ABN 64 139 522 553

Interim Financial Report

For the Half-Year ended

30 June 2018

CONTENTS OF THE INTERIM FINANCIAL REPORT

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2017 and any public announcements made by Superior Lake Resources Limited ("The Company") during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

DIRECTORS' REPORT

Your directors present their report on the Company for the half-year ended 30 June 2018.

DIRECTORS

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

Mr Grant Davey	Managing Director
Mr Peter Williams	Non-Executive Director
Mr Yunde Li	Non-Executive Director
Mr Keong Chan	Non-Executive Director

COMPANY SECRETARY

Mr Keong Chan

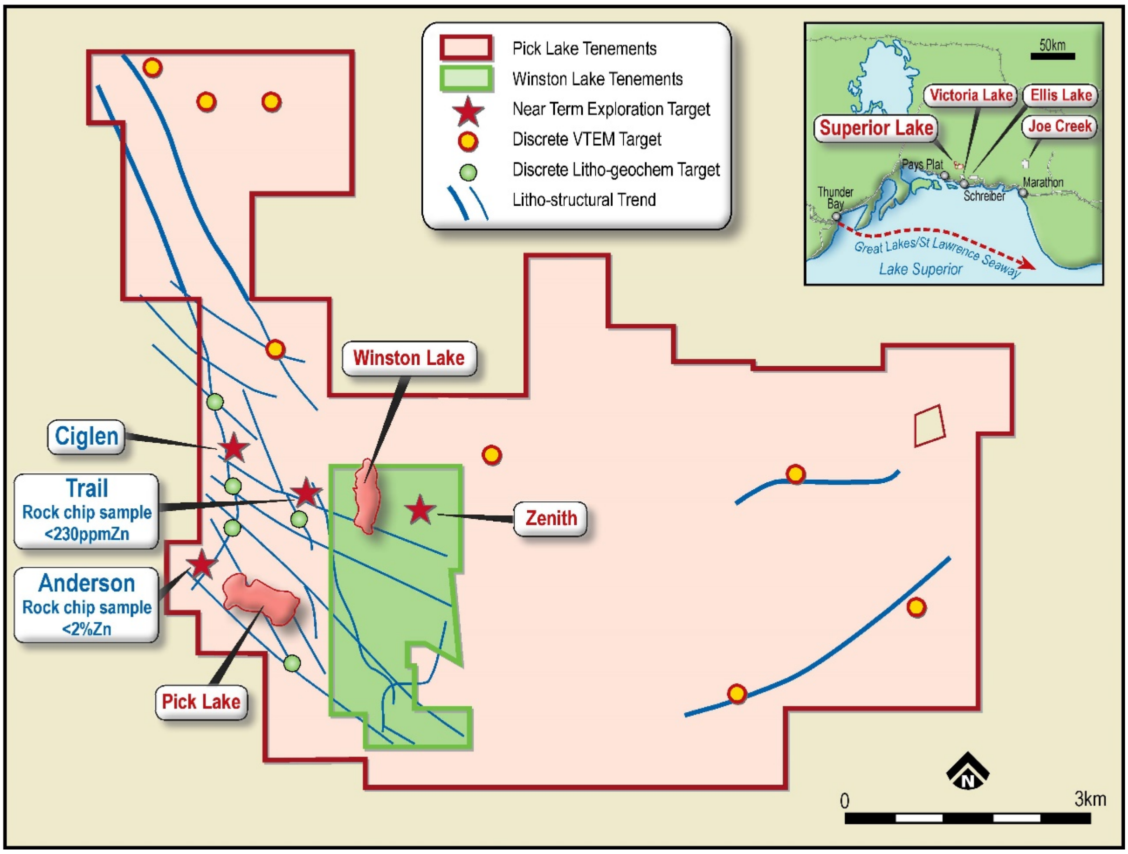
PRINCIPAL ACTIVITIES

The principal continuing activity of the Company during the period was mineral resources exploration.

REVIEW OF OPERATIONS

SUPERIOR LAKE PROJECT

During February 2018, the Company acquired an option to acquire the Winston Lake Project, another high-grade zinc project in Ontario Canada, adjacent to the Company's Pick Lake Project. Together the two projects form the Superior Lake Project (the "Project").



Location of Superior Lake Project

The Company has undertaken the first phase of the redevelopment strategy which includes the commencement of a restart Study with a scope that includes the completion of:

- a maiden Australasian Joint Ore Reserves Committee (JORC) mineral resource estimate for the Project;
- a preliminary mining study;
- engineering studies to determine the scope of works and costs for dewatering the mine, refurbishment of the underground mine and associated infrastructure and the installation of a new concentrator to process the ore.

The Company also plans to leverage the redevelopment of the Project by incorporating the historical information of the 11 years of successful operations and the extensive infrastructure located at the Project.

The preliminary engineering study is being completed by Nordmin Engineering from Thunder Bay, Ontario Canada to determine the mine dewatering and refurbishment, a concentrator, and preliminary review of the existing infrastructure in place at the project site (including the all-weather access road, power infrastructure, tailings dam, fresh water dam). The capital estimates will adopt the flowsheet used during operations providing historical metallurgical recoveries averaging 94% Zn and 78% Cu.

JORC RESOURCE

The Company completed a significant milestone with the release of its maiden JORC (2012) resource of 2.15 Mt at 17.7% Zn, 0.9% Cu, 0.5 g/t Au and 33.4 g/t Ag (please refer to the Company's announcement dated 3 July 2018)

The completed resource confirms and demonstrates that the mineralisation is robust and continuous with over 90 % of the resource classified in the Indicated Mineral Resource category.

Superior Lake Total Mineral Resource at 3 % Zn cut-off grade

Classification	Tonnage	Zn%	Cu%	Au g/t	Ag g/t
Indicated	1,992,000	17.8 %	0.9 %	0.4 g/t	33.7 g/t
Inferred	152,000	15.4 %	0.9 %	0.4 g/t	31.2 g/t
Total	2,145,000	17.7 %	0.9 %	0.4 g/t	33.5 g/t

Mineral Resource Description and Methodology

The Superior Lake Zinc Project consists of two deposits, Pick Lake and Winston Lake, and is located approximately 150 kilometres north east of the city of Thunder Bay Ontario, Canada. This is the highest-grade zinc project in Canada. The Project was mined for over a decade (~3Mt of ore mined) before closing in January 1999, due to a sustained period of a low zinc price. Since mine closure there has been no significant exploration completed on the Project.

Geology and Geological Interpretation

Winston and Pick Lake are recognised as Noranda-style VMS deposits which are characterised by the presence of the zinc - copper (+/- gold, +/- galena, +/- tetrahedrite) mineralisation composed of sphalerite-chalcopyrite-pyrrhotite-pyrite which can be surrounded by a pyrite-pyrrhotite halo with minor sphalerite, tetrahedrite and galena. Confidence in the model is high as the mineralisation of the deposits essentially occurred as a single massive sulphide seam distributed along the VMS horizon. The mineralisation and the host rock stratigraphy can be delineated between the drill holes.

Geological interpretation and the resource model are based on the drill hole database **(approximately 1787 drill holes)** and digitised underground drive maps and cross sections. The distances between drill holes intersecting the mineralisation in the Winston Lake deposit is 10 to 30m and 20 to 40m at the Pick Lake deposit. The interpretation of the mineralisation was confirmed by plans and section showing the mapping and sampling of the underground development.

Sampling and Sub-Sampling Techniques

The Pick mineralisation was defined by intervals logged as massive and semi-massive sulphides within the Pick clotted rhyolite or tuff units. The assay values for zinc were compared to these intervals and found to correlate well. The zinc percent assay values were used to select intersections where no logging information was present. The interpretation of continuity was based on ore drive level plans that showed mapping information for the sulphide horizon.

A nominal cut-off grade of 1% Zn was used to define the mineralised intervals which were used to construct a vein model. Edge boundaries were applied from ore drive extents and long-section mine plans that indicated the conductor boundary position from geophysical surveys.

Drilling Techniques

Diamond drill holes used to sample the mineralisation at Pick and Winston were based on 1603 holes drilled from both underground and surface. No historical information is available regarding sampling techniques or sample QAQC. However, the 10-year production history at the mines supports the magnitude of the assay values and location of the drill holes. The dataset is considered to be acceptable for use in Mineral Resource estimation by the Competent Person.

Sample Analysis Method

Samples were composited to 1m lengths using a best fit algorithm. Statistical continuity analysis of the samples was carried out using Istatis® geostatistical software to produce variograms for each element. The block models were constructed using parent cell sizes of 20mE by 20mN by 1mRL with sub-cell sizes of 0.5mE by 0.5mN by 0.5mRL for Pick and 1mE by 1mN by 1mRL for Winston. The composite data was unflattened and a two-pass estimation of grades was carried out in unfolded space using Ordinary Kriging or Simple Kriging.

Estimation Methodology

The mineralised domains have demonstrated sufficient confidence in both geological and grade continuity to support the definition of Mineral Resources. The nominal drill spacing of 20 to 30m, together with geological mapping and sampling from ore development, alimak raises and stoping is considered to be sufficient to assign an Indicated Mineral Resource classification to the majority of the Mineral Resource. Material classified as Inferred Mineral Resources is located on the margins of the Indicated Mineral Resources and the extents of the mineralisation, where sampling and control on the domain geometry are less confident.

The input data is comprehensive in its coverage of the deposits and does not favour or misrepresent the in-situ mineralisation. No assumptions have been made as to mining methods other than it will be by underground methods.

APPOINTMENT OF CHIEF EXECUTIVE OFFICER

Mr David Woodall was appointed as CEO during April 2018.

Mr Woodall is an experienced Mining Engineer who graduated from the WA School of Mines in 1984 and also has a MSc (Mineral Economics) and graduate Diploma in Business. He a member of The Australasian Institute of Mining and Metallurgy as well the Australian Institute of Company Directors. David's Canadian experience as well as his mine development and operational experience is key to ensuring that the Winston and Pick Lake mine is transitioned back into production successfully.

David previously held senior corporate and executive operational roles at Newcrest Mining, Fortescue Metals Group, the Ivanhoe Mines Group and Placer Dome. Over the last 30 years he has been involved in mining operations in Australia, Fiji, Central Asia, Indonesia, China, PNG and North America.

Competent Person Statement

The information in this interim financial report that relates to the Mineral Resources on the Superior Lake Project was first reported by the Company to ASX on July 3rd, 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement, and in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

RESULTS OF OPERATIONS

The Company made a loss from continuing operations after income tax of $13,953,561 for the half-year ended 30 June 2018 (30 June 2017: nil).

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

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

Mr Keong Chan
Director
Perth, Western Australia
13 September 2018

Bentleys
THINKING AHEAD

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit partner for the review of the financial statements of Superior Lake Resources Limited for the period ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

BENTLEYS
Chartered Accountants

CHRIS NICOLOFF CA
Partner

Dated at Perth this 13th day of September 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2018

	Notes	6 months ended 30 June 2018 $
Revenue	3	2,683
Other Income		-
Depreciation expense		(838)
Tenement and exploration expenses		(250,910)
Corporate transaction cost	5	(12,137,021)
Accounting and audit fees		(29,426)
Occupancy expenses		(9,103)
Administrative expenses		(296,970)
Employee benefit expenses		(1,231,976)
LOSS BEFORE INCOME TAX		**(13,953,561)**
Income tax expense		-
LOSS FOR THE PERIOD		**(13,953,561)**
LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF SUPERIOR LAKE RESOURCES LIMITED		**(13,953,561)**
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		
Items that may be reclassified to profit or loss		
Changes in fair value of financial assets		83,000
Other Comprehensive (loss)/income for the period		**83,000**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF SUPERIOR LAKE RESOURCES LIMITED		**(13,870,561)**
Basic and diluted loss per share (cents per share)		(2.41)

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	30 June 2018 $	31 December 2017 $
CURRENT ASSETS			
Cash and cash equivalents		1,303,053	1
Trade and other receivables		21,192	-
TOTAL CURRENT ASSETS		**1,324,245**	**1**
NON-CURRENT ASSETS			
Financial assets	4	332,000	-
Exploration & evaluation assets	10	637,603	-
Property, plant and equipment		3,002	-
TOTAL NON-CURRENT ASSETS		**972,605**	**-**
TOTAL ASSETS		**2,296,850**	**1**
CURRENT LIABILITIES			
Trade and other payables		203,898	-
TOTAL CURRENT LIABILITIES		**203,898**	**-**
TOTAL LIABILITIES		**203,898**	**-**
NET ASSETS		**2,092,952**	**1**
EQUITY			
Contributed equity	6	15,011,004	1
Reserves	8	1,035,509	-
Accumulated losses		(13,953,561)	-
TOTAL EQUITY		**2,092,952**	**1**

The above statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2018

	Contributed Equity $	Accumulated Losses $	Share Based Payments Reserve $	Investment Revaluation Reserve $	Total $
Balance as at 1 January 2018	1	-	-	-	1
Loss for the half-year	-	(13,953,561)	-	83,000	(13,870,561)
Total comprehensive loss for the half-year	-	(13,953,561)	-	83,000	(13,870,561)
Transactions with owners in their capacity as owners					
Securities issued during the period	15,011,003	-	-	-	15,011,003
Options issued during the period	-	-	952,509	-	952,509
Balance as at 30 June 2018	**15,011,004**	**(13,953,561)**	**952,509**	**83,000**	**2,092,952**

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2018

	Notes	6 months ended 30 June 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees (incl. GST)		(626,998)
Interest received		2,683
Payments for exploration activities (incl. GST)		(166,229)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(790,544)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired through business combinations		96,388
Payments for exploration: acquisition costs		(500,000)
Purchase of property, plant and equipment		(2,791)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(406,403)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares		2,500,000
NET CASH INFLOW FROM FINANCING ACTIVITIES		2,500,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,303,053
Cash and cash equivalents at the beginning of the half-year		-
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR		1,303,053

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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

The interim financial report of Superior Lake Resources Limited ("the Company") and its controlled entities ("the Group") for the half-year reporting period ended 30 June 2018 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and *the Corporations Act 2001.*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the period ended 31 December 2017 and any public announcements made by Superior Lake Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. As noted below in Note 1(c) below, the Group completed a reverse acquisition during the period, as SUP was only incorporated in November 2017 no comparative information is presented in these financial statements as it was considered that financial activities were minimal between incorporation and 31 December 2017.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise noted below:

(a) Going Concern

The half year financial report has been prepared on the going concern basis, which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the half-year ended 30 June 2018, the Group incurred a loss after tax of $13,953,561 (6 months ended 30 June 2017: nil) and had net cash outflows from operating activities of $790,544 (6 month ended 30 June 2017: nil).

As disclosed in Note 13, the Group raised $5,000,000 (before costs) subsequent to half-year-end as part of a placement.

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

(b) Impact of standards issued but not yet applied by the entity

The Group has adopted the below standards applicable to the Group from 1 January 2018:

AASB 9 Financial Instruments
During the period AASB 9: Financial Instruments became effective.

(i) *Classification of financial instruments*

The Group classifies its financial assets into the following measurement categories:

- those to be measured at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

The Group classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through profit or loss or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

(ii) *Financial assets measured at amortised cost*

Debt instruments

Investments in debt instruments are measured at amortised cost where they have:
- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. The measurement of credit impairment is based on the three-stage expected credit loss model described below in note (iii) Impairment of financial assets.

Financial assets measured at amortised cost are included in cash and cash equivalents.

i. Financial assets measured at fair value through other comprehensive income

Equity instruments

Investment in equity instruments that are neither held for trading nor contingent consideration recognised by the Group in a business combination to which AASB 3 "Business Combination" applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management.

Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

ii. Items at fair value through profit or loss Items at fair value through profit or loss comprise:
- items held for trading;
- items specifically designated as fair value through profit or loss on initial recognition; and
- debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise.

Where a financial asset is measured at fair value, a credit valuation adjustment is included to reflect the credit worthiness of the counterparty, representing the movement in fair value attributable to changes in credit risk.

Financial instruments held for trading

A financial instrument is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship.

Financial instruments designated as measured at fair value through profit or loss

Upon initial recognition, financial instruments may be designated as measured at fair value through profit or loss. A financial asset may only be designated at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistencies (i.e. eliminates an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities on a different basis.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch or:

- if a host contract contains one or more embedded derivatives; or
- if financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

(iii) *Impairment of financial assets*

The Group applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

- debt instruments measured at amortised cost and fair value through other comprehensive income;
- loan commitments; and
- financial guarantee contracts.

No ECL is recognised on equity investments.

Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL. Exposures that have not deteriorated significantly since origination are considered to have a low credit risk. The provision for doubtful debts for these financial assets is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statement.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

(iv) *Recognition and derecognition of financial instruments*

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognised when cash is advanced (or settled) to the borrowers.

Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

The Group derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

A financial liability is derecognised from the balance sheet when the Group has discharged its obligation or the contract is cancelled or expires.

(v) *Offsetting*

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Group has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

AASB 15 Revenue from contracts with customers
During the period AASB 15: Revenue from contracts with customers became effective.

The core principal of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.
Revenue is recognised by applying a five-step process outlined in AASB 15, which is as follows:
Step 1: Identify the contract with a customer;
Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations; and
Step 5: Recognise the revenue as the performance obligations are satisfied.

All revenue is stated net of the amount of GST

(c) Reverse acquisition

Superior Lake Resources Limited (formerly Ishine International Resources Limited) is listed on the Australian Securities Exchange. The Company completed the legal acquisition of Superior Mining Pty Ltd (“Superior Mining”) on 23 February 2018.

Under the principles of AASB 3, the transaction between Superior Lake and Superior Mining is treated as a reverse acquisition. As such, the assets and liabilities of the legal subsidiary (the accounting acquirer), being Superior Mining, are measured at their pre-combination carrying amounts. The assets and liabilities of the legal parent (accounting acquiree), being Superior Lake are measured at fair value on the date of acquisition. Accordingly, the consolidated financial statements of Superior Lake have been prepared as a continuation of the financial statements of Superior Mining from 23 February 2018. The comparative information presented in the consolidated financial statements is that of Superior Mining. Superior Mining Pty Ltd was incorporated in November 2017 and has had minimal transactions between incorporation date and 31 December 2017.

The impact of the reverse acquisition on each of the primary statements is as follows:

- The condensed statement of profit or loss and other comprehensive income:
  - For the half-year to 30 June 2018 comprises 6 months of Superior Mining and the period from 23 February 2018 to 30 June 2018 of Superior Lake;
  - As Superior Mining was incorporated in November 2017, there is no comparative information to be disclosed to 30 June 2017.

- The consolidated statement of changes in equity:
  - For the half-year ended 30 June 2018 comprises Superior Mining’s balance sheet at 1 January 2018, its loss for the year and transactions with equity holders for 6 months. It also comprises Superior Lake’s transactions within equity from 23 February 2018 to 30 June 2018 and the equity value of Superior Mining and Superior Lake at 30 June 2018. The number of shares on issue at year end represent those of Superior Lake only.

- The consolidated statement of cash flows:
  - For the half-year ended 30 June 2018 comprises:
    - The cash balance of Superior Mining as at 1 January 2018;
    - The cash transactions for the 6 months (6 months of Superior Mining and the period from 23 February 2018 to 30 June 2018 of Superior Lake); and
    - The cash balances of Superior Mining and Superior Lake at 30 June 2018.
    - As Superior Mining was incorporated in November 2017, there is no comparative information to be disclosed to 30 June 2017.

2. SEGMENT INFORMATION

The Group operates in one segment, being mineral exploration. This is the basis on which internal reports are provided to the directors for assessing performance and determining the allocation of resources within the Group.

All of the Group’s mineral exploration activity is based in Canada.

3. REVENUE AND OTHER INCOME

	6 months ended 30 June 2018 $
Revenue	
Interest Income	2,683
	2,683

4. FINANCIAL ASSETS

	30 June 2018 $
Listed securities – Shares	
Opening balance	249,000
Revaluation increase/(decrease) through financial asset reserve	83,000
Closing balance	332,000

5. BUSINESS COMBINATION

a) Superior Mining Pty Ltd

On 23 February 2018, Superior Lake (formerly Ishine International Resources Limited) acquired 100% of the ordinary share capital and voting rights of Superior Mining as described in the Notice of Meeting issued 5 January 2018.

Under the principles of AASB 3, the transaction between Superior Lake and Superior Mining is treated as a reverse acquisition, whereby the accounting acquirer is deemed to be Superior Mining and Superior Lake is deemed to be the accounting acquiree. Refer to the effect upon the basis of preparation at note 1(c) Reverse acquisition.

(a) Acquisition consideration

As consideration for the issued capital of Superior Mining, Superior Lake issued 263,636,364 shares to the shareholders of Superior Mining at $0.054 for a total consideration of $12,511,003. No cash was paid as part of the acquisition consideration.

(b) Fair value of consideration transferred

Under the principles of AASB 3, the transaction between Superior Lake and Superior Mining is treated as a reverse acquisition. As such, the assets and liabilities of the legal subsidiary (the accounting acquirer), being Superior Mining, are measured at their pre-combination carrying amounts. The assets and liabilities of the legal parent (accounting acquiree), being Superior Lake are measured at fair value on the date of acquisition.

The consideration in a reverse acquisition is deemed to have been incurred by the legal subsidiary (Superior Mining) in the form of equity instruments issued to the shareholders of the legal parent entity (Superior Lake). The acquisition-date fair value of the consideration transferred has been determined by reference to the fair value of the number of shares the legal subsidiary (Superior Mining) would have issued to the legal parent entity Superior Lake to obtain the same ownership interest in the combined entity. Therefore the deemed fair value of the acquisition of Superior Lake (Accounting Subsidiary) was determined to be 231,685,243 shares on issue in Superior Lake at $0.054 for a total value of $12,511,003.

(c) Goodwill (Corporate transaction expense)

Goodwill is calculated as the difference between the fair value of consideration transferred less the fair value of the identified net assets of the legal parent, being Dawine. Details of the transaction are as follows:

	Fair Value
	$
Fair value of consideration transferred	**12,511,003**
Fair value of assets and liabilities held at acquisition date:	
• Cash	96,387
• Trade and other receivables	5,596
• Property Plant & Equipment	1,049
• Financial assets	249,000
• Exploration assets	137,603
• Trade and other payables	(115,653)
Fair value of identifiable assets and liabilities assumed	**373,982**
Goodwill (Corporate transaction expense)	**12,137,021**

The goodwill calculated above represents goodwill in Superior Lake, however this has not been recognised as Superior Lake (the accounting acquiree) is not a business. Instead the deemed fair value of the interest in Superior Mining issued to existing Superior Lake shareholders to effect the combination (the consideration for the acquisition of the public shell company) was recognised as an expense in the income statement. This expense has been presented as a “Corporate transaction cost” on the face of the consolidation statement profit or loss and comprehensive income.

6. ISSUED CAPITAL

	30 June 2018	31 December 2017
(a) Share capital		
	$	**$**
722,594,334 (2017: 208,957,970) ordinary shares fully paid	15,011,004	1

(b) Movement in ordinary shares on issue

Date	Details	No. of shares	$
1 January 2018	Opening Balance	263,636,362	1
23 February 2018	Elimination (i)	(263,636,362)	-
23 February 2018	Shares on Issue (ii)	231,685,243	-
23 February 2018	Issue of consideration shares (iii)	263,636,364	12,511,003
23 February 2018	Issue of placement shares (iv)	227,272,727	2,500,000
30 June 2018	Closing Balance	722,594,334	15,011,004

(i) Elimination of existing Superior Mining Pty Ltd shares
(ii) Existing Superior Lake resources Limited shares on issue at acquisition date acquired
(iii) Issue of fully paid ordinary shares as consideration for the acquisition of 100% of the issued capital in Superior Mining Pty Ltd
(iv) Placement of 227,272,727 fully paid ordinary shares at $0.011 per share

7. COMMITMENTS AND CONTINGENCIES

(a) Exploration commitments

The Group has certain obligations to perform minimum exploration work and to spend minimum amounts on exploration tenements. The obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Group. Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishing of tenure or any new joint venture agreements. Expenditure may be increased when new tenements are granted of joint venture agreements amended.

	30 June 2018 $
< 1 year	405,459
1 – 5 years	1,211,624
> 5 years	-
	1,617,083

There are no contingent liabilities as at 30 June 2018 (31 December 2017: Nil).**RESERVES**

(a) Reserves	**30 June 2018**
Share-based payments reserve	
Balance at the beginning of the period	-
Share based payment expense	952,509
Balance at the end of the period	952,509
Investment revaluation reserve	
Balance at the beginning of the period	-
Change in investment revaluation reserve	83,000
Balance at the end of the period	83,000

(b) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued and shares granted to executives as share-based payments. Refer to Note 9 below for share based payments during the year.

Investment revaluation reserve

The investment revaluation reserve represents the cumulative gain and losses arising on the revaluation of financial assets at fair value that have been recognised in other comprehensive income.

9. SHARE BASED PAYMENTS

20 million incentive options were issued to Peter Williams during the period. These options are subject to a service condition and vest as follows:

- 6,666,666 12 months from the date of issue
- 6,666,667 24 months from the date of issue
- 6,666,667 36 months from the date of issue.

25 million and 27 million options were issued to employees and consultants during the period pursuant to the ESOP. The options are not subject to vesting conditions.

The above options were valued using the Black-Scholes valuation model with the following inputs:

Input	**Peter Williams Options**	**25 million ESOP**	**27 million ESOP**
Grant date share price	$0.054	$0.03	$0.03
Exercise price	$0.03	$0.03	$0.06
Expected volatility	90%	90%	90%
Option life	4 years	3 years	3 years
Risk-free interest rate	2.53%	2.53%	2.53%
Dividend yield	n/a	n/a	n/a
Value	**$808,329**	**$435,213**	**$345,418**

The total share based payment expense for the period was $952,509.

10. EXPLORATION & EVALUATION ASSETS

	30 June 2018
	$
Opening Balance	-
Additions:	
Pick Lake	500,000
Mt Morley	30,000
Winston Lake	137,603
Closing Balance	637,603

During the period the Group acquired the above projects and has capitalised acquisition costs directly attributable to these projects.

11. DIVIDENDS

No dividends were paid during the review period half-year (31 December 2017: None). No recommendation for payment of dividends has been made (31 December 2017: None).

12. RELATED PARTY TRANSACTIONS

Transactions with other related parties

Mr Chuanshui Yin is a director of Ausrich Resources Pty Ltd. Ausrich Resources Pty Ltd received consulting fees of $15,000 during the half year ended 30 June 2018.

During the half year, the Group paid $42,000 in total to Charterhouse Capital Pty Ltd, a related entity of Mr Keong Chan, for his provision of company secretarial and directorship services.

The Group paid $22,000 to Matador Capital Pty Ltd, a related party of Mr Grant Davey, for his provision of directorship services. The Company also paid $2,400 to Boss Resources Ltd, a related party of Mr Grant Davey, as car park rent.

The Group rents office space from Hylea Metals Limited, a related entity of Mr Keong Chan. The amount paid during the half year was $13,237.

13. EVENTS AFTER THE BALANCE SHEET DATE

The Company issued 117,142,858 shares on 31 August 2018 and 17,142,857 shares on 7 September 2018 at an issue price of $0.035 to raise $5,000,000 under Placement. The Company also issued on 31 August 2018, 10 million options exercisable at $0.06 and 10 million options exercisable at $0.08 options expiring 36 months after issue to BW Equities Pty Ltd who acted as Lead Manager to the Placement.

On 13 September 2018, the price of Athena Resources Ltd was $0.015 per share, which reduced the total fair value of financial assets held by $207,500.

No other matter or other circumstance has arisen since 30 June 2018, which has significantly affected, or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity for the half-year ended 30 June 2018.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 9 to 22 are in accordance with Corporations Act 2001, including:

   (i) complying with Accounting Standards, *the Corporations Regulations 2001* and other mandatory professional requirements, and

   (ii) giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that Superior Lake Resources Limited will be able to pay its debts and when they become due and payable.

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

Mr Keong Chan
Director
Perth, Western Australia
13 September 2018

Bentleys
THINKING AHEAD

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Independent Auditor's Review Report

To the Members of Superior Lake Resources Limited

We have reviewed the accompanying financial report of Superior Lake Resources Limited ("the Company") and Controlled Entities ("the Group") which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Group, comprising the Company and the entities it controlled during the period.

Directors Responsibility 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 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2018 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a. Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the period ended on that date; and

b. Complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

BENTLEYS
Chartered Accountants

CHRIS NICOLOFF CA
Partner

Dated at Perth this 13th day of September 2018