

Superior Gold Inc. Announces Fourth Quarter and Full Year 2019 Financial and Operating Results

RECORD REVENUE OF \$115.6 MILLION

ACHIEVES FULL YEAR REVISED PRODUCTION AND COST GUIDANCE

(In US Dollars unless otherwise stated)

TORONTO, March 13, 2020 /CNW/ - **Superior Gold Inc.** ("Superior Gold" or the "Company") (TSXV: SGI) announced today its financial and operating results for the fourth quarter and year ended 2019. 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 December 31, 2019. These documents will be posted on the Company's website at www.superior-gold.com and SEDAR at www.sedar.com.

Full Year Highlights:

- Production of 83,035 ounces of gold which generated record revenue of \$115.6 million
- Record realized gold price¹ of \$1,387 per ounce
- Cash, cash equivalents and restricted cash of \$22.3 million at year end

Fourth Quarter Highlights:

- Produced 20,084 ounces of gold representing a 21% increase over the prior quarter
- Sold 18,899 ounces of gold at an average record realized gold price¹ of \$1,478 per ounce
- Delivered a 5-year underground mine plan for Plutonic underground in October 2019
- Completed the AUD\$15 million Auramet gold loan financing in November 2019

Chris Bradbrook, President and CEO of Superior Gold stated: "We are pleased to report record revenues for 2019 which was the result of achieving our full year revised production and cost guidance coinciding with a record realized gold price. We exited the year with a cash balance of \$22.3 million. Looking ahead, our focus in 2020 remains on completing the development work required to execute our five year underground Life of Mine ("LOM") plan that was announced in late 2019. The rising gold price environment, especially in terms of the Australian dollar denominated gold price, continues to put us at an advantage relative to our peer group.

In the January 15, 2020 press release, where the Company's 2020 guidance was outlined, it was indicated that the first quarter of 2020 would be the weakest of the year as most of the production during that quarter was planned to source mineralized areas that are outside of the LOM plan. Additionally, the Plutonic Gold operations suffered some unexpected power outages and higher than anticipated arsenic content in some of the mined areas, which exhibited lower recoveries, in addition to heavy rains delaying production. These combined to lower our anticipated production from the quarter to between 15,000 to 16,000 ounces. However, with a continued emphasis on improved underground development rates and the execution of our five year LOM plan, we anticipate a progressive improvement in our quarterly production results over the course of 2020 and beyond."

The Company will announce the results of its 2019 Year End Reserves and Resources Estimate in early second quarter of 2020 along with its plan for the open pit operations.

Summary of Financial and Operational Results:

	Three months ended December 31, 2019	Twelve months ended December 31, 2019
All amounts in \$ millions except where noted		
Financial		
Revenue	28.0	115.6
Cost of sales	29.1	122.7
General and administrative	1.2	3.8
Operating income (loss)	(3.1)	(13.6)
Income (loss) before taxes	(3.6)	(14.7)
Net income (loss)	(3.4)	(12.0)
Earnings (loss) per share - basic and diluted	(0.03)	(0.12)
Adjusted net income (loss) ¹	(3.2)	(11.6)
Adjusted net income (loss) per share - basic ¹	(0.03)	(0.12)
Cash flow from operations	10.5	15.9
Weighted average number of common shares outstanding (basic)	96,982,473	96,864,062
Operational		
Gold produced (ounces)	20,084	83,035
Gold sold (ounces) ²	18,899	83,241
Total cash costs (\$/ounce) ^{1,2}	1,317	1,284
All-in sustaining costs (\$/ounce) ^{1,2}	1,424	1,387
Average realized price ¹ (\$/ounce)	1,478	1,387
Total underground material mined (Kt)	214	808
Total material milled (Kt)	418	1,681
Grade milled (g/t gold)	1.8	1.8
Recovery (%)	84	86

Plutonic Gold Operations

The Plutonic Gold operations produced and sold 20,084 and 18,899 ounces of gold, respectively, for the fourth quarter of 2019. Total cash costs¹ of \$1,317/ounce sold and all-in sustaining costs¹ of \$1,424/ounce were below the realized gold price¹ of \$1,478/ounce for the three-month period ending December 31, 2019. Had gold sales been able to match production, both total cash costs¹ and all-in sustaining costs¹ would have been lower. Additionally, production costs were negatively affected by the costs of processing Hermes stockpiled material. In comparison, 20,541 and 19,305 ounces of gold were produced and sold, respectively for the fourth quarter of 2018. Total cash costs¹ of \$1,442/ounce sold and all-in sustaining costs¹ of \$1,577/ounce were above the realized gold price¹ of \$1,237/ounce for the three-month period ending December 31, 2018.

Total cash costs and all-in sustaining cash costs decreased over the prior period primarily as a result of an increase in underground tonnes processed at higher grade, partially offset by lower grades and fewer tonnes from the Hermes stockpiles. The variance from prior period for underground tonnes milled was caused by

more available stopes to be mined as the Company focused its efforts on development and sequencing necessary to deliver on the new long-term plan released on October 23, 2019.

The Company generated net cash from operations after working capital changes of \$10.5 million for the three months ending December 31, 2019 after factoring in the gold loan financing with Auramet.

The Plutonic Gold operations produced and sold 83,035 and 83,241 ounces of gold, respectively, for the twelve months ended December 31, 2019. Total cash costs¹ of \$1,284/ounce sold and all-in sustaining costs of \$1,387 were below and equal to, respectively, the realized gold price¹ of \$1,387/ounce for the twelve-month period ending December 31, 2019. In comparison, 90,101 and 89,884 ounces of gold were produced and sold, (including 4,968 pre-production Hermes ounces) respectively for the twelve months ended December 31, 2018. Total cash costs¹ were \$1,155/ounce sold and all-in sustaining costs were \$1,266/ounce in comparison to the realized gold price¹ of \$1,265/ounce for the twelve-month period ending December 31, 2018.

Total cash costs and all-in sustaining cash costs increased over the prior period primarily due to higher payroll, maintenance and mining costs, despite an increase in tonnes milled. Partially offsetting these increases were lower General and administrative costs. Lower General and administrative costs was due to lower compensation and consulting costs in 2019. The reduction stems from the finalization of senior management's short-term incentive compensation in 2019 as a result of short-term incentives not being awarded to executives for 2018 performance and higher consulting costs in the first three months of 2018 due to administrative projects, which did not reoccur in the first quarter of 2019.

The Company generated net cash from operations after working capital changes of \$15.9 million for the twelve months ended December 31, 2019.

Exploration Activities

During the fourth quarter, the Company announced results from the ongoing underground diamond drill program focused on reserve and resource expansion. The drilling was targeting potential extensions to the Baltic mineralization.

The drilling was focused on the area between the deepest parts of the Baltic Zone and the upper parts of the Baltic Deep Zone, where no previous drilling had taken place. The deepest mining to date (700 metres) previously took place at the Baltic Zone. Additionally, the drilling was targeting the hanging wall area of the Baltic Zone where only limited drilling had taken place.

The following key findings were noted:

- 39 intersections encountered more than 5g Au/t
- 22 intersections encountered more than 10g Au/t
- 9 intersections encountered more than 25g Au/t
- 3 intersections encountered more than 50g Au/t
- 3 intersections encountered more than 100g Au/t

Highlights of the drill results included:

- 26.0 g Au/t over 5.55 metres
- 210.0 g Au/t over 0.6 metres
- 13.2 g Au/t over 6.7 metres

The drilling was completed over a strike length of more than 150 metres and a vertical extent of more than 100 metres where mineralization remains open up and down dip and along strike. The Company expects to release other drilling results in some of the other key areas of the LOM plan, including Timor, Indian and Baltic in the near future.

Outlook

The Company intends to focus on re-establishing the Plutonic Gold Operations as a stable gold producer capable of producing at least 100,000 ounces of gold annually. To achieve this goal, the Company intends to focus on its growth strategy which includes:

- Delivery on its 5-year guidance for the underground operations as announced in its press release dated October 23, 2019
- Improve reconciliation between mined and reserve/resource grade
- Improve mining practices to minimize dilution and increase grade
- Improve maintenance and equipment availability
- Focus on open pit opportunities with the most optimal financial returns
- Accelerate exploration activities in 2020

With the Company's cash position and the ongoing cash from operations, the Company will continue towards executing on these growth and exploration objectives.

Conference Call

Management will host a conference call and webcast on Friday March 13, 2020 at 10:00AM ET to discuss the fourth quarter and full year 2019 financial and operating results.

Conference Call and Webcast

Date: Friday March 13, 2020 10:00AM ET

Toll-free North America: (888) 231-8191

Local or International: (647) 427-7450

Webcast: <https://event.on24.com/wcc/r/2177843/6092AB58E06733B83F9A3107F69CBD7D>

Conference Call Replay

Toll-free North America: (855) 859-2056

Local or International: (416) 849-0833

Passcode: 9159048

The conference call replay will be available from 1:00PM ET on March 13, 2020 until 23:59PM ET on March 27, 2020.

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

- (1) Refer to the Non-IFRS Performance Measures disclosure included in this MD&A for a description and calculation of these measures.
- (2) Includes 4,968 ounces sold from Hermes pre-commercial production.

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).

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 press 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 in this news release includes, but is not limited to, the Company's objectives, goals or future plans, and statements regarding exploration results and exploration plans.

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.

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. Except as required by law, the Company does not assume any obligation to release publicly any revisions to forward-looking information contained in this press 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

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<http://superiorgold.mediaroom.com/2020-03-13-Superior-Gold-Inc-Announces-Fourth-Quarter-and-Full-Year-2019-Financial-and-Operating-Results>