

# Superior Gold Inc. Announces First Quarter 2019 Financial and Operating Results

## ***UNIT COSTS DECREASE UP TO 21% QUARTER OVER QUARTER***

*(In US Dollars unless otherwise stated)*

TORONTO, May 14, 2019 /CNW/ - **Superior Gold Inc.** ("Superior Gold" or the "Company") (TSXV:SGI) announced today its financial and operating results for the quarter ended March 31, 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 March 31, 2019. These documents will be posted on the Company's website at [www.superior-gold.com](http://www.superior-gold.com) and SEDAR at [www.sedar.com](http://www.sedar.com).

### **First Quarter Highlights:**

- Produced 22,474 ounces of gold, up 17% and 9%, respectively, from the first and fourth quarters of 2018
- Sold 22,504 ounces of gold at total cash costs<sup>1</sup> of \$1,145 per ounce sold and all-in sustaining costs<sup>1</sup> of \$1,246 per ounce sold
- Total cash costs decreased 7% and 21%, respectively, from the first and fourth quarters of 2018
- All-in sustaining costs<sup>1</sup> decreased 12% and 21%, respectively, from the first and fourth quarters of 2018
- Net income (loss) for the quarter of (\$2.6) million or (\$0.03) per share
- Achieved cumulative production in excess of 215,000 ounces of gold since acquisition of the Plutonic Gold Operations
- Maintained balance sheet strength with quarter ending cash, cash equivalents, and restricted cash of \$16.2 million

Chris Bradbrook, President and CEO of Superior Gold stated: "The focus in the first quarter was on improving operating and financial performance relative to 2018 and in particular relative to the fourth quarter of 2018. Consequently, we are pleased that the measures we put in place during the quarter had a positive impact on both our operating and financial results. One of the most important changes that we made was the appointment of Keith Boyle as Chief Operating Officer on April 1. Keith had spent six weeks at site in a consulting role prior to his appointment and was instrumental in directing the positive changes which occurred during the quarter.

Grade, particularly the underground stope grade, is the key driver of operating and financial performance. Relative to the fourth quarter of 2018, the grade of stope and development ore increased by more than 10%, the grade of surface material processed increased by almost 30%, and the grade of material milled increased by 18%. As a result, we saw improved financial performance both quarter over quarter and relative to the fourth quarter of 2018. We continue to focus on improving the underground stope grade and maximizing free cash flow generation. This improvement continued into the second quarter as the stope grade for April averaged more than 3.50 g Au/t (which is an increase of more than 25% compared to the first quarter).

We achieved a major milestone during the quarter when we surpassed cumulative production of 200,000 ounces of gold since we acquired the Plutonic Gold Operations in October 2016, reaching more than 215,000 ounces by quarter end. Subsequent to the quarter, we also announced an increase to both our reserves and resources at the Plutonic Gold Operations and therefore extended the mine life of the operations and demonstrated the longevity and strength of the mineralized system, particularly at Plutonic."

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

	<b>Three months ended March 31, 2019</b>	<b>Three months ended December 31, 2018</b>	<b>Three months ended March 31, 2018</b>
All amounts in \$ thousands except where noted			
<b>Financial</b>			
Revenue	29,407	23,917	18,633
Cost of sales	30,960	31,054	20,011
General and administrative	973	978	1,542
Operating income (loss)	(3,078)	(8,616)	(3,319)
Income (loss) before taxes <sup>1</sup>	(3,108)	(9,099)	(8,515)
Net income (loss) <sup>1</sup>	(2,585)	(6,714)	(5,575)

Earnings (loss) per share – basic and diluted <sup>1</sup>	(0.03)	(0.07)	(0.06)
Adjusted net income (loss) <sup>1,2</sup>	(2,622)	(6,873)	(2,172)
Adjusted net income (loss) per share – basic and diluted <sup>1,2</sup>	(0.03)	(0.07)	(0.02)
Cash from (used in) operations	403	(374)	(1,599)
Cash, cash equivalents and restricted cash	16,234	17,468	25,633
Weighted number of common shares o/s – basic	96,502	95,752	95,669
<b>Operational</b>			
Gold produced (ounces)	22,474	20,541	19,232
Gold sold (ounces) <sup>1</sup>	22,504	19,305	18,940
Realized price (\$/ounce) <sup>1</sup>	1,305	1,237	1,331
Total cash costs (\$/ounce) <sup>1,3</sup>	1,145	1,442	1,227
All-in sustaining costs (\$/ounce) <sup>1,3</sup>	1,246	1,577	1,421
Total ore milled (000's tonnes)	415	451	344
Grade milled (g/t)	1.9	1.6	2.0
Gold recovery (%)	88	87	86

## Plutonic Gold Operations

The Plutonic Gold Operations produced and sold 22,474 and 22,504 ounces of gold, respectively, for the first quarter of 2019. Total cash costs<sup>1</sup> of \$1,145/ounce sold and all-in sustaining costs of \$1,246/ounce were below the realized gold price<sup>1</sup> of \$1,305/ounce for the three-month period ending March 31, 2019. In comparison, 19,232 and 18,940 ounces of gold (including 4,968 ounces capitalized as Hermes pre-production ounces) were produced and sold, respectively for the first quarter of 2018. Total cash costs<sup>1</sup> of \$1,227/ounce sold were below the realized gold price<sup>1</sup> of \$1,331/ounce for the three-month period ending March 31, 2018. All-in sustaining costs<sup>1</sup> for the three months ended March 31, 2018 of \$1,421/ounce were above the realized gold price as a result of fewer ounces sold due to lower grades realized from underground operations in the quarter as well as the emphasis of feeding Hermes' pre-production tonnages through the mill.

Total cash costs and all-in sustaining cash costs<sup>1</sup> decreased over the prior period primarily reflecting more ounces produced from the inclusion of the Hermes Gold Mine in operating results following the achievement of commercial production, along with an improvement in underground stope grade. All-in sustaining costs<sup>1</sup> decreased from \$1,421/ounce sold to \$1,246/ounce sold due to lower total cash costs per ounce from the inclusion of Hermes, higher grades from underground stopes and lower general and administrative expenses. Lower general and administrative costs reflected lower compensation and consulting costs in 2019. The reduction stems from the finalization of senior management's short-term incentive compensation and higher consulting 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 \$403,000 for the three months ending March 31, 2019.

## Exploration and Development Activities

During the first quarter, the Company's ongoing underground diamond drilling program continued with more than 14,100 metres completed. The underground program is focused on reserve and resource expansion and grade control. Grade control drilling is designed to provide additional information for stope design ahead of mining.

The Company is in the process of examining 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. The initial economic analysis of a potential layback at the Plutonic East open pit has suggested superior returns may exist from pursuing this operation.

At the Company's 80% owned Hermes South project, a number of diamond drill holes were completed in order to provide samples for metallurgical testing. During the first quarter of 2019, the Company engaged in resource estimation, pit optimization, geotechnical studies, and permitting at Hermes South. The Company is currently 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 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:

- Focus on mining to reserve grade within an updated Life of Mine Plan
- Improve reconciliation between mined and reserve 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 its near-term growth and exploration strategy.

## **Conference Call**

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

### Conference Call and Webcast

Date: Tuesday May 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/1983753/B4A358239D0F46CB5340BF47CBE224E9>

### Conference Call Replay

Toll-free North America: (855) 859-2056  
Local or International: (416) 849-0833  
Passcode: 7224568

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

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

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- (1) Refer to Non-IFRS Performance Measures section of the Company's MD&A for a description and calculation of these measures
  - (2) Adjusted net income/loss reflects the following: Net income/loss was adjusted to exclude specific items that are not reflective of the underlying operations of the Company, including: loss on settlement of the contingent royalty payable to Northern Star, the change in valuation of the warrant liability, and the associated impact on income taxes
  - (3) For the three months ended March 31, 2018 excludes 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 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](http://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.

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<http://superiorgold.mediaroom.com/2019-05-14-Superior-Gold-Inc-Announces-First-Quarter-2019-Financial-and-Operating-Results>