Scorpio Gold – Rising like a phoenix from the ashes

Scorpio Gold {SGN.V}

Further to Scorpio Gold Corp.'s press release dated Jan. 28, 2019, the company has completed the Waterton buyout, as a result of which, among other things, the company's senior secured debt owing to an affiliate of Waterton Global Resources Management in the amount of $6,103,562 (U.S.) has been extinguished.

The company now holds a 100-per-cent interest in the Mineral Ridge project, located in Nevada.

Scorpio Gold completes Waterton buyout

2019-03-06 08:41 ET – News Release

Mr. Brian Lock reports

SCORPIO GOLD ANNOUNCES COMPLETION OF WATERTON BUYOUT TO ELIMINATE SENIOR SECURED DEBT AND ACQUIRE A 100% INTEREST IN THE MINERAL RIDGE PROPERTY

Further to **Scorpio Gold Corp.'s** press release dated Jan. 28, 2019, the company has completed the Waterton buyout, as a result of which, among other things, the company's senior secured debt owing to an affiliate of Waterton Global Resources Management in the amount of $6,103,562 (U.S.) has been extinguished, and the company now holds a 100-per-cent interest in the Mineral Ridge project, located in Nevada.

Brian Lock, the interim chief executive officer and a director of the company, states: *"This is a great day for Scorpio Gold, having eliminated its $6-million (U.S.) senior secured debt with Waterton in exchange for an upfront payment of $3-million (U.S.) in cash, and increasing its ownership of the Mineral Ridge gold mine to 100 per cent. Scorpio Gold is finalizing the previously announced $6-million (U.S.) convertible debenture financing. We can now focus our efforts on re-engaging with lenders who had previously expressed interest in funding our new processing facility at the Mineral Ridge project. This will allow us to capture the value in the gold reserves contained in the heap leach pad and unmined portions of the mine. We see potential to increase those resources by further exploration within and outside our area of operations. Our operating team at Mineral Ridge has proved its excellence over the past eight years and, once financed, will build and operate the new process facility with an expected mine life of at least seven years."*

Pursuant to the Waterton buyout: (i) the loan advanced from Waterton Precious Metals Fund II Cayman LP to Scorpio Gold pursuant to the terms of a senior secured credit agreement among the company, its subsidiaries and the lender, which was originally announced in the company's press release dated Aug. 17, 2015, has been fully extinguished and the credit agreement has been terminated; (ii) the gold and silver supply agreement dated May 18, 2011, among the company, Scorpio Gold (U.S.) Corp., Mineral Ridge Gold LLC and an affiliate of the lender has been terminated; and (iii) the company has acquired the 30-per-cent membership interest of Elevon LLC in Mineral Ridge Gold (which holds the Mineral Ridge project) and the related operating agreement dated March 10, 2010, between Scorpio Gold U.S. and Elevon has been terminated.

In consideration for the Waterton buyout: (i) the company paid the lender $3-million (U.S.); (ii) the company assigned to the lender the right to receive up to $1-million (Canadian) of a contingent payment the company may receive from Gold Standard Ventures Corp. in connection with the company's sale to Gold Standard of the Pinon property in 2014 (for further information, see the company's news release dated March 5, 2014); and (iii) a contingent payment will be payable by the company to Waterton if the company completes certain asset sale or change of control transactions before 2022, which will be calculated based on a percentage of the value of such transactions.

The company received financing to complete the upfront payment pursuant to a $3-million (U.S.) debt bridge financing from arm's-length parties to the company that intend to subscribe to the company's non-brokered private placement of convertible debentures, previously announced in the company's press release on Jan. 28, 2019. The bridge financing accrues interest at a rate of 7 per cent per annum, is unsecured and is subject to industry-standard events of default. The company intends to repay the lenders of the bridge financing with funds obtained on the closing of the convertible debenture financing, which is expected to be later this month.

About Scorpio Gold Corp.

Scorpio Gold holds a 100-per-cent interest in the producing Mineral Ridge gold mining operation located in Esmeralda county, Nevada. 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-per-cent interest in the advanced exploration-stage Goldwedge property in Manhattan, Nev., with a fully permitted underground mine and 400-ton-per-day mill facility.

We seek Safe Harbor.