

Superior Gold Reports Q3 2022 Production And Cash Position And Announces Debt Financing

12.10.2022 | [CNW](#)

OPEN PIT MINING ACTIVITY TEMPORARILY SUSPENDED RESULTING IN REVISED GUIDANCE

(In US Dollars unless otherwise stated)

TORONTO, Oct. 12, 2022 - [Superior Gold Inc.](#) ("Superior Gold" or the "Company") (TSXV: SGI) (OTCQX: SUPGF) announced detailed production results for the third quarter of 2022 for the Company's 100%-owned Plutonic Gold operations, located in Western Australia. The Company also announces that it has temporarily suspended mining activity and further development in the Main Pit at the Plutonic Gold Mine and is demobilizing the mining contractor due to operational underperformance. As a result of this, the Company has reduced production guidance, and subsequent to the quarter end strengthened its balance sheet with additional A\$10 million of liquidity.

Third Quarter 2022 Highlights:

- Safety performance improved during the quarter with a 55% reduction in the total injury frequency rate from the third quarter of 2021 to the third quarter of 2022
- Production of 15,946 ounces, only a 5% increase over Q2 2022, a result of the continued impact of labour shortages in Western Australia which resulted in lower development inventory causing increased reliance on remnant mining, which negatively impacted head grades and resulted in lower production
- Ore milled of 438kt, an 8% increase over Q2 2022 following successful maintenance shutdowns in the first half of the quarter
- Cash and cash equivalents totalling \$11.6 million at the end of the quarter
- Suspension of mining activity in the Main Pit due to operational underperformance
- Annual production guidance reduced to a range between 62,000 to 65,000 ounces, cost guidance unchanged
- Subsequent to the quarter end, completion of a A\$10 million debt financing with Auramet International to provide financial flexibility

¹ Refer to the Non-IFRS Performance Measures disclosure included in this MD&A for a description and calculation of these measures.

Chris Jordaan, President, and CEO of Superior Gold stated: "The impacts of absenteeism due to COVID-19 during the year as well as wider labour and skilled contractor shortages affecting the Western Australian mining sector combined to continue to negatively impact our production during the third quarter. The labour shortages resulted in lower development inventory, causing increased reliance on remnant mining, which negatively impacted mined head grades resulting in lower production. Additionally, the short-term contract nature for an open pit mining service provider affected the Company's ability to attract a major, mining-focused, cost-effective contractor which negatively impacted productivity levels and operating costs in the Main Pit.

After significant consideration and review, it has been decided to temporarily suspend mining activity in the Main Pit due to lower-than-acceptable performance of the mining operations and the mining contractors. Productivity levels should be more than realized and this has negatively impacted the economic performance of the pit. As a result, the Company has given the open pit mining contractor to demobilize their team from the mine site. Considering the decision to suspend mining in the Main Pit, the Company's annual guidance has been adjusted and is now expected to range between 62,000 to 65,000 ounces.

Looking ahead, the focus for the remainder of this year and into 2023 will be on the underground mine. The goal is to accelerate development to unlock new areas of the mine as identified from our mineral exploration program successes. We will also continue with the modelling and prioritization of specific areas in the underground mine which could become part of the operation. The operation has been reconfigured with a target of lower costs and enabling a dedicated focus on the development of the underground based on the latest resource modelling information available."

Third Quarter 2022 Production Details

Operating Parameters	Three Months Ended Sep 30, 2022	Three Months Ended Sep 30, 2021	Nine Months Ended Sep 30, 2022	Nine Months Ended Sep 30, 2021
Stope material mined (Tonnes)	148,980	175,143	500,031	498,000
Stope grade mined (g/t Au)	2.62	2.95	2.55	3.00
Development material mined (Tonnes)	29,020	35,668	91,073	110,000
Development grade mined (g/t Au)	0.82	1.15	0.91	1.10
Surface material milled (Tonnes)	261,437	198,268	625,016	500,000
Surface material grade (g/t Au)	0.65	0.75	0.63	0.70
Total material milled (Tonnes)	438,987	403,415	1,205,454	1,098,000
Grade milled (g/t Au)	1.32	1.72	1.455	1.60
Gold recovery (%)	86	86	85	85
Gold Produced (ounces)	15,946	19,379	47,888	55,000
Gold Sold (ounces)	14,875	19,282	47,424	54,000
Cash and Cash Equivalents at period end (\$ million)	11.6	20.5	11.6	20.5

The Company will be releasing its complete financial and operating results for the third quarter of 2022 in November 2022.

Temporary Suspension of Mining Activity and Development in Main Pit at Plutonic Gold Mine

After much consideration, it has been decided to suspend mining activity in the Main Pit due to operational underperformance. Given the extremely tight labour environment in Western Australia, affecting all industries and service providers, and further compounded by the impact of COVID-19, it is clear, that a sustainable, cost-effective, short-life project as originally conceived, the early entry option into the Main Pit was at risk. The inability of the mining contractor to meet the agreed mining schedule resulted in the Company giving them notice to demobilize from the site.

The Company will consider alternative exploitation options to recommence mining at the Main Pit in the future in conjunction with the Main Pit pushback project. This would provide for a longer-term sustainable mining production profile at what would be anticipated to be a more cost-effective mining rate.

While open pit mining is suspended, new and replacement equipment has arrived on site for the underground mine to allow for a progressive increase in development and mining rates through to the end of 2022 and into 2023. We continue to optimize our mining plan and will take advantage of improvement options as opportunities become available. A good example of this is the recent Indian Access zone exploration results which indicate the potential for mining to commence as early as the first quarter of 2023.

Revised Production and Cost Guidance

Considering the suspension of open pit mining, production guidance for 2022 has been revised. Gold ounces expected to be produced this year have been lowered from between 69,000 and 75,000 ounces and are now expected to range between 50,000 ounces and 65,000 ounces. A detailed review of all cost inputs across the operation has identified several opportunities to positively impact our cash costs in the fourth quarter and into 2023.

Debt Finance Agreement

The Company has closed a senior secured A\$10 million gold loan facility (the "Facility") with Auramet International ("Auramet"), the proceeds of which will be used for general working capital purposes and to execute on the recently completed Life of Mine Plan. The Facility will be repaid through the delivery of 4,140 ounces of gold over an 18-month period commencing on January 31, 2023. As part of the Facility, the Company granted call options to Auramet on 13,500 ounces with strike prices at A\$2,900 per ounce.

Chris Jordaan, President and CEO further stated: "This Facility provides the Company with additional financial flexibility, a key enabler to executing on the recently completed Life of Mine Plan. In addition, with the suspension in open pit mining, the primary focus for 2022 remains on targeting production in the underground mine to a sustainable annualized rate of 1 million tonnes of ore. The ounces to be delivered under the Facility represent less than one month's production and has also allowed the Company to take advantage of near record high Australian dollar gold prices in what is a current volatile gold price environment."

Qualified Person

The scientific and technical information in this news release has been reviewed and approved by Etienne Du Plessis, a "qualified person" as defined by NI 43-101. Mr. Du Plessis 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, and a 50% interest in the Bryah Basin joint venture. Superior Gold is focused on expanding production at the Plutonic Gold Operations, building an intermediate gold producer with superior returns for shareholders.

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Forward Looking Information

This news release contains "forward-looking information" within the meaning of applicable securities laws that are 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 terminology or comparable terminology. Forward-looking information includes information with respect to guidance as to production 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 operating costs and all-in sustaining costs) as well as statements with respect to the mine plan, exploration, drilling, operational matters and activities relating to the Plutonic Gold Operations and the Company generally, including its capital requirements and financial results. 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, 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 made by management at the date the statements are made. Furthermore, such forward-looking information involves a variety of risks, including 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, 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, increased pressures on operating or capital costs, the inability to sell gold, capital markets volatility or other unknown but potential 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 other and business closures that have been or may be imposed by governments. If an outbreak or threat of an outbreak of a disease 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 and future events could differ materially from those anticipated in such information. Accordingly, investors should not place reliance on forward-looking information as no assurance can be given that any of the events anticipated by the forward-

information will transpire or occur, and if any of them do so, what benefits the Company will derive therefrom. Except as 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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