

# Superior Resources Limited

ABN 72 112 844 407

## HALF-YEAR REPORT – 31 DECEMBER 2011

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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 2011 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*.

# SUPERIOR RESOURCES LIMITED

## DIRECTORS' REPORT

Your directors present their report on Superior Resources Limited ("Superior", "the company") for the half-year ended 31 December 2011.

### Directors

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

Ken Harvey  
David Horton  
Peter Hwang

### Review of Operations

The operating loss after income tax of the company for the half-year was \$133,495 (2010: loss \$938,466). The loss reflects the nature of the company's principal activity, being mineral exploration.

During the half-year Superior increased its 'brownfields' exploration activity with a corresponding reduction in 'greenfields' exploration. As in previous years the greenfields activity was directed to exploration for copper, lead and zinc deposits of the Mount Isa style in northwest Queensland. The brownfields activity was largely directed to exploration for copper, gold and zinc massive sulphide deposits at Superior's One Mile mining lease in northeast Queensland. Exploration for gold at the Quita Prospect was also carried out.

At the end of the December 2011 half-year, Superior held 8 granted exploration permits and 9 exploration permit applications in north Queensland as well as a mining lease at the One Mile Prospect.

Drilling at One Mile near Greenvale in northeast Queensland, intersected a substantial massive and semi-massive sulphide body of the volcanogenic massive sulphide style. To date the drilling contains only sub-economic copper, gold and zinc values but the exploration is at an early stage. The best intersections were in the deepest hole at the southern end of the prospect and work during the 2012 field season will focus on possible higher-grade extensions to the sulphide body to the south and at depth. Some drilling of a potential supergene enriched copper zone is also proposed for 2012.

At the Quita gold Prospect to the southwest of Dajarra in northwest Queensland, widely spaced soil sample lines over a gold stream anomaly, indicated low-order gold anomalies. Further work is proposed on these anomalies during the 2012 field season.

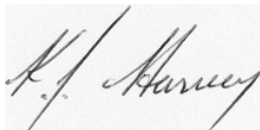
Five principal prospects have resulted from exploration to date for Mount Isa style targets in northwest Queensland. These are the Nicholson West, Walford South, Kingfisher Copper, Harris Creek and Elizabeth prospects. Discussions were held with a number of potential joint venture partners for these prospects during the half-year without success, in part, because of the European financial crisis.

Work also continued on the due diligence of the Tick Hill mining leases during the half-year as part of the process related to the farmin agreement with Diatreme Resources Limited.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 2.

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



**Ken Harvey**  
Managing Director

Dated this 9<sup>th</sup> day of February 2012, Brisbane

**Auditor's Independence Declaration  
to the Directors of Superior Resources Limited**

In relation to the review of Superior Resources Limited's financial report for the half-year ended 31 December 2011, 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.

**Lawler Hacketts Audit**



**Liam Murphy**  
**Partner**

Dated this 9<sup>th</sup> day of February 2012, Brisbane

## SUPERIOR RESOURCES LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Note	Half-year	
		2011	2010
		\$	\$
<b>Revenue</b>			
Interest income		45,815	82,406
Accounting and audit fees		(22,761)	(32,720)
Depreciation and amortisation		(3,373)	(4,242)
Office rent and outgoings		(17,673)	(16,026)
Tenement expenditure written off		(14,879)	(1,225,095)
Administration expenses		(120,624)	(144,989)
		<hr/>	<hr/>
<b>Loss before income tax</b>		(133,495)	(1,340,666)
Income tax benefit		-	402,200
		<hr/>	<hr/>
<b>Loss for the period</b>	<b>3</b>	(133,495)	(938,466)
<b>Other comprehensive income</b>			
Changes in the fair value of available-for-sale financial assets		(140,000)	1,330,000
Income tax relating to components of other comprehensive income		-	(399,000)
		<hr/>	<hr/>
Other comprehensive income for the period, net of tax		(140,000)	931,000
		<hr/>	<hr/>
<b>Total comprehensive income for the period</b>		(273,495)	(7,466)
		<hr/>	<hr/>
<b>Loss for the period attributable to ordinary equity holders of the company</b>		(133,495)	(938,466)
		<hr/>	<hr/>
<b>Total comprehensive income attributable to the ordinary equity holders of the company</b>		(273,495)	(7,466)
		<hr/>	<hr/>
<b>Earnings (loss) per share for profit attributable to the ordinary equity holders of the company:</b>			
Basic earnings (loss) per share		(0.17)	(1.22)
Diluted earnings (loss) per share		(0.17)	(1.22)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

## SUPERIOR RESOURCES LIMITED

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

	31 December 2011 \$	30 June 2011 \$
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	1,248,001	2,158,920
Trade and other receivables	84,687	65,750
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	1,332,688	2,224,670
NON-CURRENT ASSETS		
Plant and equipment	26,293	29,666
Available-for-sale financial assets	910,000	1,050,000
Exploration expenditure	4,075,280	3,327,597
Other	25,000	32,500
	<hr/>	<hr/>
TOTAL NON-CURRENT ASSETS	5,036,573	4,439,763
	<hr/>	<hr/>
TOTAL ASSETS	6,369,261	6,664,433
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Payables	65,504	86,344
Provision	28,523	29,360
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	94,027	115,704
	<hr/>	<hr/>
TOTAL LIABILITIES	94,027	115,704
	<hr/>	<hr/>
NET ASSETS	6,275,234	6,548,729
<b>EQUITY</b>		
Contributed equity	5,889,272	5,889,272
Reserves	7,000	147,000
Retained earnings	378,962	512,457
	<hr/>	<hr/>
TOTAL EQUITY	6,275,234	6,548,729
	<hr/>	<hr/>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## SUPERIOR RESOURCES LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Ordinary share capital \$	Retained earnings \$	Available-for- sale financial assets revaluation reserve \$	Total \$
<b>Balance at 1 July 2010</b>	5,889,272	1,620,576	49,000	7,558,848
<b>Comprehensive income</b>				
Loss for the period	-	(938,466)	-	(938,466)
Other comprehensive income for the period	-	-	931,000	931,000
<b>Total comprehensive income for the period</b>	-	(938,466)	931,000	(7,466)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>				
Shares issued during the period	-	-	-	-
Dividends paid or provided for	-	-	-	-
<b>Balance at 31 December 2010</b>	<u>5,889,272</u>	<u>682,110</u>	<u>980,000</u>	<u>7,551,382</u>
<b>Balance at 1 July 2011</b>	5,889,272	512,457	147,000	6,548,729
<b>Comprehensive income</b>				
Loss for the period	-	(133,495)	-	(133,495)
Other comprehensive income for the period	-	-	(140,000)	(140,000)
<b>Total comprehensive income for the period</b>	-	(133,495)	7,000	(273,495)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>				
Shares issued during the period	-	-	-	-
Dividends paid or provided for	-	-	-	-
<b>Balance at 31 December 2011</b>	<u>5,889,272</u>	<u>378,962</u>	<u>7,000</u>	<u>6,275,234</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## SUPERIOR RESOURCES LIMITED

### STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Half-year	
	2011	2010
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of goods and services tax)	49,223	55,353
Payments to suppliers and employees (inclusive of goods and service tax)	(234,477)	(251,298)
Interest received	50,766	95,899
	<hr/>	<hr/>
Net cash used in operating activities	(134,488)	(100,046)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for tenement exploration	(783,931)	(595,810)
Refund of security deposit	7,500	-
	<hr/>	<hr/>
Net cash used in investing activities	(776,431)	(595,810)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
	<hr/>	<hr/>
Net cash (used in) provided by financing activities	-	-
	<hr/>	<hr/>
Net decrease in cash held	(910,919)	(695,856)
Cash and cash equivalents at beginning of period	2,158,920	3,189,308
Cash and cash equivalents at end of period	<u>1,248,001</u>	<u>2,493,452</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## **SUPERIOR RESOURCES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

#### **Note 1: Summary of significant accounting policies**

These general purpose interim financial statements for the half-year reporting period ended 31 December 2011 have been prepared in accordance with requirements of the *Corporations Act 2001* and Accounting Standard AASB 134 *Interim Financial Reporting*.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Superior Resources Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the company for the year ended 30 June 2011, together with 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*.

#### **Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matter discussed below.

#### **Critical Accounting Estimates and Judgments**

These accounting policies include the capitalization of tenement expenditure as at 31 December 2011 amounts to \$4,075,280 (June 2011: \$3,327,597). Expenditure on tenements represents a significant asset of the company. Given exploration activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable resources and the difficulty in forecasting cash flows to assess the fair value of tenement expenditure, there is uncertainty as to the carrying value of tenement expenditure. The ultimate recovery of the carrying value of tenement expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements.



# SUPERIOR RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

### Note 1: Summary of significant accounting policies

#### New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

For the half-year reporting period to 31 December 2011, a number of new and revised Accounting Standard requirements became mandatory for the first time, some of which are relevant to the company. A discussion of these new and revised requirements that are relevant to the company is provided below:

– AASB 124: Related Party Disclosures (December 2009)

AASB 124 (December 2009) introduces a number of changes to the accounting treatment of related parties compared to AASB 124 (December 2005, as amended), including the following:

- The definition of a “related party” is simplified, clarifying its intended meaning and eliminating inconsistencies from the definition, including:
  - the definition now identifies a subsidiary and an associate with the same investor as related parties of each other;
  - entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other;
  - the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other; and
  - the definition now clarifies that a post-employment benefit plan and an employer sponsor of such a plan are related parties of each other.
- A partial exemption is provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.

Application of AASB 124 (December 2009) did not have a significant impact on the financial statements of the company.

– AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB’s annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity’s first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity’s exposure to risks arising from financial instruments;
- amending AASB 101 to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events and transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

Application of the amendments in AASB 2010–4 did not have a significant impact on the financial statements of the company.

# SUPERIOR RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

### Note 1: Summary of significant accounting policies

#### New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period - continued

- AASB 1054: Australian Additional Disclosures and AASB 2011-1: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]  
AASB 1054 sets out the Australian-specific disclosures that are additional to IFRS disclosure requirements. The disclosure requirements in AASB 1054 were previously located in other Australian Accounting Standards  
Application of AASB 1054 did not have a significant impact on the financial statements of the company.

### Note 2: Operating Segments

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

### Note 3: Loss for the period

	Half-year	
The following expenses items are relevant in explaining the financial performance for the interim period:	2011	2010
	\$	\$
<b>Expenses</b>		
Depreciation and amortisation	3,284	4,242
Write-off of capitalized tenement expenditure	14,879	1,225,095

### Note 4: Commitments for expenditure

#### Exploration commitments

Commitments as at end of the reporting period for payments under exploration permits for minerals in existence at the reporting date but not recognised as liabilities payable are as follows:

Within one year	633,896	338,763
Later than one year but not later than 5 years	1,892,660	1,956,378
Later than 5 years	-	-
	<u>2,526,556</u>	<u>2,295,141</u>

So as to maintain current rights to tenure of various exploration tenements, the company will be required to outlay amounts in respect of tenement exploration expenditure commitments. These outlays, which arise in relation to granted tenements are noted above. The outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished, work program deferred or Joint Venture Agreement concluded.

## **SUPERIOR RESOURCES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

#### **Note 5: Events occurring after the end of the interim period**

The directors are not aware of any significant events since the end of the half-year, that has 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.

## **SUPERIOR RESOURCES LIMITED**

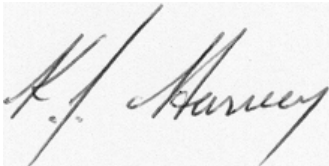
### **DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Superior Resources Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 3 to 10 are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standards AASB 134: Interim Financial Reporting; and
  - b. giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date, and
2. In the directors' opinion 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.

#### **Managing Director**

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

**Ken Harvey**

Dated this 9<sup>th</sup> day of February 2012, Brisbane

**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 Company") which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory notes, and the directors' declaration.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*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 the consolidated entity's financial position as at 31 December 2011 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.

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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF SUPERIOR RESOURCES LIMITED  
(CONTINUED)**

*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 the Company's financial position as at 31 December 2011 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*.

*Inherent Uncertainty regarding capitalised Exploration Expenditure*

Without qualification to the conclusion expressed above, attention is drawn to the following matter:

As a result of the matter described in Note 1 to the financial statements, there is uncertainty as to whether the company will be able to recover the carrying value of exploration expenditure for the amount recorded in the financial report. The ultimate recovery of the carrying value of exploration expenditure, and future exploration expenditure, is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements.

*Matters Relating to the Electronic Presentation of the Financial Report*

This review report relates to the financial report of Superior Resources Limited for the half-year ended 31 December 2011 included on the website of the Superior Resource Limited. The directors of the Company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the Company's website.

**Lawler Hacketts Audit**



**L J Murphy**  
**Partner**

Dated this 9<sup>th</sup> February 2012, Brisbane