



**Superior
Resources
Limited**

ASX
Announcement

29 May 2019

Superior Resources signs joint venture agreement with global miner South32 over its Nicholson Project.

- Superior Resources (ASX:SPQ) announced today the signing of an earn-in and joint venture (JV) agreement with global miner South32 to advance exploration of the Company's 100%-owned Nicholson Project in north-west Queensland.
- Under Stage 1 of the "Hedleys Joint Venture", South32 must fully fund an initial \$2 million or 4,000m of drilling within the first 12 months of operations, with funding to commence immediately. South32 may elect to proceed to Stage 2 by sole-funding a further \$4 million on exploration within the following four years to earn a 70% interest in the project.
- Superior will be the JV operator during Stages 1 and 2 of JV operations.

Superior's Managing Director, Peter Hwang said he was looking forward to advancing Nicholson, a project located within the globally attractive Carpentaria Zinc Province, which contains around 20 percent of the world's zinc inventory.

"The initial exploration program is targeting up to three Tier 1 equivalent, drill-ready Mount Isa style lead-zinc-silver targets, which we believe could be similar in size to the McArthur River and Century deposits," Mr Hwang said.

"The earn-in and JV agreement with South32 is a significant milestone for Superior's lead-zinc strategy. It validates the potential of the project to host a world-class base metals deposit and ensures that we will be fully funded to complete the substantial drilling program within the first year of the JV. We believe that there are few peer stocks on the ASX with such an exposure to entry-level Tier 1 lead-zinc-silver projects," he said.

The Nicholson Project is located 250km south-east of the MacArthur River Mine and 110km north-north-west of the Century Mine. At least five large geophysical targets have been identified with only one target previously being subjected to exploration drilling.

Mr Hwang said drilling is expected to commence shortly after the completion of an aboriginal cultural heritage survey, scheduled to be conducted during early June 2019.



Located within the Carpentaria Zinc Province, the Nicholson Project is located amongst several major Australian base metal deposits.



Key Terms of Hedleys JV

TERM	PARTICULARS
JV Project	Nicholson Project (EPM15670 and EPM18203)
Stage 1 (Pre-Earn-in)	South32 must sole fund \$2,000,000 or 4,000m of drilling, whichever comes first, within 12 months of commencement of the first drilling program, with a possibility to extend for three months.
Stage 2 (Earn-in)	South32 may earn a 70% interest in the JV Project by sole funding a minimum of \$4,000,000 of exploration expenditure within 48 months of completion of Stage 1 and South32 electing to commence Stage 2, provided that: <ul style="list-style-type: none"> - a minimum of \$1,000,000 of exploration expenditure must be incurred during the first 12 months of Stage 2, with the minimum total cumulative expenditure increasing by \$1,000,000 for each subsequent year of Stage 2; and - South32 elects to pay Superior any cash shortfall to satisfy the minimum annual expenditure.
Stage 3 (Earn-in – Prefeasibility)	South32 may earn an additional 10% interest in the JV Project by electing within six months after the completion of Stage 2 to commence and sole fund a pre-feasibility study.
Operator	Superior is appointed the Operator of the joint venture from formation of the joint venture until South32 completes the Stage 2 Earn-in. After completion of Stage 2, South32 may assume the role of Operator.
Joint Funding	After completion by South32 of the Stage 2 or Stage 3 earn-in, each party must contribute to exploration, development or mining expenditure in proportion to their respective participating interests.
Dilution	Either party may elect not to contribute or to contribute less than its participating share of expenditure, in which case their JV interest will dilute in accordance with a standard industry dilution formula.
Royalty	If a party elects not to contribute or contributes less than its participating share of expenditure and if that party's participating interest falls below 10% as a result of that election, that party's JV interest will be converted to a 1% net smelter royalty.

<ENDS>

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About Superior Resources

Superior Resources Limited (ASX code SPQ) is a public Australian company exploring for large lead-zinc-silver, copper, gold and nickel-cobalt deposits in northern Queensland which have the potential to return maximum value growth for the company's shareholders.

The company has a dominant exploration position within the Carpentaria Zinc Province, one of the world's richest mineral producing regions and is focused on multiple Tier-1 equivalent exploration targets.

About Nicholson Project

The Nicholson Project covers an under-explored geological basin that is known to contain sediments that have potential to host large Mount Isa-style lead-zinc-silver deposits, similar to the McArthur River and Mount Isa deposits. At least five large geophysical targets, each of which have the potential to be caused by a large base metal deposit have been identified by Superior's previous work. Recent work has also confirmed the positive prospectivity of the project area and the extensive presence of potential host sediments. All but one of the targets have previously been subjected to exploration drilling.