

# Superior Gold Inc. Announces First Quarter 2020 Financial and Operating Results

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TORONTO, May 12, 2020 - [Superior Gold Inc.](#) ("Superior Gold" or the "Company") (TSXV:SGI) announced today its financial and operating results for the first quarter 2020. 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 March 31, 2020. 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:

- Remained at full production whilst operating under COVID-19 restrictions
- Produced 16,351 ounces of gold at a record average realized gold price of \$1,570/oz
- Sold 16,850 ounces of gold at total cash costs<sup>1</sup> of \$1,291 per ounce sold and all-in sustaining costs<sup>1</sup> of \$1,416 per ounce sold
- Net loss for the period of \$0.04 per share and adjusted net loss of \$0.00 per share
- Exploration results of up to 27.9 g Au/t over 4.10 metres continued to demonstrate the potential to expand mineralization at Plutonic with step out drill results between the Indian and Baltic Zones

Chris Bradbrook, President and CEO of Superior Gold stated: "We are pleased to have exceeded our first quarter production guidance despite a number of one time unexpected events that impacted the Plutonic Gold operations during the quarter (detailed in the press release dated March 13, 2020).

We remain focused on continued improvements from underground including grade and development rates. As previously indicated, we are forecasting a steady increase in underground production rates on a quarterly basis over the course of the year. We anticipate that the second quarter of 2020 will be an improvement over the first quarter and expect production of 16,500 to 18,500 ounces.

We remain fully committed to the health and safety of our employees and communities and we are pleased to report that there have been no incidences of infection from COVID-19 ("COVID") at either our operations or corporate offices. We are operating normally at Plutonic. We will continue to monitor the supply chain and work to ensure the ongoing availability of critical supplies.

In order to minimize the risk of exposure to COVID, to date we have only allowed site access to employees, contractors and suppliers that are deemed essential. Consequently, access for the contractors required for open pit development has been delayed. We are now targeting the commencement of production from the open pits in the second half of 2020. As a result, the lower end of our production guidance is likely to be at the higher end of production for the year.

We continue to be excited by our ongoing underground exploration results. On February 10, 2020, we announced intersections of up to 27.9 g Au/t over 4.10 metres and 22.2 g Au/t over 2.60 metres in an area over a strike length of more than 150 metres and a vertical extent of more than 100 metres between the Indian and Baltic Zones. We believe these results illustrate the potential to connect the Indian and Baltic Zones, which are key components of our Life of Mine plan.

The decrease in cash and cash equivalents at quarter end relative to year end 2019 was the result of a combination of the effect of foreign exchange movements, the timing of payables relative to quarter end and repayment of a portion of the ounces sold forward to Auramet.

Finally, as a result of progress made with the Global Resource calculation, the Company has decided to include it as part of its 2019 Year End Reserves and Resources Estimate. This will be available later in the second quarter, together with details of the plans for the open pit operations."

## Summary of Financial and Operational Results:

|                                                              | Three months ended<br>March 31, 2020 |
|--------------------------------------------------------------|--------------------------------------|
| All amounts in \$ millions except where noted                |                                      |
| Financial                                                    |                                      |
| Revenue                                                      | 26.5                                 |
| Cost of sales                                                | 23.7                                 |
| General and administrative                                   | 1.0                                  |
| Operating income (loss)                                      | 1.1                                  |
| Income (loss) before taxes                                   | (3.8)                                |
| Net income (loss)                                            | (3.8)                                |
| Earnings (loss) per share - basic and diluted                | (0.04)                               |
| Adjusted net income (loss) <sup>1</sup>                      | (0.1)                                |
| Adjusted net income (loss) per share - basic <sup>1</sup>    | (0.00)                               |
| Cash flow from operations                                    | (0.9)                                |
| Cash and cash equivalents                                    | 16.3                                 |
| Weighted average number of common shares outstanding (basic) | 97,065,989                           |
| Operational                                                  |                                      |
| Gold produced (ounces)                                       | 16,351                               |
| Gold sold (ounces)                                           | 16,850                               |
| Total cash costs (\$/ounce) <sup>1</sup>                     | 1,291                                |
| All-in sustaining costs (\$/ounce) <sup>1</sup>              | 1,416                                |
| Average realized price <sup>1</sup> (\$/ounce)               | 1,570                                |
| Total underground material mined (Kt)                        | 181                                  |
| Total material milled (Kt)                                   | 366                                  |
| Grade milled (g/t gold)                                      | 1.7                                  |
| Recovery (%)                                                 | 82                                   |

## Plutonic Gold Operations

The Plutonic Gold Operations produced and sold 16,351 and 16,850 ounces of gold, respectively, for the first quarter of 2020. Total cash costs<sup>1</sup> of \$1,291/ounce sold and all-in sustaining costs of \$1,416/ounce were

below the realized gold price<sup>1</sup> of \$1,570/ounce for the three-month period ending March 31, 2020. In comparison, 22,474 and 22,504 ounces of gold were produced and sold, 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.

Total cash costs and all-in sustaining cash costs increased over the prior period primarily as a result of no contribution of tonnages milled from the Hermes Gold Mine for the period (the Company ceased mining operations at the Hermes Gold Mine in May 2019) and slightly lower underground tonnes milled, partially offset by an increase in underground grade and from the processing of other low grade stockpiles. The lower underground tonnage resulted from the limitations imposed as a result of power outages and heavy rains. The variance from prior period for underground grade was the result of the Company targeting higher grade areas of the underground mine where available.

Higher general and administrative costs were due to higher compensation costs in 2019 which stemmed from the addition of the Company's Chief Operating Officer.

The Company used net cash in operations after working capital changes of \$863,000 for the three months ending March 31, 2020.

### Exploration Activities

During the first quarter, the Company operated three underground diamond drilling rigs with 20,396 metres completed. Of the total, 10,229 metres were drilled for grade control and stope design while 10,167 metres were for reserve and resource expansion.

The quarter consisted of drilling new mining fronts in the Caspian, Indian, Pacific and Baltic areas. On February 10, 2020, the Company announced high grade drill results that were located 150m northwest of known mineralization at the Indian Zone which included 27.9 g/t gold over 4.10 metres, 22.2 g/t gold over 2.60 metres, and 57.7 g/t over 0.75 metres. Further results from other zones are pending.

Generative exploration focused on targeting areas with geological similarities to the current mine including the presence of the mine mafic and mineralized structures. A particular focus was on detailed 3D modelling of the mine mafic and interbedded sediments in the gap between Baltic and Timor.

Surface sampling programs included programs on the Bryah Basin Joint Venture Jones tenement and around the Plutonic mine. On the Jones tenement, assays from soil sampling suggest two northeast trends; one 500m long and the other 800m long both with significant geochemical anomalies. More soil samples are planned. Around the Plutonic mine, the focus area was the contact between the overthrust mafic and hangingwall ultramafic. Significant geochemical anomalies are present south of the Perch waste dump where no historical drilling has been conducted.

### Outlook

The Company intends to focus on establishing the Plutonic Gold Operations as a stable gold producer capable of producing up to 100,000 ounces of gold annually. To achieve this goal, the Company intends to focus on its growth strategy, which aims to:

- Optimize the underground grade
- Improve mining practices to lower costs and increase production
- Increase operational efficiencies
- Analyze and, where appropriate, advance open pit opportunities close to the mill
- Accelerate exploration activities in 2020

With the Company's cash position and the ongoing cash from operations, the Company will continue towards executing on these growth and exploration objectives.

### Conference Call

Management will host a conference call and webcast on Tuesday May 12, 2020 at 10:00AM ET to discuss the first quarter 2020 financial and operating results.

#### Conference Call and Webcast

Date: Tuesday May 12, 2020 10:00AM ET

Toll-free North America: (888) 231-8191

Local or International: 647) 427-7450

Webcast: [https://produceredition.webcasts.com/starthere.jsp?ei=1309009&tp\\_key=9f22797741](https://produceredition.webcasts.com/starthere.jsp?ei=1309009&tp_key=9f22797741)

#### Conference Call Replay

Toll-free North America: (855) 859-2056

Local or International: (416) 849-0833

Passcode: 3351989

The conference call replay will be available from 1:00PM ET on May 12, 2020 until 23:59PM ET on May 26, 2020.

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 the Non-IFRS Performance Measures disclosure included in this MD&A for a description and calculation of these measures.

#### Qualified Person

Scientific and technical information in this news release has been reviewed and approved by Keith Boyle, P.Eng., Chief Operating Officer of the Company, who is a "qualified person" as defined by National Instrument 43-101 (NI 43-101).

#### 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 and the Company's most recent Management's Discussion and Analysis for a discussion of these risks, both filed on SEDAR at [www.sedar.com](http://www.sedar.com). Management cannot accurately predict what impact the novel coronavirus will have on the Plutonic Gold Operations or the financial results of the Company.

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.

(In US Dollars unless otherwise stated)

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#### Contact

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