

SUPERIOR MINING INTERNATIONAL CORPORATION
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED OCTOBER 31, 2023 AND 2022
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

SUPERIOR MINING INTERNATIONAL CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

| | October 31, 2023 | July 31, 2023 |
|--|---------------------|---------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 66,934 | \$ 127,154 |
| Receivables | 37,614 | 24,824 |
| Prepays (Note 8) | 14,400 | 14,400 |
| | <u>118,948</u> | <u>166,378</u> |
| Exploration and evaluation assets (Note 4) | <u>3,345,616</u> | <u>3,101,931</u> |
| | <u>\$ 3,464,564</u> | <u>\$ 3,268,309</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current | | |
| Accounts payable and accrued liabilities (Notes 5 and 8) | \$ 526,576 | \$ 315,109 |
| Advances from directors (Note 8) | 72,061 | 56,127 |
| Flow-through premium (Note 6) | 19,047 | 97,568 |
| | <u>617,684</u> | <u>468,804</u> |
| Shareholders' equity | | |
| Capital stock (Note 6) | 26,667,841 | 26,667,841 |
| Contributed surplus (Note 6) | 1,847,800 | 1,513,600 |
| Deficit | <u>(25,668,761)</u> | <u>(25,381,936)</u> |
| Total shareholders' equity | <u>2,846,880</u> | <u>2,799,505</u> |
| Total liabilities and shareholders' equity | <u>\$ 3,464,564</u> | <u>\$ 3,268,309</u> |

Nature and continuance of operations (Note 1)
Subsequent event (Note 11)

Approved and authorized for issue on December 22, 2023 on behalf of the Board of Directors:

| | | | |
|-----------------------|----------|-------------------------|----------|
| <u>"Brent Butler"</u> | Director | <u>"Johnathan More"</u> | Director |
| Brent Butler | | Johnathan More | |

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

SUPERIOR MINING INTERNATIONAL CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

| | Three months ended October 31, | |
|---|-----------------------------------|--------------------|
| | 2023 | 2022 |
| EXPENSES | | |
| Foreign exchange gain | \$ (379) | \$ (541) |
| Marketing, communication and promotion | 15,000 | - |
| Office & miscellaneous | 762 | 1,264 |
| Professional fees (Note 8) | 12,985 | 13,750 |
| Recovery of flow-through premium (Note 6) | (78,521) | - |
| Regulatory and filing fees | 2,515 | 3,424 |
| Share-based compensation (Note 8) | 334,200 | - |
| Travel and promotion | 263 | - |
| Loss and comprehensive loss for the period | \$ (286,825) | \$ (17,897) |
| Basic and diluted loss per common share | \$ (0.00) | \$ (0.00) |
| Weighted average number of common shares outstanding | 64,923,048 | 56,173,048 |

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

SUPERIOR MINING INTERNATIONAL CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

| | Number of shares | Capital Stock | Contributed Surplus | Deficit | Total equity (deficiency) |
|---|-----------------------------|----------------------|--------------------------------|-----------------|--------------------------------------|
| Balance, July 31, 2022 | 56,173,048 | \$ 23,573,843 | \$ 1,513,600 | \$ (25,329,985) | \$ (242,542) |
| Loss for the period | - | - | - | (17,897) | (17,897) |
| Balance, October 31, 2022 | 56,173,048 | 23,573,843 | 1,513,600 | (25,347,882) | (260,439) |
| Shares issued for exploration and evaluation assets | 7,300,000 | 2,701,000 | - | - | 2,701,000 |
| Shares issued for private placement | 1,450,000 | 652,500 | - | - | 652,500 |
| Share issuance costs | - | (49,252) | - | - | (49,252) |
| Flow-through premium | - | (210,250) | - | - | (210,250) |
| Loss for the period | - | - | - | (34,054) | (34,054) |
| Balance, July 31, 2023 | 64,923,048 | 26,667,841 | 1,513,600 | (25,381,936) | 2,799,505 |
| Share-based compensation | - | - | 334,200 | - | 334,200 |
| Loss for the period | - | - | - | (286,825) | (286,825) |
| Balance, October 31, 2023 | 64,923,048 | \$ 26,667,841 | \$ 1,847,800 | \$ (25,668,761) | \$ 2,846,880 |

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

SUPERIOR MINING INTERNATIONAL CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

| | Three months ended October 31, | |
|--|-----------------------------------|-----------------|
| | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss for the period | \$ (286,825) | \$ (17,897) |
| Item not affecting cash: | | |
| Foreign exchange gain | (379) | (541) |
| Recovery of flow through premium | (78,521) | - |
| Share-based compensation | 334,200 | - |
| Changes in non-cash working capital items: | | |
| Increase in receivables | (12,790) | (108) |
| Increase in accounts payable and accrued liabilities | 3,406 | 18,441 |
| Net cash used in operating activities | <u>(40,909)</u> | <u>(105)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Exploration and evaluation assets | <u>(35,245)</u> | - |
| Net cash used in investing activities | <u>(35,245)</u> | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Advance from directors | <u>15,934</u> | - |
| Net cash provided by financing activities | <u>15,934</u> | - |
| Change in cash for the period | (60,220) | (105) |
| Cash, beginning of period | <u>127,154</u> | <u>7,990</u> |
| Cash, end of period | <u>\$ 66,934</u> | <u>\$ 7,885</u> |

Supplemental disclosure with respect to cash flows (Note 7)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Superior Mining International Corporation (the "Company") is a Canadian company incorporated in the Yukon Territory. The Company's head registered and records office address is Suite 250 – 750 West Pender Street, Vancouver, BC, Canada, V6C 2T7. The Company is primarily engaged in the acquisition, exploration and development of mineral properties.

These condensed interim consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at October 31, 2023, the Company had an accumulated deficit of \$25,668,761 (July 31, 2023 - \$25,381,936); a working capital deficiency of \$498,736 (July 31, 2023 – \$302,426) and has not generated revenues from operations. These circumstances lend substantial doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

These condensed interim consolidated financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretation Committee ("IFRIC"). Accordingly, they do not include all of the information required for full annual financial statements by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2023, which have been prepared in accordance with IFRS.

Basis of presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting judgments and critical estimates

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires estimates and assumptions that affect the amounts reported in these financial statements.

Significant Accounting Judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- i) Going concern risk assessment (Note 1).
- ii) Assessment of any indicators of impairment of the carrying value of the Company's exploration and evaluation assets.

Foreign currency translation

The functional currency of Superior Mining International Corporation is the Canadian dollar, which is also the presentation currency of our financial statements.

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates in effect at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the closing rate (exchange rate at the reporting date).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in profit or loss.

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments (cont'd...)

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Financial liabilities at amortized cost - This category consists of liabilities carried at amortized cost using the effective interest method. These financial liabilities are initially recognized at fair value less directly attributable transaction costs.

Impairment of financial assets

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets.

IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

The following table shows the original classification under IFRS 9:

| Financial Assets and Liabilities | New classification and measurement IFRS 9 |
|--|--|
| Cash | FVTPL |
| Accounts payable and accrued liabilities | Amortized cost |
| Advance from directors | Amortized cost |

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Exploration and evaluation assets

Pre-exploration costs are expensed in the period in which they are incurred. Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractor and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

Government tax credits received are recorded as other income. The amounts are recorded in the year they are received due to uncertainty of the recoverability.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount and at least annually.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Provision for environmental rehabilitation

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses. As at October 31, 2023, there was no material provision for environmental rehabilitation.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options and warrants. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the period ended October 31, 2023 and year ended July 31, 2023, this calculation proved to be anti-dilutive. Basic and diluted loss per share is calculated using the weighted-average number of common shares outstanding during the period. All the outstanding stock options as of October 31, 2023 and 2022 were not included in the calculation of diluted loss per share.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period using the graded method. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in contributed surplus is transferred to accumulated losses (deficit). The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Share issuance costs

Costs directly identifiable with the raising of capital are charged directly to capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock or charged to operations if the shares are not issued.

Valuation of warrants

The Company has adopted the residual value method with respect to the valuation of warrants issued as part of a private placement unit. The residual value method allocates the net proceeds to the common shares up to their fair value, as determined by the current quoted trading price on the announcement date, and the balance, if any, to the attached warrants. The fair value attributed to the warrants, if any, is recorded in contributed surplus.

Income taxes

Income tax on the statement of loss and comprehensive loss for the years presented comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Income taxes (cont'd...)

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Flow-through shares

The Company will from time to time issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into (i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and (ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as recovery of flow-through premium liability and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are required to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with the Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense until paid.

New accounting standards

A number of new standards, and amendments to standards and interpretations, are not effective and have not been early adopted in preparing these financial statements. The following accounting standards and amendments are effective for future periods:

- i) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) - The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2024.

4. EXPLORATION AND EVALUATION ASSETS

Vieux Comptoir Property, Quebec, Canada

Pursuant to a mineral property option agreement dated December 1, 2022 and amended January 16, 2023, the Company has been granted the option to acquire up to a 100% interest in the Vieux Comptoir Property in consideration of the following option payments:

- i) \$7,500 in cash within seven days of execution of the option agreement (paid);
- ii) 7,000,000 common shares upon receipt of approval of the TSX Venture Exchange (issued and valued at \$2,590,000). The Company also issued 300,000 common shares valued at \$111,000 as finder's fee;
- iii) 3,500,000 common shares payable on December 1, 2023 (issued subsequently); and
- iv) 3,500,000 common shares payable on June 1, 2024.

In the event the Company acquires a 100% interest in the property, the Company will be subject to a 3% NSR and the NSR may be reduced to 1.5% upon making a cash payment of \$3,000,000.

Pursuant to a mineral property option agreement dated July 31, 2023, the Company has the option to acquire a 100% interest in 161 new claims which are an extension of the Vieux Comptoir Property in consideration of the following option payments:

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4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

- i) \$50,000 in cash within seven days after execution of the option agreement (hasn't been paid as at the date of these financial statements); and
- ii) 6,000,000 common shares within 5 business days of receipt of approval of the TSX Venture Exchange but no later than August 31, 2023 (in process of being issued).

The Company will also grant a 2% NSR from commercial production from the Project.

| Period Ended | Vieux Comptoir | |
|----------------------------|----------------|--------------|
| October 31, 2023 | Property | Total |
| Acquisition Costs: | | |
| Balance, July 31, 2023 | \$ 2,725,929 | \$ 2,725,929 |
| Balance, October 31, 2023 | 2,725,929 | 2,725,929 |
| Exploration Costs: | | |
| Balance, July 31, 2023 | 376,002 | 376,002 |
| Drilling | 243,685 | 243,685 |
| Balance, October 31, 2023 | 619,687 | 619,687 |
| Balance, October 31, 2023 | \$ 3,345,616 | \$ 3,345,616 |
| Year Ended | Vieux Comptoir | |
| July 31, 2023 | Property | Total |
| Acquisition Costs: | | |
| Balance, July 31, 2022 | \$ - | \$ - |
| Cash | 24,929 | 24,929 |
| Shares | 2,701,000 | 2,701,000 |
| Balance, July 31, 2023 | 2,725,929 | 2,725,929 |
| Exploration Costs: | | |
| Balance, July 31, 2022 | - | - |
| Assays | 26,300 | 26,300 |
| Field work | 284,840 | 284,840 |
| Geological and geophysical | 64,862 | 64,862 |
| Balance, July 31, 2023 | 376,002 | 376,002 |
| Balance, July 31, 2023 | \$ 3,101,931 | \$ 3,101,931 |

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5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payables and accrued liabilities for the Company are broken down as follows:

| | October 31, 2023 | July 31, 2023 |
|----------------------------------|-----------------------------|--------------------------|
| Trade payables | \$ 465,642 | \$ 257,539 |
| Advances from directors (Note 8) | 20,000 | 20,000 |
| Accrued liabilities | 40,934 | 37,570 |
| Total | \$ 526,576 | \$ 315,109 |

6. CAPITAL STOCK

a) Authorized share capital:

Unlimited common voting shares without par value.

b) Issued share capital:

During the period ended October 31, 2023, the company did not issue any common shares.

During the year ended July 31, 2023, the Company

- closed a non-brokered private placement of 1,450,000 flow-through shares at \$0.45 per flow-through share for gross proceeds of \$652,500. The Company paid \$39,150 in finders' fees. A value of \$210,250 was attributed to the flow-through premium liability in connection with the financing. The Company spent flow-through proceeds of \$349,702 and accordingly, recorded \$112,682 as recovery of flow-through premium during the year ended July 31, 2023. As of October 31, 2023 the Company has a flow-through commitment remaining of \$59,113 (July 31, 2023 - \$302,798). The Company also accrued \$10,102 for share issue costs.
- issued 7,300,000 common shares at a value of \$2,701,000 pursuant to the acquisition of the Vieux Comptoir Property (Note 4).

c) Stock options:

The Company has a rolling stock option plan (the "Plan") that authorizes the board of directors to grant incentive stock options to directors, officers, consultants and employees, whereby a maximum of 10% of the issued common shares are reserved for issuance under the plan. Under the Plan, the exercise price of each option may not be less than the market price of the Company's shares at the date of grant. Options granted under the Plan will have a term not to exceed ten years and be subject to vesting provisions as determined by the board of directors of the Company.

During the period ended October 31, 2023 Company granted 1,000,000 stock options to directors, officers, and consultants. The options are exercisable at \$0.44 until August 24, 2028. The options were valued using the Black-Scholes option pricing model resulting in share-based compensation of \$334,200. The options were fully vested on the grant date

During the year ended July 31, 2023, the Company did not grant any share options.

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6. CAPITAL STOCK (cont'd...)

c) Stock options (cont'd...):

Stock option transactions and the number of stock options outstanding are summarized as follows:

| | Period Ended October 31, 2023 | | Year Ended July 31, 2023 | |
|--|----------------------------------|--|-----------------------------|--|
| | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Balance and outstanding at beginning of period | 5,294,132 | \$ 0.29 | 5,294,132 | \$ 0.29 |
| Granted | 1,000,000 | 0.44 | - | - |
| Balance and outstanding at end of period | 6,294,132 | \$ 0.31 | 5,294,132 | \$ 0.29 |
| Number of options exercisable | 6,294,132 | \$ 0.31 | 5,294,132 | \$ 0.29 |

As at October 31, 2023, the following options were outstanding and exercisable:

| Number of Options | Exercisable | Exercise Price | Expiry Date |
|-------------------|-------------|----------------|-----------------|
| 5,294,132 | 5,294,132 | \$0.29 | May 15, 2025 |
| 1,000,000 | 1,000,000 | \$0.44 | August 24, 2028 |
| 6,294,132 | 6,294,132 | | |

The options granted during the period ended October 31, 2023 and 2022 were valued using the Black-Scholes option pricing model with the following weighted average grant date assumptions:

| | Period ended October 31, 2023 | Period ended October 31, 2022 |
|--|----------------------------------|----------------------------------|
| Weighted average grant date fair value | \$0.435 | - |
| Weighted average risk-free interest rate | 4.08% | - |
| Expected dividend yield | 0.00% | - |
| Weighted average stock price volatility | 101.65% | - |
| Weighted average forfeiture rate | 0.00% | - |
| Weighted average expected life of options in years | 5 | - |

As at October 31, 2023, the weighted average remaining contractual life of the stock options was 2.06 years (July 31, 2023 – 1.79 years) and the weighted average exercise price was \$0.31 (July 31, 2023 – \$0.29)

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6. CAPITAL STOCK (cont'd...)

d) Warrants:

As at July 31, 2023 and October 31, 2023, there were no warrants outstanding.

7. SUPPLEMENT DISCLOSURE WITH RESPECT TO CASH FLOWS

| | October 31, 2023 | July 31, 2023 |
|--|---------------------|------------------|
| Cash paid during the period for interest | \$ - | \$ - |
| Cash paid during the period for income taxes | \$ - | \$ - |
| Exploration and evaluation assets accrued through accounts payable and accrued liabilities | \$ 314,171 | \$ 105,731 |
| Share issuance costs accrued through accounts payable and accrued liabilities | \$ - | \$ 10,102 |
| Shares issued for exploration and evaluation assets | \$ - | \$ 2,701,000 |

8. RELATED PARTY TRANSACTIONS

Amounts paid or accrued to related parties are as follows:

| | For the Period Ended October 31, 2023 | For the Period Ended October 31, 2022 |
|----------------------------|--|--|
| Related Parties: | | |
| A company owned by the CFO | \$ 9,200 | \$ 10,000 |
| CFO | 33,420 | - |
| CEO | 33,420 | - |
| Directors | 66,840 | - |
| | <u>\$ 142,880</u> | <u>\$ 10,000</u> |

The amounts due to the related parties included in accounts payables and accrued liabilities are as follows:

| | October 31, 2023 | July 31, 2023 |
|-----------------------------------|---------------------|------------------|
| Due to a company owned by the CFO | \$ 20,000 | \$ 20,000 |

The amounts due from the related parties included in prepaid are as follows:

| | October 31, 2023 | July 31, 2023 |
|------------|---------------------|------------------|
| A director | \$ 9,400 | \$ 9,400 |

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8. RELATED PARTY TRANSACTIONS (cont'd...)

Other related party transactions

At October 31, 2023, the amount advanced from CFO was \$72,061 (July 31, 2023 - \$56,127).

The amounts due to related parties are unsecured, with no repayment terms, and without interest.

During the year ended July 31, 2023, the Company wrote off \$47,818 of accounts payable and advances from directors.

9. FINANCIAL INSTRUMENTS AND RISK

Fair value

The Company estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms. Unless otherwise indicated, the carrying value of these financial instruments approximates their fair market value because of the near maturity of those instruments.

Financial statements measured at fair value on the statements of financial position are summarized in levels of fair value hierarchy as either “Level 1” Unadjusted quoted prices in active markets for identical assets or liabilities; “Level 2” Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and, “Level 3” Inputs that are not based on observable market data.

Financial instruments measured at fair value on the statements of financial position are summarized in levels of fair value hierarchy as follows:

| | October 31, 2023 | | | July 31, 2023 | | |
|-------|------------------|---------|---------|---------------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Asset | | | | | | |
| Cash | \$ 66,934 | \$ - | \$ - | \$ 127,154 | \$ - | \$ - |

The Company’s risk exposures and the impact on the Company’s financial instruments are summarized below:

Concentration of credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk due to the potential for counterparties to default on their contractual obligations consist primarily of cash. The maximum potential loss on these financial instruments is equal to the carrying amounts of these items. The Company uses high credit quality financial institution to manage the credit risk.

Liquidity risk

The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2023, the Company had current assets of \$118,948 (July 31, 2023 – \$166,378) to settle accounts payable and accrued liabilities and advances from directors of \$598,637 (July 31, 2023 – \$371,236). The Company is planning additional financings in the near term to raise working capital to finance its ongoing operations.

9. FINANCIAL INSTRUMENTS AND RISK (cont'd...)

Fair value (cont'd...)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

(b) Foreign currency risk

As at October 31, 2023, the Company had accounts payable in South African rand (ZAR). The amounts are minimal and any risk due to foreign currency fluctuations is not significant.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

10. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, contributed surplus and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's policy remains unchanged from the prior period.

11. SUBSEQUENT EVENT

Subsequent to the period ended October 31, 2023, the Company issued 3,500,000 common shares pursuant to the acquisition of the Vieux Comptoir Property (Note 4).