



**SUPERIOR  
GOLD INC.**

## **Management's Discussion and Analysis**

For the three and nine months ended September 30, 2019

November 18, 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 November 18, 2019, should be read in conjunction with Superior Gold's unaudited condensed consolidated interim financial statements and related notes for the three and nine months ended September 30, 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 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](http://www.sedar.com)) and on the Company's website ([www.superior-gold.com](http://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 open pits at Hermes and up to an 80% interest in the Bryah Basin joint venture), and a central mill (located at the Plutonic Gold Mine).

### Third Quarter Highlights

- Produced 16,627 ounces of gold, down 30% from the second quarter of 2019 and 33% from the comparable period in 2018 as the Company took the necessary steps to focus on the long-term plan, as released on October 23, 2019, and as discussed in the Key Business Developments section of this MD&A
- Sold 17,900 ounces of gold at total cash costs<sup>1</sup> of \$1,504 per ounce sold and all-in sustaining costs<sup>1</sup> of \$1,652 per ounce sold, above the realized gold price<sup>1</sup> of \$1,483
- Net loss for the period of (\$0.04) per share
- Achieved cumulative production in excess of 256,000 ounces since acquisition of the Plutonic Gold Operations
- Cash, cash equivalents and restricted cash of \$14,123 at September 30, 2019
- Completed the mine plan and subsequently announced 5-year guidance of 70,000-85,000 ounces / year at All-in sustaining costs<sup>1</sup> of less than \$1,100 per ounce sold

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

## Highlights between the reporting date and September 30, 2019

On November 12, 2019, the Company entered into a senior secured gold loan agreement with Auramet International LLC (“Auramet”) under which the Company received gross proceeds of AUD\$15 million before associated costs. The loan will be repaid via delivery of a total of 7,920 ounces of gold over 18 equal monthly instalments beginning on January 30, 2020 and terminating on June 30, 2021, inclusive.

As part of the agreement, the Company granted Auramet 20,000 gold call options at strike prices ranging from AUD\$2,275 to AUD\$2,360 per ounce of gold. These gold call options have expiration dates between July 2020 and December 31, 2021 up to a maximum of 1,500 ounces per month. In addition, the Company is required to enter into a price protection program for 20,000 ounces for the 2020 year.

## 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 Gold Mine is located approximately 65 kilometres south-west of the Plutonic Gold Mine. It includes the wholly-owned Hermes open pits, that until recently, were 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. Extraction at the Hermes Gold Mine was temporarily suspended on May 31, 2019 as Management decided to focus on other open pit opportunities near the mill while developing the best long-term open pit operational scenario for the Hermes Gold Mine.

### *Quarterly performance summary*

The Plutonic Gold Operations produced and sold 16,627 and 17,900 ounces of gold, respectively, for the third quarter of 2019. Total cash costs<sup>1</sup> of \$1,504/ounce sold and all-in sustaining costs of \$1,652/ounce were above the realized gold price<sup>1</sup> of \$1,483/ounce for the three-month period ending September 30, 2019. In comparison, 24,719 and 25,842 ounces of gold were produced and sold, respectively for the third quarter of 2018. Total cash costs<sup>1</sup> of \$1,042/ounce sold and all-in sustaining costs of \$1,119/ounce were below the realized gold price<sup>1</sup> of \$1,211/ounce for the three-month period ending September 30, 2018.

Total cash costs and all-in sustaining cash costs increased over the prior period primarily due to fewer ounces produced in the current quarter than the same period in 2018 as a result of lower grades from the Hermes stockpiles and a decrease in tonnages milled from the Plutonic underground gold mine. The variance from prior period underground tonnes milled was caused by fewer available stopes to be mined due to lower stope development as the Company focused its efforts on development and preferred sequencing necessary to deliver on the new long-term plan released on October 23, 2019. Modestly higher General and administrative costs was due to higher compensation costs in 2019 which stemmed

from the addition of the Company's Chief Operating Officer. The Company generated net cash from operations after working capital changes of \$730 for the three months ending September 30, 2019.

#### ***Year to date performance summary***

The Plutonic Gold Operations produced and sold 62,951 and 64,342 ounces of gold, respectively, for the nine months ended September 30, 2019. Total cash costs<sup>1</sup> of \$1,274/ounce sold were below the realized gold price<sup>1</sup> of \$1,360/ounce for the nine-month period ending September 30, 2019, while all-in sustaining costs of \$1,377/ounce were approximately 1% higher due to higher sustaining capital expenditures. In comparison, 69,559 and 70,579 ounces of gold were produced and sold, (including 4,968 pre-production Hermes ounces) respectively for the nine months ended September 30, 2018. Total cash costs<sup>1</sup> of \$1,070/ounce sold and all-in sustaining costs of \$1,175/ounce were below the realized gold price<sup>1</sup> of \$1,273/ounce for the nine-month period ending September 30, 2018.

Total cash costs and all-in sustaining cash costs increased over the prior period primarily due to higher payroll, maintenance and mining costs, as described in the Cost of sales section, further in this MD&A, despite an increase in tonnes milled. Partially offsetting these increases were lower General and administrative costs. Lower General and administrative costs was due to lower compensation and consulting costs in 2019. The reduction stems from the finalization of senior management's short-term incentive compensation in 2019 as a result of short-term incentives not being awarded to executives for 2018 performance 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 \$5,380 for the nine months ended September 30, 2019.

#### **Exploration Activities**

During the third quarter, the Company continued to operate three underground diamond drilling rigs with 20,916 metres completed. Of the total, 10,438 metres were drilled for grade control and stope design while 10,478 metres were for reserve and resource expansion.

Limited surface exploration drilling was completed during the quarter as the Company focused its efforts on the new underground plan.

Total expenditures for the quarter were \$1,818, of which \$777 was expensed and \$1,041 was capitalized to mining interests. Year to date expenditures were \$4,363, of which \$1,852 was expensed and \$2,511 was capitalized to mining interests.

Total expenditures for the comparative 2018 quarter were \$1,777, of which \$616 was expensed and \$1,161 was capitalized to mining interests. The comparative year to date expenditures were \$6,548 of which \$1,500 was expensed and \$5,048 was capitalized to mining interests.

The Company continues its examination of a number of open pit alternatives including processing material from Hermes, Hermes South and sources near the Plutonic Mine incorporating potential expansions of some of the past-producing open pits, including Plutonic East as well as Trout, Perch and Salmon.

At the Company's 80% owned Hermes South project scoping work is ongoing. As part of that work, the Company is assessing Hermes South and 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:

- Delivery on its 5-year guidance for the underground operations as announced in its press release dated October 23, 2019
- Improve reconciliation between mined and reserve/resource 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
- Accelerate exploration activities in 2020

With the Company's cash position, the ongoing cash from operations and the recent gold loan obtained subsequent to September 30, 2019 (refer to note 18 of the unaudited condensed consolidated interim financial statements), the Company has the liquidity available to execute on these growth and exploration objectives.

## Summary of Operational Results

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Stope material mined (000's t)	119	176	393	486
Stope grade mined (g/t)	2.96	2.75	3.06	2.84
Development ore mined (000's t)	58	49	201	140
Development grade mined (g/t)	1.61	1.96	1.71	1.76
Hermes ore mined (000's t)	-	245	696	655
Hermes grade mined (g/t)	-	1.40	1.03	1.49
Hermes waste mined (000's t)	-	2,789	1,595	7,576
Strip Ratio (t:t)	-	11.4	2.3	11.6
Underground ore milled (000's t)	170	220	574	620
Underground grade milled (g/t)	2.52	2.57	2.63	2.60
Hermes ore milled (000's t)	244	208	677	489
Hermes grade milled (g/t)	0.75	1.48	1.10	1.65
Other ore milled (000's t)	1	9	13	60
Other ore grade milled (g/t)	0.33	0.78	0.37	0.61
Total ore milled (000's t)	415	437	1,263	1,170
Grade milled (g/t)	1.5	2.0	1.8	2.1
Gold recovery (%)	85	87	87	88
Gold produced (oz)	16,627	24,719	62,951	69,559
Gold sold (oz)	17,900	25,842	64,342	70,579 <sup>(2)</sup>
Total cash costs (\$/oz) <sup>(1)(2)</sup>	1,504	1,042	1,274	1,070
All-in sustaining costs (\$/oz) <sup>(1)(2)</sup>	1,652	1,119	1,377	1,175
Realized gold price (\$/oz) <sup>(1)</sup>	1,483	1,211	1,360	1,273

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

<sup>(2)</sup> Includes 4,968 ounces sold from Hermes pre-commercial production.

### Quarterly operational results

The Plutonic Gold Operations produced, 16,627 ounces of gold in the three-month period ending September 30, 2019 as compared to 24,719 ounces of gold in three-month period ending September 30, 2018. The decrease is primarily as a result of lower grade tonnes milled from the Hermes Gold Mine and lower recoveries, as well as a decrease in tonnages milled from both the Plutonic Gold Mine and Hermes Gold Mine. The negative variance from prior period underground tonnes milled was caused by fewer available stopes to be mined due to lower stope development as the Company focused its efforts on development necessary to deliver on the new long-term plan. While the operational improvements that began in the first quarter of 2019 resulted in improved stope grades, the focus on the long-term plan reduced stope availability and total stope tonnes mined.

Total material milled during the three months ended September 30, 2019 decreased by 5% to 415 ktonnes compared to the same period in 2018, primarily as a result of the decreased mill feed from the Plutonic Gold Mine, partially offset by an increase in tonnes milled from the Hermes stockpile in the three months ended September 30, 2018. Head grade decreased from 2.0 g/t to 1.5 g/t primarily as a result of the increased contribution of lower grade material milled from the Hermes stockpiles. Recovery rates decreased marginally from 87% to 85% due to lower head grades.

Gold sold decreased by 7,942 ounces to 17,900 during the three months ended September 30, 2019 versus the comparative period in 2018. The 31% decrease was primarily due to lower recoveries and lower grade milled from the Hermes stockpiles as well as fewer tonnes milled from the underground operations as a result of fewer stopes available to be mined due to lower stope development in the quarter.

Total cash costs<sup>1</sup> were \$1,504/ounce sold for the three months ended September 30, 2019, an increase from \$1,042/ounce sold from the three months ended September 30, 2018 due to the reduction in ounces sold. The smaller number of ounces sold offset the reduction in Cost of sales for the three months ended September 30, 2019 resulting from lower Hermes mining costs of \$5,981 following its temporary stoppage in May 2019. The reduction in Hermes mining costs were offset, in turn, by higher payroll costs and higher costs from a preventative maintenance program to focus on improving underground fleet performance. All-in sustaining costs<sup>1</sup> increased from \$1,119/ounce sold to \$1,652/ounce sold due to higher total cash costs and higher sustaining capital expenditures.

#### ***Year to date operational results***

For the nine months ended September 30, 2019 the Plutonic Gold Operations produced, 62,951 ounces of gold compared to 69,559 ounces of gold in the nine-month period ending September 30, 2018. The decrease is a result of fewer available stopes due to lower stope development in the quarter as well as the abandonment of a small number of stopes due to the grade reconciliation exercise performed in the quarter, which offset the higher tonnes milled from the Hermes stockpiles. Total material milled increased by 8% to 1,263 ktonnes due to a full nine months of feedstock from the Hermes open pit in the year-to-date ended September 30, 2019 as compared to the prior period where development of the Hermes open pit was being finalized and commercial production, for accounting purposes, became effective April 1, 2018. Head grade decreased from 2.1 g/t to 1.8 g/t as a result of a greater contribution of lower grade Hermes ore in comparison to 2018, as well as slightly lower grade ore from the underground operation being mined and milled. Recovery rates were consistent with the prior period.

Gold sold decreased by 6,238<sup>2</sup> ounces to 64,341 during the nine months ended September 30, 2019 versus the comparative period in 2018.

Total cash costs<sup>1,2</sup> were \$1,274/ounce sold for the nine months ended September 30, 2019, an increase from \$1,070/ounce sold from the nine months ended September 30, 2018 due largely to fewer ounces sold, higher payroll, maintenance and mining costs. All-in sustaining costs<sup>1,2</sup> increased from \$1,175/ounce sold to \$1,377/ounce sold due to higher total cash costs per ounce and higher sustaining capital expenditures, offset, in part, by lower General and administrative expenses. 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 in 2019 as a result of short-term incentives not being awarded to executives for 2018 performance and higher consulting in the first three months of 2018 due to administrative projects, which did not reoccur in the nine months ended September 30, 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 September 30, 2019	Three month period ended June 30, 2019	Three month period ended March 31, 2019	Three month period ended December 31, 2018
Revenue	\$ 26,588	\$ 31,629	\$ 29,407	\$ 23,917
Cost of sales	29,845	32,739	30,960	31,054
Exploration expense	777	523	552	501
General and administrative	1,051	657	973	978
Operating Income (loss)	(5,085)	(2,290)	(3,078)	(8,616)
Income (loss) before taxes	(5,668)	(2,314)	(3,108)	(9,099)
Net income (loss)	(4,150)	(1,909)	(2,585)	(6,714)
Earnings (loss) per share				
–basic and diluted	(0.04)	(0.02)	(0.03)	(0.07)
Adjusted net income (loss) <sup>3</sup>	(3,875)	(1,909)	(2,622)	(6,873)
Adjusted net income (loss) per share – basic <sup>3</sup>	(0.04)	(0.02)	(0.03)	(0.07)
Cash flow from (used in) operations	730	4,247	403	(374)
	As at September 30, 2019	As at June 30, 2019	As at March 31, 2019	As at December 31, 2018
Cash and cash equivalents	13,993	17,187	16,098	17,332
Non-current assets	62,038	61,052	63,031	63,167
Total assets	88,136	95,961	97,036	95,906
Current liabilities	28,423	29,566	27,403	25,998
Non-current liabilities	29,787	31,320	32,382	31,015

	Three month period ended September 30, 2018	Three month period ended June 30, 2018	Three month period ended March 31, 2018	Three month period ended December 31, 2017
Revenue	\$ 31,333	\$ 33,631	\$ 18,633	\$ 25,587
Cost of sales	32,525	30,501	20,011	24,253
Exploration expense	616	485	399	429
General and administrative	981	1,080	1,542	1,246
Operating Income (loss)	(2,789)	1,565	(3,319)	(341)
Income (loss) before taxes	(2,452)	1,282	(8,515)	(955)
Net income (loss)	(1,748)	737	(5,575)	(2,315)
Earnings (loss) per share				
–basic and diluted	(0.02)	0.01	(0.06)	(0.02)
Adjusted net income (loss) <sup>3</sup>	(2,059)	654	(2,172)	(2,136)
Adjusted net income (loss) per share – basic <sup>3</sup>	(0.02)	0.01	(0.02)	(0.02)
Cash flow from operations	3,582	4,959	(1,599)	2,588
	As at September 30, 2018	As at June 30, 2018	As at March 31, 2018	As at December 31, 2017
Cash and cash equivalents	21,959	21,762	23,866	29,121
Non-current assets	66,028	69,461	73,525	63,853
Total assets	103,660	108,976	113,158	107,240
Current liabilities	18,675	19,202	26,141	19,602
Non-current liabilities	38,795	41,110	37,789	32,367

<sup>(3)</sup> 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 September 30, 2019 was \$5,085 compared to \$2,789 for the three months ended September 30, 2018 due to lower Revenue of \$4,745 and higher General and administrative expense of \$70, partially offset by lower Cost of sales of \$2,680 as outlined below.

Operating loss for the nine months ended September 30, 2019 was \$10,453 compared to \$4,543 for the nine months ended September 30, 2018 due to higher Cost of sales of \$10,507, partially offset by higher Revenue of \$4,027 and lower General and administrative expense of \$922 as outlined below.

## Revenues

During the three months ended September 30, 2019 Metal sales totaled \$26,588 from the sale of 17,900 ounces of gold, a decrease of \$4,745 from \$31,333 from the sale of 25,842 ounces of gold for the three months ended September 30, 2018. Lower gold revenues resulted from 7,942 fewer ounces being sold which was partially offset by an increase in the realized gold price<sup>1</sup> to \$1,483/ounce from \$1,211/ounce. The reduction in ounces sold was due to fewer ounces being produced as a result of the fewer available stopes due to lower stope development as the Company focused its efforts on development necessary to deliver on the new long-term plan.

During the nine months ended September 30, 2019 Metal sales totaled \$87,624 from the sale of 64,342 ounces of gold, an increase of \$4,027 from \$83,597 from the sale of 65,611 ounces of gold for the nine months ended September 30, 2018. Higher gold revenues resulted from an increase in the realized gold price<sup>1</sup> of \$87/ounce to \$1,360/ounce, offsetting the 1,269 fewer ounces sold. The number of ounces sold in the nine months ended September 30, 2019 was lower mainly due to 7,942 fewer ounces being sold in the third quarter, as outlined above, more than offsetting the inclusion of the Hermes Gold Mine in results from operations following the declaration of commercial production. During the nine months ended September 30, 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.

**Cost of Sales**

	Three months ended September 30				Nine months ended September 30			
	2019		2018		2019		2018	
	\$		\$		\$		\$	
Mining	\$	16,325	\$	19,547	\$	58,176	\$	51,000
Processing		5,386		5,656		17,005		14,957
Depreciation and amortization		1,915		5,193		10,821		12,800
Site services		1,278		867		2,998		3,232
Gold royalty		611		845		2,247		2,396
Change in inventories		4,330		417		2,297		(1,348)
	\$	29,845	\$	32,525	\$	93,544	\$	83,037

Cost of Sales were \$29,845 for the three months ended September 30, 2019, a decrease of \$2,680 from \$32,525 for the three months ended September 30, 2018. Cost of sales includes mine production costs, processing costs, site services, royalties, depreciation and amortization. Cost of sales were lower in the current period versus the same period in 2018 predominantly due to a reduction in mining costs at Hermes of \$5,981 following its temporary stoppage, partially offset by higher payroll and maintenance costs at the underground operations. The higher payroll and maintenance costs accounted for approximately 30% of the offsetting increase in costs at the underground operation over the comparable period in 2018 which included additional personnel hired in the fourth quarter of 2018 to address underground operational limitations and the Company's focus on improving underground fleet performance. Processing costs were lower due to fewer ounces produced. These amounts were partially offset by the decrease in Depreciation and amortization as a result of the Reserve and Resource update announced in May 2019 and the temporary stoppage of mining at the Hermes Gold Mine. 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 decrease in gold royalties was a result of fewer ounces sold in the quarter. Cost of sales increased as a result of the variance in the Change in inventories category. The Hermes stockpile inventory that was built up since the start of operations was drawn down and processed during the three months ended September 30, 2019, resulting in a larger increase to Cost of sales with a corresponding reduction in stockpile inventory on the balance sheet. The \$417 amount for the Change in inventories in the three months ended September 30, 2018 resulted from the build-up of ore stockpile inventory at Hermes. Site services increased in part due to credits from stock adjustments in the third quarter of 2018, partially offset by 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. In addition, the third quarter of 2019 saw a decrease in payroll and share-based payment costs.

Cost of sales were \$93,544 for the nine months ended September 30, 2019, an increase of \$10,507 over the nine months ended September 30, 2018. Higher Cost of sales resulted primarily from higher maintenance and payroll costs at the underground operations resulting from additional personnel hired in the fourth quarter of 2018 as well as the Company's focus on improving underground fleet performance. The higher payroll and maintenance costs accounted for approximately 74% of the increase in costs at the underground operation over the comparable period in 2018. Higher tonnes milled for the nine-month period in 2019 relative to the comparable period in 2018 increased cyanide and power costs within the Processing category along with \$1,450 of pre-production Hermes processing costs capitalized in the first quarter of 2018. The inventory cost of \$2,297 in the nine months ended September 30, 2019

was due to the drawdown and processing of Hermes ore stockpile inventory, that had been previously built up when mining rates exceeded processing rates. Depreciation and amortization costs were lower due to the lower number of ounces mined, primarily from Hermes. The Plutonic Gold Operations uses the unit-of-production basis when depreciating and amortizing mine specific assets as described in the preceding paragraph. The decrease in gold royalties reflects the decrease in gold sold resulting from lower production and the lower proportion of Hermes ounces sold which have additional third-party royalties in addition to those owed to the government of Australia on the Plutonic Operations. Site services decreased in part 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 decrease in payroll and share-based payment costs.

### **General and administrative**

In comparison to the three months ended September 30, 2018, general and administrative expenses increased by \$70 in the three months ended September 30, 2019 due to higher payroll costs as a result of the addition of the Company's Chief Operating Officer, partially offset by lower share-based payment costs.

For the nine months ended September 30, 2019, general and administrative expenses decreased by \$922 in comparison to the nine months ended September 30, 2018 due to lower payroll costs as a result of the finalization in 2019 of accruals for 2018 short-term incentive compensation, in which no short-term incentive was awarded to executives for 2018 performance and lower consulting costs due to administrative projects completed in the first quarter 2018.

### **Other Expenses (Income)**

Other Expenses for the three months ended September 30, 2019 totaled approximately \$583 and included a Restructuring charge of \$392 related to management personnel changes at the Australian operations along with charges for accretion on provisions of \$64, lease and short-term finance charges of \$107, and foreign exchange losses of \$53, partially offset by interest income of \$34. Other Income for the three months ended September 30, 2018 totaled \$337 and included a gain on the change in valuation of the warrant liability of \$311, \$176 of foreign exchange gains, and \$44 of interest income, offset by \$118 of accretion on provisions and \$76 for lease and short-term finance charges.

Other Expenses for the nine months ended September 30, 2019 comprised mainly the Restructuring charge of \$392 described above and \$261 of Net finance and other costs which included charges for accretion on provisions of \$285 and lease finance charges of \$313 offset by foreign exchange gains of \$219 and interest income of \$118. Other Expenses for the nine months ended September 30, 2018 totaled \$5,142 comprised mainly of the loss, and change in valuation of, the contingent payable to Northern Star Resources of \$4,602 and also included \$752 of Net finance and other costs comprised predominantly of \$355 of accretion on provisions and \$332 of foreign exchange losses.

### **Net loss for the period ended September 30, 2019**

The total net loss of \$4,150 for the three months ended September 30, 2019 resulted primarily from the Operating loss of \$5,085 and Restructuring charge of \$392 as noted previously, partially offset by an income tax recovery of \$1,518 resulting from the pre-tax Operating loss. The total net loss of \$1,748 for

the three months ended September 30, 2018 resulted primarily from the Operating loss of \$2,789 partially offset by an income tax recovery of \$704 and a Gain on the change in the warrant liability of \$311.

The total net loss of \$8,644 for the nine months ended September 30, 2019 resulted primarily from the Operating loss of \$10,453 and Restructuring charge as noted previously, partially offset by an income tax recovery of \$2,446 resulting from the pre-tax Operating loss. The total net loss of \$6,586 for the nine months ended September 30, 2018 resulted primarily from the Operating loss of \$4,543 and the loss on the Northern Star royalty of \$4,602 (refer to note 18 of the condensed consolidated interim financial statements as at September 30, 2018) partially offset by an income tax recovery of \$3,099. The income tax recovery resulted primarily from the pre-tax Operating loss and the recognition of deferred tax assets associated with the rehabilitation provision due to the update to Mineral Reserves and Mineral Resources. The deferred tax asset associated with the increase in the noncurrent liability has been recognized as at September 30, 2018 as it is considered probable that future taxable amounts will be available to utilize this temporary difference.

### **Adjusted net income (loss)**

Adjusted net loss for the second quarter of 2019 amounted to \$3,875 or \$0.04 per share compared to adjusted net loss of \$2,059 or \$0.02 per share in the three months ended September 30, 2018, primarily due to the net loss in the current period (refer to the table in the section labeled “Adjusted Net Income and Adjusted basic net income per share” of this MD&A).

Adjusted net loss for the nine month ended September 30, 2019 amounted to \$8,406 or \$0.09 per share compared to adjusted net loss of \$3,577 or \$0.04 per share in the nine months ended September 30, 2018, primarily due to lower Operating Income in 2019, partially offset by a lower income tax recovery.

Adjusted net income/loss includes the following: Net income/loss was adjusted to exclude specific items that are not reflective of the underlying operations of the Company, including: Restructuring expenses, 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 September 30, 2019**

As at September 30, 2019, the Company’s current assets totaled \$26,098 and current liabilities amounted to \$28,423, including the Contingent Royalty payable to Northern Star Resources of \$4,184, for a net working capital deficit of \$2,325. The Company has successfully obtained an AUD\$15 million Gold Loan (refer to note 18 of the unaudited condensed consolidated interim financial statements), which can be used to satisfy this obligation. The Company also has the option to forego the buyback and pay the Northern Star royalty as it accrues, based on the terms of the Plutonic purchase and sale agreement. The majority of the current assets pertained to cash and cash equivalents of \$13,993 and inventories of \$10,440. 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, reductions in inventory 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, and lower operating earnings outlined above. The reduction in inventory stemmed from the drawdown of Hermes stockpile inventory as the Company

processed the stockpiled ore after the temporary cessation of mining at the Hermes open pit. Inventory was also lower due to fewer ounces held at September 30, 2019 as compared to December 31, 2018, due to the timing of shipments.

Non-current assets decreased by \$1,129 from December 31, 2018. The majority of the decrease pertained to depreciation expense \$10,868 and foreign exchange impacts on non-current asset balances of \$2,713, partially offset by additions during the nine months ended September 30, 2019 and the recognition of lease assets, previously treated as operating leases, upon the adoption of IFRS 16 on January 1, 2019 of \$2,334. Non-current asset additions were \$5,728. Of this amount, \$3,243 was spent on development of the ongoing underground operations and \$2,039 resulted from increases to the rehabilitation asset mainly due to changes in discount and inflation rates. Additionally, \$4,550 of capital expenditures were incurred during the nine months ended September 30, 2019, \$2,266 of which was for mobile equipment, \$515 of which was for expansion of a tailings storage facility, \$1,358 was for betterments to existing equipment and \$213 related to water bores for haul roads.

Current liabilities increased by \$2,425 to \$28,423 mainly due to the increase in accounts payable of \$3,451, along with increases in leased mobile equipment and adoption of IFRS 16 which increased the current portion of lease obligations by \$559. These increases were partially offset by a reduction in the current portion of provisions related to employee entitlements stemming from payments for employees already on leave as well as decreases in headcount.

Non-current liabilities decreased by \$1,228, which resulted from the impact of a decrease in the deferred tax liability due to the income tax recovery recorded in the first nine months of 2019 of \$2,446 and the elimination of the warrant liability upon exercise of the Broker Warrants and expiry of the Offering Broker Warrants. These amounts were offset by changes in discount and inflation rates and accretion, less amounts spent, on the rehabilitation liability of \$2,039, \$285 and \$347, respectively.

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 September 30, 2019 cash from operating activities was \$730, while cash generated from operating activities was \$3,582 for the three months ended September 30, 2018. The decrease in cash generated from operating activities resulted from lower operating income, discussed above. The impact of non-cash working capital changes for the three months ended September 30, 2019 was an increase of \$5,565 due to the reduction in inventory, largely from the drawdown and milling of the Hermes stockpile.

During the nine months ended September 30, 2019 cash from operating activities was \$5,380, while cash generated from operating activities was \$6,942 for the nine months ended September 30, 2018. The decrease in cash generated from operating activities resulted from lower operating income, discussed above, partially offset by higher income taxes paid in the nine months ended September 30, 2018. The impact of non-cash working capital changes for the nine months ended September 30, 2019 was an increase of \$5,988 due to higher accounts payable balances and lower inventory, largely from the drawdown and milling of the Hermes stockpile.

## **Cash used in Investing Activities**

Cash used in investing activities in the three months ended September 30, 2019 primarily comprised expenditures on mine interests, property, plant and equipment of \$2,660 primarily in support of underground mine development and mill improvements, marginally higher compared to the three months ended September 30, 2018.

Cash used in investing activities in the nine months ended September 30, 2019 primarily comprised expenditures on mine interests, property, plant and equipment of \$6,026 primarily in support of underground mine development and mill improvements, a decrease of \$6,668 or 53% compared to the nine months ended September 30, 2018. Lower spending in the current period compared to 2018 reflected the reduced spending from the development of the Hermes project in 2018, partially offset by a reduction in restricted cash.

## **Cash from Financing Activities**

Cash used in financing activities in the three months ended September 30, 2019 of \$957 comprised the repayment of the Company's lease obligation and interest thereon. For the three months ended September 30, 2018 cash used in financing activities comprised the repayment of the Company's lease obligation and interest thereon of \$690. The increase from 2018 was a result of the increase in the mobile fleet as well as the adoption of IFRS 16 in 2019. The adoption of IFRS 16 resulted in lease payments, recorded as operating cash flow activities in 2018, being recorded as financing activities beginning on January 1, 2019.

Cash used in financing activities in the nine months ended September 30, 2019 of \$2,685 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 nine months ended September 30, 2018 cash used in financing activities comprised the repayment of the Company's lease obligation, short-term loan and interest thereon of \$2,029, partially offset by an exercise of stock options. Increased lease payments in 2019 stemmed from increases in the mobile fleet and 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 nine months ended September 30, 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 nine months ended September 30, 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 forecasted that it will have sufficient cash inflows to satisfy the Company's obligations as they come due over the next twelve months. As at September 30, 2019, Superior Gold has a working capital deficit of \$2,325.

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 any future development and exploration initiatives that are not contemplated in its current life of mine plan. 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

#### *Capital commitments*

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

	September 30, 2019	December 31, 2018
Property, plant and equipment	\$ 1,636	\$ 414
	<b>\$ 1,636</b>	<b>\$ 414</b>

In the nine months ended September 30, 2019, the Company entered into commitments for underground and milling equipment. These commitments totaled \$1,636 at September 30, 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 and nine months ended September 30, 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 payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.
- 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.

#### **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 November 18, 2019, the date of this MD&A:

	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	\$0.76	February 23, 2022	4,816,667
Stock options	\$0.75	July 5, 2022	150,000
Stock options	\$0.75	September 5, 2022	200,000
Stock options	\$0.75	December 15, 2022	200,000
Stock options	\$0.98	June 8, 2023	125,000
Stock options	\$0.40	March 29, 2024	750,000
Stock options	\$0.73	August 15, 2024	50,000
Stock options	\$0.60	September 25, 2024	250,000
PSUs	Not applicable	June 8, 2021	125,000
PSUs	Not applicable	March 29, 2022	250,000
PSUs	Not applicable	May 14, 2022	151,500
RSUs	Not applicable	August 15, 2022	50,000
Warrants	\$1.5166	February 23, 2022	14,429,521
			<b>118,530,161</b>

### 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

(in thousands of dollars, except oz or per oz amounts)	Cash costs and all in sustaining costs reconciled to cost of sales as follows:			
	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Gold sold (oz)	17,900	25,842	64,342	65,611
Cost of Sales	29,845	32,525	93,544	83,037
Adjustments for:				
Depreciation and amortization	(1,930)	(5,193)	(10,868)	(12,800)
Share-based payments included in Cost of Sales	18	171	(20)	6
Inventory movements	(977)	(541)	(614)	48
Silver credits and other	(34)	(40)	(92)	(88)
Cash costs	26,922	26,922	81,950	70,203
Total cash costs (per gold oz)	1,504	1,042	1,274	1,070
Adjustments for items affecting all-in sustaining cash costs:				
Sustaining exploration and capital expenditures <sup>1</sup>	1,560	1,071	3,633	2,940
Share-based payments included in Cost of Sales	(18)	(171)	20	(6)
Corporate, general and administration <sup>2</sup>	1,051	981	2,681	3,603
Rehabilitation accretion	64	118	285	355
All-in sustaining cost	29,579	28,921	88,569	77,095
All-in sustaining cost (per gold oz)	1,652	1,119	1,377	1,175

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 September 30		Nine months ended September 30	
	2019	2018	2019	2018
Metal sales	\$26,588	\$ 31,333	\$ 87,624	\$ 83,597
Silver sales	(34)	(40)	(92)	(88)
Revenues from gold sales	26,554	31,293	87,532	83,509
Gold sold (oz)	17,900	25,842	64,342	65,611
Realized gold price (\$/oz)	\$1,483	\$1,211	\$1,360	\$1,273

## 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.

(in thousands of dollars, except per share amounts)	Three months ended		Nine months ended	
	September 30		September 30	
	2019	2018	2019	2018
Net income (loss) for the period	(\$4,150)	(\$1,748)	(\$8,644)	(\$6,586)
Adjusted for:				
Restructuring expenses	392	-	392	-
Loss on settlement of contingent royalty payable to Northern Star	1	-	69	4,602
Change in valuation of the warrant liability <sup>(1)</sup>	-	(311)	(85)	(212)
Effect on income taxes of the above items	(118)	-	(138)	(1,381)
Adjusted net income (loss)	(\$3,875)	(\$2,059)	(\$8,406)	(\$3,577)
Weighted average number of common shares outstanding - basic	96,982,473	95,752,473	96,824,158	95,719,811
Adjusted basic net income (loss) per share	(0.04)	(0.02)	(0.09)	(0.04)

<sup>1</sup> 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](http://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 Company's amended and restated technical report filed on July 30, 2019 ("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; the timely resolution of native title and aboriginal heritage issues 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; the availability of equipment; the absence of natural disasters, adverse weather conditions, accidents, unanticipated transport costs or delays in the development of projects and other factors; and the availability of water, gas, electricity or other power supply, chemicals and other critical supplies. 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.

The Company cautions that the foregoing lists of important assumptions and risks, uncertainties and other factors are not exhaustive. 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 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](http://www.sedar.com) and [www.superior-gold.com](http://www.superior-gold.com).