



# ANNUAL REPORT **2013**

# 2013



**Superior Resources Limited**

ABN 72 112 844 407



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# Corporate Directory

## Directors

Kenneth James Harvey  
David John Horton  
Peter Henry Hwang

## Corporate Secretary

Carlos Alberto Fernicola

## Stock Exchange

ASX LIMITED  
ASX Code: **SPQ**

## Company

**SUPERIOR RESOURCES LIMITED**  
ABN 72 112 844 407

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Spring Hill, Queensland, 4000

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**Postal Address**  
PO Box 10288  
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## Share Registry

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ANZ Building  
Level 15, 324 Queen Street  
Brisbane, Queensland, 4000

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## Auditor

**Lawler Hacketts Audit**  
Level 3, 549 Queen Street  
Brisbane, Queensland, 4000  
Telephone: 07 3839 9733  
Facsimile: 07 3832 1407  
Email: [advice@lawlerhacketts.com.au](mailto:advice@lawlerhacketts.com.au)

## **Chairman's Review 2013**

During a year in which equity markets in the exploration sector continued to decline, the 2012 - 2013 year was a period of progress and change for our Company.

We had previously foreshadowed a tight cash position for 2013 and as a result, most of our resources were directed to the Greenvale Project (One Mile and Cockie Creek Prospects) where we expected to gain maximum benefit from our exploration dollars.

Despite the difficult period, the Company achieved significant progress on the Cockie Creek and One Mile Prospects. At Cockie Creek, the Company released a maiden JORC inferred resource of 13Mt @ 0.42% Cu. In addition, we saw the grant of the Cassidy Creek EPM which the Company considers to have potential to add further significant resources to the Greenvale Project. This EPM contains a 6km long zone of interest which is characterised by gossan lenses and VMS style mineralised areas which include the Riesling, Burgundy and Chablis Prospects. Shortly after grant, the Company expedited a program of soil sampling over the Riesling Prospect which identified very encouraging high order zinc, copper and lead soil anomalies. These anomalies are planned to be drilled during the 2013/2014 year. Together with the Cockie Creek and One Mile prospects, the Company will continue exploration work with the aim of building the overall resource base at the Greenvale Project.

In northwest Queensland, Superior continues to hold a strong tenement position over a relatively underexplored region that the Company considers to be highly prospective for the discovery of large Mount Isa copper-lead-zinc style deposits. During the year, the Company conducted substantial modelling of the northwest Queensland geophysical data and identified several high order drill targets.

The northwest Queensland projects are large, long term projects. In the coming year the Company expects to drill test at least one high priority target (subject to funding) and intends to seek a suitable joint venture partner for continuing exploration of these major projects.

This year also saw progress with the Company's interest in the Tick Hill Gold Project with further regulatory conditions being met under the Farm-In and Joint Venture Agreement with Diatreme Resources Limited. The Company expects to be able to commence work on the Tick Hill project during 2014.

In light of the significantly depressed equity markets, Superior has recognised the importance of having adequate corporate capability to ensure that the Company is appropriately structured and profiled to most effectively participate in market upturns thus facilitating corporate growth. As part of this strategy, the company appointed a new Managing Director, Peter Hwang, who has extensive corporate, legal and geological background and experience.

Superior's corporate objectives for the 2013/2014 year will include investigating both conventional and non-conventional funding opportunities as well as identifying corporate transactional and project opportunities that present value to shareholders.

These two corporate components together with results driven exploration programs on the Company's main projects, will form the basis for the Board's focus on growing the Company over the coming period.



**David John Horton**  
Chairman



## **Corporate Review**

### **Company Background**

Superior Resources Limited (ASX code: SPQ) is a Brisbane based company 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 party to a farm-in agreement for gold over three mining leases at Tick Hill in northwest Queensland.

The Company 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. In addition, the Tick Hill farm-in agreement gives Superior exposure to an area with potential for high grade gold mineralisation within the mining leases that supported the old high grade gold mining operations.

### **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**

### **Introduction**

The 2012 – 2013 year has been a difficult year for junior miners and explorers as investors have shown limited interest in the speculative end of the market. In the uncertain times funding has been difficult to secure. This has impacted most miners and explorers including Superior.

High levels of consumption of minerals across the world continue and this should underpin demand leading to the return to better times for mining and exploration in the future. Superior's strategy is not only to exploit the opportunities offered by the current downturn but to be in a position to profit from the upturn when that occurs.

The positive aspects of the current situation are that most commodity prices are still relatively high on a longer term historical basis and exploration services are more readily available at a cheaper price than in previous years. In the current situation of reduced competition it is a good time to be active.

During the 2012 – 2013 year Superior continued to build the quality of its portfolio of exploration properties and to advance those properties with the best potential given the limited funding available.

In the Greenvale Project in northeast Queensland further work increased the extent of the sulphide zone at the One Mile Mining lease. At the Cockie Creek Copper Prospect work advanced the mineralisation to an inferred resource status and potential for additional mineralisation was identified. Initial work at the Cassidy Creek exploration permit showed this to be a prospect with good potential for volcanogenic massive sulphide deposits. The status of the Greenvale Project has been advanced considerably during the year.

With the focus of work on the Greenvale Project during the 2012 – 2013 year, the Mount Isa style projects in northwest Queensland received less attention. Sufficient work was completed to maintain the five identified prospect areas with potential for Mount Isa style mineralisation. Attempts to identify a partner to continue work on these prospects are continuing.

A formal comprehensive agreement with Diatreme Resources Limited (DRX) was signed in relation to the Tick Hill Project during the year. However, a precondition for the transfer of the three Mining Leases from Mount Isa Mines Limited (MIM) to DRX, had not been met by the end of the year.

Other prospects including the phosphate and uranium prospects were not advanced during the year. The Wills Creek Project which contains a rare earth prospect was farmed out to DiamonEx Limited during the year.

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

### **Greenvale Project**

The Cambro-Ordovician volcano-sedimentary sequences in eastern Australia have potential for volcanogenic massive sulphide (VMS) deposits of copper-lead-zinc-silver-gold with deposits of this type occurring in the Charters Towers and Greenvale areas of northeast Queensland (eg. Thalanga, Reward and Balcooma deposits). Superior's One Mile Mining Lease (ML6750) and the Cockie Creek Copper Prospect in the Greenvale area of northeast Queensland lie within the Cambro-Ordovician volcano-sedimentary sequences.

Potential for VMS deposits also exist in the Proterozoic metamorphic rocks of the eastern Georgetown area in northeast Queensland (eg. Einasleigh and Mt Misery deposits). The Riesling, Burgundy and Chablis prospects in the Cassidy Creek exploration permit lie within these Proterozoic metamorphic rocks.

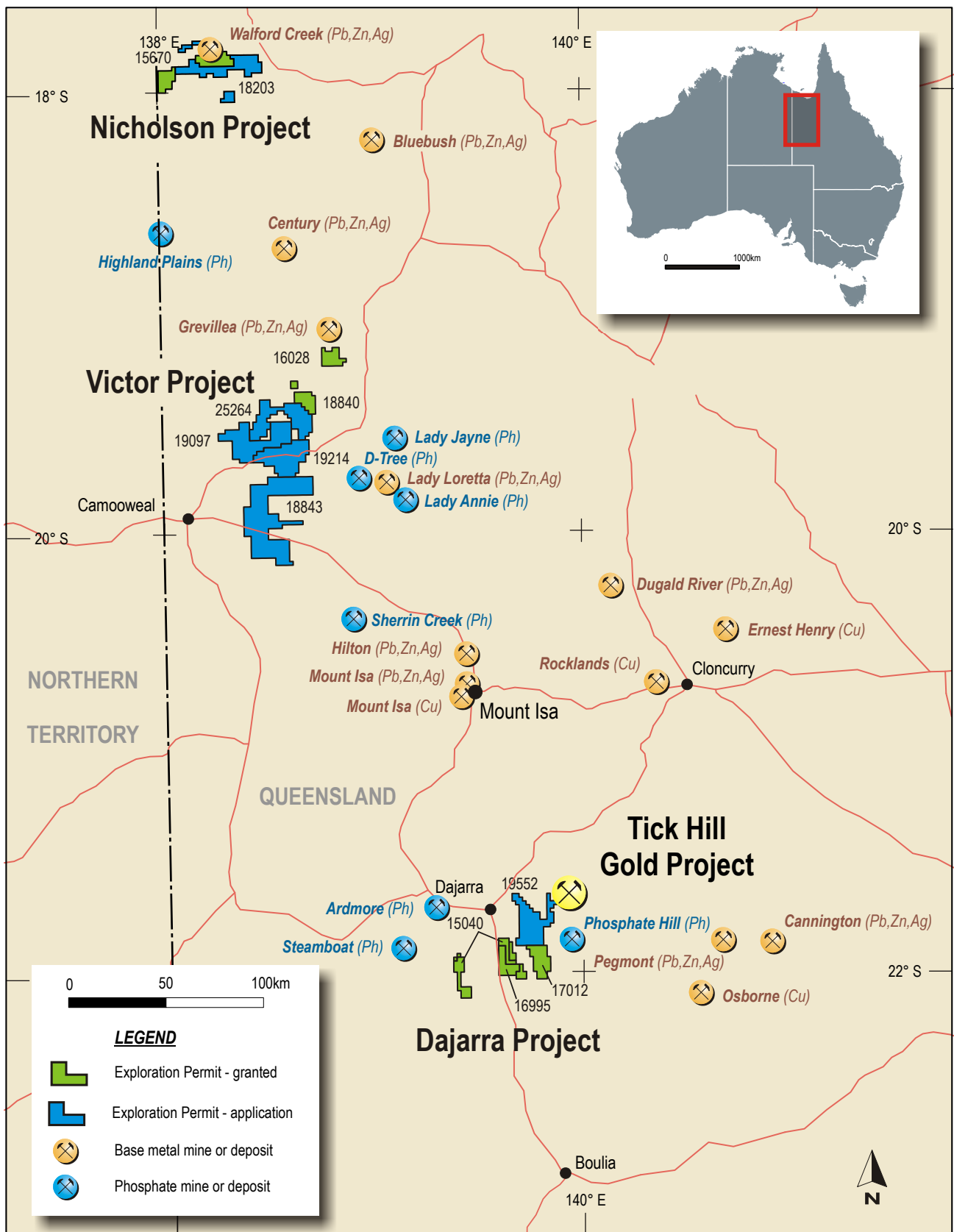


Figure 1. Superior Resources Limited – project and tenement locations in northwest Queensland

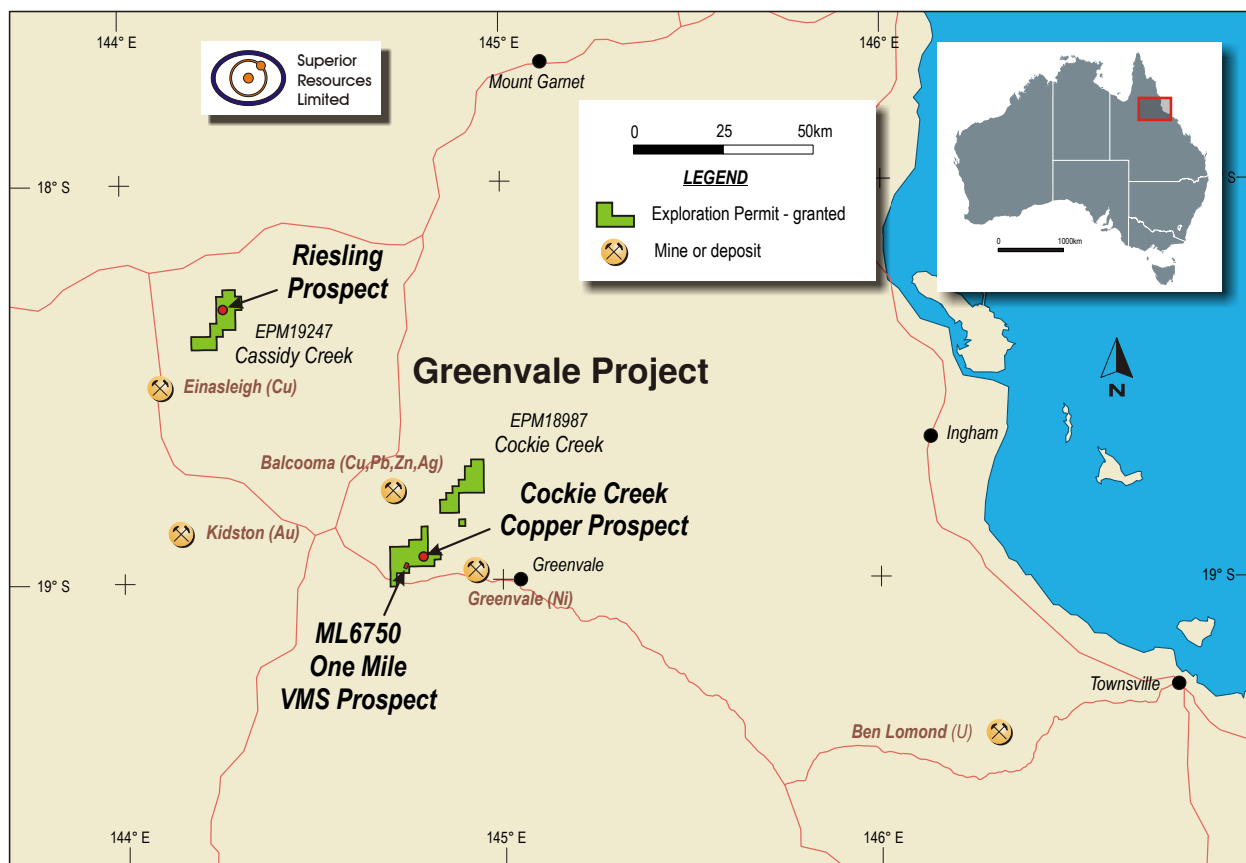


Figure 2. Superior Resources Limited – project and tenement locations in northeast Queensland

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 and within Superior's exploration permit (EPM) 18987 which was granted on 25 September 2013.

The Cockie Creek Copper Prospect also lies within EPM18987 and field work is now possible following the granting of this tenement. Using the results from previous drilling, inferred resources of 13Mt @ 0.42% copper have been estimated for the prospect. Additional work has included developing an understanding of the mineralisation and where additional resources may be discovered in the area. The principal target areas for additional resources are immediately below the known near surface thickened mineralised 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. This area will be a focus for exploration in the 2013 – 2014 year.

The combination of three quality prospects (One Mile, Cockie Creek and Riesling) in the Greenvale Project makes this an important project for Superior going forward.



## Mount Isa Type Projects

The principal reason for incorporating SPQ was to search for large Mount Isa style deposits in northwest Queensland. These world-class deposits offer the best chance of SPQ becoming a major company. Exploration for large Mount Isa style deposits is a long term venture requiring substantial investments. Such exploration is difficult to justify in the current downturn when funds are difficult to raise. During the 2012 – 2013 period, Superior adopted a strategy of maintaining the important northwest Queensland exploration permits which cover the five identified prospects until funding becomes available.

During the 2012 – 2013 year efforts have continued to find a major partner to farm into these projects. While a number of parties have shown interest the current financial environment made it difficult to secure an appropriate partner. These efforts will continue. The uncertainty of the Wild Rivers and other environmental declarations has also contributed to the difficulty of finding a partner over the Victor Creek and Harris Creek exploration permits.

A number of the less important exploration permits or areas have been relinquished or reduced during the year. An additional exploration permit (EPM 25264) has been applied for over the Tomahawk Creek area northwest of Mount Isa following a review of the potential of this area. This area covers extensive surface lead mineralisation in soils on Cambrian sediments which overlie prospective Proterozoic rocks. This area is less impacted by environmental declarations than the Victor Creek and Harris Creek exploration permits

The Wills Creek exploration permit (EPM17012), which contains rare earth mineralisation, was farmed out to DiamonEx during the year. DiamonEx is expected to commence exploration on the area early in the 2013 – 2014 year.

## Tick Hill Project

With considerable progress being made towards meeting the remaining precondition to the joint venture agreement with Diatreme Resources Limited (DRX) a formal agreement with DRX has now been signed over the Tick Hill Project. This remaining precondition relates to the transfer of the three Mining Leases comprising the project from MIM to DRX which has been delayed by the Queensland Department of Environment and Heritage Protection.

During the year a three dimensional visualisation dataset has been constructed for the Tick Hill deposit incorporating the previous exploration and mining data. Using this dataset, initial proposed drill hole locations have been determined in readiness for the commencement of exploration once the final precondition to the agreement is met.

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](http://www.superiorresources.com.au)).

*The information in this report that relates to Mineral Resources and Exploration Results is based on information compiled by Mr Ken Harvey, a full-time employee 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 2004 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.*



## **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 2013.

### **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

### **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 \$708,349 after income tax benefit of \$36,732 (2012: loss of \$1,561,984).

The strong focus on exploration for resources in the Greenvale Project area continued during the 2012-2013 year with additional drilling at the One Mile mining lease which was renewed for a further five years. The One Mile sulphide body was extended further south and appeared to be increasing in width and grade. However, the grade in the last hole drilled at the southern end was lower. This hole may not have been representative of the southern area but it was decided that testing of shallower targets around One Mile was likely to provide a better return on expenditure.

Compilation and interpretation of historical geophysical data in the area surrounding One Mile provided a number of high-priority targets. These are proposed for testing following the granting of the exploration permit surrounding the mining lease on 25 September 2013.

A resource estimation on the Cockie Creek Copper Prospect, also within the exploration permit application surrounding the One Mile mining lease, resulted in an inferred resource of 13Mt @ 0.42% copper with potential for further mineralisation in the area.

Late in the year the Cassidy Creek exploration permit was granted and initial work shows good potential for mineralisation further enhancing the value of the Greenvale Project.

In northwest Queensland work on the Mount Isa type projects was kept at a level to maintain the better prospects. The Wills Creek exploration permit was farmed out to DiamonEx Limited.

A share purchase plan was completed early in the year with \$222,000 raised by the issue of 3.7 million shares.

Peter Hwang was appointed Managing Director on 22 April 2013 with Ken Harvey taking on the role of Exploration Director.



## Significant changes in the state of affairs

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

	2013 \$
(a) Significant gains and expenses:	
<b>Expenses:</b>	
Exploration written off	355,695
(b) Contributed equity increased by \$354,864 (from \$5,889,272 to \$6,244,136) as the result of a placement of 3,700,000 shares for \$222,000 cash, 1,000,000 shares issued as consideration for the acquisition of exploration rights (\$60,000) and 1,412,267 shares issued as settlement of a suppliers invoices (\$84,736).	

## Matters subsequent to the end of the financial year

There are no matters or circumstances that have arisen since 30 June 2013 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 68

### *Experience and expertise*

Mr Harvey has 43 years experience in mineral exploration, project evaluation, resource estimation and exploration management. Mr Harvey resigned as Managing Director on 22 April 2013 at which time he was appointed Exploration Director.

### *Other current directorships*

None.

### *Former directorships in last 3 years*

None.

### *Special responsibilities*

Exploration Director.

## **Annual Report 2013**

### ***Interests in shares and options***

6,020,724 ordinary shares in Superior Resources Limited

**David John Horton M.Sc, MGSA, MAIG, MSEG.** *Non-executive Chairman.* Age 63

### ***Experience and expertise***

Mr Horton has 40 years experience in mineral exploration, project and prospect generation, management and resource evaluation.

### ***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***

2,695,000 ordinary shares in Superior Resources Limited

**Peter Henry Hwang B.Sc(Hons), LLB.** *Managing director.* Age 44

### ***Experience and expertise***

Mr Hwang previously worked as a solicitor for several national law firms specialising in commercial, 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. Hr 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***

ActivEx Limited Non-Executive Director (18 March 2005 to 16 March 2009).

### ***Special responsibilities***

Managing Director.

Member of the audit committee.

### ***Interests in shares and options***

148,000 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.

Mr Fernicola is the Principal of Carlos Fernicola & Co., Chartered Accountants. He is a Fellow of the Institute of Chartered Accountants in Australia and a Chartered Company Secretary. He is also a Fellow of Chartered Secretaries Australia and Fellow of the Financial Services Institute of Australia. Mr Fernicola has over 30 years experience in accounting, taxation, audit and financial services industry and has worked previously with Deloitte and BDO Kendalls.



## Meetings of Directors

The numbers of meetings of the company's board of Directors held during the year ended 30 June 2013, and the numbers of meetings attended by each director were:

### Board

<i>Director</i>	<i>Meetings Eligible to attend</i>	<i>Meetings attended</i>
K J Harvey	6	6
D J Horton	6	6
P H Hwang	6	6

### Audit Committee

<i>Director</i>	<i>Meetings eligible to attend</i>	<i>Meetings attended</i>
K J Harvey	-	-
D J Horton	2	2
P H Hwang	2	2

## Remuneration Report

The directors are pleased to present your Group's 2013 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 2012 Annual General Meeting
- (h) Details of remuneration
- (i) Service agreements
- (j) Details of share-based compensation and bonuses

### (a) Directors and key management personnel disclosed in this report

<i>Non-executive and executive directors (see pages 8 to 9 for details about each director)</i>	
D J Horton	
K J Harvey	
P H Hwang	
<i>Other key management personnel</i>	
<b>Name</b>	<b>Position</b>
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) 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.

**(f) Voting and comments made at the company's 2012 Annual General Meeting**

Superior Resources Limited received more than 95% of "yes" votes on its remuneration report for the 2012 financial year. The company did not receive any feedback at the AGM or throughout the year on its remuneration practices.





(g) *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.

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

<b>2012</b>	<b>Short-term benefits</b>	<b>Post- employment benefits</b>	<b>Share-based payments</b>	
<b>Name</b>	<b>Cash salary and fees \$</b>	<b>Superannuation \$</b>	<b>Options \$</b>	<b>Total \$</b>
<i>Non-executive directors</i> D J Horton	24,000	-	-	24,000
P H Hwang	22,018	1,982	-	24,000
Sub-total non-executive directors	46,018	1,982	-	48,000
<i>Executive director</i> K J Harvey	200,000	18,000	-	218,000
<i>Other key management personnel</i> C A Fernicola	24,000	-	-	24,000
<b>Totals</b>	270,018	19,982	-	290,000

**(h) 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 2013 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 (formerly Managing Director until 22 April 2013)*

- Term of employment agreement – indefinite commencing 1 July 2007.
- Base salary, inclusive of superannuation, for the year ended 30 June 2013 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.

**(i) Details of share based compensation and bonuses**

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

**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 2013, and since year end, there were no shares issued on the exercise of options granted.

**Insurance of officers**

During the financial year the company 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 company 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 15.

**Auditor**

Lawler 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.

**D J Horton**  
Chairman

Brisbane, 26 August 2013

## 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 2013 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.

#### Lawler Hacketts Audit

A handwritten signature in black ink, appearing to be "LM", written over a horizontal line.

Liam Murphy

**Partner**

Dated this 26<sup>th</sup> day of August 2013

Lawler Hacketts Audit  
ABN 33 873 151 348

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## 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 two executive directors and one non-executive director. 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 David John Horton), 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 2 fulltime employees.

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 Managment	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 2013

	Note	2013 \$	2012 \$
Revenue from continuing operations	6	15,369	67,480
Accounting and audit fees		(41,820)	(44,000)
Depreciation and amortisation		(4,907)	(6,370)
Office rent and outgoings		(40,422)	(35,779)
Tenement expenditure written off		(355,695)	(768,020)
Impairment of available-for-sale financial assets		-	(490,000)
Administration expenses		(317,606)	(222,295)
Loss before income tax		(745,081)	(1,498,984)
Income tax (expense) / benefit	7	36,732	(63,000)
<b>Loss for the year from continuing operations attributable to owners of Superior Resources Limited</b>		<b>(708,349)</b>	<b>(1,561,984)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings (loss) per share</b>			
Basic earnings (loss) per share	28	(0.87)	(2.03)
Diluted earnings (loss) per share	28	(0.87)	(2.03)

The accompanying notes form part of these financial statements.



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$
<b>Loss for the year</b>		(708,349)	(1,561,984)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Fair value adjustment to available-for-sale financial assets		(140,000)	(210,000)
Income tax relating to components of other comprehensive income		42,000	63,000
<b>Other comprehensive income / (loss ) for the year, net of tax</b>		(98,000)	(147,000)
<b>Total comprehensive income / (loss) for the year attributable to owners of Superior Resources Limited</b>		(806,349)	(1,708,984)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2013**

	Note	2013 \$	2012 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	213,456	630,961
Trade and other receivables	9	44,636	87,467
<b>Total Current Assets</b>		258,092	718,428
<b>Non-Current Assets</b>			
Property, plant and equipment	10	18,389	23,296
Available-for-sale financial assets	11	210,000	350,000
Exploration expenditure	12	3,997,035	3,817,229
Deferred tax assets	13	-	-
Other	14	25,000	27,500
<b>Total Non-Current Assets</b>		4,250,424	4,218,025
<b>Total Assets</b>		4,508,516	4,936,453
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	15	104,755	96,708
Income tax payable	16	-	-
<b>Total Current Liabilities</b>		104,755	96,708
<b>Non-Current Liabilities</b>			
Deferred tax liabilities	17	-	-
Provisions	18	15,501	-
<b>Total Non-Current Liabilities</b>		15,501	-
<b>Total Liabilities</b>		120,256	96,708
<b>Net Assets</b>		4,388,260	4,839,745
<b>Equity</b>			
Contributed equity	19	6,244,136	5,889,272
Reserves	20	(98,000)	-
Retained profits (accumulated losses)	21	(1,757,876)	(1,049,527)
<b>Total Equity</b>		4,388,260	4,839,745

The accompanying notes form part of these financial statements.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2013**

	Contributed equity \$	Reserves \$	Retained Earnings (Accumulated Losses) \$	Total \$
<b>Balance at 1 July 2011</b>	5,889,272	147,000	512,457	6,548,729
Loss for the year	-	-	(1,561,984)	(1,561,984)
Other comprehensive income / (loss)		(147,000)	-	(147,000)
<b>Total comprehensive income for the year as reported in the 2012 financial statements</b>	-	(147,000)	(1,561,984)	(1,708,984)
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs	-	-	-	-
<b>Balance at 30 June 2012</b>	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)
<b>Total comprehensive income for the year</b>	-	(98,000)	(708,349)	(806,349)
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs	354,864	-	-	354,864
<b>Balance at 30 June 2013</b>	6,244,136	(98,000)	(1,757,876)	4,388,260

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (GST inclusive)		53,094	84,533
Interest received		15,369	72,431
Payments to suppliers and employees (GST inclusive)		(413,156)	(395,410)
Income tax refund		78,732	-
		<hr/>	<hr/>
<b>Net cash inflow(outflow) from operating activities</b>	27	(265,961)	(238,446)
<b>Cash flows from investing activities</b>			
Payments for exploration expenditure		(364,172)	(1,294,513)
Proceeds from sale of available-for-sale financial assets		-	-
Payments for security deposits		-	(5,000)
Refund of security deposits		2,500	10,000
Proceeds from government grants		-	-
Payments for property, plant and equipment		-	-
		<hr/>	<hr/>
<b>Net cash inflow(outflow) from investing activities</b>		(361,672)	(1,289,513)
<b>Cash flows from financing activities</b>			
Proceeds on issue of shares		222,000	-
Payment of capital raising costs		(11,872)	-
		<hr/>	<hr/>
<b>Net cash inflow(outflow) from financing activities</b>		210,128	-
		<hr/>	<hr/>
Net increase (decrease) in cash held		(417,505)	(1,527,959)
Cash at beginning of financial year		630,961	2,158,920
		<hr/>	<hr/>
<b>Cash at the end of financial year</b>	8	<u>213,456</u>	<u>630,961</u>

The accompanying notes form part of these financial statements.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 1. Summary of Significant Accounting Policies

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

The consolidated financial statements were authorized for issue by the directors on 26 August 2013. The directors have the power to amend and reissue the consolidated financial statements.

The consolidated financial statements are presented in Australian dollars which is the Group’s functional and presentation currency.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements and notes are for Superior Resources Limited and its controlled entity (the ‘consolidated group’ or ‘Group’), as required by the Corporations Act 2001.

#### (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.

#### *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).

#### *New and amended standards adopted by the group*

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 *Presentation of Financial Statements effective 1 July 2012* now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

#### *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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**1. Summary of Significant Accounting Policies (continued)**

**(b) Principles of consolidation**

*(i) Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Superior Resources Limited ('company' or 'parent entity') as at 30 June 2013 and the results of all subsidiaries for the year then ended. Superior Resources Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated 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 (o)).

Intercompany transactions, balances and unrealised 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, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

**(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).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**1. Summary of Significant Accounting Policies (continued)**

**(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 2013**

**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 values of quoted investments are based on current bid prices.

*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, 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.

**(g) Fair value estimation**

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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**1. Summary of Significant Accounting Policies (continued)**

**(h) Plant and equipment**

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

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

- Equipment / Software 3 – 5 years

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the 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.

**(i) Trade and other payables**

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

**(j) Exploration expenditure**

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

**(k) Contributed equity**

Ordinary shares are classified as equity.

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

**(l) Dividends**

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**1. Summary of Significant Accounting Policies (continued)**

**(m) 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.

**(n) Goods and Services Tax (GST)**

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

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

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

**(o) 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 2013

### 1. Summary of Significant Accounting Policies (continued)

#### (o) 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.

#### (p) 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.

#### (q) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods and have not been adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* and AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (effective from 1 January 2015)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will have no effect on the Group accounting for its available-for-sale financial assets as the changes only affect the accounting for equity investments that are held for trading.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**1. Summary of Significant Accounting Policies (continued)**

**(q) New accounting standards and interpretations (continued)**

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The group has not yet decided when to adopt AASB 9.

(ii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Company has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, applicable of the new standard will impact the type of information disclosed in the notes to the financial statements. The Company does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements*, AASB 128 *Investments in Associates and Joint Ventures*, AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* and AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments* (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significant influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. The group does not expect the new standard to have any significant impact on the financial statements.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account for their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Although not expected to be significant, the Group is yet to formally assess the impact of this new accounting standard on its financial statements.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**1. Summary of Significant Accounting Policies (continued)**

**(q) New accounting standards and interpretations (continued)**

(iv) AASB 2011–4: *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (applicable for annual reporting periods beginning on or after 1 July 2013).

This Standard makes amendments to AASB 124: *Related Party Disclosures* to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent *Corporations Act 2001* disclosure requirements.

This Standard is not expected to significantly impact the Group's financial report as a whole because:

- some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Group; and
- AASB 2011–4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011–4.

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.

**(r) 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**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:

	<b>2013</b>	2012
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	213,456	630,961
Trade and other receivables	44,636	87,467
Available-for-sale financial assets	210,000	350,000
	<u>468,092</u>	<u>1,068,428</u>
<b>Financial liabilities</b>		
Trade and other payables	<u>104,755</u>	<u>96,708</u>
	104,755	96,708

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 2013**

**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).

	<b>2013</b>	2012
	\$	\$
<b>Cash at bank and short-term bank deposits</b>		
AAA	-	-
A	213,456	630,961
	<u>213,456</u>	<u>630,961</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 \$199,093 (2012: \$613,784) 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.

<b>Contractual maturities of financial liabilities</b>	<b>Less than 6 months</b>	<b>6 – 12 months</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>	<b>Total contractual cash flows</b>	<b>Carrying amount</b>
	\$	\$	\$	\$	\$	\$	\$
<b>At 30 June 2013</b>							
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>
<b>At 30 June 2012</b>							
Trade and other payables	96,708	-	-	-	-	96,708	96,708
	<u>96,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,708</u>	<u>96,708</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**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% (2012 – 25%) from balance date fair value with all other variables held constant.

		Impact on post-tax loss				Impact on reserves			
		2013		2012		2013		2012	
		\$		\$		\$		\$	
		+25%	-25%	+25%	-25%	+25%	-25%	+25%	-25%
Investment	in								
Deep Yellow	Limited	-	-	87,500	(87,500)	36,750	(36,750)	-	-

**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 2013, 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 \$2,135 lower/higher (2012 – change of 100 bps: \$6,310 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 2013

### 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 \$3,997,035 (2012 : \$3,817,229). This amount includes costs directly associated with exploration. These costs are capitalised as an intangible asset until assessment and/or drilling of the permit is complete and the results have been evaluated. These costs include employee remuneration, materials, rig costs, delay rentals and payments to contractors. The expenditure is carried forward until such 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.

	2013 \$	2012 \$
<b>6. Revenue</b>		
<i>Other revenue</i>		
Interest	15,369	67,480

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**7. Income tax expense**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Numerical reconciliation of income tax expense / (income) to prima facie tax payable</b>		
Profit (loss) from continuing operations before income tax expense	(745,081)	(1,498,984)
Tax at the Australian tax rate of 30% (2012– 30%)	(223,524)	(449,695)
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	265,436	512,695
Prior year research and development tax credit	(78,732)	-
Income tax expense / (benefit)	<u>(36,732)</u>	<u>63,000</u>
<b>(b) The components of income tax expense / (income):</b>		
Current tax	-	-
Deferred tax	42,000	63,000
Adjustments for current tax of prior periods	(78,732)	-
	<u>(36,732)</u>	<u>63,000</u>
Deferred income tax (income) expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets (Note 13)	-	-
(Decrease) / increase in deferred tax liabilities (Note 17)	42,000	63,000
	<u>42,000</u>	<u>63,000</u>
<b>(c) Tax expense (income) relating to items of other comprehensive income:</b>		
Available-for-sale financial assets	<u>(42,000)</u>	<u>(63,000)</u>
<b>(d) Tax losses</b>		
Unused tax losses for which no deferred tax asset has been recognised		
Unused tax losses for which no deferred tax asset has been recognised	2,687,443	1,939,673
Potential tax benefit @ 30%	<u>806,233</u>	<u>581,902</u>
Franking credits available for use in subsequent financial years	<u>251,146</u>	<u>251,146</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>8. Current assets - Cash and cash equivalents</b>		
Cash at bank and on hand	213,456	630,961
	<hr/>	<hr/>
<b>9. Current assets - Trade and other receivables</b>		
Other receivables	11,810	32,920
Prepayments	32,826	54,547
	<hr/>	<hr/>
	44,636	87,467
	<hr/>	<hr/>

**Other receivables**

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

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>10. Non-current assets – Property, plant and equipment</b>		
Equipment / software – at cost	71,793	71,793
Accumulated depreciation	(53,404)	(48,497)
	<hr/>	<hr/>
	18,389	23,296
	<hr/>	<hr/>

	<b>Equipment / Software \$</b>
<b>Year ended 30 June 2012</b>	
Opening net book amount	29,666
Additions	-
Depreciation charge	(6,370)
Closing net book amount	<hr/>
	23,296
	<hr/>
<b>Year ended 30 June 2013</b>	
Opening net book amount	23,296
Additions	-
Depreciation charge	(4,907)
Closing net book amount	<hr/>
	18,389
	<hr/>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>11. Non-current assets – Available-for-sale financial assets</b>		
Listed securities		
Equity securities	210,000	350,000
At beginning of year	350,000	1,050,000
Impairment of available-for-sale financial assets	-	(490,000)
Fair value adjustment in other comprehensive income / (loss)	(140,000)	(210,000)
	210,000	350,000
<b>12. Non-current assets – Exploration expenditure</b>		
<b>Exploration phase property costs</b>		
Deferred geological, geophysical, drilling and other expenditure – at cost	3,997,035	3,817,229
The capitalised exploration expenditure carried forward above has been determined as follows:		
Opening balance	3,817,229	3,327,597
Expenditure incurred during the year	535,501	1,257,652
Exploration abandoned	(355,695)	(768,020)
	3,997,035	3,817,229
<b>13. Non-current assets – Deferred tax assets</b>		
Deferred tax assets	-	-
<b>The balance comprises temporary differences attributable to:</b>		
<i>Amounts recognised in profit or loss</i>		
Accruals	8,027	8,898
Employee entitlements	15,140	9,564
Business capital costs	8,603	-
Tax losses	2,029,683	1,822,241
Other	383	383
<i>Amounts recognised in equity</i>		
Capital raising costs	-	-
Total deferred tax assets	2,061,836	1,841,086
Set-off of deferred tax assets/liabilities pursuant to set-off provisions	(1,255,603)	(1,259,184)
Net adjustment to deferred tax assets for tax losses not recognised (Note 7)	(806,233)	(581,902)
Net deferred tax assets	-	-
Deferred tax assets expected to be settled within 12 months	23,550	18,845
Deferred tax assets expected to be settled after more than 12 months	2,038,286	1,822,241
	2,061,836	1,841,086



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

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

Movements in deferred tax assets:

	<b>Accruals</b>	<b>Employee entitlements</b>	<b>Business capital costs</b>	<b>Tax losses incurred</b>	<b>Other</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 30 June 2011</b>	9,699	8,808	22,970	1,348,942	383	1,390,802
(Charged)/credited to profit or loss (Note 7)	(801)	756	(22,970)	473,299	-	450,284
<b>At 30 June 2012</b>	8,898	9,564	-	1,822,241	383	1,841,086
(Charged)/credited to profit or loss (Note 7)	(871)	5,576	8,603	207,442	-	220,750
<b>At 30 June 2013</b>	8,027	15,140	8,603	2,029,683	383	2,061,836

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>14. Non-current assets – Other</b>		
Security deposits	25,000	27,500
<b>15. Current liabilities - Payables</b>		
Trade payables	14,905	8,169
Other payables	89,850	88,539
	104,755	96,708
<b>16. Current liabilities – Income tax payable</b>		
Income tax payable	-	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	2013 \$	2012 \$
<b>17. Non-current liabilities – Deferred tax liabilities</b>		
Deferred tax liabilities	-	-
<b>The balance comprises temporary differences attributable to:</b>		
<i>Amounts recognised in profit or loss</i>		
Exploration expenditure	1,191,290	1,145,170
Investment	52,228	94,228
Prepayments	7,176	13,877
Property, plant and equipment	4,909	5,909
<i>Amounts recognised directly in equity</i>		
Asset revaluation reserve	-	-
	1,255,603	1,259,184
Set-off of deferred tax assets/liabilities pursuant to set-off provisions	(1,255,603)	(1,259,184)
Net deferred tax liabilities	-	-
Deferred tax liabilities expected to be settled within 12 months	7,176	13,877
Deferred tax liabilities expected to be settled after more than 12 months	1,248,427	1,245,307
	1,255,603	1,259,184

## Movements in deferred tax liabilities:

	Exploration expenditure \$	Available- for-sale financial assets \$	Prepayments \$	Property, plant and equipment \$	Interest receivable \$	Total \$
<b>At 30 June 2011</b>	998,279	304,228	9,639	7,964	1,485	1,321,595
(Charged)/credited to profit or loss (Note 7)	146,891	(147,000)	4,238	(2,055)	(1,485)	589
Charged /(credited) to other comprehensive income	-	(63,000)	-	-	-	(63,000)
<b>At 30 June 2012</b>	1,145,170	94,228	13,877	5,909	-	1,259,184
(Charged)/credited to profit or loss (Note 7)	46,120	-	(6,701)	(1,000)	-	38,419
Charged /(credited) to other comprehensive income	-	(42,000)	-	-	-	(42,000)
<b>At 30 June 2013</b>	1,191,290	52,228	7,176	4,909	-	1,255,603

	2013 \$	2012 \$
<b>18. Non-current liabilities – Provisions</b>		
Employee benefits – long service leave	15,501	-



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	2013 \$	2012 \$
<b>19. Contributed equity</b>		
83,105,955 (2012 : 76,993,688) ordinary shares fully paid	6,244,136	5,889,272

(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 2011	Balance	76,993,688		5,889,272
	Movement	-		-
30 June 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

(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 2013 totals \$nil (2012: \$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 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>20. Reserves</b>		
Available-for-sale investments revaluation reserve	(98,000)	-
<i>Movements:</i>		
Balance 1 July	-	147,000
Revaluation – gross (Note 11)	(140,000)	(210,000)
Deferred tax (Note 17)	42,000	63,000
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(f). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>21. Retained profits (Accumulated losses)</b>		
Retained profits / (accumulated losses)	(1,757,876)	(1,049,527)
<i>Movements:</i>		
Balance 1 July	(1,049,527)	512,457
Profit / (loss) for the year	(708,349)	(1,561,984)
Dividend paid	-	-
Balance 30 June	(1,757,876)	(1,049,527)



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**22. Key Management Personnel disclosures**

**(a) Key management personnel compensation**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	302,980	270,018
Post-employment benefits	22,948	19,982
Share-based payments	-	-
	<u>325,928</u>	<u>290,000</u>

Detailed remuneration disclosures are provided in the remuneration report on pages 10 to 13.

**(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 13.

*(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.

<b>2013</b>	<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>					
<b><i>Directors of Superior Resources Limited</i></b>					
K J Harvey	-	-	-	-	-
D J Horton	-	-	-	-	-
P H Hwang	-	-	-	-	-
<b><i>Other key management personnel of the company</i></b>					
C A Fernicola	-	-	-	-	-
<b>2012</b>	<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>					
<b><i>Directors of Superior Resources Limited</i></b>					
K J Harvey	-	-	-	-	-
D J Horton	-	-	-	-	-
P H Hwang	-	-	-	-	-
<b><i>Other key management personnel of the company</i></b>					
C A Fernicola	-	-	-	-	-

There were no options on issue at 30 June 2012 and 30 June 2013.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**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:

<b>2013</b>	<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>					
<b><i>Directors of Superior Resources Limited</i></b>					
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
<b><i>Other key management personnel of the company</i></b>					
C A Fernicola	2,877,975	-	328,025	-	3,176,000

<b>2012</b>	<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>					
<b><i>Directors of Superior Resources Limited</i></b>					
P H Hwang	-	-	-	-	-
K J Harvey	5,594,964	-	94,117	-	5,689,081
D J Horton	2,695,000	-	-	-	2,695,000
<b><i>Other key management personnel of the company</i></b>					
C A Fernicola	2,787,975	-	60,000	-	2,877,975

**(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 \$19,706 (2012: \$14,493). 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 2013**

	2013 \$	2012 \$
<b>23. Remuneration of auditors</b>		
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>Lawler Hacketts Audit -</i>		
Audit or review of financial report	24,900	23,750
Other assurance services	-	-
Taxation compliance services	-	-
	24,900	23,750

**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 2013, are as follows:

	2013 \$	2012 \$
<b>Exploration expenditure commitments</b>		
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	457,292	419,017
Payable between one and five years	1,560,525	1,457,512
	2,017,817	1,876,529

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 (2012: \$27,500) 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 2013**

**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 2013.

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>27. Reconciliation of profit / (loss) after income tax to net cash flows from operating activities</b>		
Profit / (loss) for the year	(708,349)	(1,561,984)
Depreciation and amortisation	4,907	6,370
Exploration abandoned	355,695	768,020
Tax related balances recognised directly in equity	42,000	63,000
Impairment of available-for-sale financial assets	-	490,000
Changes in operating assets and liabilities:		
(Increase) / decrease in other receivables	21,110	(12,632)
(Increase) / decrease in prepayments	(614)	5,040
(Increase) / decrease in deferred tax assets	-	-
Increase / (decrease) in income tax payable	-	-
Increase / (decrease) in payables	3,789	3,740
Increase / (decrease) in provisions	15,501	
Net cash outflow from operating activities	<u>(265,961)</u>	<u>(238,446)</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**28. Earnings (loss) per share**

	<b>2013 Cents</b>	<b>2012 Cents</b>
<b>(a) Basic earnings (loss) per share</b>		
Profit (loss) attributable to the ordinary equity holders of the company	(0.87)	(2.03)
<b>(b) Diluted earnings (loss) per share</b>		
Profit (loss) attributable to the ordinary equity holders of the company	(0.87)	(2.03)
<b>(c) Reconciliations of earnings (loss) used in calculating earnings per share</b>	<b>2013 \$</b>	<b>2012 \$</b>
<i>Basic earnings (loss) per share</i>		
Profit (loss) attributable to ordinary equity holders of the company used in calculating basic earnings per share	(708,349)	(1,561,984)
<i>Diluted earnings(loss) per share</i>		
Profit (loss) attributable to ordinary equity holders of the company used in calculating diluted earnings per share	(708,349)	(1,561,984)
<b>(d) Weighted average number of shares used as the denominator</b>	<b>2013 Number</b>	<b>2012 Number</b>
<i>Weighted average number of ordinary shares used as the denominator in calculating basic earnings (loss) per share</i>	81,278,075	76,993,688
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>	81,278,075	76,993,688

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**29. Related party disclosure**

**(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	
		2013	2012	2013 \$	2012 \$
Superior Gold Pty Ltd	Australia	100	-	1,000	-

**(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:

	2013 \$	2012 \$
Payments for Administration and bookkeeping services from other related parties	19,706	14,493

**(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	1,744
	2013 \$	2012 \$

**30. Employee benefits**

Employee entitlements		
Current – Payable (Note 15)	34,966	31,879
Non-current – Provisions (Note 18)	15,501	-
	50,467	31,879

Number of employees : 2 (2012: 1)



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

**31. Parent entity information**

**(a) Summary financial information**

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

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Statement of financial position</b>		
<b>ASSETS</b>		
Current assets	258,062	718,428
Total assets	4,509,249	4,936,453
<b>LIABILITIES</b>		
Current liabilities	104,755	96,708
Total liabilities	120,256	96,708
<i>Shareholders' equity</i>		
Issued capital	6,244,136	5,889,272
Reserves	(98,000)	-
Accumulated losses	(1,757,143)	(1,049,527)
	<u>4,388,993</u>	<u>4,839,745</u>
<b>Statement of profit or loss and other Comprehensive Income</b>		
Loss for the year	<u>(707,616)</u>	<u>(1,561,984)</u>
Total comprehensive income	<u>(805,616)</u>	<u>(1,708,984)</u>

**(b) Contingent liabilities of the parent entity**

The parent entity did not have any contingent liabilities as at 30 June 2013 or 30 June 2012.

**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 29 to 60, 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 2013 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.



D J Horton  
Chairman

Brisbane, 26 August 2013



## 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 2013, 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*.

Lawler Hacketts Audit  
ABN 33 873 151 348

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Level 3, 549 Queen Street  
Brisbane QLD 4000 Australia

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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 2013 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.

**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 4 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 10 to 13 of the directors' report for the year ended 30 June 2013. 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 2013 complies with s 300A of the *Corporations Act 2001*.

**Lawler Hacketts Audit**



**Liam Murphy**

**Partner**

Dated this 26<sup>th</sup> day of August 2013

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## Shareholder Information

The information set out below was applicable at 20 September 2013.

### 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	7
1,001 - 5,000	11
5,001 - 10,000	134
10,001 - 100,000	236
100,001 and over	89
Total	477

The number of holders holding less than a marketable parcel of 41,667 ordinary shares was 295 and they held 4,767,775 securities.

### B. EQUITY SECURITY HOLDERS

#### 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	9,319,500	11.21%
KJ Harvey & Associates Pty Ltd <Harvey No2 Super Fund A/C>	6,020,724	7.24%
Simon David Beams	3,116,668	3.75%
Mrs Wenzhen Zhang	3,110,586	3.74%
Terra Search Pty Ltd	2,900,000	3.49%
Terry Taylor & Lynda Louise Taylor <Homeminsters Super Fund>	2,833,336	3.41%
Weir River Consulting Pty Ltd <Weir River Grazing>	2,300,002	2.77%
Miss Zhenfeng Wang	2,187,975	2.63%
Carlos Alberto Fernicola & Kerrie Alison Fernicola <Fernicola No1 Fund>	1,700,000	2.05%
Spills Australia Pty Ltd <Chris Gibson Super Fund>	1,666,668	2.01%
David John Horton & Rosalind Denise Horton	1,575,000	1.90%
Donald Cameron McIntosh	1,473,334	1.77%
Ryan Drilling Services Pty Ltd	1,412,267	1.70%
Busker's End Pty Limited <NSF A/C>	1,200,000	1.44%
Mr Chris Gibson <The Chris Gibson Super Fund>	1,200,000	1.44%
Locdale Pty Ltd	1,200,000	1.44%
Anthony John Fawdon & Rosemarie Monica Fawdon <Fawdon Super Fund>	1,100,002	1.32%
Horton Family Super Pty Ltd <Horton Super Fund>	1,075,000	1.29%
Palatine Holdings Pty Ltd <Litster Super Fund>	1,000,000	1.20%
Presenter Pty Ltd <TK Trust>	1,000,000	1.20%
Deerwood Pty Ltd <Skinner Capital Trust>	1,000,000	1.20%
Pinegold Pty Ltd <Greg Runge Family S/F A/C>	1,000,000	1.20%
Copper Strike Limited	1,000,000	1.20%
<b>Total</b>	<b>50,391,062</b>	<b>60.63%</b>

\* Total of Ordinary Shares on Issue 83,105,955

**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:

<b>Shareholder</b>	<b>Number Held</b>	<b>Ordinary Shares</b>
		<b>Percentage of Issued Shares</b>
Leon Eugene Pretorius	9,319,500	11.21%
Simon David Beams	7,366,668	8.86%
Kenneth James Harvey	6,020,724	7.24%

**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 mineral tenements held by Superior Resources Limited and its subsidiaries as at 20 September 2013 are set out below. All tenements are held by Superior Resources Limited as the principal and sole holder with 100% unencumbered share. All tenements are located in Queensland. Exploration Permits for Minerals held are for all minerals other than coal.

Tenement	Name	Date of Grant	Date of Expiry	Sub Blocks	Area
<b><i>Northwest Queensland</i></b>					
EPM15040	Sulieman Creek	28 March 2006	27 March 2016	38	114 km <sup>2</sup>
EPM16995	Little Sulieman	30 January 2012	29 January 2017	36	108 km <sup>2</sup>
EPM17012	Wills Creek <sup>1</sup>	29 April 2011	28 April 2016	50	150 km <sup>2</sup>
EPM19552	Turpentine Creek	Application		99	297 km <sup>2</sup>
EPM15670	Hedleys 2	21 August 2006	20 August 2016	62	186 km <sup>2</sup>
EPM18203	Hedleys South	Application		100	300 km <sup>2</sup>
EPM16028	Victor Creek <sup>2</sup>	16 September 2008	15 September 2013	26	78 km <sup>2</sup>
EPM18840	Harris Creek	9 May 2012	8 May 2017	30	100 km <sup>2</sup>
EPM18843	Wooroona Creek	Application		240	720 km <sup>2</sup>
EPM19097	Tots Creek	Application		118	354 km <sup>2</sup>
EPM19214	Scrubby Creek	Application		100	300 km <sup>2</sup>
EPM25264	Tomahawk Creek	Application		100	300 km <sup>2</sup>
<b><i>Northeast Queensland</i></b>					
EPM18987	Cockie Creek	25 September 2013	24 September 2018	57	171 km <sup>2</sup>
EPM19247	Cassidy Creek	28 May 2013	27 May 2018	30	100 km <sup>2</sup>
ML6750	One Mile	1 November 1992	31 October 2017	n/a	128 ha

### Notes

1. Joint venture agreement with DiamonEx Limited.
2. Renewal lodged.

### Abbreviations:

EPM	Exploration Permit for Minerals
ML	Mining Lease
ha	hectare

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