

Superior Resources Limited

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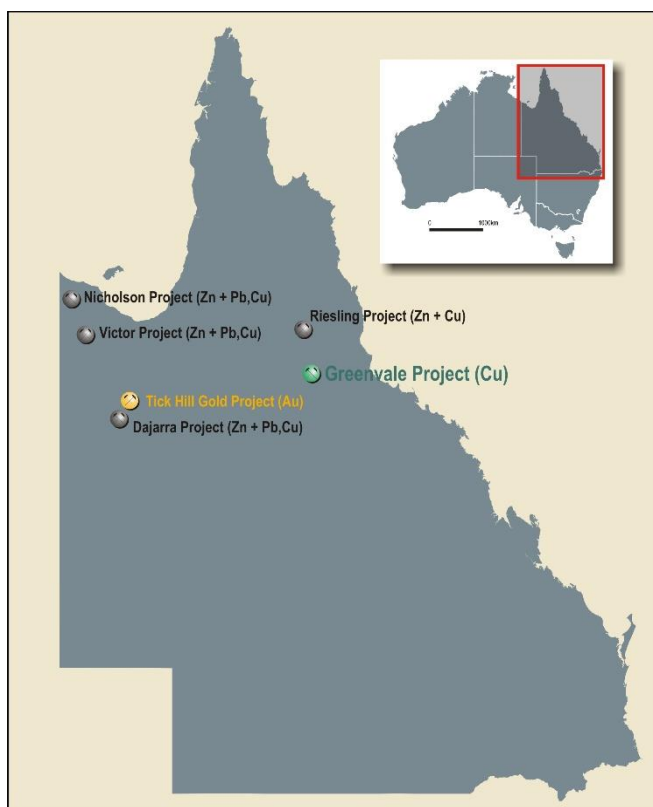
QUARTERLY ACTIVITIES REPORT

Period ending 31 March 2016

HIGHLIGHTS

- Tick Hill Surface Gold Project – Mineral Resource estimate and completion of Scoping Study.
- Tick Hill Mineral Resource estimate: 630,000t @ 1.08 g/t Au, containing 22,000 ounces gold.
- Teck Australia Pty Ltd commences exploration activities at Nicholson Project under a Farm-in and Joint Venture Agreement.

Project Locations



Superior Resources Limited

ASX:SPQ

Board

Carlos Fernicola – Chairman
Peter Hwang – Managing Director
Ken Harvey – Non-exec Director
Carlos Fernicola – Company Secretary

Securities

Ordinary Shares – 249,762,372
Top 20 holders: 64.02% issued capital

Financial

Cash and Shares – \$89,000

Summary

Superior Resources Limited (SPQ) is a Brisbane based ASX-listed mineral explorer whose principle aim is the discovery of large base metal deposits in northern Queensland. Superior holds a number of exploration projects in northwest Queensland for large Mount Isa type copper and lead-zinc-silver deposits and exploration projects in northeast Queensland for copper-gold-lead-zinc-silver deposits. Superior also holds gold and uranium tenements.

Share Registry

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Brisbane, QLD, 4000

Web Site

www.superiorresources.com.au

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SUMMARY

The main operational activities on the Company's projects comprised the following:

- completion of a Maiden Mineral Resource and a Scoping Study of the Tick Hill Gold Tailings Project; and
- commencement of exploration activities at the Nicholson Project (Zn-Pb-Cu) by Teck Australia Pty Ltd under a Farm-in and Joint Venture Agreement.

PROJECT ACTIVITIES

Tick Hill Gold Project (THGP)

Tick Hill Tailings Project

Maiden JORC Mineral Resource

Following the completion of the metallurgical test work program a resource model for the Tick Hill tailings material was developed during the period and announced on 19 January 2016.

The Mineral Resource estimate for the Tick Hill tailings is 630,000t at 1.08 g/t Au, using a 0.5 g/t Au cut-off grade (Table 1). Refer to ASX announcement of 19 January 2016 for further information.

Table 1: Tick Hill Tailings Mineral Resource estimate

Category	Location	Au cut-off g/t	Material Volume '000 m ³	Material Density	Material '000 t	Au g/t	Au kg	Au t oz
INDICATED	West Paddock	0.5	245	1.4	345	0.80	275	8,800
INDICATED	East Paddock	0.5	205	1.4	285	1.42	405	13,000
INDICATED	TOTAL	0.5	450	1.4	630	1.08	680	21,800

Representative cross sections of the mineralised tailings material are presented in Figure 1.

Technical details concerning the deposit, exploration drilling program and the resource estimation are set out in ASX announcement of 19 January 2016.

A summary of information that may be material to understanding the mineral resource estimate includes:

- **Geology** – the mineralisation comprises fine sand and silt tailings material within the two paddocks of the historic Tick Hill Gold Mine tailings storage facility (TSF);
- **Sampling** – 1 metre interval samples were collected via a cyclone from aircore drilling of the TSF and submitted to a commercial laboratory. Sub-sampling of samples >3.2kg in weight was by riffle splitting. Samples were pulverised and a split taken for analysis;
- **Drilling** – drilling was undertaken by a DRX-owned and operated aircore drilling rig utilising NQ rods and a blade bit with 3m drill runs. All drill holes are vertical;
- **Classification** – the Mineral Resource is classified as Indicated based on the drill and assay data spacing (25m spaced offset grid with 1m downhole samples);
- **Analysis** – samples were analysed for gold using a 50g charge for fire assay (ALS method AA26);
- **Estimation** – Micromine software was used to construct a 3D wireframe for each tailings paddock, using a combination of high resolution digital elevation modelling data, drill log data and reported TSF design parameters. A block model was generated within the wireframe and gold values assigned by ID3 interpolation of the drill assay data;



- **Cut-off grade** – all material within the TSF is considered mineralised so that a defined cut-off grade has not been routinely applied to drill data. Evaluation of the resultant block model shows that a nominal cut-off grade of 0.5 g/t Au can be applied to the reported resource estimate; and
- **Mining and metallurgical parameters** – possible mining methods include conventional truck and shovel mining or hydraulic mining. Mining will be relatively simple given the shallow depth/thickness of the mineralisation, lack of overburden and the free-digging nature of the material. Metallurgical test work shows that very high levels of gold extraction can be achieved by cyanide leaching of re-ground tailings material (95% – 98% extraction (recovery) of contained gold).

Based on exploration drilling results, the combined weighted average grade for the western paddock was calculated at 0.81 g/t Au (88.8m at 0.73 g/t Au from reconnaissance drilling and 107.1m at 0.88 g/t Au from infill drilling) and the combined weighted average grade for the eastern paddock was calculated at 1.42 g/t Au (74.1m at 1.42 g/t Au from reconnaissance drilling and 81.2m at 1.43 g/t Au from infill drilling).

The tailings dam was calculated to have an average weighted grade of **1.08 g/t Au** based on the combination of reconnaissance and infill drilling (including a top cut of 4.0 g/t Au).

The metallurgical test work completed to date indicates that very high levels of gold extraction can be achieved by cyanide leaching of re-ground tailings material, and this coupled with a significant proportion of water soluble gold provides encouragement that efficient processing of the Tick Hill tailings material can be achieved.

Scoping Study

A positive Scoping Study exercise on the Tick Hill Tailings Project was completed and announced to the market on 9 March 2016 (refer to ASX announcement of 9 March 2016).

The study, conducted by independent consultants Metcor, confirmed the potential for the establishment of a stand-alone gold tailings reprocessing operation based on a spot gold price of US\$1,100 per ounce and AUD/USD exchange rate of 0.75. The study was determined with economic estimate accuracies of -30% to +35%.

Based on the preferred design parameter of a conventional CIP/CIL circuit at a rate of 35,000 tonnes per month, the processing of 630,000t of tails material at a grade of 1.08 g/t Au (for 22,000 contained ounces @ 0.5 g/t cut-off grade – Mineral Resource estimate of 19 January 2016), will be completed within 18 to 20 months.

Superior, together with its joint venture partner Diatreme Resources Limited (ASX:DRX) will be commencing a detailed program of engineering and selective metallurgical and economic evaluation of the feasibility of the proposed re-processing operation. In addition, work will also commence on the required regulatory and permitting components of the project.

Underground workings

Together with a third party mining group, the Company has commenced a review and assessment of the original mining data to determine whether potential exists for the extraction of previously identified but not mined gold ore.

Deeper exploration

The Company has commenced a process of data review and planning for the preparation of a deep drilling program.

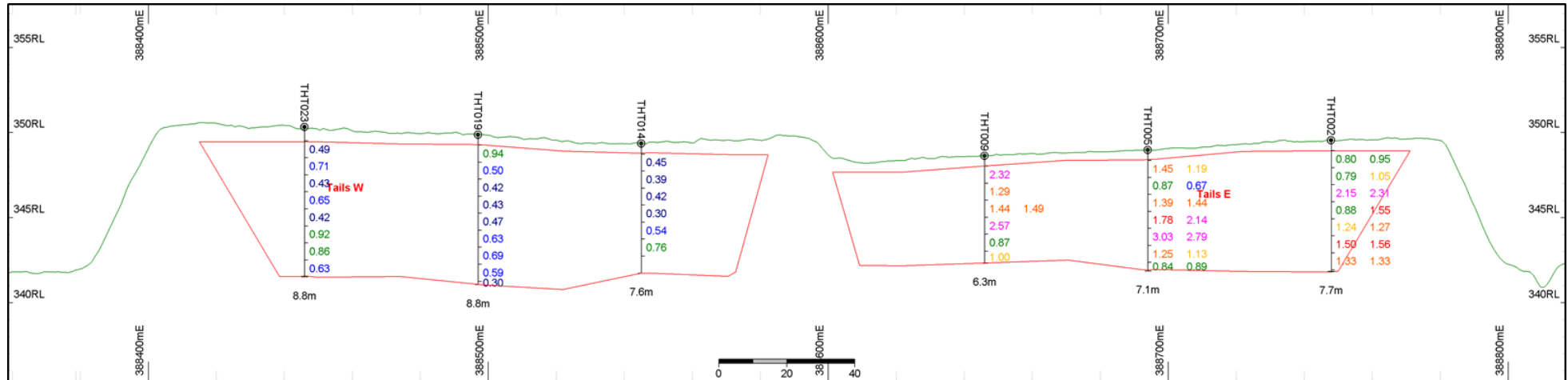
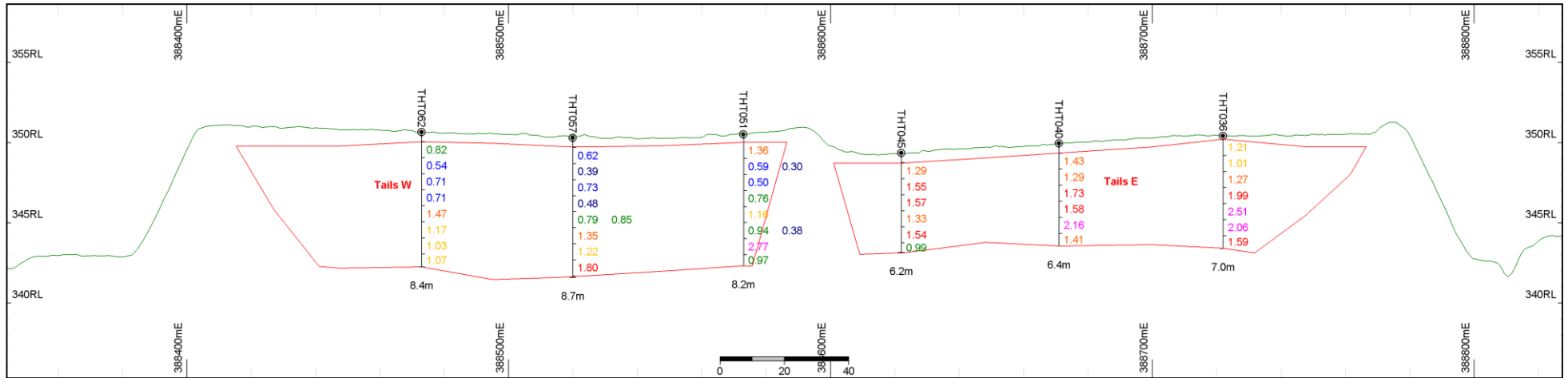


Figure 1: Drill Section (E – W, looking N), Tick Hill Tailings resource outline and drill trace (5x vertical exaggeration)



Tick Hill Project goals – exploration and assessment targets

Superior's focus on the THGP is two-fold:

- conduct exploration to identify a faulted extension to the earlier mined high grade mineralised zone, which averaged 22.6 grams per tonne; and
- Surface Gold Project: evaluate and if feasible, exploit "surface gold" surrounding the old mining operation, which will include potential alluvial gold, mine tailings and waste rock dumps.

Whilst the assessment of the mine tailings and the alluvial-colluvial gold are components of the Surface Gold Project, Superior is also commencing preparatory work to enable exploration for the main target, being a potential faulted extension to the earlier lode.

Background: JVA with Diatreme Resources Limited

Under the terms of an Exploration Farm-in and Joint Venture Agreement (**JVA**) with Diatreme Resources Limited (**DRX**), the tailings, alluvial-colluvial gold and all other surface sources of gold are being assessed jointly with DRX. The joint arrangement requires each party to contribute 50% of all costs associated with the operations.

All drilling operations associated with the surface gold assessment program have been conducted with a DRX-owned drill rig. These costs have been shared equally between the parties.

Under the JVA, Superior has the right to earn a 50% interest in the project by spending a minimum of \$750,000 on exploration, which will include substantial drilling over a two year earn-in period (which can be extended by agreement). All expenditure incurred by Superior on the Surface Gold Project will constitute earn-in expenditure and will be counted towards SPQ's \$750,000 minimum earn-in obligation.

During the earn-in period Superior will have the sole and exclusive right to access and conduct exploration on the project as well as to determine the nature of the exploration programs.

Upon a transfer of a 50% interest in the THGP to Superior, Superior will be required to pay DRX \$100,000 and an amount equal to 50% of the government security bond on the mining leases.

Mt Isa Mines Limited retains a royalty on gold produced from the mining leases, which is set at a variable rate depending on the annual grade of gold produced from mining. The royalty applies initially to gold produced above 5g/t Au and then, after payment of royalties totalling \$5M, to gold produced above 10g/t Au. A separate royalty rate applies to gold produced from tailings resulting from previous mining.

Teck Australia Joint Venture – Nicholson Zinc-Lead-Copper Project

Teck Australia Pty Ltd (**Teck Australia**) (a wholly-owned subsidiary of Canada's largest diversified resource company, Teck Resources Limited) commenced exploration work on Superior's Nicholson Project under a Farm-in and Joint Venture Agreement (**Agreement**) entered into during the previous quarter.

The Nicholson Project, located near the Walford Creek lead-zinc-silver-copper deposit, comprises several prospects with potential to host stratiform lead-zinc-silver deposits of the Mount Isa style of mineralisation (refer Figure 2 and 3).

Previous drilling of one of the prospects by Superior (Walford South Prospect) confirmed the presence of substantial amounts of pyritic shale and low grade zinc mineralisation, which are often associated with such styles of mineralisation. An airborne VTEM survey conducted by Superior over the Nicholson West Prospect identified a moderately deep conductivity anomaly in a sequence similar to that hosting the Walford Creek deposit. This, together with outcropping rocks containing vein-lead mineralisation, suggests the potential of the Project to host stratiform zinc-lead mineralisation.

Work completed during quarter

In summary, the exploration work that was completed by Teck Australia during the quarter consisted of:

- integration of Teck Australia EM geophysical data with Superior data;
- integration of historical data;
- conducting an inaugural JV technical committee meeting; and

- establishing an initial program for the first year of the JV earn-in period.

2016 field program

Following geophysical data analysis, Teck Australia plan to conduct a program of field mapping during the second calendar quarter of 2016, which will be followed by a program of geophysical surveys to be completed during third calendar quarter.

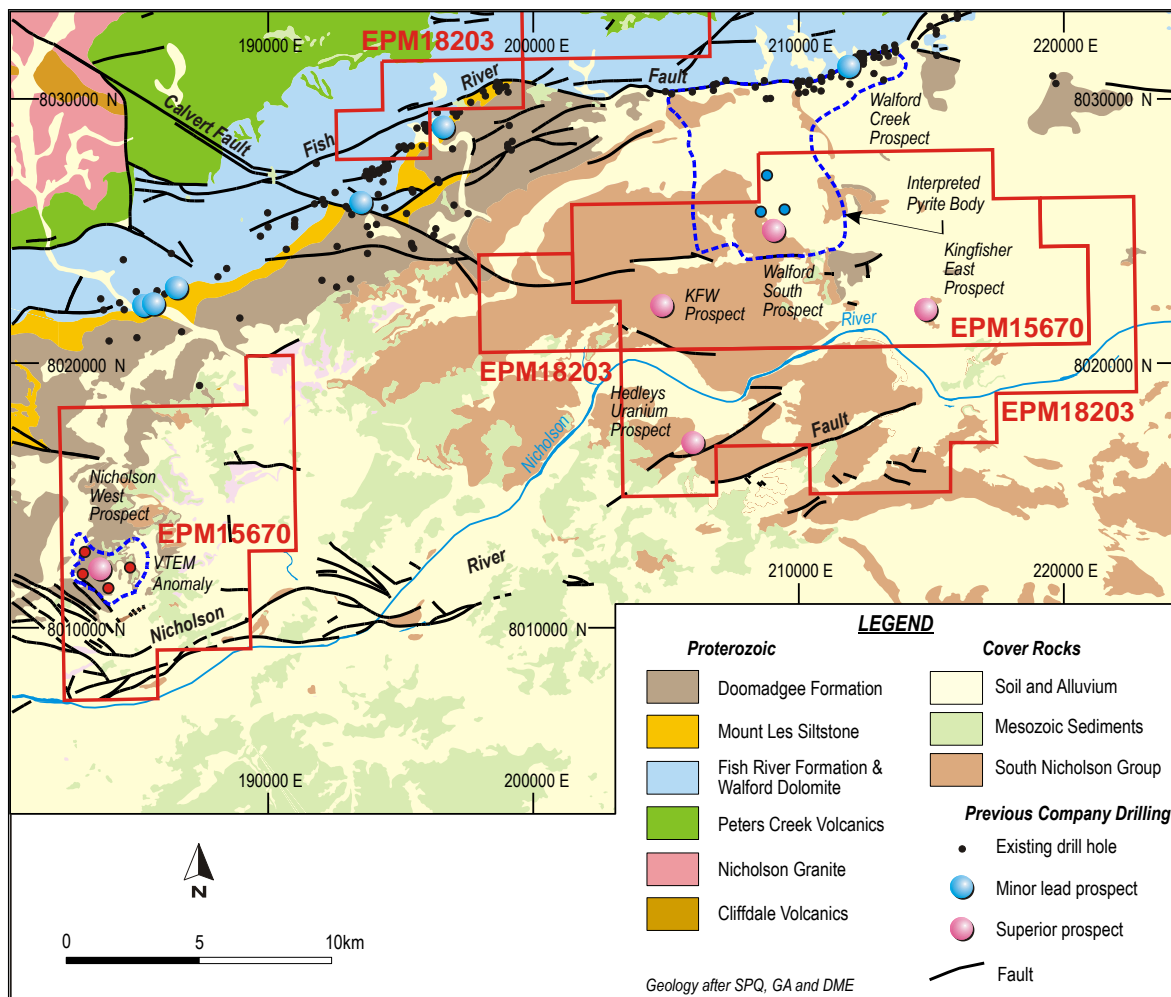


Figure 2. Nicholson Project tenements and prospect locations overlaid on background regional geology.

Farm-in and Joint Venture Agreement – Teck Australia

The Farm-in and Joint Venture Agreement (**Agreement**) was entered into with Teck Australia on 9 October 2015 (refer ASX announcement 3 November 2015).

Under the terms of the Agreement, Teck Australia has an exclusive right to earn a 70% interest in the Nicholson Project by spending \$2,500,000 in accordance with the following structure:

- incurring \$250,000 Minimum Expenditure: to be spent on exploration by 30 September 2016; and
- incurring \$2,250,000 in optional expenditure on or before the 31 December 2018.

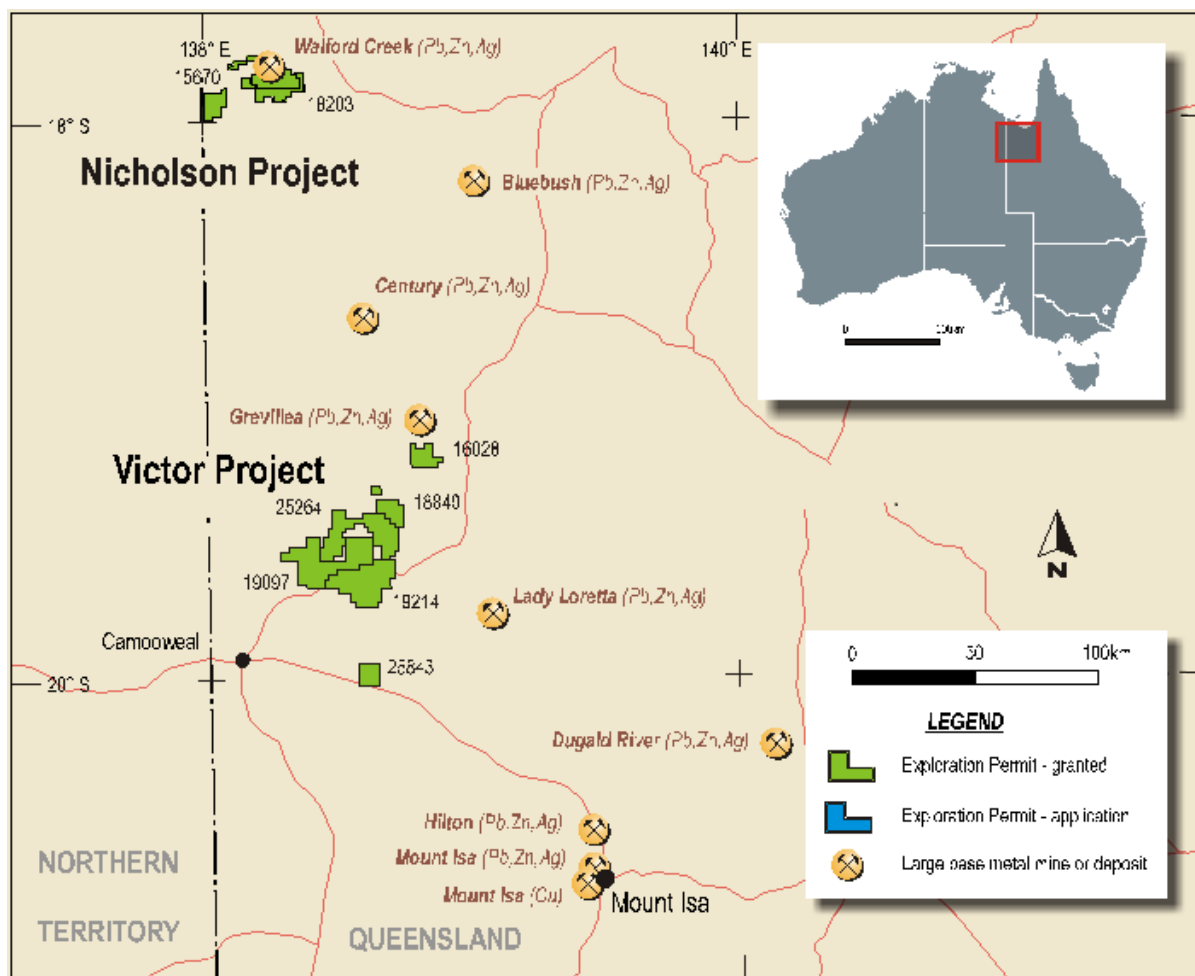


Figure 3. Location of the Nicholson Project tenements, also showing the location of Superior's 100% Victor Project.

CORPORATE and COMMERCIAL ACTIVITIES

Advanced Stage Project Acquisition Strategy

Superior is actively participating in acquisition opportunities for advanced stage gold development projects. The Company entered into a formal sale process in respect of such a project and has also commenced discussions relating to a second project.

The Company considers that the current economic and minerals cycles present an opportunity to substantially upgrade its project portfolio and deliver significantly improved value to its shareholders.

The Company will provide further information to the market if the discussions progress further.

Cash conservation

SPQ continues to maintain a cash conservation strategy.

INVESTMENTS

Superior maintains an exposure in relation to ASX listed uranium focused company, Deep Yellow Limited (ASX:DYL). At 31 December 2015, the company holds 7,000,000 DYL shares with a closing value of \$49,000.



ASX Listing Rule 5.3.3

Appendix 2 sets out information that is required under ASX Listing Rule 5.3.3 (for exploration entities) in relation to the Riesling Project.

A handwritten signature in black ink, appearing to read 'Peter Hwang'.

Peter Hwang
Managing Director

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Information in this report, that relates to Exploration Results and Mineral Resources associated with the Tick Hill Project is based on information compiled by Mr Ian Reudavey, who is a full time employee of Diatreme Resources Limited and a Member of the Australian Institute of Geoscientists. Mr Reudavey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2012 Edition of ‘The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Reudavey consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.



Appendix 1

DISCLOSURES REQUIRED UNDER ASX LISTING RULE 5.3.3

- Mining tenements held at the end of the quarter and their location**

State	Tenement Name	Tenement ID	Location	Interest	Holder	Comments
QLD	Hedleys 2	EPM15670	Nicholson	100%	SPQ	Granted
QLD	Hedleys South	EPM18203	Nicholson	100%	SPQ	Granted
QLD	Victor Creek	EPM16028	Victor	100%	SPQ	Granted
QLD	Harris Creek	EPM18840	Victor	100%	SPQ	Granted
QLD	Tots Creek	EPM19097	Victor	100%	SPQ	Granted
QLD	Scrubby Creek	EPM19214	Victor	100%	SPQ	Granted
QLD	Cockie Creek	EPM18987	Greenvale	100%	SPQ	Granted
QLD	Cassidy Creek	EPM19247	Greenvale	100%	SPQ	Granted
QLD	Dinner Creek	EPM25659	Greenvale	100%	SPQ	Granted
QLD	Wyandotte	EPM25691	Greenvale	100%	SPQ	Granted
QLD	One Mile	ML6750	Greenvale	100%	SPQ	Granted
QLD	Tomahawk Creek	EPM25264	Victor	100%	SPQ	Granted
QLD	W Creek	EPM25843	Victor	100%	SPQ	Granted
QLD	Cockie South	EPM(A)26165	Greenvale	100%	SPQ	Application

- Mining tenements acquired and disposed of during the quarter and their location**

State	Tenement Name	Tenement ID	Location	Interest	Holder	Comments
QLD	Suliman Creek	EPM15040	Dajarra	0%	SPQ	Surrendered
QLD	Cockie South	EPM(A)26165	Greenvale	100%	SPQ	Application

- Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter**

State	Project Name	Agreement Type	Parties	Interest held at end of quarter by exploration entity or child entity	Comments
QLD	Tick Hill Gold Project	Farm-in Agreement	SPQ and DRX	0%	ML7094, ML7096 and ML7097
QLD	Nicholson Project	Farm-out JVA	SPQ and Teck Australia Pty Ltd	100%	EPM15670 and EPM18203 ASX announcement 3/11/15

Abbreviations:

EPM	Queensland	Exploration Permit for Minerals
EPM(A)	Queensland	Exploration Permit for Minerals (Application)
ML	Queensland	Mining Lease
SPQ		Superior Resources Limited
DRX		Diatreme Resources Limited
JVA		Joint Venture Agreement