

SUPERIOR MINING INTERNATIONAL CORPORATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2024 AND 2023
(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of Superior Mining International Corporation

Opinion

We have audited the financial statements of Superior Mining International Corporation (the "Company"), which comprise the statements of financial position as at July 31, 2024 and July 31, 2023 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2024 and July 31, 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated in our report.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified

above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hilda Leung.

Crowe Mackay LLP

**Chartered Professional Accountants
Vancouver, Canada
November 28, 2024**

SUPERIOR MINING INTERNATIONAL CORPORATION
STATEMENTS OF FINANCIAL POSITION
AS AT JULY 31,
(Expressed in Canadian Dollars)

| | 2024 | 2023 |
|--|---------------------|---------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 5,538 | \$ 127,154 |
| Receivables (Note 8) | 11,278 | 24,824 |
| Prepays (Note 8) | - | 14,400 |
| | <u>16,816</u> | <u>166,378</u> |
| Exploration and evaluation assets (Note 4) | <u>6,403,116</u> | <u>3,101,931</u> |
| | <u>\$ 6,419,932</u> | <u>\$ 3,268,309</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current | | |
| Accounts payable and accrued liabilities (Notes 5 and 8) | \$ 662,058 | \$ 315,109 |
| Advances from directors (Note 8) | 79,845 | 56,127 |
| Flow-through premium (Note 6) | - | 97,568 |
| | <u>741,903</u> | <u>468,804</u> |
| Shareholders' equity | | |
| Capital stock (Note 6) | 29,725,341 | 26,667,841 |
| Contributed surplus (Note 6) | 1,523,649 | 1,513,600 |
| Deficit | <u>(25,570,961)</u> | <u>(25,381,936)</u> |
| Total shareholders' equity | <u>5,678,029</u> | <u>2,799,505</u> |
| Total liabilities and shareholders' equity | <u>\$ 6,419,932</u> | <u>\$ 3,268,309</u> |

Nature and continuance of operations (Note 1)

Approved and authorized for issue on November 28, 2024 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 financial statements.

SUPERIOR MINING INTERNATIONAL CORPORATION
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED JULY 31,
(Expressed in Canadian Dollars)

| | 2024 | 2023 |
|--|---------------------|--------------------|
| EXPENSES | | |
| Flow-through penalties (Note 6) | \$ 39,953 | \$ - |
| Foreign exchange loss (gain) | 2 | (428) |
| Marketing, communication and promotion | 62,377 | 81,087 |
| Office & miscellaneous | 18,597 | 3,847 |
| Professional fees (Note 8) | 84,097 | 80,929 |
| Recovery of flow-through premium (Note 6) | (78,521) | (112,682) |
| Regulatory and filing fees | 52,208 | 46,866 |
| Share-based compensation (Notes 6 and 8) | 334,200 | - |
| Travel and promotion | 263 | 150 |
| Write-off of accounts payable and advances from directors (Note 8) | - | (47,818) |
| Loss and comprehensive loss for the year | \$ (513,176) | \$ (51,951) |
| Basic and diluted loss per common share | \$ (0.01) | \$ (0.00) |
| Weighted average number of common shares outstanding | 70,753,649 | 59,183,185 |

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

SUPERIOR MINING INTERNATIONAL CORPORATION
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

| | Number of shares | Capital Stock | Contributed Surplus | Deficit | Total equity |
|---|-----------------------------|----------------------|--------------------------------|-----------------|---------------------|
| Balance, July 31, 2022 | 56,173,048 | \$ 23,573,843 | \$ 1,513,600 | \$ (25,329,985) | \$ (242,542) |
| 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 year | - | - | - | (51,951) | (51,951) |
| Balance, July 31, 2023 | 64,923,048 | 26,667,841 | 1,513,600 | (25,381,936) | 2,799,505 |
| Shares issued for exploration and evaluation assets | 13,000,000 | 3,057,500 | - | - | 3,057,500 |
| Share-based compensation | - | - | 334,200 | - | 334,200 |
| Options cancelled | - | - | (324,151) | 324,151 | - |
| Loss for the year | - | - | - | (513,176) | (513,176) |
| Balance, July 31, 2024 | 77,923,048 | \$ 29,725,341 | \$ 1,523,649 | \$ (25,570,961) | \$ 5,678,029 |

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

SUPERIOR MINING INTERNATIONAL CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31,
(Expressed in Canadian Dollars)

| | 2024 | 2023 |
|---|------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss for the year | \$ (513,176) | \$ (51,951) |
| Item not affecting cash: | | |
| Foreign exchange gain | - | (428) |
| Derecognition of flow through premium liability | (97,568) | (112,682) |
| Share-based compensation | 334,200 | - |
| Write off of accounts payable and advances from directors | - | (47,818) |
| Changes in non-cash working capital items: | | |
| Decrease (increase) in receivables | 13,546 | (23,710) |
| Decrease (increase) in prepaids | 14,400 | (5,000) |
| Increase in accounts payable and accrued liabilities | 158,508 | 38,760 |
| Net cash used in operating activities | <u>(90,090)</u> | <u>(202,829)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Exploration and evaluation assets | <u>(55,244)</u> | <u>(295,200)</u> |
| Net cash used in investing activities | <u>(55,244)</u> | <u>(295,200)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Advance from directors | 23,718 | 3,843 |
| Proceeds from share issuance | - | 652,500 |
| Share issuance costs | - | (39,150) |
| Net cash provided by financing activities | <u>23,718</u> | <u>617,193</u> |
| Change in cash for the year | (121,616) | 119,164 |
| Cash, beginning of year | <u>127,154</u> | <u>7,990</u> |
| Cash, end of year | <u>\$ 5,538</u> | <u>\$ 127,154</u> |

Supplemental disclosure with respect to cash flows (Note 7)

The accompanying notes are an integral part of these 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 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 July 31, 2024, the Company had an accumulated deficit of \$25,570,961 (2023 - \$25,381,936); a working capital deficiency of \$725,087 (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 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 financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These financial statements have been prepared on the basis of IFRS that are effective for the Company’s reporting year ended July 31, 2024.

Basis of presentation

The 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. MATERIAL ACCOUNTING POLICIES

Significant accounting judgments and critical estimates

The preparation of these 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.

Financial instruments

The following table shows the classification under IFRS 9:

| Financial Assets and Liabilities | New classification and measurement IFRS 9 |
|--|--|
| Cash | FVTPL |
| Receivables from a related party | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |
| Advances from directors | Amortized cost |

Impairment of financial assets

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.

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.

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.

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

Government tax credits received are recorded against expenditures capitalized in exploration and evaluation assets. 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.

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 July 31, 2024, 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 years ended July 31, 2024 and 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 July 31, 2024 and 2023 were not included in the calculation of diluted loss per share.

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).

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.

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

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.

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.

The Company may also be subject to indemnifying flow-through investors if the proceeds raised from flow-through shares are not incurred within the prescribed period.

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

New accounting standards adopted or effective for future periods

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. The Company does not expect material impact upon adoption of these amendment.

- ii) IFRS 18 Presentation and Disclosure in Financial Statements – IFRS 18 introduces three sets of new requirements to give investors more transparent and comparable information about companies' financial performance for better investment decisions.
 - 1. Three defined categories for income and expenses – operating, investing or financing – to improve the structure of the income statements, and require all companies to provide new defined subtotals, including operating profit;
 - 2. Requirement for companies to disclose explanations of management-defined performance measures (MPMs) that are related to the income statement; and
 - 3. Enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes.

This new standard is effective for reporting periods beginning on or after January 1, 2027. The Company will be evaluating the impact of the above amendments on its financial statements.

The Company adopted the following accounting standards during the year ended July 31, 2024:

- i) *Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies*

These amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures. The implementation of these amendments reduced disclosures in the notes to the financial statements.

- ii) *Amendments to IAS 8 – Definition of Accounting Estimates*

These amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. Further, the amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

There were no significant impact to the financial statements as a result of the implementation of these amendments.

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 and valued at \$892,500); and
- iv) 3,500,000 common shares payable on June 1, 2024 (issued and valued at \$665,000).

In the event the Company acquires a 100% interest in the property, the Company will be subject to a 3% Net Smelter Royalty ("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:

- i) \$50,000 in cash on or before August 7, 2023 (not paid, but the optionor agreed to extend the due date to July 31, 2025); and
- ii) 6,000,000 common shares no later than August 31, 2023 (issued and valued at \$1,500,000).

The property will be subjected to a 2% NSR, of which the Company has the option to buy back 1% NSR in consideration of cash payment of \$2,000,000.

| Year Ended July 31, 2024 | Vieux Comptoir Property |
|-----------------------------|----------------------------|
| Acquisition Costs: | |
| Balance, July 31, 2023 | \$ 2,725,929 |
| Shares | 3,057,500 |
| Balance, July 31, 2024 | 5,783,429 |
| Exploration Costs: | |
| Balance, July 31, 2023 | 376,002 |
| Prospecting and geophysical | 243,685 |
| Balance, July 31, 2024 | 619,687 |
| Balance, July 31, 2024 | \$ 6,403,116 |

SUPERIOR MINING INTERNATIONAL CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
JULY 31, 2024 AND 2023

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

| Year Ended July 31, 2023 | Vieux Comptoir Property |
|-----------------------------|----------------------------|
| Acquisition Costs: | |
| Balance, July 31, 2022 | \$ - |
| Cash | 24,929 |
| Shares | 2,701,000 |
| <hr/> | |
| Balance, July 31, 2023 | 2,725,929 |
| Exploration Costs: | |
| Balance, July 31, 2022 | - |
| Assays | 26,300 |
| Field work | 284,840 |
| Prospecting and geophysical | 64,862 |
| <hr/> | |
| Balance, July 31, 2023 | 376,002 |
| <hr/> | |
| Balance, July 31, 2023 | \$ 3,101,931 |

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

| | July 31, 2024 | July 31, 2023 |
|----------------------------------|--------------------------|--------------------------|
| Trade payables | \$ 514,378 | \$ 257,539 |
| Advances from directors (Note 8) | 50,000 | 20,000 |
| Accrued liabilities | 97,680 | 37,570 |
| <hr/> | | |
| Total | \$ 662,058 | \$ 315,109 |

6. CAPITAL STOCK

a) Authorized share capital:

Unlimited common voting shares without par value.

b) Issued share capital:

During the year ended July 31, 2024, the Company:

- i) issued 3,500,000 common shares at a value of \$892,500 pursuant to the acquisition of the Vieux Comptoir Property (Note 4).
- ii) issued 6,000,000 common shares at a value of \$1,500,000 pursuant to the acquisition of the Vieux Comptoir Property (Note 4).
- iii) issued 3,500,000 common shares at a value of \$665,000 pursuant to the acquisition of the Vieux Comptoir Property (Note 4).

During the year ended July 31, 2023, the Company:

- i) 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. The Company also accrued \$10,102 for share issue costs.

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.

The Company had a commitment to incur the remaining \$302,798 by December 31, 2023, of which \$243,685 was spent and accordingly, recorded \$78,521 as recovery of flow-through premium during the year ended July 31, 2024. Due to the expiry of flow-through expenditure period, the Company accrued a provision of \$59,000, net of the reversal of the remaining flow-through premium liability of \$19,047, for the estimated cost to indemnify the flow-through share subscribers for their expected personal income tax reassessments by the Canada Revenue Agency and Revenu Québec. As of July 31, 2024, the Company has a flow-through commitment remaining of \$Nil (2023 - \$302,798).

- ii) 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 year ended July 31, 2024, 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:

| | Year Ended July 31, 2024 | | 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 year | 5,294,132 | \$ 0.29 | 5,294,132 | \$ 0.29 |
| Granted | 1,000,000 | 0.44 | - | - |
| Cancelled | (1,100,000) | (0.32) | - | - |
| Balance and outstanding at end of year | 5,194,132 | \$ 0.31 | 5,294,132 | \$ 0.29 |
| Number of options exercisable | 5,194,132 | \$ 0.31 | 5,294,132 | \$ 0.29 |

As at July 31, 2024, the following options were outstanding and exercisable:

| Number of Options | Exercisable | Exercise Price | Expiry Date |
|-------------------|-------------|----------------|-----------------|
| 4,394,132 | 4,394,132 | \$0.29 | May 15, 2025 |
| 800,000 | 800,000 | \$0.44 | August 24, 2028 |
| 5,194,132 | 5,194,132 | | |

The options granted during the years ended July 31, 2024 and 2023 were valued using the Black-Scholes option pricing model with the following weighted average grant date assumptions:

| | Year ended July 31, 2024 | Year ended July 31, 2023 |
|--|-----------------------------|-----------------------------|
| 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 | - |

* Determined based on the Company's historical trading price

As at July 31, 2024, the weighted average remaining contractual life of the stock options was 1.29 years (2023 – 1.79 years) and the weighted average exercise price was \$0.31 (2023 – \$0.29).

d) Warrants:

As at July 31, 2024 and 2023, there were no warrants outstanding.

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7. SUPPLEMENT DISCLOSURE WITH RESPECT TO CASH FLOWS

| | July 31, 2024 | July 31, 2023 |
|--|------------------|------------------|
| Cash paid during the year for interest | \$ - | \$ - |
| Cash paid during the year for income taxes | \$ - | \$ - |
| Expired options | \$ 324,151 | \$ - |
| Exploration and evaluation assets accrued through accounts payable and accrued liabilities | \$ 294,172 | \$ 105,731 |
| Share issuance costs accrued through accounts payable and accrued liabilities | \$ 10,102 | \$ 10,102 |
| Shares issued for exploration and evaluation assets | \$ 3,057,500 | \$ 2,701,000 |
| Reversal of unsettled flow-through premium | \$ 19,047 | \$ - |

8. RELATED PARTY TRANSACTIONS

Amounts paid or accrued to related parties are as follows:

| | For the Year Ended July 31, 2024 | For the Year Ended July 31, 2023 |
|----------------------------|---|---|
| Related Parties: | | |
| A company owned by the CFO | \$ 44,700 | \$ 40,700 |
| CFO | 33,420 | - |
| CEO | 33,420 | - |
| Directors | 66,840 | - |
| | <u>\$ 178,380</u> | <u>\$ 40,700</u> |

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

| | July 31, 2024 | July 31, 2023 |
|-----------------------------------|------------------|------------------|
| A director | \$ 556 | \$ - |
| Due to a company owned by the CFO | \$ 50,000 | \$ 20,000 |

The amounts due from the related parties included in receivable (2023 – prepaids) are as follows:

| | July 31, 2024 | July 31, 2023 |
|---------------------------------------|------------------|------------------|
| A company related by common directors | \$ 9,956 | \$ - |
| A director | \$ - | \$ 9,400 |

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

At July 31, 2024, the amount advanced from CFO was \$79,845 (2023 - \$56,127).

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

Other related party transactions

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:

| | July 31, 2024 | | | July 31, 2023 | | |
|-------|---------------|---------|---------|---------------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Asset | | | | | | |
| Cash | \$ 5,538 | \$ - | \$ - | \$ 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 and receivable from a related party. The maximum potential loss on these financial instruments is equal to \$15,494 (2023 – \$127,154). 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 July 31, 2024, the Company had current assets of \$16,816 (2023 – \$166,378) to settle accounts payable and accrued liabilities and advances from directors of \$741,903 (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...)

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 July 31, 2024, 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. INCOME TAXES

| For the years ended July 31, | 2024 | 2023 |
|---|--------------|-------------|
| Loss before taxes for the year | \$ (513,176) | \$ (51,951) |
| Canadian federal and provincial income tax rates | 27.00% | 27.00% |
| Expected income tax recovery based on the above rates | \$ (139,000) | \$ (14,000) |
| Non-deductible items for tax purposes | 80,000 | (30,000) |
| Change in unrecognized tax benefits | 59,000 | 44,000 |
| Income tax recovery | \$ - | \$ - |

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11. INCOME TAXES (cont'd...)

Details of deductible temporary differences are as follows:

| | Expiry | 2024 | Expiry | 2023 |
|---|-----------|---------------|-----------|---------------|
| Non-capital loss carry-forwards | 2026-2044 | \$ 12,737,000 | 2026-2043 | \$ 12,358,000 |
| Cumulative exploration and development expenses | None | 795,000 | None | 1,210,000 |
| Capital loss carry-forwards | None | 5,824,000 | None | 5,824,000 |
| Share issue costs | 2025-2027 | 30,000 | 2024-2027 | 46,000 |
| Deductible temporary difference not recognized | None | (19,386,000) | None | (19,438,000) |
| Net deductible temporary differences | | \$ - | | \$ - |

Future tax benefits, which may arise as a result of these losses, have not been recognized in these financial statements as it is not probable that the Company will generate future taxable income against which to utilize the temporary differences.

12. SUBSEQUENT EVENTS

Subsequent to year ended July 31, 2024, the Company:

- i) granted 2,500,000 stock options to directors, officers, and consultants. The options are exercisable at \$0.21 until August 27, 2029.
- ii) issued 100,000 common shares pursuant to options exercised for total proceeds of \$21,000.
- iii) entered into an option agreement to acquire up to a 100% interest in the Bald Hill Antimony Property in consideration of the following option payments:
 - i) \$60,000 in cash on signing of the agreement (this is a firm commitment – not paid);
 - ii) \$75,000 in cash each on or before August 27, 2025 and August 27, 2026;
 - iii) \$150,000 in cash on or before August 27, 2027 and \$320,000 in cash on or before August 27, 2028
 - iv) 350,000 common shares upon receipt of approval of the TSX Venture Exchange (this is a firm commitment – issued);
 - v) 350,000 common shares on or before August 27, 2025;
 - vi) 400,000 common shares each on or before August 27, 2026 and August 27, 2027;
 - vii) 500,000 common shares on or before August 27, 2028;
 - viii) \$600,000 in exploration and evaluation expenditures on the property on or before August 27, 2025 (this is a firm commitment);
 - ix) \$500,000 in exploration and evaluation expenditures on the property on or before August 27, 2026;
 - x) \$750,000 in exploration and evaluation expenditures each on the property on or before August 27, 2027 and August 27, 2028 and \$2,000,000 in exploration and evaluation expenditures on the property on or before August 27, 2029.

In the event the Company acquires a 100% interest in the property, the Company will be subject to a 3.5% Gross Metal Royalty on all metals, minerals, elements or compounds produced from the property which may be reduced to 3% upon making a cash payment of \$500,000 adjusted for inflation before commercial production from the property.