

CONTINUING TO GENERATE FREE CASH - \$15.4 MILLION IN FIRST NINE MONTHS OF OPERATION

(In US Dollars unless otherwise stated)

TORONTO, Aug. 14, 2017 /CNW/ - Superior Gold Inc. ("Superior Gold" or the "Company") (TSX.V:SGI) announced today its financial and operating results for the second 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 second quarter ended June 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 June 30, 2017):

- Produced 17,556 ounces of gold
- Sold 19,353 ounces of gold at an average realized price¹ of \$1,254 per ounce
- Total cash costs¹ were \$970 per ounce and all-in sustaining costs¹ were \$1,078 per ounce

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

- Revenue totaled \$24.3 million
- Generated cash from operations of \$3.6 million
- Generated \$2.6 million in free cash²
- Cost of sales was \$23.6 million, including \$4.2 million of depreciation
- Cash and cash equivalents and restricted cash increased to \$30.3 million at the end of the quarter

Additional Highlights:

- Received regulatory approval to commence development of the Hermes Project
- Began mobilizing personnel and equipment to site to begin construction of the haul road as part of the first stage of development of the Hermes Project
- Undertook negotiations to acquire approximately 155,000 tonnes of gold-bearing oxide material from [Sandfire Resources NL's](#) (ASX:SFR) neighbouring DeGrussa Copper Mine, with an agreement finalized in July 2017

Chris Bradbrook, President and CEO of Superior Gold stated: "We are pleased to announce our second full quarter of results since our initial public offering completed in February 2017, and our third strong operational quarter since the acquisition of the Plutonic Gold Operations in October 2016. For the first six months of 2017 we have produced 38,325 ounces of gold and are on track to meet our targeted production level of between 75-80,000 ounces of gold for 2017. The increases in total cash costs¹ and all-in sustaining costs¹ in the second quarter, compared to the first quarter, were largely the result of lower production levels at the Plutonic Gold Mine due to operating in a lower grade area with expected slightly lower recovery levels. Additionally, during the quarter, a mill reline and a tailings facility lift were completed.

The Company continues to generate free cash and increase our cash position, and has the liquidity available to fund the development of our near term projects and exploration program. During the quarter, we received approval to begin development of the Hermes Project beginning on or after July 1, 2017 and we commenced construction of the haul road in mid July.

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 June 30, 2017	Six months ended June 30, 2017
All amounts in \$ millions except where noted		
Financial		
Revenue	24.3	51.0
Cost of sales	23.6	45.7
Operating income (loss)	(0.22)	3.5
Net income (loss)	(0.08)	(3.1)
Net income (loss) per share (\$/share)	(0.00)	(0.04)
Adjusted net income (loss) 1	(0.21)	1.9
Adjusted net income (loss) (\$/share)1	(0.00)	0.02
Cash from operating activities	3.6	10.9
Weighted number of common shares outstanding	95,669,140	80,140,200
Operational		
Gold produced (ounces)	17,556	38,325
Gold sold (ounces)	19,353	41,154
Average realized price ¹ (\$/ounce)	1,254	1,236
Total cash costs (\$/ounce) ¹	970	879
All-in sustaining costs (\$/ounce) ¹	1,078	994
Total material mined (tonnes)	206,363	407,149
Total material milled (tonnes)	308,824	641,229
Grade Milled (g/tonne) ³	2.3	2.4
Recovery (%)	76	77

Plutonic Gold Mine

The Plutonic Gold Mine produced 17,556 ounces of gold in the three month period ending June 30, 2017 compared to 20,769 ounces of gold in the three month period ending March 31, 2017 as a result of lower grade material milled with expected slightly lower recovery levels. Total cash costs¹ and all in sustaining costs¹ of \$970 per ounce and \$1,078 per ounce respectively, were below the realized gold price¹ of \$1,254 for the three-month period ending June 30, 2017. The Plutonic Gold Mine and the regional administrative office generated net cash from operations after working capital changes of \$5.1 million for the three-month period ending June 30, 2017.

For the six months ended June 30, 2017 The Plutonic Gold Mine produced and sold 38,325 and 41,154 ounces of gold, respectively. Total cash costs¹ and all-in sustaining costs¹ of \$879/ounce and \$994/ounce were below the realized gold price¹ of \$1,236/ounce for the six month period ending June 30, 2017. The Plutonic Gold Mine and the regional administrative office generated net cash from operations after working capital changes of \$13.1 million for the six month period ending June 30, 2017.

Development Activities

The Hermes Project received final environmental approval, including the Clearing Permit, in June 2017, which allowed for ground disturbance/clearing beginning on July 1, 2017 and onwards. The initial development of the haul road began in mid-July 2017, with pre-stripping operations at Hermes to follow in the latter half of the year. The Hermes Deposit is expected to be mined as a conventional open pit contractor operated mining operation with ore being trucked for processing at the Plutonic Gold Mine mill. Additional information regarding the Hermes development project can be found in the Company's Technical Report (effective date September 30, 2016) which was filed on SEDAR (www.sedar.com) on February 15, 2017.

Exploration Activities

During the second quarter, the Company's ongoing underground diamond drilling program focused on five zones at its wholly-owned Plutonic Gold Mine: Baltic; Caribbean; Caspian; Cortez; and Indian. Significant intersections were encountered in all zones. Results were released for 112 drill holes for a total of more than 8,000 metres. The drill holes were primarily completed for resource definition and grade control purposes. One of these holes was conducted as part of the underground exploration program testing areas outside of the known resources. Resource definition was designed to increase the confidence level of the resource in areas where drilling was limited. Grade control drilling was completed to provide additional information for stope design ahead of mining. The exploration hole was completed to test previously undrilled areas in the search for possible extensions of mineralization to potentially expand the overall resource.

The following key findings were noted:

- 112 intersections encountered more than 5g Au/t
- 51 intersections encountered more than 10g Au/t
- 19 intersections encountered more than 20g Au/t
- Exploration intersections of up to 38.3g Au/t over 2.05 metres and 17.8g Au/t over 5.10 metres were obtained, approximately 200 metres laterally from known mineralization in the Indian Zone.

Oxide Material

The Company undertook negotiations and finalized an agreement in July of 2017, to acquire approximately 155,000 tonnes of gold-bearing oxide material from [Sandfire Resources NL](#)'s (ASX:SFR – "Sandfire") DeGrussa Copper Mine. The material ("Sandfire Material") is stockpiled approximately 30 kilometres south of the Plutonic Gold Mine. Historic samples taken from this material have provided gold grades of between 0.6 gAu/t and 1.5 gAu/t. The Company will pay Sandfire \$7.80 (A\$10) per tonne of material removed from the DeGrussa Mine. The plan is to process the material at the Plutonic Gold Mine at the rate of approximately 30,000 tonnes per month.

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.

Qualified Person

Scientific and technical information in this press release has been reviewed and approved by Simon Lawson who is a member of the AusIMM and a "qualified person" within the meaning of NI 43-101. Mr. Lawson is an employee of the Company and serves as the 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, 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.

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