



SUPERIOR TO SELL ITS INTEREST IN TICK HILL GOLD PROJECT TO BERKUT MINERALS LIMITED

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- **Superior enters into binding Heads of Agreement to sell its interest in Tick Hill Project to ASX-listed Berkut Minerals Limited (ASX:BMT).**
 - **Consideration payable to Superior:**
 - **2,403,846 ordinary shares @ deemed value of \$0.078 per share in Berkut (equivalent to 25% of total transaction value for Tick Hill); and**
 - **up to \$41,330.80 cash reimbursement of project holding costs.**
 - **Sale of Superior's rights in the project enables the Company to focus on its large lead-zinc and copper-gold projects.**
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Superior Resources Limited (ASX Code: **SPQ**) (**Superior** or **Company**) advises that it has entered into a binding Heads of Agreement with Berkut Minerals Limited (ASX:BMT) (**Berkut**) (**HOA**) to sell the Tick Hill Gold Project (**Project**). The HOA replaces an earlier announced transaction to sell the project to Carnaby Resources Limited (refer ASX announcement dated 5 June 2018).

Under the HOA, Superior has agreed to the sale of its interest in an Exploration Farm-in and Joint Venture Agreement with Diatreme Resources Limited (**DRX**), which under the HOA is expressed to be a 25% beneficial interest in the Project. Consideration for the sale will comprise 2,403,846 fully paid ordinary shares in Berkut at a deemed issue price of \$0.078 per share. In addition, Superior will be reimbursed with up to \$41,330.80 in cash for holding costs incurred since October 2018.

Upon completion of the sale, the Exploration Farm-in and Joint Venture Agreement with DRX will be terminated.

In addition to acquiring Tick Hill, Berkut will also acquire exploration tenements immediately surrounding the project, which are currently held by Syndicated Metals Limited. By doing so, Berkut will have amalgamated all of the ground that is relevant to the prospectivity of the Tick Hill Project.

Superior's Managing Director, Peter Hwang commented: *"The decision to divest the Company's interest in the Tick Hill Gold Project is consistent with the board's focus on expediting the progress of Superior's current Tier 1 lead-zinc and copper-gold portfolio of projects. The Company's interest in Tick Hill comprises a right to earn a 50% interest in the project. Discovering any additional gold lode at the project is a difficult and high-risk task, which is likely to require in excess of several million dollars and take considerable time. Furthermore, the limited area of the Tick Hill mining leases restricts the potential to further discovery under the Exploration Farm-in and Joint Venture Agreement with Diatreme Resources Limited. The proposed amalgamation of the land tenure position under the Berkut proposals is considered by the Board to be the most effective pathway to realising any potential that the project may present."*

The Berkut/Carnaby Team, led by former Beadell Resources executives, Peter Bowler and Robert Watkins, have a highly successful track record in progressing gold projects from exploration to development. We understand that whilst the Tick Hill Project will be centre-stage in Berkut's exploration efforts, Berkut will



also be active on a greater project portfolio comprising a number of gold and copper projects in WA and Qld. We are confident that the experience and dedication of the Berkut team will deliver future value for all stakeholders.”

Background

Superior's current interest in the Project is an earn-in interest under an Exploration Farm-in and Joint Venture Agreement (**JVA**) with DRX. Under the JVA, Superior may earn a 50% interest in the project by:

- spending a minimum of \$750,000 on exploration;
- paying DRX \$100,000; and
- paying DRX 50% of the environmental bond (current bond totals approximately \$330,000).

To date, Superior has spent approximately \$350,000 on the Project and has not met its earn-in requirements.

As a result of the expenditure to date, Superior holds a 50% interest in the surface gold (separate from any interest in the tenements), comprising mainly the residual gold contained in the Tick Hill Tailings Ponds (630,000t @ 1.08 g/t Au, for 22,000 ounces (@ 0.5 g/t cut-off grade)). The results of a scoping study and additional work by Superior during 2016 did not result in defining a viable pathway for the extraction of the residual gold contained in the tailings.

Transaction overview

The sale of Superior's interest in the Project is dependent on the completion of a series of interdependent transactions under which Berkut will acquire all of the shares in Carnaby Resources Limited (**Carnaby**) (not listed on the ASX) as well as:

- a 100% legal and 75% beneficial interest in the Project from DRX; and
- a package of exploration permits surrounding Tick Hill and held by Syndicated Metals Limited.

Upon completion of the above transactions, Superior's arrangements with DRX under the JVA will also be terminated.

Berkut is also planning to conduct a capital raising exercise to raise up to \$1,500,000 at \$0.078 per new share issued in connection with the transactions.

Consideration

Under the HOA, Superior will receive 2,403,846 fully paid ordinary shares in the capital of Berkut at a deemed issue price of \$0.078 per share (**Consideration Shares**). The transaction value of the Consideration Shares is \$187,500.

The Consideration Shares will not be subject to any period of escrow.

In addition, Superior will be reimbursed with up to \$41,330.80 in cash for holding costs incurred since October 2018.

Conditions

The transaction under the HOA is conditional upon a number of conditions being met on or before 30 April 2019, including:

- the satisfaction or waiver of conditions precedent under transactions for the acquisition of Carnaby shares and DRX's interest in the Project;
- the Minister providing indicative approval to the transfer of the Tick Hill tenements;



- Berkut confirming its satisfaction with its legal due diligence enquiries on the Project;
- Berkut obtaining all necessary shareholder and regulatory approvals required to complete the transaction under the HOA; and
- Carnaby agreeing to be bound by all third-party dealings relating to the Project.

Other key terms

By entering into the HOA, Superior has granted exclusivity to Berkut and Carnaby in respect of the sale of the Project.

Subject to satisfaction of the HOA conditions, Superior expects the transaction to complete in early May 2019.

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