

Scorpio Gold report strong Q2 results, 2015 production guidance on track

Scorpio Gold Corp. {TSX.V: SGN} have reported strong Q2 2015 production results.

Production guidance for 2015 of 40,000 – 45,000 ounces remains on track.

VANCOUVER, BRITISH COLUMBIA – Aug 27, 2015) – **Scorpio Gold Corporation** {TSX.V: SGN} is pleased to announce its financial results for the second quarter ended June 30, 2015 (“Q2”).

This press release should be read in conjunction with the Company’s condensed consolidated interim financial statements for Q2 and Management Discussion & Analysis for the same period, available on the Company’s website at www.scorpiogold.com and under the Company’s name on SEDAR at www.sedar.com.

All monetary amounts are expressed in US dollars unless otherwise specified.

PERFORMANCE HIGHLIGHTS:

	Q2 2015	Q2 2014	H1 2015	H1 2014
	\$	\$	\$	\$
Revenue (000’s)	12,083	10,646	24,426	23,895

Mine operating earnings (000's)	2,418	1,048	4,473	2,378
Net earnings (loss) (000's)	1,747	608	2,502	986
Basic and diluted earnings (loss) per share	0.01	0.00	0.01	0.00
Adjusted net earnings ⁽¹⁾ (000's)	1,772	524	2,751	910
Adjusted basic and diluted net earnings per share ⁽¹⁾	0.01	0.00	0.01	0.00
Adjusted EBITDA ⁽¹⁾ (000's)	2,867	3,308	4,738	7,241
Adjusted basic and diluted EBITDA per share ⁽¹⁾	0.01	0.02	0.02	0.04
Cash flow from operating activities (000's)	4,608	2,224	8,952	5,362
Total cash cost per ounce of gold sold(1)	800	815	798	803
Gold ounces produced	8,738	9,034	20,690	19,328

Peter Hawley, President & CEO, comments, *"The Company continued its consistent performance with another strong quarter at Mineral Ridge, and is well on track to meet its 2015 production forecast of 40,000 to 45,000 ounces of gold produced at a cash cost of \$800 to \$850 per ounce of gold sold."*

Operational excellence remains the Company's key focus, and with the new mining plan developed in mid-July, the Company will focus its production efforts on lower strip ratio areas at the Mineral Ridge mine with high quality ounces to offset the depressed gold price, in an effort to ensure continued

performance through the second half of 2015. We are very proud of our Mineral Ridge operations team, which continues to deliver solid results despite a difficult time in the mining sector."

⁽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 2015 for a complete definition and reconciliation to the IFRS results reported in the Company's financial statements for Q2 of 2015.

Highlights for the Second Quarter Ended June 30, 2015 and subsequent events:

- 8,738 ounces of gold were produced at the Mineral Ridge mine, compared to 9,034 ounces produced during Q2 of 2014.
- Revenue of \$12.1 million, compared to \$10.6 million during Q2 of 2014, due to a higher number of ounces of gold sold despite a lower average gold price.
- Total cash cost per ounce of gold sold⁽¹⁾ of \$800, compared to \$815 during Q2 of 2014.
- Mine operating earnings⁽¹⁾ of \$2.4 million, compared to \$1.0 million during Q2 of 2014, mainly due to lower depletion and amortization.
- Net earnings of \$1.7 million (\$0.01 basic and diluted per share), compared to \$0.6 million (\$0.00 basic and diluted per share) during Q2 of 2014.
- Adjusted net earnings⁽¹⁾ of \$1.8 million (\$0.01 basic and diluted per share), compared to \$0.5 million (\$0.00 basic and diluted per share) during Q2 of 2014.
- Adjusted EBITDA⁽¹⁾ of \$2.9 million (\$0.01 basic and diluted per share), compared to \$3.4 million (\$0.02

basic and diluted per share) during Q2 of 2014.

- Cash flow from operating activities⁽¹⁾ of \$4.6 million, compared to \$2.2 million during Q2 of 2014, mainly as a result of a decrease in inventory level.
- Effective July 28, 2015, the Goldwedge property was put on care and maintenance.
- On August 14, 2015, the Company closed a \$6 million principal amount debt financing that will be mainly used to fund the exploration and development of the Company's Mineral Ridge property and for general working capital purposes. The debt bears interest at a rate of 10% per annum, paid quarterly in arrears, has a three year term, and is secured against all of the assets of the Company and its subsidiaries.

Highlights for the Six-Month Period Ended June 30, 2015:

- 20,690 ounces of gold were produced at the Mineral Ridge mine, compared to 19,328 ounces produced during the six months ended June 30, 2014.
- Revenue of \$24.4 million, compared to \$23.9 million during the six months ended June 30, 2014, mainly due to increased production which resulted in a higher number of ounces of gold sold, but at a lower average gold price.
- Total cash cost per ounce of gold sold⁽¹⁾ of \$798, compared to \$803 during the six months ended June 30, 2014.
- Mine operating earnings⁽¹⁾ of \$4.5 million, compared to \$2.4 million during the six months ended June 30, 2014, mainly due to lower depletion and amortization.
- Net earnings of \$2.5 million (\$0.01 basic and diluted per share), compared to net earnings of \$1.0 million (\$0.00 basic and diluted per share).

⁽¹⁾ This is a non-IFRS measure; please see Non-IFRS performance

measures section.

- Adjusted net earnings⁽¹⁾ of \$1.4 million (\$0.01 basic and diluted per share), compared to \$0.9 million (\$0.00 basic and diluted per share) during the six months ended June 30, 2014.
- Adjusted EBITDA⁽¹⁾ of \$4.7 million (\$0.02 basic and diluted per share), compared to \$7.2 million (\$0.04 basic and diluted per share) million during the six months ended June 30, 2014.
- Cash flow from operating activities⁽¹⁾ of \$9.0 million, compared to \$5.4 million during the six months ended June 30, 2014, mainly as a result of a decrease in inventory level.

⁽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 2015 for a complete definition and reconciliation to the IFRS results reported in the Company's financial statements for Q2 of 2015.

Non-IFRS Measures

The discussion of financial results in this press release includes references to Adjusted EBITDA, Total cash cost per ounce of gold sold 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 Q2 of 2015 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 producing Mineral Ridge gold mining operation located in Esmeralda County, Nevada, with partner Elevon, LLC (30%). Mineral Ridge is currently in production as a conventional open pit mining and heap leach operation. The Mineral Ridge property is host to multiple gold-bearing structures, veins and lenses at exploration, development and production stages. Scorpio Gold also holds a 100% interest in the advanced exploration-stage Goldwedge property and processing facility in Manhattan, Nevada which is currently permitted for 400 tons per day. The Goldwedge mill facility has been placed on a care and maintenance basis for the near-term and can be restarted immediately when needed.

Scorpio Gold's President & CEO, 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

Peter J. Hawley, President & 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, statements regarding the Company’s plans with respect to the exploration, 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 operation of a gold mine, 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.

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