

Superior Gold Reports Third Quarter Results

28.11.2022 | [CNW](#)

(In US Dollars unless otherwise stated)

TORONTO, Nov. 28, 2022 - [Superior Gold Inc.](#) ("Superior Gold" or the "Company") (TSXV: SGI) (OTCQX: SUPGF) and financial results for the third quarter of 2022 for the Company's 100%-owned Plutonic Gold Operations, located in Western Australia.

Third Quarter Highlights

- Safety performance improved during the quarter with a 27% reduction in the total reportable frequency rate compared to the previous quarter, down 56% YTD. Our safety improvement program is progressing and on track.
- Production of 15,946 ounces of gold, a 5% increase compared to the previous quarter and an 18% decrease over the comparative quarter of 2021 as a result of lower grades in both the underground and surface material milled.
- Sold 14,875 ounces of gold at total cash costs¹ of \$1,789 per ounce sold, an increase of \$448 per ounce sold or 37% compared to the third quarter of 2021 due to fewer ounces produced.
- All-in sustaining costs¹ increased by \$536 per ounce sold or 37%, in comparison to the third quarter of 2021, to \$2,325 per ounce sold, above the average realized gold price¹ of \$1,722 per ounce, due to higher total cash costs¹ as well as increased sustaining exploration and capital expenditures¹.
- Milled 439kt of ore, an 8% increase over the previous quarter and Q3 2021 following successful mill maintenance in the first half of the year.
- Announced the temporary suspension of Mining at Main Pit Deeps.
- Cash equivalents of \$11.6 million.
- Secured a A\$10 million debt financing with Auramet International on October 7, 2022.

1 Please refer to the Non-IFRS Measures disclosure included in this news release for a description of this non-IFRS measure.

Chris Jordaan, President, and CEO of Superior Gold stated: "As stated in October, the Company faced several ongoing challenges in the third quarter. The impacts of absenteeism due to COVID-19 during the first half of the year as well as wider labour and contractor shortages affecting the Western Australian mining sector combined to continue to negatively impact our development, production, and cash flow during the third quarter. The labour shortages resulted in lower lateral development that reduced available higher-grade stope inventory, thereby negatively impacting mined head grades and resulting in lower gold production. Additionally, operational underperformance of the Main Pit Deeps project resulted in reduced tonnages and lower grades delivered to the mill, in part due to an increase in the amount of low-grade legacy stockpiles that were mined and milled at the main pit.

After significant consideration and review, it was decided to temporarily suspend mining activity in the Main Pit at this time. It is expected that the remaining tonnages and ounces within the Main Pit Deeps project will be mined at a later date as part of a larger main pit pushback project.

Looking ahead to the remainder of this year and into 2023, the operating focus will revert solely to the underground mining. Our focus is to accelerate development to unlock new mining areas of the mine as identified from our successful mineral exploration and development work to date. We continue to see a marked improvement in underground development rates following the delivery and commissioning of the development jumbo late in the third quarter. Targeting sustained higher development rates are expected to add additional stope inventory to the mine over time while providing greater operational flexibility. We are on track to meet our revised 2022 production guidance of between 62,000 and 65,000 ounces."

Summary of Financial and Operational Results:

	Three months ended Sep 30, 2022	Nine months ended Sep 30, 2022
All amounts in \$ millions except where noted		
Financial		
Revenue	25.7	87.4
Cost of sales	29.5	87.7
General and administrative	1.5	4.7
Operating income (loss)	(5.9)	(7.0)
Income (loss) before taxes	(6.1)	(7.8)
Net income (loss)	(4.0)	(4.5)
Earnings (loss) per share - basic and diluted	(0.03)	(0.04)
Adjusted net income (loss) ¹	(4.0)	(4.5)
Adjusted net income (loss) per share - basic ¹	(0.03)	(0.04)
Cash flow from operations after working capital changes	1.9	11.1
Weighted average number of common shares outstanding (basic)	123,228,995	123,058,645
Operational		
Gold produced (ounces)	15,946	47,888
Gold sold (ounces)	14,875	47,424
Total cash costs (\$/ounce) ¹	1,789	1,697
All-in sustaining costs (\$/ounce) ¹	1,989	1,881
Average realized gold price ¹ (\$/ounce)	1,722	1,839
Total underground material mined (Kt)	178	591
Total material milled (Kt)	439	1,205
Grade milled (g/t gold)	1.3	1.5
Recovery (%)	86	85

¹ Please refer to the Non-IFRS Measures disclosure included in this news release for a description of this non-IFRS measure.

Plutonic Gold Operations

The Plutonic Gold Operations produced and sold 15,946 and 14,875 ounces of gold, respectively, for the third quarter of 2022, a decrease of 18% and 23% respectively over the comparative prior-year period due to lower grade and tonnes milled from both the underground and open pit operations with operational

underperformance impacting the Main Pit Deep project. Production has, however, increased quarter on quarter by 5%. The reductions in tonnes and grade milled were partially mitigated by a significant increase in the processing of low-grade stockpiles that were identified and mined within the main pit as part of the Main Pit Deep project. Total cash costs of \$1,789/ounce sold and All-in Sustaining Costs ("AISC") of \$1,989/ounce sold. Cash costs and AISC were above the average realized gold price of \$1,722/ounce for the three-month period ending September 30, 2022.

In comparison, 19,379 and 19,282 ounces of gold were produced and sold, respectively for the third quarter of 2021. Total cash costs of \$1,341/ounce sold and AISC of \$1,453/ounce sold were below the average realized gold price of \$1,772/ounce for the three-month period ending September 30, 2021.

The Company generated a net loss from operations of \$4.0 million for the three months ended September 30, 2022.

Exploration Activities

The Company continued its exploration program to focus on organic growth and opening new mining fronts in the underground mine. For the three months ended September 2022, 21,245 metres of drilling were completed in 395 holes. Of the total, 17,173 metres were drilled for grade control and stope design in 346 holes.

The Company also released further drilling results during the third quarter in a news release dated September 26, 2022, which further extended high-grade mineralization at the Indian Access zone which is favourably located close to the Plutonic Portal. Highlights included 10.5 g/t over 27.3 meters and 15.6 g/t over 4.5 meters. The overall strong results included 7 intercepts containing over 20 grams per meter (downhole intersection length times gold grade uncut) and 29 intercepts containing over 4.5 grams per metre on a total of 17 holes. The high drill success rate from this project area reflects the effectiveness and accuracy of the reinterpretation and remodeling approach currently being applied. With this recent success as an example, the Company's investment in re-interpreting historical data will further assist in the strategy to extend Plutonic's mine life.

Conference Call and Webcast

Management will host a conference call and webcast on Monday, November 28, 2022, at 10:00 AM ET to discuss the third quarter 2022 financial and operating results.

Toll-free North America: +1 888 664 6392
Local or International: +1 416 764 8659
Webcast: <https://app.webinar.net/rNwZPy3Dxyz>

Conference Call Replay

Toll-free North America: +1 888 390 0541
Local or International: +1 416 764 8677
Passcode: 782552#

The conference call replay will be available for 365 days.

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

Qualified Person

The scientific and technical information in this news release has been reviewed and approved by Ettienne Du Plessis, who is a "qualified person" as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("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 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.

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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 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, financial results, the Company's annual production guidance, the benefits of targeting sustained higher development rates and management's focus on underground mining. 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, including but not limited to, assumptions about assumptions about the Company's future business objectives, goals, and capabilities, the regulatory framework applicable to the Company and its operations, and the Company's financial resources. Furthermore, such forward-looking information involves a variety of known and unknown risks and uncertainties, including, but not limited to, risks and uncertainties related to (i) the available funds of the Company and the anticipated use of such funds, (ii) the availability of financing opportunities, (iii) legal and regulatory risks, (iv) risks associated with economic conditions, (v) risks related to the Company's underground mining operations, (vi) risk of litigation, (vii) risks related to the ongoing COVID-19 pandemic, and its impact on the Company's operations (viii) risks related to the resumption of operations at the Main Pit Deeps project, (ix) reliance on the expertise and judgment of senior management, and ability to retain such senior management, * risks relating to the management of growth 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 dated October 16, 2020 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, inflationary pressures on operating or capital costs, 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 TSX Venture Exchange) accept responsibility for the adequacy or accuracy of this release.

Non-IFRS Measures

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). For a more comprehensive overview of the financial and operating highlights presented in this news release, please refer to the Company's Management's Discussion and Analysis of Financial Condition and Results of Operations for the Three and Nine Months Ended September 30, 2022 (the "MD&A"), and the Company's Condensed Consolidated Interim Financial Statements for the Three and Nine Months Ended September 30, 2022 and 2021 (the "Financial Statements"), filed on SEDAR available at www.sedar.com, and available on the Company's website at www.superior-gold.com.

The Company uses "total cash costs", which is a non-IFRS financial measure intended to reflect, as close as possible, the direct cost of producing and selling an ounce of gold. The Company uses "All-in Sustaining Costs" or "AISC", which is a non-IFRS financial ratio intended to provide investors with transparency regarding the total costs of producing and selling one ounce of gold in the relevant period. The Company uses "average realized gold price", which is a non-IFRS financial measure. Realized gold price is calculated as metal sales per the Financial Statements, less silver sales.

For a further discussion of the use of these non-IFRS financial measures and for a reconciliation to the most directly comparable IFRS measure for the three and nine months ended September 30, 2022 and 2021, please see the MD&A.

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