

Superior Gold Inc. Announces Third Quarter 2020 Financial and Operating Results

UNDERGROUND STOPE GRADE INCREASED BY 23% RELATIVE TO PRIOR QUARTER

STRONG CASH POSITION SUBSEQUENT TO EQUITY FINANCING IN OCTOBER

(In U.S. Dollars unless otherwise stated)

TORONTO, Nov. 18, 2020 /CNW/ - **Superior Gold Inc.** ("Superior Gold" or the "Company") (TSXV: SGI) today announced its financial and operating results for the third quarter ended September 30, 2020.

Third Quarter Highlights:

- Produced 15,699 ounces of gold and sold 15,492 ounces of gold
- Record realized gold price¹ of \$1,756 per ounce sold
- Total cash costs¹ of \$1,471 per ounce sold and all-in sustaining costs¹ ("AISC") of \$1,617 per ounce sold, both negatively impacted by strengthening of the Australian dollar – AISC impacted by approximately \$130 per ounce relative to the second quarter of 2020
- Stope grade increased by 23% relative to the second quarter as the Company focuses on higher margin ounces
- Development grade also significantly improved by 36% relative to the second quarter
- Operating cash flow after working capital changes of \$0.4 million, after repayment of \$2.0 million under the Company's short-term gold loan (scheduled to be repaid by June 30, 2021)
- Net loss for the period of \$0.02 per share and adjusted net loss¹ of \$0.01 per share
- Preliminary Economic Assessment ("PEA") for the Plutonic Main Pit push-back was commissioned and is well underway

Highlights Subsequent to Quarter End:

- Closed an equity financing on October 29, 2020 for gross proceeds of C\$17.3 million
- Strong cash position subsequent to the aforementioned financing

"The third quarter included several positive changes for Superior Gold that will help reposition the Company as a profitable emerging mid-tier gold producer operating in a tier one mining jurisdiction. We recently strengthened our balance sheet, improving our cash position and securing the liquidity to advance drilling and development in order to open new mining fronts at the Plutonic underground gold mine. In addition, we are advancing an important open pit opportunity that could provide a steady supply of ore to supplement the underground feed, providing long-term stability and expanding our production rates," stated Tamara Brown, Interim CEO.

"Our operating results during the quarter were in-line with expectations. We were pleased to report underground stope grades mined increased by 23% over the second quarter, something we will continue to focus on as we reposition this asset for long-term success. We are also focused on improving productivities which we expect will benefit from the recent arrival of new mobile mining equipment, aimed at improving equipment availability and materially lowering maintenance costs moving forward. During the third quarter, operating costs in Australian Dollars declined to the lowest level in 2020, but were negatively impacted by the strengthening of the Australian to U.S. Dollar exchange rate which adversely impacted our AISC by approximately \$130 per ounce relative to the second quarter.

Looking forward, we are happy to confirm that open pit material will be incorporated into our 2021 production profile, work we have advanced in parallel with the PEA of a push-back of the Plutonic main pit. Our strategic review process remains ongoing as we assess all opportunities to maximize value for shareholders, including assessing all potential additional sources of ore feed. Finally, we will also be launching new surface and underground exploration programs as we follow up on our recent drilling success and seek to organically expand our reserve and resource base."

This release should be read in conjunction with the Company's Management Discussion and Analysis ("MD&A") and consolidated financial statements for the year ended September 30, 2020. These documents will be posted on the Company's website at www.superior-gold.com and SEDAR at www.sedar.com.

Summary of Financial and Operational Results:

	Three months ended September 30, 2020	Nine months ended September 30, 2020
All amounts in \$ millions except where noted		
Financial		
Revenue	27.2	78.7
Cost of sales	25.6	73.5
General and administrative	1.2	2.9
Operating income (loss)	(0.4)	0.3
Income (loss) before taxes	(2.0)	(6.2)
Net income (loss)	(2.1)	(6.3)
Earnings (loss) per share - basic and diluted	(0.02)	(0.06)
Adjusted net income (loss) ¹	(1.3)	(2.0)
Adjusted net income (loss) per share - basic ¹	(0.01)	(0.02)
Cash flow from operations	0.4	0.1
Cash and cash equivalents	14.1	14.1
Weighted average number of common shares outstanding (basic)	97,134,473	97,111,728
Operational²		
Stope material mined (Tonnes)	157,430	461,466
Stope grade mined (g Au/t)	2.96	2.84
Development material mined (Tonnes)	58,114	186,141
Development grade mined (g Au/t)	2.10	1.98
Surface material milled (Tonnes) ³	178,627	513,726
Surface material grade (g Au/t) ³	0.20	0.30
Total material milled (Tonnes)	379,969	1,139,830
Grade milled (g Au/t)	1.57	1.56
Gold recovery (%)	82	82
Gold Produced (ounces)	15,699	47,227
Gold Sold (ounces)	15,492	47,878
Total cash costs (\$/ounce) ¹	1,471	1,393
AISC (\$/ounce) ¹	1,617	1,524

Average realized price ¹ (\$/ounce)	1,756	1,643
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Plutonic Gold Operations

The Plutonic Gold operations produced and sold 15,699 and 15,492 ounces of gold, respectively, for the third quarter of 2020. Total cash costs¹ of \$1,471/ounce sold and AISC¹ of \$1,617/ounce were below the realized gold price¹ of \$1,756/ounce for the three-month period ending September 30, 2020. In comparison, 16,627 and 17,900 ounces of gold were produced and sold, respectively for the third quarter of 2019. Total cash costs¹ of \$1,504/ounce sold and AISC¹ of \$1,652/ounce were above the realized gold price¹ of \$1,483/ounce for the three-month period ending September 30, 2019.

Total cash costs and AISC decreased over the prior period primarily as a result of higher underground tonnes and grade milled, partially offset by the processing of low-grade legacy stockpiles in the current period versus the processing of higher-grade Hermes stockpiles in the prior period. The variance from prior period for underground grade was the result of scheduling and developing higher grade stopes and focusing on operational improvements to reduce mining dilution.

The Company generated net cash from operations after working capital changes of \$0.4 million for the three months ending September 30, 2020 after the repayment of \$2.0 million to Auramet under the gold loan.

Plutonic Main Pit Push-back

The Company is currently evaluating opportunities to leverage its excess mill capacity with the processing of open pit sources of ore located close to its processing facilities at the Plutonic Gold operations. Development, optimization, and permitting is well underway at the Plutonic East, Perch, and Salmon open pits as well as the Hermes and Hermes South open pit projects located 65 kilometres and 85 kilometres to the southwest of the mill, respectively.

In addition, the Company is in the process of completing a PEA for the Plutonic Main Pit project to determine the economics associated with a push-back on the past producing open pit which ceased production in 2005. The results of the study could potentially provide the Company with an important new source of open pit feed to supplement the underground production for the processing facilities which consist of a 1.8 million tonnes per annum main mill and 1.2 million tonnes per annum secondary mill which is currently on care and maintenance.

Exploration Activities

During the three and nine months ended September 30, 2020, the Company operated two underground diamond drilling rigs with 15,471 and 52,774 metres, respectively, of drilling completed. Of the total, 12,910 and 34,095 metres, respectively, were drilled for grade control and stope design while 2,570 and 18,680 metres, respectively, were for reserve and resource expansion.

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

Outlook

The Company maintains its 2020 production guidance of 60,000 to 70,000 ounces of gold, but due to a 9% strengthening in the Australian to U.S. Dollar exchange rate in the third quarter of 2020, the Company has revised its 2020 cash cost guidance as follows:

2020 Guidance	Guidance (July 30, 2020)	Revised Guidance (November 18, 2020)
Production (oz of Gold)	60,000 - 70,000	60,000 - 70,000
Cash Costs (\$/oz) ¹	\$1,250 - \$1,350	\$1,375 - \$1,425
AISC (\$/oz) ¹	\$1,350 - \$1,450	\$1,500 - \$1,550

Note: November 18, 2020 guidance is based on an Australian to U.S. Dollar exchange rate of 0.70.

Conference Call

Management will host a conference call and webcast on Wednesday November 18, 2020 at 10:00AM ET to discuss the third quarter 2020 financial and operating results.

Conference Call and Webcast

Date: Wednesday November 18, 2020 10:00AM ET
Toll-free North America: (888) 231-8191
Local or International: (647) 427-7450
Webcast: https://produceredition.webcasts.com/starthere.jsp?ei=1397462&tp_key=077bf37614

Conference Call Replay

Toll-free North America: (855) 859-2056
Local or International: (416) 849-0833
Passcode: 1248469

The conference call replay will be available from 1:00PM ET on November 18, 2020 until 23:59PM ET on December 2, 2020.

The presentation will be available on the Company's website at www.superior-gold.com.

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- (1) Refer to the Non-IFRS Performance Measures disclosure included in the Company's MD&A for a description and calculation of these measures.
 - (2) Numbers may not add due to rounding.
 - (3) Surface material milled in the third quarter 2020 is primarily the processing of low-grade stockpile.

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 National Instrument 43-101 (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, 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. The forward-looking information contained herein includes, without limitation, information related to the Company's executing of a strategic review process currently underway, 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. See "Risk Factors" in the Company's prospectus dated February 15, 2017 filed on SEDAR at www.sedar.com for a discussion of these risks. In addition, The Company is exposed to outbreaks or threats of outbreaks of viruses, other infectious diseases or other similar health threats, including the novel coronavirus ("COVID-19") 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.

SOURCE Superior Gold

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

<http://superiorgold.mediaroom.com/2020-11-18-Superior-Gold-Inc-Announces-Third-Quarter-2020-Financial-and-Operating-Results>

