the non-controlling interest in the amount of $0.3 million.

Cash outflows used for financing activities were $3.0 million for the first half of 2015. During the first half of 2015, the Company fully repaid the long-term debt with Waterton Global for an amount of $3.4 million. Also during this period, the Company paid $0.1 million of distributions and received $0.6 million of cash contributions from the non-controlling interest in the Mineral Ridge mine, being Elevon, LLC.

Cash outflows used for financing activities were $7.2 million for the first half of 2014. Those outflows related to service of the Company's long-term debt with Waterton Global and also included distributions to the non-controlling interest in the amount of $0.6 million for the first half of 2014. Included in the repayment of long-term debt during the first half of 2014 is the cash amount of $5.2 million paid to Waterton Global following the sale of Pinon assets.

NON-IFRS PERFORMANCE MEASURES

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

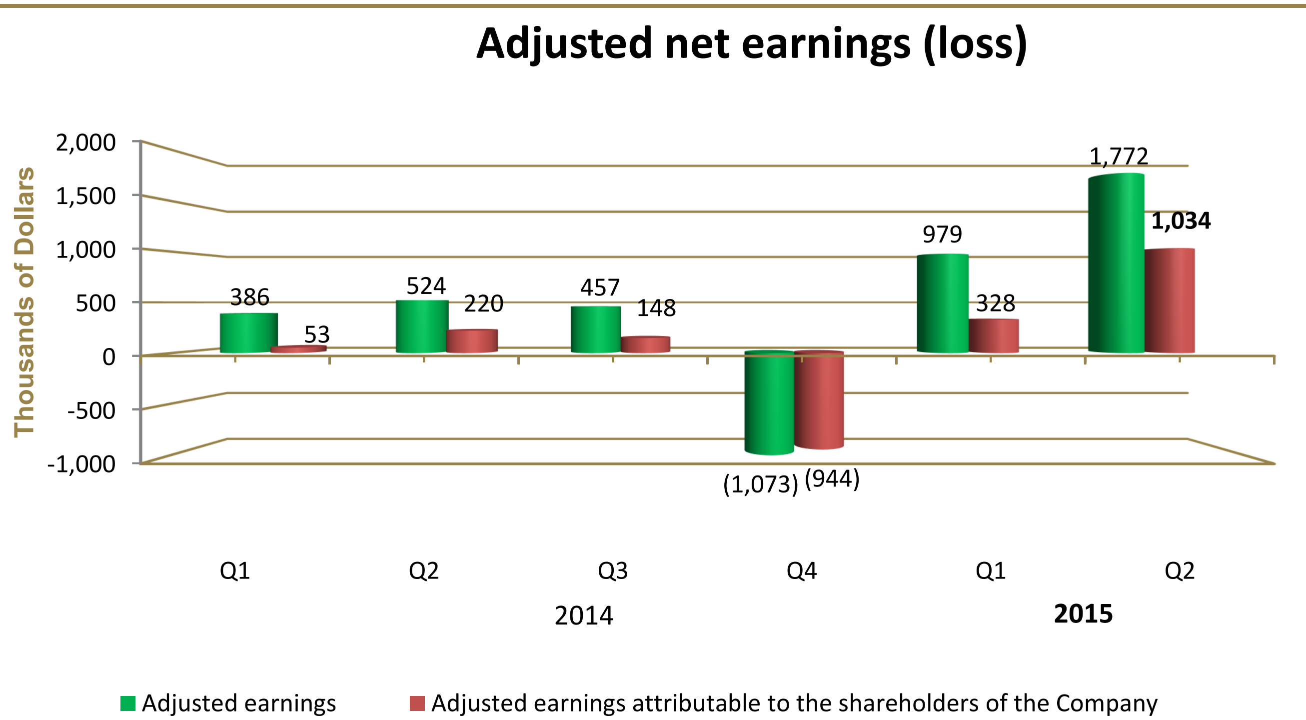
Adjusted earnings

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

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

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

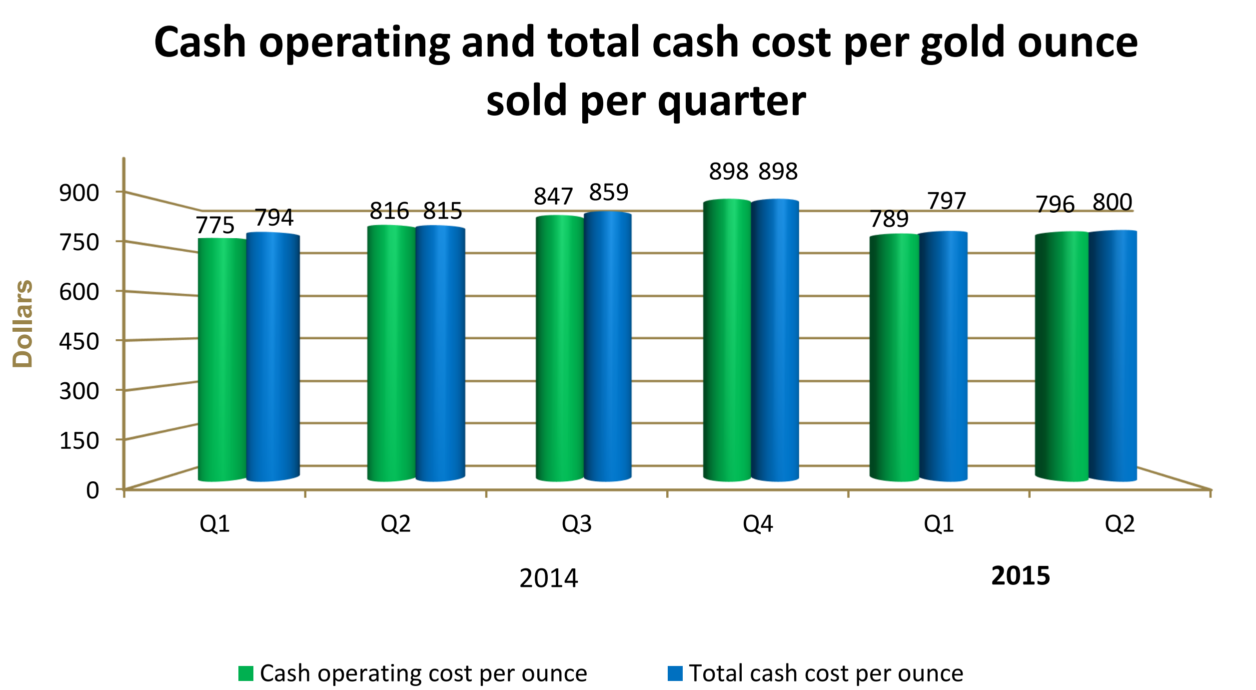
	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
	$	$	$	$
Net earnings for the periods	1,747	608	2,502	986
Share-based compensation	-	-	177	3
Loss on disposal of mining assets	38	-	38	-
Gain on disposal of investments	-		(172)	
Foreign exchange (gain) loss	(13)	(84)	206	(79)
Adjusted net earnings for the periods	1,772	524	2,751	910
Non-controlling interest	(738)	(304)	(1,389)	(637)
Adjusted net earnings for the periods attributable to the shareholders of the Company	1,034	220	1,362	273
Adjusted basic and diluted net earnings per share	0.01	0.00	0.01	0.00



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

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

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
	$	$	$	$
Cash costs				
Cost of sales excluding depletion and amortization per consolidated financial statements	8,640	6,871	18,195	15,657
Share-based compensation	-	-	(98)	-
Inventory adjustment	(396)	(5)	(1,574)	(532)
By-product silver sales	(99)	(65)	(166)	(171)
Royalties	(17)	-	(17)	-
Cash operating costs	8,128	6,801	16,340	14,954
Nevada net proceeds tax	44	(4)	124	197
Total cash cost	8,172	6,797	16,464	15,151
Divided by ounces of gold sold	10,217	8,338	20,625	18,860
Cash operating cost per gold ounce sold	796	816	792	793
Total cash costs per gold ounce sold	800	815	798	803



Adjusted EBITDA

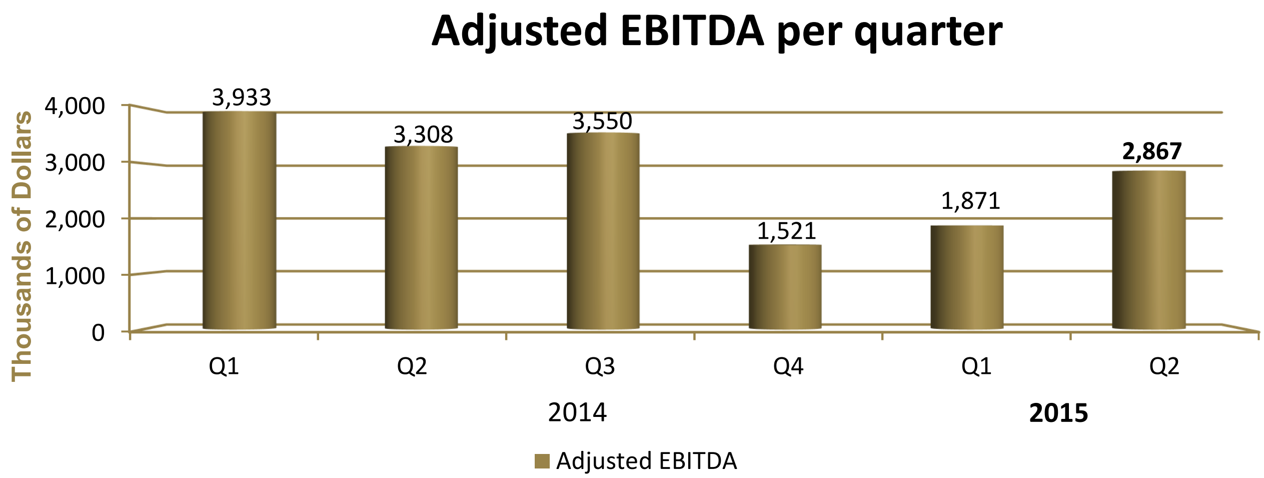
EBITDA is a non-IRFS financial measure, which excludes the following from net earnings:

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

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

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

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
	$	$	$	$
Net earnings for the period	1,747	608	2,502	986
Finance costs	25	129	102	340
Depletion and amortization	1,026	2,730	1,761	5,865
Income tax expense (recovery)	44	(75)	124	126
Standardized EBITDA	2,842	3,392	4,489	7,317
Share-based compensation	-	-	177	3
Gain on disposal of investments	-	-	(172)	-
Loss on disposal of mining assets	38	-	38	-
Foreign exchange (gain) loss	(13)	(84)	206	(79)
Adjusted EBITDA	2,867	3,308	4,738	7,241
Non-controlling interest	(1,062)	(1,128)	(1,959)	(2,468)
Adjusted EBITDA attributable to the shareholders of the Company	1,805	2,180	2,779	4,773
Adjusted basic and diluted EBITDA per share	0.01	0.02	0.02	0.04



Additional measures

The Company uses other financial measures the presentation of which is not meant to be a substitute for other subtotals or totals presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures. The following other financial measures are used:

- *Mine operating earnings* - represents the amount of revenues in excess of cost of sales excluding depletion and amortization and depletion and amortization.
- *Operating earnings* - represents the amount of earnings before finance cost, foreign exchange gain (loss), loss on disposal of non-producing mining assets, gain on disposal of investments and income tax expense.
- *Cash flows from operating activities before movements in working capital* - excludes the non-cash movement from period-to-period in working capital items, including trade and other receivables, prepaid expenses and other, inventories, trade and other payables.

The terms described above do not have a standardized meaning prescribed by IFRS, and therefore the Company's definitions are unlikely to be comparable to similar measures presented by other companies. The Company's management believes that their presentation provides useful information to investors because Cash flows from *operating activities* before movements in working capital excludes the non-cash movement in working capital items, mine operating earnings excludes expenses not directly associate with commercial production and operating earnings excludes finance and tax related expenses and income/recoveries. These, in management's view, provide useful information of the Company's cash flows from *operating activities* and are considered to be meaningful in evaluating the Company's past financial performance or the future prospects.

SELECTED QUARTERLY FINANCIAL AND OPERATING SUMMARY FOR QUARTERS ENDED

	MARCH 2014	JUNE 2014	SEPTEMBER 2014	DECEMBER 2014	MARCH 2015	JUNE 2015
Mining operations						
Mary pit						
Ore tonnes mined	92,748	79,394	130,145	141,056	117,964	78,343
Waste tonnes mined	415,361	612,511	564,727	674,026	744,977	298,704
Total mined	508,109	691,905	694,872	815,082	862,941	377,047
Strip ratio	4.5	7.7	4.3	4.8	6.3	3.8
Satellite pits						
Ore tonnes mined	-	-	-	-	58,073	56,046
Waste tonnes mined	-	-	-	-	172,352	113,521
Total mined	-	-	-	-	230,425	169,567
Strip ratio	-	-	-	-	3.0	2.0
Drinkwater pit						
Ore tonnes mined	154,952	165,882	74,343	-	-	-
Waste tonnes mined	398,233	326,304	110,401	-	-	-
Total mined	553,185	492,186	184,744	-	-	-
Strip ratio	2.6	2.0	1.5	-	-	-
Total producing pits						
Ore tonnes mined	247,700	245,276	204,488	141,056	176,037	134,389
Waste tonnes mined	813,594	938,815	675,128	674,026	917,329	412,225
Total mined	1,061,294	1,184,091	879,616	815,082	1,093,366	546,614
Strip ratio	3.3	3.8	3.3	4.8	5.2	3.1
Pits under development:						
Ore tonnes mined	-	6,915	29,386	44,756	38,882	53,264
Waste tonnes mined	257,396	411,162	793,866	1,001,959	804,549	1,190,883
Total mined	257,396	418,077	823,252	1,046,715	843,431	1,244,147
Total mining operations						
Ore tonnes mined	247,700	252,191	233,874	185,812	214,919	187,653
Waste tonnes mined	1,070,990	1,349,977	1,468,994	1,675,985	1,721,878	1,603,108
Total mined	1,318,690	1,602,168	1,702,868	1,861,797	1,936,797	1,790,761

	MARCH 2014	JUNE 2014	SEPTEMBER 2014	DECEMBER 2014	MARCH 2015	JUNE 2015
Processing						
Tonnes processed	244,773	247,073	276,857	205,643	218,372	194,651
Gold head grade (grams per tonne)	1.95	1.80	1.49	1.68	1.41	1.37
Availability	51.1%	52.4%	52.9%	42.8%	52.0%	43.3%
Ounces produced						
Gold	10,294	9,034	11,228	10,258	11,952	8,738
Silver	5,113	3,771	4,911	4,387	6,319	3,591
Precious Metal Sales (ounces)						
Gold	10,522	8,338	11,639	11,344	10,408	10,217
Silver	5,341	3,375	4,734	4,452	4,232	6,090
Exploration Drilling						
Holes	64	164	132	61	112	253
Meters	6,582	15,234	15,772	7,734	8,862	27,735

	MARCH 2014	JUNE 2014	SEPTEMBER 2014	DECEMBER 2014	MARCH 2015	JUNE 2015
Financial results						
	$	$	$	$	$	$
Cash operating cost per ounce of gold sold [1]	775	816	847	898	789	796
Total cash cost per ounce of gold sold[1]	794	815	859	898	797	800
Average price of gold						
London PM fix	1,293	1,288	1,282	1,201	1,218	1,193
Realized	1,249	1,269	1,260	1,173	1,179	1,173
Net earnings (loss)	378	608	275	(28,675)	755	1,747
Earnings (loss) per share	0.00	0.00	(0.00)	(0.16)	0.00	0.01
Adjusted net earnings (loss)[1]	386	524	457	(1,073)	979	1,772
Adjusted basic and diluted net earnings (loss) per share[1]	0.00	0.00	0.00	(0.01)	0.00	0.01
Adjusted EBITDA[1]	3,933	3,308	3,550	1,521	1,871	2,867
Adjusted basic and diluted EBITDA per share [1]	0.02	0.02	0.02	0.01	0.01	0.01

[1] This is a non-IFRS financial performance measure. For further information and a detailed reconciliation, refer to section “Non-IFRS performance measures” of this MD&A.

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 interim financial statements of the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements as at June 30, 2015.

TRANSACTIONS WITH RELATED PARTIES

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, directly or indirectly.

The remuneration of directors and key management personnel during the three and six-month periods ended June 30, 2015 and June 30, 2014 is as follows:

	Three months ended June 30, 2015	Three months ended June 30, 2014	**Six months ended June 30, 2015**	Six months ended June 30, 2014
	$	$	**$**	$
Salaries and directors fees	**220**	283	**485**	578
Severance	**250**	-	**250**	-
Consulting fee with a director	**12**	47	**44**	70
Share-based compensation [1]	**-**	-	**80**	-
	482	330	**859**	648

(1) Share-based compensation is the fair value of options expensed during the period to key management personnel and directors.

During the three and six months ended June 30, 2015, the Company incurred consulting fees of $11,781 and $44,216, respectively, with Brigill Investments Ltd, a firm controlled by Brian Lock, a director of the Company. These services were incurred in the normal course of operations in relation to a scoping study on the design and construction of a potential gold/silver processing and refining facility at the Mineral Ridge mine in Nevada and for corporate financing work.

As at June 30, 2015, $325,362 resulting from these transactions is included in trade and other payables.

Other than severance indicated above, key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three and six months ended June 30, 2015 and June 30, 2014.

b) Waterton Global Value L.P.

The previous related party disclosures included transactions with Waterton Global Value, L.P. with respect to interest on long term debt and sales as it was thought to be a related entity to Elevon, LLC ("Elevon") the Company's partner at Mineral Ridge and a related party to Scorpio Gold. Management determined in the quarter that Waterton Global Value, L.P. is not related to Elevon and as such, the Company has revised its related party disclosures to no longer include those transactions and balances with Waterton Global Value, L.P. The Company has revised its prior period presentation to reflect this change.

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	6,738	6,738	-	-	-
Income taxes payables	123	123	-	-	-
Long-term debt	123	77	46	-	-
Provision for environmental rehabilitation	6,300	-	409	3,094	2,797

b) Fair Value

The fair value of cash, reclamation bonds and trade and other payables approximate their carrying amount due to their short-term nature. Investments, which are designated as available-for-sale, are recorded at fair value. 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 in January 2015.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility

measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means.

- Level 3 inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The Company's investments in common shares are classified as Level 1 in the fair value hierarchy. The Company has no financial instruments classified as Level 2 or Level 3.

INDUSTRY, ECONOMIC AND ENVIRONMENTAL RISK FACTORS AFFECTING PERFORMANCE

As a mineral exploration and development company, Scorpio Gold's performance is affected by a number of industry and economic factors and exposure to certain environmental risks, and other regulatory requirements. These have been detailed in the Company's December 31, 2014 annual MD&A available under the Company's profile on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the Company's audited consolidated financial statements as at December 31, 2014. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2014.

Management judgments and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in Note 3(e) of the Company's audited consolidated financial statements for the year ended December 31, 2014.

Subsequent to June 30, 2015, the price of gold declined. If metal prices were to remain at a low level for an extended period of time or decline further, the Company may need to re-evaluate the metal price assumptions used for impairment testing. A significant decrease in metal price assumptions may be an indication of potential impairment. Should the Company conclude that it has an indication of impairment at any balance sheet date, the Company is required to perform an impairment assessment.

RECENT ACCOUNTING PRONOUNCEMENTS

In addition to the accounting standards issued but not effective disclosed in the consolidated financial statements as at December 31, 2014, the following improvements will be effective January 1, 2016. The Company is assessing the impact of these amendments:

a) Amendments to Non-current assets held for sale and discontinued operations (" IFRS 5")

   Changes in methods of disposal with respect to non-current assets held for sale and discontinued operations.

b) Amendments to Interim financial reporting ("IAS 34")

   Disclosure of information elsewhere in the interim financial report.

CONTROLS AND PROCEDURES CERTIFICATION

The Chief Executive Officer and the Chief Financial Officer, together with other members of management, have designed the Company's disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would have been known to them, and by others, within those entities.

Management has also designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. There has been no change in the design of the Company's internal controls over financial reporting during the six-month period ended June 30, 2015, that would materially affect, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations of controls and procedures

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

OUTLOOK

In light of the recent downturn in the gold price, the Company has completed a detailed review of its mineral reserve and resource base as well as results received to date from its 2014-15 drilling campaigns and has developed a revised mine plan to optimize the current working areas. The Company will focus on the current mining of the Mary LC pit as well as the newly developed Solberry and Bluelight satellite pits, both of which have a lower strip ratio and higher gold grades compared to the other deposits at the Mineral Ridge mine. Areas with higher strip ratios such as the Brodie pit and Phase 3 of the Mary LC pit will remain inactive until such time there is an increase in the gold price to support their economic development. Exploration drilling continues as planned.

Production guidance for the Mineral Ridge mine for 2015 remains at 40-45,000 ounces of gold produced at a total cash cost of $800-$850 per ounce gold sold.

The Goldwedge mill facility has been placed on a care and maintenance basis effective July 28, 2015 for the near-term and can be restarted immediately when required.

The Company continues to focus on operational excellence and in particular to reduce waste dilution in current mining pits and is engaging in a continuous review of any potential cost cutting savings in response to the current low gold price environment.

The Company continues to seek and evaluate new projects that will increase its asset base as well as enhance value for its shareholders.

DISCLOSURE OF OUTSTANDING SECURITIES AS AT AUGUST 26, 2015

Outstanding common shares	124,948,235
Stock options	10,445,000
Fully diluted	135,393,235

FORWARD LOOKING STATEMENTS

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, including statements that address future exploration drilling and development activities, production activities and events or developments that the Company expects, are forward looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include exploration successes, continued availability of capital and financing, and general economic, market or business conditions and other factors discussed under "Risk Factors" in the Company's Management Discussion and Analysis for the year ended December 31, 2014 which is available at www.sedar.com under the Company's name.