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Superior signs Term Sheet for grant of option to acquire 100% interest in Tick Hill Gold Project

Superior Resources Limited (**ASX Code: SPQ**) (**Superior**) is pleased to announce that the company has agreed a Term Sheet with Diatreme Resources Limited (**ASX: DRX**) (**Diatreme**) for the grant to Superior of an option to acquire a 100% interest in the Tick Hill Gold Project (**Project**).

The company is currently a party to a joint venture agreement with Diatreme (**JVA**) which, subject to the completion of the transfer of the Project mining leases to Diatreme under a sale agreement between Diatreme and Mount Isa Mines Limited, entitles Superior the right to earn a 50% interest in the Project. The formalisation and details of the JVA were announced to the market on 17 June 2013. This new option arrangement preserves the key terms contained in the JVA.

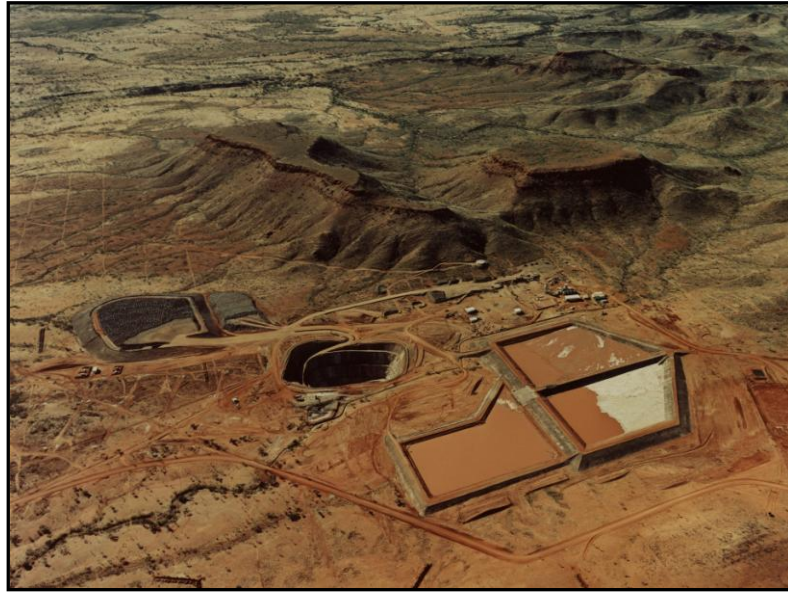
The key terms of the option arrangement are:

- Superior is granted an option to acquire a 100% legal and beneficial interest in the Project in return for the issue to Diatreme of 10,000,000 ordinary shares in Superior. The shares will be:
 - issued within 10 days of completion of the transfer of the Project mining leases to Diatreme; and
 - escrowed for a period of 12 months from the date of issue.
- The term of the option is three years, commencing on the date of completion of the transfer of the Project mining leases to Diatreme and extendable for an additional period of not less than 12 months;
- If Superior elects to exercise the option, then at the election of Diatreme, Superior will pay Diatreme \$6,000,000 or the equivalent in ordinary shares in Superior (30 day VWAP per share), or any combination of cash and shares. The issue of any shares to Diatreme will be subject to the approval of Superior shareholders;
- During the option period, Superior:
 - will have the exclusive right to manage, plan and conduct exploration activities on the Project;



- retains the right under the JVA to be transferred a 50% interest in the Project upon spending \$750,000 on exploration activities; and
- may mine and process existing surface material, including waste dumps, on the basis of each party funding 50% of the costs or as otherwise agreed between the parties. The revenue generated by such an operation will be apportioned between the parties in accordance with their respective proportionate contributions to the costs.

The Tick Hill Gold Project - Background



Tick Hill Gold Project Mining Operations - circa 1993

The Tick Hill Gold Project comprises three granted Mining Leases (No's 7094, 7096 and 7097), each with an area of 130ha for a total area of 390ha. The project is located 110km southeast of Mount Isa in northwest Queensland (Figure 1).

The Tick Hill Gold Deposit was mined between 1991 and 1995 by Carpentaria Gold Pty Ltd (a subsidiary of MIM Holdings Limited) for the production of 513,333 ounces of gold from 705,000 tonnes of ore at a recovered grade of 22.6 g/t gold (MIM Holdings Limited – Annual Reports). This makes it one of the highest grade gold deposits in Australia's recent gold producing history.

Previous mining at Tick Hill was by an open pit with an underground mine beneath the open pit. Access to the underground mine was via a decline. A blind-bored vertical shaft which connected to the decline at depth was used for ventilation and as a mine escape route. Both the decline and vertical shaft were capped by concrete at the completion of mining but both are expected to be recoverable if required for further mining. Mine workings are currently flooded.

The prime purpose of the exploration program to be completed by SPQ is to define a high-grade gold resource similar to that previously mined by Carpentaria Gold Pty Ltd.

SPQ has identified a fault near the bottom of the previously mined gold shoot with the possibility that the gold shoot may exist at depth in an offset position from the previously mined area. On satisfaction of the remaining conditions precedent to the JVA, SPQ will initially drill areas containing the possible offset extension of the mined shoot.



Additional exploration to be completed by SPQ includes assessment of other potentially gold bearing areas within the mining leases, testing of the tailings from the previous mining to determine if these contain sufficient gold to warrant reprocessing, assessment of potential alluvial resources and investigation of the grade of the old mine dumps.

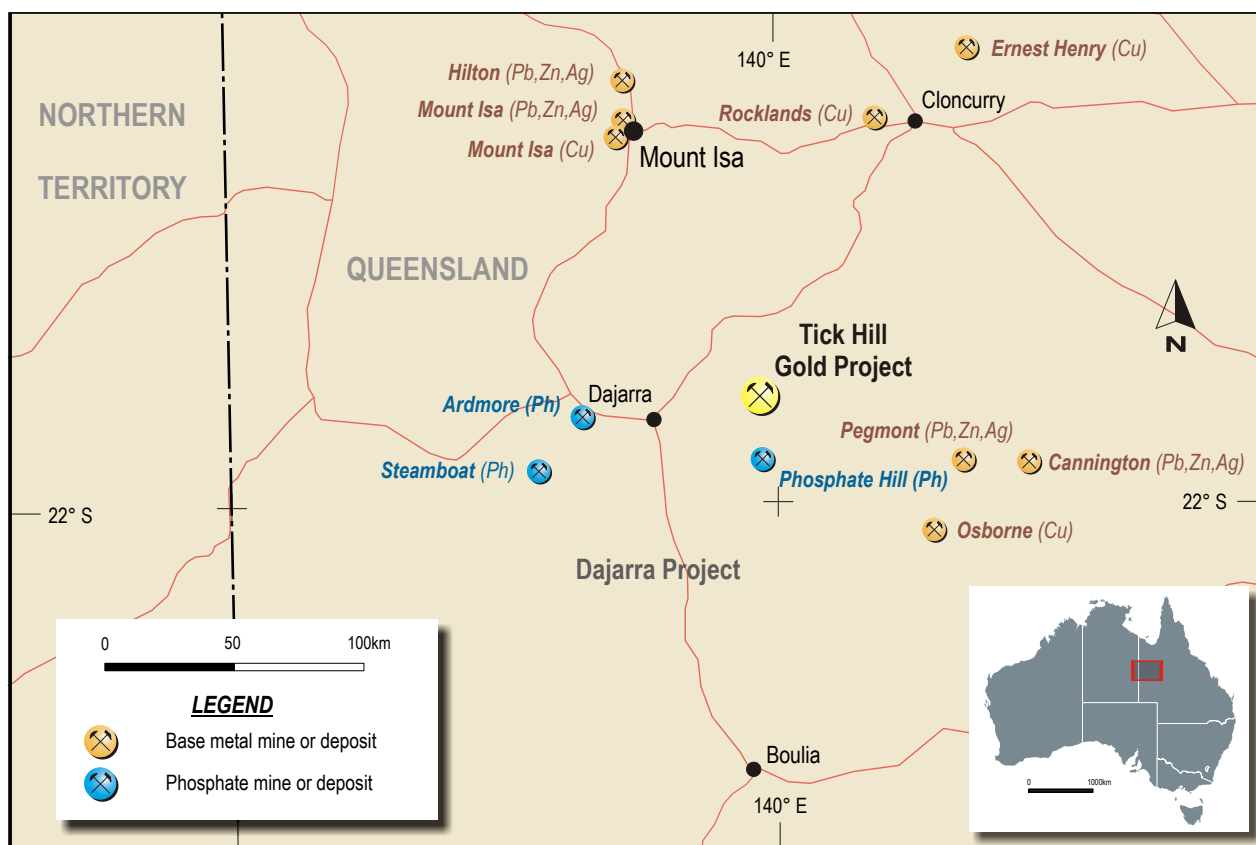


Figure 1: Tick Hill Gold Project location

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