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Tick Hill Gold Project Transfer of Tick Hill Mining Leases Commencement of Farm-in and Joint Venture

Superior Resources Limited (**ASX Code: SPQ**) (**Superior** or the **Company**) confirms that a final milestone under the Tick Hill Gold Project "Exploration Farm-in and Joint Venture Agreement" with Diatreme Resources Limited (**DRX**), dated 17 June 2013 (**JVA**), has been satisfied.

On 20 March 2015, DRX informed SPQ that the Department of Natural Resources and Mines approved the transfer of the three mining leases comprising the Tick Hill Project (MLs 7094, 7096 and 7097) from Mount Isa Mines Limited (**MIM**) to DRX. The transfer of the mining leases followed the signing of an "Implementation Deed" between MIM and DRX that enabled the expedited transfer of the mining leases (refer ASX announcement by SPQ dated 7 November 2014).

In addition, on 30 January 2015, SPQ and DRX confirmed that the remaining conditions of the JVA have been waived and as a result, SPQ rights and obligations in relation to the Tick Hill Gold Project have commenced from that date.

The effect of the above is to enable Superior to:

1. commence its earn-in rights to a 50% interest in the project; and
2. commence the exploitation of surface gold, which includes investigating the alluvial gold potential the land surrounding the mine pit and the processing of old mine tailings and waste rock dumps.

JVA: Exploration Targets

Superior's focus on the Tick Hill Gold Project is two-fold:

1. conduct exploration to identify a faulted extension to the earlier mined high grade mineralised zone, which averaged 22.6 grams per tonne; and
2. evaluate and if feasible, exploit "surface gold" surrounding the old mining operation, which will include potential alluvial gold, mine tailings and waste rock dumps.

JVA: Earn-in Period

Under the JVA, Superior has the right to earn a 50% interest in the project by spending a minimum of \$750,000 on exploration, which will include substantial drilling over a two year earn-in period (which can be extended by agreement).



During the earn-in period Superior will have the sole and exclusive right to access and conduct exploration on the project as well as to determine the nature of the exploration programs.

Upon a transfer of a 50% interest in the Project, Superior will be required to pay DRX \$100,000 and an amount equal to 50% of the government security bond on the mining leases.

MIM retains a royalty on gold produced from the mining leases, which is set at a variable rate depending on the annual grade of gold produced from mining. The royalty applies initially to gold produced above 5g/t Au and then, after payment of royalties totaling \$5M, to gold produced above 10g/t Au. A separate royalty rate applies to gold produced from tailings resulting from previous mining.

JVA: “Surface Gold”

Commencing from 30 January 2015, Superior and DRX will effectively be in a joint venture arrangement in respect of the “surface material”, which is defined as being all minerals and material from the surface of the land to a depth of ten metres below the surface.

Any expenditure incurred on account of work conducted in respect of the surface material will be shared equally between SPQ and DRX.

All expenditure incurred by SPQ in respect of the surface material will constitute earn-in expenditure and will be counted towards SPQ’s \$750,000 minimum earn-in obligation.

Progress to date

Superior has, jointly with DRX, advanced an assessment program to determine the feasibility of exploiting potential alluvial gold and for the re-processing of the old mine tailings. The joint arrangements with DRX will include the utilisation of DRX’s personnel and shallow hole capable drill rig.

The Company has also commenced data compilation and processing in preparation for an exploration program aimed at identifying a high grade extension to the original deposit.

Concurrently with the technical planning programs, Superior is ensuring the terms of all regulatory approvals are appropriate for the planned activities.

The Board of Superior is excited by the long awaited transfer of the Tick Hill mining leases. With aligned interests, the Board is also looking forward to progressing this iconic project jointly with DRX.

The Tick Hill Gold Project – Background

The Tick Hill gold mine was an extraordinarily rich, compact, high-grade orebody, renowned for its spectacular gold-peppered, pink potassic rock. Gold mineralisation at Tick Hill occurred in a well-defined high-grade shoot with the following approximate dimensions: 140m (strike) by 1m to 30m (width) by 300m (down plunge).

The Project comprises three granted Mining Leases (No’s 7094, 7096 and 7097), each with an area of 130ha for a total area of 390ha and 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 final transfer of the Mining Leases, SPQ will initially drill areas containing the possible offset extension of the mined shoot.

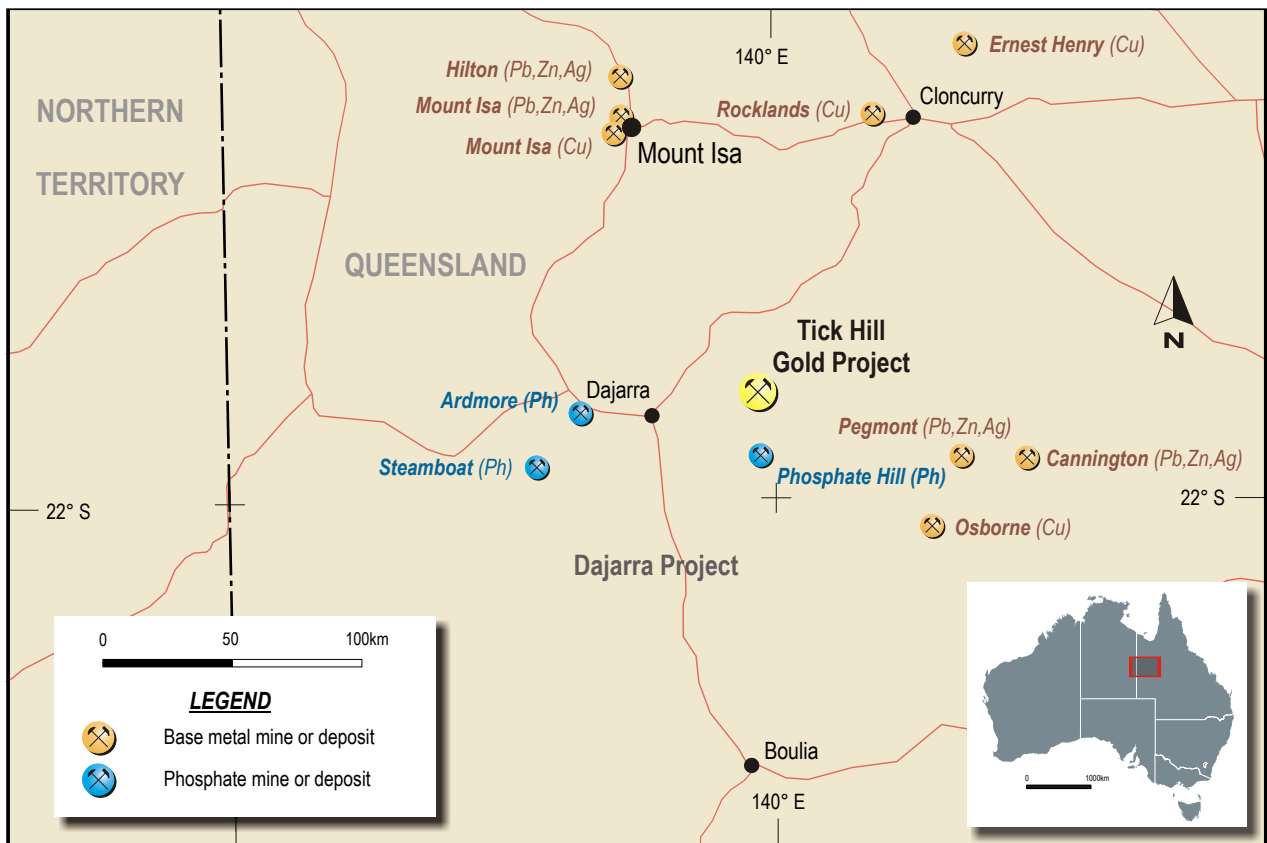


Figure 1: Tick Hill Gold Project location

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