

Superior Gold Reports Strong First Quarter Results

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GENERATED FREE CASH FLOW AND THREE CONSECUTIVE QUARTERS OF CONTINUED OPERATIONAL IMPROVEMENTS

(In US Dollars unless otherwise stated)

TORONTO, May 11, 2021 - [Superior Gold Inc.](#) ("Superior Gold" or the "Company") (TSXV: SGI) announces financial results for the first quarter of 2021 for the Company's 100%-owned Plutonic Gold Operations, located in Western Australia.

First Quarter Highlights

- Increased production by 11% over the fourth quarter of 2020 to 17,603 ounces, with sales of 17,538 ounces
- Improved stope grade by a further 13% to 3.5 g/t gold representing an improvement for a third consecutive quarter
- Increased milling recoveries to 86%, in part due to the finalization of re-commissioning of the gravity circuit in the fourth quarter of 2020
- Realized a record average gold price of \$1,777/oz above All-In Sustaining Cost¹ ("AISC") of \$1,510/oz, a 10% record increase over the fourth quarter of 2020
- Net income for the period of \$0.03 per share and adjusted net income of \$0.01 per share
- Significantly improved cash flow from operations to \$4.9 million before changes in working capital and gold loan repayments
- Generated free cash flow² increasing the cash position at quarter end to \$17.9 million in cash and cash equivalents
- Repaid \$2.2 million of the Auramet gold loan, with the remaining \$2.0 million scheduled to be fully repaid by June 2021
- Announced positive exploration results, establishing two new mining fronts, results included 21.8 g/t gold over 8.3 metres at the Baltic Gap Mining Front³ and 13.7 g/t gold over 8.8 metres at the Western Mining Front⁴
- Recorded zero incidences of COVID-19 infection for a fifth consecutive quarter

Tamara Brown, Interim CEO of Superior Gold stated: "Our first quarter results are a significant improvement and begin to realize the full potential of Plutonic. We are delighted to report our third quarter-over-quarter increase in production as well as a 10% decrease in AISC over the prior quarter. The operational initiatives that we put in place last year are resulting in a steady improvement in our mined stope grade, which has increased for a third consecutive quarter and represents a 47% improvement relative to the second quarter of 2020, after which we initiated the changes at the Company. Pleasingly, this operational improvement is driving cash flow from operations of close to \$5 million, with the resultant free cash flow further improving our financial position."

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

² Free cash flow is defined as cash from operating activities less expenditures on mineral interests and property, plant and equipment.

³ Refer to the Company's news release on March 29, 2021 for additional information.

⁴ Refer to the Company's news release on March 1, 2021 for additional information.

In addition, we have further advanced our geological understanding of the Plutonic orebody, including the northwest trending structures that control the location and concentration of higher-grade gold mineralization. This has led to a number of strategically important exploration results, demonstrating that there are a number of new high-grade mining fronts potentially opening at Plutonic as the identification of higher-grade stopes on the operational front. Over the coming quarters, we will continue to advance our geological modelling and look forward to providing further exploration updates.

We also continue to advance the strategic projects necessary to reposition Plutonic for sustainable, long term success.

of open pit mining is on target to begin mid-year at Plutonic East. The displacement of low-grade stockpile with higher grade pit feed, in conjunction with the opening of new underground mining fronts, is expected to continue to improve our grade moving forward.

Finally, we will continue to remain focused on optimizing the underground operation and incorporating new sources of ore to increase our production levels, while further advancing our understanding of the extensions of the mineralization at Plutonic. We expect that these improvements, combined with the upcoming full repayment of our gold loan in June, will drive a continued improvement in our financial performance over the course of 2021 and beyond."

Summary of Financial and Operational Results:

	Three months ended March 31, 2021
All amounts in \$ millions except where noted	
Financial	
Revenue	31.2
Cost of sales	26.9
General and administrative	1.5
Operating income (loss)	2.2
Income (loss) before taxes	3.6
Net income (loss)	3.5
Earnings (loss) per share - basic and diluted	0.03
Adjusted net income (loss) ¹	1.8
Adjusted net income (loss) per share - basic ¹	0.01
Cash flow from operations	4.0
Weighted average number of common shares outstanding (basic)	121,806,195
Operational	
Gold produced (ounces)	17,603
Gold sold (ounces)	17,538
Total cash costs (\$/ounce) ¹	1,386
All-in sustaining costs (\$/ounce) ¹	1,510
Average realized price ¹ (\$/ounce)	1,777
Total underground material mined (Kt)	187
Total material milled (Kt)	356
Grade milled (g/t gold)	1.8
Recovery (%)	86

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

Plutonic Gold Operations

The Plutonic Gold Operations produced and sold 17,603 and 17,538 ounces of gold, respectively, for the first quarter of 2021, an increase of 8% and 4% respectively over comparative prior year period. Total cash costs⁵ of \$1,386/ounce sold and AISC⁵ of \$1,510/ounce sold were below the realized gold price⁵ of \$1,777/ounce

for the three-month period ending March 31, 2021.

In comparison, 16,351 and 16,850 ounces of gold were produced and sold, respectively for the first quarter of 2020. Total cash costs⁵ of \$1,291/ounce sold and AISC⁵ of \$1,416/ounce sold were below the realized gold price⁵ of \$1,570/ounce for the three-month period ending March 31, 2020.

Total cash costs⁵ and AISC⁵ increased over the prior period primarily as a result of the strengthening of the Australian dollar relative to the U.S. dollar, which alone added \$206/ounce and \$215/ounce, respectively, in comparison to the first quarter of 2020.

The Company generated net cash from operations, after working capital changes and after the repayment of \$2.2 million to Auramet under the gold loan, of \$4.0 million for the three months ending March 31, 2021.

Exploration Activities

During the first quarter of 2021, the Company released two exploration updates containing important high-grade drill results from its underground drill program as part of its strategy to identify new mining fronts to allow for improved mining grades and productivity and reduced reliance on remnant mining.

The Company announced results from the Western Mining Front, northwest of the Baltic zone, which were highlighted by 13.7 g/t gold over 8.8 metres (UDD23656) and 52.7 g/t gold over 1.0 metres (UDD23653)⁶. These intercepts are outside of existing Mineral Resources but are within only 50 metres of existing infrastructure and can therefore be accessed with minimal capital. Encouragingly, it is worth noting that all of the drill holes completed to target depth hit significant intercepts.

Towards the end of the first quarter, the Company announced results from the Baltic Gap, which were highlighted by 21.8 g/t gold over 8.3 metres and 13.4 g/t gold over 5.0 metres (UDD23880) and 20.7 g/t gold over 2.1 metres (UDD23820)⁷. The results represent the identification of a potential new mining front with mineralization extending up to 165 metres outside of the current Mineral Resource envelope. Similar to the results released last year, which were highlighted by 40.4 g/t gold over 6.5 metres (UDD22310)⁸, these latest intercepts are outside of existing Mineral Resources, but are within only 50 metres of existing underground infrastructure.

⁵ This is a Non-IFRS measure. Refer to Non-IFRS measures section of the Company's MD&As for a description of these measures.

⁶ Refer to the Company's news release on March 1, 2021 for additional information.

⁷ Refer to the Company's news release on March 29, 2021 for additional information.

⁸ Refer to the Company's news release on June 24, 2020 for additional information.

2021 Guidance

The Company continues to maintain its 2021 guidance which was previously announced on January 21, 2021. Details of production, cost and capital expenditure guidance for the year are summarized in the table below.

Operating Parameters	Low	High
Production (oz of Gold)	65,000	75,000
Cash Costs (\$/oz) ^{1, 2}	\$1,350	\$1,450
All In Sustaining Costs (\$/oz) ^{1, 2}	\$1,500	\$1,600
Exploration Expenditure (\$ million) ³	\$3.5-6.5M	
Sustaining Capital Expenditures (\$ million)	\$4.0-4.5M	
Non Sustaining Capital Expenditures (\$ million) ⁴	\$3.0-5.0M	

¹ Assumes AU\$:US\$ exchange rate of 0.73:1.

² This is a Non-IFRS measure. Refer to Non-IFRS measures section of the Company's MD&A's for a description of these measures.

³ Exploration expenditures could increase with positive exploration results.

⁴ Non sustaining capital expenditures are primarily related to pre-production capital for Plutonic East and underground development.

Conference Call

Management will host a conference call and webcast on Tuesday May 11, 2021 at 10:00AM ET to discuss the first quarter 2021 financial and operating results.

Conference Call and Webcast

Date: Tuesday May 11, 2021 10:00AM ET

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

Local or International: (647) 427-7450

Webcast: https://produceredition.webcasts.com/starthere.jsp?ei=1453972&tp_key=d5db020b86

Conference Call Replay

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

Local or International: (416) 849-0833

Passcode: 6557249

The conference call replay will be available from 1:00PM ET on May 11, 2021 until 23:59PM ET on May 25, 2021.

The presentation will be available on the Company's website at www.superior-gold.com.

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 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.

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