

SUPERIOR MINING INTERNATIONAL CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

APRIL 30, 2008

SUPERIOR MINING INTERNATIONAL CORPORATION

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited consolidated financial statements for the nine month period ended April 30, 2008.

SUPERIOR MINING INTERNATIONAL CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

| | April 30, 2008 | July 31, 2007 |
|------------------------------------|-------------------|-------------------|
| ASSETS | | |
| Current | | |
| Cash and cash equivalents | \$ 2,082,306 | \$ 273,224 |
| Receivables | 12,779 | 2,399 |
| Prepaid expenses | <u>-</u> | <u>5,402</u> |
| | 2,095,085 | 281,025 |
| Mineral properties (Note 4) | 454,107 | 236,054 |
| Equipment (Note 5) | 11,542 | - |
| Loan receivable (Note 6) | 90,000 | 90,000 |
| Investments (Note 7) | <u>9,755,321</u> | <u>22,667,314</u> |
| | \$ 12,406,055 | \$ 23,274,393 |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|--------------------------------------------|--------------------|-------------------|
| Current | | |
| Accounts payable and accrued liabilities | \$ 40,127 | \$ 49,170 |
| Loan payable (Note 12) | <u>708,000</u> | <u>-</u> |
| | 748,127 | 49,170 |
| Future income tax payable (Note 13) | <u>2,245,974</u> | <u>2,590,674</u> |
| | <u>2,994,101</u> | <u>2,639,844</u> |
| Shareholders' equity | | |
| Capital stock (Note 8) | 15,000,493 | 13,150,271 |
| Contributed surplus (Note 8) | 1,760,717 | 1,262,173 |
| Retained earnings (deficit) | <u>(7,349,256)</u> | <u>6,222,105</u> |
| | <u>9,411,954</u> | <u>20,634,549</u> |
| | \$ 12,406,055 | \$ 23,274,393 |

Nature and continuance of operations (Note 1)

On behalf of the Board:

"John Proust" Director _____
"Cyrus Driver" Director

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

SUPERIOR MINING INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited)

| | Three Months Ended April 30, 2008 | Three Months Ended April 30, 2007 | Nine Months Ended April 30, 2008 | Nine Months Ended April 30, 2007 |
|-------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|-------------------------------------------|-------------------------------------------|
| REVENUE | \$ - | \$ - | \$ - | \$ 665,830 |
| DIRECT COSTS | | | | |
| Operating expenses | - | - | - | (543,720) |
| Depreciation and amortization | - | - | - | (6,376) |
| | - | - | - | 115,734 |
| EXPENSES | | | | |
| Administration | 4,385 | - | 12,268 | 788 |
| Amortization | 487 | - | 487 | - |
| Bank charges and interest | 10,485 | 258 | 15,268 | 1,958 |
| Consulting | 44,580 | 7,041 | 195,224 | 139,902 |
| Filing and transfer agent fees | 7,345 | 6,771 | 22,152 | 12,690 |
| Foreign exchange | (62,483) | 38,909 | (263,483) | 88,431 |
| Management fees | 24,000 | 72,277 | 72,000 | 110,297 |
| Office, telephone and printing | 5,956 | 9,716 | 23,494 | 61,831 |
| Professional fees | 5,345 | 70,675 | 183,893 | 287,414 |
| Property investigation | 30,413 | 28,569 | 33,075 | 46,692 |
| Salaries | - | 43 | - | 6,019 |
| Stock-based compensation (Note 8) | 148,250 | - | 458,228 | - |
| Travel | 2,080 | 1,295 | 3,490 | 97,840 |
| | (220,843) | (235,554) | (756,096) | (853,862) |
| Loss before other items | (220,843) | (235,554) | (756,096) | (738,128) |
| OTHER ITEMS | | | | |
| Interest income | 18,291 | 8,556 | 28,735 | 48,471 |
| Unrealized loss on investment (Note 7) | (2,547,149) | - | (12,194,129) | - |
| Gain on sale of assets | - | 18,883,630 | - | 18,883,630 |
| | (2,528,858) | 18,892,186 | (12,165,394) | 18,932,101 |
| Income (loss) and comprehensive income (loss) for the period before income tax | (2,749,701) | 18,656,632 | (12,921,490) | 18,193,973 |
| Income tax | (5,293) | - | (5,293) | - |
| Future income tax (provision) recovery | 73,286 | (1,296,000) | 73,286 | (1,296,000) |
| Income (loss) and comprehensive income (loss) for the period | (2,681,708) | 17,360,632 | (12,853,497) | 16,897,973 |
| Retained earnings (deficit), beginning of period | (4,667,548) | (10,130,513) | 6,222,105 | (9,667,854) |
| Impact from accounting changes relating to financial instruments (Note 2) | - | - | (717,864) | - |
| Deficit, end of period | \$ (7,349,256) | \$ (7,230,119) | \$ (7,349,256) | \$ (7,230,119) |
| Basic and diluted income (loss) per common share | \$ (0.07) | \$ 0.57 | \$ (0.39) | \$ 0.55 |
| Weighted average number of common shares outstanding | 35,657,328 | 30,587,994 | 32,836,316 | 30,587,994 |

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

SUPERIOR MINING INTERNATIONAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

| | Three Months Ended April 30, 2008 | Three Months Ended April 30, 2007 | Nine Months Ended April 30, 2008 | Nine Months Ended April 30, 2007 |
|--------------------------------------------------------------|--------------------------------------------|--------------------------------------------|-------------------------------------------|-------------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Income (loss) and comprehensive income (loss) for the period | \$ (2,681,708) | \$ 17,360,632 | \$ (12,853,497) | \$ 16,897,973 |
| Items not affecting cash | | | | |
| Foreign exchange | (64,138) | 35,556 | (271,414) | (63,195) |
| Gain on sale of assets | - | (18,883,630) | - | (18,883,630) |
| Unrealized loss on investment | 2,547,149 | - | 12,194,129 | - |
| Amortization | 487 | - | 487 | 6,376 |
| Stock-based compensation | 148,250 | - | 458,228 | - |
| Future income tax provision (recovery) | (73,286) | 1,296,000 | (73,286) | 1,296,000 |
| Net change in non-cash working capital | <u>(13,612)</u> | <u>145,953</u> | <u>(23,305)</u> | <u>22,488</u> |
| Net cash used in operating activities | <u>(136,858)</u> | <u>(45,489)</u> | <u>(568,658)</u> | <u>(723,988)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Mineral properties and deferred exploration costs | (137,793) | - | (137,793) | (36,744) |
| Reclamation bond refunded | - | - | - | 9,323 |
| Advances from joint venture partner | - | 6,364 | - | 25,073 |
| Acquisition of investment | - | - | - | (94,501) |
| Acquisition of capital assets | <u>(13,005)</u> | <u>-</u> | <u>(13,005)</u> | <u>-</u> |
| Net cash provided by (used in) investing activities | <u>(150,798)</u> | <u>6,364</u> | <u>(150,798)</u> | <u>(96,849)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Issuance of shares for cash | 48,000 | - | 1,968,000 | 550,000 |
| Share issue costs | (758) | - | (147,462) | - |
| Loan proceeds | <u>-</u> | <u>-</u> | <u>708,000</u> | <u>-</u> |
| Net cash provided by financing activities | <u>47,242</u> | <u>-</u> | <u>2,528,538</u> | <u>550,000</u> |
| Change in cash and cash equivalents for the period | (240,414) | (39,125) | 1,809,082 | (270,837) |
| Cash and cash equivalents, beginning of period | <u>2,322,720</u> | <u>1,427,245</u> | <u>273,224</u> | <u>1,658,957</u> |
| Cash and cash equivalents, end of period | \$ 2,082,306 | \$ 1,388,120 | \$ 2,082,306 | \$ 1,388,120 |
| Cash and cash equivalents consist of: | | | | |
| Cash on hand | \$ 1,279,797 | \$ 1,122,394 | \$ 1,279,797 | \$ 1,122,394 |
| Term deposits | <u>802,509</u> | <u>265,726</u> | <u>802,509</u> | <u>265,726</u> |
| | \$ 2,082,306 | \$ 1,388,120 | \$ 2,082,306 | \$ 1,388,120 |

Supplemental disclosure with respect to cash flows (Note 9)

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

SUPERIOR MINING INTERNATIONAL CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
APRIL 30, 2008

1. NATURE AND CONTINUANCE OF OPERATIONS

Superior Mining International Corporation (the "Company") is a Canadian company incorporated in the Yukon Territory. The Company is primarily engaged in the acquisition, exploration and development of mineral properties.

The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a "going concern" is dependent upon achieving profitable operations and upon obtaining additional financing. The outcome of these matters cannot be predicted at this time. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

| | April 30, 2008 | July 31, 2007 |
|-----------------------------|-------------------|------------------|
| Working capital | \$ 1,346,958 | \$ 231,855 |
| Retained earnings (deficit) | (7,349,256) | 6,222,105 |

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements contained herein include the accounts of the Company and its subsidiaries (the "Company").

The interim period consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements except as discussed below. Certain information and footnote disclosure normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited consolidated financial statements and the accompanying notes included in the Company's latest annual report. In the opinion of the Company, its unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

Certain reclassifications have been made to the prior period financial statements to conform to the current period presentation.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

New accounting policies

Financial instruments

Effective August 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook Section 1530 "Comprehensive Income" ("Section 1530"), Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement" ("Section 3855"), Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". These new sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

As a result of the adoption of these new standards, the Company has classified its cash and cash equivalents and investments as held-for-trading. Receivables and loan receivable are classified as loans and receivables. Accounts payable and accrued liabilities and loan payable are classified as other financial liabilities, which are measured at amortized cost.

Section 3855 also provides guidance on accounting for transaction costs incurred upon the issuance of debt instruments or modification of a financial liability. Transaction costs are now deducted from the financial liability and are amortized using the effective interest method over the expected life of the related liability.

As a result of the application of Section 3855, the Company's retained earnings position as at August 1, 2007 was decreased by \$717,864 to reflect the fair value of investments.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

New accounting policies (cont'd...)

Accounting changes

Effective August 1, 2007, the Company adopted CICA Handbook Section 1506. The main features of this new standard are (a) voluntary changes in accounting policy are made only if they result in the financial statements providing reliable and more relevant information; (b) changes in accounting policy are applied retrospectively unless doing so is impracticable (as defined in the section); (c) prior period errors are corrected retrospectively; and (d) new disclosures are required in respect of changes in accounting policies, changes in accounting estimates and correction of errors.

Recent accounting pronouncements

Assessing going concern

The AcSB amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

Financial instruments

The AcSB issued CICA Handbook Section 3862, *Financial Instruments – Disclosures*, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3863, *Financial Instruments – Presentation*, and Section 3865, *Hedges*. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

The AcSB issued CICA Handbook Section 3863, *Financial Instruments – Presentation*, which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

Capital disclosures

The AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed. This section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007.

SUPERIOR MINING INTERNATIONAL CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
APRIL 30, 2008

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Recent accounting pronouncements (cont'd...)

Goodwill and intangible assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008.

International financial reporting standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. ACQUISITION OF MIDDLEVLEI GOLD & INVESTMENTS (PTY) LTD. (FORMERLY PAMODZI GOLD (PROPRIETARY) LIMITED)

During the year ended July 31, 2007, Pamodzi Gold (Pty) Ltd. ("Pamodzi Gold") changed its name to Middelvlei Gold & Investments (Pty) Ltd. ("MGI"), a joint venture, which owned 100% of Pamodzi Gold West Rand (Proprietary) Limited (formerly Impafa Resources (Pty) Ltd.) ("Impafa"), which holds the Middelvlei Mining assets (Note 4).

During the year ended July 31, 2006, the Company received final acceptance from the TSX Venture Exchange of its previously announced "Shareholders' Agreement" and "Subscription Agreement", dated June 3, 2005, as amended by the "Variation Agreement" dated July 21, 2005 (collectively, the "Shareholders' Agreement"), with each of Pamodzi Resources (Pty) Limited ("Pamodzi Resources") and MGI (formerly Pamodzi Gold), pursuant to which the Company acquired 50% of the issued and outstanding shares of MGI in consideration of advancing to MGI, by way of shareholder's loan, an aggregate of ZAR 15,816,040 (approx. Cdn. \$2,730,000) (the "Shareholder's Loan") plus interest of ZAR 858,341 (approx. Cdn. \$136,000). This transaction was accounted for as an asset purchase since MGI's only purpose is as a holding company for the Company's Middelvlei mining property (Note 4) summarized as follows. During the year ended July 31, 2007, pursuant to the second variation agreement the Company agreed to reduce its interest in MGI to 50% less one share and as a result Pamodzi Resources increased its interest in MGI to 50% plus one share.

SUPERIOR MINING INTERNATIONAL CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
APRIL 30, 2008

3. ACQUISITION OF MIDDLEVLEI GOLD & INVESTMENTS (PTY) LTD. (FORMERLY PAMODZI GOLD (PROPRIETARY) LIMITED) (cont'd...)

| | |
|-----------------------------------|---------------------|
| Net assets acquired: | |
| Cash | \$ 105,467 |
| Restricted cash | 36,163 |
| Non-cash working capital | (69,703) |
| Mineral property | 4,293,442 |
| Current portion of long-term debt | (99,888) |
| Long-term debt | (298,064) |
| Due to joint venture partner | (33,618) |
| Future income tax payable | (1,483,086) |
| Provision for reclamation | <u>(81,620)</u> |
| Cash paid (ZAR 14,393,030) | 2,369,093 |
| Less: Cash of Pamodzi Gold | <u>(105,467)</u> |
| Cash paid net of cash acquired | <u>\$ 2,263,626</u> |

At July 31, 2006, these balances were consolidated and operations and cash flows have been consolidated commencing August 1, 2006.

During December 2006, the Company, through MGI, sold its interest in Impafa to Pamodzi Gold Limited (formerly Bema SA Pty – listed on the Johannesburg Stock Exchange) in exchange for 7,210,000 shares valued at \$21,807,114 (Note 7).

4. MINERAL PROPERTIES

| April 30, 2008 | Bothaville Gold Project, South Africa | Ray Thomas Project, New Zealand | Placer Project, New Zealand | April 30, 2008 |
|--------------------------------------|---------------------------------------------|---------------------------------------|-----------------------------------|-------------------|
| Acquisition costs | | | | |
| Balance, beginning and end of period | \$ 170,000 | \$ - | \$ - | \$ 170,000 |
| Exploration expenditures | | | | |
| Balance, beginning of period | <u>66,054</u> | <u>-</u> | <u>-</u> | <u>66,054</u> |
| Geological and consulting | 6,015 | 21,100 | 102,568 | 129,683 |
| Legal and accounting | - | 8,525 | 29,364 | 37,889 |
| Office and miscellaneous | 3,877 | 5,772 | 5,369 | 15,018 |
| Travel and accommodations | 7,761 | 18,894 | 6,401 | 33,056 |
| Vehicle | - | 716 | 715 | 1,431 |
| Amortization (Note 5) | <u>-</u> | <u>488</u> | <u>488</u> | <u>976</u> |
| Total in period | <u>17,653</u> | <u>55,495</u> | <u>144,905</u> | <u>218,053</u> |
| | <u>83,707</u> | <u>55,495</u> | <u>144,905</u> | <u>284,107</u> |
| Balance, end of period | <u>\$ 253,707</u> | <u>\$ 55,495</u> | <u>\$ 144,905</u> | <u>\$ 454,107</u> |

SUPERIOR MINING INTERNATIONAL CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
APRIL 30, 2008

4. MINERAL PROPERTIES (cont'd...)

| July 31, 2007 | District of Namaqualand, South Africa | Bothaville Gold Project, South Africa | Middelvlei Property, South Africa | July 31, 2007 |
|-------------------------------------------------------------|---------------------------------------------|------------------------------------------------|-----------------------------------------|------------------|
| Acquisition costs | | | | |
| Balance, beginning of year | \$ 100 | \$ 170,000 | \$ 4,160,822 | \$ 4,330,922 |
| Costs incurred in the year | - | - | 8,605 | 8,605 |
| Written-off during the year | (100) | - | - | (100) |
| Disposal of property | - | - | (4,169,427) | (4,169,427) |
| Balance, end of year | - | 170,000 | - | 170,000 |
| Exploration expenditures | | | | |
| Balance, beginning of year | - | 65,337 | - | 65,337 |
| Geological and consulting | - | 717 | - | 717 |
| Balance, end of year | - | 66,054 | - | 66,054 |
| Mining equipment | | | | |
| Balance, beginning of year | - | - | 132,621 | 132,621 |
| Disposal of property | - | - | (132,621) | (132,621) |
| Balance, end of year before | - | - | - | - |
| Depreciation and amortization | - | 236,054 | - | 236,054 |
| Depreciation and amortization | - | - | (30,654) | (30,654) |
| Disposal of property | - | - | 30,654 | 30,654 |
| Balance, end of year after depreciation and amortization | \$ - | \$ 236,054 | \$ - | \$ 236,054 |

Ross Alluvial Goldfield, New Zealand

Placer gold project

During the period ended April 30, 2008, the Company entered into an option agreement to acquire a 100 percent ownership in certain mineral permits of a mineral property located near Ross Township, New Zealand through the purchase of all of the shares of Placer Gold Resources.

4. MINERAL PROPERTIES (cont'd...)

Ross Alluvial Goldfield, New Zealand (cont'd...)

Placer gold project (cont'd...)

The Company can acquire 100 percent ownership of Placer Gold Resources and its permits by managing all of the required exploration and development work on the mineral property within a 36 month option period. The Company will conduct a minimum of \$500,000 of exploration and development work on the property within the first two years of the option period. If the measured and indicated mineral resource, defined under a pre-feasibility report, contains a minimum of 300,000 ounces of gold on the property, the Company will pay \$3,000,000 and \$10 for each additional ounce of gold. If the ounces of gold on the property are less than 300,000 ounces, the Company will pay a purchase price based on a formula of \$10 for each ounce of gold.

Ray Thomas project

During the period ended April 30, 2008, the Company entered into an option agreement to acquire a 100 percent ownership in certain mineral permits, licences and applications to a mineral property located near Ross Township, New Zealand through the purchase of the shares of R & M Mining Limited.

The Company can acquire 100 percent ownership of R & M Mining Limited and its permits and any other further permits by completing a feasibility report within five years. If the measured and indicated mineral resource defined in the feasibility report contains a minimum of one million ounces of gold on the property, the Company will pay \$5,500,000 AUD (approximately \$5,350,000 CAD) and \$5.00 AUD (approximately \$4.86 CAD) for each additional ounce of gold. If the ounces of gold on the property are less than one million ounces, the Company will pay a purchase price based on a formula of \$5.50 AUD (approximately \$5.35 CAD) for each ounce of gold.

Bothaville gold project, South Africa

During the year ended July 31, 2003, the Company entered into a proposed acquisition agreement ("Acquisition Agreement") to purchase all of the issued capital of Celina Overseas Limited ("Celina"). Celina has an option to purchase all of the issued capital of Owl Eye Trading 71 (Pty) Ltd. ("Owl Eye") from Alepro Inc. ("Owl Eye Acquisition"). During the year ended July 31, 2005, in accordance with the terms of the Acquisition Agreement, the Company issued 340,000 common shares valued at \$170,000 to Alepro Inc. Thus, Celina has satisfied its obligations under the Owl Eye Acquisition. During the year ended July 31, 2006, all of the issued shares for Owl Eye were transferred from Celina directly to the Company. Owl Eye holds a prospecting permit in the Bothaville District, Free State, South Africa, as well as option agreements with holders of mineral and prospecting rights in adjoining areas.

Middlevlei joint venture property, South Africa

On July 31, 2006, the Company acquired a 50% interest in the Middlevlei property in South Africa through its acquisition of MGI. During the year ended July 31, 2007, MGI disposed of its interest in the Middlevlei mineral property to an arms length party in exchange for shares (Note 7).

SUPERIOR MINING INTERNATIONAL CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
APRIL 30, 2008

4. MINERAL PROPERTIES (cont'd...)

District of Namaqualand, South Africa

The Company is proposing to wind up and abandon all companies which have previously held diamond permits in Namaqualand, South Africa. During the year ended July 31, 2007, the Company wrote off the remaining \$100 to operations.

5. EQUIPMENT

| | April 30, 2008 | | | July 31, 2007 | | |
|---------|----------------|--------------------------|----------------|---------------|--------------------------|----------------|
| | Cost | Accumulated Amortization | Net Book Value | Cost | Accumulated Amortization | Net Book Value |
| Vehicle | \$ 13,005 | \$ 1,463 | \$ 11,542 | \$ - | \$ - | \$ - |

\$976 (2007 - \$Nil) of the amortization incurred during the period was allocated to the mineral property (Note 4). The remainder, \$487, was recorded on the income statement under operations.

6. LOAN RECEIVABLE

The loan receivable is due from an arms' length party. The loan is unsecured, non-interest bearing and has no fixed terms of repayment. Accordingly, the fair value cannot be readily determined.

7. INVESTMENTS

| | April 30, 2008 | July 31, 2007 |
|----------------------------------------|----------------|----------------|
| Shares in publicly traded company | \$ 8,895,121 | \$ 21,807,114 |
| Canadian Asset-Backed Commercial Paper | <u>860,200</u> | <u>860,200</u> |
| | \$ 9,755,321 | \$ 22,667,314 |

During the year ended July 31, 2007 the Company acquired 7,210,000 shares representing approximately a 17.575% interest in Pamodzi Gold Limited a public company quoted on the Johannesburg Stock Exchange. At August 1, 2007 the Company recognized a \$717,864 decrease to retained earnings to reflect the opening fair value. At April 30, 2008, the Company wrote-down the carrying value to equal the market value of ZAR 9.20 per share (\$8,895,121 CAD) resulting in an unrealized loss on investment of \$12,194,129 for the nine month period ending on that date.

SUPERIOR MINING INTERNATIONAL CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
APRIL 30, 2008

7. INVESTMENTS (cont'd...)

As at July 31, 2007 and April 30, 2008, the Company held an investment of \$860,200 consisting of Canadian Asset-Backed Commercial Paper ("ABCP"), net of a \$151,800 fair value adjustment. The ABCP investment matured on August 17, 2007, but was not repaid and remains outstanding.

On August 16, 2007 it was announced that the Montreal Group representing banks, asset-backed commercial paper providers and major investors had reached a standstill agreement to restructure the ABCP market.

On September 6, 2007, a Pan Canadian Committee ("the Committee") consisting of major investors was formed to restructure the affected ABCP trusts. On March 20, 2008 the committee released a detailed outline of the proposed restructuring plan. The proposed restructuring plan was approved by a majority of noteholders on April 25, 2008 and is subject to court approval. This restructuring is expected to replace the existing short-term investments with longer term notes with a maturity of 7 years, on average. These notes will be issued as Senior and Subordinated Notes and a margin facility will be in place to finance margin calls.

There is no active market for this type of investment; therefore, to determine the fair value, the Company used a probability weighted valuation technique considering the associated credit risk and the time value of money. Based on the limited available information the Company used the following assumptions in its valuation: the trust is a going concern, the Senior Notes will be AAA rated, and the Notes will be interest bearing. The credit risk interest premium was estimated by management and these estimates are not based on observable market prices or rates. The fair market value of this investment may be affected by changes in the assumptions. In addition, there is no certainty regarding the eventual recovery of this investment and consequently the timing and amount of any future cash flows may vary materially from current estimates.

Since the investment is no longer capable of reasonably prompt liquidation, the Company has reclassified this investment as long-term in other assets. This investment continues to be classified as held-for trading.

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS

| | Number of Shares | Share Amount | Contributed Surplus |
|---------------------------------------------------|---------------------|-----------------|------------------------|
| Authorized | | | |
| Unlimited common voting shares, without par value | | | |
| Issued | | | |
| Balance, July 31, 2006 and 2007 | 30,587,995 | \$ 13,150,271 | \$ 1,262,173 |
| Private placement | 4,920,000 | 1,968,000 | - |
| Shares to a consultant | 200,000 | 70,000 | - |
| Stock-based compensation | - | - | 458,228 |
| Share issuance costs | - | (147,462) | - |
| Fair value of agent warrants | - | (40,316) | 40,316 |
| Balance, April 30, 2008 | 35,707,995 | \$ 15,000,493 | \$ 1,760,717 |

SUPERIOR MINING INTERNATIONAL CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
APRIL 30, 2008

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

During the period ended April 30, 2008, the Company:

- a) completed a private placement of 4,920,000 units of the Company at a price of \$0.40 per unit, with each unit being comprised of one common share and one-half of a share purchase warrant. Each full warrant will entitle the holder to acquire an additional share of the Company at a purchase price of \$0.60 for a period of one year to December 28, 2008. Share issue costs of \$187,778 were incurred in connection with this private placement and included the issuance of 304,150 agent warrants to acquire 304,150 common shares, exercisable at \$0.60 per share, valued at \$40,316.

- b) Issued 200,000 common shares valued at \$70,000 for mineral property finders fees.

Stock options

The Company has a fixed stock option plan whereby a maximum of 20% of the issued common shares are reserved for issuance under the plan. The options can be granted for a maximum term of five years and pricing and vesting are as determined by the board of directors.

During the period ended April 30, 2008, the Company granted 2,900,000 (2007 – Nil) stock options resulting in stock-based compensation using the Black-Scholes option pricing model of \$646,907 of which \$458,228 (2007 - \$Nil) was expensed in the current period, and the remaining \$188,679 will be expensed as the options become exercisable over the next year. The weighted average fair value of options granted was \$0.22. These amounts were also recorded as contributed surplus on the balance sheet.

The following weighted average assumptions were used for the Black-Scholes option pricing model:

| | Nine Month Period Ended April 30, 2008 | Nine Month Period Ended April 30, 2007 |
|--------------------------|-------------------------------------------------|-------------------------------------------------|
| Risk-free interest rate | 4.32% | - |
| Expected life of options | 5 years | - |
| Annualized volatility | 64.63% | - |
| Dividend rate | 0.00% | - |

SUPERIOR MINING INTERNATIONAL CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
APRIL 30, 2008

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock options (cont'd...)

As at April 30, 2008, stock options were outstanding and exercisable enabling the holders to acquire 5,955,000 shares as follows:

| Number of Shares | Exercise Price | Expiry Date |
|------------------|----------------|------------------|
| 1,455,000 | \$ 0.25 | May 10, 2011 |
| 1,600,000 | 0.34 | October 26, 2011 |
| 2,900,000 | 0.27 | August 24, 2012 |

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

| | Number of Options | Weighted Average Exercise Price |
|-----------------------------------------|-------------------|---------------------------------|
| Balance, July 31, 2006 and 2007 | 3,055,000 | \$ 0.30 |
| Options granted | <u>2,900,000</u> | 0.27 |
| Balance, April 30, 2008 | <u>5,955,000</u> | \$ 0.28 |
| Number of options currently exercisable | <u>4,505,000</u> | \$ 0.29 |

Warrants

During the period ended April 30, 2008, the Company reported share issuance costs of \$40,316, using the Black-Scholes option pricing model, as a result of 304,150 finder's warrants issued. The weighted average fair value of finder's warrants issued was \$0.13. These amounts were also recorded as contributed surplus on the balance sheet.

The following weighted average assumptions were used for the Black-Scholes option pricing model:

| | 2008 | 2007 |
|--------------------------|---------|------|
| Risk-free interest rate | 3.75% | - |
| Expected life of options | 1 year | - |
| Annualized volatility | 148.57% | - |
| Dividend rate | 0.00% | - |

SUPERIOR MINING INTERNATIONAL CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
APRIL 30, 2008

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Warrants (cont'd...)

As at April 30, 2008, stock warrants were outstanding and exercisable enabling the holders to acquire 2,764,150 shares as follows:

| Number of Shares | Exercise Price | Expiry Date |
|------------------|----------------|-------------------|
| 2,645,750 | \$ 0.60 | December 28, 2008 |
| 118,400 | 0.60 | February 7, 2009 |

Warrant transactions and the number of warrants outstanding are summarized as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|-------------------------|--------------------|---------------------------------|
| Balance, July 31, 2006 | 6,041,515 | \$ 0.61 |
| Warrants expired | <u>(6,041,515)</u> | 0.61 |
| Balance, July 31, 2007 | - | - |
| Warrants granted | <u>2,764,150</u> | 0.60 |
| Balance, April 30, 2008 | 2,764,150 | \$ 0.60 |

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

| | Nine Month Period Ended April 30, 2007 | Nine Month Period Ended April 30, 2007 |
|------------------------------------------|----------------------------------------|----------------------------------------|
| Cash paid during the period for interest | \$ 13,849 | \$ 3,687 |

During the nine month period ended April 30, 2008, the Company had the following significant non-cash investing and financing activities.

- a) Of the total amortization incurred during the period (\$1,463 - note 5), \$976 (2007 - \$Nil) was allocated to the mineral property.

SUPERIOR MINING INTERNATIONAL CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
APRIL 30, 2008

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd...)

- b) Issued 200,000 common shares valued at \$70,000 recorded as mineral property costs.
- c) Included in accounts payable \$9,284 of resource property costs.

During the nine month period ended April 30, 2007, the Company had no significant non-cash investing and financing activities.

10. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid or accrued accounting and administrative service fees of \$77,605 (2007 - \$108,100) to a partnership in which a director has an interest. As at April 30, 2008 an amount of \$16,000 (2007 - \$33,871) owing was included in accounts payable.
- b) Paid management fees of \$9,000 (2007 - \$Nil) to a corporation in which a director has an interest.
- c) Paid consulting fees of \$72,000 (2007 - \$72,000) to a director.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, receivables, loan receivable, long-term investments, accounts payable and accrued liabilities and loan payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

Risk management

The Company has monetary assets and liabilities denominated in foreign currencies and non-monetary assets represented by mineral exploration interests in the Republic of South Africa and New Zealand. The Company could accordingly be at risk for foreign currency fluctuations and developing legal and political environments.

The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company holds ABCP. The risks are detailed in Note 7.

12. LOAN PAYABLE

The demand non-revolving bridge loan bears interest at the HSBC Bank Prime Rate per annum, repayable on demand by the bank. Interest is payable monthly, due on or before September 30, 2008. The loan is secured by the Company's investment in ABCP (Note 7). The Company has paid \$13,849 in interest during the period ended April 30, 2008.

SUPERIOR MINING INTERNATIONAL CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
APRIL 30, 2008

13. INCOME TAXES

| | Nine Month Period Ended April 30, 2008 | Year Ended July 31, 2007 |
|-------------------------------------------------|-------------------------------------------------|--------------------------------|
| Future income tax assets (liabilities): | | |
| Non-capital loss carryforwards | \$ 924,708 | \$ 834,900 |
| Share issuance costs | 65,585 | 54,425 |
| Cumulative exploration and development expenses | 947,747 | 1,179,849 |
| Investments | <u>(2,245,974)</u> | <u>(2,590,674)</u> |
| Future income tax assets (liabilities) | (307,934) | (521,500) |
| Valuation allowance | <u>(1,938,040)</u> | <u>(2,069,174)</u> |
| Net Future income tax assets (liabilities) | \$ (2,245,974) | \$ (2,590,674) |

The Company has available for deduction against future taxable income non-capital losses of approximately \$3,774,000. These losses, if not utilized, will expire from 2008 to 2027. Subject to certain restrictions, the Company also has resource expenditures available to reduce taxable income in future years. Future tax benefits which may arise as a result of these non-capital losses and resource deductions have not been recognized in these financial statements and have been offset by a valuation allowance.

14. JOINT VENTURE OPERATIONS

The financial statements include the Company's 50% interest in MGI, described in Note 3, as follows:

| | 2008 |
|----------------------------------------------|------------------------|
| Cash | \$ 45,460 |
| Non-cash working capital | (335) |
| Loan receivable | 90,000 |
| Long-term investment | 8,895,121 |
| Due to joint venture partner | (24,270) |
| Future income tax payable | (2,245,974) |
| Net investment in joint venture | <u>(2,064,205)</u> |
| Retained earnings, end of period | 4,695,797 |
| Less: retained earnings, beginning of period | <u>(17,038,926)</u> |
| Net income (loss) for period | <u>\$ (12,343,129)</u> |
| Cash flows from operating activities | <u>\$ (19,563)</u> |
| Cash flows from financing activities | <u>\$ -</u> |
| Cash flows from investing activities | <u>\$ (2,887)</u> |

SUPERIOR MINING INTERNATIONAL CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
APRIL 30, 2008

15. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and exploration of mineral properties.

Geographic information is as follows:

| | 2008 | 2007 |
|------------------------------|-----------------------|----------------------|
| Income (loss) for the period | | |
| Canada | \$ (899,293) | \$ (574,830) |
| South Africa | <u>(11,954,204)</u> | <u>17,472,803</u> |
| | <u>\$(12,853,497)</u> | <u>\$ 16,897,973</u> |
| | | |
| | April 30, | July 31, |
| | 2008 | 2007 |
| Mineral properties | | |
| South Africa | \$ 253,707 | \$ 236,054 |
| New Zealand | 200,400 | - |