



# Superior Resources Limited

ABN 72 112 844 407

## HALF-YEAR REPORT – 31 DECEMBER 2015

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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 2015 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 (referred to hereafter as the Group) for the half-year ended 31 December 2015.

#### Directors

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

P H Hwang (Managing Director)  
C A Fericola (Chairman)  
K J Harvey (Non-executive Director)

Mr D J Horton was a director from the start of the half-year until his retirement on 16 November 2015.

#### Results and Review of Operations

The operating loss after income tax of the consolidated entity for the half-year was \$1,867,212 (2014: loss \$268,092). The substantially increased operating loss for the current half-year is a result of the surrender of one exploration permit (EPM15040), against which, capitalised exploration expenditure to the value of \$1,678,131 has been written off.

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

Superior Resources Limited's (**Superior** or **Company**) activities during the half year period were focused on the following objectives:

1. commence and progress metallurgical assessment of the Tick Hill tailings storage facility;
2. finalise farm-in and joint venture arrangements regarding the north west Queensland Nicholson Project;
3. conduct a placement capital raising campaign; and
4. identify and engage with third parties in relation to new project opportunities as well as potential joint venture arrangements in relation to the North West Queensland Projects.

#### TICK HILL TAILINGS PROJECT

Two air-core drilling programs were completed on the Tick Hill Tailings Storage Facility (TSF) during the period, resulting in a total of 373 samples taken from 55 drill holes totalling 398 metres. In addition, two 20 kilogram composite bulk samples were taken from a line of five drill holes in each of the western and eastern paddocks of the TSF.

All samples were assayed to assess gold recovery process pathways and to develop a process flowsheet.

Samples for a metallurgical testing program were obtained from a single N-S oriented drill line through the centre of each tailings paddock. These samples were composited to give an approximate 50kg bulk sample for each tailings paddock.

Based on the assay results received from the two drilling programs, the overall grade of the TSF is 1.08 g/t Au with the eastern paddock averaging 1.42 g/t Au and the western paddock averaging 0.81 g/t Au. Overall head grades obtained during metallurgical testing for each of the composites were calculated to be 1.27 g/t Au for the eastern paddock and 0.71 g/t Au for the western paddock.

The work completed to date on the Tick Hill Tailings Project indicates that very high levels of gold extraction can be achieved by cyanide leaching and this coupled with a significant proportion of water soluble gold, provides encouragement for efficient processing of the Tick Hill tailings material. The metallurgical testing program was completed during October 2015.

Subsequent to the reporting period, the Company announced a maiden JORC mineral resource for the

## SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

### DIRECTORS' REPORT

Tick Hill Gold Tailings Project (on 19 January 2016).

The Company also commenced a process of data review and planning for the preparation of a deep drilling program.

#### NORTH WEST QUEENSLAND – NICHOLSON PROJECT

The Company entered into a Farm-in and Joint Venture Agreement with Teck Australia Pty Ltd (**Teck Australia**), a wholly-owned subsidiary of Canada's largest diversified resource company, Teck Resources Limited (**Teck**), in relation to the Company's Nicholson Project (zinc-lead-copper) in north-west Queensland.

Under the terms of the Agreement, Teck Australia has an exclusive right to earn a 70% interest in the Nicholson Project by spending \$2,500,000 in accordance with the following structure:

- incurring \$250,000 Minimum Expenditure: to be spent on exploration by 30 September 2016; and
- incurring \$2,250,000 in optional expenditure on or before the 31 December 2018.

The Company will continue to progress proposals with third parties in relation to farm-in and joint venture arrangements in respect its other North West Queensland base metals projects.

#### RIESLING PROJECT

In December, 2015, the Company conducted a 6-hole scout program of 426 metres of Reverse Circulation Percussion drilling at the Riesling Prospect.

The Riesling Project is located 300 kilometres west of Townsville within EPM 19247, which is close to the Company's north east Queensland Greenvale Project (100% owned by Superior). The project is a zinc-lead-copper prospect covering an area containing a zone of gahnite (zinc spinel) bearing units within the Einasleigh Metamorphics.

EPM 19247 also includes three other prospects named "Chablis", "Riesling South" and "Burgundy". The prospective area extends over a 5.5 km zone from the Burgundy prospect in the south through the Riesling prospect in the central part to the Chablis prospect in the north.

The drill holes were designed to test significant multi-element surface geochemistry particularly delineated by a regional extensive copper-zinc soil anomaly. The surface geology consists of thin gossan zones (after oxidised sulphides) and bands of schist and gneiss some of which contain the zinc spinel, gahnite. The mineralised units are hosted within a high grade metamorphic package of pelitic schist, altered metavolcanics, amphibolite and granitic gneiss.

All drill holes intersected minor zinc-copper mineralisation in the form of thin quartz-gahnite bearing bands, with traces and disseminations of minor chalcopyrite and pyrite, hosted within biotite-muscovite schists, biotite gneiss and amphibolite. Depth of oxidation is generally shallow (15m-30m). Pink spessartine garnet is a common accessory mineral in the schists and gneisses.

Portable XRF (**PXRF**) analysis on representative 1m samples from the mineralised intervals have returned results (over several metres) in the order of 0.1% to 0.5% zinc, with a maximum of 1.5% zinc and elevated copper in the 500ppm to 900ppm copper range. The PXRF bench-top analyses were performed by Terra Search Pty Ltd under controlled conditions with QA/QC provided by matrix matched standards, duplicates and blanks.

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**DIRECTORS' REPORT**

The best results are:

- Hole CCRC001:30m @ 0.29% Zn (0m – 30m)
- Hole CCRC001:2m @ 1.43% Zn (41m – 43m)
- Hole CCRC001:3m @ 0.65% Zn (67m – 70m)
- Hole CCRC002:20m @ 0.18% Zn (0m – 22m)
- Hole CCRC004:14m @ 0.23% Zn (6m – 20m)
- Hole CCRC005:23m @ 0.24% Zn (0m – 23m)

The Company considers that the results of the drilling program did not identify or explain the intense high-order anomalies that are present in the soil geochemistry. The scope of the drilling program was limited as a result of a shortage of available funds and the limited time available to conduct the program due to adverse weather conditions.

Superior is currently assessing the significance of the results in terms of the potential for the Riesling area to host significant strata bound base metal mineralisation.

**NEW PROJECT OPPORTUNITIES**

Superior is actively seeking advanced project acquisition and joint venture opportunities. Discussions have commenced relating to an advanced project that complements the Company's current project portfolio and corporate objectives.

**CAPITAL RAISING – PLACEMENT**

The Company conducted an interim capital raising campaign by way of placements to the Company's management and sophisticated investors to raise up to \$200,000 for the purpose of operating expenses. The capital raising was the subject of a resolution put to shareholders at the Company's 2015 AGM.

A total of \$111,010 was raised.

**Auditor's Independence Declaration**

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

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



**CA Fernicola**  
**Chairman**

Brisbane, 14 March 2016

**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 2015, there have been no contraventions of:

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



**PKF HACKETTS AUDIT**



**Cameron Bradley  
Partner**

Brisbane, 14 March 2016

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	<b>2015</b>	<b>Consolidated Half-year</b>
	<b>\$</b>	<b>2014</b>
		<b>\$</b>
<b>Revenue</b>	1,979	3,553
<b>Expenses</b>		
Accounting and audit fees	(8,400)	(16,800)
Depreciation and amortisation	(1,682)	(3,272)
Office rent and outgoings	(10,924)	(19,180)
Exploration expenditure written off	(1,680,790)	(19,449)
Administration expenses	(160,395)	(177,944)
Impairment of available for sale financial assets	(7,000)	(35,000)
	<hr/>	<hr/>
<b>Loss before income tax</b>	(1,867,212)	(268,092)
Income tax benefit	-	-
	<hr/>	<hr/>
<b>Loss for the half-year attributable to members of the parent entity</b>	(1,867,212)	(268,092)
	<hr/>	<hr/>
<b>Other comprehensive income/(loss) for the half-year, net of tax</b>	-	-
	<hr/>	<hr/>
<b>Total comprehensive loss for the half-year attributable to owners of Superior Resources Limited</b>	(1,867,212)	(268,092)
	<u>=====</u>	<u>=====</u>
	<b>Cents</b>	<b>Cents</b>
<b>Earnings (loss) per share:</b>		
Basic earnings (loss) per share	(0.78)	(0.15)
Diluted earnings (loss) per share	(0.78)	(0.15)

The accompanying notes form part of these financial statements.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Consolidated	
	31 December 2015 \$	30 June 2015 \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	63,389	359,471
Trade and other receivables	116,263	65,919
Available-for-sale financial assets	63,000	-
	242,652	425,390
<b>Total current assets</b>		
<b>Non-current assets</b>		
Plant and equipment	15,728	9,964
Available-for-sale financial assets	-	70,000
Exploration expenditure	3,013,678	4,461,254
Other	30,000	27,500
	3,059,406	4,568,718
<b>Total non-current assets</b>		
	3,302,058	4,994,108
	=====	=====
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	347,741	172,579
	347,741	172,579
<b>Total current liabilities</b>		
	347,741	172,579
<b>Total liabilities</b>		
	347,741	172,579
	=====	=====
<b>Net assets</b>		
	2,954,317	4,821,529
	=====	=====
<b>EQUITY</b>		
Contributed equity	7,766,926	7,766,926
Accumulated losses	(4,812,609)	(2,945,397)
	2,954,317	4,821,529
<b>Total equity</b>		
	2,954,317	4,821,529
	=====	=====

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 2015**

Consolidated Group	Ordinary shares \$	Accumulated losses \$	Total \$
<b>Balance at 1 July 2014</b>	7,229,441	(2,470,011)	4,759,430
Loss for the half-year	-	(268,092)	(268,092)
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	-	(268,092)	(268,092)
<b>Transactions with owners in their capacity as owners:</b>			
Contributions of equity, net of transaction costs	288,485	-	288,485
<b>Balance at 31 December 2014</b>	7,517,926	(2,738,103)	4,779,823
<b>Balance at 1 July 2015</b>	7,766,926	(2,945,397)	4,821,529
Loss for the half-year	-	(1,867,212)	(1,867,212)
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	-	(1,867,212)	(1,867,212)
<b>Transactions with owners in their capacity as owners:</b>			
Contributions of equity, net of transaction costs	-	-	-
<b>Balance at 31 December 2015</b>	7,766,926	(4,812,609)	2,954,317

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 2015**

	<b>Consolidated Half-year</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (GST inclusive)	12,607	8,410
Payments to suppliers and employees (GST inclusive)	(134,986)	(209,447)
Interest received	1,979	3,553
Prior year research and development tax refund	-	60,654
<b>Net cash outflow from operating activities</b>	<u>(120,400)</u>	<u>(136,830)</u>
<b>Cash flows from investing activities</b>		
Payments for exploration expenditure	(245,736)	(145,933)
Payments for property, plant and equipment	(7,446)	-
(Payment)/refund of security deposits	(2,500)	2,500
<b>Net cash outflow from investing activities</b>	<u>(255,682)</u>	<u>(143,433)</u>
<b>Cash flows from financing activities</b>		
Proceeds on issue of shares	80,000	290,920
Payment of capital raising costs	-	(9,038)
<b>Net cash inflow from financing activities</b>	<u>80,000</u>	<u>281,882</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(296,082)	1,619
Cash and cash equivalents at the beginning of the half-year	359,471	360,601
<b>Cash and cash equivalents at the end of the half-year</b>	<u>63,389</u>	<u>362,220</u>
	=====	=====

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 2015**

**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:

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

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 2015 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 14 March 2016.

**(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 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.

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 2015**

**Note 3 Application of New and Revised Accounting Standards**

**New or revised Accounting Standards and Interpretations adopted**

A number of new and revised accounting standards and interpretations became mandatory for the first time during the half-year reporting period to 31 December 2015. The Group has adopted the new and revised standards and interpretations that are relevant to its operations and effective for the current half-year. Adoption has not resulted in any changes to the Group's accounting policies or adjustments to the amounts recognised or disclosed in these financial statements.

**Standards and Interpretations in issue not yet adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group. The assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, is set out below.

AASB 9 'Financial Instruments', and the relevant amending standards - effective for annual reporting periods beginning on or after 1 January 2018. The directors of the Company do not anticipate that the application of these amendments to AASB 9 will have a material impact on the Group's consolidated financial statements.

AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations' - effective for annual reporting periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to AASB 11 will have a material impact on the Group's consolidated financial statements.

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

**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 \$3,013,678 (30 June 2015: \$4,461,254). This amount includes costs directly associated with exploration. These costs are capitalised as an intangible asset until assessment and/or drilling of the permit is complete and the results have been evaluated. These costs include employee remuneration, materials, rig costs, delay rentals and payments to contractors. The expenditure is carried forward until such a time as the area moves into the development phase, is abandoned or sold. Given exploration activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable resources and the difficulty in forecasting cash flows to assess the fair value of exploration expenditure there is uncertainty as to the carrying value of exploration expenditure. The ultimate recovery of the carrying value of exploration expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements. The Directors are of the opinion that the exploration expenditure is recoverable for the amount stated in the financial report.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

**Note 5 Going Concern**

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

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

	2015 \$	Half-year	2014 \$
Loss before income tax for the half-year includes the following items that are unusual because of their nature, size or incidence:			
<b>Expenses</b>			
Exploration expenditure written off	1,680,790		19,449
Impairment of available for sale financial assets	7,000		35,000

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**Note 8 Fair Values of Financial Instruments**

	<b>31 Dec 2015</b>	<b>30 Jun 2015</b>
<b>Recurring fair value measurements</b>	<b>\$</b>	<b>\$</b>
The following financial instruments are subject to recurring fair value measurements:		
Available-for-sale financial assets:		
- Listed equity securities – Level 1	63,000	70,000

**Fair value hierarchy**

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

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

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

**Note 9 Equity Securities Issued**

	<b>Half-year</b>		<b>Half-year</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
<b>Issues of ordinary shares during the half-year</b>				
Shares issued	-	30,592,000	-	305,920
Share issue expenses (net of income tax)			-	(17,435)
Net increase in contributed equity	-	30,592,000	-	288,485

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**Note 10 Joint Venture Entities**

**Tick Hill Gold Project**

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

The consolidated entity had not earned any interest in the joint venture as at 31 December 2015.

**Nicholson Project Joint Venture**

On 3 November 2015 the consolidated entity entered into a Farm-in and Joint Venture Agreement with Teck Australia Pty Ltd to explore Superior's Nicholson Project (zinc-lead-copper) in north-west Queensland, subject to certain conditions to be satisfied.

The consolidated entity had not earned any interest in the joint venture as at 31 December 2015.

**Note 11 Commitments for Expenditure**

	31 Dec 2015 \$	30 Jun 2015 \$
<b>Exploration commitments</b>		
Commitments as at 31 December 2015 for payments under exploration permits for minerals in existence at the reporting date but not recognised as liabilities payable is:		
Payable within 1 year	700,094	1,036,456
Payable greater than 1 year	3,181,917	2,660,882
	<u>3,882,011</u>	<u>3,697,338</u>

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**Note 12 Contingent Liabilities**

There have been no changes in contingent liabilities since the end of the previous annual reporting period, 30 June 2015.

**Note 13 Events Occurring After the Reporting Period**

Since the end of the half-year the market value of the consolidated entity's investment in financial assets available-for-sale has remained unchanged.

On 29 January 2016 the Company issued 11,101,000 shares at \$0.01 per share to the Company's management and sophisticated investors. The capital raising was the subject of a resolution put to the Company's 2015 Annual General Meeting. A total of \$111,010 was raised, of which \$80,000 had been received as cash and \$16,010 received by way of non-cash offset against a trade creditor account prior to 31 December 2015.

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

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

**DIRECTORS' DECLARATION**

In the directors' opinion:

1. the financial statements and notes set out on pages 5 to 14, 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 2015 and of its performance for the half-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.

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



**CA Fernicola**  
**Chairman**

Brisbane, 14 March 2016



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

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

We have reviewed the accompanying half-year financial report of Superior Resources Limited ("the Company") and its controlled entities ("the consolidated entity"), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

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

*Auditor's Responsibility*

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

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

*Independence*

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

### *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

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

As a result of the matter described in Note 4 to the financial statements in relation to the critical accounting estimates and judgements applied to the capitalised exploration expenditure, there is uncertainty as to whether the consolidated entity will be able to recover the carrying value of exploration expenditure for the amount recorded in the financial report. The ultimate recovery of the carrying value of exploration expenditure, and future exploration expenditure, is dependent upon the consolidated entity continuing normal business operations culminating in the successful development and commercial exploitation or, alternatively, sale of the interest in the tenements; and

As a result of the matter described in Note 5 to the financial statements in relation to going concern, there is a material uncertainty that may cast significant doubt as to whether the consolidated entity will be able to continue normal business operations and therefore whether the consolidated entity will realise its assets and extinguish its liabilities in the normal course of business and at the amounts recorded in the financial report.



**PKF HACKETTS AUDIT**



**Cameron Bradley**  
**Partner**

Brisbane, 14 March 2016