

# Scorpio Gold Reports Financial Results for Second Quarter of 2018

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VANCOUVER, Aug. 28, 2018 - [Scorpio Gold Corp.](#) ("Scorpio Gold" or the "Company") (TSX-V: SGN) announces its financial results for the second quarter ("Q2") ended June 30, 2018. This press release should be read in conjunction with the Company's condensed interim consolidated financial statements for Q2 and Management's Discussion & Analysis ("MD&A") for the same period, available on the Company's website at [www.scorpiogold.com](http://www.scorpiogold.com) and under the Company's name on SEDAR at [www.sedar.com](http://www.sedar.com). All monetary amounts are expressed in US dollars unless otherwise specified.

## PERFORMANCE HIGHLIGHTS:

	Q2 2018	Q2 2017	H1 2018	H1 2017
	\$	\$	\$	\$
Revenue (000's)	2,492	6,299	5,518	16,174
Mine operating earnings (000's)	895	1,142	2,007	3,520
Net (loss) earnings (000's)	246	(285)	390	(245)
Basic and diluted (loss) earnings per share	0.00	(0.00)	(0.00)	(0.00)
Adjusted net earnings <sup>(1)</sup> (000's)	291	464	726	1,925
Adjusted basic and diluted net earnings per share <sup>(1)</sup>	0.00	0.00	0.00	0.01
Adjusted EBITDA <sup>(1)</sup> (000's)	537	957	1,227	3,032
Adjusted basic and diluted EBITDA per share <sup>(1)</sup>	0.00	0.00	0.01	0.02
Cash flow (used in) from operating activities (000's)	363	(885)	1,191	2,564
Total cash cost per ounce of gold sold <sup>(1)</sup>	849	968	840	911
Gold ounces sold	1,900	5,025	4,200	13,127
Gold ounces produced	1,727	4,660	4,560	10,401

1. This is a non-IFRS measure; refer to Non-IFRS Measures section of this press release and the Company's Management Discussion & Analysis for Q2 of 2018 for a complete definition and reconciliation to the IFRS results reported in the Company's financial statements for Q2 of 2018.

## HIGHLIGHTS FOR THE SECOND QUARTER ("Q2") ENDED JUNE 30, 2018 AND SUBSEQUENT EVENT

- 1,727 ounces of gold were produced at the Mineral Ridge mine during Q2 of 2018, compared to 4,660 ounces during Q2 of 2017.
- Revenue of \$2.5 million, compared to \$6.3 million during Q2 of 2017.
- Total cash cost per ounce of gold sold<sup>(1)</sup> of \$849 compared to \$968 during Q2 of 2017.
- Mine operating earnings of \$0.9 million compared to \$1.1 million during Q2 of 2017.
- Net earnings of \$0.2 million (\$0.00 basic and diluted per share), compared to a net loss of \$0.3 million (\$0.00 basic and diluted per share) during Q2 of 2017.
- Adjusted net earnings<sup>(1)</sup> of \$0.3 million (\$0.00 basic and diluted per share) compared to \$0.5 million (\$0.00 basic and diluted per share) for Q2 of 2017.
- Adjusted EBITDA<sup>(1)</sup> of \$0.5 million (\$0.00 basic and diluted per share) compared to \$1.0 million (\$0.00 basic and diluted per share) during Q2 of 2017.

- On August 13, 2018, the Company requested and received from its lender an extension to October 15, 2018 of the maturity date of its senior secured debt, subject to continued compliance with the terms of the applicable credit agreement and forbearance agreement.

#### HIGHLIGHTS FOR THE SIX MONTHS ENDED JUNE 30, 2018

- 4,560 ounces of gold were produced at the Mineral Ridge mine, compared to 10,401 ounces produced during the six months ended June 30, 2017.
- Revenue of \$5.5 million, compared to \$16.2 million during the six months ended June 30, 2017.
- Total cash cost per ounce of gold sold<sup>(1)</sup> of \$840, compared to \$911 during the six months ended June 30, 2017.
- Mine operating earnings of \$2.0 million, compared to \$3.5 million during the six months ended June 30, 2017.
- Net earnings of \$0.4 million (\$0.00 basic and diluted per share), compared to a net loss of \$0.2 million (\$0.00 basic and diluted per share) during the six months ended June 30, 2017.
- Adjusted net earnings<sup>(1)</sup> of \$0.7 million (\$0.00 basic and diluted per share), compared to \$1.9 million (\$0.01 basic and diluted per share) during the six months ended June 30, 2017.
- Adjusted EBITDA<sup>(1)</sup> of \$1.2 million (\$0.01 basic and diluted per share), compared to \$3.0 million (\$0.02 basic and diluted per share) million during the six months ended June 30, 2017.

#### Going Concern and Extension of Debt Maturity Date

The Company's only source of revenue, the 70% owned Mineral Ridge mine, suspended mining in November 2017 as the Company had mined all of its economical mineral reserves based on gold pricing and heap leach recovery parameters. Remaining reserves are determined uneconomical to continue mining with the existing processing infrastructure due to higher associated strip ratios and heap leach recoveries and will require higher gold prices or mill processing to be considered economical. Management expects to generate limited revenues from residual but diminishing gold recoveries from the leach pads through the remainder of 2018. As a result, the Company's revenues from operations have been and continue to be adversely affected, and cash flow from operations will soon be insufficient to support the Company.

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

In addition, the principal amount of \$6.0 million of the Company's senior secured debt matured on August 13, 2018. Since the Company was not in a position to repay the \$6 million debt at that date, it requested and received from its lender an extension of the maturity date of its senior secured debt agreement to October 15, 2018, subject to continued compliance with the terms of the applicable credit agreement and forbearance agreement. For more information, see the Company's press release dated August 13, 2018.

In light of this situation, the Company does not expect that it will be able to generate sufficient cash flows from its operations to continue as a going concern in the near future. The Company will need to raise additional capital to support its operations and to settle its long-term debt. The Company is currently evaluating various business alternatives, which involve refinancing its long-term debt and raising the required capital to support its operations and for the construction of a new processing facility at the Mineral Ridge mine.

#### Outlook

The Company's main focus is to identify potential sale transactions, business combinations, or opportunities to raise sufficient financing to improve its financial position and to re-finance its senior secured

debt obligations and as such allow it to proceed with the construction of a new processing facility at Mineral Ridge with a view to process heap leach materials and additional open-pit mineral reserves.

## NON-IFRS MEASURES

The discussion of financial results in this press release includes reference to Adjusted net earnings, Adjusted EBITDA, Total cash cost per ounce of gold sold 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 periods ended June 30, 2018 for definitions of these terms and a reconciliation of these measures to reported International Financial Reporting Standards ("IFRS") results.

## About Scorpio Gold Corporation

Scorpio Gold holds a 70% interest in the producing Mineral Ridge gold mining operation located in Esmeralda County, Nevada with joint venture partner Elevon, LLC (30%). Mineral Ridge is a conventional open pit mining and heap leach operation. Mining at Mineral Ridge was suspended in November 2017; however, the Company continues to generate limited revenues from residual but diminishing recoveries from the leach pads. Scorpio Gold also holds a 100% interest in the advanced exploration-stage Goldwedge property in Manhattan, Nevada with a fully permitted underground mine and 400 ton per day mill facility. The Goldwedge mill facility has been placed on a care and maintenance basis and can be restarted immediately when needed.

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

## ON BEHALF OF THE BOARD SCORPIO GOLD CORPORATION

Brian Lock,  
Interim CEO

For further information contact:  
Chris Zerga, President  
Tel: (604) 678-9639  
Email: czerga@scorpiogold.com

Website: [www.scorpiogold.com](http://www.scorpiogold.com)

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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 to identify potential sale or business combination transactions, seek and obtain sufficient financing to improve its financial position, to re-finance its long-term debt and to construct a new processing facility at Mineral Ridge, plans to re-commence mining operations and to plans with respect to the development and exploitation of its Mineral Ridge mine, including any forecasts regarding future production or costs related thereto. 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 relating to compliance with various agreements related to its long term debt, to operation of a gold mine, including the availability of cash flows or financing to meet the Company's ongoing financial obligations; the inability of the Company to

re-finance its long-term debt obligations; unanticipated changes in the mineral content of materials being mined; unanticipated changes in recovery rates; changes in project parameters; failure of equipment or processes to operate as anticipated; the failure of contracted parties to perform; availability of skilled labour and the impact of labour disputes; obtaining the required permits to expand and extend mining activities; delays in obtaining governmental approvals; changes in metals prices; unanticipated changes in key management personnel; changes in general economic conditions; other risks of the mining industry 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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