

Management's Discussion and Analysis

For the three months ended March 31, 2017

May 24, 2017



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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE CORPORATION

Notes

This Management's Discussion and Analysis ("MD&A") dated May 24, 2017, should be read in conjunction with Superior Gold's unaudited condensed consolidated interim financial statements and related notes for the three months ended March 31, 2017 ("interim financial statements") which are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These interim financial statements should be read in conjunction with the Corporation's annual audited financial statements and the Management's Discussion and Analysis included within our Final Long Form Prospectus dated February 15, 2017. All dollar figures stated herein are expressed in thousands of United States dollars, except for per share or per ounce amounts or unless otherwise specified. The Corporation's public filings, can be viewed on the SEDAR website (www.sedar.com) and on the Corporation's website (www.superior-gold.com).

The following discussion contains forward-looking information that involves numerous risks and uncertainties. Actual results of the Corporation 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 "Corporation" 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 Corporation was incorporated under the Business Corporations Act (Ontario) on July 4, 2016 as 2525908 Ontario Inc. On December 14, 2016, the Corporation changed its name to Superior Gold Inc. The Corporation is engaged in the acquisition, exploration, development and operation of gold resource properties.

The Corporation 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 Corporation:

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

(i) the date that A\$10 million is paid to Northern Star under the royalty, or (ii) gold in excess of 600,000 ounces being produced (the “Northern Star Royalty”). The Corporation maintains the right to purchase the Northern Star Royalty back from Northern Star for a purchase price of A\$6.5 million at any time before the expiry of 30 days after the date the royalty first becomes payable;

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

First Quarter Highlights

- Closed its initial public offering for gross proceeds, including the exercise of the overallotment option, of \$24,916
- Trading of Superior Gold’s common shares commenced on the TSX Venture Exchange under the symbol “SGI”
- Finalized and made the payments to Northern Star for the Plutonic Gold Operations upon the completion of the initial public offering.
- Cash, cash equivalents and restricted cash of \$27,772 at March 31, 2017
- Generated cash flow from operations of \$7,394
- Produced 20,769 ounces of gold at a total cash cost¹ of \$799 per ounce and all-in sustaining cost¹ of \$920 per ounce
- Sold 21,801 ounces of gold at an average realized price of \$1,219 per ounce
- Net loss of \$3,013 and loss per share of \$0.05 and Adjusted net income¹ and Adjusted income and adjusted income per share of \$2,109 and \$0.03, respectively

Key Business Developments

Initial Public Offering

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

Completed the payment for the Acquisition of Plutonic Gold Operations

Concurrent with Superior Gold’s initial public offering the Corporation 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 15 of the unaudited condensed consolidated interim financial statements). Located in Western Australia, the Plutonic Gold Operations were acquired in October 2016 and comprise a 644 km² land package which is home to the Plutonic Gold Mine.

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

Plutonic Gold Mine

The Plutonic Gold Mine is located in the Archaean Plutonic Marymia Greenstone Belt and has been in continuous production since 1990, having produced over 5 million ounces of gold from both open pit and underground mining. The excess mill capacity offers organic growth opportunities, joint venture and toll milling opportunities as well as regional opportunities to consolidate the land position.

The Plutonic Gold Mine exceeded 20,000 ounces of gold produced and sold for the second consecutive quarter since its acquisition in October 2016. Total cash costs¹ and all-in sustaining costs¹ of \$799/ounce and \$920/ounce were below the realized gold price of \$1,219/ounce for the three month period ending March 31, 2017. The Plutonic Gold Mine and the associated Perth administrative office generated net cash from operations after working capital changes of \$7,993 for the three month period ending March 31, 2017.

Hermes Open Pit Project

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

Hermes is a greenfields open pit development project, located approximately 60 km south-west of the Plutonic Gold Mine. The initial development of the haul road is scheduled to commence in mid-2017, with pre-stripping operations at Hermes to follow in the latter half of the year. The Hermes deposit is expected to be mined as a conventional open pit contractor operated excavator-truck mining operation with ore being trucked for processing at the Plutonic Gold Mine mill. To date, significant progress has been made in advancing mining and environmental approvals. A mining proposal and mine closure plan 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. Additional information regarding the Hermes development project can be found in the Corporation's Technical Report (effective date September 30, 2016) which was filed on SEDAR (www.sedar.com) on February 15, 2017.

Exploration Activities

The Corporation's ongoing underground diamond drilling program focused on eight zones at its wholly-owned Plutonic God Mine: Area 134; Baltic; Caribbean; Caspian; Cortez; Indian; Pacific; and Timor. This work was primarily aimed at resource definition and grade control, with some holes aimed at exploration in areas with little or no previous drilling. Results have been released for 281 holes totaling more than 21,000 metres. Significant intersections were encountered in all zones. The Corporation's work to date has identified that prior work at the mine had tended to identify the mineralized zones as isolated, unconnected units. As a result of the interpretive work by the Corporation's geological team, underground exploration has begun to examine the potential link between the various zones. This initial 18 hole program was very successful with more than 35 intersections in excess of 5g of gold per tonne.

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

Exploration drilling in the Baltic area was aimed at testing the gap between the Baltic and Caribbean Zones. This initial work has identified at least two potential new lodes adjacent to the Caribbean resource zone, in addition to potential extensions of existing lodes. Follow up work will be aimed at defining the mineralization in greater detail.

The drilling in the Pacific zone targeted an area outside the resource, which was thought to have potential for high grade, sub-vertical structures. The program successfully intersected mineralization in two principal zones. Work is being planned to develop a preliminary block model for both.

Outlook

The Corporation 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 Corporation intends to focus on its growth strategy which includes:

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

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

Summary of Quarterly Operational Results

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

	Three month period ended March 31, 2017	Three month period ended December 31, 2016
Stope material mined (t)	155,382	170,196
Stope grade mined (g/t)	4.15	3.75
Development material mined (t)	45,404	44,047
Development grade mined (g/t)	2.77	3.81
Surface material milled (t)	134,390	196,796
Surface material grade (g/t)	0.49	0.40
Total material milled (t)	332,405	408,233
Grade milled (g/t)	2.5	2.1
Gold recovery (%)	78	82
Gold produced (oz)	20,769	22,994
Gold sold (oz)	21,801	20,352
Total cash costs (\$/oz) ⁽¹⁾	799	771
All-in sustaining costs (\$/oz) ⁽¹⁾	920	869
Realized price (\$/oz)	1,219	1,214

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

The Plutonic Gold Mine produced 20,769 ounces of gold in the three month period ending March 31, 2017 compared to 22,994 ounces of gold in three month period ending December 31, 2016 as a result of lower material milled, partially offset by higher head grade. Total material mined decreased by 6% to 200,786 tonnes due to mine sequencing and capital development activities while total material milled decreased by 19% to 332,405 tonnes mainly due to a reduction of 62,405 tonnes of low grade material being milled in the three months ended March 31, 2017. Head grade increased as a result of a larger proportion of high grade material being processed during the three months ended March 31, 2017. Recovery rates dropped from 82% to 78% as the proportion of milled tonnages from areas that typically have lower recoveries increased.

Gold sold increased by 1,449 ounces during the three months ended March 31, 2017 to 21,801 ounces in comparison to the three months ended December 31, 2016 due to sales of ounces held as finished goods inventory as at December 31, 2016.

Total cash costs² were \$799/ounce for the three months ended March 31, 2017, an increase from \$771/ounce from the three months ended December 31, 2016 due to higher costs of sales (refer to the discussion of Cost of Sales included in this MD&A), excluding depreciation. All-in sustaining costs² increased to \$920/ounce from \$869/ounce due to higher total cash costs, higher capital expenditures and the introduction of the Corporation's stock option plan.

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 Corporation had no mining activity during this period and therefore the results are not readily comparable to the subsequent two quarters. While the table below includes summarized financial information for all the three historical periods, the discussion of the Corporation's results is presented for the sole two periods for which Superior Gold had mining activity; the three months ended March 31, 2017 and the three months ended December 31, 2016:

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

^{1.} Restated for adjustments to purchase price allocation of the Plutonic Gold Operations acquisition. Refer to note 15 of the condensed consolidated interim financial statements for the period ended March 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

Operating Income

Operating Income for the three months ended March 31, 2017 decreased by \$696 from \$4,413 to \$3,717 due to increased Cost of Sales of \$2,370 and higher General and administrative of \$219, partially offset by higher revenue of \$1,892 as outlined below.

Revenues

For the three months ended March 31, 2017, gold revenues totaled \$26,642 from the sale of 21,801 ounces of gold, up by \$1,892 from \$24,750 from the sale of 20,352 ounces of gold for the three

months ended December 31, 2016. Higher gold revenues resulted from 1,449 more ounces sold during the three months ended March 31, 2017 and an increase in the realized gold price to \$1,219/ounce from \$1,214/ounce.

Cost of Sales

	Three months ended March 31, 2017	Three months ended December 31, 2016
Mining	\$ 10,179	\$ 10,264
Processing	5,122	5,009
Depreciation and amortization	4,860	4,601
Site services	1,188	839
Exploration	160	-
Gold royalty	668	614
Change in inventories	(80)	(1,600)
	\$ 22,097	\$ 19,727

Cost of Sales were \$22,097 for the three months ended March 31, 2017, an increase of \$2,370 from \$19,727 for the three months ended December 31, 2016. Cost of sales includes mine production costs, processing costs, site services, royalties, depreciation and amortization as well as inventory movements. Cost of sales were higher in the March quarter as a result of the credit for inventory movement decreasing by \$1,520 in the three months ended March 31, 2017 due to higher takeaway for finished goods inventory for the three months ended December 31, 2016. Higher Site services costs of \$349 are primarily due to a credit for power costs received in the three months ended December 31, 2016. An increase in depreciation and amortization expense of \$259 as a result of more ounces of gold being sold in the three months ended March 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

General and administrative expenses increased by \$219 primarily as a result of share-based payments of \$105 upon the adoption of the Corporation's stock option plan on February 23, 2017 as well as increased administrative costs to manage the additional activities of a public company.

Other Expenses (Income)

Other Expenses (Income) for the three months ended March 31, 2017 were primarily made up of the loss on the settlement of the consideration due to Northern Star for the acquisition of the Plutonic Gold Operations of \$7,056 and the loss on the change in valuation of warrant liability of \$314 due primarily to an increase in the value of the Subscription Receipt Warrants (refer to notes 15 and 12 (c), respectively, of the unaudited interim financial statements), slightly offset by a recovery of business acquisition costs incurred to complete the Acquisition of \$188 and lower net finance costs of \$85 due mainly to lower foreign exchange losses as a result of the strengthening of the Canadian dollar.

Dividends

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

Net loss for the three month period ended March 31, 2017

The total net loss of \$3,013 resulted primarily from the loss on the settlement of the consideration due to Northern Star of \$7,056, net finance costs of \$434 comprising accretion charges and foreign exchange losses and a loss in the change in valuation of the warrant liability of \$314 reflecting the higher liability of the Subscription Receipt Warrants partially offset by Operating Income of \$3,717, an income tax recovery of \$886 due to the loss before taxes and a recovery of certain Business Acquisition Costs of \$188.

In comparison, for the three months ended December 31, 2016, the Corporation realized total net income (restated, refer to note 15 of the condensed consolidated interim financial statements for the period ended March 31, 2017) of \$3,805 due primarily to a bargain purchase gain recognized on the acquisition of the Plutonic Gold Operations of \$3,640, Operating Income of \$4,413 partially offset by Business Acquisition costs of \$3,442 and Net finance cost of \$542.

Adjusted net income

Adjusted net income for the first quarter of 2017 amounted to \$2,109 or \$0.03 per share, a decrease from adjusted net income of \$2,854 or \$0.11 per share in the three months ended December 31, 2016, reflecting lower Operating Income as outlined above.

Net income/loss was adjusted to exclude specific items that are significant, and not reflective of the underlying operations of the Corporation, 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. Adjusting for these items provides an additional measure to evaluate the underlying operating performance of the Corporation as a whole for the reporting periods presented. Refer to section "Non-IFRS Financial Performance Measures" for a reconciliation of the net income/loss to adjusted net income/loss.

Financial Position as at March 31, 2017

As at March 31, 2017, the Corporation's current assets totaled \$41,882 and current liabilities amounted to \$16,386 for a net working capital balance of \$25,496. The majority of the current assets pertained to cash and cash equivalents of \$25,925 and higher inventories held at the Plutonic Gold Operations of \$10,815 from \$10,016 as at December 31, 2016. The increase inventories was mainly due to higher consumable stores and stockpile balances as a result of re-stocking and a greater proportion of high value material being stockpiled in the three month period ended March 31, 2017. The movement from a working capital deficit of \$14,133 as at December 31, 2016 is mainly the result of the elimination of the contingent payable to Northern Star of \$18,090 (A\$25,000) which was settled upon the initial public offering of the Corporation'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 \$19,829 to \$25,925 as at March 31, 2017, as outlined below.

Non-current assets increased marginally from December 31, 2016 as capital expenditures and foreign exchange impacts on non-current asset balances were offset by depreciation expense.

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

Cash from Operating Activities

During the three months ended March 31, 2017 cash from operating activities was \$7,394, a decrease of \$1,071 from the three months ended December 31, 2016. This decrease resulted from lower cash inflows from working capital due to lower accounts payable and accrued liability balances as well as lower Operating Income of \$696 as noted above. The impact of these movements was partially offset by lower business acquisition costs of \$3,630 as the majority of these costs were incurred in 2016, no restricted cash changes in the first quarter of 2017 and higher depreciation costs of \$259 included in Operating Income.

Cash used in Investing Activities

Cash used in investing activities comprised the payment to Northern Star to satisfy the cash obligation of the amended Acquisition agreement of \$7,633 and expenditures on mine interests, property, plant and equipment of \$1,719 primarily in support of underground mine development. This represents a reduction in the amount of cash used in investing activities in comparison to the three months ended December 31, 2016 primarily due to a lower cash payment on completion of the public offering as compared to the closing of the acquisition of the Plutonic Gold Operations.

Cash from Financing Activities

Cash from financing activities comprised proceeds derived from the issuance of 32,717,500 Common Shares under the initial public offering and the exercise of the over-allotment option for gross proceeds of \$24,916, less share issuance costs of \$1,875 and the repayment of the Corporation's short-term loan, finance lease obligation and interest thereon of \$1,385. In the three months ended December 31, 2016, the Corporation incurred share issuance costs in support of its initial public offering and the repayments of the Corporation's short-term loan and finance lease obligation were nearly offset by the proceeds of the short-term loan.

Liquidity and Capital Resources

During the three months ended March 31, 2017, the Corporation 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 15 of the unaudited interim financial statements). Subsequent to the acquisition of the Plutonic Gold Operations, the Corporation has generated cash flows from the Plutonic Gold Operations as well as the net proceeds from its initial public offering and over-allotment to satisfy its liabilities as at March 31, 2017 and has forecast that it will have sufficient cash inflows to satisfy the Corporation's obligations as they come due over the next twelve months. As at March 31, 2017, Superior Gold has a working capital balance of \$25,496. As at December 31, 2016 the Corporation had a working capital deficit of approximately \$13,937 with current assets of approximately \$20,316 and current liabilities of approximately \$34,253. The deficit was the result of the contingent payable to Northern Star of \$18,090 (A\$25,000), which was

payable in cash in the event the Corporation did not complete a listing of its common shares within six months from the Acquisition date.

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

Off Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements.

Commitments

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

	March 31, 2017
Property, plant and equipment	\$ 572

The Corporation 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. Commitments for minimum lease payments in relation to this non-cancellable operating lease (excluding variable per kilowatt hour charges) are as follows:

	March 31, 2017
Within one year	\$ 1,538
Later than one but not later than five years	4,998
	\$ 6,536

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:

The Corporation paid \$169 (for the three months ended March 31, 2017) for management service fees to key employees.

The balance included accounts payable and accrued liabilities as at March 31, 2017 was \$63 to these related parties.

Northern Star is a related party as a result of its 19.7% ownership interest in the Corporation's common shares and 14,429,521 Consideration Warrants (note 15) at March 31, 2017. Northern Star acquired 18,859,041 common shares under the amended Acquisition Agreement, dated February 9, 2017 as partial consideration for the Plutonic Gold Operations (note 15). In the three months ended March 31, 2017, the Corporation paid Northern Star \$177 related to the finance lease obligation,

subsequent to February 23, 2017. The Corporation assumed the lease from Northern Star upon acquisition of the Plutonic Gold Operations. The Current portion of finance lease obligation of \$577 represents the amount owing to Northern Star at March 31, 2017.

Critical Accounting Policies and the Use of Estimates

A detailed summary of the Corporation's significant accounting policies, including the use of estimates, is included in the Corporation's audited consolidated financial statements for the period from incorporation on July 4, 2016 to December 31, 2016. The preparation of the condensed consolidated interim financial statements requires management to makes estimates and judgments which are described in the Corporation's audited consolidated financial statements for the period from incorporation on July 4, 2016 to December 31, 2016.

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

Financial Instruments

The Corporation's significant accounting policies regarding its financial instruments are set out in the Corporation's audited consolidated financial statements included in its prospectus dated February 15, 2017. The Corporation 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 Corporation's financial statements.

Recent Accounting Pronouncements

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

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

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

IFRS 9 Financial Instruments: Classification and Measurement

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

IFRS 15 Revenue from Contracts with Customers

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

IFRS 16 Leases

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

Annual Improvements to IFRS Standards (2014-2016) Cycle

On December 8, 2016 the IASB issued narrow-scope amendments to three standards as part of its annual improvements process. (Note: the amendment to IFRS 12 became effective from January 1, 2017). Remaining amendments not yet effective relate to IFRS 1 and IAS 28: removal of out-dated exemptions for first time adopters under IFRS 1 First-time Adoption of International Financial Reporting Standards, effective for annual periods beginning on or after January 1, 2018; and clarification that the election to measure an associate or joint venture at fair value under IAS 28 Investments in Associates and Joint Ventures for investments held directly, or indirectly, through a venture capital or other qualifying entity can be made on an investment-by-investment basis. The amendments are effective retrospectively for annual periods beginning on or after January 1, 2018. The Corporation intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the amendments has not yet been determined.

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

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

Outstanding Share Data

The following table summarizes the capitalization of the Corporation as at May 24, 2017, the date of this MD&A and March 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	\$0.75	February 23, 2022	6,650,000
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
			118,660,186

Non-IFRS Performance Measures

Total cash costs per gold ounce, all-in sustaining costs per gold ounce 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:

<i>(in thousands of dollars, except oz or per oz amounts)</i>	Three months ended March 31, 2017	Three months ended December 31, 2016
Gold sold (oz)	21,801	20,352
Cost of Sales	22,097	19,727
Adjustments for items affecting cash costs:		
Depreciation and amortization	(4,860)	(4,601)
Share-based payments included in Cost of Sales ...	(45)	—
Non-cash inventory movements	274	619
Silver credits	(57)	(48)
Interest income	(6)	(1)
Revenue-other	—	—
Revenue-scrap	7	—
Cash costs	17,410	15,696
Total cash costs (per gold oz)	799	771
Adjustments for items affecting all-in sustaining cash costs:		
Sustaining capital expenditure	1,537	1,020
Share-based payments included in Cost of Sales ...	45	—
Corporate, general and administration ¹	828	740
Rehabilitation accretion	235	235
All-in sustaining cost	20,055	17,691
All-in sustaining cost (per gold oz)	920	869

^{1.} Corporate, general and administration costs include share-based compensation, as per the Condensed Consolidated Interim Statement of Comprehensive Income

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 Corporation. 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 Corporation, 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 March 31, 2017	Three month period ended December 31, 2016
Net income (loss) for the period	(3,013)	3,805
Adjusted for:		
Loss on settlement of contingent payable to Northern Star	7,056	-
Bargain purchase gain on the acquisition of the Plutonic Gold Operations	-	(3,640)
Change in valuation of the warrant liability	314	(16)
Business acquisition costs	(188)	(3,864)
Effect on income taxes	(2,060)	(1,159)
Adjusted net income	2,109	2,854
Weighted average number of common shares outstanding - basic	64,438,715	25,302,368
Adjusted basic net income per share	0.03	0.11

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".

² Includes unrealized gains and losses on derivative instruments as disclosed in the "Derivative Instruments" note in the related financial statements. The balance is grouped with "Net finance income and costs" on 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 Corporation, 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 Corporation 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 Corporation's Final Long Form Prospectus dated February 15, 2017 under the heading "Risk Factors", which is incorporated by reference into this MD&A. The Final Long Form Prospectus is available on SEDAR (www.sedar.com).

FORWARD-LOOKING INFORMATION

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

Forward-looking statements are necessarily based upon a number of estimates and assumptions including material estimates and assumptions related to the factors set forth below that, while considered reasonable by the Corporation as at the date of this MD&A in light of management's experience and perception of current conditions and expected developments, are inherently subject to a variety of known and unknown factors which may cause the actual plans, intentions, activities, results, performance or achievements of the Corporation to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking information. Such factors include, but are not limited to: future prices of gold; the price of other commodities such as fuel; the timing and results of exploration and drilling programs; the accuracy of mineral reserve and mineral resource estimates; the geology and geophysical data of the Plutonic Gold Mine; production costs; the accuracy of budgeted exploration and development costs and expenditures; currency exchange rates and interest rates; the ability to raise any necessary additional capital on reasonable terms to advance the development of the Plutonic Gold Mine and pursue planned exploration activities; the successful and timely completion of the Hermes open pit development project; obtaining the required renewals for existing approvals and permits and obtaining all other required approvals and permits on favourable terms; sustained labour stability; stability in capital goods markets; the availability of mining equipment; differences in size, grade, continuity, geometry or location of mineralization from that predicted by geological modelling and the subjective and interpretative nature of the geological modelling process; geological, hydrological and climactic events which may adversely affect infrastructure, operations and development plans, and the inability to effectively mitigate or predict with certainty the occurrence of such events; the Corporation's failure to accurately model and budget future capital and operating costs associated with the development and

operation of the Plutonic Gold Mine; contests over title to properties; the supply of adequate infrastructure to sustain operations; the Corporation's management being unable to successfully attract and retain highly skilled personnel; compliance with Australia's environmental regulations; the impact of competitive conditions in the mineral exploration and mining businesses; limits of insurance coverage and uninsurable risk; the adverse effect of currency fluctuations on the Corporation's financial performance; the dilutive effect and inherent risks and costs of acquisitions, investments or divestitures and the failure of such acquisitions, investments or divestitures to deliver the benefits anticipated; the costs associated with legal proceedings should the Corporation become the subject of litigation or regulatory proceedings; and other risks involved in the exploration, development and mining business generally, including, without limitation, environmental risks and hazards, cave-ins, flooding, rock bursts and other acts of God or natural disasters or unfavourable operating conditions and losses.

The Corporation cautions that there can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, investors should not place undue reliance on forward-looking information. Except as required by law, the Corporation does not assume any obligation to update or revise any forward-looking information contained in this MD&A to reflect events or circumstances after the date hereof.

Technical Information

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

Additional Information

Additional information regarding the Corporation 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.