Management's Discussion and Analysis

For the three and six months ended June 30, 2017

August 13, 2017

SUPERIOR GOLD INC.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY

Notes

This Management's Discussion and Analysis ("MD&A") dated August 13, 2017, should be read in conjunction with Superior Gold's unaudited condensed consolidated interim financial statements and related notes for the three and six months ended June 30, 2017 ("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"). These interim financial statements should be read in conjunction with the Company's annual audited financial statements and the Management's Discussion and Analysis included within our Final Long Form Prospectus dated February 15, 2017. 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 results of the Company 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 100% of the Plutonic Gold Operations located in Western Australia. The Plutonic Gold Operations include the Plutonic Gold Mine, which is a producing underground operation with a central mill, the Hermes open pit development project and the right to earn up to an 80% interest in the Bryah Basin joint venture.

The Company was incorporated under the Business Corporations Act (Ontario) on July 4, 2016 as 2525908 Ontario Inc. 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.

The Company acquired the Plutonic Gold Operations from Northern Star Resources Ltd. ("Northern Star") on October 12, 2016 (the "Acquisition"). As consideration for the Acquisition of the Plutonic Gold Operations, the Company:

- paid A$12.5 million cash to Northern Star upon completion of the Acquisition (which occurred on October 12, 2016);
- on completion of Superior Gold's initial public offering on February 23, 2017, paid Northern Star $7,633 cash, 18,859,041 common shares and 14,429,521 common share purchase warrants;
- paid Northern Star a working capital adjustment in the amount of A$4.6 million that was paid over a three month period ending December 31, 2016;
- agreed to pay Northern Star a 2% net smelter return royalty on future gold recovered from the Plutonic Gold Operations in excess of 300,000 ounces. The royalty terminates on the earlier of; (i) the date that A$10 million is paid to Northern Star under the royalty, or (ii) gold in excess of

600,000 ounces being produced (the "Northern Star Royalty"). The Company maintains the right to purchase the Northern Star Royalty from Northern Star for a purchase price of A$6.5 million at any time before the expiry of 30 days after the date the royalty first becomes payable;

- agreed to pay Northern Star milestone payments ("Milestone Payments") of A$2.5 million for every 250,000 ounces of NI 43-101 compliant measured and indicated resources identified at the Plutonic Gold Operations in excess of the 1,717,000 ounces of JORC compliant measured, indicated and inferred resources. The aggregate of the Milestone Payments are capped at A$10 million; and
- agreed to Northern Star being eligible to nominate one Director to the Company's Board. Mr. Shaun Day, the current Chief Financial Officer of Northern Star was appointed to the Board.

Second Quarter Highlights

- Received regulatory approval to commence development of the Hermes Project
- Began mobilizing personnel and equipment to site to begin construction of the haul road as part of the first stage of development of the Hermes Project
- Undertook negotiations to acquire approximately 155,000 tonnes of oxide material feedstock from Sandfire Resources NL's neighbouring DeGrussa Copper Mine with an agreement finalized in July 2017
- Cash, cash equivalents and restricted cash of $30,344 at June 30, 2017
- Generated cash flow from operations of $3,552 in the three months ended June 30, 2017
- Produced 17,556 ounces of gold at a total cash cost[1] of $970 per ounce and all-in sustaining cost[1] of $1,078 per ounce
- Sold 19,353 ounces of gold at an average realized gold price[1] of $1,254 per ounce

Key Business Developments

Initial Public Offering

Superior Gold closed its initial public offering on the TSX Venture Exchange on February 23, 2017, generating gross proceeds of $24,916, including the exercise of the overallotment option.

Completed the payment for the Acquisition of Plutonic Gold Operations

Concurrent with Superior Gold's initial public offering the Company settled the contingent payable to Northern Star, the vendor of the Plutonic Gold Operations for cash of $7,633, 18,859,041 common shares and 14,429,521 common share purchase warrants of Superior Gold (refer to note 16 of the unaudited condensed consolidated interim financial statements). Located in Western Australia, the Plutonic Gold Operations were acquired in October 2016 and comprise a 644 km^2 land package which is home to the Plutonic Gold Mine.

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

Plutonic Gold Mine

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. The excess mill capacity offers organic growth opportunities, joint venture opportunities as well as regional opportunities to consolidate the land position.

The Plutonic Gold Mine produced and sold 17,556 and 19,353 ounces of gold, respectively for the second quarter of 2017. Total cash costs[1] and all-in sustaining costs[1] of $970/ounce and $1,078/ounce were below the realized gold price[1] of $1,254/ounce for the three month period ending June 30, 2017. The Plutonic Gold Mine and the regional administrative office generated net cash from operations after working capital changes of $5,116 for the three month period ending June 30, 2017.

For the six months ended June 30, 2017 The Plutonic Gold Mine produced and sold 38,325 and 41,154 ounces of gold, respectively. Total cash costs[1] and all-in sustaining costs[1] of $879/ounce and $994/ounce were below the realized gold price[1] of $1,236/ounce for the six month period ending June 30, 2017. The Plutonic Gold Mine and the regional administrative office generated net cash from operations after working capital changes of $13,109 for the six month period ending June 30, 2017.

Hermes Open Pit Project

The wholly-owned Hermes greenfields open pit development project is located approximately 60 kilometres south-west of the Plutonic Gold Mine. Hermes is a satellite deposit from which production is expected to commence in the fourth quarter of 2017.

A mining proposal and mine closure plan for the project, was submitted to the Western Australian Department of Mines and Petroleum in August 2016, with subsequent submissions made in November 2016. Approval of the mining proposal and the mine closure plan was received in December 2016. Final environmental approval, including the Clearing Permit, was obtained in June of 2017, which allowed for ground disturbance/clearing from July 1, 2017 onwards. The initial development of the haul road began in mid-July of 2017, with pre-stripping operations at Hermes to follow in the latter half of the year. The Hermes deposit is expected to be mined as a conventional open pit contractor operated excavator-truck mining operation with ore being trucked for processing at the Plutonic Gold Mine mill. Additional information regarding the Hermes development project can be found in the Company's Technical Report (effective date September 30, 2016) which was filed on SEDAR (www.sedar.com) on February 15, 2017.

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

Exploration Activities

During the second quarter, the Company's ongoing underground diamond drilling program focused on five zones at its wholly-owned Plutonic Gold Mine: Baltic; Caribbean; Caspian; Cortez; and Indian. Significant intersections were encountered in all zones. Results were released for 112 drill holes for a total of more than 8,000 metres. The drill holes were primarily completed for resource definition and grade control purposes. One of these holes was conducted as part of the underground exploration program testing areas outside of the known resources. Resource definition was designed to increase the confidence level of the resource in areas where drilling was limited. Grade control drilling was completed to provide additional information for stope design ahead of mining. The exploration hole was completed to test previously undrilled areas in the search for possible extensions of mineralization to potentially expand the overall resource.

The following key findings were noted:

- 112 intersections encountered more than 5g Au/t
- 51 intersections encountered more than 10g Au/t
- 19 intersections encountered more than 20g Au/t
- Exploration intersections of up to 38.3g Au/t over 2.05 metres and 17.8g Au/t over 5.10 metres were obtained, approximately 200 metres laterally from known mineralization in the Indian Zone.

Oxide Material

The Company undertook negotiations and finalized an agreement in July of 2017, to acquire approximately 155,000 tonnes of oxide material from Sandfire Resources NL's (ASX:SFR – "Sandfire") DeGrussa Copper Mine. The material ("Sandfire Material") is stockpiled approximately 30 kilometres south of the Plutonic Gold Mine. Historic samples taken from this material have provided gold grades of between 0.6 gAu/t and 1.5 gAu/t. The Company will pay Sandfire $7.80 (A$10) per tonne of material removed from the DeGrussa Mine. The plan is to process the material at the Plutonic Gold Mine at the rate of approximately 30,000 tonnes per month

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:

- Focusing on high-grade ounces
- Optimizing recoveries
- Increasing incremental production from underground and open pit sources
- Resource and reserve additions through property wide exploration
- Leveraging excess mill capacity

With the proceeds raised upon the completion of the initial public offering and the cash generated from the Plutonic Mine, the Company has the liquidity available to execute on its near-term growth and exploration strategy.

Summary of Quarterly Operational Results

Superior Gold Inc. was incorporated on July 4, 2016 and acquired the Plutonic Gold Operations on October 12, 2016 with the results of operations being effective as of October 1, 2016. During the period from incorporation on July 4, 2016 to September 30, 2016, Superior Gold's principal activity was the evaluation of, and negotiations in respect of acquiring, the Plutonic Gold Operations. The Company had no mining activity during this period. The below table presents production statistics of the Plutonic Gold Operations for the most recent two quarterly periods for which the Company had mining activity; the three months ended June 30, 2017 and the three months ended March 31, 2017:

	Three month period ended June 30, 2017	**Three month period ended March 31, 2017**
Stope material mined (t)	149,524	155,382
Stope grade mined (g/t)	3.59	4.15
Development material mined (t)	56,839	45,404
Development grade mined (g/t)	2.31	2.77
Surface material milled (t)	92,144	134,390
Surface material grade (g/t)	0.37	0.49
Total material milled (t)	308,824	332,405
Grade milled (g/t)	2.3	2.5
Gold recovery (%)	76	78
Gold produced (oz)	17,556	20,769
Gold sold (oz)	19,353	21,801
Total cash costs ($/oz) (1)	970	799
All-in sustaining costs ($/oz) (1)	1,078	920
Realized gold price ($/oz) (1)	1,254	1,219

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

The Plutonic Gold Mine produced 17,556 ounces of gold in the three month period ending June 30, 2017 compared to 20,769 ounces of gold in three month period ending March 31, 2017 as a result of lower material milled and lower head grade. Total underground material mined increased marginally by 3% to 206,363 tonnes while total material milled decreased by 7% to 308,824 tonnes mainly due to a reduction of 37,307 tonnes of low grade material being milled in the three months ended June 30, 2017. Head grade decreased marginally as a result of the change in the proportion of high grade to low grade material being processed during the three months ended June 30, 2017. Recovery rates dropped from 78% to 76% as the proportion of milled tonnages from areas that typically have lower recoveries increased.

Gold sold decreased by 2,448 ounces during the three months ended June 30, 2017 to 19,353 ounces in comparison to the three months ended March 31, 2017 due to lower production volumes resulting from lower tonnes milled, grade and recovery, partially offset by the timing of sales, as more ounces were sold toward the end of the period.

Total cash costs[2] were $970/ounce for the three months ended June 30, 2017, an increase from $799/ounce from the three months ended March 31, 2017 due to higher costs of sales (refer to the discussion of Cost of Sales included in this MD&A), excluding depreciation and lower sales volumes. All-in sustaining costs[2] increased from $920/ounce to $1,078/ounce due to higher total cash costs per ounce, and higher share-based payments, offset by lower sustaining capital expenditures.

Summary of Quarterly Financial Results

Superior Gold Inc. was incorporated on July 4, 2016 and acquired the Plutonic Gold Operations on October 12, 2016 with the results of operations being effective as of October 1, 2016. During the period from incorporation on July 4, 2016 to September 30, 2016, Superior Gold's principal activity was the evaluation of, and negotiations in respect of acquiring, the Plutonic Gold Operations. The Company had no mining activity during this period and therefore the results are not readily comparable to the subsequent three quarters. While the table below includes summarized financial information for all the four historical periods, the discussion of the Company's results is presented for the two most recent periods for which Superior Gold had mining activity; the three months ended June 30, 2017 and the three months ended March 31, 2017:

	Three month period ended June 30, 2017	Three month period ended March 31, 2017	Three month period ended December 31, 2016	Period from incorporation on July 4, 2016 to September 30, 2016
Revenue	**$ 24,324**	**$ 26,642**	$ 24,750	$ -
Cost of sales	**23,597**	**22,097**	19,727	-
Operating Income (loss)	**(221)**	**3,717**	4,413	(131)
Income (loss) before taxes [1]	**140**	**(3,899)**	4,086	(531)
Net income (loss) [1]	**(82)**	**(3,013)**	3,805	(531)
Earnings (loss) per share				
–basic and diluted [1]	**(0.00)**	**(0.05)**	0.10	(0.05)
Adjusted net income (loss) [2]	**(213)**	**2,109**	2,854	N/A
Adjusted net income (loss) per share – basic [2]	**(0.00)**	**0.03**	0.11	N/A
Cash flow from operations	**3,552**	**7,394**	8,465	198
	As at June 30, 2017	**As at March 31, 2017**	**As at December 31, 2016**	**As at September 30, 2016**
Cash and cash equivalents	**28,613**	**25,925**	6,096	216
Non-current assets	**55,768**	**56,100**	56,104	-
Total assets	**98,673**	**97,982**	75,457	13,472
Current liabilities [1]	**15,423**	**16,386**	34,253	765
Non-current liabilities [1]	**28,649**	**27,550**	27,346	-

1. Restated for adjustments to purchase price allocation of the Plutonic Gold Operations acquisition. Refer to note 16 of the condensed consolidated interim financial statements for the period ended June 30, 2017.
2. Refer to the Non-IFRS Performance Measures disclosure included in this MD&A for a description and calculation of these measures.

Results of Operations

Operating Income (loss)

Operating Income for the three months ended June 30, 2017 decreased by $3,938 from $3,717 for the three months ended March 31, 2017 to a loss of $221 due to lower revenue of $2,318 and increased Cost of Sales of $1,500 as outlined below.

Revenues

For the three months ended June 30, 2017, gold revenues totaled $24,324 from the sale of 19,353 ounces of gold, down by $2,318 from $26,642 from the sale of 21,801 ounces of gold for the three months ended March 31, 2017. Lower gold revenues resulted from 2,448 fewer ounces sold during the three months ended June 30, 2017 partially offset by an increase in the realized gold price[1] to $1,254/ounce from $1,219/ounce.

Cost of Sales

	Three months ended June 30, 2017	Three months ended March 31, 2017
Mining	$ 10,995	$ 10,179
Processing	5,265	5,122
Depreciation and amortization	4,161	4,860
Site services	1,031	1,188
Exploration	76	160
Gold royalty	607	668
Change in inventories	1,462	(80)
	$ 23,597	**$ 22,097**

Cost of Sales were $23,597 for the three months ended June 30, 2017, an increase of $1,500 from $22,097 for the three months ended March 31, 2017. Cost of sales includes mine production costs, processing costs, site services, royalties, depreciation and amortization as well as inventory movements. Cost of sales were higher in the second quarter as a result of the credit for inventory movement decreasing by $1,542 in the three months ended June 30, 2017 due to higher sales of finished goods inventory for the three months ended June 30, 2017 relative to the three months ended March 31, 2017. Higher Mining costs of $10,995 were due to more costs being capitalized in the three months ended March 31, 2017. Processing costs increased by $143 to $5,265 as higher scheduled maintenance costs offset lower processing costs as a result in the decrease in ounces of gold sold. These increases in costs were offset by a decrease in depreciation and amortization expense of $699 as a result of fewer ounces of gold being sold in the three months ended June 30, 2017. 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.

General and administrative

In comparison to the three months ended March 31, 2017 general and administrative expenses increased by $120 in the three months ended June 30, 2017 as a result of an increase in share-based payments to $259 from $105 in the three months ended March 31, 2017 associated with stock options granted in February 2017 under the Company’s stock option plan, reflecting share-based payment costs for the entire quarter.

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

Other Expenses (Income)

Other Income for the three months ended June 30, 2017 totaled approximately $361. Other expenses for the three months ended March 31, 2017, excluding the one-time loss on settlement of the Contingent Payable to Northern Star of $7,056, totaled $560. The variance between the second and first quarters of 2017 of $921 was attributed to approximately $529 of unrealized foreign exchange gains due to the strengthening of the Canadian dollar, higher interest income of $54 as a result of higher average cash balances during the second quarter, $85 in higher Business Acquisition Cost recoveries in the second quarter of 2017 to $273 as final billings associated with the Plutonic Acquisition were settled and a lower loss on change in the warrant liability of $254 as a result of a more consistent Company share price, a critical input in the revaluation calculation.

For the six months ended June 30, 2017 Other Expense (Income) of $7,255 were primarily made up of the $7,056 loss on settlement of the Contingent Payable to Northern Star and Other Expenses of $199 as outlined above.

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.

Net loss for the three and six-month periods ended June 30, 2017

The total net loss of $82 for the three months ended June 30, 2017 resulted primarily from the Operating Loss of $221, income tax expense of $222 and loss on change in valuation of warrant liability of $60, partially offset by net finance income of $148 and Business Acquisition recoveries of $273 as noted above. In comparison, for the three months ended March 31, 2017, the Company realized a total net loss of $3,013 which resulted primarily from the loss on settlement of the Contingent Payable to Northern Star of $7,056 and Other Expense of $560 partially offset by Operating Income of $3,717 and an income tax recovery of $886 as outlined above.

The net loss for the six months ended June 30, 2017 of $3,095 was mainly attributed to the loss on settlement of the Contingent Payable to Northern Star of $7,056 and Other Expenses of $199 partially offset by Operating Income of $3,496 and an income tax recovery of $664.

Adjusted net income (loss)

Adjusted net loss for the second quarter of 2017 amounted to $213 or $0.00 per share, a decrease from adjusted net income of $2,109 or $0.03 per share in the three months ended March 31, 2017, primarily reflecting lower Operating Income, partially offset by higher Other Income as outlined above.

Adjusted net income for the six months ended June 30, 2017 was $1,895 or $0.02 per share and reflects the adjustments described below.

Net income/loss was adjusted to exclude specific items that are significant, and 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 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 June 30, 2017

As at June 30, 2017, the Company's current assets totaled $42,905 and current liabilities amounted to $15,423 for a net working capital balance of $27,482. The majority of the current assets pertained to cash and cash equivalents of $28,613. Lower inventories held at the Plutonic Gold Operations of $9,186 from $10,016 as at December 31, 2016 was mainly due to lower dore on hand as a result of timing of sales at period end. The movement from a working capital deficit of $14,133 as at December 31, 2016 was mainly the result of the elimination of the contingent payable to Northern Star of $18,090 (A$25,000) which was settled upon the initial public offering of the Company's common shares on the TSX Venture Exchange on February 23, 2017. The initial public offering also contributed to the increase in cash and cash equivalents of $22,517 to $28,613 as at June 30, 2017, as outlined in the Liquidity and Capital Resources section of this MD&A.

Non-current assets decreased marginally from December 31, 2016 as additions of underground mobile equipment acquired under finance leases, capital expenditures and foreign exchange impacts on non-current asset balances were offset by depreciation expense.

Share capital consisted of capital stock, net of issue costs, of $49,220. No further shares have been issued since June 30, 2017.

Cash from Operating Activities

During the three months ended June 30, 2017 cash from operating activities was $3,552, a decrease of $3,842 from the three months ended March 31, 2017. This decrease resulted from lower Operating Income, partially offset by cash inflows from working capital due to lower inventory as well as accounts payable and accrued liability balances.

During the six months ended June 30, 2017 cash from operating activities was $10,946, comprising Operating Income and adjustments for non-cash items, primarily depreciation and amortization and the loss on settlement of the Contingent Payable to Northern Star Resources, partially offset by a net working capital outflow of $1,596.

Cash used in Investing Activities

Cash used in investing activities in the three months ended June 30, 2017 comprised expenditures on mine interests, property, plant and equipment of $936 primarily in support of underground mine development, partially offset by interest earned on higher cash balances of $60. This primarily represents a reduction of capital expenditures of $783 in the three months ended June 30, 2017 due to higher capitalized mining costs in the three months ended March 31, 2017 as outlined in the discussion of Cost of Sales above, as well as the absence of the final payment to Northern Star to satisfy the cash obligation of the amended Acquisition agreement of $7,633 in February 2017 (refer to note 16 of the Condensed Consolidated Interim Financial Statements).

Cash used in investing activities in the six months ended June 30, 2017 comprised the payment to Northern Star to satisfy the cash obligation of $7,633 and expenditures on mine interests, property, plant and equipment of $2,655 primarily in support of underground mine development.

Cash from Financing Activities

Cash from financing activities in the three months ended June 30, 2017 comprised the repayment of the Company's short-term loan, finance lease obligation and interest thereon of $561, a decrease of $824 from the three months ended March 31, 2017 as the short-term loan and a portion of assets under finance lease were repaid in full. In addition, cash from financing activities in the three months ended March 31, 2017 included the net proceeds of the Company's initial public offering.

Cash from financing activities in the six months ended June 30, 2017 comprised proceeds derived from the issuance of 32,717,500 Common Shares under the initial public offering and the exercise of the overallotment option for gross proceeds of $24,916, less share issuance costs of $1,941 and the repayment of the Company's short-term loan, finance lease obligation and interest thereon of $1,946.

Liquidity and Capital Resources

During the three months ended June 30, 2017, the Company generated cash flows from the Plutonic Gold Operations to fund its expenditures on mineral interests and property, plant and equipment, pay down its finance lease obligation and eliminate its short-term loan.

During the six months ended June 30, 2017, the Company completed its initial public offering and satisfied the contingent payable to Northern Star through the payment of cash and the issuance of common shares and common share purchase warrants (refer to note 16 of the unaudited interim financial statements). Subsequent to the acquisition of the Plutonic Gold Operations, the Company has generated cash flows from the Plutonic Gold Operations as well as the net proceeds from its initial public offering and overallotment to satisfy its liabilities as at June 30, 2017 and 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 June 30, 2017, Superior Gold has a working capital balance of $27,482. As at December 31, 2016 the Company had a working capital deficit of approximately $13,937 with current assets of $20,316 and current liabilities of $34,253. The deficit was the result of the contingent payable to Northern Star of $18,090 (A$25,000), which was payable in cash in the event the Company did not complete a listing of its common shares within six months from the Acquisition date.

Management believes the cash generated from the Company's initial public offering and cash from operations of the Plutonic Gold Mine 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 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 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

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

	June 30, 2017
Property, plant and equipment	$ 92

The Company has entered into an operating lease for the operation and maintenance of a power station for the Plutonic mine site. The lease term is seven years and commenced in July 2014. The Company has also entered into an operating lease for its head office in Toronto. The lease term is for five years and commenced in June 2017. Commitments for minimum lease payments in relation to these non-cancellable operating leases (excluding variable per kilowatt hour charges for the power station lease) are as follows:

	June 30, 2017
Within one year	$ 1,618
Later than one but not later than five years	4,924
	$ 6,542

Transactions with Related Parties

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	Three months ended June 30, 2017	Six months ended June 30, 2017
Management compensation	$ 201	$ 352
Directors' fees	23	47
Share-based payments	231	325
	$ 455	**$ 724**

Northern Star is a related party as a result of the 19.7% ownership interest in the Company's common shares and 14,429,521 warrants (note 16) acquired on February 23, 2017. Northern Star acquired 18,859,041 common shares and 14,429,521 warrants under the amended Acquisition Agreement, dated February 9, 2017 as partial consideration for the Plutonic Gold Operations (note 16). As at June 30, 2017 Northern Star held 18,346,261 or 19.2% of the Company's common shares and 13,960,561 warrants to purchase common shares of the Company. In the six months ended June 30, 2017, the Company paid Northern Star $439 related to the finance lease obligation, subsequent to February 23, 2017. The Company assumed the lease from Northern Star upon acquisition of the Plutonic Gold Operations. The Current portion of finance lease obligation includes an amount of $318 owing to Northern Star at June 30, 2017. In the six months ended June 30, 2017, the Company received $207 for repair work charged to Northern Star as per the Sale and Purchase Agreement, there are no amounts receivable at June 30, 2017.

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 period from incorporation on July 4, 2016 to December 31, 2016. The preparation of the condensed consolidated interim financial statements requires management to makes estimates and judgments which are described in the Company's audited consolidated financial statements for the period from incorporation on July 4, 2016 to December 31, 2016.

The accounting policies and management estimates applied in the condensed consolidated interim financial statements for the three and six months ended June 30, 2017 are consistent with those used in the Company's consolidated financial statements for the period from incorporation on July 4, 2016 to December 31, 2016.

Financial Instruments

The Company's significant accounting policies regarding its financial instruments are set out in the Company's audited consolidated financial statements included in its prospectus dated February 15, 2017. 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 following accounting standard is effective and implemented as of January 1, 2017:

On January 19, 2016, the IASB issued Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12). The amendments apply retrospectively for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences. The implementation of the amendments to IAS 12 did not have an impact on the Company's financial statements.

Recent Accounting Pronouncements

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the consolidated financial statements to be material.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

On June 20, 2016, the IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early, application is permitted if information is available without the use of hindsight. The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The Company intends to adopt the amendments to IFRS 2 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the amendments has not yet been determined.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 Financial instruments replaces the existing guidance in IAS 39 Financial instruments recognition and measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carried forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Company has not yet determined the impact of adopting IFRS 9 on the financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from contracts with customers will replace IAS 18 Revenue, IAS 11 Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on January 1, 2018. The Company has not yet determined the impact of adopting IFRS 15 on the financial statements.

IFRS 16 Leases

On January 13, 2016, the IASB issued IFRS 16 Leases. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning on January 1, 2019. The Company has not yet determined the impact of adopting IFRS 16 on the financial statements.

Annual Improvements to IFRS Standards (2014-2016) Cycle

On December 8, 2016, the IASB issued narrow-scope amendments to three standards as part of its annual improvements process. (Note: the amendment to IFRS 12 became effective from January 1, 2017).

Remaining amendments not yet effective relate to IFRS 1 and IAS 28: removal of out-dated exemptions for first time adopters under IFRS 1 First-time Adoption of International Financial Reporting Standards, effective for annual periods beginning on or after January 1, 2018; and clarification that the election to measure an associate or joint venture at fair value under IAS 28 Investments in Associates and Joint Ventures for investments held directly, or indirectly, through a venture capital or other qualifying entity can be made on an investment-by-investment basis. The amendments are effective retrospectively for annual periods beginning on or after January 1, 2018. The Company intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the amendments has not yet been determined.

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

In December 2016, the IASB issued IFRIC Interpretation 22, Foreign Currency Transactions and Advance Consideration. The Interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The Interpretation is applicable for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company has not yet determined the impact of adopting IFRIC 22 on the financial statements.

IFRIC 23 – Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Corporation has not yet determined the impact of adopting IFRIC 23 on the financial statements.

Outstanding Share Data

The following table summarizes the capitalization of the Company as at August 13, 2017, the date of this MD&A and June 30, 2017:

	Exercise price	Expiry date	Quantity
Number of common shares issued			
Common shares	Not applicable	Not applicable	95,669,140
Number of common shares issuable			
Stock options	$0.75	February 23, 2022	6,650,000
Stock options	$0.77	July 5, 2022	400,000
Warrants	CAD$0.50	February 23, 2019	1,230,000
Warrants	CAD$1.00	February 23, 2019	681,525
Warrants	$1.5166	February 23, 2022	14,429,521
			119,060,186

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 June 30, 2017**	**Three months ended March 31, 2017**	**Six months ended June 30, 2017**
Gold sold (oz)	19,353	21,801	41,154
Cost of Sales	23,597	22,097	45,694
Adjustments for:			
Depreciation and amortization	(4,161)	(4,860)	(9,021)
Share-based payments included in Cost of Sales	(111)	(45)	(156)
Non-cash inventory movements	(508)	274	(234)
Silver credits	(53)	(56)	(109)
Cash costs	18,764	17,410	36,174
Total cash costs (per gold oz)	970	799	879
Adjustments for items affecting all-in sustaining cash costs:			
Sustaining capital expenditure	816	1,537	2,353
Share-based payments included in Cost of Sales	111	45	156
Corporate, general and administration[1]	948	828	1,776
Rehabilitation accretion	232	235	467
All-in sustaining cost	20,871	20,055	40,926
All-in sustaining cost (per gold oz)	1,078	920	994

1. Corporate, general and administration costs include share-based compensation, as per the Condensed Consolidated Interim 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 condensed consolidated interim financial statements:

(in thousands of dollars, except oz or per oz amounts)	**Three months ended June 30, 2017**	**Three months ended March 31, 2017**	**Six months ended June 30, 2017**
Metal sales	$24,324	$26,642	$50,966
Silver sales	(53)	(50)	(103)
Revenues from gold sales	24,271	26,592	50,863
Gold sold (oz)	19,353	21,801	41,154
Realized gold price ($/oz)	$1,254	$1,219	$1,236

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 significant, but 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 month period ended June 30, 2017	Six month period ended June 30, 2017
Net income (loss) for the period	(82)	(3,095)
Adjusted for:		
Loss on settlement of contingent payable to Northern Star	-	7,056
Bargain purchase gain on the acquisition of the Plutonic Gold Operations	-	-
Change in valuation of the warrant liability [(1)]	60	374
Business acquisition costs	(273)	(461)
Effect on income taxes of the above items	82	(1,979)
Adjusted net income (loss)	(213)	1,895
Weighted average number of common shares outstanding - basic	95,669,140	80,140,200
Adjusted basic net income (loss) per share	(0.00)	0.02

1. Balance included in the statement of comprehensive earnings caption "Net finance income and costs". The related financial statements include a detailed breakdown of "Net finance income and costs".

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. 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", which is incorporated by reference into this MD&A. The Final Long Form Prospectus is available on SEDAR (www.sedar.com).

Forward-looking information

Certain information contained or incorporated by reference in this MD&A, including any information as to our strategy, projects, plans or future financial or operating performance, constitutes "forward-looking statements". All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "objective", "aim", "intend", "project", "goal", "continue", "budget", "estimate", "potential", "may", "will", "can", "could", "would" and similar expressions identify forward-looking statements. In particular, this MD&A contains forward-looking statements including, without limitation, with respect to: Company's objectives, goals or future plans; development and production activities at the Plutonic Gold Mine; development activities at the Hermes open pit development project; projected capital, operating and exploration expenditures; statements regarding exploration results and exploration plans; potential mineralization and mineral recoveries; and expectations regarding future price assumptions, financial performance and other guidance.

Forward-looking statements are necessarily based upon a number of estimates and assumptions including material estimates and assumptions related to the factors set forth below that, while considered reasonable by the Company as at the date of this MD&A in light of management's experience and perception of current conditions and expected developments, are inherently subject to a variety of known and unknown factors 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. Such factors include, but are not limited to: future prices of gold; the price of other commodities such as fuel; 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 Mine; production costs; the accuracy of budgeted exploration and development costs and expenditures; currency exchange rates and interest rates; the ability to raise any necessary additional capital on reasonable terms to advance the development of the Plutonic Gold Mine and pursue planned exploration activities; the successful and timely completion of the Hermes open pit development project; obtaining the 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; the availability of mining equipment; differences in size, grade, continuity, geometry or location of mineralization from that predicted by geological modelling and the subjective and interpretative nature of the geological modelling process; geological, hydrological and climactic events which may adversely affect infrastructure, operations and development plans, and the inability to effectively mitigate or predict with certainty the occurrence of such events; the Company's failure to accurately model and budget future capital and operating costs associated with the development and operation of the Plutonic Gold Mine; contests over title to properties; the supply of adequate infrastructure to sustain operations; the Company's management being unable to successfully attract and retain highly skilled personnel; compliance with Australia's environmental regulations; the impact of competitive conditions in the mineral exploration and mining businesses; limits of insurance coverage and uninsurable risk; the adverse effect of currency fluctuations on the Company's financial performance; the dilutive effect and inherent risks and costs of acquisitions, investments or divestitures and the failure of such acquisitions, investments or divestitures to deliver the benefits anticipated; the costs associated with legal proceedings should the Company become the subject of litigation or regulatory proceedings; and other risks involved in the exploration, development and mining business generally, including, without limitation, environmental risks and hazards, cave-ins, flooding, rock bursts and other acts of God or natural disasters or unfavourable operating conditions and losses.

The Company cautions that 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, investors should not place undue reliance on forward-looking information. Except as required by law, the Company does not assume any obligation to update or revise any forward-looking information contained in this MD&A to reflect events or circumstances after the date hereof.

Technical Information

Scientific and technical information in this MD&A has been reviewed and approved by Simon Lawson who is a member of the AusIMM and a "qualified person" within the meaning of NI 43-101. Mr. Lawson is an employee of the Company and serves as the Chief Geologist.

Additional Information

Additional information regarding the Company can be found at www.sedar.com and www.superior-gold.com. A copy of Superior Gold's long form prospectus dated February 15, 2017 is available at www.sedar.com.