Management's Discussion and Analysis

For the three and twelve months ended December 31, 2017

March 13, 2018

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 March 13, 2018, should be read in conjunction with Superior Gold's audited consolidated financial statements and related notes for the twelve months ended December 31, 2017 and the period from the date of incorporation on July 4, 2016 to December 31, 2016 ("financial statements") which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The following is intended to supplement and complement the financial statements and notes thereto of the Corporation. 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 Company was incorporated on July 4, 2016 and acquired the Plutonic Gold Operations from Northern Star Resources Ltd. on October 12, 2016 and during this period had no mining activities. The Company has now completed its first full year of operations and from a comparative perspective, the Company believes that the most appropriate and accurate comparison (and the one more meaningful and useful for the reader) is between the three months ended December 31, 2017 and the three months ended September 30, 2017. Accordingly, information has been presented as such in this MD&A.

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 AUD$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 AUD$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 a cumulative 300,000 ounces. The royalty terminates on the earlier of; (i) the date that a cumulative AUD$10 million is paid to Northern Star under the royalty, or (ii) gold in excess of a cumulative 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 AUD$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 AUD$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 AUD$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.

Fourth Quarter Highlights

- Produced 20,197 ounces of gold at a total cash cost[1] of $1,020 per ounce sold and all-in sustaining cost[1] of $1,118 per ounce sold
- Sold 20,029 ounces of gold at an average realized gold price[1] of $1,276 per ounce
- Cash, cash equivalents and restricted cash of $30,919 at December 31, 2017
- Generated cash flow from operations of $2,588 in the three months ended December 31, 2017
- Initial processing of Hermes mineralization commenced on schedule in late December 2017

Full Year Highlights

- Produced 80,143 ounces of gold at a total cash cost[1] of $916 per ounce sold and all-in sustaining cost[1] of $1,019 per ounce sold
- Sold 82,019 ounces of gold at an average realized gold price[1] of $1,256 per ounce
- Generated cash flow from operations of $22,249 in the twelve months ended December 31, 2017

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.

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

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 19 of the consolidated 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.

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 20,197 and 20,029 ounces of gold, respectively for the fourth quarter of 2017. Total cash costs[1] and all-in sustaining costs[1] of $1,020/ounce sold and $1,118/ounce sold were below the realized gold price[1] of $1,276/ounce for the three month period ending December 31, 2017.

For the twelve months ended December 31, 2017 the Plutonic Gold Mine produced and sold 80,143 and 82,019 ounces of gold, respectively. Total cash costs[1] and all-in sustaining costs[1] of $916/ounce sold and $1,019/ounce sold were below the realized gold price[1] of $1,256/ounce for the twelve month period ending December 31, 2017.

Hermes Open Pit Project

The wholly-owned Hermes greenfields open pit development project is located approximately 65 kilometres south-west of the Plutonic Gold Mine. Hermes is a satellite deposit from which commercial production is expected to commence in the first quarter of 2018.

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. In October pre-stripping operations were initiated at Hermes' Trapper pit. Initial processing of mineralization commenced on schedule in late December 2017. The contribution of the ore from Hermes is expected to allow the Company to reach its objective of increasing annual production to more than 100,000 ounces of gold.

The Hermes deposit is 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. 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.

Exploration Activities

During the fourth quarter, the Company's ongoing underground diamond drilling program focused on seven zones at its wholly-owned Plutonic Gold Mine: Area 134, Caribbean, Caspian, Cortez, Indian, Pacific and Timor. A number of significant intersections were encountered. Results were released for 129 drill holes for a total of more than 11,000 metres. The drill holes were primarily completed for resource definition and grade control purposes. Resource definition drilling was designed to increase the confidence level of the mineral resources in areas where drilling was limited as part of the ongoing work to upgrade resources to reserves. Grade control drilling was completed to provide additional information for stope design ahead of mining.

The following key findings were noted:

- 236 intersections encountered more than >5g Au/t
- 114 intersections encountered more than >10g Au/t
- 44 intersections encountered more than >20g Au/t
- 10 intersections encountered more than >50g Au/t
- An intersection of 4480.00g Au/t over 0.30 metres was reported and is the highest grade intersection encountered since the Company acquired the Plutonic Gold Mine in October 2016

Oxide Material

The Company undertook negotiations and finalized an agreement in July of 2017, to acquire stockpiled 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 g Au/t and 1.5 g Au/t. The Company will pay Sandfire $7.80 (AUD$10) per tonne of material removed from the DeGrussa Mine. To date, the Company has processed approximately 176,845 tonnes of Sandfire Material containing approximately 5,476 ounces of gold from July to December 31, 2017.

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 Gold Mine, the Company has the liquidity available to execute on its near-term growth and exploration strategy. This will enable the Company to execute on its medium to long-term goals of:

- Further exploration and development at the Plutonic Gold Operations
- Acquisition of precious metals properties in established low risk jurisdictions

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 December 31, 2017 and the three months ended September 30, 2017 and the twelve months ended December 31, 2017:

	Three month period ended December 31, 2017	**Three month period ended September 30, 2017**	**Year period ended December 31, 2017**
Stope material mined (t)	132,475	161,371	598,752
Stope grade mined (g/t)	3.72	4.01	3.88
Development material mined (t)	58,586	48,563	209,392
Development grade mined (g/t)	2.26	2.33	2.40
Surface material milled (t)	110,098	121,122	457,754
Surface material grade (g/t)	0.89	0.77	0.64
Total material milled (t)	307,166	324,549	1,272,944
Grade milled (g/t)	2.4	2.6	2.5
Gold recovery (%)	84	80	80
Gold produced (oz)	20,197	21,621	80,143
Gold sold (oz)	20,029	20,836	82,019
Total cash costs ($/oz) (1)	1,020	889	916
All-in sustaining costs ($/oz) (1)	1,118	969	1,019
Realized gold price ($/oz) (1)	1,276	1,278	1,256

The Plutonic Gold Mine produced 20,197 ounces of gold in the three month period ending December 31, 2017 compared to 21,621 ounces of gold in three month period ending September 30, 2017 as a result of lower tonnages milled and lower head grade, partially offset by higher recoveries. Total underground material mined decreased by 9% to 191,061 tonnes and total material milled decreased by 5% to 307,166 tonnes mainly due to a reduction in low grade surface material milled of 34,425 tonnes being partially offset by an additional 23,401 tonnes of Sandfire Material in the three months ended December 31, 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 December 31, 2017. Recovery rates rose from 80% to 84% due to operational improvements and the proportion of milled tonnages from areas that typically have lower recoveries decreased.

Gold sold decreased by 807 ounces during the three months ended December 31, 2017 to 20,029 ounces in comparison to the three months ended September 30, 2017 due to decreased tonnes milled and lower grade, partially offset by higher recovery and the timing of sales, as more ounces were sold at the end of the period.

Total cash costs[1] were $1,020/ounce sold for the three months ended December 31, 2017, an increase from $889/ounce from the three months ended September 30, 2017 due to higher costs of sales (refer to the discussion of Cost of Sales included in this MD&A) and lower sales volumes, partially offset by decreases resulting from non-cash inventory movements. All-in sustaining costs[1] increased from $969/ounce sold to $1,118/ounce sold due to higher total cash costs per ounce and higher corporate general and administration expenses.

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

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 six 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 December 31, 2017 and the three months ended September 30, 2017:

	Three month period ended December 31, 2017	Three month period ended September 30, 2017	Three month period ended June 30, 2017	Three month period ended March 31, 2017
Revenue	$ 25,587	$ 26,662	$ 24,324	$ 26,642
Cost of sales	24,682	23,294	23,597	22,097
General and administrative	1,246	857	948	828
Operating Income (loss)	(341)	2,511	(221)	3,717
Income (loss) before taxes [1]	(955)	3,077	140	(3,899)
Net income (loss) [1]	(2,315)	2,328	(82)	(3,013)
Earnings (loss) per share –basic and diluted [1]	(0.02)	0.02	(0.00)	(0.05)
Adjusted net income (loss) [2]	(2,136)	2,202	(213)	2,109
Adjusted net income (loss) per share – basic [2]	(0.02)	0.02	(0.00)	0.03
Cash flow from operations	2,588	8,843	3,424	7,394
	As at December 31, 2017	**As at September 30, 2017**	**As at June 30, 2017**	**As at March 31, 2017**
Cash and cash equivalents	29,121	35,128	28,613	25,925
Non-current assets	63,853	55,573	55,768	56,100
Total assets	107,240	104,030	98,673	97,982
Current liabilities [1]	19,602	18,786	15,423	16,386
Non-current liabilities [1]	32,367	27,694	28,649	27,550

	Three month period ended December 31, 2016	Period from incorporation on July 4, 2016 to September 30, 2016
Revenue	$ 24,750	$ -
Cost of sales	19,727	-
General and administrative	610	131
Operating Income (loss)	4,413	(131)
Income (loss) before taxes [1]	4,086	(531)
Net income (loss) [1]	3,805	(531)
Earnings (loss) per share		
–basic and diluted [1]	0.10	(0.05)
Adjusted net income (loss) [2]	2,854	N/A
Adjusted net income (loss) per share – basic [2]	0.11	N/A
Cash flow from operations	8,465	198
	As at December 31, 2016	**As at September 30, 2016**
Cash and cash equivalents	6,096	216
Non-current assets	56,104	-
Total assets	75,457	13,472
Current liabilities [1]	34,253	765
Non-current liabilities [1]	27,130	-

1. Restated for adjustments to purchase price allocation of the Plutonic Gold Operations acquisition. Refer to note 18 of the consolidated financial statements for the period ended December 31, 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

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 consolidation 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 December 31, 2017 was $341 compared to income of $2,511 for the three months ended September 30, 2017 due to lower revenue of $1,075, an increase of $1,388 in Cost of Sales and an increase in General and Administrative costs of $389 as outlined below.

Revenues

For the three months ended December 31, 2017, gold revenues totaled $25,548 from the sale of 20,029 ounces of gold, a decrease of $1,080 from $26,628 from the sale of 20,836 ounces of gold for the three months ended September 30, 2017. Lower gold revenues resulted from 807 fewer ounces sold during the three months ended December 31, 2017 and a slight decrease in the realized gold price[1] to $1,276/ounce from $1,278/ounce.

Cost of Sales

		Three months ended December 31, 2017		Three months ended September 30, 2017
Mining	$	11,610	$	11,609
Processing		6,814		6,061
Depreciation and amortization		4,220		4,891
Site services		1,321		1,093
Exploration		429		273
Gold royalty		348		698
Change in inventories		(60)		(1,331)
	$	**24,682**	**$**	**23,294**

Cost of Sales were $24,682 for the three months ended December 31, 2017, an increase of $1,388 from $23,294 for the three months ended September 30, 2017. Cost of sales includes mine production costs, processing costs, site services, royalties, depreciation and amortization. Cost of sales were higher in the fourth quarter mainly as a result of the credit for inventory movement decreasing by $1,271 in the three months ended December 31, 2017 due to higher sales from finished goods inventory for the three months ended September 30, 2017. Mining costs of $11,610 were flat in comparison to the three months ended September 30, 2017. Processing costs increased by $753 to $6,814 due a full quarter of processing of Sandfire material, which commenced in the third quarter of 2017 and higher scheduled maintenance costs in preparation for the additional production expected from the Hermes project. Partially offsetting these amounts was a decrease in depreciation and amortization expense of $671 as less gold was sold in the three months ended December 31, 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 September 30, 2017, general and administrative expenses increased by $389 in the three months ended December 31, 2017 due to higher payroll and travel costs in the fourth quarter. The increase in payroll costs included a fourth quarter accrual for 2017 short-term incentive compensation for senior management. The compensation committee is currently establishing a senior management compensation plan. Once finalized, short-term incentive amounts will be accrued quarterly.

Other Expenses (Income)

Other Expenses for the three months ended December 31, 2017 totaled approximately $614. Other Income for the three months ended September 30, 2017 totaled $566. The variance between the fourth and third quarters of 2017 of $1,180 was attributed to approximately $838 of unrealized foreign exchange losses due to the strengthening of the United States dollar and a loss on the change in warrant liability of $307 as a result of a higher Company share price at December 31, 2017.

For the twelve months ended December 31, 2017 Other Expense (Income) of $7,303 were primarily made up of the $7,056 loss on settlement of the Contingent Payable to Northern Star and Other Expenses of $247 due mainly to accretion of rehabilitation provisions of $951 and a loss on the change in warrant liability of $425 due to a higher Company share price, partially offset by year-to-date foreign exchange gains of $587 and Business Acquisition cost recoveries of $458 in the first six months of 2017.

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 income (loss) for the three and twelve-month periods ended December 31, 2017

The total net loss of $2,315 for the three months ended December 31, 2017 resulted from the Operating loss of $341, Other Expenses of $614 and income tax expense of $1,360. The increase in income tax expense resulted primarily from the impact on deferred tax assets related to the increase in the rehabilitation provision for the Hermes project which occurred in the fourth quarter of 2017. The deferred tax asset associated with the increase in this non-current liability is not recognized as it is not considered probable, at December 31, 2017, that future taxable amounts will be available to utilize this temporary difference. The Company records deferred tax expenses or recoveries if changes in facts or circumstances affect the estimated tax basis of assets. Potential changes to the Company's ability to realize this deferred tax asset, could affect net income or cash flow in future periods. In comparison, for the three months ended September 30, 2017, the Company realized total net income of $2,328 which resulted primarily from Operating Income of $2,511, net finance income of $566, partially offset by income tax expense of $749.

The net loss for the twelve months ended December 31, 2017 of $3,082 was mainly attributed to the loss on settlement of the Contingent Payable to Northern Star of $7,056, income tax expense of $1,445 as described above and Other Expenses of $247, partially offset by Operating Income of $5,666.

Adjusted net income (loss)

Adjusted net loss for the fourth quarter of 2017 amounted to $2,136 or $0.02 per share, a decrease from adjusted net income of $2,202 or $0.02 per share in the three months ended September 30, 2017, primarily reflecting lower Operating and Other Income and higher income tax expense as outline above.

Adjusted net income for the twelve months ended December 31, 2017 was $1,962 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 December 31, 2017

As at December 31, 2017, the Company's current assets totaled $43,387 and current liabilities amounted to $19,602 for a net working capital balance of $23,785. The majority of the current assets pertained to cash and cash equivalents of $29,121. The movement from a working capital deficit of $14,658 as at December 31, 2016 was mainly the result of the elimination of the contingent payable to Northern Star of $18,090 (AUD$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 $23,025 to $29,121 as at December 31, 2017, as outlined in the Liquidity and Capital Resources section of this MD&A.

Non-current assets increased by $7,749 from December 31, 2016. Additions of $17,217 for underground mobile equipment acquired under finance leases, capital expenditures of which $9,266 pertained to the Hermes project, increases associated with the increase in the rehabilitation provision of $4,305 and foreign exchange impacts on non-current asset balances of $4,396 were offset by depreciation expense $18,133.

Share capital consisted of capital stock, net of issue costs, of $49,220. No further shares have been issued since December 31, 2017.

Cash from Operating Activities

During the three months ended December 31, 2017 cash from operating activities was $2,588, a decrease of $6,255 from the three months ended September 30, 2017. This decrease resulted from lower Operating Income, higher payments under employee provisions and installment payments associated with income taxes.

During the twelve months ended December 31, 2017 cash from operating activities was $22,249, comprising Operating Income and adjustments for non-cash items, depreciation and amortization and the loss on settlement of the Contingent Payable to Northern Star Resources as well as a net working capital inflow of $156.

Cash used in Investing Activities

Cash used in investing activities in the three months ended December 31, 2017 primarily comprised expenditures on mine interests, property, plant and equipment of $7,558 primarily in support of Hermes and underground mine development. This represents an increase of capital expenditures of $4,657 compared to the three months ended September 30, 2017.

Cash used in investing activities in the twelve months ended December 31, 2017 primarily comprised the payment to Northern Star to satisfy the cash obligation of $7,633 and expenditures on mine interests, property, plant and equipment of $13,114 primarily in support of Hermes and underground mine development.

Cash from Financing Activities

Cash from financing activities in the three months ended December 31, 2017 comprised the repayment of the Company's short-term loan, finance lease obligation and interest thereon of $649, an increase of $219 from the three months ended September 30, 2017 as payments on the short-term loan which began in the fourth quarter of 2017 offset the reduction in finance lease repayments as some of the Company's leases reached the end of their term.

Cash from financing activities in the twelve months ended December 31, 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 $3,025.

Liquidity and Capital Resources

During the three months ended December 31, 2017, the Company generated cash flows from the Plutonic Gold Operations to fund its expenditures on mineral interests and property, plant and equipment, and pay down its finance lease obligation.

During the twelve months ended December 31, 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 18 consolidated 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 December 31, 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 December 31, 2017, Superior Gold has a working capital balance of $23,785. As at December 31, 2016 the Company had a working capital deficit of approximately $14,658 with current assets of $19,595 and current liabilities of $34,253. The deficit was the result of the contingent payable to Northern Star of $18,090 (AUD$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

(i) Capital commitments

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

		December 31, 2017
Property, plant and equipment	$	1,548
Mine development	$	1,612
	$	**3,160**

In November of 2017, the Company entered into a commitment for the installation of a gravity circuit totalling $1,548 to improve recovery. In addition, the Company entered into a commitment related to services for the development of the Hermes project. The commitment totals $1,612 and payments are expected to fall due over one month. Termination of the contract can occur on 30 days' notice.

(ii) Non-cancellable operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

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:

		December 30, 2017
Within one year	$	1,687
Later than one but not later than five years		2,692
	$	**4,379**

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 December 31, 2017		Twelve months ended December 31, 2017
Management compensation	$	206	$	778
Directors' fees		30		104
Share-based payments		242		803
	$	**478**	**$**	**1,685**

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 18) 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 18). As at December 31, 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 twelve months ended December 31, 2017, the Company paid Northern Star $737 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 $29 owing to Northern Star at December 31, 2017. In the twelve months ended December 31, 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 December 31, 2017.

Critical Accounting Policies and the Use of Estimates

The discussion and analysis of the Company's financial condition and results of operations are based upon its financial statements which have been prepared in accordance with IFRS. The preparation of financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates under different assumptions or conditions.

The impact of financial instruments and areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in more detail in the Company's audited annual financial statements for the year ended December 31, 2017 which are available on the Company's website www.superior-gold.com and SEDAR at www.sedar.com.

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, 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 condensed consolidated interim 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.

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. Management has assessed the impact of IFRS 9 on the Company's financial instruments and does not expect the adoption of the standard to have a material impact on its consolidated 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 generates revenue primarily from selling gold. The Company has evaluated the potential impact of IFRS 15 by analyzing its dore sales agreements. The Company will adopt IFRS 15 in its consolidated financial statements for the annual period beginning on January 1, 2018 and has concluded that the new revenue standard will not have a material impact on the Company's 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.

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. The Company intends to adopt the Interpretation in its financial statements for the annual period beginning on January 1, 2018. The Company has evaluated the potential impact of applying IFRIC 22 and has concluded that the adoption of the standard will not have a material impact on the consolidated 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 Company 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 March 13, 2018, the date of this MD&A and December 31, 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	$0.80	February 23, 2022	5,733,333
Stock options	$0.80	July 5, 2022	300,000
Stock options	$0.80	September 5, 2022	200,000
Stock options	$0.80	November 3, 2022	150,000
Stock options	$0.80	December 15, 2022	200,000
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
			118,593,519

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 December 31, 2017**	**Three months ended September 30, 2017**	**Twelve months ended December 31, 2017**
Gold sold (oz)	20,029	20,836	82,019
Cost of Sales	24,682	23,294	93,670
Adjustments for:			
Depreciation and amortization	(4,220)	(4,892)	(18,133)
Share-based payments included in Cost of Sales	5	(130)	(281)
Non-cash inventory movements	10	282	42
Silver credits	(39)	(35)	(183)
Cash costs	20,438	18,519	75,115
Total cash costs (per gold oz)	1,020	889	916
Adjustments for items affecting all-in sustaining cash costs:			
Sustaining capital expenditure	483	446	3,331
Share-based payments included in Cost of Sales	(5)	130	281
Corporate, general and administration[1]	1,246	857	3,879
Rehabilitation accretion	238	246	951
All-in sustaining cost	22,400	20,198	83,557
All-in sustaining cost (per gold oz)	1,118	969	1,019

1. 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 condensed consolidated interim financial statements:

(in thousands of dollars, except oz or per oz amounts)	**Three months ended December 31, 2017**	**Three months ended September 30, 2017**	**Twelve months ended December 31, 2017**
Metal sales	$25,587	$26,662	$ 103,215
Silver sales	(39)	(35)	(183)
Revenues from gold sales	25,548	26,627	103,032
Gold sold (oz)	20,029	20,836	82,019
Realized gold price ($/oz)	$1,276	$1,278	$1,256

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 December 31, 2017	Twelve month period ended December 30, 2017
Net income (loss) for the period	($2,315)	($3,082)
Adjusted for:		
Loss on settlement of contingent payable to Northern Star	-	7,056
Change in valuation of the warrant liability (1)	179	425
Business acquisition costs	-	(458)
Effect on income taxes of the above items	-	(1,979)
Adjusted net income (loss)	($2,136)	$1,962
Weighted average number of common shares outstanding - basic	95,669,140	87,968,487
Adjusted basic net income (loss) per share	(0.02)	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". The Final Long Form Prospectus is available on SEDAR (www.sedar.com).

Forward-looking information

This MD&A contains forward-looking information, within the meaning of applicable Canadian securities legislation, and forward looking statements, within the meaning of applicable United States securities legislation (collectively, "forward-looking information"), which reflects management's expectations regarding the Corporation'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 Corporation's dependency on the Plutonic Gold Operations for operating revenue and cash flows in the near term; the Corporation's ability to extend the life of the Plutonic Gold Operations; the capital and operating cost estimates and the economic analyses from the Technical Report (Amended), Plutonic Gold Mine mineral resources and mineral reserves" dated February 13, 2017 ("Technical Report"); the Corporation's expectations, strategies and plans for the Plutonic Gold Operations, including the Corporation's planned exploration, development and production activities at the Plutonic Gold Mine, Hermes and Bryah Basin; the results of future exploration and drilling at the Plutonic Gold Mine's Timor Extension; satisfying the minimum amounts required for the Corporation to maintain its interest in the Bryah Basin joint venture; successfully adding or upgrading resources and successfully developing new deposits; the timing, receipt and approval of the transfer of certain tenements and pastoral leases from Northern Star in connection with the Acquisition; the outcome of the Gingirana aboriginal claim under the Native Title Act related to certain tenement applications; future financial or operating performance and condition of the Corporation and its business, operations and properties; the intended use of the net proceeds of the Offering to support successful completion of the proposed optimization and exploration of the Plutonic Gold Operations; the Corporation's ability to adequately account for potential mine closure and remediation costs; the Corporation'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 Corporation is able to operate in a safe, efficient and effective manner; political and regulatory stability; the receipt of governmental and third party approvals and Permits on favourable terms; obtaining required renewals for existing approvals and Permits and obtaining all other required approvals and Permits on favourable terms; sustained labour stability; stability in capital goods markets; and the availability of equipment. While the Corporation 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 Corporation 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 which may cause the actual plans, intentions, activities, results, performance or achievements of the Corporation to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking information. Such risks include, without limitation: general business, social, economic, political, regulatory and competitive uncertainties associated with conducting business in a foreign country; 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; the speculative nature of mineral exploration and development, including the risk of diminishing quantities or grades of mineralization and the inherent riskiness of Inferred mineral resources; a material decline in the price of gold; a failure to achieve commercial viability, despite an acceptable gold price, or the presence of cost overruns which render the Plutonic Gold Operations uneconomic; 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; credit and liquidity risks associated with the Corporation's financing activities; delays in connection with the Plutonic Gold Operations resulting from delays in the performance of the obligations of the Corporation's contractors and consultants, the receipt of Permits in a timely manner or the completion and successful operation of mining and processing components; the Corporation's failure to accurately model and budget future capital and operating costs associated with the development and operation of the Plutonic Gold Operations; the Corporation's failure to develop or supply adequate infrastructure to sustain the operation of the Plutonic Gold Operations, including the provision of reliable sources of electrical power, water, and transportation; adverse fluctuations in the market prices and availability of commodities and equipment affecting the Corporation's business and operations; the Corporation's management being unable to successfully attract and retain highly skilled personnel; the cyclical nature of the mining industry and increasing prices and competition for resources and personnel during mining cycle peaks; the Corporation's failure to comply with existing Permits and agreements, and the Corporation's inability to renew existing Permits and agreements or obtain required new Permits and agreements on timelines required to support operational plans; the Corporation's failure to comply with Australia's environmental regulations, the tendency of such regulations to become more strict over time and the costs associated with maintaining and monitoring compliance with such regulations; adverse outcomes in aboriginal claims; the adverse influence of third party stakeholders including social and environmental non-governmental organizations; the adverse impact of competitive conditions in the mineral exploration and mining businesses; the Corporation's failure to maintain satisfactory labour relations and the risk of labour disruptions or changes in legislation relating to labour; failure by the Corporation to use the proceeds of the Offering in the manner specified in the prospectus; limits of insurance coverage and uninsurable risk; the adverse effect of currency fluctuations on the Corporation's financial performance; conflicts of interest; the dilutive effect and inherent risks and costs of future acquisitions, investments or divestitures and the failure of future acquisitions to deliver the benefits anticipated; the costs associated with legal proceedings should the Corporation become the subject of litigation or regulatory proceedings; the costs associated with complying with public company regulatory reporting requirements; 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. Although the Corporation has attempted to identify important factors that could cause actual actions, events, conditions, results, performance or achievements to differ materially from those described in forward-looking information, there may be other factors that cause actions, events, conditions, results, performance or achievements to differ from those anticipated, estimated or intended. See "Risk Factors" for a discussion of certain factors investors should carefully consider before deciding to invest in the Common Shares.

The Corporation 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 Corporation disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or results or otherwise, except as and to the extent required by applicable securities laws.

Technical Information

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

Additional Information

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