

## **FORM 51-102F3**

### **MATERIAL CHANGE REPORT**

**ITEM 1: NAME AND ADDRESS OF COMPANY**

Scorpio Mining Corporation (the “Company” or “Scorpio Mining”)  
145 King Street West, Suite 2870  
Toronto, ON M5H 1J8

**ITEM 2: DATE OF MATERIAL CHANGE**

April 15, 2015

**ITEM 3: NEWS RELEASE**

A news release with respect to the material change referred to in this report was issued on April 15, 2015 via CNW Group Ltd. and filed on SEDAR. A copy of the news release is attached as Schedule "A".

**ITEM 4: SUMMARY OF MATERIAL CHANGE**

The board of directors (the “Board”) of the Company adopted a shareholder rights plan (the “Rights Plan”) effective April 15, 2015. The Company previously adopted a shareholder rights plan effective as of June 23, 2014 which was not submitted to the shareholders to be ratified and, as a result, expired and the rights issued thereunder were terminated in accordance with its terms. The terms of the Rights Plan are contained in a shareholder rights plan agreement (the “Agreement”) dated as of April 15, 2015 between the Company and Computershare Financial Services Inc., as rights agent. The Rights Plan is intended to (a) ensure, to the extent possible, that all holders of common shares (the “Common Shares”) of the Company and the Board have adequate time to consider and evaluate any unsolicited take-over bid for the Common Shares; (b) provide the Board with adequate time to identify, solicit, develop and negotiate value-enhancing alternatives, as considered appropriate, to any unsolicited take-over bid; (c) encourage the fair treatment of the Company’s shareholders in connection with any unsolicited take-over bid; and (d) generally assist the Board in enhancing shareholder value.

**ITEM 5: FULL DESCRIPTION OF MATERIAL CHANGE**

The following description of the Rights Plan is a summary only. Reference is made to the Agreement constituting the Rights Plan, a copy of which has been filed on SEDAR.

The Board approved the Shareholder Rights Plan on April 14, 2015 and authorized the issue of one Right in respect of each outstanding Common Share to holders of record as of 5:00 p.m. (Toronto time) on April 14, 2015 (the “Record Time”) and each Common Share issued after the Record Time and prior to the earlier of the Separation Time (as defined below) and the Expiration Time (as defined in the Shareholder Rights Plan).

The Company entered into the Agreement with Computershare Investor Services Inc., as rights agent, to act in connection with the exercise of Rights, the issue of certificates evidencing the Rights and other related matters.

The principal terms and conditions of the Shareholder Rights Plan are summarized below.

### ***Term***

The Shareholder Rights Plan is in effect from and after the Record Time. If the Shareholder Rights Plan is not ratified by a resolution passed by a majority of the independent shareholders of the Company at a meeting held within six months following the adoption of the Shareholder Rights Plan, then the Shareholder Rights Plan and any outstanding Rights will be terminated. If the Shareholder Rights Plan is ratified by the independent shareholders of the Company, then the Shareholder Rights Plan and any outstanding Rights will continue in effect until the third annual meeting of shareholders of the Company following the meeting at which the Shareholder Rights Plan was ratified.

### ***Issue of Rights***

On April 14, 2015, one Right in respect of each outstanding Common Share was issued to holders of record as of the Record Time. One Right will be issued in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time.

### ***Exercise of Rights***

The Rights are not exercisable initially. The Rights will separate from the Common Shares and become exercisable at the close of business on the second business day after the earlier of the first public announcement of facts indicating that a person has acquired Beneficial Ownership (as defined in the Shareholder Rights Plan) of 20% or more of the Common Shares or the commencement, or first public announcement, of the intent of any person to commence a take-over bid which would result in such person Beneficially Owning 20% or more of the Common Shares, or the date upon which a Permitted Bid or Competing Permitted Bid (in each case as defined in the Shareholder Rights Plan) ceases to be such, or such later time as the Board may determine (in any such case, the “Separation Time”). After the Separation Time, but prior to the occurrence of a Flip-in Event (as defined below), each Right may be exercised to purchase one Common Share at an exercise price equal to five times the market price of the Common Shares as at the Separation Time.

The exercise price payable and the number of securities issuable upon the exercise of the Rights are subject to adjustment from time to time upon the occurrence of certain corporate events affecting the Common Shares.

### ***Flip-in Event and Exchange Option***

Subject to certain exceptions, upon the acquisition by any person (an "Acquiring Person") of Beneficial Ownership of 20% or more of the Common Shares (a "Flip-in Event") and following the Separation Time, each Right, other than Rights Beneficially Owned by an Acquiring Person, its affiliates and associates, their respective joint actors and certain transferees, may be exercised to purchase that number of Common Shares which have a market value equal to two times the exercise price of the Right. Rights beneficially owned by an Acquiring Person, its affiliates and associates, their respective joint actors and certain transferees will be void.

In addition, the Shareholder Rights Plan permits the Board to authorize the Company, after a Flip-in Event has occurred, to issue or deliver, in return for the Rights and on payment of the relevant exercise price or without charge, debt, equity or other securities or assets of the Company or a combination thereof.

### ***Certificates and Transferability***

Prior to the Separation Time, certificates for Common Shares will also evidence one Right for each Common Share represented by the certificate. Certificates issued after the Record Time will bear a legend to this effect. Prior to the Separation Time, Rights will not be transferable separately from the associated Common Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates which will be transferable and trade separately from the Common Shares.

### ***Permitted Bids***

The Shareholder Rights Plan will not be triggered by a Permitted Bid or Competing Permitted Bid. A Permitted Bid is one that (i) is made by means of a take-over bid circular; (ii) is made to all holders of Common Shares for all Common Shares held by them; (iii) is open for at least 60 days; (iv) contains an irrevocable condition that no Common Shares will be taken up and paid for until at least 50% of the Common Shares held by the independent shareholders of the Company have been tendered and not withdrawn; (v) contains an irrevocable condition that Common Shares may be deposited at any time and withdrawn until they are taken up and paid for; and (vi) contains a provision that, if 50% of the Common Shares held by the independent shareholders of the Company are tendered, the bidder will make an announcement to that effect and keep the bid open for at least 10 more business days.

### ***Redemption and Waiver***

The Rights may be redeemed by the Board at a redemption price of \$0.00001 per Right at any time prior to the occurrence of a Flip-in Event without the prior approval of the holders of Common Shares or Rights. The Board will be deemed to have elected to redeem the Rights if a person who has made a take-over bid in respect of which the Separation Time has occurred and in respect of which the Board has waived the application of the Shareholder Rights Plan takes up and pays for Common Shares pursuant to the terms and conditions of such take-over bid.

The provisions of the Shareholder Rights Plan that apply upon the occurrence of a Flip-in Event may be waived at the option of the Board and without the prior approval of the holders of Common Shares or Rights prior to or following the occurrence of a Flip-in Event. If the provisions of the Shareholder Rights Plan that apply upon the occurrence of a Flip-in Event are waived in respect of a take-over bid made by means of a take-over bid circular to all shareholders, then the provisions of the Shareholder Rights Plan that apply upon the occurrence of a Flip-in Event will also be deemed to be waived in respect of any other Flip-in Event occurring by reason of any take-over bid made by any other offeror by means of a take-over bid circular to all shareholders prior to the expiry, termination or withdrawal of any take-over bid in respect of which a waiver is, or is deemed to have been, granted.

In addition, the operation of the Shareholder Rights Plan may be waived where a person has inadvertently become an Acquiring Person and has reduced its beneficial ownership of Common Shares such that it is no longer an Acquiring Person.

### ***Amendment of the Shareholder Rights Plan***

The Board may at any time and from time to time amend the Agreement and the Rights without the prior approval of the holders of Common Shares or Rights.

#### **ITEM 6: RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102**

Not applicable.

#### **ITEM 7: OMITTED INFORMATION**

Not applicable.

#### **ITEM 8: EXECUTIVE OFFICER**

For further information, please contact:  
Darren Blasutti  
President and Chief Executive Officer  
416-848-9503

**ITEM 9:      DATE OF REPORT**

April 27, 2015

**SCORPIO MINING CORPOATION**

by *Peter McRae*

Name: Peter McRae

Title: Sr. Vice President, Corporate  
Affairs and General Counsel

**SCHEDULE “A”  
NEWS RELEASE**

See attached.

## Scorpio Mining Adopts Shareholder Rights Plan

**TORONTO, ONTARIO** – April 15, 2015 – Scorpio Mining Corporation (TSX:SPM)(OTCQX:SMNPF) ("Scorpio Mining" or the "Company") announced today that its board of directors (the "Board") has adopted a shareholder rights plan (the "Rights Plan"). The Company previously adopted a shareholder rights plan effective as of June 23, 2014 which was not submitted to the shareholders to be ratified and, as a result, expired and the rights issued thereunder were terminated in accordance with its terms.

The Rights Plan is intended to ensure that, to the extent possible, the Company's Board and shareholders have adequate time to consider and evaluate any unsolicited take-over bid and to identify, solicit, develop and negotiate any value-enhancing alternatives that would be considered appropriate. This will encourage fair treatment of the Company's shareholders in connection with any unsolicited take-over bid. The Rights Plan was not proposed in response to, or in anticipation of, any acquisition or take-over offer and is not intended to prevent a take-over of the Company, to secure continuance of current management or the directors in office or to deter fair offers for the common shares of the Company.

The Board has authorized the issuance of one right in respect of each common share of the Company outstanding at 5:00 p.m. (Toronto time) on April 15, 2015 and each share issued thereafter.

- The rights will become exercisable if a person, together with their affiliates, associates and joint actors, acquires or announces an intention to acquire beneficial ownership of common shares which, when aggregated with its holdings, total 20% or more of the outstanding common shares of the Company (determined in the manner set out in the Rights Plan).
- Following the acquisition of 20% or more of the outstanding common shares, each right held by a person other than the acquiring person and its affiliates, associates and joint actors would, upon exercise, entitle the holder to purchase that number of common shares at a substantial discount to the market price of the common shares at that time.
- The Rights Plan permits the acquisition of control of the Company through a "permitted bid", a "competing permitted bid" or a negotiated transaction.
  - A "permitted bid" is one that, among other things, is made to all holders of common shares for all of their shares, is open for a minimum of 60 days and is subject to an irrevocable minimum tender condition of at least 50% of the common shares held by independent shareholders.
- The Board has the discretion to defer the time at which the rights become exercisable and to waive the application of the Rights Plan.

The Rights Plan is effective immediately, although it remains subject to acceptance by the TSX and ratification by shareholders. The Company has been informed that the TSX will defer its consideration of the Rights Plan for acceptance until the Rights Plan has been ratified by shareholders. The Rights Plan will be submitted to the shareholders for ratification at the annual meeting in May 2015. If it is not ratified within six months, the Rights Plan and any rights issued thereunder will terminate. If it is ratified, the Rights Plan will continue in effect until the third annual meeting of shareholders thereafter. A copy of the plan is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **About Scorpio Mining Corporation**

Scorpio Mining Corporation is a silver and gold mining company focused on growth from its existing asset base and execution of targeted accretive acquisitions. It owns and operates the Cosalá Operations in Sinaloa, Mexico, the Galena Mine Complex in the Silver Valley/Coeur d'Alene Mining District, Shoshone County, Idaho and the Drumlummon Mine Complex in Lewis and Clark County, Montana.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Certain information in this Press Release may contain forward-looking statements. This information is based on current expectations that are subject to significant risks, assumptions and uncertainties that are difficult to predict. Actual results might differ materially from results suggested in any forward-looking statements. All statements, other than statements of historical fact, including, without limitation, statements regarding future plans and objectives of the Company, are forward-looking statements. Words such as “expect”, “anticipate”, “estimate”, “may”, “will”, “should”, “intend”, “believe” and other similar expressions are forward-looking statements. Forward-looking statements are not guarantees of future results and conditions but rather reflect our current views with respect to future events and are subject to risks, uncertainties, assumptions and other factors, and actual results and future events could differ materially from those anticipated in such statements. There can be no assurance that such forward-looking statements will prove to be accurate. The Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements unless and until required by securities laws applicable to the Company. Additional information identifying risks and uncertainties is contained in filings by the Company with the Canadian securities regulators, which filings are available at [www.sedar.com](http://www.sedar.com).

### **For more information:**

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