

Superior Gold Announces Full-year 2022 Financial Results

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(In US Dollars unless otherwise stated)

TORONTO, April 26, 2023 - [Superior Gold Inc.](#) ("Superior Gold" or the "Company") (TSXV: SGI) (OTCMKTS: SUPGF) financial results for the fourth quarter and full-year 2022 for the Company's 100%-owned Plutonic Gold operations, located in Western Australia.

Fourth Quarter Highlights

- Production of 14,448 ounces of gold, a 31% decrease over the comparative quarter of 2021 as a result of lower grades in the underground and surface material milled,
- Sold 14,794 ounces of gold at total cash costs¹ of \$1,964 per ounce sold, an increase of \$674 per ounce sold or 51% in comparison to the fourth quarter of 2021 due to fewer ounces produced,
- All-in sustaining costs¹ increased by \$675 per ounce sold or 48%, in comparison to the fourth quarter of 2021, to \$1,931 per ounce sold, above the realized gold price¹ of \$1,704 per ounce, due to higher total cash costs¹, partially offset by higher sustaining exploration and capital expenditures¹,
- Milled 360kt of ore, a 7% decrease over Q4 2021 following the temporary suspension of mining at Main Pit Deepenings,
- Cash equivalents of \$8.1 million, and
- Secured an AUD\$10 million debt financing with Auramet International on October 7, 2022.

Full-Year Highlights

- Production of 62,336 ounces of gold, an 19% decrease over the prior year as a result of lower grades in both the underground and surface material milled,
- Sold 62,218 ounces of gold at total cash costs¹ of \$1,761 per ounce sold, an increase of \$406 per ounce sold or 30% in comparison to the year ended December 31, 2021 due to fewer ounces produced,
- All-in sustaining costs¹ increased by \$459 per ounce sold or 31%, in comparison to the year ended December 31, 2021, to \$1,931 per ounce sold, above the realized gold price¹ of \$1,807 per ounce, due to higher total cash costs¹ as well as higher sustaining exploration and capital expenditures¹,
- On February 23, 2023, the Company announced it entered into an arrangement agreement pursuant to which [Caledonia Gold Ltd.](#) would acquire all of the issued and outstanding common shares of the Company representing a premium of 60% over the closing price of Superior shares on the day prior to the announcement and this transaction is subject to certain approval of the shareholders and other closing conditions, and
- On March 30, 2023, the Company announced it had entered into a CAD\$5 million bridge loan with Auramet International.

¹ For Non-IFRS measures noted above and included elsewhere in this new release, refer to the Non-IFRS measures section of the Company's MD&A for a description of these measures.

Chris Jordaan, President, and CEO of Superior Gold stated: "The Company experienced several headwinds in 2022, largely as a result of high absenteeism due to Covid-19 that affected our employee and contractor work teams across Q2 and into Q3. Covid-19 infection rates as high as 15% of the workforce. This had a significant impact on development rates in the underground which had a lingering effect into Q3 as the Company worked to increase development back to previous levels. Production from the underground and open pit operations were impacted. Following continued underperformance of the open pit, activities were temporarily suspended in Q4. Additionally, a focused improvement strategy on the underground was developed in Q3 and implementation started in Q4. The Company has started to experience improved performance from the underground as a single source of ore.

The focus continues to be on the leading underground performance indicators of increasing development and production and improving developed inventories in both drilled and broken stock. These will remain the focus for 2023 and will enable steeper stope availability and access to higher grade stopes for increased milled grade. The suspension in open pit mining resulted in a 47% increase in grade achieved in Q1 2023 when compared to Q4 2022.

The mineral resource and reserve statement was updated for 2021 and announced in 2022 (see press release dated May 25, 2022). Proven and Probable Mineral Reserves increased by 66% to 630 thousand ounces of contained gold. Measured and Indicated Mineral Resources, inclusive of Mineral Reserves, increased by 2% to 1.92 million ounces of contained gold while Inferred resources increased 29% to 3.97 million ounces of contained gold.

During 2022, Superior Gold secured a Gold Loan for A\$10m with Auramet under similar conditions as the previous loan added liquidity for the Company."

Summary of Financial and Operational Results:

	Three months ended December 31, 2022	Twelve months ended December 31, 2022
All amounts in \$ millions except where noted		
Financial		
Revenue	25.2	112.6
Cost of sales	32.4	120.1
Exploration expense	0.4	2.3
General and administrative	1.6	6.3
Operating income (loss)	(9.2)	(16.1)
Income (loss) before taxes	(9.6)	(17.5)
Net income (loss)	(9.6)	(14.2)
Earnings (loss) per share - basic and diluted	(0.08)	(0.12)
Adjusted net income (loss) ¹	(9.9)	(14.4)
Adjusted net income (loss) per share - basic ¹	(0.08)	(0.12)
Cash flow from (used in) operations	(0.2)	11.0
Weighted average number of common shares outstanding (basic)	123,419,989	123,149,723
Operational		
Gold produced (ounces)	14,448	62,336
Gold sold (ounces)	14,794	62,218
Total cash costs (\$/ounce) ¹	1,964	1,761
All-in sustaining costs (\$/ounce) ¹	2,091	1,931
Average realized price ¹ (\$/ounce)	1,704	1,810
Total underground material mined (Kt)	222	802
Total material milled (Kt)	360	1,565
Grade milled (g/t gold)	1.5	1.5
Recovery (%)	86	85

¹ For Non-IFRS measures noted above and included elsewhere in this new release, refer to the Non-IFRS measures section of the Company's MD&A for a description of these measures.

Plutonic Gold Operations Quarterly performance summary

The Plutonic Gold Operations produced and sold 14,448 and 14,794 ounces of gold, respectively, for the fourth quarter of 2022. Total cash costs of \$1,964/ounce sold and all-in sustaining costs of \$2,091/ounce sold for the three-month period ended December 31, 2022 were above the realized gold price of \$1,704/ounce.

In comparison, 20,983 and 21,143 ounces of gold were produced and sold, respectively for the fourth quarter of 2021. Total cash costs of \$1,290/ounce sold and all-in sustaining costs of \$1,416/ounce sold were below the realized gold price of \$1,786/ounce for the three-month period ended December 31, 2021.

Total cash costs and all-in sustaining cash costs increased by 52% or \$674 per ounce sold and 48% or \$675 per ounce sold, respectively, over the prior period. This was primarily a result of lower tonnes milled from both the underground and open pit operations largely as a result of the lingering effect of labour shortages in Western Australia which also impacted the ability to access higher grade ore in the underground. The ongoing underperformance in the Main Pit Deeps Project resulting in a temporary suspension of activity with the open pit.

The reductions in tonnes and grade milled were partially mitigated by an increase in the processing of development legacy stockpile material. All-in sustaining cash costs were also higher as a result of lower production, partially offset by a decrease in sustaining exploration and capital expenditures in comparison to the fourth quarter of 2021.

Year to date performance Summary

The Plutonic Gold Operations produced and sold 62,336 and 62,218 ounces of gold, respectively, for the twelve months ended December 31, 2022. Total cash costs of \$1,761/ounce sold were below the realized gold price of \$1,807/ounce for the twelve-month period ending December 31, 2022, while all-in sustaining costs of \$1,931/ounce were approximately 7% higher than the realized gold price due to higher cost of sales and sustaining capital expenditures.

In comparison, 77,321 and 77,061 ounces of gold were produced and sold, respectively, for the twelve months ended December 31, 2021. Total cash costs of \$1,355/ounce sold and all-in sustaining costs of \$1,472/ounce were below the realized gold price of \$1,784/ounce for the twelve-month period ending December 31, 2021.

Total cash costs and all-in sustaining cash costs increased over the prior period primarily due to lower grade and tonnes from the underground operation and underperformance of the open pit.

Initial development of the Main Pit Deeps project was hampered by heavy rainfall earlier in the year and the subsequent inability to achieve planned mining rates and therefore acceptable unit mining costs resulted in the Company temporarily suspending open pit mining operations. The Company will assess alternatives to recommence mining at Main Pit Deeps in conjunction with the Main Pit pushback project.

The Company generated net cash from operations after working capital changes of \$10,968 for the twelve months ended December 31, 2022, which included the proceeds of the gold loan.

Exploration Activities

The Company reduced its exploration programs in the quarter to focus all diamond drills on generating and aligning short and medium term plans and schedules to access higher grade ore for production.

Outlook

Following the Company's decision to temporarily suspend operations in the Main Pit Deeps project, our focus is primarily targeted at reducing costs and improving margins in the underground operation.

Once operational performance in the underground stabilizes and consistently performs, our focus will extend to exploration to identify new discoveries and revisiting the Main Pit pushback initiative.

Qualified Person

The scientific and technical information in this news release has been reviewed and approved by Etienne Du Plessis, who is 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 including the Plutonic Main Pit push-back project, the Hermes 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 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.

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