

Bankable Feasibility Study, Financing and Concentrate Offtake Update

Highlights

- **The Bankable Feasibility Study is drawing to a conclusion with no red flags identified to date**
- **An Information Memorandum will be sent next week to financial institutions which have signed Confidentially Agreements regarding project financing**
 - Financial institutions that have signed CAs include a strong mix of banks and resource funds based both locally and abroad
- **The Company continues to advance concentrate offtake discussions with indicative proposals received from global metal traders**
 - The strong interest in the offtake highlights the quality of the concentrate with favourable grades and minimal deleterious elements¹

Superior Lake Resources Limited (ASX: SUP) ("Superior Lake" or the "Company") is pleased to provide an update regarding the progress of the Bankable Feasibility Study (BFS), project financing and concentrate offtake discussions with regards to the development of the Company's Superior Lake Zinc Project ("Project") in Ontario, Canada.

The Company is nearing finalisation of the BFS, which is expected to be completed during Q3 2019. The preliminary mining, processing and capital costs components are largely in-line with the previous guidance released by the Company as highlighted in the Restart Study.¹ The BFS is being prepared by highly regarded independent, specialist third party consultants. Each consultant is expected to finalise and sign off on their aspect of the BFS later this month, before a final report prepared by Primero Group is submitted to the Company.

Orimco Resource Investment Advisers, the Company's advisors with respect to project financing, will send an Information Memorandum to financial institutions that have signed Confidentially Agreements next week. These groups include major global banks and resource funds based in both Australia and overseas. Non-binding indicative terms are expected to be received later this quarter.

Finally, the Company continues to receive strong interest from global metal traders regarding the zinc and copper concentrates expected to be produced at the Project. This interest has resulted in two indicative proposals being received by the Company to date. These proposals provide guidance on pricing, treatment and refining charges and production specification. Receiving such indicative proposals from leading international metal traders highlights the quality of the concentrate to be produced at the Project,

¹ See ASX announcement "Outstanding study confirms Superior Lake as low-cost project" dated 10 October 2018. The Company confirms that it is not aware of any new information or data that materially affects the information in that announcement (save for the 200,000 tonnes increase in the Mineral Resource estimate announced on 7 March 2019), and that all material assumptions and technical parameters underpinning the production targets and forecast financial information based on production targets in that announcement continue to apply and have not materially changed. The inclusion of the 200,000 tonnes will not materially affect the throughput set out in the Restart Study.

with favourable grades and minimal deleterious elements.¹ These proposals are the first step towards securing binding offtake agreements in the future.

Discussions with potential offtake partners has also highlighted the possibility of additional funding outside of the senior project finance facility to be linked with offtake. An offtake related financing typically is in the form of mezzanine debt or concentrate pre-payments. This funding would further reduce the equity component for financing project development.

In North America, there are currently four operating zinc smelters (CEZinc smelter in Salaberry-de-Valleyfield, Quebec, HudBay Minerals in Flin Flon, Manitoba, Teck Resources in Trail, BC and Nyrstar in Clarksville, Tennessee) (Image 1 below). The Flin Flon refinery will however reportedly close in 2021.

The concentrate produced at Superior Lake can access each smelter using existing rail and road infrastructure. Superior Lake's unique location and access to the Canadian rail network, which in turn provides access to the Canadian port system, both on the East and West coast, also allows for relatively easy access to both European and Asian smelters.

Image 1: Location of North American smelters, rail and port terminals



Zinc and copper concentrate specifications – Superior Lake

Prior to its closure in 1998 due to a sustained period of low zinc prices, the Superior Lake Project produced zinc and copper concentrates for a decade. The historical operation provided the Company with concentrates specifications as highlighted in Table 1 below.

These historical concentrates specifications were the primary source of information used by the Company in the Restart Study completed in October 2018. The Restart Study estimated the following concentrate production.¹

- Zinc concentrate – 88,000tpa of zinc concentrate (45,000t of contained zinc metal); and
- Copper Concentrate – 6,700 tpa copper concentrate (25% Cu, 11g/t Au and 310g/t Ag).

As part of the BFS, additional independent testwork is being completed by SGS Lakefield in Canada, primarily to complete confirmatory testwork on the fresh ore from the mid-Pick zone.

Table 1: Historical Winston Lake Detailed Zinc Concentrate Specifications

Element	Zinc Concentrate (%)	Copper Concentrate (%)
Fe	10.2	28.7
Cu	0.67	24.7
Ni	0.002	0.008
Pb	0.010	0.074
Zn	55.0	7.47
Bi	0.008	0.023
Cd	0.13	0.018
Cr	0.008	0.010
Co	0.010	0.019
Ge	0.002	0.002
In	0.033	0.011
Mn	0.15	0.024
Hg	0.0005	0.0003
Mo	<0.001	<0.001
As	<0.002	0.011
Sb	0.002	0.005
Sn	0.018	0.017
Se	0.032	0.030
Te	0.0001	0.0005
F	0.036	0.005
Cl	0.016	0.007
S	32.4	34.8
SiO ₂	0.44	1.10
Al ₂ O ₃	0.059	0.13
CaO	0.047	0.057
MgO	0.19	0.37
BaO	0.008	0.027
Au	0.39 g/t	12.9 g/t
Ag	41.2g/t	344 g/t

About the Company

Superior Lake Resources Limited

Superior Lake Resources Limited is focused on the redevelopment of 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.² A Restart Study completed in 2018, forecasted the Project will produce approximately 46,000tpa Zn with forecasted AISC of US\$0.51/lb.¹

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

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

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² ASX announcement 7 March 2019 "Increase in Superior Lake Mineral Resource". Superior Lake confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 7 March 2019 and that all material assumptions and technical parameters underpinning the Mineral Resource estimate in the announcement of 7 March 2019 continue to apply and have not materially changed.