



## **SUPERIOR GOLD INC. ANNOUNCES THIRD QUARTER 2018 FINANCIAL AND OPERATING RESULTS**

**RECORD QUARTERLY SALES WITH ANNUALIZED PRODUCTION RATE OF MORE THAN 100,000 OUNCES FOR TWO CONSECUTIVE QUARTERS**

**STRONG CASH POSITION UNCHANGED AT \$22 MILLION AND NO DEBT AT QUARTER END**

*(In US Dollars unless otherwise stated)*

**Toronto, Ontario, November 13, 2018 – Superior Gold Inc.** (“Superior Gold” or the “Company”) (TSXV:SGI) announced today its financial and operating results for the quarter ended September 30, 2018. This release should be read in conjunction with the Company’s Management Discussion and Analysis (MD&A) and condensed consolidated interim financial statements for the quarter ended September 30, 2018. These documents will be posted on the Company’s website at [www.superior-gold.com](http://www.superior-gold.com) and SEDAR at [www.sedar.com](http://www.sedar.com).

### **Third Quarter Highlights:**

- Second consecutive record quarterly sales of 25,842 ounces of gold, an increase of over 24% for the same period in 2017
- Strong quarterly production of 24,719 ounces of gold with an annualized production rate of 100,000 ounces for two consecutive quarters
- Total cash cost<sup>1</sup> of \$1,042 per ounce sold, all-in sustaining costs<sup>1</sup> of \$1,119 per ounce sold and average realized gold price<sup>1</sup> of \$1,211 per ounce sold
- Cash flow from operating activities of \$3.6 million
- Strong cash position, including restricted cash, of \$22.1 million and no debt at quarter end
- Year-to-date gold recoveries averaging 88%, compared to 78% for the same period in 2017
- 2018 production guidance revised to 92,500 to 97,500 ounces as the Company has been unable to offset the operational performance of the first quarter of 2018
- Site management changes implemented during the quarter have positioned the Company for improved operating performance and the mining of higher grade stope material in the fourth quarter of 2018 and beyond

Chris Bradbrook, President and CEO of Superior Gold stated: “We are pleased to provide our results for the third quarter of 2018 and to highlight a number of key achievements. During the quarter, we reached record sales at our Plutonic Gold operations, since its acquisition in October 2016, and increased the number of ounces sold for the second straight quarter. Importantly, we have maintained an annualized production rate of 100,000 ounces for the past six months.

The variance in year over year mining grades resulted from lower grade at our underground operations. This is a result of mining outside of the current reserve areas as we had access to these mining fronts. We have refocused our mine plan by adding personnel and equipment to accelerate access to the higher

reserve grade areas that require comparatively more development than the current mining fronts. As a result, year-to-date, we have been unable to offset the operational performance of the first quarter and therefore we have revised our 2018 production guidance to a range of 92,500 to 97,500 ounces of gold from the previous range of 100,000 to 110,000 ounces. Cash cost<sup>1</sup> guidance ranges have also been revised to \$1,000 to \$1,100 per ounce and all-in sustaining costs<sup>1</sup> to \$1,100 to \$1,200 per ounce.

Our financial position has remained strong. We exited the quarter with \$22.1 million in cash and remain debt free. We believe that recent site management changes will allow us to improve our underground mine planning and grade, and to continue to build a progressively stronger balance sheet.

We continue to remain very active on the exploration front utilizing three underground diamond drills at the Plutonic gold mine. Two of these drills are focused primarily on grade control drilling, while the third drill is focused exclusively on expanding reserves and resources. At Hermes South, we have recently completed the second stage drill program at the Hermes South deposit. We anticipate releasing a number of exploration updates in the near future. Our goal is to provide an updated reserve and resource statement in the first quarter of 2019 using drill results to the end of 2018.”

#### Summary of Financial and Operational Results:

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018
All amounts in \$ thousands except where noted			
<b>Financial</b>			
Revenue	31,333	26,662	83,597
Cost of sales	32,525	23,021	83,037
General and administrative	981	857	3,603
Operating income (loss)	(2,789)	2,511	(4,543)
Income (loss) before taxes <sup>1</sup>	(2,452)	3,077	(9,685)
Net income (loss) <sup>1</sup>	(1,748)	2,328	(6,586)
Earnings (loss) per share – basic and diluted <sup>1</sup>	(0.02)	0.02	(0.07)
Adjusted net income (loss) <sup>1</sup>	(2,059)	2,202	(3,577)
Adjusted net income (loss) per share – basic and diluted <sup>1</sup>	(0.02)	0.02	(0.04)
Cash from (used in) operations	3,582	8,843	6,942
Cash and cash equivalents	21,959	35,128	21,959
Restricted cash	139	142	139
Weighted number of common shares o/s – basic (000's)	95,752	95,669	95,720
<b>Operational</b>			
Gold produced (ounces)	24,719	21,621	69,559
Gold sold (ounces) <sup>1</sup>	25,842	20,836	70,579
Gold sold (excluding pre- production) <sup>2</sup>	N/A	N/A	65,611
Realized price (\$/ounce) <sup>1</sup>	1,211	1,278	1,273
Total cash costs (\$/ounce) <sup>1 2</sup>	1,042	876	1,070
All-in sustaining costs (\$/ounce) <sup>1 2</sup>	1,119	969	1,175

Total ore milled (000's tonnes)	<b>437</b>	325	1,170
Grade milled (g/t)	<b>2.0</b>	2.6	2.1
Gold recovery (%)	<b>87</b>	80	88

### **Plutonic Gold Operations**

The Plutonic Gold operations produced, 24,719 ounces of gold in the third quarter compared to 21,621 ounces of gold in the third quarter of 2017 as a result of higher tonnes milled and higher recoveries stemming from production from the Hermes open pit, partially offset by lower grade from underground operations being mined and milled during the third quarter of 2018 and the absence of Sandfire material. Lower grade from underground operations was due to mining outside of the current reserve areas as the Company had access to these fronts. In the third and fourth quarters of 2017, the Company processed oxide material ("Sandfire material") it had purchased from Sandfire Resources NL's DeGrussa Copper mine. Total material milled increased by 35% to 437 ktonnes primarily a result of the contribution of feedstock from the Hermes open pit in the third quarter of 2018 which more than offset the contribution of low grade stockpile and Sandfire material in third quarter of 2017. Head grade decreased from 2.6 g/t to 2.0 g/t as lower grade areas of the underground operation were mined and milled during the third quarter of 2018, as noted above, which was partially offset by the contribution of higher grade Hermes ore over the Sandfire and low grade stockpile material. Recovery rates rose from 80% to 87% due to operational improvements, the commissioning of the gravity circuit and the higher recovery ore from Hermes.

Gold sold increased by 5,006 ounces relative to the third quarter of 2017. The 24% increase, in comparison to the third quarter of 2017, was primarily due to higher production stemming from the Hermes open pit partially offset by lower grade underground production.

Total cash costs<sup>1</sup> were \$1,042 per ounce sold for the third quarter of 2018, increasing from \$876 per ounce sold in the third quarter of 2017, due largely to the lower grades mined and milled from the underground during the quarter. All-in sustaining costs<sup>1</sup> were \$1,119 per ounce sold, increasing from \$969 per ounce sold, due to higher total cash costs per ounce.

### **Exploration Activities**

During the third quarter, the Company continued its focus on increasing reserves and resources through its investment in its exploration program. The Plutonic Gold operations have excellent short term potential to grow resources further by mining the historic database to identify targets and concentrating on those that are close to existing infrastructure to minimize capital and lead times.

The Company has noted high-grade intersections within and near resource areas including the Timor, Pacific, Area 134, Cortez, Caribbean, Caspian, Indian and Baltic zones of the existing Plutonic Gold Mine. Superior has also identified other easy to drill targets along strike including Plutonic West, Plutonic East and the 114 North area.

The Company's exploration program has been recently active in the Hermes South area, which includes an interest of up to 80% in the unincorporated Bryah Basin Joint Venture. The Company has provided notice of completion of the required earn in expenditures. A two-phase exploration program has been completed and the Company expects to provide a resource update in early 2019.

## Outlook and Strategy

The Company is focused on re-establishing the Plutonic Gold operations as a stable gold producer capable of producing at least 100,000 ounces of gold annually. To achieve this goal, the Company intends to focus on its growth strategy which includes:

- Increasing annual gold production at the Plutonic and Hermes operations
- Resource and reserve additions through increased drill activity in 2018
- The “fill the mill at the best possible grade” strategy

With the Company’s cash position and the ongoing cash generated from the Plutonic Gold operations, the Company has the liquidity available to execute on its near-term growth and exploration strategy. This will enable the Company to execute on its medium to long-term goals of:

- Further exploration and development at the Plutonic Gold operations
- Acquisition of precious metals properties in established low risk jurisdictions

## Conference Call

Management will host a conference call and webcast on Tuesday November 13, 2018 at 10:00AM ET to discuss the third quarter 2018 financial and operating results.

### Conference Call and Webcast

Date: Tuesday November 13, 2018 10:00AM ET

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

Local or International: (647) 427-7450

Webcast: <https://event.on24.com/wcc/r/1842023/F1254027EB641424C96DB6501D716448>

### Conference Call Replay

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

Local or International: (416) 849-0833

Passcode: 9182417

The conference call replay will be available from 1:00PM ET on November 13, 2018 until 23:59PM ET on November 27, 2018.

The presentation will be available on the Company's website at [www.superior-gold.com](http://www.superior-gold.com).

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(1) Refer to Non-IFRS Performance Measures section of the Company’s MD&A for a description and calculation of these measures.

(2) For the nine months ended September 30, 2018 excludes 4,968 ounces sold from Hermes pre-commercial production.

## Qualified Person

Scientific and technical information in this news release has been reviewed and approved by Pascal Blampain, who is a member of the AusIMM and the Australian Institute of Geoscientists (AIG) and a “qualified person” within the meaning of NI 43-101. Mr. Blampain is an employee of the Company and serves as Chief Geologist.

## **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, the Hermes open pit gold mine 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.

For further information, please contact:

### **Superior Gold Inc.**

Brian Szeto, Vice President, Communications and Strategy

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## **Forward Looking Information**

This press 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 in this news release includes, but is not limited to, the Company's objectives, goals or future plans, and statements regarding exploration results and exploration plans.

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. See "Risk Factors" in the Company's prospectus dated February 15, 2017 filed on SEDAR at [www.sedar.com](http://www.sedar.com) for a discussion of these risks.

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. Except as required by law, the Company does not assume any obligation to release publicly any revisions to forward-looking information contained in this press 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 Exchange) accepts responsibility for the adequacy or accuracy of this release.