Scorpio Gold announces a toll milling agreement for Goldwedge

Scorpio Gold Corp. (TSX-V: SGN)

Announced the signing of a Toll Milling Agreement between the Company’s affiliate, Goldwedge LLC, and Lode-Star Mining Inc.

The Agreement will allow for the processing of ore delivered from Lode-Star’s mining properties to Scorpio Gold’s 400 ton per day Goldwedge milling facility located in Manhattan, Nevada.



Scorpio Gold Signs First Toll Milling Contract for its Wholly Owned Goldwedge Mill in Manhattan Nevada

Vancouver, January 27, 2020 – Scorpio Gold Corporation ("Scorpio Gold" or the "Company") (TSX-V: SGN) is pleased to announce the signing of a Toll Milling Agreement (the "Agreement") between the Company's affiliate, Goldwedge LLC, and Lode-Star Mining Inc. ("Lode-Star"). The Agreement will allow for the processing of ore delivered from Lode-Star's mining properties to Scorpio Gold's 400 ton per day Goldwedge milling facility located in Manhattan, Nevada.

Under the terms of the Agreement, Lode-Star will advance funds required for the design engineering, permitting and mill modifications required for processing of Lode-Star's ore. Based on previous metallurgical testing, Lode-Star's ore requires gravity combined with flotation for optimal recoveries of contained precious metals. The Goldwedge milling circuit is currently configured with a gravity recovery circuit. The modifications to the Goldwedge milling facility will include the addition of a flotation circuit, supporting

reagent tanks/silos, secondary lining of process containment ponds, leak detection and monitoring wells associated with fluid containments. The Agreement provides for Lode-Star to recoup the advanced funds through a reduction in toll milling rates until all advanced funds have been repaid. Following repayment, the toll charges will revert to standard rates.

This Agreement is mutually beneficial for both parties. Goldwedge LLC will transition from temporary closure into production. With the addition of a flotation circuit the Goldwedge milling facility will have the capability of processing carbonaceous/sulfidic ores, expanding its availability for toll milling in addition to the Lode-Star arrangement. The new flotation circuit will also result in improved recoveries for mineralised material within the Goldwedge deposit, potentially allowing for lower mining cut-off grades. Lode-Star benefits from having a long-term processing agreement for their ores at a location operated by an experienced processing team. The mill is in close proximity to their mine, thus minimizing haulage costs, and will have a milling circuit optimised for peak metallurgical recoveries.

Scorpio Gold's President, Chris Zerga, comments, *"This toll milling agreement is the achievement of many hours of work between Lode-Star and Scorpio Gold's management and both parties will greatly benefit from it. We look forward to working with the Lode-Star team and positioning the Goldwedge mill for additional toll-milling opportunities."*