Superior Resources Limited

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QUARTERLY ACTIVITIES REPORT
Period ending 31 March 2018

SUMMARY

- **Drilling program at Lucky Creek Cobalt Prospect (Greenvale)**
  - Land access preparation work continued with landholders;
  - A rotary air-blast (RAB) drilling program of up to 350 holes for 4,000m planned.
- **Big Mag – new nickel-cobalt prospect (Greenvale)**
  - Data compilation and review;
  - 2018 exploration work planning.
- **Walford Creek West (Nicholson Project)**
  - The prospect covers the Fish River Fault, which is the same structure along which Aeon's Walford Creek Project is developed;
  - Data compilation and review;
  - 2018 exploration work planning.
- **Bottletree Copper Prospect (Greenvale)**
  - Preparations underway for MIMDAS IP survey to identify intrusive source for the extensive copper mineralisation observed in 2017 first phase drilling program.
- **Steam Engine Gold Deposit (Greenvale)**
  - Gold resource expansion drilling program planning underway.
- **CORPORATE – Capital Raising Campaign**
  - A placement and 1 for 4 rights issue, each over-subscribed, raised a total of $1.863 million.

Superior Resources Limited

ASX:SPQ

Board

Carlos Fernicola – Chairman
Peter Hwang – Managing Director
Ken Harvey – Non-exec Director
Carlos Fernicola – Company Secretary

Securities

Ordinary Shares – 688,043,740
Top 20 holders: 47.93% issued capital

Summary

Superior Resources Limited is a Brisbane based ASX-listed mineral explorer with a portfolio of large base metal exploration projects, including a developing portfolio of nickel-cobalt projects in northern Queensland. The projects include large targets for Mount Isa style copper and lead-zinc-silver deposits in north western Queensland and exploration projects in northeast Queensland for VMS and porphyry style copper-gold-lead-zinc-silver deposits. The Company's cobalt projects are located across the northern Queensland region.

Share Registry

Link Market Services
Level 15, 324 Queens Street
Brisbane, QLD, 4000

Web Site

www.superiorresources.com.au

Contact

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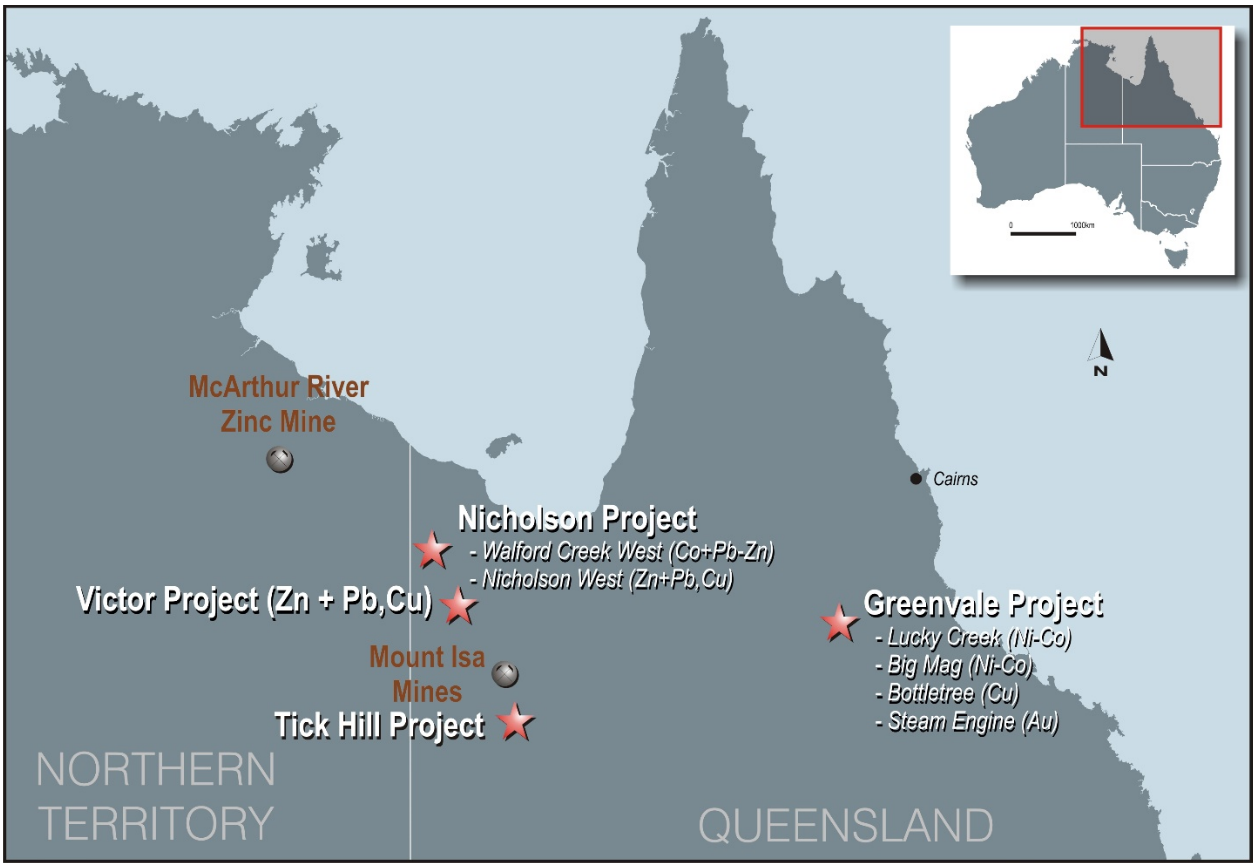
(07) 3847 2887

Carlos Fernicola
(07) 3831 3922

PROJECT LOCATIONS



PROJECT OPERATIONS

The main operational activities of Superior Resources Limited (**Superior** or **Company**) during the March 2018 Quarter were focussed on the Greenvale Project in north east Queensland, which comprised:

- progressing land access arrangements to a rotary air-blast (**RAB**) drilling program at the Lucky Creek nickel-cobalt prospect;
- a preliminary field inspection at Lucky Creek and other Greenvale prospects; and
- finalising logistics for a MIMDAS induced polarisation (**IP and MT**) geophysical survey over the Bottletree Copper Prospect.

Additional activities included:

- continuing desktop review and analysis of available data at the Nicholson Project for the purpose of expediting lead-zinc and copper-cobalt prospects;
- desktop review of current project databases to identify additional cobalt potential; and
- preparation of new exploration tenement applications to secure new cobalt-related projects at the Greenvale Project and in the north west Queensland region.

GREENVALE PROJECT

Lucky Creek Prospect – Nickel-Cobalt

Superior initially announced the identification of the Lucky Creek Prospect within the Greenvale Project area on 18 December 2017. Lucky Creek (together with several other of the Company's prospects) is located within the highly mineralised Lucky Creek Corridor (Figure 1) and is 12km west of the Greenvale Nickel-Cobalt Mine and similarly adjacent to the SCONI scandium-cobalt-nickel project (Australian Mines Limited).

The Lucky Creek Prospect comprises a linear zone of anomalous cobalt-in-soil that was identified in an historical soil geochemical survey. The main anomaly extends over a strike distance of about 3.8km with a peak cobalt content of 596 ppm that is also associated with anomalous copper, nickel and zinc soil values (Figure 2). Peak values of up to 1220 ppm nickel, 272 ppm copper and 192 ppm zinc are also observed.

Further along strike to the northeast is the Lucky Duck Prospect, which is a distinct Aster imagery anomaly. The prospect features outcropping gossans together with anomalous soil copper and zinc values. The entire zone of interest between Lucky Creek and Lucky Duck extends for 12km and lies within Superior's tenements.

Only limited historical work (soil and limited rock chip sampling) has previously been reported along this zone. The Lucky Creek Prospect has not previously been drilled.

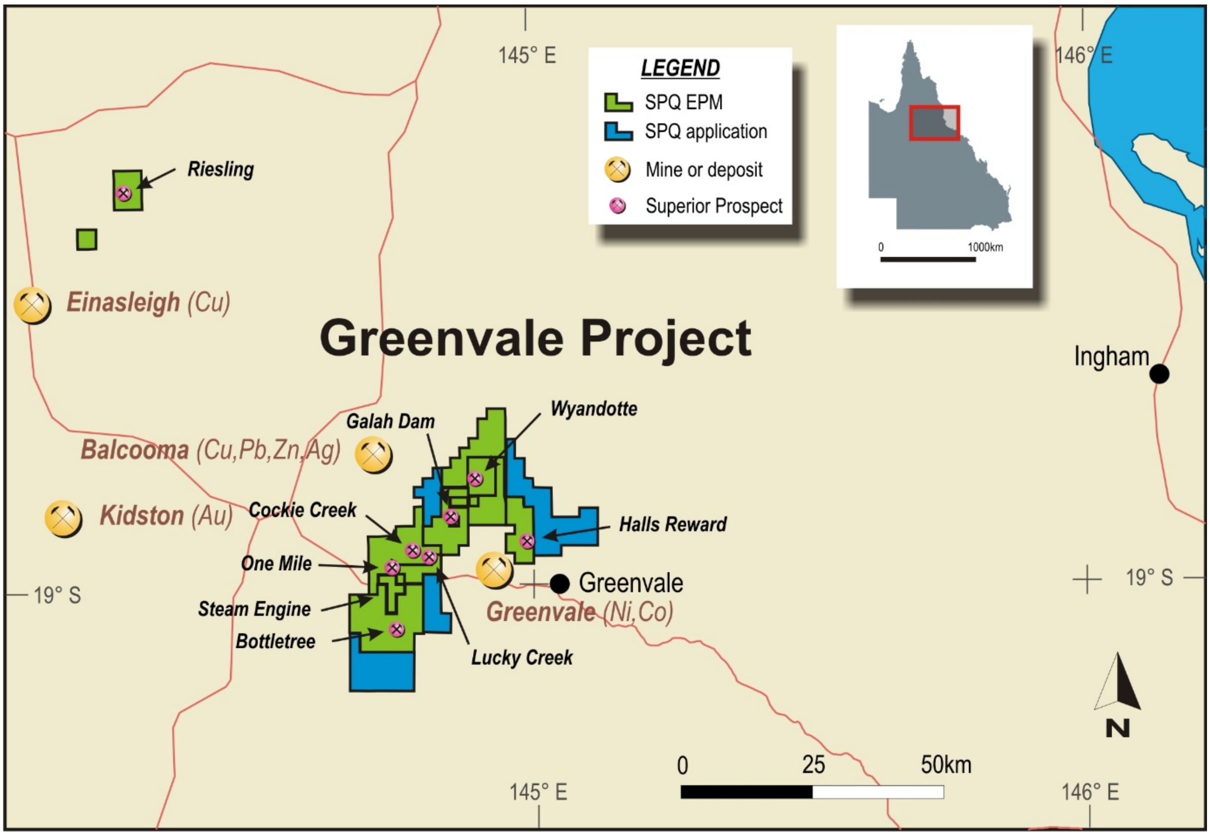


Figure 1. Location of the 100%-owned Greenvale Project tenements and tenement applications. The tenements cover the Lucky Creek Mineralised Corridor and similar geological terrain adjacent to this corridor.

Preliminary Field Inspection and Drilling Program

Shortly after the reporting period, a preliminary field inspection of the Lucky Creek Prospect and other prospects was conducted by the Company's exploration team during 9 to 13 April 2018. The purpose of the exercise was to refine a planned drilling program and to confirm ground conditions for vehicular and rig access.

Unusually late and heavy monsoon rains in the region caused by two tropical cyclones resulted in damp ground conditions and damaged creek crossings. At the time of the field inspection the ground conditions were considered to be unsuitable for vehicular access. Ground conditions have since, significantly improved and the creek crossings are currently being repaired.

Subsequent to the field inspection, a program of RAB drilling was finalised. The RAB program generally comprises a grid of 100m-spaced drill lines with 50m drill hole spacing, oriented perpendicular to the cobalt soil trend (Figure 2). Up to 350 RAB holes for 4,000 metres is planned.

Land Access

Preparatory work including the following was being progressed during the Quarter:

- land access arrangements with three pastoral landholders;
- planning for Aboriginal heritage clearances; and
- tendering process for drilling contracts.

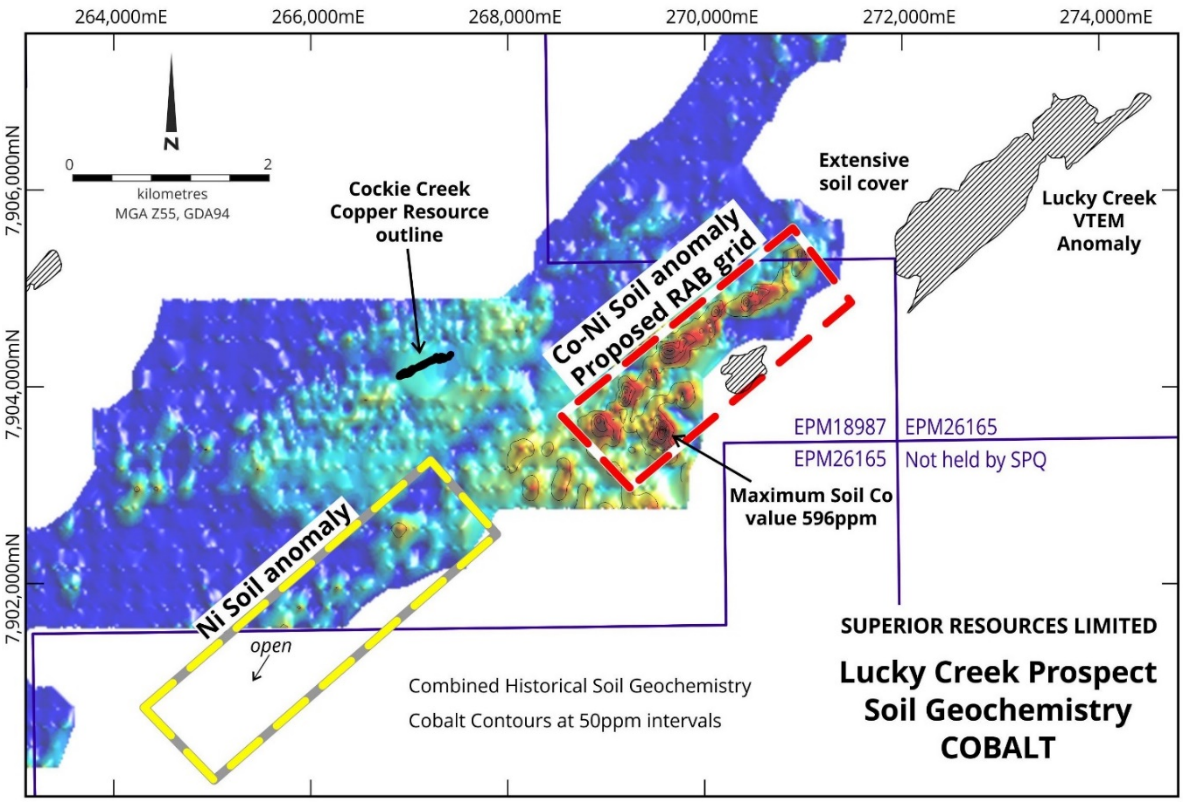


Figure 2. Image of historic cobalt soil sampling assay data at the Lucky Creek Prospect showing the area of planned RAB drilling. A further zone of anomalous nickel-in-soil geochemical responses and a VTEM geophysical anomaly are also shown.

The Big Mag Prospect

Desktop data review continued during the Quarter on the Company's new "Big Mag" Prospect, which was initially mentioned during the previous Quarter.

The Big Mag is a regionally large and intense magnetic feature that appears to be a large mafic or ultramafic intrusion, or several such intrusions. Consequently, it has the potential to host nickel-cobalt-copper mineralisation, either as sulphides or in a laterite.

The magnetic feature is regionally significant and under-explored.

As a result of the realised cobalt potential, the Big Mag feature and other prospective areas adjacent to the northern parts of the Greenvale Project have been covered by a new EPM application (EPM26751, Twelve Mile Creek), lodged by the Company during late December 2017 (Figure 3).

Further information regarding the EPM application and the Big Mag feature will be provided to the market shortly.

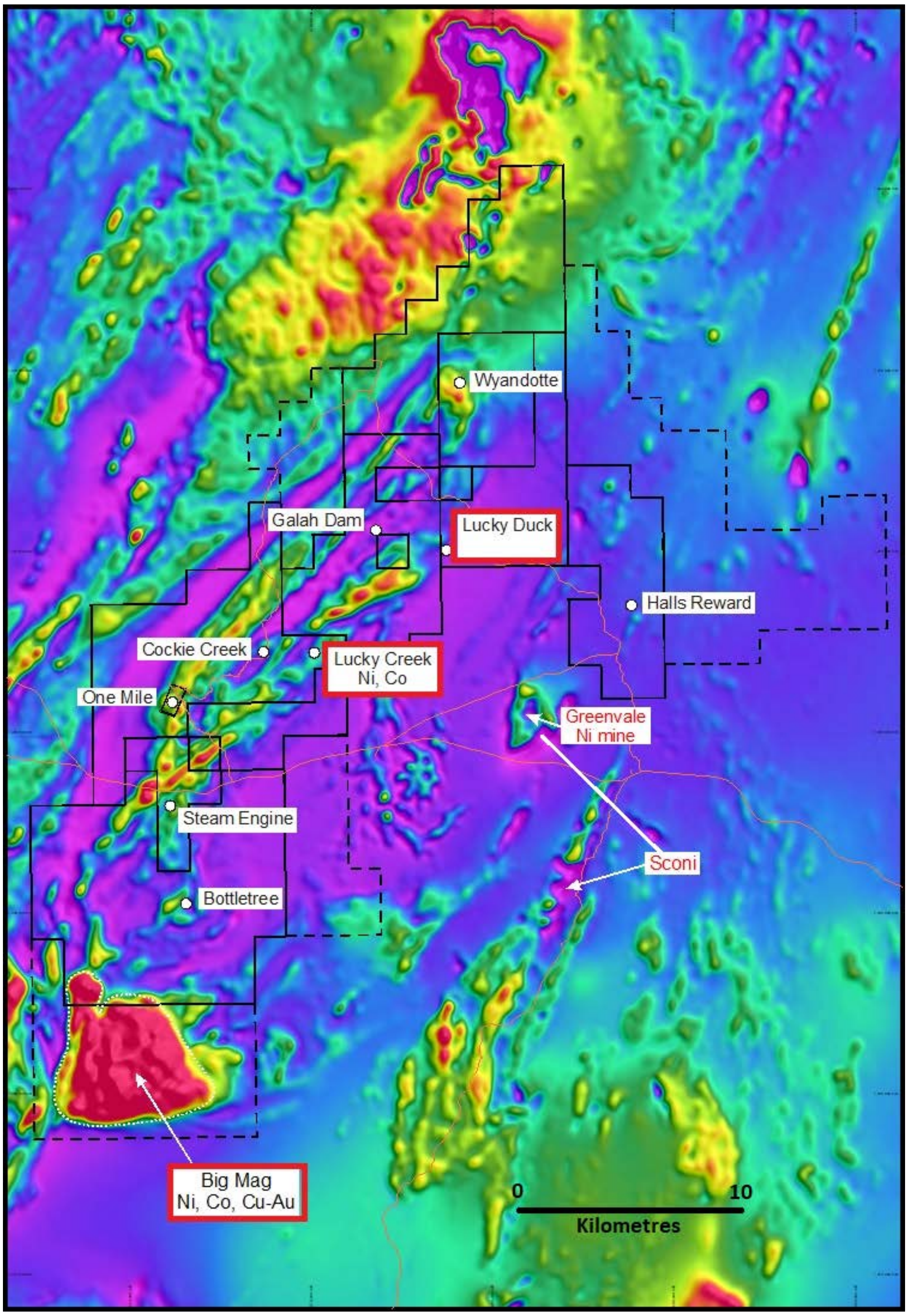


Figure 3. Airborne magnetics (RTP) processed image over the Greenvale Project area and surrounds. The "Big Mag" magnetic feature is visible in the lower left part of the image, which is located within new EPM application EPM26751 (dashed outline). The Lucky Creek and Lucky Duck prospect locations are shown together with other Greenvale Prospects.

Bottletree Copper Prospect

A first phase drilling program at the large Bottletree Prospect (Figure 4) was completed in 2017, which returned wide zones of up to 154m of 0.2% to 0.3% copper (open at depth).

The drill results together with large-scale concentric metal zoning observed in regional soil geochemical survey results, suggests that a deep magmatic intrusion may be the source of the large volume of mineralisation observed from the drilling program.

On the basis of the observations at the Bottletree Prospect, the extensive copper mineralisation is likely to be caused by an intrusion related source and potentially a porphyry system similar to the New South Wales Cadia and North Parkes copper deposits.

Preparations for a detailed MIMDAS IP and MT geophysical survey were underway during the reporting period.

The MIMDAS survey that is being prepared is designed to identify deeper and larger mineralised intrusive bodies and to better characterise the Bottletree system.

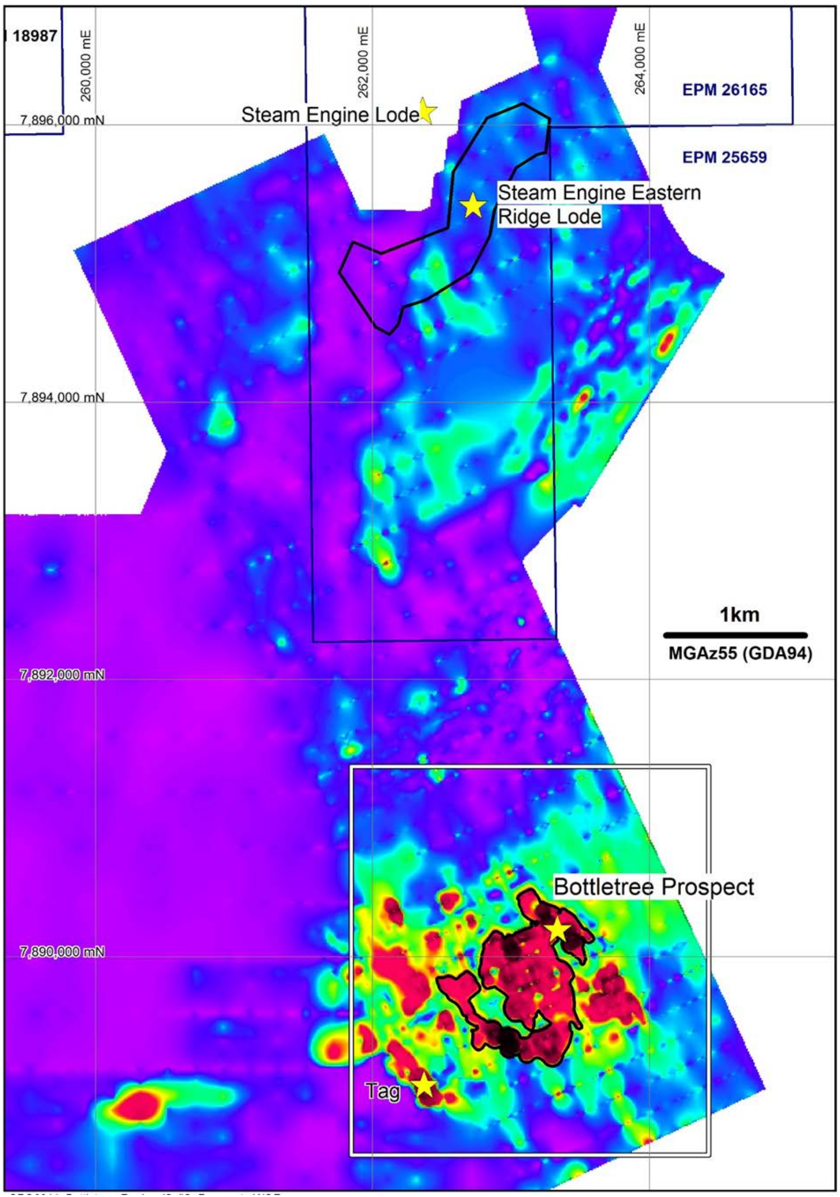


Figure 4. Copper-in-soil processed image showing the large-scale regional Bottletree anomaly. A MIMDAS geophysical survey will be carried out over the Bottletree Prospect.

Steam Engine Gold Deposit

Planning for a program of gold resource expansion drilling at the Main Lode and Eastern Ridge Lode was conducted during the Quarter.

This work is designed to expand on the maiden JORC inferred mineral resource estimate announced on 19 October 2017: 1,000,000 tonnes @ 2.5g/t gold (1.0 g/t cut-off) for 85,000 ounces of gold.

Greenvale Project - Background

The Greenvale Project covers a region of volcanic and intrusive rocks of Ordovician age that are similar in type and age to the porphyry copper belt in New South Wales. The New South Wales belt of rocks host the large Cadia and North Parkes porphyry copper mines.

Superior's Greenvale Project is highly prospective for VMS and porphyry copper, gold, zinc and silver deposits and contains at least eight known prospects. The project area is also highly prospective for nickel and cobalt mineralisation with the former Greenvale Nickel Mine (40Mt of 1.57% nickel and 0.12% cobalt) and the SCONI project located proximal to the area (Figure 1).

Regionally, the project is located within an area of notable economic significance being proximal to the Kidston, Balcooma, Surveyor and Dry River deposits (Figure 1).

NORTH WEST QUEENSLAND

Nicholson Project – Walford Creek West

The Company continued a review of expected cobalt potential at its north west Queensland Nicholson Project, which is the subject of an Earn-in and Joint Venture Agreement with Teck Australia Pty Ltd (**Teck**).

The Nicholson Project, is being examined in detail in respect of:

- **Walford Creek West Prospect** – copper, cobalt, zinc and lead mineralisation potential of a similar style to the Walford Creek copper-cobalt project located about 5 kilometres to the east (held by Aeon Metals); and
- the **Nicholson West** lead-zinc geophysical target.

The Company's Walford Creek West Prospect covers the Fish River Fault, which is the same structure along which Aeon's Walford Creek Project is developed.

Further information regarding the Walford Creek West Prospect will be provided shortly.

These areas are not currently targeted by Teck under the agreement arrangements. The Company is currently in discussions with Teck regarding access to the above areas during 2018.

New EPM – Victor Extended Project

Rock chip samples collected by Superior during 2009 from an area located about 25 kilometres north east of the Company's Victor Project in north west Queensland, returned elevated cobalt assay results of up to **1600ppm cobalt**.

As a result of the anomalous cobalt assays, the Company applied for two new applications for exploration permits for minerals (**EPM**) during late December 2017 (reported during the previous Quarter) and February 2018 (Figure 5):

- EPM26720; and
- EPM26771.

Further information regarding the cobalt assays and cobalt potential of the area will be provided to the market shortly.

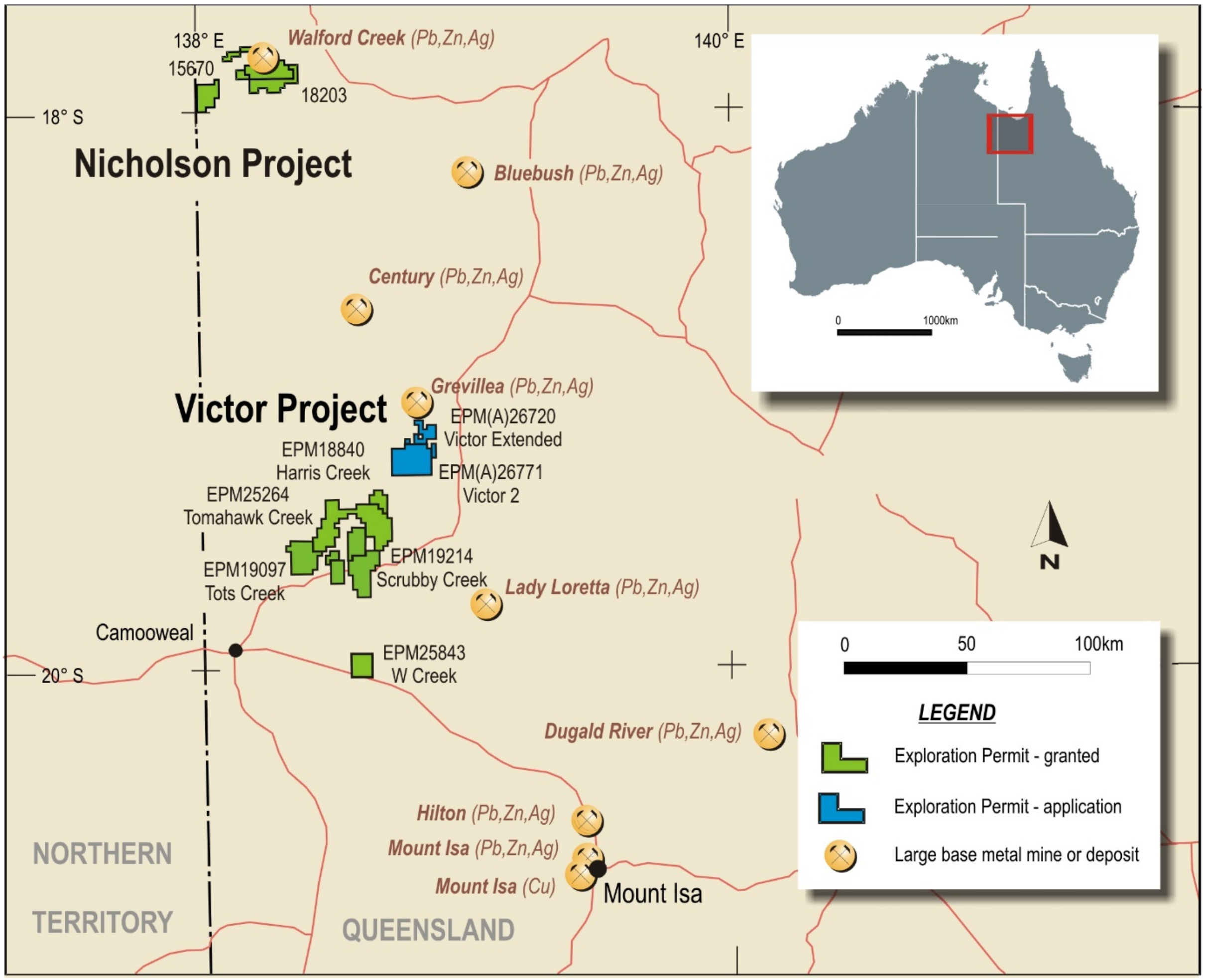


Figure 5. Location of the new EPM application (EPM26720, Victor Extended). Also showing the Company's 100%-owned Victor and Nicholson Project tenements.

CORPORATE

The Company announced a capital raising campaign on 17 January 2018, comprising a placement and a non-renounceable 1 for 4 rights issue to raise up to $1.863 million for exploration at its new cobalt and other prospects at the Greenvale Project and north west Queensland zinc-lead-copper projects.

The placement and rights issue were both offered at 0.9 cents per new share, with one free attaching option for every two new shares subscribed for. The options have an exercise price of $0.016 and expire on 31 August 2019.

Both the placement and rights issue were significantly oversubscribed.

The placement closed on 22 January 2018, raising a total of $625,619 through the issue of 69,513,224 new shares and 34,756,609 options.

The rights issue closed on 9 March 2018, raising a total of $1,238,478.41 through the issue of 137,608,712 new shares and 72,804,316 options.

INVESTMENTS

Superior maintains an exposure in relation to ASX listed uranium focused company, Deep Yellow Limited (ASX:DYL). As at 31 March 2018, the company holds 350,000 DYL shares with a closing value of $87,750.

ASX Listing Rule 5.3.3

Appendix 1 sets out information that is required under ASX Listing Rule 5.3.3 (for exploration entities).

Peter Hwang
Managing Director

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Appendix 1

DISCLOSURES REQUIRED UNDER ASX LISTING RULE 5.3.3

- Mining tenements held at the end of the quarter and their location

State	Tenement Name	Tenement ID	Location	Interest	Holder	Comments
QLD	Hedleys 2	EPM15670	Nicholson	100%	SPQ	Granted
QLD	Hedleys South	EPM18203	Nicholson	100%	SPQ	Granted
QLD	Harris Creek	EPM18840	Victor	100%	SPQ	Granted
QLD	Tots Creek	EPM19097	Victor	100%	SPQ	Granted
QLD	Scrubby Creek	EPM19214	Victor	100%	SPQ	Granted
QLD	Cockie Creek	EPM18987	Greenvale	100%	SPQ	Granted
QLD	Cassidy Creek	EPM19247	Greenvale	100%	SPQ	Granted
QLD	Dinner Creek	EPM25659	Greenvale	100%	SPQ	Granted
QLD	Wyandotte	EPM25691	Greenvale	100%	SPQ	Granted
QLD	One Mile	ML6750	Greenvale	100%	SPQ	Granted
QLD	Tomahawk Creek	EPM25264	Victor	100%	SPQ	Granted
QLD	W Creek	EPM25843	Victor	100%	SPQ	Granted
QLD	Cockie South	EPM26165	Greenvale	100%	SPQ	Granted
QLD	Victor Extended	EPM(A)26720	Victor	100%	SPQ	Application
QLD	Twelve Mile Creek	EPM(A)26751	Greenvale	100%	SPQ	Application
QLD	Victor 2	EPM(A)26771	Victor	100%	SPQ	Application

- Beneficial percentage interests held in farm-in or farm-out agreements at end of the quarter

State	Project Name	Agreement Type	Parties	Interest held at end of quarter by exploration entity or child entity	Comments
QLD	Tick Hill Gold Project	Farm-in Agreement	SPQ and DRX	0%	ML7094, ML7096 and ML7097
QLD	Nicholson Project	Farm-out JVA	SPQ and Teck Australia Pty Ltd	100%	EPM15670 and EPM18203 ASX announcements 3/11/15 and 14/11/16

Abbreviations:

EPM	Queensland	Exploration Permit for Minerals
EPM(A)	Queensland	Exploration Permit for Minerals (Application)
ML	Queensland	Mining Lease
SPQ	Superior Resources Limited	
DRX	Diatreme Resources Limited	
JVA	Joint Venture Agreement	