

Quarterly Activities Report Three months ended 31 December 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 December 2020.

Vend of Superior Lake Zinc Project into TSXV listed company

In September 2020, the Company entered into a definitive agreement to vend its interests in the Superior Lake Zinc Project ("Project") located in Ontario, Canada into TSXV listed company CROPS Inc. (TSXV: COPS) ("CROPS") ("the Transaction").

On completion of the Transaction, the Company's subsidiary, Ophiolite Holdings Pty Ltd ("Ophiolite"), will receive approximately 128.9 million CROPS shares, which it is anticipated will represent a near 70% interest in the issued and outstanding CROPS' shares (see Table 1). Ophiolite has received an initial non-refundable cash payment of C\$25,000 and will also receive a further cash payment of approximately A\$700,000¹ on completion of the Transaction.

Disposal of the Project allows the Company to maintain an indirect interest in the Project without having to incur the associated costs of maintaining and developing the Project and will enable the Company to focus on, and apply the proceeds from the Transaction towards, sourcing new opportunities which the Board believes will add value to Shareholders, in particular, delivery of the Company's North American strategy.

On 9 December 2020, the Company obtained approval from its shareholders for the disposal of the Project to CROPS.

CROPS has received conditional approval for the Transaction from the TSXV, with materials for a meeting of CROPS shareholders expected to be dispatched during February 2021 and a meeting of CROPS shareholders to be held in March 2021. As a result, the Company has agreed with CROPS that the date for completion of the Transaction be extended to 15 April 2021.

The Australian Securities Exchange ("ASX") has notified the Company that it has a period of six months from completion of the Transaction to maintain a scale of operations that warrant continued listing.

North American Uranium Strategy

During the Quarter, the Company continued to focus on its North American uranium strategy. This is an ongoing process that has entailed consideration of various potential opportunities, including the acquisition of exploration properties and production assets.

During the Quarter, the Company extended its exclusivity option with Premier Uranium LLC ("Premier") in connection with uranium assets located in Wyoming and Utah in the USA ("Premier Assets"), to 31 January

¹ Comprised of two payments: A\$200,000 and C\$500,000.



2021.² As consideration for the extension, the Company issued Sachem Cove one million Superior Lake shares.

Premier is 100% owned by leading global uranium investor Sachem Cove Partners LLC ("**Sachem Cove**"), a uranium/nuclear energy dedicated fund led by respected uranium investor Mike Alkin. As part of the extension, the Company has agreed to offer Sachem Cove the first right of refusal to participate as a cornerstone financier in relation to any acquisition of assets pursuant to its North American uranium strategy.

Extension of exclusivity option with Sachem Cove to 30 June 2021

Post Quarter end, the Company has agreed with Sachem Cove that the exclusivity option with Premier is further extended to 30 June 2021. Owing to travel restrictions, the due diligence process has taken longer than anticipated. In consideration for the extension, the Company will issue unlisted options to Sachem Cove ("**Consideration Options**") as follows:

- 2,000,000 exercisable at \$0.22 on or before 29 January 2024, 1,000,000 of which vest on completion of a transaction that is consistent with the Company's North American uranium strategy; and
- 2,000,000 exercisable at \$0.26 on or before 29 January 2024, 1,000,000 of which vest on completion of a transaction that is consistent with the Company's North American uranium strategy.

The Consideration Options are expected to be issued within the next 5 business days using the Company's available issuance capacity under Listing Rule 7.1.

The Company continues to work closely with Sachem Cove on uranium opportunities in North America.

Corporate

Cash

As at 31 December 2020, the Company had cash of \$820,000, with an additional \$175,000 received shortly after year-end. Completion of the Transaction will see the Company receive a further \$700,000¹.

General Meeting

During the Quarter, the Company held a general meeting, at which all resolutions put to shareholders, including a resolution for approval of the Transaction, were approved.

Payments to Related Parties

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, general office administration services, accounting 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 (December quarter \$19.4k unaudited).

Information required under ASX Listing Rule 5.3.3

Mining and exploration tenements held by the Company as at 31 December 2020 are shown in Table 1 below.

² See ASX announcements dated 16 June 2020 and 22 September 2020 for information on the exclusivity option with Premier and the Premier Assets.



Table 1. Tenement holdings as at 31 December 2020

Country	Tenement	Interest	Status
Ontario, Canada	4287909	70%	Granted
Ontario, Canada	4287910	70%	Granted
Ontario, Canada	4287911	70%	Granted
Ontario, Canada	4274196	70%	Granted
Ontario, Canada	4274197	70%	Granted
Ontario, Canada	4244161	70%	Granted
Ontario, Canada	4244162	70%	Granted
Ontario, Canada	4244163	70%	Granted
Ontario, Canada	4244751	70%	Granted
Ontario, Canada	4274195	70%	Granted
Ontario, Canada	3001231	70%	Granted
Ontario, Canada	4284603	70%	Granted
Ontario, Canada	4287912	70%	Granted
Ontario, Canada	4287913	70%	Granted
Ontario, Canada	4287914	70%	Granted
Ontario, Canada	4287915	70%	Granted
Ontario, Canada	4287916	70%	Granted
Ontario, Canada	4287917	70%	Granted
Ontario, Canada	4287918	70%	Granted
Ontario, Canada	4287919	70%	Granted
Ontario, Canada	4287920	70%	Granted
Ontario, Canada	4287921	70%	Granted
Ontario, Canada	4287922	70%	Granted
Ontario, Canada	4287923	70%	Granted
Ontario, Canada	4287924	70%	Granted
Ontario, Canada	4287925	70%	Granted
Ontario, Canada	4284634	70%	Granted
Ontario, Canada	4284639	70%	Granted
Ontario, Canada	4284644	70%	Granted
Ontario, Canada	4284628	70%	Granted
Ontario, Canada	4284629	70%	Granted
Ontario, Canada	4284630	70%	Granted
Ontario, Canada	4284631	70%	Granted
Ontario, Canada	4284632	70%	Granted
Ontario, Canada	4284633	70%	Granted
Ontario, Canada	4284635	70%	Granted



Country	Tenement	Interest	Status
Ontario, Canada	4284636	70%	Granted
Ontario, Canada	4284637	70%	Granted
Ontario, Canada	4284638	70%	Granted
Ontario, Canada	4284640	70%	Granted
Ontario, Canada	4284641	70%	Granted
Ontario, Canada	4284642	70%	Granted
Ontario, Canada	4284643	70%	Granted
Ontario, Canada	4284648	70%	Granted
Ontario, Canada	4284680	70%	Granted
Ontario, Canada	4284684	70%	Granted
Ontario, Canada	4284601	70%	Granted
Ontario, Canada	4284606	70%	Granted
Ontario, Canada	4284602	70%	Granted
Ontario, Canada	4284604	70%	Granted
Ontario, Canada	4284605	70%	Granted
Ontario, Canada	4284607	70%	Granted
Ontario, Canada	4284608	70%	Granted
Ontario, Canada	4284609	70%	Granted
Ontario, Canada	4284610	70%	Granted
Ontario, Canada	4284617	70%	Granted
Ontario, Canada	4284645	70%	Granted
Ontario, Canada	4284646	70%	Granted
Ontario, Canada	4284647	70%	Granted
Ontario, Canada	4284649	70%	Granted
Ontario, Canada	4284650	70%	Granted
Ontario, Canada	4284679	70%	Granted
Ontario, Canada	4284681	70%	Granted
Ontario, Canada	4284682	70%	Granted
Ontario, Canada	4284683	70%	Granted
Ontario, Canada	4284611	70%	Granted
Ontario, Canada	4284612	70%	Granted
Ontario, Canada	4284613	70%	Granted
Ontario, Canada	4284614	70%	Granted
Ontario, Canada	4284615	70%	Granted
Ontario, Canada	4284616	70%	Granted
Ontario, Canada	4284618	70%	Granted
Ontario, Canada	4284619	70%	Granted



Country	Tenement	Interest	Status
Ontario, Canada	4284620	70%	Granted
Ontario, Canada	4284621	70%	Granted
Ontario, Canada	4284622	70%	Granted
Ontario, Canada	4284623	70%	Granted
Ontario, Canada	4284624	70%	Granted
Ontario, Canada	4284625	70%	Granted
Ontario, Canada	4284626	70%	Granted
Ontario, Canada	4284627	70%	Granted
Western Australia, Australia	E33/477	100%	Granted

Authorised for release by the Board of Directors.

About the Company

Superior Lake Resources Limited's main asset is 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 7th 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 28th August 2019).

Table 2. Superior Lake Mineral Resource and Ore Reserve Estimate

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

Reference to previous ASX announcements

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

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



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

Grant Davey Executive Director +61 8 6117 0479

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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 December 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	(311)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(53)	(260)
	(e) administration and corporate costs	(131)	(694)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	5
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and incentives	-	-
1.8	Other (Business development activities)	(31)	(280)
1.9	Net cash from / (used in) operating activities	(214)	(1,540)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	(583) ¹	(883)
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

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Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	26 ¹
	(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	(583)	(857)

¹ As announced on the Australian Stock Exchange on 10 September 2020, the Company has entered into a definitive agreement to vend its interests in the Superior Lake Zinc Project located in Ontario, Canada into the TSXV listed Company CROPS Inc. ("CROPS") (TSXV: COPS). On signing of the Sale Agreement, the Company received a non-refundable payment from CROPS of CAD25,000 (1CAD:0.96AUD). As part of the transaction the Company has made a final payment under the Pick Lake Option Agreement to the vendor of CAD500,000. Upon completion of the transaction CROP will repay this to the Company.

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	2,600
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	-	(144)
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	-	2,456

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,620	762
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(214)	(1,540)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(583)	(857)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	2,456
4.5	Effect of movement in exchange rates on cash held	(1)	1
4.6	Cash and cash equivalents at end of period	822	822

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	55	93
5.2	Call deposits	767	1527
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)	822	1,620

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
60
-

Payments to all Directors for Directors' fees (December quarter: \$40.7k).

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, general office costs, accounting 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 (December quarter \$19.4k).

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(214)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(214)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	822
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	822
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	3.8²

² As announced on the Australian Stock Exchange on 10 September 2020, the Company has entered into a definitive agreement to vend its interests in the Superior Lake Zinc Project located in Ontario, Canada into the TSXV listed Company CROPS Inc. ("CROPS") (TSXV: COPS). On completion of the Sale Agreement, the Company will receive a non-refundable payment from CROPS of CAD500,000 (AUD509,000) (1CAD:0.98AUD). Should completion occur in the following quarter as planned, it would increase the estimated quarters of funding available to 6.2 as disclosed in item 8.7 above.

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

1. 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?

N/A

2. 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?

N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

N/A

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: 29 January 2021

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.