

Signal Gold Announces 2023 First Quarter Results

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TORONTO, May 4, 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 ended March 31, 2023 ("Q1 2023"). The condensed interim consolidated financial statements and management discussion and analysis documents can be found at www.sedar.com and the Company's website, www.signalgold.com. All dollar amounts are in Canadian dollars unless otherwise noted.

Highlights for the Period Ended March 31, 2023

- In February 2023, Signal Gold received the initial drawdown of US\$16.0 million ("Tranche 1") of a US\$21.0 million credit facility with Nebari (see further details below).
- The Company is using the Tranche 1 proceeds to progress critical pre-development activities at Goldboro and has repaid the US\$8.0 million senior secured facility with Auramet International LLC.
- The Company invested \$3.8 million in its exploration and development projects, of which \$3.7 million was invested in the Goldboro Project relating to detailed engineering, geotechnical work, growth exploration drilling, and the progression of key permits, including the Mineral Lease application.
- The Company also initiated work to update the Goldboro Phase 1 Feasibility Study in Q1 2023, which will include an updated Mineral Resource Estimate and updated capital and operating costs.
- In Q1 2023, the Company announced the discovery of continued gold mineralization up to 325 metres to the west of the existing Goldboro Deposit Mineral Resource from a 2,870-meter growth exploration program. Gold mineralization remains open along strike to the west and at depth. The Company subsequently initiated a further growth exploration program to follow-up on discovery west of the Goldboro Mineral Resource.
- Point Rousse sold 3,051 ounces of gold in Q1 2023 to generate metal revenue of \$7.8 million. The operation processed a final 36,541 tonnes and produced 1,384 ounces of gold in Q1 2023, and has now transitioned to care and maintenance.
- Net loss for the three months ended March 31, 2023 was \$2,794,838, or \$0.01 per share, compared to a loss of \$3,549,624, or \$0.02 per share for the three months ended March 31, 2022, resulting from an improved mine operating loss, which was partially offset by increased finance expenses in Q1 2023.
- As of March 31, 2023, the Company had a cash balance of \$16.2 million and working capital* of \$10.6 million.
- On May 4, 2023, the Company announced its proposal to complete a non-brokered private placement to raise gross proceeds of up to \$7.0 million.

*Refer to Non-IFRS Measures section below.

"Signal Gold has made an important start to 2023 as it shifts its focus exclusively to the advancement of the Goldboro Project. The Company has partnered with Nebari to progress Goldboro with a bridge financing of up to US\$21.0 million, of which we have drawn an initial US\$16.0 million to repay the Auramet Promissory Note and execute on key optimization and de-risking activities at Goldboro. Also in the first quarter, we successfully transitioned Point Rousse to care and maintenance while generating a further \$7.8 million of metals revenue and operating cash flow of \$872,557. Looking forward to the second quarter, the Company will be focused on updating the Goldboro Feasibility Study, including an update to the Mineral Resource Estimate, as well as continuing our growth exploration activities which continue to demonstrate the significant growth potential of Goldboro."

~Kevin Bullock, President and CEO, [Signal Gold Inc.](#)

Nebari Credit Facility

On February 27, 2023, the Company announced it received the initial drawdown of US\$16.0 million

("Tranche 1") of its previously announced US\$21.0 million credit facility with Nebari Gold Fund 1 LP, Nebari Natural Resources Credit Fund I LP, and Nebari Natural Resources Credit Fund II LP (each as Lender and collectively, "Nebari") (the "Credit Facility"). The Credit Facility provides for an initial draw of US\$16.0 million and a second tranche of US\$5.0 million, at the election of the Company, subject to satisfaction of certain conditions precedent. As part of the credit agreement, the Company granted 15,413,508 share purchase warrants for the initial draw of US\$16.0 million under the facility, with each warrant exercisable to purchase a common share of the Company at a strike price of C\$0.44 per share.

Consolidated Results Summary

Three months ended Financial Results March 31, 2023	Three months ended March 31, 2022
Revenue (\$) 7,857,339	8,020,303
Cost of operations, including depletion and depreciation (\$) 8,519,304	10,073,595
Mine operating loss (\$) (691,965)) (2,053,292)
Net loss (\$) (2,794,838)) (3,549,624)
Net loss per share (\$/share)) (0.02)
- basic and diluted	
Cash generated from (used in) operating activities (\$) 877,105	(1,114,375)
Capital investment in exploration and evaluation assets (\$) 3,762,076	3,000,256

Capital investment in property, mill and equipment (\$)	159,502	1,897,487
Average realized gold price per ounce*	US\$1,894	US\$1,813
Operating cash costs per ounce sold*	US\$1,330	US\$1,999
All-in sustaining cash costs per ounce sold*	US\$1,723	US\$2,905
March 31, 2023	December 31, 2022	
Working capital (deficit) (\$)	10,608,734	(4,556,223)
Total assets (\$)	100,438,698	93,852,657
Non-current liabilities (\$)	28,109,398	8,128,779

*Refer to Non-IFRS Measures section below.

Three months ended March 31, 2023	Three months ended March 31, 2022
Operational Results	
Ore milled (t)	136,541
Grade (g/t1.41 Au)	104,495
Recovery (%)	0.97
Gold ounces produced	83.3
Gold ounces sold	86.1
	2,813
	3,491

Review of the Three Months Ended March 31, 2023

The Company sold 3,051 ounces of gold during Q1 2023 as it wound down its operations at Point Rousse,

generating metal revenue of \$7.8 million at an average realized gold price* of \$2,562 (US\$1,894) per ounce sold. Gold ounces sold exceeded guidance of approximately 2,500 ounces, as the finished goods and gold-in-circuit as of December 31, 2022 was poured and sold, in addition to gold produced during the quarter. Point Rousse has now transitioned to care and maintenance. all severance and retention amounts have been paid and ongoing progressive reclamation continues, the Company is undertaking a clean-out of the Pine Cove mill circuit to potentially recover further gold ounces.

Operating expenses for the three months ended March 31, 2023 were \$5,298,536 compared to \$8,697,915 in the three months ended March 31, 2022, a 39% decrease as the operation transitioned to care and maintenance. Operating expenses included mining costs of \$767,348 relating mainly to the final haulage of ore from the Argyle Mine, a significant decrease from \$3,514,136 in the Q1 2022. Processing costs of \$1,796,050 were 43% lower than compared to Q1 2022 due to the reduced mill throughput as the remaining ore stockpiles were milled during the quarter. Operating costs for Q1 2023 also reflects the release of inventoried costs relating to gold-in-circuit and finished goods, where were fully processed and sold during the quarter.

The royalty expense for Q1 2023 was \$230,675 compared to \$144,971 in Q1 2022, the result of higher gold sales attributable to the Argyle Mine in the most recent quarter, which is subject to a 3% net smelter return royalty. Depletion and depreciation was comparatively higher in the first quarter of 2023 compared to 2022 due to the amortization of the remaining mineral reserve and book value for the Argyle Mine. As a result of the lower operating expense in Q1 2023, the mine operating loss for the recent quarter improved to \$691,965 compared to a mine operating loss of \$2,053,292 in the comparative quarter of 2022.

Corporate administration costs were \$1,420,734 in Q1 2023 compared to \$1,258,909 in Q1 2022, reflecting increased salary and legal costs, marketing activities and travel compared to the previous year.

Finance expense for Q1 2023 was \$778,504 compared to \$114,320 in Q1 2022, reflecting the impact of finance charges related to the Auramet Promissory Note and the accrued interest on the Nebari Credit Facility. Other income for Q1 2023 were \$185,639 compared to \$39,659 in Q1 2022, which includes a recovery of \$90,976 as a deferred premium on flow-through shares and a foreign exchange gain of \$100,117.

Net comprehensive loss for the three months ended March 31, 2023, was \$2,794,838, or \$0.01 per share, compared to a net comprehensive loss \$3,549,624, or \$0.02 per share, for the three months ended March 31, 2022. The decrease in net loss was the result of an improved mine operating loss, which was partially offset by higher finance expenses related to the Nebari Credit Facility and Auramet Promissory Note.

* Refer to Non-IFRS Measures Section below.

Financial Position and Cash Flow Analysis

As at March 31, 2023, the Company had working capital of \$10,608,734, which included cash and cash equivalents of \$16,245,529. The increase in cash balance is attributable to the US\$16,000,000 drawdown of the Nebari Credit Facility, a portion of the proceeds being used for the repayment of the US\$8,000,000 Promissory Note with Auramet, which contributed to the significant decrease in current liabilities. The decrease in inventory reflects the transition of Point Rousse to care and maintenance, with all metals inventory poured and sold during Q1 2023. The impact of the transition at Point Rousse to care and maintenance in Q1 2023 is also reflected in the lower trade and other payables balance. The increase in unearned revenue reflects a deposit received for estimated gold recovered from the clean-out activities performed at the Pine Cove mill.

The Company generated cash flow from operating activities of \$877,105 during the three months ended March 31, 2023, after accounting for corporate administration costs of \$1,420,734. Point Rousse generated EBITDA* of \$2,316,728 based on gold sales of 3,051 ounces at an average gold price of C\$2,562 per ounce sold* and operating cash costs of C\$1,799 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.

The Company continued to invest in its key growth projects in 2023, spending \$3,762,076 on exploration and

evaluation assets (adjusted for amounts included in trade payables and accruals as of March 31, 2023), with \$3,688,082 relating to the advancement of the Goldboro Project. The Company also invested \$159,502, into the property, mill and equipment at the Point Rousse operation during the first quarter of 2023 for a water monitoring program as part of ongoing environmental monitoring activities.

Financing activities during Q1 2023 included the net proceeds of \$21,577,248 drawn from the first tranche of US\$16,000,000 from the Nebari Credit Facility, whereby a portion was used to repay the US\$8,000,000 Auramet 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	Three months ended March 31, 2022
March 31, 2023	

Operating expenses per the condensed interim consolidated statement of comprehensive loss, including royalties	5,529,212	8,842,886	
By-product silver sales credit	(4,615)	(4,929)	
By-product aggregate sales credit	(97,224)	-	
Operating cash costs (\$)	5,487,372	8,837,957	
Sustaining expenditures - property, mill and equipment		1,897,487	
Sustaining expenditures - exploration and evaluation		682,742	
Corporate administration costs	1,207,711	1,258,909	
Share-based compensation	155,685	142,092	
Rehabilitation - accretion and amortization (operating)	44,696	19,758	
All-in sustaining cash costs ("AISC") (\$)	7,108,487	12,838,945	
Gold ounces sold	8,051	3,491	

Operating cash costs per ounce sold (\$ / ounce)	2,532
AISC per ounce sold (\$ / ounce)	3,678
Average US Dollar exchange rate during period	0.7898
Operating cash costs per ounce sold (US\$ / ounce)	1,999
AISC per ounce sold (US\$ / ounce)	2,905

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 condensed interim consolidated statements of comprehensive loss as follows:

Three months ended	Three months ended March 31, 2022
March 31, 2023	
Gold revenue (\$)	8,015,374
Gold ounces sold	3,491

Average
realized
gold
price
per
ounce
sold
(\$)

Average
US
Dollar
exchange
rate
during
period

Average
realized
gold
price
per
ounce
sold
(US\$)

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
March 31,
2023

Three months ended March 31, 2022

Net
loss,
per
the
condensed
income
statement
of
comprehensive
loss

Adjustments:

Finance
expense

Deferred
income
tax
(recovery)
expense

Depletion
and
depreciation

EBITDA	3,297,569	(1,893,595)
Corporate administration	1,420,734	1,258,909	
Gain on revaluation of investments		(326,973)
Share of loss from equity accounted investments	7,589	36,643	
Stock-based compensation	155,685	142,092	
Deferred premium on flow-through shares	(90,976	(179,718)
Other (income) expense	(100,064	128,691	
Point Rousse Project	2,316,727	(833,951)
EBITDA			

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

(In \$)
March 31, 2023 December 31, 2022

Cash and cash equivalents	16,245,529	9,251,062
Investments	688,372	4,427,589
Other current assets	747,957	1,231,394
Current assets	17,659,858	14,910,045
Trade and other payables	5,407,397	7,451,899
Current portion of loans	555,230	11,235,775
Unearned revenue	400,000	-
Other current liabilities	688,197	778,594
Current liabilities	7,051,124	19,466,268

Working
capital 10,608,734 (4,556,223)
(deficit)*

ABOUT SIGNAL GOLD

Signal Gold is a TSX and OTCQX-listed gold development and exploration company, advancing the wholly owned Goldboro Project in the Canadian mining jurisdiction of Nova Scotia, a significant growth project subject to a positive Feasibility Study and which has potential for further Mineral Resource expansion, particularly towards the west along strike and at depth (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). The Company also owns mining and milling assets in the prolific Baie Verte Mining District of Newfoundland which includes the fully permitted Pine Cove Mill, tailings facility and deep-water port, as well as approximately 15,000 hectares of highly prospective mineral property, including those adjacent to the past producing, high-grade Nugget Pond Mine at its Tilt Cove Gold Project.

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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