

Scorpio Gold enters into a term sheet for non dilutive debt financing

Scorpio Gold Corporation {TSX-V: SGN} continues to produce news releases at a rapid rate, and again the news is good for shareholders.

They have managed to negotiate a superior finance package than that previously agreed, and the board have decided to move forwards with this one, initiating the break clause in the previous agreement.

Scorpio Gold Enters into Term Sheet for Non-Dilutive Debt Financing with Waterton and Provides Corporate Update

Vancouver, July 29, 2015 – **Scorpio Gold Corporation** {TSX-V: SGN} announces that it has entered into a term sheet for a non-dilutive debt financing with Waterton Precious Metals Fund II Cayman, LP (“Waterton”), an affiliate of the Company’s joint venture partner at the Mineral Ridge project.

Peter Hawley, the Company’s President and CEO, comments “*With the current downturn in the price of gold, the Company’s main objective is to ensure a solid cash balance and to focus on low-cost mining and optimizing cash flow.*”

“As with the majority of precious metals producers, Scorpio Gold’s share price has been under pressure due to a decline in gold and silver prices. A general reduction in financing options has also affected many companies in the mining industry. As outlined below, the Company has received an offer for superior debt financing from Waterton, an affiliate of the

Company's Mineral Ridge joint venture partner. The amount of the loan and the three year maturity date will provide the Company with an improved cash balance to help mitigate the impact of the current lower gold price environment. In addition, the Company has optimized its Mineral Ridge open pit mine plan and pit sequencing to focus on areas with the lowest cost and best return on investment. The areas not being developed at this time will be revisited when the gold price recovers. Exploration drilling continues at Mineral Ridge, meanwhile the temporary shutdown of the Goldwedge facility will help reduce our cash burn rate."

"The Company maintains its forecast of 40,000-45,000 ounces of gold production at Mineral Ridge in 2015 at a total cash cost of US\$800-US\$850 per ounce of gold sold."

Financing

The Company has elected not to proceed with the convertible debt financing announced in its news release dated June 12, 2015, and has entered into a term sheet with Waterton for a non-dilutive debt financing on superior terms. Under the proposed financing, Waterton will advance a US\$6,000,000 principal amount loan (the "Loan") to the Company for a period of 36 months. The Loan will accrue interest at a rate of 10% per annum, to be paid quarterly, and will be secured by a first priority security interest in all of the Company's assets. The Company will pay Waterton a US\$120,000 structuring fee upon the advancement of the Loan. 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 will include representations, warranties and covenants, including restrictive covenants, that are within industry standards for a secured debt financing. The advancement of the Loan remains subject to a number of conditions precedent, including due diligence review by Waterton and negotiation of definitive documentation.

The proceeds of the Loan will be mainly used to finance exploration and development at the Company's Mineral Ridge project, for general working capital purposes and to pay the break fee and other costs associated with the Company's recently terminated financing activities. In the event that the Company does not proceed with the Loan, the Company will pay Waterton a break fee of US\$180,000.

In connection with the Loan, the Company will modify the Mineral Ridge operating agreement so that commencing on the advancement of the Loan, the Company's wholly owned subsidiary that holds the interest in Mineral Ridge will owe and accrue to Waterton's affiliate that is the joint venture partner at the Mineral Ridge project an amount equal to 10% of all dollar amounts actually distributed to the joint venture partners in the Mineral Ridge project (the "Accrued Distribution Amount"). The Accrued Distribution Amount shall become 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 project, but is currently entitled to 80% of cash distributions on a temporary basis. As a result of the foregoing amendment, as of the date of the Loan the Company will effectively revert to being entitled to 70% of cash flows distributed by the Mineral Ridge project, but this change will not affect its cash position until the Accrual Payment Date, at which time the Accrued Distribution Amount must be paid.

Mineral Ridge Operation

Detailed in-fill and pit expansion drilling of the satellite deposits has been completed, with all results received to date published in the Company's news releases. Additional results will be released as they are received and compiled. With the completion of the in-fill and pit expansion drilling, the Company has reduced the number of drill rigs from three to two. Exploration drilling continues both within and outside of the current permitted mining boundary on a number of target areas that returned promising gold intercepts in prior drilling campaigns.

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.

Goldwedge Operation

The Goldwedge mill facility has been placed on a care and maintenance basis for the near-term and can be restarted immediately when needed. The underground drilling program at Goldwedge has been completed and assay results will be released once compiled.

**ON BEHALF OF THE BOARD
SCORPIO GOLD CORPORATION**

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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 restriction, any statements regarding the completion of the transaction announced herein including the advancement of the Loan, production and costs forecasts and other statements regarding future mining or exploration activities at Mineral Ridge, and the potential recommencement of milling operations at Goldwedge. 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 related to the results of Waterton's due diligence review of the Company and the ability of the parties to agree on definitive loan documentation, as well as risks related to open pit mining and heap leach operations, including 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; delays in obtaining

governmental approvals; changes in metals prices; the availability of cash flows or financing to meet the Company's ongoing financial obligations; 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.