

# Mining Nevada Gold



**Forecast 40,000 – 45,000 oz. Gold in 2014**



## **Forward Looking Statements:**

Except for the statements of historical fact, the information contained herein is of a forward-looking nature. Such forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement of the Company to be materially different from any future results, performance or achievements expressed or implied by statements containing forward-looking information. Such factors include metal prices, exploration success, continued availability of capital and financing and general economic, market or business conditions.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that statements containing forward looking information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on statements containing forward looking information. Readers should review the risk factors set out in the Company's Filing Statement as filed on SEDAR.

## **Cautionary Note to U.S. Investors Concerning Estimates of Inferred Resources:**

This presentation uses the term "Inferred Resources". U.S. investors are advised that while this term is recognized and required by Canadian regulations, the Securities and Exchange Commission does not recognize it. "Inferred Resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of "Inferred Resources" may not form the basis of feasibility or other economic studies. U.S. investors are also cautioned not to assume that all or any part of an "Inferred Mineral Resource" exists, or is economically or legally mineable.

## **Qualified Person:**

The technical information contained within this presentation has been reviewed and approved by the Company's President, Steve Roebuck, PGeo, a Qualified Person as defined by NI 43-101.

# Investor Checklist

- ✓ Production – over 90,000 ounces gold produced at Mineral Ridge since 2012
- ✓ Cash Flow Positive
- ✓ Jurisdiction – Nevada
- ✓ Open Pit & Heap Leach – low cost operation
- ✓ High-Grade Deposit – over 2 g/t
- ✓ Permits & Water
- ✓ New Life of Mine Report 2014 – reserves exceed 130,000 oz.
- ✓ Exploration Upside – three rigs currently drilling at Mineral Ridge to increase mine life
- ✓ News Flow
- ✓ Gold Standard Ventures – Scorpio Gold owns 5.5 M shares of GSV and is owed \$2.5M cash
- ✓ Mine Safety Award for Environmental Excellence
- ✓ Experienced & Proven Management Team Delivering Results

# Focused on Nevada



## Mineral Ridge Operation

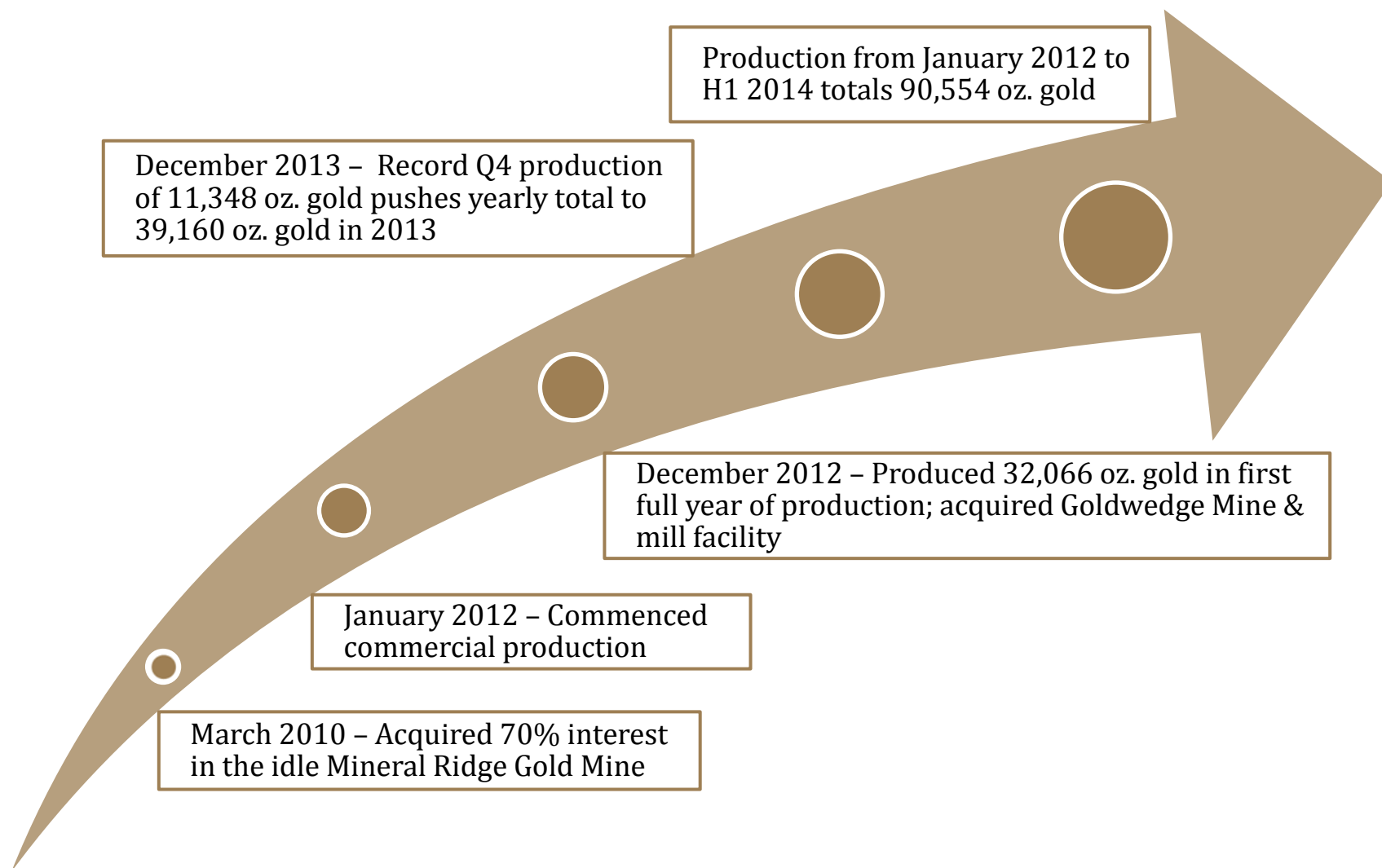
- Primary asset
- Third year of commercial production
- Forecast 40,000 – 45,000 oz. in 2014
- \$800 - \$850 cash cost per oz. gold sold

## Goldwedge Project

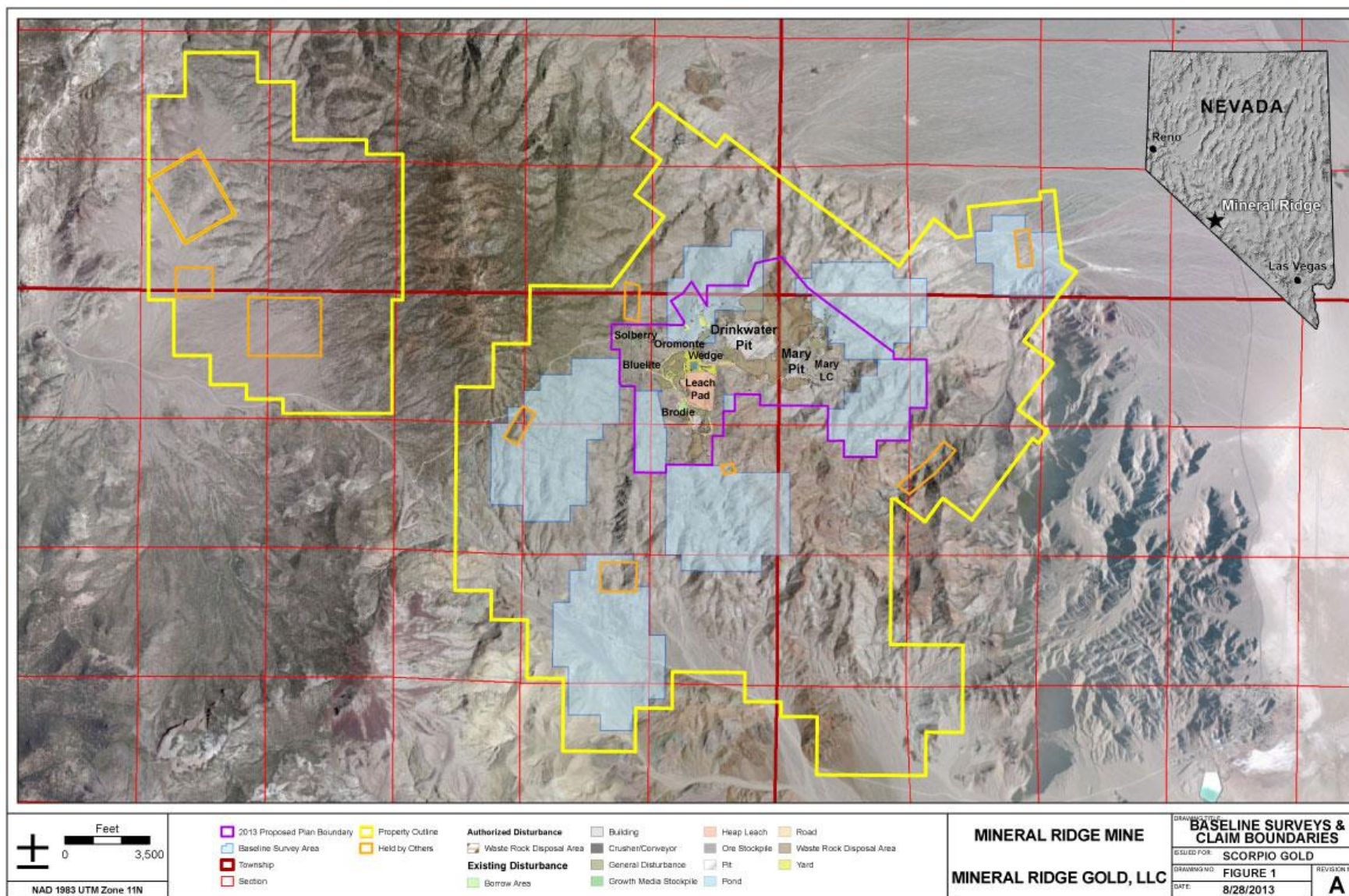
- 100% interest
- Fully permitted mine and mill
- 16 km south of Round Mountain
- Historical resource estimate
- Surface and u/g exploration in 2014



# Company History

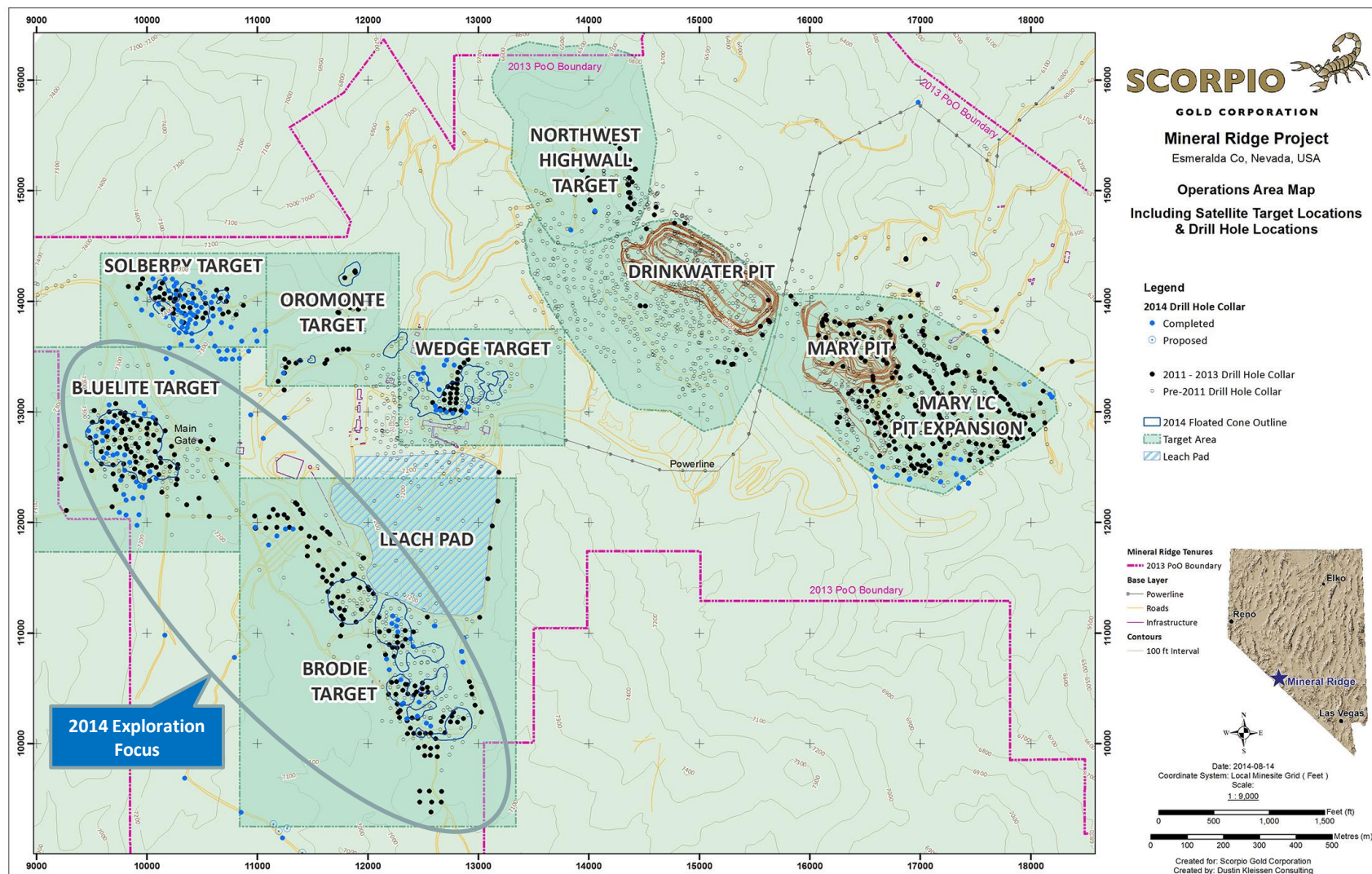


# Mineral Ridge – Property Map





# Production Areas & Satellite Deposits



# Mineral Ridge Operation



- Mineral Ridge is an open pit – heap leach operation.
- Scorpio owns 70% and receives 80% of the cash flow from Mineral Ridge.
- Produced **39,160** oz. of gold in 2013 and **32,066** oz. in 2012; a year-over-year increase of 22%.
- All gold is unhedged; no underlying royalties in areas currently being mined.
- Project area encompasses 5,010 ha (12,380 acres) and is host to multiple deposits at exploration, development and production levels.
- Excellent safety record. Honored by the Nevada Mining Association with a second place award in safety ratings in the small surface mining category.
- Excellent compliance record with all federal and state environmental permits and regulations, as affirmed by various agency inspections.



# 2013 & H1 2014 Production Highlights

Mineral Ridge Operation	Total 2013	Q1 2014	Q2 2014	H1 2014
<b>Mining Operations</b>				
<b>Producing pits</b>				
Ore tonnes mined	893,223	247,700	245,276	492,976
Waste tonnes mined	4,088,740	813,594	938,815	1,752,409
Total mined	4,981,963	1,061,294	1,184,091	2,245,385
Strip ratio	4.6	3.3	3.8	3.6
<b>Pits under development</b>				
Ore tonnes mined	-	-	6,915	6,915
Waste tonnes mined	213,411	257,396	411,162	668,558
Total mined	213,411	257,396	418,077	675,473
<b>Processing</b>				
Throughput (tpd)	2,681	3,264	3,168	3,215
Tonnes processed	903,337	244,773	247,073	491,846
Gold head grade (g/t)	2.32	1.95	1.80	1.87
Oz. produced:				
Gold	39,160	10,294	9,034	19,328
Silver	14,975	5,113	3,771	8,884
<b>Precious Metal Sales</b>				
Gold (oz.)	39,760	10,522	8,338	18,860
Silver (oz.)	15,161	5,341	3,375	8,716

# 2013 & Q1 2014 Financial Highlights

Mineral Ridge Operation	Total 2013 <sup>2</sup>	Q1 2014	Q2 2014	H1 2014
Revenue (000's)	\$54,646	\$13,249	\$10,646	\$23,895
Mine operating earnings (000's)	\$10,841	\$1,330	\$1,048	\$2,378
Net earnings (loss) (000's)	(\$6,843)	\$378	\$608	\$986
Basic & diluted earnings (loss) per share	(\$0.05)	\$0.00	\$0.00	\$0.00
Adjusted net earnings <sup>1</sup> (000's)	\$6,346	\$386	\$524	\$910
Adjusted basic & diluted earnings per share <sup>1</sup>	\$0.03	\$0.00	\$0.00	\$0.00
Adjusted EBITDA <sup>1</sup> (000's)	\$25,248	\$3,928	\$3,392	\$7,320
Adjusted basic & diluted EBITDA per share <sup>1</sup>	\$0.14	\$0.02	\$0.02	\$0.04
Adjusted cash flow from operating activities <sup>1</sup> (000's)	\$22,894	\$3,363	\$2,224	\$5,362
Total cash cost per oz. of gold sold <sup>1</sup>	\$734	\$794	\$815	\$803

As of June 30, 2014:

- Working capital: \$16.8 million
- Metal in process inventory: \$12.9 million
- Finished goods inventory: \$1.8 million

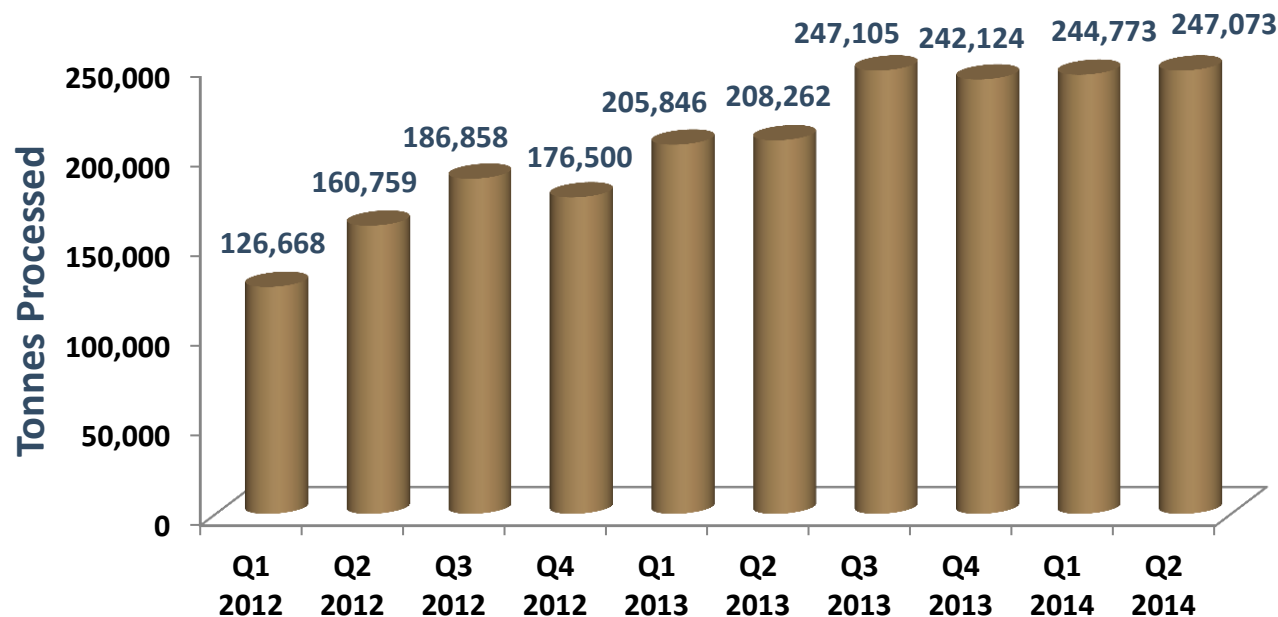
All monetary figures presented in US dollars.

<sup>1</sup> This is a non-IFRS measure; please see Non-IFRS Performance Measures section in the Company's Management Discussion & Analysis.

<sup>2</sup> Reflects the adoption of new IFRS Standard IFRIC 20, "Stripping costs in the production phase of a surface mine" on January 1, 2013.

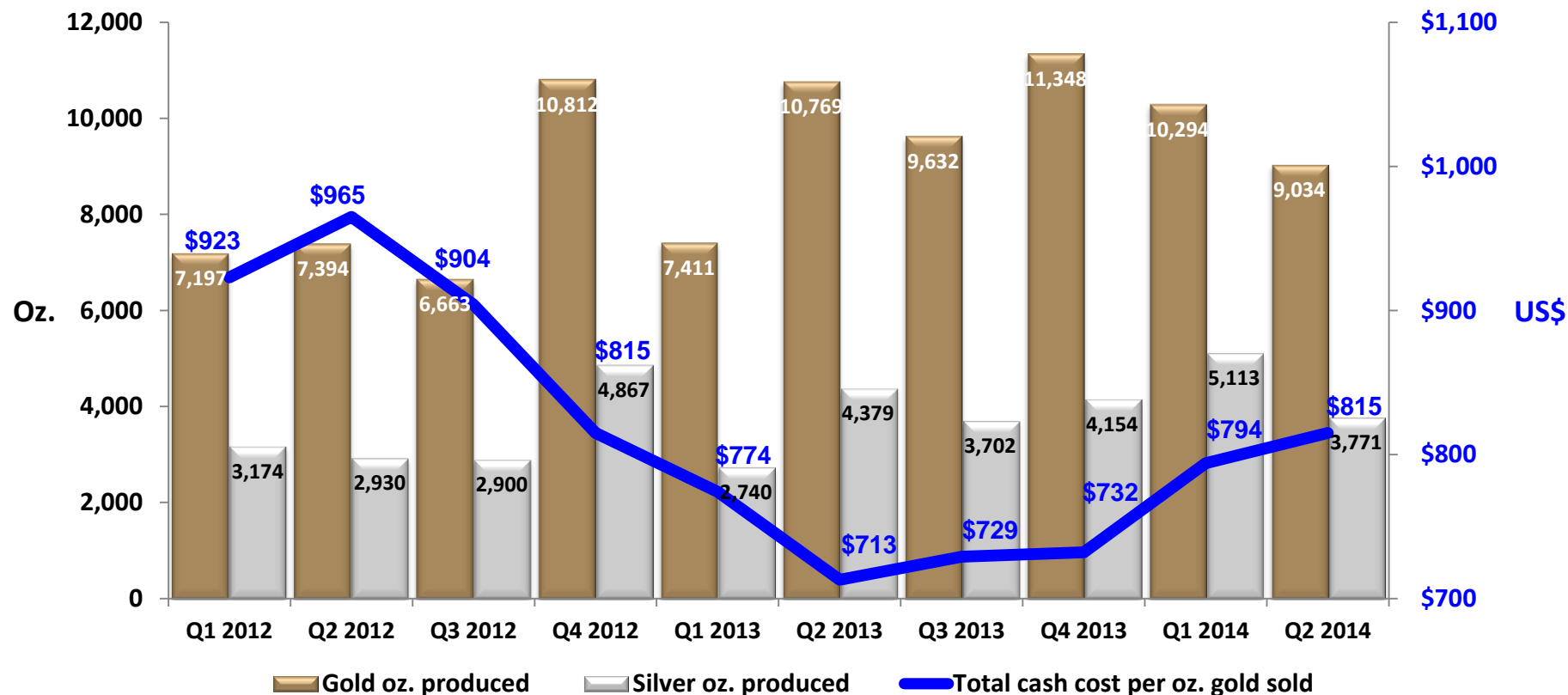
## Quarterly Growth

- **95%** increase in plant throughput from first quarter of commercial operation.
- Average plant throughput has increased from 2,172 tpd in 2012 to 3,215 tpd in 2014 (YTD).
  - More tons mined
  - New crusher commissioned in June 2013
  - Increased water availability – new well flowing at 150 gpm
  - Increased pad flow – new high capacity carbon column





# Quarterly Production by Metal & Cost



# 2014 Forecast & Operating Guidance

- Gold production: **40,000 - 45,000** ounces.
- Cash cost: US\$800 to US\$850 per oz. gold sold.
- Throughput: 2,840 short tons per day.
- Average grade: 0.061 oz. per ton (2.09 g/t).
- Waste to ore ratio of Drinkwater & Mary/LC producing pits combined: 4.3:1.
- Capital expenditure estimate: US\$1.2M
- Development: US\$5.9M
- Exploration budget: US\$3.9M



The updated mine plan incorporates the Drinkwater, Mary/LC and the five satellite deposits, Brodie, Wedge, Bluelite, Solberry and Oromonte. Mine life is projected into the 3<sup>rd</sup> quarter of 2016, or ~29 months as of the end of March 2014.

## **Principle Outcomes:**

- Estimated Probable Mineral Reserves: 2.1 Mt at grading 0.061 oz/ton gold (131,190 oz contained gold). See slides 24-25 and the Company's July 21, 2014 news release for further details.
- 2.5 year mine life at 73,700 t/m ore throughput as of March 31, 2014.
- Total gold production of ~97,700 oz.
- Average total cash cost of \$1,074/oz gold sold.
- After tax NPV of \$7.4 million (8% discount rate) using an average gold price of \$1,300/oz.

## **Opportunities:**

- Development drilling completed since the March 31, 2014 cut-off date is fully expected to further increase mine life.
- Potential to identify additional mineralization from drill-defined extensions to the known deposits, which may support further resource updates and potential conversion to reserves.
- Exploration potential of other identified prospects on the Mineral Ridge property.



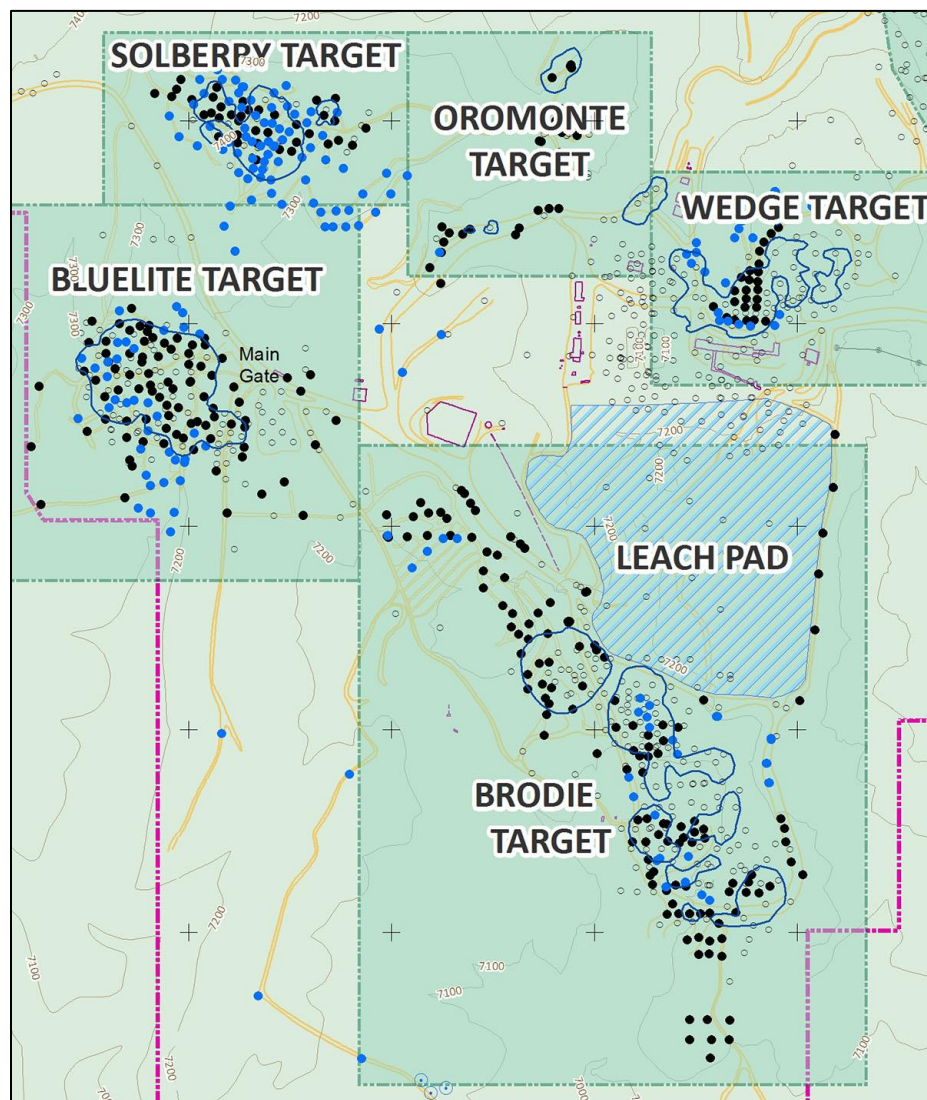
# Mineral Ridge Exploration

## Exploration Program

- 810 line-km heli-borne VTEM *plus* time-domain survey completed in 2013.
  - Multiple targets generated
  - Ground truthing ongoing
  - Priority targets to be drilled in 2014
- Extensive property-wide geochemical surveys, mapping and prospecting ongoing.
- 2014 RC drilling:
  - Two rigs currently drilling at site
  - 100,000 – 120,000 ft (up to 35,000m)
  - Focused on expanding resources around satellite deposits and step out exploration
- 2013 RC drilling:
  - 255 holes; 78,320 ft (23,872 m)
  - Focused on replacing ounces produced and extending life of mine



# 2014 Exploration Focus & Drill Highlights



Recent drill hole highlights reported during 2014 drilling campaign:

## Blueelite Target

- 7.68 g/t gold over 6.10 m
- 5.28 g/t gold over 6.10 m
- 12.42 g/t gold over 4.57 m

## Brodie Target

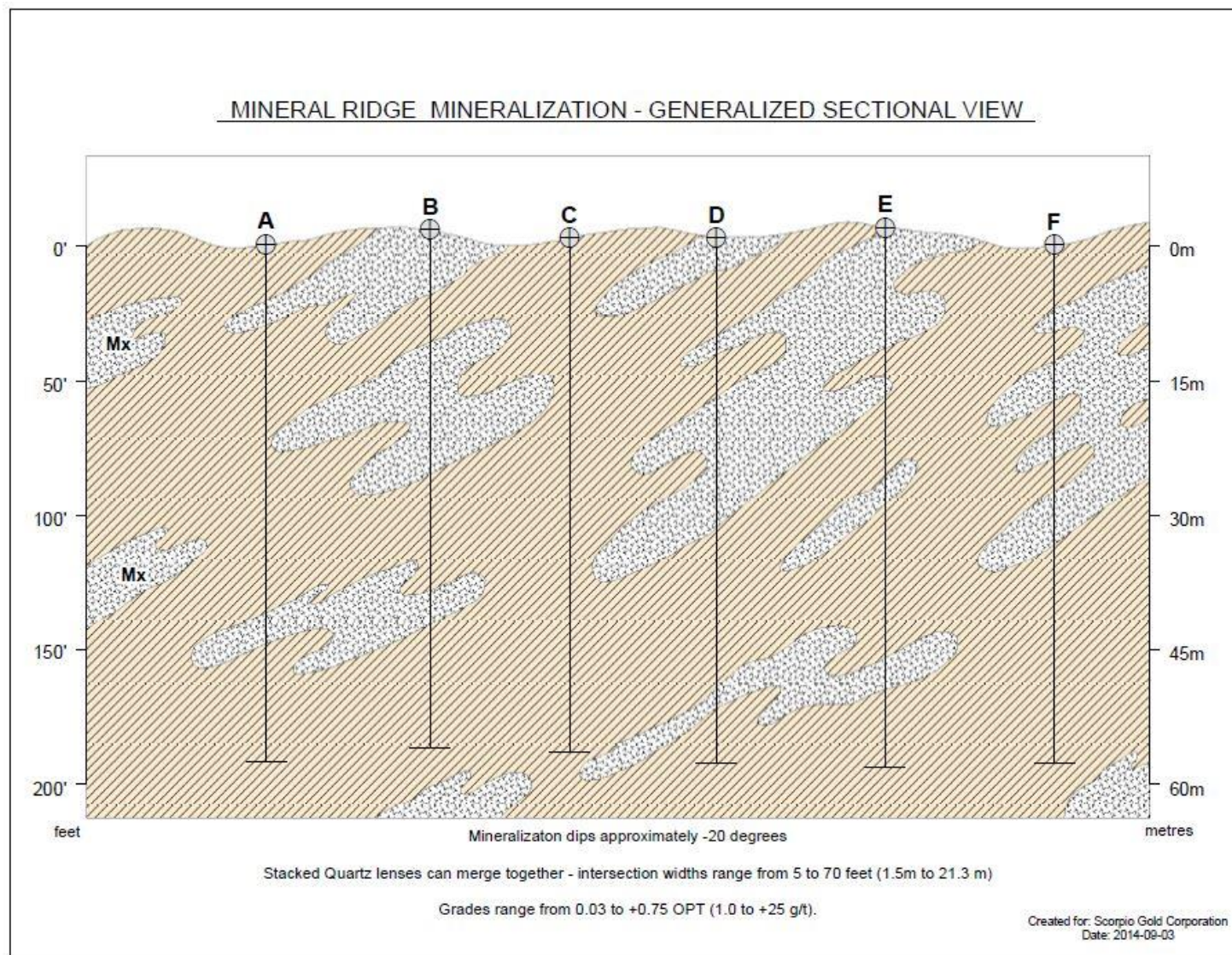
- 10.34 g/t gold over 6.10 m
- 4.49 g/t gold over 3.05 m
- 2.75 g/t gold over 21.34 m

## Solberry Target

- 19.58 g/t gold over 3.05 m
- 12.15 g/t gold over 19.81 m
- 9.27 g/t gold over 13.72 m



# Simplified Geology – Sectional View



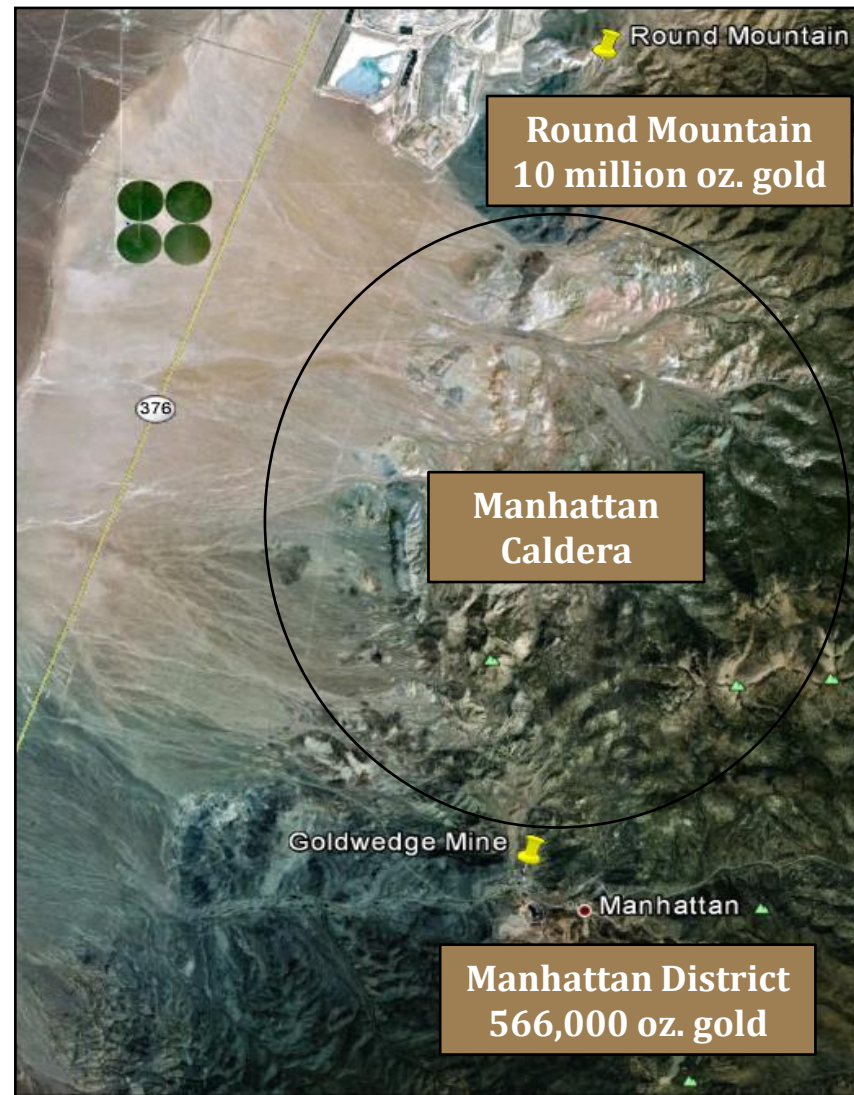


# Goldwedge Property



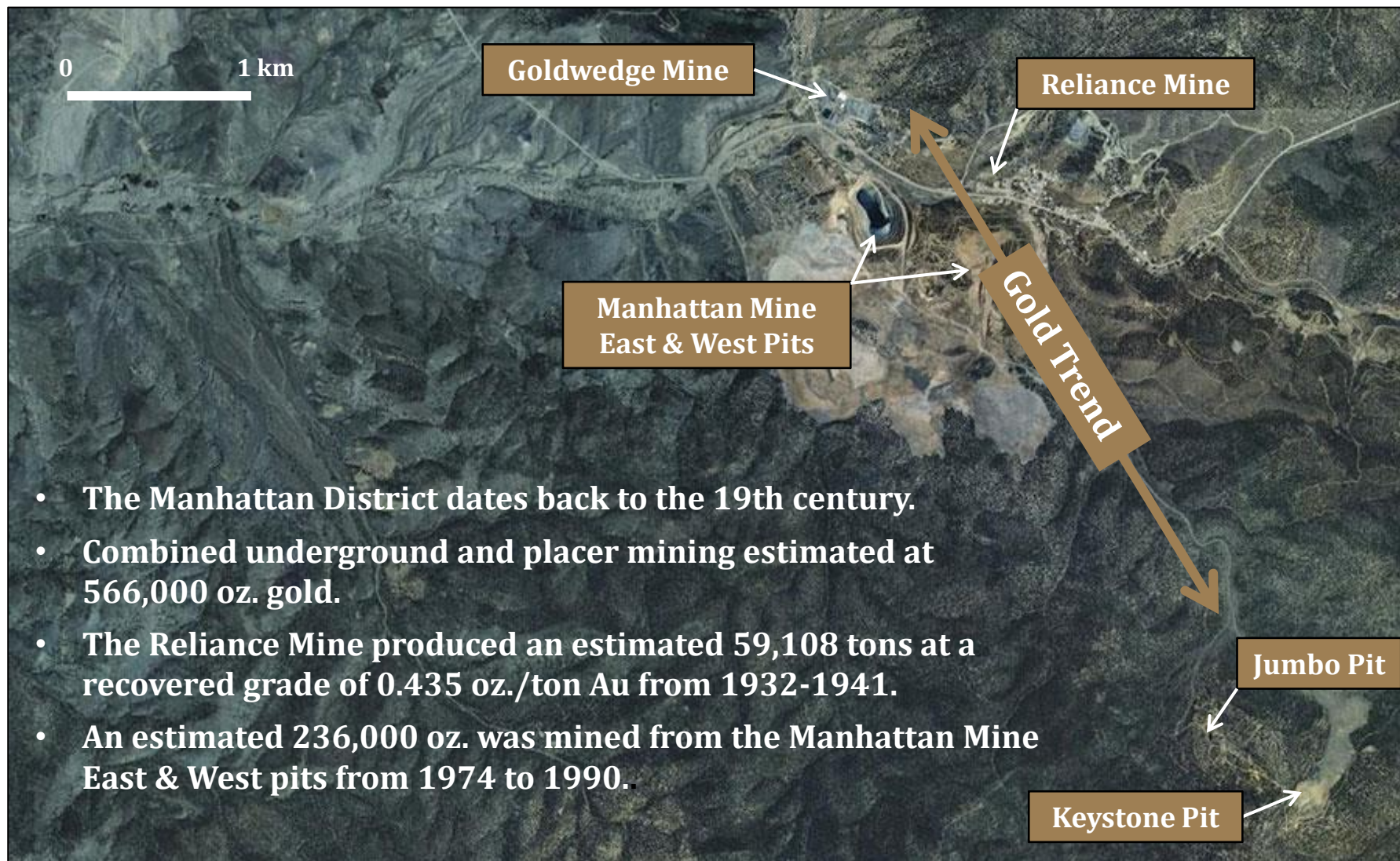
- Located within the Manhattan Mining District, 54 km north-northeast of Tonopah.
- Situated on the southern periphery of the Manhattan Caldera, approximately 16 km south of the 15 M oz. Round Mountain Mine
- Fully permitted/bonded underground mine with over 600 m of development.
- Mill facility with gravity circuit currently permitted for 400 tpd.
- Historical resource estimate (slide 26).
- Property covers three separate claim blocks encompassing the Goldwedge, Keystone and Jumbo gold deposits.

# Goldwedge Mine – Manhattan District





# Manhattan District, Nevada



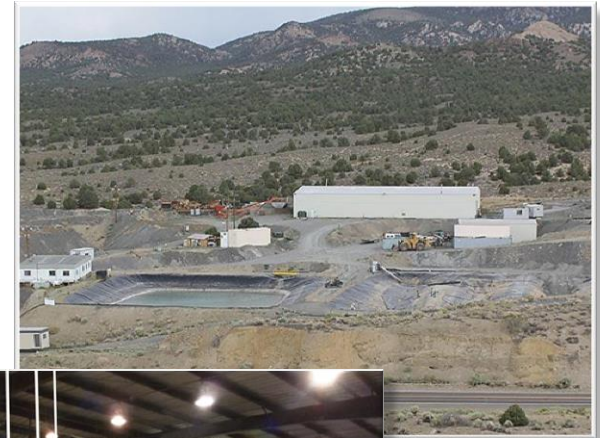




- Drilling of two surface core holes in July 2014 designed to:
  - Follow up on historical high-grade intercepts from previous operators.
  - Confirm style and structural controls to mineralization.
  - Use of oriented core drilling technique to obtain accurate, in-situ geological information.
  - Provide guidance for next phase of surface and underground drilling.

# Goldwedge Mill & Mine Redevelopment

- Extensive modifications undertaken at mill site, including:
  - Excavation and clean out of settling pond; replacement and refurbishment of pond liner.
  - Construction of new platforms for better and safer access.
  - Reconfiguration of cyclones to feed Knelson concentrators.
  - Addition of new filter press (in progress).
- Current permits allow:
  - Full operation of mill – processing high-grade Mineral Ridge ore; toll milling.
  - Surface drilling of deposit from 6 drill sites.
  - Underground drilling to define mineralization and develop a mine plan.
  - Underground mining.
  - Surface exploration on Jumbo and Keystone claims.



**Peter Hawley, BEng, BSc, PGeo – CEO & Director**

- 30+ years' experience including founder and former CEO and Chairman of Scorpio Mining (TSX: SPM). Proven track record in Company and mine building; highly experienced in corporate financing.

**Steve Roebuck, BSc, PGeo – President**

- 19+ years' experience in global mining and exploration projects. Has extensive operational experience having worked for BHP Billiton, Royal Oak Mines, Placer Dome, Aur Resources and Advanced Explorations.

**Gilbert Comtois, CPA, CA – CFO**

- 25 years' experience including CFO of Scorpio Mining from 2007-2011 and 18 years with Deloitte.

**Chris Zerga – General Manager**

- 20+ years' experience in Nevada with Freeport McMoran, Anglo Gold, Minorco, Newmont and Queenstake.

**Jim Ashton, PEng – Mine Manager**

- 30+ years' mining experience in the USA with Echo Bay, Meridian Gold, Phelps Dodge, Kinross and Fronteer Gold.

**David LaCount, BS – Controller**

- 20+ years' experience with Yukon-Nevada Gold, Queenstake and Titanium Metals.

**Carlene Lancaster, BSc – Permitting**

- 15+ years' environmental/permitting experience in the USA with Hecla Mining and Shell.

**Peter A. Brieger, HBA, CFA – Director**, CEO & Managing Director of GlobeInvest Capital Management.

**Brian Lock, PEng – Director**, 30+ years' design engineering, construction & operation of global mining projects.

**Andrew Lee Smith, PGeo – Director**, Director & Interim CEO of East Africa Metals.

**Luc Pelchat – Director**, Founder & President of the Chamber of Commerce of Canada in Northern Mexico.

**David Smalley, LLB – Director**, Owner, David Smalley Law Corporation.



# Share Structure & 12 Month Stock History



**Shares  
Outstanding**

• **124.9 M**

**Options<sup>1</sup>**

• **9.6 M**

**Market Cap<sup>2</sup>**

• **C\$22.5 M**

**Working Capital<sup>3</sup>**

• **US\$16.8 M**



<sup>1</sup> As of Jun 30, 2014; avg. C\$0.64

<sup>2</sup> At C\$0.18 share price

<sup>3</sup> As of Jun 30, 2014

Analyst Coverage: Jacob Securities - Matthew Sheppard, [msheppard@jacobsecurities.com](mailto:msheppard@jacobsecurities.com), (416) 866-8356



# Pinon Project – Sold to GSV

On March 5, 2014, Scorpio Gold closed the sale of the Pinon Project to an affiliate of Gold Standard Ventures Corp. (GSV).

## Transaction Highlights

1. GSV paid an upfront \$250,000 deposit.
2. GSV has agreed to pay a total of CAD\$8,500,000 in cash and issue Scorpio Gold 5,500,000 common shares in its capital stock.
3. Of the CAD\$8,500,000 cash consideration, CAD\$6,000,000 was paid at or prior to closing, and CAD\$2,500,000 is to be paid within one year after closing.
4. All of the 5,500,000 Gold Standard shares were received at closing, and are subject to an orderly sale restriction and voting trust agreement.
5. Subject to certain conditions, Scorpio Gold may also receive bonus consideration of up to a further 1,250,000 common shares of Gold Standard if certain levels of mineral resources are established on the Pinon Property while Gold Standard holds its interest therein, and bonus cash consideration of between CAD\$1,500,000 and CAD\$3,000,000 on a sliding scale if the Pinon Property or Gold Standard are sold for an aggregate transaction value of between Cdn.\$100,000,000 and Cdn.\$300,000,000 or greater.

# Mineral Ridge – Reserve Estimate

## Probable Mineral Reserve Estimate – March 31, 2014

Deposit	Ore (tons)	Gold Grade (oz/ton)	Contained Gold (oz)	Waste (tons)	Total (tons)	Strip Ratio (waste:ore)
Drinkwater	170,680	0.056	9,630	322,430	493,110	1.9
Mary/LC	1,502,560	0.061	91,510	12,468,550	13,971,110	8.3
Brodie	105,260	0.069	7,270	1,356,250	1,461,510	12.9
Bluelite	227,480	0.066	15,010	1,267,620	1,495,100	5.6
Solberry	91,700	0.068	6,210	589,890	681,590	6.4
Wedge	39,440	0.040	1,560	198,440	237,880	5.0
<b>Total</b>	<b>2,137,120</b>	<b>0.061</b>	<b>131,190</b>	<b>16,203,180</b>	<b>18,340,300</b>	<b>7.6</b>

### Notes:

1. The effective date of the Mineral Reserve estimate is March 31, 2014.
2. The Mineral Reserve estimate was prepared by Jim Ashton, P.E., of Scorpio Gold and audited by independent qualified person, Randy Martin, SME-RM, of Welsh Hagen Associates.
3. Mineral Reserves are reported at a 0.020 oz/ton gold cut-off grade.
4. Mineral Reserves are contained within a designed pit with access ramps based on the Lerchs-Grossmann (LG) algorithm utilizing a \$1,300 oz gold price. The optimization mining cost was \$4.15/t of ore mined at Drinkwater, \$3.79/t of ore mined at Mary/LC, \$2.96/t of ore mined from the satellite deposits, \$2.92/t for waste mined from the Drinkwater, \$2.57/t for waste mined from the Mary/LC and satellite deposits, and \$1.56/t of fill mined. An average processing cost of \$11.29 was applied per ton processed. G&A costs were applied at \$4.70 per ton processed. Shipping and refining costs of \$28.82/oz gold produced were applied. A 65% metallurgical recovery was applied. Overall pit slope angles ranged from 45 degrees to 49 degrees.
5. No economic pit was developed for the Oromonte deposit.
6. A NI 43-101 compliant technical report supporting the estimate is in preparation by Welsh Hagen Associates and will be filed on SEDAR within 45 days of the Company's July 21, 2014 news release.

# Mineral Ridge – Resource Estimate

Indicated Mineral Resource Estimate March 31, 2014			
Deposit	Tons	Gold Grade (oz/ton)	Contained Gold (oz)
Drinkwater	537,900	0.047	25,280
Mary/LC	1,534,500	0.063	96,670
Brodie	136,400	0.067	9,140
Bluelite	285,800	0.063	18,010
Solberry	110,000	0.067	7,370
Wedge	81,900	0.042	3,440
Oromonte	11,000	0.036	400
<b>Total</b>	<b>2,697,500</b>	<b>0.059</b>	<b>160,300</b>

Inferred Mineral Resource Estimate March 31, 2014			
Deposit	Tons	Gold Grade (oz/ton)	Contained Gold (oz)
Drinkwater	11,100	0.035	390
Mary/LC	50,900	0.061	3,100
Brodie	2,390	0.060	140
Bluelite	4,550	0.035	160
Solberry	100	0.043	4
Wedge	2,500	0.048	120
Oromonte	1,190	0.042	50
<b>Total</b>	<b>72,730</b>	<b>0.055</b>	<b>3,970</b>

## Notes:

1. Indicated Mineral Resources are reported inclusive of Mineral Reserves.
2. The effective date of the Mineral Resource estimate is March 31, 2014.
3. The Mineral Resource estimate was prepared by Jim Ashton, P.E., of Scorpio Gold and audited by independent qualified person, Randy Martin, SME-RM, of Welsh Hagen Associates.
4. Mineral Resources are reported at or above a 0.020 oz/ton gold cut-off grade.
5. Mineral Resources are reported using a long-term gold price of US\$1,500/oz.
6. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
7. A NI 43-101 compliant technical report supporting the estimates is in preparation by Welsh Hagen Associates and will be filed on SEDAR within 45 days of the Company's July 21, 2014 news release.



# Goldwedge Historical Resource Estimate

Cutoff (opt)	Measured			Indicated			Measured & Indicated			Inferred		
	Tons	Au (opt)	Ounces	Tons	Au (opt)	Ounces	Tons	Au (opt)	Ounces	Tons	Au (opt)	Ounces
0.05	18,480	0.278	5,138	67,499	0.237	15,997	85,979	0.246	21,135	310,986	0.173	37,132
0.10	16,599	0.301	4,996	60,393	0.255	15,400	76,991	0.265	20,396	260,567	0.19	35,796
<b>0.15</b>	<b>13,456</b>	<b>0.343</b>	<b>4,616</b>	<b>46,716</b>	<b>0.293</b>	<b>13,688</b>	<b>60,172</b>	<b>0.304</b>	<b>18,303</b>	<b>142,592</b>	<b>0.246</b>	<b>31,991</b>
0.20	10,098	0.399	4,029	34,321	0.336	11,532	44,418	0.35	15,561	92,060	0.286	27,092
0.25	8,014	0.445	3,566	22,991	0.392	9,013	31,006	0.406	12,579	51,750	0.337	21,592
0.30	4,606	0.569	2,621	13,888	0.469	6,514	18,494	0.494	9,134	32,528	0.373	15,648
0.35	3,942	0.611	2,409	9,708	0.532	5,164	13,650	0.555	7,573	19,865	0.406	12,738
0.40	2,659	0.719	1,912	6,913	0.595	4,113	9,572	0.629	6,025	9,249	0.441	10,138
0.45	1,568	0.931	1,460	5,390	0.644	3,471	6,959	0.709	4,931	2,480	0.488	8,403
0.50	889	1.28	1,138	4,025	0.701	2,821	4,914	0.806	3,960	696	0.533	6,781

## Note to the Historical Resource Estimate:

Source: "Goldwedge Block Model" dated Oct 26, 2011 and prepared for Royal Standard Minerals Inc. by independent consultant, K. Swanson.

Key Assumptions, Methods and Parameters: Estimate is based on assay data from 127 surface and underground drill holes and 2,525 underground rib samples. The gold assays were composited on 5 ft lengths within the vein grade shell flags. A cap grade of 0.20 opt was applied to the gold estimate of the block model. Values greater than the cap are used in the estimation but are restricted by an area of influence based on a search radius of 5x5x5 ft. The block model was constructed using 5 ft blocks along the strike and dip of the veins with the width of each block defined by the width of the vein to a 0.5 ft resolution. Gold values presented were estimated using ordinary kriging methods.

**The estimate is considered relevant but as a historical estimate it should not be relied on. In order to verify and make the estimate current, additional drilling, including twinning of some historic holes used in the estimate, would be required. Scorpio Gold has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves, and is not treating the historical estimate as current mineral resource or mineral reserves.**