

Superior Gold Inc. Announces Third Quarter 2017 Financial and Operating Results

REPORTS RECORD REVENUE AND \$5.9 MILLION IN FREE CASH FLOW

(In US Dollars unless otherwise stated)

TORONTO, Nov. 15, 2017 /CNW/ - **Superior Gold Inc.** ("Superior Gold" or the "Company") (TSX.V:SGI) announced today its financial and operating results for the third quarter of 2017. This release should be read in conjunction with the Company's Management Discussion and Analysis (MD&A) and unaudited condensed consolidated interim financial statements for the third quarter ended September 30, 2017. These documents will be posted on the Company's website at www.superior-gold.com and SEDAR at www.sedar.com.

Operational Highlights (for the three months ended September 30, 2017):

- Produced 21,621 ounces of gold – second highest quarterly production at the Plutonic Gold Mine since taking ownership
- Sold 20,836 ounces of gold at an average realized price¹ of \$1,278 per ounce
- Total cash costs¹ were \$889 per ounce and all-in sustaining costs¹ were \$969 per ounce

Financial Highlights (for the three months ended September 30, 2017):

- Record revenue totaled \$26.7 million
- Generated cash from operations of \$8.8 million
- Generated \$5.9 million in free cash² – second highest quarterly level of free cash flow since taking ownership of the Plutonic Mine
- Cost of sales was \$23.3 million, including \$4.9 million of depreciation
- Cash and cash equivalents and restricted cash increased to \$36.9 million at the end of the quarter

Additional Highlights:

- Commenced development of the 65 kilometer haul road connecting Hermes to the Plutonic Gold Operations
- Began processing Sandfire Resources NL's oxide material feedstock in mid-July at a rate of approximately 30,000 tonnes per month
- Addition of René Marion to the Board of Directors

Chris Bradbrook, President and CEO of Superior Gold stated: "We are pleased to announce our second highest quarterly production at the Plutonic Gold Mine since acquiring the operation in October 2016. For the first nine months of 2017 we have produced 59,946 ounces of gold and are on track to meet our annual production guidance of between 75-80,000 ounces of gold for 2017. During the quarter total cash costs and all-in sustaining costs were significantly lower at \$889 per ounce and \$969 per ounce respectively, compared to the second quarter at \$970 and \$1,078 respectively.

This quarter we reported record revenue of \$26.7 million. We continued to generate free cash and increase our cash position, at the same time as we commenced capital expenditure at Hermes. The Company has the liquidity available to fund the development of our near term projects and exploration programs. Development at our Hermes project continues to progress and during the quarter the initial development of the haul road commenced. In October, pre-stripping operations were initiated at Hermes' Trapper pit, which is expected to supply initial mill feed by year end.

We look forward to continuing to build on these positive results we have achieved to date, with a continued focus on cost control and building shareholder value. All future capital and exploration expenditures will be aimed at supporting the long-term generation of free cash."

Summary of Financial and Operational Results:

	Three months ended September 30, 2017	Three months ended June 30, 2017	Nine months ended September 30, 2017
All amounts in \$ millions except where noted			
Financial			
Revenue			
Revenue	26.7	24.3	77.6
Cost of sales	23.3	23.6	69.0
Operating income (loss)	2.5	(0.22)	6.0
Net income (loss)	2.3	(0.08)	(0.77)
Net income (loss) per share (\$/share)	0.02	(0.00)	(0.01)
Adjusted net income (loss) ¹	2.2	(0.21)	4.1
Adjusted net income (loss) (\$/share) ¹	0.02	(0.00)	0.05
Cash from operating activities	8.8	3.6	19.8
Weighted number of common shares outstanding (basic)	95,669,140	95,669,140	85,373,396
Operational			
Gold produced (ounces)	21,621	17,556	59,946
Gold sold (ounces)	20,836	19,353	61,990
Average realized price ¹ (\$/ounce)	1,278	1,254	1,250
Total cash costs (\$/ounce) ¹	889	970	882
All-in sustaining costs (\$/ounce) ¹	969	1,078	987
Total material mined (tonnes)	209,934	206,363	617,083
Total material milled (tonnes)	324,549	308,824	965,778
Grade Milled (g/tonne) ³	2.6	2.3	2.5
Recovery (%)	80	76	79

Plutonic Gold Mine

The Plutonic Gold Mine produced 21,621 ounces of gold in the third quarter compared to 17,556 ounces of gold in the second quarter, the result of higher tonnages milled and higher head grade. Gold sold increased by 1,483 ounces during the third quarter to 20,836 ounces due to increased tonnes milled, higher grade and recovery, partially offset by the timing of sales, as fewer ounces were sold at the end of the period.

For the third quarter, total cash costs¹ were \$889 per ounce sold, a decrease from \$970 per ounce sold in the second quarter due to lower cost of sales and higher sales volumes, partially offset by increases resulting from non-cash inventory movements. All-in sustaining costs¹ decreased from \$1,078 per ounce sold to \$969 per ounce sold due to lower total cash costs per ounce, lower sustaining capital expenditures and lower corporate general and administration expenses.

For the nine months ended September 30, 2017, the Plutonic Gold Mine produced and sold 59,946 and 61,990 ounces of gold, respectively. Total cash costs¹ and all-in sustaining costs¹ of \$882 per ounce sold and \$987 per

ounce sold were below the realized gold price¹ of \$1,250/ounce. The Plutonic Gold Mine and the regional administrative office generated net cash from operations after working capital changes of \$22.3 million for the nine month period.

Development Activities

The initial development of the haul road at the Company's Hermes development project began in mid-July 2017. In October, pre-stripping operations were initiated at Hermes' Trapper pit, which is expected to supply initial mill feed by year end. Commercial production is anticipated in the first quarter of 2018.

Exploration Activities

During the third quarter, the Company's ongoing underground diamond drilling program focused on six zones at its wholly-owned Plutonic Gold Mine: Baltic, Caribbean, Caspian, Cortez, Indian and Timor. A number of significant intersections were encountered. Results were released for 216 drill holes for a total of more than 15,000 metres. The drill holes were primarily completed for resource definition and grade control purposes. Definition drilling was designed to increase the confidence level of the mineral resources in areas where drilling was limited. Grade control drilling was completed to provide additional information for stope design ahead of mining.

The following key findings were noted:

- 199 intersections encountered more than >5g Au/t
- 81 intersections encountered more than >10g Au/t
- 30 intersections encountered more than >20g Au/t

Outlook and Strategy

In the near term, the Company is focused 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:

- Focusing on quality high-grade ounces
- Optimizing recoveries
- Increasing incremental production from underground and open pit sources
- Resource and reserve additions through property wide exploration
- Leveraging the excess mill capacity

With the proceeds raised from the completion of the initial public offering, and the cash generated from the Plutonic Gold Mine, the Company has the liquidity available to execute on its near-term growth and exploration strategy.

- (1) This is a Non-IFRS measure. Refer to Non-IFRS measures section of the MD&A for a description of these measures.
- (2) Free cash is defined as Cash from operating activities less Expenditures on mineral interests and property, plant and equipment.
- (3) The grade milled is a combination of underground stoped ore, underground development ore, and low grade surface material, including the Sandfire material.

Qualified Person

Scientific and technical information in this news release has been reviewed and approved by Alfred Gillman, Fellow AusImm (Chartered Professional, Geology) and a "qualified person" within the meaning of NI 43-101. Mr. Gillman is a Consultant to Superior Gold Inc.

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, which is a producing underground operation with a central mill, the Hermes open pit development project 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/2017-11-15-Superior-Gold-Inc-Announces-Third-Quarter-2017-Financial-and-Operating-Results>