

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

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(In US Dollars unless otherwise stated)

TORONTO, Aug. 11, 2020 - [Superior Gold Inc.](#) ("Superior Gold" or the "Company") (TSXV: SGI) announced today its financial and operating results for the second 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 quarter ended June 30, 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).

## Second Quarter Highlights:

- Successfully maintained operations safely through COVID-19 pandemic
- Produced 15,177 ounces of gold, down 7% from the first quarter of 2020 and down 36% from the comparable period in 2019
- Sold 15,536 ounces of gold at total cash costs<sup>1</sup> of \$1,426 per ounce sold and all-in sustaining costs<sup>1</sup> of \$1,547 per ounce sold, which were below the record realized gold price<sup>1</sup> of \$1,608 per ounce sold
- Operating cash flow before working capital changes of \$0.6 million and after the repayment of \$1.9 million under the gold loan
- Net loss for the period of \$0.00 per share and adjusted net loss<sup>1</sup> of \$0.01 per share
- Ended the second quarter with \$15.6 million in cash
- Advanced underground optimization plan:
  - Achieved record underground tonnes mined, an increase of 51% over the prior quarter
  - Improved development rates, averaging 789 metres per month
  - Enhanced mine plan accuracy by incorporating constrained wire-frame block models
- High-grade exploration drill results reported included (refer to Exploration Activities section):
  - 56.3 g Au/t over 15.10 metres
  - 40.4 g Au/t over 6.50 metres
  - 10.2 g Au/t over 7.10 metres

## Highlights Subsequent to Quarter End:

- Announced a 29% increase in Measured and Indicated Resources and a 55% increase in Inferred Resources
- Announced a leadership change and the initiation of a Strategic Review Process

Tamara Brown, Interim CEO of Superior Gold stated: "The highlight of our second quarter results was the stope tonnage, which increased by 51% over the first quarter of this year and was the highest quarterly mining rate since we acquired the underground mine in 2016. We continue to be encouraged by the underground physicals of the operations and believe that, with the execution of our five-year underground plan, the stope grade will progressively improve over time.

We are encouraged that despite continuing to invest in exploration and development and repaying our gold loan, our cash position remained largely unchanged from the first quarter, as we continue to benefit from the strong Australian dollar gold price, which is currently at all time highs. Over the next twelve months, we are focused on executing on a cost reduction program that includes higher grade stopes while improving productivity, which we expect will allow us to generate meaningful free cash flow for our shareholders as our operations continue to improve.

We are very excited by our recent exploration results. During the quarter, we announced intersections of up to 56.3 g Au/t over 15.10 metres in the area between the Indian and Baltic Zones, which represents our best drill results since acquiring the mine (refer to the Press Release on June 17, 2020). Subsequent to quarter end, we announced our updated reserve and resource estimate in which we achieved a 29% increase in Measured and Indicated Resources to 1.59 million ounces and a 55% increase in Inferred Resources to 2.82 million ounces across our projects (refer to the Press Release on July 21, 2020). These results confirm that Plutonic is a large mineralized system with significant upside and long term potential."

Subsequent to the quarter, the Company announced a leadership change and a strategic review process that will explore

alternatives to maximize value for our shareholders (refer to the Press Release on July 30, 2020). The Company does not comment further unless the Board of Directors of the Company has approved a specific course of action or the Company has determined further disclosure is appropriate.

Summary of Financial and Operational Results:

	Three months ended June 30, 2020	Six months ended June 30, 2020
All amounts in \$ millions except where noted		
Financial		
Revenue	25.0	51.5
Cost of sales	24.2	47.9
General and administrative	0.7	1.7
Operating income (loss)	(0.4)	0.7
Income (loss) before taxes	(0.3)	(4.1)
Net income (loss)	(0.4)	(4.2)
Earnings (loss) per share - basic and diluted	(0.00)	(0.04)
Adjusted net income (loss) <sup>1</sup>	(0.6)	(0.7)
Adjusted net income (loss) per share - basic <sup>1</sup>	(0.01)	(0.01)
Cash flow from operations before working capital changes	0.6	1.7
Cash and cash equivalents	15.6	15.6
Weighted average number of common shares outstanding (basic)	97,134,473	97,100,231
Operational		
Gold produced (ounces)	15,177	31,528
Gold sold (ounces)	15,536	32,386
Total cash costs (\$/ounce) <sup>1</sup>	1,426	1,356
All-in sustaining costs (\$/ounce) <sup>1</sup>	1,547	1,479
Average realized price <sup>1</sup> (\$/ounce)	1,608	1,588
Total underground material mined (Kt)	183	304
Total material milled (Kt)	394	760
Grade milled (g/t gold)	1.4	1.6
Recovery (%)	84	83

#### Plutonic Gold Operations

The Plutonic Gold Operations produced and sold 15,177 and 15,536 ounces of gold, respectively, for the

second quarter of 2020. Total cash costs<sup>1</sup> of \$1,426/ounce sold and all-in sustaining costs<sup>1</sup> of \$1,547/ounce were below the realized gold price<sup>1</sup> of \$1,608/ounce for the second quarter of 2020. In comparison, 23,849 and 23,937 ounces of gold were produced and sold, respectively for the second quarter of 2019. Total cash costs<sup>1</sup> of \$1,222/ounce sold and all-in sustaining costs<sup>1</sup> of \$1,293/ounce were below the realized gold price<sup>1</sup> of \$1,320/ounce for the three-month period ending June 30, 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 Hermes for the period (the Company ceased mining operations at Hermes in May 2019), a decrease in underground grade and the processing of other low grade stockpiles, partially offset by higher underground tonnes milled. The variance from the prior period for underground grade was the result of mining lower grade out of reserve and inferred material in some stopes.

The Company generated net cash from operations after working capital changes of \$0.6 million for the second quarter of 2020, after the repayment of \$1.9 million under the gold loan.

### Exploration Activities

On June 17, 2020, the Company announced results from the ongoing underground diamond drill program focused on reserve and resource expansion at its 100%-owned Plutonic Gold mine. The drilling was targeting potential extensions to the gold mineralization within the Indian Zone.

The drilling was focused on the area to the northwest of the Indian Zone within an area that extends approximately 500 metres between the Indian and Baltic Zones which has yet to be fully drill tested.

The following key findings were noted:

- Demonstrates the potential to extend and connect the Indian and Baltic Zones
- Drill hole UDD22011 intersected 56.3 g Au/t over 15.10 metres representing the best drill intersection ever achieved by the Company at the Plutonic underground mine
- The drilling was completed over a strike length of approximately 200 metres and a vertical extent of more than 100 metres
- Mineralization remains open both up and down dip and along strike, resides close to existing infrastructure, and is located approximately 600 metres from surface

On June 24, 2020, the Company announced results from drilling that targeted potential extensions to the gold mineralization in the area between the Baltic and Baltic Deeps Zones. The drilling was focused on the area vertically between the Baltic and Baltic Deeps mineralized zones which has not previously been tested.

The following key findings were noted:

- Continues to demonstrate potential continuity of mineralization between Baltic and Baltic Deeps Zones
- Drill hole UDD22310 intersected 40.4 g Au/t over 6.50 metres including 232.0 g Au/t over 0.90 metres
- Drill hole UDD22309 intersected 12.4 g Au/t over 4.10 metres
- Mineralization remains open both up and down dip and along strike

The Indian and Baltic Zones are key targets for future exploration activities.

### Outlook

The Company intends to focus on establishing the Plutonic Gold Operations as a gold producer capable of producing at least 100,000 ounces of gold annually. To achieve this goal, the Company intends to:

- Continue to improve the reconciliation between the underground grade mined and reserve grade
- Improve mining practices to lower costs and increase production
- Increase operational efficiencies
- Continue optimization of the global resource model
- Advance open pit opportunities close to the mill

On July 30, 2020, the Company announced revised 2020 production guidance as follows:

2020 Guidance	Original	Revised
Production (oz of Gold)	80,000 - 90,000	60,000 - 70,000
Cash Costs (\$/oz) <sup>1</sup>	\$975 - \$1,075	\$1,250 - \$1,350
All In Sustaining Costs (\$/oz) <sup>1</sup>	\$1,075 - \$1,175	\$1,350 - \$1,450

#### Filing of Technical Report

The Company is announcing the filing of a technical report to support its previously released Mineral Reserve and Resource update on its Plutonic Gold operations (the "Report") entitled, "2020 Mineral Resource and Reserve Estimate for the Plutonic Gold Operations". The Plutonic Gold operations are located in Western Australia and are comprised of the 100%-owned Plutonic underground gold mine, the 100%-owned Hermes open pit gold project, along with the Company's interest in the Bryah Basin joint venture.

The Report, which is dated August 7, 2020 and is effective December 31, 2019, was prepared in compliance with National Instrument 43-101 - Standards for Disclosure for Mineral Projects ("NI 43-101") and is available under [Superior Gold Inc.](http://www.sedar.com)'s profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.superior-gold.com](http://www.superior-gold.com).

The Report was prepared by Stephen Hyland, FAusIMM, BSc (Geology); Matthew Keenan, MAusIMM (CP), BEng; and Ashutosh Srivastava, FAusIMM, B. Tech. (Mining Engineering); all of whom are "qualified persons" within the meaning of NI 43-101. With the exception of the open pit Mineral Reserve estimates, the Qualified Persons who have approved the disclosure of the sections of the Technical Report referred to above are independent of the Company within the meaning of NI 43-101.

The Report supports the scientific and technical disclosure in the updated Mineral Resource and Mineral Reserve estimates contained in the Company's press release dated July 21, 2020.

#### Conference Call

Management will host a conference call and webcast on Tuesday August 11, 2020 at 10:00AM ET to discuss the second quarter 2020 financial and operating results.

#### Conference Call and Webcast

Date: Tuesday August 11, 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=1343215&tp\\_key=66a388e6c0](https://produceredition.webcasts.com/starthere.jsp?ei=1343215&tp_key=66a388e6c0)

#### Conference Call Replay

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

Local or International: (416) 849-0833

Passcode: 6264678

The conference call replay will be available from 1:00PM ET on August 11, 2020 until 23:59PM ET on

August 25, 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) This is a Non-IFRS measure. Refer to the Non-IFRS Performance Measures disclosure included in the Company's 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). Mr. Boyle is not independent of the Company within the meaning of 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 news 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. The forward-looking information contained herein includes, without limitation, information related to the Company's plans to carry out a strategic review process, the potential outcome of such process and the intended maximization of shareholder value that the Company believes may result from such process. By identifying such information in this manner, the Company is alerting the reader that such information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information.

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. In addition, The Company is exposed to outbreaks or threats of outbreaks of viruses, other infectious diseases or other similar health threats, including the novel coronavirus ("COVID-19") outbreak, which could have a material adverse effect on the Company by causing operational and supply chain delays and disruptions, labour shortages, shutdowns, the inability to sell gold, capital markets volatility or other unknown but potentially significant impacts. The Company cannot accurately predict what effects these conditions will have on the Plutonic Gold Operations or the financial results of the Company, including uncertainties relating to travel restrictions to the Plutonic Gold Operations or otherwise and business closures that have been or may be imposed by governments. If an outbreak or threat of an outbreak of a virus or other infectious disease or other public health emergency occurs, it could have a material adverse effect on the Company's business, financial condition and results of operations.

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 as no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, and if any of them do so, what benefits the Company will derive therefrom. Except as required by law, the Company does not assume any obligation to release publicly any revisions to forward-looking information contained in this news 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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Contact

[Superior Gold Inc.](#), Brian Szeto, Vice President, Corporate Development and Kate Stark, Director of Investor Relations, [investor@superior-gold.com](mailto:investor@superior-gold.com), Tel: 647-925-1293

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