

Quarterly Activities Report

Three months ended 30 September 2021

Superior Lake Resources Limited (ASX: SUP) ("Superior Lake" or the "Company") is pleased to provide its quarterly activities report for the quarter ended 30 September 2021.

Highlights

- Superior Lake has entered into a binding agreement to acquire a 100% interest in Bristol Springs Solar Pty Ltd, which is developing a 105MW solar farm located southeast of Perth in Western Australia ("Project") ("Acquisition").
- The Acquisition is the first step towards the Company's transition into the green energy sector.
- The Project is well advanced, with studies completed, a cleared site, development application submitted for approval and Western Power Access Offer in place to enable grid access.
- Initial consideration for the Acquisition of the Project is 41.7M fully paid ordinary shares in Superior Lake, with an additional 25.5M fully paid ordinary shares to be issued as deferred consideration.
- The Company intends to conduct an A\$8 million capital raising (before costs) to progress development of the Project, meet transaction costs, to facilitate the recommencement of trading of the Company's securities on ASX and for working capital.
- As the Company repositions itself with a focus on the green energy sector, the Company expects to align its capability accordingly, with a proposed name change and restructure of the board and management team.
- The Company's securities will remain suspended until after shareholder approval has been obtained and the Company recompiles with Chapters 1 and 2 of the ASX Listing Rules, which is expected to occur during 1Q 2022.

Transition into the Green Energy Sector with Bristol Springs Solar Acquisition

Having completed the divestment of its Superior Lake Zinc Project to TSX Venture Exchange ("TSXV") listed company Metallum Resources Inc. (TSXV: MZN), earlier in 2021, the Company commenced an exhaustive review of projects across a range of sectors. The Board felt the standout sector was green energy, as it provides the best long-term potential for the Company. The importance of the sector in Australia was recently highlighted by the Government committing to net zero carbon emissions by 2050, joining more than 110 other countries around the globe to commit to this ambitious target.

Full details of the Acquisition can be found under ASX Announcement dated 14 October 2021.



The Company believes that the Project has a number of attributes that provide an excellent platform to move into the green energy sector, including:

Advanced stage of development

- Studies completed
- Front End Engineering and Design progressing
- Secured one of only two available connection slots into the South West Interconnected System ("SWIS")
- Project site has been cleared with no existing notable flora and fauna and low development risk

Existing Infrastructure

- Strategically located in the SWIS, close to industrial users
- ~125km from Perth and ~60km from Bunbury
 - *Local skilled workforce and customer base*
- Western Power Access Offer confirmed

Acquisition Structure

The Company has entered into the Sale Agreement to acquire a 100% interest in BSS from Sector One Pty Ltd and Alicia Jane Goyder ("the **Vendors**"). Range Loaders Pty Ltd ("the **Landowner**"), the entity which owns the land on which the Project is proposed to be built, is also a party to the Sale Agreement. The key terms of the Sale Agreement are detailed below.

Consideration

The consideration for the Acquisition is:

- 41,666,667 fully paid ordinary shares in the Company ("**Shares**") (equal to A\$5,000,000 at 12 cents per Share) on completion of the Acquisition ("**Completion Date**") ("**Consideration Shares**"); and
- 25,500,000 performance shares which will be issued on the Completion Date ("**Performance Shares**") and convert into Shares (equal to A\$3,060,000 at 12 cents per Share) on the date that is the earlier of three years from the Completion Date or the date the board of the Company resolves to make an investment decision to build the Project. The issue of the Performance Shares is subject to approval of the Company's shareholders and ASX approving the terms of the Performance Shares pursuant to Listing Rule 6.1.

The consideration is payable to the Vendors in such proportions as advised by the Vendors.

Conditions Precedent

Completion of the Acquisition is conditional upon the satisfaction or waiver of:

- The parties having obtained all shareholder approvals, regulatory consents, NAB consent and approvals which are necessary for the Acquisition, including all approvals required by ASX.
- The ASX approving the terms of the Performance Shares pursuant to Listing Rule 6.1.
- The Company having received a conditional re-admission letter from ASX on terms acceptable to the Company.
- The Company completing a capital raising for the Project to its sole satisfaction.
- The Project receiving developmental approval from the Joint Development Assessment Panel.
- The Company and the Landowner executing a Lease (agreement detailed below).



- The Company and the Landowner executing an Option Agreement (detailed below).

The conditions are for the benefit of the Company and can only be waived by the Company.

If the conditions are not satisfied or waived on or before the later of 28 February 2022 and 60 days after receipt of development approval (or such other date as mutually agreed), the Sale Agreement will automatically terminate.

Escrow conditions

The Consideration Shares will be subject to a 12 month escrow period from the date on which they are issued.

Agreement to Lease

The Company has agreed to enter into an agreement to lease a minimum of 195 hectares of land ("**Land**") from the Landowner for 3 years commencing from the Completion Date ("**Initial Term**") at an annual fee of A\$100,000 per annum ("**Lease**"). If the Buyer has decided not to build or has not made a decision to build during the Initial Term, the Lease will expire at the end of the Initial Term. If the Buyer makes a decision to build during the Initial Term, the Initial Term will convert to 25 years with an option to renew for a further term of 5 years at the commencement rate of \$1,850 per hectare.

The Lease will also contain customary terms and conditions for such an agreement.

Option Agreement

The Company and the Landowner have agreed to enter into an option to purchase agreement on the following terms ("**Option Agreement**"):

- The Company will pay the Landowner an option fee of A\$1.5 million to secure a five-year option from the Completion Date to acquire the Land at a fixed value of A\$5 million ("**Purchase Price**");
- To preserve the option, the Company will pay the Landowner:
 - \$1.5 million on the date that is three years after the Completion Date;
 - \$1.5 million on the date that is four years after the Completion Date; and
 - \$2 million on the date that is five years after the Completion Date;
- The Company will acquire the Land on completion of the \$2 million payment;
- The option will expire if the Company fails to make any payment by the relevant due date; and
- If the Company exercises the Option during the option period, the Company may terminate the lease and must pay the Purchase Price less any amounts paid by the Company to preserve the option.

The Option Agreement will also contain customary terms and conditions for an option to purchase agreement.

Other terms

The Sale Agreement includes pre-completion obligations on BSS and the Company and customary representations and warranties. It is proposed that the Consideration Shares and Performance Shares will be issued pursuant to a separate offer contained in the Public Offer prospectus (described below).



Bristol Springs Solar Project - Overview

Bristol Springs is a solar development project located in the south-west of Western Australia, south-east of Perth. Conceptual design work was undertaken and completed in July 2019 and preliminary engineering estimates were undertaken in September 2019.

The Project presents a unique opportunity to participate in the Wholesale Electricity Market:

- It is centrally located in the South-West Interconnected System ("SWIS").
- It is a cleared site with low development risk.
- It is close to industrial users seeking renewable energy power purchase agreements.
- Connection is at the farmgate, with state-owned Western Power responsible for the connection into the SWIS.
- Grid connection application is in process with Western Power.
- Application for development approval has been lodged.
- Front end engineering design ("FEED") being progressed.

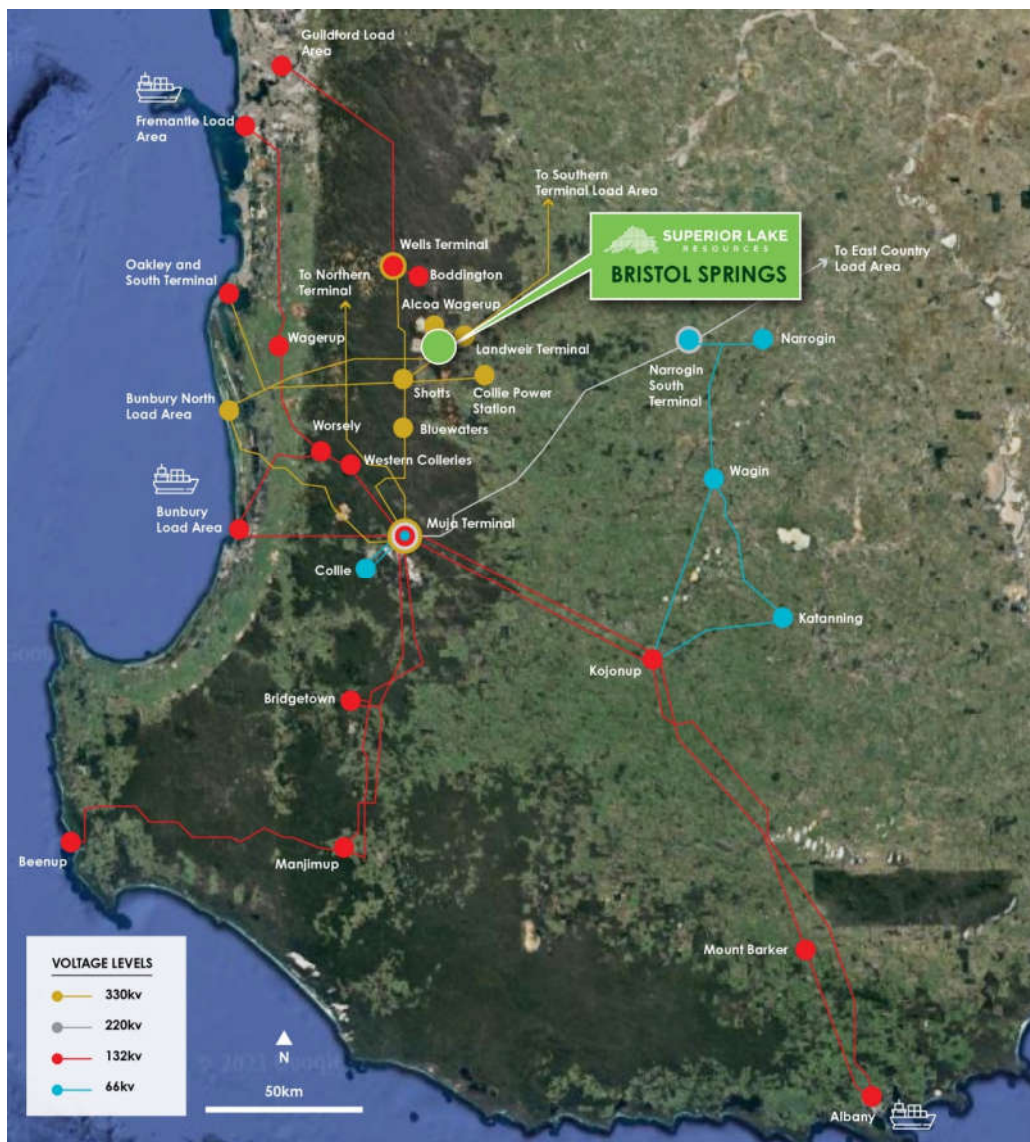


Figure 1: Project location in relation to Western Power's Muja load area



Timetable

The anticipated timetable to complete the Acquisition and to recommence trading on the ASX is below:

Event	Indicative Timing
Dispatch Notice of Meeting to Superior Lake shareholders	December 2021
Lodge Prospectus with ASIC and ASX	December 2021
Public Offer opens	December 2021
General Meeting	January 2022
Public Offer closes	January 2022
Completion of the Acquisition	January 2022
Satisfaction of Chapters 1 and 2 of the Listing Rules	February 2022
Recommence trading on the ASX	February 2022

The dates in this timetable are indicative only and subject to change.

Corporate

Accounting treatment following disposal of Superior Lake zinc project

In April 2021, the Company completed the disposal of its Superior Lake Zinc Project to TSXV listed company, Metallum Resources Inc. ("**Metallum**") and received shares in Metallum that represent approximately 68% of Metallum's issued and outstanding shares. As a result, for accounting purposes, Metallum is considered to be a subsidiary of the Company and its cash and expenses are consolidated into the accounts of Superior Lake.

The accompanying Appendix 5B therefore includes expenses and cash that are attributable to each of Superior Lake and Metallum for the September Quarter and for the year to date. The tables below show the respective apportionment of key items in the Appendix 5B for the September quarter.

	September Quarter		
	Superior Lake (A\$'000)	Metallum (A\$'000)	Total (A\$'000)
Exploration & evaluation	(7)	(171)	(177)
Staff costs	(42)	(55)	(97)
Administration and corporate costs	(251)	(82)	(333)
Net cash used in operating activities	(301)	(308)	(608)
Proceeds from issue of equity securities	-	327	327
Cash & cash equivalents at end of period	806	571	1,377



Cash

As at 30 September 2021, the consolidated group had cash of \$1.4 million.

Payments to Related Parties

During the Quarter, payments to directors were \$40,000, all of which comprised directors' fees.

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 (September quarter \$47,000 unaudited).

Information required under ASX Listing Rule 5.3.3

The Company does not currently hold any tenements.

Authorised for release by the Board of Directors.

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

Grant Davey Executive Director +61 8 6117 0479

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")

30 September 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(177)	(335)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(97)	(233)
	(e) administration and corporate costs	(333)	(1,991)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
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)	-	(24)
1.9	Net cash from / (used in) operating activities¹	(608)	(2,559)

¹refer note on page 3

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(3)	(3)
	(d) exploration & evaluation	-	-
	(e) investments	(27)	(27)
	(f) other non-current assets	-	-

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 (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	750
	(c) property, plant and equipment	(3)	-
	(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	Net cash acquired: acquisition of subsidiary	-	1,930
2.6	Net cash from / (used in) investing activities¹	(24)	2,656

¹refer note on page 3

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	327	502
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	(23)	(23)
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 activities¹	304	479

¹refer note on page 3

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,726	822
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(608)	(2,559)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(24)	2,656
4.4	Net cash from / (used in) financing activities (item 3.10 above)	304	479

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(21)	(21)
4.6	Cash and cash equivalents at end of period	1,377	1,377

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	1,377	1,726
5.2	Call deposits	-	-
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)	1,377	1,726

Note: Accounting treatment following disposal of Superior Lake zinc project

In April 2021, the Company completed the disposal of its Superior Lake Zinc Project to TSXV listed company, Metallum Resources Inc. ("Metallum") and received shares in Metallum that represent approximately 68% of Metallum's issued and outstanding shares. As a result, for accounting purposes, Metallum is considered to be a subsidiary of the Company and its cash and expenses are consolidated into the accounts of Superior Lake.

YTD cash flows used in operations is \$2,559k, of which Metallum's share is \$1.8M. The Company's net cash used in operating activities YTD is \$750k.

	September Quarter		
	Superior Lake (A\$'000)	Metallum (A\$'000)	Total (A\$'000)
Exploration & evaluation	(7)	(171)	(177)
Staff costs	(42)	(55)	(97)
Administration and corporate costs	(251)	(82)	(333)
Net cash used in operating activities	(301)	(308)	(608)
Proceeds from issue of equity securities	-	327	327
Cash & cash equivalents at end of period	806	571	1,377

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	87
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p>Payments to all Directors for Directors' fees: \$40,000.</p> <p>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: \$47,000.</p>		

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
	<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
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	<p>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.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(608)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(608)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,377
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,377
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.3
	<p><i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i></p>	

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

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

8.8.1 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?

8.8.2 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?

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

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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: 31 October 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.