SUPERIOR GOLD INC.

Management's Discussion and Analysis

For the three months ended March 31, 2019

May 13, 2019

(Expressed in thousands of United States dollars, except where otherwise indicated)

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY

Notes

This Management's Discussion and Analysis ("MD&A") dated May 13, 2019, should be read in conjunction with Superior Gold's unaudited condensed consolidated interim financial statements and related notes for the three months ended March 31, 2019 and 2018 ("interim financial statements") which are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). As these interim financial statements do not contain all note disclosures required under International Financial Reporting Standards ("IFRS"), they should be read in conjunction with the Company's annual audited financial statements and the Management's Discussion and Analysis for the year ended December 31, 2018. All dollar figures stated herein are expressed in thousands of United States dollars, except for per share or per ounce amounts or unless otherwise specified. The Company's public filings, can be viewed on the SEDAR website (www.sedar.com) and on the Company's website (www.superior-gold.com).

The following discussion contains forward-looking information that involves numerous risks and uncertainties. Actual future results could differ materially from those discussed in such forward-looking information as a result of these risks and uncertainties. Refer to the cautionary language at the end of this MD&A.

Description of the Business

Superior Gold Inc. (the "Company" or "Superior Gold") is a Canadian based gold producer that owns and operates the Plutonic Gold Operations located in Western Australia. The Plutonic Gold Operations include the Plutonic Gold Mine (which is a producing underground operation), the Hermes Gold Mine (which includes a producing open pit operation and up to an 80% interest in the Bryah Basin joint venture), and a central mill (located at the Plutonic Gold Mine).

The Company was incorporated under the Business Corporations Act (Ontario) on July 4, 2016 as 2525908 Ontario Inc. and acquired the Plutonic Gold Operations from Northern Star Resources Ltd. on October 12, 2016. On December 14, 2016, the Company changed its name to Superior Gold Inc. The Company is engaged in the acquisition, exploration, development and operation of gold resource properties.

First Quarter Highlights

- Produced 22,474 ounces of gold, up 17% and 9%, respectively, from the first and fourth quarters of 2018
- Sold 22,504 ounces of gold at total cash costs[1] of $1,145 per ounce sold and all-in sustaining costs[1] of $1,246 per ounce sold
- Total cash costs decreased 7% and 21%, respectively, from the first and fourth quarters of 2018
- All in sustaining costs decreased 12% and 21%, respectively, from the first and fourth quarters of 2018
- Net income (loss) for the period of ($0.03) per share
- Achieved cumulative production in excess of 215,000 ounces since acquisition of the Plutonic Gold Operations
- Cash, cash equivalents and restricted cash of $16,234 at March 31, 2019

[1] Refer to the "Non-IFRS Performance Measures" disclosure within this MD&A for a description and calculation of these measures.

Key Business Developments

Plutonic Gold Operations

The Plutonic Gold Mine is located in the Archaean Plutonic Marymia Greenstone Belt and has been in continuous production since 1990, having produced over 5 million ounces of gold from both open pit and underground mining. At the time of the acquisition, the excess mill capacity allowed for a "fill the mill" strategy through organic growth opportunities, joint venture opportunities as well as regional opportunities to consolidate the land position.

The Hermes Mine is located approximately 65 kilometres south-west of the Plutonic Gold Mine. It includes the wholly-owned Hermes open pits, currently being mined as a conventional open pit contractor operated excavator-truck mining operation with ore being trucked for processing at the Plutonic Gold Mine mill, and the 80% interest in the Hermes South open pit project 20 kilometres south-west of the Hermes open pits.

The Plutonic Gold Operations produced and sold 22,474 and 22,504 ounces of gold, respectively, for the first quarter of 2019. Total cash costs[1] of $1,145/ounce sold and all-in sustaining costs of $1,246/ounce were below the realized gold price[1] of $1,305/ounce for the three-month period ending March 31, 2019. In comparison, 19,232 and 18,940 ounces of gold (including 4,968 ounces capitalized as Hermes pre-production ounces) were produced and sold, respectively for the first quarter of 2018. Total cash costs[1] of $1,227/ounce sold was below the realized gold price[1] of $1,331/ounce for the three-month period ending March 31, 2018. All-in sustaining costs for the three months ended March 31, 2018 of $1,421/ounce were above the realized gold price as a result of fewer ounces sold due to lower grades realized from underground operations in the quarter as well as the emphasis of feeding Hermes' pre-production tonnages through the mill.

Total cash costs and all-in sustaining cash costs decreased over the prior period primarily reflecting more ounces produced from the inclusion of the Hermes Gold Mine in operating results following the achievement of commercial production. All-in sustaining costs[1,2] decreased from $1,421/ounce sold to $1,246/ounce sold due to lower total cash costs per ounce from the inclusion of Hermes and lower General and administrative expenses. Lower General and administrative costs reflected lower compensation and consulting costs in 2019. The reduction stems from the finalization of senior management's short-term incentive compensation and higher consulting in the first three months of 2018 due to administrative projects, which did not reoccur in the first quarter of 2019. The Company generated net cash from operations after working capital changes of $403 for the three months ending March 31, 2019.

Exploration Activities

During the first quarter, the Company's ongoing underground diamond drilling program continued, with more than 14,100 metres completed. The underground program is focused on reserve and resource expansion and grade control. Grade control drilling is designed to provide additional information for stope design ahead of mining.

The Company is in the process of examining a number of open pit alternatives including processing material from Hermes, Hermes South and sources near the Plutonic Mine which includes potential expansions of some of the past-producing open pits, including Plutonic East. The initial economic analysis of a potential layback at the Plutonic East open pit has suggested superior returns may exist by pursuing this operation.

At the Company's 80% owned Hermes South project a number of diamond drill holes were completed for geotechnical work and to provide samples for metallurgical testing. During the first quarter of 2019, the Company engaged in resource estimation, pit optimization, geotechnical studies, and permitting at Hermes South. The Company is currently assessing Hermes South and the future of Hermes as a combined operation.

Outlook

The Company intends to focus on re-establishing the Plutonic Gold Operations as a stable gold producer capable of producing at least 100,000 ounces of gold annually. To achieve this goal, the Company intends to focus on its growth strategy which includes:

- Focus on mining to reserve grade within an updated Life of Mine Plan
- Improve reconciliation between mined and reserve grade
- Improve mining practices to minimize dilution and increase grade
- Improve maintenance and equipment availability
- Focus on open pit opportunities with the most optimal financial returns

With the Company's cash position and the ongoing cash from operations, the Company has the liquidity available to execute on its near-term growth and exploration strategy.

Summary of Operational Results

	Three months ended March 31	
	2019	2018
Stope material mined (000's t)	124	152
Stope grade mined (g/t)	2.79	2.61
Development ore mined (000's t)	71	55
Development grade mined (g/t)	1.75	1.58
Hermes ore mined (000's t)	510	157
Hermes grade mined (g/t)	1.06	1.58
Hermes waste mined (000's t)	1,297	2,518
Strip Ratio (t:t)	2.5	16.0
Underground ore milled (000's t)	192	210
Underground grade milled (g/t)	2.45	2.33
Hermes ore milled (000's t)	216	101
Hermes grade milled (g/t)	1.49	1.81
Other ore milled (000's t)	7	33
Other ore grade milled (g/t)	0.38	0.62
Total ore milled (000's t)	415	344
Grade milled (g/t)	1.9	2.0
Gold recovery (%)	88	86
Gold produced (oz)	22,474	19,232
Gold sold (oz)	22,504	18,940
Gold sold (excluding pre-production) [2]	22,504	13,972
Total cash costs ($/oz) [1] [2]	1,145	1,227
All-in sustaining costs ($/oz) [1] [2]	1,246	1,421
Realized gold price ($/oz) [1]	1,305	1,331

(1) Refer to the Non-IFRS Performance Measures disclosure included in this MD&A for a description and calculation of these measures.
(2) For the three months ended March 31, 2018 excludes 4,968 ounces sold from Hermes pre-commercial production.

The Plutonic Gold Operations produced, 22,474 ounces of gold in the three-month period ending March 31, 2019 compared to 19,232 ounces of gold in three-month period ending March 31, 2018 primarily as a result of higher recoveries and higher tonnes milled from the Hermes Gold Mine during the three months ended March 31, 2019. The variance from prior period underground tonnes milled resulted in slightly fewer ounces produced at the Company's underground operations. The focus during the quarter was on mitigating the unforeseen circumstances which were encountered in the fourth quarter of 2018 and which were largely resolved, as the quarter progressed.

Total material milled during the three months ended March 31, 2019 increased by 21% to 415 ktonnes compared to the same period in 2018, primarily as a result of the contribution of increased mill feed from the Hermes Gold Mine which more than offset the contribution of low grade stockpile in the three months ended March 31, 2018. Head grade decreased marginally from 2.0 g/t to 1.9 g/t as a result of the mixture of underground and lower grade open pit material from Hermes. Recovery rates rose from 86% to 88% due to operational improvements and the higher recovery ore from Hermes.

Gold sold increased by 3,564 ounces to 22,504 during the three months ended March 31, 2019 versus the comparative period in 2018, including 4,968 pre-commercial production Hermes ounces that were capitalized to Mining Interests. The 19% increase, in comparison to the three months ended March 31, 2018, was primarily due to higher tonnes milled from the Hermes Gold Mine.

Total cash costs[1,2] were $1,145/ounce sold for the three months ended March 31, 2019, a decrease from $1,227/ounce sold from the three months ended March 31, 2018 due largely to the inclusion of the Hermes Gold Mine in operating results following the achievement of Commercial Production. All-in sustaining costs[1,2] decreased from $1,421/ounce sold to $1,246/ounce sold due to lower total cash costs per ounce and General and administrative expenses. Lower General and administrative costs reflected lower compensation and consulting costs in 2019. The reduction stems from the finalization of senior management's short-term incentive compensation and higher consulting in the first three months of 2018 due to administrative projects, which did not reoccur in the first quarter of 2019.

Summary of Quarterly Financial Results

Beginning April 1, 2018, the results of the Hermes Gold Mine have been included as commercial production was effective on that date.

	Three month period ended March 31, 2019	Three month period ended December 31, 2018	Three month period ended September 30, 2018	Three month period ended June 30, 2018
Revenue	$ 29,407	$ 23,917	$ 31,333	$ 33,631
Cost of sales	30,960	31,054	32,525	30,501
Exploration expense	552	501	616	485
General and administrative	973	978	981	1,080
Operating Income (loss)	(3,078)	(8,616)	(2,789)	1,565
Income (loss) before taxes [1]	(3,108)	(9,099)	(2,452)	1,282
Net income (loss) [1]	(2,585)	(6,714)	(1,748)	737
Earnings (loss) per share				
–basic and diluted [1]	(0.03)	(0.07)	(0.02)	0.01
Adjusted net income (loss) [1]	(2,622)	(6,873)	(2,059)	654
Adjusted net income (loss) per share – basic [1]	(0.03)	(0.07)	(0.02)	0.01
Cash flow from (used in) operations	403	(374)	3,582	4,959

	As at March 31, 2019	As at December 31, 2018	As at September 30, 2018	As at June 30, 2018
Cash and cash equivalents	16,098	17,332	21,959	21,762
Non-current assets	63,031	63,167	66,028	69,461
Total assets	97,036	95,906	103,660	108,976
Current liabilities	27,403	25,998	18,675	19,202
Non-current liabilities	32,382	31,015	38,795	41,110

	Three month period ended March 31, 2018	Three month period ended December 31, 2017	Three month period ended September 30, 2017	Three month period ended June 30, 2017
Revenue	$ 18,633	$ 25,587	$ 26,662	$ 24,324
Cost of sales	20,011	24,253	23,021	23,521
General and administrative	399	1,246	857	948
Exploration expense	1,542	429	273	76
Operating Income (loss)	(3,319)	(341)	2,511	(221)
Income (loss) before taxes	(8,515)	(955)	3,077	140
Net income (loss)	(5,575)	(2,315)	2,328	(82)
Earnings (loss) per share –basic and diluted	(0.06)	(0.02)	0.02	(0.00)
Adjusted net income (loss) [1]	(2,172)	(2,136)	2,202	(213)
Adjusted net income (loss) per share – basic [1]	(0.02)	(0.02)	0.02	(0.00)
Cash flow from operations	(1,599)	2,588	8,843	3,424

	As at March 31, 2018	As at December 31, 2017	As at September 30, 2017	As at June 30, 2017
Cash and cash equivalents	23,866	29,121	35,128	28,613
Non-current assets	73,525	63,853	55,573	55,768
Total assets	113,158	107,240	104,030	98,673
Current liabilities	26,141	19,602	18,786	15,423
Non-current liabilities	37,789	32,367	27,694	28,649

1. Refer to the Non-IFRS Performance Measures disclosure included in this MD&A for a description and calculation of these measures.

Results of Operations

The consolidated financial statements are presented in United States dollars, which is Superior Gold Inc.'s functional currency. The wholly-owned subsidiary Billabong Gold Pty. Ltd.'s functional currency is the Australian dollar which is translated into United States dollars for financial reporting purposes. The Company's results of operations are therefore subject to the impact of foreign exchange fluctuations.

Operating Income (loss)

Operating loss for the three months ended March 31, 2019 was $3,078 compared to a loss of $3,319 for the three months ended March 31, 2018 due to higher Revenue of $10,774 and lower General and administrative expense of $569, offset by higher Cost of sales of $10,949 and Exploration expense of $153 as outlined below.

Revenues

During the three months ended March 31, 2019 gold revenues totaled $29,407 from the sale of 22,504 ounces of gold, an increase of $10,774 from $18,633 from the sale of 13,972 ounces of gold for the three months ended March 31, 2018. Higher gold revenues resulted from 8,532 more ounces being sold due to the inclusion of the Hermes Gold Mine in results from operations following the achievement of commercial production, partially offset by a decrease in the realized gold price[1] to $1,305/ounce from $1,331/ounce. During the quarter ended March 31, 2018 the Company capitalized to Mining Interests, $6,648 of proceeds from the sale of 4,968 ounces of gold from Hermes pre-production at an average price of $1,338/ounce. These proceeds were capitalized as the Company declared commercial production on the Hermes project, for reporting purposes effective April 1, 2018. A marginal decrease in head grade primarily resulting from an increased contribution of lower grade Hermes ore in 2019 as compared to low grade stockpile ore with an even lower grade in 2018, partially offset by an increase in recoveries also contributed to the variance in revenue.

Cost of Sales

	Three months ended March 31	
	2019	**2018**
Mining	$ 20,790	$ 11,240
Processing	5,457	3,834
Depreciation and amortization	5,670	2,190
Site services	749	1,114
Gold royalty	802	606
Change in inventories	(2,508)	1,027
	$ 30,960	**$ 20,011**

Cost of Sales were $30,960 for the three months ended March 31, 2019, an increase of $10,949 from $20,011 for the three months ended March 31, 2018. Cost of sales includes mine production costs, processing costs, site services, royalties, depreciation and amortization. Cost of sales were generally higher in the current period versus the same period in 2018 due to the inclusion of Hermes Gold Mine costs. Costs of sales pertaining to Hermes were capitalized in the first quarter of 2018 as the Company declared commercial production for reporting purposes effective April 1, 2018. During Q1 2018, $7,608 of Hermes pre-production costs were capitalized to Mining interests. Additionally, higher payroll costs at the underground operations in Q1 2019 reflect additional personnel hired in the fourth quarter of 2018 in part to deal with the unexpected issues which arose. The Plutonic Gold Operations uses the unit-of-production basis when depreciating and amortizing mine specific assets which results in a depreciation and amortization charge proportional to the depletion of the anticipated remaining life of mine which is based on the estimated mineral reserves and mineral resources of the property to which the assets relate. The increase in gold royalties reflects the addition of Hermes production which has additional third-party royalties in addition to those owed to the government of Australia on the Plutonic Operations. These amounts were partially offset by the credit for inventory movement of $2,508 in the three months ended March 31, 2019 due to the increase of Hermes ore stockpile inventory, stemming from the increase in ore mined. Site services decreased slightly due to the adoption of IFRS 16 which resulted in lease costs being reflected within Depreciation and Lease finance charges, whereas they were previously reported as Site services, along with a small decrease in the allocation of share-based payments as options were fully vested in Q1 2019.

General and administrative

In comparison to the three months ended March 31, 2018, general and administrative expenses decreased by $569 in the three months ended March 31, 2019 due to $114 of lower share based expenses included in general and administrative costs. In addition, payroll and consulting costs were lower as a result of the finalization of accruals for 2018 short-term incentive compensation and lower consulting costs of $165 due to administrative projects completed in the first quarter 2018.

Other Expenses (Income)

Other Expenses for the three months ended March 31, 2019 totaled approximately $47 and were comprised mainly of charges for accretion on provisions of $120 and lease finance charges of $113, offset by foreign exchange gains of $141 and interest income of $45. Other Expenses for the three months ended March 31, 2018 totaled $433 and were comprised mainly of $319 of foreign exchange losses and $117 of accretion on provisions.

Net Income (loss) for the period ended March 31, 2019

The total net loss of $2,585 for the three months ended March 31, 2019 resulted primarily from the Operating loss of $3,078 as outlined above, partially offset by an income tax recovery of $523 resulting from the pre-tax Operating loss.

Adjusted net income (loss)

Adjusted net loss for the first quarter of 2019 amounted to $2,622 or $0.03 per share compared to adjusted net loss of $2,172 or $0.02 per share in the three months ended March 31, 2018, primarily reflecting the change in the valuation of the warrant liability (refer to the table in the section labeled "Adjusted Net Income and Adjusted basic net income per share" of this MD&A).

Adjusted net income/loss reflects the following: Net income/loss was adjusted to exclude specific items that are not reflective of the underlying operations of the Company, including: loss on settlement of the contingent royalty payable to Northern Star, the change in valuation of the warrant liability, and the associated impact on income taxes. Adjusting for these items provides an additional measure to evaluate the underlying operating performance of the Company as a whole for the reporting periods presented. Refer to section "Non-IFRS Financial Performance Measures" for a reconciliation of the net income/loss to adjusted net income/loss.

Financial Position as at March 31, 2019

As at March 31, 2019, the Company's current assets totaled $34,005 and current liabilities amounted to $27,403 for a net working capital balance of $6,602. The majority of the current assets pertained to cash and cash equivalents of $16,098 and inventories of $15,675. The movement from a working capital balance of $6,741 as at December 31, 2018 was mainly the result of capital expenditures in support of the underground mine, and the adoption of IFRS 16 Leases which resulted in the recognition of current lease liabilities being recognized for contracts previously classified as operating leases, partially offset by lower operating losses outlined above.

Non-current assets decreased by $136 from December 31, 2018. The majority of the decrease pertained to depreciation expense $5,687, partially offset by the recognition of lease assets, previously treated as operating leases, upon the adoption of IFRS 16 on January 1, 2019 of $2,334 and foreign exchange impacts on non-current asset balances of $293. Non-current assets also increased by $2,263. Of this amount, $740 was spent on development of the ongoing underground operations and $1,077 resulted from increases to the rehabilitation asset mainly due to changes in discount and inflation rates. Additionally, $821 of capital expenditures were incurred during the three months ended March 31, 2019, $266 of which was for expansion of a tailings storage facility, $265 was for betterments to existing equipment and $201 related to water bores for haul roads.

Current liabilities increased by $1,405 to $27,403 mainly due to the adoption of IFRS 16 which increased the current portion of lease obligations by $604 as well as higher accounts payable balances of $615 reflecting increased contractor mining and processing activity.

Non-current liabilities increased by $1,367, which resulted from the impact of changes in discount and inflation rates and accretion on the rehabilitation liability of $1,077 and $120, respectively, as well as the increase of $978 in lease obligations resulting primarily from the impact of adopting IFRS 16. These amounts were offset by a decrease in the deferred tax liability due to the income tax recovery recorded in the first quarter of 2019 of $523 and the elimination of the warrant liability upon exercise of the Broker warrants and expiry of the Offering Broker warrants.

Share capital consisted of capital stock, net of issue costs, of $50,025. The increase of $712 from December 31, 2018 resulted from the exercise of Broker warrants.

Cash from Operating Activities

During the three months ended March 31, 2019 cash generated from operating activities before working capital changes was $2,825, while cash used in operating activities was $1,599 for the three months ended March 31, 2018. The increase in cash generated from operating activities resulted from higher operating income, excluding depreciation expense, discussed above. The impact of non-cash working capital changes for the three months ended March 31, 2019 was a reduction in cash of $2,422 due to increased stockpile inventory at Hermes reflecting less waste rock being mined in the current quarter of 2019.

Cash used in Investing Activities

Cash used in investing activities in the three months ended March 31, 2019 primarily comprised expenditures on mine interests, property, plant and equipment of $1,263 primarily in support of underground mine development, a decrease of $1,483 or 54% compared to the three months ended March 31, 2018. The lower spending in the current quarter compared to 2018 reflected reduced spending from the development of the Hermes project in 2018.

Cash from Financing Activities

Cash used in financing activities in the three months ended March 31, 2019 of $581 comprised the repayment of the Company's lease obligation, short-term loan and interest thereon, partially offset by the exercise of Broker warrants. For the three months ended March 31, 2018 cash used in financing activities comprised the repayment of the Company's lease obligation, short-term loan and interest thereon of $529. Increased lease payments in 2019 stemmed from the adoption of IFRS 16 which resulted in lease payments, recorded as operating cash flow activities in 2018, being recorded as financing activities beginning on January 1, 2019.

Dividends

The Company has neither declared nor paid any dividends on its Common Shares. The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not have any immediate plans to pay any dividends on its Common Shares.

Liquidity and Capital Resources

During the three months ended March 31, 2019, the Company used cash balances and cash inflows from the Plutonic Gold Operations to fund its expenditures on mineral interests and property, plant and equipment, as well as pay down its lease obligation.

During the three months ended March 31, 2018, the Company similarly used cash balances and cash inflows from the Plutonic Gold Operations to fund its expenditures on mineral interests and property, plant and equipment, in particular to complete its Hermes development project. On March 26, 2018, the Company declared commercial production at the Hermes project, with inclusion of operating results commencing April 1, 2018. Additionally, the Company used cash to pay down its lease obligation.

The Company has forecast that it will have sufficient cash inflows to satisfy the Company's obligations as they come due over the next twelve months. As at March 31, 2019, Superior Gold has a working capital balance of $6,602. As at December 31, 2018 the Company had a working capital balance of approximately $6,741. The variance of $139 resulted from operating losses outlined above, capital expenditures to in support of the underground operations, and higher stockpile inventory reflecting less waste being mined at Hermes.

Management believes the cash on hand and subsequent cash from operations of the Plutonic Gold Operations are sufficient to fulfill its immediate operating and capital requirements. The Company may require the issuance of equity or other forms of financing to complete or accelerate programs associated with its development and exploration initiatives. Superior Gold's ability to raise equity and other forms of financing in the future under terms acceptable to the Company will be dependent on operating performance and on global markets, in particular, the price of gold and currency exchange rates.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Commitments

(i) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognized as liabilities is as follows:

	March 31, 2019	**December 31, 2018**
Property, plant and equipment	$ 307	$ 414
Mine development	140	-
	$ 447	**$ 414**

In the three months ended March 31, 2019, the Company entered into commitments for milling equipment. These commitments totaled $307 at March 31, 2019. Commitments related to the construction of a tailings lift amounted to $140 at March 31, 2019.

Critical Accounting Policies and the Use of Estimates

A detailed summary of the Company's significant accounting policies, including the use of estimates, is included in the Company's audited consolidated financial statements for the year ended December 31, 2018. The preparation of the condensed consolidated interim financial statements requires management to make estimates and judgments which are described in the Company's audited consolidated financial statements for the year ended December 31, 2018.

The accounting policies and management estimates applied in the condensed consolidated interim financial statements for the three months ended March 31, 2019 are consistent with those used in the Company's consolidated financial statements for the year ended December 31, 2018, except for IFRS 16 and IFRIC 23 (refer to the section on "Adoption of New or Amended Accounting Policies" below for a discussion of the impact of these accounting standards).

Financial Instruments

The Company's significant accounting policies regarding its financial instruments are set out in the Company's audited consolidated financial statements for the year ended December 31, 2018. The Company is of the opinion that it is not exposed to significant interest, currency or credit risks arising from outstanding financial instruments.

Adoption of New or Amended Accounting Policies

The Company adopted the following accounting standard and amendments to accounting standards, effective January 1, 2019:

IFRS 16 Leases

The Company adopted IFRS 16, Leases ("IFRS 16"), effective January 1, 2019. The objective of IFRS 16 is to recognize substantially all leases on balance sheet for lessees. IFRS 16 requires lessees to recognize a "right-of-use" asset and a lease liability calculated using a prescribed methodology. The Company has adopted IFRS 16 using the modified retrospective approach which does not require restatement of comparative periods. Comparative information has not been restated and continues to be reported under IAS 17, Leases ("IAS 17"), and IFRIC 4, Determining Whether an Arrangement Contains a Lease ("IFRIC 4"). The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16.

The impact of the transition is shown in the table below. The Company's accounting policy under IFRS 16 is as follows:

- At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or

the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. Lease terms range from 2 to 7 years for mobile equipment, power plant, office space and office equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

- The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.
- Variable lease payments not included in the initial measurement of the lease liability are charged directly to net earnings.
- The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.
- When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Impact of transition to IFRS 16

On adoption, the Company has recognized a right-of-use asset and lease obligations of $2,334 as of January 1, 2019, with no net impact on retained earnings. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average incremental borrowing rate applied was 7.9%.

The following table reconciles the Company's operating lease obligations at December 31, 2018, as previously disclosed in the Company's consolidated financial statements, to the lease obligations recognized on initial application of IFRS 16 at January 1, 2019:

Operating lease commitments at December 31, 2018	$	2,515
Discounted using the incremental borrowing rate at January 1, 2019		(378)
Other adjustments		197
Lease liabilities previously recorded as finance lease obligations		5,488
Lease obligations recognized at January 1, 2019	$	7,822

IFRIC 23 – Uncertainty over Income Tax Treatments

The Company adopted IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23") on January 1, 2019 with retrospective application. IFRIC 23 clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. The effect of uncertain tax treatments are recognized at the most likely amount or expected value. The adoption of IFRIC 23 had no impact on the condensed consolidated interim financial statements.

Outstanding Share Data

The following table summarizes the capitalization of the Company as at May 13, 2019, the date of this MD&A and March 31, 2019:

	Exercise price	Expiry date	Quantity
Number of common shares issued			
Common shares	Not applicable	Not applicable	96,982,473
Number of common shares issuable			
Stock options	$0.75	February 23, 2022	4,816,667
Stock options	$0.75	July 5, 2022	300,000
Stock options	$0.75	September 5, 2022	200,000
Stock options	$0.75	November 3, 2022	150,000
Stock options	$0.75	December 15, 2022	200,000
Stock options	$0.97	June 8, 2023	125,000
Stock options	$0.39	March 29, 2024	750,000
PSUs	Not applicable	June 8, 2021	125,000
PSUs	Not applicable	March 29, 2022	250,000
Warrants	$1.5166	February 23, 2022	14,429,521
			118,328,661

Non-IFRS Performance Measures

Total cash costs per gold ounce, all-in sustaining costs per gold ounce, realized price and adjusted net income are non-IFRS performance measures, they do not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. In addition to conventional measures prepared in accordance with IFRS, certain investors may use these measures to evaluate the Plutonic Gold Operation's performance. Accordingly, these measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Total cash costs and All-in sustaining costs

Cash costs and all in sustaining costs reconciled to cost of sales as follows:

(in thousands of dollars, except oz or per oz amounts)	Three months ended March 31	
	2019	**2018**
Gold sold (oz)	22,504	13,972
Cost of Sales	30,960	20,011
Adjustments for:		
Depreciation and amortization	(5,687)	(2,190)
Share-based payments included in Cost of Sales	(19)	(91)
Inventory movements	553	(549)
Silver credits and other	(30)	(31)
Cash costs	25,777	17,150
Total cash costs (per gold oz)	1,145	1,227
Adjustments for items affecting all-in sustaining cash costs:		
Sustaining exploration and capital expenditures[1]	1,158	957
Share-based payments included in Cost of Sales	19	91
Corporate, general and administration[2]	973	1,542
Rehabilitation accretion	120	117
All-in sustaining cost	28,047	19,857
All-in sustaining cost (per gold oz)	1,246	1,421

1. Sustaining exploration and capital expenditures have been segregated to reflect exploration expenditures on the Statement of Income and Comprehensive Income, effective June 30, 2018
2. Corporate, general and administration costs include share-based compensation, as per the Consolidated Statement of Comprehensive Income

Realized gold price

Realized gold price is calculated as metal sales per the statement of comprehensive loss, less silver sales. The following table provides a reconciliation of Realized gold price per ounce sold to revenues as per the consolidated financial statements:

(in thousands of dollars, except oz or per oz amounts)	Three months ended March 31	
	2019	**2018**
Metal sales	$29,407	$ 18,633
Silver sales	(30)	(31)
Revenues from gold sales	29,377	18,602
Gold sold (oz)	22,504	13,972
Realized gold price ($/oz)	$1,305	$1,331

Adjusted net income and Adjusted basic net income per share

Adjusted net income/loss and adjusted basic net income/loss per share are used by management and investors to measure the underlying operating performance of the Company. Presenting these measures from period to period helps management and investors evaluate earnings trends more readily in comparison with results from prior periods.

Adjusted net income/loss is defined as net income/loss adjusted to exclude specific items that are not reflective of the underlying operations of the Company, including: loss on settlement of the contingent payable to Northern Star, bargain purchase gain on the acquisition of the Plutonic Gold Operations, the change in valuation of the warrant liability, business acquisition costs, and the impact on income taxes. Adjusted basic net income/loss per share is calculated using the weighted average number of shares outstanding under the basic method of income/loss per share as determined under IFRS.

	Three months ended March 31	
(in thousands of dollars, except per share amounts)	**2019**	**2018**
Net income (loss) for the period	($2,585)	($5,575)
Adjusted for:		
Loss on settlement of contingent royalty payable to Northern Star	68	4,533
Change in valuation of the warrant liability(1)	(85)	230
Effect on income taxes of the above items	(20)	(1,360)
Adjusted net income (loss)	($2,622)	($2,172)
Weighted average number of common shares outstanding - basic	96,502,251	95,669,140
Adjusted basic net income (loss) per share	(0.03)	(0.02)

1. Balance included in the statement of comprehensive earnings.

Disclosure Controls and Procedures

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's accounting policies.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risks and uncertainties

The Company is subject to a number of risks and uncertainties which are not discussed in this MD&A. If any of such risks occur, or if others occur, the Company's business, operating results and financial condition could be seriously harmed and investors may lose a significant proportion of any investment in the Company. To properly understand such risks, readers are directed to the Company's Final Long Form Prospectus dated February 15, 2017 under the heading "Risk Factors". The Final Long Form Prospectus is available on SEDAR (www.sedar.com).

Forward-looking information

This MD&A contains forward-looking information, within the meaning of applicable Canadian securities legislation, and forward looking statements, within the meaning of applicable United States securities legislation (collectively, "forward-looking information"), which reflects management's expectations regarding the Company's future growth, results from operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects and opportunities. Wherever possible, words such as "predicts", "projects", "targets", "plans", "expects", "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative or grammatical variation thereof or other variations thereof, or comparable terminology have been used to identify forward-looking information. Such forward-looking information includes, without limitation, statements with respect to mineral reserve and mineral resource estimates; targeting additional mineral resources and expansion of deposits; the Company's dependency on the Plutonic Gold Operations for operating revenue and cash flows in the near term; the Company's ability to extend the life of the Plutonic Gold Operations; the mineral reserve and mineral resource estimates in the Technical Report; the Company's expectations, strategies and plans for the Plutonic Gold Mine, including the Company's planned exploration, development and production activities at the Plutonic Gold Operations; the results of future exploration and drilling at the Plutonic Gold Operations; satisfying the requirements for the Company to maintain its interest in the Bryah Basin joint venture; successfully adding or upgrading resources and successfully developing new deposits; future financial or operating performance and condition of the Company and its business, operations and properties; the Company's ability to adequately account for potential mine closure and remediation costs; the Company's adoption of and expectations regarding new accounting standards and interpretations, including the introduction of IFRS 9, IFRS 15, and IFRS 16; and any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements.

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management, in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, as of the date of this MD&A including, without limitation, assumptions about: favourable equity and debt capital markets; the ability to raise any necessary additional capital on reasonable terms to advance the development of the Plutonic Gold

Operations and pursue planned exploration; future prices of gold; the timing and results of exploration and drilling programs; the accuracy of mineral reserve and mineral resource estimates; the geology and geophysical data of the Plutonic Gold Operations being as described in the Technical Report; production costs; the accuracy of budgeted exploration and development costs and expenditures; the price of other commodities such as fuel; future currency exchange rates and interest rates; operating conditions being favourable, including whereby the Company is able to operate in a safe, efficient and effective manner; political and regulatory stability; the receipt of governmental and third party approvals and Permits on favourable terms; obtaining required renewals for existing approvals and Permits and obtaining all other required approvals and Permits on favourable terms; sustained labour stability; stability in capital goods markets; and the availability of equipment. While the Company considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks, uncertainties, contingencies and other factors that could cause actual actions, events, conditions, results, performance or achievements to be materially different from those projected in the forward-looking information. Many assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

Furthermore, such forward-looking information involves a variety of known and unknown risks, uncertainties and other factors (as referenced elsewhere in this MD&A) which may cause the actual plans, intentions, activities, results, performance or achievements of the Company to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking information.

Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking information contained herein. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

In addition, please note that statements relating to “mineral reserves” or “mineral resources” are deemed to be forward-looking information as they involve the implied assessment, based on certain estimates and assumptions that the mineral reserves and mineral resources described can be profitably mined in the future.

Forward-looking information contained herein is made as of the date of this MD&A and the Company disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or results or otherwise, except as and to the extent required by applicable securities laws.

Technical Information

Scientific and technical information in this news release has been reviewed and approved by Pascal Blampain, who is a member of the AusIMM and the Australian Institute of Geoscientists (AIG) and a "qualified person" within the meaning of NI 43-101. Mr. Blampain is an employee of the Company and serves as Chief Geologist.

Additional Information

Additional information regarding the Company can be found at www.sedar.com and www.superior-gold.com.