



**Superior
Resources
Limited**

ABN 72 112 844 407

HALF-YEAR REPORT – 31 DECEMBER 2019

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by Superior Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

DIRECTORS' REPORT

Your directors present their report on Superior Resources Limited ("Superior" or "the Company") and the entities it controlled (referred to hereafter as "the Group" or "the consolidated entity") for the half-year ended 31 December 2019.

Directors

The following persons were directors of Superior Resources Limited during the half-year and up to the date of this report. Directors were in office for the entire period unless otherwise stated.

P H Hwang (Managing Director)
C A Fernicola (Chairman and Company Secretary)
K J Harvey (Non-executive Director resigned on 28 November 2019)
S J Pooley (Non-executive Director appointed on 28 November 2019)

Results and review of operations

The operating loss after income tax of the consolidated entity for the half-year was \$459,381 (2018: loss \$336,527).

The reported losses reflect the nature of the consolidated entity's principal activity, being mineral exploration.

During the half year period the principal activity of the Group was exploration for base metals, copper-gold and nickel-cobalt deposits in northern Queensland, Australia. There were no significant changes in the nature of the company's activities during the reporting period.

- **Nicholson Project** (zinc-lead-silver)
 - The Company entered into an Earn-in and Joint Venture Agreement with South32 Group Operations Pty Ltd on 28 May 2019 (**JVA**).
 - The Company as the Operator under the JVA, conducted exploration operations during the reporting period in accordance with South32's first stage of commitments under the JVA.
 - Under the terms of the JVA, South32 may earn an interest of up to 80% in the Project by satisfying the following requirements:
 - Stage 1: South32 must sole-fund an initial \$2,000,000 or 4,000m of drilling (whichever comes first) within the first 12 months of operations;
 - Stage 2: provided South32 completes Stage 1, it will have a right to elect to proceed to Stage 2 to earn a 70% interest in the Project by sole-funding an additional \$4,000,000 on exploration within a further four years; and
 - Stage 3: provided South32 completes Stage 2, it will have a right to earn an additional 10% interest in the Project by sole-funding a feasibility study.
 - Superior will be the JV operator during Stages 1 and 2 of operations.
 - Drilling of the first diamond core hole commenced on 27 July 2019.
 - A total of four diamond core holes was drilled, totalling 3,175 metres.
 - Sampling and assaying of drill holes commenced.
- **Greenvale Project** (VMS and porphyry copper, gold and nickel-cobalt)
 - During the period, the Company conducted desktop planning for:
 - a follow-up diamond drilling program at the Bottletree Prospect;
 - an initial exploration program at the Company's new Big Mag Prospect; and

Results and review of operations - continued

- an evaluation of the potential for immediate mining of the Steam Engine Gold Prospect.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

DIRECTORS' REPORT

- Conducted a field geological mapping and reconnaissance exercise at the Bottletree Prospect to assist with the planning of a follow-up diamond drilling program.

- **Corporate – Commercial**

- The Company completed a capital raising via a private placement to sophisticated investors on 31 July 2019. Under the capital raising, 82,000,000 fully paid ordinary shares in the Company were issued at an issue price of \$0.008 per new share.
- Resignation of Mr Ken Harvey (Non-Executive Director) - Mr Ken Harvey, Non-Executive Director of the Company, retired from the Board at the conclusion of the 2019 Annual General Meeting held on 28 November 2019.
- Appointment of Mr Simon Pooley as Non-Executive Director - Mr Simon Pooley was appointed as an interim Non-Executive Director of the Company on 28 November 2019.

Matters subsequent to reporting date

On 4 March 2020, South32 withdrew from the JVA. As a result, the agreement has been terminated. The liabilities for restrictions over assets of \$1,895,698 as at 31 December 2019 will be decreased and allocated firstly against exploration expenditure – Hedley JVA of \$1,706,122 and the balance released to revenue. This reflects the fact that the additions to the exploration asset were not funded by the Group during the year.

Other than the above, there are no other matters or circumstances that have arisen since 31 December 2019 that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

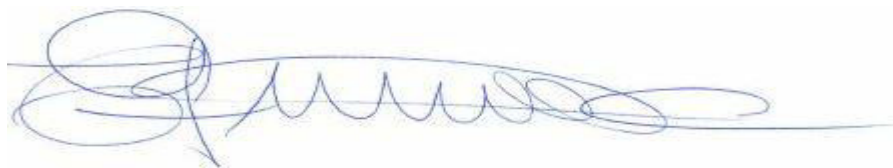
Cash Conservation

The Company's Board continues to maintain the current cash conservation measures with respect to the Company's operations and administration.

Auditor's Independence Declaration

The lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

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

A handwritten signature in blue ink, appearing to read 'CA Fernicola', with a long horizontal line extending to the right.

CA Fernicola
Chairman

Brisbane, 13 March 2020

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 half-year ended 31 December 2019, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Superior Resources Limited and the entities it controlled during the half year.

PKF BRISBANE AUDIT



LIAM MURPHY
PARTNER

11 MARCH 2020
BRISBANE

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	Note	Consolidated Half-year 2019 \$	2018 \$
Revenue	7	158	2,552
Expenses			
Accounting and audit fees		(34,278)	(17,500)
Depreciation and amortisation		(1,263)	(2,020)
Impairment of assets held for sale	7	-	(152,460)
Plant and equipment written off	7	-	(1,888)
Office rent and outgoings		(7,562)	(7,038)
Exploration expenditure written off		(153,894)	(3,220)
Administration expenses	7	(214,224)	(158,803)
		<hr/>	<hr/>
Loss before income tax		(411,064)	(340,377)
Income tax (expense) benefit		(48,317)	3,850
		<hr/>	<hr/>
Loss for the half-year attributable to members of the parent entity		(459,381)	(336,527)
		<hr/>	<hr/>
Other comprehensive income for the half-year, net of tax		(114,422)	10,150
		<hr/>	<hr/>
Total comprehensive loss for the half-year attributable to owners of Superior Resources Limited		(573,803)	(326,377)
		=====	=====
		Cents	Cents
Earnings (loss) per share:			
Basic earnings (loss) per share		(0.06)	(0.05)
Diluted earnings (loss) per share		(0.06)	(0.05)

The accompanying notes form part of these financial statements.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Note	Consolidated 31 December 2019 \$	30 June 2019 \$
ASSETS			
Current assets			
Cash and cash equivalents		214,123	103,745
Trade and other receivables		4,955	1,934
Financial assets	8	16,248	17,929
Other assets		51,010	72,604
Total current assets		286,336	196,212
Non-current assets			
Financial assets	8	175,481	336,538
Financial assets – Restricted cash		126,552	943,855
Plant and equipment		8,066	9,330
Exploration expenditure	4	4,281,169	4,306,462
Exploration expenditure – Hedley JVA	4	1,706,122	120,994
Other		29,798	28,500
Total non-current assets		6,327,188	5,745,679
Total assets		6,613,524	5,941,891
LIABILITIES			
Current liabilities			
Payables	9	489,822	510,729
Total current liabilities		489,822	510,729
Non-current liabilities			
Payables	9	44,666	44,666
Liabilities for restrictions over assets	11	1,895,698	1,064,849
Total non-current liabilities		1,940,364	1,109,515
Total liabilities		2,430,186	1,620,244
Net assets		4,183,338	4,321,647
EQUITY			
Contributed equity	10	11,410,707	10,975,213
Accumulated losses		(4,017,034)	(3,557,653)
Reserves		(3,210,335)	(3,095,913)
Total equity		4,183,338	4,321,647

The accompanying notes form part of these financial statements.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	Ordinary shares \$	Accumulated losses \$	Reserves \$	Total \$
Balance at 1 July 2019	10,975,213	(3,557,653)	(3,095,913)	4,321,647
Loss for the half-year	-	(459,381)	-	(458,381)
Other comprehensive income (Note 8)	-	-	(114,422)	(114,422)
Total comprehensive income	-	(459,381)	(114,422)	(573,803)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	435,494	-	-	435,494
Balance at 31 December 2019	11,410,707	(4,017,034)	(3,210,335)	4,183,338
Balance at 1 July 2018	10,975,213	(6,305,280)	65,975	4,735,908
Loss for the half-year	-	(336,527)	-	(336,527)
Other comprehensive income	-	-	10,150	10,150
Total comprehensive income	-	(336,527)	10,150	(326,377)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	-	-	100	100
Balance at 31 December 2018	10,975,213	(6,641,807)	76,225	4,409,631

The accompanying notes form part of these financial statements.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	Consolidated Half-year	
	2019	2018
	\$	\$
Cash flows from operating activities		
Receipts from customers (GST inclusive)	73,076	44,563
Payments to suppliers and employees (GST inclusive)	(306,945)	(229,854)
Interest received	77	352
Insurance proceeds received	-	2,200
Net cash outflow from operating activities	<u>(233,792)</u>	<u>(182,739)</u>
Cash flows from investing activities		
Payments for exploration expenditure	(125,026)	(573,771)
Payments for property, plant and equipment	-	(2,206)
Payment for security deposits	(1,298)	(500)
Net cash outflow from investing activities	<u>(126,324)</u>	<u>(576,477)</u>
Cash flows from financing activities		
Proceeds from related party borrowings	35,000	-
Proceeds on issue of shares	459,000	-
Payment of capital raising costs	(23,506)	-
Net cash inflow (outflow) from financing activities	<u>470,494</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	110,378	(759,216)
Cash and cash equivalents at the beginning of the half-year	103,745	886,368
Cash and cash equivalents at the end of the half-year	<u>214,123</u> =====	<u>127,152</u> =====

Restricted cash

Restricted cash is excluded from cash and cash equivalents for the consolidated statement of cash flows.

The accompanying notes form part of these financial statements.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

Note 1 General Information

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

The registered office of the Company is:

Unit 8, 61 Holdsworth Street
Coorparoo QLD 4151
Ph (07) 3847 2887

The principal place of business of the Company is:

Unit 8, 61 Holdsworth Street
Coorparoo QLD 4151
Ph (07) 3847 2887

The financial statements are for the Group consisting of Superior Resources Limited and its subsidiaries (the **consolidated entity** or the **Group**).

There have been no significant changes in the nature of the principal activities of the Group during the half year.

Note 2 Significant Accounting Policies

(a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The Group is a for-profit entity for the purpose of preparing this report.

This half-year financial report does not include all the notes of the type normally included in an Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial position and financial performance of the Group as the Annual Financial Report. As a result, this report should be read in conjunction with the 30 June 2019 Annual Financial Report of the Group and any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

The financial statements were approved and authorised for issue by the Directors on 13 March 2020.

(b) Basis of preparation

The financial statements have been prepared on an accrual basis and under the historical cost convention, as modified where applicable by the revaluation of financial assets and liabilities at fair value through other comprehensive income, certain classes of property, plant and equipment and investment property.

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those of the previous financial year and corresponding interim reporting period.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

Note 3 Application of New and Revised Accounting Standards

The consolidated entity has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There has been no material impact on the financial statements by their adoption.

The company has adopted the new leasing standard AASB 16 Leases for the first time during the current half-year reporting period. The Superior Resources Group has only two leases (for office space and accommodation) to which the standard applies and have determined that, as defined by the standard, they are short term leases. The company has elected to adopt the recognition exemption set out in the standard. As a result, the company will continue to recognise rental expense payments applicable to the leases as expenses in the Consolidated Statement of Comprehensive Income during the current reporting period.

The Directors have determined that, apart from the issue of AASB 16 Leases, there is no material impact for this or any other Standard and Interpretations on the group and therefore no material change is necessary to accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The potential financial impact of these changes is not yet possible to determine.

Note 4 Critical Accounting Estimates and Judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical judgements in applying the entity's accounting policies

The Group has capitalised exploration expenditure of \$4,281,169 (30 June 2019: \$4,306,462) together with the capitalised exploration expenditure of \$1,706,122 (30 June 2019: \$122,994) under Hedley JVA. These amounts include 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 asset 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.

Note 5 Going Concern

Notwithstanding that the Group incurred an operating loss after tax of \$459,381 (31 December 2018: loss of \$336,527), these financial statements have been prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

Note 5 Going Concern (continued)

The ability of the consolidated entity to continue as a going concern is dependent upon one or more of the following:

- achieving sufficient future cash flows from operations to enable its obligations to be met;
- the success of cost saving initiatives, which include entering into Joint Venture arrangements and reducing tenement areas, so as to reduce the carrying and expenditure costs for tenements;
- cash flows from the sale of any of the Group's assets; and
- obtaining additional funding from capital raising activities.

The Directors acknowledge that to continue the exploration and development of the Group's exploration projects, the budgeted cash flows from operating and investing activities for the future will necessitate further capital raisings. In addition, the Directors have agreed to retain at least 25% of their salary payments, which may be varied from time to time, in the interests of facilitating the consolidated entity to continue as a going concern.

The Directors are confident of being able to secure additional funding and believe the entity is a going concern and will be able to pay its debts as and when they fall due and payable.

At the date of this report and having considered the above factors, the Directors are confident that the Group will be able to continue as a going concern.

In the event that the Group is unable to satisfy future funding requirements, a material uncertainty would arise that may cast significant doubt on the Group's ability to continue as a going concern with the result that the Group may be required to realise its assets at amounts different from those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for costs which may arise as a result of cessation or curtailment of normal business operations.

Note 6 Segment Information

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

Note 7 Loss for the Half-year

	Half-year	
	2019	2018
	\$	\$
Loss before income tax for the half-year includes the following Items that are unusual because of their nature, size or incidence:		
Proceeds from insurance claim	-	2,200
Impairment of assets held for sale	-	152,460
Plant and equipment written off	-	1,888
Administration expenses		
Salaries and wages	69,376	52,969
Directors' fees	12,000	12,000
Company secretary fees	13,037	12,000
ASX and share registry fees	34,771	36,929
Legal and professional fees	3,800	-
AGM expense	8,449	11,396
Insurance expense	25,856	12,813
Other	46,935	20,696
	214,224	158,803

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

Note 8 Fair Value of Financial Assets Held for Sale

	31 Dec 2019 \$	30 Jun 2019 \$
Recurring fair value measurements		
The following financial instruments are subject to recurring fair value measurements:		
Financial assets at fair value through other comprehensive income:		
Current assets		
Deep Yellow Limited (DYL)		
- Listed equity securities – Level 1	16,248	17,929
Non-current assets		
Carnaby Resources Limited (CNB)		
- Listed equity securities – Level 1	175,481	336,538

The decrease in the market value of listed equity securities of \$114,422 (net of tax) during the half-year has been recorded in the asset revaluation reserve.

Fair value hierarchy

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

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

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

Note 9 Payables

	31 Dec 2019 \$	30 Jun 2019 \$
Current payables		
Trade payables	112,751	177,402
Other payables	23,119	43,571
Payable to Directors	304,288	244,540
Employee entitlements	49,664	45,216
	<hr/> 489,822	<hr/> 510,729
Non-current payables		
Payable to Directors	44,666	44,666
	<hr/> 44,666	<hr/> 44,666

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

Note 10 Equity Securities Issued

	31 Dec 2019 Shares	31 Dec 2019 \$
(a) Share capital		
Ordinary shares		
Fully paid	745,418,740	11,410,707

(b) Movements in ordinary share capital

Date	Details	Note	Number of Shares	Issue Price	\$
1 Jul 2019	Opening Balance		688,043,740		10,975,213
31 July 2019	Shares issued		57,375,000	0.008	459,000
	Share issue expenses				(23,506)
31 December 2019	Closing Balance		745,418,740		11,410,707

(c) Share options

There are no options on issue at the date of this report. Options open at the start of the reporting period were not exercised and lapsed on 31 August 2019.

Note 11 Liabilities for restrictions over assets

	Note	31 Dec 2019 \$	30 Jun 2019 \$
Non-current liability			
Contribution received from South32		1,500,000	1,000,000
<i>Add (less):</i>			
Payments for assets acquired		(12,510)	-
Creditors under the JVA		408,208	64,849
		1,895,698	1,064,849

Restricted Cash – Nicholson Project

The Group has \$126,552 (30 June 2019: \$943,855) in restricted cash held as a result of its role as the Operator under the Earn-in and Joint Venture Agreement (JVA) with South32 Group Operations Pty Ltd (South32).

In accordance with the first stage of commitment, South32 must sole-fund an initial \$2 million or 4,000m of drilling within the first 12 months of operations. As at 31 December 2019, South32 had prepaid \$1.5 million to the Company as the Operator under the JVA, to fund the planned exploration operations in accordance with South32's first stage of commitments.

This prepaid amount is held solely for the benefit of South32 in meeting their obligations under the JVA is held as restricted cash as it is not available to finance the Group's day-to-day operations and therefore has been excluded from cash and cash equivalents for the purposes of the statement of cash flows. It has been disclosed as a non-current asset. An offsetting liability has been recognised representing the obligation of the Company, as the Operator under the JVA to South32 to meet their first stage of exploration commitments.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

Note 11 Liabilities for restrictions over assets (continued)

Subsequent to period end, the JVA was terminated. The liabilities for restrictions over assets of \$1,895,698 as at 31 December 2019 will be decreased and allocated firstly against exploration expenditure – Hedley JVA of \$1,706,122 and the balance released to revenue. This reflects the fact that the additions to the exploration asset were not funded by the Group during the year.

Note 12 Commitments for Expenditure

	31 Dec 2019 \$	30 Jun 2019 \$
Exploration commitments		
Commitments as at 31 December 2019 for payments under exploration permits for minerals in existence at the reporting date but not recognised as liabilities payable is:		
Payable within 1 year	908,975	1,118,970
Payable greater than 1 year	2,020,110	1,962,518
	<u>2,929,085</u>	<u>3,081,488</u>

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

Note 13 Contingent Liabilities

There have been no changes in contingent liabilities since the end of the previous annual reporting period, 30 June 2019.

Note 14 Events Occurring After the Reporting Period

As disclosed above, South32 withdrew from the JVA on 4 March 2020. As a result, the agreement has been terminated.

Other than the above, there are no other matters or circumstances that have arisen since 31 December 2019 that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

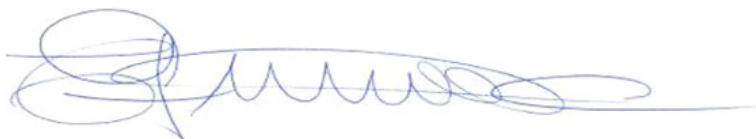
SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

DIRECTORS' DECLARATION

In the directors' opinion:

1. the consolidated financial statements and notes set out on pages 4 to 13, are in accordance with the Corporations Act 2001, including:
 - a) complying with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date, and
2. having regard to Note 5 to the financial statements, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors made pursuant to s303(5) of the Corporations Act 2001.

A handwritten signature in blue ink, appearing to read 'CA Fernicola', with a long horizontal line extending to the right.

CA Fernicola
Chairman

Brisbane, 13 March 2020

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

Conclusion

We have reviewed the accompanying half-year financial report of Superior Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter – Going Concern

We draw attention to Note 5 of the financial statements which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Superior Resources Ltd (HY2019) Superior Resources Limited ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

PKF BRISBANE AUDIT



LIAM MURPHY
PARTNER

11 MARCH 2020
BRISBANE