

Superior Gold Inc. Announces Second Quarter 2019 Financial and Operating Results

IMPROVING BALANCE SHEET WITH \$17.3M IN CASH AND NO DEBT

(In US Dollars unless otherwise stated)

TORONTO, Aug. 14, 2019 /CNW/ - **Superior Gold Inc.** ("Superior Gold" or the "Company") (TSXV:SGI) announced today its financial and operating results for the quarter ended June 30, 2019. This release should be read in conjunction with the Company's Management Discussion and Analysis (MD&A) and condensed consolidated interim financial statements for the quarter ended June 30, 2019. These documents will be posted on the Company's website at www.superior-gold.com and SEDAR at www.sedar.com.

Second Quarter Highlights:

- Produced 23,849 ounces of gold, up 6% and 16%, respectively, from the first quarter of 2019 and fourth quarter of 2018
- Underground stope grade increased by 33% relative to the fourth quarter of 2018 as operating improvements continued
- Sold 23,937 ounces of gold at total cash costs¹ of \$1,222 per ounce sold and all-in sustaining costs¹ of \$1,293 per ounce sold, below the realized gold price¹ of \$1,320
- Continued to demonstrate the longevity of the Plutonic Gold Operations with cumulative production in excess of 239,000 ounces since acquisition
- Balance sheet strengthened with cash, cash equivalents and restricted cash of \$17.3 million at quarter end

Chris Bradbrook, President and CEO of Superior Gold stated: "We are pleased to report that the measures we put in place in the first quarter of the year, have continued to be successful during the second quarter, as demonstrated by our operating and financial results.

The underground stope grade, development grade, and mill grade have increased by 33%, 10%, and 20%, respectively, relative to the fourth quarter of 2018 as our focus on operating improvements has resulted in a 16% increase in production relative to the fourth quarter of 2018.

All-in sustaining costs increased in the current quarter as we increased spending to advance underground development and improve equipment availability. These additional measures, which are key to ensuring our future success, added approximately \$120 per ounce to the all-in sustaining costs.

In May, we announced an increase to both our Reserves and Resources at the Plutonic Gold Operations where we have extended our underground mine life for a second consecutive year. We remain committed to further extending the mine life and demonstrating the longevity and strength of the mineralized system at Plutonic in 2019.

The Company is focused on establishing a Life of Mine Plan which achieves our long term goals. As a result, we are willing to sacrifice short term results to ensure long term success. Consequently, production for the full year 2019 will be near the low end of our current guidance with costs expected to exceed current guidance, as we allocate funds to areas required to ensure long term profitability. This includes development work required and further improvements in orebody modelling and equipment availability. Guidance was initially provided prior to the appointment of Keith Boyle as COO. Keith has brought a long term strategic approach which has addressed the key value drivers necessary to ensure the long term success of the Plutonic Gold Operations, and the ability to provide the highest confidence guidance, and maximize free cash flow."

Summary of Financial and Operational Results:

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	Three months ended	Three months ended
All amounts in \$ thousands except where noted	June 30, 2019	June 30, 2018
Financial		
Revenue	31,629	33,631
Cost of sales	32,739	30,501
General and administrative	657	1,080
Operating income (loss)	(2,290)	1,565
Income (loss) before taxes ¹	(2,314)	1,282
Net income (loss) ¹	(1,909)	737
Earnings (loss) per share – basic and diluted ¹	(0.02)	0.01
Adjusted net income (loss) ¹	(1,909)	654
Adjusted net income (loss) per share – basic and diluted ¹	(0.02)	0.01
Cash from (used in) operations	4,247	4,959
Cash, cash equivalents and restricted cash	17,322	21,904
Weighted number of common shares o/s – basic (000's)	96,982	95,737
Operational		
Gold produced (ounces)	23,849	25,608
Gold sold (ounces) ¹	23,937	25,797
Realized price (\$/ounce) ¹	1,320	1,303
Total cash costs (\$/ounce) ¹	1,222	1,013
All-in sustaining costs (\$/ounce) ¹	1,293	1,098
Total ore milled (000's tonnes)	433	389
Grade milled (g/t)	2.0	2.3
Gold recovery (%)	87	90

(1) Refer to Non-IFRS Performance Measures section of the Company's MD&A for a description and calculation of these measures.

Plutonic Gold Operations

The Plutonic Gold Operations produced and sold 23,849 and 23,937 ounces of gold, respectively, for the second quarter of 2019. Total cash costs¹ of \$1,222/ounce sold and all-in sustaining costs of \$1,293/ounce were below the realized gold price¹ of \$1,320/ounce for the three-month period ending June 30, 2019. In comparison, 25,608 and 25,797 ounces of gold were produced and sold, respectively for the second quarter of 2018.

Total cash costs and all-in sustaining cash costs increased over the prior period primarily reflecting fewer ounces produced as a result of lower grades at Hermes as well as slightly lower overall recoveries, despite an increase in tonnes milled. The focus on improving underground mobile fleet performance led to higher maintenance costs and contributed to the increase in total cash costs and all-in sustaining cash costs. The Company generated net cash from operations after working capital changes of \$4.25 million during the second quarter.

Exploration and Development Activities

During the quarter, the Company continued to operate three underground diamond drilling rigs with 19,270 metres

completed. Of the total, 5,450 metres were drilled for grade control and stope design while 13,820 metres were for reserve and resource expansion.

Surface exploration drilling comprised a six drill hole program that totaled 2,142 metres. The objective of the program was to test the modelled up dip extension of the mine mafic host for mineralization. Results for this program are expected during the third quarter of 2019.

The Company continues its examination of a number of open pit alternatives including processing material from Hermes, Hermes South and sources near the Plutonic Mine which includes potential expansions of some of the past-producing open pits, including Plutonic East as well as Trout and Perch.

At the Company's 80% owned Hermes South project scoping work is ongoing. As part of that work, the Company is assessing Hermes South and Hermes as a combined operation.

Outlook and Strategy

The Company intends to focus on re-establishing the Plutonic Gold Operations as a stable gold producer with the goal of maximizing free cash flow. To achieve this goal, the Company intends to focus on its growth strategy which includes:

- Focus on mining to reserve grade within an updated Life of Mine Plan
- 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

With the Company's cash position and the ongoing cash from operations, the Company has the liquidity available to execute on these growth and exploration objectives.

Conference Call

Management will host a conference call and webcast on Wednesday August 14, 2019 at 10:00AM ET to discuss the second quarter 2019 financial and operating results.

Conference Call and Webcast

Date: Wednesday August 14, 2019 10:00AM ET
Toll-free North America: (888) 231-8191
Local or International: (647) 427-7450
Webcast: <https://event.on24.com/wcc/r/2048204/B1DB2752007DEA9A99F61CA725495534>

Conference Call Replay

Toll-free North America: (855) 859-2056
Local or International: (416) 849-0833
Passcode: 8888887

The conference call replay will be available from 1:00PM ET on August 14, 2019 until 23:59PM ET on August 28, 2019.

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

Qualified Person

Scientific and technical information in this news release has been reviewed and approved by Pascal Blampain, who is a member of the AusIMM and the Australian Institute of Geoscientists (AIG) and a "qualified person" within the meaning of NI 43-101. Mr. Blampain is an employee of the Company and serves as Chief Geologist.

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/2019-08-14-Superior-Gold-Inc-Announces-Second-Quarter-2019-Financial-and-Operating-Results>