

Clarification of newspaper report

Superior Lake Resources Limited (ASX: SUP) (“Superior Lake” or the “Company”) wishes to clarify a report in the edition of The West Australian newspaper published on Saturday 28 September 2019.

As announced by the Company on 5 July 2019 (see ASX announcement “*Update on status of BFS, financing process and offtake*”) the Company has received non-binding indicative proposals relating to offtake for its Superior Lake Zinc Project. The Company confirms that proposals have been received from the parties named in the above-mentioned newspaper report, Glencore, Trafigura and IXM. While the Company continues to hold discussions with these parties, there is no agreement, no formal offer has been received and there has been no material change since the announcement of 5 July 2019.

Offtake and smelter overview – North America

There are currently four operating zinc smelters in Northern America. These include:

- CEZinc smelter in Salaberry-de-Valleyfield, Canada owned by Glencore;
- Flin Flon smelter in Manitoba, Canada owned by HudBay Minerals;
- Trail smelter in British Columbia, Canada owned by Teck Resources; and
- Clarksville in Tennessee, USA owned by Nyrstar.

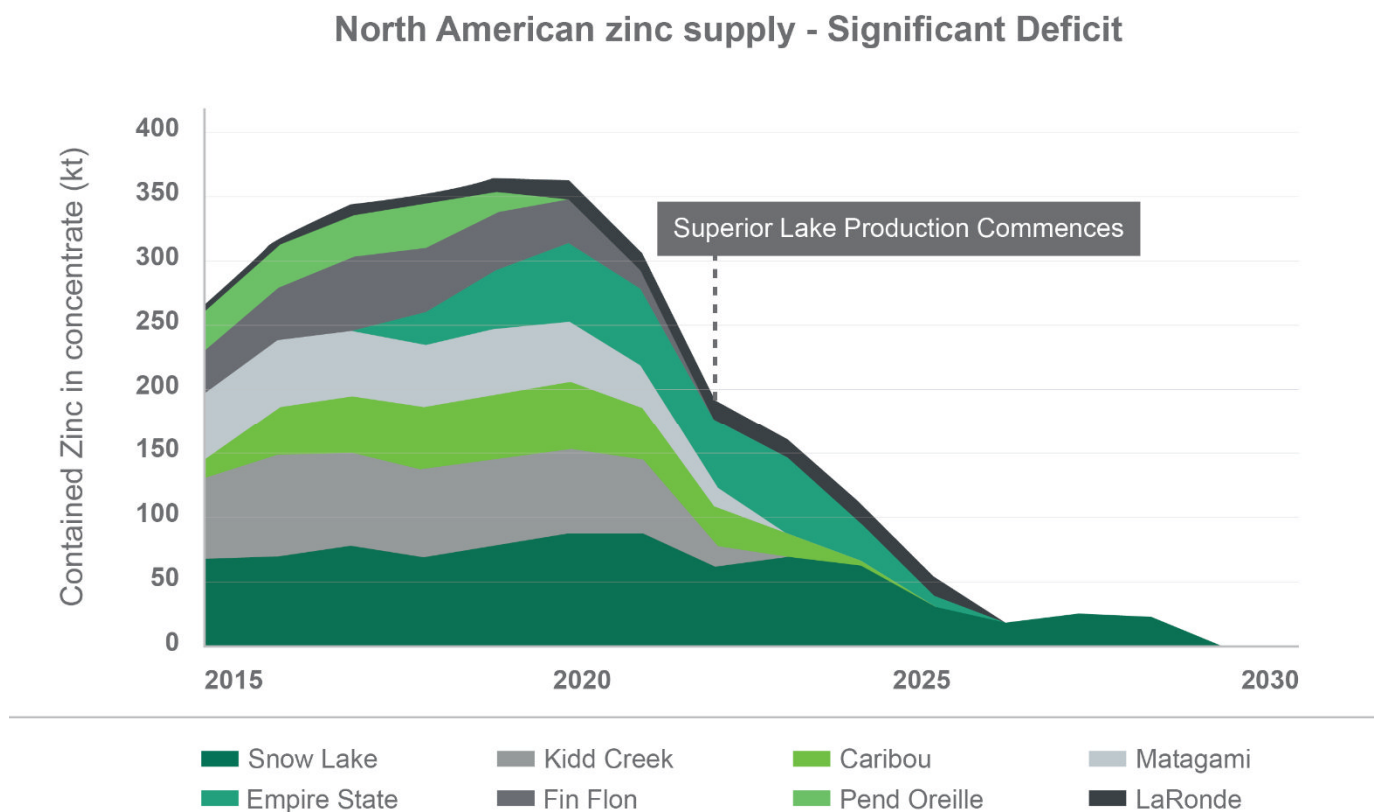
Image 1: Location of North American smelters, rail and port terminals





The majority of supply for these smelters is provided by North American zinc operations. Leading independent commodity expert, CRU, recently highlighted that North American zinc in concentrate production has been almost flat since the end of 2014, rising only 1.9% over the period to 1.76 Mt in 2018. Over the next five years, conditions are forecast to remain the same, with a number of major closures scheduled, including Teck's Pend Oreille, Hudbay's Flin Flon and Glencore's Kidd Creek. Image 2 below illustrates forecast zinc production in North America moving forward.

Image 2: North American zinc supply deficit (Source: CRU – August 2019)



As highlighted above, the commencement of production at Superior Lake is forecast to align with the drop in production from the major North American zinc operations. This will mean that unless the mine life at the operations is expanded or new development projects such as Superior Lake are brought into production, the smelters will need to look for new zinc supply from offshore operations or close. As highlighted in Image 1, the concentrate produced at Superior Lake can access each smelter in North America using existing rail and road infrastructure. In addition, through this existing infrastructure network, the concentrate can easily access the Canadian port system, both on the East and West coast, also allows for relatively easy access to both European and Asian smelters.

In addition, the Company announced on 27 August 2019 (see ASX announcement "Superior Lake receives indicative project finance proposals") that it had received multiple non-binding indicative proposals for financing the development of its Superior Lake Zinc Project. The Company confirms that it has received proposals that range between US\$50m and US\$70m. The parties that have submitted proposals include Sprott and Société Générale. The Company continues to work with its advisor as part of this process. However, there is no agreement, no formal offer has been received and there has been no material change since the announcement of 27 August 2019.



For further information and to learn more about the Company, please visit www.superiorlake.com.au, or contact:

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About the Company

Superior Lake Resources Limited

Superior Lake Resources Limited is focused on the redevelopment of the Superior Lake Zinc Project in North Western Ontario, Canada. The Project is a high-grade zinc deposit with a JORC resource of 2.35 Mt at 17.7% Zn, 0.9% Cu, 0.38 g/t Au and 34 g/t Ag (ASX announcement 7th March 2019) and a Probable Ore Reserve of 1.96Mt at 13.9% Zn, 0.6%Cu, 0.2g/t Au and 26.2g/t Ag (ASX announcement 28th August 2019).

Superior Lake Mineral Resource at 3% Zn cut-off grade					
Classification	Tonnage Mt	Zn%	Cu%	Au g/t	Ag g/t
Indicated	2.07	18.0	0.9	0.38	34
Inferred	0.28	16.2	1.0	0.31	37
Total	2.35	17.7	0.9	0.38	34
Superior Lake Ore Reserve at 5.2% Zn cut-off grade					
Classification	Tonnage Mt	Zn%	Cu%	Au g/t	Ag g/t
Probable	1.96	13.9	0.6	0.2	26.2
Total	1.96	13.9	0.6	0.2	26.2

Reference to previous ASX announcements

In relation to the Mineral Resource estimate previously reported on 7th March 2019, Superior Lake confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 7th March 2019 and that all material assumptions and technical parameters underpinning the Mineral Resource estimate in the announcement of 7th March 2019 continue to apply and have not materially changed.

In relation to the Ore Reserve estimate previously reported on 28th August 2019, Superior Lake confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 28th August 2019 and that all material assumptions and technical parameters underpinning the Mineral Resource estimate in the announcement of 28th August 2019 continue to apply and have not materially changed.