



Superior Resources Limited

ABN 72 112 844 407

ANNUAL FINANCIAL REPORT For the year ended 30 June 2023

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DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to in this Report as the **Group**) consisting of Superior Resources Limited and the entities it controlled during the year ended 30 June 2023 (**Report**).

DIRECTORS

The following persons were Directors of the Company during the year and up to the date of this Report:

| | |
|---------------|--------------------------------|
| P H Hwang | Managing Director |
| C A Fernicola | Chairman and Company Secretary |
| S J Pooley | Non-Executive Director |

PRINCIPAL ACTIVITIES

During the year the principal activity of the Group was the continued evaluation and expansion of the Steam Engine Gold Deposit. The Group also continued exploration for copper-gold and magmatic nickel sulphide deposits in northern Queensland, Australia. There were no significant changes in the nature of the Company's activities during the year and no significant changes in activity are anticipated.

DIVIDENDS

There were no dividends paid to members during the financial year (2022: \$nil).

REVIEW OF OPERATIONS

The loss after tax for the year was \$889,011 (2022: loss of \$597,287).

Operations Summary

The principal activity of the Group during the full year period was exploration for porphyry copper-gold, gold and nickel-copper-PGE deposits in northern Queensland, Australia. There were no significant changes in the nature of the Group's activities during the reporting period.

- **GREENVALE PROJECT** (porphyry copper, gold and magmatic sulphide nickel-copper-PGE)

Bottletree Copper-Gold Prospect

- 2022 Bottletree drilling program was completed on 9 December 2022. A total of six diamond core holes were drilled (BTDD005 – BTDD010) for 4,952.8 metres of core.
- Detailed studies of drill core from the 2022 program confirm the discovery of a large porphyry-style alteration and Cu-Au-Mo mineralisation system.
- High-grade molybdenum mineralisation associated with late-stage tonalite porphyry intrusions with up to a spectacular 5.2% Mo (1m assay) was encountered in BTDD010.
- Western-most hole BTDD010 and deeper part of BTDD005 potentially drilled within close proximity to a targeted porphyry core.
- Wall rock-hosted copper mineralisation (out of porphyry zone) likely sourced from a mineralised porphyry core, has been shown to extend to at least 850m depth from surface with approximately 270m true width.
- Primary objective is to build a geological model to enable vectoring of 2023 holes to the central mineralised potassic core(s).
- Conducted a multi-element soil geochemistry sampling and assaying program.
- Conducted a gravity survey.
- Preparation and planning of 2023 Bottletree exploration program.

DIRECTORS' REPORT

REVIEW OF OPERATIONS – (continued)

Wyandotte Copper Prospect

- Conducted initial field reconnaissance mapping and investigations.
- Prepared and planned of a maiden diamond drilling program.

Cockie Creek Porphyry Copper-Gold Prospect

- Progressed a technical study.
- Prepared and planned a maiden diamond drilling program.

Commenced porphyry copper-gold potential study over the entire Greenvale Project area.

Magmatic Nickel-Copper-PGE sulphide Project

- Conducted data review and geophysical modelling of magnetic and VTEM survey data at the Big Mag, Dido and Phantom Creek nickel-copper-PGE prospects.
- Applied for three new exploration permits for minerals (EPMs) (Six Mile Creek, Lyndhurst and Middle Creek).

Steam Engine Gold Deposit

- Conducting an Options Study for the mining and processing of Steam Engine ore.
- **VICTOR AND NICHOLSON PROJECTS** (SEDEX lead-zinc-silver, copper, uranium)
 - Reviewing geological and geophysical data.

CORPORATE and COMMERCIAL

- The Group completed one capital raising during the fourth calendar Quarter of 2023 comprising a placement of 133,333,333 shares.
- Each share subscribed for was entitled to free options on a 2:1 basis resulting in the issue of 76,666,667 options for no consideration with an expiry date of 30 November 2024 and an exercise price of \$0.06.

CASH CONSERVATION

The Company's Board maintains cash conservation measures concerning the Company's head office and administration.

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DIRECTORS' REPORT

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There are no significant changes in the state of affairs of the Group during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Apart from other matters already stated, no other matters or circumstances have arisen since 30 June 2023 that have significantly affected, or may significantly affect:

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS FROM OPERATIONS

The Group is currently conducting an Options Study on the feasibility of a range of mining and processing options for the mining and processing of gold ore from the Steam Engine Gold Deposit (Greenvale Project).

The Group commenced a maiden drilling program on the Cockie Creek porphyry copper prospect (Greenvale Project) in July 2023. The objectives of the program are to:

- target two high order induced polarisation (IP) chargeability anomalies directly below the Discovery Outcrop. The chargeability anomalies are interpreted to represent the upper zones of a mineralised Cu-Au-Mo porphyry core;
- target interpreted large intrusion centres west of the Discovery Outcrop; and
- establish a JORC (2012)-compliant upgraded Mineral Resource Estimate on the Discovery Outcrop.

REGULATORY MATTERS

The Group's operations are subject to substantial and significant regulatory control under various Queensland State and Commonwealth legislation. Significant matters that are regulated include mining, environmental, native title and real property. No matters of material concern have arisen in relation to regulatory control up to the date of this Report.

INFORMATION ON DIRECTORS

Peter Henry Hwang B.Sc.(Hons), LLB, MAIG, MGSA, MQLS
Managing director.

Experience and expertise

Mr Hwang has over 10 years' experience as a gold, base metals and diamond exploration geologist and 20 years' experience as a solicitor practicing in Queensland and national law firms specialising in resources, commercial, M&A, infrastructure and native title law. He has extensive experience in advising on the development and permitting of mining and major infrastructure projects, mining transactions as well as resource sector mergers and acquisitions transactions.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Managing Director.

Interests in SPQ shares and options

50,696,338 ordinary shares.

DIRECTORS' REPORT

Carlos Alberto Fernicola B.Com., FCA, F Fin FCIS FGIA CTA
Chairman.

Experience and expertise

Mr Fernicola is the Principal of Carlos Fernicola & Co., Chartered Accountants. Mr Fernicola is a Fellow of the Institute of Chartered Accountants in Australia, Fellow of the Governance Institute of Australia and Fellow of the Financial Services Institute of Australia. He has over 30 years of experience in accounting, taxation, audit and the financial services industry.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Chairman and Company Secretary.
Member of the Audit Committee.

Interests in SPQ shares and options

51,999,998 ordinary shares.

Simon James Pooley B.Sc., MAIM, GAICD

Non-Executive Director.

Experience and expertise

Mr Pooley has 30 years' experience in mine development, operations and mineral exploration. He has held senior industry positions that have demonstrated leadership and management of base and precious metals exploration and mining operations, development of project assessment types including definitive and bankable feasibility studies and their conversion into mining operations and managed teams undertaking exploration evaluations and valuations, project evaluation, resource estimation and exploration management.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Member of the Audit Committee.

Interests in SPQ shares and options

Nil.

COMPANY SECRETARY

The Company Secretary is Mr Carlos Alberto Fernicola, B.Com, FCA, FFin FCIS FGIA, CTA. 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.

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DIRECTORS' REPORT

MEETINGS OF DIRECTORS

The numbers of meetings of the company's Board of Directors held during the year ended 30 June 2023, and the numbers of meetings attended by each director were:

Board

| <i>Director</i> | <i>Meetings Eligible to attend</i> | <i>Meetings attended</i> |
|-----------------|--|------------------------------|
| PH Hwang | 5 | 5 |
| CA Fernicola | 5 | 5 |
| SJ Pooley | 5 | 5 |

Audit Committee

| <i>Director</i> | <i>Meetings eligible to attend</i> | <i>Meetings attended</i> |
|-----------------|--|------------------------------|
| CA Fernicola | 2 | 2 |
| SJ Pooley | 2 | 2 |

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DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

The Directors are pleased to present your Group's 2023 remuneration report which sets out remuneration information for Superior Resources Limited's non-executive Directors, executive Directors, and other key management personnel.

The report contains the following sections:

- (a) Directors and key management personnel disclosed in this Report
- (b) Remuneration governance
- (c) Use of remuneration consultants
- (d) Executive remuneration policy and framework
- (e) Relationship between remuneration and Superior Resources Limited's performance
- (f) Non-executive director remuneration policy
- (g) Details of remuneration
- (h) Service agreements
- (i) Details of share-based compensation and bonuses
- (j) Equity instruments held by key management personnel
- (k) Loans to key management personnel
- (l) Other transactions with key management personnel

(a) Directors and key management personnel disclosed in this Report

Non-executive and executive Directors

P H Hwang
C A Fernicola
S J Pooley

Other key management personnel

Name

C A Fernicola

Position

Company Secretary

(b) Remuneration governance

The Board is responsible for:

- the over-arching executive remuneration framework;
- the operation of any established incentive plans which may apply to the executive team, including key performance indicators and performance hurdles;
- remuneration levels of executive Directors and other key management personnel; and
- non-executive Directors' fees.

The objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Group.

(c) Use of remuneration consultants

The Group engaged the services of a remuneration consultant during the 2021 financial year.

(d) Executive remuneration policy and framework

The combination of base pay and superannuation make up the executive Directors' total remuneration. Base pay for the executive Directors is reviewed annually to ensure the executives' pay is competitive with the market. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- transparency; and
- capital management.

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DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) – (continued)

Long-term incentives

In the event that the Board of Directors proposes to establish any long-term incentives for executive Directors, the Board will obtain approval at a general meeting of shareholders.

Any issue of options to executive Directors is designed to focus executives on delivering long-term shareholder returns.

(e) Relationship between remuneration and Superior Resources Limited's performance

There is no direct link between remuneration, company performance and shareholder wealth. The Group's activities focus on the objective of delivery of long-term shareholder returns.

(f) Non-executive director remuneration policy

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of those Directors. Non-executive Directors' fees and payments are reviewed annually by the Board.

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum total pool currently stands at \$250,000 in aggregate plus statutory superannuation.

(g) Details of remuneration

The following tables show details of the remuneration entitled to be received by the Directors and the key management personnel of the Group for the current and previous financial year.

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SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) – (continued)

| 2023 | Short-term benefits | Post-employment benefits | Share-based payments | |
|---|----------------------------|--------------------------|----------------------|----------------|
| Name | Cash salary and fees \$ | Superannuation \$ | Options \$ | Total \$ |
| <i>Non-executive Directors</i> | | | | |
| C A Fernicola | 48,000 | - | - | 48,000 |
| S J Pooley | 32,727 | 3,436 | - | 36,163 |
| <i>Other key management personnel</i> | | | | |
| C A Fernicola (Company Secretary) | 36,000 | - | - | 36,000 |
| Sub-total non-executive Directors and other key management personnel | 116,727 | 3,436 | - | 120,163 |
| <i>Executive Directors</i> | | | | |
| P H Hwang - Managing Director | 270,000 | 28,628 | - | 298,628 |
| Totals | 386,727 | 32,064 | - | 418,791 |

| 2022 | Short-term benefits | Post-employment benefits | Share-based payments | |
|---|----------------------------|--------------------------|----------------------|----------------|
| Name | Cash salary and fees \$ | Superannuation \$ | Options \$ | Total \$ |
| <i>Non-executive Directors</i> | | | | |
| C A Fernicola | 48,000 | - | - | 48,000 |
| S J Pooley | 32,752 | 3,275 | - | 36,027 |
| <i>Other key management personnel</i> | | | | |
| C A Fernicola (Company Secretary) | 36,000 | - | - | 36,000 |
| Sub-total non-executive Directors and other key management personnel | 116,752 | 3,275 | - | 120,027 |
| <i>Executive Directors</i> | | | | |
| P H Hwang - Managing Director | 240,000 | 24,175 | - | 264,175 |
| Totals | 356,752 | 27,450 | - | 384,202 |

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DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) – (continued)

(h) Service agreements

Remuneration and other terms of employment of the Managing Director are formalised in an agreement. The major provisions of the agreement relating to remuneration are set out below.

P H Hwang, *Managing Director*

- Term of employment agreement – indefinite commencing 22 April 2013.
- Base salary was reviewed in June 2023 and set at \$300,000, back dated to 1 January 2023, plus superannuation and is to be reviewed at least annually by the Board.
- Payment of a termination benefit on early termination by the Company, other than for gross misconduct, equal to six months remuneration.
- Agreement may be terminated by employee giving six months' notice in writing.

(i) Details of share-based compensation and bonuses

There have been no share-based compensation and bonuses affecting remuneration in the current or a future reporting period.

(j) Equity instruments held by key management personnel

The tables below show the number of shares and options in the company that were held during the financial year by key management personnel of the Group, including their close family members and entities related to them.

Ordinary Shares

| <i>Name</i> | <i>Balance at the start of the year</i> | <i>Received on exercising options</i> | <i>Net purchased / (sold)</i> | <i>Other changes</i> | <i>Balance at the end of the year</i> |
|---------------|---|---------------------------------------|-------------------------------|----------------------|---------------------------------------|
| P H Hwang | 50,696,338 | - | - | - | 50,696,338 |
| C A Fernicola | 51,999,998 | - | - | - | 51,999,998 |
| S J Pooley | - | - | - | - | - |

Options Over Unissued Ordinary Shares

| <i>Name</i> | <i>Balance at the start of the year</i> | <i>Options Exercised</i> | <i>Net purchased / (sold)</i> | <i>Other changes</i> | <i>Balance at the end of the year</i> |
|---------------|---|--------------------------|-------------------------------|----------------------|---------------------------------------|
| P H Hwang | - | - | - | - | - |
| C A Fernicola | - | - | - | - | - |
| S J Pooley | - | - | - | - | - |

All options are vested and exercisable.

(k) Loans to key management personnel

There were no loans to key management personnel during the financial period.

(l) Other transactions with key management personnel and/or their related parties

There were no other transactions with key management personnel or their related parties.

End of Remuneration Report

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DIRECTORS' REPORT

SHARES UNDER OPTION

76,666,667 options were issued during the year with an exercise price of \$0.06 and an expiry date of 30 November 2024.

During the year there were no shares issued on the exercise of options granted.

Since the end of the year, 10,000,000 options with an exercise price of \$0.08 expired on 31 August 2023.

As at the date of this Report, a total of 76,666,667 options are on issue.

INSURANCE OF OFFICERS

During the year the Group paid a premium of \$49,103 to insure the Directors and Secretary of the Company.

The risks insured include pecuniary orders and legal costs that may result from civil or criminal proceedings that may be brought against the officers in their capacity as officers and any other payments arising 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.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to any 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 Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of amounts paid or payable to the auditor for audit services provided during the year are outlined in Note 20 to the financial statements. There are no non-audit services provided during the year.

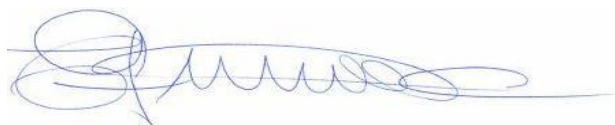
AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

AUDITOR

The auditor of the Group is William Buck (Qld).

This Report is made in accordance with a resolution of the Directors.



CA Fernicola
Chairman

Brisbane, 26th day of September 2023

AUDITOR'S INDEPENDENCE DECLARATION

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SUPERIOR RESOURCES LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck (Qld)
ABN 21 559 713 106

J A Latif

J A Latif
Director

Brisbane, 26 September 2023

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CORPORATE GOVERNANCE

Corporate Governance practices that form the basis of a comprehensive system of control and accountability for the administration of the Group 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.

The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

A description of the Company's current corporate governance practices is set out in the Company's corporate governance statement. This statement is available on the Company's website and can be viewed at www.superiorresources.com.au.

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SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2023

| | Note | 2023 \$ | 2022 \$ |
|--|------|------------------|------------------|
| Other income | 8 | 54 | - |
| Accounting and audit fees | | (33,172) | (29,037) |
| Administration expenses | | (830,267) | (547,468) |
| Depreciation and amortisation | 13 | (2,070) | (5,355) |
| Office rent and outgoings | | (19,715) | (15,427) |
| Tenement expenditure written-off | 14 | (3,841) | - |
| Total expenses | | (889,065) | (597,287) |
| Loss before income tax | | (889,011) | (597,287) |
| Income tax (expense) / benefit | 9 | - | - |
| Loss after tax for the year from continuing operations attributable to owners of Superior Resources Limited | | (889,011) | (597,287) |
| | | Cents | Cents |
| Earnings (loss) per share | | | |
| Basic earnings (loss) per share | 25 | (0.05) | (0.04) |
| Diluted earnings (loss) per share | 25 | (0.05) | (0.04) |

The accompanying notes form part of these financial statements.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

| | Note | 2023 \$ | 2022 \$ |
|--|------|------------|------------|
| Loss for the year from continuing operations attributable to owners of Superior Resources Limited | | (889,011) | (597,287) |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | | |
| Fair value gains / (losses) on financial assets at fair value through other comprehensive income, net of tax | 18 | 8,964 | (6,723) |
| Other comprehensive income for the year, net of tax | | 8,964 | (6,723) |
| Total comprehensive loss for the year, net of tax, attributable to owners of Superior Resources Limited | | (880,047) | (604,010) |

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The accompanying notes form part of these financial statements.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

| | Note | 2023 \$ | 2022 \$ |
|-----------------------------------|------|-------------------|-------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 10 | 3,946,671 | 4,097,824 |
| Trade and other receivables | 11 | 98,231 | 77,041 |
| Financial assets | 12 | 42,300 | 33,336 |
| Total Current Assets | | <u>4,087,202</u> | <u>4,208,201</u> |
| Non-Current Assets | | | |
| Plant and equipment | 13 | 8,277 | 10,347 |
| Exploration and evaluation assets | 14 | 11,769,482 | 8,888,186 |
| Other | 15 | 75,000 | 41,500 |
| Total Non-Current Assets | | <u>11,852,759</u> | <u>8,940,033</u> |
| Total Assets | | <u>15,939,961</u> | <u>13,148,234</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 16 | 603,749 | 661,376 |
| Total Current Liabilities | | <u>603,749</u> | <u>661,376</u> |
| Total Liabilities | | <u>603,749</u> | <u>661,376</u> |
| Net Assets | | <u>15,336,212</u> | <u>12,486,858</u> |
| Equity | | | |
| Contributed equity | 17 | 24,318,029 | 20,588,628 |
| Reserves | 18 | (2,907,183) | (2,916,147) |
| Accumulated losses | | (6,074,634) | (5,185,623) |
| Total Equity | | <u>15,336,212</u> | <u>12,486,858</u> |

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 YEAR ENDED 30 JUNE 2023

| | Contributed Equity \$ | Reserves \$ | Accumulated losses \$ | Total \$ |
|--|-----------------------------|--------------------|-----------------------------|-------------------|
| Balance at 30 June 2022 | 20,588,628 | (2,916,147) | (5,185,623) | 12,486,858 |
| Loss for the year | - | - | (889,011) | (889,011) |
| Other comprehensive income / (loss) | - | 8,964 | - | 8,964 |
| Total comprehensive income for the year | - | 8,964 | (889,011) | (880,047) |
| Transactions with owners in their capacity as owners: | | | | |
| Contributions of equity, net of transaction costs | 3,729,401 | - | - | 3,729,401 |
| Balance at 30 June 2023 | 24,318,029 | (2,907,183) | (6,074,634) | 15,336,212 |
| Balance at 30 June 2021 | 14,960,308 | (3,123,316) | (4,588,336) | 7,248,656 |
| Loss for the year | - | - | (597,287) | (597,287) |
| Other comprehensive income / (loss) | - | (6,723) | - | (6,723) |
| Total comprehensive income for the year | - | (6,723) | (597,287) | (604,010) |
| Transactions with owners in their capacity as owners: | | | | |
| Contributions of equity, net of transaction costs | 5,628,320 | 213,892 | - | 5,842,212 |
| Balance at 30 June 2022 | 20,588,628 | (2,916,147) | (5,185,623) | 12,486,858 |

The accompanying notes form part of these financial statements.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

| | Note | 2023 \$ | 2022 \$ |
|---|------|-------------|-------------|
| Cash flows from operating activities | | | |
| Payments to suppliers and employees (GST inclusive) | | (953,858) | (597,997) |
| Interest received | | 54 | - |
| Net cash outflow from operating activities | 24 | (953,804) | (597,997) |
| Cash flows from investing activities | | | |
| Payments for exploration expenditure | | (2,892,112) | (2,849,909) |
| Payments for plant and equipment | | - | (2,684) |
| Payments of security deposits | | (33,500) | (8,000) |
| Net cash outflow from investing activities | | (2,925,612) | (2,860,593) |
| Cash flows from financing activities | | | |
| Share application moneys (refunded)/received | | (1,138) | (1,596) |
| Proceeds on issue of shares | | 4,000,000 | 6,247,962 |
| Payment of capital raising costs | | (270,599) | (405,750) |
| Net cash inflow from financing activities | | 3,728,263 | 5,840,616 |
| Net increase in cash held | | (151,153) | 2,382,026 |
| Cash at beginning of financial year | | 4,097,824 | 1,715,798 |
| Cash at the end of financial year | 10 | 3,946,671 | 4,097,824 |

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1. General Information

Superior Resources Limited (**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 and principal place of business of the Company is:

Suite 3, 5 Gardner Close
Milton QLD 4064
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**).

2. Significant Accounting Policies

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standard Board and in compliance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements were authorised for issue by the Directors on 26 September 2023.

(b) Basis of preparation

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities.

(c) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent (Superior Resources Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries or controlled operations is provided in Note 26.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

The acquisition method of accounting is used to account for business combinations by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of financial position, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. Significant Accounting Policies (continued)

(d) Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. Revenue is recognised when the performance obligations of a contract are satisfied.

Interest revenue is recognised using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue is recognised when it is received or when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax (GST).

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants are recognised when there are reasonable assurance that the funding conditions will be complied and the grants will be received.

(e) 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 realised 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 utilise 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.

(f) Cash and cash equivalents

For the consolidated statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. Significant Accounting Policies (continued)

(g) *Financial instruments*

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets will be recognised on the date that the Group becomes contractually bound to the relevant asset purchase or sale transaction (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in paragraph 63 of AASB 15: *Revenue from Contracts with Customers*.

Classification and Subsequent Measurement

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit and loss.

Measurement is on the basis of the two primary criteria, being:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. Significant Accounting Policies (continued)

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 Business Combinations applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for derecognition of financial assets:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. no practical ability to make unilateral decision to sell the asset to a third party).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. Significant Accounting Policies (continued)

Impairment

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(h) Plant and equipment

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

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

Equipment / Software: 3 – 5 years

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

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

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

(i) Trade and other payables

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. Significant Accounting Policies (continued)

(j) Exploration and evaluation assets

Exploration and evaluation costs are accumulated separately for each area of interest until such time as the area is abandoned or sold. The realisation of the value of the exploration and evaluation assets 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 and evaluation assets relating to the area are written off against income in the year of abandonment. Some exploration and evaluation assets may also be written off where areas of interest are partly relinquished and in cases where uncertainty exists as to the value, provisions for possible diminution in value are established.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

(k) Contributed equity

Ordinary shares are classified as equity.

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

(l) Dividends

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

(m) Earnings per share

Basic earnings per share

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. Significant Accounting Policies (continued)

(n) Goods and Services Tax (GST)

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

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

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

(o) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave, which are expected to be settled within 12 months after the end of the period in which the employees render the related services, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee entitlements. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related services, is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, employee departures and periods of service.

Expected future payments are discounted using market yields at the end of the reporting period on government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(p) Parent entity financial information

The financial information for the parent entity, Superior Resources Limited, disclosed in note 27 has been prepared on the same basis as the consolidated financial statements.

(q) Comparative Figures

When required by Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

2. Significant Accounting Policies (continued)

(r) **Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(s) **Impairment of Non-financial Assets**

At the end of each reporting period, the Group assesses whether there is any indication that a non-financial asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (for example in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

3. New and Amended Accounting Standards

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There was no material impact to the financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been adopted.

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.

4. Financial Risk Management

The Group's overall risk management plan seeks to minimise potential risks resulting from the unpredictability of financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group are exposed are credit risk, liquidity risk, market risk and cash flow interest rate risk.

The Group holds the following financial assets and liabilities:

| | 2023 | 2022 |
|---|------------------|------------------|
| | \$ | \$ |
| Financial assets | | |
| Cash and cash equivalents (Note 10) | 3,946,671 | 4,097,824 |
| Other receivables (Note 11) | 270 | 30,653 |
| Financial assets at fair value through other comprehensive income (Note 12) | 42,300 | 33,336 |
| | 3,989,241 | 4,161,813 |
| Financial liabilities | | |
| Trade and other payables (Note 16) | 412,704 | 489,878 |
| | 412,704 | 489,878 |

Risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Managing Director has been delegated the authority for designing and implementing processes which follow the objectives and policies.

The Board receives monthly reports which provide details of the effectiveness of the processes and policies in place.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

4. Financial Risk Management (continued)

(a) **Credit risk**

Credit risk is the risk of loss from a counterparty failing to meet its financial obligations to the Group.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any allowance for expected credit loss, as disclosed in the consolidated statement of financial position 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.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available).

| | 2023 \$ | 2022 \$ |
|-----------------------------|------------|---------------|
| Trade and other receivables | 270 | 30,653 |
| | <u>270</u> | <u>30,653</u> |

Other than cash and cash equivalents, the most significant financial assets are trade and other receivables. The Group does not have any material credit risk exposure to any single debtor or Group of debtors under financial instruments entered into by the Group. There were no past due debts at balance date requiring consideration of impairment provisions.

(b) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. No finance facilities were available to the Group at the end of the reporting period.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings.

| Contractual maturities of financial liabilities | Within 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Total contractual cash flows | Carrying amount |
|---|----------------|-----------------------|-----------------------|--------------|------------------------------|-----------------|
| At 30 June 2023 | \$ | \$ | \$ | \$ | \$ | \$ |
| Trade and other payables | 412,704 | - | - | - | 412,704 | 412,704 |
| | <u>412,704</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>412,704</u> | <u>412,704</u> |
| At 30 June 2022 | | | | | | |
| Trade and other payables | 489,878 | - | - | - | 489,878 | 489,878 |
| | <u>489,878</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>489,878</u> | <u>489,878</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

4. Financial Risk Management (continued)

(c) **Market risk**

The Group is exposed to equity securities price risk. This arises from securities investments held by the Group in Deep Yellow Limited and classified on the statement of financial position as financial assets.

The Group is not exposed to any commodity price risk.

The table below summaries the impact of increases and decreases in the Deep Yellow Limited share price on the Group's total comprehensive income and loss for the year and on equity. The analysis is based on the assumption that the share price had increased or decreased by 25% (2022: 25%) from balance date fair value with all other variables held constant.

| | Impact on post-tax loss | | | | Impact on reserves | | | |
|-----------------------------------|-------------------------|------|------|------|--------------------|----------|-------|---------|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| | +25% | -25% | +25% | -25% | +25% | -25% | +25% | -25% |
| Investment in Deep Yellow Limited | - | - | - | - | 10,575 | (10,575) | 8,334 | (8,334) |

(d) **Cash flow and fair value interest rate risk**

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

(e) **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 the respective carrying values as disclosed in the consolidated statement of financial position and the notes to the financial statements.

5. Critical Accounting Estimates and Judgements

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

Critical judgements in applying the entity's accounting policies

The Group has capitalised non-current exploration expenditure of \$11,769,482 (2022: \$8,888,186).

This amount includes costs directly associated with exploration. These costs are capitalised as an intangible asset until assessment of the permit is complete and the results have been evaluated. These costs include direct employee remuneration, materials, drilling costs, delay costs, rental payments 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 Group's interest in the tenements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

6. Going Concern Principle

Notwithstanding that the Group incurred an operating loss after tax of \$889,011 (2022: loss of \$597,287) and a net cash outflow from operating activities of \$953,804 (2022: \$597,997) 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 for the foreseeable future.

The ability of the Group to continue as a going concern depends on one or more of the following:

- obtaining additional funding from capital raising activities;
- 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; and
- cash flows from the sale of any of the Group's assets.

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.

At the date of this Report and having considered the above factors, the Directors consider that the Group will be able to continue as a going concern and will be able to pay its debts as and when they fall due and payable.

The reliance on securing additional capital gives rise to the existence of 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.

7. Segment Information

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

8. Other Income

| | 2023 | 2022 |
|----------|-------------|-------------|
| Interest | \$ 54 | \$ - |
| | <hr/> 54 | <hr/> - |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

9. Income Tax

| | 2023 \$ | 2022 \$ |
|---|------------|------------|
| (a) Numerical reconciliation of income tax expense / (benefit) to prima facie tax payable: | | |
| Profit (loss) from continuing operations before income tax expense | (889,011) | (597,287) |
| Tax at the Australian tax rate of 30% | (266,703) | (179,186) |
| Tax effect of permanent differences | 21 | - |
| Temporary differences not recognised | 266,682 | 179,186 |
| Income tax expense / (benefit) | - | - |
| (b) Tax losses | | |
| Unused tax losses for which no deferred tax asset has been recognised | 22,229,905 | 18,307,419 |
| Potential tax benefit @ 30% | 6,668,972 | 5,492,226 |
| (c) Franking credits | | |
| Franking credits available for use in subsequent financial year | 251,146 | 251,146 |
| 10. Cash and Cash Equivalents | | |
| Cash at bank and on hand | 3,946,671 | 4,097,824 |
| 11. Trade and Other Receivables | | |
| CURRENT | | |
| Other receivables | 270 | 30,653 |
| Prepayments | 97,961 | 46,388 |
| | 98,231 | 77,041 |

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SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

12. Financial Assets

| | 2023 | 2022 |
|---|-------------|-------------|
| | \$ | \$ |
| CURRENT | | |
| Deep Yellow Limited ¹ | | |
| Investments in listed equity securities designated at fair value through other comprehensive income | 42,300 | 33,336 |
| Total financial assets | 42,300 | 33,336 |

¹ *Listed equity securities*

The investment in listed equity securities are stated at fair value. AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by the level of the following fair value measurement hierarchy:

- 1) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 2) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
- 3) Level 3 – Inputs for the asset or liability that are not based on observable market data.

The listed equity securities are traded in an active market, being the Australian Securities Exchange, and consequently they are measured as a Level 1 instrument on the fair value hierarchy. The quoted market price, used to determine the value of these securities, is the bid price at balance date.

13. Plant and Equipment

| | 2023 | 2022 |
|---|-------------|-------------|
| | \$ | \$ |
| NON-CURRENT | | |
| Equipment / software – at cost | 97,850 | 97,850 |
| Accumulated depreciation | (89,573) | (87,503) |
| | 8,277 | 10,347 |
| <i>Movement in Plant and Equipment</i> | | |
| Opening net book amount | 10,347 | 13,018 |
| Additions | - | 2,684 |
| Depreciation charge | (2,070) | (5,355) |
| Closing net book amount | 8,277 | 10,347 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

14. Exploration and Evaluation Assets

| | 2023 \$ | 2022 \$ |
|---|-------------------|------------------|
| Exploration phase property costs | | |
| Deferred geological, geophysical, drilling and other expenditure – at cost | | |
| Non-current | 11,769,482 | 8,888,186 |
| Total capitalised exploration expenditure | <u>11,769,482</u> | <u>8,888,186</u> |
| The capitalised exploration expenditure carried forward above has been determined as follows: | | |
| Opening balance | 8,888,186 | 6,065,340 |
| Expenditure incurred during the year | 2,885,137 | 2,822,846 |
| Tenement expenditure written-off * | (3,841) | - |
| Closing balance | <u>11,769,482</u> | <u>8,888,186</u> |

* Tenement written off due to surrender of the tenement right.

15. Non-Current Assets – Other

| | | |
|-------------------|---------------|---------------|
| Security deposits | <u>75,000</u> | <u>41,500</u> |
|-------------------|---------------|---------------|

16. Payables

| | | |
|-------------------------------------|----------------|----------------|
| Current liabilities | | |
| Trade payables and accrued expenses | 142,282 | 158,295 |
| Other payables – related party (i) | 270,422 | 331,583 |
| Trade and other payables | <u>412,704</u> | <u>489,878</u> |
| Other payables – ATO | 9,037 | 23,585 |
| Share application monies | 536 | 1,674 |
| Employee entitlements | 181,472 | 146,239 |
| Total Payables | <u>603,749</u> | <u>661,376</u> |

(i) These amounts represent the unpaid Directors' remuneration that may be called within the next 12 months. The liability is unsecured, and no decision has been made by the Directors on the timing or nature of the consideration to be provided in settlement.

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

17. Contributed Equity

| | 2023 | 2022 |
|--|-------------|-------------|
| | \$ | \$ |
| 1,834,553,751 (2022: 1,701,220,418) ordinary shares fully paid | 24,318,029 | 20,588,628 |

(a) Movements in ordinary share capital

| <i>Date</i> | <i>Details</i> | <i>Number of shares</i> | <i>Issue price</i> | |
|---------------------|---|-------------------------|--------------------|-------------------|
| | | | \$ | \$ |
| 30 June 2021 | | 1,381,335,791 | | 14,960,308 |
| 16 September 2021 | Options exercised | 1,699,088 | 0.006 | 10,194 |
| 16 September 2021 | Shares issued | 119,818,096 | 0.0105 | 1,258,090 |
| 11 November 2021 | Options exercised | 35,224,166 | 0.006 | 211,345 |
| 8 December 2021 | Options exercised | 15,305,430 | 0.006 | 91,833 |
| 20 December 2021 | Options exercised | 23,492,602 | 0.006 | 140,956 |
| 14 January 2022 | Options exercised | 5,725,583 | 0.006 | 34,353 |
| 20 January 2022 | Options exercised | 143,054 | 0.006 | 858 |
| 8 February 2022 | Options exercised | 55,555 | 0.006 | 333 |
| 8 February 2022 | Shares issued | 118,421,053 | 0.038 | 4,500,000 |
| | Share issue costs – options to lead manager | | | (213,892) |
| | Share issue costs | | | (405,750) |
| 30 June 2022 | | 1,701,220,418 | | 20,588,628 |
| 31 May 2023 | Shares issued | 133,333,333 | 0.030 | 4,000,000 |
| | Share issue costs | | | (270,599) |
| 30 June 2023 | | 1,834,553,751 | | 24,318,029 |

(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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

17. Contributed Equity (continued)

(c) *Share options*

| <i>Date</i> | <i>Details</i> | <i>Number of options</i> | <i>Weighted Average Exercise Price</i> \$ | <i>Expiry</i> |
|------------------------|-------------------------|--------------------------|--|---------------|
| At 30 June 2021 | Balance | 86,419,683 | | |
| 16 September 2021 | Options exercised | (1,699,088) | 0.006 | 31-Dec-21 |
| 11 November 2021 | Options exercised | (35,224,166) | 0.006 | 31-Dec-21 |
| 8 December 2021 | Options exercised | (15,305,430) | 0.006 | 31-Dec-21 |
| 20 December 2021 | Options exercised | (23,492,602) | 0.006 | 31-Dec-21 |
| 14 January 2022 | Options exercised | (5,725,583) | 0.006 | 31-Dec-21 |
| 20 January 2022 | Options exercised | (143,054) | 0.006 | 31-Dec-21 |
| 7 February 2022 | Unlisted options issued | 10,000,000 ^a | 0.080 | 31-Aug-23 |
| 8 February 2022 | Options exercised | (55,555) | 0.006 | 31-Dec-21 |
| 14 April 2022 | Options expired | (4,774,205) | 0.006 | 31-Dec-21 |
| At 30 June 2022 | Balance | 10,000,000 | | |
| 31 May 2023 | Listed options issued | 76,666,667 ^b | 0.060 | 30-Nov-24 |
| At 30 June 2023 | Balance | 86,666,667 | | |

^a The lead manager to the share placement undertaken in February 2022 received 10 million options (during the year). The total value for the options granted is \$213,892. These options expired on 31 August 2023.

^b Free attaching options issued as part of the 31 May 2023 share placement.

(d) *Capital risk management*

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group includes cash and cash equivalents, equity attributable to equity holders comprising of contributed equity, reserves, and accumulated losses. To maintain or adjust the capital structure, the Group may issue new shares, sell assets or adjust the level of activities undertaken by the Group.

The Group monitors capital based on cash flow requirements for corporate overheads, exploration and evaluation expenditure. The Group's exposure to borrowings as at 30 June 2023 totals \$nil (2022: \$nil). The Group will continue to access capital markets and joint venture arrangements to satisfy anticipated funding requirements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

18. Reserves

| | 2023 \$ | 2022 \$ |
|--------------------------------------|--------------------|--------------------|
| Financial assets revaluation reserve | (3,179,595) | (3,188,559) |
| Share-based payment reserve | 272,412 | 272,412 |
| Total reserve | (2,907,183) | (2,916,147) |
| At beginning of year | (2,916,147) | (3,123,316) |
| Revaluation increment / (decrement) | 8,964 | (6,723) |
| Share-based payments | - | 213,892 |
| At end of year | (2,907,183) | (2,916,147) |

19. Key Management Personnel Disclosures

(a) *Key management personnel compensation*

| | 2023 \$ | 2022 \$ |
|------------------------------|----------------|----------------|
| Short-term employee benefits | 386,727 | 356,752 |
| Post-employment benefits | 32,064 | 27,450 |
| | 418,791 | 384,202 |

Detailed remuneration disclosures are provided in the remuneration report on pages 7 to 10.

At 30 June 2023, \$270,422 (2022: \$331,583) remains payable.

(b) *Equity instrument disclosures relating to key management personnel*

(i) *Options provided as remuneration and shares issued on exercise of such options*

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

(ii) *Option holdings*

There were no options over ordinary shares in the Company held during the financial year by any Director of the Company and other key management personnel of the Group, including their related parties.

(iii) *Share holdings*

The number of ordinary shares in the company held during the financial year by each Director of Superior Resources Limited and other key management personnel of the Group, including their personally related parties, is set out below.

| 2023 | <i>Balance at the start of the year</i> | <i>Received on exercising options</i> | <i>Net purchased / (sold)</i> | <i>Other changes</i> | <i>Balance at the end of the year</i> |
|--|---|---|-----------------------------------|----------------------|---|
| Directors of Superior Resources Limited | | | | | |
| P H Hwang | 50,696,338 | - | - | - | 50,696,338 |
| C A Fernicola | 51,999,998 | - | - | - | 51,999,998 |
| S J Pooley | - | - | - | - | - |
| 2022 | <i>Balance at the start of the year</i> | <i>Received on exercising options</i> | <i>Net purchased / (sold)</i> | <i>Other changes</i> | <i>Balance at the end of the year</i> |
| Directors of Superior Resources Limited | | | | | |
| P H Hwang | 46,796,621 | 3,899,717 | - | - | 50,696,338 |
| C A Fernicola | 51,999,998 | - | - | - | 51,999,998 |
| S J Pooley | - | - | - | - | - |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

20. Remuneration of Auditors

During the year, the following fees were paid or payable for services provided by the auditor, its related practices and non-related audit firms:

| | 2023 \$ | 2022 \$ |
|----------------------------|---------------|---------------|
| <i>William Buck (Qld)</i> | | |
| Review of financial report | 5,500 | 5,000 |
| Audit of financial report | 16,500 | 15,000 |
| | <u>22,000</u> | <u>20,000</u> |

21. Contingencies

There are no contingent liabilities affecting the Group as at the date of this Report (2022: nil).

22. Commitments

(a) **Exploration commitments**

To maintain current rights to tenure of various exploration and mining tenements, the Group is 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 are as follows:

| | 2023 \$ | 2022 \$ |
|---|------------------|------------------|
| Exploration expenditure commitments | | |
| Commitments for payments under exploration permits for minerals in existence at the reporting date but not recognised as liabilities payable is as follows: | | |
| Payable within one year | 3,244,894 | 1,739,603 |
| Payable between one and five years | 3,637,989 | 6,792,626 |
| | <u>6,882,883</u> | <u>8,532,229</u> |

Outlays expressed as "Exploration Expenditure Commitments" may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished or certain contractual arrangements are entered into with third parties (e.g. a farm-in or joint venture arrangement). Cash security bonds totalling \$75,000 (2022: \$41,500) are currently held by the relevant governing authorities to ensure compliance with granted tenement conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

23. Events Occurring After Balance Date

Apart from other matters already stated, no matters or circumstances have arisen since 30 June 2023 that have significantly affected, or may significantly affect:

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

24. Reconciliation of Loss After Income Tax to Net Cash Flows From Operating Activities

| | 2023 \$ | 2022 \$ |
|---|------------------|------------------|
| Loss for the year after income tax | (889,011) | (597,287) |
| Depreciation and amortisation | 2,070 | 5,355 |
| Tenement expenditure written off | 3,841 | - |
| <i>Changes in operating assets and liabilities:</i> | | |
| (Increase)/decrease in trade and other receivables | 30,383 | (15,255) |
| (Increase) / decrease in prepayments | (51,573) | (14,988) |
| Increase/(decrease) in other payables | (84,747) | (44,864) |
| Increase/(decrease) in employee entitlements | 35,233 | 69,042 |
| Net cash outflow from operating activities | <u>(953,804)</u> | <u>(597,997)</u> |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

25. Earnings (loss) Per Share

| | 2023 Cents | 2022 Cents |
|---|---------------|---------------|
| (a) Basic earnings (loss) per share | | |
| Profit (loss) per share attributable to the ordinary equity holders of the company | (0.05) | (0.04) |
| (b) Diluted earnings (loss) per share | | |
| Profit (loss) per share attributable to the ordinary equity holders of the company | (0.05) | (0.04) |
| | 2023 | 2022 |
| | \$ | \$ |
| (c) Reconciliations of earnings (loss) used in calculating earnings per share | | |
| Basic earnings (loss) per share | | |
| Profit (loss) attributable to ordinary equity holders of the company used in calculating basic earnings per share | (889,011) | (597,287) |
| Diluted earnings(loss) per share | | |
| Profit (loss) attributable to ordinary equity holders of the company used in calculating diluted earnings per share | (889,011) | (597,287) |
| | 2023 | 2022 |
| | Number | 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 (loss) per share | 1,712,179,322 | 1,568,864,514 |
| Adjustments for calculation of diluted earnings (loss) per share: | | |
| Options | - | - |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings (loss) per share | 1,712,179,322 | 1,568,864,514 |

Unissued ordinary shares under option are not included in the calculation of diluted earnings per share because they are antidilutive for the years ended 30 June 2023 and 30 June 2022. These shares under option could potentially dilute basic earnings per share in the future.

26. Related Party Disclosures

(a) Parent entity

The parent entity within the Group is Superior Resources Limited.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

26. Related Party Disclosures (continued)

(b) **Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The % ownership interests held equals the voting rights held by the Group.:

| Subsidiaries | Country of incorporation | Principal Place of Business | % ownership interest Held by the Group | | Investment | |
|-----------------------|--------------------------|-----------------------------|--|------|------------|------------|
| | | | 2023 | 2022 | 2023 \$ | 2022 \$ |
| Superior Gold Pty Ltd | Australia | Australia | 100 | 100 | 1,000 | 1,000 |

(c) **Key management personnel**

Disclosures relating to key management personnel are set out in Note 19.

27. Share-based payments

| | 2023 \$ | 2022 \$ |
|--|------------|------------|
| (a) Value of share-based payments in the financial statements | | |
| <i>Recognised as share issue costs:</i> | | |
| Success fee for share placement – options | - | 213,892 |
| Recognised in statement of changes in equity | - | 213,892 |

The Group provides benefits in the form of share-based payment transactions as follows:

| Type | Holder(s) | Services provided |
|---------|---------------|---------------------------------|
| Options | Lead Managers | Success fee for share placement |

(b) **Accounting Policy: share-based payment transactions**

Services are rendered in exchange for options and/or shares in the Company (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled.

(c) **Fair value of options**

The fair value of the options granted is estimated as at the date of grant using the Black-Scholes valuation model taking into account the following inputs:

| | |
|----------------------------|-----------------|
| Grant date | 7 February 2022 |
| Vesting date | 7 February 2022 |
| Expiry date | 31 August 2023 |
| Number of options granted | 10,000,000 |
| Underlying price per share | \$0.042 |
| Exercise price | \$0.080 |
| Risk-free rate | 0.64% |
| Volatility | 143.96% |
| Dividend yield | 0% |
| Option value | \$0.02138 |

SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

27. Parent Entity Information

(a) Summary financial information

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

| | 2023 | 2022 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Statement of financial position | | |
| Assets | | |
| Current assets | 4,072,662 | 4,193,096 |
| Non-current assets | 11,853,759 | 8,941,032 |
| Total assets | 15,926,421 | 13,134,128 |
| Liabilities | | |
| Current liabilities | 579,839 | 638,795 |
| Non-current liabilities | - | - |
| Total liabilities | 579,839 | 638,795 |
| Net assets | 15,346,582 | 12,495,333 |
| Shareholders' equity | | |
| Issued capital | 24,318,029 | 20,588,628 |
| Reserves | (2,907,183) | (2,916,147) |
| Accumulated losses | (6,064,264) | (5,177,148) |
| | 15,346,582 | 12,495,333 |
| Statement of profit or loss and other comprehensive income | | |
| Loss for the year | (887,116) | (596,872) |
| Other comprehensive income/(loss) net of tax | 8,964 | (6,723) |
| Total comprehensive income/(loss) for the year | (878,152) | (603,595) |

(b) Contingent liabilities and commitments of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2023 or 30 June 2022.

The commitments of the parent entity are as disclosed at Note 22 for the Group.

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SUPERIOR RESOURCES LIMITED (ABN 72 112 844 407)

DIRECTORS' DECLARATION

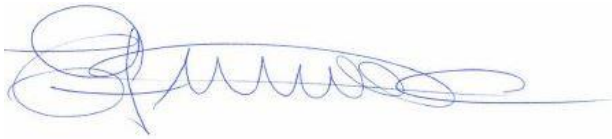
In the Directors' opinion:

1. the financial statements and notes set out on pages 14 to 41, 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 Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date, and
2. having regard to note 6 to the financial statements, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Note 2(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/chief financial officer as required by section 295A of the Corporations Act 2001.

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



CA Fernicola
Chairman

Brisbane, 26th September 2023

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Superior Resources Limited

Independent auditor's report to the members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Superior Resources Limited (the Company and its subsidiaries (the **Group**)), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss, consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (*including Independence Standards*) (the **Code**) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 6 in the financial report, which indicates that the Group incurred a net loss after tax of \$889,011 during the year ended 30 June 2023 and had net cash outflows from operations of \$953,804. As stated in Note 6, these events or conditions, along with other matters as set forth in Note 6, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

CARRYING VALUE OF EXPLORATION COSTS

Area of focus

Refer also to note 14

Capitalised exploration and evaluation assets represent 74% of the Group's total assets. The carrying value of exploration and evaluation assets is impacted by the Group's ability, and intention, to continue to explore and evaluate these assets. The results of these activities then determine the extent to which it may or may not be commercially viable to develop and extract identified reserves.

Judgement is required in evaluating management's application of the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources* ("AASB 6"). AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset.

Due to the significance of this asset and the subjectivity involved in determining its carrying value and recoverable amount, this is a key audit matter.

How our audit addressed it

Our audit procedures included:

- A review of the Directors' assessment of the criteria for the continuous capitalisation of exploration and evaluation expenditure and their assessment of whether there are any indicators of impairment to capitalised costs;
- Test of additions to capitalised expenditure for the year by agreeing a sample of recorded expenditure for consistency to underlying records, capitalisation requirements of the Group's accounting policy and the requirements of AASB 6;
- Considering the Group's intention and ability to continue activities necessary to support a decision to develop the exploration and evaluation assets, which included an assessment of the Group's ability to fund such activities and a review of their future budgets;
- Performing an assessment of whether any indicators of impairment existed in line with requirements of Australian Accounting Standards, including a review of the integrity of tenement title status and total commitments value; and
- Assessing the adequacy of the Group's disclosures in respect of the carrying value of exploration costs.

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Other Information

The Directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Superior Resources Limited, for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

William Buck

William Buck (Qld)
ABN 21 559 713 106

J A Latif

J A Latif
Director

Brisbane, 26 September 2023

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