



# Superior Resources Limited

ABN 72 112 844 407

## HALF-YEAR REPORT – 31 DECEMBER 2014

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Superior Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

# SUPERIOR RESOURCES LIMITED

## DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Your directors present their report on Superior Resources Limited (referred to hereafter as the '**consolidated entity**' or the '**Company**') for the half-year ended 31 December 2014.

### Directors

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

Ken Harvey (non-executive director)  
David Horton (non-executive director)  
Peter Hwang (managing director)

Mr C Fernicola was appointed as a director on 25 August 2014 and Chairman of the Company and continues in office as at the date of this report.

Mr David Horton ceased his role as Chairman on 25 August 2014 and continues as a director as at the date of this report.

### Review of Operations

The operating loss after income tax of the consolidated entity for the half-year was \$268,092 (2013: loss \$399,510). The loss reflects the nature of the consolidated entity's principal activity, being mineral exploration.

The Company's principle activities during the half year period were focused on the following main objectives:

1. progress conditions precedent to the commencement of the Tick Hill Farmin and Joint Venture Agreement with Diatreme Resources Limited;
2. expand on the Greenvale Project by obtaining new exploration permit applications to highly prospective copper prospects;
3. expand on the Victor Project by the grant of the majority of the project area;
4. advance existing North West Queensland base metal and Greenvale projects by conducting data compilation and modeling of geophysical data for the purpose of identifying and refining drill targets;
5. review and re-assess the Company's portfolio of projects;
6. conduct a share purchase plan capital raising campaign; and
7. identify and engage with third parties in relation to new project opportunities as well as potential joint venture and funding arrangements in relation to the existing projects.

### Corporate

#### Share Purchase Plan

The Company announced a Share Purchase Plan on 10 November 2014 which closed on 12 December 2014. Applications were received for 30,592,000 new ordinary shares, which at an issue price of \$0.01 per new share, raised \$305,920.

#### Other funding activities

The Company submitted applications to the Queensland State Government on 19 November 2014, for drill program funding grants under Round 9 of the Collaborative Drilling Initiative (**CDI**). The CDI program is designed to stimulate exploration investment in under-explored parts of Queensland by covering half of the drilling costs (up to \$150,000) of a project. The following table summarises the applications.

Prospect	Tenement	Program description	Funding amount applied for (50% of total drilling costs)
Nicholson West Project	EPM 15670	4 x 400m combined RC/diamond drill holes are planned to test a large copper-lead-zinc-silver massive sulphide target of the Mount Isa Style of deposit.  The target is interpreted to have potential to be a large copper or lead-zinc-silver deposit.	\$90,000

## SUPERIOR RESOURCES LIMITED

Cockie Creek Copper Prospect	EPM 18987	1 x 400m and 1 x 600m drill combined RC/diamond drill holes are planned to test two porphyry copper targets.	\$51,000
One Mile Dam Prospect	EPM 18987	6 RC drill holes totaling 740m are planned to test a large copper-gold-zinc-silver massive sulphide target of the VMS style.	\$30,000

The Company has been actively seeking and engaging with third parties with an interest to enter into joint venture and farm-in arrangements in respect of the large North West Queensland and Greenvale Projects. No agreements had been reached as at the date of this report.

### Project Activities

#### *Tick Hill Gold Project*

Formal arrangements between Diatreme Resources Limited (**DRX**) and Mount Isa Mines Limited (**MIM**) for the transfer of the Tick Hill Gold Project mining leases were finalised by the signing of a Sale Implementation Deed between those parties on 7 November 2014.

The Sale Implementation Deed provides clear and certain arrangements between the parties to enable the transfer of the mining leases to DRX.

The transfer of the mining leases will in turn, crystallise the Company's rights to:

1. commence earn-in rights to a 50% interest in the Project; and
2. commence the exploitation of surface gold, which includes investigating the processing of old mine tailings and waste rock dumps.

Superior's rights are derived from an "Exploration Farm-in and Joint Venture Agreement" with DRX, dated 17 June 2013 (**JVA**). The transfer of the mining leases is the last condition to be fulfilled before the operation of the JVA can commence. Under the JVA, Superior has the right to earn a 50% interest in the Project by spending \$750,000 on exploration including substantial drilling over a two year period (which can be extended by agreement).

Upon a transfer of a 50% interest in the Project, Superior will be required to pay DRX \$100,000 and an amount equal to 50% of the government security bond on the mining leases.

MIM retains a royalty on gold produced from the mining leases, which is set at a variable rate depending on the annual grade of gold produced from mining. The royalty applies initially to gold produced above 5g/t Au and then, after payment of royalties totaling \$5M, to gold produced above 10g/t Au. A separate royalty rate applies to gold produced from tailings resulting from previous mining.

During the latter part of the period, the Company commenced an assessment and planning program for investigating the surface gold potential of the project.

#### *North West Queensland – Victor Project and Nicholson West Project*

In recognition of a prospective short to medium term outlook for global zinc commodity markets, the Company also focused attention on its large North West Queensland Mount Isa Style copper-lead-zinc-silver projects. During the period the Company was granted two of its long-standing exploration permit applications (EPM 19097 and EPM 19214), which has provided the Company with the ability to access the majority of the area of the Victor Project.

The Company also applied for a new exploration permit (EPMA 25264, Tomahawk Creek) as a result of identifying three high order and potentially structurally controlled lead and zinc anomalous areas.

These areas, together with geophysics based targets in the Nicholson West Project, represent drill-ready targets, which subject to direct or indirect funding being available, the Company plans to investigate during 2015.

The Victor Project, together with the Nicholson Project provides the Company with a leading opportunity to discover a world-class Lead-Zinc-Copper deposit of the Mt Isa Style. These deposits are potentially large, world-class base metals targets that are hosted in old rock units of Proterozoic age. These Proterozoic

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## DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2014 (continued)

sequences are exposed at surface or close to surface in the Mt Isa region and as a consequence, have been intensely explored. The Company's Victor Project is located northwest of Mt Isa where the Proterozoic rock units are covered by varying moderate depths of younger (Cambrian) sediments. It is important to also note that the Victor Project region is relatively unexplored compared to the intensely explored Mt Isa region to the east.

During the reporting period, the Company has engaged with and continued discussions with third parties interested in a farm-in arrangement. No agreements had been reached as at the date of this report.

### *Greenvale Project*

The Company continued from the previous period, a program of data compilation, interpretation and modeling of geophysical data in order to identify the potential for high grade copper at its One Mile prospect and newly acquired (through new EPM applications) copper prospects which include, Halls Reward, Wyandotte and Riesling prospects.

The Wyandotte prospect and the Halls Reward Copper Mine are historically known projects with high grade copper occurrences. The Company considers that the two projects represent significant potential for identifying shallow high-grade copper mineralisation.

Further compilation and interpretation of data on these deposits will continue. Subject to the availability of funding and access to the project areas, the Company plans to conduct further investigations including drilling during 2015.

### **Auditor's Independence Declaration**

The lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the Board of directors made pursuant to s.306 (3) of the *Corporations Act 2001*.



**Peter Hwang**  
**Managing Director**

**Brisbane, 12<sup>th</sup> March 2015**

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*  
TO THE DIRECTORS OF  
SUPERIOR RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2014, there have been no contraventions of :

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

**PKF HACKETTS AUDIT**



**Cameron Bradley  
Partner**

**Brisbane, 12<sup>th</sup> March 2015**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	<b>Consolidated Half-year</b>	
	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>	3,553	5,049
<b>Expenses</b>		
Accounting and audit fees	(16,800)	(11,190)
Depreciation and amortisation	(3,272)	(2,037)
Office rent and outgoings	(19,180)	(21,667)
Exploration expenditure written off	(19,449)	(71,782)
Administration expenses	(177,944)	(129,883)
Impairment of available for sale financial assets	(35,000)	(70,000)
Reclassification adjustment on impairment of available-for-sale financial assets	-	(140,000)
	<hr/>	<hr/>
<b>Loss before income tax</b>	(271,645)	(441,510)
Income tax benefit	-	42,000
	<hr/>	<hr/>
<b>Loss for the half-year attributable to members of the parent entity</b>	(268,092)	(399,510)
	<hr/>	<hr/>
<b>Other comprehensive income</b>		
<i>Items that will be reclassified subsequently to profit or loss when specific conditions are met</i>		
Reclassification adjustment on impairment of available-for-sale financial assets	-	140,000
Income tax relating to components of other comprehensive income	-	(42,000)
	<hr/>	<hr/>
<b>Other comprehensive income for the period, net of tax</b>	-	98,000
	<hr/>	<hr/>
<b>Total comprehensive loss for the half-year attributable to members of the parent entity</b>	(268,092)	(301,510)
	<hr/>	<hr/>
	<b>Cents</b>	<b>Cents</b>
<b>Earnings (loss) per share:</b>		
Basic earnings (loss) per share	(0.15)	(0.32)
Diluted earnings (loss) per share	(0.15)	(0.32)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Consolidated	
	31 December 2014 \$	30 June 2014 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	362,220	360,601
Trade and other receivables	81,425	94,818
	<hr/>	<hr/>
Total current assets	443,645	455,419
	<hr/>	<hr/>
<b>Non-current assets</b>		
Plant and equipment	11,289	14,561
Available-for-sale financial assets	98,000	133,000
Exploration expenditure	4,294,068	4,193,269
Other	22,500	25,000
	<hr/>	<hr/>
Total non-current assets	4,425,857	4,365,830
	<hr/>	<hr/>
<b>Total assets</b>	4,869,502	4,821,249
	=====	=====
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	89,679	61,819
	<hr/>	<hr/>
Total current liabilities	89,679	61,819
	<hr/>	<hr/>
<b>Total liabilities</b>	89,679	61,819
	=====	=====
<b>Net assets</b>	4,779,823	4,759,430
	=====	=====
<b>EQUITY</b>		
Contributed equity	7,517,926	7,229,441
Accumulated losses	(2,738,103)	(2,470,011)
	<hr/>	<hr/>
<b>Total equity</b>	4,779,823	4,759,430
	=====	=====

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

# SUPERIOR RESOURCES LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Consolidated Group	Ordinary shares \$	Accumulated losses \$	Available for sale investments revaluation reserve \$	Total \$
<b>Balance at 1 July 2013</b>	6,244,136	(1,757,876)	(98,000)	4,388,260
Loss for the half-year	-	(399,510)	-	(399,510)
Other comprehensive income	-	-	98,000	98,000
<b>Total comprehensive income</b>	-	(399,510)	98,000	(301,510)
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs	985,305	-	-	985,305
<b>Balance at 31 December 2013</b>	<b>7,229,441</b>	<b>(2,157,386)</b>	<b>-</b>	<b>5,072,055</b>
<b>Balance at 1 July 2014</b>	7,229,441	(2,470,011)	-	4,759,430
Loss for the half-year	-	(268,092)	-	(268,092)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	(268,092)	-	(268,092)
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs	288,485	-	-	288,485
<b>Balance at 31 December 2014</b>	<b>7,517,926</b>	<b>(2,738,103)</b>	<b>-</b>	<b>4,779,823</b>

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



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## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Consolidated Half-year	
	2014 \$	2013 \$
<b>Cash flows from operating activities</b>		
Receipts from customers (GST inclusive)	8,410	23,106
Payments to suppliers and employees (GST inclusive)	(209,447)	(281,354)
Interest received	3,553	5,049
Prior year research and development tax credit	60,654	-
<b>Net cash outflow from operating activities</b>	<u>(136,830)</u>	<u>(253,199)</u>
<b>Cash flows from investing activities</b>		
Payments for exploration expenditure	(145,933)	(245,201)
Refund of security deposits	2,500	2,500
<b>Net cash outflow from investing activities</b>	<u>(143,433)</u>	<u>(242,701)</u>
<b>Cash flows from financing activities</b>		
Proceeds on issue of shares	290,920	1,045,063
Payment of capital raising costs	(9,038)	(92,912)
<b>Net cash inflow from financing activities</b>	<u>281,882</u>	<u>952,151</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1,619	(456,251)
Cash and cash equivalents at the beginning of the half-year	360,601	213,456
<b>Cash and cash equivalents at the end of the half-year</b>	<u>362,220</u> =====	<u>669,707</u> =====

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

# SUPERIOR RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

### Note 1 Summary of significant accounting policies

These general purpose interim financial statements for the half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The historical cost basis has been used, except for available-for-sale financial assets which have been measured at fair value.

These half year financial statements do not include all the notes of the type normally included in an annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2014 and any public announcements made by Superior Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those adopted and disclosed in the company's 2014 annual financial report for the financial year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### **New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

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

New and revised Standards and amendments thereof and interpretations effective for the current half-year that are relevant to the consolidated entity include:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
  - Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
  - Part C: 'Materiality'

#### **Impact of the application of AASB 1031 'Materiality' (2013)**

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031 does not have any material impact on the disclosures or the amounts recognised in the consolidated entity's financial statements.

# **SUPERIOR RESOURCES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

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

#### **Impact of the application of AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'**

The consolidated entity has applied the amendments to AASB 132 for the first time in the current year. The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments have been applied retrospectively. As the consolidated entity does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the consolidated entity's financial statements.

#### **Impact of the application of AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'**

The consolidated entity has applied the amendments to AASB 136 for the first time in the current year. The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 'Fair Value Measurements'. The application of these amendments does not have any material impact on the disclosures in the consolidated entity's financial statements.

#### **Impact of the application of AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'**

This amending standard makes amendments to particular Australian Accounting Standards to delete references to AASB 1031, at the same time it makes various editorial corrections to Australian Accounting Standards as well. The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the consolidated entity's financial statements.

#### **Impact of the application of AASB 2014-1 'Amendments to Australian Accounting Standards' Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycle'**

The Annual Improvements 2010-2012 Cycle include a number of amendments to various AASBs which are summarised below.

The amendments to AASB 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to AASB 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of AASB 9 or AASB 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to AASB 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

# **SUPERIOR RESOURCES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

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

The amendments to AASB 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The 'Annual Improvements 2011-2013 Cycle' include a number of amendments to various AASBs, which are summarised below.

The amendments to AASB 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to AASB 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, AASB 139 or AASB 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within AASB 132.

The amendments to AASB 140 clarify that AASB 140 and AASB 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- (a) the property meets the definition of investment property in terms of AASB 140; and
- (b) the transaction meets the definition of a business combination under AASB 3.

### **Part C – 'Materiality'**

This amending standard makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031, which historically has been referenced in each Australian Accounting Standard.

The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the consolidated entity's financial statements.

# **SUPERIOR RESOURCES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

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

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

The critical estimates and judgments are consistent with those applied and disclosed in the June 2014 annual report. Estimates and judgments 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 consolidated entity has capitalised exploration expenditure of \$4,294,068 (30 June 2014: \$4,193,269). This amount includes costs directly associated with exploration. These costs are capitalised as an intangible asset until assessment and/or drilling of the permit is complete and the results have been evaluated. These costs include employee remuneration, materials, rig costs, delay rentals and payments to contractors. The expenditure is carried forward until such as time as the area moves into the development phase, is abandoned or sold. Given exploration activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable resources and the difficulty in forecasting cash flows to assess the fair value of exploration expenditure there is uncertainty as to the carrying value of exploration expenditure. The ultimate recovery of the carrying value of exploration expenditure is dependent upon the consolidated entity continuing normal business operations culminating in the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements.

#### **Going Concern**

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

The Directors acknowledge that to continue the exploration and development of the consolidated entity'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 consolidated entity is unable to raise future funding requirements there exists a material uncertainty that may cast doubt on the consolidated entity's ability to continue normal business operations with the result that the consolidated entity 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.

# SUPERIOR RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

### Note 2 Segment information

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

### Note 3 Loss for the half-year

	2014 \$	Half-year 2013 \$
Loss before income tax for the half-year includes the following items that are unusual because of their nature, size or incidence:		
<b>Expenses</b>		
Impairment of available for sale financial assets	35,000	70,000
Reclassification adjustment on impairment of available-for-sale financial assets	-	140,000
Exploration expenditure written off	19,449	71,782

### Note 4 Fair values of financial instruments

	31 December 2014 \$	30 June 2014 \$
<b>Recurring fair value measurements</b>		
The following financial instruments are subject to recurring fair value measurements:		
Available-for-sale financial assets:		
- Listed equity securities – Level 1	98,000	133,000

#### Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:

- Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – a valuation technique is used using inputs other than quoted prices within level 1 that are observable for the financial instrument, either directly (ie, as prices), or indirectly (ie, derived from prices)
- Level 3 – a valuation technique is used using inputs that are not observable based on observable market data (unobservable inputs).

As Superior Resources Limited only holds listed equity securities, which are measured at the closing bid price at the end of the reporting period, all available-for-sale financial assets fall within Level 1 of the fair value hierarchy.

# SUPERIOR RESOURCES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

### Note 5 Equity securities issued

	Half-year		Half-year	
	2014	2013	2014	2013
	Shares	Shares	\$	\$
<b>Issues of ordinary shares during the half-year</b>				
Shares issued	30,592,000	93,838,424	305,920	1,126,061
Share issue expenses (net of income tax)			(17,435)	(140,756)
Net increase in contributed equity	30,592,000	93,838,424	288,485	985,305

### Note 6 Commitments for expenditure

	31 December 2014 \$	30 June 2014 \$
<b>Exploration commitments</b>		
Commitments as at 31 December 2014 for payments under exploration permits for minerals in existence at the reporting date but not recognised as liabilities payable is:		
Payable within 1 year	662,246	581,465
Payable greater than 1 year	1,536,479	1,350,183
	<u>2,198,725</u>	<u>1,931,648</u>

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

### Note 7 Events occurring after the balance sheet date

The substantive terms of the Exploration Farm-in and Joint Venture Agreement between the consolidated entity and Diatreme Resources Limited (DRX) over the Tick Hill Gold Project, commenced operation on 1 January 2015. Refer also to Note 9 for further disclosures in relation to the Joint Venture entities.

No other matters or circumstances have arisen since the end of the half-year, that have significantly affected, or may affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

### Note 8 Contingent liabilities

There have been no changes in contingent liabilities since the end of the previous annual reporting period, 30 June 2014.

## **SUPERIOR RESOURCES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

#### **Note 9 Joint venture entities**

On 17 June 2013, the consolidated entity entered into an Exploration Farm-in and Joint Venture Agreement over the Tick Hill Gold Project with DRX. The commencement of the Exploration Farm-in and Joint Venture Agreement was subject to certain conditions to be satisfied.

Formal arrangements between DRX and MIM for the transfer of the Tick Hill mining leases were finalised by the signing of a Sale Implementation Deed between those parties on 7 November 2014.

On 30 January 2015, the consolidated entity and DRX confirmed that the remaining conditions of the Exploration Farm-in and Joint Venture Agreement have been waived and as a result, the consolidated entity commenced earning into the Tick Hill Gold Project from that date.

The Sale Implementation Deed makes clear and certain the arrangements between the parties to enable the transfer of the mining leases to DRX. It is expected that the transfer of the mining leases will be completed within the following half year.

The consolidated entity had not earned any interest in the joint venture as at 31 December 2014.



# SUPERIOR RESOURCES LIMITED

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Superior Resources Limited, in the directors' opinion:

1. The financial statements and notes, as set out on pages 5 to 15, are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date
2. having regard to the matters described in Note 1 to the financial statements there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

A handwritten signature in dark ink, appearing to be 'Peter Hwang', written over a horizontal line.

**Peter Hwang**  
**Managing Director**

**Brisbane, 12<sup>th</sup> March 2015**

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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Superior Resources Limited ("the Company") and its controlled entities ("the consolidated entity"), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Superior Resources Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

*Independence*

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

*Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Emphases of Matter - Inherent Uncertainty regarding Going Concern and Capitalised Exploration Expenditure*

*Without modifying our conclusion expressed above, we draw attention to the following matters:*

- a) As a result of the matter described in Note 1 to the financial statements in relation to the critical accounting estimates and judgements applied to the capitalised exploration expenditure, there is uncertainty as to whether the consolidated entity 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 consolidated entity continuing normal business operations culminating in the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements; and
- b) As a result of the matter described in Note 1 to the financial statements in relation to going concern, there is a material uncertainty that may cast significant doubt as to whether the consolidated entity will be able to continue normal business operations and therefore whether the consolidated entity will realise its assets and extinguish its liabilities in the normal course of business and at the amounts recorded in the financial report.



**PKF HACKETTS AUDIT**



**Cameron Bradley**  
**Partner**

Brisbane, 12<sup>th</sup> March 2015