

# Scorpio Gold Corp. Announces Changes to Mineral Ridge Joint Venture

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VANCOUVER, BRITISH COLUMBIA -- ([Marketwire](#) - Aug. 5, 2011) - [Scorpio Gold Corporation](#) (TSX VENTURE: SGN) ("Scorpio Gold" or the "Company") today announced that [Golden Phoenix Minerals, Inc.](#) ("Golden Phoenix"), its 30% joint venture partner on the Company's Mineral Ridge project (the "Mineral Ridge Project"), has entered into a debt financing arrangement (the "GP Debt Financing") with Waterton Global Value, L.P. ("Waterton"), Scorpio's existing lender. In connection with the GP Debt Financing, Golden Phoenix has granted Waterton an option (the "Waterton Option") to acquire Golden Phoenix's interest in the Mineral Ridge Project. Scorpio has consented to the Waterton Option and agreed that upon the exercise of the Waterton Option, Waterton will become Scorpio's joint venture partner in the Mineral Ridge Project. In connection with the GP Debt Financing, Golden Phoenix and Scorpio have agreed to amend certain terms of their joint venture, as described below.

Under the original terms of the joint venture operating agreement in respect of the Mineral Ridge Project (the "Operating Agreement"), Scorpio had the right to increase its joint venture interest by 10%, to 80%, by providing 120% of the estimated costs of placing the Mineral Ridge Project into commercial production within 30 months of acquiring its interest in the Mineral Ridge Project, with commercial production being defined as operating the mine for a period of six consecutive months at 70% or more of the average life-of-mine production capacity, as set out in a feasibility study. Additionally, the Operating Agreement provided that if Scorpio increased its joint venture interest to 80%, it would have the right for a period of 24 months to buy-out Golden Phoenix's remaining 20% joint venture interest at the net asset value of such interest, as determined by an independent valuator (the "Buy-Out Right").

In connection with the GP Debt Financing, the Operating Agreement has been amended to provide that Scorpio may now increase its joint venture interest to 80% by funding 100% of the capital expenditures required to place the Mineral Ridge Project into commercial production, which is now defined as the production or processing of a minimum of at least 3,500 ounces per month of gold products from the Mineral Ridge Project for a period of four consecutive calendar months. A feasibility study is no longer required. In addition, Scorpio has agreed to waive the Buy-Out Right with respect to Golden Phoenix, or Waterton if Waterton acquires Golden Phoenix's interest in the Mineral Ridge Project pursuant to the Waterton Option.

Peter J. Hawley, President and CEO reports, "We are pleased that Waterton has chosen to get further involved in the Mineral Ridge Project. The changes made to the Operating Agreement will give Scorpio the ability to increase our joint venture interest in the Mineral Ridge Project to an 80% level more quickly, and we anticipate that if Waterton exercises its option to acquire Golden Phoenix's interest in the Mineral Ridge Project, Scorpio will gain a joint venture partner with the financial resources and experience to work with us to develop and expand the Mineral Ridge project to its full potential".

Cheryl Brandon, Portfolio Manager at Waterton, stated, "we are very pleased to have established the basis for a future joint venture partnership with Scorpio Gold. This partnership provides Waterton Global with the opportunity to work with an established mining team in the highly prospective Nevada region to further expand production from Mineral Ridge. As a result of our long term relationship with Scorpio Gold as their project finance lender, we have a high level of confidence in management's ability to execute their expansion plans and reach commercial production in the near term. We look forward to further strengthening our relationship with Scorpio, not only as a lender but as a partner in the future development of Mineral Ridge."

For more information on Scorpio's existing debt financing arrangements with Waterton, please see the Company's news releases dated October 8, 2010, October 25, 2010 and May 26, 2011.

For additional information please see the Company's website at [www.scorpogold.com](http://www.scorpogold.com).

ON BEHALF OF THE BOARD SCORPIO GOLD CORPORATION

Peter J. Hawley  
President & CEO

*The Company relies on litigation protection for "forward-looking" statements. This news release contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur, and include, without limitation, statements regarding the Company's plans with respect to the exploration and development of its projects. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements, including those risk factors outlined in the Company's Management Discussion and Analysis for the year ended December 31, 2010 as filed on SEDAR. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.*

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