

# FI<sup>Q</sup>RE GOLD

## FIORE GOLD REPORTS FISCAL Q3 OPERATING CASH FLOW OF US\$10.5 MILLION

August 25, 2020

TSXV-F  
OTCQB-FIOGF  
FSE-2FO

Vancouver, British Columbia – FIORE GOLD LTD. (TSXV: F) (OTCQB: FIOGF) (FSE-2FO) (“Fiore” or the “Company”) is pleased to announce that its financial statements and management’s discussion and analysis for the third fiscal quarter (“Q3 2020”) ended June 30, 2020, have been filed with the securities regulatory authorities and are available at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.fioregold.com](http://www.fioregold.com).

### Fiscal Q3 2020 Highlights

(all figures in U.S. dollars unless otherwise indicated)

#### Operating & Financial

- Q3 gold production of 12,764 ounces, a second successive quarter of record gold production
- Gold sales of 12,761 ounces at an average realized price of \$1,720 per ounce
- Recorded quarterly revenues of \$22.0 million with mine operating income of \$8.3 million
- Generated Pan operating cash flow<sup>1</sup> of \$11.8 million and consolidated operating cash flow of \$10.5 million, both records for Fiore Gold
- Adjusted net earnings<sup>1</sup> of \$5.7 million and adjusted net earnings per share<sup>1</sup> of \$0.06 per share, net income of \$5.1 million
- Closing cash balance of \$17.3 million, a significant increase of \$8.2 million relative to our last reported cash balance as of March 31, 2020
- Strengthened balance sheet with net working capital of \$34.1 million as of June 30, 2020
- Mined ore production in Q3 of 14,877 tons per day with a stripping ratio of 1.3:1.0 and grade of 0.016 ounces/ton
- Q3 cash costs per ounce sold<sup>1</sup> of \$916, a \$67 per ounce reduction relative to Q2 2020 reflecting the expected benefit of a decreasing stripping ratio
- Q3 Pan Mine AISC<sup>1</sup> per ounce sold of \$1,085 and Fiore consolidated AISC<sup>1</sup> of \$1,203. The cash cost reduction was offset by an increase in capitalized exploration drilling at Pan to extend the mine life.
- 72,555 total site man-hours worked in Q3 with no reportable incidents and zero lost-time injuries
- Mining declared an essential business in Nevada and the Pan Mine continues to operate with strict protocols in place focused on protecting the health and safety of our employees. No reported cases of COVID-19 for our employees or contractors to date.

## Organic Growth

- Results of the Gold Rock Preliminary Economic Assessment (“PEA”) released on April 9th demonstrated positive economics for the project with opportunities to further enhance value
- Subsequent to quarter end, the Company announced the start of a program at Gold Rock of resource expansion, metallurgical, geotechnical and condemnation drilling in support of a Feasibility Study targeted for completion in the second half of 2021
- Completed a Pan exploration drilling program of 21,741 metres (71,330 feet) with a resource update and new life of mine plan to be issued in September 2020
- On May 19, 2020, Fiore Gold announced a 2.0 million ounce measured and indicated resource at its Golden Eagle Project in Washington State, USA

Tim Warman, Fiore’s CEO commented, “The Pan mine continues to establish itself as the cash engine to support our aggressive growth targets. Stand-alone, Pan generated \$11.8 million in operating cash flow in the quarter and Fiore generated \$10.5 million in operating cash flow. Our balance sheet is now fully funded to complete the drilling and development program targeting a Gold Rock Feasibility Study in the second half of 2021. Subsequent to quarter-end, we completed an extensive Pan drilling program which will support an Updated Resource and Reserve estimate and related Life of Mine plan in H2 2020. With six rigs currently drilling at Gold Rock, we remain fully committed to our goal of operating Pan and Gold Rock in unison, providing organic growth to annual gold production of more than 100,000 ounces in Nevada. Separately, we announced a 2.0 million ounce Measured and Indicated resource at our Golden Eagle Project in Washington State. We expect this project will continue to emerge as a valuable third asset in our portfolio.”

We continue to recognize the inherent risk posed by COVID-19. The health and safety of our employees comes first, and we have put a range of operating protocols in place to best mitigate the risk to them. We are fortunate that we have no reported cases at site and continue to operate.

## Review of Operating Results

Operating Results		Three Months Ended	
		June 30,	
		2020	2019
Ore Mined	(t)	1,353,799	1,284,413
Waste Mined	(t)	1,795,385	2,198,602
Total Mined	(t)	3,149,184	3,483,015
Gold Ounces Mined	(oz)	21,622	17,471
Ore Grade Mined	(oz/t)	0.016	0.014
Strip Ratio	waste/ore	1.3	1.7
Gold Ounces Produced	(oz)	12,764	11,685
Gold Ounces Sold (Payable)	(oz)	12,761	11,504
Average Realized Price <sup>1</sup>	\$/oz	1,720	1,318
Total Cash Costs per Ounce <sup>1</sup>	\$/oz	916	928

Cost of Sales per Ounce <sup>1</sup>	\$/oz	1,070	1,050
Pan Mine AISC per Ounce <sup>1</sup>	\$/oz	1,085	985
Fiore Consolidated AISC per Ounce <sup>1</sup>	\$/oz	1,203	1,120

Ore tons mined is ahead of prior year in part due to positive ore reconciliation, resulting in mining 14,877 tons per day. At a gold grade of 0.016 oz/t, we mined 21,622 ounces in the quarter, a 24% increase over the prior year period. Gold production at 12,764 ounces represents a second successive quarter of record gold production as Pan continues to operate safely and efficiently.

Cash cost per ounce sold for Q3 2020 was \$916 per ounce, a \$67 per ounce decrease relative to Q2 2020 of \$983 per ounce and a \$12 decrease compared Q3 2019 at \$928 per ounce. The reduction is due to the lower strip ratio, as guided, and improved mining efficiencies. Q3 2020 Pan Mine AISC<sup>1</sup> per ounce sold was \$1,085 and Fiore Consolidated AISC<sup>1</sup> per ounce sold was \$1,203. During the quarter, we incurred approximately \$1.4 million of sustaining capital expenditures, primarily related to the developmental drilling program at the Pan Mine, compared to \$0.1 million during the prior year period. The \$1.4 million of sustaining capital expenditures during the current quarter accounted for \$111 of the \$1,085 Pan Mine AISC<sup>1</sup>.

<sup>1</sup> This is a non-IFRS financial measure. Please refer to “Non-IFRS Financial Measures” at the end of this news release for a description of these non-IFRS financial measures and to the Non-IFRS Financial measures in the June 30, 2020 Management’s Discussion and Analysis for a reconciliation to operating costs from the Company’s interim financial statements.

## Key Developments

### Pan Mine

With Pan operating well, we continue our focus on drilling to expand the resource and reserves, and increase mine life. Initial results of the current resource expansion drill program were announced on December 10, 2019. On May 12, 2020, we released drill results on a further sixty-four holes drilled at several locations around the main North Pan pits, as well as the smaller Syncline and Black Stallion satellite pits. Subsequent to quarter-end, on August 12, 2020, Fiore reported the final seventy-six holes of the overall program. The holes were aimed at expanding the existing oxide resources and reserves both at depth and laterally beyond the current reserve boundaries. In total, 183 holes for a total of 21,741 metres (71,330 ft) were drilled as part of the 2019-2020 Pan resource expansion program and all but the last few of these holes will be incorporated in the upcoming resource and reserve estimate.

An initial eight-hole program (PR20-072 to -079) at the Mustang target, located approximately 1,500 m northwest of the Pan North pit, encountered gold mineralization within a low angle structure at the contact between the Pilot shale and the underlying Devils Gate limestone. Five of the eight holes encountered significant gold mineralization, with the best intercepts in PR20-073 with 13.7 m at 0.48 g/t gold and PR20-074 with 10.7 m at 0.62 g/t gold. The Mustang zone will be targeted for follow-up in the next phase of drilling with the goal of defining a mineable reserve.

### Gold Rock

On April 9, 2020, we announced results from a PEA completed for the federally permitted Gold Rock gold project located approximately 8 miles southeast of the Pan Mine. This PEA represents the first ever

economic and technical analysis of mining at Gold Rock and shows the project can deliver solid returns for a modest capital investment. The PEA provides an updated mineral resource estimate and a base case assessment of developing the Project as a satellite open pit operation that will share significant infrastructure and management with the adjacent Pan Mine. The PEA also identifies a considerable number of opportunities to enhance the project economics as Gold Rock advances to the Feasibility stage by drilling to increase the mineral resource, further metallurgical testing aimed at improving recoveries, and geotechnical drilling aimed at reducing the stripping ratio. On May 13, 2020, Fiore filed the related technical report.

Subsequent to quarter end, the Company announced the start of a program at Gold Rock of resource expansion, metallurgical, geotechnical and condemnation drilling in support of a Feasibility Study targeted for completion in the second half of 2021

### Q3 2020 Financial Results

	<b>Three Months Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>Financial Results of Operations</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Select Items - On a Consolidated Basis</b>		
Revenue	21,959	15,163
Mine Operating Income	8,304	3,082
Income from Operations	6,508	974
Operating Cash Flow	10,457	2,444
Unrealized Loss on Derivatives, net	(580)	(823)
Net Income / (Loss)	5,136	(463)
Adjusted Net Earnings <sup>1</sup>	5,712	355
	<b>June 30,</b>	<b>September 30,</b>
<b>Financial Position as of:</b>	<b>2020</b>	<b>2019</b>
<b>Select Items - On a Consolidated Basis</b>	<b>\$000's</b>	<b>\$000's</b>
Cash	17,272	7,280
Inventories	24,790	20,886
Total Current Assets	42,765	29,610
Mineral Property, Plant and Equipment, net	17,073	18,764
Total Assets	68,080	56,156
Total Current Liabilities	(8,682)	(6,558)
Long-Term Liabilities	(11,253)	(10,279)
Working Capital Surplus	34,083	23,052

Relative to the prior year quarter, Fiore demonstrated improvements on all profitability and cash flow measures noted above. This was due to record gold production, the benefit of higher realized gold prices, and slightly lower cash costs per ounce of gold sold.

Our liquidity and financial position strengthened with a higher cash balance of \$17.3 million and working capital of \$34.1 million. Refer to the Company's MD&A and Financial Statements for additional

information. The improvement in financial strength puts Fiore in a good position to continue to progress our growth assets and mitigate potential risks posed by COVID-19.

<sup>1</sup>This is a non-IFRS financial measure. Please refer to “Non-IFRS Financial Measures” at the end of this news release for a description of these non-IFRS financial measures and to the Non-IFRS Financial measures in the June 30, 2020 Management’s Discussion and Analysis for a reconciliation to operating costs from the Company’s interim financial statements.

## **Webinar**

Fiore Gold will host a webinar with Red Cloud Securities on Wednesday, August 26 at 2:00pm EST. Please register at <https://www.redcloudfs.com/rcwebinar-f-2/>. The webinar will be available for playback at [www.fioregold.com](http://www.fioregold.com).

## **Corporate Strategy**

Our corporate strategy is to grow Fiore Gold into a 150,000 ounce per year gold producer. To achieve this, we intend to:

- grow gold production at the Pan Mine while also growing the reserve and resource base;
- advance exploration and development of the nearby Gold Rock project; and
- acquire additional production or near-production assets to complement our existing operations.

## **Qualified Person**

The scientific and technical information contained in this news release relating to Fiore Gold’s Pan Mine was approved by J. Ross MacLean (MMSA), Fiore Gold’s Chief Operating Officer and a "Qualified Person" under National Instrument 43-101. The scientific and technical information contained in this news release relating to the Gold Rock and Golden Eagle projects were approved by Paul Noland (AIPG CPG-11293), Fiore Gold’s VP Exploration and a "Qualified Person" under National Instrument 43-101.

## **On behalf of FIORE GOLD LTD.**

*"Tim Warman"*

Chief Executive Officer

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

## **Non-IFRS Financial Measures**

The Company has included certain non-IFRS measures in this document, as discussed below. The Company believes that these measures, in addition to conventional measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. The non-IFRS measures are 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. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

“Adjusted net earnings” and “adjusted net earnings per share” are non-IFRS financial performance measures. Adjusted net earnings excludes the following from net earnings: certain impairment charges (reversals) related to intangibles, goodwill,

property, plant and equipment, and investments; gains (losses) and other one-time costs relating to acquisitions or dispositions; foreign currency translation gains (losses); significant tax adjustments not related to current period earnings; unrealized gains (losses) on non-hedge derivative instruments; and the tax effect and non-controlling interest of these items. The Company uses this measure internally to evaluate our underlying operating performance for the reporting periods presented and to assist with the planning and forecasting of future operating results. We believe that adjusted net earnings are a useful measure of our performance because these adjusting items do not reflect the underlying operating performance of our business and are not necessarily indicative of future operating results.

We have adopted “all-in sustaining costs” measures for the Pan Mine and Fiore as a consolidated group, consistent with guidance issued by the World Gold Council (“WGC”) on June 27, 2013. We believe that the use of all-in sustaining costs is helpful to analysts, investors and other stakeholders in assessing our operating performance, our ability to generate free cash flow from current operations and our overall value. These measures are helpful to governments and local communities in understanding the economics of gold mining. The “all-in sustaining costs” measure is an extension of existing “cash cost” metrics and incorporates costs related to sustaining production. The WGC definition of all-in sustaining costs seeks to extend the definition of total cash costs by adding reclamation and remediation costs, exploration and study costs, capitalized stripping costs, corporate general and administrative costs and sustaining capital expenditures to represent the total costs of producing gold from current operations. All-in sustaining costs exclude income tax, interest costs, depreciation, non-sustaining capital expenditures, non-sustaining exploration expense and other items needed to normalize earnings. Therefore, these measures are not indicative of our cash expenditures or overall profitability.

“Total cash cost per ounce sold” is a common financial performance measure in the gold mining industry but has no standard meaning under IFRS. The Company reports total cash costs on a sales basis. We believe 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. The measure, along with sales, is considered to be a key indicator of a Company’s ability to generate operating earnings and cash flow from its mining operations. “Costs of sales per ounce sold” adds depreciation and depletion and share based compensation allocated to production to the cash costs figures.

Total cash costs figures are calculated in accordance with a standard developed by The Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard is considered the accepted standard of reporting cash cost of production in North America. Adoption of the standard is voluntary, and the cost measures presented may not be comparable to other similarly titled measure of other companies.

“Total cash costs per ounce”, “cost of sales per ounce”, “all-in sustaining costs per ounce”, “Pan operating income” and “Pan operating cash flow” are intended to provide additional information only and do not have any standardized definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The measures are not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate the measure differently.

“Average realized price” is a financial measure with no standard meaning under IFRS. Management uses this measure to better understand the price realized in each reporting period for gold sales. Average realized price excludes from revenues unrealized gains and losses, if applicable, on non-hedge derivative contracts. The average realized price is intended to provide additional information only and does not have any standardized definition under IFRS; it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other companies may calculate this measure differently.

### **Cautionary Note Regarding Forward Looking Statements**

This news release contains “forward-looking statements” and “forward looking information” (as defined under applicable securities laws), based on management’s best estimates, assumptions and current expectations. Such statements include but are not limited to, statements with respect to future operations at the Pan Mine, expected production, expected costs, expected mining rates, strip ratios, all cost, all 2020 production and cost guidance, estimates of mineral resources and reserves, expectations that the Company will add additional resources and reserves through drilling, timing of a resource and mine plan update for the Pan Mine, effectiveness of protocols in response to the COVID-19 pandemic, all of the future planned development and estimates described in the Gold Rock PEA, Gold Rock drilling and development plan, operations and production described in the Gold Rock PEA, Gold Rock drilling and metallurgical testing, funding for Gold Rock Development, expectation and timing for a Gold Rock Feasibility Study, estimates described in the Golden Eagle resource estimate, plans for the Golden Eagle project,

liquidity and future financial performance, opportunity for organic growth to annual production of more than 100,000 gold ounces in Nevada, company outlook, goal to become a 150,000 ounce producer, goal to acquire additional production or near production assets, and other statements, estimates or expectations. Often, but not always, these forward-looking statements can be identified by the use of forward-looking terminology such as “expects”, “expected”, “budgeted”, “targets”, “forecasts”, “intends”, “anticipates”, “scheduled”, “estimates”, “aims”, “will”, “believes”, “projects” and similar expressions (including negative variations) which by their nature refer to future events. By their very nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Fiore Gold’s control. These statements should not be read as guarantees of future performance or results. Forward looking statements are based on the opinions and estimates of management at the date the statements are made, as well as a number of assumptions made by, and information currently available to, the Company concerning, among other things, anticipated geological formations, potential mineralization, future plans for exploration and/or development, potential future production, ability to obtain permits for future operations, drilling exposure, and exploration budgets and timing of expenditures, all of which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement of Fiore Gold to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause actual results to vary materially from results anticipated by such forward looking statements include, but not limited to, risks related to the Pan Mine performance; risks related to the COVID-19 pandemic, including government restrictions impacting our operations, risks the pandemic poses to our work-force, impacts the virus may have on ability to obtain services and materials from our suppliers and contractors; risks related to the company’s limited operating history; risks related to international operations; risks related to general economic conditions, actual results of current or future exploration activities, unanticipated reclamation expenses; changes in project parameters as plans continue to be refined; fluctuations in prices of metals including gold; fluctuations in foreign currency exchange rates; increases in market prices of mining consumables; possible variations in ore reserves, grade or recovery rates; uncertainties involved in the interpretation of drilling results, test results and the estimation of gold resources and reserves; failure of plant, equipment or processes to operate as anticipated; the possibility that capital and operating costs may be higher than currently estimated; the possibility of cost overruns or unanticipated expenses in the work programs; availability of financing; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in the completion of exploration, development or construction activities; the possibility that required permits may not be obtained on a timely manner or at all; changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which Fiore Gold operates, and other factors identified in Fiore Gold’s filings with Canadian securities authorities under its profile at [www.sedar.com](http://www.sedar.com) respecting the risks affecting Fiore and its business. Although Fiore has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The forward-looking statements and forward-looking information are made as of the date hereof and are qualified in their entirety by this cautionary statement. Fiore disclaims any obligation to revise or update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements or forward-looking information contained herein to reflect future results, events or developments, except as require by law. Accordingly, readers should not place undue reliance on forward-looking statements and information.