

Quarterly Activities Report

Three months ended 31 December 2021

Superior Lake Resources Limited (ASX: SUP) (“Superior Lake” or the “Company”) is pleased to provide its quarterly activities report for the quarter ended 31 December 2021.

Highlights

- Superior Lake entered into a binding agreement to acquire a 100% interest in Bristol Springs Solar Pty Ltd (“BSS”), which is developing a 114MWdc solar farm located southeast of Perth in Western Australia (“Project”) (“Acquisition”).
- The Acquisition is the first step towards the Company’s transition into the clean energy sector.
- The Company successfully restructured the board and management team to align with the change in direction, with the appointment of Mike Young as Managing Director, Chris Bath as Executive Director and Dixie Marshall as Non-Executive Director.
- Pursuant to a prospectus lodged on 12 January 2022, the Company intends to conduct an A\$8 million capital raising, before costs, (“Capital Raising”) to progress development of the Project, meet transaction costs, to facilitate the recommencement of trading of the Company’s securities on ASX and for working capital.
- A general meeting to approve a number of resolutions, including a change to nature and scale of activities, a change of Company name to Frontier Energy, and the Capital Raising will take place on 28 January 2022.
- The Company’s securities will remain suspended until after shareholder approval has been obtained and the Company recompiles with Chapters 1 and 2 of the ASX Listing Rules, which is expected to occur during 1Q 2022.

Transition into the Green Energy Sector with Bristol Springs Solar Acquisition

Having completed the divestment of its Superior Lake Zinc Project to TSX Venture Exchange (“TSXV”) listed company Metallum Resources Inc. (TSXV: MZN), earlier in 2021, the Company commenced an exhaustive review of projects across a range of sectors. The Board considered that the standout sector was green energy, as it provides the best long-term potential for the Company. The importance of the sector in Australia was recently highlighted by the Government committing to net zero carbon emissions by 2050, joining more than 110 other countries around the globe to commit to this ambitious target.



Bristol Springs Solar Project - Overview

The Company's first renewable energy project will be the development of the Bristol Springs Solar Project (BSS Project) – a large-scale solar energy project located in the southwest of Western Australia. BSS has undertaken substantial work on the development of an 114MWdc solar farm (Solar Farm) at the BSS Project.

The BSS Project is located approximately 123 kilometres south of the Perth CBD, 15 kilometres southwest of the Waroona townsite and 5 kilometres east of Forrest Highway (Figure 1). The site is located in the Shire of Waroona local government area and approximately 700 metres north of the Shire of Harvey local government area. The Alcoa alumina refinery is located approximately 7.5 kilometres east of the site. The important regional centres of Bunbury and Collie each lie approximately 65 kilometres to the South of the Project.



Figure 1: Project location in relation to Western Power's Muja load area



The Solar Farm will utilise the latest generation technology to deliver a low-cost clean energy plant. Additional land acquisition opportunities are available to allow for an increase in solar power generation up to ~490MWdc.

The BSS Project is well advanced and is a unique opportunity to participate in the Wholesale Electricity Market (WEM):

- it is centrally located within the heart of the South West Interconnected System (SWIS);
- the Company's intention is to enter into renewable energy power purchase agreements with industrial users;
- connection is at the farmgate, with state owned Western Power responsible for the connection into the SWIS;
- it is a cleared site with no existing flora or fauna of note and low geotechnical risk;
- grid connection application in process with Western Power; and
- up to an additional 652 hectares of land available for expansion.

The BSS Project is in line with the Western Australia Government's renewable energy strategy, which is designed to remove barriers to investment and facilitate access to the WEM for new low-cost and cleaner generation technologies.

The BSS Project will utilise standard, latest generation solar technology from Tier 1 OEM vendors and is located in the heart of the SWIS with comparable nearby projects recently being granted development approval.

A comparable sized solar farm of 132MWdc in Merredin (260km east of Perth) developed by Risen Energy, connected to the SWIS in 2020 and initially sold into the spot market, but has subsequently signed its first power purchase agreement (PPA) in 2021 with BHP and is negotiating a further PPA for the balance of its power with an industrial power user connected to the SWIS.

Timetable

The anticipated timetable to complete the Acquisition and to recommence trading on the ASX is shown in the table below:

Event	Indicative Timing
Dispatch Notice of Meeting to Superior Lake shareholders	Completed
Lodge Prospectus with ASIC and ASX	Completed
Public Offer opens	Completed
General Meeting	28 January 2022
Completion of the Acquisition	February 2022
Satisfaction of Chapters 1 and 2 of the Listing Rules	February 2022
Recommence trading on the ASX	February 2022

The dates in this timetable are indicative only and subject to change.

Board restructure to lead the Company forward

To align with the Company's shift in strategic focus to the renewable energy sector, the Company has assembled a balanced and well-respected board of directors and management team, with extensive experience in project development, capital markets and the energy industry. Importantly, the Board has



strong relationships with key stakeholders, including major players in the Western Australia electricity market, end users, local communities and government.

The Board comprises Non-Executive Chairman Mr Grant Davey, Managing Director Mr Mike Young, Executive Director Mr Chris Bath and Non-Executive Director Ms Dixie Marshall.

Mr Young has extensive experience in managing public companies, the delivery of on-time and on-budget feasibility studies, developing and implementing company strategy, and maintaining strong relationships with key stakeholders, including governments at both State and Federal level.

Mr Bath is a Chartered Accountant and member of the Australian Institute of Company Directors, with over 20 years of senior management experience in the energy and resources sectors both in Australia and southeast Asia. Mr Bath has been Chief Financial Officer for companies listed on AIM, ASX and JSX and more recently was a senior executive with a family office investment firm.

Ms Marshall has over 38 years' experience in media, advertising, politics and communications across a range of platforms. Ms Marshall has an advanced knowledge of data and digital innovation as applied to communications, marketing, and sales and has won awards for journalism, and more recently advertising. Ms Marshall is currently the Managing Director of Marketforce, WA's oldest advertising agency. Ms Marshall worked from the Premier's Office for six years as the Director of Strategic Communications for the WA Government and has a unique insight into government policy.

Mr Davey, previously an Executive Director of the Company, has been appointed as Non-Executive Chairman.

Corporate

In April 2021, the Company completed the disposal of its Superior Lake Zinc Project to TSXV listed company, Metallum Resources Inc. ("Metallum") and received shares in Metallum that represent approximately 66% of Metallum's issued and outstanding shares. As a result, for accounting purposes, Metallum is considered to be a subsidiary of the Company and its assets, liabilities, income and expenses are consolidated into the financial statements of the Group, comprise the Company and its subsidiaries.

The accompanying Appendix 5B therefore includes cashflows that are attributable to each of Superior Lake and Metallum for the December Quarter and for the year to date.

During the Quarter, Metallum progressed with exploration activities at its Superior Lake Zinc Project, expending approximately \$172,000.

The Company incurred costs of approximately \$313,000 to progress activities at the Bristol Springs Solar Project during the Quarter, including funding the development approval application and various costs associated with progressing the Western Power Electricity Transfer Access Contract.

Cash

As at 31 December 2021, the consolidated group had cash of approximately \$541,000.

Payments to Related Parties

During the Quarter, payments to related parties were \$91,367, which comprised directors' fees of \$46,000 and payments to Matador Capital Pty Ltd ("**Matador Capital**") of \$45,367.

Mr Grant Davey, who is a Non-Executive Director of the Company, is a Director and shareholder of Matador Capital. The Company makes payments to Matador Capital under a Shared Services Agreement in which Matador Capital provides office space, general office administration services and accounting services



and to the Company. The services provided by Matador Capital are recovered from the Company on a cost-plus basis.

Information required under Listing Rules 5.3.1 and 5.3.2

Evaluation and exploration expenditure during the Quarter amounted to \$172,000 (see above). During the Quarter, there were no mining production and development activities.

Information required under ASX Listing Rule 5.3.3

The Company does not currently hold any tenements.

Authorised for release by the Board of Directors.

To learn more about the Company, please visit www.superiorlake.com.au, or contact:

Grant Davey Executive Director +61 8 6117 0479

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Superior Lake Resources Limited

ABN

64 139 522 553

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(172)	(507)
(b) development	-	-
(c) production	-	-
(d) staff costs	(89)	(321)
(e) administration and corporate costs	(292)	(2,261)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other Business development activities)	-	(24)
1.9 Net cash used in operating activities	(553)	(3,112)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements	-	-
(c) property, plant and equipment	(313)	(316)
(d) exploration & evaluation	-	-
(e) investments	-	(21)
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	750
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	1,930
2.6	Net cash from / (used in) investing activities	(313)	2,343

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	502
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(23)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from financing activities	-	479

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,377	822
4.2	Net cash used in operating activities (item 1.9 above)	(553)	(3,112)
4.3	Net cash investing activities (item 2.6 above)	(313)	2,343
4.4	Net cash from (used in) financing activities (item 3.10 above)	-	479

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	30	9
4.6	Cash and cash equivalents at end of period	541	541

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	541	1,377
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	541	1,377

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	91
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	553
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	553
8.4 Cash and cash equivalents at quarter end (item 4.6)	541
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	(12)
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
<p>Answer:</p> <p>The Company entered into a binding agreement to acquire a 100% interest in Bristol Springs Solar Pty Ltd, which is developing a 114MWdc solar farm located southeast of Perth in Western Australia and lodged a prospectus on 12 January 2022 to undertake a \$8 million capital raising, (before costs) to progress development of the Bristol Springs Project, meet transaction costs, to facilitate the recommencement of trading of the Company's securities on ASX and for working capital.</p>	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

The Company lodged a prospectus on 12 January 2022 to undertake a \$8 million capital raising, (before costs) to progress development of the Bristol Springs Project, meet transaction costs, to facilitate the recommencement of trading of the Company's securities on ASX and for working capital.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

The Closing Date of the Capital Raising Offer is 4 February 2022. At the date of this quarterly, the Offer is expected to close earlier and be fully subscribed.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 January 2022

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.