

# Superior Gold Inc. Announces Fourth Quarter and Full Year 2020 Detailed Production Results and Provides Full Year 2021 Guidance

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## ACHIEVES FULL YEAR 2020 REVISED GUIDANCE UNDERGROUND STOPE GRADE IMPROVES FOR SECOND CONSECUTIVE QUARTER

TORONTO, Jan. 18, 2021 - [Superior Gold Inc.](#) ("Superior Gold" or the "Company") (TSXV: SGI) announces detailed production results for the fourth quarter and full year 2020 and provides full year 2021 guidance for the Company's 100%-owned Plutonic Gold operations, located in Western Australia.

### Fourth Quarter Highlights

- Recorded zero incidences of COVID-19 ("COVID") infection for a fourth consecutive quarter
- Production of 15,838 ounces was in line with the Company's internal plan with sales of 15,855 ounces
- Stope grade increased by a further 5% to 3.1 g/t gold representing an improvement for a second consecutive quarter and in line with the Company's near-term goal of targeting higher grade, higher margin ounces
- Strengthened the Company's financial position with the completion of a C\$17.3 million equity financing
- Completed an accretive transaction through the repurchase of the 2% net smelter royalty for A\$6.5 million
- Announced positive results for the Plutonic Main Pit Push-Back Preliminary Economic Assessment ("PEA") with an after-tax Net Present Value (5% discount rate) of A\$120 million and an after-tax Internal Rate of Return of 35% at a gold price of \$1,505 per ounce
- Updated Measured and Indicated Mineral Resources at the Plutonic Gold Operations of 1.89 million ounces of gold (16.3 million tonnes at a 3.6 g/t Au grade)
- Updated Inferred Mineral Resources at the Plutonic Gold Operations of 3.07 million ounces of gold (30.6 million tonnes at a 3.1 g/t Au grade)
- Arrival of new underground mobile equipment resulting in significant increase in productivities and equipment availability in the latter part of the fourth quarter
- Arrival of a third underground drill late in the fourth quarter, which is dedicated to exploring for new mining fronts

### Full Year Highlights

- Safely operated through the global pandemic with zero incidences of COVID
- Achieved full year revised guidance with production of 63,065 ounces and sold 63,732 ounces
- Repaid \$8.0 million of the Auramet gold loan, with the remaining \$4.4 million scheduled to be fully repaid by June 30, 2021
- Exited the year with a strong financial position of \$17.3 million in cash and cash equivalents after the repurchase of the 2% net smelter royalty, delivery into hedges as part of the Auramet gold loan, and capital expenditures necessary to improve performance and accelerate underground development

Tamara Brown, Interim CEO of Superior Gold stated: "We are very pleased to have achieved our revised 2020 production guidance while also advancing the strategic projects necessary to reposition Plutonic for sustainable, long term success. The operational initiatives that we put in place in mid-2020 have begun to have a positive impact. Our productivities improved during the fourth quarter with the arrival of new mining equipment and our underground stope grade increased for a second consecutive quarter, improving by 9% in the second half of the year over the first half, highlighting our renewed focus on profitability.

During the quarter, we invested in upgrading our underground fleet, completing a raise at the TSF, upgrading our airstrip and announced the PEA results for the Plutonic Main Pit push-back project. This project has the potential to provide a steady open pit feed supply for six years, which we believe starts to unlock the significant value sitting within the Plutonic Gold Operations (refer to the press release dated December 2<sup>nd</sup>,

2020). It is a technically simple, high-return, brownfield gold project in one of the most favourable mining jurisdictions in the world, with all necessary infrastructure already in place. Looking forward, we will continue our work to further enhance the economics of the project through the removal of open pit constraints, resource expansion, and exploration drilling.

Our 2021 guidance reflects additional investment to open new underground mining fronts plus the commencement of open pit mining mid-year, resulting in an expected improvement in our grade profile due to less mineralized waste being processed. These investments will ensure that a fully optimized underground operation, combined with the addition of new sources of open pit feed and the repayment of our gold loan by mid-2021, will result in a significant improvement in our overall profitability over the course of 2021 and beyond."

The Company will be releasing its complete financial and operating results for the fourth quarter and full year 2020 in March 2021.

#### Fourth Quarter and Full Year 2020 Production Details

Preliminary production details are summarized in the table below.

Operating Parameters <sup>1</sup>	Three Months Ended December 31, 2020	Twelve Months Ended December 31, 2020
Stope material mined (Tonnes)	139,159	600,625
Stope grade mined (g/t Au)	3.12	2.90
Development material mined (Tonnes)	56,952	243,093
Development grade mined (g/t Au)	1.75	1.93
Surface material milled (Tonnes) <sup>2</sup>	167,501	681,227
Surface material grade (g/t Au) <sup>2</sup>	0.34	0.31
Total material milled (Tonnes)	365,520	1,505,350
Grade milled (g/t Au)	1.61	1.58
Gold recovery (%)	84	83
Gold Produced (ounces)	15,838	63,065
Gold Sold (ounces)	15,855	63,732
Cash and Cash Equivalents (\$ million)	17.3	17.3

<sup>1</sup>Numbers may not add due to rounding.

<sup>2</sup>Surface material milled in Q4 and full year 2020 is primarily the processing of low-grade stockpile.

#### 2021 Guidance

Details of production, cost and capital expenditure guidance for 2021 are summarized in the table below. It is anticipated that the first quarter will be the weakest, but progressively improve as we commence open pit mining mid-year and continue to build up developed underground inventory.

Operating Parameters	Low	High
Production (oz of Gold)	65,000	75,000
Cash Costs (\$/oz) <sup>1</sup>	\$1,350	\$1,450
All In Sustaining Costs (\$/oz) <sup>1</sup>	\$1,500	\$1,600
Exploration Expenditure (\$ million) <sup>2</sup>	\$3.5-6.5M	
Sustaining Capital Expenditures (\$ million)	\$4.0-4.5M	
Non Sustaining Capital Expenditures (\$ million) <sup>3</sup>	\$3.0-5.0M	

1 This is a Non-IFRS measure. Refer to Non-IFRS measures section of the Company's prior MD&A's for a description of these measures.

2 Exploration expenditures could increase with positive exploration results.

3 Non sustaining capital expenditures are primarily related to pre-production capital for Plutonic East and underground development.

#### Open Pit Production in 2021

Detailed work is ongoing to optimize several potential open pit sources and to finalize resources and scheduling. These pits are comprised of the Plutonic East, Perch, and Salmon pits on the Plutonic Mine property, along with the Hermes and Hermes South pits to the southwest. It is anticipated that production from the Plutonic East pit will commence in mid-2021, as final mining permits have already been received. The Company aims to utilize the production from these open pits plus the Main Pit push-back, along with operational improvements from the underground, to return the Plutonic Gold Operations to a state of significant free cash flow generation.

#### Qualified Person

The updated Mineral Resource estimate and PEA were completed under the supervision of Stephen Hyland, FAusIMM who is a "qualified person" as defined by NI 43-101 and is independent of the Company. Mr. Hyland is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and a member of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) and a "qualified person" within the meaning of NI 43-101. Mr. Hyland is employed by Hyland Geological and Mining Consultants (HGMC) and has been engaged on the basis of professional association between client and independent consultant.

The PEA was prepared under the supervision of the Qualified Person, Mr. Hyland by the following individuals at RPM Global, all of whom are Qualified Persons under the terms of NI 43-101:

- Mining: Mr Igor Bojanic, FAusIMM
- Processing and Infrastructure: Dr Andrew Newell, MAusIMM (CP), MIE(CP)

Though the RPM Global team were not designated Qualified Persons for the purposes of this PEA, they do meet the requirements for Qualified Persons under the terms of NI 43-101.

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 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, numerous open pit projects including the Plutonic Main Pit push-back project, 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. Forward-looking information includes information with respect to guidance as to projections, outlook, guidance, forecasts, estimates, and other statements regarding future or estimated financial and operational performance, gold production and sales, revenues and cash flows, and capital costs (sustaining and non-sustaining), including projected cash operating costs and all-in sustaining costs) as well as statements with respect to the mine-plan, exploration, drilling, operating and organizational matters and activities relating to the Plutonic Gold Operations and the Company generally, including its liquidity and capital requirements and financial results. Such Forward-looking information also includes information related to the Company's previously announced 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. Readers are encouraged to refer to the Annual Information Form of the Company for a discussion of other risks including outbreaks or threats of outbreaks of viruses, other infectious diseases or other similar health threats, such as the novel coronavirus 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.

In US Dollars unless otherwise stated)

SOURCE Superior Gold

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