

Scorpio Gold Reports Financial Results for Second Quarter of 2013 and Provides Updated Guidance for 2013

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Aug 23, 2013) - [Scorpio Gold Corp.](#) ("Scorpio Gold" or the "Company") (TSX VENTURE:SGN) is pleased to announce its financial results for the second quarter ended June 30, 2013 ("Q2"). This press release should be read in conjunction with the Company's Management Discussion & Analysis and the condensed consolidated interim financial statements for Q2, available on the Company's website at www.scorpogold.com and under the Company's name on SEDAR at www.sedar.com. All monetary amounts are expressed in US dollars. Comparative numbers disclosed were restated following the adoption of the new IFRS standard, IFRIC 20, *Stripping costs in the production phase of a surface mine*. See note 3 a) of the Q2 condensed consolidated interim financial statements for more information on the effects of IFRIC 20.

PERFORMANCE HIGHLIGHTS:

	Q2 2013	Q2 2012	H1 2013	H1 2012
	\$	\$	\$	\$
Revenue (000's)	14,835	12,453	26,501	25,392
Mine operating earnings (000's)	3,263	3,445	6,494	8,342
Net earnings (loss) (000's)	(7,772)	2,596	(5,676)	5,670
Basic and diluted earnings (loss) per share	(0.05)	0.01	(0.04)	0.03
Adjusted net earnings ⁽¹⁾ (000's)	2,659	2,595	4,764	6,828
Adjusted basic and diluted net earnings per share ⁽¹⁾	0.01	0.01	0.02	0.04
Adjusted EBITDA ⁽¹⁾ (000's)	7,989	4,664	14,517	10,689
Adjusted basic and diluted EBITDA per share ⁽¹⁾	0.04	0.03	0.08	0.06
Cash flow from operating activities (000's)	5,392	7,542	11,466	12,645
Adjusted cash flow from operating activities ⁽¹⁾ (000's)	5,392	7,542	11,466	14,312
Total cash cost per ounce of gold sold ⁽¹⁾	713	965	738	944
Mining Operations				
Gold ounces produced	10,769	7,394	18,180	14,591
Drinkwater pit				
Ore tonnes mined	209,114	160,664	372,656	283,659
Waste tonnes mined	568,765	700,523	1,181,831	1,357,293
Total mined	777,879	861,187	1,554,487	1,640,952
Strip ratio	2.7	4.4	3.2	4.8
Mary pit				
Ore tonnes mined	33,644	3,156	68,585	3,156
Waste tonnes mined	444,029	244,927	771,044	525,132
Total mined	477,673	248,083	839,629	528,288
Strip ratio	13.2	77.6	11.2	166.4
Processing				
Tonnes processed	208,262	160,759	414,108	287,427
Gold head grade (g/t)	2.56	2.09	2.29	2.20
Availability*	59.4 %	53.5 %	62.2 %	52.9 %

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

Updated 2013 Production and Operating Guidance

In light of the strong operating performance at the Mineral Ridge mine during the first half of the year,

Scorpio Gold is revising its 2013 production and operating guidance that was previously announced in the Company's February 7, 2013 news release. Gold production in 2013 is forecast at 35,000 to 40,000 ounces (up from 32,000 to 35,000 ounces) and total cash cost is forecast at \$700 to \$800 per ounce of gold sold (down from \$800 to \$900 per ounce of gold sold).

The following key parameters form the basis for the updated 2013 production forecast and operating cost estimate and primarily reflect the effect of the new higher capacity crushing facility that went online in June of 2013 and a higher than previously estimated grade of mineralization during the first half of 2013:

- 8% increase in throughput to an average of 2,912 short tons (2,642 metric tonnes) per day
- 12% increase in average grade to 0.064 ounces per short ton (2.20 grams per tonne) gold
- 7% increase in waste to ore ratio of Mary and Drinkwater pits combined to 4.67:1

Peter Hawley, CEO comments: "We are very proud of our operation team's ongoing achievements in strengthening production and realizing operational efficiencies. Gold production in Q2 of 2013 has increased by 46% over Q2 of 2012. Meanwhile, a 26% drop in our total cash cost per ounce of gold sold⁽¹⁾ places us at a record low for the Mineral Ridge project of \$713 per ounce."

"As with many North American metal producers, our net earnings in Q2 2013 were impacted by a non-cash asset write down known as an impairment charge to reflect lower metal prices. The Mineral Ridge operation otherwise posted a very strong quarter in terms of revenues and mine operating earnings. Our newly updated operating guidance for 2013 is a direct result of the operation team's continued dedication to increasing efficiencies, grade control and throughput, as well as better grades than indicated by the mine model and overall better performance during the first half of 2013."

In accordance with International Financial Reporting Standards, Scorpio Gold deemed the sharp decline in commodity prices during Q2 of 2013 as an indicator of impairment. The Company performs impairment testing annually or more frequently if or when impairment indicators are present. Impairment testing is performed using life of mine estimated discounted after-tax cash flows, which incorporate the current mining plan and reasonable estimates of future metal prices, operating costs, capital expenditures and inflation. During the second quarter of 2013, Scorpio Gold has recorded non-cash impairment losses totalling of \$9.9 million including \$9.4 million on its producing mining assets based on its assessment. The assessment utilized a 12.5% discount rate and a weighted average gold price assumption of \$1,390 per ounce over the currently estimated life of mine. The Company will re-assess potential impairment from time to time and, with an increase in the future price of gold, this impairment could possibly be reversed as a gain.

Highlights for the Second Quarter Ended June 30, 2013:

- 10,769 ounces of gold produced compared to 7,394 ounces during Q2 of 2012.
- Increased revenue of \$14.8 million compared to \$12.5 million during Q2 of 2012, mainly due to increased production and higher head grades resulting in a higher number of ounces sold, albeit at a lower average gold price.
- Improved total cash cost per ounce of gold sold⁽¹⁾ of \$713 compared to \$965 during Q2 of 2012, mainly attributable to a higher production level and higher average head grade.
- Mine operating earnings⁽¹⁾ of \$3.3 million compared to \$3.4 million during Q2 of 2012.
- Net loss of \$7.8 million (\$0.05 basic and diluted per share) following non-cash impairment charges of \$9.9 million (\$0.06 basic and diluted per share), compared to net earnings of \$2.6 million (\$0.01 basic and diluted per share) during Q2 of 2012.
- Adjusted net earnings⁽¹⁾ of \$2.7 million (\$0.01 basic and diluted per share) compared to \$2.6 million (\$0.01 basic and diluted per share) during Q2 of 2012.
- Increased adjusted EBITDA⁽¹⁾ of \$8.0 million (\$0.04 basic and diluted per share) compared to \$4.7 million (\$0.03 basic and diluted per share) during Q2 of 2012, as a result of increased revenue and lower cash costs.
- Adjusted cash flow from operating activities⁽¹⁾ of \$5.4 million is down from \$7.5 million during Q2 of 2012, mainly due to an increase in inventory level during Q2 of 2013.

Highlights for the Six Month Period Ended June 30, 2013:

- 18,180 ounces of gold produced compared to 14,591 ounces for the same period in 2012.
- Increased revenue of \$26.5 million compared to \$25.4 million for the same period in 2012, mainly due to increased production and higher grades resulting in a higher number of ounces sold, albeit a lower average gold price.
- Improved total cash cost per ounce of gold sold⁽¹⁾ of \$738 compared to \$944 for the same period in 2012, mainly attributable to a higher production level and higher average head grade.
- Mine operating earnings⁽¹⁾ of \$6.5 million compared to \$8.3 million for the same period in 2012.
- Net loss of \$5.7 million (\$0.04 basic and diluted per share) following non-cash impairment charges of \$9.9 million (\$0.06 basic and diluted per share), compared to net earnings of \$5.7 million for the same period in 2012.
- Adjusted net earnings⁽¹⁾ of \$4.8 million (\$0.02 basic and diluted per share) compared to \$6.8 million (\$0.04 basic and diluted per share) for the same period in 2012.
- Increased adjusted EBITDA⁽¹⁾ of \$14.5 million (\$0.08 basic and diluted per share) compared to \$10.7 million (\$0.06 basic and diluted per share) for the same period in 2012, as a result of increased revenue and lower cash costs.
- Adjusted cash flow from operating activities⁽¹⁾ of \$11.5 million is down from \$14.3 million for the same period in 2012, mainly due to an increase in inventory level during Q2 of 2013.

⁽¹⁾ This is a non-IFRS measure; refer to Non-IFRS Performance Measures section of this press release and the Company's Management Discussion & Analysis for a complete definition and reconciliation to the Company's financial statements.

Non-IFRS Measures

The discussion of financial results in this press release includes reference to mine operating earnings, Adjusted EBITDA, Total cash cost per ounce, Adjusted Cash Flow from Operating Activities and Adjusted Net Earnings, which are non-IFRS measures. The Company provides these measures as additional information regarding the Company's financial results and performance. Please refer to the Company's MD&A for the three and six months ended June 30, 2013 for definitions of these terms and a reconciliation of these measures to reported IFRS results.

About Scorpio Gold Corporation

Scorpio Gold holds a 70% interest in the Mineral Ridge gold mining operation located in Esmeralda County, Nevada with joint venture partner Waterton Global Value L.P. (30%), and is currently entitled to receive 80% of cash flow generated. Mineral Ridge is currently in production as a conventional open pit mining and heap leach operation. The property is host to multiple gold-bearing structures, veins and bodies at exploration, development and production stages. Scorpio Gold recently acquired the Goldwedge advanced exploration-stage property and processing facility in Manhattan, Nevada, and the Pinon advanced exploration-stage gold property near Carlin, Nevada. The Company is assessing its exploration plans for these properties as well as the potential for toll milling at the Goldwedge plant currently permitted for 400 ton per day.

Scorpio Gold's CEO, Peter J. Hawley, P.Geo., is a Qualified Person as defined by National Instrument 43-101 and has reviewed and approved the content of this release.

ON BEHALF OF THE BOARD
SCORPIO GOLD CORPORATION

Peter J. Hawley,
CEO

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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, all statements under the heading "Updated 2013 Production and Operating Guidance". 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 risks such as unanticipated operating conditions at the Mineral Ridge project, variations in grade or recovery rates, failure of equipment or process to operate as anticipated, labour shortages or disruptions, the failure of service providers to perform as contracted and those risk factors outlined in the Company's Management Discussion and Analysis 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 thereof.

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