

# Superior Gold Announces Fourth Quarter and Full Year 2020 Financial Results

## ***2020 STRATEGIC ACHIEVEMENTS SET THE STAGE FOR INCREASED CASH FLOW***

*(In US Dollars unless otherwise stated)*

TORONTO, March 9, 2021 /CNW/ - **Superior Gold Inc.** ("Superior Gold" or the "Company") (TSXV: SGI) announces financial results for the fourth quarter and full year 2020 for the Company's 100%-owned Plutonic Gold operations, located in Western Australia.

### **Fourth Quarter Highlights**

- Recorded zero incidences of COVID-19 ("COVID") infection for a fourth consecutive quarter
- Production of 15,838 ounces was in line with the Company's internal plan
- Sales of 15,855 ounces at a realized gold price of \$1,726/oz above All-In Sustaining Cost ("AISC") of \$1,685/oz – costs remain flat relative to the previous quarter in Australian dollars with the U.S. dollar denominated AISC being negatively impacted by a continued strengthening of the Australian/U.S. dollar exchange rate that is currently nearing a five-year high
- Stope grade increased by a further 5% to 3.1 g/t gold relative to the previous quarter representing an improvement for a second consecutive quarter and also represents a 29% improvement relative to the second quarter of 2020
- Announced positive results for the Plutonic Main Pit Push-Back Preliminary Economic Assessment ("PEA") with an after-tax Net Present Value (5% discount rate) of A\$120 million and an after-tax Internal Rate of Return of 35% at a gold price of \$1,505 per ounce
- Updated Measured and Indicated Mineral Resources at the Plutonic Gold Operations of 1.89 million ounces of gold (16.3 million tonnes at a 3.6 g/t Au grade)
- Updated Inferred Mineral Resources at the Plutonic Gold Operations of 3.07 million ounces of gold (30.6 million tonnes at a 3.1 g/t Au grade)
- Arrival of new underground mobile equipment resulting in improvement in productivities and equipment availability in the latter part of the fourth quarter
- Arrival of a third underground drill late in the fourth quarter, which is dedicated to exploring for new mining fronts including the Western Mining Front and the Baltic Gap
- Strengthened the Company's financial position with the completion of an equity financing for gross proceeds of C\$17 million
- Completed an accretive transaction through the purchase of the 2% net smelter royalty for A\$6.5 million

### **Full Year Highlights**

- Safely operated through the global pandemic with zero incidences of COVID
- Achieved full year revised production guidance with 63,065 ounces
- Sold 63,732 ounces at a record realized gold price of \$1,665/oz above full year AISC of \$1,564/oz
- Repaid \$7.9 million of the Auramet gold loan, with the remaining \$3.9 million scheduled to be fully repaid by June 30, 2021
- Exited the year with a strong financial position of \$17.3 million in cash and cash equivalents after the purchase of the 2% net smelter royalty, delivery into hedges as part of the Auramet gold loan, and capital expenditures necessary to improve performance and accelerate underground development

Tamara Brown, Interim CEO of Superior Gold stated: "During the year, Superior Gold achieved a number of important milestones. We announced a very robust Preliminary Economic Assessment for the Plutonic Main Pit push-back project, significantly increased our Measured and Indicated Resources by 54%, substantially increased our Inferred Resources by 68%, announced our best ever drill intersection at Plutonic underground at the Indian Zone, repaid \$8 million of the Auramet gold loan, and eliminated a 2% Net Smelter Royalty at Plutonic."

Looking ahead to 2021, we remain steadfast in our commitment in advancing many high priority, value enhancing projects that we believe will ultimately reposition the Plutonic Gold operation for its long-term success. These initiatives have already started to make a positive contribution to our operating results where our underground stope grade has increased by 29% in the fourth quarter relative to the second quarter of 2020 when the Board implemented an important leadership change. We remain fully committed to repositioning the asset to focus on higher grade, higher margin ounces that will return Plutonic to a state of significant free cash flow generation.

Finally, our revitalized exploration program in 2021 has been very successful at identifying potential new underground mining fronts which, in conjunction with the recommencement of open pit mining mid-year, we expect to see an improvement in our grade profile over the course of the year as less low grade legacy stockpiles are processed. Overall, the strategic projects that are underway will ensure that a fully optimized underground operation, combined with the addition of new sources of open pit feed and the repayment of our gold loan by mid-2021, will result in a significant improvement in our overall profitability over the course of 2021 and beyond."

### **Summary of Financial and Operational Results:**

	<b>Three months ended December 31, 2020</b>	<b>Twelve months ended December 31, 2020</b>
All amounts in \$ millions except where noted		
<b>Financial</b>		
Revenue	27.4	106.1
Cost of sales	27.1	100.6
General and administrative	1.5	4.6
Operating income (loss)	(1.8)	(1.6)
Income (loss) before taxes	1.5	(4.6)
Net income (loss)	1.5	(4.8)
Earnings (loss) per share - basic and diluted	0.01	(0.05)
Adjusted net income (loss) <sup>1</sup>	(0.7)	(3.6)
Adjusted net income (loss) per share - basic <sup>1</sup>	(0.01)	(0.04)
Cash flow from operations	(6.6)	(6.5)
Weighted average number of common shares outstanding (basic)	114,010,598	101,359,532
<b>Operational</b>		
Gold produced (ounces)	15,838	63,065
Gold sold (ounces)	15,855	63,732
Total cash costs (\$/ounce) <sup>1</sup>	1,566	1,436
All-in sustaining costs (\$/ounce) <sup>1</sup>	1,685	1,564
Average realized price <sup>1</sup> (\$/ounce)	1,726	1,665

Total underground material mined (Kt)	198	824
Total material milled (Kt)	366	1,505
Grade milled (g/t gold)	1.6	1.6
Recovery (%)	84	83

*1 This is a Non-IFRS measure. Refer to Non-IFRS measures section of the Company's prior MD&A's for a description of these measures.*

## Plutonic Gold Operations

The Plutonic Gold Operations produced and sold 15,838 and 15,855 ounces of gold, respectively, for the fourth quarter of 2020. Total cash costs<sup>1</sup> of \$1,566/ounce sold and AISC<sup>1</sup> of \$1,685/ounce were below the realized gold price<sup>1</sup> of \$1,726/ounce for the three-month period ending December 31, 2020. In comparison, 20,084 and 18,899 ounces of gold were produced and sold, respectively for the fourth quarter of 2019. Total cash costs<sup>1</sup> of \$1,317/ounce sold and AISC<sup>1</sup> of \$1,424/ounce were below the realized gold price<sup>1</sup> of \$1,478/ounce for the three-month period ending December 31, 2019.

Total cash costs<sup>1</sup> and AISC<sup>1</sup> increased over the prior period primarily as a result of the greater proportion of low-grade legacy stockpile material being milled in comparison to the fourth quarter of 2019 where higher-grade Hermes stockpile was milled and a further strengthening of the Australian dollar. In addition, the low-grade legacy stockpile material processed in the fourth quarter of 2020 included oxide ore which required the mill to operate at a slightly reduced throughput rate.

The Company used net cash from operations after working capital changes of \$6.6 million for the three months ending December 31, 2020 after the repayment of \$2.1 million to Auramet under the gold loan and the purchase of the Northern Star Royalty for \$4.7 million.

The Plutonic Gold Operations produced and sold 63,065 and 63,732 ounces of gold, respectively, for the twelve months ended December 31, 2020. Total cash costs<sup>1</sup> of \$1,436/ounce sold and AISC<sup>1</sup> of \$1,564/ounce were below the realized gold price<sup>1</sup> of \$1,665/ounce for the twelve-month period ending December 31, 2020. In comparison, 83,035 and 83,241 ounces of gold were produced and sold, respectively, for the twelve months ended December 31, 2019. Total cash costs<sup>1</sup> of \$1,284/ounce sold were below the realized gold price<sup>1</sup> of \$1,387/ounce, while AISC<sup>1</sup> of \$1,387/ounce were at the realized gold price<sup>1</sup> of \$1,387/ounce for the twelve-month period ending December 31, 2019.

Total cash costs<sup>1</sup> and AISC<sup>1</sup> increased over the prior period primarily due to an increase in the contribution of lower grade legacy stockpiles that replaced higher grade tonnages milled from Hermes for the period (the Company ceased mining operations at Hermes in May 2019), a decrease in underground grade and the strengthening of the Australian dollar. The low-grade stockpile material processed in the fourth quarter of 2020 included oxide ore which required the mill to operate at a slightly reduced throughput rate. This was partially offset by higher underground tonnes milled.

The Company used net cash from operations after working capital changes of \$6.5 million for the twelve months ended December 31, 2020 after the repayment of \$7.9 million to Auramet under the gold loan and the purchase of the Northern Star Royalty for \$4.7 million.

*1 This is a Non-IFRS measure. Refer to Non-IFRS measures section of the Company's prior MD&A's for a description of these measures.*

## Exploration Activities

During the three and twelve month ended December 31, 2020, the Company operated three underground diamond drilling rigs for part of the fourth quarter with 20,034 and 72,809 metres, respectively, of drilling completed. Of the total, 15,370 and 49,464 metres, respectively, were drilled for grade control and stope design while 4,665 and 23,344 metres, respectively, were for reserve and resource expansion.

During the fourth quarter, the focus for reserve and resource expansion was interpretive geological modelling and drilling for new mining fronts. A third drill was added in the fourth quarter to increase the reserve and resource expansion drilling targeting new mining fronts.

## 2021 Guidance

The Company previously provided its 2021 guidance on January 21, 2021. Details of production, cost and capital expenditure guidance for the year are summarized in the table below. Production in the second half of the year is expected to exceed production from the first half as we commence open pit mining mid-year and continue to build up developed underground inventory.

Operating Parameters	Low	High
Production (oz of Gold)	65,000	75,000
Cash Costs (\$/oz) <sup>1</sup>	\$1,350	\$1,450
All In Sustaining Costs (\$/oz) <sup>1</sup>	\$1,500	\$1,600
Exploration Expenditure (\$ million) <sup>2</sup>	\$3.5-6.5M	
Sustaining Capital Expenditures (\$ million)	\$4.0-4.5M	
Non Sustaining Capital Expenditures (\$ million) <sup>3</sup>	\$3.0-5.0M	

*1 Assumes AU\$:US\$ exchange rate of 0.73:1.*

*2 This is a Non-IFRS measure. Refer to Non-IFRS measures section of the Company's prior MD&A's for a description of these measures.*

*3 Exploration expenditures could increase with positive exploration results.*

*4 Non sustaining capital expenditures are primarily related to pre-production capital for Plutonic East and underground development.*

## Outlook

The Company intends to focus on establishing the Plutonic Gold Operations as a gold producer capable of producing at least 100,000 ounces of gold annually. To achieve this goal, the Company continues to focus on:

- Targeting mine exploration programs to open new mining fronts and reduce reliance on remnant mining
  - Improving mining practices to lower costs and increase production
  - Increasing operational efficiencies
  - Continuing the optimization of the global resource model
  - Advancing open pit opportunities close to the mill

## Conference Call

Management will host a conference call and webcast on Tuesday March 9, 2021 at 10:00AM ET to discuss the fourth quarter and full year 2020 financial and operating results.

### Conference Call and Webcast

Date: Tuesday March 9, 2021 10:00AM ET  
Toll-free North America: (888) 231-8191  
Local or International: (647) 427-7450

Webcast: [https://produceredition.webcasts.com/starthere.jsp?ei=1425763&tp\\_key=833685dc6b](https://produceredition.webcasts.com/starthere.jsp?ei=1425763&tp_key=833685dc6b)

### Conference Call Replay

Toll-free North America:	(855) 859-2056
Local or International:	(416) 849-0833
Passcode:	3842657

The conference call replay will be available from 1:00PM ET on March 9, 2021 until 23:59PM ET on March 23, 2021.

The presentation will be available on the Company's website at [www.superior-gold.com](http://www.superior-gold.com).

### **Qualified Person**

Scientific and technical information in this news release has been reviewed and approved by Keith Boyle, P.Eng., Chief Operating Officer of the Company, who is a "qualified person" as defined by NI 43-101. Mr. Boyle is not independent of the Company within the meaning of NI 43-101.

### **About Superior Gold**

Superior Gold is a Canadian based gold producer that owns 100% of the Plutonic Gold Operations located in Western Australia. The Plutonic Gold Operations include the Plutonic underground gold mine and central mill, numerous open pit projects including the Plutonic Main Pit push-back project, the Hermes open pit projects and an interest in the Bryah Basin joint venture. Superior Gold is focused on expanding production at the Plutonic Gold Operations and building an intermediate gold producer with superior returns for shareholders.

### **Forward Looking Information**

This news release contains "forward-looking information" within the meaning of applicable securities laws that is intended to be covered by the safe harbours created by those laws. "Forward-looking information" includes statements that use forward-looking terminology such as "may", "will", "expect", "anticipate", "believe", "continue", "potential" or the negative thereof or other variations thereof or comparable terminology. Forward-looking information includes information with respect to guidance as to projections, outlook, guidance, forecasts, estimates, and other statements regarding future or estimated financial and operational performance, gold production and sales, revenues and cash flows, and capital costs (sustaining and non-sustaining), including projected cash operating costs and all-in sustaining costs) as well as statements with respect to the mine-plan, exploration, drilling, operating and organizational matters and activities relating to the Plutonic Gold Operations and the Company generally, including its liquidity and capital requirements and financial results. Such Forward-looking information also includes information related to the Company's previously announced strategic review process, the potential outcome of such process and the intended maximization of shareholder value that the Company believes may result from such process. By identifying such information in this manner, the Company is alerting the reader that such information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information.

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management at the date the statements are made. Furthermore, such forward-looking information involves a variety of known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of the Company to be

materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking information. Readers are encouraged to refer to the Annual Information Form of the Company for a discussion of other risks including outbreaks or threats of outbreaks of viruses, other infectious diseases or other similar health threats, such as the novel coronavirus outbreak, which could have a material adverse effect on the Company by causing operational and supply chain delays and disruptions, labour shortages, shutdowns, the inability to sell gold, capital markets volatility or other unknown but potentially significant impacts. The Company cannot accurately predict what effects these conditions will have on the Plutonic Gold Operations or the financial results of the Company, including uncertainties relating to travel restrictions to the Plutonic Gold Operations or otherwise and business closures that have been or may be imposed by governments. If an outbreak or threat of an outbreak of a virus or other infectious disease or other public health emergency occurs, it could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company cautions that there can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, investors should not place undue reliance on forward-looking information as no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, and if any of them do so, what benefits the Company will derive therefrom. Except as required by law, the Company does not assume any obligation to release publicly any revisions to forward-looking information contained in this news release to reflect events or circumstances after the date hereof.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release.

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For further information: Superior Gold Inc., Brian Szeto, Vice President Corporate Development, or Kate Stark, Director of Investor Relations, [investor@superior-gold.com](mailto:investor@superior-gold.com), Tel: 647-925-1293

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<http://superiorgold.mediaroom.com/2021-03-09-Superior-Gold-Announces-Fourth-Quarter-and-Full-Year-2020-Financial-Results>