Superior Resources Limited

ABN 72 112 844 407

ANNUAL REPORT 2012

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Contents

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ASX LIMITED
ASX Code: **SPQ**

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Chairman's Review 2012

During the 2011 / 2012 financial year, Superior Resources Limited ("Superior") concentrated most of its efforts on exploring for Palaeozoic volcanogenic massive sulphide (VMS) copper, gold, zinc and silver mineralisation at its One Mile Mining Lease in northeast Queensland. This has come at the expense of exploration for large Mount Isa style base metal deposits in northwest Queensland where activity has continued but at a reduced rate.

Exploration at One Mile has been successful in that it has shown the massive sulphide body extends at depth well to the south of previous drill holes. More importantly, drill hole intersection widths and grades continue to improve and the gold to copper ratio in the mineralisation is quite high indicating that any ore bodies likely to be found here might be considered as gold deposits with base metal credits rather than the other way around. In addition, recent work has identified numerous additional prospects in the surrounding area which is currently under application by Superior. Field work on these prospects cannot begin until the exploration permit is granted. Nevertheless, exploration of the One Mile Mining Lease is continuing.

Superior still holds a number of exploration permits in the Mount Isa region of northwest Queensland. These permits hold good potential for the discovery of large Mount Isa copper-lead-zinc style deposits and the company proposes to continue exploration for this style of deposit as the available funding allows.

Superior has also entered into a joint venture agreement, which is subject to preconditions, over the Tick Hill Gold Project in northwest Queensland. Previous mining of the Tick Hill gold deposit extracted high-grade ore (22.6 g/t Au) for a total production of513,000 ounces of gold. Once the preconditions are met, Superior's proposed exploration target is for offsets or extensions of the Tick Hill ore body based on the interpretation that the original ore body is truncated at depth by a fault. Exploration of Tick Hill is consistent with Superior's aim of the discovery of significant mineral deposits.

During the year commodity prices have eased and this has been reflected in the general decrease in share prices of resource stocks. In turn, this has meant that capital raising to fund exploration has become more challenging. Recently Superior completed a capital raising through a share purchase plan to provide funding for exploration although additional capital will be needed to complete its planned exploration programs.

A paring back of activity within the resources sector presents new opportunities. Another benefit is the increased availability of staffing and equipment making it easier to conduct field exploration. Superior, while remaining alert to the possibility for new opportunities, will maintain its focus on the current planned exploration programs.

Many of the changes that have occurred during the year are reflected in a more sombre mood but many positives still remain. The encouraging results gained from exploration during this past year provide the opportunity to look forward to the results from the exploration planned in the coming year.

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 north Queensland, Australia.

Superior holds a number of exploration permits, exploration permit applications and a granted mining lease (One Mile) in northest Queensland for base metal exploration. Superior also has a farm-in agreement, for gold, on three mining leases at Tick Hill in northwest Queensland.

Superior's principal activity during the 2011-2012 year has been exploration for copper, gold, zinc and silver at the One Mile Mining Lease in northeast Queensland. Additional exploration has also been undertaken for major base metal deposits of the Mount Isa style in Proterozoic rocks in northwest Queensland.

CORPORATE PHILOSOPHY

Superior's objective is to increase shareholder value through the discovery of significant mineral deposits. Superior intends to do this by a strong focus on exploration for particular deposit styles in area with high potential for these deposits.

Superior's has selected three principal target types to achieve its objectives. These are volcanogenic massive sulphide (VMS) copper-gold-zinc-silver deposits, Mount Isa copper and lead-zinc-silver deposits and Tick Hill gold deposits. All deposit styles are consistent with Superior's aim of discovery of significant mineral deposits.

Operations Report

INTRODUCTION

During the 2011 – 2012 year Superior had some success at its One Mile Project in northeast Queensland with improving widths and grades in drill intersections on the massive sulphide body. These results give greater confidence that an economic discovery may be made in the area. However, more exploration will be required for this to be achieved.

The 2011 – 2012 year has seen the easing of commodity prices and an associated decrease in the prices of resource shares. Capital raising for exploration has become more difficult. Superior has recently raised some capital for exploration through a share purchase plan but additional capital will be needed to complete currently planned programs. The alternative is to scale back activities until

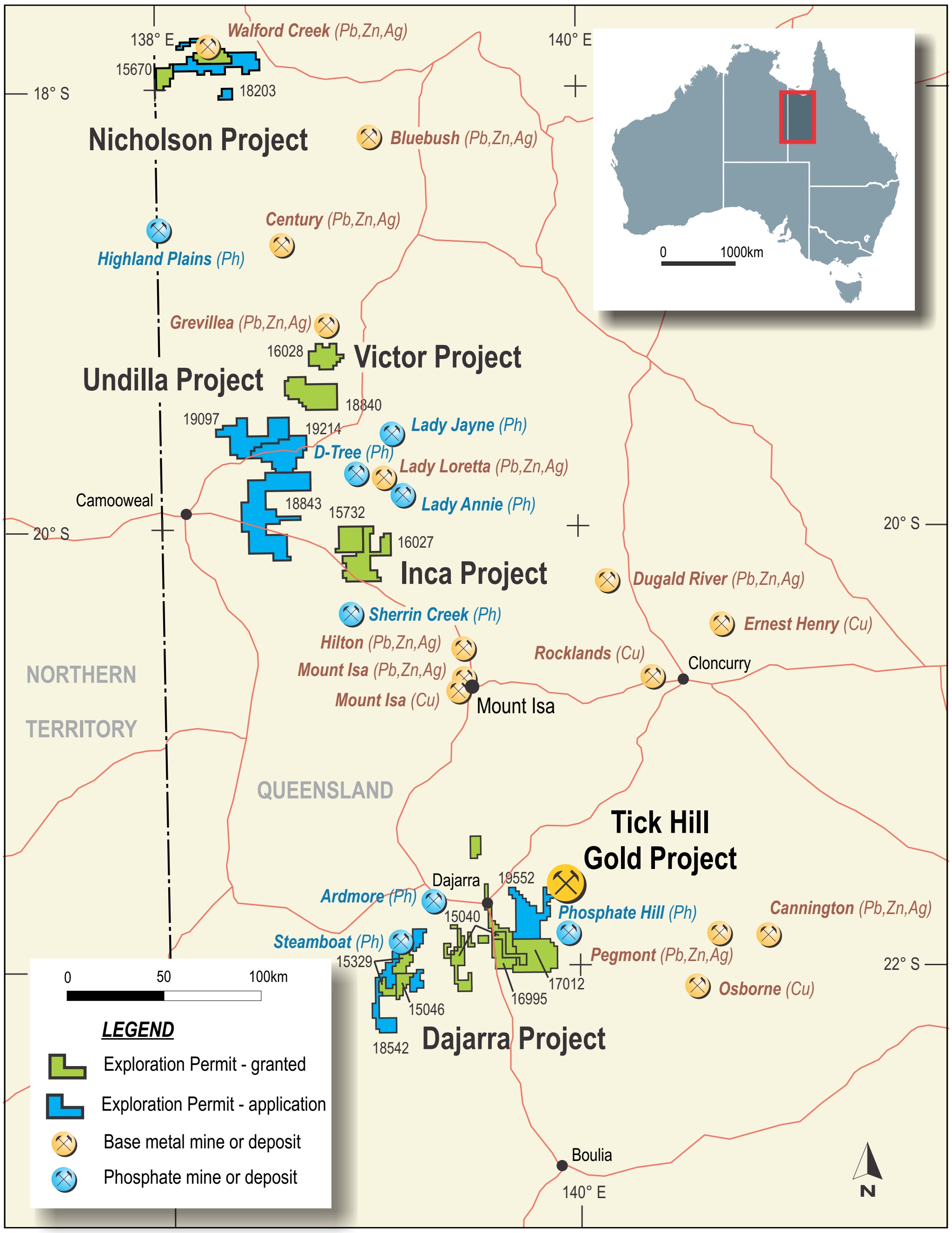


Figure 1: Superior Resources Limited – project and tenement locations in northwest Queensland.

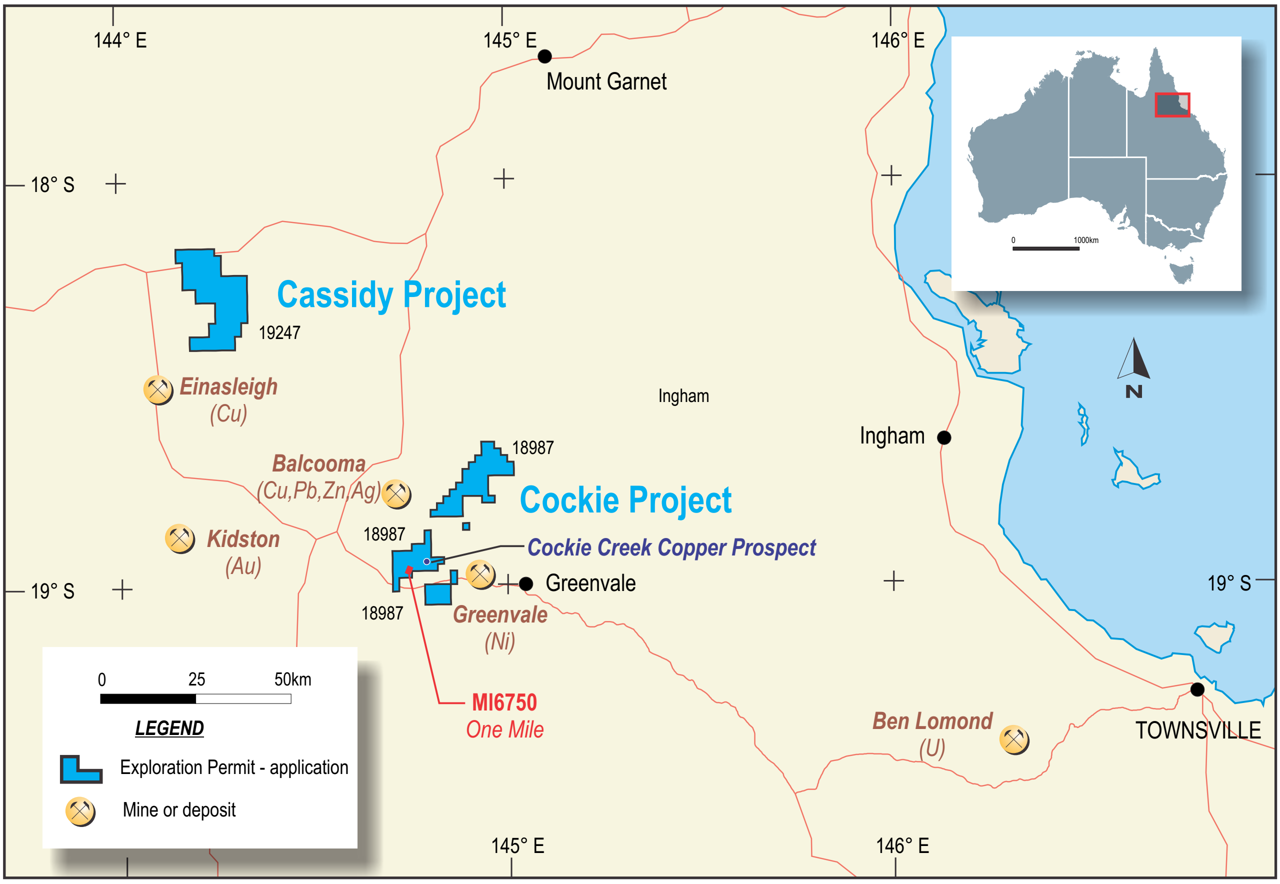


Figure 2: Superior Resources Limited – project and tenement locations in northeast Queensland.

conditions improve. The value of Superior's investment in Deep Yellow Limited has also been impacted by the fall in share prices and is worth considerably less than reported last year.

On a positive note, most commodity prices are still high in historical terms and the pressure on staffing and equipment has eased making it easier to access exploration services. Additional opportunities may also result from the downturn.

Superior's aim is to increase shareholder value through the discovery of significant mineral deposits. Superior proposes to do this by a strong focus on exploration for particular deposit styles in areas with high potential for these deposits. Superior has maintained this approach during the year.

Since early 2011 most of Superior's efforts have been focussed on exploration for Palaeozoic volcanogenic massive sulphide (VMS) copper-gold deposits at the One Mile Project in northeast Queensland. This has come at the expense of exploration for large Mount Isa style base metal deposits in northwest Queensland where activity has been continued but at a reduced rate.

The exploration at One Mile has been partly successful in that it has shown the massive sulphide body to extend well to the south of the outcropping gossan, drill hole intersection widths and grades continue to improve, the gold to copper ratio in the mineralisation is favourable and the work has identified a number of additional interesting prospects in the surrounding area. The focus on exploration of the One Mile area therefore continues.

Superior still holds a number of exploration permits in northwest Queensland with potential for discovery of large Mount Isa style deposits and Superior proposes to continue exploration for this deposit style as the available funding allows.

Superior has also entered into a joint venture agreement, which is subject to preconditions, over the Tick Hill Gold Project in northwest Queensland. Previous mining of the Tick Hill gold deposit extracted an orebody of limited size but of very high gold grade. Proposed exploration is for a similar deposit style when the preconditions are met. Exploration of Tick Hill is consistent with Superior's aim of discovery of significant mineral deposits.

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

Palaeozoic Volcanogenic Massive Sulphide Copper-Gold-Zinc-Silver Deposits

The Cambro-Ordovician volcano-sedimentary sequences in eastern Australia have potential for volcanogenic massive sulphide (VMS) deposits of copper-lead-zinc-silver-gold and deposits of this type occur in the Charters Towers and Greenvale areas of northeast Queensland (eg. Thalanga, Reward and Balcooma deposits).

Superior purchased the One Mile Mining Lease (ML6750) in the Greenvale area of northeast Queensland some 210km west-northwest of Townsville early in 2011. The mining lease covers two gossan horizons that were drilled by MIM Exploration in the early 1990s and were shown to be reflecting massive pyrite at depth. The mineralisation is of the VMS type.

In mid 2012 Superior also acquired the exploration rights to the area surrounding the One Mile Mining Lease from Copper Strike Limited (CSE). Superior and CSE had both applied for the area as an exploration permit and CSE's application had been given priority. Superior issued 1 million ordinary shares to CSE in exchange for CSE abandoning its exploration permit application (EPMA) thereby allowing EPMA18987, "Cockie Creek", held by Superior, to proceed to grant. Acquisition of the exploration rights provides Superior with additional potential for discovery in the area surrounding One Mile.

Superior's exploration program at One Mile during the 2011 – 2012 year has included both drilling targeting the massive sulphide body beneath the gossans and ferruginous lode outcrops within the mining lease as well as compilation and interpretation work of historical data on the area surrounding the mining lease to determine targets for exploration once EPMA18987 is granted. At this stage it appears unlikely that EPMA18987 will be granted until early 2013.

Superior's exploration within the One Mile Mining Lease included two drilling programs. Hole locations and other details from both programs are included in Table 1 and hole collar locations are plotted on a magnetic image in Figure 3.

Table 1: ML6750 "One Mile" – Drill hole collar locations and other details.

Hole No	North* (MGA Zone 55)	East* (MGA Zone 55)	RL (metres)	Depth (metres)	Dip (°)	Azimuth (°Magnetic)
SPOM001	7901699.978	262244.470	559.083	156	-60	105
SPOM002	7901638.479	262286.146	559.823	90	-60	105
SPOM003	7901729.971	262109.865	558.259	378.8	-60	105
SPOM004	7901571.995	261962.686	563.304	447.0	-60	105
SPOM005	7901763.975	262255.134	561.192	90	-60	105
SPOM006	7901791.377	262317.345	573.281	96	-90	0
SPOM007	7901529.580	262082.283	563.371	150	-60	105
SPOM008	7902436.446	262569.284	582.750	146	-60	285
SPOM009	7902473.203	262463.696	573.230	102	-60	105
SPOM010	7901594.296	262112.979	559.430	290	-60	105
SPOM011	7901619.165	262201.810	557.891	156	-60	105
SPOM012	7901664.617	262100.811	558.573	278.3	-60	105
SPOM013	7901540.043	262037.798	564.427	180	-60	105
SPOM014	7901614.718	262054.320	560.931	222	-60	105
SPOM015	7901853.724	262198.043	561.050	141.5	-61	83.5
SPOM016	7901485.348	261915.910	569.707	306.7	-70	110
SPOM017	7901439.571	262028.616	569.901	126	-60	105
SPOM018	7901370.451	261943.944	570.690	126	-60	105
SPOM019	7901573.918	261958.148	563.254	210	-70	105
SPOM020	7901673.385	262281.772	558.821	92	-60	105
SPOM021	7901739.736	262319.462	571.320	102	-75	105
SPOM022	7901794.665	262319.626	573.519	138	-72	105
SPOM023	7901487.769	261910.419	569.222	472.7	-80	105
SPOM024	7901674.763	262278.426	558.723	108	-65	105
SPOM025	7901602.928	262256.318	555.070	72	-67.5	105
SPOM026	7901926.391	262301.575	575.651	114	-60	263.5
SPOMWB01	7901773.296	262257.935	561.669	43	-90	0

* Hole locations established by Trimble DGPS

The drilling programs completed at One Mile indicate that the width and grade of the sulphide mineralisation at One Mile increases at depth to the south. This is shown by hole SPOM023 which was drilled on cross-section 1850N (local grid) (Figure 4) at the southern end of the drilled area. This hole intersected a wide pyritic alteration zone of 123.7m with an average grade of 12.24% sulphur (equivalent to a calculated 22.9% pyrite content) including a zone of massive and semi-massive sulphides containing narrow zones of copper, gold, zinc and silver mineralisation (Photographs 1 and 2). The equivalent copper grade for these intervals is calculated at about 1.5% using current metal prices. Whilst the grades in hole SPOM023 are sub-economic, the samples from the drill hole show an environment which is very favourable for volcanogenic massive sulphide (VMS) deposits.

All drill hole intersections, within the massive and semi-massive sulphide zone at One Mile, are summarised on the long-section in Figure 5. This section highlights the southwesterly plunge of the mineralised body.

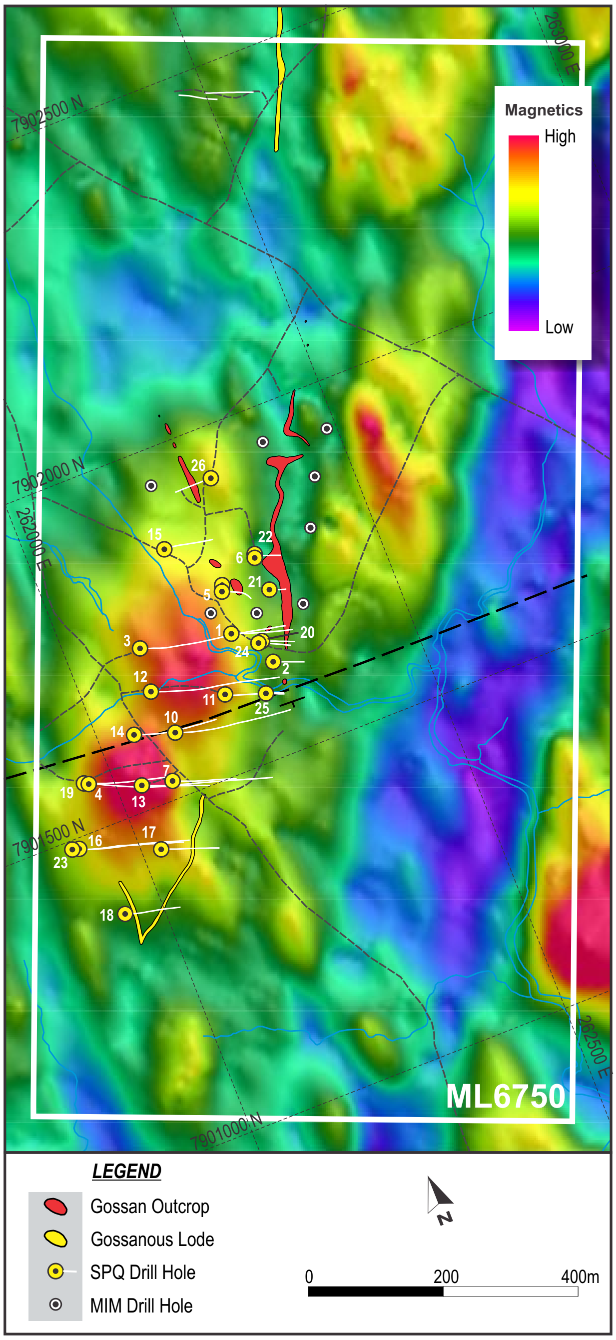


Figure 3: One Mile Mining Lease – drill holes on ground magnetic image (RTP).

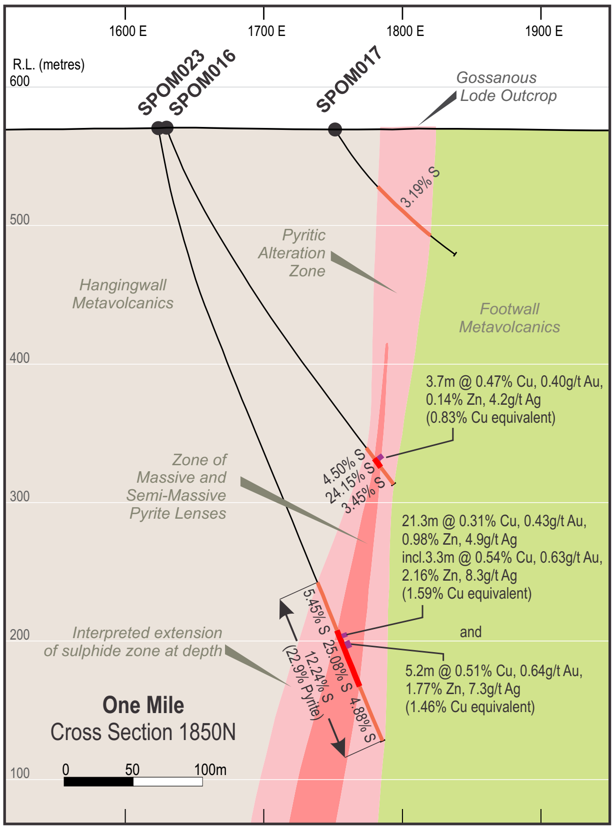


Figure 4: Interpreted geological cross-section 1850N at the One Mile Mining Lease showing the recent drilling. The section shows the increase in grade and width of the sulphide zone at depth. The bottom 124m of hole SPOM023, which averages 12.24% sulphur, equivalent to 22.9% pyrite, indicates the widening of the alteration zone enclosing the mineralisation at depth.

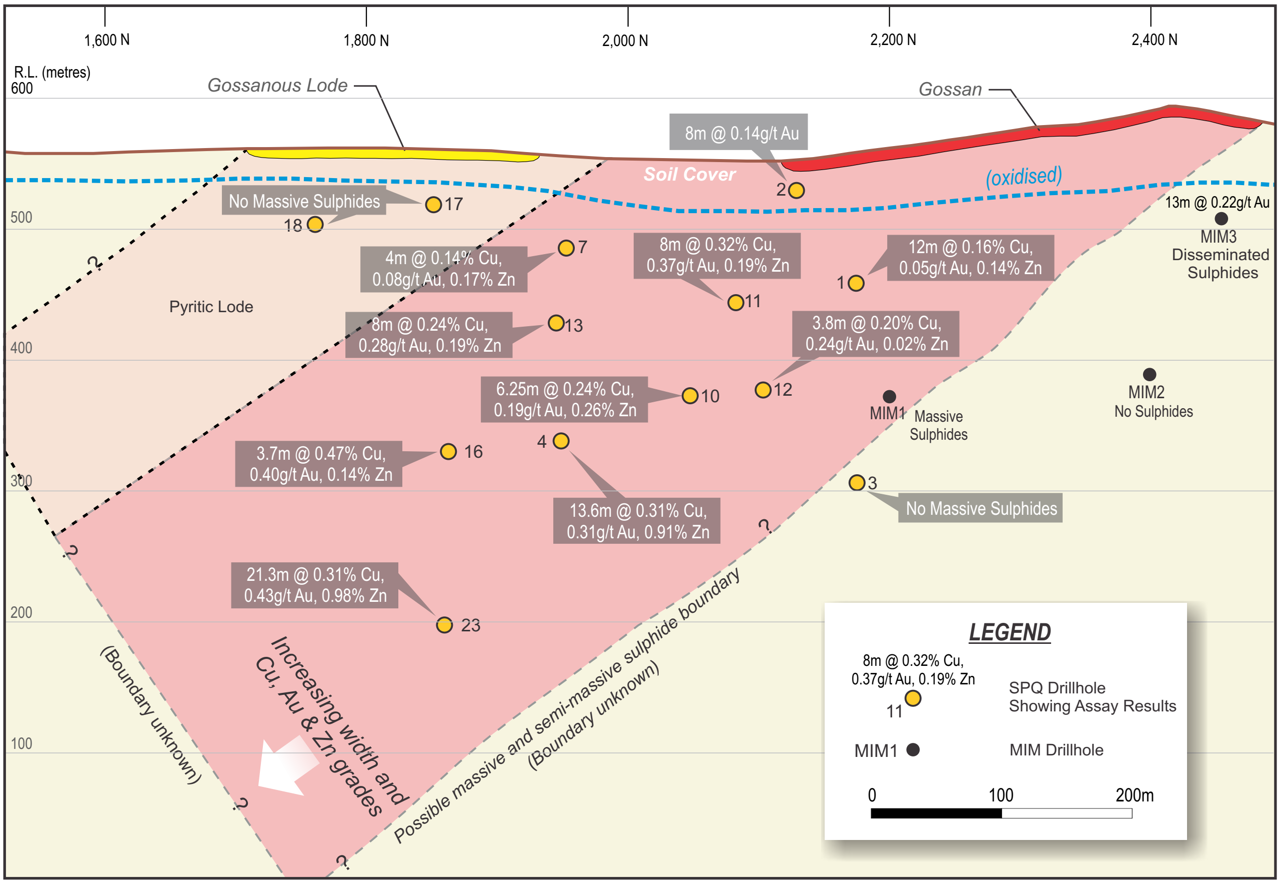
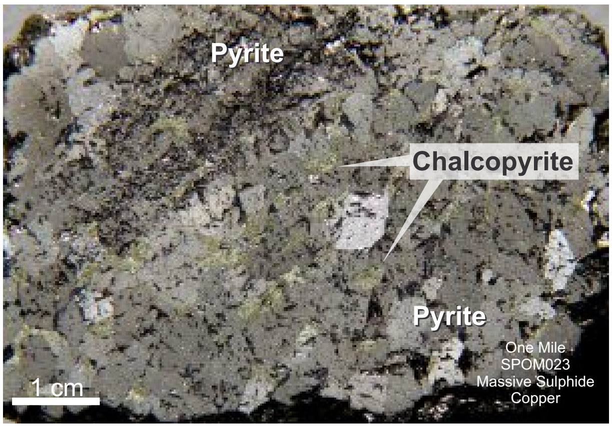
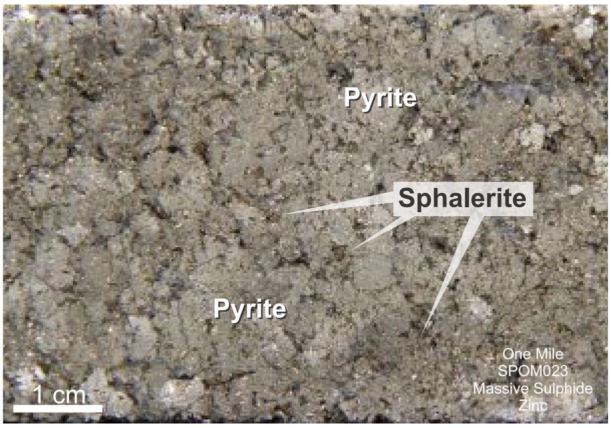


Figure 5: Long section through the One Mile Mining Lease showing projected drill hole intersection points through the sulphide body, the apparent southerly plunge of the sulphide body and the increasing width and grade of the sulphide body at depth to the south.



***Photograph 1:** Close-up photograph of halved NQ drill core from drill hole SPOM023 showing chalcopyrite ($CuFeS_2$) (yellow) in coarse-grained massive pyrite (FeS_2) (silver-grey).*



***Photograph 2:** Close-up photograph of halved NQ drill core from drill hole SPOM023 showing sphalerite (ZnS) (brown) in coarse-grained massive pyrite (FeS_2) (silver-grey).*

Compilation and interpretation of historical data in the area surrounding the One Mile Mining Lease is progressing well. To date this work has identified a number of prospective areas for further work when EPMA18987 is granted.

These prospective areas include the Cockie Creek Porphyry Copper Prospect located about 5km northeast of One Mile as well as a number of geophysical anomalies in the area immediately surrounding the One Mile Mining Lease.

The Cockie Creek porphyry copper prospect has previously been explored by MIM Exploration and Beacon Minerals with a total of 62 drill holes completed. The better intersections from this work, based on a cutoff of 0.2% Cu, are shown in Table 2. These intersections extend over a strike length in excess of 500m.

The wide intersections of copper mineralisation at Cockie Creek and the presence of adjacent soil copper geochemical anomalies which have not been drilled indicate potential for further discovery of copper in this area.

Compilation and interpretation of historical geophysical data has identified a number of prospective targets in the area surrounding the One Mile Mining Lease (Figure 6). These include coincident Induced Polarisation (IP) (Figure 7) and Versatile Time-Domain Electromagnetics (VTEM) (Figure 8) anomalies at the Atkinson target zone which lies along the western side of the mining lease and relatively close to the One Mile sulphide body.

Among the other prospective targets is the North target zone where a prominent gossan outcrop (Photograph 3) is associated with a weak conductivity anomaly interpreted from VTEM data. The gossan is similar in appearance to the gossan on the One Mile Mining Lease and it is likely to be reflecting massive sulphides at depth.

None of the identified target zones have previously been drilled and they further enhance the potential of the One Mile area for the discovery of a significant volcanogenic massive sulphide (VMS) deposit.

Table 2: Cockie Creek Porphyry Copper Prospect – Better historical drill hole intersections

Hole No	East (MGA Zone 55)	North (MGA Zone 55)	From (metres)	To (metres)	Length (metres)	Cu (%)	Au (g/t)	Mo (ppm)
CRC001	267440	7904335	3	36	33	0.32	0.07	8
CRC002	267380	7904295	0	68	68	0.74	0.12	92
CRC003	267267	7904270	20	67	47	0.38	0.09	52
CRC006	267465	7904311	44	84	40	0.35	0.08	8
CRC008	267394	7904315	0	19	19	0.54	0.16	14
CRC009	267356	7904243	66	163	97	0.48	0.07	114
CRC010	267353	7904283	11	85	74	0.42	0.08	78
CRC011	267320	7904295	1	80	79	0.45	0.06	76
CRC012	267301	7904276	52	79	27	0.47	0.10	88
CRC013	267080	7904216	1	46	45	0.38	0.08	16
CRC014	267019	7904155	15	56	41	0.50	0.10	48
CRC017	267378	7904226	121	215	94	0.53	0.08	99
CRC018	267422	7904267	59	90	31	0.54	0.15	12
CRC021	267200	7904215	54	82	28	0.41	0.07	120
CRC022	267150	7904190	49	91	42	0.37	0.05	48
CRC023	267037	7904120	53	141	88	0.43	0.06	49
CRC026	266995	7904137	11	84	73	0.44	0.05	22
D1	267448	7904183	180	216	36	0.57	0.10	28
D2	267267	7904186	122	156	34	0.46	0.08	82
D3	267075	7904227	56	104	48	0.48	0.10	94
P4	267089	7904206	13	49	36	0.50	0.10	N/A
P10	267109	7904130	158	198	40	0.35	0.06	N/A
P11	267403	7904244	50	108	58	0.64	0.07	N/A
P12	267339	7904345	50	100	50	0.44	0.07	N/A
P16	267370	7904307	0	40	40	0.75	0.13	N/A
P22	267039	7904170	0	40	40	0.33	0.04	N/A
P24	266977	7904175	0	40	40	0.40	0.06	N/A
P28	266727	7904189	0	34	34	0.31	0.06	N/A

N/A – Not Assayed

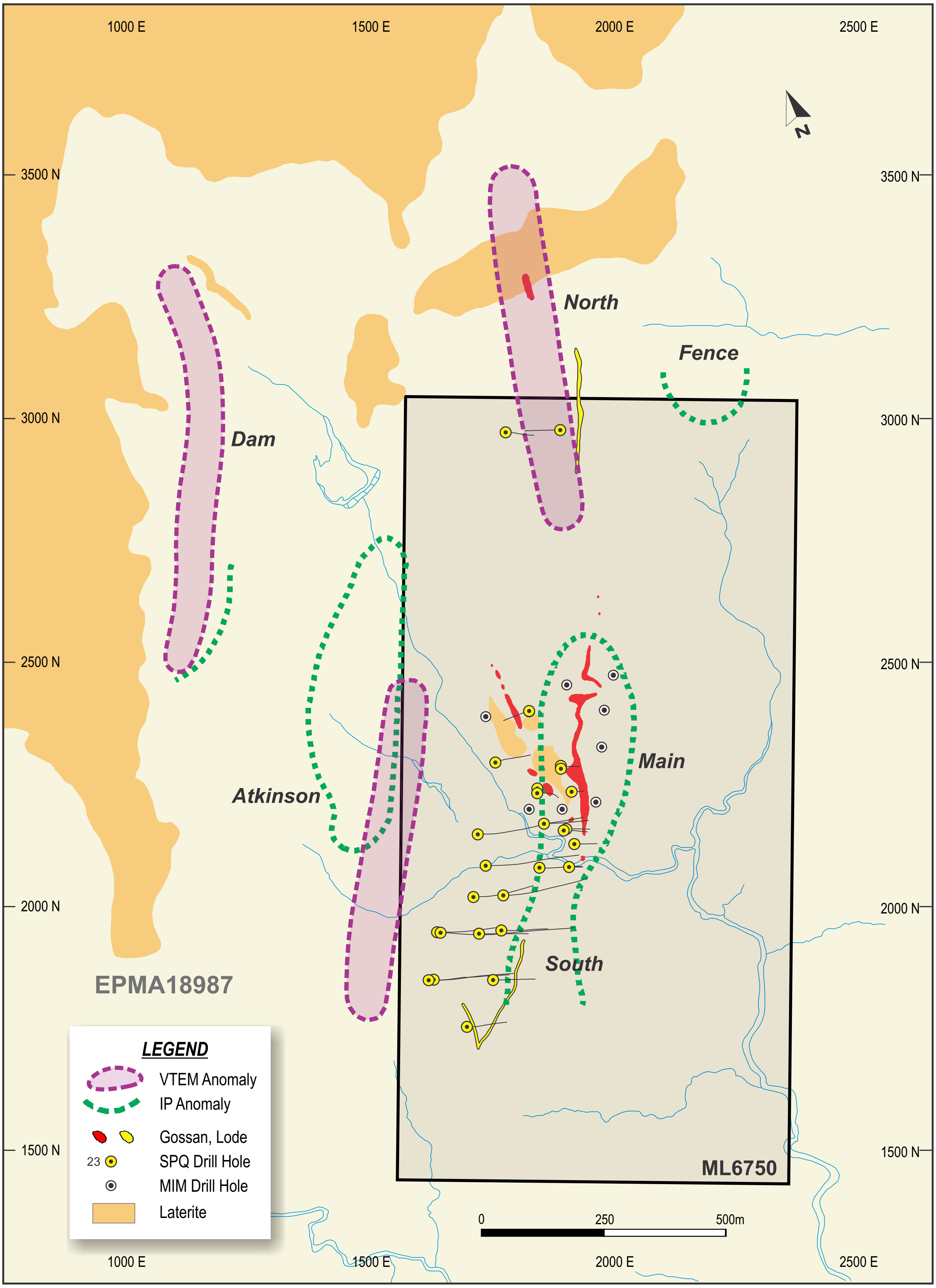


Figure 6: One Mile Mining Lease and surrounds showing the new Atkinson, North, Dam and Fence target zones which have been interpreted from historical geophysical surveys and other data.

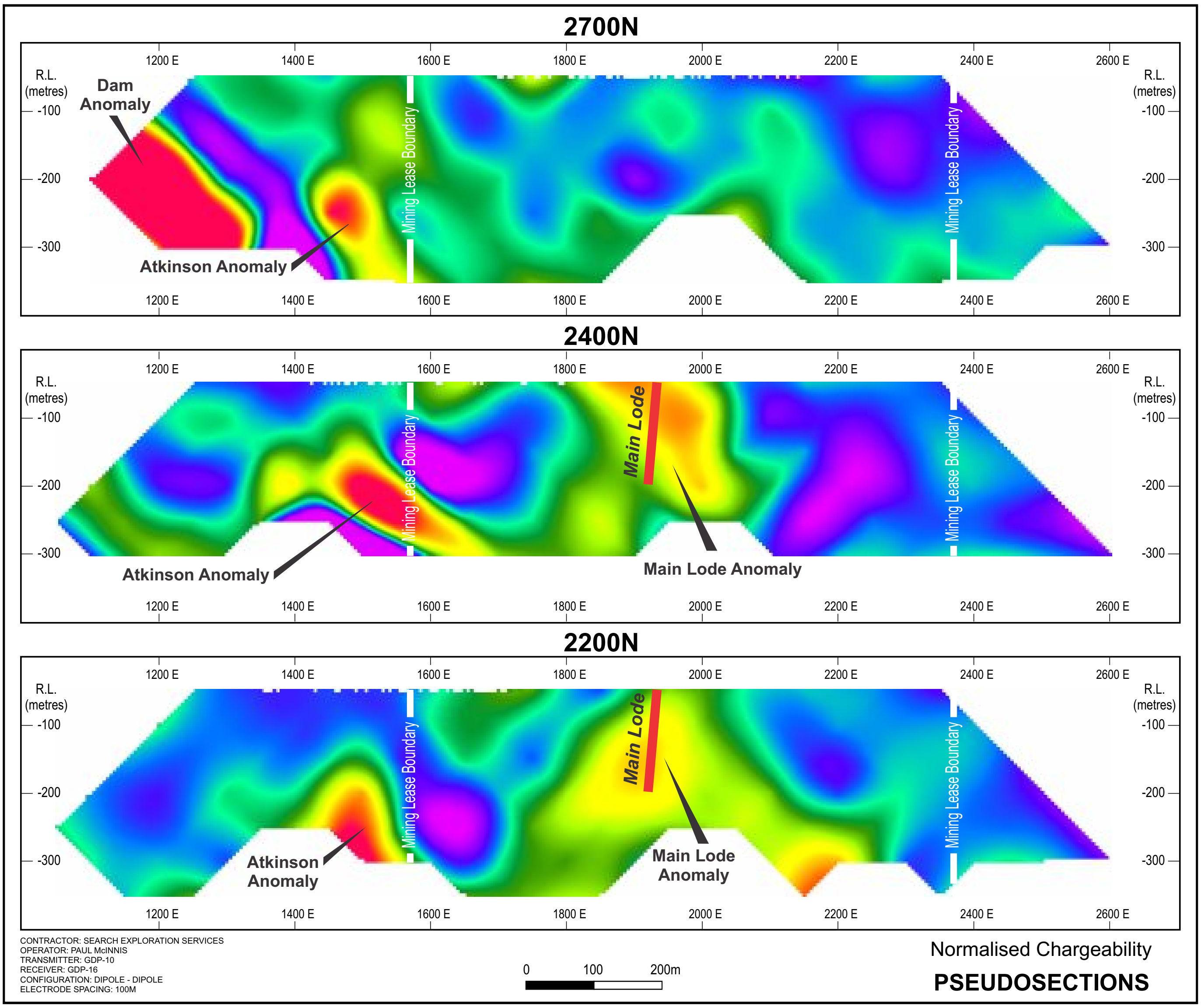


Figure 7: One Mile Mining Lease - Chargeability pseudo-sections (effectively vertical sections through the ground) from the historical IP survey showing the anomalies at the Main, Atkinson and Dam target zones. The Atkinson and Dam anomalies are of a higher order than the anomaly over the Main target zone. The Atkinson anomaly lies at a depth of approximately 150m and close to the western boundary of the One Mile Mining Lease. The Dam anomaly which lies on the end of line 2700N indicates a shallow chargeable source at about 1000E to 1100E.

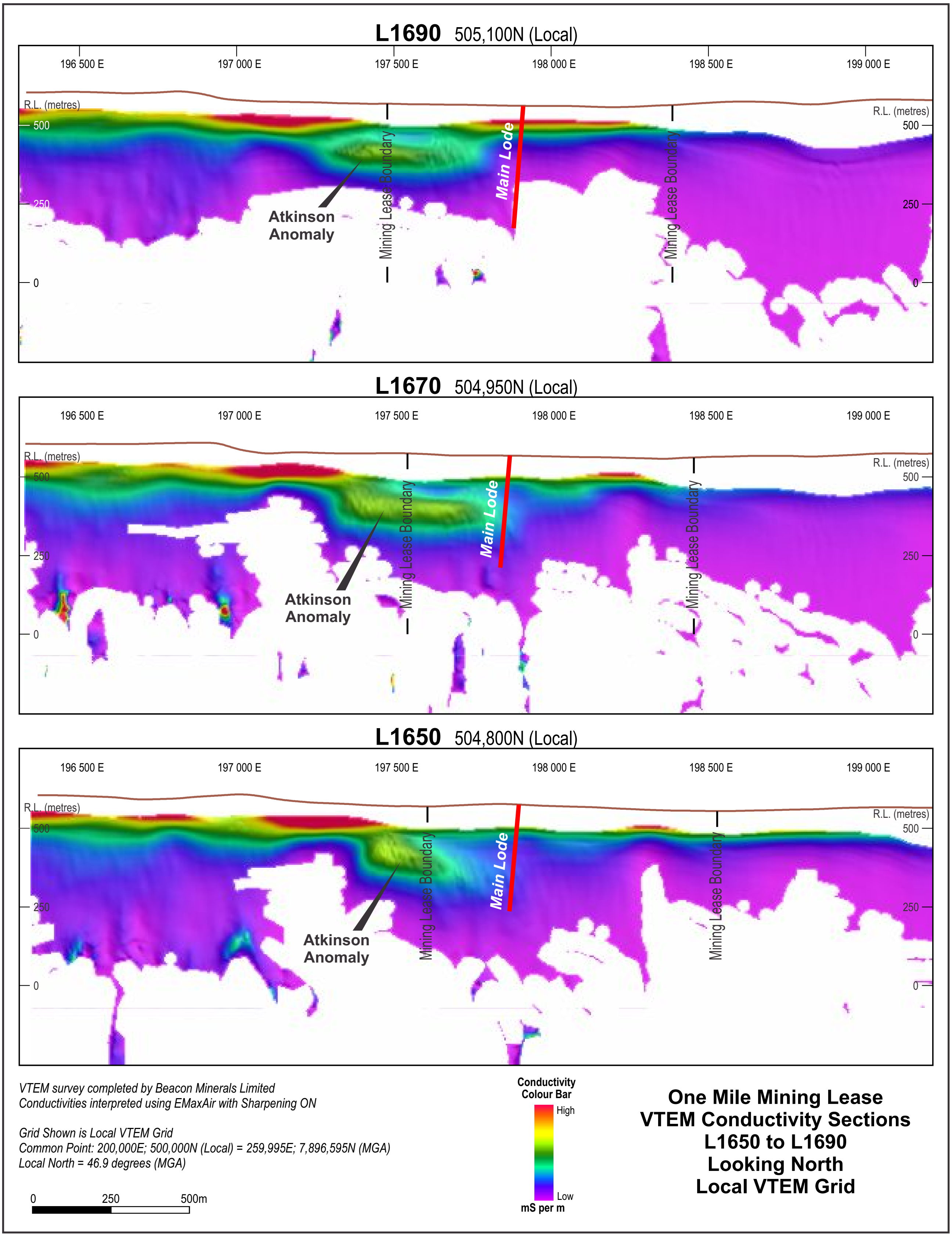


Figure 8: One Mile Mining Lease - Modelled VTEM conductivity sections showing the conductivity anomaly associated with the Atkinson target zone. The apparent flat-lying attitude of the Atkinson anomaly is not real but a limitation of the interpretation method used. It is likely that the conductive body that causes the anomaly is steeply dipping and located near the centre of the anomaly and close to the western boundary of the One Mile Mining Lease. The flat-lying near surface conductive bodies shown in red are conductive surface clay layers due to weathering.

Photograph 3: The large gossan outcrop protruding from laterite at the North target zone. The gossan is likely to be reflecting massive sulphides at depth. It lies within EPMA18987 and has not been drilled.

Proterozoic Mount Isa Style Copper and Lead-Zinc-Silver Deposits

Superior holds a number of exploration permits and exploration permit applications in northwest Queensland to explore for large Proterozoic copper and lead-zinc-silver deposits of the Mount Isa style.

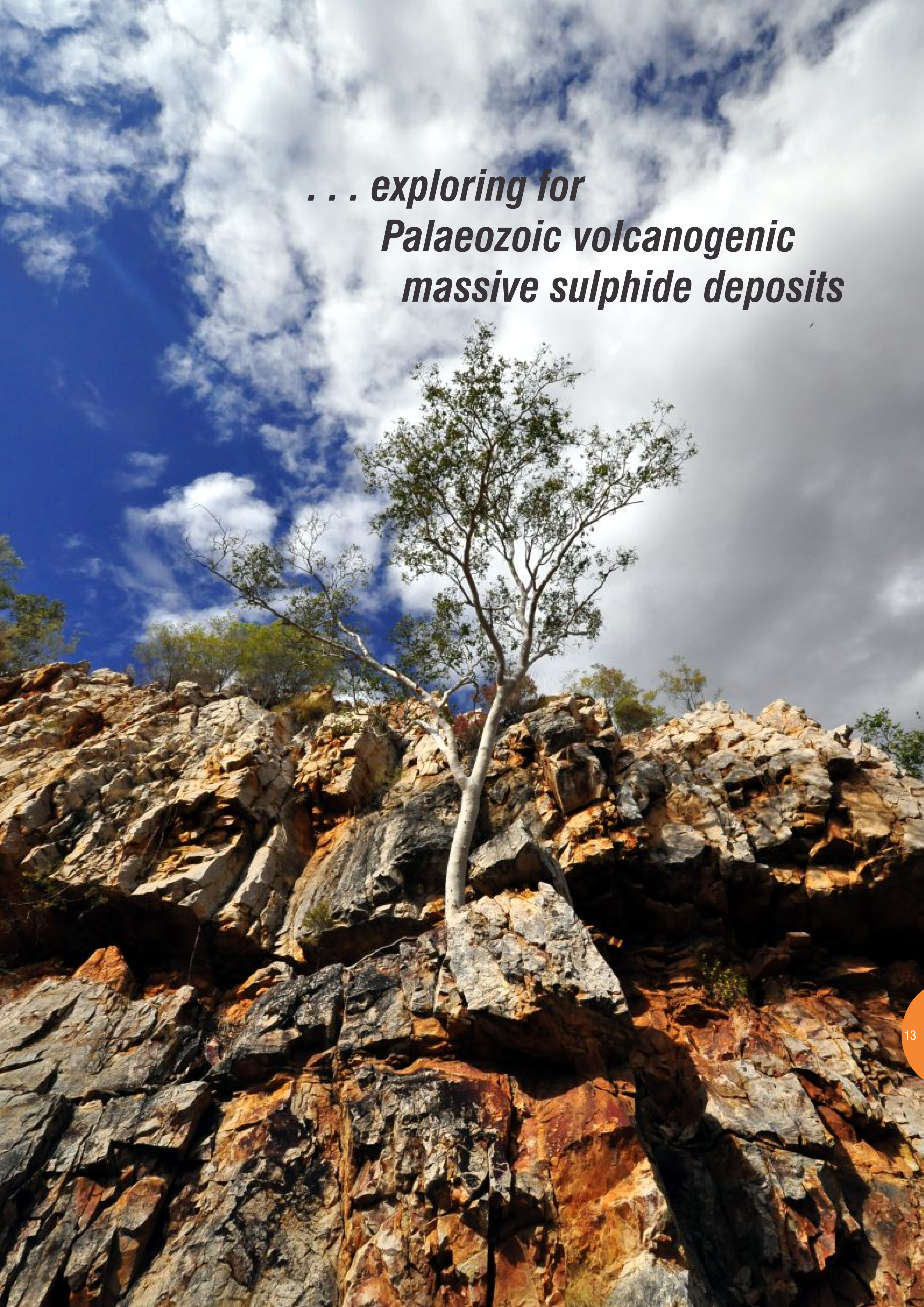
Exploration on these areas in previous years has identified a number of prospect areas some of which have been drilled and some which remain to be drilled. The amount of drilling in future will be determined by Superior's ability to raise capital or make other arrangements for funding exploration.

Kingfisher Copper Prospect

At the Victor Project (EPM16028) northwest of Mount Isa, exploration at the Kingfisher Copper Prospect has located considerable outcropping copper mineralisation (Photograph 4) and a number of deeper drilling targets have been defined by a gravity survey (Figure 9). The prospect is within the high-preservation part of the Gregory 'Wild Rivers' area although it is many kilometres from the nearest river. Attempts to gain access to the area continued during the year but without success. The prospects for access in future appear to have improved following a change of government in early 2012 but progress is slow.

Photograph 4: Kingfisher Copper Prospect – outcropping high-grade copper mineralisation in brecciated Proterozoic siltstones.

. . . exploring for Palaeozoic volcanogenic massive sulphide deposits



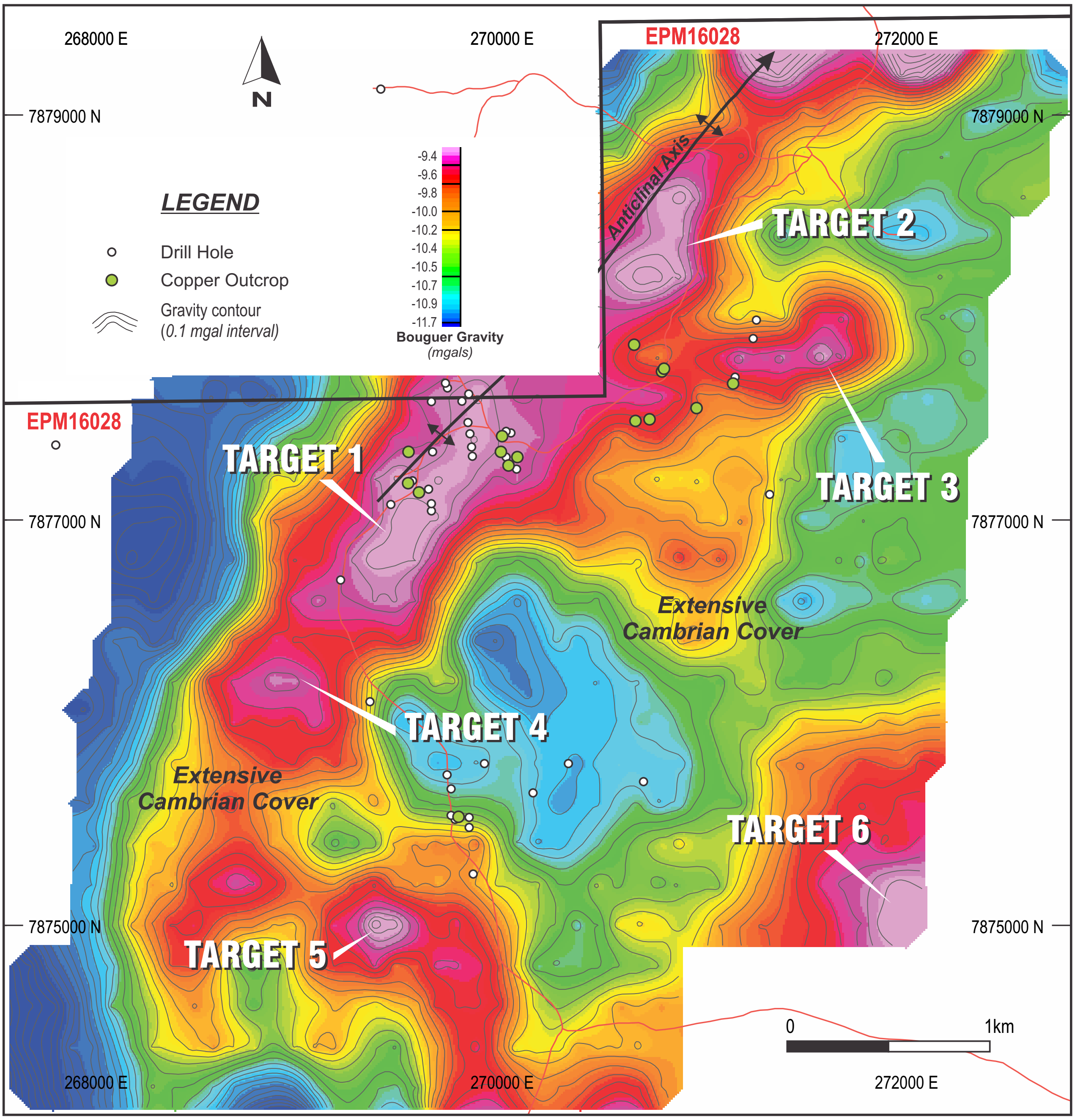


Figure 9: Kingfisher Copper Prospect – a Bouguer gravity image with target areas shown.

Harris Creek Prospect

The Harris Creek Exploration Permit (EPM18840), located to the south of the Kingfisher Copper Prospect, was granted during the year. The principal target within this area is a late channel airborne electromagnetic (AEM) anomaly (Figure 10) identified in a survey flown by a previous explorer.

The conductive source of the AEM anomaly is interpreted to be within Proterozoic sediments below about 200m of Cambrian cover sediments. The AEM anomaly lies partly within the Gregory 'Wild Rivers' high-preservation area. No field work has therefore been completed on the area and the future work program will depend on whether the Gregory 'Wild Rivers' area is varied to allow exploration to be completed.

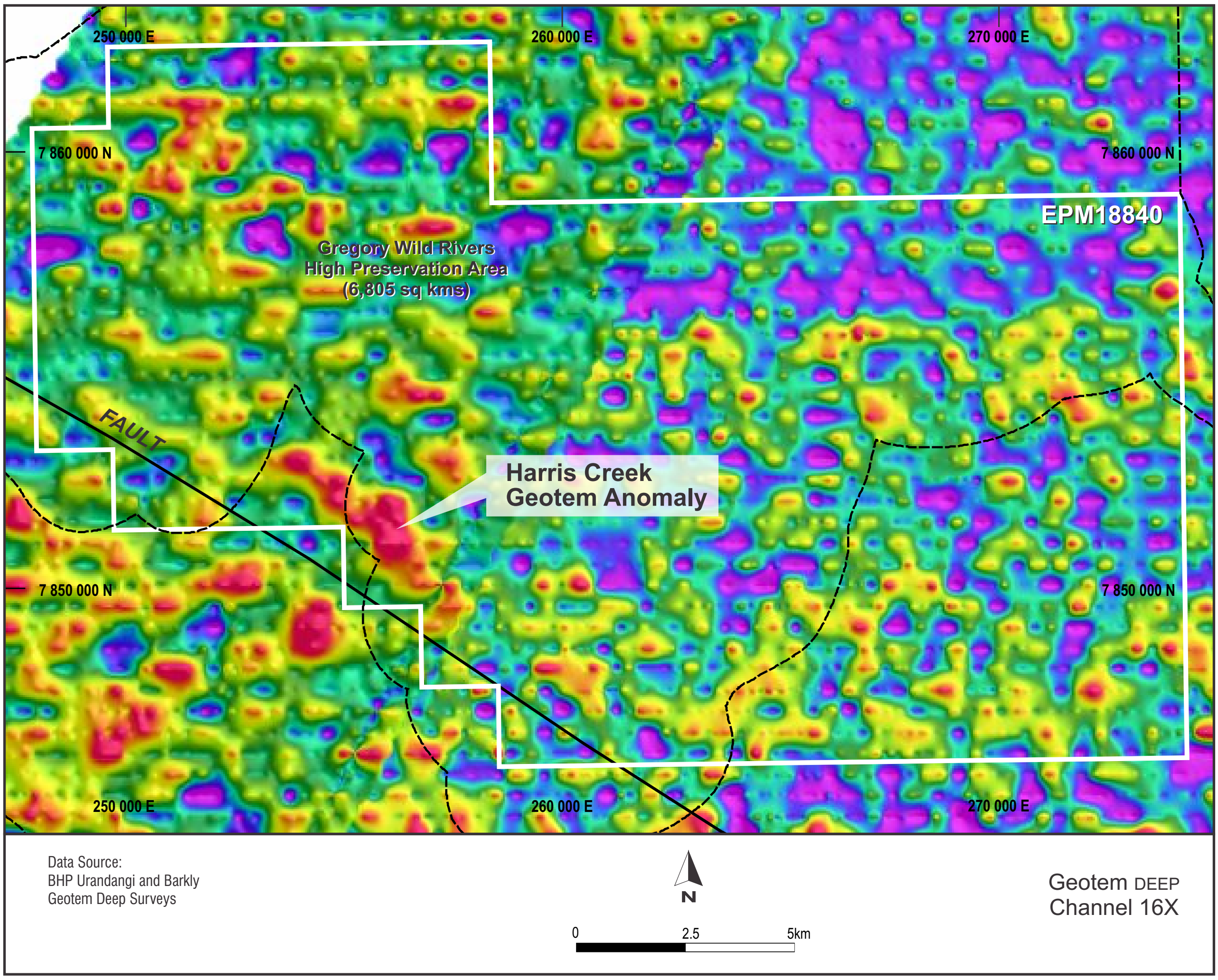


Figure 10: EPM18840 "Harris Creek" – Geotem $_{DEEP}$ channel 16X image showing the Harris Creek anomaly, which is the principal target in the area.

Nicholson West Prospect

The Nicholson West Prospect lies within the Nicholson Project (EPM15670) approximately 350km north of Mount Isa. The prospect covers a VTEM anomaly (Figure 11) sourced from within the highly-prospective Mount Les Siltstone which lies within the Hedleys Graben.

The prospect was prepared for drilling in the second half of 2011 but the drilling was not completed because of access problems related to the heavy 2011 wet season, and the difficulties of securing a suitable rig for the drilling at that time.

The Mount Les Siltstone is host to Mount Isa style mineralisation at the Walford Creek Prospect located some 30km to the northeast of Nicholson West and low-grade copper, lead and zinc mineralisation occurs elsewhere along the outcrop of this unit.

Computer modelling of the VTEM data at Nicholson West (Figure 12) indicates the presence of a flat-lying to shallow-dipping conductive horizon as the source of the VTEM anomaly. This horizon which is at a depth of approximately 300m is at the interpreted position of the Mount Les Siltstone and below the Doomadgee Formation sediments which outcrop across the prospect area.

The current proposal for the Nicholson West area is to drill one vertical hole initially to establish the prospectivity of the area before additional drilling is completed.

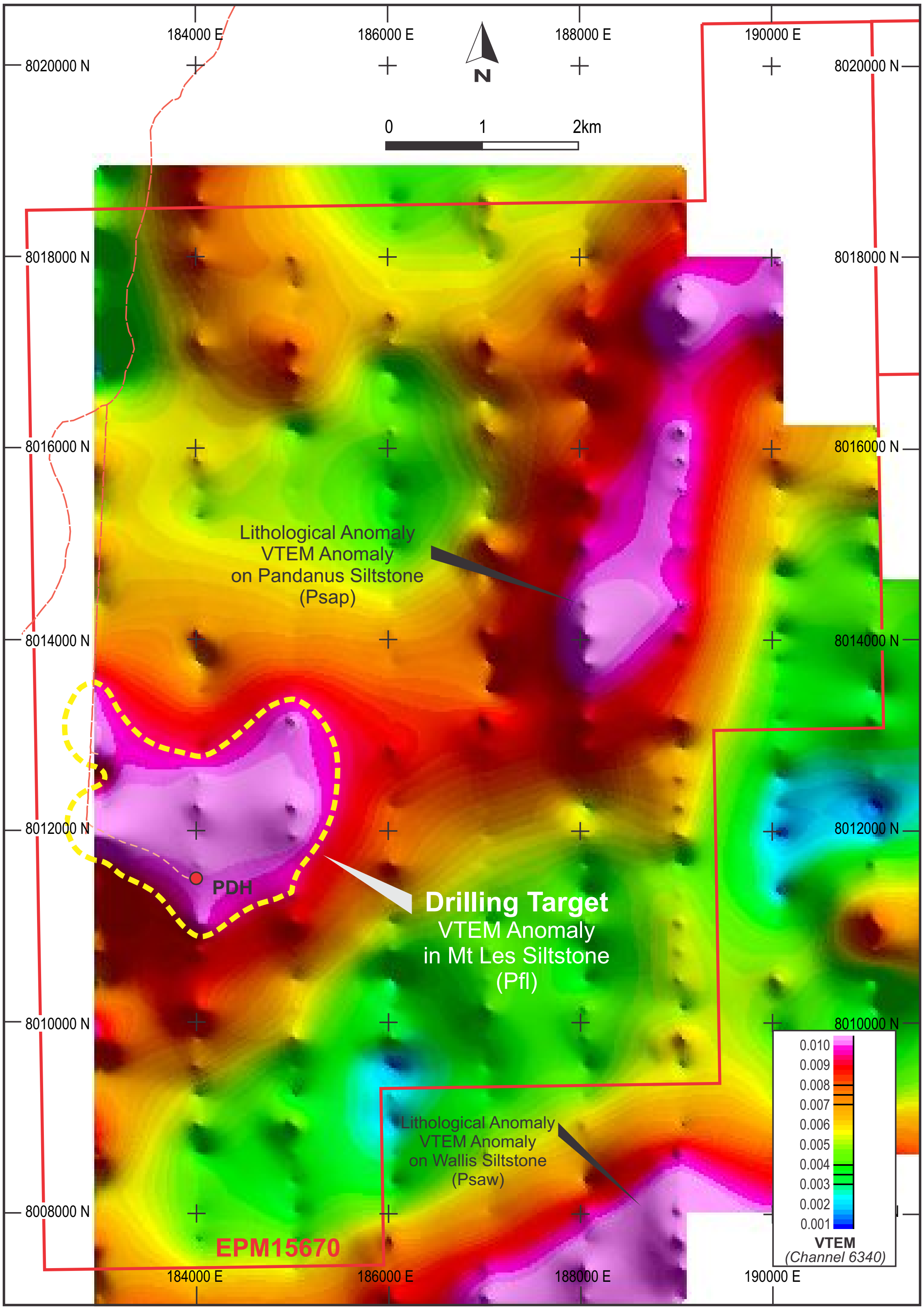


Figure 11: Nicholson West Prospect – VTEM channel 6340 anomaly and proposed drill hole (PDH).

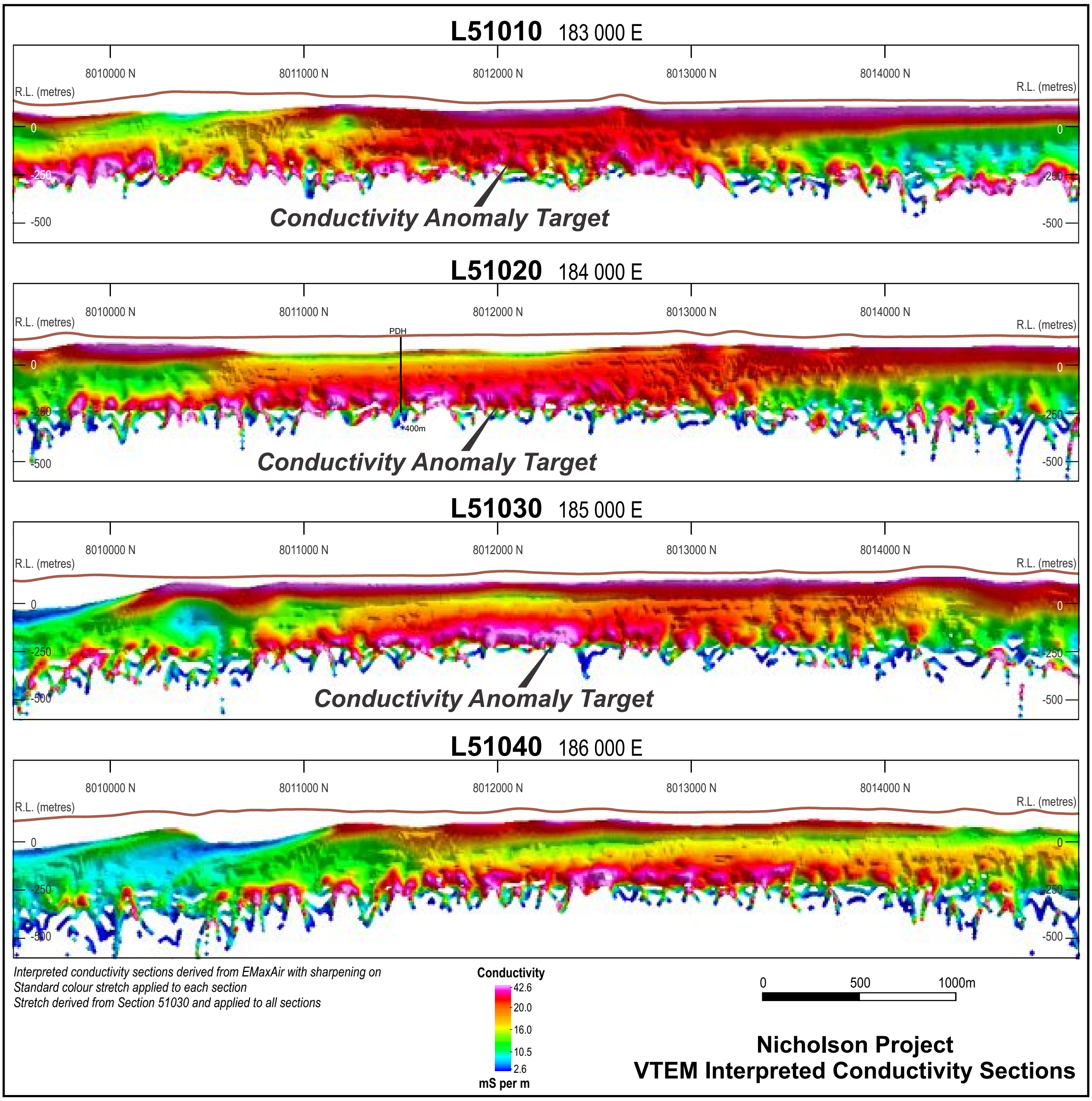


Figure 12: Nicholson West Prospect – Interpreted conductivity sections from Superior's VTEM survey showing the Nicholson West conductivity anomaly and the proposed drill hole (PDH).

Elizabeth Prospect

The Elizabeth Prospect is located in EPM15040 in the Dajarra Project area 150km south of Mount Isa.

The Elizabeth Prospect was first delineated as a series of high-order anomalies (Figure 13) in a VTEM survey completed during early stage work in the area. Subsequent drilling by Superior has shown that the VTEM anomalies result from steeply-dipping conductive sediments belonging to the graphitic Breakaway Shale unit of the Mount Isa Group and other graphitic units higher in the sequence.

Interpretation of the lithologies intersected in the drilling indicates that the Native Bee Siltstone and the Urquhart Shale units are also present at the Elizabeth Prospect. The Urquhart Shale unit is the host to the large copper and lead-zinc-silver orebodies at Mount Isa. This makes the Elizabeth Prospect of considerable interest.

The drilling has also intersected low-grade copper, lead and zinc values within some of the fine grained dolomitic sediments at Elizabeth.

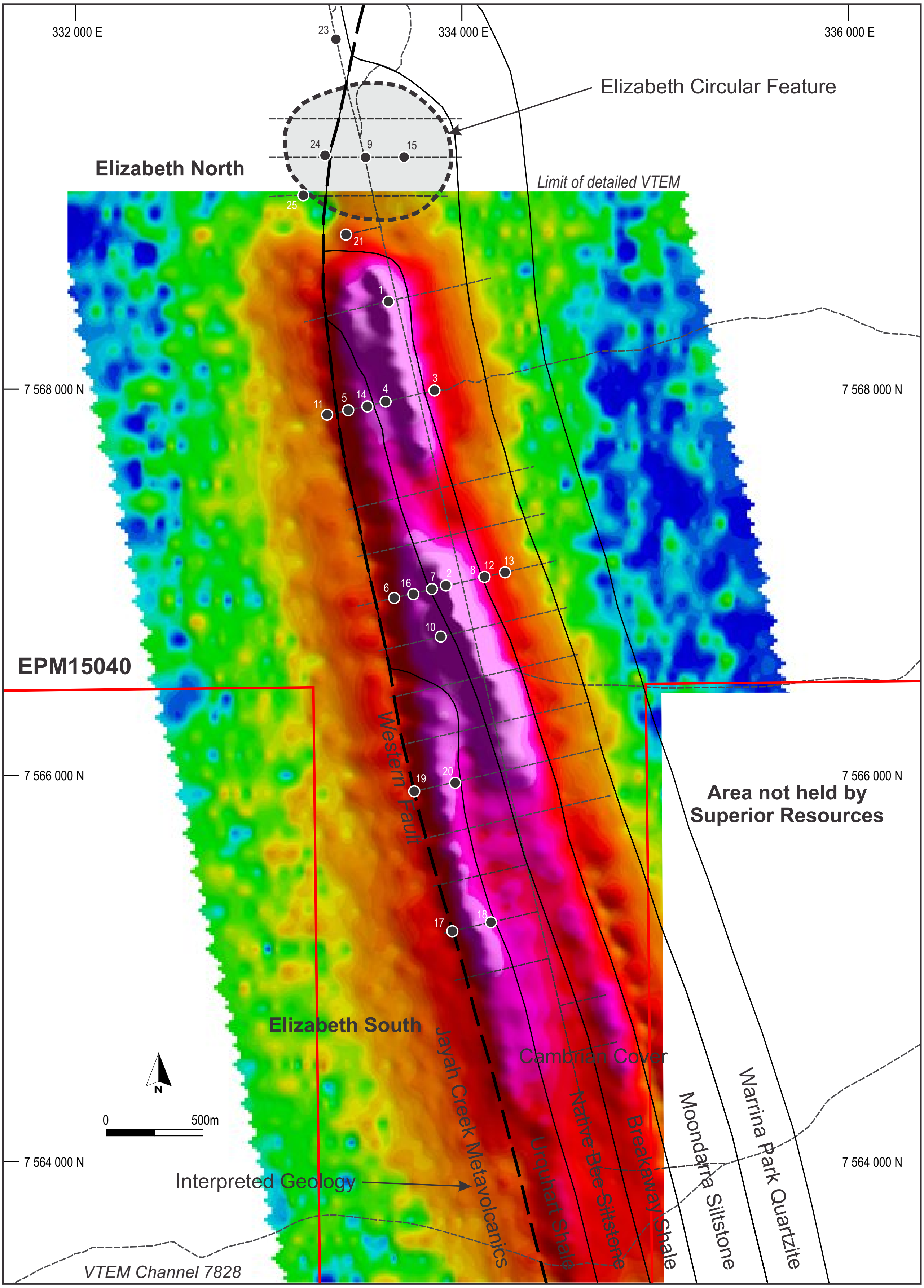


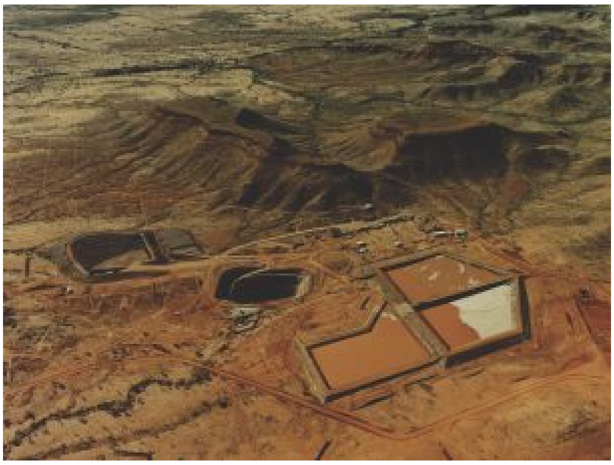
Figure 13: Elizabeth Prospect showing drill holes and interpreted geology over a VTEM Channel 7828 image.

Proterozoic Tick Hill Style Gold Deposits

Early in the 2011 – 2012 year Superior announced reaching agreement with Diatreme Resources Limited to farm into three granted mining leases at the Tick Hill Gold Project where previous mining by Carpentaria Gold Pty Ltd produced 513,333 ounces of gold from 705,000 tonnes of ore at a recovered grade of 22.6 g/t Au (Photograph 5). The agreement is conditional on a number of tenement administrative issues being resolved.

Superior's target at Tick Hill is a high-grade gold resource similar to that previously mined by Carpentaria Gold Pty Ltd.

Superior's work to date has focussed on a fault near the bottom of the previously mined area (Figure 14) which is interpreted to truncate and offset the gold mineralisation. This fault raises the prospect that the extension of the gold mineralisation may exist at depth in an offset position from the previously mined area. Superior proposes to drill to try to locate the offset gold shoot when the pre-conditions to the agreement are satisfied.



Photograph 5: *Tick Hill Gold Project – Tick Hill Gold Mine (circa 1993).*

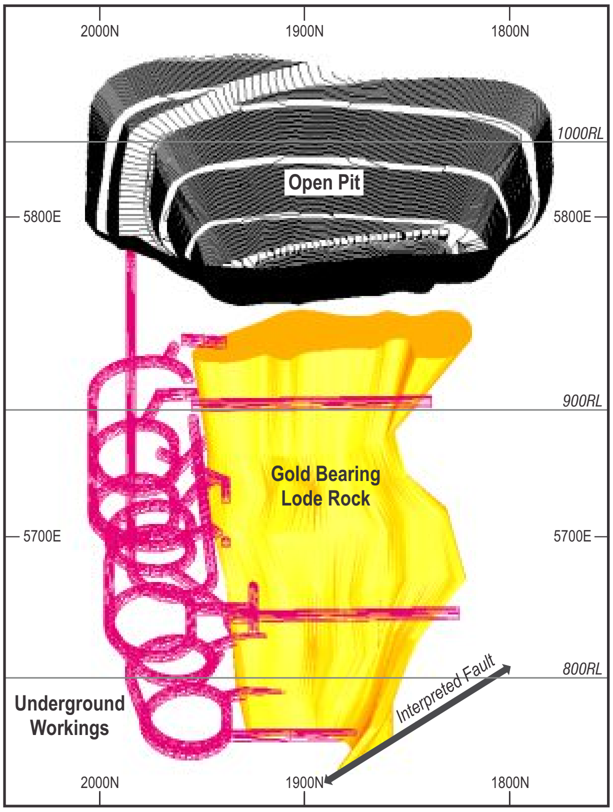


Figure 14: Tick Hill Gold Project – 3D view showing the open pit, underground workings, gold bearing lode rock (mined out) and interpreted fault that offsets the gold mineralisation at depth.

K J Harvey

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

. . . focussed on exploration for major deposits

Directors' Report

Your Directors present their report on Superior Resources Limited ("Superior", "the company") for the year ended 30 June 2012.

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 company 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 $1,561,984 after income tax expense of $63,000 (2011: loss of $1,108,119).

Up until early 2011, Superior's exploration largely focussed on exploration for large Mount Isa style deposits in northwest Queensland. Since early 2011 most of Superior's effort has been directed at exploration for volcanogenic massive sulphide (VMS) copper-gold deposits at the One Mile Project in northeast Queensland. The principal reasons for this change in focus were that:

- the One Mile Project offered the prospect of discovery of a significant economic deposit in a shorter time frame;
- the intersection of massive sulphides in previous historic drilling indicated good potential for discovery;
- the area was held under a granted mining lease which potentially reduced the time to get any discovery into production; and
- VMS deposits, being multi-commodity deposit often with high grades, are attractive exploration targets.

The work completed at One Mile had some success with improving widths and grades in drill intersections on the massive sulphide body and the delineation of a number of interesting targets in the surrounding area. Both these results give greater confidence that an economic discovery may be made at One Mile with continuing exploration.

The strong focus on the One Mile Project reduced the exploration effort for large Mount Isa style base metal deposits in northwest Queensland. Exploration, however, continued with most of the activity being directed to work on identified prospects within the larger project areas. No drilling was completed.

Significant changes in the state of affairs

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

		2012 $
(a)	Significant gains and expenses:	
	Expenses:	
	Exploration written off	768,020
	Impairment of available-for-sale financial assets	490,000
(b)	Other comprehensive items:	
	Fair value adjustment on revaluation of available-for-sale financial assets	147,000

Matters subsequent to the end of the financial year

Subsequent to the end of the financial year the company issued 3,700,000 ordinary shares at $0.06 each raising $222,000 under a Share Purchase Plan.

A further 1,000,000 ordinary shares have been issued in accordance with an agreement with Copper Strike Limited in relation to the acquisition of exploration rights.

No other matter or circumstance has arisen since 30 June 2012 that have significantly affected, or may significantly affect:

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

Likely Developments and Expected Results from Operations

Continuing exploration is proposed for the One Mile Project while results are favourable. Exploration for Mount Isa style deposits in northwest Queensland is also proposed but the amount will be dependent on the available funding and ready access to the prospect areas. The commencement of the proposed exploration at the Tick Hill Project is dependent on satisfaction of the preconditions attaching to the agreement on this project.

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

Environmental regulation

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

Information on Directors

Kenneth James Harvey M.Sc, MAusIMM, MAIG, MSEG, MGSA. *Managing director*. Age 67

Experience and expertise
Mr Harvey has 42 years experience in mineral exploration, project evaluation, resource estimation and exploration management.

Other current directorships
None.

Former directorships in last 3 years
None.

Special responsibilities
Managing Director.

Interests in shares and options
5,594,7244 ordinary shares in Superior Resources Limited

David John Horton M.Sc, MGSA, MAIG, MSEG. *Non-executive director*. Age 62

Experience and expertise
Mr Horton has 39 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.
Member of the audit committee.

Interests in shares and options
2,695,000 ordinary shares in Superior Resources Limited

DIRECTORS' REPORT (continued)

Peter Henry Hwang B.Sc(Hons), LLB. *Non-executive director*. Age 43

Experience and expertise
Mr Hwang is a lawyer working as a solicitor for an international law firm specialising in resources and native title law. He has extensive experience in advising on the development of mining and major infrastructure projects as well as resource mergers and acquisitions. Mr Hwang is a member of the Australian Government Attorney-General's Department Native Title Practitioner's Panel and previously a member of the Government of Western Australia Native Title Taskforce on Mineral Tenement and Land Title Applications

Other current directorships
None

Former directorships in last 3 years
ActivEx Limited Non-Executive Director (18 March 2005 to 16 March 2009).

Special responsibilities
Chairman of the audit committee.
Chairman of the remuneration 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 ACIS. 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 Fellow of the Institute of Chartered Accountants in Australia and a Chartered Company Secretary. He is an Associate Member of Chartered Secretaries Australia and Fellow of the Financial Services Institute of Australia. Mr Fernicola has over 30 years experience in accounting, taxation audit financial services industry and has worked previously with Deloitte and BDO Kendalls.

DIRECTORS' REPORT (continued)

Meetings of Directors

The numbers of meetings of the company's board of Directors held during the year ended 30 June 2012, and the numbers of meetings attended by each director were:

Board

Director	Meetings Eligible to attend	Meetings attended
K J Harvey	5	5
D J Horton	5	5
P H Hwang	5	5

Audit Committee

Director	Meetings Eligible to attend	Meetings attended
K J Harvey*	2	2
D J Horton	2	2
P H Hwang	2	2

Risk Management Committee

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

Remuneration Committee

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

* the Managing Director is eligible to attend meetings but is not a member of the audit committee

Remuneration report

The directors are pleased to present your company's 2012 remuneration report which sets out remuneration information for Superior Resources Limited's non-executive directors, executive directors, and other key management personnel.

Directors and executives disclosed in this report
For details of non-executive and executive directors and the company secretary see pages 23 to 24 above. The company does not have any other key management personnel or executives.

Principles used to determine the nature and amount of remuneration

Non-executive directors
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.

Directors' fees

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.

Executive pay

The combination of base pay and superannuation make up the executive director's total remuneration. Base pay for the executive director is reviewed annually to ensure the executive's 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

Details of remuneration

The following tables show details of the remuneration received by the directors and the key management personnel of the company for the current and previous financial year.

DIRECTORS' REPORT (continued)

Key management personnel of Superior Resources Limited

2012	**Short-term benefits**	**Post - employment benefits**	**Share-based payment**	
Name	**Cash salary and fees $**	**Superannuation $**	**Options $**	**Total $**
Non-executive directors				
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
Executive director				
K J Harvey	200,000	18,000	-	218,000
Other key management personnel				
C A Fernicala	24,000	-	-	24,000
Totals	270,018	19,982	-	290,000

2011	**Short-term benefits**	**Post - employment benefits**	**Share-based payment**	
Name	**Cash salary and fees $**	**Superannuation $**	**Options $**	**Total $**
Non-executive directors				
L J Litzow*	24,000	-	-	24,000
D J Horton	24,000	-	-	24,000
P H Hwang **	14,030	1,263	-	15,293
Sub-total non-executive directors	62,030	1,263	-	63,293
Executive director				
K J Harvey	200,000	18,000	-	218,000
Other key management personnel				
C A Fernicala	14,000	-	-	14,000
Totals	276,030	19,263	-	295,293

** Resigned 3 December 2010*
*** Appointment 11 November 2010*

DIRECTORS' REPORT (continued)

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.

K J Harvey, *Managing Director*

- Term of employment agreement – indefinite commencing 1 July 2007.
- Base salary, inclusive of superannuation, for the year ended 30 June 2012 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.

Share-based compensation

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 2012, 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 $13,200 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.

Non-audit services (continued)

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 30.

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

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, 14 September 2012

lawler hacketts chartered accountants

Auditor's Independence Declaration under Section 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 2012 there have been:

(a) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
(b) No contraventions of any applicable code of professional conduct in relation to the audit.

Lawler Hacketts

Lawler Hacketts Audit

Liam Murphy
Partner

Dated this 14th day of September 2012

Lawler Hacketts Audit
ABN 33 873 151 348

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advice@lawlerhacketts.com.au

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 tables sets out the company's current position.

Compliant	☑	Non Compliant	☒

Principle 1: Lay solid foundations for management and oversight Companies should establish and disclose the respective roles and responsibilities of board and management.	☑
Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	☑
Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.	☑
Recommendation 1.3: Companies should provide the information indicated in the Guide to reporting on Principle 1.	☑

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

The Board:

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

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

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

CORPORATE GOVERNANCE STATEMENT (continued)

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

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

Principle 2: Structure the Board to add value Companies should have a Board of effective composition, size and commitment to adequately discharge its responsibilities and duties.	☑
Recommendation 2.1: A majority of the Board should be independent directors.	☑
Recommendation 2.2: The chair should be an independent director.	☑
Recommendation 2.3: The roles of the chair and chief executive officer should not be exercised by the same individual.	☑
Recommendation 2.4: The board should establish a nomination committee.	☑
Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.	☑
Recommendation 2.6: Companies should provide the information indicated in the Guide to reporting on Principle 2.	☑

Board Structure

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

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

The Chairperson, (Mr 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.

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.	☑

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

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.

CORPORATE GOVERNANCE STATEMENT (continued)

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.

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.

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:

CORPORATE GOVERNANCE STATEMENT (continued)

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 Activities, 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 Activities, 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.*

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 securites 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).

CORPORATE GOVERNANCE STATEMENT (continued)

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.	☒
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.	☑

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 (two non-executive directors) and 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 one executive and two non-executive directors. The two non-executive directors are members of the Audit Committee.

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

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 ASX Market Announcements Platform, including Quarterly Activities 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 updated regulated 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 auditor's report.

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.

Recognising the Rights of Shareholders (continued)

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 7.3: 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.	☑

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.

CORPORATE GOVERNANCE STATEMENT (continued)

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 • is chaired by an independent chair • has at least three members.	☑
Recommendation 8.2: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	☑
Recommendation 8.3: 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.

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 two non-executive directors.

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

For the year ended
30 June 2012

Contents

Financial Report

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Revenue from continuing operations	6	67,480	144,916
Accounting and audit fees		(44,000)	(60,340)
Depreciation and amortisation		(6,370)	(7,951)
Office rent and outgoings		(35,779)	(32,172)
Tenement expenditure written off		(768,020)	(1,287,643)
Impairment of available-for-sale financial assets		(490,000)	-
Administration expenses		(222,295)	(240,969)
Loss before income tax	7	(1,498,984)	(1,484,159)
Income tax (expense) / benefit	7	(63,000)	376,040
Loss for the year from continuing operations		(1,561,984)	(1,108,119)
		Cents	Cents
Earnings (loss) per share			
Basic earnings (loss) per share	27	(2.03)	(1.40)
Diluted earnings (loss) per share	27	(2.03)	(1.40)

The accompanying notes form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Loss for the year		(1,561,984)	(1,108,119)
Other comprehensive income			
Fair value adjustment to available-for-sale financial assets		(210,000)	140,000
Income tax relating to components of other comprehensive income		63,000	(42,000)
Other comprehensive income / (loss) for the year, net of tax		(147,000)	98,000
Total comprehensive income / (loss) for the year		(1,708,984)	(1,010,119)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	2012 $	2011 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	630,961	2,158,920
Trade and other receivables	9	87,467	65,750
Total Current Assets		718,428	2,224,670
Non-Current Assets			
Property, plant and equipment	10	23,296	29,666
Available-for-sale financial assets	11	350,000	1,050,000
Exploration expenditure	12	3,817,229	3,327,597
Deferred tax assets	13	-	-
Other	14	27,500	32,500
Total Non-Current Assets		4,218,025	4,439,763
Total Assets		4,936,453	6,664,433
LIABILITIES			
Current Liabilities			
Payables	15	96,708	115,704
Income tax payable	16	-	-
Total Current Liabilities		96,708	115,704
Non-Current Liabilities			
Deferred tax liabilities	17	-	-
Total Non-Current Liabilities		-	-
Total Liabilities		96,708	115,704
Net Assets		4,839,745	6,548,729
Equity			
Contributed equity	18	5,889,272	5,889,272
Reserves	19	-	147,000
Retained profits (accumulated losses)	20	(1,049,527)	512,457
Total Equity		4,839,745	6,548,729

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Contributed equity $	Reserves $	Retained Earnings (Accumulated Losses) $	Total $
Balance at 1 July 2010	5,889,272	49,000	1,620,576	7,558,848
Loss for the year	-	-	(1,108,119)	(1,108,119)
Other comprehensive income / (loss)	-	98,000	-	98,000
Total comprehensive income for the year as reported in the 2011 financial statements	-	98,000	(1,108,119)	(1,010,119)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	-	-	-	-
Balance at 30 June 2011	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)
Total comprehensive income for the year	-	(147,000)	(1,561,984)	(1,708,984)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	-	-	-	-
Balance at 30 June 2012	5,889,272	-	(1,049,527)	4,839,745

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Cash flows from operating activities			
Receipts from customers (GST inclusive)		84,533	73,743
Interest received		72,431	164,093
Payments to suppliers (GST inclusive)		(395,410)	(400,859)
Net cash inflow(outflow) from operating activities	26	(238,446)	(163,023)
Cash flows from investing activities			
Payments for exploration expenditure		(1,294,513)	(884,605)
Proceeds from sale of available-for-sale financial assets		-	-
Payments for security deposits		(5,000)	(5,000)
Refund of security deposits		10,000	2,500
Proceeds from government grants		-	20,305
Payments for property, plant and equipment		-	(565)
Net cash inflow(outflow) from investing activities		(1,289,513)	(867,365)
Cash flows from financing activities			
Proceeds on issue of shares		-	-
Payment of capital raising costs		-	-
Dividends paid		-	-
Net cash inflow(outflow) from financing activities		-	-
Net increase (decrease) in cash held		(1,527,959)	(1,030,388)
Cash at beginning of financial year		2,158,920	3,189,308
Cash at the end of financial year	8	630,961	2,158,920

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. Summary of Significant Accounting Policies

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

The financial statements were authorized for issue by the directors on 14 September 2012. The directors have the power to amend and reissue the financial statements.

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

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for Superior Resources Limited, 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 financial statements of the company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
The financial statements have been prepared 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 company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) 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 company 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. Summary of Significant Accounting Policies (continued)

(c) 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.

(d) Cash and cash equivalents

For the 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.

(e) 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 company 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. Summary of Significant Accounting Policies (continued)

(f) 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.

(g) Plant and equipment

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

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

- Equipment / Software 3 – 5 years

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

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

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

(h) Trade and other payables

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

(i) Exploration expenditure

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

(j) Contributed equity

Ordinary shares are classified as equity.

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

(k) Dividends

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. Summary of Significant Accounting Policies (continued)

(l) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(m) Goods and Services Tax (GST)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. Summary of Significant Accounting Policies (continued)

(n) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The company'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)* (effective from 1 January 2013)

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 affect on the company's accounting for its available-for-sale financial assets as the changes only affect the accounting for equity investments that are held for trading.

There will be no impact on the company'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 company 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 company 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.

There are no other standards that are no yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

1. Summary of Significant Accounting Policies (continued)

(o) Adoption of new and revised Accounting Standards

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2011:

Standards affecting presentation and disclosure

Amendments to AASB 7 'Financial Instruments: Disclosure'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.
Amendments to AASB 101 'Presentation of Financial Statements'	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project) clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
AASB 1054 'Australian Additional Disclosures' and AASB 2011-1 'Amendments Australian Accounting Standards arising from Trans-Tasman Convergence Project'	AASB 1054 sets out the Australian-specific disclosures for entities that have adopted Australian Accounting Standards. This Standard contains disclosure requirements that are in addition to IFRSs in areas such as compliance with Australian Accounting Standards, the nature of financial statements (general purpose or special purpose), audit fees, imputation (franking) credits and the reconciliation of net operating cash flow to profit (loss). AASB 2011-4 makes amendments to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonization between Australian and New Zealand Standards. The Standard deletes various Australian-specific guidance and disclosures from other Standards (Australian-specific disclosures retained are now contained in AASB 1054), and aligns the wording used to that adopted in IFRS. The application of AASB 1054 and AASB 2011-1 in the current year has resulted in the simplification of disclosures in regards to audit fees, franking credits and capital and other expenditure commitments as well as an additional disclosure on whether the company is a for-profit or not-for-profit entity.
AASB 124 'Related Party Disclosures' (revised December 2009)	AASB 124 (revised December 2009) has been revised on the following two aspects: (a) AASB 124 (revised December 2009) has changed the definition of a related party and (b) AASB 124 (revised December 2009) introduces a partial exemption from the disclosure requirements for government-related entities. The company is not a government-related entity. The application of the revised definition of related party set out in AASB 124 (revised December 2009) in the current year has resulted in the consideration of related parties that were not identified as related parties under the previous Standard. Specifically, associates of the ultimate holding company's are treated as related parties of the company under the revised Standard whilst such entities were not treated as related parties under the previous Standard. No additional disclosures have been required on the application of the revised standard. The company does not have an ultimate holding company.

Standards and Interpretations affecting the reported results or financial position

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2. Financial risk management

The company's overall risk management plan seeks to minimize potential adverse effects due to the unpredictability of financial markets.

The company 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 company is exposed are credit risk, liquidity risk, market risk and cash flow interest rate risk.

The company holds the following financial instruments:

	2012 $	2011 $
Financial assets		
Cash and cash equivalents	630,961	2,158,920
Trade and other receivables	87,467	65,750
Available-for-sale financial assets	350,000	1,050,000
	1,068,428	3,274,670
Financial liabilities	96,708	115,704
Trade and other payables	96,708	115,704

Risk management is carried out by the company'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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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).

	2012 $	2011 $
Cash at bank and short-term bank deposits		
AAA	-	1,127,164
A	630,961	1,031,756
	630,961	2,158,920

Other than cash and cash equivalents, the most significant other financial assets are trade and other receivables. The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company. 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 company held deposits at call of $613,784 (2011: $2,137,790) that are expected to readily generate cash inflows for managing liquidity risk.

The company 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 company's financial liabilities into relevant maturity groupings.

Contractual maturities of financial liabilities	Less then 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
At 30 June 2012	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade and other payables	96,708	-	-	-	-	96,708	96,708
	96,708	-	-	-	-	96,708	96,708
At 30 June 2011							
Trade and other payables	115,704	-	-	-	-	115,704	115,704
	115,704	-	-	-	-	115,704	115,704

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2. Financial risk management (continued)

Market risk

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

The table below summaries the impact of increases/decreases in the Deep Yellow Limited share price on the company'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% (2011 – 25%) from balance date fair value with all other variables held constant.

	Impact on post-tax profit (loss)				Impact on reserves			
	2012 $		2011 $		2012 $		2011 $	
	+25%	-25%	+25%	-25%	+25%	-25%	+25%	-25%
Investment in Deep Yellow Limited	87,500	(87,500)	-	(52,500)	-	-	183,750	(147,000)

Cash flow and fair value interest rate risk

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

At 30 June 2012, 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 $6,310 higher/lower (2011 – change of 100 bps: $21,589 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 statement of financial position and notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 company has capitalised exploration expenditure of $3,817,229 (2011 : $3,327,597). 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.

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 company'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 company is unable to raise future funding requirements there exists a material uncertainty that may cast doubt on the company's ability to continue as a going concern with the result that the company 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 company operates solely within one segment, being the mineral exploration industry in Australia.

	2012 $	2011 $
6. Revenue		
Other revenue		
Interest	67,480	144,916

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

7. Income tax expense

	2012 $	2011 $
(a) Numerical reconciliation of income tax expense / (income) to prima facie tax payable		
Profit (loss) from continuing operations before income tax expense	(1,498,984)	(1,484,159)
Tax at the Australian tax rate of 30% (2011 – 30%)	(449,695)	(445,247)
Adjustment to deferred tax assets and liabilities for tax losses and temporary differences not recognised	512,695	69,207
Under (over) provision in prior years	-	-
Income tax expense / (benefit)	63,000	(376,040)
(b) The components of income tax expense / (income):		
Current tax	-	-
Deferred tax	63,000	(376,040)
Under (over) provision in prior years	-	-
	63,000	(376,040)
Deferred income tax (income) expense included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets (Note 13)	63,000	(219,696)
(Decrease) / increase in deferred tax liabilities (Note 17)	-	(156,344)
	63,000	(376,040)
(c) Tax expense (income) relating to items of other comprehensive income:		
Available-for-sale financial assets	(63,000)	42,000
(d) Franking credits		
Franking credits available for use in subsequent financial years	251,146	251,146

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012 $	2011 $
8. Current assets - Cash and cash equivalents		
Cash at bank and on hand	630,961	2,158,920

	2012 $	2011 $
9. Current assets - Trade and other receivables		
Other receivables	32,920	20,288
Prepayments	54,547	45,462
	87,467	65,750

Other receivables
These amounts generally arise from transactions outside the usual operating ctivities of the company.

10. Non-current assets – Property, plant and equipment

	2012 $	2011 $
Equipment / software – at cost	71,793	71,793
Accumulated depreciation	(48,497)	(42,127)
	23,296	29,666

	Equipment / Software $
Year ended 30 June 2011	
Opening net book amount	37,051
Additions	566
Depreciation charge	(7,951)
Closing net book amount	29,666
Year ended 30 June 2012	
Opening net book amount	29,666
Additions	-
Depreciation charge	(6,370)
Closing net book amount	23,296

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012 $	2011 $
11. Non-current assets – Available-for-sale financial assets		
Listed securities		
Equity securities	350,000	1,050,000
At beginning of year	1,050,000	910,000
Impairment through profit or loss	(490,000)	-
Fair value adjustment in other comprehensive income / (loss)	(210,000)	140,000
	350,000	1,050,000

12. Non-current assets – Exploration expenditure

	2012 $	2011 $
Exploration phase property costs		
Deferred geological, geophysical, drilling and other expenditure – at cost	3,817,229	3,327,597
The capitalised exploration expenditure carried forward above has been determined as follows:		
Opening balance	3,327,597	3,863,198
Expenditure incurred during the year	1,257,652	752,042
Exploration abandoned	(768,020)	(1,287,643)
	3,817,229	3,327,597

13. Non-current assets – Deferred tax assets

	2012 $	2011 $
Deferred tax assets	-	-
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Accruals	8,898	9,699
Employee entitlements	9,564	8,808
Business capital costs	-	-
Tax losses	1,822,241	1,348,942
Other	383	383
Amounts recognised in equity		
Capital raising costs	-	22,970
Total deferred tax assets	1,841,086	1,390,802
Set-off of deferred tax assets/liabilities pursuant to set-off provisions	(1,259,184)	(1,321,595)
Net adjustment to deferred tax assets for tax losses not recognised (Note 7)	(581,902)	(69,207)
Net deferred tax assets	-	-
Deferred tax assets expected to be settled within 12 months	18,845	41,860
Deferred tax assets expected to settled after more than 12 months	1,822,241	1,348,942
	1,841,086	1,390,802

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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

Movements in deferred tax assets:

	Accruals $	Employee entitlements $	Business costs $	Tax losses incurred $	Other $	Total $
At 30 June 2010	10,591	8,555	48,216	1,034,537	-	1,101,899
(Charged)/credited to profit or loss (Note 7)	(892)	253	(25,246)	314,405	383	288,903
At 30 June 2011	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
At 30 June 2012	8,898	9,564	-	1,822,241	383	1,841,086

	2012 $	2011 $
14. Non-current assets – Other		
Security deposits	27,500	32,500
15. Current liabilities - Payables		
Trade payables	8,169	53,600
Other payables	88,539	62,104
	96,708	115,704
16. Current liabilities – Income tax payable		
Income tax payable	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

17. Non-current liabilities – Deferred tax liabilities

	2012 $	2011 $
Deferred tax liabilities	-	-
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Exploration expenditure	1,145,170	998,279
Investment	94,228	241,228
Prepayments	13,877	9,639
Property, plant and equipment	5,909	7,964
Interest receivable	-	1,485
Amounts recognised directly in equity		
Asset revaluation reserve	-	63,000
	1,259,184	1,321,595
Set-off of deferred tax assets/liabilities pursuant to set-off provisions	(1,259,184)	(1,321,595)
Net deferred tax liabilities	-	-
Deferred tax liabilities expected to be settled within 12 months	13,877	19,088
Deferred tax liabilities expected to settled after more than 12 months	1,245,307	1,302,507
	1,259,184	1,321,595

Movements in deferred tax liabilities:

	Exploration expenditure $	Available-for-sale financial assets $	Prepayments $	Property, plant and equipment $	Interest receivable $	Total $
At 30 June 2010	1,149,013	262,228	10,806	6,653	7,239	1,435,939
(Charged)/credited to profit or loss (Note 7)	(150,734)	-	(1,167)	1,311	(5,754)	(156,344)
Charged /(credited) to other comprehensive income	-	42,000	-	-	-	42,000
At 30 June 2011	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)
At 30 June 2012	1,145,170	94,228	13,877	5,909	-	1,259,184

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012 $	2011 $
18. Contributed equity		
76,993,688 (2011 : 76,993,688) ordinary shares fully paid	5,889,272	5,889,272

(a) Movements in ordinary share capital:

Date	*Details*	*Number of shares*	*Issue Price $*	*$*
1 July 2010	Balance	76,993,688		5,889,272
	Movement	-		-
30 June 2011	Balance	76,993,688		5,889,272
	Movement	-		-
30 June 2012	Balance	76,993,688		5,889,272

(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 company'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 company 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 company may issue new shares, sell assets to reduce debt or adjust the level of activities undertaken by the company.

The company monitors capital on the basis of cash flow requirements for operational, and exploration and evaluation expenditure. The company's exposure to borrowings as at 30 June 2012 totals $nil (2011: $nil). The company will continue to use capital market issues and joint venture participant funding contributions to satisfy anticipated funding requirements.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

19. Reserves

	2012 $	2011 $
Available-for-sale investments revaluation reserve	-	147,000
Movements:		
Balance 1 July	147,000	49,000
Revaluation – gross (Note 11)	(210,000)	140,000
Deferred tax (Note 17)	63,000	(42,000)
Balance 30 June	-	147,000

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(e). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

20. Retained profits (Accumulated losses)

	2012 $	2011 $
Retained profits (accumulated losses)	(1,049,527)	512,457
Movements:		
Balance 1 July	512,457	1,620,576
Profit / (loss) for the year	(1,561,984)	(1,108,119)
Dividend paid	-	-
Balance 30 June	(1,049,527)	512,457

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

21. Key Management Personnel disclosures

(a) Key management personnel compensation

	2012 $	2011 $
Short-term employee benefits	270,018	274,030
Post-employment benefits	19,982	19,263
Share-based payments	-	-
	290,000	293,293

Detailed remuneration disclosures are provided in the remuneration report on pages 28 to 28.

(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 28.

(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 company, including their personally related parties, are set out below.

2012 *Name*	*Balance at the start of the year*	*Granted as compensation*	*Exercised*	*Other changes*	*Balance at the end of the year*
Directors of Superior Resources Limited					
K J Harvey	-	-	-	-	-
D J Horton	-	-	-	-	-
P H Hwang	-	-	-	-	-
Other key management personnel of the company					
C A Fernicola	-	-	-	-	-

2011 *Name*	*Balance at the start of the year*	*Granted as compensation*	*Exercised*	*Other changes*	*Balance at the end of the year*
Directors of Superior Resources Limited					
L J Litzow	2,000,000	-	-	(2,000,000)	-
K J Harvey	4,000,000	-	-	(4,000,000)	-
D J Horton	2,000,000	-	-	(2,000,000)	-
P H Hwang	-	-	-	-	-
Other key management personnel of the company					
C A Fernicola	-	-	-	-	-

There were no options on issue at 30 June 2012.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

21. 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:

2012 *Name*	*Balance at the start of the year*	*Received on exercising options*	*Net purchased / (sold)*	*Other changes*	*Balance at the end of the year*
Directors of Superior Resources Limited					
P H Hwang	-	-	-	-	-
K J Harvey	5,594,964	-	94,117	-	5,689,081
D J Horton	2,695,000	-	-	-	2,695,000
Other key management personnel of the company					
C A Fernicola	2,787,975	-	-	-	2,787,975

2011 *Name*	*Balance at the start of the year*	*Received on exercising options*	*Net purchased / (sold)*	*Other changes*	*Balance at the end of the year*
Directors of Superior Resources Limited					
L J Litzow	2,520,002	-	-	(2,520,002)	-
P H Hwang	-	-	-	-	-
K J Harvey	5,469,964	-	125,000	-	5,594,964
D J Horton	2,695,000	-	-	-	2,695,000
Other key management personnel of the company					
C A Fernicola	-	-	-	2,787,975	2,787,975

(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 $14,493 (2011: $12,570). The amounts were paid on normal commercial terms and conditions.

In the prior year, a former director, Mr L J Litzow, was a director and shareholder of Diatreme Resources Limited to which the company paid rent of $25,496 and outgoings of $6,676. The amounts were paid on normal commercial terms and conditions. For the year ended 30 June 2012 Diatreme Resources Limited is not considered a related party as Mr L J Litzow has not served on the board of Superior Resources Limited since 3 December 2010.

There are no other related party transactions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012 $	2011 $
22. Remuneration of auditors		
During the year the following fees were paid or payable for services provided by the auditor, its related practises and non-related audit firms:		
Lawler Hacketts Audit -		
Audit or review of financial report	23,750	22,000
Other assurance services	-	-
Taxation compliance services	-	-
	23,750	22,000

23. 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.

24. 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 2012, are as follows:

	2012 $	2011 $
Exploration expenditure commitments		
Commitments for expenditure under exploration permits at the reporting date but not recognised as liabilities payable is:	1,876,529	2,295,141

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 $27,500 (2011: $32,500) are currently held by the relevant governing authorities to ensure compliance with granted tenement conditions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

25. Events occurring after the balance date

Subsequent to the end of the financial year the company issued 3,700,000 ordinary shares at $0.06 each raising $222,000 under a Share Purchase Plan.

A further 1,000,000 ordinary shares have been issued in accordance with an agreement with Copper Strike Limited in relation to the acquisition of exploration rights.

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 2012.

26. Reconciliation of profit / (loss) after income tax to net cash flows from operating activities

	2012 $	2011 $
Profit / (loss) for the year	(1,561,984)	(1,108,119)
Depreciation and amortisation	6,370	7,951
Exploration abandoned	768,020	1,287,643
Tax related balances recognised directly in equity	-	-
Impairment of available-for-sale financial assets	490,000	-
Changes in operating assets and liabilities:		
(Increase) / decrease in other receivables	(12,632)	31,102
(Increase) / decrease in prepayments	5,040	(5,235)
(Increase) / decrease in deferred tax assets	-	-
Increase / (decrease) in income tax payable	-	-
Increase / (decrease) in deferred tax liabilities	63,000	(376,040)
Increase / (decrease) in payables	3,740	(325)
Net cash outflow from operating activities	(238,446)	(163,023)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

27. Earnings (loss) per share

	2012 Cents	2011 Cents
(a) Basic earnings (loss) per share		
Profit (loss) attributable to the ordinary equity holders of the company	(2.03)	(1.40)
(b) Diluted earnings (loss)per share		
Profit (loss) attributable to the ordinary equity holders of the company	(2.03)	(1.40)

	2012 $	2011 $
(c) Reconciliations of earnings used in calculating earnings per share		
Basic earnings per share		
Profit (loss) attributable to ordinary equity holders of the company used in calculating basic earnings per share	(1,561,984)	(1,108,119)
Diluted earnings per share		
Profit (loss) attributable to ordinary equity holders of the company used in calculating diluted earnings per share	(1,561,984)	(1,108,119)

	2012 Number	2011 Number
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	76,993,688	76,993,688
Adjustments for calculation of diluted earnings per share:		
Options	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	76,993,688	76,993,688

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

28. Related party transactions

(a) Transactions with related parties

The following transactions occurred with related parties:

	2012 $	2011 $
Payments for office rent and administration services from other related parties	14,493	12,570

(b) 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:

Current payables		
Other related parties	1,744	4,949

	2012 $	2011 $
29. Employee benefits		
Employee entitlements		
Current – Payable (Note 15)	31,879	29,360

Number of employees : 1 (2011: 1)

30. Entity details

The registered office of the company is:

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

The principal place of business of the company is:

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

Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes set out on pages 46 to 73, 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 company's financial position as at 30 June 2012 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, 14 September 2012

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 (the company), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 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 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 judgment, 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 and fair presentation of the financial report 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 entity'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*.

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 financial position as at 30 June 2012 and of its performance for the year ended on that date; and
   - ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

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

Inherent Uncertainty regarding capitalised Exploration Expenditure

Without qualification to the opinion expressed above, attention is drawn to the following matter:

As a result of the matter described in Note 3 to the financial statements, there is uncertainty as to whether the company will be able to recover the carrying value of exploration expenditure for the amount recorded in the financial report. The ultimate recovery of the carrying value of exploration expenditure, and future exploration expenditure, is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 28 of the Directors' Report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion
In our opinion the Remuneration Report of Superior Resources Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Lawler Hacketts

Lawler Hacketts Audit

Liam Murphy
Partner

Dated this 14th day of September 2012

Shareholder Information

The information set out below was applicable at 5 September 2012.

A. DISTRIBUTION OF EQUITY SECURITIES

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

Class of security - ordinary shares

Range	Number of holders
1 - 1,000	6
1,001 - 5,000	11
5,001 - 10,000	137
10,001 - 100,000	237
100,001 and over	86
	477

The number of holders holding less than a marketable parcel of 11,112 ordinary shares was 155 and they held 1,394,685 securities.

B. EQUITY SECURITY HOLDERS

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

	Ordinary shares	
Name	**Number**	**% Issued Shares**
Dr Leon Eugene Pretorius	9,000,000	11.02
Kenneth James Harvey & Elizabeth Ann Harvey <Harvey No2 Super Fund>	5,940,724	7.27
Terra Search Pty Ltd	3,405,000	4.17
Simon David Beams	3,116,668	3.82
Mrs Wenzhen Zhang	3,110,586	3.81
Miss Zhenteng Wang	2,890,000	3.54
Terry Taylor & Lynda Louise Taylor <Homeminster Super Fund>	2,833,336	3.47
Weir River Consulting Pty Ltd <Weir River Grazing>	2,300,002	2.82
Carlos Alberto Fernicola & Kerrie Alison Fernicola <Fernicola No1 Fund>	1,700,000	2.08
Spills Australia Pty Ltd <Chris Gibson Super Fund>	1,666,668	2.04
David John Horton & Rosalind Denise Horton	1,575,000	1.93
Donald Cameron McIntosh	1,473,334	1.80
Locdale Pty Ltd	1,200,000	1.47
Busker's End Pty Limited <NSF A/C>	1,200,000	1.47
Mr Chris Gibson <The Chris Gibson Super Fund>	1,200,000	1.47
Anthony John Fawdon & Rosemarie Monica Fawdon <Fawdon Super Fund>	1,100,002	1.35
Horton Family Super Pty Ltd <Horton Super Fund>	1,075,000	1.32
Palatine Holdings Pty Ltd <Litster Super Fund>	1,000,000	1.22
Deerwood Pty Ltd <Skinner Capital Trust>	1,000,000	1.22
Presenter Pty Ltd <TK Trust>	1,000,000	1.22
Pinegold Pty Ltd <Greg Runge Family>	1,000,000	1.22
Copper Strike Limited	1,000,000	1.22
	49,786,320	60.95*

* Total of Ordinary Shares on Issue 81,693,688

Unquoted equity securities

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

Holders of greater that 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:

	Ordinary shares	
Shareholder	Number held	Percentage of issued shares
Leon Eugene Pretorius	9,000,000	11.02
Simon David Beams	7,366,668	9.02
Kenneth James Harvey	5,940,724	7.27

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 as at 5 September 2012. All tenements are located in Queensland. Exploration Permits for Minerals held are for all minerals other than coal. All tenements are held by Superior Resources Limited as the principal and sole holder with 100% unencumbered share.

Identification	Name	Date of Grant	Date of Expiry	Sub Blocks	Area
DAJARRA PROJECT					
EPM15040	Sulieman Creek	28 March 2006	27 March 2011*	75	225 km^2
EPM15046	Smoky Creek	28 February 2006	27 February 2016	21	63 km^2
EPM15329	West Smoky	30 January 2007	29 January 2017	38	114 km^2
EPM16995	Little Sulieman	30 January 2012	29 January 2017	100	300 km^2
EPM17012	Wills Creek	29 April 2011	28 April 2016	100	300 km^2
EPM18542	Duncans Creek	Application		100	300 km^2
EPM19552	Turpentine Creek	Application		99	297 km^2
INCA PROJECT					
EPM15732	Inca Creek 2	25 September 2007	24 September 2012*	50	150 km^2
EPM16027	Buckley River	19 September 2008	18 September 2013	100	300 km^2
EPM18843	Wooroona Creek	Application		240	720 km^2
NICHOLSON PROJECT					
EPM15670	Hedleys 2	21 August 2006	20 August 2011*	62	186 km^2
EPM18203	Hedleys South	Application		100	300 km^2
VICTOR PROJECT					
EPM16028	Victor Creek	16 September 2008	15 September 2013	49	147 km^2
EPM18840	Harris Creek	9 May 2012	8 May 2017	100	300 km^2
UNDILLA PROJECT					
EPM19097	Tots Creek	Application		118	354 km^2
EPM19214	Scrubby Creek	Application		100	300 km^2
CASSIDY PROJECT					
EPM19247	Cassidy Creek	Application		100	300 km^2
COCKIE PROJECT					
EPM18987	Cockie Creek	Application		100	300 km^2
ML6750	One Mile	1 November 1992	31 October 2017	n/a	128 ha

** Renewal lodged*

Abbreviations: EPM – Exploration Permit for Minerals ML – Mining Lease ha - hectare

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