



ANNUAL REPORT **2014**

2014



Superior Resources Limited

ABN 72 112 844 407



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Corporate Directory

Directors

Carlos Alberto Fernicola
Peter Henry Hwang
Kenneth James Harvey
David John Horton

Corporate Secretary

Carlos Alberto Fernicola

Stock Exchange

ASX LIMITED
ASX Code: **SPQ**

Company

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Chairman's Review 2014

Superior Resources Limited has ended the 2013 – 2014 year with a project portfolio and corporate structure profile that is well in tune with the short and medium term global commodity forecasts. The continuation of the previous period's market gloom prompted the Board to devote considerable efforts to corporate and operational planning in order to develop a strategy to competitively position the Company in the market and to maximise the potential for growth during the next market upturn.

During the first half of the reporting period the Board became cognisant that market support for junior resources companies had all but disappeared. Furthermore, the developing forecast trends were indicating that the market was unlikely to show any improvement for at least twelve months. Early in the reporting period the Company embarked on a capital raising campaign, which in the circumstances, was considered successful by the Board. The Board also took steps to rationalise overheads as well as the amount of exploration expenditure.

Throughout the reporting period, but more intensely during the first half, the Company entered into corporate and asset sale processes to evaluate new project opportunities that the Board considered to complement or build on the current project portfolio. The Board continues to identify and evaluate new project opportunities.

One strategy that was implemented by the Board was to expedite access to the Company's Tick Hill Gold Project, which represents an opportunity to generate cash flow from surface and residual gold that is likely to remain on the project mining leases. Although the legal and contractual process required to expedite the access has been considerable, the Board is confident of a successful outcome in the near term.

Appreciation by the Board of commodity market forecasts formed the basis for determining prioritisation of the Company's projects. As a result, considerable focus has been directed to the Northwest Queensland Projects, namely the Nicholson West Project and the Victor Project. Although these projects represent good potential for copper and base metals, a key interest has been the zinc potential that these projects present. Significant analysis and remodelling of data has resulted in several high priority drill targets as well as new high priority targets in adjacent ground. Superior also expanded the Victor Project by applying for a new exploration permit. The Northwest Queensland Projects are large, first class exploration projects that are ideally suitable for a major company. The Board has during the reporting period commenced discussions with several significant mining companies for the purpose of creating farm-in and joint venture arrangements in respect of these projects.

Progress also continues on the Greenvale Copper Project. The reporting period saw the grant of one new exploration permit for minerals (EPM) and also a significant expansion of the project with the addition of two new EPM applications. Together with considerable geophysical data analysis and remodelling, the expansion has elevated the Greenvale Project to a first class copper exploration project.

As mentioned in my opening, this reporting period has been an historically difficult period on the markets. Despite the impediments, your Company is now in a better position to be recognised by the market forecasts and poised to realise the gains that the markets may present.



Carlos Fernicola
Chairman



Corporate Review

Company Background

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

Superior currently holds a number of exploration permits, exploration permit applications and a granted mining lease in northern Queensland for base metal exploration. Superior is also a party to a farm-in agreement for gold over three granted mining leases at Tick Hill in northwest Queensland.

Superior has an expanding portfolio of volcanogenic massive sulphide properties in the Greenvale area of northeastern Queensland with inferred resources defined for one property. In northwest Queensland exploration for Mount Isa style deposits over the last six years has resulted in Superior holding a first class portfolio of properties for these deposits. A farm-in agreement on three granted mining leases at Tick Hill in northwest Queensland gives Superior exposure to an area with potential for high grade gold mineralisation adjacent to an old high grade gold mine.

Corporate Philosophy

Superior's aim is to increase shareholder value through the discovery of significant mineral deposits and it has a strategy consistent with this aim.

Superior targets areas with potential for larger high-grade deposits of copper, lead-zinc-silver and gold. These include the large Mount Isa style deposits in northwest Queensland, the more moderate volcanogenic massive sulphide (VMS) deposits in northeast Queensland and the Proterozoic Tick Hill gold deposits in northwest Queensland.

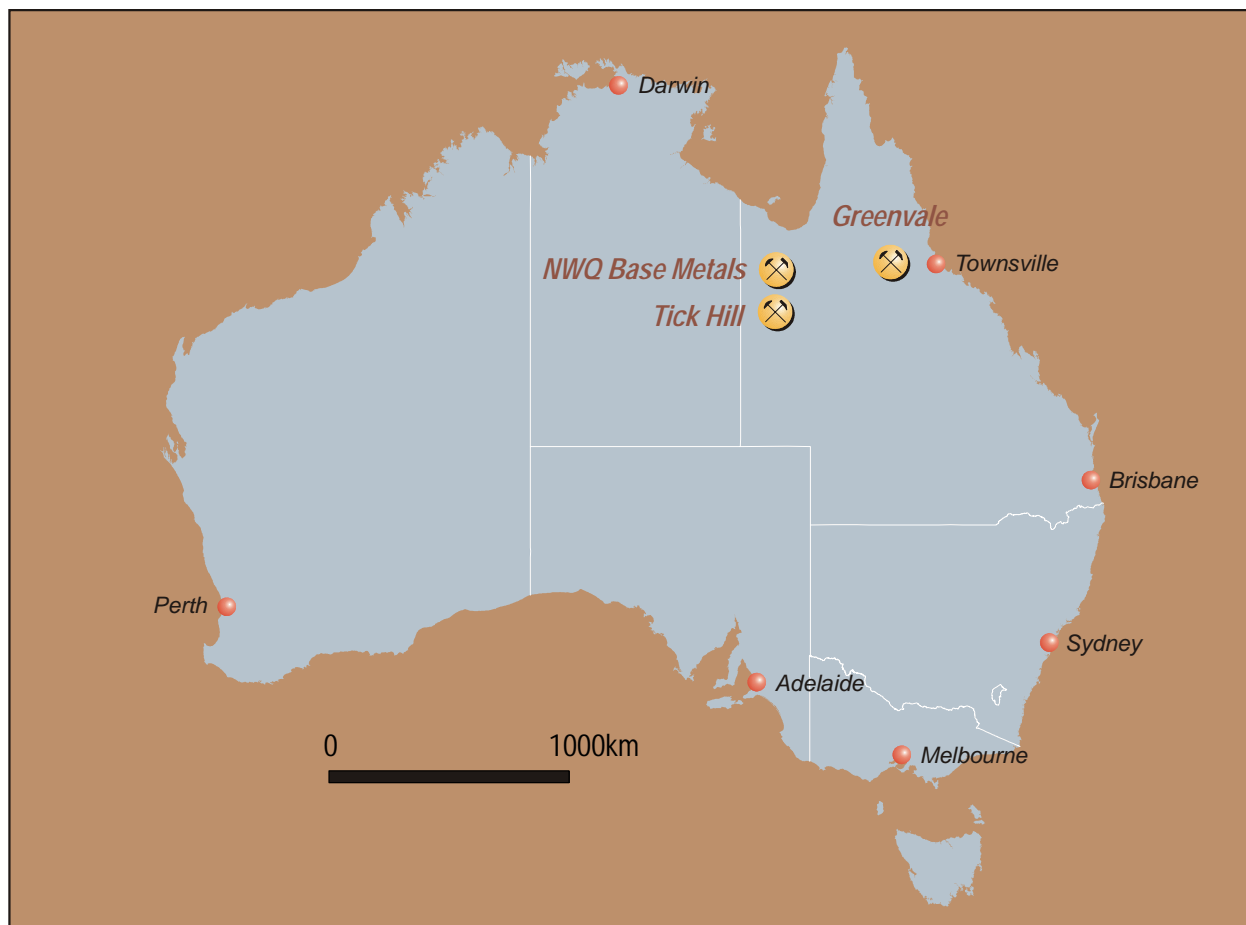
Superior has adopted a conceptual approach in its search for Mount Isa style deposits which identifies permissive environments for these deposits and then explores these areas. Models, derived from the existing large mineral deposits, are an integral part of this approach. Once a permissive environment is identified, Superior utilises advanced exploration methods (particularly geophysics) with modern computer modelling of results to produce 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 this search of exploring around existing indications of mineralisation.

Drilling is an essential part of Superior's exploration programs with drill testing of conceptual targets being part of the search for Mount Isa style deposits and drilling around and beneath existing mineralisation part of the search for gold and copper-gold deposits.

Superior continues to utilise experienced explorers in its exploration as they offer the best chance for discovery of resources.

Operations Report



Copper – Lead/Zinc – Gold

Introduction

The 2013 – 2014 year was again a difficult year for junior miners and explorers. In this context, Superior's strategy at the beginning of the period has been to:

- identify the current and potential future commodity market trends;
- identify potential early stage cash generation opportunities;
- prioritise and progress current projects in alignment with future market forecasts;
- identify new project opportunities; and
- identify appropriate joint venture partners for the large Northwest Queensland and Greenvale projects.

The Company initially devoted considerable time and resources to identifying new project opportunities throughout Australia. The Board evaluated several projects together with identifying potential funding sources. However, for value considerations, the Company did not progress the early opportunities. The Company continues to evaluate new project opportunities that it considers to be strategic and that would build on the current asset portfolio.



In addition, Superior utilised the recent market downturn period to:

- focus its resources on crystallising an opportunity for early cash generation by expediting access to the Tick Hill Gold Project; and
- develop and upgrade first class exploration projects to ensure alignment with well recognised current and future commodity market forecasts.

During the period under review, the Board also remained conscious of resisting capital raising activities in the depressed market in order to preserve the Company's capital structure.

Superior's current tenement situation in northeast and northwest Queensland is shown in Figures 1 and 2 respectively.

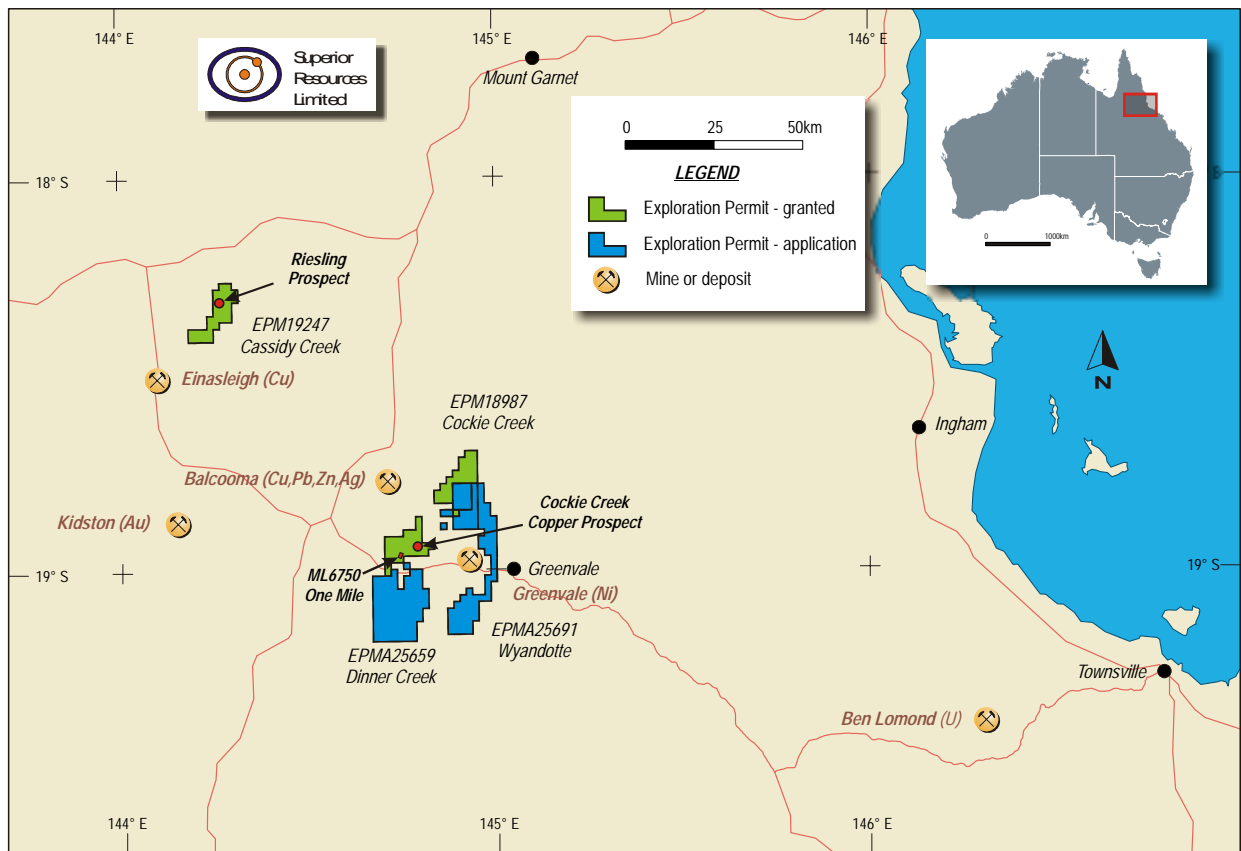


Figure 1. Superior Resources Limited – Copper and Zinc projects and tenement locations in northeast Queensland

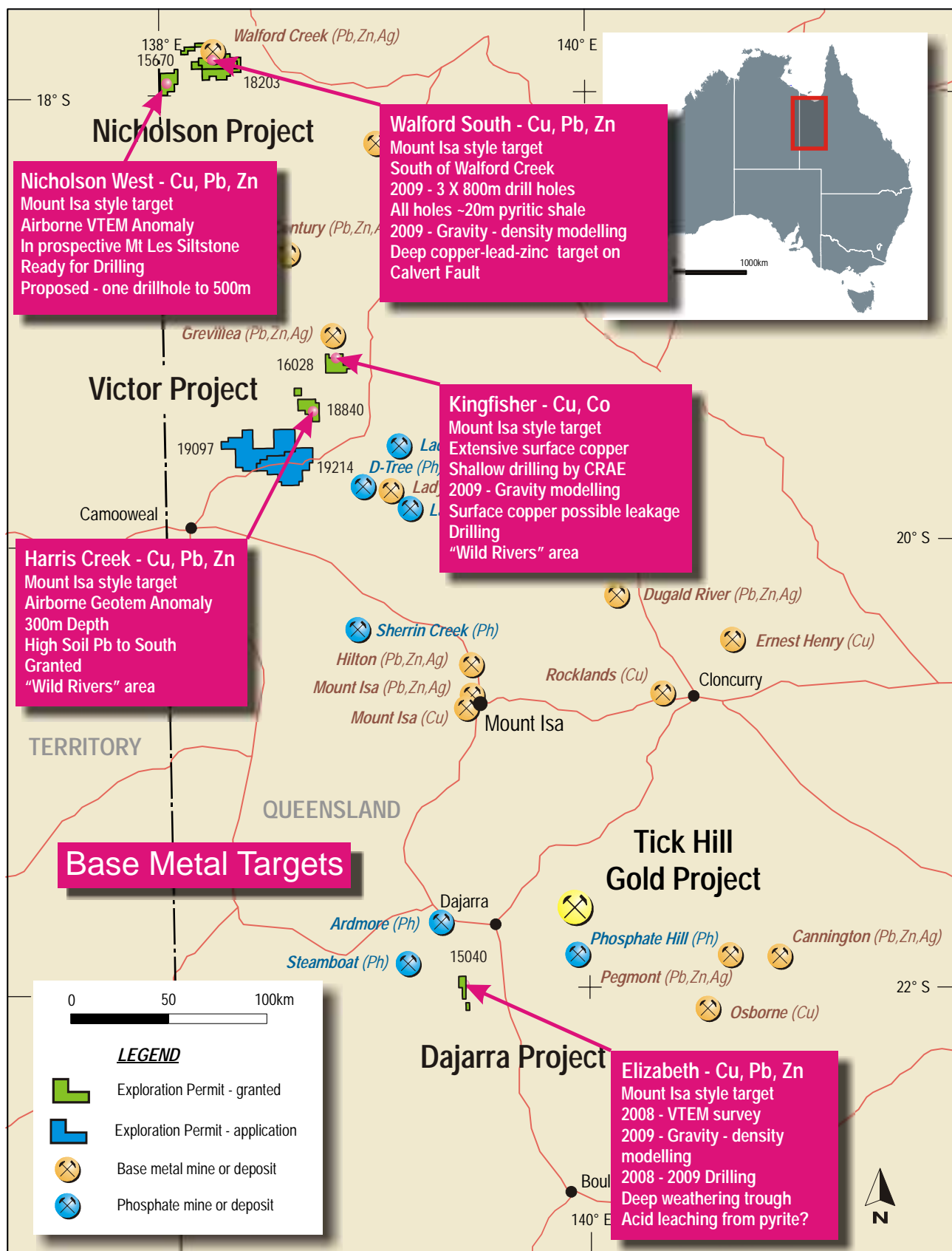


Figure 2. Superior Resources Limited – Copper, Lead and Zinc projects and tenement locations in northwest Queensland



Commodity Profile

Aligned with the current commodity market forecasts, Superior's project profile can be summarised as being well positioned for Copper, Lead/Zinc and Gold.

Copper - Summary highlights

- Two new EPM applications elevate the Greenvale Project to a first class copper exploration project.
- Substantial upgrade to the potential of the Cockie Creek Copper Prospect.
- Significant previously reported drill holes:
 - **Wyandotte:** 5.8m @ 7.8% copper and 13.4m @ 3.6% copper in historical drilling;
 - **Bottletree:** approx 50m @ 0.3% copper in historical drilling;
 - **Cockie Creek:** previously reported (SPQ) JORC inferred resource of 13Mt @ 0.42% copper;
 - **Cockie Creek:** a shallow hole corresponding to the location of the new IP target intersected 34m @ 0.31% copper;
 - **Cockie Creek:** a deeper hole with an intersection of 3m @ 9.0 g/t Au between 80 and 83m drilled through the main central zone of copper mineralisation, terminates short of, a newly identified target zone.
- IP target together with the existing data indicates potential for a large porphyry copper mineralisation system.
- Northwest Queensland prospects, Walford South and Nicholson West, represent large exploration projects with high potential for copper, lead and zinc.
- Drilling program to identify and delineate further copper mineralisation currently being developed.

Lead/Zinc - Summary highlights

- Recent market movements in zinc and a bullish zinc outlook prompted Superior to progress exploration efforts on its substantial and high quality Mount Isa Style lead-zinc-silver and copper Northwest Queensland projects.
- Superior has a commanding position based on its portfolio of Mount Isa Style lead-zinc-silver exploration projects.
- Considerable geophysical re-modeling and soil geochemistry analysis has resulted in the identification of several high priority drill targets.

Gold - Summary highlights

- A process to expedite access to the Tick Hill Gold Project commenced.
- Early stage cash generation targeted from mine surface opportunities.

Greenvale Project

The Greenvale Project represents a multi-deposit first class copper project that also presents potential for a large porphyry copper mineralisation system.

During the period under review, Superior substantially increased the significance of the project by adding two new applications for exploration permits for minerals (EPM) (Figures 1, 3 and 4). Superior has taken advantage of the current difficult times for explorers to acquire prospective areas adjacent to its existing promising tenements.

With the new EPM applications, existing copper prospects are present:

- Bottletree Prospect;
- The Big Mag Prospect;
- Wyandotte Copper Prospect;
- the old Halls Reward Copper Mine; and

In addition an area south of Greenvale which has geology similar to the area around Cockie Creek is considered prospective for porphyry copper deposits.

Superior proposes to reappraise the Wyandotte Copper Prospect for shallow high-grade supergene copper and for underlying high-grade primary copper mineralisation. Superior also proposes to assess the prospect's potential as a porphyry copper prospect. The geology of the prospect area is similar to that at Superior's porphyry copper prospect at Cockie Creek. Petrology on rock samples from Wyandotte shows that many of the host rocks are metamorphosed tonalites establishing a strong relationship of the copper mineralisation with intrusives.

The One Mile mining lease covers a gossan horizon that reflects massive pyrite at depth. Drilling by Superior has extended the massive and semi-massive sulphides some 500m south of the outcropping gossan. Drill hole intersections within the sulphide body show copper, zinc and gold but, to date, have been of sub-economic grade. The presence of the sulphide body, however, indicates substantial potential for VMS mineralisation in the area. Additional geophysical targets have been defined using historical geophysical surveys. These are largely outside of the mining lease but within Superior's exploration permit (EPM) 18987 which was granted on 25 September 2013.

The potential of the Cockie Creek Copper Prospect has also been upgraded following 3D modelling of IP survey results which identified a second copper target approximately 100m to the west of and parallel to the known mineralised copper zone.

Copper mineralisation at Cockie Creek is of the porphyry copper style. The mineralisation is hosted in a belt of basic to intermediate volcanic and intrusive rocks of Cambro-Ordovician age similar in type and age to the belt in New South Wales which hosts the large Cadia and North Parkes porphyry copper mines. The prospective belt of Cambro-Ordovician rocks probably originally extended the length of the east coast of Australia but it is now restricted to remnant areas. The rocks at Cockie Creek lie within one of these prospective remnant areas.

EPM19247 "Cassidy Creek" was granted on 28 May 2013. The area contains a 6km long zone of gahnite (zinc spinel [ZnAl_2O_4]) bearing rocks that make up the Burgundy, Riesling and Chablis prospects. Gahnite commonly occurs associated with metamorphosed deposits containing zinc and lead (e.g. Broken Hill and Balcooma). Compilation and interpretation of historical exploration data and the completion of a soil sampling survey along the mineralised horizon have indicated very good potential for copper-zinc-lead-silver mineralisation in a strongly anomalous zone in the central portion of the Riesling Prospect.

Further work focussed on drilling of the key targets within the Greenvale Project is planned for the 2014 – 2015 year.

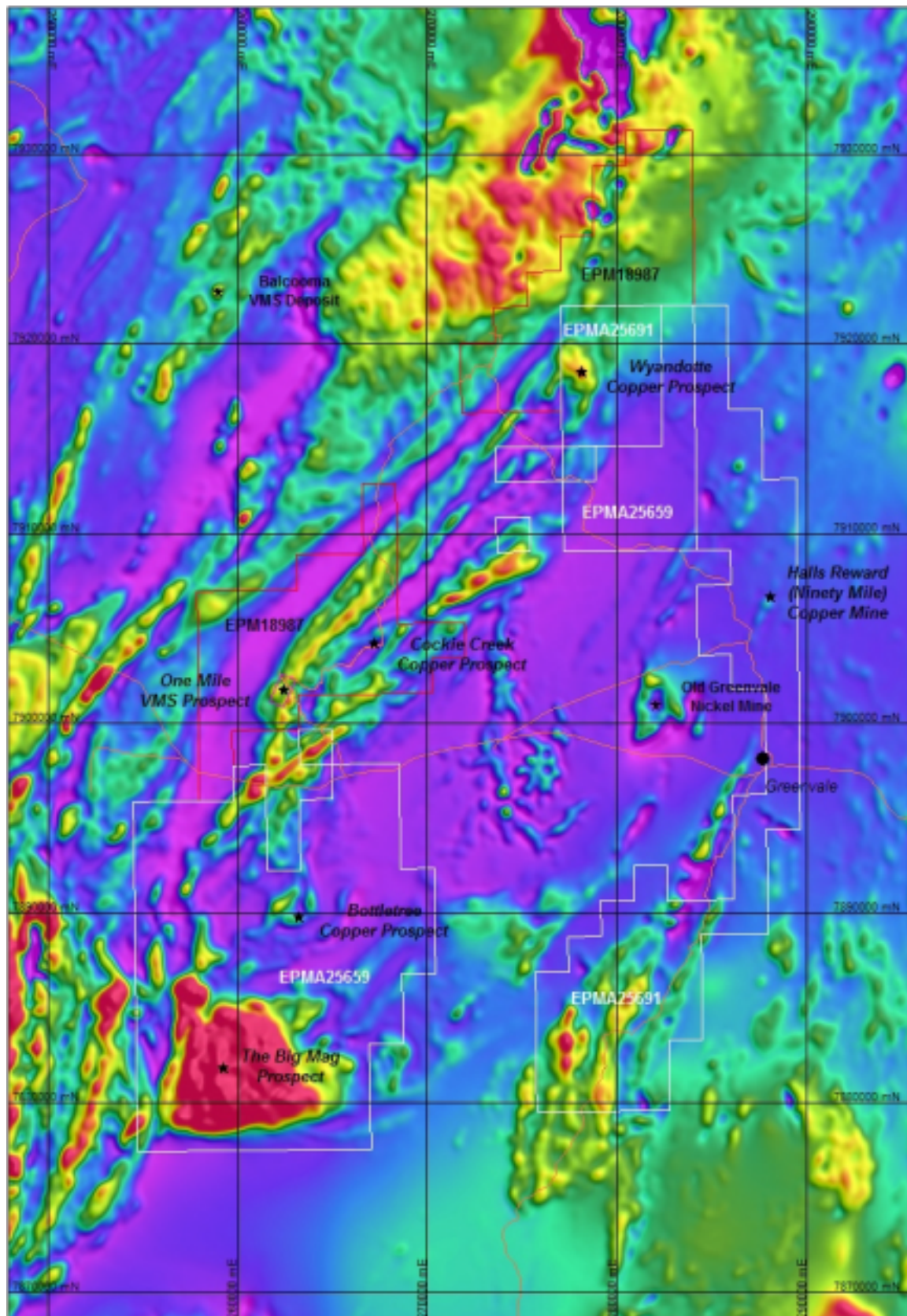


Figure 3. Airborne magnetics (RTP) for the Cockie Creek and surrounding area showing the locations of granted EPM18987 and the two new EPMA 25659 and 25691 as well as the locations of the One Mile, Cockie Creek, Bottletree and Wyandotte copper prospect and the old Halls Reward Copper Mine.

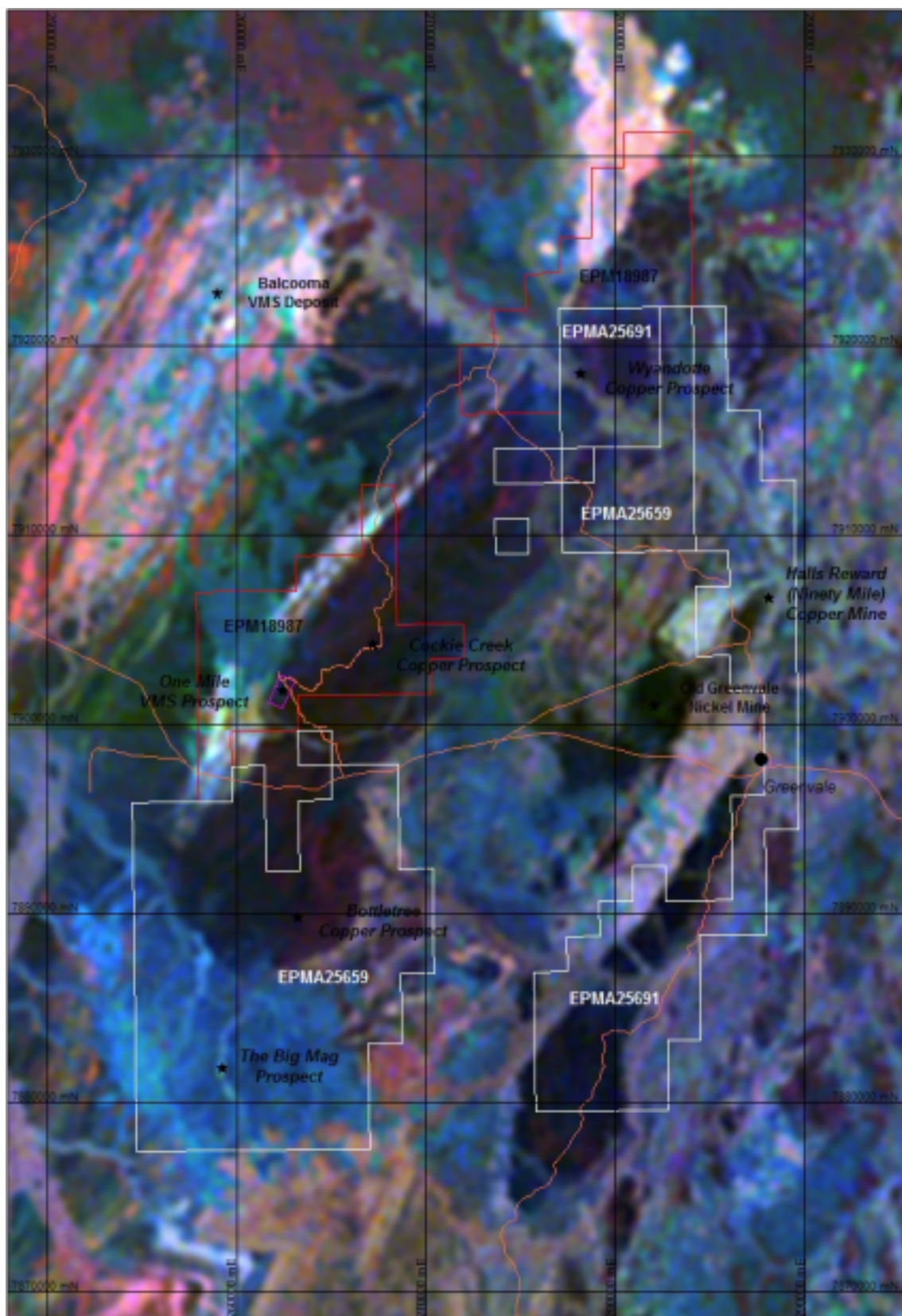


Figure 4. Airborne radiometrics (RGB) for the Cockie Creek and surrounding area showing the locations of granted EPM18987 and the two new EPMA 25659 and 25691 as well as the locations of the One Mile, Cockie Creek, Bottletree and Wyandotte copper prospect and the old Halls Reward Copper Mine. The darker areas are those considered to have potential for porphyry copper (and VMS) deposits.



Northwest Queensland Project

Superior has been exploring the northwest Queensland areas since 2007, principally for Mount Isa type copper, lead and zinc deposits. These deposits are world-class deposits and worthy exploration targets.

The Northwest Queensland Project represents a large portfolio of world-class copper, lead and zinc exploration projects. Geophysical re-modelling and geochemical analysis during the period has identified several high priority drill targets in two Mount Isa Style projects – Victor Project and Nicholson West Project (Figures 5 and 6).

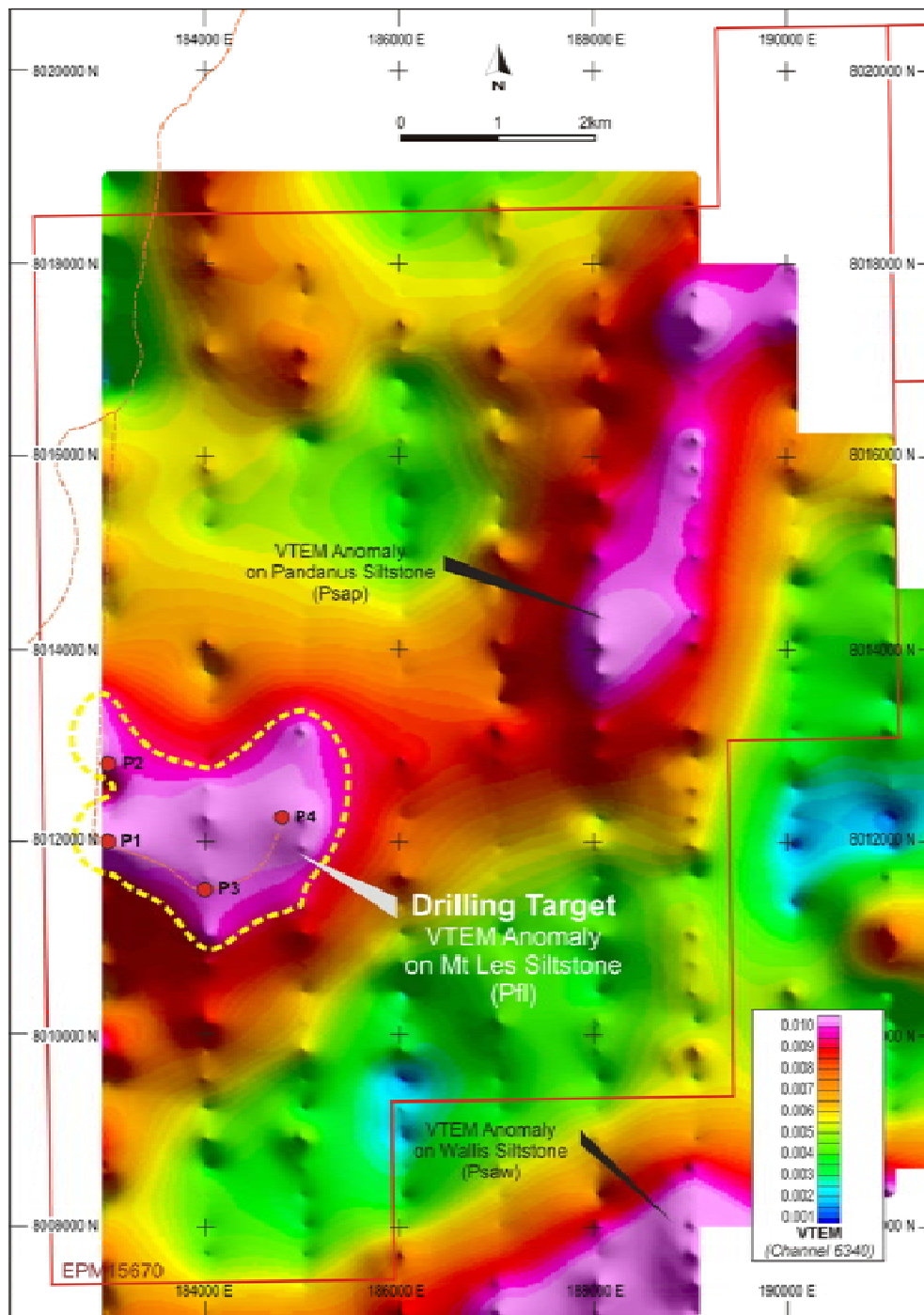


Figure 5. Nicholson West – VTEM anomaly sourced within the Mount Les Siltstone.

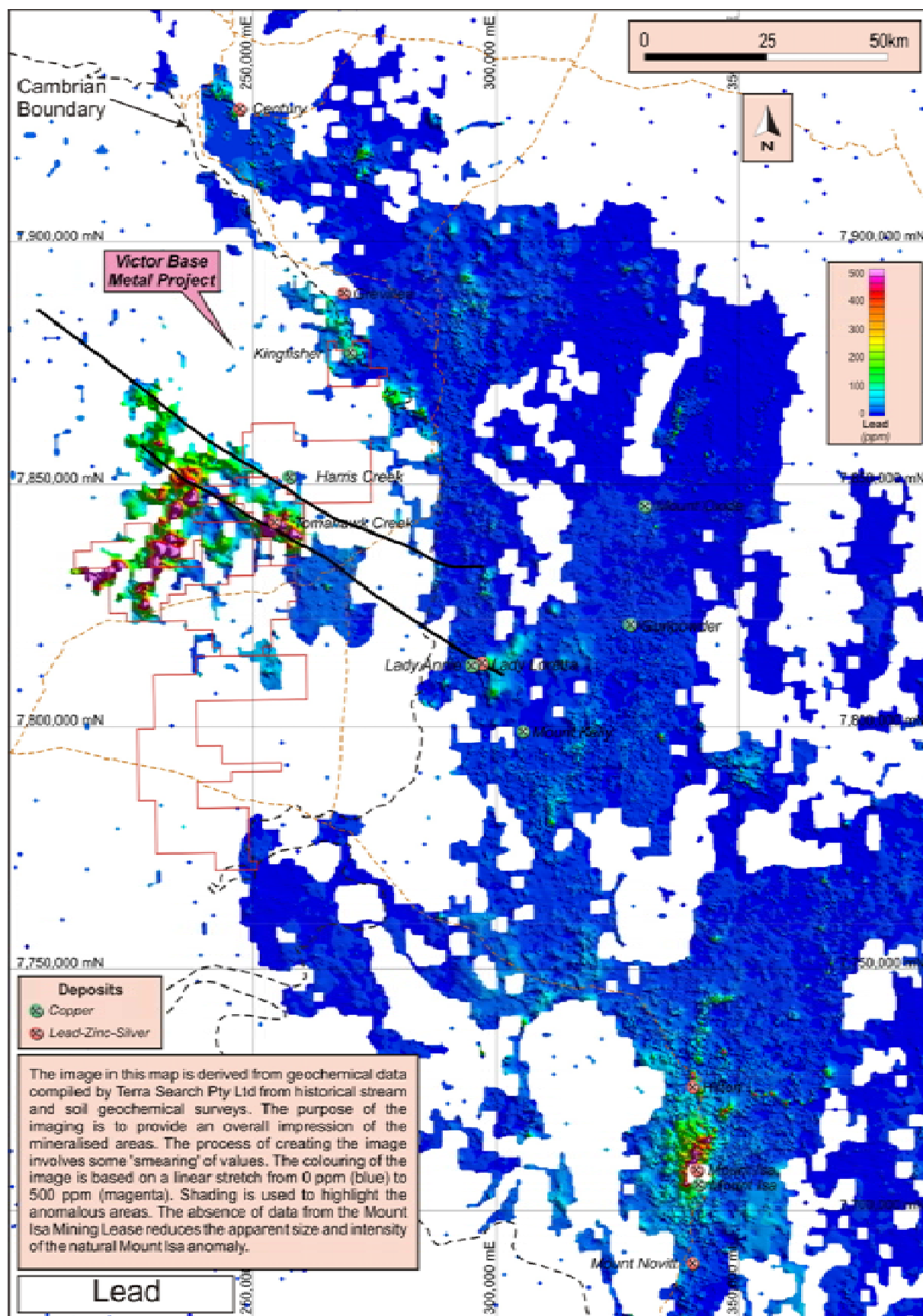


Figure 6. Harris Creek – Soil geochemical lead anomalies – similar order and size to the area around Mount Isa.



Deposit Formation Model - Productive Geological Units

Sufficient information is available in the form of the host units of known deposits' and their age (and type of sediments) to identify the most productive stratigraphy in Northwest Queensland. Effectively, the productive stratigraphy is the older Proterozoic units that form the fine-grained (dolomitic) sediments at the base of the Mount Isa Group to the top of the Lawn Hill Formation and equivalents (Figure 7).

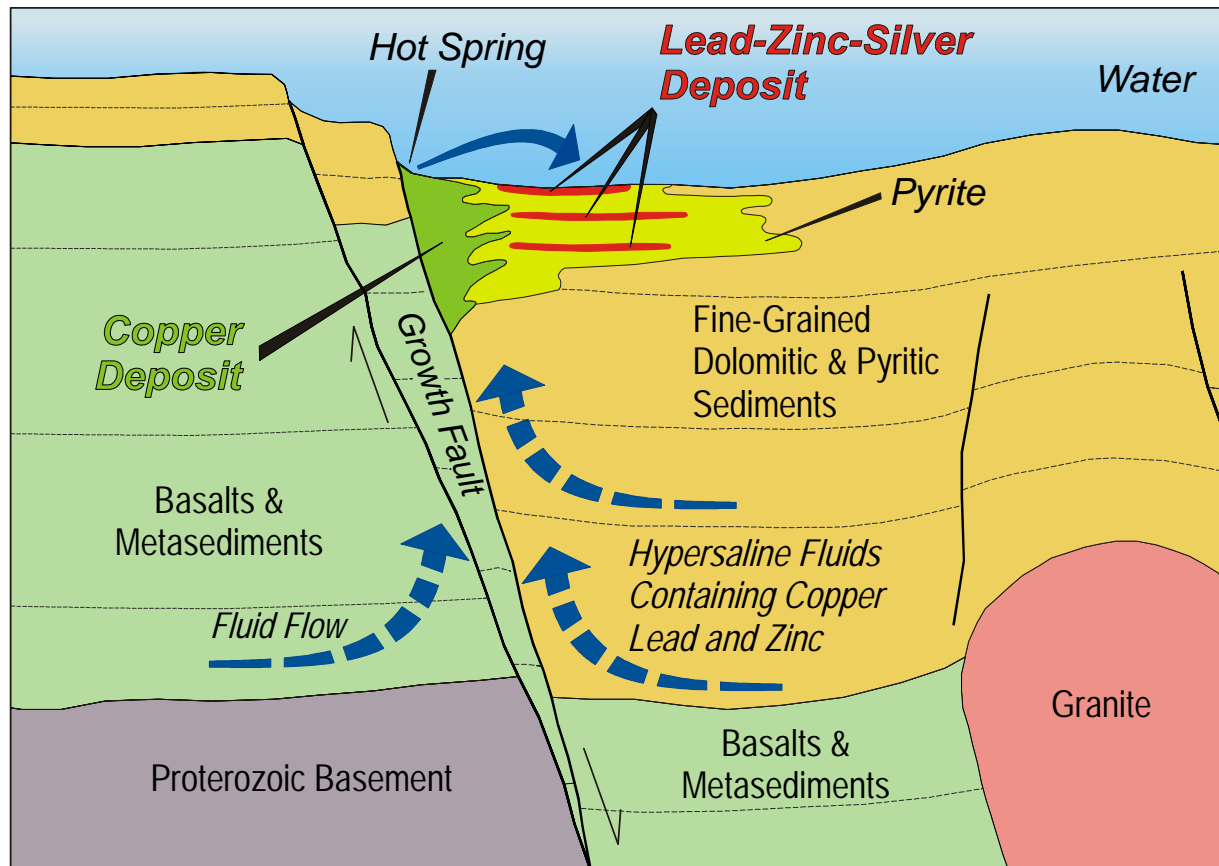


Figure 7. SPQ's model for Proterozoic mineralisation of the Mount Isa type. The model indicates, for example, how both stratiform lead-zinc and pyritic shale expand the target zone for the discovery of Mount Isa type copper deposits and the importance of basic rocks to copper deposit formation.

Geochemical Leakage into Surrounding Rocks and Overlying Cover

There are two important types of 'leakage':

1. The formation of major metal deposits is a result of 'leakage' of metals at the time of formation into the surrounding area resulting in halo anomalies/mineralisation. At Mount Isa a subtle lead anomaly extends along the faults/stratigraphy well beyond the ore bodies. These anomalies are recognisable in regional geochemical images; and
2. It is apparent that lead and zinc (and probably copper) are remobilized into rocks above deposits following deposit formation and consolidation. The lead-zinc anomalies within Cambrian cover rocks at Century and Grevillea support this statement. The large lead-zinc anomaly at Undilla (Victor Creek and Harris Creek) make this an area potentially containing large Proterozoic deposits below the Cambrian cover in which the anomaly is hosted.

Historical Airborne Surveys

The Northwest Queensland area is blessed by almost complete coverage by airborne magnetics and radiometrics. In addition to this coverage there are numerous historical airborne EM surveys available which are largely ignored by explorers. SPQ has acquired most of the EM surveys in digital form and processed a number of surveys to produce conductivity sections. Many of the surveys contain anomalies over conductive graphitic sediments which makes interpretation for mineralisation difficult. However the surveys provide a view of the stratigraphy in covered areas. As mineralization is often associated with graphitic sediments the location of these conductive units can assist the delineation of prospective areas.

Tick Hill Gold Project

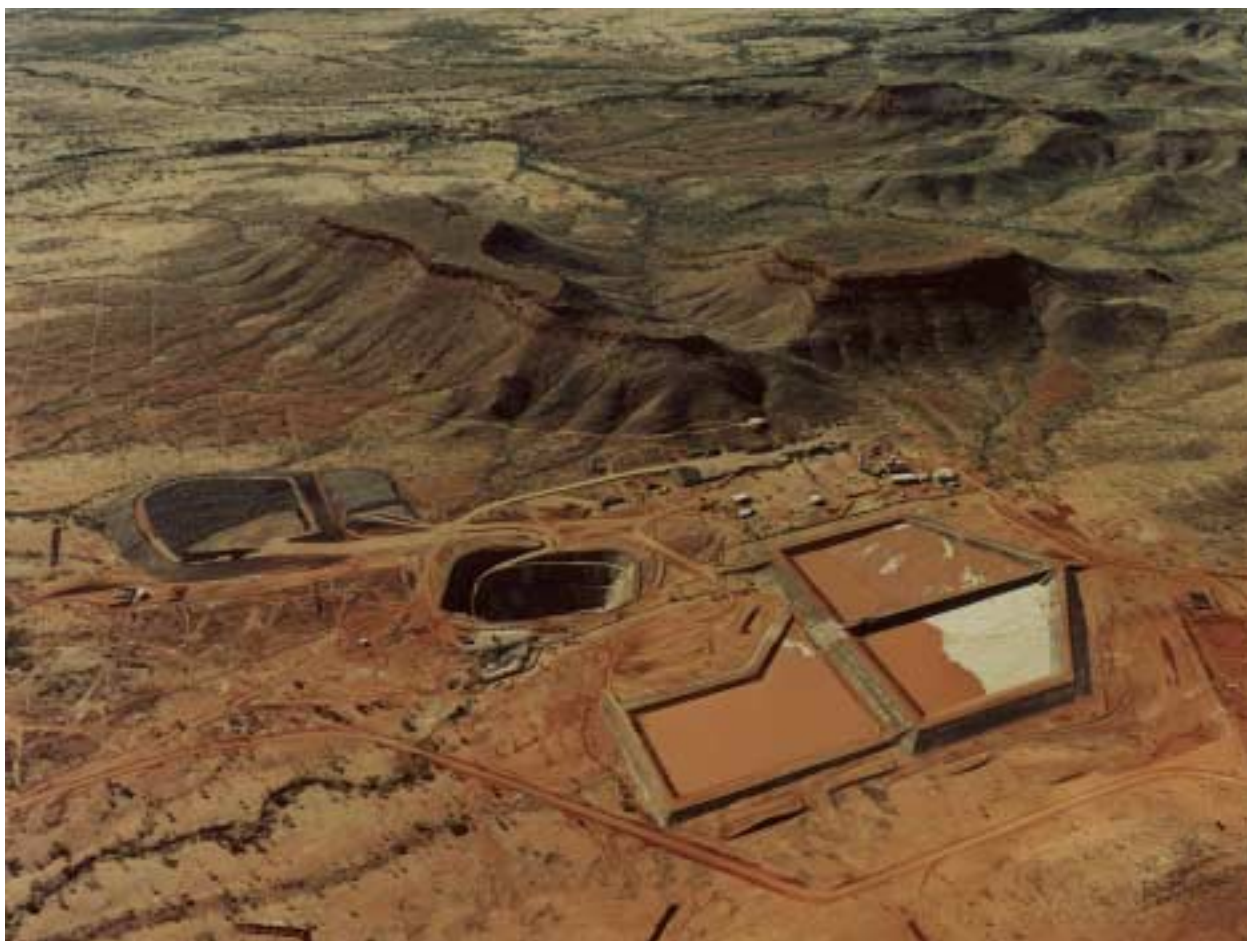


Figure 8. The Tick Hill Gold Mine (circa 1993) looking easterly.

The Tick Hill Gold Project (Figure 8) was mined during the early 1990's by Mount Isa Mines Limited as an unusually high grade gold deposit. A total of 533,333 ounces of gold was recovered at an average grade of 22.6 g/t gold.

This project presents Superior with the following potential opportunities:

1. early cash generation from old mine tailings;
2. early cash generation from adjacent alluvial deposits;
3. early cash generation from old mine waste rock dumps;
4. potential to access residual underground ore; and
5. a potential 500,000 ounce exploration target being the as yet undiscovered, faulted continuation of the Tick Hill orebody.



Considerable progress has been made towards expediting the transfer of existing mining lease titles to Superior's joint venture partner, Diatreme Resources Limited (DRX). This transfer will satisfy the remaining precondition to a joint venture agreement between DRX and Superior. The transfer of the mining leases will enable the joint exploitation of surface gold and will also crystallise Superior's right to earn a 50% interest in the mining leases by spending \$750,000 on exploration on the project.

Full details of the work completed during the 2012 – 2013 year are available in regular Quarterly Reports and other releases to the ASX which are available on the ASX or Superior's websites (www.superiorresources.com.au).

Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as the group) consisting of Superior Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2014.

Directors

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

K J Harvey
D J Horton
P H Hwang

Mr C Fernicola was appointed a director on 24 August 2014 and continues in office at the date of this report.

Principal activities

During the year the principal activity of the group was exploration for base metals and gold in Australia. There were no significant changes in the nature of the company's activities during the year and no changes are anticipated.

Dividends

There were no dividends paid to members during the financial year.

Review of operations

The loss for the year was \$712,135 after income tax benefit of \$102,654 (2013: loss of \$708,349).

Superior's principle activities during the period were focused on the following:

Exploration project development

- Progress geophysical and soil geochemical modelling and drilling for copper deposits at the Greenvale Project;
- Increase the project tenement coverage to include newly identified highly anomalous copper and zinc anomalies and historic copper mineralised areas; and
- Develop surface gold recovery programs to realise potential early stage cash flow from the Tick Hill Gold Project.

Capital Raising

- Conduct and finalise a rights issue campaign;

Dealings

- Facilitate the expedited transfer of the Tick Hill mining leases to enable rapid access to the Tick Hill Gold Project;
- Engage with third parties for joint venture arrangements in relation to the North West Queensland, Greenvale and Hedley's Uranium projects; and
- Identify and engage with third parties in relation to new project opportunities.



The Company's Board had established a clear set of objectives for the 2013–2014 year, which were based on being cognisant of the following market factors:

- (a) Severe downturn in the capital and investor markets;
- (b) Global trends in the zinc commodity and supply markets; and
- (c) Increasing project acquisition opportunities as a result of the significant industry sector downturn.

On this basis, the Board raised capital through a successful rights issue and took steps to rationalise the Company's overheads. A significant portion of our resources were focussed on expanding and improving the Company's exploration asset base, whilst fast-tracking the realisation of potential early stage cash flow opportunities with the Tick Hill Gold Project.

In terms of building on and progressing Superior's current exploration assets, the Company:

- achieved the grant of one EPM and added two new EPM applications to the Greenvale Project, which elevates the project to a first class copper exploration project;
- conducted extensive ThreeD computer modelling of geophysical data to build on the current copper resources at the Greenvale Project;
- identified high grade copper at the new Greenvale Project prospects, which include Riesling, Halls Reward, Bottletree and Wyandotte prospects;
- identified significant high order zinc anomalous targets at its North West Queensland Mount Isa style lead-zinc-silver projects; and
- applied for a new EPM to expand the lead-zinc potential of its North West Queensland Projects.

The Company also commenced processes to obtain statutory access agreements with relevant landholders and Aboriginal cultural heritage clearance surveys. Access and clearance to the majority of planned drill holes was completed during the period, which will enable drill testing of several high order coincident geochemical and geophysical anomalies identified from modelling of the geochemical and geophysical data.

Superior continues to advance and build on its current copper, zinc and gold projects, in tune with the projected commodity and equity markets and consistent with its strategy to build value as these markets improve into and beyond the next financial year.

Significant changes in the state of affairs

Significant changes in the state of affairs of the group during the financial year were as follows:

	2014
	\$
(a) Significant gains and expenses:	
Expenses:	
Exploration written off	197,849
(b) Contributed equity increased by \$985,305 (from \$6,244,136 to \$7,229,441) as the result of a placement of 93,838,424 shares under the rights issue.	

Matters subsequent to the end of the financial year

There are no matters or circumstances that have arisen since 30 June 2014 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.

Likely Developments and Expected Results from Operations

Results from exploration are difficult to predict in advance so expected results are uncertain.

Environmental regulation

The group's operations are subject to significant environmental regulation under the laws of the commonwealth and state.

Information on Directors

Kenneth James Harvey M.Sc, MAusIMM, MAIG, MSEG, MGSA. Exploration Director. Age 69

Experience and expertise

Mr Harvey has 44 years experience in mineral exploration, project evaluation, resource estimation and exploration management. Mr Harvey resigned his executive role as Exploration Director on 5 November 2013 continuing in the role of Non-Executive Director and geological Consultant to the company.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Exploration Director.

Interests in shares and options

16,628,443 ordinary shares in Superior Resources Limited

David John Horton M.Sc, MGSA, MAIG, MSEG. Non-executive Chairman. Age 64

Experience and expertise

Mr Horton has 41 years experience in mineral exploration, project and prospect generation, management and resource evaluation. Mr Horton relinquished his position as Chairman of the company on 25 August 2014 continuing in his role as Non-Executive Director.

Other current directorships

Executive director of Opal Horizon Limited since 2002.

Former directorships in last 3 years

None.

Special responsibilities

Chairman of the Board.

Chairman of the Audit Committee.

Interests in shares and options

3,262,500 ordinary shares in Superior Resources Limited

Peter Henry Hwang B.Sc(Hons), LLB. Managing Director. Age 45

Experience and expertise

Originally an exploration geologist Mr Hwang has worked as a solicitor for 15 years in national law firms specialising in resources and native title law. He has extensive experience in advising on the development of mining and major infrastructure projects as well as resource mergers and acquisitions. Mr Hwang is a member of the Australian Government Attorney-General's Department Native Title Practitioner's Panel and previously a member of the Government of Western Australia Native Title Taskforce on Mineral Tenement and Land Title Applications. Mr Hwang was appointed Managing Director on 22 April 2013.

**Other current directorships**

None.

Former directorships in last 3 years

None.

Special responsibilities

Managing Director.

Member of the audit committee.

Interests in shares and options

3,077,974 ordinary shares in Superior Resources Limited.

Carlos Alberto Fernicola B.Com, FCA, F Fin FCIS FCSA Chairman. Age 53

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. Mr Fernicola was appointed a Non-Executive Director on 25 August 2014 and succeeded Mr Horton as Chairman of the company.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Chairman and company secretary.

Interests in shares and options

7,676,000 ordinary shares in Superior Resources Limited

Company Secretary

The Company Secretary is Mr Carlos Alberto Fernicola B.Com, FCA, F Fin FCIS FCSA. 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.

Meetings of Directors

The numbers of meetings of the company's board of Directors held during the year ended 30 June 2014, and the numbers of meetings attended by each director were:

Board		
Director	Meetings Eligible to attend	Meetings attended
K J Harvey	6	6
D J Horton	6	6
P H Hwang	6	6

Audit Committee

Director	Meetings Eligible to attend	Meetings attended
K J Harvey	2	2
D J Horton	2	2

Remuneration Report (Audited)

The directors are pleased to present your Group's 2014 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 2013 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 (see pages 17 to 18 for details about each director)	
D J Horton	
K J Harvey	
P H Hwang	
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
- operation of the incentive plans which 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
- capital management

Long-term incentives

Long-term incentives are provided to executive directors by obtaining 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 focuses 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, the 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 currently stands at \$250,000 in aggregate plus statutory superannuation.

(g) Voting and comments made at the company's 2013 Annual General Meeting

Superior Resources Limited received more than 95% of "yes" votes on its remuneration report for the 2013 financial year. 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 received by the directors and the key management personnel of the group for the current and previous financial year.

2014	Short-term benefits	Post- employment benefits	Share-based payments	
Name	Cash salary and fees \$	Superannuation \$	Options \$	Total \$
Non-executive directors D J Horton	24,000	-	-	24,000
Sub-total non-executive directors	24,000	-	-	24,000
Executive directors K J Harvey^ – Exploration Director	158,144	14,628	-	172,772
P H Hwang* - Managing Director	211,000	19,518	-	230,518
Other key management personnel C A Fernicola	24,000	-	-	24,000
Totals	417,144	34,146	-	451,290

2013	Short-term benefits	Post- employment benefits	Share-based payments	
Name	Cash salary and fees \$	Superannuation \$	Options \$	Total \$
Non-executive directors D J Horton	24,000	-	-	24,000
Sub-total non-executive directors	24,000	-	-	24,000
Executive directors K J Harvey^ – Exploration Director	196,377	17,674	-	214,051
P H Hwang* - Managing Director	58,603	5,274	-	63,877
Other key management personnel C A Fernicola	24,000	-	-	24,000
Totals	302,980	22,948	-	325,928

* Mr Peter Hwang was appointed to the position of Managing Director on 22 April 2013. Prior to this he was a non-executive director.

^ Mr Ken Harvey was Managing Director until 22 April 2013. From this date he assumed the role of Exploration Director.



(i) Service agreements

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

P H Hwang, Managing Director

- Term of employment agreement – indefinite commencing 22 April 2013.
- Base salary, inclusive of superannuation, for the year ended 30 June 2014 of \$230,000, 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.

K J Harvey, Exploration Director

- Term of employment agreement – indefinite commencing 1 July 2007.
- Base salary, inclusive of superannuation, for the year ended 30 June 2014 of \$218,000, 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 plus four weeks salary for every year of service.
- Agreement may be terminated by employee giving one months notice in writing.

(j) Details of share based compensation and bonuses

There have been no options granted 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 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. There were no options or performance rights on issue at 30 June 2014.

2014	Balance at the	Received on	Net purchased	Other changes	Balance at the
Name	start of the year	exercising options	/ (sold)		end of the year
Directors of Superior Resources Limited					
P H Hwang	148,000	-	2,929,974	-	3,077,974
K J Harvey	6,020,724	-	10,607,719	-	16,628,443
D J Horton	2,695,000	-	567,500	-	3,262,500
Other key management personnel of the company					
C A Fernicola	3,176,000	-	4,500,000	-	7,676,000

(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

There were no other transactions with key management personnel.

Shares under option

There are no unissued ordinary shares of Superior Resources Limited under option at the date of this report.

During the year ended 30 June 2014, and since year end, there were no shares issued on the exercise of options granted.

Insurance of officers

During the financial year the Group paid a premium of \$14,434 to insure the directors and secretaries of the company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers and any other payments arising from liabilities incurred by the officers 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 the Court under section 237 of the Corporations Act 2001 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 2001.

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 company are important.

Details of amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with the advice received from the audit committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During both the current and previous financial year there were no fees paid or payable for non-audit services provided by the auditor.



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 25.

Auditor

PKF Hacketts Audit continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors.

A handwritten signature in blue ink, appearing to read 'C A Fernicola', with a large, stylized initial 'C'.

C A Fernicola
Chairman

Brisbane, 26 September 2014

Auditors' 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 2014 there have been:

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

PKF Hacketts

PKF Hacketts Audit

C Bradley

Cameron Bradley

Partner

Dated this 26th day of September 2014



Corporate Governance Statement

Corporate Governance practices that form the basis of a comprehensive system of control and accountability for the administration of the Company 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.

To the extent they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Although the Company's practices are largely consistent with the Council's principles, in certain cases they are not compliant. The following table sets out the Company's current position.

Compliant	✓
Non Compliant	×

Principle 1: Lay solid foundations for management and oversight

Companies should establish and disclose the respective roles and responsibilities of Board and management. ✓

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions. ✓

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives. ✓

Recommendation 1.3:

Companies should provide the information indicated in the Guide to reporting on Principle 1. ✓

The Board of Directors of Superior Resources Limited ("the Company") is responsible for the corporate governance of the Company.

The Board:

- Guides and monitors the business and affairs of the Company on behalf of the Company's members to whom they are accountable.
- Provides corporate strategy and guidance.
- Reviews appropriate plans and annual budgets, including allocation of resources and capital expenditure.
- Monitors financial performance.
- Protects and enhances the Company's reputation.
- Ensures compliance with regulatory and other requirements, and manages risks to the Company and its business.
- Appoints the Managing Director and appraises his performance.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy is currently delegated to the managing director. The delegation policy is reviewed at least annually.

The Board has established the following guidelines to ensure the effective operation and discharge of its responsibilities.

Corporate Governance Statement
(continued)

The Board has adopted and discloses a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders. This includes trade practices and fair dealing laws, consumer protection, respect for privacy, employment law, occupational health and safety, equal employment opportunity, superannuation and environment controls.

The Company will provide an explanation of any departures from best practice recommendations (if any) in its future annual reports.

Principle 2: Structure the Board to add value

Companies should have a Board of effective composition, size and commitment to adequately discharge its responsibilities and duties. ✓

Recommendation 2.1:

A majority of the Board should be independent directors. ✕

Recommendation 2.2:

The chair should be an independent director. ✓

Recommendation 2.3:

The roles of the chair and chief executive officer should not be exercised by the same individual. ✓

Recommendation 2.4:

The Board should establish a nomination committee. ✓

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors. ✓

Recommendation 2.6:

Companies should provide the information indicated in the Guide to reporting on Principle 2. ✓

Board Structure

The Board currently comprises one executive director and three non-executive directors. The Board, which meets at least quarterly, comprises directors with an appropriate blend of qualifications and expertise in:

- Finance and legal.
- Marketing and sales.
- Mineral exploration experience.
- CEO level experience.

The Chairperson, (Mr Carlos Alberto Fernicola), is a non-executive director.

The Board strives to ensure that all transactions between the Company and any related party are always conducted on arms length terms.

Where possible, the Board undertakes an annual review of the performance of the Board and the individual directors and examines the appropriate mix of skills to ensure maximum effectiveness and contribution to the results of the Company's business. Newly appointed directors are required to attend the appropriate induction.



Corporate Governance Statement (continued)

Directors

The Company provides details of each director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures from the best practice recommendations.

In accordance with the Corporations Act and the Company's Constitution, the directors must advise the Board on an on-going basis of any interests that might conflict with those of the Company. Where the Board believes that a conflict exists, the director concerned is not permitted to be present at the meeting when the relevant issue is considered and does not receive the relevant Board papers.

The code of conduct adopted by the Board promotes ethical and responsible decision-making and guides directors, key executives and designated officers as to:

- The practices necessary to maintain confidence in the Company's integrity; and
- The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Nomination Committee

The Board as a whole comprises the Nomination Committee. Responsibilities include Board succession as well as evaluation of directors' performance and competencies.

The Nomination Committee:

- Conducts an annual review of the membership of the Board having regard to the present and future perceived needs of the Company and makes recommendations as considered appropriate to be considered at a Board meeting.
- Annually examines the independence status of each director.
- Oversees the annual review and assessment program.

Principle 3: Promote ethical and responsible decision-making

Companies should actively promote ethical and responsible decision-making. ✓

Recommendation 3.1:

Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the company's integrity. ✓
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them. ✓

Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them. ✓

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board. ✓

Recommendation 3.5: Companies should provide the information indicated in the Guide to reporting on Principle 3. ✓

Corporate Governance Statement
(continued)

The Company will provide an explanation of any departures from best practice recommendations (if any) in its future annual reports.

Diversity Policy

The company is an equal opportunity employer.

The Board has considered the following matters in formulating the diversity policy.

1. The use of appropriate diversity to maximise the achievement of corporate goals.
2. The corporate benefits arising from employee and Board diversity.
3. The importance of benefiting from all available talent.
4. The promotion of an environment conducive to attracting and employing suitably qualified employees, senior management and Board candidates.
5. Diversity includes and is not limited to gender, age, ethnicity and cultural background.

Due to its size the company is currently meeting gender diversity through the use of consulting services whereby women are engaged in the provision of financial, accounting and field exploration services.

The Board and senior management currently comprises directors and officers that are multiculturally diverse together with an appropriate blend of qualifications and skills. There is currently no vacancy on the Board. Future appointments will be made based on the principles of equal opportunity, relative ability, performance and potential.

The company has only 1 fulltime employee.

ASX Recommendation 3.4 provides that companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

The Board has at this stage not set measurable objectives for achieving gender diversity. The directors and key management personnel are selected on the basis of their qualifications and experience. The level of workplace diversity is expected to increase as the company grows and expands in accordance with the industry.

ASX Recommendation 3.4 provides that companies should disclose in each annual report the proportion of women employees in the whole organization, women in senior executive positions and women on the board.

The proportion is as follows:

Measure	Female Proportion
Organisation	Nil
Senior Management	Nil
Board	Nil

The Board will monitor the progress and assess the effectiveness of diversity on an ongoing basis.



Corporate Governance Statement (continued)

Securities Trading Policy

The purpose of this document is to:

- provide a summary of the legislation relating to “insider trading” and
- set out the guidelines for Directors, senior executives and employees dealing (buying or selling) in securities (shares, options, derivatives and other types of financial products) in Superior Resources Limited.

Prohibition

Directors, senior executives and employees are prohibited from engaging in insider trading in breach of the Corporations Law.

What is “insider trading”?

Insider trading is defined in Part 7.10, Division 3 of the Corporations Act 2001 (Cwlth).

There are three separate types of insider trading:

- a trading offence,
- a procuring offence and
- a tipping offence.

Who is an “insider”?

An insider is defined in section 1043A of the Corporations Act 2001 (Cwlth) as someone who:

- possesses information:
 - a. that is not generally available and
 - b. that a reasonable person would expect to have a material effect on the price of shares if it were generally available and
- knows or should know that the information:
 - a. is not generally available and
 - b. might have a material effect on the price or value of shares if it was generally available.

What is a “trading offence”?

A person commits a trading offence if they are an insider (defined above) in relation to a particular company and they apply for, buy or sell the company’s securities.

What is a “procuring offence”?

An insider commits a procuring offence if they procure someone else to apply for, buy or sell the company’s securities.

The Corporations Act defines “procure” more broadly than its dictionary meaning. Section 1042F of the Corporations Act 2001 (Cwlth) states that a person procures someone else to do something not only if they “incite” or “induce” them to do it, but also if they simply “encourage” them to do it.

Corporate Governance Statement
(continued)

What is a “tipping offence”?

An insider commits a tipping offence if they communicate the inside information to someone else and the insider knows, or should know, that the other person will be likely to apply for, buy or sell the company’s securities or procures a third person to apply for, buy or sell the company’s securities.

Which information is “material”?

Section 1042D of the Corporations Act 2001 (Cwlth) provides that a reasonable person would expect information to have a material effect on the price or value of the shares if the information would be likely to influence people who commonly invest in shares deciding whether to apply for, buy or sell those shares.

When is information “generally available”?

Section 1042C of the Corporations Act 2001 (Cwlth) says information is generally available if:

- it consists of observable matter, or
- it has been made known (disseminated) in a manner likely to bring it to the attention of investors and a reasonable time period has elapsed.

What are the defences?

There are several defences to the insider trading offence including:

- where the trading occurs as part of underwriting an issue of securities,
- where someone buys securities such as shares because they are legally required to do so (eg. family law order) and
- where a company trades in shares and an officer or employee has inside information provided there is a “Chinese Wall” separating the person with inside information from those conducting the trading (eg. a bank advising on a takeover where it also has a share broking department - the person providing advice on the takeover cannot provide information to the persons employed as share brokers).

What are the consequences of a breach?

A breach of the insider trading legislation is a criminal offence and there are civil penalty provisions.

Punishment. The maximum criminal penalty for an individual who is found guilty is a \$200,000 fine or five years gaol or both and for a company the maximum penalty is \$1,000,000.

Compensation. Someone who suffers loss or damage due to an insider trader’s activities may recover from the insider trader compensation amounting to the loss suffered.

Other orders. A court has powers to make a wide range of orders including directing the disposal of securities and cancelling agreements where an insider trading offence has occurred.



Corporate Governance Statement (continued)

Have there been many prosecutions?

A recent successful action brought by ASIC on the criminal standard of proof being beyond a reasonable doubt involved the stockbroker Rene Rivkin. The sentencing judgement which sets out the facts is *R v Rivkin* (2003) 198 ALR 400.

Guidelines for Directors, Senior Executives and Employees Dealing in Securities

Directors, senior executives and employees concerned or involved with the control or management of a company are prohibited from using confidential information acquired as a result of their position from benefiting themselves or others.

Directors, senior executives and employees are not totally prohibited by law from trading in the shares of a company because they have an understanding of the affairs and prospects of the company. However, when Directors, senior executives and employees trade in shares of the company it is important to ensure that the transactions do not reflect adversely on either the Directors or the company.

As stated above the Corporations Law prohibits insider trading and tipping.

In order to assist Directors, senior executives and employees of Superior Resources Limited acting prudently in these matters, the following guideline must be followed:

A Director, senior executive or employee of Superior Resources Limited must inform and receive acknowledgement from the Chairperson or Company Secretary of their intention prior to entering into any dealings in Superior Resources Limited's securities by either himself or herself or by his or her associates.

A Director, senior executive or employee of Superior Resources Limited must not deal in Superior Resources Limited Securities:

- *on consideration of a short term nature,*
- *when they are in possession of price sensitive information not yet released to the market in which case they are prohibited by law from dealing,*
- *for a period of fourteen (14) days prior to the scheduled (per ASX Listing Rules) release by Superior Resources Limited of Quarterly Operations, Quarterly Cashflow, Annual and Half-Yearly Reports and*
- *any other time, notified by Superior Resources Limited from time to time, when Directors, senior executives and employees are prohibited from trading.*

Directors, senior executives and employees will generally be permitted to engage in trading (subject to due notification being given to the Chairperson or Company Secretary) at the following times:

- *for a period commencing one (1) business day after the release of Quarterly Operations, Quarterly Cashflow, Annual and Half-Yearly Reports to the market,*
- *for a period commencing one (1) business day after the release of price sensitive information to the market which allows a reasonable period of time for the information to be disseminated among members of the public and*
- *where a proposed acquisition of securities is under:*
 - a. a bonus issue made to all shareholders,*
 - b. a dividend reinvestment plan or top up plan available to all shareholders or*
 - c. an employee share plan.*

Corporate Governance Statement (continued)

Dealing In exceptional circumstances:

In exceptional circumstances, where it is the only reasonable course of action available, clearance may be given for a Director, senior executive or employee to sell (but not to purchase) securities when he/she would otherwise be prohibited from doing so. An example of the type of circumstance which may be considered exceptional for these purposes would be a pressing financial commitment on the part of the Director, senior executive or employee that cannot otherwise be satisfied. The determination of whether circumstances are exceptional for this purpose will be made by the Chairperson or Company Secretary.

Director's obligation on acquisition or disposal of securities or on ceasing to be a Director of Superior Resources Limited

Directors must also be aware that pursuant Section 205G of the Corporations Act 2001 (Cwlth) they are obliged to provide the ASX with appropriate notifications of their interests in the company.

Under the ASX Listing Rules, a Director must notify the Company Secretary of the acquisition or disposal of any security and the Company is obliged to notify the ASX (LR 3.19A).

Information to be provided concerning security transactions (the information to be provided to Superior Resources Limited) includes:

- Appendix 3X – Initial Director's Interest Notice,
- Appendix 3Y – Change of Director's Interest Notice and
- Appendix 3Z – Final Director's Interest Notice.

This information is to be forwarded to the Company Secretary.

Each Director is required to enter into an agreement with Superior Resources Limited to supply such information in the required form.

Principle 4: Safeguard integrity in financial reporting

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting. ✓

Recommendation 4.1:

The Board should establish an audit committee. ✓

Recommendation 4.2:

The audit committee should be structured so that it consists of:

- only non-executive directors
 - a majority of independent directors
 - an independent chair, who is not chair of the Board
 - at least three members.
- x

Recommendation 4.3:

The audit committee should have a formal charter. ✓

Recommendation 4.4:

Companies should provide the information indicated in the Guide to reporting on Principle 4. ✓



Corporate Governance Statement (continued)

Integrity in Financial Reporting

The Managing Director and the CFO (or equivalent) are required to make the following certifications to the Board:

- That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with the relevant accounting standards.
- That the above statement is based on a sound system of risk management and internal compliance and control and which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Audit Committee

The Board has established an Audit Committee which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity.

This includes internal controls to deal with both the effectiveness and efficiency of significant business processes such as the safeguarding of assets, maintenance of proper accounting records, the reliability of financial information and non-financial considerations such as the benchmarking of operational key performance indicators. The Audit Committee provides a forum for effective communication between the Board and the external auditor. The Audit Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial report.

Taking into account the specific operations of the Company, the Audit Committee meets at least twice a year. Because of the size of the Board, the current Audit Committee comprises only two members (one non-executive director and one executive director.) The chairman of the committee is not the Chairman of the Board.

The Audit Committee operates under the following charter approved by the Board:

- The Board as a whole is responsible for the accuracy and relevance of the financial statements. However, the Audit Committee provides an additional and more specialised oversight of the financial reporting process.
- The Audit Committee shall, if possible, comprise a majority of non-executive directors and an independent chairman who is not the Chairman of the Board. The Audit Committee shall consist of at least two members.
- The finance director and other executive directors may be present during Audit Committee deliberations but will not be members of the committee.
- The Audit Committee will meet at least two times a year and will meet with the external auditors at least once a year.
- The Audit Committee reports to the Board and copies of Audit Committee minutes should be tabled at the first Board meeting at which it is practicable to do so.

The Company has two executive and one non-executive directors. One non-executive director and one executive director are members of the Audit Committee. The current composition of the audit committee arose due to the appointment of Peter Hwang as Managing Director (who was previously a non executive director).

The Company will review and provide an explanation of any departures from best practice recommendations (if any) in its future annual reports.

Corporate Governance Statement
(continued)

Principle 5: Make timely and balanced disclosure

Companies should promote timely and balanced disclosure of all material matters concerning the company. ✓

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies. ✓

Recommendation 5.2:

Companies should provide the information indicated in the Guide to reporting on Principle 5. ✓

Continuous Disclosure

The Company has a continuous disclosure program in place designed to ensure the factual presentation of all matters concerning the Company including financial position.

The Company will provide an explanation of any departures from best practice recommendations (if any) in its future annual reports.

Principle 6: Respect the rights of shareholders

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights. ✓

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. ✓

Recommendation 6.2:

Companies should provide the information indicated in the Guide to reporting on Principle 6. ✓

Shareholders Information

The Board aims to ensure that shareholders and other stakeholders have equal and timely access to material information concerning the Company. Information is communicated through:

- The annual report which is distributed to the Australian Securities Exchange and to all shareholders who have elected to receive such report.
- Notices of the Annual General Meeting and other meetings of members called as required to obtain approval for Board action.
- Timely announcements through the Australian Securities Exchange company announcements platform, including Quarterly Activity Reports and Quarterly Cashflow Reports as required for mineral exploration companies.
- The half-year report containing summarised financial information and a review of operations for that period.
- The Company website is regularly updated to include the above mentioned information

The Board encourages full participation of shareholders at the Annual General Meeting and at other general meetings as may be called.

The Company requests the external auditor to attend all annual general meetings of the Company to answer shareholder questions about the conduct of the audit and the preparation and content of the auditors report.



Corporate Governance Statement (continued)

Recognising the Rights of Shareholders

Directors bear individual responsibilities for the performance of their duties before the law, and collective responsibility for the behaviour of the Board.

The code of conduct, as pronounced by the Australian Institute of Company Directors in September 2005, encompasses the legislative and common law requirement of directors, as well as specific behaviour that the Company expects of directors. The Company has adopted this code of conduct, which provides that:

1. A director must act honestly, in good faith and in the best interests of the Company as a whole.
2. A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
3. A director must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
4. A director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Company.
5. A director must not make improper use of information acquired as a director.
6. A director must not take improper advantage of the position of director.
7. A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
8. A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.

The Company will provide an explanation of any departures from best practice recommendations (if any) in its future annual reports.

Principle 7: Recognise and Manage risk

Companies should establish a sound system of risk oversight and management and internal control. ✓

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. ✓

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks. ✓

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks. ✓

Recommendation 7.3:

The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. ✓

Recommendation 7.4:

Companies should provide the information indicated in the Guide to reporting on Principle 7. ✓

Corporate Governance Statement (continued)

Risk Management

The Board has established a Risk Management Committee. The prime purpose of the Risk Management Committee is to identify those areas of risk which are most likely to cause major disruption and damage to the business of the Company and to implement, with Board approval, plans and procedures which will mitigate any damage.

The Risk Management Committee will meet as often as considered necessary but not less than twice per year.

Certifications to the Board

The Managing Director and the CFO (or equivalent) is required to make the following certifications to the Board:

- That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with the relevant accounting standards.
- That the above statement is based on a sound system of risk management and internal compliance and control and which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

The Company will provide an explanation of any departures from best practice recommendations (if any) in its future annual reports.

Principle 8: Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear. ✓

Recommendation 8.1:

The Board should establish a remuneration committee. ✓

Recommendation 8.2:

The remuneration committee should be structured so that it:

- consists of a majority of independent directors x
- is chaired by an independent chair
- has at least three members.

Recommendation 8.3

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. ✓

Recommendation 8.4

Companies should provide the information indicated in the Guide to reporting on Principle 8. ✓

Enhanced Performance

The Board encourages enhanced performance and has adopted a program that enables directors to gain an understanding of:

- the Company's financial, strategic, operational and risk management position;
- their rights, duties and responsibilities; and
- the role of the Board's committees.



Corporate Governance Statement (continued)

The Board undertakes an annual review of the performance of the Board and the individual directors and examines the appropriate mix of skills to ensue maximum effectiveness and contribution to the results of the Company's business.

Remuneration Policy

The Company has a formal remuneration policy.

The Company will disclose the quantum of remuneration paid to directors and senior executives in its annual reports. Any links between the remuneration paid to directors and key executives and corporate performance will be fully disclosed.

The Board is responsible for determining and reviewing remuneration arrangements for the directors and the executive team. The Board has established a Remuneration Committee consisting of one non-executive director and one executive director.

The current composition of the Remuneration Committee arose due to the appointment of Peter Hwang as Managing Director (who was previously a non executive director).

The Company's constitution provides that the total remuneration of all non-executive directors will not be more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration has been set at an amount of \$250,000 per annum.

The Company will seek shareholder approval for any future grant of equity based remuneration to directors.

The Company will provide an explanation of any departures from best practice recommendations (if any) in its future annual reports.

Financial Report

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Other income	6	12,310	15,369
Accounting and audit fees		(48,440)	(41,820)
Depreciation and amortisation		(3,828)	(4,907)
Office rent and outgoings		(43,468)	(40,422)
Tenement expenditure written off		(197,849)	(355,695)
Impairment of available-for-sale financial assets	11	(217,000)	-
Administration expenses		(316,514)	(317,606)
Loss before income tax		(814,789)	(745,081)
Income tax (expense) / benefit	7	102,654	36,732
Loss for the year from continuing operations attributable to owners of Superior Resources Limited		(712,135)	(708,349)
		Cents	Cents
Earnings (loss) per share			
Basic earnings (loss) per share	28	(0.47)	(0.87)
Diluted earnings (loss) per share	28	(0.47)	(0.87)

The accompanying notes form part of these financial statements.



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
Loss for the year		(712,135)	(708,349)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Fair value adjustment to available-for-sale financial assets	11	140,000	(140,000)
Income tax relating to components of other comprehensive income		(42,000)	42,000
Other comprehensive income / (loss) for the year, net of tax		98,000	(98,000)
Total comprehensive income / (loss) for the year attributable to owners of Superior Resources Limited		<u>(614,135)</u>	<u>(806,349)</u>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	Note	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8	360,601	213,456
Trade and other receivables	9	94,818	44,636
Total Current Assets		455,419	258,092
Non-Current Assets			
Property, plant and equipment	10	14,561	18,389
Available-for-sale financial assets	11	133,000	210,000
Exploration expenditure	12	4,193,269	3,997,035
Deferred tax assets	13	-	-
Other	14	25,000	25,000
Total Non-Current Assets		4,365,830	4,250,424
Total Assets		4,821,249	4,508,516
LIABILITIES			
Current Liabilities			
Payables	15	61,819	104,755
Income tax payable	16	-	-
Total Current Liabilities		61,819	104,755
Non-Current Liabilities			
Deferred tax liabilities	17	-	-
Provisions	18	-	15,501
Total Non-Current Liabilities		-	15,501
Total Liabilities		61,819	120,256
Net Assets		4,759,430	4,388,260
Equity			
Contributed equity	19	7,229,441	6,244,136
Reserves	20	-	(98,000)
Retained profits (accumulated losses)	21	(2,470,011)	(1,757,876)
Total Equity		4,759,430	4,388,260

The accompanying notes form part of these financial statements.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	Contributed equity \$	Reserves \$	Retained Earnings (Accumulated Losses) \$	Total \$
Balance at 1 July 2012	5,889,272	-	(1,049,527)	4,839,745
Loss for the year	-	-	(708,349)	(708,349)
Other comprehensive income / (loss)	-	(98,000)	-	(98,000)
Total comprehensive income for the year as reported in the 2013 financial statements	-	(98,000)	(708,349)	(806,349)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	354,864	-	-	354,864
Balance at 30 June 2013	6,244,136	(98,000)	(1,757,876)	4,388,260
Loss for the year	-	-	(712,135)	(712,135)
Other comprehensive income / (loss)	-	98,000	-	98,000
Total comprehensive income for the year	-	98,000	(712,135)	(614,135)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	985,305	-	-	985,305
Balance at 30 June 2014	7,229,441	-	(2,470,011)	4,759,430

The accompanying notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Receipts from customers (GST inclusive)		13,994	53,094
Interest received		12,310	15,369
Payments to suppliers and employees (GST inclusive)		(486,468)	(413,156)
Income tax refund		-	78,732
		<hr/>	<hr/>
Net cash inflow(outflow) from operating activities	27	(460,164)	(265,961)
Cash flows from investing activities			
Payments for exploration expenditure		(344,842)	(364,172)
Refund of security deposits		-	2,500
		<hr/>	<hr/>
Net cash inflow(outflow) from investing activities		(344,842)	(361,672)
Cash flows from financing activities			
Proceeds on issue of shares		1,045,063	222,000
Payment of capital raising costs		(92,912)	(11,872)
		<hr/>	<hr/>
Net cash inflow(outflow) from financing activities		952,151	210,128
		<hr/>	<hr/>
Net increase (decrease) in cash held		147,145	(417,505)
Cash at beginning of financial year		213,456	630,961
		<hr/>	<hr/>
Cash at the end of financial year	8	360,601	213,456
		<hr/>	<hr/>

The accompanying notes form part of these financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of Significant Accounting Policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Superior Resources Limited and its subsidiaries.

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

The financial statements were authorized for issue by the directors on 26 September 2014. The directors have the power to amend and reissue the financial statements.

The financial statements are presented in Australian dollars which is the Company's and consolidated entity's functional and presentation currency.

New, revised or amending Accounting Standards and Interpretations adopted

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

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

AASB 11 Joint Arrangements

The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

1. Summary of Significant Accounting Policies (continued)

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The consolidated entity has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments

The consolidated entity has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements are to be included within the directors' report.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of Significant Accounting Policies (continued)

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the

Corporations Act 2001. Superior Resources Limited is a for-profit entity for the purposes of preparing the financial statements under Australian Accounting Standards.

Compliance with IFRSs

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial statements have been prepared on an accrual basis and under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 1(n)).

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and statement of comprehensive income, statement of changes in equity and balance sheet respectively.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

1. Summary of Significant Accounting Policies (continued)

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest revenue is recognised using the effective interest rate method.

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

d) 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 realized 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 utilize 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.

(e) 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 2014

1. Summary of Significant Accounting Policies (continued)

(f) Investments and other financial assets

Available for sale

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

Fair value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance date. The quoted market price used for financial assets is the current bid price.

In order to provide an indication about the reliability of the inputs used in determining fair value, the accounting standards prescribe that the Group must classify its financial instruments into three levels of fair value hierarchy.

The Group's only financial instrument measured at fair value is its shares in Deep Yellow Limited which are classified as Level 1 under the fair value hierarchy, Level 1 represents the fair value, based on a quoted market price, determined by an active market (such as publicly traded securities).

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets and the Group determine that the financial asset is impaired, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

1. Summary of Significant Accounting Policies (continued)

(g) 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 income statement. When revalued assets are sold, it is company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(h) 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.

(i) 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. In cases where uncertainty exists as to the value, provisions for possible diminution in value are established.

(j) 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.

(k) 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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

1. Summary of Significant Accounting Policies (continued)

(l) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit 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.

(ii) 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.

(m) 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 flow.

(n) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

1. Summary of Significant Accounting Policies (continued)

(n) Business combinations (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(o) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service 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.

(ii) 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 service 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 using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of 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) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual report period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completed phases I and III of the IASB's project to replace IAS39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or at fair value. The accounting for financial liabilities continues to be classified



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of Significant Accounting Policies (continued)

and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

Annual Improvements to IFRSs 2010-2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

Annual Improvements to IFRSs 2011-2013 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 will not have a material impact on the consolidated entity.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. Summary of Significant Accounting Policies (continued)

(q) Parent entity financial information

The financial information for the parent entity, Superior Resources Limited, disclosed in note 31 has been prepared on the same basis as the consolidated financial statements.

2. Financial risk management

The Group's overall risk management plan seeks to minimize potential adverse effects due to 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 is exposed are credit risk, liquidity risk, market risk and cash flow interest rate risk.

The Group holds the following financial instruments:

	2014	2013
	\$	\$
Financial assets		
Cash and cash equivalents	360,601	213,456
Trade and other receivables	94,818	44,636
Available-for-sale financial assets	133,000	210,000
	<u>588,419</u>	<u>468,092</u>
Financial liabilities		
Trade and other payables	61,819	104,755
	<u>61,819</u>	<u>104,755</u>

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.

Credit risk

Credit risk is the risk of loss from a counter-party failing to meet its financial obligations to the Company.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognized financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed in the balance sheet 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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. Financial risk management (continued)

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

	2014	2013
	\$	\$
Cash at bank and short-term bank deposits		
AAA	-	-
A	360,601	213,456
	<u>360,601</u>	<u>213,456</u>

Other than cash and cash equivalents, the most significant other 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.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due. At the end of the reporting period the Group held deposits at call of \$352,156 (2013: \$199,093) that are expected to readily generate cash inflows for managing liquidity risk.

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.

Maturities of financial liabilities

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

Contractual maturities of financial liabilities	Less then 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$	\$	\$
At 30 June 2014							
Trade and other payables	61,819	-	-	-	-	61,819	61,819
	<u>61,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,819</u>	<u>61,819</u>
At 30 June 2013							
Trade and other payables	104,755	-	-	-	-	104,755	104,755
	<u>104,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,755</u>	<u>104,755</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. Financial risk management (continued)

Market risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group in Deep Yellow Limited and classified on the statement of financial position as available-for-sale financial assets. The Group is not exposed to commodity price risk.

The table below summaries the impact of increases/decreases in the Deep Yellow Limited share price on the Group's total comprehensive income / (loss) for the year and on equity. The analysis is based on the assumption that the share price had increased/decreased by 25% (2013 – 25%) from balance date fair value with all other variables held constant.

		Impact on post-tax loss				Impact on reserves			
		2014		2013		2014		2013	
		\$		\$		\$		\$	
		+25%	-25%	+25%	-25%	+25%	-25%	+25%	-25%
Investment in									
Deep Yellow		23,275	(23,275)	-	-	-	-	36,750	(36,750)
Limited									

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.

At 30 June 2014, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, post-tax loss for the year would have been \$3,606 lower/higher (2013 – change of 100 bps \$2,135 higher/lower), as a result of higher/lower interest income from cash and cash equivalents.

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 their carrying values as disclosed in the consolidated statement of financial position and notes to the financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

3. 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 exploration expenditure of \$4,193,269 (2013 : \$3,997,035). This amount includes costs directly associated with exploration. These costs are capitalised as an intangible asset until assessment and/or drilling of the permit is complete and the results have been evaluated. These costs include employee remuneration, materials, rig costs, delay rentals and payments to contractors. The expenditure is carried forward until such a time as the area moves into the development phase, is abandoned or sold. Given exploration activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable resources and the difficulty in forecasting cash flows to assess the fair value of exploration expenditure there is uncertainty as to the carrying value of exploration expenditure. The ultimate recovery of the carrying value of exploration expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements. The Directors are of the opinion that the exploration expenditure is recoverable for the amount stated in the financial report.

4. Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

The Directors acknowledge that to continue the exploration and development of the Group's exploration projects, the budgeted cash flows from operating and investing activities for the future will necessitate further capital raisings. In the event that the Group is unable to raise future funding requirements there exists a material uncertainty that may cast 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.

5. Segment information

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

	2014 \$	2013 \$
6. Other income		
Interest	12,310	15,369

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

7. Income tax expense

	2014	2013
	\$	\$
(a) Numerical reconciliation of income tax expense / (income) to prima facie tax payable		
Profit (loss) from continuing operations before income tax expense	(814,789)	(745,081)
Tax at the Australian tax rate of 30% (2013– 30%)	(244,436)	(223,524)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	-	88
Adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	202,436	265,436
Prior year research and development tax credit	(60,654)	(78,732)
Income tax expense / (benefit)	(102,654)	(36,732)
(b) The components of income tax expense / (income):		
Current tax	-	-
Deferred tax	(42,000)	42,000
Adjustments for current tax of prior periods	(60,654)	(78,732)
	(102,654)	(36,732)
Deferred income tax (income) expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets (Note 13)	(42,000)	42,000
(Decrease) / increase in deferred tax liabilities (Note 17)	-	-
	(42,000)	42,000
(c) Tax expense (income) relating to items of other comprehensive income:		
Available-for-sale financial assets	42,000	(42,000)
(d) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised		
Unused tax losses for which no deferred tax asset has been recognised	3,342,137	2,687,443
Potential tax benefit @ 30% (Note 13)	1,002,641	806,233
Franking credits available for use in subsequent financial years	251,146	251,146



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
8. Current assets - Cash and cash equivalents		
Cash at bank and on hand	360,601	213,456

9. Current assets - Trade and other receivables

Other receivables	64,403	11,810
Prepayments	30,415	32,826
	<u>94,818</u>	<u>44,636</u>

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the company.

	2014	2013
	\$	\$
10. Non-current assets – Property, plant and equipment		
Equipment / software – at cost	71,793	71,793
Accumulated depreciation	(57,232)	(53,404)
	<u>14,561</u>	<u>18,389</u>

**Equipment /
Software
\$**

Year ended 30 June 2013

Opening net book amount	23,296
Additions	-
Depreciation charge	(4,907)
Closing net book amount	<u>18,389</u>

Year ended 30 June 2014

Opening net book amount	18,389
Additions	-
Depreciation charge	(3,828)
Closing net book amount	<u>14,561</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
11. Non-current assets – Available-for-sale financial assets		
Listed securities		
Equity securities	133,000	210,000
At beginning of year	210,000	350,000
Impairment of available-for-sale financial assets	(217,000)	-
Fair value adjustment in other comprehensive income / (loss)	140,000	(140,000)
	<u>133,000</u>	<u>210,000</u>
12. Non-current assets – Exploration expenditure		
Exploration phase property costs		
Deferred geological, geophysical, drilling and other expenditure – at cost	4,193,269	3,997,035
The capitalised exploration expenditure carried forward above has been determined as follows:		
Opening balance	3,997,035	3,817,229
Expenditure incurred during the year	394,083	535,501
Exploration abandoned	(197,849)	(355,695)
	<u>4,193,269</u>	<u>3,997,035</u>
13. Non-current assets – Deferred tax assets		
Deferred tax assets	-	-
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Accruals	7,860	8,027
Employee entitlements	3,990	15,140
Business capital costs	53,724	8,603
Tax losses	2,235,130	2,029,683
Other	411	383
<i>Amounts recognised in equity</i>		
Capital raising costs	-	-
Total deferred tax assets	<u>2,301,115</u>	<u>2,061,836</u>
Set-off of deferred tax assets/liabilities pursuant to set-off provisions (Note 17)	(1,298,474)	(1,255,603)
Net adjustment to deferred tax assets for tax losses not recognised	<u>(1,002,641)</u>	<u>(806,233)</u>
Net deferred tax assets	<u>-</u>	<u>-</u>
Deferred tax assets expected to be settled within 12 months	12,261	23,550
Deferred tax assets expected to be settled after more than 12 months	<u>2,288,854</u>	<u>2,038,286</u>
	<u>2,301,115</u>	<u>2,061,836</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

13. Non-current assets – Deferred tax assets (continued)

Movements in deferred tax assets:

	Accruals \$	Employee entitlements \$	Business capital costs \$	Tax losses incurred \$	Other \$	Total \$
At 30 June 2012	8,898	9,564	-	1,822,241	383	1,841,086
(Charged)/credited to profit or loss	(871)	5,576	8,603	207,442	-	220,750
At 30 June 2013	8,027	15,140	8,603	2,029,683	383	2,061,836
(Charged)/credited to profit or loss	(167)	(11,150)	45,121	205,447	28	239,279
At 30 June 2014	7,860	3,990	53,724	2,235,130	411	2,301,115

14. Non-current assets – Other

Security deposits

2014
\$

2013
\$

25,000 25,000

15. Current liabilities - Payables

Trade payables

16,320 14,905

Other payables

45,499 89,850

61,819 104,755

16. Current liabilities – Income tax payable

Income tax payable

- -

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	2014 \$	2013 \$
17. Non-current liabilities – Deferred tax liabilities		
Deferred tax liabilities	-	-
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Exploration expenditure	1,257,981	1,191,290
Investment	29,128	52,228
Prepayments	7,265	7,176
Property, plant and equipment	4,036	4,909
Other	64	-
<i>Amounts recognised directly in equity</i>		
Asset revaluation reserve	-	-
	1,298,474	1,255,603
Set-off of deferred tax assets/liabilities pursuant to set-off provisions (Note 13)	(1,298,474)	(1,255,603)
Net deferred tax liabilities	-	-
Deferred tax liabilities expected to be settled within 12 months	7,329	7,176
Deferred tax liabilities expected to be settled after more than 12 months	1,291,145	1,248,427
	1,298,474	1,255,603

Movements in deferred tax liabilities:

	Exploration expenditure \$	Available- for-sale financial assets \$	Prepayments \$	Property, plant and equipment \$	Other \$	Total \$
At 30 June 2012	1,145,170	94,228	13,877	5,909	-	1,259,184
(Charged)/credited to profit or loss	46,120	-	(6,701)	(1,000)	-	38,419
Charged /(credited) to other comprehensive income	-	(42,000)	-	-	-	(42,000)
At 30 June 2013	1,191,290	52,228	7,176	4,909	-	1,255,603
(Charged)/credited to profit or loss	66,691	(65,100)	89	(873)	64	871
Charged /(credited) to other comprehensive income	-	42,000	-	-	-	42,000
At 30 June 2014	1,257,981	29,128	7,265	4,036	64	1,298,474

	2014 \$	2013 \$
18. Non-current liabilities – Provisions		
Employee benefits – long service leave	-	15,501



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	2014 \$	2013 \$
19. Contributed equity		
176,944,379 (2013 : 83,105,955) ordinary shares fully paid	7,229,441	6,244,136

(a) Movements in ordinary share capital:

<i>Date</i>	<i>Details</i>	<i>Number of shares</i>	<i>Issue Price \$</i>	<i>\$</i>
1 July 2012	Balance	76,993,688		5,889,272
	Shares issued	3,700,000	0.06	222,000
	Shares issued for acquisition of exploration rights	1,000,000	0.06	60,000
	Shares issued for settlement of supplier invoice	1,412,267	0.06	84,736
	Share issue expenses	-		(11,872)
30 June 2013	Balance	83,105,955		6,244,136
	Shares issued	93,838,424	0.01	1,126,061
		-		(140,756)
30 June 2014	Balance	176,944,379		7,229,441

(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) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that they 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. In order 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 company.

The Group monitors capital on the basis of cash flow requirements for operational, and exploration and evaluation expenditure. The Group's exposure to borrowings as at 30 June 2014 totals \$nil (2013: \$nil). The Group will continue to use capital market issues and joint venture participant funding contributions to satisfy anticipated funding requirements.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
20. Reserves		
Available-for-sale investments revaluation reserve	-	(98,000)
<i>Movements:</i>		
Balance 1 July	(98,000)	-
Revaluation – gross (Note 11)	140,000	(140,000)
Deferred tax (Note 17)	(42,000)	42,000
Balance 30 June	-	(98,000)

Nature and purpose of reserves

Available-for-sale investments revaluation reserve

Changes in the fair value of investments, such as equities, classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve, as described in Note 1(g). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

	2014	2013
	\$	\$
21. Retained profits (Accumulated losses)		
Retained profits / (accumulated losses)	(2,470,011)	(1,757,876)
<i>Movements:</i>		
Balance 1 July	(1,757,876)	(1,049,527)
Profit / (loss) for the year	(712,135)	(708,349)
Dividend paid	-	-
Balance 30 June	(2,470,011)	(1,757,876)



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

22. Key Management Personnel disclosures

(a) Key management personnel compensation

	2014	2013
	\$	\$
Short-term employee benefits	417,144	302,980
Post-employment benefits	34,146	22,948
Share-based payments	-	-
	<u>451,290</u>	<u>325,928</u>

Detailed remuneration disclosures are provided in the remuneration report on pages 19 to 22.

(b) Equity instrument disclosures relating to key management personnel

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

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report on page 22.

(ii) Option holdings

The numbers of options over 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, are set out below.

2014	<i>Balance at the start of the year</i>	<i>Granted as compensation</i>	<i>Exercised</i>	<i>Other changes</i>	<i>Balance at the end of the year</i>
<i>Name</i>					
<i>Directors of Superior Resources Limited</i>					
K J Harvey	-	-	-	-	-
D J Horton	-	-	-	-	-
P H Hwang	-	-	-	-	-
<i>Other key management personnel of the company</i>					
C A Fernicola	-	-	-	-	-
2013	<i>Balance at the start of the year</i>	<i>Granted as compensation</i>	<i>Exercised</i>	<i>Other changes</i>	<i>Balance at the end of the year</i>
<i>Name</i>					
<i>Directors of Superior Resources Limited</i>					
K J Harvey	-	-	-	-	-
D J Horton	-	-	-	-	-
P H Hwang	-	-	-	-	-
<i>Other key management personnel of the company</i>					
C A Fernicola	-	-	-	-	-

There were no options on issue at 30 June 2013 and 30 June 2014.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

22. Key Management Personnel disclosures (continued)*(iii) Share holdings*

The number of ordinary shares in the company held during the financial year by each Director and their personally related entities is set out below:

2014	<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>					
<i>Directors of Superior Resources Limited</i>					
P H Hwang	148,000	-	2,929,974	-	3,077,974
K J Harvey	6,020,724	-	10,607,719	-	16,628,443
D J Horton	2,695,000	-	567,500	-	3,262,500
<i>Other key management personnel of the company</i>					
C A Fernicola	3,176,000	-	4,500,000	-	7,676,000

2013	<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>					
<i>Directors of Superior Resources Limited</i>					
P H Hwang	-	-	148,000	-	148,000
K J Harvey	5,689,081	-	331,643	-	6,020,724
D J Horton	2,695,000	-	-	-	2,695,000
<i>Other key management personnel of the company</i>					
C A Fernicola	2,877,975	-	328,025	-	3,176,000

(c) Other transactions with key management personnel

A director, Mr D Horton, is a director and shareholder of Opal Horizon Limited to which the company paid bookkeeping fees of \$14,632 (2013: \$19,706). The amounts were paid on normal commercial terms and conditions.

There are no other related party transactions.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	\$	\$
23. Remuneration of auditors		
During the year the following fees were paid or payable for services provided by the auditor, its related practises and non-related audit firms:		
<i>PKF Hacketts Audit -</i>		
Audit or review of financial report	24,600	24,900
Other assurance services	-	-
Taxation compliance services	-	-
	<u>24,600</u>	<u>24,900</u>

24. Contingencies

The possibility of native title claim applications at some future time, under the provisions of the Native Title Act (1993), may impact on exploration tenements under application. Any substantiated claim may have an effect on the value of the tenement application affected by the claim.

25. Commitments

Exploration commitments

So as to maintain current rights to tenure of various exploration and mining tenements, the company will be 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, inclusive of tenement applications granted subsequent to 30 June 2014, are as follows:

	2014	2013
	\$	\$
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	581,465	457,292
Payable between one and five years	1,350,183	1,560,525
	<u>1,931,648</u>	<u>2,017,817</u>

Outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished. Cash security bonds totalling \$25,000 (2013: \$25,000) are currently held by the relevant governing authorities to ensure compliance with granted tenement conditions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

26. Events occurring after the balance date

No other matter or circumstance has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the company, the results of the operations or the state of affairs of the company in financial years subsequent to 30 June 2014.

	2014	2013
	\$	\$
27. Reconciliation of profit / (loss) after income tax to net cash flows from operating activities		
Profit / (loss) for the year	(712,135)	(708,349)
Depreciation and amortisation	3,828	4,907
Exploration abandoned	197,849	355,695
Tax related balances recognised directly in equity	(42,000)	42,000
Impairment of available-for-sale financial assets	217,000	-
Changes in operating assets and liabilities:		
(Increase) / decrease in other receivables	(60,037)	21,110
(Increase) / decrease in prepayments	2,706	(614)
(Increase) / decrease in deferred tax assets	-	-
Increase / (decrease) in income tax payable	-	-
Increase / (decrease) in payables	(67,375)	3,789
Increase / (decrease) in provisions	-	15,501
Net cash outflow from operating activities	<u>(460,164)</u>	<u>(265,961)</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

28. Earnings (loss) per share

	2014 Cents	2013 Cents
(a) Basic earnings (loss) per share		
Profit (loss) attributable to the ordinary equity holders of the company	(0.47)	(0.87)
(b) Diluted earnings (loss) per share		
Profit (loss) attributable to the ordinary equity holders of the company	(0.47)	(0.87)
(c) Reconciliations of earnings (loss) used in calculating earnings per share		
<i>Basic earnings (loss) per share</i>		
Profit (loss) attributable to ordinary equity holders of the company used in calculating basic earnings per share	(712,135)	(708,349)
<i>Diluted earnings(loss) per share</i>		
Profit (loss) attributable to ordinary equity holders of the company used in calculating diluted earnings per share	(712,135)	(708,349)
(d) Weighted average number of shares used as the denominator		
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings (loss) per share</i>	150,345,634	81,278,075
Adjustments for calculation of diluted earnings (loss) per share:		
Options	-	-
<i>Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings (loss) per share</i>	150,345,634	81,278,075

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

29. Related party disclosures

(a) Parent entities

The parent entity within the group is Superior Resources Limited.

(b) Subsidiaries

The consolidated financial statements include the financial statements of Superior Resources Limited and the subsidiary listed in the following table:

	Country of incorporation	% equity interest		Investment	
		2014	2013	2014 \$	2013 \$
Superior Gold Pty Ltd	Australia	100	100	1,000	1,000
		Ordinary shares			

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 22.

(d) Transactions with related parties

The following transactions occurred with related parties:

	2014	2013
	\$	\$
Payments for Administration and bookkeeping services from other related parties	14,632	19,706

(e) Outstanding balances arising from sales / purchases of goods and services

The following balances are outstanding at the reporting date in relation to transactions with related parties:

<i>Current payables</i>		
Other related parties	-	2,055

	2014	2013
	\$	\$
30. Employee benefits		
Employee entitlements		
Current – Payable (Note 15)	13,299	34,966
Non-current – Provisions (Note 18)	-	15,501
	13,299	50,467

Number of employees : 2 (2013: 2)



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

31. Parent entity information

(a) Summary financial information

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

	2014	2013
	\$	\$
Statement of financial position		
ASSETS		
Current assets	455,329	258,062
Total assets	4,822,797	4,509,249
LIABILITIES		
Current liabilities	61,583	104,755
Total liabilities	61,583	120,256
<i>Shareholders' equity</i>		
Issued capital	7,229,441	6,244,136
Reserves	-	(98,000)
Accumulated losses	(2,468,227)	(1,757,143)
	<u>4,761,214</u>	<u>4,388,993</u>
Statement of profit or loss and other Comprehensive Income		
Loss for the year	<u>(711,084)</u>	<u>(707,616)</u>
Total comprehensive income	<u>(613,084)</u>	<u>(805,616)</u>

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2014 or 30 June 2013.

32. Entity details

The registered office of the Group is:

Level 2, 87 Wickham Terrace
Spring Hill QLD 4000
Ph (07) 3839 5099

The principal place of business of the Group is:

Level 2, 87 Wickham Terrace
Spring Hill QLD 4000
Ph (07) 3839 5099

Directors' Declaration

In the directors' opinion:

1. the consolidated financial statements and notes set out on pages 39 to 70, are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date, and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 1(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 and chief financial officer required by section 295A of the Corporations Act 2001.

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



C A Fernicola
Chairman

Brisbane, 26 September 2014

Independent Auditor's Report

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

Report on the Financial Report

We have audited the accompanying financial report of Superior Resources Limited., which comprises the consolidated statements of financial position as at 30 June 2014, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and its controlled entity at the year's end or from time to time during the financial year.

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 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards (IFRS)*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

PKF Hacketts Audit
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SUPERIOR RESOURCES LIMITED**

Auditor's Opinion

In our opinion:

- a. the financial report of Superior Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's and controlled entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. The consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter - Inherent Uncertainty regarding Capitalised Exploration Expenditure

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matter described in Note 3 to the financial statements, there is uncertainty as to whether the company will be able to recover the carrying value of exploration expenditure for the amount recorded in the financial report. The ultimate recovery of the carrying value of exploration expenditure, and future exploration expenditure, is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 22 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Auditor's Opinion

In our opinion the Remuneration Report of Superior Resources Limited for the year ended 30 June 2014 complies with s 300A of the *Corporations Act 2001*.



PKF Hacketts Audit



Cameron Bradley

Partner

Dated this 26th day of September 2014



Shareholder Information

The information set out below was applicable at 29 September 2014.

A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

Class of security - Ordinary Shares	Number of Holders
Range	
1 - 1,000	8
1,001 - 5,000	8
5,001 - 10,000	106
10,001 - 100,000	244
100,001 and over	124
Total	490

The number of holders holding less than a marketable parcel of 50,000 ordinary shares was 279 and they held 4,919,902 securities.

B. EQUITY SECURITY HOLDERS

Total of Ordinary Shares on Issue 176,944,372.

Twenty largest equity security holders

The names of the twenty largest holders of equity securities are listed below:

Name	Ordinary Shares	
	Number	Percent
Dr Leon Eugene Pretorius	21,819,500	12.33%
KJ Harvey & Associates Pty Ltd <Harvey No2 Super Fund A/C>	16,954,432	9.58%
Terry Taylor & Lynda Louise Taylor <Homeminsters Super Fund>	8,233,336	4.65%
Mr Peter Preston Andrews & Mrs Kelly Andrews <Grumpy Super Fund A/C>	7,857,587	4.44%
Dr Leon Eugene Pretorius	5,500,000	3.11%
Terra Search Pty Ltd	3,838,333	2.17%
Mr Simon David Beams & Mr Richard Hutton Lesh & Mr David Randal Jenkins <Terra Search S/F A/C>	3,516,666	1.99%
The Leanda Group Qld Pty Ltd <The Leanda Group Qld Pty Ltd Super Fund>	3,500,000	1.98%
Horton Family Super Pty Ltd <Horton Super Fund>	3,150,000	1.78%
Simon David Beams	3,116,668	1.76%
Terra Search Pty Ltd	2,900,000	1.64%
Mr Ian Michael Paterson Parker & Mrs Catriona Sylvia Parker <Parker Super Fund A/C>	3,155,276	1.78%
Capital Financial Advisers Pty Ltd	2,713,693	1.53%
Mr Carlos Alberto Fernicola & Mrs Kerrie Alison Fernicola <Fernicola No 1 Fund A/C>	2,676,000	1.51%
Mr Simon David Beams & Mrs Ellen Mary Beams	2,600,000	1.47%
Spills Australia Pty Ltd <Chris Gibson Super Fund>	2,566,668	1.45%
Mrs Wenzhen Zhang	2,550,586	1.44%
HBH Family Pty Ltd <HBH Investment>	2,483,333	1.40%
Weir River Consulting Pty Ltd <Weir River Grazing>	2,300,002	1.30%
Donald Cameron McIntosh	2,000,004	1.13%
Total	103,432,084	58.45%

Unquoted equity securities

There are no unlisted equity securities of Superior Resources Limited at the date of this report.

Holders of greater than 20% of the unquoted equity securities

There are no holders of unlisted equity securities of Superior Resources Limited at the date of this report.

C. SUBSTANTIAL HOLDERS

Substantial holders of the company's securities are set out below:

Shareholder	Number Held	Ordinary Shares
		Percentage of Issued Shares
Leon Eugene Pretorius	27,319,500	15.44%
Kenneth James Harvey	16,954,432	9.58%
Simon David Beams	16,346,667	9.24%
Terry Taylor and Lynda Louise Taylor	8,983,336	5.07%

D. VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below

(a) Ordinary shares

On a show of hands each member present at a meeting in person or by proxy shall have one vote and on a poll each share shall have one vote.

(b) Options

No voting rights



Tenement Schedule

Current interests in tenements held by Superior Resources Limited and its subsidiaries as at 29 September 2014 are set out below. All tenements are held by Superior Resources Limited as principal and sole holder with 100% unencumbered share. All tenement are located in Queensland. Exploration Permits for Minerals held are for all minerals other than coal.

Tenement	Name	Project	Date of Grant	Date of Expiry	Area	Holder	Interest
<i>Northwest Queensland</i>							
EPM15040	Suliman Creek	Dajarra	28 Mar 06	27 Mar 16	33 km ²	SPQ	100%
EPM15670	Hedleys 2	Nicholson	21 Aug 06	20 Aug 16	186 km ²	SPQ	100%
EPM18203	Hedleys South	Nicholson	29 May 14	27 May 18	126 km ²	SPQ	100%
EPM16028	Victor Creek	Victor	16 Sep 08	15 Sep 16	78 km ²	SPQ	100%
EPM18840	Harris Creek	Victor	9 May 12	8 May 17	90 km ²	SPQ	100%
EPM19097	Tots Creek	Victor	Application		354 km ²	SPQ	100%
EPM19214	Scrubby Creek	Victor	Application		300 km ²	SPQ	100%
EPM25264	Tomahawk Creek	Victor	Application		300 km ²	SPQ	100%
<i>Northeast Queensland</i>							
EPM18987	Cockie Creek	Greenvale	25 Sep 13	24 Sep 18	171 km ²	SPQ	100%
EPM19247	Cassidy Creek	Greenvale	28 May 13	27 May 18	90 km ²	SPQ	100%
EPM25659	Dinner Creek	Greenvale	Application		300 km ²	SPQ	100%
EPM25691	Wyandotte	Greenvale	Application		210 km ²	SPQ	100%
ML6750	One Mile	Greenvale	1 Nov 1992	31 Oct 2017	128 ha	SPQ	100%

Abbreviations:

SPQ	Superior Resources Limited
EPM	Exploration Permit for Minerals
ML	Mining Lease
ha	hectare

Mineral Resources Statement

Mineral Resources at 30 June 2014

Project	Resource category	Cut-off grade	Quantity tonnes	Average grade	Notes
Cockie Creek Copper	Inferred	0.25% Cu	13,000,000	0.42% Cu	1, 2

Notes:

1. Cockie Creek Copper Prospect lies approximately 5km northeast of Superior's "One Mile" mining lease, ML6750, within granted EPM18987 "Cockie Creek" and is located 210km west-northwest of Townsville in northeast Queensland, Australia.
2. Competent person – Mineral Resources, Mr Ken Harvey (MAusIMM, MAIG)

The information in relation to the Cockie Creek Copper Prospect Mineral Resources has been reported in an announcement to the Australian Securities Exchange (ASX) on 27 March 2013 "Cockie Creek Copper Prospect Inferred Resource" which complies with the guidelines of the 2004 JORC Code. It has not been updated since on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to Mineral Resources and Exploration Results is based on information compiled by Mr Ken Harvey, a director and shareholder of the Company, who is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Harvey has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Harvey consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Mineral Resource and Ore Reserve Governance

The Mineral Resources reported have been generated by a suitably qualified person using industry standard best practice modelling and estimation methods.

Mineral Resources and Ore Reserves are compiled in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) 2012 Edition.

The Mineral Resources Statement included in the annual report is reviewed by a suitably qualified Competent Person.



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