

# Superior Resources Limited

ABN 72 112 844 407

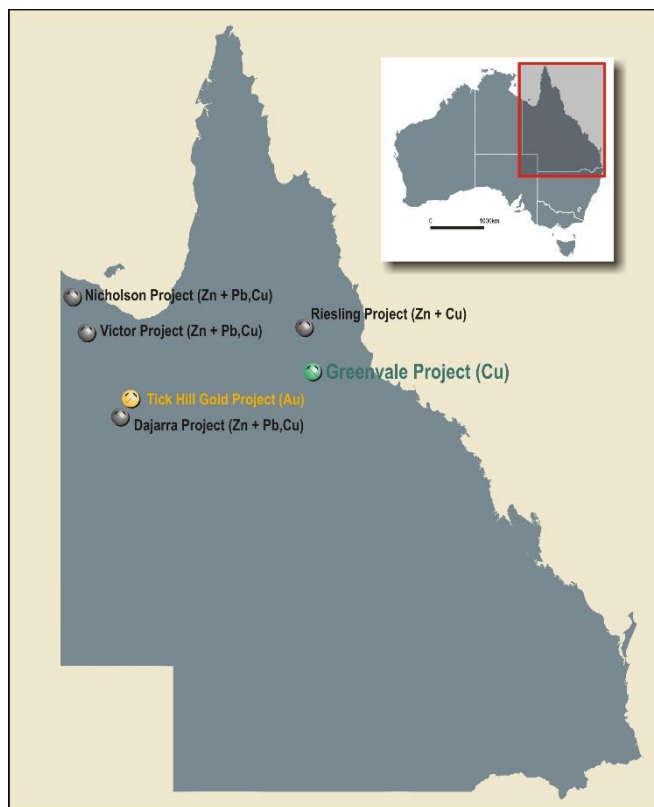
**Registered Office:**  
Unit 8, 61 Holdsworth Street  
Coorparoo Queensland 4151  
**Postal Address:**  
PO Box 189  
Coorparoo Queensland 4151  
**Telephone:** 07 3847 2887  
**Email:** [manager@superiorresources.com.au](mailto:manager@superiorresources.com.au)

## QUARTERLY ACTIVITIES REPORT Period ending 31 December 2016

### HIGHLIGHTS

- Nicholson Project – Teck Australia Pty Ltd – Earn-in and JV – preliminary results from AMT geophysical survey have been received.
- New Zinc-Gold-Copper tenement – EPM 26165 “Cockie South” granted on 30 January 2017.
- Share Purchase Plan completed to existing shareholders to raise \$447,000.

### 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 – 376,537,372  
Top 20 holders: 64.02% issued capital

#### Summary

Superior Resources Limited is a Brisbane based ASX-listed mineral explorer whose principle aim is the discovery of large base metal deposits in northern Queensland. Superior holds several 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

Link Market Services  
Level 15, 324 Queens Street  
Brisbane, QLD, 4000

#### Web Site

[www.superiorresources.com.au](http://www.superiorresources.com.au)

#### Contact

Peter Hwang  
(07) 3847 2887

Carlos Fernicola  
(07) 3831 3922



## SUMMARY

The main operational and corporate activities of Superior Resources Limited (**Superior** or **Company**) comprised the following:

- Nicholson Project – Teck Australia Pty Ltd – Earn-in and JV – preliminary results from AMT geophysical survey have been received;
- new Zinc-Gold-Copper tenement – EPM 26165 “Cockie South” granted on 30 January 2017; and
- Share Purchase Plan completed to existing shareholders to raise \$447,000.

## PROJECT ACTIVITIES

### Teck Australia Earn-in and Joint Venture – Nicholson Zinc-Lead-Silver Project

#### *Work completed during the quarter*

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

- completion of an Audio-frequency Magnetotellurics (**AMT**) geophysical survey; and
- receipt of preliminary results from the AMT survey.

#### *AMT survey*

The AMT survey comprised 24 survey stations over three lines totalling 19 kilometres. The survey targeted potential sub-basins identified through the integration of magnetics, seismic and gravity data and focussed on the south-western portions of the two tenements proximal to the Nicholson River Fault (Figure 1).

The results of the AMT survey will determine if a conductive body is developed within prospective stratigraphy defined by seismic interpretations.

The AMT survey is being undertaken to confirm the presence of key interpreted growth faults which provide conduits for mineralised fluids and to better determine the nature of interpreted sub-basin locations within EPM 15670 and EPM 18203, including the presence and extent of conductive pyritic carbonaceous shale host units.

AMT electro-magnetic survey and imaging techniques provide the potential to map geological structures to depths of 500 meters or more. AMT surveys provide the ability to determine the characteristics of base metal (and other) deposits and anomalies as well as investigate deep geological structures in greater clarity at depth than other geophysical methods.

#### *Preliminary results received*

On 12 January 2017, Teck provided Superior with preliminary results from the AMT survey. Although the results received by Superior are preliminary and summary in nature, the Company is very encouraged by the results of the survey so far.

The Company will update the market with further detail as soon as a final report on the results is received from Teck.

#### *Next quarter activities*

The exploration activities planned by Teck for the March Quarter include:

- reviewing finalised 2D and 1D AMT data and integration with current datasets; and
- conducting follow-up AMT infill and extension surveys if required.

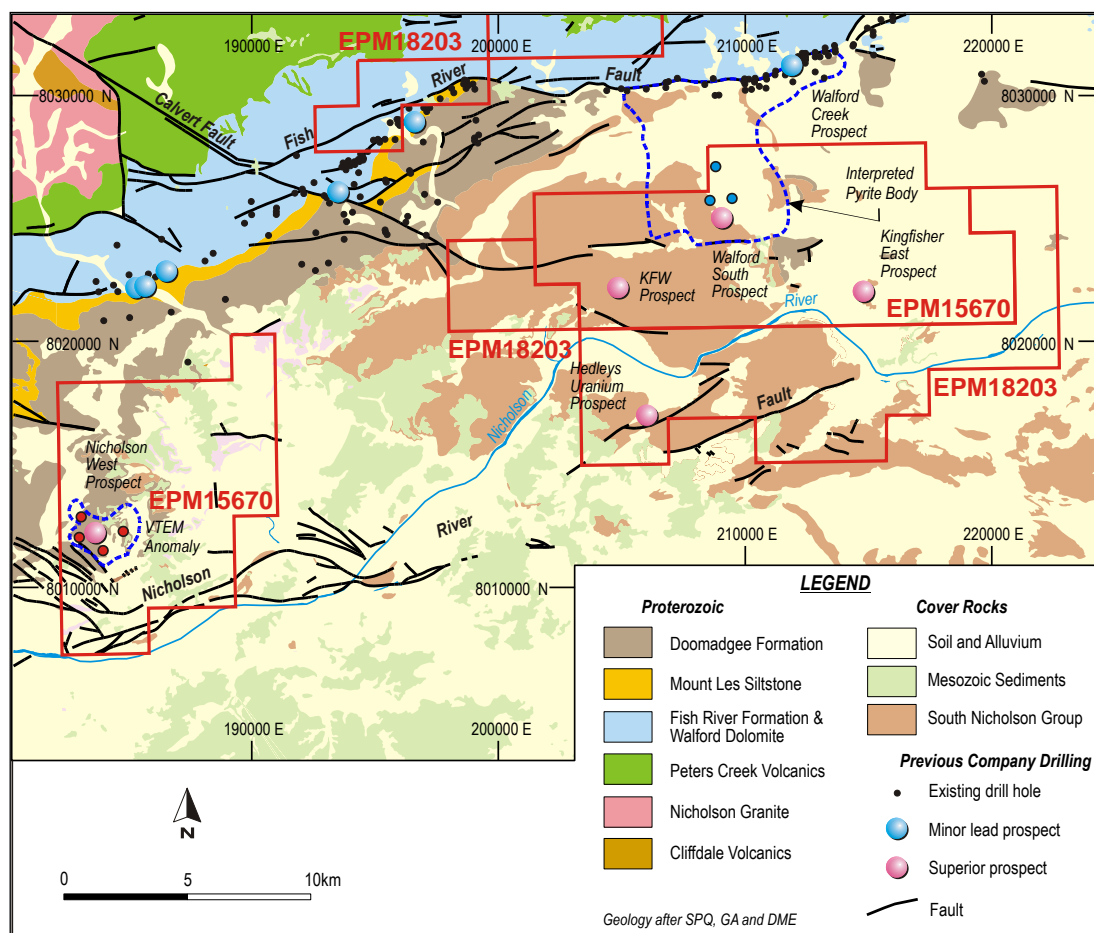


Figure 1. Nicholson Project tenements and prospect locations overlaid on background regional geology.

### **Background: Nicholson Project – Teck JVA**

Teck, a wholly-owned subsidiary of Canada's largest diversified resource company, Teck Resources Limited, commenced exploration work on Superior's Nicholson Project (**Project**) during the March quarter of 2016. Teck is conducting the work under an Earn-in and Joint Venture Agreement (**JVA**) with Superior that was entered into during October 2015.

The Nicholson Project (EPM15670 and EPM18203), located near the Walford Creek lead-zinc-silver-copper deposit, is considered to have the potential to contain sediment-hosted lead-zinc-silver massive sulphide deposits (**SHMS**), similar to Mount Isa and McArthur River (refer to Figures 1 and 2).

Previous drilling by Superior of the Walford South Prospect confirmed the presence of substantial amounts of pyritic shale containing elevated zinc, which can be associated with SHMS deposits. An airborne VTEM survey conducted by Superior over the Project identified moderately deep conductivity anomalies at the Nicholson West and Kingfisher East prospects in a sequence similar to that hosting the Walford Creek deposit. This, together with outcropping rocks containing vein-lead mineralisation, supports the potential for the Project to host SHMS zinc-lead-silver mineralisation.

### **Earn-in and Joint Venture Agreement**

Under the original terms of the JVA, Superior granted Teck with the right to earn a 70% interest in the Nicholson Project by:

- (Initial Period) – spending \$250,000 by 30 September 2016 (subsequently extended to 31 December 2016), with a mechanism to extend the period depending on the date of renewal of EPM15670; and
- (Earn-In Period) – spending a further \$2,250,000 by 31 December 2018.

During November 2016 Teck confirmed that it had completed the \$250,000 expenditure for the Initial Period and that it will commit to the Earn-in Period, which requires expenditure of a further \$2,250,000 on or before 31 December 2018 (refer ASX Announcement 14 November 2016).

At the end of the Quarter, Teck had spent an approximate total of \$385,000 on the project.

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

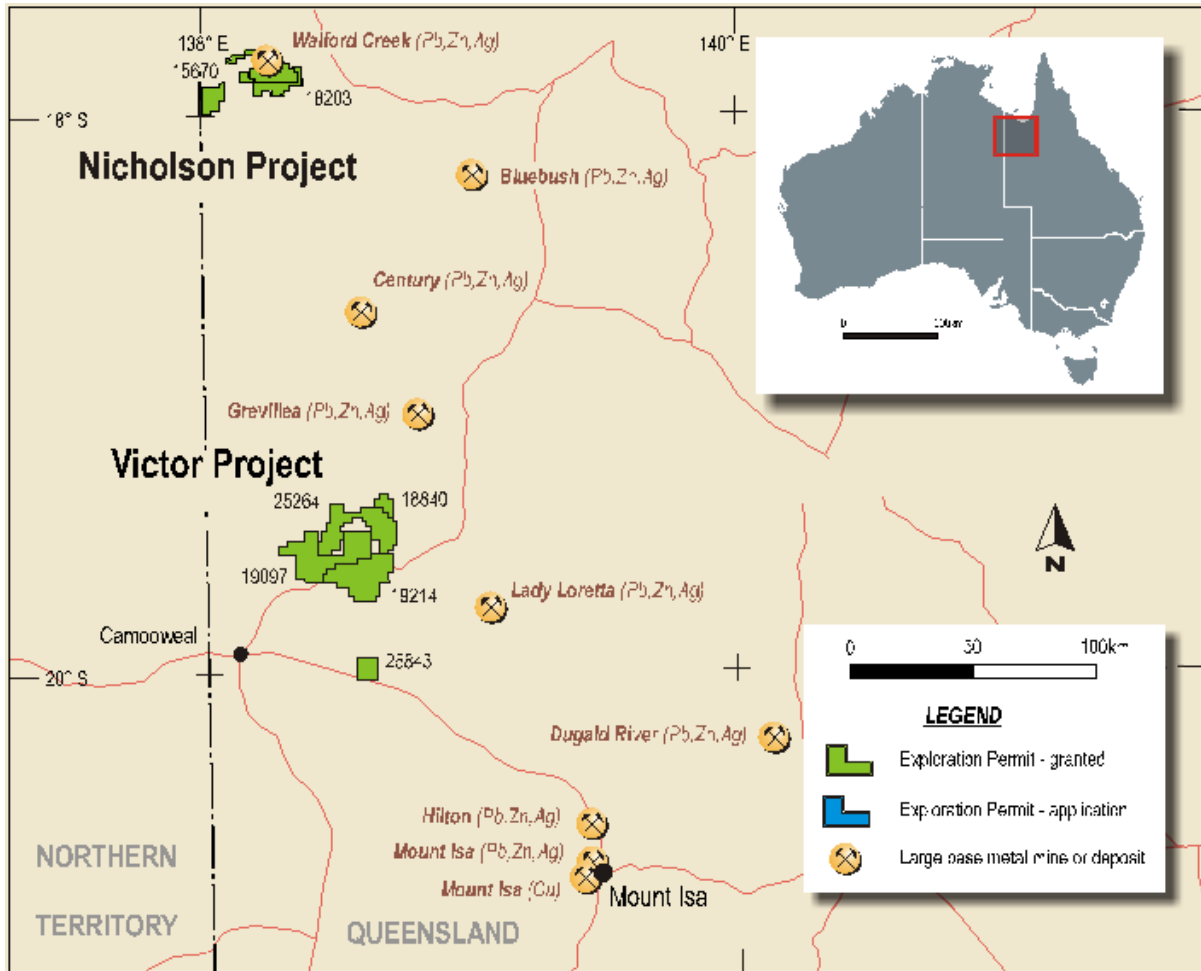


Figure 2. Location of the Nicholson Project tenements, also showing the location of Superior's 100% Victor Project.

## SUBSEQUENT EVENTS

### **Grant of new Zinc-Gold-Copper tenement – EPM 26165 “Cockie South”**

On 30 January 2017 the Department of Natural Resources and Mines granted the Company's new Exploration Permit for Minerals (EPM) application, EPM26165 “Cockie South”.

EPM26165 covers the highly prospective Steam Engine Gold Deposit and the Galah Dam Gold-Zinc-Copper Prospect (Figure 3).

As indicated in ASX announcement “Greenvale Project Update – New Projects and Drill Targets” (ASX announcement dated 2 November 2016), Superior is preparing to conduct exploration programs on the Steam Engine Gold Deposit and the Galah Dam prospect immediately after landholder access arrangements are finalised and weather permitting.

The exploration programs are aimed to:

- (Steam Engine) – enable completion of an initial gold resource estimate;
- (Steam Engine) – conduct a reverse-circulation drilling program to extend the known



mineralisation and to locate significant widths of higher grade gold within the lesser explored Eastern Ridge lode of the project; and

- (Galah Dam) – conduct a reverse-circulation drilling program targeting prospective chargeable sources. The Galah Dam prospect is a large plunging alteration zone with similarities to the nearby Balcooma copper, zinc, lead and silver mine. Previous exploration at Galah Dam had identified gold, zinc and copper mineralisation within the alteration zone.

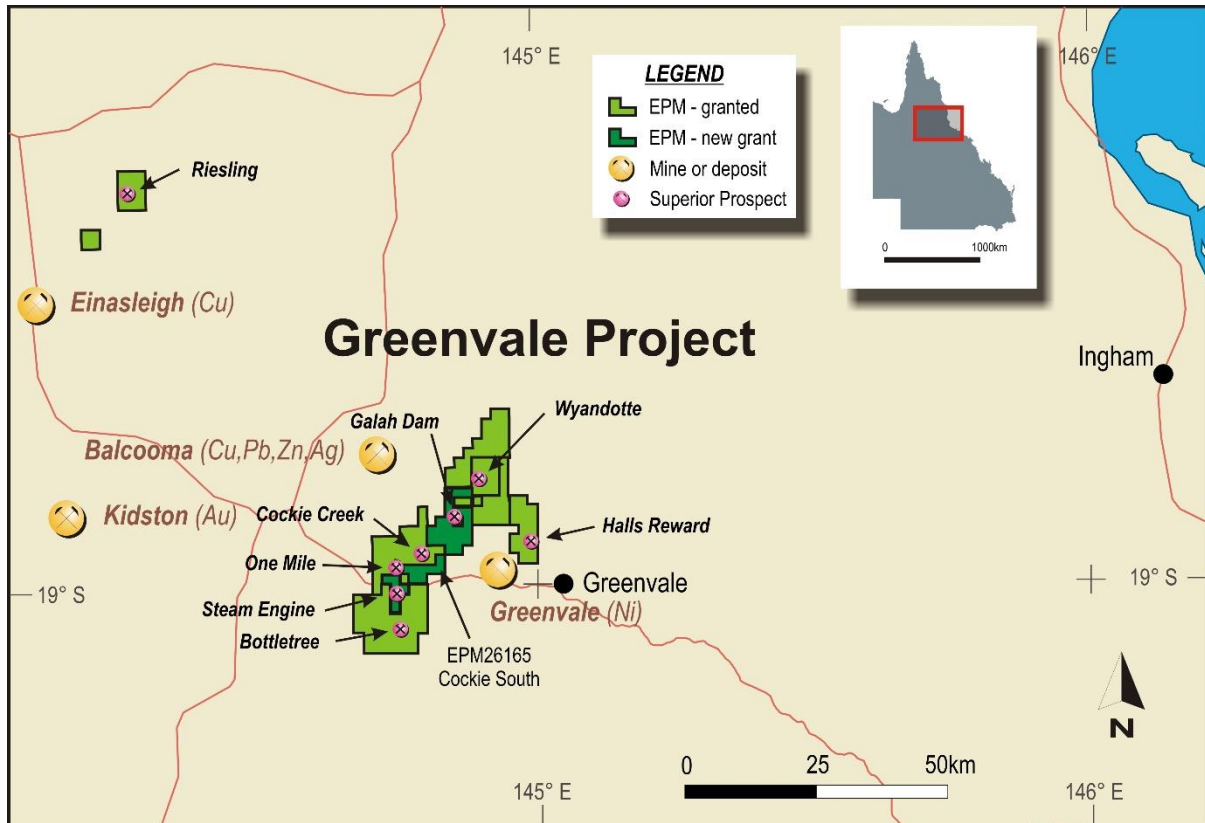


Figure 3. Location of the Greenvale Project tenements showing the location of Superior's newly granted tenement (in dark green).

Superior will provide further details regarding the new projects and exploration programs in a subsequent market announcement shortly.

## CORPORATE and COMMERCIAL ACTIVITIES

### Capital Raising – Share Purchase Plan

The Company completed a share purchase plan (SPP) offered to existing shareholders on 13 December 2016 to raise \$447,000, resulting in the issue of 89,400,000 shares.

The SPP closed oversubscribed and exceeded the targeted maximum of \$418,000 (refer to ASX announcement dated 14 December 2016).

The funds raised from the SPP will be used to:

- fund the drilling of priority gold, zinc and copper targets at the Company's Greenvale Project (refer ASX announcement dated 2 November 2016);
- progress the Company's objective of acquiring a new gold project; and
- provide working capital.



### Cash conservation

The Company's Board continues to maintain the current cash conservation measures with respect to the Company's operations and administration.

## INVESTMENTS

Superior maintains an exposure in relation to ASX listed uranium focused company, Deep Yellow Limited (ASX:DYL). As at 31 December 2016, the company holds 7,000,000 DYL shares with a closing value of \$126,000.

### ASX Listing Rule 5.3.3

Appendix 1 sets out information that is required under ASX Listing Rule 5.3.3 (for exploration entities).

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

**Peter Hwang**  
Managing Director

Contact:

Mr Peter Hwang  
Ph: (07) 3847 2887

Further Information:

[www.superiorresources.com.au](http://www.superiorresources.com.au)  
[manager@superiorresources.com.au](mailto:manager@superiorresources.com.au)

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## 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	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

• **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% 50% Surface Gold	ML7094, ML7096 and ML7097 Surface Gold includes all gold in the Tick Hill tailings storage facility, waste rock dumps, alluvial and colluvial gold and all other surface gold.
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	