

Signal Gold Announces Q4 and Full Year 2022 Financial Results and Change to the Board of Directors

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TORONTO, March 2, 2023 - [Signal Gold Inc.](#) ("Signal Gold" or the "Company") (TSX:SGNL) (OTCQX:SGNLF) is pleased to report its financial and operating results for the three months and year ended December 31, 2022 ("Q4 2022"). The consolidated financial statements and management discussion and analysis documents can be found at [www.sedar.com](#) and the Company's website, [www.signalgold.com](#). The Company has also filed its updated Annual Information Form for the year ended December 31, 2022, dated as of March 2, 2023, which is also available under the Company's SEDAR profile. All dollar amounts are in Canadian dollars unless otherwise noted.

Appointment of Ian Pritchard to the Board of Directors

Signal Gold also pleased to announce the appointment of Ian Pritchard to the Board of Directors. Mr. Pritchard brings over 30 years of experience in project and operations management in the mining industry both in North America as well as internationally. His experience includes the management of pre-feasibility and feasibility studies, engineering, procurement and construction management projects. Rick Howes has concurrently resigned from his position on the Board to pursue his new role as President and CEO of Reunion Gold Inc.

"On behalf of Signal Gold, I am pleased to announce the appointment of Ian Pritchard to our Board of Directors. Mr. Pritchard brings extensive mining sector expertise, and his expertise in all areas of project and construction management will be invaluable as we advance the Goldboro Project in Nova Scotia. I would like to thank Rick Howes for his significant contributions and valuable guidance during his tenure on the Board. We wish him all the best in his role as President and CEO of Reunion Gold Inc."

~Mary-Lynn Oke, Interim Chairman of the Board of Directors, [Signal Gold Inc.](#)

Mr. Pritchard has held senior executive positions at various organizations worldwide including Troilus Gold, Belo Sun, SNC-Lavalin and De Beers Canada and a Board member of Aquila Resources.

Highlights for the Year Ended December 31, 2022

- Signal Gold sold 18,078 ounces of gold at Point Rousse in 2022, a 48% increase from 2021, generating metal revenue of \$41.8 million at an average realized gold price* of \$2,305 (US\$1,773) per ounce sold.
- Gold production of 17,948 ounces in 2022 was a 49% increase over the previous year, reflecting the higher-grade profile of the Argyle ore mined. Production for 2022 was lower than the revised annual guidance of 20,000 to 21,000 ounces due to operational constraints related to blasting and mucking of the final benches in the pit late in the fourth quarter and lower than planned mill availability due to weather related issues in the crushing circuit, which deferred ore production into January of 2023.
- Operating cash costs per ounce sold* at the Point Rousse Project in 2022 were \$1,809 (US\$1,391), and \$2,123 (US\$1,564) for the quarter ended December 31, 2022, above the Company's revised 2022 annual operating cash cost guidance of \$1,500 (US\$1,155), reflecting higher operating expenses related to lower productivity, water management issues in the first part of the year, and severance and retention costs.
- All-in sustaining cash costs per ounce sold*, including corporate administration and sustaining capital expenditures, were \$2,368 (US\$1,821) for the full year, and \$2,472 (US\$1,821) for the fourth quarter of 2022.
- The Company invested \$12.6 million in its exploration and development projects, including \$8.7 million on the Goldboro Project relating to the completion of a Feasibility Study, the application and receipt of the Environmental Approval, geotechnical work, growth exploration drilling, and the progression of key permits.

- Net loss for the year ended December 31, 2022 was \$11,677,264, or \$0.06 per share, compared to a loss of \$7,136,219, or \$0.04 per share, for 2021, resulting from a higher comparative mine operating loss combined with increased finance expenses, corporate administration costs and loss on equity accounted investments in 2022.
- As of December 31, 2022, the Company had a cash balance of \$9.2 million and a working capital deficit of \$4.6 million. On February 27, 2023, the Company announced the closing of a credit agreement with Nebari Resources for a credit facility of up to US\$21.0 million, of which an initial draw of US\$16.0 million was completed. A portion of the proceeds was used for the repayment of the existing US\$8.0 million senior secured facility with Auramet International LLC.

* Refer to Non-IFRS Measures Section below. Non-IFRS financial measures are not standardized financial measures under the financial reporting framework used to prepare the financial statements and may not be comparable to similar financial measures disclosed by other issuers.

"The Company continues to wind down its operations at Point Rousse in a safe and profitable manner and has now completed all crushing and grinding activity and is transitioning to care and maintenance while refining is carried out over the next week. In 2022, Signal Gold generated revenue of \$41.8 million from gold sales of 18,078 ounces and generated operating cash flow from operating activities of \$3,954,483. As a result, the Company was able to continue to advance its Goldboro Project, investing over \$12.6 million into its exploration and development assets. We are pleased to have recently executed a credit facility with Nebari, which included an initial drawdown of US\$16.0 million, which will enable us to continue to advance critical pre-development works at Goldboro. We are excited heading into 2023, where we expect to make significant steps at Goldboro towards a final investment decision while continuing to demonstrate the tremendous opportunity for the Goldboro mineral resource to continue to grow."

~Kevin Bullock, President and Chief Executive Officer, [Signal Gold Inc.](#)

Consolidated Results Summary

	Three months ended December 31	Year ended December 31	
Financial Results	2021	2022	2021
Revenue (\$)	11,401,070	7,643,193	41,771,422
Cost of operations, including depletion and depreciation (\$)	16,621,569	7,410,862	45,418,125
Mine operating income (\$)	(15,761,499)	232,331	(3,646,703)
Net loss (\$)	(\$6,628,701)	(1,358,219)	(11,667,264)
			(7,136,219)

Net loss per share (\$/share)) (0.01) (0.06) (0.04)
- basic and diluted				
Cash generated from operating activities (\$)	3,998,878	5,519,379	3,954,483	4,488,761
Capital investment in property and equipment (\$)	18,075	1,676,928	2,503,776	7,108,391
Capital investment in exploration and evaluation assets (\$)	2,542,933	3,824,690	12,604,016	13,020,554
Average realized gold price per ounce*	US\$1,711	US\$1,783	US\$1,773	US\$1,804
Operating cash costs per ounce sold*	US\$1,564	US\$1,426	US\$1,391	US\$1,717
All-in sustaining cash costs per ounce sold*	US\$1,821	US\$2,297	US\$1,821	US\$2,660
		December 31, 2022		December 31, 2021
Working capital (deficit)* (\$)		(4,556,223)	1,397,113
Total assets (\$)		93,852,657		95,551,004
Non-current liabilities (\$)		8,182,779		8,235,993

*Refer to Non-IFRS Measures section below.

Three months ended December 31	Year ended December 31		
2022	2021	2022	2021
Ore mined (t)	102,395	325,507	209,157
Waste milled (t)	918,217	1,863,334	2,853,011
Strip ratio	9.0	5.7	13.6
Ore milled (t)	118,011	391,094	446,562
Grade (g/t.80 Au)	1.23	1.63	0.97
Recovery (%)	87.8	87.6	86.5
Gold ounces produced	4,095	17,948	12,054
Gold ounces sold	3,368	18,078	12,218

Review of the Year Ended December 31, 2022

Signal Gold sold 18,078 ounces of gold during 2022 to generate metal revenue of \$41.8 million at an average realized gold price* of \$2,305 (US\$1,773) per ounce sold, representing a 48% increase in metal revenue compared to 2021 due to higher production and gold sales. Gold production for 2022 was 17,948 ounces, a 49% increase over the previous year reflecting the higher-grade profile of the Argyle ore mined and an average recovery rate of 87.6%. Production however was lower than the revised annual guidance of 20,000 to 21,000 ounces due to operational constraints related to blasting and mucking of the final benches in the pit late in the fourth quarter and lower than planned mill availability due to weather related issues in the crushing circuit. This deferred ore production into January of 2023, and the Company expects to process and sell up to another 2,500 ounces in Q1 2023.

Operating expenses in 2022 were \$31,669,817 compared to \$25,895,606 in the previous year, a 22% increase, partly due to the recognition of severance and retention costs of \$913,756 in the fourth quarter of 2022 relating to the wind down of Point Rousse. Further, operating expenses for 2022 included mining costs of \$14,998,913, an increase from 11,446,874 in the previous year, due to a combination of productivity challenges during the year and 56% higher tonnes mined in 2022 compared to 2021, when there was high capitalization of deferred stripping from the development of the Argyle Mine. Processing costs of \$12,599,190 were 12% higher than the previous year despite fewer ore tonnes milled in 2022, the result of lower than planned mill availability due to weather related issues in the crushing circuit, increased maintenance on the jaw crusher, and severance and retention costs. The comparative increase of both operating expenses and depletion and depreciation in 2022 were also the result of write downs to both metal inventory and supplies and consumables. A total charge of \$3,497,999 was recorded to adjust gold dore, gold-in-circuit and ore in stockpiles to net realizable value (with \$2,849,812 recorded through operating expenses and \$648,187 through depletion and depreciation) and a provision of \$804,983 was recorded with respect to supplies and consumables in 2022 as the result of a review in light of the wind down of operations.

Operating cash costs per ounce sold* during 2022 were \$1,809 (US\$1,391), higher than the revised full year guidance of approximately \$1,500 per once of gold sold (US\$1,155), reflecting water treatment issues experienced in the first quarter of 2022, productivity issues in the second half of 2022 and operational constraints related to blasting and mucking of the final benches in the pit late in the fourth quarter.

The royalty expense for 2022 was \$1,138,494 compared to \$566,075 in 2021, the result of higher production from Argyle which is subject to a 3% net smelter return royalty. Depletion and depreciation for the year ended December 31, 2022 was \$12,609,814, a significant increase from \$4,072,408 in 2021 reflecting comparatively higher production in 2022 and the reduced mineral reserve at Argyle, which results in a lower denominator for depletion and depreciation on a units-of-production basis relative to the denominator used in the comparative period.

Mine operating loss for the year ended December 31, 2022 was \$3,646,703, a significant increase from the mine operating loss of \$2,735,531 in 2021, as a result of higher operating expenses and depletion and depreciation.

Corporate administration costs were \$4,849,114 in 2022 compared to \$3,665,659 in the prior year, reflecting increased legal costs, salary adjustments and severance expenses, and increased marketing activities compared to 2021 when the pandemic largely eliminated all marketing-related travel.

Finance expense for 2022 was \$1,642,871 compared to \$147,801 in 2021, reflecting the impact of finance charges related to the Auramet senior secured loan facility and related promissory note which was executed in May of 2022.

Other income for 2022 was \$241,926 compared \$306,740 in 2021. The decrease in other income from the prior period reflects a foreign exchange loss of \$401,759 mainly from the revaluation of the US\$8.0 million promissory note with Auramet, which was partially offset by the unrealized derivative gain of \$134,498. The derivative gain is related to the valuation of call options granted as part of the promissory note, which are recorded as a derivative liability.

In 2022, the Company recorded a recovery of \$520,436 as a deferred premium on flow-through shares, representing the proportion of the remaining qualifying exploration expenditures that were spent from the May 2021 and June 2022 flow-through financings during the year ended December 31, 2022. As of December 31, 2022, all expenditures relating to the May 2021 flow-through financing were completed.

Net comprehensive loss for the year ended December 31, 2022, was \$11,677,264, or \$0.06 per share, compared to a net comprehensive loss \$7,136,219, or \$0.04 per share, for the year ended December 31, 2021. The increase in net loss was the result of higher mine operating loss from higher depletion and depreciation, combined with higher finance expenses relating to the promissory note, increased corporate administration costs, and higher loss on equity investments.

* Refer to Non-IFRS Measures Section below.

Financial Position and Cash Flow Analysis

As of December 31, 2022, the Company had cash and cash equivalents of \$9,251,062 and a working capital deficit* of \$4,556,223. On February 27, 2023, the Company announced the closing of a credit agreement with Nebari Resources for a credit facility of up to US\$21.0 million, of which an initial draw of US\$16.0 million was completed. A portion of the proceeds was used for the repayment of the existing US\$8.0 million senior secured facility with Auramet International LLC.

The Company's cash flow provided from operating activities was \$3,954,483 during the year ended December 31, 2022, after accounting for corporate administration costs of \$4,849,114. The Point Rousse Project generated EBITDA* of \$8,913,849 based on gold sales of 18,078 ounces at an average gold price of C\$2,305 per ounce sold* and operating cash costs of C\$1,809 per ounce sold*. Operating cash flows were also impacted by changes in working capital, namely the decrease in inventory and accounts payable as Point Rousse transitions to care and maintenance, and the reduction in unearned revenue as a result of the repayment of a gold prepayment facility.

The Company continued to invest in its key growth projects in 2022, spending \$12,604,016 on exploration and evaluation assets (adjusted for amounts included in trade payables and accruals as of December 31, 2022), with \$8,716,065 relating to the advancement of the Goldboro Project. The Company also invested \$2,503,776 into the property, mill and equipment at the Point Rousse operation during 2022.

Financing activities during 2022 included net proceeds of \$5,999,776 from a flow-through private placement completed in June 2022, net cash proceeds of \$6,318,041 from a promissory note with Auramet, less transaction costs of \$330,158, and the repayment of other loans and lease obligations. The net cash proceeds from Auramet reflects the repayment of the existing gold prepayment agreement of \$3,939,559 from the US\$8.0 million (\$10,257,600) face value of the promissory note.

* Refer to Non-IFRS Measures Section below.

Non-IFRS Measures

Signal Gold has included in this press release certain non-IFRS performance measures as detailed below. In the gold mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Operating Cash Costs per Ounce of Gold - Signal Gold calculates operating cash costs per ounce by dividing operating expenses per the consolidated statement of operations, net of silver sales by-product revenue, by the gold ounces sold during the applicable period. Operating expenses include mine site operating costs such as mining, processing and administration as well as royalties, however, excludes depletion and depreciation and rehabilitation costs.

All-In Sustaining Costs per Ounce of Gold - Signal Gold has adopted an all-in sustaining cost performance measure that reflects all of the expenditures that are required to produce an ounce of gold from current operations. While there is no standardized meaning of the measure across the industry, the Company's definition conforms to the all-in sustaining cost definition as set out by the World Gold Council in its guidance issued in November 2018. The World Gold Council is a non-regulatory, non-profit organization established in 1987 whose members include global senior mining companies. The Company believes that this measure will be useful to external users in assessing operating performance and the ability to generate free cash flow from current operations.

The Company defines all-in sustaining costs as the sum of operating cash costs (per above), sustaining capital (capital required to maintain current operations at existing levels), corporate administration costs, sustaining exploration, and rehabilitation accretion and amortization related to current operations. All-in sustaining costs excludes capital expenditures for significant improvements at existing operations deemed to be expansionary in nature, exploration and evaluation related to growth projects, financing costs, debt repayments, and taxes. Canadian and US dollars are noted for realized gold price, operating cash costs per ounce of gold and all-in sustaining costs per ounce of gold. Both currencies are considered relevant and the Company uses the average foreign exchange rate for the period.

The operating cash costs per ounce and all-in sustaining costs per ounce are reconciled to the consolidated statements of comprehensive loss as follows:

Three months ended December 31	Year ended December 31	2022	2021

Operating expenses per the consolidated statement of comprehensive loss, including royalties	10,420,829	6,125,509	32,808,311	26,461,681
By-product silver sales credit	(2,443)	(5,801)	(24,106)	(23,773)
By-product aggregates sales credit	(3,046)	(68,307)	(73,046)	(147,181)
Operating cash costs (\$)	10,347,740	6,051,401	32,711,159	26,290,727
Sustaining expenditures	-			
property, mill and equipment	1,620,842	2,730,737	6,838,521	
Sustaining expenditures	-			
exploration and evaluation	129,520	884,956	1,504,818	3,138,905
Corporate administration costs	1,061,625	967,839	4,849,114	3,665,659
Share-based compensation	304,139	161,028	877,575	777,906
Rehabilitation	-			
accretion and amortization (operating)	51,452	8,165	133,913	19,651
All-in sustaining cash costs ("AISC") (\$)	12,047,551	9,750,317	42,807,316	40,731,369
Gold sold	4,674	3,368	18,078	12,218

Operating cash costs per ounce sold (\$/ounce)	2023	1,797	1,809	2,152
AISC per ounce sold (\$/ounce)	2023	2,895	2,368	3,334
Average US Dollar exchange rate during period	2023	0.7936	0.7692	0.7980
Operating cash costs per ounce sold (\$/ounce)	2022	1,426	1,391	1,717
AISC per ounce sold (\$/ounce)	2021	2,297	1,821	2,660

Average Realized Gold Price per Ounce Sold - In the gold mining industry, average realized gold price per ounce sold is a common performance measure that does not have any standardized meaning. The most directly comparable measure prepared in accordance with IFRS is gold revenue. The measure is intended to assist readers in evaluating the revenue received in a period from each ounce of gold sold.

Average realized gold price per ounce sold is reconciled to the consolidated statements of comprehensive loss as follows:

	Three months ended December 31	Year ended December 31	
	2022	2021	
Gold revenue	14,322,581	7,569,085	41,674,270
(\$)			27,627,604
Gold ounces sold	1,674	3,368	18,078
			12,218

Average realized gold price per ounce sold (\$)	2,323	2,247	2,305	2,261
Average US Dollar exchange rate during period	0.7936	0.7936	0.7692	0.7980
Average realized gold price per ounce sold (US\$)	1,711	1,783	1,773	1,804

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") - EBITDA is earnings before transaction costs, finance expense, current and deferred income tax expense and depletion and depreciation.

Point Rousse Project EBITDA is EBITDA before corporate administration, share-based compensation, deferred premium on flow-through shares, and all other expenses and other income.

The EBITDA and Point Rousse Project EBITDA amounts are reconciled to the consolidated statements of comprehensive loss as follows:

Three months ended December 31	Year ended December 31	2022	2021	2022	2021
Net loss, per the comprehensive statements of loss	(6,626,701)	(1,358,219)	(11,677,264)	(7,136,219)	
Adjustments:					
Finance expense 496,729	31,354	1,642,871	147,801		
Current income tax expense	-	-	30,345		
Deferred income tax (878,000) (recovery) expense	306,000	151,000	671,000		

Depletion			
am 736,486	1,285,353	12,609,814	4,072,408
depreciation			
EBITDA 73,632)	264,488	2,726,421	(2,214,665)
Corporate administration 1,66,685	967,839	4,849,114	3,665,659
Gain on revaluation of investments	-	(326,973)	(1,020,432)
Loss on equity 19,020 accounted investments	91,132	1,078,900	435,149
Stock-based compensation 304,139	161,028	877,575	777,906
Deferred premium on(134,764) flow-through shares	(124,138)	(520,436)	(505,552)
Other (in 9,070) expenses	144,709	229,248	125,634
Point Rousse Project 962,378	1,505,058	8,913,849	1,263,699
EBITDA			

Working Capital - Working capital is a common measure of near-term liquidity and is calculated by deducting current liabilities from current assets.

(in \$)	December 31, 2022	December 31, 2021
Cash and cash equivalents 9,251,062		10,121,724
Investments 4,127,589		5,641,435
Other current assets 21,394		2,080,035
Current assets 14,910,045		17,843,194
Trade and other payables 7,451,899		9,528,294
Current portion of loans 11,235,775		1,363,383
Unearned revenue		5,000,000
Other current liabilities 7,781,594		554,404

Current liabilities	16,446,081
Working capital	1,397,113

ABOUT SIGNAL GOLD

Signal Gold is a TSX and OTCQX-listed gold development and exploration company, advancing the Goldboro Project in Nova Scotia, a significant growth project subject to a positive Feasibility Study which demonstrates an approximately 11-year open pit life of mine ("LOM") with average gold production of 100,000 ounces per annum and an average diluted grade of 2.26 grams per tonne gold. (Please see the 'NI 43-101 Technical Report and Feasibility Study for the Goldboro Gold Project, Eastern Goldfields District, Nova Scotia' on January 11, 2022, for further details). On August 3, 2022, the Goldboro Project received its environmental assessment approval from the Nova Scotia Minister of Environment and Climate Change, a significant regulatory milestone which enables the Company to commence site-specific permitting processes including the Industrial Approval and Crown Land Lease and Mining Lease applications. The Goldboro Project also has potential for further Mineral Resource expansion, particularly towards the west along strike and at depth. A future study will consider upgrading and expanding potentially mineable underground Mineral Resources as part of the longer-term mine development plan.

FORWARD-LOOKING STATEMENTS

This news release contains "forward-looking information" within the meaning of applicable Canadian and United States securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is based on the opinions and estimates of management at the date the information is made, and is based on a number of assumptions and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Signal Gold to be materially different from those expressed or implied by such forward-looking information, including risks associated with the exploration, development and mining such as economic factors as they effect exploration, future commodity prices, changes in foreign exchange and interest rates, actual results of current production, development and exploration activities, government regulation, political or economic developments, environmental risks, permitting timelines, capital expenditures, operating or technical difficulties in connection with development activities, employee relations, the speculative nature of gold exploration and development, including the risks of diminishing quantities of grades of resources, contests over title to properties, and changes in project parameters as plans continue to be refined as well as those risk factors discussed in Signal Gold's annual information form for the year ended December 31, 2022, available on www.sedar.com. Although Signal Gold has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Signal Gold does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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