



ASX Announcement

ASX: SUP

30th April 2020

Quarterly Activities Report

Quarter ended 31 March 2020

Superior Lake Resources Limited (ASX: SUP) ("**Superior Lake**" or the "**Company**") is pleased to provide its quarterly activities report for the Quarter ended 31 March 2020.

During the Quarter, the Company completed the acquisition of an additional 17.5% of the Superior Lake Project ("**Project**"), which increased its Project interest to 87.5%, and undertook a consolidation of its share capital on a one for ten basis, both of which are expected to support securing project finance for development of the Project. Project related work completed during the Quarter focused on optimisation of the Bankable Feasibility Study ("**BFS**") for the Company's Superior Lake Zinc Project in Ontario, Canada ("**Study**") and exploration potential on the Company's tenement holdings.

Highlights

- **The Study, which identified multiple areas of improvement compared to the BFS, focused on two key areas:**
 - Examining the potential to mine higher grade ore or more tonnes earlier in the schedule to enable an increase in margins in the first two years of production; and
 - Optimising Project cashflow through staging and deferring non-essential capital costs.
- **An accelerated mining rate based on information received from leading global contractor miners has significantly improved production during the first two years of operations (~21,000 tonnes more zinc metal) and four years of operations (~36,000 tonnes more zinc metal)**
 - Increased revenue generation during the first four years of production should allow for increased leverage whilst accelerating repayments.
- **Improving the plant ramp-up by delaying construction of the processing facility (9 months) so that ore stockpiles can be built up prior to production commencing improves early cashflow**
 - This scenario requires "alternative funding" for mine development, with numerous parties showing strong interest to participate.
- **Initial capital cost reductions in the plant of approximately US\$4m have been identified.**
- **A comprehensive review of the exploration potential outside of the immediate Pick Lake and Winston deposits has identified several new near mine and regional exploration targets, including:**
 - **Near mine targets** – Multiple new anomalies identified along strike from the Pick, Winston and Zenith deposits
 - **Joe Creek** – logged sulphides in historical drilling. Untested aeromagnetic anomalies in mafic volcanic rocks
 - **Victoria Lake** – historical assays of 0.12% Zn over 20m (ASX announcement 28 April 2020). Untested aeromagnetic anomalies in mafic volcanic rocks
 - **Ellis Lake** – potential for gold mineralisation along trend of the Schrieber Pyramid Gold mine
- **The Company is continuing to assess these targets with a priority given to those which could extend the current 8-year mine life at Superior Lake**
- **Acquisition of additional 17.5% of the Project, taking the Company's interest to 87.5%**
- **Consolidation of the Company's share capital on a one for 10 basis**



Optimisation Study

Following completion of the BFS (ASX Announcement 28 August 2019), which delivered robust financial returns (pre-tax NPV₈ of A\$224M), driven by exceptionally low operating costs (C1 US\$0.35/lb) and low upfront capital expenditure (US\$87M), the Company commenced work on options to further improve economics. The objective of the Study was to improve the economic returns and to further increase the Project's debt carrying capacity.

The key areas of focus for the Study were:

- 1) Examining the potential to mine higher grade ore and / or more tonnes earlier in the Project's life. (In the BFS, during the first two years of production, the average grade mined is less than the reserve grade of 13.9% Zn).
- 2) Assessing the benefits of using a mining contractor that could achieve higher mining rates based on a more experienced team, procedures and systems.
- 3) Identifying capital costs that could be deferred until later in the Project's life.
- 4) Staging the Project by looking at options whereby a mining contractor would undertake the mine development work for equity or enter into a project financing agreement to cover these costs.

Mining Schedules

With the support of the BFS mining consultant, the Company investigated options for mining higher grade ore or increased tonnes in years one and two, aimed at improving the Project's debt carrying capacity. After analysing several options, two mining schedules were produced, the basis of which are outlined below, with the BFS basis included for comparison purposes.

BFS schedule basis

- BFS used a single jumbo until month 16 when multiple headings were completed, after which two jumbos were employed.
- Decline rate from portal to top of Pick Upper and between Pick Upper and Pick Middle maintained at 210m/month.
- Production ramped up as stopes were developed and ready for extraction.

Option 1 Schedule Basis

- Decline Rate from Portal to top of Pick Upper changed to 260m/month to enable earlier access to the first ore.
- Decline Rate from Pick Upper to Pick Middle A changed to 300m/month to optimize the production shortfall between Pick Upper and Pick Middle A.
- An additional jumbo is added from start of the schedule to month 22 to optimize the production shortfall between Pick Upper and Pick Middle A and then to maintain sufficient stope production levels.
- An additional 295m of bypass waste development has been added in Pick Lower B to enable bottom-up stoping ore to be brought forward and optimise final years in the schedule.
- Maximum total monthly tonne-kilometres (TKM) is no more than 420,000 to maintain the maximum truck number to 4.
- In months 16 to 22, production is capped at 20 kt / month and in months 28 to 46, production is capped at 30 kt / month.

Option 2 Schedule Basis

- Decline Rate from Portal to top of Pick Upper changes to 260m/month to enable earlier access to the first ore.
- Decline Rate from Pick Upper to Pick Middle A changes to 300m/month to optimize the production shortfall between Pick Upper and Pick Middle A.



- An additional jumbo is added from start of the schedule to month 22 to optimise the production shortfall between Pick Upper and Pick Middle A and then to maintain sufficient stope production levels.
- An additional 295m of bypass waste development has been added in Pick Lower B to enable bottom-up stoping ore to be brought forward and optimise final years in the schedule.
- Maximum total monthly TKM is no more than 420,000 to keep the maximum truck number to 4.
- Months 16 to 22, uncapped production, and months 28 to 46, production capped at 30 kt / month.

The mining schedules for the BFS and two Optimisation cases are shown in Table 1.

The accelerated mining rates were successful in bringing tonnes forward in the mining schedule. In Option 1, with production capped in Year 1, approximately 18,000 tonnes of additional metal was mined in the first two years with a smoother production profile and a smaller dip in month 25.

In Option 2, unconstrained in Year 1, approximately 21,000 tonnes of additional metal was mined in the first two years, but with a peak and trough in the period similar to the BFS schedule. This could be further managed on the RoM pad to develop a smoother production schedule.

In both cases the life-of-mine was reduced by one year (but with the same life-of mine metal production) and a flatter mining profile.

Table 1: Mining Schedule Scenarios

	Total	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9
BFS Schedule										
Ore tonnes (t)	2,202,631	51,584	178,335	312,511	329,400	328,500	328,500	327,910	192,928	152,693
Zn Grade (%)	13.7	10.0	9.6	10.4	13.1	16.4	14.1	13.7	15.9	18.7
Zn Metal (t)	290,076	4,997	16,389	31,265	41,451	51,693	44,450	43,002	29,420	27,410
Optimisation Study – Option 1										
Ore tonnes (t)	2,202,632	144,544	282,068	328,500	325,837	326,450	325,380	325,500	141,352	
Zn Grade (%)	13.7	9.6	9.7	12.8	15.2	16.3	15.3	14.5	13.1	
Zn Metal (t)	290,344	13,332	26,399	40,342	47,722	51,123	47,785	45,865	17,776	
Variance (t)	268	8,335	10,010	9,078	6,271	-570	3,335	2,863	-11,644	
Optimisation Study – Option 2										
Ore tonnes (t)	2,202,632	165,699	284,957	328,500	324,813	326,629	324,166	328,500	119,369	
Zn Grade (%)	13.7	9.2	10.2	12.6	15.5	15.8	15.5	14.6	13.6	
Zn Metal (t)	290,453	14,686	28,009	39,897	48,441	49,626	48,160	46,095	15,538	
Variance (t)	377	9,689	11,620	8,632	6,989	-2,066	3,710	3,094	-13,882	

Contract Mining

The optimised schedules were provided to a selection of Australian mining contractors to produce a revised mining cost estimate for the Project. The results indicate an increase in mining costs for the contractor of approximately 25%. Operating costs increased from C\$74/tonne ore to C\$86/tonne with the most significant cost increases seen in sustaining capital, driven primarily by higher labour related costs.

It is important to note that in the BFS, an owner operator model was used with an acknowledgement that new systems, training and procedures will need to be implemented at the start of the Project which would limit mining rates. A conservative mining rate of 210m/month was therefore assumed. A mining contractor with a well-established capability in place is expected to enable a higher mining rate to be achieved in the initial stages.



Project Staging

A detailed assessment was undertaken to determine if delinking the mine development from the remainder of the Project execution could improve economics. This scenario involved stockpiling ore for a period at the beginning of the schedule, with plant construction then delayed so that when the plant commences operations the concentrate production ramp-up is not constrained by the mine development and ramp-up.

The analysis indicated that the plant construction can be delayed by up to nine months, with the plant throughput ramping up to the design value of 300,000 tonnes per year at the end of the first year of production rather than at the end of the second year as per the BFS schedule. This scenario however requires an alternate funding approach for mine development. A number of discussions were held with various Canadian parties that had shown interest in the project, including mining contractors, equipment suppliers and a business consortium. The Company has been working closely with one particular Canadian mining contractor who is accessing the Project data room and the initial feedback has been encouraging.

Project Capital Costs

The Company undertook a review of the plant capital costs, specifically contracting methodologies and associated indirect costs. Savings of approximately US\$4M were identified as part this review, resulting in a revised upfront capital cost of US\$82.9M, excluding Owner's costs and pre-production expenditure.

Table 2: Updated Project Capital Cost Estimate

Cost Centre	BFS Capex US\$M	Updated Capex (US\$M)
Site General	0.8	0.8
Process Plant	43.5	45.9
Infrastructure	7.5	7.5
Mine Development	13.2	13.2
sub-total Direct Capital Costs	65.1	67.4
EPCM / Management	5.4	5.4
Construction Indirects	7.7	1.9
sub-total Indirect Capital Costs	13.1	7.3
Contingency	8.6	8.2
Total	\$86.7M	\$82.9M

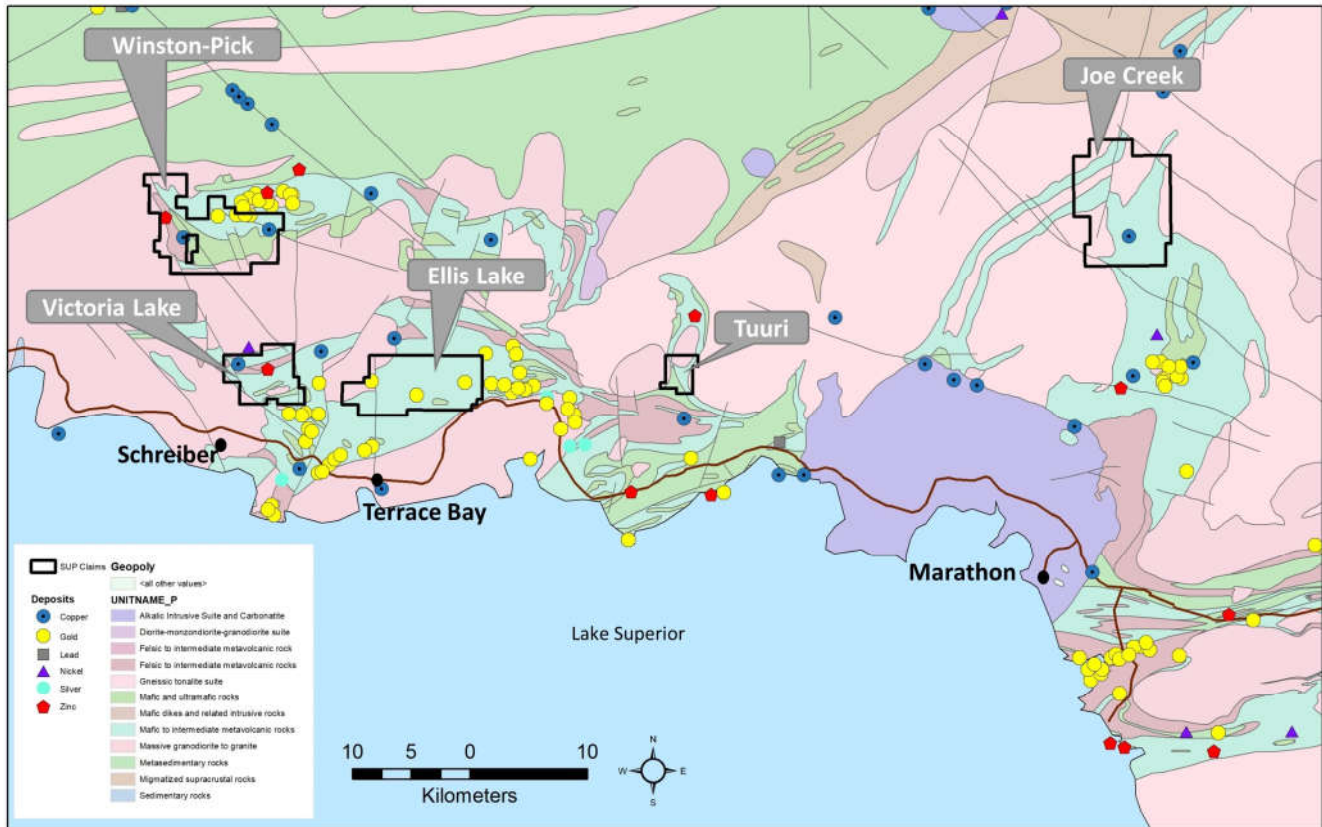
Extensive review identifies multiple near mine and regional exploration targets

During the Quarter, the Company expanded its exploration efforts across the Company's total holding in the Superior Lake region (217km²) (Image 1). This resulted in the Company "stepping out" from the previous near mine targets to assess numerous prospects along strike from the existing resources as well as assess regional targets. This work has resulted in the following targets being identified:

- Multiple near mine targets – along trend from the Pick, Winston and Zenith deposits.
- Joe Creek – untested brownfield targets associated with structural and aeromagnetic anomalies in regionally attractive mafic volcanic rocks.
- Victoria Lake – untested aeromagnetic anomalies in mafic volcanic rocks along trend of historical assays of 0.12% Zn over 20m and surface grab samples of 1100ppm Zn.
- Ellis Lake – potential for gold mineralisation along trend of the Schrieber Pyramid Gold mine.



Image 1: Geology and location of exploration targets



Near Mine Targets

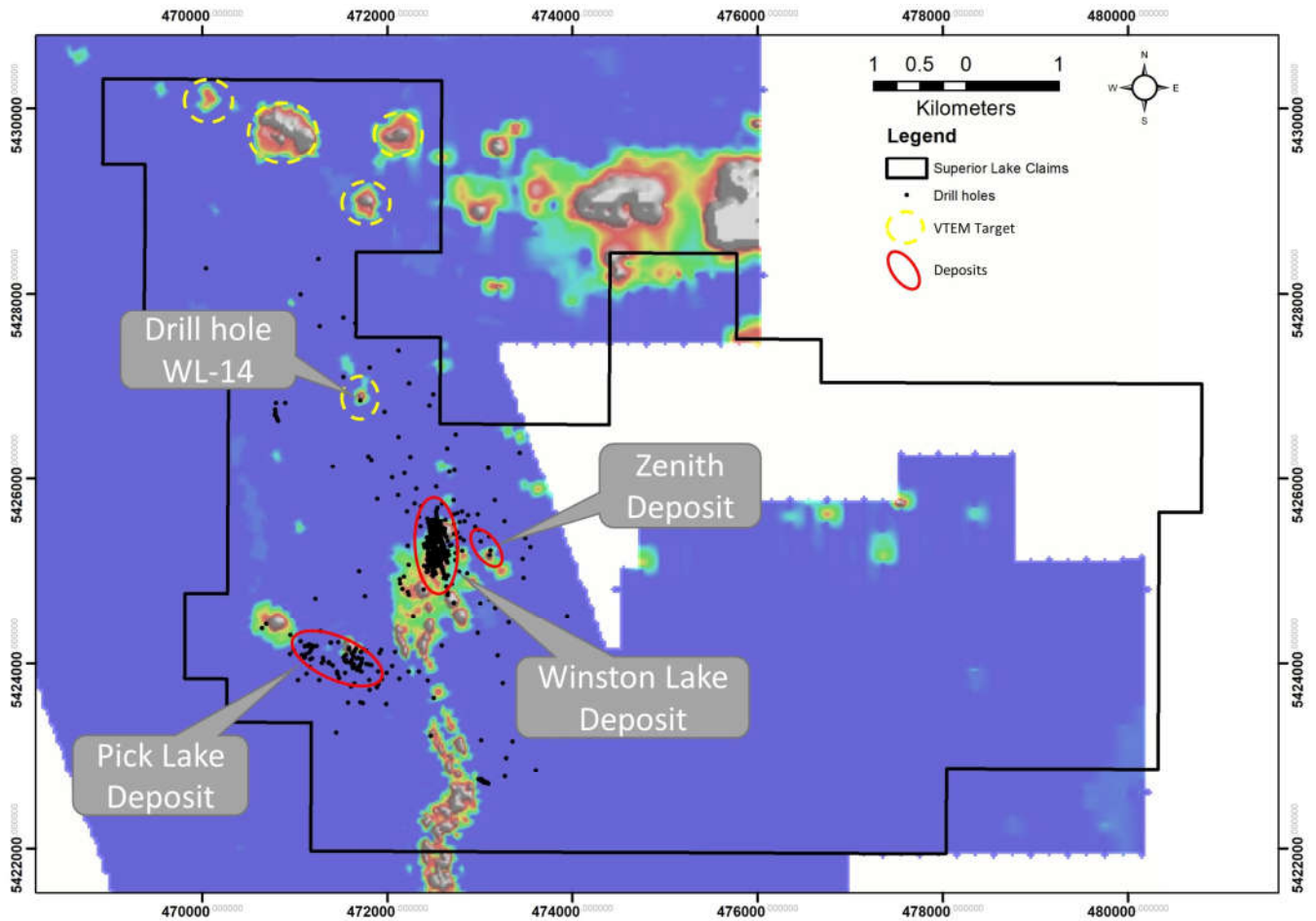
In addition to the previously identified targets adjacent to the Pick and Winston deposits (ASX announcement 29 October 2019), the Company has expanded and re-examined historical information surrounding the known mineralisation to generate additional targets. Information on each target is set out below.

VTEM Anomalies

In 2011, a Versatile Time Domain Electromagnetic (VTEM) survey was completed over the Project with the results shown in Image 2 below (ASX announcement 28 April 2020). The VTEM survey clearly identified the known deposits at Winston and Zenith, as well as numerous other potential targets in the northern area of the tenements that have received little to no historical exploration work. The Pick deposit, being located at depth, does not produce a strong signature in the VTEM survey.



Image 2 – VTEM survey over Superior Lake Project



In the northern area of the VTEM survey, approximately 2km from the Winston Lake mine, four strong conductors have been identified. While these targets have a number of similarities when compared to the known deposits, no drilling or other follow up work has been undertaken. Further work is required at these targets, including field reconnaissance work, soil sampling, additional compilation of historical near-mine drill data and incorporation in the current GIS data set to allow for detailed targeting.

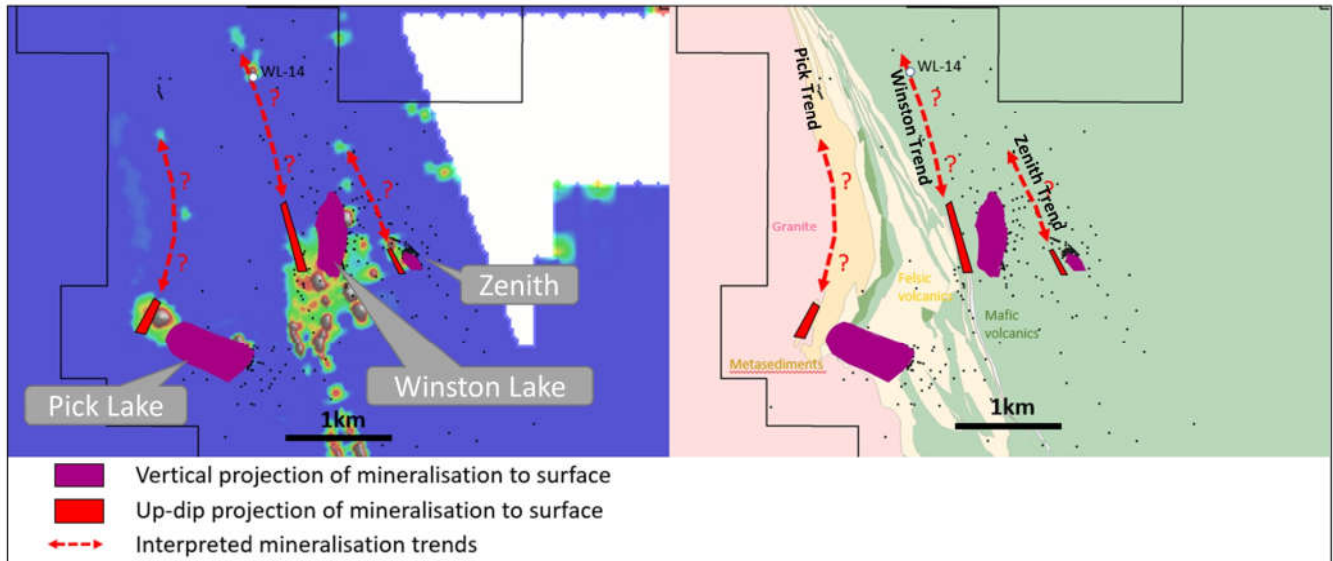
A second coincident VTEM anomaly (WL-14) has also been identified approximately 1km north of the Winston mine. This target was historically drilled, with logging indicating laminated zinc sulphides (approximately 5% sulphides) with the sulphides comprising up to 10% sphalerite from 20m (ASX announcement 28 April 2020). The logged sulphides were however never sampled, and no further drilling was undertaken to test this zone.

The mineralisation is approximately 500m along trend of the Winston/Zenith deposits and is interpreted to be related to the systems that host these deposits. The interpreted VTEM conductor trends, as highlighted by the red dashed lines in Image 3 below, illustrate a strong correlation to mapped geology and anomalism seen in several historical drill holes (e.g. WL-14, Image 2).

Further work is required at these targets, including field reconnaissance work, soil sampling, mapping, additional compilation of historical near-mine drill data and incorporation in the current GIS data set to allow for detailed drilling targeting.



Image 3: (LHS) VTEM geophysical anomalies and interpreted trends of mineralisation along strike from deposits; (RHS) Interpreted trends overlain on regional geology



Pick Target

Diamond drilling north of the Pick Deposit, encountered sulphide mineralisation grading 3.4% Zn and 0.25% Cu over 0.35m from 608m in hole PL19-01 (ASX Announcement 26 November 2019). This mineralisation was within a broader 29m wide zone hosting narrow bands of massive and semi-massive pyrrhotite and pyrite.

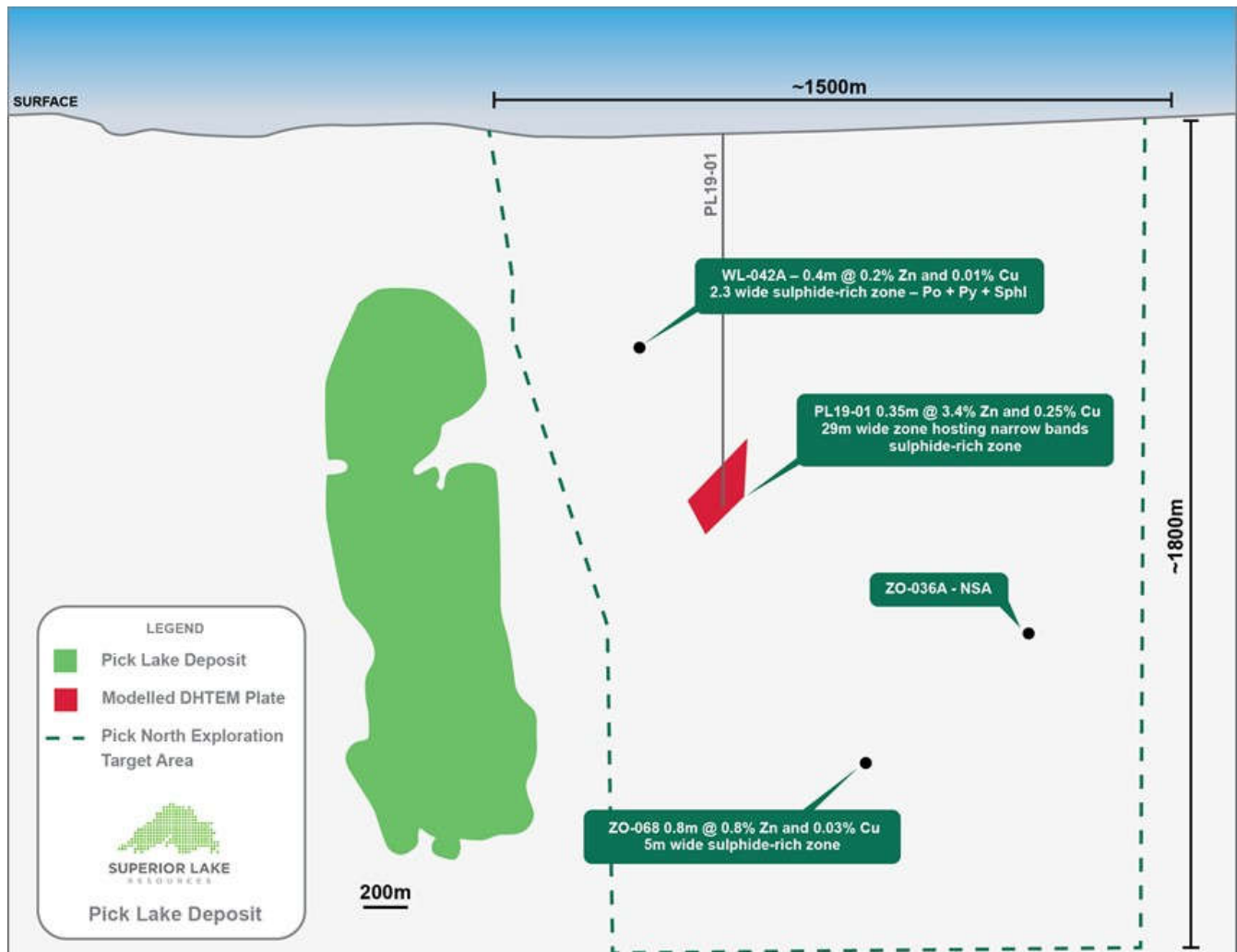
Follow-up Down-Hole Transient Electromagnetic (DHTEM) survey work indicated a conductive plate associated with the new sulphide intercepts, and drill hole assays and geochemical analysis confirmed the existence of typical VMS systems markers being iron, zinc, and copper bearing sulphide minerals.

Importantly, further work completed by the Company indicates that the mineralisation encountered in hole PL19-01 is interpreted to occur on the same prospective horizon that hosts the Pick Lake deposit. The tenor and thickness of the sulphide mineralisation in hole PL19-01 is significantly higher than any of the historical drill holes in the area along strike from the Pick Lake deposit.

In addition, a review of the historical drilling database found that only three drill holes have intersected this prospective horizon. A target region of approximately 1800m x 1500m has been established as shown in Image 4 below and is a priority for future exploration programs.



Image 4: Pick Lake long section showing exploration target area – tested by only 4 drill holes



Zenith Deposit

The historic Zenith operation is located approximately 500m east of the Winston Lake deposit and was the first major zinc deposit discovered in the Superior Lake region. Zenith has been an operating mine at various stages since the 1880s, most recently by Falconbridge Copper who discovered the Winston Lake deposit.

Interpretation of the Zenith deposit indicated it to be a rafted or dislodged portion of the Winston Lake Deposit where the massive sulphide and associated host rock xenoliths were dislodged and transported by a multi-phase intrusive gabbro.

Whilst it is probable that the majority of previously identified mineralisation at Zenith has been depleted, there remains a strong possibility of some remnant resource remaining. Further work at the deposit is expected to focus on compiling the historical data to quantify any remnant mineralisation that may be accessible through the proposed decline.

For example, a summary report indicates that intercepts of up to 2.1m @ 19% Zn (ASX announcement 28 April 2020) near the Zenith deposit, which suggests potential for down-plunge potential for the Zenith deposit.



Regional Exploration Targets

Joe Creek Prospect

The Joe Creek Prospect is located within the Schreiber-Hemlo Greenstone Belt, 75km east of Pick/Winston (Image 1) and comprises mafic volcanic flows, tuffs and metasediments interbedded with minor felsic volcanics, and intruded by later granodiorite.

The Company's interpretation of data from an airborne EM survey and magnetic survey completed by Noranda in 1983 indicates two strong magnetic highs along structures in the mafic volcanoclastic sediments which are a known host horizon (ASX announcement 28 October 2020).

In addition, the confluence of N-S and NE-SW trending volcanic sequences, is a favourable structural target for both base metal and gold mineralisation.

Following the survey, Noranda completed three holes in 1987 to test two conductive zones. Historical logs show disseminated sulphides recorded.

Follow up work at the Joe Creek Prospect is planned to focus on reconnaissance mapping and soil and rock chip sampling across the target areas which have a combined strike length of over 15km. Historical drill core will also be located to review the geology logging and obtain samples for assaying.

Victoria Lake Prospect

The Victoria Lake Prospect is located 20km south of the Pick Lake deposit (Image 1) and comprises a thick sequence of metavolcanic and metasedimentary units which have been folded about an E-W trending syncline axis. An airborne aeromagnetic survey was completed by Noranda in 1983 which identified several anomalies which were subsequently tested with limited drilling.

Drill results included a sulphide-bearing basalt sequences with assay results returning 0.12% Zn over 20m and 40m of >400ppm Zn. Whilst further drilling encountered 6m at >400ppm Zn, the drill hole did not reach the target depth and the majority of the conductors were not followed up with drilling (ASX announcement 28 April 2020).

Planned work to be completed at this prospect includes ongoing compilation of historical data, reconnaissance mapping, soils, rock chips and review of historical core.

Ellis Lake Prospect

The Ellis Lake Prospect is located 25km southeast of Pick/Winston (Image 1) and comprises of a thick sequence of metavolcanics and metasedimentary units folded about an E-W trending syncline as found in the Victoria Lake Prospect.

Although only limited historical work has been completed, the tenement is prospective for both gold and base metal mineralisation. Mapping and aeromagnetic surveys indicate similarities with the Winston Lake sequences.

The volcanic sequence remains largely untested by drilling but remains a highly prospective greenfields target given the proximity to the Schreiber Pyramid Gold Mine (approximately 6km SE) where a review of government data repositories found that mining of lode-style, base-metal rich, veining of up to 30g/t Au has been reported. Follow up work is planned to include ongoing compilation of historical data, reconnaissance mapping, soils and rock chips.

Turri Prospect

The Turri Prospect is located 40km southeast of the Pick/Winston Project (Image 1) and comprises mafic-intermediate metavolcanics and metasediments and granite intrusions and cross-cut by mafic dykes.

While exploration work completed at the Turri Prospect has been limited, aeromagnetic data shows a strong magnetic high corresponding to the trend of mapped geology within the tenement. This has the potential for structurally hosted gold mineralisation. Follow up work is expected to include ongoing compilation of historical data, reconnaissance mapping, and soils and rock chips sampling.



CORPORATE

Cash

As at 31 March 2020, the Company had cash of \$0.25 million.

Acquisition of additional 17.5% Project interest

During the Quarter, shareholders approved the acquisition of an additional 17.5% of Ophiolite Holdings Pty Ltd ("**Ophiolite**"), which holds the Superior Lake Zinc Project, increasing the Company's ownership of the Project to 87.5% ("**Ophiolite Acquisition**"). The Ophiolite Acquisition was given effect post Quarter end, when the Company issued 21,611,617 shares as consideration for the acquisition.

Two remaining minority shareholders of Ophiolite – entities controlled by Mr Evan Cranston and Mr Tolga Kumova who hold 12.5% of Ophiolite – elected not to exchange their Project interest for Superior shares and as a result are now required to contribute funding of Project expenditure on a *pro rata* basis. Aside from certain matters that require the approval of a special majority of directors or shareholders, voting is in accordance with the respective holdings of Ophiolite shareholders.

Other opportunities

In addition to the exploration work and the Optimisation Study completed during the Quarter, both of which are focused on enhancing the value of the Superior Lake Project, the Company continues to review new business opportunities that can enhance shareholder value.

Together with its tax advisors, the Company continues to also monitor the benefits provided by the Federal Government's COVID-19 related stimulus packages and will utilise available benefits and concessions as appropriate.

Consolidation of share capital

During the Quarter, the Company commenced a consolidation of its share capital on the basis that every 10 shares in the Company were consolidated into one share, with all outstanding options consolidated on the same basis ("**Consolidation**"). The Consolidation was completed on 14 April 2020.

On completion of the Ophiolite Acquisition and the Consolidation, the Company had 130,936,149 shares on issue.

General meeting

At a general meeting held on 27 March 2020, all resolutions put to shareholders, including those related to the Ophiolite Acquisition and the Consolidation, were approved.

Information required under ASX Listing Rule 5.3.3

A list of current mining and exploration tenements as at 31 March 2020 is shown in Table 3. There has been no change to the Company's tenement holdings from the previous Quarter.

Table 3. Tenement holdings as at 31 March 2020

Country	Tenement	Interest	Status
Ontario, Canada	4287909	87.5%	Granted
Ontario, Canada	4287910	87.5%	Granted



Country	Tenement	Interest	Status
Ontario, Canada	4287911	87.5%	Granted
Ontario, Canada	4274196	87.5%	Granted
Ontario, Canada	4274197	87.5%	Granted
Ontario, Canada	4244161	87.5%	Granted
Ontario, Canada	4244162	87.5%	Granted
Ontario, Canada	4244163	87.5%	Granted
Ontario, Canada	4244751	87.5%	Granted
Ontario, Canada	4274195	87.5%	Granted
Ontario, Canada	3001231	87.5%	Granted
Ontario, Canada	4284603	87.5%	Granted
Ontario, Canada	4287912	87.5%	Granted
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Ontario, Canada	4287915	87.5%	Granted
Ontario, Canada	4287916	87.5%	Granted
Ontario, Canada	4287917	87.5%	Granted
Ontario, Canada	4287918	87.5%	Granted
Ontario, Canada	4287919	87.5%	Granted
Ontario, Canada	4287920	87.5%	Granted
Ontario, Canada	4287921	87.5%	Granted
Ontario, Canada	4287922	87.5%	Granted
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Ontario, Canada	4284636	87.5%	Granted
Ontario, Canada	4284637	87.5%	Granted
Ontario, Canada	4284638	87.5%	Granted
Ontario, Canada	4284640	87.5%	Granted
Ontario, Canada	4284641	87.5%	Granted
Ontario, Canada	4284642	87.5%	Granted



Country	Tenement	Interest	Status
Ontario, Canada	4284643	87.5%	Granted
Ontario, Canada	4284648	87.5%	Granted
Ontario, Canada	4284680	87.5%	Granted
Ontario, Canada	4284684	87.5%	Granted
Ontario, Canada	4284601	87.5%	Granted
Ontario, Canada	4284606	87.5%	Granted
Ontario, Canada	4284602	87.5%	Granted
Ontario, Canada	4284604	87.5%	Granted
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Ontario, Canada	4284621	87.5%	Granted
Ontario, Canada	4284622	87.5%	Granted
Ontario, Canada	4284623	87.5%	Granted
Ontario, Canada	4284624	87.5%	Granted
Ontario, Canada	4284625	87.5%	Granted
Ontario, Canada	4284626	87.5%	Granted
Ontario, Canada	4284627	87.5%	Granted



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 7 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 28 August 2019).

Superior Lake Mineral Resource at 3% Zn cut-off grade ¹					
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

1. Mineral Resources are inclusive of Ore Reserves. The Mineral Resource was estimated within constraining wireframe solids using a nominal 3% zinc cut-off grade. The resource is quoted from all classified blocks within these wireframe solids. Differences may occur due to rounding.

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

Grant Davey Executive Director +61 8 6117 0479

Reference to previous ASX announcements

In relation to the Mineral Resource estimate previously reported on 7 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 7 March 2019 and that all material assumptions and technical parameters underpinning the Mineral Resource estimate in the announcement of 7 March 2019 continue to apply and have not materially changed.

In relation to the Ore Reserve estimate previously reported on 28 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 28 August 2019 and that all material assumptions and technical parameters underpinning the Mineral Resource estimate in the announcement of 28 August 2019 continue to apply and have not materially changed.

In relation to the results of the Bankable Feasibility Study announced on 28 August 2019, Superior Lake confirms that all material assumptions underpinning the production target and forecast financial information included in that announcement continue to apply and have not materially changed.

In relation to the exploration results previously reported on 29 October 2019, 26 November 2019 and 28 April 2020, the Company confirms that all material assumptions continue to apply and have not materially changed.

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 March 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	(174)	(174)
	(c) production	-	-
	(d) staff costs	(82)	(82)
	(e) administration and corporate costs	(111)	(111)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	4
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)	(99)	(99)
1.9	Net cash from / (used in) operating activities	(461)	(461)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	(56)	(56)
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(56)	(56)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
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 / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	762	762
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(461)	(461)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(56)	(56)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	245	245

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	245	517
5.2 Call deposits	-	245
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)	245	762

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
169
-

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

Payments to directors for director fees (March quarter: \$47,000).

Mr Grant Davey, who is a non-executive Director of the Company is a Director and shareholder of Matador Capital Pty Ltd (Matador Capital). The Company makes payments to Matador Capital under a Shared Services Agreement in which Matador Capital provides office space, a working capital facility, general office costs, bookkeeping services and technical exploration and geological staff to the Company. The services provided by Matador Capital are recovered from the Company on a cost-plus basis (March quarter: \$122,000).

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.</i>			
<i>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)	(461)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(461)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	245
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	(216)
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.5

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- 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?

Answer: The Company intends to reduce its cash outflow significantly during the following quarters. An amount of \$174,000 disclosed in item 1.2(b) above represents the payment of final invoices associated with the Definitive Feasibility Study which is now complete and will not be incurred moving forward. An amount of \$99,000 is disclosed in item 1.8 above which is largely the cost of the recent transaction with the minority shareholders of the Company's subsidiary Ophiolite Holdings Pty Ltd which covers legal fees, costs associated directly with the general meeting and an independent expert's report. This is a once off transaction, the costs of which will not be incurred in the coming periods. The Company has also taken steps to reduce its cash outflow from Corporate and Administration as disclosed in 1.2(d) and 1.2(e) by reducing contractor costs, office size, staffing levels and Directors fees. It is anticipated that this will reduce Corporate, Administration and Staff costs by \$40,000 per quarter by the end of the third quarter.

- 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: Yes. The Company has a strong track record of consistently raising equity capital, irrespective of the state of equity markets. The Company is currently considering several equity related funding options and major shareholders, including Mr Grant Davey, have undertaken to provide financial support, should it be required by the Company.

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: Yes. Based on its ability to raise equity capital and the support of major shareholders, the Company anticipates that it will be able to maintain operations and carry out activities associated with delivering the Company's strategy.

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: 30 April 2020

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.