SOPerior

FERTILIZER CORP.

SOPERIOR FERTILIZER CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2024

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of SOPerior Fertilizer Corp. (the "Corporation") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Corporation's auditors.

SOPerior Fertilizer Corp.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars) Unaudited

		As at June 30, 2024		As at December 31, 2023
ASSETS				
Cash (note 3)	**$**	**12,462**	$	64,926
Restricted cash equivalents (note 4)		**91,597**		76,139
Receivables		**18**		400
Prepaid expenses		**2,817**		9,583
Total assets	**$**	**106,894**	$	151,048
LIABILITIES AND SHAREHOLDERS' DEFICIENCY				
Accounts payable and accrued liabilities (notes 6 and 9)	**$**	**2,675,010**	$	2,454,901
Convertible debt (note 8)		**3,429,734**		3,115,825
Consideration payable (note 5)		**1,617,434**		1,562,956
Total liabilities		**7,722,178**		7,133,682
Shareholders' deficiency (note 10)				
Capital stock		**42,710,869**		42,710,869
Contributed surplus		**13,008,962**		13,008,962
Deficit		**(60,990,215)**		(61,635,040)
Accumulated other comprehensive loss		**(2,344,900)**		(1,067,425)
Total shareholders' deficiency		**(7,615,284)**		(6,982,634)
Total liabilities and shareholders' deficiency	**$**	**106,894**	$	151,048

Nature of operations and going concern (note 1)
Subsequent events (note 12)

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

SOPerior Fertilizer Corp.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive (Loss)
(Expressed in Canadian Dollars) Unaudited

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Expenses				
General and administrative expenses (note 9)	**$ 109,917**	$ 115,569	**$ 223,779**	$ 229,041
Professional fees	**26,473**	26,767	**44,059**	49,568
Share-based compensation (note 10(c))	**-**	-	**-**	300,300
Mineral property expenditures (note 5)	**(92)**	155,616	**(12,710)**	160,175
	(136,298)	(297,952)	**(255,128)**	(739,084)
Other Items				
Finance costs	**(102,653)**	(99,300)	**(204,278)**	(200,798)
Foreign exchange gain (loss)	**327,433**	(757,517)	**1,104,231**	(786,565)
Net income (loss) for the period	**88,482**	(1,154,769)	**644,825**	(1,726,447)
Other comprehensive income (loss)				
Foreign currency translation adjustment	**(379,662)**	809,415	**(1,277,475)**	839,682
Comprehensive loss for the period	**$ (291,180)**	$ (345,354)	**$ (632,650)**	$ (886,765)
Basic net income (loss) per share (note 11)	**$ 0.00**	$ 0.00	**$ 0.00**	$ (0.01)
Diluted net income (loss) per share (note 11)	**$ 0.00**	$ 0.00	**$ 0.00**	$ (0.01)
Weighted average number of common shares outstanding - Basic (note 11)	**267,607,599**	267,607,599	**267,607,599**	267,607,599
Weighted average number of common shares outstanding - Diluted (note 11)	**267,607,599**	267,607,599	**267,607,599**	267,607,599

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

SOPerior Fertilizer Corp.

Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars) Unaudited

	Six Months Ended June 30, 2024	2023
Operating activities		
Net income (loss) for the period	**$ 644,825**	$ (1,726,447)
Items not involving cash:		
Share-based compensation	**-**	300,300
Foreign exchange loss (gain)	**(1,104,230)**	782,575
Finance costs	**204,278**	200,798
Mineral property expenditures (recovery) (note 5)	**(12,710)**	155,209
Changes in non-cash working capital items:		
Decrease in receivables	**382**	17,661
Decrease (increase) in other current assets	**6,766**	(18,333)
Increase in accounts payable and accrued liabilities	**208,044**	140,082
Net cash used in operating activities	**(52,645)**	(148,155)
Investing activity		
Proceeds received from exclusivity agreement (note 5)	**-**	136,100
Net cash provided by investing activity	**-**	136,100
Net change in cash for the period	**(52,645)**	(12,055)
Effect of foreign exchange rate changes on cash	**181**	(1,173)
Cash, beginning of period	**64,926**	109,613
Cash, end of period	**$ 12,462**	$ 96,385

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

SOPerior Fertilizer Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars) Unaudited

	Number of Voting Shares	Share Capital (Note 10)	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2022	**267,607,599**	**$ 42,710,869**	**$ 12,708,662**	**$ (58,540,127)**	**$ (1,947,724)**	**$ (5,068,320)**
Share-based compensation (note 10(c))	-	-	300,300	-	-	300,300
Effect of foreign currency translation	-	-	-	-	839,682	839,682
Net loss for the period	-	-	-	(1,726,447)	-	(1,726,447)
Balance, June 30, 2023	**267,607,599**	**$ 42,710,869**	**$ 13,008,962**	**$ (60,266,574)**	**$ (1,108,042)**	**$ (5,654,785)**
Balance, December 31, 2023	**267,607,599**	**$ 42,710,869**	**$ 13,008,962**	**$ (61,635,040)**	**$ (1,067,425)**	**$ (6,982,634)**
Effect of foreign currency translation	-	-	-	-	(1,277,475)	(1,277,475)
Net income for the period	-	-	-	644,825	-	644,825
Balance, June 30, 2024	**267,607,599**	**$ 42,710,869**	**$ 13,008,962**	**$ (60,990,215)**	**$ (2,344,900)**	**$ (7,615,284)**

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

1. Nature of operations and going concern

SOPerior Fertilizer Corp. (the "Corporation" or "SOPerior") is a corporation operating under the Ontario Business Corporation Act. Its registered office is located in Toronto, Canada at 82 Richmond Street East, Suite 200, Toronto, Ontario, M5C 1P1. On June 6, 2018, at the Corporation's Annual General Meeting, the shareholders approved a special resolution to authorize an amendment to the articles of the Corporation to change the name of the Corporation from 'Potash Ridge Corporation' to 'SOPerior Fertilizer Corp.' The common shares were listed on the Toronto Stock Exchange but on the close of February 19, 2021, delisted as it did not meet the minimum listing requirements and also did not meet the requirements of a TSX Venture Exchange (the "TSXV") Tier 2 company. On February 22, 2021, the Corporation's common shares began trading on the NEX Board ("NEX") of the TSXV under the symbol "SOP.H".

The principal activity of the Corporation is to develop projects focused on the production of sulphate of potash ("SOP"). The development of the Blawn Mountain Project ("Blawn") in Utah involves the exploration, development and production of mineral resources and is currently focused on the exploration of alunite in order to produce SOP, co-product sulphuric acid and alumina.

The Corporation is an exploration and development stage entity and has not yet achieved profitable operations. The Corporation is subject to risks and challenges similar to companies in a comparable stage of development. These risks include, but are not limited to, the challenges of securing adequate capital to fund its activities, operational risks inherent in the mining and fertilizer industries, and global economic and commodity price volatility. The underlying value of Blawn, as well as, the recoverability of the related capitalized costs are entirely dependent on the Corporation's ability to successfully develop Blawn by, among other things, securing necessary permits, obtaining the required financing to complete the development and construction, and upon future profitable production from, or the proceeds from the disposition of its mineral properties or projects.

The Corporation has a comprehensive loss for the six months ended June 30, 2024 of $632,650 (June 30, 2023 - $886,765), and has reported an accumulated deficit of $60,990,215 as at June 30, 2024 (December 31, 2023 - $61,635,040). The Corporation's sole source of funding has predominantly been the issuance of equity securities and debt for cash. As at June 30, 2024, the Corporation had $12,462 in cash (December 31, 2023 - $64,926) to settle current liabilities of $6,104,744 (December 31, 2023 - $5,570,726) excluding consideration payable that does not embody a cash obligation. The Corporation intends to use its existing cash resources prudently on essential non-discretionary general corporate and operating expenditures. Although the Corporation has been successful in its past fundraising activities, there is no assurance as to the success of future fundraising efforts or as to the sufficiency of funds raised in future fundraisings.

These circumstances, along with other risks relevant to exploration companies, such as continuing losses and cash outflows from operations, result in material uncertainty which may cast significant doubt as to the ability of the Corporation to settle current obligations and meet commitments as they become due and, accordingly, the appropriateness ultimately of the use of the accounting principles applicable to a going concern.

These unaudited condensed interim consolidated financial statements have been prepared under the assumption that the Corporation will continue as a going concern. The going concern basis of presentation assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future. Different bases of measurement may be appropriate when a company is not expected to continue operations for the foreseeable future.

These unaudited condensed interim consolidated financial statements do not give effect to adjustments to the carrying values of assets, liabilities and the reported expenses and classifications that would be necessary should the Corporation be unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

(Expressed in Canadian Dollars Except As Otherwise Indicated) Unaudited

2. Material accounting policies

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 "Interim Financial Reporting". These unaudited condensed interim consolidated financial statements should be read in conjunction with the Corporation's annual financial statements for the year ended December 31, 2023 and were prepared using the same accounting policies, method of computation and presentation as were applied in the annual financial statements for the year ended December 31, 2023. These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on August 19, 2024.

The financial information included herein reflects all adjustments, consisting only of normal recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the six months ended June 30, 2024 are not necessarily indicative of the results to be expected for the full year. Seasonality is not considered to have a significant impact over the condensed interim consolidated financial statements.

3. Cash

As at June 30, 2024 and December 31, 2023, cash was primarily held in interest-bearing deposits.

	As at June 30, 2024	As at December 31, 2023
Canadian dollar denominated current accounts	**$ 7,347**	$ 59,674
US dollar denominated current accounts	**5,115**	5,252
	$ 12,462	$ 64,926

4. Restricted cash equivalents

The Corporation has set aside $91,597 (December 31, 2023 - $76,139) comprising reclamation surety bonds and collateral requirements. The funds relating to the reclamation surety bonds are to be released upon the Corporation meeting all of its commitments to SITLA relating to its Blawn Mountain on-site project activities and have therefore been classified as current assets on the consolidated statements of financial position according to management's estimated timing of completing such commitments.

5. Mineral property expenditures

The Corporation's Blawn Project in Utah involves the exploration, development and production of mineral resources and is currently focused on the exploration of alunite in order to produce SOP, co-product sulphuric acid, and potentially, alumina. Blawn comprises 23.5 sections of land owned by the State of Utah, acting by and through the School and Institutional Trust Lands Administration ("SITLA"), and covers approximately 15,404 acres (6,233 hectares) of land located in Beaver County, Utah.

As at June 30, 2024, the Corporation recorded the Blawn Project at $nil (December 31, 2023 - $nil) due to uncertainty of the Corporation's ability to raise sufficient funds to meet its current obligations and to fund the further development of the Blawn Project. Expenditures on the Blawn Project are expensed due to the uncertainty of recoverability.

5. Mineral property expenditures (continued)

On December 1, 2021, the Corporation entered into a Letter of Intent and Exclusivity Agreement ("LOI and Exclusivity Agreement") with a counterparty with respect to a Joint Venture Agreement ("JV Agreement") for the development of the Blawn Project. The LOI and Exclusivity Agreement was subsequently amended on January 12, 2022. In order to secure exclusivity before the JV Agreement is executed, the following payment schedule was agreed to:

- A US$200,000 exclusivity payment paid with the execution of the JV Agreement, to occur on or before January 17, 2022.
  1. A payment directly to Lind (note 8) for US$150,000 on or before January 12, 2022 (received)
  2. A payment directly to SOPerior for US$50,000 on or before January 17, 2022 (received)

- The total Joint Venture payments ("JV Total Payments") are US$4,700,000. The US$200,000 exclusivity payment will be applied against the JV Total Payments.

- If the JV Total Payments is not made in full prior to February 28, 2022, The counterparty will advance funds to SOPerior for its payment of SITLA lease fees due on April 1, 2022 (received).

- If execution of the JV Agreement extends beyond January 15, 2022, exclusivity will be extended on a quarterly basis with the payment of US$75,000 per quarter ("Extension Payments"). The Extension Payments will be payable on January 31, 2022 and April 1, 2022 (received).

- If the JV Payment is not made in full as per the JV Agreement, the exclusivity period will expire on June 30, 2022.

- The exclusivity payments, SITLA lease fees payment, and Extension Payments are non-refundable but are convertible to SOPerior Fertilizer Corp.'s common stock if the transaction does not proceed. The SITLA lease fees and Extension Payments do not apply towards the Final JV Payment.

In October 2022, the Corporation extended the Exclusivity Agreement beyond the initial term which expired on June 30, 2022 for payment of US$250,000. Of these funds from the counterparty, US$215,000 was applied to the debt outstanding to Lind and considered to be part of the exclusivity payments and US$35,000 was paid to the Corporation as an Extension Payment. All legal costs, financing fees, interest charges or penalties incurred from Lind from June 30, 2022 onwards have agreed to be the sole responsibility of the counterparty and do not count towards the Final JV Payment.

During the year ended December 31, 2022, exclusivity payments of $544,487 (US$415,000), and exclusivity Extension Payments of $237,510 (US$185,000) were received by the Corporation. In addition, the counterparty paid SITLA lease fees of $133,950 (US$103,950) under the terms of the Blawn Mountain Mining Lease (note 7).

During the year ended December 31, 2023, the counterparty paid $331,000 (US$250,000) directly to Lind to reduce the loan balance outstanding (note 8) and an exclusivity Extension Payment of $136,100 (US$100,000) was received by the Corporation. In addition, the SITLA 2023 lease payment of $155,209 (US$115,500) and surety bond adjustments of $16,924 (US$12,280) were paid by the JV counterparty (note 7).

As all exclusivity payments, SITLA lease fee payments and Extension Payments are non-refundable but are convertible to common stock of the Corporation if the transaction does not proceed, a liability has been recognized as consideration payable in the statements of financial position as at June 30, 2024 for amounts totaling $1,617,434 (US$1,181,730) in connection with the future obligation.

The counterparty did not make any payments during the six months ended June 30, 2024.

(Expressed in Canadian Dollars Except As Otherwise Indicated) Unaudited

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are comprised of the following:

	As at June 30, 2024	As at December 31, 2023
Accounts payable	**$ 87,394**	$ 71,528
Accrued liabilities	**2,587,616**	2,383,373
	$ 2,675,010	$ 2,454,901

7. Other current liabilities

On March 24, 2014, the Corporation exercised the Lease Option in the Exploration and Option Agreement to commence the Blawn Mountain Mining Lease (the "Mining Lease"). The Mining Lease is granted for a primary term of 10 years, which shall be extended if: a) Blawn is in production or b) if the Corporation is engaged in diligent operations, exploration or development activity and making a substantial investment in Blawn.

The Corporation made an initial payment to SITLA of US$200,000 and entered into an arrangement whereby it would make further payments, as follows:

i)	March 31, 2015	US$164,000
ii)	August 31, 2015	US$164,000
iii)	March 31, 2016	US$164,000
iv)	August 31, 2016	US$164,000
v)	March 31, 2017	US$164,000

If and when production begins at Blawn, the Corporation must pay SITLA a production royalty of 5% of the gross value of potash and clay minerals and 4% of the gross value for metalliferous minerals mined thereon.

The Corporation classified the Mining Lease as "other financial liabilities" and recorded it at fair value on initial recognition. The Corporation agreed to pay a finance charge of 5.75% per annum on the outstanding balance during this three year period. Also under the terms of the Mining Lease, a minimum annual royalty payment of US$46,200 and an annual rental payment of US$11,500 is due to SITLA. The first annual royalty and rental payments were made on March 24, 2014.

In June 2015, the Corporation entered into a modification of the Mining Lease Agreement with SITLA. The modification cured the event of default under the Mining Lease that occurred on March 31, 2015. Under the terms of the modification, SITLA agreed to forbear from exercising its rights and remedies resulting from SOPerior’s failure to make lease and minimum royalty payments to SITLA under the terms of the Mining Lease. Forbearance periods were granted by SITLA which covered the period from March 31, 2015 to June 30, 2017.

The Corporation was obligated to pay accrued and unpaid interest by March 31, 2016 or when it raised US$1.5 million in new funds for the development of Blawn, whichever arose first. Once the Corporation raises US$3.0 million or more of new funds for the development of Blawn, then all outstanding amounts currently due under the Mining Lease, plus accrued interest, would become due.

The Corporation paid interest to SITLA on unpaid lease and minimum royalty payments, which accrued annually at a rate of 6% to April 1, 2017 and 9.0% to June 30, 2017.

As of June 30, 2017, the Corporation paid SITLA all lease and royalty payments that were in arrears including accrued interest.

7. Other current liabilities (continued)

SOPerior was required to meet all other obligations under the terms of the Blawn Mountain Mining Lease, including the payment of an annual minimum royalty and rental.

Due date	Rental	Minimum Royalty
April 1, 2018	US$11,550 (paid)	US$46,200 (paid)
April 1, 2019	US$11,550 (paid)	US$57,750 (paid)
April 1, 2020	US$11,550 (paid)	US$69,300 (paid)
April 1, 2021	US$11,550 (paid)	US$80,850 (paid)
April 1, 2022	US$11,550 (paid)	US$92,400 (paid)
April 1, 2023	US$11,550 (paid)	US$103,950 (paid)

The Corporation, through its subsidiary Utah Alunite Corporation responded to an appeal by the Central Iron County Water Conservancy District of the Utah State Engineer's approval of the SITLA water right for Blawn, as well as pursuing an appeal of the Conservancy District's water right approval. All parties involved in water rights litigation in the Wah Wah Valley, including the Utah State Engineer, have reached a settlement to resolve all legal matters related to water rights in the Wah Wah Valley. The settlement has been finalized. The settlement secures 6,500 acre feet of water supply for the Blawn Mountain Project.

8. Convertible debt

On December 16, 2016, the Corporation announced a convertible security funding agreement (the "Lind Agreement") with Lind Asset Management VIII, LLC, managed by The Lind Partners, LLC, a New York-based institutional fund manager (together, "Lind") for the issue of convertible securities. The Lind Agreement provides for up to US$11,757,000 by way of two separate convertible securities. On January 4, 2017, the Corporation closed the first convertible security (the "First Tranche") of US$2,640,000, of which US$2,250,000 was received on December 28, 2016 and recorded as an advance payable as at December 31, 2016 and the remaining US$390,000 was received on January 4, 2017. The First Tranche has a twenty-four month term from date of issuance, and interest is prepaid and added to its principal amount; accordingly, the initial face value of the First Tranche is US$3,168,000, and yield of the First Tranche (if held, unconverted, to maturity) will be 10% per annum, or $528,000. Lind has the option to increase the First Tranche by up to US$871,200 at any time. In addition, the Corporation paid a US$132,000 closing fee to Lind, of which US$97,967 was expensed, and granted Lind 6,511,326 common share purchase warrants ("Lind Warrants") with each Lind Warrant entitling Lind to purchase one additional Common Share at a price of $0.50 per Common Share for a five year period.

The First Tranche is convertible into common shares at a conversion price equal to 85% of the volume weighted average trading price of the common shares (In Canadian dollars) for the five consecutive trading days immediately prior to the date on which Lind provides the Corporation with notice of its intention to convert an amount of the First Tranche. The First Tranche was completed under private placement rules of the TSX with a four-month plus one day hold period. The Corporation has the right to buy-back the First Tranche at any time for a 5% premium, or for no premium during the first six months following the closing.

The First Tranche is subject to customary events of default, which if they occur, make the First Tranche immediately payable. The loan agreement sets out maximum conversion amounts per month, however certain events enabled Lind to accelerate the conversion of the loan. These events include the Corporation's cash balance dropping below $1,000,000 or its market capitalization falling below $25,000,000. Since December 31, 2017, the Corporation's market capitalization has provided Lind with the opportunity to accelerate the conversion of the loan. As of early 2018, due to conversion limits, additional conversions were not available to Lind without regulatory and shareholder approval. These approvals were not pursued.

Under the terms of the funding agreement, Lind has a general security over all the assets of the Corporation.

Subject to certain conditions, the Lind Agreement also provides for the issuance of a second convertible security on mutual agreement of the Corporation and Lind, in which Lind may fund up to another US$6,200,000. Lind may also increase the funding under the second convertible security by up to US$2,046,000.

8. Convertible debt (continued)

The conversion feature of the First Tranche meets the definition of a derivative liability instrument because the conversion rate is variable and therefore does not meet the "fixed-for-fixed" criteria outlined under IFRS. As a result, the conversion feature of the First Tranche is required to be recorded as a derivative liability recorded at fair value and marked-to-market each period with the changes in fair value each period being charged or credited to income.

The First Tranche was separated into a convertible debt component and a derivative liability, both of which were initially recorded at fair value. The convertible debt is classified as measured at amortized cost using the effective interest method. The effective interest rate of the debt was approximately 86%. The warrants issued to Lind are considered equity and have been assigned a nil value using the residual method after valuing the debt and derivative components

Lind converted a total of US$2,100,000 of the debt and received 25,044,361 common shares.

In January 2019, the Corporation negotiated a termination agreement and mutual release for the Lind debt repayment. Pursuant to the agreement, the Corporation would pay US$1,165,000 by March 1, 2019. As consideration, the Corporation issued 3,475,979 common shares valued at US$100,000 (CAD$135,563), cancelled 6,511,326 existing warrants exercisable at $0.50 per share and issued 5,000,000 new warrants exercisable at $0.06 per share for 36 months. These 5,000,000 new warrants were assigned a fair value of $137,500 using a Black-Scholes option pricing valuation model with the following weighted average assumptions: share price - $0.045; risk-free rate – 1.89%; volatility – 108%; expected life – 3 years, and resulted in a weighted average value of $0.0275 per warrant.

In March 2019, an amendment to the January 2019 agreement was executed. Pursuant to the terms of the amended extension agreement, the repayment date for the debt of US$1,165,000 was June 30, 2019. As consideration for the amended extension, the Corporation issued 2,412,050 common shares valued at US$100,000 (CAD$139,899) and 5,000,000 warrants exercisable at $0.07 per share for 36 months. These 5,000,000 new warrants were assigned a fair value of $164,000 using a Black-Scholes option pricing valuation model with the following weighted average assumptions: share price - $0.055; risk-free rate – 1.49%; volatility – 104%; expected life – 3 years, and resulted in a weighted average value of $0.0328 per warrant. On June 30, 2019, an additional US$100,000 payment was required as the Corporation was unable to repay the debt.

On July 29, 2019, the Corporation and Lind, entered into a second amending agreement (the "Amending Agreement") to the termination agreement previously executed in January 2019 and March 2019 (the "Termination Agreement"). The purpose of the Amending Agreement was to conclude the Corporation's convertible note funding with Lind by extending the effective date of the Termination Agreement to January 31, 2020. The terms of the Termination Agreement (as Amended) were follows:

- The Corporation's obligation to make a one-time payment (the "Release Payment") to Lind of US$1,265,000 was extended from June 30, 2019 to January 31, 2020. The Release Payment would increase by US$25,000 for each month that the Release Payment was not made following June 30, 2019;

- On the date of the Amending Agreement, the Corporation would issue to Lind: (i) 8,000,000 common shares at a price per common share of $0.05 CAD; and (ii) warrants to purchase 8,000,000 common shares of the Corporation at exercise price of $0.07 CAD per share for a period of 36 months from the date of issuance. These warrants were assigned a fair value of $236,800 using a Black-Scholes option pricing valuation model with the following weighted average assumptions: share price - $0.05; risk-free rate – 1.42%; volatility – 107%; expected life – 3 years, and resulted in a weighted average value of $0.0296 per warrant;

- If, within the six months following the Amending Agreement, the Corporation completed an equity financing meeting certain conditions, the Corporation would issue to Lind such number of warrants of the Corporation equal to half of the quotient of the gross proceeds raised in the financing divided by the share price of the securities issued in the financing (the "Offering Price"), exercisable for a period of 60 months from the date of closing of the financing at a price per share equal to the Offering Price; and

8. Convertible debt (continued)

- All other terms of the Termination Agreement, as previously amended, remained unchanged.

The Corporation was unable to repay the debt on January 31, 2020. Negotiations with Lind were on-going. Effective August 1, 2020, the Release Payment was increased by US$25,000 for each month that the payment is not made.

On December 17, 2021, the Corporation and Lind entered into an amending and forebearance agreement, the terms of which are as follows:

- The term of the loan was changed to the earlier of (i) July 1, 2022, and (ii) the date that the Corporation notifies Lind in good faith that its negotiations under a LOI and Exclusivity Agreement have ceased.
- Lind agrees that from the date of this LOI and Exclusivity Agreement until April 1, 2022 that no interest shall accrue, be paid, or become payable, on the outstanding loan and all such interest payments are hereby waived by Lind until April 1, 2022. Interest on the outstanding amount shall recommence in accordance with the Lind Agreement as and from April 1, 2022.
- SOPerior agrees that immediately upon receipt of the exclusivity payment, and not later than two (2) calendar days thereafter, SOPerior will pay to Lind US$150,000 in cash (paid).
- SOPerior agrees to pay costs and expenses that Lind has occurred (including the cost of its legal counsel) since default that occurred on February 1, 2020 within five (5) days of notification by Lind of amounts owing, provided that this amount shall be capped at US$20,000.

The loan balance outstanding was not repaid by July 1, 2022.

In October 2022, the Corporation received US$250,000 to extend the Exclusivity Agreement beyond the initial term which expired on June 30, 2022. Of these funds from the counterparty, US$215,000 was paid directly to Lind by the counterparty and applied against the outstanding debt and US$35,000 was paid to the Corporation.

In May 2023, the counterparty paid US$250,000 directly to Lind to reduce the loan balance outstanding.

On June 29, 2023, the Corporation received a notice of default from Lind. Lind's default notice requested that the Corporation pay the principal and interest due and outstanding by July 10, 2023 after which time Lind would have the right to take all actions and remedies provided for in the security instruments which include foreclosing on its lien of the property and assets of the Corporation. The default notice identified the balance outstanding as US$2,205,833. The default was not remedied by July 10, 2023, however the Corporation is still in discussions with Lind. The Corporation has no present ability to satisfy the principal and interest due and outstanding, and there is no guarantee that the JV partner will be able to remedy the default notice. The Corporation has recorded an addition to the debt of US$615,000 which is included in finance costs in the consolidated statements of income (loss) and comprehensive (loss) for the year ended December 31, 2023.

The counterparty made payments of US$615,000 directly to Lind on the Corporation's behalf to date.

As at June 30, 2024, the principal loan outstanding was US$2,505,833 (CAD$3,429,734), (December 31, 2023 - US$2,355,833 (CAD - $3,115,825)).

(Expressed in Canadian Dollars Except As Otherwise Indicated) Unaudited

8. Convertible debt (continued)

The following table discloses the components associated with this transaction on the closing date:

	US$	CAD
Face value of convertible security	$ 2,640,000	$ 3,510,144
Less derivative component	(1,959,339)	(2,605,138)
Convertible security opening balance	$ 680,661	$ 905,006

The changes in the convertible security are as follows:

Convertible security	US$	CAD
Opening balance	$ 680,661	$ 905,006
Cost of issue	(34,033)	(45,250)
Conversion	(733,114)	(938,239)
Accretion	591,928	767,789
Foreign exchange adjustment	-	(53,816)
Balance - December 31, 2017	505,442	635,490
Conversion	(25,684)	(32,649)
Accretion	578,308	756,084
Foreign exchange adjustment	-	84,489
Balance - December 31, 2018	1,058,066	1,443,414
Additional debt	347,000	455,392
Accretion	9,934	13,470
Foreign exchange adjustment	-	(74,474)
Balance - December 31, 2019	1,415,000	1,837,802
Additional debt	150,000	203,117
Foreign exchange adjustment	-	(48,361)
Balance - December 31, 2020	1,565,000	1,992,558
Additional debt	265,833	323,317
Foreign exchange adjustment	-	5,256
Balance - December 31, 2021	1,830,833	2,321,131
Repayment of debt	(365,000)	(482,068)
Additional debt	225,000	301,027
Foreign exchange adjustment	-	149,975
Balance - December 31, 2022	1,690,833	2,290,065
Repayment of debt	(250,000)	(331,000)
Additional debt	915,000	1,214,791
Foreign exchange adjustment	-	(58,031)
Balance - December 31, 2023	2,355,833	3,115,825
Additional debt	150,000	204,278
Foreign exchange adjustment	-	109,631
Balance - June 30, 2024	$ 2,505,833	$ 3,429,734

(Expressed in Canadian Dollars Except As Otherwise Indicated) Unaudited

9. Related party transactions

The Corporation's related parties as defined by IAS 24 "Related Party Disclosures", include the Corporation's subsidiaries, executive and non-executive directors, senior officers and entities controlled or jointly controlled by the Corporation's directors or senior officers.

Key management compensation expense incurred by the Corporation including its subsidiaries is summarized in the table below:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Compensation and fees (included in general and administrative expenses)	**$ 100,000**	$ 100,000	**$ 200,000**	$ 200,000
Share-based compensation	**-**	-	**-**	300,300
	$ 100,000	$ 100,000	**$ 200,000**	$ 500,300

As at June 30, 2024, an amount of $1,962,567 (December 31, 2023 - $1,763,067) was included in accounts payable and accrued liabilities which were due to officers and directors of the Corporation.

10. Issued capital

(a) Common shares

The Corporation's authorized capital stock includes an unlimited number of common shares (issued - 267,607,599 common shares) having no par value.

(b) Purchase share warrants

Outstanding purchase share warrants as at June 30, 2024 and December 31, 2023 are as follows:

	Number of purchase share warrants	Weighted average exercise price per share
Balance, December 31, 2022 and June 30, 2023	**17,645,250**	**$ 0.10**
Balance, December 31, 2023	**17,645,250**	**$ 0.10**
Expired	(17,645,250)	0.10
Balance, June 30, 2024	**-**	**$ -**

There were no purchase share warrants outstanding as at June 30, 2024.

(Expressed in Canadian Dollars Except As Otherwise Indicated) Unaudited

10. Issued capital (continued)

(c) Stock options

The Corporation maintains a stock option plan under which the Board of Directors, or a committee appointed for such purpose, may from time to time grant to employees, officers, directors, or consultants of the Corporation, options to acquire common shares in such numbers, for such terms and at such exercise prices, as may be determined by the Board of Directors or such committee (the "Plan”). The stock option plan provides that the total number of common shares that may be reserved for issuance for all purposes under the stock option plan cannot be more than 10% of the outstanding common shares at the time of any grant of stock options. The terms of the options, including when they vest, are determined by the Board of Directors as they are granted.

During the six months ended June 30, 2023, the Corporation granted 7,700,000 stock options to directors and officers at a weighted average exercise price of $0.05 with an expiry date of March 22, 2033. All stock options vested immediately. These 7,700,000 stock options were assigned a fair value of $300,300 using a Black-Scholes option pricing valuation model with the following weighted average assumptions: share price - $0.04; risk-free rate – 2.70%; volatility – 149%; expected life – 10 years, expected dividend yield - 0%, forfeiture rate - 0% and resulted in a weighted average value of $0.039 per stock option.

During the six months ended June 30, 2024, an expense of $nil (six months ended June 30, 2023 - $300,300) related to stock options has been included in the consolidated statements of loss and comprehensive loss.

Stock options to purchase common shares that have been granted in accordance with the Plan are as follows:

	Number of stock options		Weighted average exercise price per share
Balance, December 31, 2022	**18,985,934**	**$**	**0.07**
Options granted	7,700,000		0.05
Balance, June 30, 2023	**26,685,934**	**$**	**0.06**
Balance, December 31, 2023 and June 30, 2024	**26,685,934**	**$**	**0.06**

Stock options to purchase common shares at June 30, 2024 carry exercise prices and weighted average lives to maturity are as follows:

Number of stock options outstanding	Number of stock options vested and exercisable	Exercisable price ($)	Expiry date	Weighted average remaining actual life (years)
300,000	300,000	0.04	November 27, 2025	1.41
750,000	750,000	0.19	July 13, 2027	3.04
4,750,000	4,750,000	0.10	October 13, 2027	3.29
1,000,000	1,000,000	0.145	January 22, 2028	3.56
6,000,000	6,000,000	0.05	March 8, 2029	4.69
4,935,934	4,935,934	0.035	August 28, 2030	6.16
1,250,000	1,250,000	0.035	October 20, 2031	7.31
7,700,000	7,700,000	0.05	March 22, 2033	8.73
26,685,934	26,685,934	0.06		5.88

(Expressed in Canadian Dollars Except As Otherwise Indicated) Unaudited

10. Issued capital (continued)

(d) Outstanding purchase share warrants and stock options

The following table sets out the maximum number common shares that would be outstanding if all of the purchase share warrants and stock options, as at June 30, 2024 and December 31, 2023, respectively, were exercised:

	As at June 30, 2024	As at December 31, 2023
Common shares outstanding	267,607,599	267,607,599
Purchase share warrants	-	17,645,250
Stock options	26,685,934	26,685,934
	294,293,533	311,938,783

11. Net income (loss) per share

Basic and diluted loss per share has been calculated as follows:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Numerator:				
Net income (loss) for the period	**$ 88,482**	$ (1,154,769)	**$ 644,825**	$ (1,726,447)
Denominator:				
Weighted average number of shares outstanding - basic	**267,607,599**	267,607,599	**267,607,599**	267,607,599
Weighted average number of shares outstanding - diluted	**267,607,599**	267,607,599	**267,607,599**	267,607,599
Net income (loss) per share				
Basic	**$ 0.00**	$ 0.00	**$ 0.00**	$ (0.01)
Diluted	**$ 0.00**	$ 0.00	**$ 0.00**	$ (0.01)

Diluted loss per share for the three and six months ended June 30, 2024 did not include the effect of 26,685,934 stock options as they are anti-dilutive.

12. Subsequent event

The Corporation's existing 10-year Other Business Arrangement ("OBA") with the SITLA for the Blawn Mountain mineral leases expired on April 1, 2024. SOPerior in conjunction with its proposed JV counterparty is engaged in ongoing dialogue with SITLA regarding the renewal.

Due to various inquiries regarding the leases, SITLA has posted a Request for Proposals for the Blawn Mountain Leases with a September 1, 2024 deadline for submissions.

The Company is of the opinion that its submission, which will contain financial and commercial development commitment disclosures from its proposed JV counterparty, will be the preferred proposal for SITLA as it is the fastest track to a sizeable commercial mining operation generating significant royalty income for SITLA.