Management's Discussion and Analysis

For the three and twelve months ended December 31, 2018

March 11, 2019

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 11, 2019, should be read in conjunction with Superior Gold's audited consolidated financial statements and related notes for the twelve months ended December 31, 2018 and 2017 ("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 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 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, the Hermes open pit gold mine, a central mill and 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. and acquired the Plutonic Gold Operations from Northern Star Resources Ltd. on October 12, 2016. On December 14, 2016, the Company changed its name to Superior Gold Inc. The Company is engaged in the acquisition, exploration, development and operation of gold resource properties.

Fourth Quarter Highlights

- Production of 20,541 ounces
- Sold 19,305 ounces of gold at a total cash cost[1] of $1,442 per ounce sold, all-in sustaining cost[1] of $1,577 per ounce sold and average realized gold price[1] of $1,237 per ounce sold
- Cash, cash equivalents and restricted cash of $17,468 at December 31, 2018

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

Full Year Highlights

- Record annual gold sales, since acquisition, of 89,884 ounces (including 4,968 pre-production ounces from Hermes), up over 12% from the same period in 2017
- Successfully developed the Hermes gold mine and declared commercial production in the first quarter of 2018
- Announced substantial growth in the updated Mineral Reserves and Resources report with an effective date of January 1, 2018
- Cash flow from operating activities of $6,568
- Sold 84,916 ounces (excluding Hermes pre-production) at a total cash cost[1] of $1,155 per ounce sold, all-in sustaining cost[1] of $1,266 per ounce sold and average realized gold price[1] of $1,265 per ounce sold

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 wholly-owned Hermes open pit gold mine is located approximately 65 kilometres south-west of the Plutonic Gold Mine. 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.

The Plutonic Gold Operations produced and sold 20,541 and 19,305 ounces of gold, respectively for the fourth quarter of 2018. Total cash costs[1] of $1,442/ounce sold and all-in sustaining costs of $1,577/ounce were above the realized gold price[1] of $1,237/ounce for the three-month period ending December 31, 2018. In comparison, 20,197 and 20,029 ounces of gold were produced and sold, respectively for the fourth quarter of 2017, while total cash costs[1] and all-in sustaining costs[1] of $999/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. Total cash costs and all-in sustaining cash costs increased over the prior year primarily reflecting lower grades from underground operations in the current quarter which resulted in fewer ounces being produced. While the focus during the quarter was on improving operational performance, production was negatively impacted by several unforeseen circumstances. In December, repairs were required on the crusher. Additionally, limited availability of key underground and open pit equipment (resulting from mechanical and contractor issues) adversely impacted production. Finally, as a result of a weather-related event, power to the borefields was interrupted, which limited water supply to the mill necessitating a lower processing throughput. These matters are being resolved in the first quarter of 2019. These cost per ounce increases were partially offset by the contribution from the Hermes open pit which more than replaced low grade stockpile material milled in the fourth quarter of 2017. The Company used net cash from operations after working capital changes of $374 for the three months ending December 31, 2018.

For the year ended December 31, 2018 the Plutonic Gold Mine and Hermes open pit Gold Mine produced and sold 90,101 and 89,884 (including 4,968 ounces capitalized as pre-production ounces from Hermes in the first quarter of 2018) ounces of gold, respectively. These ounces, excluding pre-production ounces, were produced at total cash costs[1] of $1,155/ounce sold and all-in sustaining costs[1] of $1,266/ounce with the all-in sustaining costs being marginally above the realized gold price[1] of $1,265/ounce for the twelve-month period ending December 31, 2018. In comparison, 80,143 and 82,019 ounces of gold were produced and sold, respectively for the year ended December 31, 2017. Total cash costs[1] and all-in sustaining costs[1] of $904/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. The variance in year over year mining grades resulted in fewer ounces produced at the Company's underground operations as outlined above. The Company generated net cash from operations after working capital changes of $6,568 for the twelve-month period ending December 31, 2018.

Exploration Activities

During the fourth quarter, the Company continued its focus on increasing reserves and resources through its investment in its exploration program. The Plutonic Gold operations have excellent short-term potential to grow resources further by mining the historic database to identify targets and concentrating on those that are close to existing infrastructure to minimize capital and lead times.

The Company has noted high-grade intersections within and near resource areas including the Timor, Pacific, Area 134, Cortez, Caribbean, Caspian, Indian and Baltic zones of the existing Plutonic Gold Mine. Superior has also identified other easy to drill targets along strike including Plutonic West, Plutonic East and the 114 North area.

Superior’s exploration program also focused on the Hermes South area in which the Company has an 80% interest. The Hermes South area is within the unincorporated Bryah Basin Joint Venture with Alchemy Resources Ltd. (ASX:ALY), which Superior has up to an 80% interest. The Company provided notice of completion of the required earn in expenditures during 2018. A two-phase exploration program of reverse circulation drilling has been completed. The Company has previously announced (on April 3, 2018) an initial inferred mineral resource estimate for Hermes South of 1.29 million tonnes at an average grade of 1.54 g Au/t for 64,000 ounces (100% basis).

The results from the exploration programs are encouraging and suggest the potential to increase the existing resource. The purpose of these drill programs is to determine the potential for the Hermes South project to become a second open pit mining operation. The project is strategically well located and can be readily connected to the main Hermes haul road. This work is part of Superior’s near-term growth strategy to focus on reestablishing the Plutonic Gold operations at a sustainable production level of at least 100,000 ounces of gold annually.

The phase two reverse circulation program at Hermes South was completed in October 2018 and totaled approximately 7,500 metres over 51 holes, including two holes that were deepened from the phase one program. The phase one reverse circulation program was completed in May 2018 and totaled approximately 6,900 metres over 45 holes. The goal of both programs was to expand the existing resource and to explore for additional zones of mineralization. The Company expects to provide a resource update in early 2019.

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:

- Increasing annual gold production at its Plutonic and Hermes operations
- Resource and reserve additions through increased drill activity in 2019
- The "fill the mill at the best possible grade" strategy at its existing Plutonic Gold Operations site
- Mine towards reserve grade ore at the Plutonic Gold mine

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

Summary of Operational Results

	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Stope material mined (000's t)	136	132	622	599
Stope grade mined (g/t)	2.52	3.72	2.77	3.88
Development ore mined (000's t)	47	59	187	209
Development grade mined (g/t)	1.58	2.26	1.72	2.400
Hermes ore mined (000's t)	242	13	898	13
Hermes grade mined (g/t)	1.32	1.62	1.44	1.62
Hermes waste mined (000's t)	2,626	826	10,203	826
Strip Ratio (t:t)	10.8	63.5	11.4	63.5
Underground ore milled (000's t)	191	194	811	813
Underground grade milled (g/t)	2.29	3.27	2.53	3.47
Hermes ore milled (000's t)	164	3	653	3
Hermes grade milled (g/t)	1.54	2.28	1.62	2.28
Other ore milled (000's t)	96	110	156	458
Other ore grade milled (g/t)	0.43	0.89	0.50	0.64
Total ore milled (000's t)	451	307	1,620	1,273
Grade milled (g/t)	1.6	2.4	2.0	2.5
Gold recovery (%)	87	84	88	80
Gold produced (oz)	20,541	20,197	90,101	80,143
Gold sold (oz)	19,305	20,029	89,884	82,019
Gold sold (excluding pre-production) (2)	N/A	N/A	84,916	N/A
Total cash costs ($/oz) (1) (2)	1,442	999	1,155	904
All-in sustaining costs ($/oz) (1) (2)	1,577	1,118	1,266	1,019
Realized gold price ($/oz) (1)	1,237	1,276	1,265	1,256

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

The Plutonic Gold Operations produced, 20,541 ounces of gold in the three-month period ending December 31, 2018 compared to 20,197 ounces of gold in three-month period ending December 31, 2017 as a result of higher tonnes milled and higher recoveries stemming from production from the Hermes open pit, offset by lower grade from underground operations being mined and milled during the three months ended December 31, 2018 . The variance in year over year underground mining grades resulted in fewer ounces produced at the Company's underground operations. While the focus during the quarter was on improving operational performance, production was negatively impacted by several unforeseen circumstances. In December, repairs were required on the crusher. Additionally, limited availability of key underground and open pit equipment (resulting from mechanical and contractor issues) adversely impacted production. Finally, as a result of a weather-related event, power to the borefields was interrupted, which limited water supply to the mill necessitating a lower processing throughput.

Total material milled during the three months ended December 31, 2018 increased by 47% to 451 ktonnes compared to the same period in 2017, primarily as a result of the contribution of mill feed from the Hermes open pit which more than offset the contribution of low grade stockpile and oxide material in the three months ended December 31, 2017 (the Company had purchased oxide material from Sandfire Resources NL's DeGrussa Copper mine in 2017). Head grade decreased from 2.4 g/t to 1.6 g/t as a result of the mixture of underground and lower grade open pit material from Hermes. Recovery rates rose from 84% to 87% due to operational improvements and the higher recovery ore from Hermes.

For the twelve months ended December 31, 2018 the Plutonic Gold Operations produced, 90,101 ounces of gold compared to 80,143 ounces of gold in the twelve-month period ending December 31, 2017 as a result of the contribution of tonnes milled from the Hermes open pit and higher recoveries. Total material milled increased by 27% to 1,620 ktonnes reflecting the mill feed from the Hermes open pit which replaced the low-grade stockpile and Sandfire material in the twelve months ended December 31, 2017. Head grade decreased as a result of lower grade areas of the underground being mined and milled and the greater contribution of Hermes mill feed, which has a lower grade than underground ore. Recovery rates rose from 80% to 88% for the twelve months ended December 31, 2018 due to operational improvements, a decrease in the proportion of milled tonnages from underground areas that typically have lower recoveries, and the addition of ore from Hermes which has a higher recovery rate.

Gold sold decreased by 724 ounces to 19,305 during the three months ended December 31, 2018 versus the comparative period in 2017. The 4% decrease, in comparison to the three months ended December 31, 2017, was primarily due to lower grade underground production partially offset by higher production stemming from increased throughput from the Hermes open pit.

For the twelve months ended December 31, 2018 gold sold increased by 7,865 ounces to 89,884 ounces, including 4,968 pre-commercial production Hermes ounces that were capitalized to Mining Interests. The 10% increase, in comparison to the twelve months ended December 31, 2017, was due to the contribution of the Hermes open pit offset by the reduced contribution from low grade stockpile and Sandfire material during in the twelve months ended December 31, 2017 and lower grade underground production.

Total cash costs[1,2] were $1,442/ounce sold for the three months ended December 31, 2018, an increase from $999/ounce from the three months ended December 31, 2017 due largely to the lower grade mined and milled from the underground during the quarter as outlined above. All-in sustaining costs[1,2] increased from $1,118/ounce sold to $1,577/ounce sold due to higher total cash costs per ounce and higher sustaining exploration and capital expenditures.

Total cash costs[1,2] were $1,155/ounce sold for the twelve months ended December 31, 2018, an increase from $904/ounce from the twelve months ended December 31, 2017 due largely to the lower grade ore from the underground and the operational issues discussed in the Plutonic Gold Operations section above. Total cash costs also increased due to higher costs of sales, excluding depreciation (refer to the discussion of Cost of Sales included in this MD&A). All-in sustaining costs[1,2] increased from $1,019/ounce sold to $1,266/ounce sold due to higher total cash costs per ounce, marginally higher exploration and sustaining capital expenditures and increased corporate general and administration expenses, partially offset by lower share-based payments included in Cost of Sales and lower Rehabilitation accretion. The increase in corporate general and administration expenses resulted mainly from the finalization of senior management's 2017 short-term incentive compensation and higher consulting costs primarily due to administrative projects, both completed in the first three months of 2018. Lower share-based payments occurred as a result of stock option forfeitures during the third quarter of 2018. Lower accretion charges stem from the extended mine life resulting from the updated Mineral Reserve and Mineral Resource report as at December 31, 2017.

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 subsequent quarters. Beginning April 1, 2018, the results of the Hermes open pit have been included as commercial production was effective on that date.

	Three month period ended December 31, 2018	Three month period ended September 30, 2018	Three month period ended June 30, 2018	Three month period ended March 31, 2018
Revenue	$ 23,917	$ 31,333	$ 33,631	$ 18,633
Cost of sales	31,054	32,525	30,501	20,011
Exploration expense	501	616	485	399
General and administrative	978	981	1,080	1,542
Operating Income (loss)	(8,616)	(2,789)	1,565	(3,319)
Income (loss) before taxes [1]	(9,099)	(2,452)	1,282	(8,515)
Net income (loss) [1]	(6,714)	(1,748)	737	(5,575)
Earnings (loss) per share				
–basic and diluted [1]	(0.07)	(0.02)	0.01	(0.06)
Adjusted net income (loss) [1]	(6,873)	(2,059)	654	(2,172)
Adjusted net income (loss) per share – basic [1]	(0.07)	(0.02)	0.01	(0.02)
Cash flow from (used in) operations	(374)	3,582	4,959	(1,599)

	As at December 31, 2018	As at September 30, 2018	As at June 30, 2018	As at March 31, 2018
Cash and cash equivalents	17,332	21,959	21,762	23,866
Non-current assets	63,167	66,028	69,461	73,525
Total assets	95,906	103,660	108,976	113,158
Current liabilities	25,998	18,675	19,202	26,141
Non-current liabilities	31,015	38,795	41,110	37,789

	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	24,253	23,021	23,521	21,937
General and administrative	1,246	857	948	828
Exploration expense	429	273	76	160
Operating Income (loss)	(341)	2,511	(221)	3,717
Income (loss) before taxes	(955)	3,077	140	(3,899)
Net income (loss)	(2,315)	2,328	(82)	(3,013)
Earnings (loss) per share –basic and diluted	(0.02)	0.02	(0.00)	(0.05)
Adjusted net income (loss) [1]	(2,136)	2,202	(213)	2,109
Adjusted net income (loss) per share – basic [1]	(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	19,602	18,786	15,423	16,386
Non-current liabilities	32,367	27,694	28,649	27,550

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

Results of Operations

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

Operating Income (loss)

Operating loss for the three months ended December 31, 2018 was $8,616 compared to a loss of $341 for the three months ended December 31, 2017 due to higher Cost of sales of $6,801 and lower revenue of $1,670, partially offset by lower General and administrative expense of $268 as outlined below.

Operating loss for the twelve months ended December 31, 2018 was $13,159 compared to income of $5,666 for the twelve months ended December 31, 2017 due to higher Cost of sales of $21,359, exploration expense of $1,063 and general and administrative expense of $702, partially offset by higher revenue of $4,299 as outlined below.

Revenues

For the three months ended December 31, 2018, gold revenues totaled $23,917 from the sale of 19,305 ounces of gold, a decrease of $1,670 from $25,587 from the sale of 20,029 ounces of gold for the three months ended December 31, 2017. Lower gold revenues resulted from 724 fewer ounces sold during the three months ended December 31, 2018 due to fewer ounces produced at the Company's underground operations. While the focus during the quarter was on improving operational performance, production was negatively impacted by several unforeseen circumstances. In December, repairs were required on the crusher. Additionally, limited availability of key underground and open pit equipment (resulting from mechanical and contractor issues) adversely impacted production. Finally, as a result of a weather-related event, power to the borefields was interrupted, which limited water supply to the mill necessitating a lower processing throughput and a decrease in the realized gold price[1] to $1,237/ounce from $1,276/ounce, and a decrease in ounces recovered from Sandfire and low grade stockpile material, offset by production from the higher grade Hermes open pit, as well as an increase in recoveries.

During the twelve months ended December 31, 2018 gold revenues totaled $107,514 from the sale of 84,916 ounces of gold, an increase of $4,299 from $103,215 from the sale of 82,019 ounces of gold for the twelve months ended December 31, 2017. Higher gold revenues resulted from 2,897 more ounces being sold due to production from the Hermes open pit and an increase in the realized gold price[1] to $1,265/ounce from $1,256/ounce. These increases were partially offset by fewer ounces produced from Sandfire and low grade stockpile material during the twelve months ended December 31, 2018 as well as lower grades at the Company's underground operations during the year ended 2018. In addition, during the year ended December 31, 2018 the Company capitalized to Mining Interests, $6,648 of proceeds from 4,968 ounces sold from Hermes pre-production at an average price of $1,338/ounce. These proceeds were capitalized as the Company declared commercial production on the Hermes project, for reporting purposes effective April 1, 2018. A decrease in head grade resulting from the mixture of underground and open pit ore, partially offset by an increase in recoveries also contributed to the variance in revenue.

Cost of Sales

	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Mining	$ 20,995	$ 11,610	$ 71,995	$ 44,393
Processing	5,991	6,814	20,948	23,262
Depreciation and amortization	4,133	4,220	16,933	18,133
Site services	929	1,321	4,161	4,633
Gold royalty	566	348	2,962	2,321
Change in inventories	(1,560)	(60)	(2,908)	(10)
	$ 31,054	**$ 24,253**	**$ 114,091**	**$ 92,732**

Cost of Sales were $31,054 for the three months ended December 31, 2018, an increase of $6,801 from $24,253 for the three months ended December 31, 2017. Cost of sales includes mine production costs, processing costs, site services, royalties, depreciation and amortization. Cost of sales were generally higher in the current period versus the same period in 2017 due to the inclusion of Hermes open pit costs in the amount of $8,724. Additionally, the credit of $1,560 representing the increase in inventories for the three months ended December 31, 2018 was $1,500 higher than the credit during the comparative period due to stockpile inventory of Hermes ore which did not exist in 2017. Depreciation expense was $87 lower and comparable to the prior period reflecting the depreciation of assets associated with the Hermes open pit development, offset by an increased number of ounces used in the depletion calculation stemming from the increased number of ounces estimated in the technical report entitled Resource and Reserve Estimate for the Plutonic Gold Operations dated May 17, 2018 ("Technical Report") with an effective date of 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. The increase in gold royalties reflects the addition of Hermes production which has additional third-party royalties over those owed to the government of Australia on the Plutonic Operations.

Cost of Sales were $114,091 for the twelve months ended December 31, 2018, an increase of $21,359 from $92,732 for the twelve months ended December 30, 2017. Cost of sales were higher in the current period mainly due to the inclusion of Hermes costs, which achieved commercial production effective April 1, 2018. Mining costs were $27,602 higher as a result of $25,855 of Hermes open pit mining costs as well as payroll costs for both underground mining and maintenance of $791, replacement parts for mining equipment of $267 and grade control drilling of $163. The $641 increase in gold royalties reflects the addition of Hermes ounces, higher ounces sold and higher realized gold prices. Depreciation expense of $16,933 was $1,200 lower due to an increased number of ounces used in the depletion calculation stemming from the increased number of ounces estimated in the Technical Report partially offset by the depreciation of Hermes assets beginning April 1, 2018 and fewer ounces sold during the first and fourth quarters of 2018. Processing costs were $2,314 lower mainly due to the capitalization of $1,288 of costs of processing Hermes ore during the first three months of 2018. The credit for inventory movement of $2,908 in the twelve months ended December 31, 2018 due to stockpile inventory of Hermes ore which did not exist in 2017, further offset the increases in Mining costs and gold royalties.

General and administrative

In comparison to the three months ended December 31, 2017, general and administrative expenses decreased by $268 in the three months ended December 31, 2018 due to $275 of lower share based expenses included in general and administrative costs as the majority of the Company's options issued are near the end of their vesting terms.

In comparison to the twelve months ended December 31, 2017, general and administrative expenses increased by $702 in the twelve months ended December 31, 2018 due to higher payroll and consulting costs. The increase in payroll costs related to the finalization of senior management's 2017 short-term incentive compensation and accruals for 2018 short-term incentive compensation. Consulting costs increased by $165, primarily due to administrative projects completed in the first quarter.

Other Expenses (Income)

Other Expenses for the three months ended December 31, 2018 totaled approximately $483 and was comprised mainly of unrealized foreign exchange losses of $476, as the change in the valuation of the warrant liability of $208 was offset in part by $117 of charges for accretion on provisions and $69 for the revaluation of the contingent royalty payable to Northern Star. Other Expenses for the three months ended December 31, 2017 totaled $614 and was comprised mainly of $202 of foreign exchange gains and the gain on the change in the valuation of the warrant liability of $179 stemming from changes in the Company's share price, and $238 of accretion on provisions.

Other Expenses for the twelve months ended December 31, 2018 totaled approximately $5,625 and were comprised mainly of the $4,671 loss associated with the charge recorded for the valuation of the Northern Star contingent royalty, an indirect result of the increase in the Mineral Reserves and Mineral Resources as at December 31, 2017, foreign exchange losses of $808 and $472 of charges for accretion on provisions. These amounts were offset in part by the change in the valuation of the warrant liability of $420 stemming from changes in the Company's share price. Other Expenses for the twelve months ended December 31, 2017 totaled $7,303 and were comprised of the loss on settlement of the contingent payable of $7,056 to Northern Star Resources (refer to note 1 of the consolidated financial statements as at December 31, 2018), $951 of charges for accretion on provisions and $425 related to the loss on the change in the valuation of the warrant liability, partially offset by foreign exchange gains of $587 and the recovery of $458 of business acquisition expenses.

Net Income (loss) for the period ended December 31, 2018

The total net loss of $6,714 for the three months ended December 31, 2018 resulted primarily from the Operating loss of $8,616 and other expenses of $483 partially offset by an income tax recovery of $2,385.

The net loss for the three months ended December 31, 2017 of $2,315 was mainly attributed to the Operating loss of $341, Other expenses of $614 and income tax expense of $1,360.

The total net loss of $13,300 for the twelve months ended December 31, 2018 resulted primarily from the Operating loss of $13,159 and the loss on the Northern Star contingent royalty of $4,671 (refer to note 20 of the consolidated financial statements as at December 31, 2018) partially offset by an income tax recovery of $5,484. 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 non-current liability has been recognized as at December 31, 2018 as it is considered probable that future taxable amounts will be available to utilize this temporary difference as a result of the increase in Mineral Reserves and Mineral Resources as at December 31, 2017.

Adjusted net income (loss)

Adjusted net loss for the fourth quarter of 2018 amounted to $6,873 or $0.07 per share compared to adjusted net loss of $2,136 or $0.02 per share in the three months ended December 31, 2017, primarily reflecting lower Operating Income and the change in the valuation of the warrant liability in the fourth quarter of 2018 (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 twelve months ended December 31, 2018 amounted to $10,450 or $0.11 per share compared to adjusted net income of $1,962 or $0.02 per share in the twelve months ended December 31, 2017, primarily reflecting lower Operating Income in 2018, partially offset by a higher income tax recovery.

Adjusted net income/loss reflects the following: 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 royalty 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, 2018

As at December 31, 2018, the Company's current assets totaled $32,739 and current liabilities amounted to $25,998 for a net working capital balance of $6,741. The majority of the current assets pertained to cash and cash equivalents of $17,332 and inventories of $13,242. The movement from a working capital balance of $23,785 as at December 31, 2017 was mainly the result of the operating losses outlined above, capital expenditures to develop the Hermes project, the recording of the contingent royalty payable to Northern Star as it is anticipated to come due within the next twelve months and investment in inventory and other smaller working capital changes.

Non-current assets decreased by $686 from December 31, 2017. The majority of the decrease pertained to depreciation expense $16,933, foreign exchange impacts on non-current asset balances of $7,019 and a reclassification of $1,229 of Hermes Mining Interests to stockpile inventory (current assets). These amounts were partially offset by capitalized development expenditures of $14,803. Of this amount, $6,386 was spent on finalizing development of the Hermes project (net of $6,648 received from pre-production gold sales), $146 for ongoing Hermes operations, $5,266 to the ongoing underground operations, and $3,005 resulted from increases to the rehabilitation asset due to higher disturbance from Hermes development. Exploration and evaluation additions of $466 reflected expenditures incurred in the year to date on the Bryah Basin joint venture tenements after notice was provided to the joint venture partner that the earn-in milestone was achieved. Additionally, $11,758 of capital expenditures were incurred during the twelve months ended December 31, 2018, $6,410 of which was for mobile equipment acquired under finance leases, $1,860 for a new gravity circuit to improve recoveries, $293 for haul road construction, $926 for expansion of a tailings storage facility and $1,885 for betterments to existing equipment.

Current liabilities increased by $6,396 to $25,998 mainly due to a contingent royalty payable to Northern Star Resources as part of the acquisition of the Plutonic Gold Operations which is anticipated to become payable within twelve months of the balance sheet date. The consideration offered to Northern Star in the Acquisition Agreement (refer to note 20 of the consolidated financial statements for the period ended December 31, 2018) included a royalty which was recorded at a fair value of $nil at the time of the acquisition. This was because it was unknown whether the number of ounces of gold to be recovered in the future was going to exceed the 300,000-ounce threshold established in the Acquisition Agreement based on the Mineral Resource and Mineral Reserves estimate completed at that time. As a result of the updated Technical Report completed in the quarter ended March 31, 2018, it was determined that this royalty will likely become payable during the fourth quarter of 2019 as the number of ounces anticipated to be recovered in the future now exceeds the 600,000-ounce cap established in the Acquisition Agreement. The Company has therefore accrued a liability of $4,308 with a corresponding charge to the consolidated statement of income based on the present value of the royalty's AUD$6.5 million buyback option (refer to note 20 of the consolidated financial statements for the period ended December 31, 2018). In addition, an increase of $1,868 in the current portion of finance lease obligations resulted from the increase in non-current assets discussed above.

Non-current liabilities decreased by $1,352, which resulted from a decrease in the deferred tax liability due to the income tax recovery recorded in 2018 of $3,350 offset by higher finance lease obligations described in the discussion of increases in non-current assets, above.

Share capital consisted of capital stock, net of issue costs, of $49,313. The increase of $93 from December 31, 2017 resulted from an exercise of stock options.

Cash from Operating Activities

During the three months ended December 31, 2018 cash used in operating activities was $374, a decrease from cash generated of $2,588 for the three months ended December 31, 2017. The decrease in cash generated from operating activities resulted from lower Operating Income, excluding depreciation expense, partially offset by lower cash used for inventories as compared to the three months ended December 31, 2017 and lower income taxes paid.

During the twelve months ended December 31, 2018 cash generated from operating activities was $6,568, a decrease from cash generated of $22,093 for the twelve months ended December 31, 2017. This decrease resulted primarily from lower Operating Income, excluding depreciation expense and the buildup of inventories, mainly from the Hermes stockpile which did not exist in 2017, partially offset by lower cash taxes paid.

Cash used in Investing Activities

Cash used in investing activities in the three months ended December 31, 2018 primarily comprised expenditures on mine interests, property, plant and equipment of $2,591 primarily in support of underground mine development, a significant decrease of $7,558 compared to the three months ended December 31, 2017. The higher spending in the fourth quarter of 2017 reflected the commencement of spending on the Hermes development which was substantially completed in the first quarter of 2018.

Cash used in investing activities in the twelve months ended December 31, 2018 primarily comprised expenditures on mine interests, property, plant and equipment of $15,285 primarily in support of Hermes and underground mine development, partially offset by the reduction in restricted cash of $1,561 as Letters of guarantee were issued to suppliers thus removing the restrictions. For the twelve months ended December 31, 2017 cash used in investing activities pertained to $7,633 payment as part of the acquisition of the Plutonic Gold operations as well as capital expenditures of $13,114 in support of underground mine development and the construction of the Hermes haul road.

Cash from Financing Activities

Cash used in financing activities in the three months ended December 31, 2018 of $1,034 comprised the repayment of the Company's finance lease obligation, short-term loan and interest thereon. For the three months ended December 31, 2017 cash used in financing activities comprised the repayment of the Company's finance lease obligation, short-term loan and interest thereon of $649. Increased lease payments in 2018 stemmed from the addition of leased equipment.

Cash used in financing activities in the twelve months ended December 31, 2018 was $2,997 and was comprised of the repayment of the Company's short-term loan, finance lease obligation and interest thereon, partially offset by a stock option exercise of $66. For the twelve months ended December 31, 2017 cash from financing activities of $19,950 resulted from the Company's initial public offering which generated proceeds from share issuances less share issue costs of $22,975. This was offset by the repayment of the Company's short-term loan, finance lease obligation and interest thereon of $3,025.

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 twelve months ended December 31, 2018, the Company used cash balances and cash inflows from the Plutonic Gold Operations to fund its expenditures on mineral interests, including Hermes development, and property, plant and equipment, as well as 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 of the consolidated financial statements as at December 31, 2017). Subsequent to the acquisition of the Plutonic Gold Operations, the Company 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.

The Company has forecast that it will have sufficient cash inflows to satisfy the Company's obligations as they come due over the next twelve months. As at December 31, 2018, Superior Gold has a working capital balance of $6,741. As at December 31, 2017 the Company had a working capital balance of approximately $23,785. The variance of $17,044 resulted from operating losses outlined above, capital expenditures to develop the Hermes project, the recording of the contingent royalty payable to Northern Star as it is anticipated to come due within the next twelve months and investment in inventory and other smaller working capital changes.

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

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Commitments

(i) Capital commitments

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

	December 31, 2018	December 31, 2017
Property, plant and equipment	$ 414	$ 1,548
Mine development	-	1,612
	$ 414	**$ 3,160**

In the year ended December 31, 2018, the Company entered into commitments for milling equipment. These commitments totaled $414 at December 31, 2018.

(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 31, 2018
Within one year	$	1,604
Later than one but not later than five years		911
	$	**2,515**

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				**Twelve months ended December 31**			
		2018		**2017**		**2018**		**2017**
Management compensation	$	76	$	206	$	1,239	$	778
Directors' fees		32		30		131		104
Share-based payments		126		242		578		803
	$	**234**	**$**	**478**	**$**	**1,948**	**$**	**1,685**

Northern Star is a related party as a result of its ownership interest in the Company's common shares and warrants.

In the year ended December 31, 2018, the Company paid Northern Star $29 (2017 - $737) related to the finance lease obligation. The Company assumed the lease from Northern Star upon acquisition of the Plutonic Gold Operations. An amount of $4,308 (2017 - $29) is payable to Northern Star at December 31, 2018 which represents the current contingent royalty (note 20). In the year ended December 31, 2018, the Company received no amounts from Northern Star (2017 - $207) and there are no amounts receivable at December 31, 2018 (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, 2018, except as noted below in the section labelled 'Adoption of New or Amended Accounting Policies'. 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 are effective and have been implemented as of January 1, 2018:

IFRS 9 Financial Instruments: Classification and Measurement

The Company adopted IFRS 9, Financial Instruments ("IFRS 9"), effective January 1, 2018, which replaced IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value. The Company has applied IFRS 9 on a retrospective basis and was not required to restate prior periods. The adoption of IFRS 9 did not impact the carrying value of any financial asset or financial liability on the transition date. Therefore, at the date of initial application, the Company did not require any adjustments to its opening retained deficit as a result of the adoption of IFRS 9. All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of income (loss) and comprehensive income (loss) for the year. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

IFRS 15 Revenue from Contracts with Customers

The Company adopted IFRS 15 with an initial application date of January 1, 2018. The recognition of revenue upon transfer of control to the customer is consistent with our revenue recognition policy as set out in Note 2(o) of the 2017 consolidated financial statements, as the condition is generally satisfied when title transfers to the customer. As such, upon adoption, this requirement under IFRS 15 resulted in no impact to the financial statements as the timing of revenue recognition on gold sales is unchanged and is presented as previously reported under IAS18, IAS11 and related interpretations. Additional disclosure has been presented in note 5 as a result of adopting IFRS 15.

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

As of January 1, 2018, the Company has adopted narrow scope amendments/interpretations to IFRIC 22 which did not have an impact on these audited financial statements.

Recent Accounting Pronouncements

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company has determined that the following may have an impact on the Company's future 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 collected data from existing agreements that extend beyond January 1, 2019 that could qualify under the standard. Upon completion of the assessment the Company expects to recognize additional right of use assets and lease liabilities related to the Company's equipment and building rentals and power contracts. Based on the Company's assessment of the expected impact of IFRS 16, the Company expects that the adoption of the new standard will result in the recognition of additional right of use assets and lease liabilities on the Consolidated Statement of Financial Position. The Company does not expect there will be a material impact to the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) or the Consolidated Statements of Cash Flows. Certain contracts may qualify as short-term leases and therefore will be disclosed in the financial statements upon adoption.

IFRIC 23 – Uncertainty over Income Tax Treatments

IFRIC 23 - Uncertainty over Income Tax Treatments (the "Interpretation") sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings. If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. If no, the entity should reflect the effect of uncertainty in determining its accounting tax position. The Interpretation is effective for annual periods beginning on or after January 1, 2019. Entities can apply the Interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively. The Company does not expect the application of the Interpretation will have a significant impact on the Company's consolidated financial statements.

Outstanding Share Data

The following table summarizes the capitalization of the Company as at March 11, 2019, the date of this MD&A and December 31, 2018:

	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	$0.76	July 5, 2022	300,000
Stock options	$0.76	September 5, 2022	200,000
Stock options	$0.76	November 3, 2022	150,000
Stock options	$0.76	December 15, 2022	200,000
Stock options	$0.99	June 8, 2023	125,000
PSUs	Not applicable	June 8, 2021	125,000
Warrants	$1.5166	February 23, 2022	14,429,521
			117,328,661

Non-IFRS Performance Measures

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

Total cash costs and All-in sustaining costs

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

(in thousands of dollars, except oz or per oz amounts)	Three months ended December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Gold sold (oz)	19,305	20,029	84,916	82,019
Cost of Sales	31,054	24,253	114,091	92,732
Adjustments for:				
Depreciation and amortization	(4,133)	(4,220)	(16,933)	(18,133)
Share-based payments included in Cost of Sales	(25)	5	(20)	(281)
Inventory movements	980	10	1,028	42
Silver credits and other	(30)	(39)	(118)	(183)
Cash costs	27,846	20,009	98,048	74,177
Total cash costs (per gold oz)	1,442	999	1,155	904
Adjustments for items affecting all-in sustaining cash costs:				
Sustaining exploration and capital expenditures[1]	1,485	912	4,425	4,269
Share-based payments included in Cost of Sales	25	(5)	19	281
Corporate, general and administration[2]	978	1,246	4,581	3,879
Rehabilitation accretion	117	238	472	951
All-in sustaining cost	30,451	22,400	107,545	83,557
All-in sustaining cost (per gold oz)	1,577	1,118	1,266	1,019

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 December 31, 2018	Three months ended December 31, 2017	Twelve months ended December 31, 2018	Twelve months ended December 31, 2017
Metal sales	$23,917	$ 25,587	$107,514	$ 103,215
Silver sales	(30)	(39)	(118)	(183)
Revenues from gold sales	23,887	25,548	107,396	103,032
Gold sold (oz)	19,305	20,029	84,916	82,019
Realized gold price ($/oz)	$1,237	$1,276	$1,265	$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 months ended December 31		Twelve months ended December 31	
	2018	**2017**	**2018**	**2017**
Net income (loss) for the period	($6,714)	($2,315)	($13,300)	($3,082)
Adjusted for:				
Loss on settlement of contingent payable to Northern Star	69	-	4,671	7,056
Change in valuation of the warrant liability[1]	(208)	179	(420)	425
Business acquisition costs (recovery)	-	-	-	(458)
Effect on income taxes of the above items	(20)	-	(1,401)	(1,979)
Adjusted net income (loss)	($6,873)	($2,136)	($10,450)	$1,962
Weighted average number of common shares outstanding - basic	95,752,473	95,669,140	95,728,044	87,968,487
Adjusted basic net income (loss) per share	(0.07)	(0.02)	(0.11)	0.02

1. Balance included in the statement of comprehensive earnings.

Disclosure Controls and Procedures

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

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

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

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risks and uncertainties

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

Forward-looking information

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

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management, in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, as of the date of this MD&A including, without limitation, assumptions about: favourable equity and debt capital markets; the ability to raise any necessary additional capital on reasonable terms to advance the development of the Plutonic Gold Operations and pursue planned exploration; future prices of gold; the timing and results of exploration and drilling programs; the accuracy of mineral reserve and mineral resource estimates; the geology and geophysical data of the Plutonic Gold Operations being as described in the Technical Report; production costs; the accuracy of budgeted exploration and development costs and expenditures; the price of other commodities such as fuel; future currency exchange rates and interest rates; operating conditions being favourable, including whereby the Company is able to operate in a safe, efficient and effective manner; political and regulatory stability; the receipt of governmental and third party approvals and Permits on favourable terms; obtaining required renewals for existing approvals and Permits and obtaining all other required approvals and Permits on favourable terms; sustained labour stability; stability in capital goods markets; and the availability of equipment. While the Company considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks, uncertainties, contingencies and other factors that could cause actual actions, events, conditions, results, performance or achievements to be materially different from those projected in the forward-looking information. Many assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

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

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

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

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

Technical Information

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

Additional Information

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