

## Superior Gold Inc. Announces Fourth Quarter and Full Year 2018 Financial and Operating Results

*(In US Dollars unless otherwise stated)*

TORONTO, March 13, 2019 /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 2018. 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, 2018. 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).

### Full Year Highlights:

- Record production of 90,101 ounces of gold which generated record revenue of \$107.5 million
- Constructed a second mine at Hermes on schedule and on budget with internally generated funds and declared commercial production in March 2018
- Completed the initial strategy of 'fill the mill'
- Recoveries averaged 88% for the year, reaching 90% in the second quarter
- Total cash cost<sup>1</sup> of \$1,155 per ounce sold and all-in sustaining cost<sup>1</sup> of \$1,266 per ounce sold
- Cash, cash equivalents and restricted cash of \$17.5 million at the end of the quarter with no long-term debt

### Fourth Quarter Highlights:

- Produced 20,541 ounces of gold
- Sold 19,305 ounces of gold at an average realized gold price<sup>1</sup> of \$1,237 per ounce
- Record mill throughput of 451,000 tonnes representing a 47% increase compared with the same period in the previous year

Chris Bradbrook, President and CEO of Superior Gold stated: "We had a number of key achievements in 2018. Construction of our Hermes open pit mine was completed on schedule and on budget from internally generated funds. We also achieved record annual production of over 90,000 ounces in 2018. In April, we announced a substantial increase in our reserves and resources. Subsequent to this, exploration drilling continued to yield very positive results as we demonstrated the potential to further increase reserves and resources at Plutonic and Hermes South. Collectively, the results continued to demonstrate the strength of the mineralized systems.

Our challenges included experiencing a number of one-time unforeseen challenges in the fourth quarter of 2018, which continued into January of this year. Additionally, the underground stope grade at Plutonic was disappointing and below our planned levels. We are focusing on putting these issues behind us and are working with our on-site management and consultants to ensure a strong 2019, and are seeing the benefits of this focused effort."

### Summary of Financial and Operational Results:

	Three months ended December 31, 2018	Twelve months ended December 31, 2018
All amounts in \$ millions except where noted		

<b>Financial</b>		
Revenue	23.9	107.5
Cost of sales	31.1	114.1
General and administrative	1.0	4.6
Operating income (loss)	(8.6)	(13.2)
Income (loss) before taxes <sup>1</sup>	(9.1)	(18.8)
Net income (loss) <sup>1</sup>	(6.7)	(13.3)
Earnings (loss) per share - basic and diluted <sup>1</sup>	(0.07)	(0.14)
Adjusted net income (loss) <sup>1</sup>	(6.9)	(10.5)
Adjusted net income (loss) per share - basic <sup>1</sup>	(0.07)	(0.11)
Cash flow from operations	(0.4)	6.6
Weighted number of common shares outstanding (basic)	95,752,473	95,728,044
<b>Operational</b>		
Gold produced (ounces)	20,541	90,101
Gold sold (ounces) <sup>2</sup>	19,305	89,884
Total cash costs (\$/ounce) <sup>1,2</sup>	1,442	1,155
All-in sustaining costs (\$/ounce) <sup>1,2</sup>	1,577	1,266
Average realized price <sup>1,2</sup> (\$/ounce)	1,237	1,265
Total underground material mined (Kt)	183	809
Total open pit material mined (Kt)	242	898
Total material milled (Kt)	451	1,620
Grade milled (g/t gold)	1.6	2.0
Recovery (%)	87	88

## Plutonic Gold Operations

For the fourth quarter 2018, the Plutonic Gold operations produced and sold 20,541 and 19,305 ounces of gold, respectively.

Total cash costs<sup>1</sup> for the fourth quarter were \$1,442/ounce sold and all-in sustaining costs<sup>1</sup> were \$1,577/ounce. Total cash costs<sup>1</sup> and all-in sustaining cash costs<sup>1</sup> increased over the prior year primarily as a result of lower grades from underground operations in the current quarter which resulted in fewer ounces being produced. While the focus during the quarter was on improving operational performance, production was negatively impacted by several unforeseen circumstances. In December, repairs were required on the crusher. Additionally, limited availability of key underground and open pit equipment (resulting from mechanical and contractor issues) adversely impacted production. Finally, as a result of a weather-related event, power to the borefields was interrupted, which limited water supply to the mill necessitating a lower processing throughput. These cost per ounce increases were partially offset by the contribution from the Hermes open pit which more than replaced low grade stockpile material milled in the fourth quarter of 2017.

For the year ended December 31, 2018, the Plutonic Gold mine and Hermes open pit gold mine produced and sold 90,101 and 89,884 ounces of gold respectively (including 4,968 ounces capitalized as pre-production ounces from Hermes in the first quarter of 2018). These ounces, excluding pre-production ounces, were produced at total cash costs<sup>1</sup> of \$1,155/ounce sold and all-in sustaining costs<sup>1</sup> of \$1,266/ounce.

The Company generated net cash from operations after working capital changes of \$6.6 million for the twelve-month period ending December 31, 2018.

## Exploration Activities

During the fourth quarter, the Company continued its focus on increasing reserves and resources through its underground exploration program utilizing a dedicated third diamond drill. In November, the Company announced the first set of results from this program. Results were provided for 51 drill holes for a total of more than 9,700 metres into the Indian Zone with the following key findings:

- Highlighted intersections of 42.4 g Au/t over 2.40 metres, 41.1g Au/t over 2.00 metres, and 15.5g Au/t over 5.05 metres
- 67 intersections encountered more than 5g Au/t
- 38 intersections encountered more than 10g Au/t
- 15 intersections encountered more than 20g Au/t
- 6 intersections encountered more than 50g Au/t
- Numerous historic intersections up to 300m outside of resource - up to 17.4g Au/t over 1.00m

During the quarter, the Company also announced results from its phase two reverse circulation drill program at its Hermes South project. Hermes South is located approximately 20 kilometres south southwest of the Hermes open pit gold mine, which in turn is located 65 kilometres southwest of the Company's Plutonic Gold mine. Significant intersections included:

- 3.0 g Au/t over 16.00 metres from 137.00 metres
- 4.4 g Au/t over 9.00 metres from 98.00 metres
- 3.8 g Au/t over 10.00 metres from 151.00 metres
- 3.3 g Au/t over 11.00 metres from 123.00 metres

These were in addition to results announced earlier in the year with intersections including 142.0 g Au/t over 4.00 metres (from 56.00 metres) and 37.7 g Au/t over 3.00 metres (from 27.00 metres).

## 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:

- Increasing annual gold production at its Plutonic and Hermes operations
- Resource and reserve additions through increased drill activity in 2019
- The "fill the mill at the best possible grade" strategy at its existing Plutonic Gold operations site
- Mine towards reserve grade ore at the Plutonic Gold mine

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.

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- (1) Refer to the Non-IFRS Performance Measures disclosure included in this MD&A for a description and calculation of these measures.
  - (2) For the twelve months ended December 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 Gold mine and central mill, the Hermes open pit gold mine 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/2019-03-13-Superior-Gold-Inc-Announces-Fourth-Quarter-and-Full-Year-2018-Financial-and-Operating-Results>