



Superior Resources Limited

ABN 72 112 844 407

ANNUAL FINANCIAL REPORT For the year ended 30 June 2021

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Company Background

Superior Resources Limited (**Superior** or the **Company**) is a Brisbane based ASX-listed company (ASX:SPQ) exploring for lead-zinc-silver, copper, gold and nickel sulphide deposits in Australia.

Superior currently holds a number of exploration permits and exploration permit applications in northern Queensland.

In northwest Queensland, exploration for Mount Isa style deposits has resulted in Superior holding a first-class portfolio of properties for these deposits. Superior has an expanding portfolio of volcanogenic massive sulphide (**VMS**) and porphyry copper-gold, gold and magmatic nickel sulphide properties in the Greenvale area of north eastern Queensland with Mineral Resources defined for two properties.

Corporate Philosophy

Superior's aim is to increase shareholder value through the discovery, development and acquisition of significant mineral deposits and the Board maintains a strategy consistent with this aim.

Superior targets areas with potential for larger high-grade deposits of copper, lead-zinc-silver, gold and nickel sulphide. These include the large Mount Isa style projects in northwest Queensland and the high grade VMS deposits in northeast Queensland. The Company also holds a developing portfolio of gold, nickel, cobalt and uranium projects within its northwest and northeast Queensland properties.

More recently, Superior has commenced a program of assessment and development of its 100%-owned Steam Engine Gold Deposit and three advanced copper prospects at Greenvale.

Superior has adopted a conceptual approach in its search for Mount Isa style deposits which identifies permissive environments for these deposits and then explores these areas. Models, derived from existing large mineral deposits, are an integral part of this approach. Once a permissive environment is identified, Superior uses advanced exploration methods (particularly geophysics) with modern computer modelling of data to identify targets for further testing.

While a conceptual approach is also appropriate to a search for Proterozoic gold and VMS copper-gold deposits, Superior has adopted the more traditional approach in its search for these types of deposits by exploring around existing indications of mineralisation.

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to in this Report as the **Group**) consisting of Superior Resources Limited and the entities it controlled during the year ended 30 June 2021 (**Report**).

DIRECTORS

The following persons were Directors of the Company during the year and up to the date of this Report:

P H Hwang	Managing Director
C A Fernicola	Chairman and Company Secretary
S J Pooley	Non-Executive Director

PRINCIPAL ACTIVITIES

During the year the principal activity of the Group was the continued evaluation and expansion of the Steam Engine Gold Deposit. The Group also continued exploration for copper-gold and magmatic nickel sulphide deposits in northern Queensland, Australia. There were no significant changes in the nature of the Company's activities during the year and no significant changes in activity are anticipated.

DIVIDENDS

There were no dividends paid to members during the financial year (2020: \$nil).

REVIEW OF OPERATIONS

The loss after tax for the year was \$569,583 (2020: loss of \$461,100).

Coronavirus (Covid19) Impact

The impact of the Coronavirus (COVID-19) pandemic up to 30 June 2021 has been financially positive for the Group. The Queensland State and Australian Federal Governments have provided financial support by suspending the requirement to pay tenement rental fees and providing cash support (Jobkeeper and Cash Flow Boost) for continued employment of staff.

Summary

The principal activity of the Group during the full year period was exploration for gold, copper-gold and nickel-copper-PGE deposits in northern Queensland, Australia. There were no significant changes in the nature of the Group's activities during the reporting period.

- **Greenvale Project** (VMS and porphyry copper, gold and nickel-cobalt)
 - Developed a revised Mineral Resource Estimate on the Steam Engine Gold Deposit.
 - Commenced and completed two drilling programs at the Steam Engine Gold Deposit (Stage 1 and Stage 2 drilling programs).
 - Upgraded the Steam Engine Gold Deposit Mineral Resource Estimate, by 30% to **1.73 million tonnes @ 2.2 g/t Au** for **122,000 ounces**, comprising¹:
 - **Measured & Indicated: 850,000 tonnes @ 2.5 g/t Au** (approx. 67,000 ounces); and
 - **Inferred: 880,000 tonnes @ 1.9 g/t Au** (approx. 55,000 ounces).
 - Commenced and completed a Scoping Study on the Steam Engine Gold Deposit on the basis of a mining and toll treatment operation.
 - On the basis of a highly positive Scoping Study on the Steam Engine Gold Deposit, the Group commenced a Feasibility Study to further define the economic models for the mining of the deposit.

¹ Refer to ASX announcement dated 27 April 2021

DIRECTORS' REPORT

REVIEW OF OPERATIONS – (continued)

- Conducted a detailed field mapping and sampling program on the Dinner Creek Gold Lode at the Steam Engine Gold Deposit.
- Prepared an 8,000m reverse circulation and diamond core drilling program on the Steam Engine Gold Deposit, Bottletree Copper Deposit and Wyandotte Copper Deposit.
- Completed modelling of an Exploration Target on the Wyandotte Copper Deposit.
- Commenced modelling of a revised Mineral Resource Estimate for the Cockie Creek Copper Deposit.
- Conducted 3-D re-modelling of Induced Polarisation (IP) geophysical survey data acquired over the Bottletree Copper Prospect.
- Conducted data review and geophysical modelling of magnetic and VTEM survey data at the Big Mag, Dido and Phantom Creek nickel-copper-PGE prospects.
- Conducted a detailed field mapping and sampling program at the Halls Reward copper and nickel prospect area.
- Applied for three new exploration permits for minerals (EPMs) (Dido, Phantom Creek and Arthur Range).

CORPORATE and COMMERCIAL

- The Group completed a capital raising campaign which commenced during the second calendar Quarter of 2020 comprising a two-tranche placement and a non-renounceable rights issue.

Allotment and issue of 122,176,641 shares and 40,725,515 options was completed on 14 July 2020. On 9 July 2020, 37,270,937 options were issued in relation to the placement of 111,812,810 shares on 27 May 2020.

The Lead Manager of the share placement and rights issue received 15,000,000 options on 9 July 2020.

- During the year, 59,704,432 options with an exercise price of \$0.006 were exercised. This raised \$357,876.
- The Company completed a capital raising via a private placement to sophisticated investors on 17 December 2020. Under the capital raising, 177,840,000 fully paid ordinary shares in the Company were issued at an issue price of \$0.0125 per new share to raise \$2,223,000. A further 10,000,000 shares may be issued to certain Directors to raise \$125,000, subject to shareholder approval.

CASH CONSERVATION

The Company's Board continues to maintain the current cash conservation measures with respect to the Company's head office and administration.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There are no significant changes in the state of affairs of the Group during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year, the Group raised \$1,258,090 (before costs) through the issue of 119,818,096 new shares at a value of \$0.0105 per share. The new shares will be issued to sophisticated investors under s.708(8) of the *Corporations Act 2001* (Cth) (**Corporations Act**) and ASX Listing Rule 7.1A.

DIRECTORS' REPORT

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR – (continued)

Other than the above, no matters or circumstances have arisen since 30 June 2021 that have significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Group up to 30 June 2021, it is not practical to estimate the potential impact, positive or negative, after the reporting date. The situation is continually developing and is subject to measures imposed by the Australian State and Federal Governments, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS FROM OPERATIONS

The Group is currently conducting a Feasibility Study on the prospects for mining and processing of gold ore from the Steam Engine Gold Deposit. Based on the highly positive results of the recent Scoping Study and the general gold price forecasts, the Board considers that there are reasonable prospects of development of the deposit within the next two years.

The likelihood of realising forward gold prices is difficult. The actual price of gold at any point in the future depends on numerous foreseeable and unforeseeable factors.

Results from exploration activities are difficult to predict in advance and are uncertain.

REGULATORY MATTERS

The Group's operations are subject to substantial and significant regulatory control under various Queensland State and Commonwealth legislation. Significant matters that are regulated include mining, environmental, native title and real property. No matters of material concern have arisen in relation to regulatory control up to the date of this Report.

INFORMATION ON DIRECTORS

Peter Henry Hwang B.Sc.(Hons), LLB, MAIG, MGSA, MQLS

Managing director.

Experience and expertise

Mr Hwang has over 10 years' experience as a gold, base metals and diamond exploration geologist and 20 years' experience as a solicitor practicing in Queensland and national law firms specialising in resources, commercial, M&A, infrastructure and native title law. He has extensive experience in advising on the development and permitting of mining and major infrastructure projects, mining transactions as well as resource sector mergers and acquisitions transactions.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Managing Director.

Interests in SPQ shares and options

46,796,621 ordinary shares.

3,899,717 options over unissued ordinary shares.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS – (continued)

Carlos Alberto Fernicola B.Com., FCA, F Fin FCIS FGIA CTA Graduate Diploma Advanced Accounting, Graduate Diploma Applied Finance and Investments, Graduate Diploma Corporate Governance and Graduate Certificate Financial Planning.

Chairman.

Experience and expertise

Mr Fernicola is the Principal of Carlos Fernicola & Co., Chartered Accountants. Mr Fernicola is a Fellow of the Institute of Chartered Accountants in Australia, Fellow of the Governance Institute of Australia and Fellow of the Financial Services Institute of Australia. He has over 30 years of experience in accounting, taxation, audit and the financial services industry.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Chairman and Company Secretary.

Member of the Audit Committee.

Interests in SPQ shares and options

51,999,998 ordinary shares.

Simon James Pooley B.Sc., MAIM, GAICD

Non-Executive Director.

Experience and expertise

Mr Pooley has 30 years' experience in mine development, operations and mineral exploration. He has held senior industry positions that have demonstrated leadership and management of base and precious metals exploration and mining operations, development of project assessment types including definitive and bankable feasibility studies and their conversion into mining operations and managed teams undertaking exploration evaluations and valuations, project evaluation, resource estimation and exploration management.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Member of the Audit Committee.

Interests in SPQ shares and options

Nil.

COMPANY SECRETARY

The Company Secretary is Mr Carlos Alberto Fernicola, B.Com, FCA, FFin FCIS FGIA, CTA. Graduate Diploma Advanced Accounting, Graduate Diploma Applied Finance and Investments, Graduate Diploma Corporate Governance and Graduate Certificate Financial Planning.

Mr Fernicola was appointed to the position of Company Secretary on 11 November 2010.

DIRECTORS' REPORT

MEETINGS OF DIRECTORS

The numbers of meetings of the company's Board of Directors held during the year ended 30 June 2021, and the numbers of meetings attended by each director were:

Board

<i>Director</i>	<i>Meetings Eligible to attend</i>	<i>Meetings attended</i>
PH Hwang	5	5
CA Fernicola	5	5
SJ Pooley	5	5

Audit Committee

<i>Director</i>	<i>Meetings eligible to attend</i>	<i>Meetings attended</i>
CA Fernicola	2	2
SJ Pooley	2	2

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

The Directors are pleased to present your Group's 2021 remuneration report which sets out remuneration information for Superior Resources Limited's non-executive Directors, executive Directors, and other key management personnel.

The report contains the following sections:

- (a) Directors and key management personnel disclosed in this Report
- (b) Remuneration governance
- (c) Use of remuneration consultants
- (d) Executive remuneration policy and framework
- (e) Relationship between remuneration and Superior Resources Limited's performance
- (f) Non-executive director remuneration policy
- (g) Voting and comments made at the company's 2020 Annual General Meeting
- (h) Details of remuneration
- (i) Service agreements
- (j) Details of share-based compensation and bonuses
- (k) Equity instruments held by key management personnel
- (l) Loans to key management personnel
- (m) Other transactions with key management personnel

(a) Directors and key management personnel disclosed in this Report

Non-executive and executive Directors

P H Hwang

C A Fernicola

S J Pooley

K J Harvey (retired 28 November 2019)

Other key management personnel

Name

Position

C A Fernicola

Company Secretary

(b) Remuneration governance

The Board is responsible for:

- the over-arching executive remuneration framework;
- the operation of any established incentive plans which may apply to the executive team, including key performance indicators and performance hurdles;
- remuneration levels of executive Directors and other key management personnel; and
- non-executive Directors' fees.

The objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Group.

(c) Use of remuneration consultants

The Group has not engaged the services of any remuneration consultants during the current or prior financial years.

(d) Executive remuneration policy and framework

The combination of base pay and superannuation make up the executive Directors' total remuneration. Base pay for the executive Directors is reviewed annually to ensure the executives' pay is competitive with the market. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- transparency; and
- capital management.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) – (continued)

Long-term incentives

In the event that the Board of Directors proposes to establish any long-term incentives for executive Directors, the Board will obtain approval at a general meeting of shareholders.

Any issue of options to executive Directors is designed to focus executives on delivering long-term shareholder returns.

(e) Relationship between remuneration and Superior Resources Limited's performance

There is no direct link between remuneration, company performance and shareholder wealth. The Group's activities focus on the objective of delivery of long-term shareholder returns.

(f) Non-executive director remuneration policy

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of those Directors. Non-executive Directors' fees and payments are reviewed annually by the Board.

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum total pool currently stands at \$250,000 in aggregate plus statutory superannuation.

(g) Voting and comments made at the company's 2020 Annual General Meeting

The 2020 remuneration report was passed by a show of hands and had less than 25% proxy votes cast against it. The company did not receive any feedback at the AGM or throughout the year on its remuneration practices.

(h) Details of remuneration

The following tables show details of the remuneration entitled to be received by the Directors and the key management personnel of the Group for the current and previous financial year.

Consistent with the Board's cash conservation measures that applied to the period up to February 2021, the Directors received between 50% and 65% of their respective remuneration entitlement during the reporting period.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) – (continued)

2021	Short-term benefits	Post- employment benefits	Share- based payments	
Name	Cash salary and fees \$	Superannuation \$	Options \$	Total \$
<i>Non-executive Directors</i>				
C A Fernicola	34,000	-	-	34,000
S J Pooley	26,484	2,516	-	29,000
<i>Other key management personnel</i>				
C A Fernicola (Company Secretary)	29,000	-	-	29,000
Sub-total non-executive Directors and other key management personnel	89,484	2,516	-	92,000
<i>Executive Directors</i>				
P H Hwang - Managing Director	223,083	21,193	-	244,276
Totals	312,567	23,709	-	336,276

2020	Short-term benefits	Post- employment benefits	Share- based payments	
Name	Cash salary and fees \$	Superannuation \$	Options \$	Total \$
<i>Non-executive Directors</i>				
C A Fernicola	24,000	-	-	24,000
K J Harvey ¹	21,918	2,082	-	24,000
S J Pooley ²	12,785	1,215	-	14,000
<i>Other key management personnel</i>				
C A Fernicola (Company Secretary)	24,000	-	-	24,000
Sub-total non-executive Directors and other key management personnel	82,703	3,297	-	86,000
<i>Executive Directors</i>				
P H Hwang - Managing Director	211,000	20,045	-	231,045
Totals	293,703	23,342	-	317,045

¹ Retired 28 November 2019

² Appointed 28 November 2019

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) – (continued)

(i) Service agreements

Remuneration and other terms of employment of the Managing Director are formalised in an agreement. The major provisions of the agreement relating to remuneration are set out below.

P H Hwang, *Managing Director*

- Term of employment agreement – indefinite commencing 22 April 2013.
- Base salary was reviewed in February 2021 and set at \$240,000 plus superannuation and is to be reviewed at least annually by the Board.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to six months remuneration.
- Agreement may be terminated by employee giving six months' notice in writing.

(j) Details of share-based compensation and bonuses

There have been no share-based compensation and bonuses affecting remuneration in the current or a future reporting period.

(k) Equity instruments held by key management personnel

The tables below show the number of shares and options in the company that were held during the financial year by key management personnel of the Group, including their close family members and entities related to them.

Ordinary Shares

<i>Name</i>	<i>Balance at the start of the year</i>	<i>Received on exercising options</i>	<i>Net purchased / (sold)</i>	<i>Other changes</i>	<i>Balance at the end of the year</i>
P H Hwang	46,796,621	-	-	-	46,796,621
C A Fernicola	48,000,001	3,999,997	-	-	51,999,998
S J Pooley	1,250,000	-	(1,250,000)	-	-

Options Over Unissued Ordinary Shares

<i>Name</i>	<i>Balance at the start of the year</i>	<i>Options Exercised</i>	<i>Net purchased / (sold)</i>	<i>Other changes</i>	<i>Balance at the end of the year</i>
P H Hwang	3,899,717	-	-	-	3,899,717
C A Fernicola	3,999,997	(3,999,997)	-	-	-
S J Pooley	-	-	-	-	-

All options are vested and exercisable.

(l) Loans to key management personnel

There were no loans to key management personnel during the financial period.

(m) Other transactions with key management personnel and/or their related parties

There were no other transactions with key management personnel or their related parties.

End of Remuneration Report

DIRECTORS' REPORT

SHARES UNDER OPTION

92,996,452 options were issued during the year with an exercise price of \$0.006 and an expiry date of 31 December 2021.

During the year and since year end, there were 59,704,432 shares issued on the exercise of options granted.

As at the date of this Report, a total of 86,419,683 options are on issue.

INSURANCE OF OFFICERS

During the year the Group paid a premium of \$19,778 to insure the Directors and Secretary of the Company.

The risks insured include pecuniary orders and legal costs that may result from civil or criminal proceedings that may be brought against the officers in their capacity as officers and any other payments arising in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to any Court under section 237 of the Corporations Act for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in or on behalf of the Company with leave of the Court under section 237 of the Corporations Act.

NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of amounts paid or payable to the auditor for audit services provided during the year are outlined in Note 20 to the financial statements. No non-audit services were provided during the year.

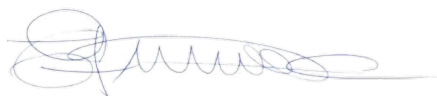
AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out on page 13.

AUDITOR

The auditor of the Group is William Buck (Qld).

This Report is made in accordance with a resolution of the Directors.



CA Fernicola
Chairman

Brisbane, 27th day of September 2021

AUDITOR'S INDEPENDENCE DECLARATION

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF SUPERIOR RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck (Qld)
ABN 21 559 713 106

Junaide Latif

Junaide Latif
Director

Brisbane, 27 September 2021

ACCOUNTANTS & ADVISORS

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CORPORATE GOVERNANCE

Corporate Governance practices that form the basis of a comprehensive system of control and accountability for the administration of the Group have been adopted. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

A description of the Company's current corporate governance practices is set out in the Company's corporate governance statement. This statement is available on the Company's website and can be viewed at www.superiorresources.com.au.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
Operator fees received		-	152,345
Other income	8	101,862	42,916
Accounting and audit fees		(26,116)	(27,810)
Administration expenses		(527,967)	(417,357)
Depreciation and amortisation		(3,790)	(2,352)
Loss on disposal of Carnaby Resources Shares		-	(37,802)
Office rent and outgoings		(15,427)	(15,125)
Tenement expenditure written-off	14	(98,145)	(155,915)
Loss before income tax		(569,583)	(461,100)
Income tax (expense) / benefit	9	-	-
Loss after tax for the year from continuing operations attributable to owners of Superior Resources Limited		(569,583)	(461,100)
Earnings (loss) per share		Cents	Cents
Basic earnings (loss) per share	25	(0.04)	(0.06)
Diluted earnings (loss) per share	25	(0.04)	(0.06)

The accompanying notes form part of these financial statements.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
Loss for the year from continuing operations attributable to owners of Superior Resources Limited		(569,583)	(461,100)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Fair value gains / (losses) on financial assets at fair value through other comprehensive income, net of tax		28,574	(114,497)
Other comprehensive income for the year, net of tax		28,574	(114,497)
Total comprehensive income / (loss) for the year, net of tax, attributable to owners of Superior Resources Limited		(541,009)	(575,597)

The accompanying notes form part of these financial statements.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	10	1,715,798	1,004,061
Trade and other receivables	11	46,798	36,851
Financial assets	12	40,059	11,485
Total Current Assets		1,802,655	1,052,397
Non-Current Assets			
Plant and equipment	13	13,018	8,382
Exploration expenditure	14	6,065,340	4,457,027
Other	15	33,500	32,500
Total Non-Current Assets		6,111,858	4,497,909
Total Assets		7,914,513	5,550,306
LIABILITIES			
Current Liabilities			
Payables	16	665,857	532,784
Total Current Liabilities		665,857	532,784
Non-Current Liabilities			
Payables	16	-	44,666
Total Non-Current Liabilities		-	44,666
Total Liabilities		665,857	577,450
Net Assets		7,248,656	4,972,856
Equity			
Contributed equity	17	14,960,308	12,202,019
Reserves	18	(3,123,316)	(3,210,410)
Accumulated losses		(4,588,336)	(4,018,753)
Total Equity		7,248,656	4,972,856

The accompanying notes form part of these financial statements.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 30 June 2020	12,202,019	(3,210,410)	(4,018,753)	4,972,856
Loss for the year	-	-	(569,583)	(569,583)
Other comprehensive income / (loss)	-	28,574	-	28,574
Total comprehensive income for the year	-	28,574	(569,583)	(541,009)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	2,758,289	58,520	-	2,816,809
Balance at 30 June 2021	14,960,308	(3,123,316)	(4,588,336)	7,248,656
Balance at 30 June 2019	10,975,213	(3,095,913)	(3,557,653)	4,321,647
Loss for the year	-	-	(461,100)	(461,100)
Other comprehensive income / (loss)	-	(114,497)	-	(114,497)
Total comprehensive income for the year	-	(114,497)	(461,100)	(575,597)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	1,226,806	-	-	1,226,806
Balance at 30 June 2020	12,202,019	(3,210,410)	(4,018,753)	4,972,856

The accompanying notes form part of these financial statements.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers (GST inclusive)		-	156,809
Receipts from Government		101,725	42,831
Payments to suppliers and employees (GST inclusive)		(592,199)	(455,339)
Interest received		137	85
Net cash inflow (outflow) from operating activities	24	<u>(490,337)</u>	<u>(255,614)</u>
Cash flows from investing activities			
Proceeds of disposal of investments		-	190,683
Payments for exploration expenditure		(1,558,254)	(306,480)
Payments for plant and equipment		(8,426)	(1,404)
Payments of security deposits		<u>(1,000)</u>	<u>(4,000)</u>
Net cash inflow (outflow) from investing activities		<u>(1,567,680)</u>	<u>(121,201)</u>
Cash flows from financing activities			
Share application moneys received		3,270	50,325
Proceeds on issue of shares		2,922,081	1,272,588
Payment of capital raising costs		<u>(155,597)</u>	<u>(45,782)</u>
Net cash inflow (outflow) from financing activities		<u>2,769,754</u>	<u>1,277,131</u>
Net increase (decrease) in cash held		711,737	900,316
Cash at beginning of financial year		<u>1,004,061</u>	<u>103,745</u>
Cash at the end of financial year	10	<u><u>1,715,798</u></u>	<u><u>1,004,061</u></u>

The accompanying notes form part of these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

1. General Information

Superior Resources Limited (**Company**) is a company limited by shares, incorporated, and domiciled in Australia. The Company's shares are listed on the Australian Securities Exchange.

The registered office and principal place of business of the Company is:

Unit 8, 61 Holdsworth Street
Coorparoo QLD 4151
Ph 07 3847 2887

The financial statements are for the Group consisting of Superior Resources Limited and its subsidiaries (the **consolidated entity** or the **Group**).

2. Significant Accounting Policies

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act, Australian Accounting Standards and Interpretations of the Australian Accounting Standard Board and in compliance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements were authorised for issue by the Directors on 27 September 2021.

(b) Basis of preparation

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(c) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent (Superior Resources Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries or controlled operations is provided in Note 26.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

The acquisition method of accounting is used to account for business combinations by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of financial position, respectively.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Significant Accounting Policies (continued)

(d) Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. Revenue is recognised when the performance obligations of a contract are satisfied.

Interest revenue is recognised using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue is recognised when it is received or when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax (GST).

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants are recognised when there is reasonable assurance that the funding conditions will be complied with and the grants will be received.

(e) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Cash and cash equivalents

For the consolidated statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. Significant Accounting Policies (continued)

(g) *Financial instruments*

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets will be recognised on the date that the Group becomes contractually bound to the relevant asset purchase or sale transaction (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in paragraph 63 of AASB 15: *Revenue from Contracts with Customers*.

Classification and Subsequent Measurement

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit and loss.

Measurement is on the basis of the two primary criteria, being:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Significant Accounting Policies (continued)

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for derecognition of financial assets:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. no practical ability to make unilateral decision to sell the asset to a third party).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. Significant Accounting Policies (continued)

Impairment

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(h) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Equipment / Software: 3 – 5 years

The asset's residual values and useful lives are reviewed and adjusted if appropriate at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of profit or loss. When revalued assets are sold, it is the Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. Significant Accounting Policies (continued)

(j) Exploration expenditure

Expenditure is accumulated separately for each area of interest until such time as the area is abandoned or sold. The realisation of the value of the expenditure carried forward depends on any commercial results that may be obtained through successful development and exploitation of the area of interest or alternatively by its sale. If an area of interest is abandoned or is considered to be of no further commercial interest the accumulated exploration costs relating to the area are written off against income in the year of abandonment. Some exploration expenditure may also be written off where areas of interest are partly relinquished and in cases where uncertainty exists as to the value, provisions for possible diminution in value are established.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

(k) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(m) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. Significant Accounting Policies (continued)

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(o) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave, which are expected to be settled within 12 months after the end of the period in which the employees render the related services, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related services, is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, employee departures and periods of service.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(p) Parent entity financial information

The financial information for the parent entity, Superior Resources Limited, disclosed in note 27 has been prepared on the same basis as the consolidated financial statements.

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. Significant Accounting Policies (continued)

(r) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(s) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that a non-financial asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (for example in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. Significant Accounting Policies (continued)

(t) Coronavirus (Covid19)

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the activities of the group including mineral exploration, capital raising, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

3. New and Amended Accounting Standards

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been adopted.

There are no other standards that are not yet effective and that are expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

4. Financial Risk Management

The Group's overall risk management plan seeks to minimise potential risks resulting from the unpredictability of financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group are exposed are credit risk, liquidity risk, market risk and cash flow interest rate risk.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

4. Financial Risk Management (continued)

The Group holds the following financial assets and liabilities:

	2021	2020
	\$	\$
Financial assets		
Cash and cash equivalents	1,715,798	1,004,061
Other receivables	15,398	10,771
Financial assets at fair value through other comprehensive income	40,059	11,485
	1,771,255	1,026,317
Financial liabilities		
Trade and other payables	574,701	574,701
	574,701	574,701

Risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Managing Director has been delegated the authority for designing and implementing processes which follow the objectives and policies.

The Board receives monthly reports which provide details of the effectiveness of the processes and policies in place.

(a) Credit risk

Credit risk is the risk of loss from a counterparty failing to meet its financial obligations to the Group.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for expected credit loss, as disclosed in the consolidated statement of financial position and notes to the financial statements.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For bank and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available).

	2021	2020
	\$	\$
Trade and other receivables	15,398	10,771
	15,398	10,771

Other than cash and cash equivalents, the most significant financial assets are trade and other receivables. The Group does not have any material credit risk exposure to any single debtor or Group of debtors under financial instruments entered into by the Group. There were no past due debts at balance date requiring consideration of impairment provisions.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. No finance facilities were available to the Group at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

4. Financial Risk Management (continued)

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings.

Contractual maturities of financial liabilities	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
At 30 June 2021	\$	\$	\$	\$	\$	\$
Trade and other payables	574,701	-	-	-	574,701	574,701
	574,701	-	-	-	574,701	574,701
At 30 June 2020						
Trade and other payables	416,357	44,666			461,023	461,023
	416,357	44,666	-	-	461,023	461,023

(c) **Market risk**

The Group is exposed to equity securities price risk. This arises from securities investments held by the Group in Deep Yellow Limited and classified on the statement of financial position as financial assets.

The Group is not exposed to any commodity price risk.

The table below summaries the impact of increases and decreases in the Deep Yellow Limited share price on the Group's total comprehensive income and loss for the year and on equity. The analysis is based on the assumption that the share price had increased or decreased by 25% (2020: 25%) from balance date fair value with all other variables held constant.

	Impact on post-tax loss				Impact on reserves			
	2021		2020		2021		2020	
	\$	\$	\$	\$	\$	\$	\$	\$
	+25%	-25%	+25%	-25%	+25%	-25%	+25%	-25%
Investment in Deep Yellow Limited	-	-	-	-	10,015	(10,015)	2,871	(2,871)

(d) **Cash flow and fair value interest rate risk**

As the Group has no significant interest-bearing assets or borrowings, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

(e) **Fair value measurements**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The net fair value of financial assets and financial liabilities approximates the respective carrying values as disclosed in the consolidated statement of financial position and the notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

5. Critical Accounting Estimates and Judgements

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 Group has capitalised non-current exploration expenditure of \$6,065,340 (2020: \$4,457,027).

This amount includes costs directly associated with exploration. These costs are capitalised as an intangible asset until assessment of the permit is complete and the results have been evaluated. These costs include employee remuneration, materials, drilling costs, delay costs, rental payments and payments to contractors. The expenditure is carried forward until such a time as the asset 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 Group's interest in the tenements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

6. Going Concern Principle

Notwithstanding that the Group incurred an operating loss after tax of \$569,583 (2020: loss of \$461,100) and a net cash outflow from operating activities of \$490,337 (2020: \$255,614) these financial statements have been prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The ability of the Group to continue as a going concern depends on one or more of the following:

- achieving sufficient future cash flows from operations to enable its obligations to be met;
- the success of cost saving initiatives, which include entering into Joint Venture arrangements and reducing tenement areas, so as to reduce the carrying and expenditure costs for tenements;
- cash flows from the sale of any of the Group's assets; and
- obtaining additional funding from capital raising activities.

The Directors acknowledge that to continue the exploration and development of the Group's exploration projects, the budgeted cash flows from operating and investing activities for the future will necessitate further capital raisings.

At the date of this Report and having considered the above factors, the Directors consider that the Group will be able to continue as a going concern and will be able to pay its debts as and when they fall due and payable.

In the event that the Group is unable to satisfy future funding requirements, a material uncertainty would exist that would cast significant doubt on the Group's ability to continue as a going concern with the result that the Group may be required to realise its assets at amounts different from those currently recognised, 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.

7. Segment Information

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

8. Other Income

		2021	2020
		\$	\$
Interest		137	85
Government grants – Covid:	Jobkeeper	55,800	12,000
	Cash flow boost	45,925	30,831
		<u>101,862</u>	<u>42,916</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

9. Income Tax

	2021	2020
	\$	\$
(a) Numerical reconciliation of income tax expense / (benefit) to prima facie tax payable:		
Profit (loss) from continuing operations before income tax expense	(569,583)	(461,100)
Tax at the Australian tax rate of 26% (2020: 27.5%)	(148,091)	(126,803)
Tax effect of permanent differences	(5,318)	(8,457)
Temporary differences not recognised	153,409	135,260
Income tax expense / (benefit)	-	-
(b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	14,771,759	12,424,397
Potential tax benefit @ 26% (2020: 27.5%)	3,840,657	3,416,709
(c) Franking credits		
Franking credits available for use in subsequent financial year	251,146	251,146

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021 \$	2020 \$
10. Cash and Cash Equivalents		
Cash at bank and on hand	1,715,798	1,004,061
11. Trade and Other Receivables		
CURRENT		
Other receivables	15,398	10,771
Prepayments	31,400	26,080
	<u>46,798</u>	<u>36,851</u>
12. Financial Assets		
CURRENT		
Deep Yellow Limited ¹		
Investments in listed equity securities designated at fair value through other comprehensive income	40,059	11,485
Total financial assets	<u>40,059</u>	<u>11,485</u>

¹ *Listed equity securities*

The investment in listed equity securities are stated at fair value. AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by the level of the following fair value measurement hierarchy:

- 1) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 2) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
- 3) Level 3 – Inputs for the asset or liability that are not based on observable market data.

The listed equity securities are traded in an active market, being the Australian Securities Exchange, and consequently they are measured as a Level 1 instrument on the fair value hierarchy. The quoted market price, used to determine the value of these securities, is the bid price at balance date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

13. Plant and Equipment

	2021	2020
	\$	\$
NON-CURRENT		
Equipment / software – at cost	95,167	86,740
Accumulated depreciation	(82,149)	(78,358)
	<u>13,018</u>	<u>8,382</u>

Movement in Plant and Equipment

Opening net book amount	8,382	9,330
Additions	8,426	1,403
Depreciation charge	(3,790)	(2,351)
Closing net book amount	<u>13,018</u>	<u>8,832</u>

14. Exploration Expenditure

	2021	2020
	\$	\$
Exploration phase property costs		
Deferred geological, geophysical, drilling and other expenditure – at cost		
Non-current	6,065,340	4,457,027
Total capitalised exploration expenditure	<u>6,065,340</u>	<u>4,457,027</u>

The capitalised exploration expenditure carried forward above has been determined as follows:

Opening balance	4,457,027	4,427,456
Expenditure incurred during the year	1,706,458	1,910,116
Tenement expenditure written-off	(98,145)*	(155,915)
Derecognition of South 32 contributions	-	(1,724,630)
Closing balance	<u>6,065,340</u>	<u>4,457,027</u>

* Tenement written off due to surrender of the tenement.

15. Non-Current Assets – Other

	2021	2020
	\$	\$
Security deposits	<u>33,500</u>	<u>32,500</u>

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

16. Payables

	2021	2020
	\$	\$
Current liabilities		
Trade payables and accrued expenses	262,357	114,154
Other payables – share application monies	3,270	50,325
Other payables – ATO	10,688	7,547
Other payables – related party (i)	312,345	302,203
Employee entitlements	77,197	58,555
	<u>665,857</u>	<u>532,784</u>
Non-current liabilities		
Other payables – related party (ii)	-	44,666
	<u>-</u>	<u>44,666</u>
Total Payables	<u>665,857</u>	<u>577,450</u>

(i) These amounts represent the unpaid Directors' remuneration that may be called within the next 12 months. The liability is unsecured, and no decision has been made by the Directors on the timing or nature of the consideration to be provided in settlement.

(ii) These amounts represent the unpaid Directors' remuneration for periods to 30 June 2016.

17. Contributed Equity

	2021	2020
	\$	\$
1,381,335,791 (2020: 1,016,614,718) ordinary shares fully paid	<u>14,960,308</u>	<u>12,202,019</u>

(a) Movements in ordinary share capital

<i>Date</i>	<i>Details</i>	<i>Number of shares</i>	<i>Issue price</i>	
			<i>\$</i>	<i>\$</i>
At 30 June 2019	Balance	688,043,740		10,975,213
31 July 2019	Shares issued	57,375,000	0.008	459,000
27 May 2020	Shares issued	111,812,810	0.003	335,438
25 June 2020	Shares issued	159,383,168	0.003	478,150
	Share issue cost			(45,782)
30 June 2020		1,016,614,718		12,202,019
9 July 2020	Shares issued	33,087,190	0.003	99,262
14 July 2020	Shares issued	89,089,451	0.003	267,268
13 October 2020	Options exercised	19,217,713	0.006	114,956
6 November 2020	Options exercised	27,895,010	0.006	167,370
6 November 2020	Shares issued	5,000,000	0.005	25,000
15 December 2020	Shares issued	800,000	0.0125	10,000
17 December 2020	Shares issued	3,000,000	0.0125	37,500
18 December 2020	Shares issued	22,840,000	0.0125	285,500
19 December 2020	Shares issued	80,000,000	0.0125	1,000,000
22 December 2020	Shares issued	71,200,000	0.0125	890,000
23 December 2020	Options exercised	8,329,476	0.006	49,977
19 March 2021	Options exercised	4,262,233	0.006	25,573
	Share issue cost			(214,117)
30 June 2021		1,381,335,791		14,960,308

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

17. Contributed Equity (continued)

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote and upon a poll, each share is entitled to one vote.

(c) Share options

Date	Details	Number of options	Weighted Average Exercise Price \$	Expiry
At 30 June 2019	Balance	113,560,925	0.03	
31 August 2019	Options expired	(113,560,925)	0.03	
25 June 2020	Options issued	53,127,663	0.006	31-Dec-21
At 30 June 2020	Balance	53,127,663		
9 July 2020	Options issued	15,000,000*	0.006	31-Dec-21
9 July 2020	Options issued	37,270,937	0.006	31-Dec-21
9 July 2020	Options issued	11,029,063	0.006	31-Dec-21
14 July 2020	Options issued	29,696,452	0.006	31-Dec-21
13 October 2020	Options exercised	(19,217,713)	0.006	31-Dec-21
6 November 2020	Options exercised	(27,895,010)	0.006	31-Dec-21
23 December 2020	Options exercised	(8,329,476)	0.006	31-Dec-21
19 March 2021	Options exercised	(4,262,233)	0.006	31-Dec-21
At 30 June 2021	Balance	86,419,683		

* The lead manager to the share placement and rights issue undertaken in June 2020 received 15 million options (during the year), having the same terms as options issued under the placement and rights issue at no consideration. The total value for the options granted is \$58,520.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group includes cash and cash equivalents, equity attributable to equity holders comprising of contributed equity, reserves, and accumulated losses. To maintain or adjust the capital structure, the Group may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the Group.

The Group monitors capital based on cash flow requirements for corporate overheads, exploration and evaluation expenditure. The Group's exposure to borrowings as at 30 June 2021 totals \$nil (2020: \$nil). The Group will continue to access capital markets and joint venture arrangements to satisfy anticipated funding requirements.

The Group's strategy to capital risk management is unchanged from prior years.

18. Reserves

	2021 \$	2020 \$
Financial assets revaluation reserve	(3,181,836)	(3,210,410)
Share-based payment reserve	58,520	-
Total reserve	(3,123,316)	(3,210,410)
At beginning of year	(3,210,410)	(3,095,913)
Revaluation increment / (decrement)	28,574	(114,497)
Share-based payments	58,520	-
At end of year	(3,123,316)	(3,210,410)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

19. Key Management Personnel Disclosures

(a) Key management personnel compensation

	2021 \$	2020 \$
Short-term employee benefits	312,567	293,703
Post-employment benefits	23,709	23,342
	336,276	317,045

Detailed remuneration disclosures are provided in the remuneration report on pages 8 to 11.

At 30 June 2021, \$312,345 (2020: \$346,869) remains payable.

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

There have been no options granted affecting remuneration in the current or a future reporting period.

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each Director of the Company and other key management personnel of the Group, including their related parties, is set out below.

Name	Balance at the start of the year	Options Exercised	Net purchased / (sold)	Other changes	Balance at the end of the year
Directors of Superior Resources Limited					
P H Hwang	3,899,717	-	-	-	3,899,717
C A Fernicola	3,999,997	(3,999,997)	-	-	-
S J Pooley	-	-	-	-	-

All options have vested and are exercisable on or before 31 December 2021.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

19. Key Management Personnel Disclosures (continued)

(iii) Share holdings

The number of ordinary shares in the company held during the financial year by each Director of Superior Resources Limited and other key management personnel of the Group, including their personally related parties, is set out below.

2021	<i>Balance at the start of the year</i>	<i>Received on exercising options</i>	<i>Net purchased / (sold)</i>	<i>Other changes</i>	<i>Balance at the end of the year</i>
<i>Name</i>					
Directors of Superior Resources Limited					
P H Hwang	46,796,621	-	-	-	46,796,621
C A Fernicola	48,000,001	3,999,997	-	-	51,999,998
S J Pooley	1,250,000	-	(1,250,000)	-	-
2020					
	<i>Balance at the start of the year</i>	<i>Received on exercising options</i>	<i>Net purchased / (sold)</i>	<i>Other changes</i>	<i>Balance at the end of the year</i>
<i>Name</i>					
Directors of Superior Resources Limited					
P H Hwang	35,097,467	-	11,699,154	-	46,796,621
C A Fernicola	35,624,999	-	12,374,999	-	48,000,001
K J Harvey ¹	31,193,040	-	10,397,679	-	41,509,719
S J Pooley ²	1,250,000	-	-	-	1,250,000

¹ Retired 28 November 2019

² Appointed 28 November 2019

20. Remuneration of Auditors

During the year, the following fees were paid or payable for services provided by the auditor, its related practices and non-related audit firms:

	2021	2020
	\$	\$
<i>PKF Brisbane Audit</i>		
Audit or review of financial report	-	17,000
<i>William Buck (Qld)</i>		
Review of financial report	5,000	-
Audit of financial report	15,000	15,000
	<u>20,000</u>	<u>32,000</u>

21. Contingencies

There are no contingent liabilities affecting the Group as at the date of this Report (2020: nil).

22. Commitments

(a) Exploration commitments

So as to maintain current rights to tenure of various exploration and mining tenements, the Group is required to outlay amounts in respect of tenement rent to the relevant governing authorities and to meet certain annual exploration expenditure commitments. These outlays (exploration expenditure and rent), which arise in relation to granted tenements are as follows:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

22. Commitments (continued)

	2021 \$	2020 \$
Exploration expenditure commitments		
Commitments for payments under exploration permits for minerals in existence at the reporting date but not recognised as liabilities payable is as follows:		
Payable within one year	1,360,705	1,171,269
Payable between one and five years	7,437,694	2,428,696
	8,798,399	3,599,965

Outlays expressed as "Exploration Expenditure Commitments" may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished or certain contractual arrangements are entered into with third parties (e.g. a farm-in or joint venture arrangement). Cash security bonds totalling \$33,500 (2020: \$32,500) are currently held by the relevant governing authorities to ensure compliance with granted tenement conditions.

23. Events Occurring After Balance Date

Since the end of the financial year, the Group raised \$1,258,090 (before costs) through the issue of 119,818,096 new shares at a value of \$0.0105 per share. The new shares will be issued to sophisticated investors under s.708(8) of the Corporations Act and ASX Listing Rule 7.1A.

Other than the above, no matters or circumstances have arisen since 30 June 2021 that have significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

24. Reconciliation of Loss After Income Tax to Net Cash Flows From Operating Activities

	2021 \$	2020 \$
Loss for the year after income tax	(569,583)	(461,100)
Depreciation and amortisation	3,790	2,352
Tenement expenditure written off	98,145	155,915
Loss on disposal of Carnaby Resources Limited shares	-	37,802
<i>Changes in operating assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(4,627)	(10,771)
(Increase) / decrease in prepayments	(5,320)	59,722
Increase/(decrease) in trade payables	-	(74,512)
Increase/(decrease) in other payables	(31,383)	21,639
Increase/(decrease) in employee entitlements	18,642	13,339
Net cash outflow from operating activities	(490,337)	(255,614)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

25. Earnings (loss) Per Share

	2021 Cents	2020 Cents
(a) Basic earnings (loss) per share		
Profit (loss) per share attributable to the ordinary equity holders of the company	<u>(0.04)</u>	<u>(0.06)</u>
(b) Diluted earnings (loss) per share		
Profit (loss) per share attributable to the ordinary equity holders of the company	<u>(0.04)</u>	<u>(0.06)</u>
	2021 \$	2020 \$
(c) Reconciliations of earnings (loss) used in calculating earnings per share		
Basic earnings (loss) per share		
Profit (loss) attributable to ordinary equity holders of the company used in calculating basic earnings per share	<u>(569,583)</u>	<u>(461,100)</u>
Diluted earnings(loss) per share		
Profit (loss) attributable to ordinary equity holders of the company used in calculating diluted earnings per share	<u>(569,583)</u>	<u>(461,100)</u>
	2021 Number	2020 Number
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings (loss) per share	1,268,571,172	753,123,457
Adjustments for calculation of diluted earnings (loss) per share:		
Options	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings (loss) per share	<u>1,268,571,172</u>	<u>753,123,457</u>

Unissued ordinary shares under option are not included in the calculation of diluted earnings per share because they are antidilutive for the years ended 30 June 2021 and 30 June 2020. These shares under option could potentially dilute basic earnings per share in the future.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

26. Related Party Disclosures

(a) Parent entity

The parent entity within the Group is Superior Resources Limited.

(b) Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The % ownership interests held equals the voting rights held by the Group.:

	Country of incorporation	Principal Place of Business	% ownership interest Held by the Group		Investment	
			2021	2020	2021 \$	2020 \$
Subsidiaries						
Superior Gold Pty Ltd	Australia	Australia	100	100	1,000	1,000

(d) Key management personnel

Disclosures relating to key management personnel are set out in Note 19.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

27. Parent Entity Information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2021	2020
	\$	\$
Statement of financial position		
Assets		
Current assets	1,787,133	1,037,845
Non-current assets	6,112,858	4,498,909
Total assets	<u>7,899,991</u>	<u>5,536,754</u>
Liabilities		
Current liabilities	643,276	511,842
Non-current liabilities	-	44,666
Total liabilities	<u>643,276</u>	<u>556,508</u>
Net assets	<u>7,256,715</u>	<u>4,980,246</u>
Shareholders' equity		
Issued capital	14,960,308	12,202,019
Reserves	(3,123,316)	(3,210,410)
Accumulated losses	<u>(4,580,277)</u>	<u>(4,011,363)</u>
	<u>7,256,715</u>	<u>4,980,246</u>
Statement of profit or loss and other comprehensive income		
Loss for the year	(568,914)	(460,286)
Other comprehensive income/(loss) net of tax	28,574	(114,497)
Total comprehensive income/(loss) for the year	<u>(540,340)</u>	<u>(574,783)</u>

(b) Contingent liabilities and commitments of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2021 or 30 June 2020.

The commitments of the parent entity are as disclosed at Note 22 for the Group.

DIRECTORS' DECLARATION

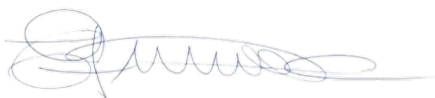
In the Directors' opinion:

1. the financial statements and notes set out on pages 15 to 43, are in accordance with the Corporations Act, including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements, and
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and
2. having regard to note 6 to the financial statements, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer/chief financial officer as required by section 295A of the Corporations Act.

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

A handwritten signature in blue ink, appearing to read 'CA Fernicola', with a stylized flourish at the end.

CA Fernicola
Chairman

Brisbane, 27th September 2021

Superior Resources Limited

Independent auditor's report to the members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Superior Resources Limited (the Company and its subsidiaries (the **Group**)), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss, consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (*including Independence Standards*) (the **Code**) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 6 in the financial report, which indicates that the Group incurred a net loss after tax of \$569,583 during the year ended 30 June 2021 and had net cash outflows from operations of \$490,337. As stated in Note 6, these events or conditions, along with other matters as set forth in Note 6, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

ACCOUNTANTS & ADVISORS

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Brisbane QLD 4001
Telephone: +61 7 3229 5100
williambuck.com

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

CARRYING VALUE OF EXPLORATION COSTS	
Area of focus	How our audit addressed it
Refer also to note 14	
<p>Capitalised exploration and evaluation assets represent over 77% of the Group's total assets. The carrying value of exploration and evaluation assets is impacted by the Group's ability, and intention, to continue to explore and evaluate these assets. The results of these activities then determine the extent to which it may or may not be commercially viable to develop and extract identified reserves.</p> <p>Judgement is required in evaluating management's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> ("AASB 6"). AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset.</p> <p>Due to the significance of this asset and the subjectivity involved in determining its carrying value and recoverable amount, this is a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — A review of the Directors' assessment of the criteria for the capitalisation of exploration and evaluation expenditure and their assessment of whether there are any indicators of impairment to capitalised costs; — Test the additions to capitalised expenditure for the year by agreeing a sample of recorded expenditure for consistency to underlying records, capitalisation requirements of the Group's accounting policy and the requirements of AASB 6; — Considering the Group's intention and ability to continue activities necessary to support a decision to develop the exploration and evaluation assets, which included an assessment of the Group's ability to fund such activities and a review of their future budgets; — Performing an assessment of whether any indicators of impairment existed in line with requirements of Australian Accounting Standards, including a review of the integrity of tenement title status and total commitments value; and — We assessed the adequacy of the Group's disclosures in respect of the carrying value of exploration costs.

Other Information

The Directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

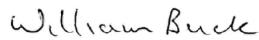
Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Superior Resources Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads 'William Buck'.

William Buck (Qld)
ABN 21 559 713 106

A handwritten signature in black ink that appears to read 'Junaide Latif'.

Junaide Latif
Director

Brisbane, 27 September 2021