

## **Scorpio Gold Provides Outlook at its Mineral Ridge Operation, Nevada**

Vancouver, April 22, 2020 – Scorpio Gold Corporation (“Scorpio Gold” or the “Company”) (TSX-V: SGN) is pleased to provide its 2020 production cashflow guidance and outlook at its 100% owned Mineral Ridge operation, located in Nevada.

### **Cash Flow**

The Mineral Ridge operation continues to generate cash flow from residual gold production from the existing heap leach pads with a forecasted revenue for 2020 estimated at US\$4.5-\$5.0M. Scorpio Gold initiated cash conservation measures in response to COVID-19 on April 1, 2020, including voluntary wage reductions for US employees, corporate executives and board members. The total annual reduction in costs will be approximately C\$1.6M and will remain in place until the Company is financed. Further cash conservation measures will be employed wherever discretionary funding can be eliminated or postponed.

### **Financing & 2018 Updated Feasibility Study**

Scorpio Gold is pursuing US\$35M financing for the construction of a new carbon-in-leach (CIL) processing facility at Mineral Ridge to capture the value in the gold reserves contained in the heap leach pad and unmined portions of the property. Based on the 2018 updated feasibility study (“2018 FS”; January 4, 2018 news release), the 4,000 tons/day facility will provide Scorpio Gold the ability to recover ~250,000 oz of gold over an expected mine life of 7.5 years. Economic parameters of the 2018 FS are presented in Table 2 and a technical report to support the study was filed on SEDAR on January 9, 2018.

### **Leverage to Gold Price**

The 2018 FS used a gold price of US\$1,250 per oz, which at the time approximated the 3-year moving average of the spot price. A sensitivity analysis reported in the 2018 FS indicates that gold price has a substantial impact on mineral reserves, NPV, IRR and other economic parameters, both positively with an increase in gold price and negatively with a decrease.

Gold prices began a significant climb over \$1,300 per oz in mid 2019 reaching spot prices around \$1,500 per oz by August 2019. Global economic uncertainty as a result of the COVID-19 pandemic has recently driven gold prices to near 8-year highs exceeding US\$1,740 per oz. Although considerable price volatility is expected to continue, consensus from many market analysts is that gold demand will increase in response to global financial insecurity and weakening of global economic growth.

Further to the 2018 FS sensitivity analysis, Scorpio Gold commissioned an independent mining consulting firm in late 2019 to prepare an updated mine plan and reserve and resource estimate using a gold price of US\$1,500 per oz. All other elements of the updated plan remained consistent with the 2018 FS, which remains the current technical report for the Mineral Ridge project.

Using updated pit designs and pit optimizations at \$1,500 per oz gold, the November 2019 study reported a 28% increase in contained ounces within the proven and probable reserves for the combined open pits as follows:

**Table 1. Updated Mineral Reserve Estimate Based on \$1,500/oz Gold Price - November 16, 2019**

Combined Pit Areas Mineral Reserve	Tons ('000)	Gold (opt)	Contained Gold ('000 oz)	% Change from 2017 Reserve Estimate		
				tons	grade	oz
<b>Proven</b>	3,452	0.043	147.0	28%	-10%	21%
<b>Probable</b>	2,200	0.032	69.7	44%	-2%	42%
<b>Proven &amp; Probable</b>	5,652	0.038	216.7	34%	-10%	28%

The study accommodated increased operating and capital costs due to the larger volumes associated with the updated ore and waste volumes. The study also accounted for the decline in contained ounces on the heap leach pad due to actual leach production from 2017 to 2019. A comparison of the economic parameters for the 2018 FS and the November 2019 study are as follows:

**Table 2. Economic Parameters - 2018 FS Compared with November 2019 Update**

	Jan 2018 FS	Nov 2019 Update	% Change	Units
Gold Price	\$1,250	\$1,500	20%	US\$
Construction Period	1	1.5	50%	years
Operating Period	7.5	8.5	13%	years
Leach Pad Material Milled	6,855	6,855	0%	kiloton
Average Leach Pad Gold Grade	0.0171	0.0150	-12%	oz/ton
ROM Material Milled	3,712	5,632	52%	kilotons
ROM Material Gold Grade	0.042	0.038	-10%	oz/ton
Contained Gold	273.5	322.5	18%	koz
Life of Project Gold Sold	250.5	296	18%	koz
Total Cash Cost	\$778	\$824	6%	/oz
Initial Capital Expenditures	\$34.9	\$34.9	0%	million
Open-Pit Capital Expenditures (Ops Yr 6)	\$32.6	\$51.8	59%	million
Total After-tax Net Cash Flow	\$64.0	\$118.4	85%	million
NPV of Net Cash Flow Discounted at 5%	\$40.9	\$77.4	89%	million
IRR	31.2	45.5	46%	%
Payback from End of Construction	2.8	2.3	-18%	years

Importantly, at the time of the November 2019 study, the 3-year moving average price of gold was US\$1,283 per oz and the spot price was trading at \$1,450- \$1,500 per oz. The 3-year moving average as of Apr 20, 2020 is \$1,344 per oz gold and the spot price is currently trading around \$1,700 per oz. Actual realized prices during the life of the mine will be based on the market either through spot sales or forward contracts. As such, the mineral reserve estimate and economic parameters presented in the November 2019 study reflect the potential economics should gold be trading at or higher than \$1,500 per oz throughout the life of mine. There is no guarantee this will be the case.

The Mineral Ridge property remains highly prospective with exploration to date focused on a limited portion of the overall 5,617-hectare property. Potential exists to increase mineral resources by further exploration within and outside the current area of operations.

## **Permitting**

Construction of the new processing facility at Mineral Ridge and recommencement of mining operations is fully permitted.

## **About Scorpio Gold**

Scorpio Gold holds a 100% interest in the 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% 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 Company recently signed a toll-milling agreement with Lode-Star Mining Inc. for processing of its ore at the Goldwedge facility.

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**

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