

Superior Gold Inc. Announces Fourth Quarter and Full Year 2017 Financial and Operating Results

14.03.2018 | [CNW](#)

COMPLETED 2017 WITH STRONG BALANCE SHEET AND INTERNALLY FUNDED SECOND PROJECT IN PRODUCTION

(In US Dollars unless otherwise stated)

TORONTO, March 14, 2018 /CNW/ - [Superior Gold Inc.](#) ("Superior Gold" or the "Company") (TSX.V:SGI) announced today its financial and operating results for the fourth quarter and full year 2017. This release should be read in conjunction with the Company's Management Discussion and Analysis (MD&A) and consolidated financial statements for the fourth quarter ended December 31, 2017. These documents will be posted on the Company's website at www.superior-gold.com and www.sedar.com.

Fourth Quarter Highlights:

- Produced 20,197 ounces of gold
- Sold 20,029 ounces of gold at an average realized gold price¹ of \$1,276 per ounce
- Total cash costs¹ of \$1,020 per ounce sold and all-in sustaining cost¹ of \$1,118 per ounce sold
- Cash, cash equivalents and restricted cash of \$30.9 million at the end of the quarter
- Generated cash flow from operations of \$2.6 million
- Recoveries increased to 84%
- Initial processing of Hermes mineralization commenced on schedule in late December 2017

Full Year Highlights:

- Produced 80,143 ounces of gold – exceeding annual guidance
- Sold 82,019 ounces of gold at an average realized gold price¹ of \$1,256 per ounce
- Total cash cost¹ of \$916 per ounce sold and all-in sustaining cost¹ of \$1,019 per ounce sold
- Generated cash flow from operations of \$22.2 million

Chris Bradbrook, President and CEO of Superior Gold stated: "We are pleased to be reporting our first full year of financial and operating results for 2017. Production of over 80,000 ounces from the Plutonic Gold Mine exceeded our annual guidance of 75-80,000 ounces of gold, and recoveries increased to 84% by year end. We generated cash from operations of over \$22 million and maintained a robust cash balance, at the same time as we put our Hermes development project into production using internally generated free cash flow."

"The initial processing of Hermes mineralization commenced on schedule and was a major milestone for the Company. Commercial production is expected, as previously forecast, in the first quarter of 2018. The Company's cash balance at year end decreased relative to the end of the third quarter largely due to the cost of developing Hermes. Capital expenditures at the Plutonic Gold Mine in 2017 totaled approximately \$8.9 million, which was below guidance of \$9.9 million. The contribution of the ore from Hermes is expected to allow us to reach our objective of increasing annual production to more than 100,000 ounces of gold in 2018."

"Total cash costs and all-in sustaining costs increased in the fourth quarter relative to the third quarter as a result of several factors. Processing costs increased as mill maintenance projects were completed in advance of the increasing throughput of Hermes. Site administration costs increased as personnel grew throughout the development of Hermes. Exploration expenditures increased as work commenced on the Bryah Basin joint venture. In addition, changes in inventory were less favourable than in the third quarter."

"As we close out 2017, we look forward to continuing to build on the positive results we have achieved this year, with a focus on

focus on responsible growth and building shareholder value. All future capital and exploration expenditures will be aimed supporting the long-term generation of free cash."

Summary of Financial and Operational Results:

	Three months ended December 31, 2017	Twelve months ended December 31, 2017
All amounts in \$ millions except where noted		
Financial		
Revenue	25.6	103.2
Cost of sales	24.7	93.7
General and administrative	1.2	3.9
Operating income (loss)	(0.3)	5.7
Income (loss) before taxes ²	(1.0)	(1.6)
Net income (loss) ²	(2.3)	(3.1)
Earnings (loss) per share - basic and diluted ²	(0.02)	(0.04)
Adjusted net income (loss) ¹	(2.1)	2.0
Adjusted net income (loss) per share - basic ¹	(0.02)	0.02
Cash flow from operations	2.6	22.2
Weighted number of common shares outstanding (basic)	95,669,140	87,968,487
Operational		
Gold produced (ounces)	20,197	80,143
Gold sold (ounces)	20,029	82,019
Average realized price ¹ (\$/ounce)	1,276	1,256
Total cash costs (\$/ounce) ¹	1,020	916
All-in sustaining costs (\$/ounce) ¹	1,118	1,019
Total underground material mined (tonnes)	191,061	808,144
Total material milled (tonnes)	307,166	1,272,944
Grade Milled (g/tonne)	2.4	2.5
Recovery (%)	84	80

For the fourth quarter, the Plutonic Gold Mine produced 20,197 compared to 21,621 ounces of gold produced in the third quarter as a result of lower tonnages milled and lower head grade, partially offset by higher recoveries. Total underground material mined decreased by 9% to 191,061 tonnes and total material milled decreased by 5% to 307,166 tonnes mainly due to a reduction in low grade surface material milled of 34,425 tonnes being partially offset by an additional 23,401 tonnes of Sandfire Material. Head grade decreased marginally as a result of the change in the proportion of high grade to low grade material being processed during the quarter. Recovery rates increased from 80% to 84% as a result of operational improvements and the proportion of milled tonnages from areas that typically have lower recoveries decreasing.

Gold sold decreased by 807 ounces during the quarter to 20,029 ounces in comparison to the third quarter due to decreased tonnes milled and lower grade, partially offset by higher recovery and the timing of sales.

Total cash costs¹ were \$1,020/ounce sold during the fourth quarter, an increase from \$889/ounce from the third quarter due to higher costs of sales and lower sales volumes, partially offset by decreases resulting from non-cash inventory movements. All-in sustaining costs¹ increased from \$969/ounce sold to \$1,118/ounce sold due to higher total cash costs per ounce and higher corporate general and administration expenses.

For the full year 2017, the Plutonic Gold Mine produced and sold 80,143 and 82,019 ounces of gold, respectively. Total cash costs¹ and all-in sustaining costs¹ of \$916/ounce sold and \$1,019/ounce sold were below the realized gold price¹ of \$1,256/ounce.

Hermes Open Pit Project

The initial development of the haul road began in mid-July of 2017. In October 2017, pre-stripping operations were initiated at Hermes' Trapper pit. Initial processing of mineralization commenced on schedule in late December 2017. Commercial production continues to be anticipated, as forecast, in the first quarter of 2018.

Exploration Activities

During the fourth quarter, the Company's ongoing underground diamond drilling program focused on seven zones at its wholly-owned Plutonic Gold Mine: Area 134, Caribbean, Caspian, Cortez, Indian, Pacific and Timor. A number of significant intersections were encountered. Results were released for 129 drill holes for a total of more than 11,000 metres. The drill holes were primarily completed for resource definition and grade control purposes. Resource definition drilling was designed to increase the confidence level of the mineral resources in areas where drilling was limited as part of the ongoing work to upgrade resources to reserves. Grade control drilling was completed to provide additional information for stope design ahead of mining.

The following key findings were noted:

- 236 intersections encountered more than >5g Au/t
- 114 intersections encountered more than >10g Au/t
- 44 intersections encountered more than >20g Au/t
- 10 intersections encountered more than >50g Au/t
- An intersection of 4480.00g Au/t over 0.30 metres was reported and is the highest grade intersection encountered by the Company acquired the Plutonic Gold Mine in October 2016

Outlook

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) Refer to the "Non-IFRS Performance Measures" disclosure included in the Company's MD&A for a description and calculation of these measures.
- (2) Restated for adjustments to purchase price allocation of the Plutonic Gold Operations acquisition. Refer to note 18 of the Company's consolidated financial statements for the period ended December 31, 2017.

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, 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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