

Superior Resources Limited

ABN 72 112 844 407

Registered Office:

Level 2, 87 Wickham Terrace,
Spring Hill,
QUEENSLAND, 4000.

Postal Address:

PO Box 10288,
Brisbane Adelaide Street,
QUEENSLAND, 4000.

Telephone: 07 3839 5099

Facsimile: 07 3832 5300

Email: manager@superiorresources.com.au

QUARTERLY ACTIVITIES REPORT 30 SEPTEMBER 2010

HIGHLIGHTS

- Sixteen drill holes completed in the Dajarra Project (Cu, Pb, Zn) for 3083m
- An application to remove the Kingfisher Copper Prospect from the 'Wild Rivers' area refused
- Preparations completed for drilling at Wills (Phosphate) and Nicholson West (Cu, Pb, Zn) prospects
- Combined cash and liquid assets of \$4.0 million

FINANCIAL SUMMARY

In addition to cash of \$2.6 million at the end of the September 2010 quarter, SPQ holds 7 million Deep Yellow Limited shares with a value of \$1.4 million at the ASX closing price of \$0.21 on Friday, 22 October 2010. This makes total cash and liquid assets available for exploration of approximately \$4.0 million (5.2 cents per share).

EXPLORATION ACTIVITIES

Work during the quarter included completion of the drilling program at the Elizabeth, Cannon and Carbine prospects (Dajarra Project) and preparations for drilling at the Wills Phosphate prospect (Dajarra Project) and the Nicholson West Prospect (Nicholson Project).

An application, made to the Queensland Government last quarter, to remove the Kingfisher Copper Prospect from the 'Wild Rivers' area to allow drilling to proceed on this prospect has been refused by the relevant minister but the door has been left open for a further submission.

Ongoing appraisal of opportunities for Superior's involvement in other projects has continued.



Tenements

The current tenement situation is shown in Figure 1.

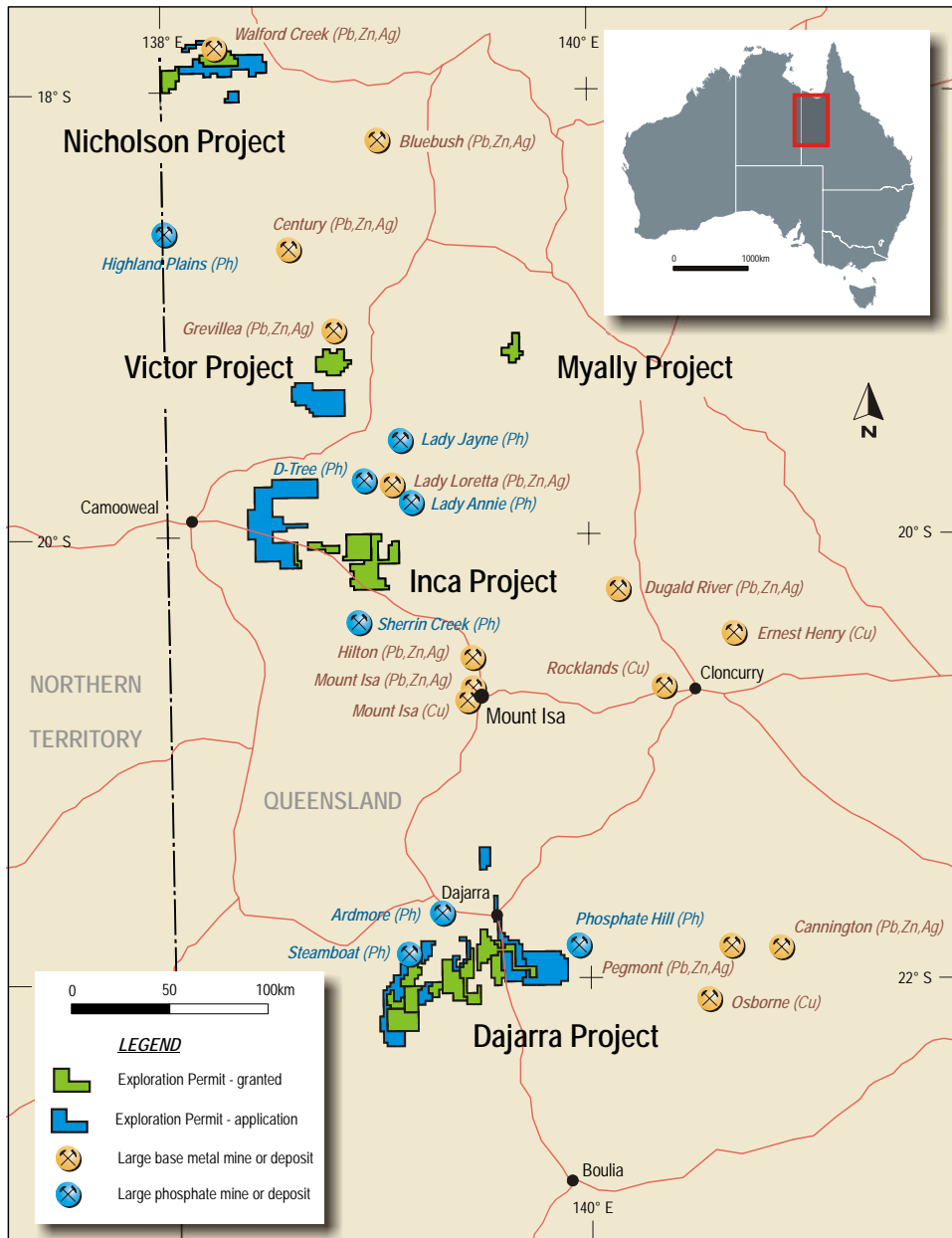


Figure 1. Superior Resources Limited – Project and tenement locations

Reduction of the Victor Creek exploration permit (EPM16028) was completed during the quarter as required by the terms of the exploration permit. Based on a re-assessment of existing airborne EM data, an application has been submitted for an exploration permit to the southwest of the Victor Creek exploration permit. This area is within the Gregory “Wild Rivers” area

An application for an exploration permit has also been submitted over potassium anomalies to the west of the existing Inca Creek tenements to allow further assessment to be completed for base metals, phosphate and diamonds in this area.

Following further appraisal of available data in the Wills Creek area (Dajarra Project), the area of the Wills Creek exploration permit application has been reduced in size.



Dajarra Project

The Dajarra Project is situated 150km south of Mount Isa. The target in the Dajarra Project is a major copper or lead-zinc-silver deposit of the Mount Isa type. Two new areas of Mount Isa Group sediments were discovered by Superior in the Dajarra Project area and most of the work completed to date has been on these prospective rocks.

Drilling which commenced in the previous quarter was completed in the current quarter. Sixteen drill holes were completed for a total of 3083m of drilling. Hole locations were provided in the June 2010 Quarterly Report and the results summarized in an ASX Exploration Update on 30 August 2010.

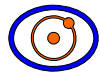
The only encouragement from the drilling was elevated copper values obtained from the drill holes drilled on the southwestern side of the Elizabeth Prospect where silica-dolomite veining was intersected. The best intersection from this area was 20m @ 395 ppm Cu in Hole EZ018 between 258 and 278m.

As also reported in the Exploration Update of 30 August 2010, sampling of a Cambrian phosphorite horizon (Wills Phosphate Prospect - Photographs 1 and 2) capping a mesa to the east of the Dajarra to Boullia Road resulted in assays between 1.7% and 18.3% P₂O₅ from the phosphorite horizon (Table 1). The sampled material is leached and brecciated suggesting that better grades might be expected where the phosphorite is not exposed and leached.

Table 1. Wills Phosphate Prospect rock-chip sample phosphate results.

Sample	Easting	Northing	P ₂ O ₅	Description
3007321	355985	7581268	3.5	Ferruginous breccia after phosphorite
3007322	355988	7581254	3.6	Ferruginous breccia after phosphorite
3007323	356168	7581283	4.0	Ferruginous breccia after phosphorite
3007324	356340	7581378	4.1	Ferruginous breccia after phosphorite
3007325	356458	7581527	4.7	Ferruginous breccia after phosphorite
3007326	356433	7581526	18.3	Ferruginous breccia after phosphorite
3007327	356377	7581652	1.7	Ferruginous breccia after phosphorite
3007328	356182	7581598	10.7	Ferruginous breccia after phosphorite
3007329	355872	7581564	0.1	Sandstone beneath phosphorite
3007330	355756	7581487	1.8	Ferruginous breccia after phosphorite
3007331	355611	7581107	3.8	Ferruginous breccia after phosphorite
6939363	355739	7581163	0.2	Shale above phosphorite
6939364	355726	7581278	1.8	Ferruginous breccia after phosphorite

Cultural heritage clearances of the area and tracks and drill pads have been completed in preparations for a small drilling program to establish what phosphate resources may exist at the prospect. A drilling rig is currently on site.



Photograph 1. Wills Phosphate Prospect showing phosphorite horizon.

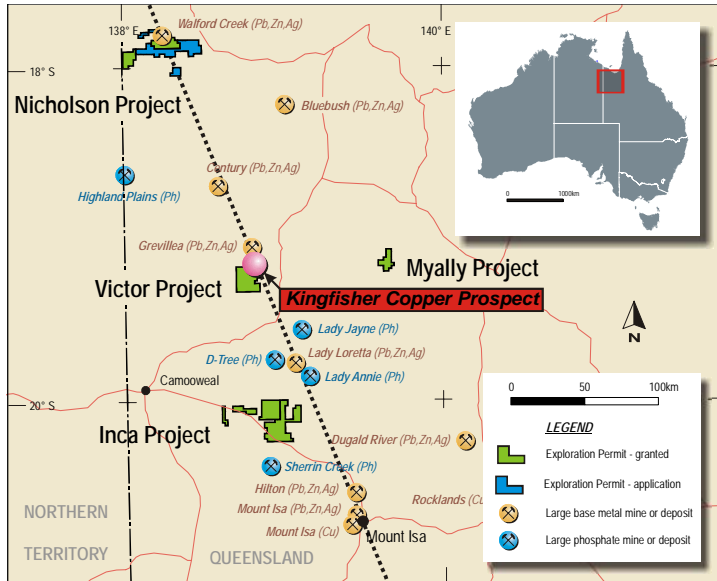


Photograph 2. Wills Phosphate Prospect showing the outcropping leached and brecciated phosphorite horizon (18.3% P_2O_5).



A proposal by the Queensland Government to declare a ‘Wild Rivers’ area over the total area of the Queensland portion of the Lake Eyre Basin is of concern as the proposed area completely includes Superior’s Dajarra Project area (derm.qld.gov.au/wildrivers/lake_eyre.html). The Queensland Government states that the ‘Wild Rivers’ does not stop new development. However, based on our experiences at the Kingfisher Copper Prospect and the experience of others, it is considered prudent to exercise caution and limit expenditure on the Dajarra Project area until the situation becomes clearer. Note that the proposed ‘Wild Rivers’ area also includes Superior’s Inca Project area northwest of Mount Isa.

Victor Project



The Victor Project is situated 180km north-northwest of Mount Isa (Figure 2). The principal target in the area is a copper or lead-zinc-silver deposit of the Mount Isa style.

The principal prospect in the Victor Project area is the Kingfisher Copper Prospect.

Kingfisher Copper Prospect

During the June 2010 Quarter a detailed application was submitted with the Department of Environment and Resource Management of the Queensland Government to remove the Kingfisher Copper Prospect area from the ‘Wild Rivers’ area. This application was considered

Figure 2. Superior Resources Limited – Victor Project and Kingfisher Copper Prospect locations.

necessary to allow drilling of the area to proceed and, if exploration was successful, to allow mining of any resources discovered.

Superior has received a response from the Minister Natural Resources, Mines and Energy and Minister for Trade that “insufficient information has been provided to support an amendment of the Gregory Wild River Declaration”. The Minister has, however, left open the possibility of submission of further data in support of an amendment. Whether a further submission would be successful or not is uncertain and given that the ‘Wild Rivers’ is now a political issue it may be more appropriate to wait for a political solution to the issue rather than invest further funds on studies of uncertain benefit.

As previously reported, the Queensland Government has provided a Collaborative Drilling Initiative (CDI) grant of \$75,000 as a 50% subsidy of the direct drilling costs for drilling at the Kingfisher Copper Prospect. In view of the Ministers decision it is now considered unlikely that this drilling can be completed within the time frame allowed for completion.



Nicholson Project

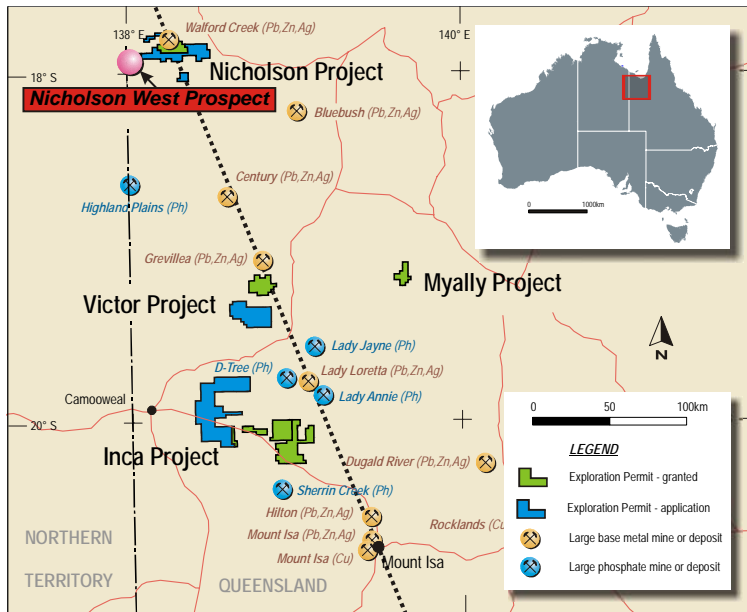


Figure 3. Superior Resources Limited – Nicholson Project and Nicholson West Prospect locations.

Superior’s target in the Nicholson Project (Figure 3) is a large copper or lead-zinc-silver deposit of the Mount Isa style.

As outlined in the June 2010 Quarterly Report, a late channel VTEM geophysical anomaly at the Nicholson West Prospect (Figure 4) has been earmarked for drilling in the Nicholson Project area.

The anomaly is apparently sourced by conductive material at a depth of about 300m and interpreted to be within the Mount Les Siltstone which is the host of the mineralization at the Walford Creek Prospect and is also the host of the pyritic shale drilled by Superior at Walford South last

year.

Preparations have been made for this drilling with access and drill pads prepared. However, drilling will now be held over until the 2011 year because of the likelihood of the commencement of the wet season before the drilling can be completed.

The planned gravity survey of the, KFW Prospect located to the southwest of the Walford South Prospect, as outlined in the June 2010 Quarterly Report was not completed during the quarter as access into the area had been washed out by the last wet season.

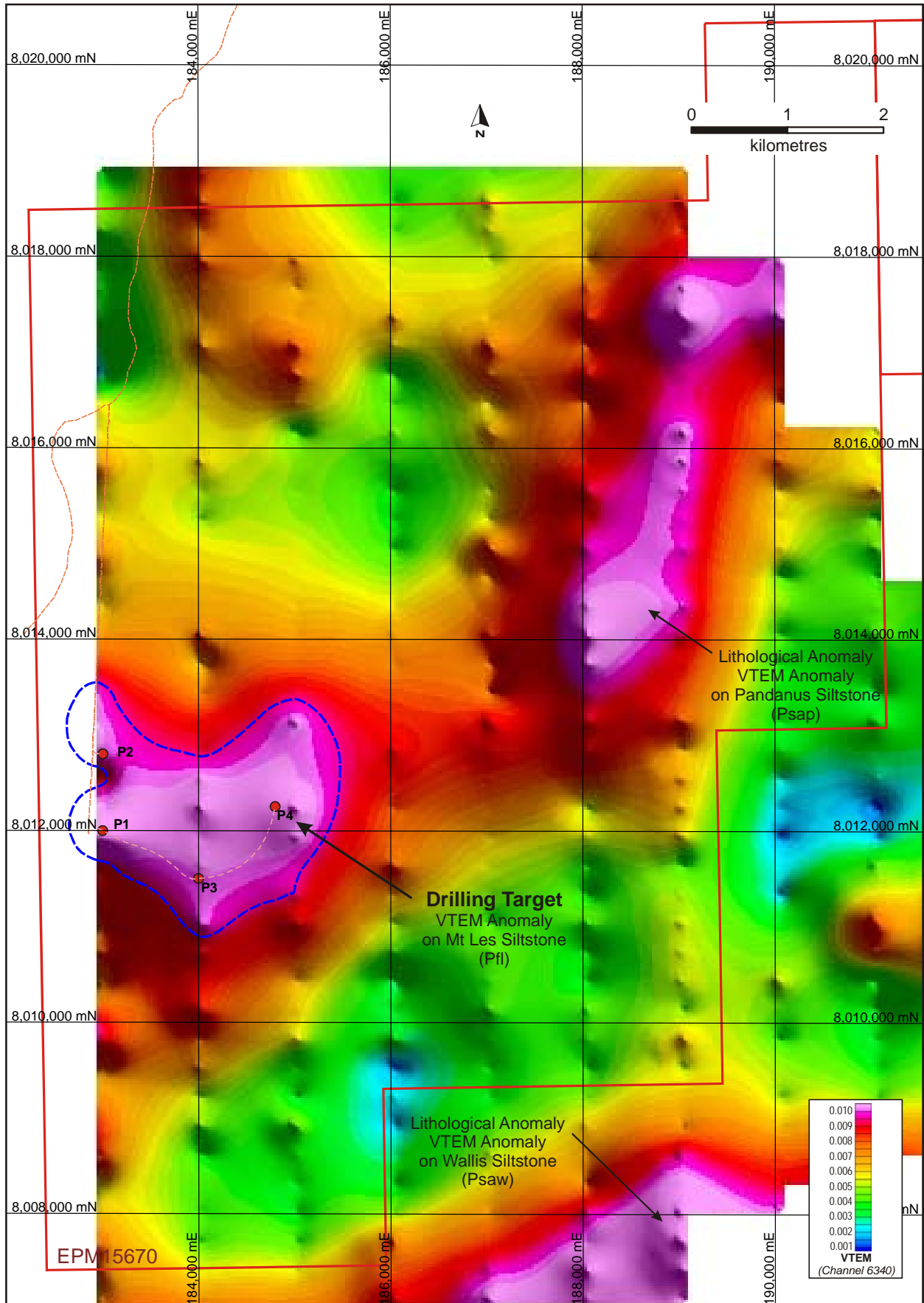


Figure 4. Superior Resources Limited – Western part of Nicholson Project (Nicholson West) showing the VTEM anomaly (Channel 6340) over the Mount Les Siltstone and prepared drill sites and access.



Other Projects

No field work was completed on other projects during the quarter.

Project Generation

During the quarter Superior continued investigating new opportunities for additional projects in Queensland.

There has been a marked increase in the time and cost of preparatory work before completing exploration in Queensland because of a raft of new legislation, regulation and policies from the Queensland Government. The "Wild Rivers" declarations are just part of this issue. Greenfields exploration is particularly affected and Superior's Directors are considering reducing greenfield's exploration in favour of brownfield's exploration if the situation does not improve. It is therefore likely that the time spent on investigating new opportunities for brownfield's exploration will increase in future until suitable brownfield's projects are acquired.

Future Exploration Program

- 1 Drill the Wills Phosphate Prospect – Dajarra Project
- 2 Drill the Nicholson West Prospect – Nicholson Project (2011)
- 3 Subject to access, drill the Kingfisher Copper Prospect - Victor Project (?2011)
- 4 Gravity survey over the KFW Prospect – Nicholson Project (2011)
- 5 Continue to investigate opportunities for brownfield's projects.

A handwritten signature in black ink, appearing to read 'K. Harvey'.

Ken Harvey
Managing Director

Contact:

Mr Ken Harvey
Ph (07) 3839 5099

Further Information: www.superiorresources.com.au

The information in this report that relates to Exploration Results is based on information compiled by Mr Ken Harvey, a full-time employee of the Company, who is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Harvey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Harvey consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.