Scorpio Gold Reports Fourth Quarter and Provides Year-End Financial Results for 2017

written by Raj Shah | April 25, 2018

April 24, 2018 (Source) – Scorpio Gold Corporation ("Scorpio Gold" or the "Company") (TSX-V:SGN) announces its financial results for the fourth quarter ("Q4") and year ended December 31, 2017. This press release should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2017 and Management's Discussion & Analysis ("MD&A") 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:

	Q4 2017		Q4 2016		**2017**		2016	
	$		$		**$**		$	
Revenue (000's)	**4,777**		7,569		**26,993**		42,759	
Mine operating earnings (000's)	**144**		1,529		**2,576**		9,638	
Net (loss) earnings (000's)	**(1,205**	**)**	(4,270	)	**(4,224**	**)**	339	
Basic and diluted loss per share	**(0.01**	**)**	(0.03	)	**(0.03**	**)**	(0.00	)

Adjusted net (loss) earnings[(1)] (000's)	**(578** | **)**	804		**419**		6,532	
Adjusted basic and diluted net (loss) earnings per share[(1)]	**(0.00** | **)**	0.00		**0.00**		0.03	
Adjusted EBITDA[(1)] (000's)	**(281** | **)**	1,617		**2,777**		9,561	
Adjusted basic and diluted EBITDA per share[(1)]	**(0.00** | **)**	0.01		**0.01**		0.05	
Cash flow from (used in) operating activities (000's)	**(161** | **)**	582		**3,440**		11,000	
Total cash cost per ounce of gold sold[(1)]	**1,188**		873		**1,026**		881	
Gold ounces produced	**3,709**		8,301		**19,045**		36,879	

(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 a complete definition and reconciliation to the Company's financial statements.

2017 HIGHLIGHTS AND SUBSEQUENT EVENT

The Company's only source of revenue is derived from its 70% owned Mineral Ridge mine. Production at Mineral Ridge slowed during the year and mining was suspended in November 2017, as the Company had mined all of its then known mineral reserves and because it was uneconomical to continue mining as a result of higher strip ratios associated with the remaining known mineral resources. As a result, the Company's revenues from operations

in 2017 declined over the previous year.

- 19,045 ounces of gold were produced at the Mineral Ridge mine, compared to 36,879 ounces produced during 2016.
- Revenue of $27.0 million, compared to $42.8 million during 2016.
- Total cash cost per ounce of gold sold[(1)] of $1,026, compared to $881 during 2016.
- Mine operating earnings of $2.6 million, compared to $9.6 million during 2016.
- Net loss of $4.2 million ($0.03 basic and diluted per share), compared to net earnings of $0.3 million ($0.00 basic and diluted per share) during 2016.
- Adjusted net earnings[(1)] of $0.4 million ($0.00 basic and diluted per share), compared to $6.5 million ($0.03 basic and diluted per share) during 2016.
- Adjusted EBITDA[(1)] of $2.8 million ($0.01 basic and diluted per share), compared to $9.6 million ($0.05 basic and diluted per share) million during 2016.
- On January 4, 2018, the Company announced the results of an updated feasibility study (“Updated Feasibility Study and National Instrument 43-101 Technical Report: Mineral Ridge Project”, with an effective date of January 2, 2018 prepared by Novus Engineering Inc.) for the recovery of gold and silver from processed heap leach materials and also additional open-pit- able mineral reserves at its Mineral Ridge property.

FOURTH QUARTER 2017 (“Q4”) HIGHLIGHTS

- 3,709 ounces of gold were produced at the Mineral Ridge mine during Q4 of 2017, compared to 8,301 ounces during Q4 of 2016.
- Revenue of $4.8 million, compared to $7.6 million during

Q4 of 2016.

- Total cash cost per ounce of gold sold(1) of $1,188 compared to $873 during Q4 of 2016.
- Mine operating earnings of $0.1 million compared to $1.5 million during Q4 of 2016.
- Net loss of $1.2 million ($0.01 basic and diluted per share), compared to net loss of $4.3 million ($0.03 basic and diluted per share) during Q4 of 2016.
- Adjusted net loss[(1)] of $0.6 million ($0.00 basic and diluted per share) compared to adjusted net earnings of $0.8 million ($0.00 basic and diluted per share) for Q4 of 2016.
- Adjusted EBITDA[(1)] of negative $0.3 million ($0.00 basic and diluted per share) compared to $1.6 million ($0.01 basic and diluted per share) during Q4 of 2016.

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

Going Concern

The Company's only source of revenue, the 70% owned Mineral Ridge mine, suspended mining in November 2017 as the Company had mined all of its then known mineral reserves and because it was uneconomical to continue mining as a result of higher strip ratios associated with the remaining known mineral resources. Management expects to generate limited revenues from residual but diminishing gold recoveries from the leach pads until approximately July 2018. As a result, the Company's revenues from operations have been and continue to be adversely affected, and cash flow from operations will soon be insufficient to support the Company. In addition, the principal of $6.0 million of the Company's long-term debt matures in August 2018. In light of this situation, the Company does not expect that it will be

able to generate sufficient cash flows from its operations to continue as a going concern in the near future. The Company will need to raise additional capital in the coming months in order to support its operations and to settle its long-term debt.

2018 Outlook

The Company’s main focus is to raise sufficient financing to improve its financial position and to re-finance its long-term debt obligations and as such allow it to proceed with the construction of a new processing facility at Mineral Ridge with a view to process heap leach materials and additional open-pit mineral reserves.

NON-IFRS MEASURES

The discussion of financial results in this press release includes reference to Adjusted net earnings, Adjusted EBITDA, Total cash cost per ounce of gold sold 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 the year ended December 31, 2017 for definitions of these terms and a reconciliation of these measures to reported International Financial Reporting Standards (“IFRS”) results.

About Scorpio Gold Corporation

Scorpio Gold holds a 70% interest in the Mineral Ridge gold mining operation located in Esmeralda County, Nevada with joint venture partner Elevon, LLC (30%). Mineral Ridge is a conventional open pit mining and heap leach operation. Mining at Mineral Ridge has recently been suspended: however, the Company continues to generate limited revenues from the 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 Goldwedge mill facility has been placed on a care and maintenance basis and can be restarted immediately when needed.

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

Brian Lock,
Interim CEO

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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 limitation, statements regarding the Company's plans to seek and obtain sufficient financing to improve its financial position, to re-finance its long-term debt and to construct a new processing facility at Mineral Ridge, plans to re-commence mining operations and to plans with respect to the 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 the availability of cash flows or financing to meet the Company's ongoing financial obligations; the inability of the Company to re-finance its long-term debt obligations; 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; obtaining the required permits to expand and extend mining activities; delays in obtaining governmental approvals; changes in metals prices; 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.