



SUPERIOR TO DIVEST ITS INTEREST IN TICK HILL GOLD PROJECT FOR SHARES IN THIRD-PARTY IPO

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- **Superior enters binding Terms Sheet to sell its interest in Tick Hill Project to Carnaby Resources Limited.**
 - **Consideration for Superior's 25% agreed interest:**
 - **up to 1,500,000 ordinary shares @ \$0.25 per share in upcoming Carnaby IPO; and**
 - **total value up to \$375,000.**
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Superior Resources Limited (ASX Code: **SPQ**) (**Superior** or **Company**) advises that it has entered into a binding Terms Sheet with Carnaby Resources Limited (**Carnaby**) and Diatreme Resources Limited (**DRX**) (**Terms Sheet**), which grants Carnaby an option to acquire 100% of the Tick Hill Gold Project (**Project**), located approximately 150 kms SSE of Mount Isa, Queensland.

Consideration for the sale will comprise fully paid ordinary shares in Carnaby upon Carnaby's admission to the Official List of the ASX via an upcoming initial public offering (**IPO**). Carnaby is seeking to raise between \$10 million and \$15 million under the IPO. Superior will receive 1.5% of the total capitalisation of Carnaby upon listing, comprising a minimum of 1,075,000 shares and a maximum of 1,500,000 shares priced at \$0.25 per share (valued at up to \$375,000), depending on the level of subscriptions under the IPO. DRX will receive a minimum of 3,225,000 and a maximum of 4,500,000 Carnaby shares.

Superior's current interest in the Project is an earn-in interest under an Exploration Farm-in and Joint Venture Agreement (**JV Agreement**) with DRX. Under the JV Agreement, 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 \$298,000).

To date, Superior has spent approximately \$350,000 on the Project and has not met its earn-in requirements. But for the Carnaby transaction, the JV Agreement will have terminated on 31 December 2017.

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 pathway to viable extraction of the residual gold contained in the tailings.

For the purposes of the Terms Sheet, Superior's interest in the Project is deemed to be a 25% beneficial interest with DRX's interest deemed to be 75% legal and beneficial interest.



Key terms of Terms Sheet:

Under the Terms Sheet, Superior and DRX separately grant Carnaby an option to acquire 100% of each party's interests subject to the following key conditions:

- each option must be concurrently exercised on or before 30 June 2018;
- Carnaby must lodge a prospectus with ASIC and raise a minimum of \$10,000,000 and up to \$15,000,000 (before costs) via the IPO;
- any escrow of the consideration shares is not more than 12 months; and
- Carnaby must receive approval to be admitted to the Official List of the ASX within 120 days of signing the Terms Sheet.

Superior's Managing Director, Peter Hwang commented: *"The decision to divest the Company's interest in the Tick Hill Gold Project in the manner of the Carnaby transaction and in the context of Superior's current Tier 1 base metals and battery metals foci, is considered by the Board to be the most effective strategic pathway to realising the project's potential. Discovering any additional gold lode at the project is a difficult and high cost task, which is likely to require in excess of \$1 million and take considerable time. Superior's best interests for its shareholders is to apply the Company's current funds to pursuing its new cobalt projects and its large Tier 1 lead-zinc-copper projects, whilst also progressing the Steam Engine Gold Deposit with its maiden resource of 85,000 ounces of gold at 2.5g/t with a 1.0g/t cut-off.*

The 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 and also bring with them, prior experience on the Tick Hill Project. We understand that the Carnaby IPO, which includes a number of gold projects in WA and QLD has been well received and full subscription is expected. The Tick Hill Project will be centre-stage in Carnaby's exploration efforts post-listing.

I am confident that being well-funded and with the experience and dedication of the Carnaby team, Superior's shareholders and the Company have the best opportunity to realise any upside from the project as well as the Carnaby portfolio".

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