Superior Resources Limited

ABN 72 112 844 407

PROSPECTUS **2007**

Offer

For the issue of up to 25 million shares at an issue price of 20 cents each to raise up to $5 million (with a minimum subscription of 12.5 million shares at 20 cents each to raise $2.5 million).

Important Information

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional adviser.

An investment in securities of Superior Resources Limited should be regarded as speculative.

Underwriter

Martin Place Securities Pty Limited, ABN 30 094 927 947, Australian Financial Services Licence Number 247404, has underwriten the minimum subscription

Superior Resources Limited

Corporate Directory

Directors

Lawrence James Litzow
Kenneth James Harvey
David John Horton

Corporate Secretary

Lawrence James Litzow

Company

SUPERIOR RESOURCES LIMITED
ABN 72 112 844 407

Registered Office
Level 2, 87 Wickham Terrace
Spring Hill, Queensland, 4000

Principal Office
Level 2, 87 Wickham Terrace
Spring Hill, Queensland, 4000

Telephone: 07 3839 5099
Facsimile: 07 3832 5300
Email: manager@superiorresources.com.au

Internet Address
www.superiorresources.com.au

Postal Address
PO Box 10288
Brisbane Adelaide Street
Brisbane, Queensland, 4000

Underwriter

MARTIN PLACE SECURITIES PTY LIMITED
Level 3, 14 Martin Place
Sydney, New South Wales, 2000

Postal Address
GPO Box 5263
Sydney, New South Wales, 2001

Telephone: 02 9222 9111
Facsimile: 02 9221 9680
Email: info@mpsecurities.com.au

Independent Geologist

VERONICA WEBSTER PTY LIMITED
7 O'Quinn Street
Nudgee Beach, Queensland, 4014

Postal Address
PO Box 619
Hamilton, Queensland, 4007
Telephone: 07 3267 3355

Share Registry

LINK MARKET SERVICES LIMITED
Level 12, 300 Queen Street
Brisbane, Queensland, 4000

Postal Address
GPO Box 2537
Brisbane, Queensland, 4001

Telephone: 1300 554 474 or 02 8280 7454
Facsimile: 02 9287 0303
Email: registrars@linkmarketservices.com.au

Independent Accountants

PITCHER PARTNERS
FINANCIAL ADVISORY (QLD) PTY LTD
Level 21, 300 Queen Street
Brisbane, Queensland, 4000

Telephone: 07 3228 4000
Facsimile: 07 3221 6420
Email: info@pitcherqld.com.au

Auditor

PITCHER PARTNERS
Level 21, 300 Queen Street
Brisbane, Queensland, 4000

Telephone: 07 3228 4000
Facsimile: 07 3221 6420
Email: info@pitcherqld.com.au

Solicitors to the Offer

OAKLEY THOMPSON & Co PTY LTD
Level 19, 500 Collins Street
Melbourne, Victoria, 3000

Telephone: 03 8676 0222
Facsimile: 03 8676 0275
Email: frontdesk@otlawyers.com

Contents

IMPORTANT NOTICE

This Prospectus is dated 29 August 2007. A copy of this Prospectus was lodged with ASIC on 29 August 2007.

ASIC and ASX and their respective officers take no responsibility for the contents of this Prospectus. The expiry date of this Prospectus is 28 September 2008. No Shares will be allotted or transferred on the basis of this Prospectus later than 13 months from the date of this Prospectus.

This Prospectus provides information for investors to decide if they wish to invest in the Company and should be read in its entirety. If you have any questions about the desirability of, or procedure for, investing in the Company, please contact your stockbroker, accountant or independent financial adviser. The Shares offered under this Prospectus carry no guarantee whatsoever with respect to return of capital invested, payment of dividends or future value.

All financial amounts shown in this Prospectus are expressed in Australian currency unless otherwise indicated.

INDICATIVE TIMETABLE

	Date
Offer expected to open (Opening Date)	10 September 2007
Offer closes (Closing Date)	9 October 2007
Allotment	15 October 2007
Dispatch of statements of shareholding	16 October 2007
Official Quotation of Shares on ASX expected to commence (Listing)	19 October 2007

The above dates are indicative and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without further notice.

OFFER SUMMARY AND CAPITAL STRUCTURE

	Minimum Subscription	Maximum Subscription
Shares offered to the public under this Prospectus	12,500,000	25,000,000
Existing Shares on issue	54,856,688	54,856,688
Total number of Shares on issue following this Offer	67,356,688	79,856,688
Total number of Options on issue following this Offer*	9,600,000	9,600,000
Amount to be raised under this Offer before costs	$2,500,000	$5,000,000
Market capitalization at Offer Price (20 cents)	**$13,471,337**	**$15,971,337**

** The number of Options described above to be on issue following this Offer are based on the assumption that resolutions proposed to be put to the shareholders of the Company at its Annual General Meeting on 21 September 2007 to issue 2,000,000 Options to Mr Kenneth Harvey and 1,000,000 Options to each of Mr Lawrence Litzow and Mr David Horton are approved. Mr Harvey, Mr Litzow and Mr Horton are Directors of the Company. If these resolutions are not approved the Options on issue following this Offer will be reduced accordingly.*

CONTACTING US

ALL INVESTOR ENQUIRIES SHOULD BE DIRECTED TO:

Superior Resources Limited
ABN 72 112 844 407

INVESTOR ENQUIRIES:

Mr Ken Harvey - Ph: (07) 3839 5099

EMAIL:
manager@superiorresources.com.au

WEBSITE:
www.superiorresources.com.au

Link Market Services Limited
ABN 54 083 214 537

INVESTOR ENQUIRIES:

Ph: 1300 554 474 or (02) 8280 7454

EMAIL:
registrars@linkmarketservices.com.au

Investment Highlights

- SPQ is a base metal explorer operating in the major base metal province of north-west Queensland;
- SPQ is targeting copper and lead-zinc-silver deposits;
- SPQ has extensive comprehensive digital databases at its disposal and uses advanced exploration methods;
- SPQ holds 100% equity in all of its exploration Tenements;
- SPQ is managed by experienced and competent explorers; and
- SPQ holds 7 million fully paid shares in the issued capital of Deep Yellow Limited, a public company listed on ASX Limited (ASX:DYL).

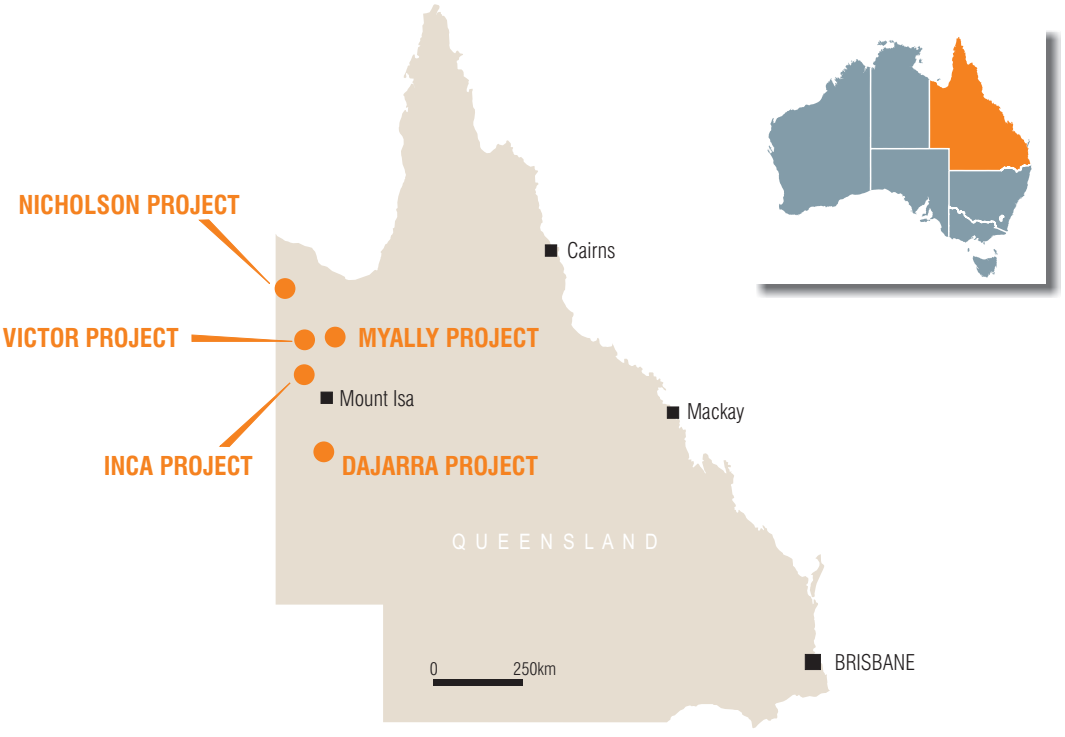
Specific Risks

There are risks associated with investing in the Company. A summary of what the Director's believe are the specific risks of an investment in the Company are set out in Section 5. The summary includes the following risks:

- Reliance on key personnel;
- No viable resource may be identified;
- Tenements may be subject to forfeiture if expenditure requirements are not met;
- Five of the Tenements are pending applications and the Company cannot guarantee that they will proceed to grant;
- The Company cannot guarantee that new native title claims will not be lodged over its Tenements;
- Whilst the Company has entered into access and clearance arrangements with native title parties the Company cannot guarantee access and clearance to its Tenements;
- The Company cannot guarantee that it will not be required to pay native title parties any compensation; and
- The Company cannot guarantee that its holdings in Deep Yellow Limited will maintain current value.

SUMMARY TABLE OF PROJECTS

Project	Description	Comment
Dajarra	Comprising six granted Tenements and one Tenement application, all of which are located approximately 150 kilometres south-south-west of Mount Isa.	Possible faulted offset of the Mount Isa host rocks, promising stratigraphy has already been located, untested EM and magnetic anomalies exist and the southern portion of the area is poorly explored.
Inca	Comprising one granted Tenement and three Tenement applications, all of which are located approximately 110 kilometres north-west of Mount Isa.	Interpreted east-west growth fault with coincident airborne EM anomaly, anomalous base metal geochemical values exist in basal Cambrian rocks, additional poorly tested airborne EM anomalies exist and the area contains prospective stratigraphy.
Nicholson	Comprising one granted Tenement which is located approximately 350 kilometres north-north-west of Mount Isa.	Located immediately south of the Walford Creek prospect, the area contains prospective stratigraphy but under cover and a target identified by deep penetrating airborne EM is ready for drilling.
Myally	Comprising one granted Tenement which is located approximately 170 kilometres north of Mount Isa.	Located on the northern end of the prospective Leichhardt River Fault Trough, previous work on the area is discouraging but the area is poorly drilled, a target exists under cover in the north-east corner of the area and prominent uranium anomalies exist for testing.
Victor	Comprising one Tenement application which is located approximately 180 kilometres north-west of Mount Isa.	The area contains base metal values in drill holes into Cambrian and Proterozoic units and the area contains prospective stratigraphy.



Chairman's Letter

Dear Investor,

On behalf of the Board of Directors of Superior Resources Limited (SPQ), I take pleasure in presenting this Prospectus to you and I invite you to become a Shareholder of SPQ.

SPQ is exploring for a major base metal deposit in the world-class base metal province of north-west Queensland where a number of major base metal deposits are currently being mined.

SPQ holds nine granted exploration permits and five applications each for an exploration permit, totaling 4,600 km^2 in north-west Queensland. All tenements are totally owned by SPQ and none are currently encumbered by agreements with other parties. These exploration permits are grouped into five project areas which are considered to have potential for large base metal deposits.

The best of the project areas is the largely covered Dajarra Project area located 150 km south of Mount Isa which contains rocks that SPQ interprets are offset by faulting from those that host the Mount Isa deposits. Work in this area has already identified targets for drilling as well as an area of new prospective host rocks and included a major program of heliborne EM. In the Inca Project and the Nicholson Project areas located north-west and north of Mount Isa respectively, work has also identified potential drilling targets. Heliborne EM has also been conducted over these areas as part of the initial phase of work. Exploration at the Myally Project is less advanced but targets should be outlined during the current year. The progress of exploration of the Victor Project is conditional on the granting of this tenement.

SPQ's approach to exploration is fundamental to success and it is important that I briefly outline this to you. This approach reflects the belief that exploration will need to move away from the traditional 'prospecting' approach to a more informed technological approach to be successful. In line with this SPQ is adopting the following in its programs:

- exploration models incorporating the characteristics of the large base metal deposits of north-west Queensland;
- increased attention on the shallow covered areas surrounding the Mount Isa Inlier where SPQ's models indicate major potential exists but where exploration has previously been limited;
- a strong focus on exploration for base metals in north-west Queensland;
- experienced and previously successful exploration personnel;
- extensive multi-disciplinary digital databases with advanced software for processing;
- modern proven advanced technologies (particularly geophysics) in exploration;
- extensive drilling with a large variety of targets tested; and
- avoidance of complex tenement arrangements unless there are considerable benefits to outweigh the overheads of these arrangements.

SPQ currently holds 7 million DYL shares which, maybe converted to cash to fund ongoing exploration or to use to acquire properties for exploration and/or development if required. SPQ in effect already holds sufficient resources to fund its planned exploration program for at least the next year. A successful IPO should however provide important additional funding for exploration particularly drilling as well as a market for SPQ shareholders.

In short, SPQ is an explorer that has the right tenements, the right approach and after completion of the Offer anticipates having the level of funding necessary to complete programs for the next few years. This should improve the chances of SPQ being successful in its endeavour to find a major base metal deposit in north-west Queensland.

With the completion of the major heliborne EM surveys and subsequent drilling programs on the existing and new exploration targets the next two years should be an exciting time for SPQ.

On behalf of the Board of Directors, I recommend that you read this Prospectus carefully and invite you to subscribe for shares in Superior Resources Limited.

Yours faithfully,

Lawrence James Litzow
Chairman & Company Secretary

1 Details of the Offer

1.1 SHARES OFFERED UNDER THIS PROSPECTUS

The total number of Shares offered under this Prospectus is 25 million Shares at an issue price of 20 cents each to raise up to $5 million (with a minimum subscription of 12.5 million shares at 20 cents each to raise $2.5 million). These Shares will be fully paid ordinary shares in the capital of the Company and will rank equally with existing ordinary shares in the capital of the Company.

Should the minimum subscription amount not be received within four months of the date of this Prospectus, the Company, at its absolute discretion, will either repay the application monies to Applicants without interest or (subject to any necessary ASIC or ASX waivers or consents being obtained) issue a supplementary or replacement Prospectus and allow Applicants one month to withdraw their Applications and be repaid their application monies. Interest will not be paid on application monies refunded.

1.2 USE OF FUNDS

Upon completion of the Offer, the gross funds available will be as follows:

	Minimum Subscription	Maximum Subscription
Total funds raised at IPO	**$2,500,000**	**$5,000,000**
Approximate funds available as at lodgement*	$2,090,000	$2,090,000
Approximate gross funds available	$4,590,000	$7,090,000

* *This amount represents approximate funds available to the Company after allowing for payment of current liabilities, details of which are set out in the Independent Accountant's Report in Section 7 of this Prospectus.*

It is anticipated that the gross funds available will be applied for the first two years after completion of the Offer as follows:

	Minimum Subscription	Maximum Subscription
Exploration expenditure	$2,580,000	$3,620,000
Administration	$675,000	$775,000
Costs of Offer	$334,000	$463,000
Total	**$3,589,000**	**$4,858,000**

The Company has completed a program of heliborne EM with final delivery of data and products expected after the Offer. Preliminary payments totaling $349,000 (exclusive of GST) have already been made for this work and these amounts have been included in the exploration expenditure amounts shown above.

Note 12 of the Independent Accountant's Report set out in Section 7 of this Prospectus discloses that the Company has commitments over the next five years of approximately $3,003,000 in respect of its tenements. The above table demonstrates, after deducting the anticipated application of funds from the gross funds available, that the Company will have sufficient funds at the end of two years to enable it to meet these expenditure commitments.

The Company anticipates that on completion of the Offer it will have sufficient working capital to carry out its principal activities and stated objectives. The Company has commitments consistent with its business objectives to spend at least half of its cash following completion of the Offer.

1.3 COSTS OF THE OFFER

The anticipated costs of the Offer are as follows:

	Minimum Subscription	Maximum Subscription
Commissions	$125,000	$250,000
Independent accountant's report	$10,000	$10,000
Independent geologist's report	$10,000	$10,000
ASX admission and listing fees and costs	$51,000	$55,000
Legal fees	$50,000	$50,000
Printing and mailing	$30,000	$30,000
Share registry	$20,000	$20,000
Other *	$38,000	$38,000
Total anticipated costs of Offer (excluding GST)	**$334,000**	**$463,000**

* *Other costs include anticipated amounts for drafting, promotion, establishing a website, ASIC fees together with a contingency amount.*

Financial advisers and other intermediaries are compensated in different ways for the provision of services to their clients. For those organisations that levy a handling or similar fee, the Company will pay such a fee to participating organisations of ASX and eligible licensed or exempt financial services providers (together referred to as 'advisers') who introduce investors.

The fee will not exceed 5% (plus GST, if applicable) of the issue price of the Shares, payable on monies received pursuant to Applications by clients of advisers lodged bearing the adviser's stamp.

The Underwriter will receive a management fee of a further 1% of Application Monies.

Advisers are obliged to disclose the amount of the fee to their clients. No brokerage or commission is payable by Applicants to the Company in respect of their Applications for Shares under this Prospectus.

1.4 UNDERWRITER

The Company has secured an agreement with Martin Place Securities Pty Limited pursuant to which Martin Place Securities as the Underwriter will underwrite the issue of 12.5 million shares at 20 cents each being the minimum subscription under this Prospectus. Further details of this agreement are set out in Section 8.6.

1.5 HOW TO APPLY FOR SHARES

Applications must be for a minimum subscription of 10,000 Shares or $2,000 and thereafter in multiples of 5,000 Shares or $1,000. All Applications must be made on an Application Form attached to or forming part of this Prospectus or on a paper copy of the electronic Application Form which accompanies the electronic version of this Prospectus, both of which can be found at, and downloaded from the Company's web site, www.superiorresources.com.au.

Completed Application Form(s) must be accompanied by payment in full by a cheque or a bank draft in Australian currency drawn on an Australian bank made payable to the "Superior Resources Limited Share Offer Account" and crossed not negotiable.

Applicants should return their completed Application Forms by no later than 5.00 pm Eastern Standard Time (EST) on the Closing Date at the address shown below:

BY POST TO:

Superior Resources Limited Share Offer
c/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

OR DELIVERED TO:

Superior Resources Limited Share Offer
c/- Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Further instructions for completing and lodging Application Forms are set out in the Application Forms attached to this Prospectus. Please note that you are not required to sign an Application Form.

1.6 WHEN TO APPLY

The Offer opens at 9.00 am EST on the Opening Date and will close at 5.00 pm EST on the Closing Date. The Company reserves the right to either close the Offer at an earlier time and date or to extend the closing time and date without prior notice. Applicants are encouraged to submit their Applications as early as possible. Further details in respect of important dates are as follows:

	Date
Offer expected to open (Opening Date)	10 September 2007
Offer closes (Closing Date)	9 October 2007
Allotment	15 October 2007
Dispatch of statements of shareholding	16 October 2007
Official Quotation of Shares on ASX expected to commence (Listing)	19 October 2007

1.7 ALLOTMENT OF SHARES

The Company will hold all application monies received with Applications on trust in a dedicated bank account until the allocations are determined. The Directors of the Company retain an absolute discretion in allocating Shares under the Offer and reserve the right to reject any Application or to allocate to any Applicant a lesser number of Shares than those applied for. If an allocation is not accepted, or is accepted in part only, the relevant part of the application monies will be refunded to the Applicant without interest.

The allotment of Shares to Applicants will occur as soon as practicable after the Offer has been declared closed. Thereafter, statements of shareholding will be despatched. It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants trading Shares before they receive their statements of shareholding will do so at their own risk. Subject to the requirements of the Corporations Act, the Company also reserves the right to place Shares up to the maximum number referred to in this Prospectus after the Closing Date (but before the Company is admitted to the Official List of ASX) at the discretion of the Directors.

1.8 ASX QUOTATION

The Company will apply to ASX within seven days after the date of this Prospectus for admission to the Official List and the Official Quotation of the Shares offered under this Prospectus. If the Company is admitted to the Official List, ASX will post details of the ASX Code allocated to the Company on its website. If ASX does not grant permission for Official Quotation of these Shares within three months after this Prospectus, or such longer period that is permitted by the Corporations Act, the Company will not allot or issue any Shares and will repay all application monies without interest and within the time prescribed by the Corporations Act or (subject to any necessary ASIC or ASX waivers and consents being obtained) issue a supplementary or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their application monies without interest.

1.9 CHESS

The Company will participate in the Clearing House Electronic Sub-register System, known as CHESS, in accordance with the Listing Rules and the ASTC Settlement Rules. The Company will maintain an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of securities.

The Company will not issue share certificates to investors. Instead, as soon as practicable after allotment of the Shares to successful Applicants, shareholders will receive an initial statement that sets out the number of Shares that they have been allocated in the Offer and details of the shareholder's holder identification number or sponsoring issuer number.

Following distribution of these initial statements to all successful Applicants, an updated holding statement will only be provided at the end of any subsequent month during which the balance of the investor's holding of Shares changes and as otherwise required under the Listing Rules and the ASTC Settlement Rules. Holders of Shares may also request a statement at any time, however a charge may be made for additional statements. A statement (whether issued by CHESS or the Company) will also provide details of a Shareholder's Holder Identification Number (HIN) in the case of a holding on the CHESS sub-register or Shareholder Reference Number in the case of a holding on the issuer sponsored sub-register.

1.10 DIVIDEND POLICY

During the two-year period following completion of the Offer, a large proportion of expenditure will be incurred in undertaking exploration activities. Accordingly, the Company does not expect to declare any dividends during that period. Subject to the Company achieving sustained profitability and cash flow and satisfying any ongoing capital requirements, the Directors may consider declaring dividends.

Accordingly, potential investors should note that the Company gives no assurance as to the level of dividends, if any, or of the franking of those dividends. The level of any dividend will depend upon, among other factors, the Company's future profits, funding requirements and tax position.

1.11 RESTRICTED SECURITIES

None of the Shares to be issued pursuant to this Prospectus will be restricted securities. As a condition of granting the Company's application for Official Quotation of its Shares, ASX may classify some or all of the existing Shares, as restricted securities. Restricted securities will not be able to be traded during an escrow period, which, depending on the circumstances, will usually be either 12 or 24 months. Prior to Official Quotation of the Company's Shares, holders of restricted securities will be required to enter into agreements with the Company, which provide for adherence to any escrow arrangements imposed.

2

Directors' Report

2.1 COMPANY PROFILE

Superior Resources Limited (SPQ) is a base metal explorer operating in north-west Queensland, Australia. Its target is the discovery of a base metal deposit of the Mount Isa style.

SPQ also has an interest in uranium through its holding of 7 million shares in Deep Yellow Limited. As well as being an investment in the uranium industry these shares may be converted to cash to fund ongoing exploration or to use to acquire properties for exploration and/or development if required.

SPQ currently holds 100% interest in 14 exploration permits in north-west Queensland. Nine of the exploration permits have been granted and five are under application. The permits are principally held for base metal exploration but uranium is a secondary target in the areas. The exploration permits fall into five separate project areas (Dajarra, Inca, Nicholson, Myally and Victor projects) (Figure 1).

SPQ currently conducts business as a base metal explorer on the Queensland exploration permits using its own resources and those of contractors and consultants.

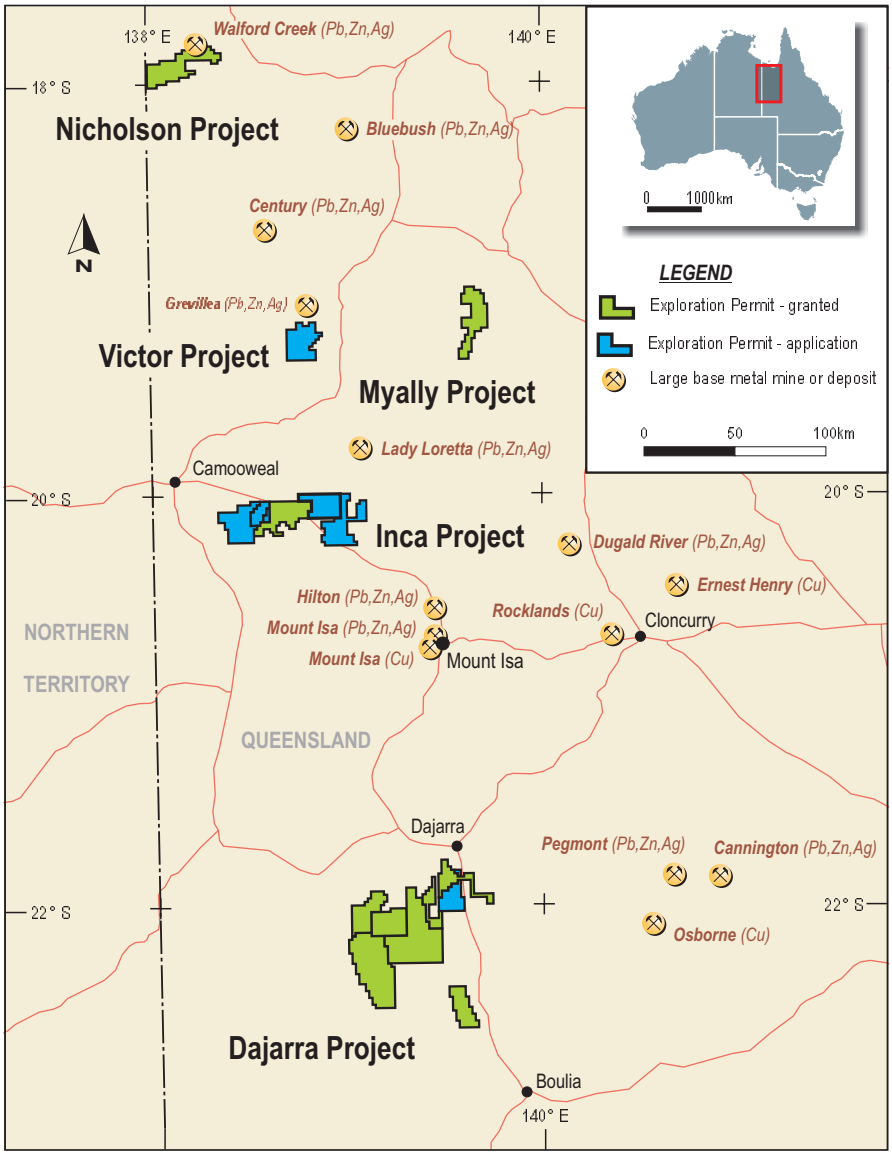


Figure 1: Superior Resources Limited - Project locations.

2.2 EXPLORATION RATIONALE AND STRATEGY

An outcropping belt of Proterozoic aged rocks known as the Mount Isa Inlier occurs in north-west Queensland. The outcropping Proterozoic rocks are surrounded by younger sediments which cover the older rocks and are generally referred to as 'cover rocks' or 'cover'. A number of base metal deposits occur within the Proterozoic rocks both where they outcrop and also where they are under cover rocks. The largest of these deposits is at Mount Isa where both copper and lead-zinc-silver deposits occur. These particular deposits are referred to as the Mount Isa deposits.

SPQ's exploration is focused on finding base metal deposits in the Proterozoic rocks of north-west Queensland. As noted above these Proterozoic rocks host a number of large base metal deposits. The deposits include the Mount Isa copper and lead-zinc-silver deposits, the Hilton lead-zinc-silver deposit, the Century lead-zinc-silver deposit, the Cannington lead-zinc-silver deposit and the Ernest Henry copper-gold deposit. These deposits maybe worthy targets for exploration. The Directors believe that there is potential in the Proterozoic rocks of north-west Queensland for the discovery of further base metal deposits.

The discovery of a large base metal deposit is a difficult task and the chances of an exploration program achieving a discovery are usually considered low. To a large degree these chances may be balanced by the potential size of the target sought. The chances of success are also considerably improved by implementing the correct strategy and approach.

The Directors believe that one of the key factors to discovery is the use of experienced and successful explorers in the management and direct supervision of exploration programs. SPQ's Managing Director has some 37 years as a successful explorer and has played an important role in the discovery of the Balcooma copper-lead-zinc deposit and the Ravenswood and Mount Wright gold deposits. SPQ also uses the services of Terra Search Pty Ltd (Terra Search), an experienced exploration contract group based in Townsville, to provide additional expertise and equipment for exploration. In particular SPQ will use the consulting services of Dr Simon Beams, the Managing Director of Terra Search, who is a successful explorer and has been involved with a large number of exploration programs in northern Queensland.

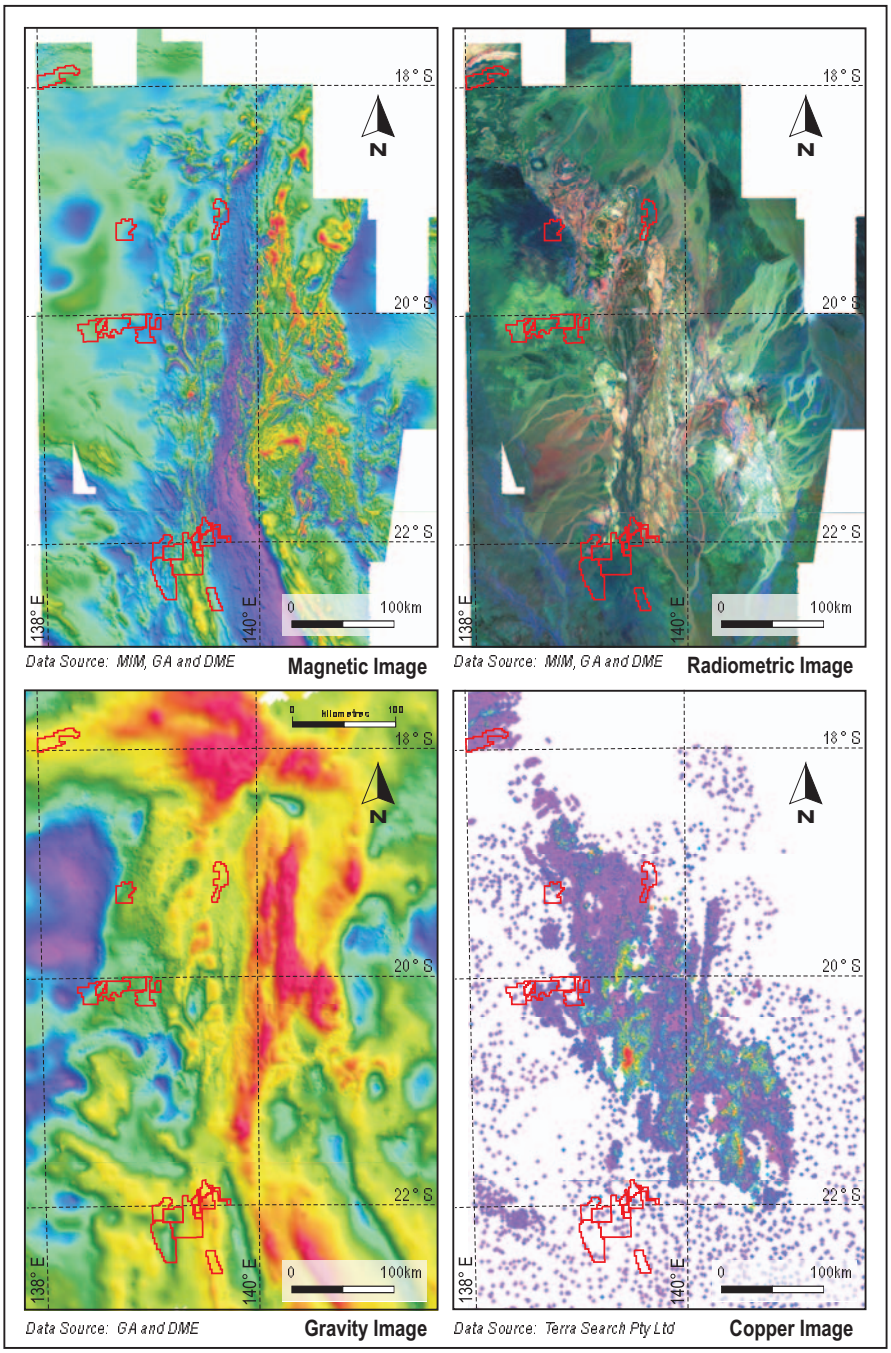


Figure 2: Mosaic of images of some of the datasets compiled by SPQ on north-west Queensland.

SPQ has invested considerable time and effort in compiling digital databases on the Mount Isa Inlier (Figure 2). This has been done by various means including purchasing data, downloading data from government sources, compiling data from hard-copy reports and by acquiring data from other sources such as from interested parties. These databases have played an important role in the regional work and ground selection process completed by SPQ to date and they will continue to play an important role in ongoing exploration.

SPQ is licenced to use, and has the expertise to operate, various software packages necessary to complete exploration in a digital age. SPQ also has access to and uses additional advanced software through its consultants and contractors.

SPQ also intends to use the newer technologies in exploration where these are appropriate and provide a competitive edge. Many of these technologies are available through consultants and contractors. In accordance with this SPQ used the advanced Versatile Time-Domain Electromagnetics (VTEM) airborne EM system. The VTEM EM method, which is sold by Geotech Ltd of Canada, is a helicopter borne system with the transmitter and receiver towed at 30 m above the ground surface. The system utilizes modern advances in digital electronics and signal processing in the area of precision electromagnetic measurements.

In summary therefore SPQ is an explorer that:

- is searching for base metal deposits in a prime location;
- has the experienced people and information to conduct exploration;
- anticipates access to the equipment and staff to conduct exploration;
- is applying advanced discovery methods in the conduct of exploration;
- anticipates having sufficient funds to meet its anticipated exploration expenditure; and
- is focussed and committed.

The Directors anticipate proceeding promptly to complete programs of work on the potential targets already identified in the granted exploration permits. However, successful exploration for a large mineral deposit is likely to require a sustained exploration program over a number of years. With a successful raising of $5 million, SPQ anticipates it will be able to implement a sustained exploration program over the next two years.

2.3 EXPLORATION MODELS

SPQ is using the Mount Isa copper and lead-zinc-silver deposits as 'templates' or models in the search for base metal deposits and exploration permits have been selected on the basis of the Company's assessment of potential for these deposit styles. The Mount Isa deposits are not owned by SPQ.

The Mount Isa deposits include separate copper ore bodies and lead-zinc-silver ore bodies which lie immediately adjacent to each other (Figure 3). The Directors believe that while the Mount Isa deposits are separate they are closely related. The other major lead-zinc-silver deposits in the Mount Isa Inlier (Hilton, Century, Cannington and Dugald River) do not have associated adjacent large copper deposits. At Mount Isa the copper and lead-zinc-silver orebodies are quite different from each other in form and occurrence but are hosted in the same rocks. Therefore while the search area for both deposit types can be the same the approach to exploration may need to be different.

The Mount Isa copper deposit is Australia's second largest known copper deposit. The deposit is made up of a number of separate ore bodies extending over a length of approximately 3 km, a width of approximately 500m and a depth of approximately 1500m. The Directors are confident that if SPQ found a large copper deposit of this style it may have the potential to be developed.

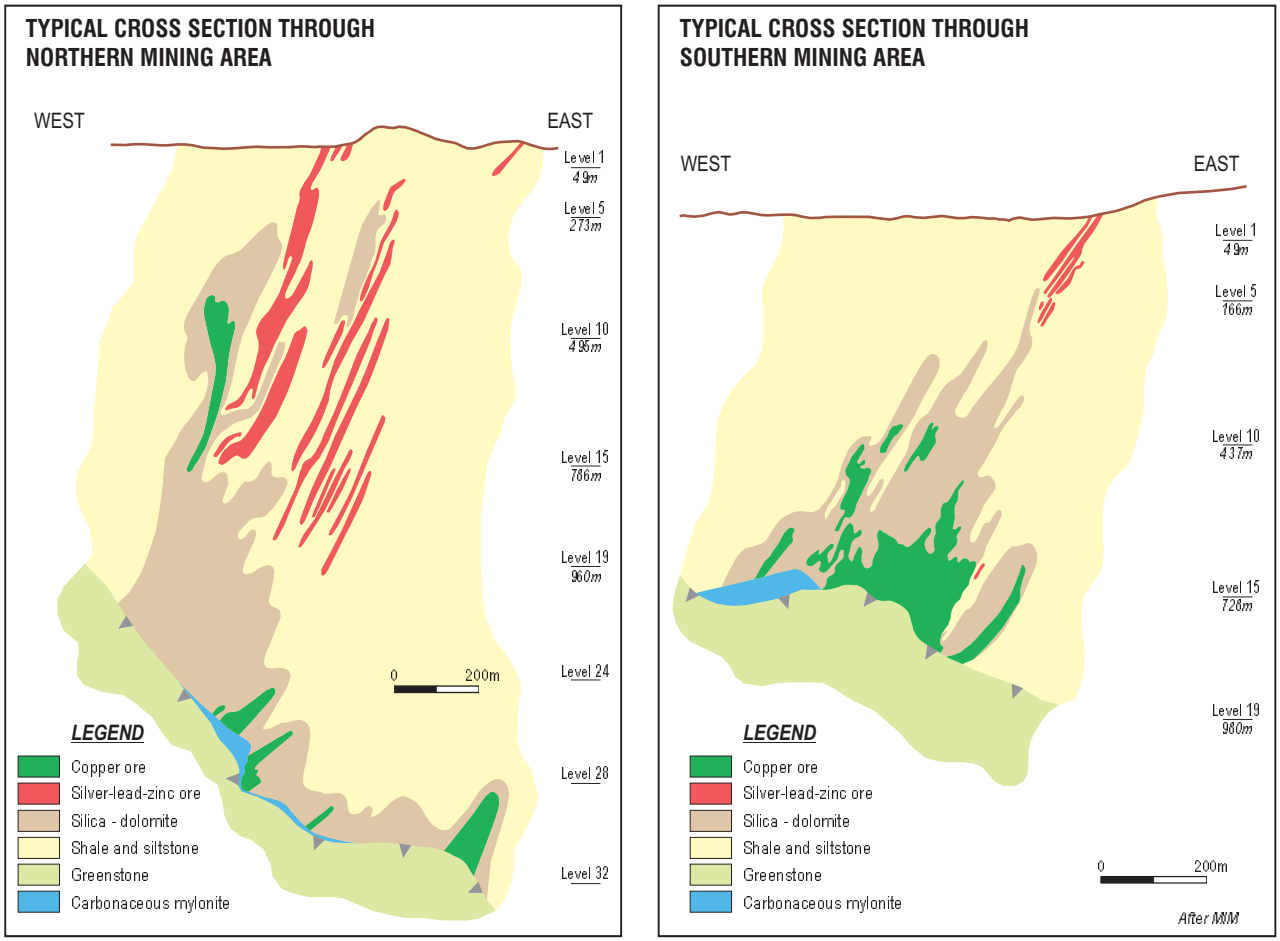


Figure 3: Cross sections through the Mount Isa Mine looking north.

SPQ has studied the literature on the Mount Isa copper deposit in detail and has developed a model to use in exploration for this style of copper deposit. SPQ has also used its databases to complete a detailed study of the geology of the Mount Isa Inlier and surrounding covered areas to identify locations where the model may be applicable. In cases where prospective areas were identified and the areas were available, applications for exploration permits over the areas were made.

The principal components of the copper exploration model are:

- Thick sequences of metamorphosed basic volcanics (basalts) as a source of copper for deposit formation. Basic volcanics typically contain anomalous copper values. Basic volcanics commonly show as magnetically active areas in airborne magnetic surveys.

- Evidence for the operation of large Proterozoic hydrothermal cells within the basic volcanic sequences to leach and then transport the copper to a depositional site. Hydrothermal activity may result in destruction of magnetic minerals within basic volcanics and evidence of the previous action of hydrothermal cells may show in airborne magnetic surveys.

- Presence of thick sequences of fine-grained sediments which overlie the basic volcanic sequences and which act as depositional sites for deposit formation. In the Mount Isa area, sediments typically show as quiet areas in airborne magnetic surveys.

- Presence of growth faults that may be interpreted to have been active at the time of sediment deposition and which potentially acted as conduits to focus fluid flow to depositional sites. Faults which juxtapose the potential basic volcanic copper source rocks against the potential depositional sites in the sediments are preferable.

- The association of extensive pyrite mineralisation with the copper mineralisation.

- The possible association of stratiform lead-zinc-silver mineralization with the copper mineralization.

SPQ also has an exploration model for lead-zinc-silver deposits based on the large Proterozoic deposits in north-west Queensland including the Mount Isa, Hilton and Century deposits which are currently being mined as well as other deposits/prospects including Walford Creek, Bluebush, Grevillea, Lady Loretta and Dugald River which are not currently being mined. All of these deposits are finely layered sulphide deposits hosted in fine-grained pyritic and dolomitic shale or siltstone. The deposits are usually considered to belong to a group of deposits that are referred to as shale hosted deposits. They are stratiform or at least stratabound deposits. Faulting (growth faults) of the host sequences at the time of formation is usually considered to be important. The two critical elements of the exploration model for these deposits therefore are:

- Thick sequences of fine grained pyritic and dolomitic sediments which are potential hosts to these deposits. These sediments typically show as quiet areas in airborne magnetic surveys.

- Presence of growth faults that can be interpreted to have been active at the time of sediment deposition and which potentially acted as conduits to focus fluid flow to depositional sites.

Both of these elements are common with the copper exploration model and exploration for both types of deposit can be conducted in the same area.

A schematic diagram illustrating some of the features of the combined model for both copper and lead-zinc-silver is shown in Figure 4.

The outcropping prospective Proterozoic rocks of the Mount Isa Inlier extend under shallow cover beyond the outcropping area. The cover rocks include Cambrian, Mesozoic and Cainozoic sedimentary deposits. Discoveries (eg. Cannington and Ernest Henry) have been made in the covered areas and it is likely that further discoveries will be made as the shallow covered area is similar in size to the outcropping area where a number of deposits are known. SPQ is targeting interpreted prospective rocks in shallow covered areas.

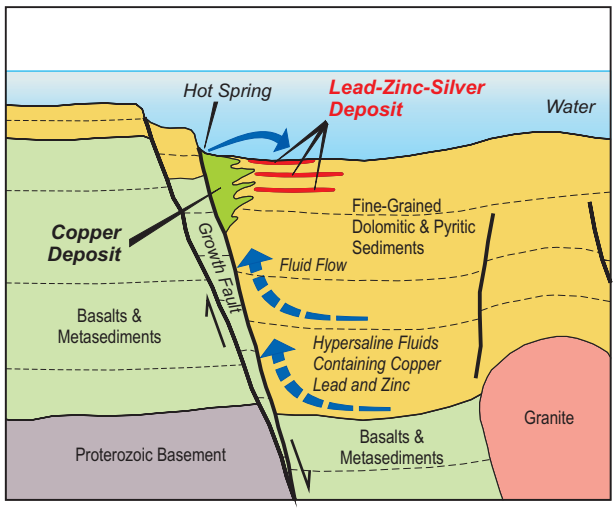


Figure 4: Proterozoic Base Metal Exploration Model - Schematic section showing how large base metal deposits are believed to have formed.

2.4 EXPLORATION PROJECTS

Dajarra Project

The Dajarra Project comprises six granted Tenements and one Tenement application and is located approximately 150 km south-south-west of Mount Isa.

SPQ's interpretation is that the Leichhardt River Fault Trough, the structural domain that hosts the Mount Isa deposits, is truncated and offset by faulting south of Mount Isa to the Dajarra Project area (Southern Isa Offset). The Dajarra Project area is therefore considered to possibly cover the faulted southern extension of the host rocks to the Mount Isa deposits. If this is the case it increases the potential of the Dajarra Project area for deposits of the Mount Isa style. (This is dealt with more fully under the Independent Geologists Report on the Dajarra Project area in Section 6.)

Much of the Dajarra Project area is covered by Cambrian, Mesozoic and Tertiary sediments. Geological mapping in the Dajarra Project area completed by SPQ to date has identified outcropping Proterozoic sediments (pyritic dolomitic shales and siltstones) that are similar to the host rocks of the Mount Isa deposits. These prospective sediments have not been previously explored and SPQ will complete geochemistry, further geological mapping, geophysics and drilling, if appropriate, in the 2007 and 2008 field seasons. The existence of these sediments in the Dajarra Project area gives considerable weight to the interpretation of a Southern Isa Offset.

A number of covered magnetic lows in processed airborne magnetics are interpreted as possible prospective host sediments for Mount Isa style deposits and these have been flown by airborne EM both to determine if the sediments are prospective and also to locate targets for drilling.

Other potential targets identified to date in the Dajarra Project area include an airborne EM anomaly at the Rankin Prospect and airborne magnetic anomalies at the Buckingham Prospect. Drilling of both of these targets is planned following interpretation of the final data from the modern heliborne EM.

Inca Project

The Inca Project comprises one granted Tenement and three Tenement applications and is located approximately 110 km north-west of Mount Isa.

This area was selected by SPQ on the basis of the exploration model outlined above. Of particular importance were the interpretation of an east-west growth fault through the area, the limited amount of exploration previously completed and the prospective age of the host rocks.

Investigations subsequent to the application for the first exploration permit in the area including compilation of data showed the presence of anomalous base metal values in the base of the Cambrian cover rocks and the presence of an untested airborne EM anomaly at the Flora Prospect located just south of the Mount Isa to Camooweal road. These elements were considered very encouraging and additional applications for exploration permits have since been made in the area to cover other interesting airborne EM anomalies.

The best of these other airborne EM anomalies is that at the Buckley Prospect. This anomaly was drilled by MIM Holdings Limited without success. However the anomaly is complex and difficult to interpret and additional drilling is warranted.

SPQ has recently completed a heliborne EM survey. SPQ anticipates receiving results of this survey after completion of the Offer.

Nicholson Project

The Nicholson Project comprises one granted Tenement and is located approximately 350 km north-north-west of Mount Isa.

Two potential target zones exist in the area. The first is within a basin or graben of sediments south of the Fish River Fault where advanced modelling of previous airborne EM indicates a conductive target located approximately 4 km south of the Walford Creek Prospect and at a depth of approximately 400 m. The second potential target zone is along the northern side of the Nicholson River Fault which forms the southern margin of the basin or graben of sediments. No specific sites have been identified in this second target zone but the western part of the area has been flown using advanced heliborne EM.

Myally Project

The Myally Project comprises of one granted Tenement and is located approximately 170 km north of Mount Isa.

A principal target in the project area lies in the shallow covered north-eastern portion of the area where a magnetically quiet area, possibly reflecting sediments, is juxtaposed against magnetic anomalies which probably reflect basic volcanics. This area is adjacent to a branch of the Mount Gordon Fault which is host to copper mineralization at Gunpowder. Some of the features of SPQ's copper model existed in the area and it was therefore selected for exploration.

This project area also contains a number of uranium radiometric anomalies which will be investigated during work in the area.

Victor Project

The Victor Project comprises one Tenement application and is located approximately 180 km north-north-west of Mount Isa.

The Victor Project was selected on the basis of prospective stratigraphy, the presence of base metal geochemical anomalies, the existence of low-grade base metal drill hole intersections and anomalies in previous airborne EM surveys.

No field work has been possible in the area as the underlying Tenement application has not yet proceeded to grant.

2.5 ANTICIPATED ALLOCATION OF FUNDS AND RATE OF EXPENDITURE

Full Subscription Exploration Budget

It is anticipated that the funds raised by this Offer are to be applied to progress exploration and the strategic position of the Company, to pay outstanding costs of the Offer and to be used for general working capital, as set out in the following table.

The proposed two year exploration budget for the Company is as follows:

Project	First Year	Second Year*	Total
Dajarra	$788,000	$571,000	$1,359,000
Inca	$449,000	$535,000	$984,000
Nicholson	$371,000	$366,000	$737,000
Myally	$42,000	$226,000	$268,000
Victor	$110,000	$162,000	$110,000
Total	**$1,760,000**	**$1,860,000**	**$3,620,000**

* *Second year programs and proposed expenditures are based on the likely results from the first year's programs. Prudent management of exploration expenditure requires that funding is directed to the best projects and where first year results vary from the expected results the second year expenditures may vary from those stated.*

Minimum Subscription Exploration Budget

In the event that the raising only achieves the Minimum Subscription of $2.5 million, the Directors propose to complete reduced programs on all of the Project areas as follows:

Project	First Year	Second Year	Total
Dajarra	$663,000	$325,000	$988,000
Inca	$357,000	$345,000	$702,000
Nicholson	$275,000	$220,000	$495,000
Myally	$35,000	$165,000	$200,000
Victor	$44,000	$151,000	$195,000
Total	**$1,374,000**	**$1,206,000**	**$2,580,000**

2.6 CORPORATE OBJECTIVES

The Company's Directors have not formed a view on whether discoveries will be developed, farmed out, joint ventured or sold by the Company as this decision must be made on the basis of maximising the returns to Shareholders. A decision can only be made when the full facts of a potential discovery are known.

3

Tenement Summary

The Company is the registered holder of nine granted exploration permits and five applications each for an exploration permit, all of which are 100% owned by the Company and entitle the Company to explore for all minerals other than coal. The Company's Tenements are summarised in the table below and are categorised by project.

Tenement	Identification	Date of Grant	Date of Expiry	Sub-blocks	Area (km^2)
DAJARRA PROJECT					
EPM15040	Sulieman Creek	28 March 2006	27 March 2011	100	300
EPM15046	Smoky Creek	28 February 2006	27 February 2011	82	246
EPM15219	Cottonbush No 1	30 January 2007	29 January 2012	216	648
EPM15220	Cottonbush No 2	23 January 2007	22 January 2012	65	195
EPM15328	Upper Smoky	30 January 2007	29 January 2012	224	672
EPM15329	West Smoky	30 January 2007	29 January 2012	76	228
EPM16029	Sulieman South	Application		55	165
INCA PROJECT					
EPM15044	Inca Creek	28 March 2006	27 March 2011	100	300
EPM15732	Inca Creek 2	Application		100	300
EPM16013	West Inca	Application		100	300
EPM16027	Buckley River	Application		100	300
NICHOLSON PROJECT					
EPM15670	Hedleys 2	21 August 2006	20 August 2011	124	372
MYALLY PROJECT					
EPM15043	Myally Creek	28 March 2006	27 March 2011	100	300
VICTOR PROJECT					
EPM16028	Victor Creek	Application		91	273

In Queensland the holder of an exploration permit can, subject to any necessary consents being obtained, enter any part of the land comprised in the exploration permit for the purpose of facilitating exploration. Exploration permits are granted for an initial term not exceeding five years (unless otherwise determined by the Minister). In the event that the holder makes application for the grant of a mining lease the initial term will be extended until determination of the application. Upon application the Minister may renew an exploration permit for a further term of not more than five years. The area of an exploration permit must be reduced by 50% at the end of the second year of grant and by a further 50% at the end of each subsequent year (unless the Minister otherwise decides). The holder must carry out improvement restoration and agreed rehabilitation and rectify, without undue delay, any damage to the land.

The Company has prepared a Tenement Report and lodged a copy of it with ASIC on 29 August 2007. The Tenement Report is taken to be included in this Prospectus by operation of section 712 of the Corporations Act. The Company will provide a copy of the Tenement Report to any person who requests a copy of it during the Offer period of this Prospectus, free of charge. A copy can also be downloaded from the Company's website, www.superiorresources.com.au.

Each of the granted Tenements are subject to general conditions and specific conditions, details of which are outlined in the Tenement Report. The Tenement Report details the particulars of the granted Tenements, including their status, term, grant dates, expiry dates, and minimum expenditure requirements. The Tenement Report also details relevant particulars of the applications.

Native title describes the rights and interests of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs, that are recognised under Australian law.

Native title and Aboriginal cultural heritage issues may affect the Company's ability to gain access to its Tenements. Participation in the expedited procedure fast tracks the process of the grant of an application for a tenement. The expedited procedure in Queensland results in a tenement being granted subject to Native Title Protection Conditions. Native Title Protection Conditions outline the obligations that the Company must adhere to when accessing the Tenements and obtaining clearance to conduct exploration activities. Without participation in the expedited procedure, an applicant for a tenement must enter into an agreement with the native title parties or wait for the National Native Title Tribunal or the Federal Court to make a determination before the application may be validly granted.

Eight of the Company's nine granted Tenements together with the five Tenement applications are affected by native title claims of the Kalkadoon People, Indjilandji/Dithannoi, Waluwarra People, Waluwarra/Georgina River People, Pitta Pitta People, Waanyi Peoples, Gangalidda and Garawa People. These Tenements have been granted subject to Native Title Protection Conditions. The Company is currently negotiating with the relevant native title claimants' cultural heritage arrangements in respect of EPM 15670. Despite eight of the granted Tenements being subject to Native Title Protection Conditions, the Company cannot guarantee access and clearance in respect of granted Tenements.

The Company anticipates that all of the applications may attract the expedited procedure and that the Tenements will be granted subject to Native Title Protection Conditions. However, the Company cannot guarantee that native title claims will not impact upon the expedient grant of the Company's five Tenement applications, nor can the Company guarantee that the five Tenement applications will proceed to grant. In respect of EPM 15732, the native title claimants have objected to the application of the expedited procedure and the Company now anticipates negotiating access arrangements. If an access arrangement is not negotiated the NNTT must make a determination regarding access before the tenement may be granted. Also, the Company cannot guarantee that new native title claims will not be lodged over its Tenements. Compensatory obligations may be necessary in settling native title claims lodged over these eight Tenements. The level of impact of these matters will depend, in part, on the location, background tenure and status of the granted Tenements.

The Directors have not undertaken the considerable historical, anthropological and ethnographic work that would be required to determine the likelihood that existing claims may be successful, or the possibility of any further native title claims being made in the future.

By reason of the Aboriginal Cultural Heritage Act 2003 (Qld), the Company is obligated to take all reasonable and practical measures to ensure that its activities do not harm any significant Aboriginal areas or objects. Also, the Aboriginal and Torres Strait Islanders Heritage Protection Act 1984 (Cth) requires the Company to protect from injury or desecration significant Aboriginal areas or objects. The Company intends to comply with its obligations under these Acts.

Further details in respect of the Tenements and native title and Aboriginal cultural heritage issues are outlined in the Tenement Report.

4

Directors and Management

4.1 PROFILE OF DIRECTORS AND EXECUTIVE MANAGEMENT

Lawrence James Litzow (Age 73) - F.C.A., A.A. U.Q., A. C.I.S.
Chairman and Corporate Secretary

As a chartered accountant by profession, Lawrie spent 35 years in public accounting, the final six being as Managing Partner of one of the largest local independent firms of Chartered Accountants in Queensland. During that career he serviced a wide range of clients from small family owned businesses to major listed public companies. He has demonstrated versatility based on the varied training and insights afforded by a long career in this environment. Since 1993, Lawrie has been a freelance consultant in matters ranging through advising and participating in initial public offerings of companies, the provision of economic loss assessments for Australian courts, and involvement in many start up ventures in technology and environmental companies. Lawrie also spent five years on a part time basis on a committee to advise the Australian Federal Minister for Small Business on matters relating to innovation and small business. Lawrie has held and continues to hold directorships of a number of public companies in a variety of industries.

Kenneth James Harvey (Age 62) - M.Sc., Dip. Ed., M.Aus.I.M.M., M.A.I.G., M.S.E.G., M.G.S.A.
Managing Director

Ken has over 37 years experience in mineral exploration, management and resource evaluation throughout Australia. He was a member of a major company's exploration team for 28 years, and during that time he played important roles in the discovery of the Balcooma base metal deposit and the Ravenswood and Mt Wright gold deposits. Throughout his career he has held numerous management positions within the minerals industry. During the last nine years he has consulted through his private company to the exploration industry principally in the area of project generation, property evaluation and resource estimation. He has particular skills in the area of 3D visualization of exploration data and software for this purpose. He has served on the Queensland Resources Council and various other bodies during his career.

David John Horton (Age 56) - M.Sc., M.A.I.G., M.S.E.G., M.G.S.A., M.G.A.A.
Non-executive Director

Active in the exploration industry for over 34 years, Dave has provided advanced geoscientific, research and operational management consultancy services to over 50 Australian and multi-national companies both within Australia and offshore. He has also worked for, and consulted to, the Queensland State government and is the author of numerous geoscientific publications. In his career he has held several senior management positions including Exploration Manager of Queensland Metals Corporation Limited and Chief Geologist of A.R.I. Ltd. Currently he is Managing Director of Opal Horizon Limited, a successful opal exploration and mining company, and is considered to be one of the leading researchers on practical aspects of opal genesis and exploration models in Australia. He has served as company representative on the Queensland Resources Council and as an executive member of the Australian Geoscience Council.

4.2 CORPORATE GOVERNANCE PRINCIPLES

The Company's Corporate Governance Policy provides detail in respect of:

- the composition of the Board;
- the responsibilities of the Chairperson and the Managing Director;
- the responsibilities of the Audit Committee, Risk Management Committee, Remuneration Committee and Nomination Committee;
- the presentation of financial reports;
- access to information for the Company's officers;
- procedures to follow in the event of a conflict of interest; and
- guidelines regarding the trading of Shares by officers and employees of the Company.

While the Company aims to comply with ASX Principles of Good Corporate Governance and Best Practice Recommendations, its small size and the nature of its activities may make it inappropriate or impractical to comply with all of the Recommendations. As the Company's activities expand, the Corporate Governance Policy may be reviewed. In any event, the Company will provide a statement in its annual report disclosing the extent to which it has complied with the Recommendations.

4.3 CONTINUOUS DISCLOSURE

The Company intends to comply with its continuous disclosure obligations to ASX upon admission to the Official List. The Company anticipates that this commitment will promote transparency, investor confidence and will ensure shareholders and the financial markets are provided with timely information about its activities. The Company intends to post all information released to ASX pursuant to the Company's continuous disclosure obligations as soon as possible on the Company's website at www. superiorresources.com.au.

5 Risk Factors

5.1 RISK FACTORS

There are risks associated with investing in the Company. The following is a summary of what the Director's believe are the specific risks of an investment in the Company.

5.2 SPECIFIC RISK FACTORS OF SPQ

(a) Reliance on Key Personnel

In formulating its exploration programs, the Company relies to a significant extent upon the experience and expertise of the following Directors and management:

Chairman and Secretary	Lawrie Litzow
Managing Director	Ken Harvey
Non-Executive Director	David Horton

These gentlemen possess knowledge of many of the SPQ tenements through extensive personal experience including exploration of the Tenements.

Although information concerning SPQ's tenements has been chronicled, the loss of one or more of these key personnel may adversely affect the Company's prospects of pursuing its exploration programs within the timeframes and within the cost structure as currently envisaged.

Although the Key Personnel have a considerable amount of experience and have previously been successful in their pursuits of acquiring, exploring and evaluating mineral projects, there is no guarantee or assurance that they will be successful in their objectives pursuant to this Prospectus.

(b) Resource Targets

The geological characteristics of the Company's base metal targets at the various locations covered by the Tenements appear to be similar to locations where established exploration and mining operations are being successfully conducted. Similarity of geological characteristics is not determinative of any similarity in actual mineral resources. Whilst those characteristics may encourage explorers like SPQ to commit expenditure to drilling programs, it must be appreciated that a substantial and real risk still exists that no viable resource will be identified. As such, it is important that geological similarities be appreciated in the context that they only provide an indication rather than any determinative evidence of any viable outcome.

(c) Tenements

A failure to adhere to the requirements for the expenditure identified in the Tenement Report of this Prospectus will, unless an exemption is granted, make a granted Tenement subject to possible forfeiture. Also, the Company cannot guarantee that the five Tenement applications will proceed to grant.

(d) Native Title

Native title and Aboriginal cultural heritage issues may affect the Company's ability to gain access to its Tenements. Participation in the expedited procedure fast tracks the process of the grant of an application for a tenement. The expedited procedure in Queensland results in a tenement being granted subject to Native Title Protection Conditions. Native Title Protection Conditions outline the obligations that the Company must adhere to when accessing the Tenements and obtaining clearance to conduct exploration activities. Without participation in the expedited procedure, an applicant for a tenement must enter into an agreement with the native title parties or wait for the National Native Title Tribunal or the Federal Court to make a determination before the application may be validly granted.

Eight of the Company's nine granted Tenements together with the five Tenement applications are affected by native title claims of the Kalkadoon People, Indjilandji/Dithannoi, Waluwarra People, Waluwarra/Georgina River People, Pitta Pitta People, Waanyi Peoples, Gangalidda and Garawa People. These Tenements have been granted subject to Native Title Protection Conditions. The Company is currently negotiating with the relevant native title claimants cultural heritage agreements in respect of EPM 15670. Despite eight of the granted Tenements being subject to Native Title Protection Conditions, the Company cannot guarantee access and clearance in respect of granted Tenements.

The Company anticipates that all of the applications may attract the expedited procedure and that the Tenements will be granted subject to Native Title Protection Conditions. However, the Company cannot guarantee that native title claims will not impact upon the expedient grant of the Company's five Tenement applications, nor can the Company guarantee that the five Tenement applications will proceed to grant. In respect of EPM 15732, the native title claimants have objected to the application of the expedited procedure and the Company now anticipates negotiating access arrangements. If an access arrangement is not negotiated the NNTT must make a determination regarding access before the tenement may be granted. Also, the Company cannot guarantee that new native title claims will not be lodged over its Tenements. Compensatory obligations may be necessary in settling native title claims lodged over the eight granted Tenements affected by native title claims. The level of impact of these

matters will depend, in part, on the location, background tenure and status of the granted Tenements.

The Directors have not undertaken the considerable historical, anthropological and ethnographic work that would be required to determine the likelihood that existing claims may be successful, or the possibility of any further native title claims being made in the future.

By reason of the Aboriginal Cultural Heritage Act 2003 (Qld), the Company is obligated to take all reasonable and practical measures to ensure that its activities do not harm any significant Aboriginal areas or objects. Also, the Aboriginal and Torres Strait Islanders Heritage Protection Act 1984 (Cth) requires the Company to protect from injury or desecration significant Aboriginal areas or objects. The Company intends to comply with its obligations under these Acts.

(e) Holdings in Deep Yellow Limited

Whilst the Company holds 7 million Shares in DYL, the Company cannot guarantee that these DYL Shares will maintain their value.

5.3 GENERAL RISK FACTORS OF SPQ

(a) Operation and Development Risks

By its nature, the business of exploration, mineral development and production which the Company may continue to participate in contains risks. Prosperity depends on the successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management, and efficient financial management. For its part, exploration is a speculative endeavour, while mining operations can be hampered by force majeure circumstances, environmental considerations and cost overruns for unforeseen events. Further, the nature of the business of exploration, development and production can sometimes result in industrial accidents, unusual or unexpected rock formations, and other incidents beyond the control of the Company.

There can be no assurances that the proposed project exploration programs described in this Prospectus, or any other projects or tenure that the Company may acquire in the future, will result in the discovery of a significant ore deposit. Even if a significant ore deposit is identified, there can be no guarantee that it can be economically exploited.

Ultimate success depends on the discovery and delineation of economically recoverable mineral resources, establishment of an efficient exploratory operation, obtainment of necessary titles and access and government and other regulatory approvals (including those relating to native title). The exploration activities of the Company may be affected by a number of factors including, but not limited to, geological conditions, seasonal weather patterns, technical difficulties and failures, continued availability of the necessary technical equipment and appropriately skilled and experienced technicians, adverse changes in government policy or legislation and access to the required level of exploration funding.

(b) Development

Possible future development of a mining operation at any of the Company's projects is dependent on, or affected by, a number of factors including, but not limited to, the discovery of recoverable ore bodies, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

(c) Mining

In the event that the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, fires, explosions or other accidents. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its project interests.

(d) Legislative Changes

Changes in government regulations and policies may adversely affect the financial performance of SPQ. SPQ is not aware of any current or proposed material changes in relevant regulations or policy.

(e) General Economic Conditions

Changes in the general economic climate in which SPQ operates may adversely affect the financial performance of the Company. Factors that may contribute to that economic climate include the general level of economic activity, interest rates, inflation and other economic factors. The price of commodities and level of activity within the mining industry will also be of particular relevance to SPQ.

(f) Unforseen Expenses

While SPQ is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

(g) Government Policy

Capacity to explore and mine, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of SPQ.

(h) Commodity Price Risk

The Company's prospects and share price will be influenced by the price obtained from time to time for the commodities targeted in its

exploration programs. Commodity prices fluctuate and are affected by factors including the relationship between global supply and demand for minerals, forward selling by producers, the cost of production and general global economic conditions.

Commodity prices are also affected by the outlook for inflation, interest rates, currency exchange rates and supply and demand issues. These factors may have an adverse affect on the Company's exploration and any subsequent development and production activities, as well as its ability to fund its future activities.

(i) Environmental Risks

The Company's operations and projects are subject to State and Federal laws and regulation regarding environmental hazards. SPQ intends to conduct its activities in an environmentally responsible manner, in accordance with applicable laws and regulations.

(j) Share Market Risk

The market price of Shares and Options can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the Australian resources sector and exploration companies in particular.

There are a number of factors (both national and international) that may affect the share market price and neither the Company nor its Directors have control of those factors.

(k) Future Capital Needs and Additional Funding

The future capital requirements of the Company will depend on many factors including the results of the proposed exploration programs. The Company believes its available cash and the net proceeds of this offer should be adequate to fund the continued exploration of the projects and other Company objectives as stated in this Prospectus.

Should the Company require additional funding, there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional funding, if required, would have a material adverse effect on the Company's business and its financial condition and performance

6

Independent Geologist's Report

VERONICA WEBSTER PTY. LIMITED
(Incorporated in Queensland; ACN 010 299 224)
Consultants to the Mining Industry
Les W Davis - Minerals Exploration Consultant

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POSTAL ADDRESS: P O Box 619, Hamilton QLD 4007

20 July 2007

Directors
Superior Resources Limited
Level 2, 87 Wickham Terrace,
SPRING HILL QLD 4000, Australia

Dear Directors

RE: INDEPENDENT GEOLOGIST'S REPORT ON EXPLORATION PROPERTIES OF SUPERIOR RESOURCES LIMITED IN QUEENSLAND

6.1 INTRODUCTION

The Directors of Superior Resources Limited ("SPQ") commissioned Veronica Webster Pty Limited ("VWPL") to prepare an Independent Geologist's Report ("Report") on the exploration properties held or controlled by SPQ in Queensland. These are sometimes referred to as the SPQ tenements or the SPQ projects.

This Report has been prepared at the request of the Directors for inclusion in a Prospectus ("the Prospectus") of SPQ, an initial public offering ("IPO") to be dated on or about 29 August 2007. Through the Prospectus, SPQ intends to raise $5,000,000 by issuing 25,000,000 20 cent fully paid ordinary shares.

Mr. L W Davis, who is a duly authorised representative and director of VWPL, has supervised the preparation of the Report. Mr Davis has had over 40 years experience in the minerals industry, is a registered Chartered Professional (Geology) and is affiliated with The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. He specialises in mineral resource/reserve estimations, advanced project assessment and exploration management.

The exploration projects of SPQ are situated in the Mount Isa Inlier, north-west Queensland. The target in Queensland is exclusively base-metals in large deposits of the Mount Isa style.

Mr Davis has had experience in the Mount Isa region since 1970 and has experience in exploration for and assessment of the type of prospects and commodities which SPQ is investigating.

SPQ supplied Mr Davis with exploration information which SPQ warrants is accurate and complete. Mr Davis visited the Queensland project areas of Dajarra and Inca in August 2006.

Mr Davis has at his own discretion relied on the observations and interpretations of previous explorers, exploration consultants and SPQ geological staff. Independent checking at other organisations which may have been previously involved in exploration and mining activities in the area of the SPQ tenements was not carried out. SPQ has indemnified both Mr. Davis and VWPL for liability arising from reliance on information provided or from available information not provided and for any further activities relating to enquiries from ASX Limited and the Australian Securities and Investment Commission ("ASIC") with regard to the Report.

The views and conclusions expressed in this Report are solely those of VWPL and L W Davis. Generally these views concur with the views of SPQ.

An appraisal of all the abovementioned information forms the basis of this Report.

All references to mineral resources are consistent with the most recent Australasian Code (and Guidelines to the Code) for Reporting of Identified Mineral Resources and Ore Reserves: Reports prepared by the Joint Committee of The Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia (JORC).

In this Report, VWPL observes the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (The Valmin Code), which is referred to by the ASIC and as well, ASIC Practice Notes 43 and former National Companies Security Commission Release 149 are observed.

Mr. Davis observes Section 947B of the Corporations Act 2001. In accordance with Corporations Regulation 7.6.01 (1) (u) and Corporations Amendment Regulations 2003 (No. 7) 2003 No. 202, the independent report is not financial product advice but is intended to provide investors with expert opinion on matters relevant to an investment in SPQ. Mr. Davis and VWPL are not operating under an Australian financial services licence and the advice in the independent report is an opinion on matters other than financial products and does not include advice on a financial product.

6.2 SUMMARY

SPQ controls approximately 4,600 km^2 of exploration title in north-west Queensland under Exploration Permits for Minerals and applications. All the permits are in the Western Succession of the Mount Isa Inlier, both to the north and south of the Mount Isa Mine.

SPQ is searching for the next large Mount Isa style base metal deposit(s) and will focus on exploration models developed for both the copper and lead-zinc-silver rich mineralisation. The time correlation for the formation of large base metal deposits can be seen generally both throughout the globe and within a region and this is true for the Mount Isa Inlier. The time of formation of deposits is often within a narrow age range. SPQ's model utilises convincing correlation techniques for the location of favourable Mount Isa stratigraphy in new regions. Previous explorers have of course recognised the importance of correlation but have not been successful in applying a systematic evaluation of stratigraphy. The novel approach uses geophysical information heavily and targets concealed formations. Minor mineralisation which is not situated in favourable geological environments for large ore bodies will not be investigated.

SPQ has used geology and geophysics (mainly high quality airborne magnetic data) to interpret the correlation of Mount Isa Group host rocks from the Mount Isa Mine area to the Dajarra Project area, some 150 km to the south of Mount Isa. SPQ calls this correlation, the Southern Isa Offset, which is discussed in the Directors Report and in the Dajarra Project section of this Report.

The essential ingredients of the Proterozoic exploration models being used by SPQ in the Mount Isa Inlier are:

- Thick sequences of metamorphosed basic volcanics (basalts) as a source of copper for deposit formation.
- Evidence for the operation of large Proterozoic hydrothermal cells within the basaltic sequences.
- Thick sequences of fine-grained partly-dolomitic sediments which overlie the basalt sequences which act as chemically reactive sites for copper and lead-zinc-silver mineralization.
- Growth faults that were active at the time of sediment deposition and which might have channelled hydrothermal solutions to depositional sites.

The large deposits in the western portion of the Mount Isa Inlier occur within sedimentary rocks of late Palaeoproterozoic to early Mesoproterozoic age.

So far, SPQ have selected five project areas in which the exploration models can be applied; Dajarra, Inca, Nicholson, Myally and Victor projects. VWPL considers that the most important of these is the Dajarra Project, but there is already justification for drilling at the Inca and Nicholson projects.

Dajarra Project

VWPL agrees with the interpretation by SPQ that the Dajarra Project contains favourable stratigraphy for the location of large base metal deposits. The "offset" faulting is a convincing interpretation for the direct displacement of Mount Isa Group rocks and this has been verified by mapping in the northern portion of the Dajarra Project area.

Major target zones in the southern part of the Dajarra Project are all under cover and identified as potential Mount Isa Group sediments with a characteristic low-magnetic response adjacent to areas with a higher-magnetic response that is probably caused by basic volcanic rocks.

The application of up-to-date EM techniques to search for conductive sulphide targets, at depth and under cover is recommended. The sheer size of the prospective magnetic targets makes Dajarra a very valuable project and it is considered to be under-explored.

SPQ plans a program of airborne EM surveying over the prospective magnetic 'low' targets. The fine grained sediments which host Mount Isa style mineralization are commonly conductive. Airborne EM results should determine whether the sediments responsible for these magnetic 'lows' are conductive or contain conductive units. Follow-up drilling through the cover will be used to confirm the geology of the conductors outlined by the EM.

Inca Project

The Inca Project has three prospects in prospective Proterozoic stratigraphy scheduled for drilling.

At the Flora Prospect, an EM target was identified from an earlier survey but was never tested. It is interpreted to lie on the down-thrown side of an interpreted growth fault and is spatially associated with a geochemical anomaly. An initial exploration program of detailed EM and drilling is required to establish if the Flora EM anomaly is

reflecting base metal mineralization. The EM program will include a series of north-trending EM lines at 0.5 km spacing to better define the character of the airborne anomaly and to determine its position accurately. This should be followed by drilling.

SPQ plans further EM and drilling at both the Buckley and Whistler prospects which are also features located in earlier surveys but which have been inadequately tested.

Nicholson Project

The attractive features of the exploration model being used by SPQ in exploring the Nicholson Project are: interpreted sequences of both metamorphosed basic volcanics (basalts) and fine-grained sediments, the presence of the Fish River and Nicholson River growth faults and the Walford Creek pyrite and stratiform lead-zinc-silver mineralization.

Computer modelling of new improved airborne EM shows that the Walford Creek conductive sulphide body dips southerly and extends down to 300-400 m depth. This southern extension lies within SPQ's tenement and is available for evaluation. Further EM surveying is required to fully outline the conductors in the prospective basement, before any drilling takes place.

VWPL concludes that the Nicholson Project contains favourable stratigraphy for the location of large base-metal deposits. The application of up-to-date EM techniques to search for conductive sulphide targets, at depth and under cover is recommended.

Myally Project

The Myally Project at the northern end of the outcropping Leichhardt Fault Trough contains both outcropping and covered Proterozoic rocks equivalent to those of the lower Mount Isa Group.

Interpretation of the detailed airborne magnetics suggests that there may be larger areas of Mount Isa Group rocks under the shallow to medium depth cover, to the north and this is where the greatest potential is considered to be. This area shows reduced magnetism, which could be a block of sediments juxtaposed against a corridor of magnetic 'high' features which is interpreted to be a sequence of basic volcanics. The area is crosscut by north-east trending faults which are extensions of the mineralised Mount Gordon Fault zone.

SPQ will review the results and complete geological appraisal of identified prospective areas in the first year. Follow-up drilling of prospective areas will be completed in the second year if justified.

Victor Project

The Victor Project area shows several features encouraging further exploration, including Proterozoic sediments equivalent in age to those that host the Mount Isa deposits, several large areas of drainage and soil geochemical anomalies and discrete EM features within Proterozoic basement sediments.

SPQ is still compiling all of the important historical exploration data available on the Victor Project area and will acquire complete EM survey coverage over the prospective parts of the project prior to selecting drill targets.

Programs and budgets

SPQ will apply the most up-to-date geophysical EM techniques to locate sulphide mineralisation under cover.

SPQ has allocated an expenditure in excess of $1.7 million in the first year of operations. Most of this will be spent on Dajarra, Inca and Nicholson projects, acquiring EM surveys and drilling. A large EM survey at Dajarra will cost $300,000. First year drilling of $1.0 million is to be equally divided between the three major projects.

VWPL considers that, although the exploration will be expensive and the targets deep, the potential value of the targets fully justify the programs.

Dajarra Project - RFZ - Surficial Ironstone

6.3 TENEMENTS

SPQ controls approximately 4,600 km^2 of exploration title in north-west Queensland under Exploration Permits for Minerals ("EPMs") or applications (see Table).

Tenement No. (EPM)	Grant (Expiry)	Tenement Name	Applicant - Registered Holder	Sub-blocks	Area (km^2)	Minerals	2007 Expenditure Requirements $
Dajarra Project							
15040	28 March 2006 (27 March 2011)	Sulieman Creek	Superior Resources Limited	100	300	All Excl. Coal	$20,000
15046	28 February 2006 (27 February 2011)	Smoky Creek	Superior Resources Limited	82	246	All Excl. Coal	$20,000
15219	30 January 2007 (29 January 2012)	Cottonbush No 1	Superior Resources Limited	216	648	All Excl. Coal	$50,000
15220	23 January 2007 (22 January 2012)	Cottonbush No 2	Superior Resources Limited	65	195	All Excl. Coal	$50,000
15328	30 January 2007 (29 January 2012)	Upper Smoky	Superior Resources Limited	224	672	All Excl. Coal	$50,000
15329	30 January 2007 (29 January 2012)	West Smoky	Superior Resources Limited	76	228	All Excl. Coal	$10,000
16029	Application	Sulieman South	Superior Resources Limited	55	165	All Excl. Coal	$20,000
				818	3454		
Inca Project							
15044	28 March 2006 (27 March 2011)	Inca Creek	Superior Resources Limited	100	300	All Excl. Coal	$20,000
15732	Application	Inca Creek 2	Superior Resources Limited	100	300	All Excl. Coal	$20,000
16013	Application	West Inca	Superior Resources Limited	100	300	All Excl. Coal	$20,000
16027	Application	Buckley River	Superior Resources Limited	100	300	All Excl. Coal	$20,000
				400	300		
Nicholson Project							
15670	21 August 2006 (20 August 2011)	Hedleys 2	Superior Resources Limited	124	372	All Excl. Coal	$40,000
Myally Project							
15043	28 March 2006 (20 March 2011)	Myally Creek	Superior Resources Limited	100	300	All Excl. Coal	$20,000
Victor Project							
16028	Application	Victor Creek	Superior Resources Limited	91	273	All Excl. Coal	$20,000

All the granted EPMs except EPM15670 "Hedleys 2" are subject to the Native Title Protection Conditions with respect to Native Title.

Two sub-blocks of EPM15670 "Hedleys 2" lie within the declared Wild Rivers Preservation Area – Settlement Creek (BIM Normanton, Block 1516, Sub-blocks y and z). As such, conditions apply to the use of limited hand sampling techniques in watercourses and lakes within the land categorised as Preservation Area.

Details of these tenements are set out in the Tenement Report lodged with the Prospectus.

6.4 BASE METAL EXPLORATION AT MOUNT ISA - STRATEGY AND MOUNT ISA MODEL

The Mount Isa Inlier is a world class base metal province.

An appreciation of the huge potential for the discovery of large base metal deposits in the Mount Isa Inlier does not automatically lead to straightforward area selection and targets. SPQ have developed models and an approach to exploration in the Inlier, which is applicable to the western portion (Western Succession), at this stage.

Large sedimentary hosted sulphide deposits tend to cluster in time periods within rocks deposited under similar conditions. The late Palaeoproterozoic Period (rocks between 2,500 and 1,600 Ma) was the first time that the crustal growth had progressed to the extent that large sedimentary basins were formed and these can host large base metal deposits. The time correlation for the formation of large base metal deposits can be seen generally both throughout the globe and within a region. The time of formation of deposits is often within a narrow age range.

It follows that to prospect rocks of equivalent age to the Mount Isa orebodies' host rocks is likely to be a rewarding strategy which SPQ is applying throughout the Western Succession of the Inlier. The strategy applies to both copper and lead-zinc-silver mineralization.

In such a large Proterozoic Basin as exists in north-west Queensland, the correlation of sedimentary sequences from one part of the Inlier to another is difficult: there is no fossil evidence, sedimentary facies change with changes in the sedimentary conditions, units sometimes rapidly change in thickness and finally the sequences are severely faulted.

SPQ has used geology and geophysics (mainly high quality airborne magnetic data) to interpret the correlation of Mount Isa Group host rocks from the Mount Isa Mine area to the Dajarra Project area. SPQ calls this correlation, the Southern Isa Offset, which is discussed in the Directors Report and in the Dajarra Project section of this Report.

SPQ's strategy is discussed in detail in the Directors review in this Prospectus and is only summarized here. The most important part of the strategy is to maintain focus on a search for large deposits. Consider the situation with copper. Hundreds of small copper (and other) deposits exist throughout the Mount Isa Inlier. They are particularly common in the eastern portion of the Inlier. Conventional exploration often uses the existence of copper deposits as the primary guide to area selection, but with the possible exception of the Ernest Henry copper-gold deposit, the Osborne copper-gold deposit and the new Rocklands discovery, all have been found to be small, sub-economic or marginally economic deposits. They are not considered to be of the same type as the large Proterozoic deposits and SPQ has no interest in them. (The Ernest Henry copper-gold deposit is probably unrelated to the Mount Isa copper deposit style; it is an iron oxide copper-gold ("IOCG") style deposit related to the Olympic Dam copper-uranium deposit and it contains a considerable amount of iron oxides).

SPQ is using the characteristics of the Proterozoic Mount Isa style mineralization to select its exploration areas. In short, SPQ is looking for the next Mount Isa, but using a new approach.

6.4.1 SPQ Base Metal (Copper, Lead and Zinc) Models Summary

The geological parameters of the Proterozoic exploration model being used by SPQ in the Mount Isa Inlier are:

- Thick sequences of metamorphosed basic volcanics (basalts) as a source of copper for deposit formation. In covered areas they are generally detectable as positive magnetic features.
- Evidence for the operation of large Proterozoic hydrothermal cells within the basaltic sequences that have leached the copper from ferromagnesian minerals and altered the basalts with chlorite and other secondary minerals. Geophysically, this alteration may be represented by a reduced magnetic signature within the normally strongly magnetic basalts.
- Thick sequences of fine-grained partly dolomitic sediments which overlie the basalt sequences which act as chemically reactive sites for mineralization.
- Growth faults that were active at the time of sediment deposition and which might have channelled hydrothermal solutions to depositional sites. Faults which juxtapose the potential basic volcanics (copper-source rocks) against the fine-grained partly dolomitic sediments are most favourable. The basement fault at Mount Isa is the prime example.
- Extensive iron (pyrite) mineralisation and/or lead-zinc-silver mineralisation which can be associated with copper.
- Veins carrying copper, lead and zinc which might indicate 'leakage' from a larger deposit. This also includes 'leakage' into overlying later sedimentary formations such as the Cambrian carbonate bearing sequences in and around the Mount Isa Inlier.

The large deposits in the western portion of the Inlier occur within younger sedimentary rocks of late Palaeoproterozoic to early Mesoproterozoic age.

So far, SPQ have selected five project areas in which the exploration models can be applied; Dajarra, Inca, Nicholson, Myally and Victor projects. VWPL considers that the most important of these is the Dajarra Project, which is large, under-explored and offers several opportunities for discovery. It is also the region where the Southern Isa Offset correlation was developed.

6.5 DAJARRA PROJECT

The Dajarra Project, located approximately 150 km south-south-west of Mount Isa in north-west Queensland, will be explored for copper and lead-zinc-silver deposits of the Mount Isa style (see Figure 1).

SPQ holds EPM15040, "Sulieman Creek" (100 sub-blocks), EPM15046, "Smoky Creek" (82 sub-blocks), EPM15219, "Cottonbush No 1" (216 sub-blocks), EPM15220, "Cottonbush No 2" (65 sub-blocks), EPM15328, "Upper Smoky" (224 sub-blocks), EPM15329, "West Smoky" (76 sub-blocks) and EPM16029, "Sulieman South" (55 sub-blocks).

The project area extends from approximately 10 km south to approximately 100 km south of the small township of Dajarra.

6.5.1 GEOLOGY AND MINERALISATION

The Mount Isa Inlier contains Proterozoic sediments, volcanics and intrusives that host a number of large base metal deposits including the Mount Isa copper and lead-zinc-silver deposits, the Century lead-zinc-silver deposit and the Cannington lead-zinc-silver deposit as well as other smaller deposits. The Dajarra Project lies within the southern part of the Mount Isa Inlier and contains rocks of similar age and character to those further north.

Dajarra Project Geology

The simplified geology of the Dajarra Project area, which is in the southernmost part of the Western Succession before it passes under Cambrian and Mesozoic cover is shown in Figure 2. This plan is based on mapping by government geologists and mapping completed by SPQ. Geological mapping at 1:100,000 scale has been completed by government geologists in the northern part of the Dajarra project area on the Ardmore and Dajarra 1:100,000 sheets but only generalised 1:250,000 scale mapping (Glenorminston [SF5409] and Boulia [SF5410]) has been completed in the southern part of the project area.

The stratigraphy of the Mount Isa Inlier has been divided into a basement and three cover sequences with cover sequence 1 being the oldest. Correlation of the stratigraphy from various parts of the inlier to that at Mount Isa is made difficult by the similarity of some formations, facies changes and strike-slip faulting but it is seen as a key to exploration as many of the larger deposits are stratabound and hosted in sediments similar to those at Mount Isa.

Blake (1987) considers that basement rocks in the Mount Isa Inlier are those older than 1,875 Ma. In the Dajarra Project area, Blake tentatively assigns the older metamorphic rocks to the basement rocks.

In the Dajarra Project area, cover sequence 1 (1,875 to 1,850 Ma) includes small areas of metavolcanics and metasediments of the Kalkadoon-Leichhardt Belt in the eastern part of the area. The Leichhardt Volcanics of cover sequence 1 are considered to be co-magmatic with the Kalkadoon Granite which occurs in the same area.

Cover sequence 2 (1,790 to 1,760 Ma) includes the units of the Haslingden Group which in turn includes the Mount Guide Quartzite and Eastern Creek Volcanics and equivalents. The Eastern Creek Volcanics are represented in the Dajarra Project area by the basalts of the Jayah Creek Metabasalt and the Oroopo Metabasalt.

Cover sequence 3 includes the Mount Isa Group which hosts the giant Mount Isa copper and lead-zinc-silver deposits. At Mount Isa the immediate host is the Urquhart Shale which is a pyritic and dolomitic, shale/siltstone unit in the upper part of the Mount Isa Group. The simplified stratigraphy of the Mount Isa Group at Mount Isa is:

6,00m	Spear-Kennedy Siltstone, Magazine Shale	Siliceous dolomitic siltstone and shale
1,000m	Urquhart Shale	Pyritic and dolomitic shale and siltstone, silica dolomite, Mineralisation
800m	Native Bee Siltstone	Carbonaceous dolomitic shale and siltstone
1,000m	Breakaway Shale	Thinly laminated carbonaceous siliceous shale
1,000m	Moondara Siltstone	Dolomitic siltstone and dolomite
300m	Warrina Park Quartzite	Quartzite, sometimes conglomeratic

In the Dajarra Project area, units within the Mount Isa Group of cover sequence 3, typically occur within fault blocks along major faults or overlying major fault zones.

In the western part of the Dajarra Project area, along the Rufus Fault Zone in the northern portion of the Smoky Creek EPM, SPQ has located stratigraphy similar to that found at the type-locality of the Mount Isa Group sediments. These sediments are correlated with Moondarra Siltstone, which is part of the base of the Mount Isa Group. In the south-western corner of this EPM the sediments include dolomitic shales which are very similar to the Urquhart Shale and it appears likely that a larger section of Mount Isa Group sediments exists in this area, but under cover.

In the eastern portion of the Dajarra Project area in the Sulieman Creek and Sulieman South EPMs, a south-south-east trending linear belt of Mount Isa Group sediments lie along the Wonomo Fault. The sediments are mapped as the Warrina Park Quartzite and the Moondarra Siltstone which are the basal units of the Mount Isa Group.

SPQ has used geology and geophysics (mainly high-quality airborne magnetic surveys) to confirm the correlation of Mount Isa host rocks from the Mount Isa Mine area to the Dajarra Project area. SPQ calls this correlation, the Southern Isa Offset.

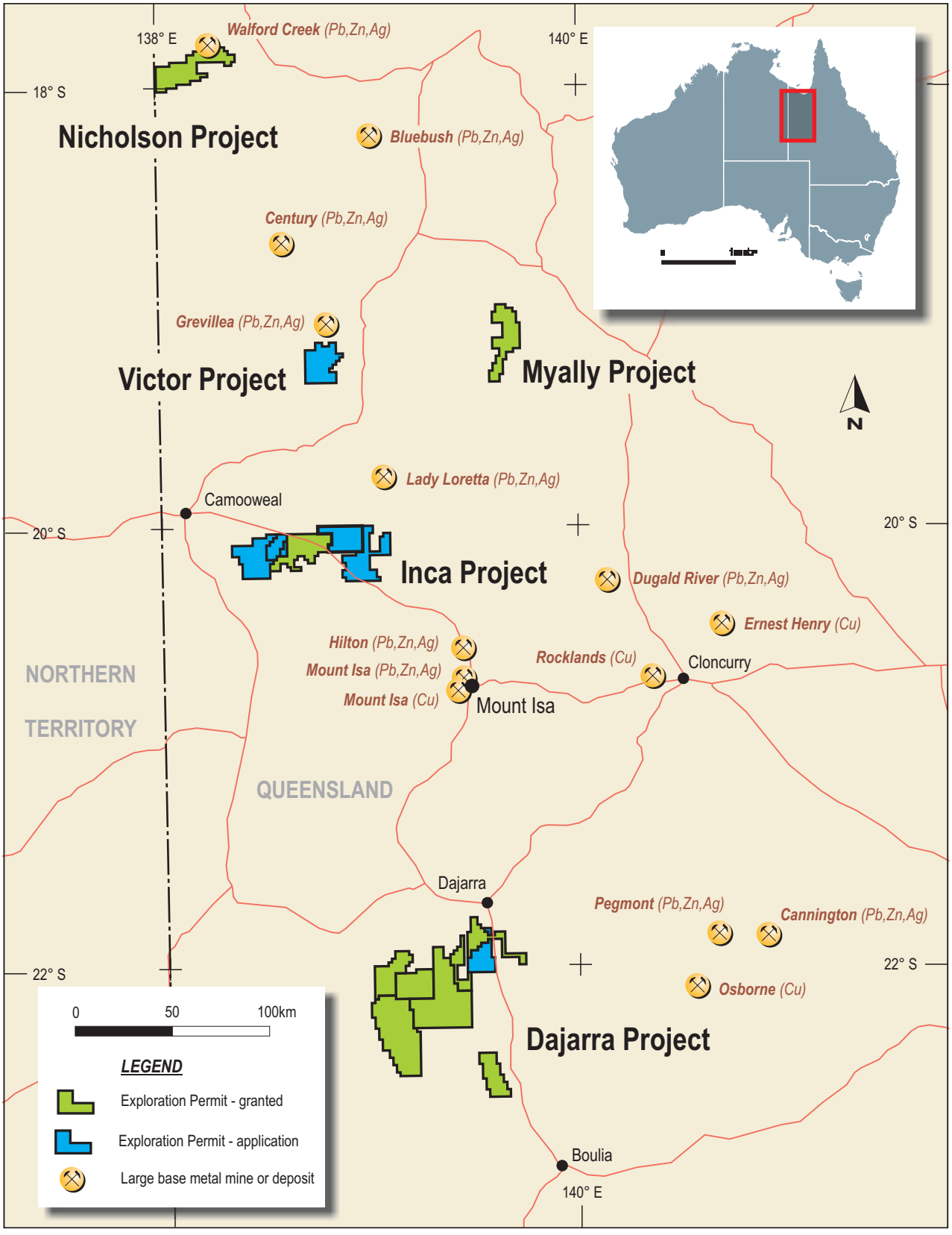

Figure 1: Superior Resources Limited - Project locations.

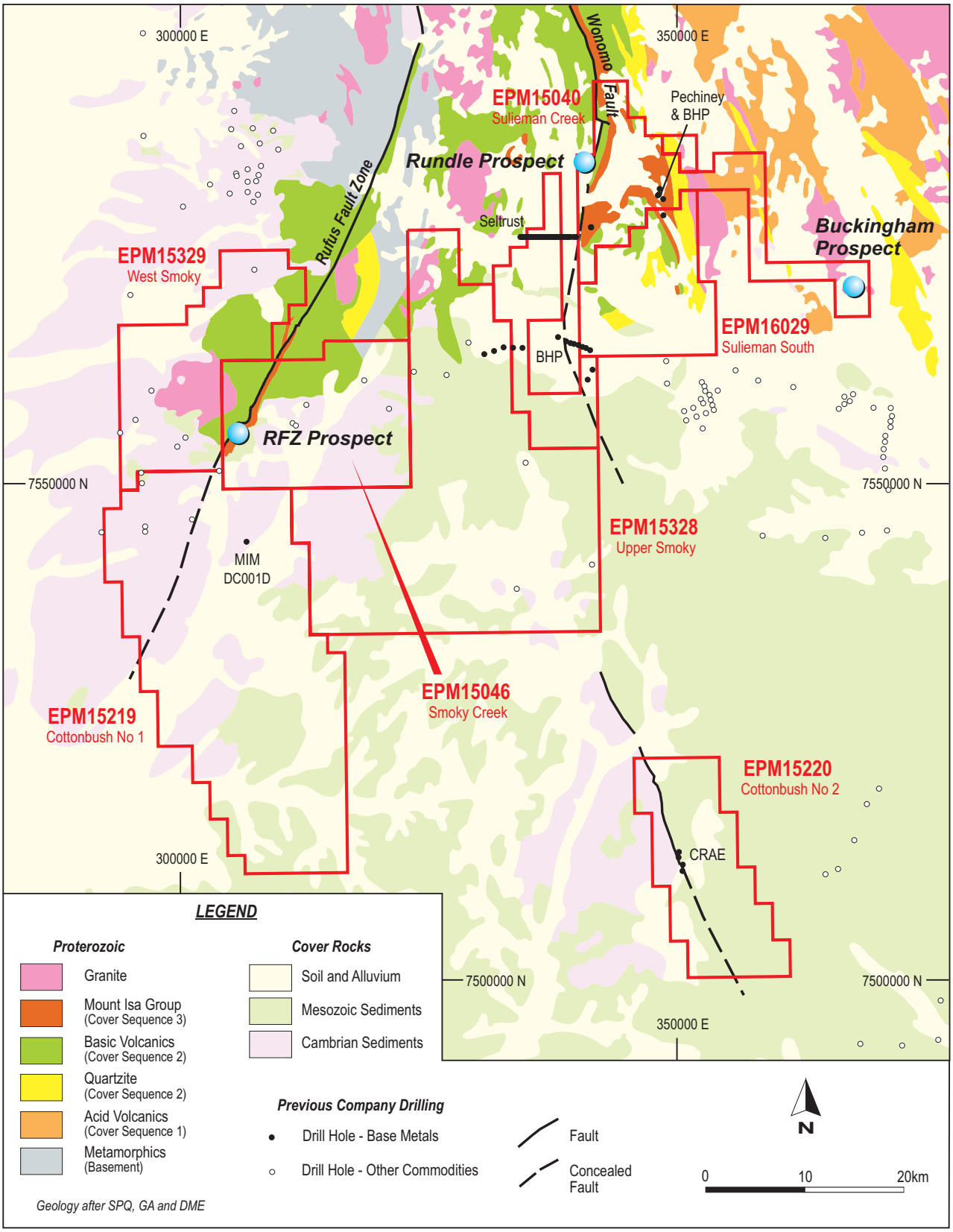

Figure 2: Dajarra Project - Geology, exploration permits and prospect locations.

Southern Isa Offset (see Figure 3)

The Mount Isa deposits are hosted by the Leichhardt River Fault Trough. This 'trough' contains Haslingden Group sediments and basic volcanics as well as the sediments of the Mount Isa Group which host the Mount Isa deposits. The basic volcanics have a prominent magnetic expression while the sediments are usually non-magnetic. The rocks of the Leichhardt River Fault Trough are faulted against the rocks of the Kalkadoon Block on their eastern side. The Kalkadoon Block generally has a low magnetic expression which makes it relatively easy to recognize in magnetics.

Immediately south of Mount Isa, north-north-east trending faulting terminates the Leichhardt River Fault Trough against the Kalkadoon Block.

In the covered area south of Dajarra a similar magnetic pattern to that north of Mount Isa exists. In the eastern part of the area the Kalkadoon Block shows as an area of generally low magnetic expression. On its western side a broad prominent magnetic anomaly shows the presence of substantial amounts of basic volcanics with sediments indicated by non-magnetic areas. The basic volcanics outcrop at the northern end of the zone and include the Jayah Creek Metabasalt and the Oroopo Metabasalt which are the interpreted equivalent of the Eastern Creek Volcanics in the Haslingden Group (cover sequence 2).

SPQ's conclusion is that the Leichhardt River Fault Trough and the host sediments of the Mount Isa deposits have been offset by some 150 km from the southern Mount Isa area to the Dajarra area. This offset has resulted from the cumulative offset effects of a series of north-north-easterly trending faults. Most of these faults are shown on the 1:100,000 scale geological mapping and they include the Rufus, Mount Annable, Gorge Creek, Quilalar and Mt Remarkable Faults.

Broad magnetic 'lows' which occur in the southern half of the Dajarra Project area suggest that there are two substantial areas of probable Mount Isa Group (cover sequence 3) sediments present (see Figure 4):

- The first lies under cover along the southern extension of the Wonomo Fault and a south-south-easterly trending eastern branch of the Wonomo Fault. Outcrops of dolomitic siltstone and sandstone in Rufus Creek which lie on the western side of the projected extension of the Wonomo Fault appear to belong to the Moondarra Siltstone. The airborne magnetics suggests that a substantial area of Mount Isa Group sediment exists under cover in this area.

- In the south-western part of the Dajarra Project area, where SPQ has located an occurrence of Mount Isa Group sediments along the Rufus Fault Zone, broad magnetic 'lows' which occur in the southern half of the Smoky Creek EPMs and extend to the south-west and south, suggest that there are substantial areas of Mount Isa Group sediments present.

Mineralisation

No mining is being carried out in the immediate Dajarra Project area and only minor mineralization occurrences exist. However, the project lies approximately 150 km south-south-west of the Mount Isa copper and lead-zinc-silver mining operations, approximately 160 km west of the Cannington lead-zinc-silver mining operation and approximately 120 km west of the Osborne copper-gold mining operation. A phosphate deposit occurs at Ardmore some 40 km north of the Dajarra Project area.

6.5.2 PREVIOUS INVESTIGATIONS AND RESULTS

Considerable exploration for base metal deposits has taken place over the outcropping rocks of the Mount Isa Inlier and more recently the search has extended into the covered areas. Airborne geophysics over the surrounding covered area has aided this search. The lack of 1:100,000 scale published geology is seen as one cause of limited exploration activity for base metal deposits in the southern part of the Dajarra region.

Extensive exploration for phosphate deposits in Cambrian sediments has been completed in the Dajarra Project and surrounding area. Some exploration has also been completed in these rocks for oil shale deposits.

Base metal exploration has mostly been carried out in the Proterozoic rocks but some has also been completed in Cambrian sediments.

Only the work that has relevance to SPQ's exploration initiative is reviewed. Some reports provide information on the depth of post Proterozoic cover but little else useful to base metal exploration. Investigations within Cambrian age rocks are not directly relevant but geochemical anomalism in the Cambrian sediments and also in the unconformity at the base of the Mesozoic might be caused by dispersion from a Proterozoic source

Pechiney Queensland Pty Ltd ("Pechiney") prospected a portion of the Sulieman Creek EPM, from 1967 to 1969. Gossanous horizons were sampled with no significant anomalous values. Five holes were drilled below the 'gossans' but only intersected low copper, lead and zinc values.

In 1977, CRA Exploration Pty Limited ("CRAE") drilled four holes in the area now taken up by SPQ's Cottonbush No 2 EPM. Anomalous lead values of 1,770 and 2,200 ppm lead were found between 10 m and 11 m and 4 m and 5 m respectively in two holes associated with manganese dendrites in weathered Cambrian carbonates. The lead-zinc mineralisation appeared to be related to the Mesozoic weathering surface.

Australian Anglo American Prospecting Pty Ltd ("Anglo American") farmed into A to P 1991M and explored regionally for base metals but carried out most of their work on the Ardmore Prospect to the north of SPQ's tenements.

In the western part of the Sulieman Creek EPM, Seltrust Mining Corporation Pty Ltd ("Seltrust") explored for lead-zinc deposits in the

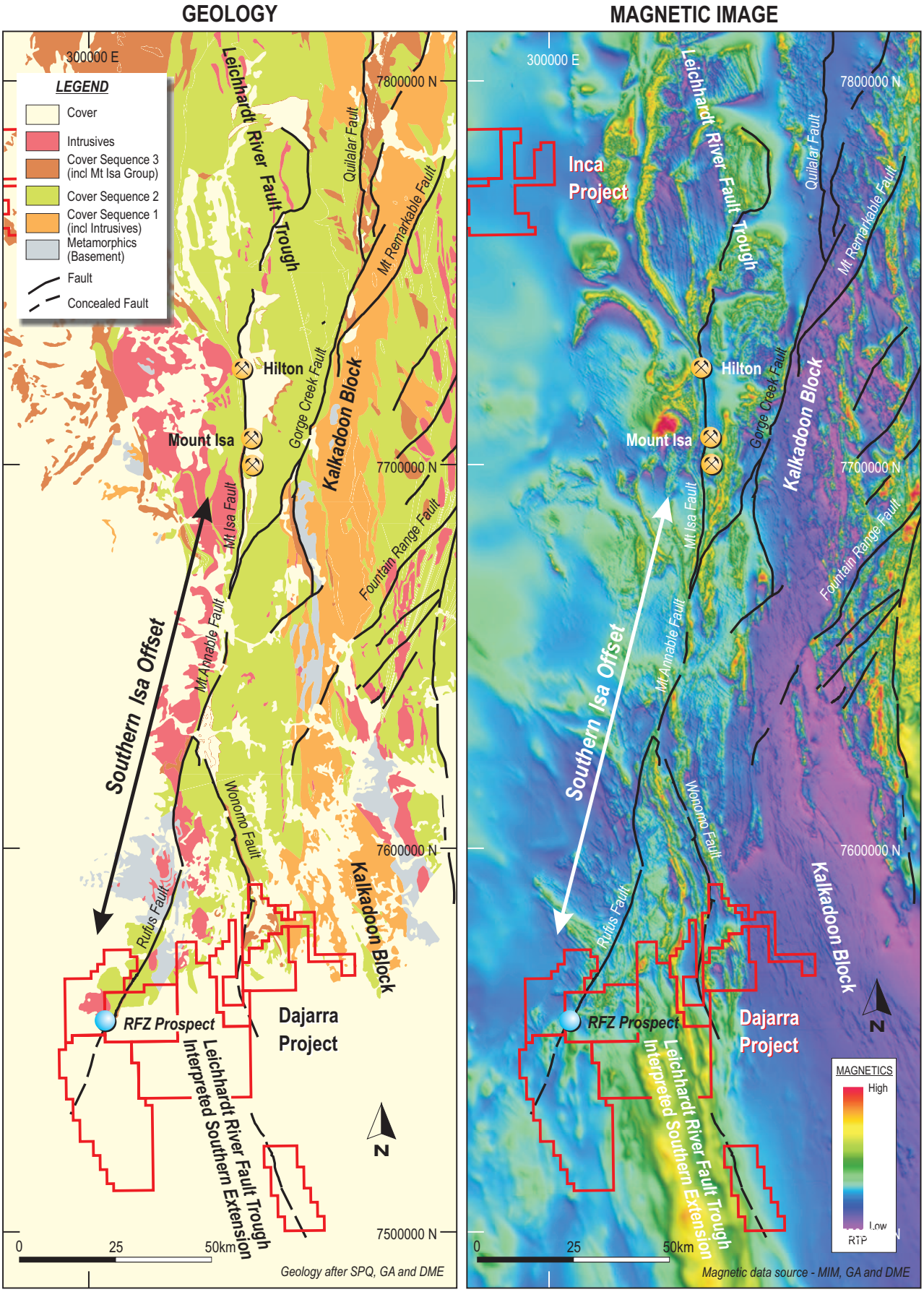

Figure 3: Dajarra Project - Geology and magnetic image showing interpreted Southern Isa Offset.

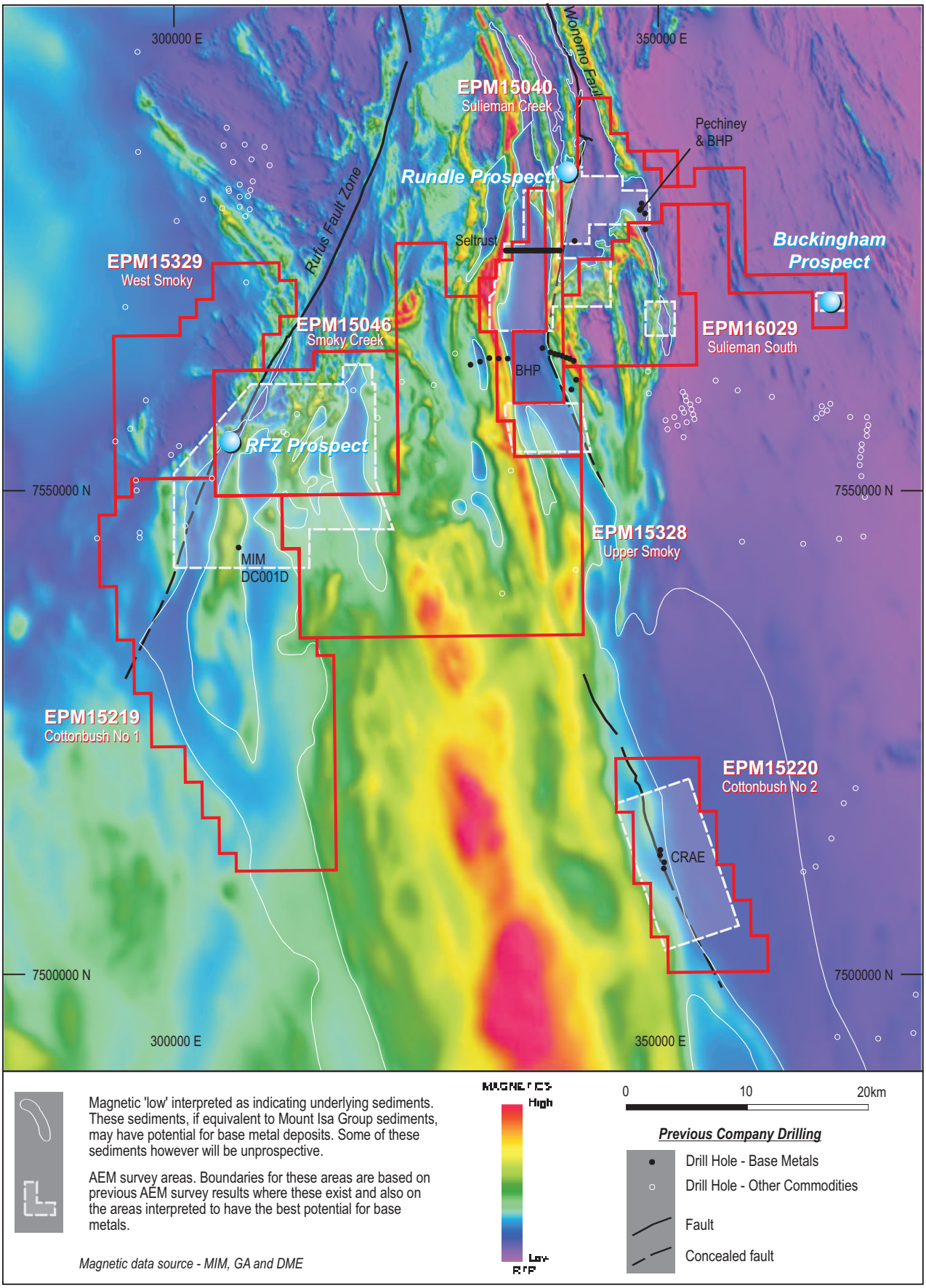

Figure 4: Dajarra Project - Magnetic image (RTP), magnetic 'lows', AEM surveys, exploration permits and prospect locations.

early 1980s. A comparison of the magnetic data of this area with that at Mount Isa showed that both areas had similar magnetic expressions and that the magnetic 'low' in this area was similar to that over the sediments at Mount Isa.

Seltrust completed geological reconnaissance, rock chip sampling, ground magnetics and percussion drilling. Twenty-eight percussion drill holes were drilled across the area and all holes except one reached bedrock. The magnetic 'low' (similar to that at Mount Isa) was found to be underlain by feldspathic quartzites and silty quartzites. No shale horizons were intersected and no anomalous base metal values were obtained from the drilling.

Between 1982 and 1984, Anaconda Australia Inc. ("Anaconda") worked in the northern part of the Sulieman Creek EPM. Work, including RAB drilling, was completed on a 1,000 m by 100 m grid. Anaconda mapped the Mount Isa Group as Moondarra Siltstone, which was found to contain pyrite and to show on the surface in places as gossanous patches. No strongly anomalous geochemical results were obtained from the RAB drilling but areas of weakly anomalous copper and zinc values were obtained. Some shale was recorded. Rock chip sampling of ironstones in the area showed weakly to moderately anomalous copper (to 814 ppm) and zinc (to 619 ppm) assays.

Mount Isa Mines Limited ("MIM") explored for base metal deposits in the north-western half of the Smoky Creek EPM. Initial work included a regional stream sediment program with conventional stream sediment sampling and bulk leach extractable gold ("BLEG") sampling for gold. Anomalous BLEG gold results were obtained from an area south-west of Duncan Creek in the Smoky Creek EPM. Detailed work concentrated on prospects north of the EPM. The area identified by SPQ as Proterozoic Mount Isa Group sediments was mapped as Cambrian sediments on the geological map attached to the reports but a small slice of dolomitic siltstone is shown in the Rufus Fault Zone north of Duncan Creek.

In the early to mid 1990s Aberfoyle Resources Limited ("Aberfoyle") explored for base metal deposits in Mount Isa Group sediments near Dajarra and their work extended to the northern portion of the Sulieman Creek EPM. An airborne EM (GEOTEM 75Hz) survey was flown over the area in 1991. Several anomalies were located and three were followed up by inspection, ground magnetics and ground EM surveys using a fixed loop.

Aberfoyle farmed out the area to BHP Minerals Pty Ltd ("BHP") in 1995, who completed extensive geophysical work including another airborne EM survey (GEOTEM 25Hz). PROTEM and SIROTEM ground EM surveys generated several anomalies within the Sulieman Creek EPM. One hole (DJD01) was drilled on a GEOTEM anomaly but failed to intersect anything of interest.

An EM anomaly (Rundle Prospect) situated close to Rundle Yards was located by the airborne EM survey completed by BHP. BHP completed ground EM over this anomaly but did not drill the anomaly.

In 1993, Placer Exploration Limited ("Placer") explored for gold, base metals and manganese regionally and covered a large part of the Smoky Creek EPM and West Smoky EPMs. Gold in stream sediments was discovered along the eastern boundary of the West Smoky EPM. Geochemical work also shows that the basalts in the Eastern Creek Volcanics equivalents have depleted copper values.

In the early 1990s, MIM flew the whole Mount Isa region, including the Smoky Creek area, for aeromagnetic and radiometric data. The Smoky Creek area was of interest and was taken up between 1993 and 1995. MIM interpreted possible prospective Mount Isa stratigraphy juxtaposed against highly magnetic sequences that could be Eastern Creek Volcanic equivalents.

One precollared diamond drill hole (DC001D) was drilled to test an "unaltered" magnetic source, within the Cottonbush No 1 EPM, approximately 5.6 km south of the southern boundary of the Smoky Creek EPM (see Figure 2).

DC001D passed through 423 m of Cambrian carbonates from surface. Minor malachite is reported in the Cambrian sediments at 368 m. From 423 m to the end of the hole at 455 m, strongly foliated chlorite-quartz-muscovite rocks (chlorite schist), with minor carbonate and minor pyrite, were interpreted as Eastern Creek Volcanic equivalents.

A large EPM covering much of the Upper Smoky EPM, the southern part of the Sulieman Creek EPM and the very eastern part of the Smoky Creek EPM was taken up by BHP in 1993. After magnetic traverses to allow modelling of the position and depth of the Mount Isa Group sediments and the Eastern Creek Volcanics, 15 RC percussion drill holes (totalling 1632m) were drilled to intersect the bedrock under the cover. Most holes intersected probable Eastern Creek Volcanics equivalents but some intersected quartzite and quartz-rich sediments. All holes were within or adjacent to the southern part of the Sulieman Creek EPM. Plotting of the drill holes on the airborne magnetic data indicates that the basement lithologies in the drill holes is consistent with the magnetic interpretation. The one hole that did intersect siltstone and schist is located in a magnetic 'low'. Six drill holes contain weakly anomalous zinc values, between 740 ppm and 1,170 ppm zinc.

6.5.3 SPQ INVESTIGATIONS

SPQ commenced exploration in the Mount Isa Inlier by compiling a number of regional data sets for interpretative studies The most important of these is the large MIM airborne magnetics and radiometrics survey which has been merged with State and Federal government surveys for the area. Other regional data used in the studies included State and Federal gravity data, available stream, soil and rock chip geochemical data for copper lead and zinc in map syntheses, satellite imagery and DTM data.

After acquiring the datasets on the Mount Isa Inlier, SPQ developed the concept of the "Southern Isa Offset" discussed under section 6.1.

Tenements of the Dajarra Project area were selected mainly because:

- extensive areas of basic volcanics are present in outcrop and interpreted from the airborne magnetics in the covered southern portion of the project area;

- there are areas of reduced magnetic response (magnetite destruction) in both outcropping and interpreted covered basic volcanics;
- substantial blocks of sediment are faulted against basic volcanic sequences. Most of the prospective sediment blocks lie beneath covered areas; and
- Mount Isa Group sediments at the Smoky Creek and the Sulieman Creek areas are interpreted to be the direct faulted offset of those that host the Mount Isa deposits (the Southern Isa Offset).

SPQ confirmed that Proterozoic outcrop extends as far to the south-west as interpreted on the published geology maps. SPQ also discovered probable Mount Isa Group equivalents in the form of poorly outcropping dolomitic sediments (including dolomitic shale, ferruginous siltstone and dolomitic siltstone) within the southern part of the Rufus Fault Zone at the Rufus Fault Zone Prospect ("RFZ Prospect") (see Figures 5 and 6 which include photographs of probable Mount Isa Group equivalent stratigraphy). The area of poorly outcropping sediments has dimensions of 4 km by 1 km and extends further under shallow cover.

Rock chip samples of ferruginous silicified siltstone returned elevated zinc values in the range, 766 to 1,030 ppm zinc, 167 to 292 ppm copper, 185 to 197 ppm arsenic and 26 to 41 ppm molybdenum. Lead is low at less than 10 ppm)

Rock chip samples of manganese rich rocks along the south-east margin of the RFZ Prospect have returned extremely high manganese (>50%) which is accompanied by high silver to 12.7 ppm, molybdenum to 117 ppm, cobalt from 434 to 484 ppm and barium from 4,730 ppm to 1.25%.

The relatively low base metal geochemical reponse and extremely powdery and porous nature of surface outcrops suggests strong leaching of the originally dolomitic rocks has occurred.

To the south of the RFZ Prospect, traversing over magnetic 'low' features, established that there is no Proterozoic outcrop but only Mesozoic and Cambrian cover rocks.

In the western part of the Sulieman Creek EPM, the Rundle Prospect, an EM anomaly found by the Aberfoyle-BHP joint venture, was examined (see Figure 7). Field reconnaissance of the anomaly by SPQ shows that there is no outcrop in the EM anomaly. The anomaly does not persist to the later EM channels but is considered by SPQ to possibly reflect mineralization and it is planned that it be drilled in the 2007 to 2008 field season.

Two relatively small, but intense, magnetic anomalies (Buckingham Prospect) occur in the eastern portion of the Sulieman Creek EPM. Detailed ground magnetic surveying of these anomalies has been completed by SPQ to locate these anomalies on the ground and to detail the character of the anomalies. Drilling of these anomalies is

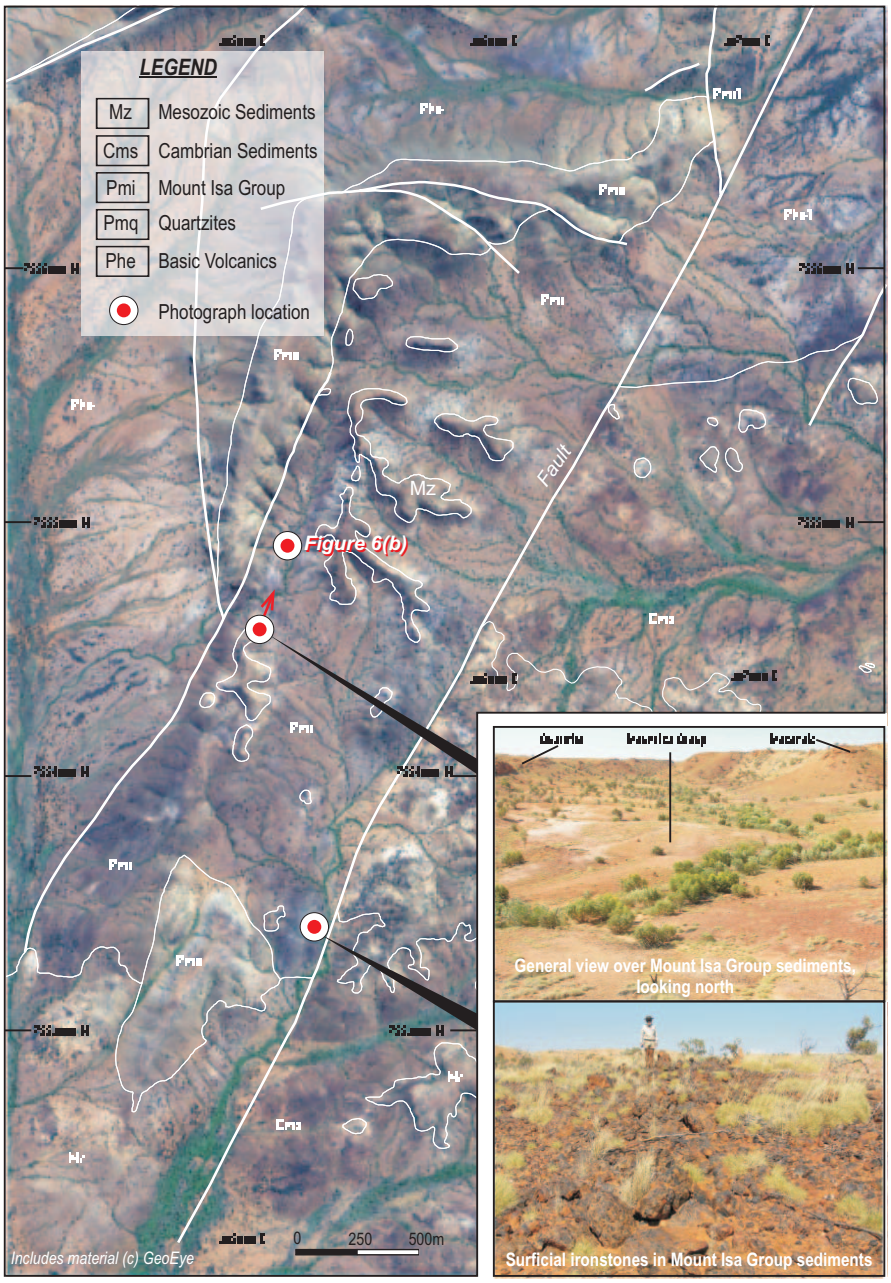

Figure 5: Dajarra Project - RFZ Prospect - Simplified interpreted geology on Ikonos imagery.

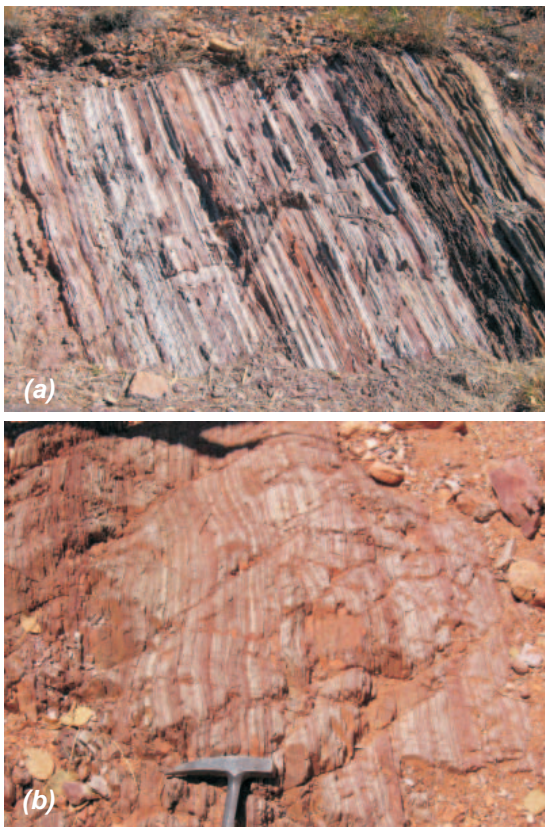

Figure 6: Dajarra Project - RFZ Prospect - Dolomitic shale at the RFZ Prospect (bottom), compared with Urquhart Shale at Mount Isa (top). Refer to Figure 5 for location of (b).

planned for the latter part of the 2007 to 2008 field season.

A large magnetic 'low' feature occurs within the western portion of the Sulieman Creek EPM and was investigated by Seltrust (see Section 6.5.2). Seltrust after drilling 28 drill holes across the area concluded that the sediments underlying this magnetic 'low' belonged to the unprospective Timothy Tank meta-arenite. Geological mapping completed during the 2006 field season by SPQ well to the south of the area drilled by Seltrust located dolomitic siltstones and sandstones which are considered more likely to be equivalents to the lower part of the Mount Isa Group than the Timothy Tank meta-arenite. Further work is proposed in this area during the 2008 field season.

6.5.4 CONCLUSIONS - FUTURE WORK PROGRAMS AND BUDGETS

Targets in the Dajarra Project area

VWPL concludes that the Dajarra Project contains favourable stratigraphy for the location of large base metal deposits. The area is large and it is considered to be under-explored. The application of up-to-date EM techniques to search for conductive sulphide targets, at depth and under cover is recommended.

All airborne magnetic 'lows' in the Dajarra Project area are potentially dolomitic sediments equivalent in age to the Mount Isa Group and therefore they constitute large major target zones (see Figure 4). Many are in areas of Mesozoic or Cambrian cover but in some cases there is partial outcrop.

SPQ plans a program of airborne electromagnetic surveying (EM) over the prospective magnetic 'low' targets. Because large massive sulphide orebodies of the Mount Isa style and the associated massive pyrite bodies are highly conductive, they are excellent EM targets. In addition the fine grained sediments which host Mount Isa style mineralization are commonly conductive and they are also usually good EM targets. It should be possible to distinguish responses from mineralisation from formational EM responses. The airborne EM therefore will not only confirm prospective areas but also will provide targets for direct drill testing.

Follow-up drilling through the cover will be used to confirm the geology of the conductors located from the EM program and also to test for mineralisation.

SPQ are hoping to obtain the VTEM EM method, which is sold by Geotech of Canada, for their surveys in the Mount Isa Inlier. This is a helicopter borne system with the transmitter and receiver towed at 30 m above the ground surface, which is relatively easy to accomplish in the generally flat terrain at Mount Isa.

Geotech's time-domain electromagnetic system (VTEM) utilizes modern advances in digital electronics and signal processing in the area of precision electromagnetic measurements, and claims are made for, deep penetration, exceptional resistivity discrimination and detection of weak anomalies. Case histories of recent surveys indicate that the Geotech system has picked up a number of anomalies left undetected by previous airborne EM surveys. The system has not been widely used in Australia.

More detailed geological mapping and soil geochemistry are planned for the outcropping part of the RFZ Prospect during the early part of the 2007 to 2008 field season. The area is very badly serviced by government mapping and photography and therefore modern high-resolution satellite imagery has been acquired as a base for this work (Figure 5). More detailed airborne EM will be flown over the RFZ Prospect and the surrounding area.

The prospective sediments of the RFZ Prospect extend to the south-west of the discovery area where they are covered by both Cambrian and Mesozoic cover. This area will be covered by airborne EM.

In the Sulieman Creek EPM the Rundle Prospect and Buckingham Prospect will be drilled in the 2008 field season. Further work including mapping and geophysics is proposed in the Sulieman Creek magnetic 'low' target.

Budget

SPQ have allowed $300,000 for airborne EM at the Dajarra Project and $330,000 for other work including geochemistry, geological mapping and follow-up drilling in the first year. If the first year

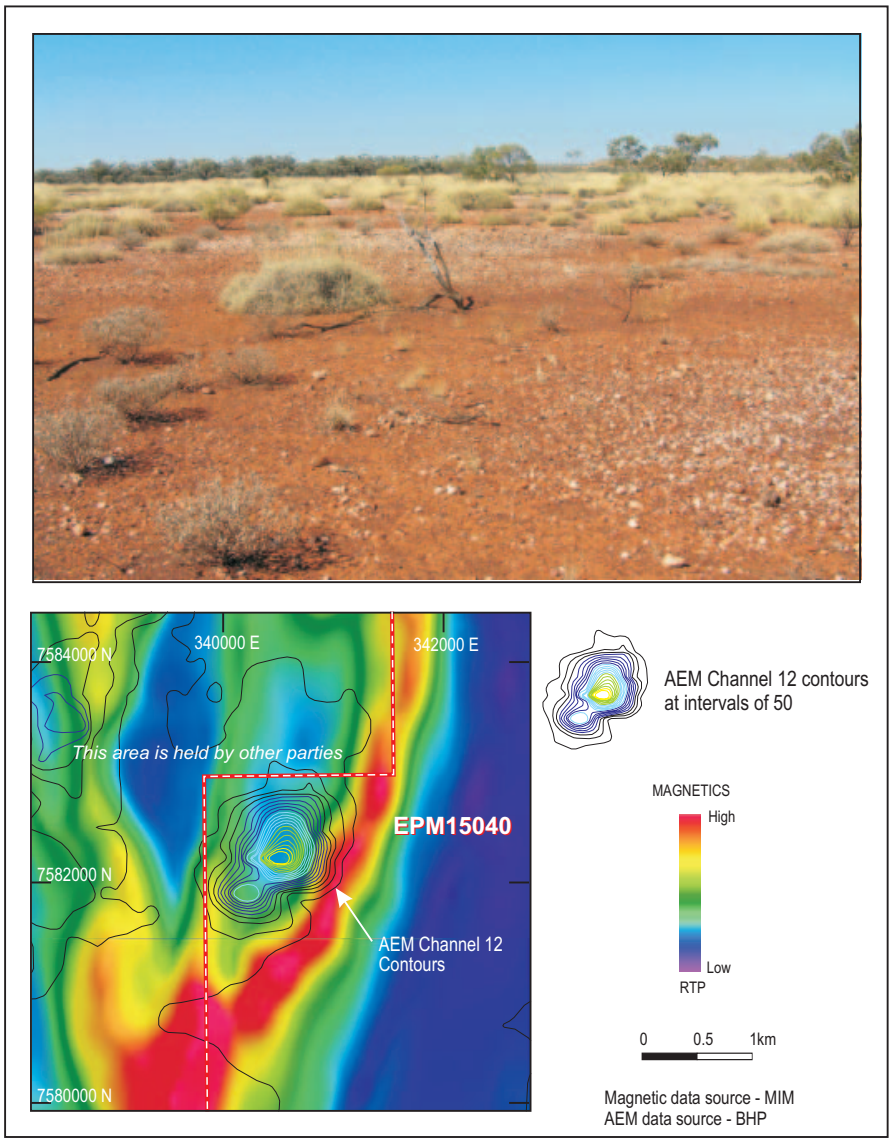

Figure 7: Dajarra Project - Rundle Prospect - General view looking north-east over the prospect (top) and AEM channel 12 contours over airborne magnetic image (RTP) (bottom).

program is successful a further program of approximately $1.1 million is likely for the second year. VWPL considers that the potential value of the target fully justifies the program and considers that drilling should include testing of deep, subtle and weak EM anomalism.

6.6 INCA PROJECT

The Inca Project comprises Exploration Permits for Minerals EPM15044 "Inca Creek", EPM15732 "Inca Creek 2", EPM16013 "West Inca" and EPM16027 "Buckley River", each of 100 sub blocks. The project is situated 110 km north-west of Mount Isa, 150 km south of the Century zinc-lead-silver deposit and 50 km south-west of the Lady Loretta zinc-lead-silver deposit in north-west Queensland (see Figure 1)

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6.6.1 GEOLOGY AND MINERALISATION

The geology of the Inca Creek project area is shown in Figure 8, based on the 1:250,000 Mount Isa and Camooweal sheets and the 1:100,000 Kennedy Gap and Mammoth Mines sheets. The tenements cover Proterozoic sediments with a generally shallow cover of Cambrian, Mesozoic and Cainozoic sediments.

Sediments of Proterozoic age are basement to the cover rocks and range from the Paradise Creek Formation through the Esperanza Formation, Lady Loretta Formation and Shady Bore Quartzite to the Riversleigh Siltstone. These units of the McNamara Group are considered to be equivalents to the Mount Isa Group (cover sequence 3). An exact correlation with the Mount Isa Group is uncertain but the Esperanza Formation and possibly the Lady Loretta Formation are thought to be equivalent to the Urquhart Shale on the basis of the increased number of tuff beds in both formations.

The Proterozoic sediments are unconformably overlain by Cambrian sediments of the Georgina Basin. The Cambrian sediments include sandstones, siltstones and limestones. The basal Beetle Creek Formation contains large phosphorite deposits in nearby areas. The Cambrian sediments also contain oil shale.

Surficial Mesozoic and Cainozoic sediments overlie and mask much of the Proterozoic and Cambrian sediments which are strongly leached.

Intrusives or volcanics are unknown in the area but the Eastern Creek Volcanics may be present at considerable depth.

SPQ interprets a major east-west fault (Inca Creek Fault) in the Inca

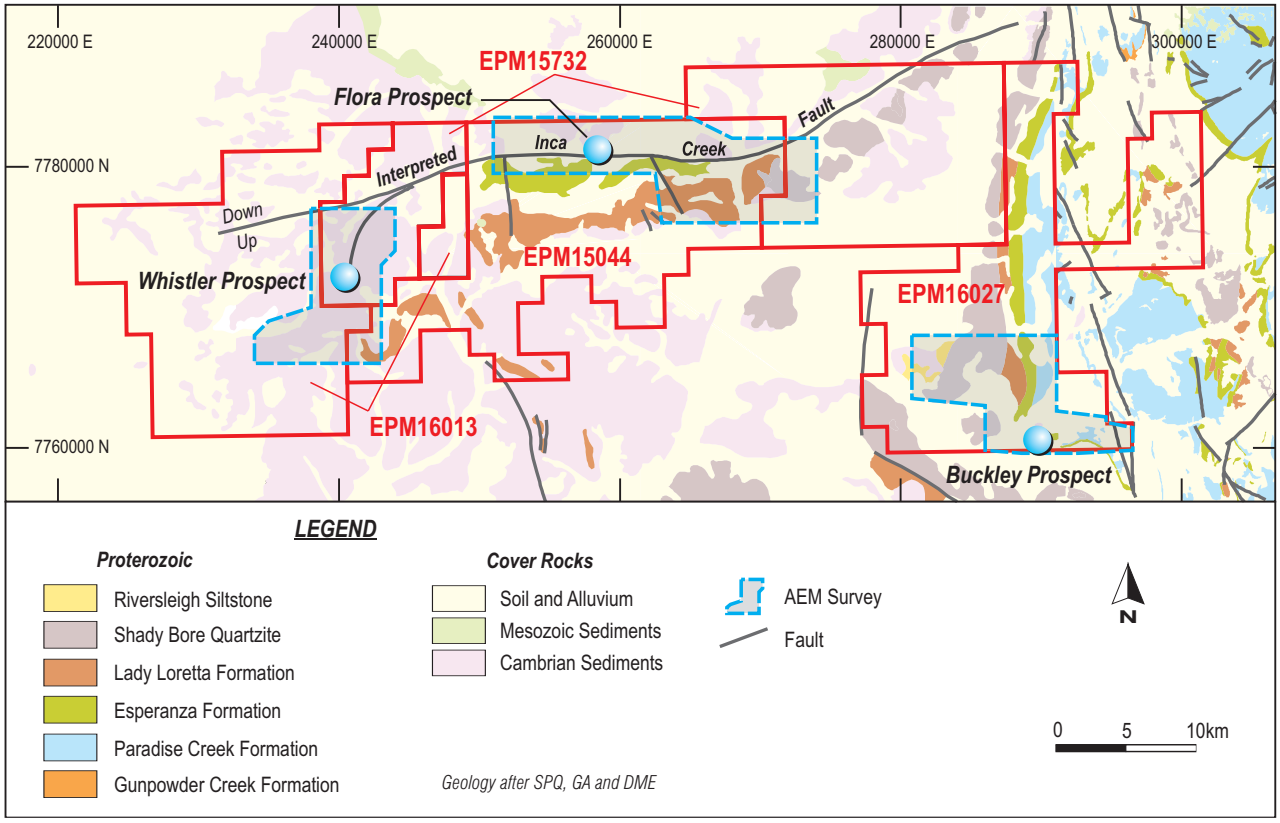

Figure 8: Inca Project - Geology, prospects, AEM surveys and exploration permits.

Project area. This is clearly seen on satellite imagery and aerial photographs. In the central part of the Inca Project area it separates Proterozoic sediments cropping out to the south from Cambrian sediments to the north.

The Inca Creek Fault is a potential east-trending growth fault similar to the basement fault at Mount Isa which is related to the copper ore bodies. According to SPQ's Mount Isa Base Metal (Copper) Model, such faults are very important in the formation of giant sedimentary sulphide style deposits, because they were active at the time of sediment deposition and probably channelled metal-bearing solutions to depositional sites.

Similar growth faults related to mineralization are seen at other deposits, for example, the Termite Range Fault at Century and the Fish River Fault at Walford Creek. Because the throw of the Inca Creek Fault is north-block-down, the potential for economic deposits to be formed at depth in the north block is strengthened.

Apart from geochemical anomalies, no base metal mineralization has been reported from the area.

6.6.2 PREVIOUS EXPLORATION AND RESULTS

Only the exploration which has a direct bearing on the future programs of SPQ is discussed.

Extensive exploration in the Cambrian sediments has been completed in the Inca Project and surrounding area for phosphate and oil shale deposits. Lesser base metal exploration has been completed. The most extensive base-metal exploration was completed by MIM. The results from MIM's exploration provide a sound basis for the exploration to be completed by SPQ.

Most of the previous base metal exploration is well north-east of the Inca Project area and not directly relevant to exploration at the Inca Project.

IMC Development Corp ("IMC") in the late 1960s and early 1970s completed an extensive program of phosphate exploration but also completed base metal exploration following discovery of anomalous copper, lead and zinc values in Cambrian sediments in and around the D Tree phosphate deposit to the north of the Inca Project area. This phosphate deposit is located approximately 15 km north-west of the Lady Loretta lead-zinc and Lady Annie copper deposits. IMC commenced a base metal exploration program which initially involved analyzing the phosphate drill holes for copper, nickel, lead and zinc. The program targeted both the Cambrian sediments where the True Blue copper deposit existed in Cambrian rocks and the underlying Proterozoic sediments.

The presence of anomalous copper, lead and zinc in the Cambrian sediments in the vicinity of the Lady Loretta and Lady Annie deposits gives further encouragement to the concept of 'leakage' of base metals into Cambrian rocks from underlying or nearby base metal deposits in the Proterozoic.

In 1979, BHP explored in the southern portion of the Inca Project. BHP completed an airborne INPUT EM survey, acquired coloured aerial photography and carried out reconnaissance geochemical sampling. Rock chip sampling failed to detect significant base metal values. Three lines of dipole-dipole induced polarisation ("IP") and SIROTEM were surveyed at INPUT EM features. Two vertical stratigraphic diamond drill holes were drilled and later nine percussion holes were drilled to test geophysical targets. All holes appeared to traverse Cambrian sediments.

In 1991, MIM explored for base metals in the Inca Project area and to the south of it. A helicopter-supported stream sediment program located low-order copper-lead-zinc anomalies in the Whistler Creek area in the western side of the permit and also at Inca Creek (Inca Prospect) in the eastern side of their permit area.

At the Inca Prospect, follow-up with rock chip sampling, ridge and spur soil geochemistry and geological mapping detected elevated copper, lead and zinc values to 890, 403 and 1,970 ppm respectively. Grid based soil and lag sampling produced only low order anomalies in soil but the lag sampling produced a better response up to 1400 ppm copper and 1,020 ppm zinc. The elevated copper, lead and zinc values were found to be associated with the basal Cambrian unit on the Cambrian / Proterozoic unconformity.

Geological mapping of the Inca Prospect showed that the area contained a series of generally south-west striking, south-east dipping Proterozoic rocks from the Esperanza Formation through the Lady Loretta Formation to the Shady Bore Quartzite.The Cambrian rocks formed thin patchy cover over the Proterozoic rocks. The lower-most Cambrian unit is a sandy, strongly ferruginous, generally matrix-supported breccia with clasts of sub-rounded Proterozoic-derived quartzite and occasional chert and chalcedony. Where this breccia is in conformable contact with Proterozoic quartzite, the ferruginous cement is pronounced with a strongly lateritised appearance and with clasts of sub-angular and poorly sorted quartzite of substantial size range. SPQ interprets this unit to be an old soil or alluvial profile on the original Cambrian land surface.

MIM drilled four RC holes at the Inca Prospect. Sampling showed low base metal assay values in the Proterozoic rocks but strong anomalism where the Cambrian / Proterozoic unconformity was intersected: copper assays in hole IPP2 1,019 ppm; hole IPP003 1,132 ppm.

MIM also completed two lines of RAB drilling at the Masters Grid (total 306m) to the immediate north of the Inca Prospect where anomalous rock chip values were found in 'rubbly ironstones'. No significant base metal values were obtained.

At the Whistlers Prospect elevated base metal values were found to be associated with a thin manganese bearing structure.

MIM completed an airborne EM (GEOTEM) survey of the area in 1992 and one anomaly was followed up by a line of 10 holes of RAB drilling. Only one hole intersected Proterozoic rocks and this showed low base metal values.

MIM's Inca Prospect provides substantial encouragement for significant copper mineralization in SPQ's Inca Project. If the anomalous base metal values are interpreted to occur within a Cambrian soil / alluvium profile, the Inca Prospect is well located with respect to the east-trending Inca Creek Fault and the base metal values could be 'leakage' from a deposit located along this fault, which is largely obscured by Cambrian rocks.

6.6.3 WORK COMPLETED BY SPQ

SPQ's work for base metals in the Mount Isa Inlier is based on a review of first class regional databases, a compilation of the important historical exploration data and the application of a predictive model for the Mount Isa copper and lead-zinc-silver mineralisation.

In selecting tenements for exploration, prospective areas are rated on the basis of the model. Where sufficient positive factors exist, areas are selected for exploration. At the Inca Project in early 2006, SPQ interpreted several encouraging factors to exist at the Flora Prospect. These are:

- the apparently previously unrecognised east-trending growth fault;
- a basement containing magnetic features which may indicate the presence of deep-seated basic volcanics in the area;
- the presence of Proterozoic sediments equivalent in age to those that host the Mount Isa deposits;
- geochemical anomalism at MIM's Inca Prospect; and
- a strong airborne EM anomaly on the down-thrown side of the possible east-trending growth fault, which could be caused by mineralization.

More recently extra ground has been acquired and the Buckley and Whistler prospects have been developed.

Flora Prospect - Interpretation of results Target analysis

Flora Prospect, the main target at Inca Creek, is heavily dependent on the interpretation of several issues:

- the Proterozoic-Cambrian boundary;
- identification and analysis of the Inca Creek Fault;
- the geochemical anomaly discovered in the base of the Cambrian; and
- interpretation of the airborne EM survey.

The Proterozoic-Cambrian boundary

The outcropping Proterozoic sediments in the Inca Creek area outcrop in a west-south-west trending belt of low hills. The Proterozoic rocks are strongly oxidized and leached.

Sediments of the Cambrian Georgina Basin unconformably overlie the Proterozoic sediments on the southern side of the outcropping Proterozoic. It is interpreted that the Cambrian sediments were laid down on an old Cambrian land surface which had considerable relief,

because there is evidence for a palaeo-oxidised Proterozoic derived regolith and also a soil profile preserved in some areas at the base of the Cambrian.

If a Cambrian drainage system existed prior to Georgina Basin sediment deposition, it would probably preferentially dissect the 'softer' Proterozoic units such as the shales rather than the quartzites and other siliceous units.

Identification and analysis of the Inca Fault

The interpreted east-trending Inca Creek Fault defines the northern margin of the belt of outcropping Proterozoic sediments. This fault is clearly seen in satellite imagery and on air photographs but does not appear to crop out (Figure 8). There is evidence for post Cambrian movement from the Cambrian sediments, at Whistler Creek in the western part of the area, where upper Cambrian sandstone is faulted against the limestones that are near the base of the Cambrian sequence. The apparent movement on this fault is north-block-down.

All the outcropping Proterozoic sediments lie on the southern side of the Inca Creek Fault which suggests that post-Proterozoic movement on this fault was also north-block-down.

The geochemical anomaly discovered in the base of the Cambrian

The low-order copper and zinc anomaly of MIM, near the Camooweal road crossing of Inca Creek, was confirmed by drilling to be in the base of the Cambrian and no values were reported from the underlying Proterozoic sediments.

SPQ interprets the anomalous values at the base of the Cambrian as a Cambrian paleo-soil anomaly. The separation of the copper and zinc metals in the anomaly with the more soluble and mobile zinc deposited to the south-east of the copper values is interpreted to result from transported dispersion from the source, which is most likely to be to the north-west. (MIM drilled two lines of RAB to the north of the anomaly, possibly allowing for this interpretation).

The better part of the copper anomaly is apparently situated in a Cambrian paleo-valley lying between two 'hills' of Proterozoic outcrop. The outcrop pattern is consistent with a south-east or north-west flowing Cambrian drainage. If this is the case, the source of the anomaly should lie generally either to the south-east or north-west of the anomalous area.

Interpretation of airborne EM surveys

MIM completed an airborne electromagnetic survey of the Inca Creek and neighbouring area. The northern limit of this survey lies just north of the Inca Creek Fault. The survey was flown on lines oriented east-north-easterly, which unfortunately, in the case of the Inca area, is approximately parallel to the strike of the Proterozoic sediments and at an acute angle to the Inca Creek Fault. Such a flight direction is less than ideal: responses from features parallel to the flight lines tend to "break up" and be complex, which makes interpretation more difficult.

In other areas, the survey has apparently produced predictable results over rock types with known characteristics. Graphitic (conductive) sediments in the Lady Loretta Formation well to the south of SPQ's Inca Project area manifest strong anomalous responses in both the early- and late-time-channels. (Generally, early-channels respond to a range of conductors, some of which are surficial/groundwater features while late-channels are more likely to detect strong bed-rock conductors. Early and late signify a time measurement of the EM response).

Conductive black soil along the major drainages in the area produced high-order anomalies in the early channels but lower-order anomalies in the later channels as predicted.

BHP and Aberfoyle also completed an airborne EM survey (GEOTEM III) on the western side of SPQ's Inca Project area. Data from this survey has been obtained and processed. This survey further confirms that EM is a useful tool for looking below Cambrian and other cover in the general Inca Project area. The later channels of this survey have successfully detected conductive Proterozoic rocks beneath the Cambrian cover.

A strong EM response in both the early and late channels was obtained from the MIM EM survey on three consecutive lines on the northern margin of the survey (Figure 9). SPQ refers to the area in the vicinity of the EM anomaly as the Flora Prospect. The strong late-channel EM response suggests a bedrock conductor and it may be from mineralization. This anomaly lies immediately north of the Inca Creek Fault and west of the anomalous geochemistry. The EM anomaly has an east-trending strike length of about 8 km. It apparently lies in the down-thrown block of the Inca Creek Fault.

A number of possible causes (other than mineralization) for the anomaly must be considered. These include any or a combination of:

- graphitic or conductive Proterozoic sediments;
- conductive Cambrian, Mesozoic or Tertiary cover sediments;
- salty water occurring within or adjacent to the Inca Fault system;
- clay within or adjacent to the fault; and
- an edge effect from the cover rocks.

MIM apparently did not test the anomaly.

Target analysis - Flora Prospect Summary

SPQ's theory is as follows: the apparently transported geochemical anomaly in the base of the Cambrian sediments east of Inca Creek may have been derived from the base-metal mineralization responsible for the Flora Prospect EM anomaly. This would require that a Cambrian stream flowed past the base-metal mineralization and delivered copper and zinc to the vicinity of the geochemical anomaly. This stream would have flowed easterly down the northern (down-thrown) side of the fault and cut across the fault near Inca Creek.

This conceptual model results in the Flora Prospect EM anomaly being rated as a prime exploration target for base metal deposits.

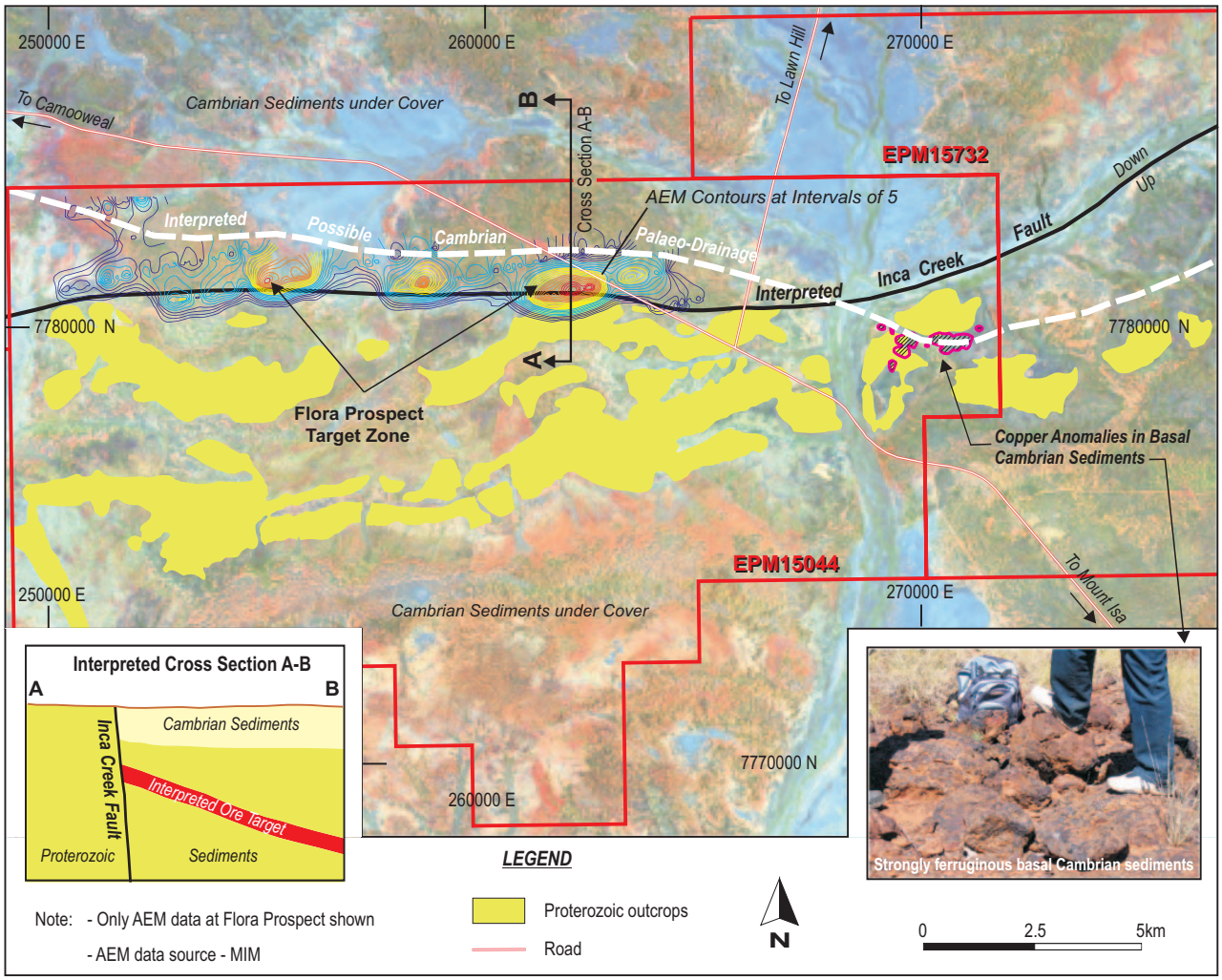

Figure 9: Inca Project - Flora Prospect - Geology and AEM anomaly on false-colour Aster imagery showing interpreted target zone at the Flora Prospect.

Buckley Prospect

The Buckley Prospect is located just north of the Camooweal road and east of the Buckley River crossing. A very strong EM response was obtained by MIM in the EM survey flown over this area (see Figure 10). The anomaly lies on the edge of the MIM survey.

MIM drilled two holes into this anomaly and reported carbonaceous (graphite) sediments as the cause of the anomaly. SPQ considers that the anomaly is very intense and local and this is not consistent with a stratigraphic source.

SPQ plans further EM, geological mapping and drilling of this prospect.

Whistler Prospect

The Whistler Prospect lies within West Inca and Inca Creek 2 EPMs. The prospect refers to an area of anomalous EM responses obtained by BHP from their Urandangi JV airborne EM survey. BHP did intend to drill these anomalies but this was apparently never done.

The anomalous EM response is relatively weak and it is possible that it is caused by the Cambrian cover sediments. However the Cambrian is not usually conductive. The most likely source of the anomalous response is in the underlying Proterozoic rocks. The source of the anomaly could be graphitic shale but sulphide mineralization is also a possibility.

6.6.4 CONCLUSIONS - FUTURE PROGRAM AND BUDGET

VWPL concludes that the Inca Project contains favourable stratigraphy for the location of large base-metal deposits. The application of up-to-date EM techniques to search for conductive sulphide targets, at depth and under cover is recommended. The Inca Project has three prospects scheduled for drilling.

At the Flora Prospect, an initial exploration program of EM and drilling is required to establish if the EM anomaly is reflecting base metal mineralization. The EM program should include a series of north-trending EM lines at 0.5 km spacing to better define the character of the anomaly and to determine its position accurately. This should be followed by drilling.

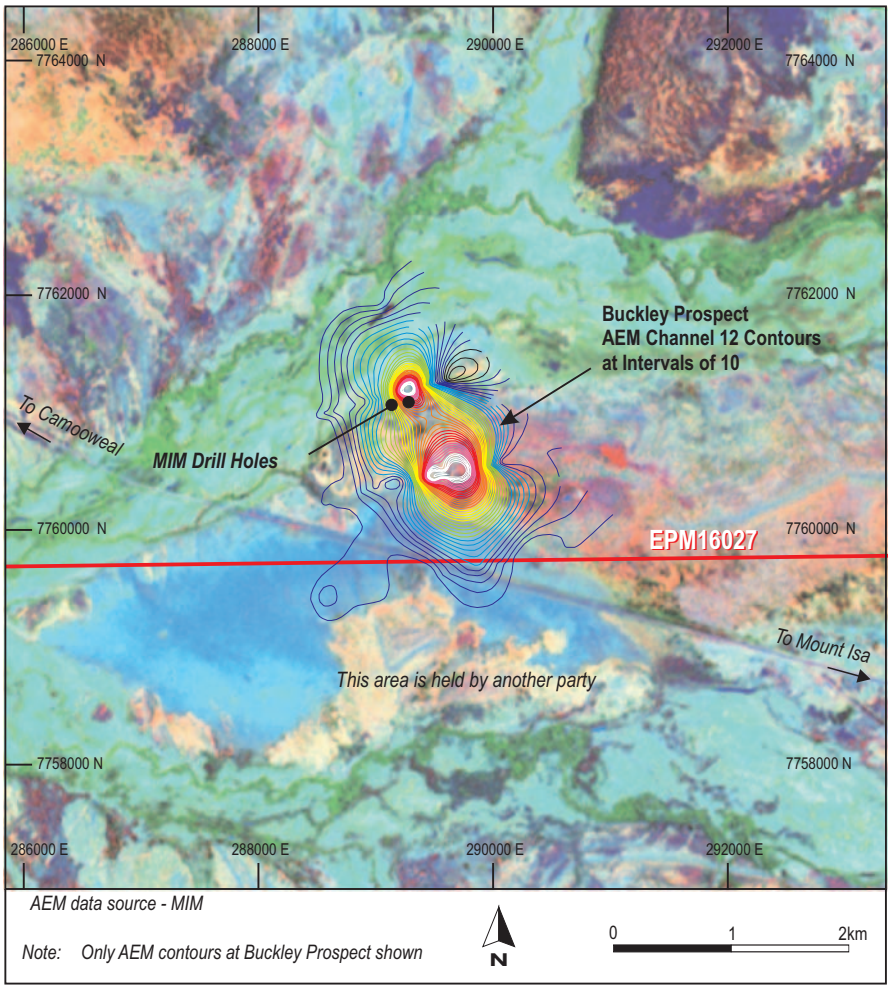

Figure 10: Inca Project - Buckley Prospect - AEM contours and MIM drill holes on false-colour Aster imagery.

SPQ plans further EM and drilling at both the Buckley and Whistler prospects.

A program and budget for this first stage work is $567 000 and will include $12, 000 for a heliborne EM survey and $336,000 for follow-up percussion and diamond drilling.

6.7 NICHOLSON PROJECT

The Nicholson Project comprises EPM 15670 "Hedleys 2" of 124 sub blocks. It is located approximately 350 km north-north-west of the city of Mount Isa and some 100 km north-north-west of the Century mine in north-west Queensland.

The western boundary of the permit lies on the border between Queensland and the Northern Territory.

The area is considered prospective for copper, lead, zinc and silver as the rocks in the area are possible equivalents to those that host the Mount Isa Inlier copper and lead-zinc-silver deposits and the McArthur Basin lead-zinc-silver deposits. The pyritic Walford Creek lead-zinc-silver prospect, found by WMC, lies immediately to the north of the area.

6.7.1 GEOLOGY AND MINERALISATION

The geology of the project area is shown in Figure 11.

The predominant Proterozoic outcrops are flat to undulating, variable sandstone units (quartz sandstone, micaeous silstone and sandstone with minor shale) belonging to the Mesoproterozoic South Nicholson Group of the South Nicholson Basin. The basin covers and divides the Lawn Hill Platform, containing the Century lead-zinc-silver deposit from the McArthur Basin in the NT which hosts the HYC lead-zincsilver deposit. Consequently, the exploration potential is at depth below the South Nicholson Group sediments.

The Fickling Group is the exploration macro-target. It contains oolitic, stromatolitic and intraclastic dolomite, dolomitic siltstone and shale and sandstones. Evaporitic beds of sabkha origin may be the loci for stratabound or stratiform sulphide mineralisation. The Fickling Group is contained within an east-north-easterly trending fault bounded basin or graben.

SPQ's work on structural and geological interpretation of the detailed airborne magnetics and radiometrics suggests that probable prospective Walford Creek host sequence rocks lie beneath medium depth cover, maximum 400 m, in much of the EPM area. Records from historical exploration conducted by a number of companies support this conclusion.

The east-north-east trending Fish River Fault and Nicholson River Fault which bound the graben, are interpreted to have been active as growth fault zones in the Fickling Group rocks, at the time of deposition and present a theoretical target for mineralisation. (Rohrlach et. al.,1998, independently confirm that both the east-north-easterly trending Fish River Fault and the Nicholson River Fault are considered growth faults that were active during accumulation of the Fickling Group in the Hedleys Graben).

The Fish River Fault lies to the north of the EPM and hosts part of the Walford Creek sulphide deposit.

6.7.2 PREVIOUS INVESTIGATIONS AND RESULTS

Some exploration has previously been conducted within the project area without significant results being obtained. Most of the previous exploration had focussed on the outcropping areas to the north of the Hedleys 2 EPM.

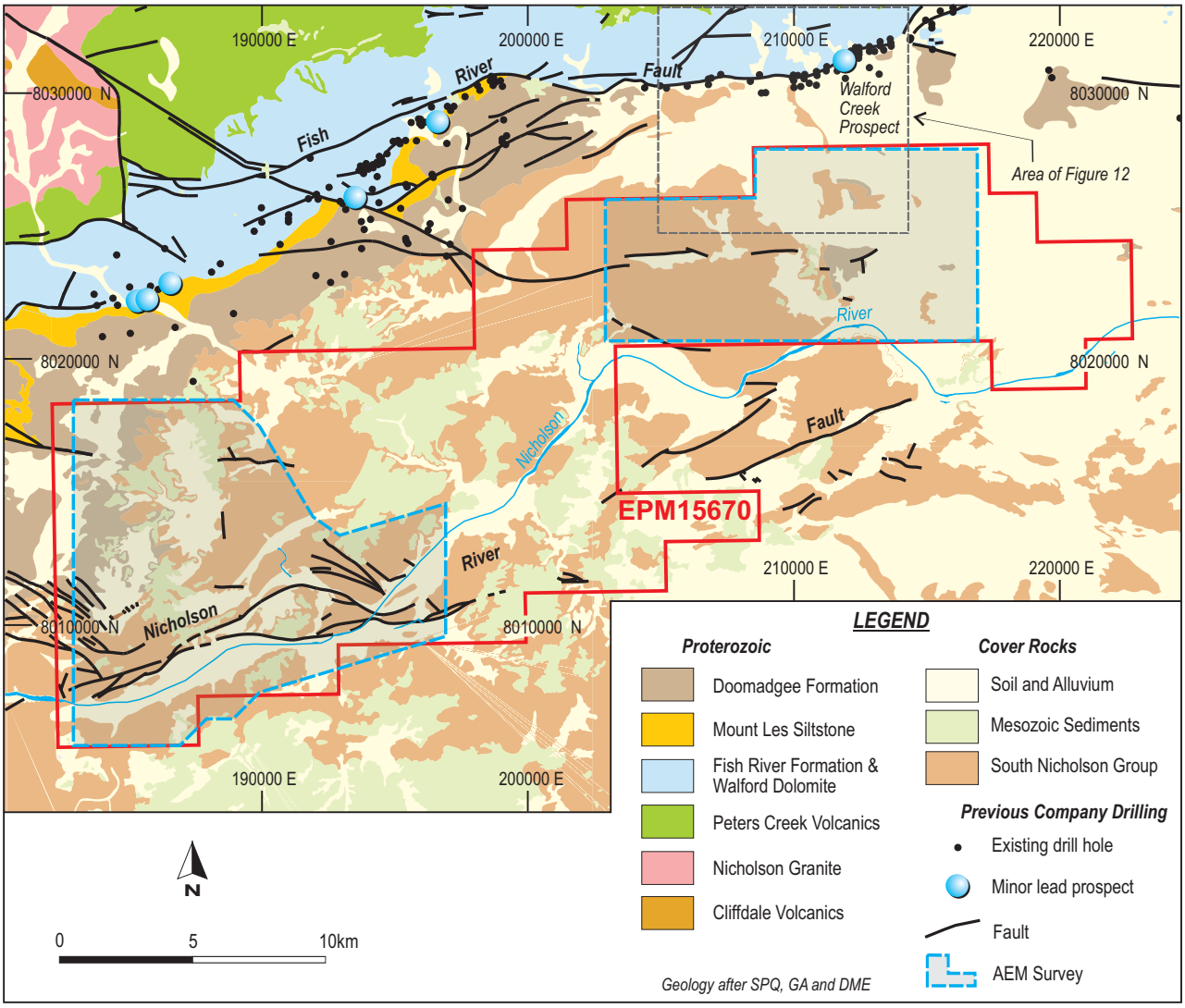

Figure 11: Nicholson Project - Geology, exploration permit and AEM survey areas.

Predominantly exploration has been for base-metals and uranium but several companies have explored for petroleum as part of regional basin-wide programs. Only the exploration which has a direct bearing on the future programs of SPQ is discussed.

Between 1956 and the early 1960s MIM was the main explorer in the region but never undertook activities in the Hedleys 2 EPM beyond mapping and surface work. Geological mapping and nine diamond core holes were drilled to evaluate lead prospects to the north of the Hedleys 2 area.

After MIM's initial work, many of the major explorers showed interest in the region (Refer Sources of Information for details) but work was inevitably concentrated in the Fickling Group to the north of Hedleys 2 EPM and centred on the Fish River Fault. If any regional based reconnaissance surveys of geology, geochemistry and geophysics overlapped the Hedleys 2 EPM the results did not generate prospects at which follow-up work took place.

Westmoreland Minerals Limited, during 1970 to 1972, reported on copper, lead and zinc anomalies on the west branch of Hedleys Creek and an airborne radiometric survey which produced anomalies that were traced to very low abundances of uranium.

In 1984 Western Mining Corporation Limited ("WMC") discovered the Walford Creek sulphide mineralisation by drilling a strong SIROTEM response located immediately south of the Fish River Fault. Exploration successfully delineated a sulphide body extending over a strike length of 8.5 km but grades (around 1.5% lead, 1% zinc and 10 ppm silver) were too low to be economic. The mineralisation is stratiform lead and zinc and statabound zinc, lead and copper hosted within pyritic biostromes, turbidite beds and dolomite talus breccias. Eventually the prospect was tested by a total of some 16,100 m of drilling although the mineralisation remained uneconomic.

From 1992 to 2000, Pasminco Australia Limited ("Pasminco") and later in joint venture with Rio Tinto Exploration Pty Limited,

prospected the Fish River Fault and southwards into the Hedleys 2 EPM area. The Walford Creek mineralisation was extensively surveyed with EM and drilled. During 1990 to 1998 Pasminco completed extensive exploration including geological mapping, GEOTEM and GENIE EM, gravity and IP geophysical surveys, soil and stream sediment geochemical sampling and drilled 100 holes. Later, Rio Tinto drilled seven cored drill holes for a total of 1661m. All drilling was north of the Hedleys 2 EPM but soil and stream sediment geochemical sampling extends into the Hedleys 2 EPM.

In 1994, Normandy Exploration Limited ("Normandy") examined seismic and drilling data obtained during exploration of a petroleum permit held by Comalco Aluminium Limited to assess the thickness of sediments of the South Nicholson Group. Interpretation by Normandy indicated that the thickness of sandstones of the South Nicholson Group varied from about 200 m in the north-east of the EPM to over 400 m in the south-west.

Between 1995 and 2000, MIM, using new airborne magnetic data, highlighted the Nicholson River Fault as a bounding-structure for the basin, at which other fault intersections might be considered prospective zones for mineralisation. A CSAMT survey over three traverses was used to test the intersection of the Nicholson River and Calvert Faults for conductors at depth. No elevated geochemistry was obtained from four rock chip samples collected from the interpreted position of the structures. No anomalies were identified by this work.

The diamond potential of the Hedleys 2 region was tested by WMC and Stockdale Prospecting Limited but the thoroughness of the surveys is not assessable.

6.7.3 CONCLUSIONS- EXPLORATION POTENTIAL FUTURE PROGRAMS

The principal components of the exploration model being used by SPQ in exploring the Nicholson Project are:

- magnetically active areas in airborne magnetic surveys which may be caused by sequences of metamorphosed basic volcanics (basalts) as a source of copper for deposit formation;
- thick sequences of fine-grained sediments which act as depositional sites during sulphide deposit formation evident in the Fickling Group;
- presence of growth faults - Fish River and Nicholson River Faults - that were active at the time of sediment deposition and which potentially acted as conduits to focus fluid flow to depositional sites; and
- presence of extensive iron (pyrite) and stratiform lead-zinc-silver mineralization in the Walford Creek deposit.

The Walford Creek deposit lies within the graben, south of and adjacent to the Fish River Fault which forms the northern boundary of the graben. The Hedleys 2 EPM covers the centre of the graben and the Nicholson River Fault which forms the southern bounding fault of the graben. The possibility of similar sulphide deposition being associated with the Nicholson River Fault is high. Undoubtedly, WMC recognized the potential of the area within the graben and adjacent to the Nicholson River Fault but at greater depth.

The Cooperative Research Centre for Australian Mineral Exploration Technologies (CRC AMET) completed an airborne EM survey (TEMPEST) over the Walford Creek and surrounding area during the 1990s. According to CRC AMET, who developed the TEMPEST AEM system, none of the earlier EM systems could detect the deeper parts of the Walford Creek conductor and it was thought that a realistic depth of 150 m was "considered … as an optimistic depth limit for detection of strong conductors with airborne TEM in this generally resistive environment", and "airborne TEM has not been used for any further exploration within the basin, as the conductive cover generally thickens to the east and the prospective stratigraphy is too deep to the south". CRC AMET concludes, "The results presented here (Lane R. et al) show that TEMPEST has mapped the Walford West conductive body at around 300 m depth below surface, and defined a similar target for testing several kilometers to the south at a depth of around 400 m below surface." (see Figure 12).

This target is now available for evaluation by SPQ, but more EM surveying is required to rate conductors in the prospective basement, before any drilling takes place.

VWPL concludes that the Nicholson Project contains favourable stratigraphy for the location of large base-metal deposits. The application of up-to-date EM techniques to search for conductive sulphide targets, at depth and under cover is recommended.

SPQ have allowed $91,000 for airborne EM at the Nicholson Project and $336,000 for follow up drilling. VWPL considers that although the exploration will be expensive and the targets deep, the potential value of the target fully justify the program.

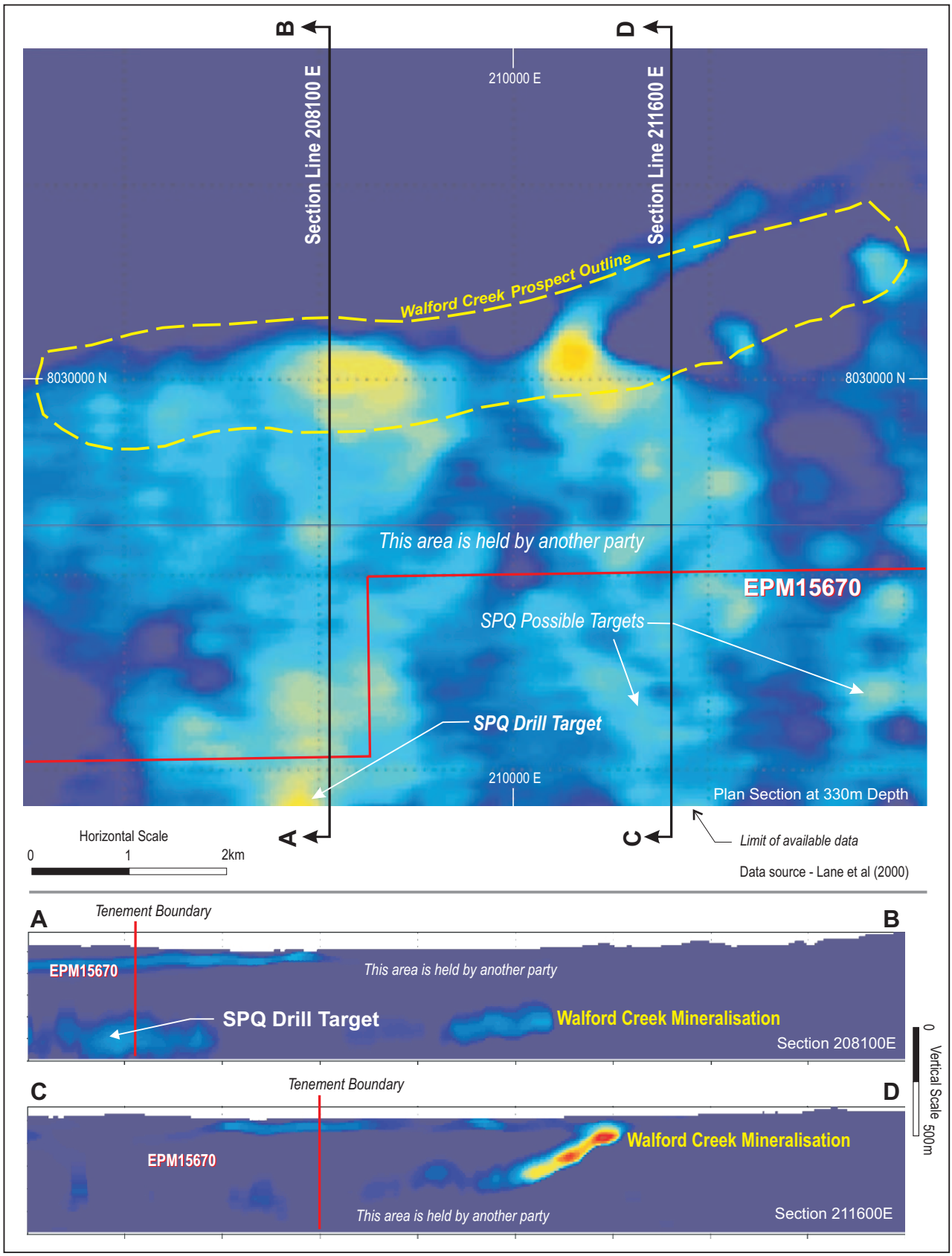

Figure 12: Nicholson Project - Walford Creek - Interpreted conductivity at 330 m depth (top) and interpreted conductivity sections 208100 mE and 211600 mE (bottom): (modified after Lane et al 2000).

6.8 MYALLY PROJECT

The Myally Project comprises EPM 15043 "Myally Creek" of 100 sub- blocks. It is located approximately 170 km north of the city of Mount Isa in north-west Queensland (Figure 1).

The area is considered prospective for copper, lead, zinc and silver as the rocks in the area are possible equivalents to those that host the Mount Isa copper and lead-zinc-silver deposits.

SPQ's work on structural and geological interpretation of the detailed airborne magnetic and radiometric datasets of north-west Queensland indicates that possible prospective rocks lie beneath shallow to medium depth cover in the Myally Project area. Records from historical exploration conducted by a number of different companies support this conclusion. The cover deepens to the north where targets will be deep and exploration more difficult.

6.8.1 GEOLOGY AND MINERALISATION

The Myally Project lies at the northern limits of a block of Haslingden Group volcanics and sediments including the Eastern Creek Volcanics which lie within a large north-trending graben structure (Leichhardt River Fault Trough), forming a north plunging complexly faulted anticline. The Haslingden Group forms the basement to sediments which include the Mount Isa Group.

The Mount Gordon Fault, a major structural element in the Mount Isa Inlier, bounds the Leichhardt River Fault Trough to the west. The Leichhardt River Fault contains the most significant of the Proterozoic base metal deposits in the Inlier, including those at Mount Isa and Hilton (George Fisher). Other deposits including those at Mount Gordon and Mount Oxide lie within the Mount Gordon Fault Zone itself. A north-east trending branch of the Mount Gordon Fault passes through the northern part of the Myally Creek EPM.

Younger Proterozoic sediments occur along both the eastern and western margins of the Leichhardt River Fault Trough and also between the faulted 'segments' of the Haslingden Group rocks. These marginal sediments commonly host mineral deposits probably for two reasons: the sediments are adjacent to the faulted margins of the graben structure where there has been greater fluid flow and, the sediments were being laid down during a major mineralizing episode.

Most of the rocks that are equivalent to the Mount Isa host sediments have been removed by erosion of the Leichhardt River Fault Trough. In the vicinity of Myally Project area small areas of Mount Isa Group equivalent rocks exist in narrow synclinal areas. These lie under a shallow cover of Mesozoic and Cainozoic sediments in the northern portion of the area.

6.8.2 PREVIOUS IVESTIGATIONS AND RESULTS

Several companies have explored previously in the area of the Myally Creek EPM predominantly for base metals. Some have carried out petroleum exploration and one company evaluated the potential for oil shale.

Only the base-metal exploration has any relevance to SPQ.

During 1970 to 1971 Anaconda completed geological mapping and stream sediment sampling focussing on the Surprise Creek Beds. Anomalism was weak and some elevated copper, lead and zinc were traced to very narrow quartz filled fault zones with some secondary copper mineralisation.

Consolidated Gold Fields Australia Limited explored in joint venture with the Mitsubishi group of companies during 1972 to 1973. Colour aerial photography was obtained over the area by contractor Adastra Airways Pty. Ltd. and an airborne geochemical survey (AIRTRACE) was flown by Barringer Geosurveys Pty. Ltd. The survey located a number of mercury and multi-element (copper, lead and zinc) responses. Where these corresponded with what was considered geologically favourable environments follow up evaluation was conducted involving detailed geological mapping and stream sediment geochemical sampling but no areas of economic significance were found.

From 1975 to 1976, CSR Limited targeted stratabound copper mineralisation within the Myally Beds and the Surprise Creek Beds based on conceptual models of the Zambian Copperbelt. Initial detailed geological mapping and traverse soil and rock chip sampling were followed later by stream sediment sampling. Grid controlled soil geochemical and rock chip sampling was used to evaluate four target areas. Weak anomalism and small areas of secondary copper staining were located within the basal unit of the Surprise Creek Beds. Anomalous stream sediment samples were located in carbonate horizons within the Myally Beds. It was concluded that these drainage anomalies were due to manganese scavenging.

In 1985, Carpentaria Exploration Company Pty Ltd ("CEC") searched for stratiform base metals in prospective Proterozoic rocks covered by Mesozoic and Recent sediments using grid and traverse based gravity and ground magnetic surveys.

A vertical precollared diamond core drill hole (Lorraine 1) was drilled to test a gravity 'high' feature in close proximity to an interpreted deep seated basic rock type in a complexly faulted area. The drill hole traversed 94 m of Recent and Mesozoic cover before intersecting a steeply dipping quartzite and feldspar quartzite to the end of the hole at 250 m. These rocks were interpreted as a part of the Surprise Creek Formation. Assaying and petrological samples did not reveal any significant indications of mineralisation or alteration.

Elsewhere CEC identified ten areas on the basis of elevated rock chip sample assays taken during a drainage geochemical survey. Two grid prospect areas were examined within the Myally Creek EPM. Only one, Eldorado, was systematically sampled and weak responses in base metals and gold were obtained.

Only one area in a group of grids, located just to the west of Myally Creek was further tested by a drilling program. In this area, which is outside of the Myally Creek EPM, five inclined percussion holes for a total of 386 m tested a gold in soil anomaly without encountering any mineralisation.

An airborne time-domain QUESTEM EM survey was flown for MIM by Aerodata Holdings Limited. Magnetic intensity and conductivity was recorded using 400 m line spacing orientated north-west south-east. Follow-up analysis of selected airborne anomalies used ground GENIE frequency-domain EM survey traverses.

In 1994, BHP carried out regional soil geochemical sample traverses (2 km spacing at 50 m centres, over areas of outcropping Gunpowder Creek Formation) and shallow RAB drilling over selected areas of the tenement with no encouraging results. RAB drilling was abandoned because the holes mostly failed to penetrate to basement.

During 1993 to 1996, CRAE outlined five prospective areas of anomalous geochemistry with reconnaissance surveys. Of the five areas the "Eldorado" and part of the "Bear" prospects lie within the ground covered by the Myally Creek EPM. At these prospects no significant anomalous results were obtained.

In 1998 BHP flew a GEOTEM airborne survey and identified four EM anomalies, two within and two on the southern boundary of the Myally Creek EPM. Ground TEM (SIROTEM) surveys and limited selective rock chip sampling were completed. Three of the anomalies lie along a linear north-north-east trending anomalous zone that runs throughout the survey area, and corresponds to the Eldorado Prospect.

At one location, EM soundings registered a conductive source at 430 m depth in Proterozoic rocks but it was not drilled.

From 2003 to 2005, Red Metal Limited reviewed and re-interpreted existing airborne EM data from the previous exploration by MIM. Field reconnaissance found that some EM anomalies corresponded to thin 10 m to 100 m thick sequences of fine-grained laminated, weakly pyritic dolomites of probable Surprise Creek Formation. No sampling was conducted.

6.8.3 CONCLUSIONS - EXPLORATION POTENTIAL FUTURE WORK

The Myally Project at the northern end of the outcropping Leichhardt River Fault Trough contains both outcropping and covered Proterozoic rocks. These rocks are equivalent to those of the lower Mount Isa Group where they are folded and down-faulted into older rocks which are basement to the Mount Isa Group.

Interpretation of the detailed airborne magnetics (Figure 13) suggests that there may be larger areas of Mount Isa Group rocks under the shallow to medium depth cover, to the north and this is where the greatest potential is considered to be.

Key features of the Myally Creek Project coincide with the principal criteria of the SPQ exploration model.

- The airborne magnetic data suggests that basic volcanics of the Haslington Group exist at various depths within the EPM and form a 'floor' to the area.
- The presence of magnetic and gravity features in this and the surrounding area offer the possibility of upper Mount Isa Group rocks being faulted against basic volcanics. This would appear to be supported by results from previous exploration in the northern part of the permit where quartzites, possibly Haslingden Group, were intersected beneath cover in the Lorraine No 1, which is the only drill hole known to have been drilled within this area of the EPM.
- The Mount Gordon Fault zone is known to be a mineralised structure, clearly an excellent conduit for hydrothermal fluid. Branches of the fault cut across the northern part of the Myally Creek EPM.
- A north-west striking structural fabric is present in the magnetic data and satellite imagery in the areas of covered Proterozoic rocks in the north-east of the permit area. The magnetic features, probably the basement basic volcanic units to the Proterozoic sediments, have been offset in places along the Mount Gordon Fault zone

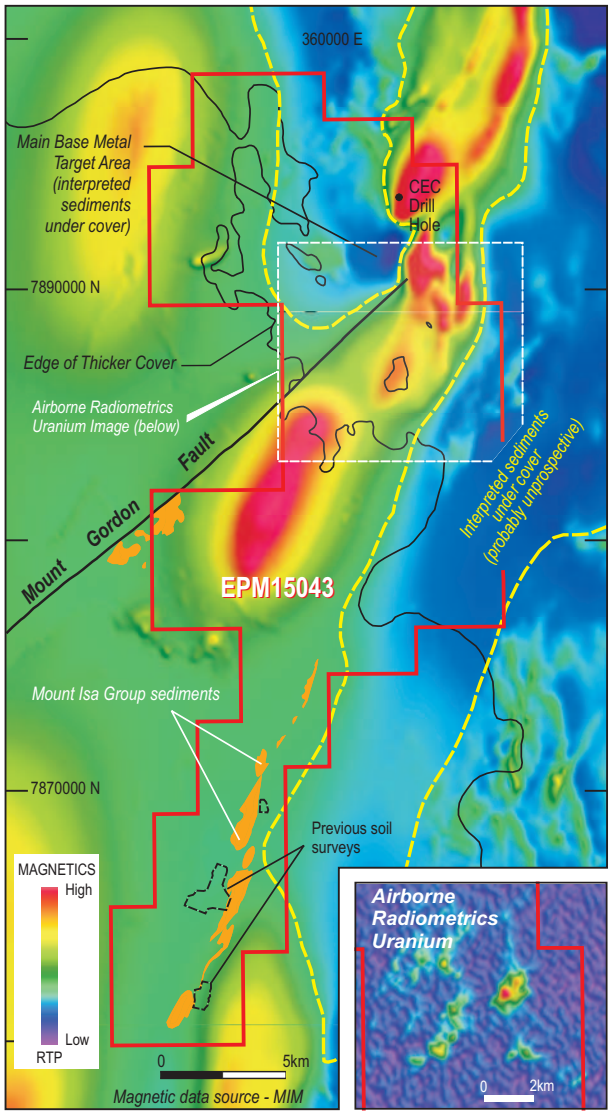

Figure 13: Myally Project - Magnetic image (RTP) showing areas of outcropping Mount Isa Group sediments, main base metal target area and uranium anomalies.

A major target area is interpreted beneath cover in the north-east corner of the EPM. This area contains an area of reduced magnetism, which could be a block of sediments juxtaposed against a corridor of magnetic 'high' features which is interpreted to be a sequence of basic volcanics. The area is crosscut by a north-east trending fault which is an extension of the mineralised Mount Gordon Fault zone.

The airborne EM surveys conducted previously by MIM and BHP produced discrete conductors in areas of outcropping Proterozoic rocks. However, the EM responses from the covered areas of the EPM are affected by conductive overburden and interpretation of results is difficult.

SPQ will review the results from the existing EM survey coverage over the prospective parts of the EPM and complete geological appraisal of identified prospective areas. Sampling of uranium anomalies in the northern parts of the Myally Creek EPM will also be completed. SPQ has allowed a budget of $76,000 for this project area for the first year. Follow-up drilling of prospective areas will be completed in the second year if justified. VWPL considers that although some of the exploration will be expensive and the targets deep, the potential value of the target fully justify the program.

6.9 VICTOR PROJECT

The Victor Project comprises EPMA 16028 “Victor Creek” of 91 sub-blocks. The project is situated about 180 km north-north-west of Mount Isa, 60 km south of the Century zinc-lead-silver deposit and 60 km north of the Lady Loretta deposit. The Grevillea lead-zinc-silver prospect is located 20 km to the north of the project.

6.9.1 GEOLOGY AND MINERALISATION

Sediments of Proterozoic age form basement to the project area. These are unconformably overlain by Cambrian sediments of the Georgina Basin.

The Proterozoic and Cambrian sediments are overlain by patchy Mesozoic and Cainozoic cover.

In the project area, the Proterozoic basement includes the Lady Loretta Formation, Shady Bore Quartzite and the Riversleigh Siltstone of the McNamara Group. These rocks crop out in a small area in the north-east corner of the Victor Creek EPM. The Cambrian cover sediments include the carbonate lithologies of the Border Waterhole Formation and the Thorntonia Limestone. These cover a large proportion of the Victor Creek EPM. Minor sandstone and siltstone outliers of Jurassic Mullaman Beds occur in a few areas.

Copper mineralization has been reported within the northern part of the project area at the Kingfisher workings and also at small prospecting pits about 1km to the east at the Kingfisher East Prospect. Both contain secondary copper mineralisation hosted in basal Thortonia Limestone in vertical narrow silicified and brecciated pyritic zones, interpreted as faults. Better historical drill results include hole RCRV13 with 1m grading 1.9% copper from 76 m and 1 m grading 2.7% copper from 78 m.

Base metal anomalism (zinc, lead and copper) in drainage samples occurs over the Riversleigh Formation at the RL-1 Prospect, over the Maxwell Prospect further to the north of the RL-1 Prospect and surrounding the Kingfisher and the Kingfisher East prospects.

6.9.2 PREVIOUS EXPLORATION AND RESULTS

Exploration in the Cambrian sediments has been completed in the region of the Victor Project for phosphate and oil shale deposits. Exploration for diamondiferous kimberlitic pipes has also been carried out within the region. The Georgina Basin has also been explored for carbonate hosted lead-zinc deposits while exploration of the Proterozoic basement for base metal mineralisation has only been undertaken in more recent times.

Only the base-metal exploration of the Proterozoic basement has any relevance to SPQ.

During the period 1980 to 1982, the Shell Company of Australia Limited prospected the upper part of the McNamara Group of sediments as hosts for stratiform base metal mineralisation. An airborne INPUT EM, magnetic and radiometric survey was flown. Field follow-up of EM anomalies was by mapping, grid sampling and IP traverses. Responses from the follow-up work were generally attributed to either surface conductors or known lithological conductors. Where IP anomalies were tested by bedrock drilling no anomalous geochemical results were found.

The workings at Kingfisher Prospect were sampled and the area evaluated but considered to represent only unprospective mineralisation at the Cambrian-Proterozoic unconformity where metal scavenging was to be expected.

CRAE acquired a tenement to cover a 'bullseye' magnetic anomaly that was present in the data from the INPUT EM, magnetic and radiometric survey, flown previously by Ashton Mining Limited (“Ashton”) and its partners as a part of their diamond exploration program. The anomaly had not been tested by Ashton and, after modelling the data, CRAE drilled a single vertical hole to 151 m. The hole intersected Cambrian sediments to 26 m then oxidised metadolerite giving way to fresh highly magnetic metadolerite at 113 m depth. No mineralisation was noted from the drilling. The drill hole is located just outside of the south-eastern boundary of the Victor Creek EPM.

CRAE also explored for carbonate hosted lead-zinc mineralisation on the north-eastern margin of the Cambrian Georgina Basin. Base metal mineralisation in the Proterozoic was a secondary target. Early work outlined large catchment areas returning anomalous lead, zinc and to a lesser extent copper values. Limited follow-up soil and rock chip sampling revealed copper mineralisation and lesser lead and zinc around the Kingfisher copper workings and at the Victory Prospect.

In the mid to late 1990s Aberfoyle held a very large EPM (Urandangi Project) of 2,135 sub-blocks to the west of Mount Isa. The area covered Cambrian Georgina Basin sediments over Proterozoic rocks and the intention was to test the Proterozoic rocks under the Cambrian cover rocks for base metals. Aberfoyle completed test QUESTEM and

GEOTEM airborne EM surveys and a gravity survey and reviewed the historical data on the area.

BHP in joint venture with Aberfoyle during the period 1995 to 1999 continued the work program. Initially BHP completed a large GEOTEM airborne EM survey totalling 32 197 km of flying of which part covered the Victor Project area. Several ground EM (SIROTEM and PROTEM) surveys were completed in 1996 as follow-up on anomalies identified by the airborne EM survey. Eight of the EM targets were within the Victor Project area and five drill holes testing these EM targets were drilled within the project area. On the basis of the work completed the EM anomaly sources were interpreted to be carbonaceous, dolomitic and pyritic units within the Riversleigh Siltstone.

MIM, during the period 1995 to 1997, explored for structural controlled copper and stratiform lead-zinc mineralisation in sediments of the McNamara Group where the thickness of the Cambrian cover was considered to be less than 100 m. MIM interpreted the very low magnetic intensity of the area to indicate very deep Eastern Creek Volcanic basement.

In 2001, BHP and Anglo American entered into a joint venture and reviewed the prospectivity of areas in the vicinity of the Victor Project area and generated targets using regional geological and geophysical datasets and earlier GEOTEM surveys. Most of the work was completed on areas outside of the Victor Project EPM.

6.9.3 CONCLUSIONS - FUTURE WORK PROGRAMS AND BUDGETS

The Victor Project shows several features encouraging further exploration:

- the presence of Proterozoic sediments equivalent in age to those that host the Mount Isa deposits including large areas masked by shallow Cambrian cover;
- several large areas of drainage and soil geochemical anomalies;
- discrete EM features within Proterozoic basement sediments; and
- discrete EM features within Proterozoic basement sediments.

SPQ is still compiling all of the important historical exploration data available on the Victor Project area. Some of the Victor Creek EPM, particularly the eastern edge and southern section (approximately 110 km^2 of the permit area) is not covered by available EM surveys. Other parts have only limited geochemical sample coverage.

VWPL concludes that the project contains favourable stratigraphy for the location of large base-metal deposits and it is under-explored. The application of up-to-date EM techniques to the search for conductive sulphide targets, at depth and under cover is recommended.

SPQ will acquire complete EM survey coverage over the prospective parts of the EPM. At the Victor Project, SPQ has allowed $56,000 for airborne EM and $120,000 for follow-up drilling. VWPL considers that although some of the exploration will be expensive and the targets deep, the potential value of the target fully justify the program.

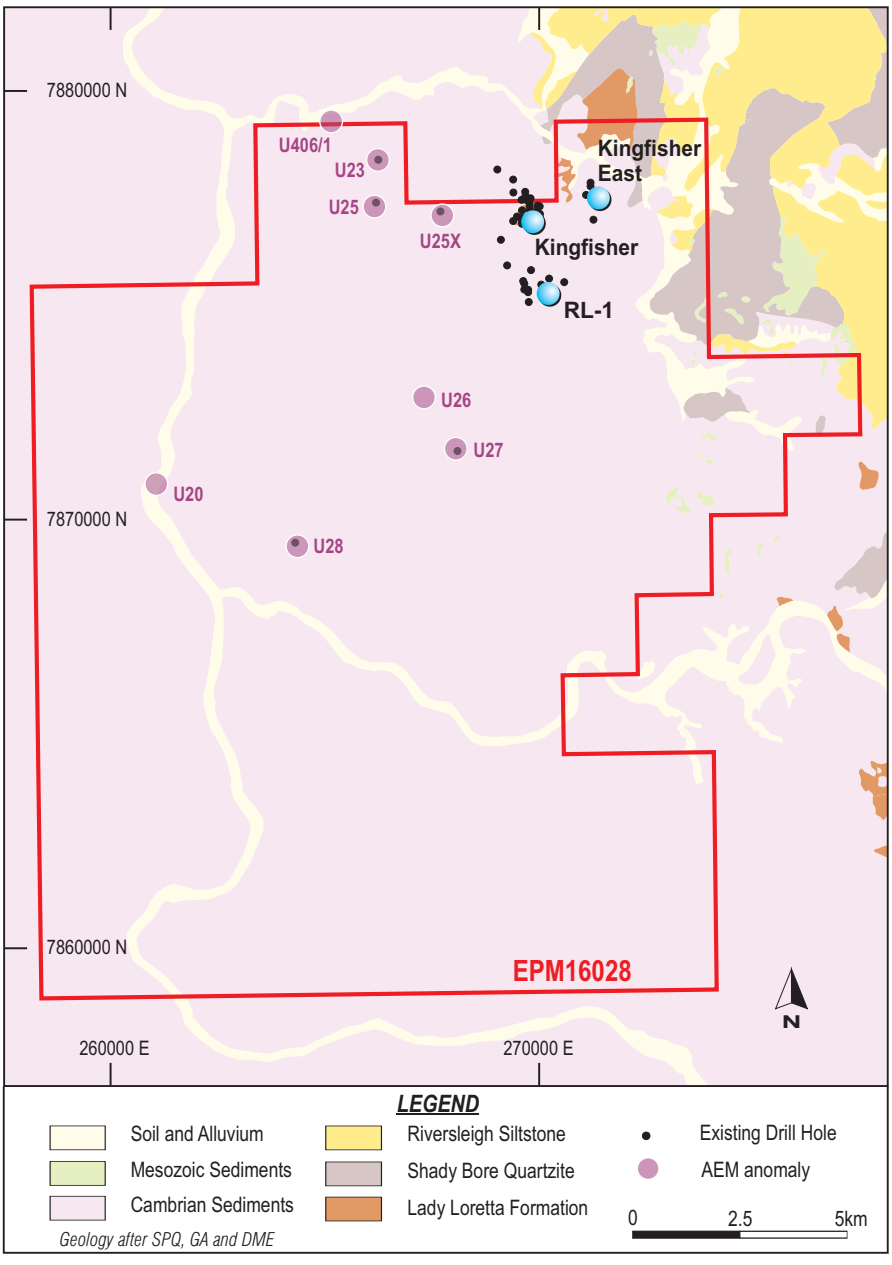

Figure 14: Victor Project - Geology, AEM anomaly locations and previous drilling.

6.10 GLOSSARY OF TECHNICAL TERMS

Terms not included in the glossary are used in accordance with their definition in the Concise Oxford Dictionary.

1VD (first vertical derivative) of magnetic features. An enhancement technique which has the effect of accentuating the shorter wavelength (shallower source) components at the expense of longer wavelength (generally deeper) features

AEM survey airborne electromagnetic survey.

ASTER (Advanced Spaceborne Thermal and Emission Reflection Radiometer) an imaging system onboard the Earth Observing System satellite.

A to P Authority to Prospect.

BLEG (bulk leach extractable gold) a method for analysing for low levels of gold.

breccia a rock composed of angular rock fragments.

Cambrian a time period, approximately 545 million to 505 million years ago.

chalcopyrite a mineral of copper ($CuFeS_2$).

Cretaceous a time period, approximately 131 million to 65 million years ago.

controlled source audio-magneto-telluric (CSAMT) a geophysical survey which measures simultaneously the electrical and magnetic fields over a wide frequency range in order to measure the resistivity at a range of depths.

dipole-dipole a method of completing an IP survey.

dip the angle at which any planar feature is inclined from the horizontal.

Electromagnetic Survey or **EM Survey** an electromagnetic geophysical exploration technique based on measuring resultant magnetic fields from currents usually artificially induced into the ground.

INPUT EM an older fixed wing airborne EM method.
GEOTEM a fixed wing airborne EM method which uses a transmitter loop on the aeroplane frame and a towed 'bird' receiver..
QUESTEM a fixed wing airborne EM method which uses a transmitter loop on the aeroplane frame and a towed 'bird' receiver.
TEMPEST a fixed wing airborne EM method which uses a transmitter loop on the aeroplane frame and a towed 'bird' receiver.
VTEM (Versatile Time-Domain ElectroMagnetics) a helicopter airborne EM method which uses a slung transmitter loop and a central receiver.
SIROTEM a ground EM method either with a large fixed rectangular loop transmitter or a smaller moving rectangular loop; time domain method.
GENIE EM similar to SIROTEM but a frequency domain method.
PROTEM a ground EM method.
TEM transient EM.

gossan rock composed of hydrated oxides of iron that forms a superficial cover over sulphides of iron and/or other metals.

IKONOS Imagery high resolution satellite imagery from GeoEye.

IP (induced polarisation) a geophysical exploration method which measures changes in magnetic and electrical fields induced in the earth by the application of an electrical current to the ground.

Mesozoic an era of geologic time, from the end of the Palaeozoic to the beginning of the Cainozoic, or from about 250 to about 65 million years ago.

metamorphic descriptive of a rock which has changed its structure and properties due to the effects of heat and/or increased pressure over time.

percussion a type of drilling method whereby the rock is broken by a hammering action into small chips.

Proterozoic a time period, older than 570 million years old. Paleoproterozoic- 1600 to 2500; Mesoproterozoic 1000 to 1600, Neoproterozoic 545 to 1000 million years.

pyrite a common iron sulphide mineral (FeS_2).

RAB (rotary air blast) a method of drilling holes that returns the sample to the surface using compressed air.

RC (reverse circulation percussion) a drilling method in which the sample is brought to the surface inside the drill rods, thereby reducing contamination. Conventional percussion drilling retrieves the sample exterior to the rods between the rods and the wall of the drill hole.

reduced to pole (RTP) the transformation from a directional magnetic survey to the earths magnetic field.

sabkha a supratidal environment of sedimentation, formed under arid to semiarid conditions characterized by evaporite-salt, tidal-flood, and eolian deposits, evaporites, absence of fossils, thin flat-pebble conglomerates, stromatolitic laminae, desiccation features such as mud cracks.

sericite a mineral; a fine grained white mica of similar composition to muscovite.

stratabound a deposit confined to a single stratigraphic unit, it may or may not be conformable.

stratiform said of a special type of stratabound deposit in which the desired rock or ore constitutes, or is strictly coextensive with, one or more sedimentary, metamorphic, or igneous layers.

6.11 SOURCES OF INFORMATION

The following literature has been selected from numerous reports and publications and is considered to be the most relevant.

6.11.1 GENERAL

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Solomon M. and Groves D. I., 1994. The Geology and Origin of Australia's Mineral Deposits. Clarendon Press Oxford.

As part of the study of north-west Queensland, SPQ acquired a number of regional datasets and where appropriate processed these to provide images and maps to assist in assessing the potential of the Mount Isa Inlier.

The datasets include:

- the large MIM airborne magnetics and radiometrics survey which has been merged with State and Federal government surveys for the area.
- the regional State and Federal gravity data which includes a substantial amount of company gravity data. This dataset has been gridded to produce a high quality image.
- all of the available stream, soil and rock chip data available from Terra Search Pty Ltd at the time of writing. The stream sediment and soil data has been merged and gridded to produce images for copper lead and zinc as well as other elements.
- the 1:250 000 scale State and Federal government geology in raster form.
- the 1:100 000 scale State and Federal government geology in vector form.
- complete Landsat satellite imagery of eastern Australia.
- near complete Advanced Spaceborne Thermal Emission and Reflectance (Aster) Radiometer Aster 9 channel satellite imagery of the Mount Isa Inlier and surrounding area in digital form.
- digital terrain model (DTM) dataset derived from the Shuttle Radar Topographic Mission (SRTM) for the whole of the Mount Isa Inlier.
- some airborne EM datasets.
- extensive historic company reports in digital form.
- digital topographic map datasets.
- digital landholding boundaries.
- various other datasets compiled on the Mount Isa Inlier.

6.11.2 DAJARRA PROJECT

1:250,000 Urandangi (SF 5405), Duchess (SF 5406), Glenormiston (SF 5409), Boulia (SF 5410) geological and topographic sheets.

1:100,000 Ardmore (6754), Dajarra (6854), Lake Katherine (6653), Leslie Peak (6753), Buckinghan Downs (6853) and Boulia (6852) topographic data.

1:100,000 Ardmore (6754) and Dajarra (6854), geological data.

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Pan Australian Mining Limited, 1989. EPM 5768, CR 20711;

Aberfoyle Resources Limited, 1998. EPM 7649, CR 23628, 24686, 25366, 25542, 26505, 26656, 28184, 28697, 28882, 30007, 31127, 31128; 1995. EPM 9477, CR 25366, 26694.

Placer Exploration Limited/Placer Pacific (Osborne) Pty Ltd, 1993. EPM 8671, CR 24217, 24723; 2002. EPM 13301, CR 33452.

6.11.3 INCA PROJECT

IMC Development Corporation, 1966-1974. EPM 315, CR 2134, 2158, 2342, 2343, 2582, 2881, 2882, 3159,3195 3196, 3415, 3759, 3760, 3779, 3976, 4508, 4509, 4619, 4825, 4859 5288; 1974-1979. EPM1375, CR 5037, 5140; 1974-1979. EPM1374, EPM1375, CR 5037, 5140.

Mines Exploration Proprietary Limited, 1973-1975. EPM1264, CR 5179, 5446.

Continental Oil Company of Aust Ltd, 1966-1968. EPM354, CR 2227, 2338, 2591, 2735, 2770, 2997, 3102, 5788, 5789; 1967-1968. EPM375, CR 2338, 2591, 2735, 2770, 2997, 3102, 5788, 5789, 2547; 1969-1970. EPM601, CR 3086, 3179, 3180, 3181, 3487, 3488, 5788, 5789.

Broken Hill South Limited, EPM415, 1967-1969, CR 2547, 2548, 2858, 2859, 2860, 2861, 2862, 4015, 4697.

Placer Prospecting (Aust) Pty Ltd, 1969-1970. EPM660, CR 3327.

The Shell Company of Australia Limited, 1979-1981. EPM2066, CR 7492, 8032, 8530, 8900, 9290, 9291, 11643; 1981-1982. EPM3160, CR10546, 11643.

BHP Minerals Pty Ltd, 1978-1981. EPM 2109, CR 7495, 7951, 8350, 8898, 10437, 11363, 11460; 1982. EPM3279, CR 11241; 1991-1993. EPM7811, CR 23586, 24368, 24538, 25131; 1991-1995. EPM7997, EPM7998, CR 23586, 24368, 24538, 25244, 23586, 24368, 24538, 25244; 1993-1998. EPM10893, EPM10941, EPM10950, CR, 28543, 28544, 29168, 28378, 29167, 28543, 28544, 29168.

AFL Holdings Llimited. 1979-1984. EPM2188, EPM2189, CR 7928, 8267, 8922, 9518, 10330, 11999, 7928, 8267, 8922, 9518, 10330, 10331, 11999.

Eastern Copper Mines NL, 1980-1982. EPM2299, CR 7742, 8013, 8583, 8584, 10161.

Ashton Mining Limited, 1984. EPM3907, CR 14767, 14768, 15149, 15150, 15588, 16703, 16704, 18153, 19076, 20611.

Mount Isa Mines Limited, 1991-1993. EPM7948, CR 23823, 24691, 25066, 26320, 27421; 1991-1996. EPM8117, 24273; 1996-2001. EPM11043, CR 30199, 30924, 32755, 33924, 34979.

CRA Exploration Pty Limited, 1993-1996. EPM9816, CR 27188, 27878.

Aberfoyle Resources Limited, 1991-1993EPM9490, 25990, 26662, 26987, 28378, 28876, 29167, 29893, 33040.

6.11.4 NICHOLSON PROJECT

Lane R., Green A., Golding C., Owers M., Pik P., Plunkett C., sattel D., and Thorn B. 2000. An example of 3D conductivity mapping using the TEMPEST airborne electromagnetic system. Exploration Geophysics 31, 162-172.

McConachie B.A. and Dunster J.N. 1998. Regional stratigraphic correlations and stratiform sediment-hosted base metal mineralisation in the northern Mt Isa Basin. Australian Journal of Earth Sciences 45, 83-88.

Rohrlach B.D., Fu M. and Clarke J.D.A. 1998. Geological setting, paragenesis and fluid history of the Walford Creek Zn-Pb-Cu-Ag prospect, Mt Isa Basin, Australia. Australian Journal of Earth Sciences 45, 63-81.

Mount Isa Mines Ltd, 1957. A to P 46, CR 3370; 1961. A to P 177, CR 662, 685.

Carpentaria Exploration Company Pty Ltd, 1976. A to P 286, Cr 2124, 2252, 2458.

Elcor Australia Pty Limited, 1971. A to P 591, CR 2458.

Westmoreland minerals Limited, 1971. A to P 658, CR 3462, 4059.

Esso Exploration and Production Australia Inc., 1981. A to P 2567, CR 8901, 9492, 9741.

Stockdale Prospecting Limited, 1985. A to P 3865, 3866, 3872, 3873, CR 14633, 14634.

CRA Exploration Pty Ltd, 1987. A to P 4798, CR 17267.

Western Mining Corporation Limited, 1990. A to P 5933, Cr 21828, 21967, 22183, 23042, 24149; 1991. EPM 7540, 7845, CR 23042; 1993. EPM 8182, CR 24150, 24708, 25160, 26857, 27569, 28710.

Normandy Exploration Limited, 1994. 9195, CR 26012.

MIM Exploration Pty Limited, 1996. EPM 10612, CR 28374, 28563.

Aberfoyle Resources Limited, 1997. EPM 11172, CR 29140, 30214, 30215, 32255, 32256.

Anglo American Exploration Australia Pty. Ltd., 2004. EPM 13973, CR 36961, 38681; 2005. EPM 13974, CR 38682.

Pasminco Exploration Limited, 1992. EPM 7541, CR 23055, 24016, 25188, 26067, 26645, 27259, 28240, 28909, 29137, 30559, 30825, 32294.

Permits for oil.

Northern Gulf Oils Pty Ltd, 1966, A to P 114, CR 1926.

Amoco Australia Petroleum Company, 1983. A to P 327, CR 12489.

Comalco Aluminium Limited, 1993. A to P 423, CR, 22245, 23088, 23132, 23802, 23868, 23869, 23980, 23981, 23982, 23983, 23984, 23985, 23986, 23987, 24491, 24877, 24878, 24911, 24912, 24967.

6.11.5 MYALLY PROJECT

Anaconda Australia Pty. Ltd., 1971. EPM 791, CR 3544.

Eastern Prospectors Pty Ltd EPM 935, No Report.

Baron Maurice Edson, 1971 EPM 958, CR 4348.

Consolidated Gold Fields Australia Limited, 1973. EPM 1072, CR 4471, 4623, 4624, 4625, 4626, 4627.

CSR Limited, EPM 1494, 1975. CR 5602, 6091, 6092.

MRX Pty. Ltd., 1981, EPM 2855, 3090 and 3091, CR 9755.

Carpentaria Exploration Company Pty. Ltd., 1985. EPM 3904, CR 14550

Mount Isa Mines Limited, 1991. EPM 7338, CR 23516, 24328; 1991. EPM 7448, CR 23516, 24523, 24734; 1992. EPM 7863, CR 23661, 24544.

BHP Minerals Pty. Ltd., 1994. EPM 9222, CR 25757, 25915, 25916; EPM 11452, CR 29726, 30750.

Western Mining Corporation Limited, 1993. EPM9293, 28731, 30424.

CRA Exploration Pty. Ltd., 1995. EPM 9575, CR 26744, 27102, 27190, 28337.

Red Metal Limited, 2003. EPM 12756, CR 37258, 37259, 39033.

Anglo American Exploration Australia Pty Ltd, 2003. EPM 13264, CR 33453, 36109.

6.11.6 VICTOR PROJECT

Mount Isa Mines Limited, 1971. EPM416, CR 2432, 3663, 3664, 4412, 4458 4469 4937, 5352, 5593; 1975; 1977. EPM10491, CR 27749, 277708, 29147.

Broken Hill South Limited, 1975. EPM 903, CR 5646, 5953, 6514, 7101, 7648, 8996, 10453, 11603, 13018, 14014, 14016, 15312.

CSR Limited, 1976. EPM1637, CR 6135.

Shell Company of Australia Limited, 1980. EPM2503, CR 9430, 10178.

Duval Mining (Australia) Limited, 1983. EPM3562, CR 13247.

Ashton Mining Limited, 1984. EPM3907, CR 14767, 14768, 15149, 15150, 15588, 16703, 16704, 18153, 19076, 20611.

CRA Exploration Pty. Ltd.,1988. EPM 5297, CR 18426 1; 1989. EPM5799, 1990. CR 21468, 21469, 21608, 22732, 22915, 23808, 25110, 25111; 1991. EPM 8191, CR 23808, 25110, 25111; 1993. EPM9240, CR 25811, 26755, 27065, 27825, 27826, 29061, 29742, 30341.

Aberfoyle Resources Limited, 1997. EPM 7704, CR 27633, 29331, 29924, 29925, 1907. EPM 7705, CR 25537, 27633, 29331, 1993. EPM 7808, CR 23586, 24368, 24538, 25244, 1992. EPM 8001, CR 25537, 31047, 33395, 1993. EPM 8191, CR 23808, 25110, 25111; 1995. EPM 9240, CR 26755, 27065, 27825, 27826, 29061, 29742, 30341; 1995. EPM 9490, CR 25990, 26662, 26987, 28378, 28876, 29167, 29893, 33040; 1997. EPM10428, CR 29331.

BHP Minerals Pty Limited, 1996. EPM 11170, CR 28378, 29893; 2002. EPM13296, CR 33390.

6.12 DECLARATION

6.12.1 QUALIFICATIONS AND EXPERIENCE

This Report has been prepared for Veronica Webster Pty Limited through its duly authorised and qualified representative, Mr. Leslie William Davis, Minerals Exploration Consultant and Director of the company. Veronica Webster Pty Limited has operated in Australia serving the mining industry since 1980.

Mr. Davis has had over 40 years experience in the Australian minerals industry, particularly exploration for precious metals and base metals, mining geology, ore resource/reserve estimation and property evaluation. He held senior positions with Electrolytic Zinc Co of Australasia Limited, Freeport Minerals Corporation of Australia, Tenneco Oil & Minerals Incorporated and Amad NL before joining Veronica Webster Pty Limited in 1985.

His principle qualification is Bachelor of Science (Special Geology) Leics. UK. His professional affiliations are as follows:-
Fellow - The Australasian Institute of Mining & Metallurgy - FAusIMM.
Chartered Professional Geology CP Geo.
Fellow - Australian Institute of Geoscientists - FAIG.
Member - Geological Society of Australia - MGSA.

6.12.2 INDEPENDENCE

Veronica Webster Pty Limited and L W Davis have no conflict of interest in preparing this independent Report. The independent Report has been commissioned by SPQ with payment to be made for services rendered solely on a standard time-fee basis. The companies and consultants preparing this independent report have no association with SPQ nor have they any financial interest in or entitlement to SPQ and/or associates of SPQ.

6.12.3 LIMITATIONS

The views expressed in this independent Report are solely those of Veronica Webster Pty Limited, and L W Davis. When conclusions and interpretations credited specifically to other parties are discussed within the report, then these are not necessarily the views of Veronica Webster Pty Limited or L W Davis.

6.12.4 CONSENTS

Veronica Webster Pty Limited hereby consents to the inclusion of its independent Report in the Prospectus referred to above, in both electronic and paper form, in the form and context in which it appears. As at the date of the independent Report set out above, Veronica Webster Pty Limited has not withdrawn its consent.

Veronica Webster Pty Limited was only commissioned to prepare, and has only authorised issue of this independent Report on SPQ's exploration tenements specified in the Independent Report. It has not been involved in the preparation of, or authorised issue of, any other part of the Prospectus in which this independent Report is included.

For and on behalf of

VERONICA WEBSTER PTY LIMITED

L W Davis

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Independent Accountant's Report

PITCHER PARTNERS
FINANCIAL ADVISORY (QLD) PTY LTD
ABN 40 010 855 991 AFS LICENCE NO. 236608

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28 August 2007

The Directors
Superior Resources Limited
PO Box 10288
BRISBANE ADELAIDE STREET QLD 4000

Dear Sirs

INDEPENDENT ACCOUNTANT S REPORT

1. Introduction

We have prepared our Independent Accountant's Report ("Report") at the request of the Directors of Superior Resources Limited ("the company") for inclusion in a prospectus to be issued by the company on or about 29 August 2007 ("the Prospectus"). The Prospectus has been prepared in relation to an Offer to the public to subscribe for 25,000,000 Shares at an Offer Price of 20 cents each to raise $5,000,000.

The Offer is underwritten by Martin Place Securities Pty Limited to the extent of 12,500,000 Shares, being a Minimum Subscription of $2,500,000.

Expressions defined in the Prospectus have the same meaning in our Report.

The nature of this Report is such that it can be given only by an entity which holds an Australian Financial Services licence. Pitcher Partners Financial Advisory (Qld) Pty Ltd holds the appropriate Australian Financial Services licence (no. 236608) under the Corporations Act 2001. Our financial services guide ("FSG") is attached to this Report as Appendix B in accordance with ASIC Class Order [CO 04/1572].

2. Basis of Preparation

Our Report has been prepared to provide investors with financial information on the balance sheet and pro-forma balance sheets of the company as at 30 June 2007. The pro-forma balance sheets include the financial effect of share issues and significant transactions which have occurred subsequent to 30 June 2007, and those transactions contemplated by the Prospectus as if they had taken place as at 30 June 2007. Pro-forma balance sheets have been considered in respect of the Minimum Subscription and Offer scenarios.

This Report does not address the rights attaching to the Shares to be issued, the risks associated with the investment, nor form the basis of an independent expert's opinion with respect to a valuation of the company or a valuation of the Offer Price of 20 cents each.

We have not been requested to consider the prospects for the company nor the merits and risks associated with becoming a shareholder and have not done so, nor purport to do so. Accordingly, we take no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for our Report.

This Report should be read in conjunction with the full Prospectus.

3. Scope of Our Report and Procedures

3.1 Historical Financial Reports

Pitcher Partners has acted as the independent auditor of the company since its incorporation.

The financial report of the company for the year ended 30 June 2007 has been audited by Pitcher Partners and lodged with the Australian Securities & Investments Commission. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures which included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures were undertaken to assess whether, in all material respects, the financial report is presented fairly, in accordance with Accounting Standards, other mandatory financial reporting requirements and the Corporations Act 2001 in Australia, a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows.

Our audit report on the financial report of the company for the year ended 30 June 2007 did not contain any audit qualifications.

3.2 Pro-forma Balance Sheet as at 30 June 2007

We have reviewed the pro-forma balance sheets of the company as at 30 June 2007. Our review was conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports" in order to report whether anything has come to our attention which would cause us to believe that the pro-forma balance sheets are not properly drawn up in accordance with the basis of preparation, assumptions and transactions contemplated by the Prospectus. Review procedures are substantially less in scope than an audit examination.

Our procedures consisted primarily of enquires and comparison and other such analytical review procedures we considered necessary so as to evaluate the basis of the preparation of the pro-forma balance sheets. In conducting our review we have undertaken the following:

a) inquiries of the Directors;
b) reviewed relevant working papers, accounting records and other documentation relating to transactions that have already occurred, the proposed transactions and assumptions; and
c) ensured that the balance sheets have been determined in accordance with the company's current accounting policies, Australian Accounting Standards, other mandatory financial reporting requirements and the key assumptions underlying the preparation of the Prospectus.

Having regard to the nature of the review, which provides a level of assurance less than that given in an audit, and to the nature of the pro-forma balance sheets, this Report does not express an audit opinion on the pro-forma balance sheets.

4. Financial Information

4.1 Financial Information

The financial information consists of the balance sheet and pro-forma balance sheets of the company as at 30 June 2007. The financial information is set out in Section 4.2 and the accounting policies upon which they are prepared are set out in note 1 of Appendix A.

The pro-forma balance sheets reflect the proposed financial structure of the company after completion of the Offer, on the basis of the following assumptions and transactions having had occurred as at 30 June 2007:

a) Dividend payment of $3,739,252, representing a dividend of 7.5 cents per Share on 18 July 2007;
b) Issue of 5,000,000 Shares at 20 cents on 1 August 2007, to raise an additional $1,000,000 in share capital;
c) The allotment of 1,000,000 Options to the company's corporate financial advisors (or their nominees) in respect of the underwriting of the Offer;
d) Issue of 25,000,000 Shares at an Offer Price of 20 cents, to raise $5,000,000, with a Minimum Subscription of 12,500,000 Shares, being $2,500,000; and
e) The estimated expenses associated with the preparation of the Prospectus and capital raising are $334,000 and $463,000 under the Minimum Subscription and Offer scenarios respectively, being offset against the share capital raised.

The balance sheet as at 30 June 2007 does not include any of the abovementioned transactions.

4.2 Balance Sheets as at 30 June 2007

	Appendix A Note	Actual $	Pro-forma Minimum $	Pro-forma Offer $
Current Assets				
Cash and cash equivalents (section 4.4)		6,752,445	6,179,193	8,550,193
Trade and other receivables	2	102,566	102,566	102,566
Total Current Assets		6,855,011	6,281,759	8,652,759
Non-Current Assets				
Plant and equipment	3	24,291	24,291	24,291
Available-for-sale financial assets	4	3,920,000	3,920,000	3,920,000
Exploration expenditure	5	657,491	657,491	657,491
Deferred tax assets	6	13,471	13,471	13,471
Other	7	22,500	22,500	22,500
Total Non-Current Assets		4,637,753	4,637,753	4,637,753
Total Assets		11,492,764	10,919,512	13,290,512
Current Liabilities				
Payables	8	5,000	5,000	5,000
Income tax payable	9	1,854,772	1,854,772	1,854,772
Total Current Liabilities		1,859,772	1,859,772	1,859,772
Non-Current Liabilities				
Deferred tax liabilities	10	1,363,225	1,363,225	1,363,225
Total Non-Current Liabilities		1,363,225	1,363,225	1,363,225
Total Liabilities		3,222,997	3,222,997	3,222,997
Net Assets		8,269,767	7,696,515	10,067,515
Equity				
Contributed equity (section 4.3)		755,817	3,921,817	6,292,817
Reserves	11	416,500	416,500	416,500
Retained profits (section 4.5)		7,097,450	3,358,198	3,358,198
Total Equity		8,269,767	7,696,515	10,067,515

4.3 Contributed Equity

	Shares Number	Capital $	Options Number
Balance as at 30 June 2007	49,856,688	755,817	4,600,000
Share placement	5,000,000	1,000,000	-
Equity prior to Prospectus	54,856,688	1,755,817	4,600,000

	Shares Number	Issue Price cents	Capital $	Options Number
Minimum Subscription:				
Equity prior to Prospectus	54,856,688		1,755,817	4,600,000 *
Issued under the Prospectus	12,500,000	20	2,500,000	1,000,000 #
Cost of issue	-		(334,000)	-
	67,356,688		3,921,817	5,600,000
Offer:				
Equity prior to Prospectus	54,856,688		1,755,817	4,600,000 *
Issued under the Prospectus	25,000,000	20	5,000,000	1,000,000 #
Cost of issue	-		(463,000)	-
	79,856,688		6,292,817	5,600,000

* Options are exercisable at 50 cents each on or before 30 June 2011.
# Options are exercisable at 30 cents each on or before 1 year beyond any escrow date required by ASX Limited as part of the ASX listing requirements.

4.4 Reconciliation of cash

	Pro-forma Minimum $	Pro-forma Offer $
Cash as at 30 June 2007	6,752,445	6,752,445
Dividend payment	(3,739,252)	(3,739,252)
Share placement	1,000,000	1,000,000
Issued under the Prospectus	2,500,000	5,000,000
Cost of issue	(334,000)	(463,000)
	6,179,193	8,550,193

4.5 Reconciliation of retained profits

	Pro-forma Minimum	Pro-forma Offer
	$	$
Retained profits as at 30 June 2007	7,097,450	7,097,450
Dividend payment	(3,739,252)	(3,739,252)
	3,358,198	3,358,198

5. Statement

Based on our review, which is not an audit, nothing has come to our attention which would cause us to believe that the pro-forma balance sheets of the company as at 30 June 2007 and the notes to the pro-forma balance sheets are not properly drawn up in accordance with the assumptions and transactions contemplated by the Prospectus and with generally accepted principles for the presentation of such information in a prospectus.

As set out in Note 7 of Appendix A, $657,491 has been included by the Directors as exploration interests in the balance sheet. This is a significant asset of the company. The ultimate recovery of this asset is primarily dependent upon the successful development and commercial exploitation of, or alternatively sale of, the tenements.

6. Subsequent Events

Subsequent to 30 June 2007 the market value of the underlying listed securities comprising the company's investment in financial assets available-for-sale has declined to approximately $2,700,000.

To the best of our knowledge and belief, other than those matters dealt with in this Report, there have been no material items, transactions or events subsequent 30 June 2007 to the date of this Report which would require comment on, or further adjustment to, the information referred to in this Report, or which would cause the information included in this Report to be misleading or deceptive.

7. Independence

Pitcher Partners Financial Advisory (Qld) Pty Ltd and Pitcher Partners do not have any interest in the outcome of the Offer, nor any interest in any shares or other securities in the company or any pecuniary interests that could reasonably be regarded as being capable of affecting their ability to give an unbiased statement in relation to the Offer, Prospectus or financial report of the company.

Pitcher Partners Financial Advisory (Qld) Pty Ltd will receive a fee for the preparation of this Report and Pitcher Partners for the audit of the financial report of the company.

8. Other important considerations

This Report constitutes general financial product advice only and Pitcher Partners Financial Advisory (Qld) Pty Ltd has not made, and will not make, any recommendation through the issue of this Report as to the merits of an investment in Shares issued by the company.

Before making any decision to acquire Shares, a prospective applicant should consider the appropriateness of the investment in light of their own personal circumstances. It is strongly recommended that all prospective applicants seek professional advice in regards to the appropriateness of an investment in Shares of the company.

Yours faithfully
PITCHER PARTNERS FINANCIAL ADVISORY (QLD) PTY LTD

S A Green
Director and Representative

APPENDIX A

NOTES TO THE BALANCE SHEETS AS AT 30 JUNE 2007

1. Summary of Significant Accounting Policies

The balance sheet and pro-forma balance sheets have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRS
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial statements and notes of the company comply with International Financial Reporting Standards ("IFRS").

Early adoption of standards
The company has elected to apply the following pronouncement to the annual reporting period beginning 1 July 2006:

- Revised AASB 101 Presentation of Financial Statements (issued October 2006)

This includes applying the pronouncement to the comparatives in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. No adjustments to any of the financial statements were required for the above pronouncement, but certain disclosures are no longer required and have therefore been omitted.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value either through profit or loss or directly in equity.

Critical accounting estimates
The preparation of the financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The following specific accounting policies have been adopted in the preparation of the balance sheet and pro-forma balance sheets. Unless otherwise stated, the accounting policies adopted are consistent with the accounting policies adopted for the preparation of the financial report of the company for the year ended 30 June 2007.

(a) Cash and cash equivalents

For cash flow statement 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 BALANCE SHEETS AS AT 30 JUNE 2007

1. Summary of Significant Accounting Policies (continued)

(b) 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 assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 in disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(c) Investments and other financial assets

Available for sale
Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement
Available-for-sale financial assets are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Fair value
The fair values of quoted investments are based on current bid prices.

APPENDIX A

NOTES TO THE BALANCE SHEETS AS AT 30 JUNE 2007

1. Summary of Significant Accounting Policies (continued)

(c) Investments and other financial assets (continued)

Impairment
The company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets is the current bid price.

(e) Exploration expenditure

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

NOTES TO THE BALANCE SHEETS AS AT 30 JUNE 2007

1. Summary of Significant Accounting Policies (continued)

(f) Income Tax

The income tax expense for the year is the tax payable on the current year's taxable income based upon the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax assets or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for 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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) 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.

(h) 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.

(i) 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 balance sheet.

APPENDIX A

NOTES TO THE BALANCE SHEETS AS AT 30 JUNE 2007

	Actual $	Pro-forma Minimum $	Pro-forma Offer $
2. Current Assets Trade and Other Receivables			
Other receivables	79,817	79,817	79,817
Prepayments	22,749	22,749	22,749
	102,566	102,566	102,566
3. Non-Current Assets Plant and Equipment			
Plant and equipment – at cost	26,395	26,395	26,395
Accumulated depreciation	(2,104)	(2,104)	(2,104)
	24,291	24,291	24,291
4. Non-Current Assets Available-for-sale Financial Assets			
Listed securities	3,920,000	3,920,000	3,920,000
5. Non Current Assets Exploration Interests			
Exploration expenditure	657,491	657,491	657,491
6. Non-Current Assets Deferred Tax Assets			
Deferred tax assets	13,471	13,471	13,471
7. Non Current Assets Other			
Security deposits	22,500	22,500	22,500
8. Current Liabilities Payables			
Other payables	5,000	5,000	5,000
9. Current Liabilities Income Tax Payable			
Income tax payable	1,854,772	1,854,772	1,854,772
10. Non-Current Liabilities Deferred Tax Liabilities			
Deferred tax liabilities	1,363,225	1,363,225	1,363,225
11. Reserves			
Available–for-sale revaluation reserve	416,500	416,500	416,500

NOTES TO THE BALANCE SHEETS AS AT 30 JUNE 2007

12. Commitments

So as to maintain current rights to tenure of various exploration and mining tenements, the company will be required to outlay amounts in respect of tenement rent to the relevant governing authorities and to meet certain annual exploration expenditure commitments. These outlays (exploration expenditure and rent), which arise in relation to granted tenements, inclusive of tenement applications granted subsequent to 30 June 2007, are as follows:

	2007 $	2006 $
Exploration expenditure commitments payable:		
- within one year	484,691	185,000
- later than one year but not later than five years	2,518,764	210,000
- later than five years	-	-
	3,003,455	395,000

Outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished. Cash security bonds totalling $22,500 are currently held by the relevant governing authorities to ensure compliance with granted tenement conditions.

APPENDIX B

FINANCIAL SERVICES GUIDE

What is a Financial Services Guide?

This Financial Services Guide ("FSG") is an important document the purpose of which is to assist you in deciding whether to use any of the general financial product advice provided by Pitcher Partners Financial Advisory (Qld) Pty Ltd. The use of "we", "us" or "our" is a reference to Pitcher Partners Financial Advisory (Qld) Pty Ltd as the holder of Australian Financial Services Licence ("AFSL") No. 236608. The contents of this FSG include:

- who we are and how we can be contacted;
- what services we are authorised to provide under our AFSL;
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide;
- details of any potential conflicts of interest; and
- details of our internal and external dispute resolution systems and how you can access them.

Information about us

We have been engaged by Superior Resources Limited ("the company") to give general financial product advice in the form of a report to be provided to you in connection with a financial product to be issued by another party. You are not the party or parties who engaged us to prepare the report. We are not acting for any person other than the party or parties who engaged us. We are required to give you an FSG by law because our report is being provided to you. You may contact us by writing to GPO Box 35, BRISBANE QLD 4001, or by telephone on +61 (0) 7 3228 4000.

Pitcher Partners Financial Advisory (Qld) Pty Ltd is ultimately owned by the Queensland partnership of Pitcher Partners, a provider of audit and assurance, accounting, tax, corporate advisory, superannuation, investment advisory and consulting services. Directors of Pitcher Partners Financial Advisory (Qld) Pty Ltd are partners of Pitcher Partners.

The Queensland partnership of Pitcher Partners is an independent partnership of Pitcher Partners. As such, neither it nor any of the other independent partnerships has any liability for each other's acts or omissions. Each of the member firms is a separate and independent legal entity operating under the name "Pitcher Partners" or other related names.

The financial product advice in our report is provided by Pitcher Partners Financial Advisory (Qld) Pty Ltd and not by the Queensland partnership of Pitcher Partners or its related entities.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, we and the Queensland partnership of Pitcher Partners (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

What financial services are we licensed to provide?

The AFSL we hold authorises us to provide general financial product advice only in respect of securities, derivatives, debentures, stocks or bonds issued or proposed to be issued by a government and interests in managed investment schemes including investor directed portfolio services and deposit and payment products limited to basic deposit products and deposit products other than basic deposit products to both retail and wholesale clients.

Information about the general financial product advice we provide

The financial product advice provided in our report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

As our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the Prospectus provided by the company. The purpose of the Prospectus is to help you make an informed decision about the acquisition of a financial product. The contents of the Prospectus will include details such as the risks, benefits and costs of acquiring the particular financial product.

How are we and our employees remunerated?

Our fees are usually determined on an hourly basis, however, they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of pocket expenses incurred in providing the services.

Fee arrangements are agreed with the party or parties who actually engage us and we confirm our remuneration in a written letter of engagement to the party or parties who actually engage us.

Neither Pitcher Partners Financial Advisory (Qld) Pty Ltd nor its directors and officers, nor any related bodies corporate or associates and their directors and officers, receives any commissions or other benefits, except for the fees for services rendered to the party or parties who actually engage us. Our fee is $5,500 exclusive of GST and expenses and will also be disclosed in the relevant Prospectus prepared by the company.

All of our employees receive a salary with partners also having an equity interest in the partnership. We do not receive any commissions or other benefits arising directly from the services provided. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance.

We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

What should you do if you have a complaint?

If you have any concerns regarding our report, you may wish to advise us. Our internal complaint handling process is designed to respond to your concerns promptly and equitably. Please address your complaint in writing to:

The Managing Partner
Pitcher Partners
GPO Box 35
BRISBANE QLD 4001

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Industry Complaints Service ("FICS"). FICS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FICS at:

Financial Industry Complaints Service
GPO Box 579
Collins Street West
MELBOURNE VIC 8007

Telephone: 1300 780 808
Fax: +61 3 9621 2291
Internet: http://fics.asn.au

The Australian Securities & Investments Commission ("ASIC") regulates Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit. Their website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

Info line: 1300 300 630
Email: info@asic.gov.au
Internet: http://www.asic.gov.au/asic/asic.nsf

8 Additional Information

8.1 INCORPORATION

The Company was incorporated on 8 February 2005 in Queensland.

8.2 SHAREHOLDERS

A list of the Company's existing shareholders, including the number of shares held and those holdings as a percentage of issued capital, has been lodged with ASIC and is taken to be included in this Prospectus by operation of Section 712 of the Corporations Act.

The Company will give a copy of this shareholders list to any person who requests a copy of it during the Offer period, free of charge. A copy can also be downloaded from the Company's website, located at www.superiorresources.com.au.

8.3 RIGHTS ATTACHING TO SHARES AND CONSTITUTION

The rights attaching to the Shares are set out in the Company's Constitution. The Constitution is in a form common to public companies in Australia. The current Constitution has been lodged with ASIC and is taken to be included in this Prospectus by operation of Section 712 of the Corporations Act. The Company will give a copy of the Constitution to any person who requests a copy of it during the Offer period of this Prospectus, free of charge. A copy can also be downloaded from the Company's website located at www.superiorresources.com.au.

The Shares currently on issue and offered under this Prospectus are fully paid ordinary shares of the same class and rank equally with existing Shares. The voting and other rights attaching to Shares of the Company are consistent with usual rights attaching to ordinary shares of listed Australian public companies.

8.4 EMPLOYEES AND OFFICERS OPTION PLAN

SPQ has in place an Employees and Officers Option Plan which was adopted at a General Meeting of the Company for the purposes of providing additional incentive to work, attracting and retaining staff, fostering loyalty and support and enhancing the relationship with employees, Directors and consultants of the Company.

8.5 RIGHTS ATTACHING TO OPTIONS

The exercise price of each Option is 50 cents. Each Option entitles the holder to subscribe for one ordinary full paid share in the issued capital of the Company. Options may not be exercised within six months from date of issue, and may not be exercised after 5.00 pm (Brisbane time) 30 June 2011. The Options may be assigned, and may be exercised in part without affecting the rights of the Option holder in relation to the balance of the Options held by him or her. The Company will not apply for quotation on ASX of the Options. Subsequent to the exercise of an Option the Company will make application to have the ensuing Shares listed for quotation on ASX. A summary of the general terms and conditions of the Options to be issued to the Underwriter is set out in Section 8.6(c).

8.6 MATERIAL CONTRACTS

(a) Engagement of Mr K J Harvey

The Company has entered into a Service Agreement pursuant to which it agreed to appoint Mr Harvey as Managing Director of the Company. Mr Harvey will be entitled to an annual fee of $200,000, commencing on 1 July 2007. Mr Harvey will be required to act as the Managing Director of the Company, and as such to manage the day-to-day activities of the Company and report to the Board from time to time. In his capacity as Managing Director Mr Harvey will be responsible directly to the Board and his performance will be subject to periodic review by the Board. The Agreement may be terminated by giving one months notice in writing. If the Agreement is terminated Mr Harvey is entitled to six months salary plus four weeks salary for every year, or part thereof, of service to the Company since 1 July 2007.

(b) Terra Search Pty Ltd

Terra Search has been engaged to provide services and equipment as required to carry out exploration on the Tenements. Terra Search will provide the services and equipment at its current advertised rates. Terra Search will be paid monthly in arrears. For large work components which form part of the Company's exploration programme, Terra Search will be required to submit budgets to the Company. Terra Search is an independent contractor and will be responsible for all of its employee entitlements including but not limited to workers compensation, superannuation and other tax liabilities. The arrangement with Terra Search may be terminated by mutual agreement at any time or by giving three months notice.

(c) Underwriting by Martin Place Securities Pty Limited

Martin Place Securities Pty Limited ABN 30 094 927 947 ("the Underwriter") will underwrite the issue of 12,500,000 Shares at 20 cents each being the minimum subscription under this Prospectus. In doing so the underwriter has agreed to acquire the difference between 12,500,000 Shares and the number of Shares applied for by Shareholders.

The Underwriter is the holder of Australian Financial Services License Number 247404.

The Underwriter may appoint such sub-underwriters as it may think fit on terms and conditions not inconsistent with the terms of the Underwriting Agreement.

The Company will pay an underwriting fee consisting of:

- a management fee of 1% of all funds raised under this Prospectus;
- an underwriting commission of 5% of the underwritten amount;
- a capital raising commission of 5% of the funds rasied by the Underwriter and agreed to by the Company above the underwritten amount of $2,500,000; and
- an allotment of 1,000,000 Options for ordinary shares in the issued capital of the Company at an exercise price of 30 cents with an expiry date one year beyond any ASX escrow requirement.

At the date of this Prospectus the Underwriter holds no shares in the Company. If there are no subscriptions pursuant to the Offer and if the Underwriter exercises all of its Options that it is issued then the Underwriter's total voting power in the Company will be 19.75%.

The exercise price of each Option to be issued to the Underwriter is 30 cents. Each Option issued to the Underwriter will entitle it to subscribe for one ordinary fully paid share in the issued capital of the Company. These Options may not be exercised after 4.00 pm (Brisbane time) 31 December 2009. The Underwriter may not exercise less than 50,000 of these Options at any one time, unless the Underwriter has less than 50,000 remaining Options, in which event all of the remaining Options must be exercised. These Options may not be assigned without the prior written consent of the Company. The Company will not apply for quotation on ASX of the Options. Subsequent to the exercise of an Option the Company will make application to have the ensuing Shares listed for quotation on ASX.

The Underwriter may terminate it obligations under the Underwriting Agreement if, on or before the allotment of all the Shares, any one of a number of events occur and, in its opinion reached in good faith that event is likely to have a material adverse effect on the success of the Offer. Among other events the Underwriter may terminate if:

- either the All Ordinaries Index Number or the Dow Jones Industrial Average is, at anytime at the close of normal trading more than 10% below its level as at the close of trading on the day immediately preceding the execution of Underwriting Agreement;
- a material new circumstance arises following the lodgement of this Prospectus details of which, in reasonable opinion of the Underwriter, would have been required to be included in this Prospectus;
- any material adverse change to the occurs in the financial position of the Company including the loss or termination, or threatened loss or termination or encumbrance of any mining tenement; and
- an insolvency event either occurs or is threatened.

8.7 INTERESTS OF DIRECTORS HOLDINGS

The Directors of the Company or their associates have a beneficial interest in the following Shares and Options in the Company at the date of this Prospectus.

Director	Shares held directly	Shares held indirectly*	Options held directly*	Options held indirectly
Lawrence James Litzow	Nil	2,500,002	2,000,000	Nil
Kenneth James Harvey	Nil	4,333,336	4,000,000	Nil
David John Horton	1,520,000	1,000,000	2,000,000	Nil

* *Holdings held by the Directors are based on the assumption that resolutions proposed to be put to the shareholders of the Company at its Annual General Meeting on 21 September 2007 to issue 2,000,000 Options to Mr Harvey and 1,000,000 Options to each of Mr Litzow and Mr Horton are approved. If these resolutions are not approved the respective holdings of each of these Directors will be reduced accordingly.*

Other than set out above or elsewhere in this Prospectus:

- no Director or proposed Director of the Company and no firm in which a Director or proposed Director of the Company is or was at the relevant time a partner, has or has had in the two years before lodgement of this Prospectus, any interest in the promotion of, or in any property proposed to be acquired by, the Company; and
- no amounts, whether in cash or Shares or otherwise, have been paid or agreed to be paid to any Director or proposed Director of the Company (or to any firm in which he is or was a partner) either to induce him to become, or to qualify him as a Director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company.

8.8 PAYMENTS TO DIRECTORS

Under the Company's Constitution the total amount of remuneration paid to Directors as director fees must be set by resolution of the Company. This does not apply to remuneration payable to any Director under any executive service contract with the Company. Directors are entitled to be reimbursed for travelling and other expenses incurred in attending meetings or in relation to the business of the Company. The Constitution of the Company provides that the Directors may be paid, as remuneration for their services, a sum determined from time to time by resolution of the Company, with that sum to be divided amongst the Directors in such manner and proportion as they agree. The maximum aggregate amount which has

been approved by resolution of the Company for payment to all Directors as director fees is currently $250,000 per annum.

The total amounts (exclusive of GST) received by current Directors as fees and executive service remuneration in the past two years (1 July 2005 to 30 June 2007 inclusive) are:

Director	Total Paid
Lawrence James Litzow	$11,500
Kenneth James Harvey	$159,341
David John Horton	Nil

The Corporations Act limits the extent to which insurance cover and/or indemnities may be provided or given to Directors in relation to claims arising out of the discharge of their duties as Directors. The Company's Constitution does not provide any additional restrictions on the provision of insurance or indemnity. The Company has not granted any right of indemnity to its Directors.

8.9 INTERESTS OF EXPERTS AND ADVISERS

Other than set out below or elsewhere in this Prospectus, no expert or any firm in which any expert is a partner has, or has had in the two years before lodgement of this Prospectus, any interest in the promotion of, or in any property proposed to be acquired by, the Company and no amounts, whether in cash or Shares or otherwise, have been paid or agreed to be paid to any expert (or to any firm in which he or she is or was a partner) for services rendered by the expert or the firm in connection with the promotion, or was a Director of the Company. No form of payment of any kind will be made or agreed to be made to any such expert or firm other than in cash.

Pitcher Partners Financial Advisory (Qld) Pty Ltd has acted as Independent Accountants to the Offer and has prepared the Independent Accountant's Report in Section 7. Pitcher Partners Financial Advisory (Qld) Pty Ltd will be paid an amount of $10,000 (exclusive of GST) in respect of this service.

Pitcher Partners has been appointed the Company's Auditor and tax agent, and has conducted an audit of the Company's accounts to the end of 30 June 2007. Pitcher Partners has received fees for its services as auditor and tax agent in the past two years totalling $13,100 (exclusive of GST).

Link Market Services Limited has agreed to act as Share Registry to the Offer. Link Market Services Limited will be paid an amount of $5,000 (exclusive of GST) in respect of this service. In the past two years, Link Market Services Limited has not received any fees for the provision of services.

Veronica Webster Pty Limited has acted as Independent Geologists to the Offer and has prepared the Independent Geologist's Report set out in Section 6 of this Prospectus. Veronica Webster Pty Limited will be paid an amount of $10,000 in respect of this service, which amount has been paid. In the past two years, Veronica Webster Pty Limited has received fees for the provision of services totaling $13,700 (exclusive of GST).

Oakley Thompson & Co Pty Ltd has acted as Solicitors to the Offer and has performed work in relation to preparing the due diligence program, performing due diligence inquiries on corporate legal matters and performing other work in relation to this Prospectus. The Company estimates that it will pay amounts totalling approximately $50,000 (excluding disbursements) to Oakley Thompson & Co Pty Ltd in respect of this work. In the past two years, Oakley Thompson & Co Pty Ltd has received fees for the provision of services totalling $27,710 (exclusive of GST).

8.10 CONSENTS

Each of the parties referred to in this Section:

- do not make, or purport to make, any statement in this Prospectus or on which a statement made in this Prospectus is based, other than as specified in this Section; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Pitcher Partners Financial Advisory (Qld) Pty Ltd has given its written consent to the inclusion in Section 7 of this Prospectus of its Independent Accountant's Report and to all statements referring to that Report in the form and context in which they appear and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

Veronica Webster Pty Limited has given its written consent to the inclusion in Section 6 of this Prospectus of its Independent Geologist's Report and to all statements referring to that Report in the form and context in which they appear and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

Each of the following has consented to being named in this Prospectus in the capacity as noted above and have not withdrawn such consent prior to the lodgement of this Prospectus with ASIC:

- Oakley Thompson & Co Pty Ltd as solicitors to the Company;
- Pitcher Partners Financial Advisory (Qld) Pty Ltd as Independent Accountants;
- Pitcher Partners as the Company's Auditor;
- Martin Place Securities Pty Limited as Underwriter;
- Veronica Webster Pty Limited as Independent Geologist;
- Link Market Services Limited as the Company's Share Registry; and
- Terra Search Pty Ltd as contractors and consultants to the Company.

8.11 PRIVACY

Personal information is collected on the Application Form(s) by Link Market Services Limited, as registrar for the Company, for maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your Application might not be processed efficiently, or at all, if the information requested is not provided. Your personal information may be disclosed to external service providers such as print or mail service providers as required or permitted by law. If you would like details of your personal information held by our registrar, or you would like to correct information that is incorrect or out of date, please contact the Company's Privacy Officer.

In accordance with the Corporations Act, you may be sent material (including marketing material) in addition to general corporate communications. You may elect not to receive marketing material by contacting the Share Registry's Privacy Officer. You can also request access to, or corrections of, your personal information held by the Company by writing to the Company.

8.12 ELECTRONIC PROSPECTUS

This Prospectus is available in electronic format via www.superiorresources.com.au. The Offer constituted by this Prospectus in electronic form is only available to persons receiving this Prospectus in electronic form within Australia. Persons having received this Prospectus in electronic form may, during the offer period, obtain a paper copy of this Prospectus (free of charge) by telephoning 1300 554 474 or (02) 8280 7454. Applications for Shares may only be made on the Application Form attached to this Prospectus or in its paper copy form as downloaded in its entirety via www.superiorresources.com.au. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is attached to a hard copy of this Prospectus or accompanied by the complete and unaltered electronic version of this Prospectus.

8.13 GOVERNING LAW

The law applicable in Queensland governs this Prospectus and the contracts that arise from the acceptance of applications under this Prospectus and each Applicant submits to the exclusive jurisdiction of the courts of Queensland.

8.14 APPLICANTS OUTSIDE AUSTRALIA

This Prospectus does not constitute an offer in any place in which or to any person whom it would be unlawful to make such an offer. The distribution of this Prospectus in jurisdictions outside the Commonwealth of Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable security law.

8.15 SEVEN DAY EXPOSURE PERIOD

The Corporations Act prohibits the Company from processing applications in the seven day period after the date of lodgement of the Prospectus. This period is an exposure period to enable the Prospectus to be examined by market participants prior to the raising of funds. Applications received during the exposure period will not be processed until after the expiry of that period. No preference will be conferred on Applications received in the exposure period. The exposure period may be extended by ASIC, in which case Applications received during the extended exposure period will not be processed until after the expiry of that period.

Applications lodged before the end of the exposure period will be treated as if they were received at the same time at the end of the exposure period.

9 Directors' Statement

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

29 August 2007

Lawrence James Litzow

Kenneth James Harvey

David John Horton

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Definitions

A$ or $	Australian dollars, unless otherwise stated.
ABN	Australian Business Number.
ACN	Australian Company Number.
airborne EM	electromagnetics carried out from an aircraft.
Applicant	a person or entity who submits an Application Form.
Application	a lodged Application Form (with Application Monies, where applicable).
Application Form	an application form attached to this Prospectus or this Prospectus available electronically.
Application Money	the money received by the Company pursuant to the Offer, being the Offer Price for each Share multiplied by the number of Shares applied for, respectively.
ASIC	Australian Securities and Investments Commission.
ASTC	ASX Settlement and Transfer Corporation Pty Limited.
ASX	ASX Limited, ABN 98 008 624 691.
Board	the board of Directors of Superior Resources Limited (SPQ).
CHESS	Clearing House Electronic Subregister System, which provides for electronic share transfers in Australia.
Closing Date	the date on which the IPO Offer closes. This date may be varied by SPQ without notice.
Company	Superior Resources Limited, ABN 72 112 844 407.
Corporations Act	the Corporations Act 2001 (Commonwealth).
Director	a Director of Superior Resources Limited.
DME	Department of Mines and Energy (Queensland).
EM	electromagnetics.
EPM	Exploration Permit Minerals (Queensland).
Existing Holding	Shares held by an Existing Shareholder as recorded on the Register of Members.
Existing Shareholders	Shareholders of the Company recorded on the Register of Members.
Existing Shares	54,856,688 ordinary shares on issue at the date of this Prospectus.
GA	Geoscience Australia.
GST	Goods and Services Tax.
heliborne EM	electromagnetics carried out from a helicopter
IPO	Initial Public Offering.
km	kilometre
Listed	admitted to the Official List of ASX.
Listing Rules	the Listing Rules of the ASX unless otherwise stated.
m	metre

Offer	The offer of Shares under this Prospectus.
Offer Price	20 cents per Share.
Official List	the Official List of the ASX unless otherwise stated.
Opening Date	10 September 2007. This date is indicative only and may change.
Option	an Option over an unissued share in SPQ and includes the Options to be issued to the Underwriter, the total number of which are set out in the Offer Summary and Capital Structure at the beginning of this Prospectus. A summary of the general terms and conditions of the Options currently on issue, and of those proposed to be issued to the Directors, as described in the Offer Summary and Capital Structure at the beginning of this Prospectus and in Section 8.7 (Interests of Directors Holdings) is set out in Section 8.5. A summary of the general terms and conditions of the Options to be issued to the Underwriter is set out in Section 8.6(c).
Optionholder	a holder of Options in SPQ.
Prospectus	this prospectus.
SCH	the securities clearing house, the body which administers the CHESS system in Australia.
SCH Business Rules	the business rules of SCH.
Seed capital	capital contributed to establish the company.
Securities	Shares of the Company offered pursuant to this Prospectus.
Shareholder	a holder of Shares in SPQ.
Share	a fully paid ordinary share in SPQ.
SPQ	Superior Resources Limited, ABN 72 112 844 407.
Subscription or Full Subscription	Application Forms and accompanying payments received by the Company for 25,000,000 Shares.
Tenement	the tenements described in the Tenement Summary in Section 7.
TFN	Australian tax file number.
Underwriter	Martin Place Securities Pty Limited, ABN 30 094 927 947.
VALMIN Code	the VALMIN Code of the AusIMM.

APPLICATION FORM

FOR REGISTRY USE ONLY

Superior Resources Limited

ABN 72 112 844 407

For the Offer of Shares at an issue price of 20 cents per Share in Superior Resources Limited.

All Application Forms must be accompanied by payment of 20 cents per Share.

Please use BLOCK LETTERS and refer to the guide overleaf for the correct forms of registrable names. Instructions A to K are set out on the reverse side of this form.

BROKER'S STAMP

Broker's Code | **Adviser's Code**

A **I/We apply for** , , **Shares in Superior Resources Limited at 20 cents per Share. (Minimum of 10,000 Shares and then in multiples of 5,000 Shares)**

B **I/We lodge in full the Application Money of** **A$** , , . **0 0**

C **Title** | **Given Names or Company Name** | **Surname / ACN / ABN**

D **Title** | **Joint Applicants or Designated Account - e.g. <Super Fund Account>**

E **Full Postal Address**
Number / Street or PO Box Number

Suburb / Town | **State** | **Postcode**

F **Contact Name** | **Telephone Number - Business Hours**

G **CHESS Details HIN -** Existing CHESS Participants Only

This Application Form does not have to be signed unless payment is made by Credit Card.

H **Cheque Details** Cheques should be made payable to "**Superior Resources Limited Share Offer Account**" and crossed "**Not Negotiable**"

Drawer	Bank	BSB No.	Amount of Cheque
			A$
			A$

I **Credit Card Payment Details**

Please debit my credit card: ☐ Master Card ☐ Visa

Full card number:

Name as shown on card: | Expiry Date

Signature of cardholder:

J ☐ I/We do not wish to be sent additional material other than material relating to Superior Resources Limited.

K **Declarations**

By lodging this Application Form and the Application Money I/We hereby:

1. declare that I/We have received a copy of the Prospectus accompanied by or attached to this Application Form
2. declare that I/We have read the Prospectus to which this Application Form relates
3. declare that this Application Form has been completed in accordance with the instructions on the reverse side of this Application Form
4. apply for the number of Shares shown in this Application Form
5. agree to be bound by the terms and conditions in the Prospectus and by the Constitution of Superior Resources Limited
6. Authorise the Directors to complete or amend this Application Form where necessary to correct any errors or omissions.

How to Complete the Application Form

Forward your completed application together with the Application Money to:

By mail: **Superior Resources Limited Share Offer**
c/- Link Market Services Limited
Locked Bag A14
Sydney South, New South Wales, 1235
Phone: 1300 554 474 or (02) 8280 7454

By delivery: **Superior Resources Limited Share Offer**
c/- Link Market Services Limited
Level 12, 680 George Street
Sydney, New South Wales, 2000
Phone: 1300 554 474 or (02) 8280 7454

Applications must be received by the Closing Date.

Please complete all relevant sections of the Application Form using BLOCK LETTERS.

A Enter the NUMBER OF SHARES you wish to apply for. Applications must be for a minimum of 10,000 Shares and thereafter multiples of 5,000 Shares as set down in Section 1 of the Prospectus.

B Enter the TOTAL AMOUNT of Application Money payable. To calculate the amount, multiply the number of Shares applied for by the amount per Share.

C Enter the FULL NAME(S) and TITLE(S) of all legal entities that are to be recorded as the registered holder(s). Refer to the name standards below for guidance on valid registration.

D If JOINT APPLICANTS are applying or an ACCOUNT DESIGNATION is required, complete boxes C and D.

E Enter the POSTAL ADDRESS for all communications from the Company. Only one address can be recorded.

F Enter the NAME and TELEPHONE NUMBER for a contact person that the registry can speak to if they have any queries regarding this application.

G If you are sponsored in CHESS by a stockbroker or other CHESS participant enter your Holder Identification Number (HIN).

H Complete cheque details as requested. Payments must be in Australian Currency and cheques must be drawn on an Australian Bank. Cheques or bank drafts must be payable to "**Superior Resources Limited - Share Offer Account**" and crossed "**Not Negotiable**". Cheques not properly drawn will be rejected. Cheques will generally be deposited on the day of receipt. If cheques are dishonoured the application will be rejected.

I Pay by your credit card by completing and signing the credit card payment authorisation.

J Tick this box if you do not wish to receive additional material other than material relating to Superior Resources Limited as set out in this Prospectus in Section 8.11.

K Before completing the Application form the applicant(s) declare(s) that he or she has read the Prospectus to which this application relates. The applicant(s) agree(s) that this application is for shares in Superior Resources Limited upon and subject to the terms of the Prospectus, agree(s) to take any number of shares equal to or less than the number of shares indicated in box A that may be issued to the applicant(s) pursuant to the Prospectus and declare(s) that all details and statements made are complete and accurate.

This Application Form does not have to be signed unless payment is by Credit Card.

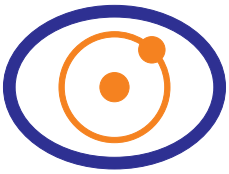
Ready Reckoner

This ready reckoner will help you calculate the money you need to pay at 20 cents per Share									
Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
10,000	$2,000	**15,000**	$3,000	**20,000**	$ 4,000	**25,000**	$ 5,000	**30,000**	$ 6,000
40,000	$8,000	**60,000**	$12,000	**80,000**	$16,000	**100,000**	$20,000	**200,000**	$40,000

Correct Forms of Registrable Names

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to the Company. At least one name given in full and the surname is required for each natural person. Application Forms cannot be completed by persons under 18 years of age. Examples of the correct forms of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full not initials	Mr John Alfred Smith	JA Smith
Company Use the Company's full title not abbreviations	Ace Business Company Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names	Mr Peter Robert Williams Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family Trust Account>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Jane Mary Smith Mr Frank William Smith <Estate John Smith Account>	Estate of late John Smith or John Smith deceased
Partnerships Use the partners personal names Use the Partnership Tax File Number	Mr John Robert Smith Mr Michael John Smith <John Smith and Son Account>	John Smith and Son
Clubs / Unincorporated Bodies / Business names Use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association Account>	ABC Tennis Association
Superannuation Funds Use the names of the trustee(s) of the fund	Jane Smith Pty Ltd <Super Fund Account>	Jane Smith Pty Ltd Superannuation Fund



Superior Resources Limited

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