

# Superior Resources Limited

ABN 72 112 844 407

## HALF-YEAR REPORT – 31 DECEMBER 2012

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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 2012 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 2012.

### 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 \$483,763 (2011: loss \$133,495). The loss reflects the nature of the company's principal activity, being mineral exploration.

Superior principal activities during the half-year were at the One Mile Prospect in northeast Queensland where drilling for massive sulphide deposits continued. The work focused on drilling down the plunge of the main sulphide body which outcrops as a gossan in the centre of the mining lease area. The copper, gold and zinc grades appeared to be increasing down the plunge of the body until the most recent drillhole (SPOM027) which, while it intersected a substantial amount of sulphides, showed only low grades.

Compilation and interpretation of previous geophysical and geochemical data around the One Mile mining lease outlined a number of high-quality drilling targets. These targets generally lie just outside of the mining lease and within the application for Exploration Permit 18987 (EPM18987) which surrounds the mining lease. Granting of the exploration permit is required before work can proceed on most of these targets. Some progress towards this granting has recently been made and granting is expected about the middle of 2013.

The compilation and interpretation work extended to the Cockie Creek Copper Prospect, also within EPM18987, where drilling by previous explorers had intersected wide intervals of low-grade copper. This work showed this prospect to be of considerable interest and estimation of resources where the drilling density is sufficient is planned. Most of the drilling is in the near-surface zone and potential exists for copper mineralization at a deeper level.

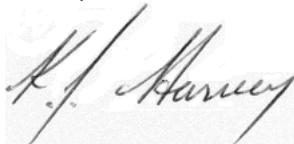
The amount of exploration for Mount Isa style targets in northwest Queensland was reduced because of the focus on the One Mile area and restrictions on access due to the Gregory Wild Rivers area. A number of exploration permits in northwest Queensland were relinquished but the five prime prospect areas were retained. Superior has been actively searching for a joint venture partner to progress these important properties.

Field work at Tick Hill has not been possible as one of the preconditions of the agreement is the transfer of the mining leases to Superior's joint venture partner Diatreme Resources Limited. Significant progress has recently been made and the transfer is expected to occur by mid 2013.

### 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**

Brisbane, 5th March 2013

**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 2012, 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 5<sup>th</sup> day of March 2013, Brisbane

# SUPERIOR RESOURCES LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Half-year	
	2012	2011
	\$	\$
<b>Revenue from continuing operations</b>	10,439	45,815
<b>Expenses</b>		
Accounting and audit fees	(16,140)	(16,500)
Depreciation and amortisation	(2,614)	(3,373)
Office rent and outgoings	(20,782)	(17,673)
Tenement expenditure written off	(330,996)	(14,879)
Administration expenses	(144,670)	(126,885)
	-----	-----
<b>Loss before income tax</b>	(504,763)	(133,495)
Income tax benefit	21,000	-
	-----	-----
<b>Loss for the half-year attributable to ordinary equity holders of the company</b>	(483,763)	(133,495)
	-----	-----
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Changes in the fair value of available-for-sale financial assets	70,000	(140,000)
Income tax relating to components of other comprehensive income	(21,000)	-
	-----	-----
<b>Other comprehensive income for the period, net of tax</b>	49,000	(140,000)
	-----	-----
<b>Total comprehensive income for the half-year attributable to ordinary equity holders of the company</b>	(434,763)	(273,495)
	=====	=====
	<b>Cents</b>	<b>Cents</b>
<b>Earnings (loss) per share for losses attributable to the ordinary equity holders of the company:</b>		
Basic earnings (loss) per share	(0.60)	(0.17)
Diluted earnings (loss) per share	(0.60)	(0.17)

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

# SUPERIOR RESOURCES LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2012

	31 December 2012 \$	30 June 2012 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	482,079	630,961
Trade and other receivables	59,353	82,635
	-----	-----
Total current assets	541,432	713,596
	-----	-----
<b>Non-current assets</b>		
Plant and equipment	20,682	23,296
Available-for-sale financial assets	420,000	350,000
Exploration expenditure	3,842,081	3,817,229
Other	27,500	27,500
	-----	-----
Total non-current assets	4,310,263	4,218,025
	-----	-----
<b>Total assets</b>	4,851,695 =====	4,931,621 =====
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	176,585	91,876
	-----	-----
Total current liabilities	176,585	91,876
	-----	-----
<b>Total liabilities</b>	176,585 =====	91,876 =====
<b>Net assets</b>	4,675,110 =====	4,839,745 =====
<b>EQUITY</b>		
Contributed equity	6,159,400	5,889,272
Reserves	49,000	-
Accumulated losses	(1,533,290)	(1,049,527)
	-----	-----
<b>Total equity</b>	4,675,110 =====	4,839,745 =====

The above Balance Sheet should be read in conjunction with the accompanying notes.

# SUPERIOR RESOURCES LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Ordinary shares \$	Accumulated losses \$	Available for sale investments revaluation reserve \$	Total \$
<b>Balance at 1 July 2011</b>	5,889,272	512,457	147,000	6,548,729
Loss for the half-year	-	(133,495)	-	(133,495)
Other comprehensive income	-	-	(140,000)	(140,000)
<b>Total comprehensive income</b>	-	(133,495)	7,000	(273,495)
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during the period	-	-	-	-
<b>Sub total</b>	5,889,272	378,962	7,000	6,275,234
Dividends paid or provided for	-	-	-	-
<b>Balance at 31 December 2011</b>	5,889,272	378,962	7,000	6,275,234
<b>Balance at 1 July 2012</b>	5,889,272	(1,049,527)	-	4,839,745
Loss for the half-year	-	(483,763)	-	(483,763)
Other comprehensive income	-	-	49,000	49,000
<b>Total comprehensive income</b>	-	(483,763)	49,000	(434,763)
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during the period	270,128	-	-	270,128
<b>Sub total</b>	6,159,400	(1,533,290)	49,000	4,675,110
Dividends paid or provided for	-	-	-	-
<b>Balance at 31 December 2012</b>	6,159,400	(1,533,290)	49,000	4,675,110

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 2012

	2012 \$	Half-year 2011 \$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	38,573	49,223
Payments to suppliers (inclusive of goods and services tax)	(222,223)	(234,477)
Interest received	10,439	50,766
<b>Net cash outflow from operating activities</b>	<u>(173,211)</u>	<u>(134,488)</u>
<b>Cash flows from investing activities</b>		
Payments for tenement exploration	(185,799)	(783,931)
Refund / (payment) for security deposit	-	7,500
<b>Net cash outflow from investing activities</b>	<u>(185,799)</u>	<u>(776,431)</u>
<b>Cash flows from financing activities</b>		
Proceeds from share issue	222,000	-
Payment of share issue costs	(11,872)	-
<b>Net cash inflow from financing activities</b>	<u>210,128</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(148,882)	(910,919)
Cash and cash equivalents at the beginning of the half-year	630,961	2,158,920
<b>Cash and cash equivalents at the end of the half-year</b>	<u>482,079</u> =====	<u>1,248,001</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 2012

### Note 1 Summary of significant accounting policies

This condensed interim financial report for the half-year reporting period ended 31 December 2012 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This condensed 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 2012 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 with the exception of the following.

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

##### *Presentation of Items of Other Comprehensive Income*

The company adopted AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income on 1 July 2012. AASB 2011–9 is mandatorily applicable from 1 July 2012 and amends AASB 101: Presentation of Financial Statements.

AASB 2011–9 amends the presentation requirements of other comprehensive income. It requires items of other comprehensive income to be grouped between:

- items that will not be reclassified subsequently to profit or loss; and
- those that will be reclassified subsequently to profit or loss when specific circumstances occur.

It also requires, when items of other comprehensive income are presented before the related tax effects with a single amount shown for the aggregate amount of income tax relating to those items, the amount of tax effect to be allocated between:

- items that will not be reclassified subsequently to profit or loss; and
- those that might be reclassified subsequently to profit or loss.

AASB 2011–9 also amends AASB 101 to change the title “income statement” to “statement of profit or loss” under the two-statement approach. The company adopted one statement approach and so is not impacted by the amendments.

The adoption of AASB 2011–9 only changed the presentation of the company’s financial statements and did not have any impact on the amounts reported for the current period or for any prior period in the company’s financial statements.

#### **Impacts of standards issued but not yet applied by the entity**

In December 2009, the AASB issued AASB 9 *Financial Instruments* which addresses the classification and measurement of financial assets and is likely to affect the company’s accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The company is yet to assess its full impact. However, initial indications are that it may affect the company’s accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. The company has not yet decided when to adopt AASB 9.

# SUPERIOR RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

### Note 1 Summary of significant accounting policies (continued)

#### Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the June 2012 annual report. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

#### *Critical judgements in applying the entity's accounting policies*

The company has capitalised exploration expenditure of \$3,842,081 (30 June 2012: \$3,817,229). This amount includes costs directly associated with exploration. These costs are capitalised as an intangible asset until assessment and/or drilling of the permit is complete and the results have been evaluated. These costs include employee remuneration, materials, rig costs, delay rentals and payments to contractors. The expenditure is carried forward until such as time as the area moves into the development phase, is abandoned or sold. 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 exploration expenditure there is uncertainty as to the carrying value of exploration expenditure. The ultimate recovery of the carrying value of exploration expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements.

#### Going Concern

This interim financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

The Directors acknowledge that to continue the exploration and development of the company's exploration projects, the budgeted cash flows from operating and investing activities for the future will necessitate further capital raisings. In the event that the company is unable to raise future funding requirements there exists a material uncertainty that may cast doubt on the company's ability to continue as a going concern with the result that the company may be required to realize its assets at amounts different from those currently recognized, settle liabilities other than in the ordinary course of business and make provisions for costs which may arise as a result of cessation or curtailment of normal business operations.

### Note 2 Segment information

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

# SUPERIOR RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

### Note 3 Loss for the half-year

	2012 \$	Half-year 2011 \$
Loss before income tax for the half-year includes the following items that are unusual because of their nature, size or incidence:		
<b>Expenses</b>		
Depreciation and amortisation	2,614	3,373
Tenement expenditure written off	330,996	14,879

### Note 4 Equity securities issued

	Half-year		Half-year	
	2012 Shares	2011 Shares	2012 \$	2011 \$
<b>Issues of ordinary shares during the half-year</b>				
Shares issued	3,700,000	-	222,000	-
Shares issued for acquisition of exploration rights	1,000,000	-	60,000	-
Share issue expenses (net of income tax)	-	-	(11,872)	-
Net increase in contributed equity	4,700,000	-	270,128	-

### Note 5 Commitments for expenditure

	31 December 2012 \$	30 June 2012 \$
<b>Exploration commitments</b>		
Commitments as at 31 December 2012 for payments under exploration permits for minerals in existence at the reporting date but not recognised as liabilities payable is:		
Payable within 1 year	404,876	419,017
Payable greater than 1 year	1,417,525	1,457,512
	1,822,401	1,876,529

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.

### Note 6 Events occurring after the balance sheet date

No matters or circumstances has arisen 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.

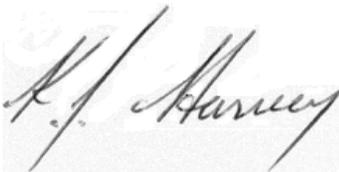
# SUPERIOR RESOURCES LIMITED

## DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 3 to 9 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, AASB 134: Interim Financial Reporting; and
  - (ii) giving a true and fair view of the company's financial position as at 31 December 2012 and of its performance for the half-year ended on that date, 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, 5<sup>th</sup> March 2013

**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 balance sheet as at 31 December 2012, 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 2012 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 2012 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 2012 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**



**Liam Murphy**  
**Partner**

Dated this 5<sup>th</sup> day of March 2013, Brisbane