

SUPERIOR RESOURCES LIMITED
ABN 72 112 844 407

HALF-YEAR REPORT – 31 DECEMBER 2007

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by Superior Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

DIRECTORS' REPORT

Your directors present their report on the company for the half-year ended 31 December 2007.

Directors

The following persons were directors of Superior Resources Limited during the whole of the half-year and up to the date of this report:

Lawrie Litzow
Ken Harvey
David Horton

Review of Operations

The operating loss after income tax of the company for the half-year was \$447,959 (2006: loss \$47,781). The loss reflects the nature of the company's principal activity, being mineral exploration.

Superior Resources Limited listed on the ASX on 12 November 2007.

Heliborne Versatile Time-Domain Electromagnetic (VTEM) surveys were completed under contract by Geotech Airborne Pty Ltd in August 2007 over parts of the Dajarra, Inca and Nicholson projects. Modelling and interpretation of results from the VTEM surveys resulted in two new high-priority EM anomalies at the Elizabeth and RFZ prospects and confirmed previously located anomalies at the Rundle and the Carbine prospects in the Dajarra Project area. More detailed VTEM surveys were completed by Geotech Airborne Pty Ltd over the Elizabeth and Carbine prospects in December 2007. Modelling and interpretation of the VTEM results to delineate additional drilling targets continues in the Dajarra, Inca and Nicholson project areas.

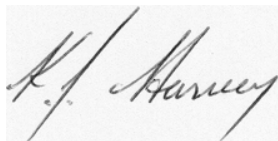
Eleven drill holes were completed in the Dajarra Project area with drilling completed on the Buckingham, Rundle, Elizabeth and RFZ prospects.

In addition to ongoing geological mapping and geochemical sampling on most tenement areas, soil geochemical surveys were completed at the RFZ Prospect and the Myally Uranium Prospect.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the company's auditors, Pitcher Partners, to provide the directors with a written Independence Declaration in relation to their review of the financial report for the half-year ended 31 December 2007. The Auditor's Independence Declaration is attached and forms part of this Directors' Report.

This report is made in accordance with a resolution of the directors.



Ken Harvey
Managing Director
13 March 2008



PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF SUPERIOR RESOURCES LIMITED

In relation to the review of Superior Resources Limited for the half-year ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001*, and
- (b) no contraventions of any applicable code of professional conduct.

PITCHER PARTNERS

S A Green
Partner

Brisbane, 13 March 2008

**INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	2007	Half-year	2006
	\$		\$
Revenue from operations	194,789		14,188
Accounting and audit fees	(31,035)		(2,800)
Depreciation	(4,043)		(599)
Office rent and outgoings	(10,992)		(6,992)
Travel and accommodation	-		(5,375)
Exploration written off	(4,742)		(36,303)
Administration expenses	(48,919)		(9,900)
Net loss on revaluation of available-for-sale financial assets	(735,000)		-
	<hr/>		<hr/>
Loss before income tax	(639,942)		(47,781)
Income tax expense	191,983		-
	<hr/>		<hr/>
Loss attributable to members of Superior Resources Limited	(447,959)		(47,781)
	<u>=====</u>		<u>=====</u>
	Cents		Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	(0.8)		(0.1)
Diluted earnings per share	(0.8)		(0.1)

The above income statement should be read in conjunction with the accompanying notes.

**BALANCE SHEET
AS AT 31 DECEMBER 2007**

	31 December 2007 \$	30 June 2007 \$
ASSETS		
Current assets		
Cash and cash equivalents	7,804,373	6,752,445
Trade and other receivables	69,027	102,566
	-----	-----
Total current assets	7,873,400	6,855,011
	-----	-----
Non-current assets		
Plant and equipment	39,947	24,291
Available-for-sale financial assets	2,590,000	3,920,000
Exploration expenditure	1,064,081	657,491
Deferred tax asset	220,012	13,471
Other	27,500	22,500
	-----	-----
Total non-current assets	3,941,540	4,637,753
	-----	-----
Total assets	11,814,940	11,492,764
	=====	=====
LIABILITIES		
Current liabilities		
Payables	58,877	5,000
Income tax payable	1,854,772	1,854,772
	-----	-----
Total current liabilities	1,913,649	1,859,772
	-----	-----
Non-current liabilities		
Deferred tax liability	1,089,686	1,363,225
	-----	-----
Total Non-current liabilities	1,089,686	1,363,225
	-----	-----
Total liabilities	3,003,335	3,222,997
	=====	=====
Net assets	8,811,605	8,269,767
	=====	=====
EQUITY		
Contributed equity	5,901,365	755,817
Reserves	-	416,500
Accumulated losses	2,910,240	7,097,450
	-----	-----
Total equity	8,811,605	8,269,767
	=====	=====

The above balance sheet s should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	2007 \$	Half-year 2006 \$
Total equity at the beginning of the half-year	8,269,767	743,146
	<u> </u>	<u> </u>
Loss for the half-year	(447,959)	(47,781)
Changes in the fair value of available-for-sale financial assets, net of tax	(416,500)	
Dividends paid	(3,739,251)	-
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs (note 4)	5,145,548	-
	<u> </u>	<u> </u>
Total equity at the end of the half-year	8,811,605	695,365
	<u> </u>	<u> </u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	2007 \$	Half-year 2006 \$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	70,630	-
Payments to suppliers (inclusive of goods and services tax)	(105,201)	(55,919)
Interest received	194,789	14,188
Net cash outflow from operating activities	<u>160,218</u>	<u>(41,731)</u>
Cash flows from investing activities		
Payments for exploration	(419,935)	(40,080)
Payments for fixed assets	(19,700)	(4,374)
Payment for security deposit	(7,500)	(2,500)
Payment for available-for-sale financial assets	-	(102,594)
Net cash outflow from investing activities	<u>(447,135)</u>	<u>(149,548)</u>
Cash flows from financing activities		
Dividends paid	(3,699,502)	-
Proceeds from share issue	5,427,400	-
Payment of share issue costs	(389,053)	(6,800)
Net cash inflow from financing activities	<u>1,338,845</u>	<u>(6,800)</u>
Net increase (decrease) in cash and cash equivalents	1,051,928	(198,079)
Cash and cash equivalents at the beginning of the half-year	6,752,445	566,456
Cash and cash equivalents at the end of the half-year	<u>7,804,373</u> =====	<u>368,377</u> =====

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

Note 1 Summary of significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2007 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by Superior Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Note 2 Segment information

The company operates solely within one business segment, being the mineral exploration industry in Australia.

Note 3 Profit for the half-year

	2007 \$	Half-year	2006 \$
Profit for the half-year includes the following items that are unusual because of their nature, size or incidence:			
Expenses			
Profit before income tax includes the following specific expenses:			
Exploration written off	4,742		36,303
Net loss on revaluation of available-for-sale financial assets	735,000		-

Note 4 Equity securities issued

	Half-year		Half-year	
	2007 Shares	2006 Shares	2007 \$	2006 \$
Issues of ordinary shares during the half-year				
Shares issued	27,137,000	-	5,427,400	-
Exercise of options issued under the prospectus	-	-	-	-
Share issue expenses (net of income tax)	-	-	(281,852)	-
	<u>27,137,000</u>	<u>-</u>	<u>5,145,548</u>	<u>-</u>
Net increase in contributed equity				

Note 5 Events occurring after the balance sheet date

Since 31 December 2007 the fair value of the company's investment in Deep Yellow Limited has decreased from \$2,590,000 to \$1,960,000 as a direct result of a drop in value of Deep Yellow Limited shares trading on the Australian Securities Exchange. This would also have an impact on the company's income tax obligations to the amount of \$189,000.

There have been no other matters or circumstances, that have arisen since the end of the half-year, that have significantly affected, or may affect, the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

DIRECTORS' DECLARATION

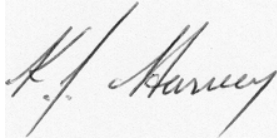
The directors declare that the financial statements and notes set out on pages 1 to 7:

- (a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory financial reporting requirements, and
- (b) give a true and fair view of the company's financial position as at 31 December 2007 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that Superior Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'K. Harvey', is written over a light grey rectangular background.

Ken Harvey
Managing Director

Brisbane
13 March 2008



PITCHER PARTNERS

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SUPERIOR RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Superior Resources Limited. The half-year financial report comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the Directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The Directors of Superior Resources Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Superior Resources Limited's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Superior Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF SUPERIOR RESOURCES LIMITED
(continued)**

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Superior Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Superior Resources Limited's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.


PITCHER PARTNERS



S A Green
Partner

Brisbane, 13 March 2008