

Management's Discussion and Analysis

For the three and nine months ended September 30, 2018

November 12, 2018



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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY

Notes

This Management's Discussion and Analysis ("MD&A") dated November 12, 2018, should be read in conjunction with Superior Gold's unaudited condensed consolidated interim financial statements and related notes for the three and nine months ended September 30, 2018 and 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") and the Company's annual audited financial statements and the Management's Discussion and Analysis for the year ended December 31, 2017. All dollar figures stated herein are expressed in thousands of United States dollars, except for per share or per ounce amounts or unless otherwise specified. The Company's public filings, can be viewed on the SEDAR website (www.sedar.com) and on the Company's website (www.superior-gold.com).

The Company was incorporated on July 4, 2016 and acquired the Plutonic Gold Operations from Northern Star Resources Ltd. on October 12, 2016

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 the right to an 80% interest in the Bryah Basin joint venture.

The Company was incorporated under the Business Corporations Act (Ontario) on July 4, 2016 as 2525908 Ontario Inc. On December 14, 2016, the Company changed its name to Superior Gold Inc. The Company is engaged in the acquisition, exploration, development and operation of gold resource properties.

Third Quarter Highlights

- Second consecutive record quarterly gold sales, since acquisition, of 25,842 ounces, up over 24% from the same period in 2017
- Strong quarterly production of 24,719 ounces
- Gold sold at a total cash cost¹ of \$1,042 per ounce sold, all-in sustaining cost¹ of \$1,119 per ounce sold and average realized gold price¹ of \$1,211 per ounce sold
- Cash flow from operating activities of \$3,582 for the third quarter
- Cash, cash equivalents and restricted cash of \$22,098 at September 30, 2018
- Gravity circuit commissioned on July 9, 2018

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

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 24,719 and 25,842 ounces of gold, respectively for the third quarter of 2018. Total cash costs¹ of \$1,042/ounce sold and all-in sustaining costs of \$1,119/ounce were below the realized gold price¹ of \$1,211/ounce for the three-month period ending September 30, 2018. In comparison, 21,621 and 20,836 ounces of gold were produced and sold, respectively for the third quarter of 2017, while total cash costs¹ and all-in sustaining costs¹ of \$876/ounce sold and \$969/ounce sold were below the realized gold price¹ of \$1,278/ounce for the three-month period ending September 30, 2017. Total cash costs and all-in sustaining cash costs increased marginally over the prior year primarily reflecting lower grades from underground operations in the current quarter which resulted in fewer ounces being produced. These cost per ounce increases were partially offset by the production from the Hermes open pit which commenced commercial production earlier in 2018 and more than replaced low grade stockpile material milled in the third quarter of 2017. The Company generated net cash from operations after working capital changes of \$3,582 for the three months ending September 30, 2018.

For the nine months ended September 30, 2018 the Plutonic Gold Mine and Hermes open pit Gold Mine produced and sold 69,559 and 70,579 (including 4,968 ounces capitalized as pre-production ounces in the first quarter of 2018) ounces of gold, respectively. These ounces, excluding pre-production ounces, were produced at total cash costs¹ of \$1,070/ounce sold and all-in sustaining costs¹ of \$1,175/ounce which were below the realized gold price¹ of \$1,273/ounce for the nine-month period ending September 30, 2018. In comparison, 59,946 and 61,990 ounces of gold were produced and sold, respectively for the nine months ended September 30, 2017. Total cash costs¹ and all-in sustaining costs¹ of \$874/ounce sold and \$987/ounce sold were below the realized gold price¹ of \$1,250/ounce for the nine-month period ending September 30, 2017. The variance in year over year mining grades resulted from lower grades at the Company's underground operations. This is a result of the Company mining outside of the current reserve areas as the Company had access to these mining fronts. The Company is refocusing its mine plan by adding personnel and equipment to accelerate access to the higher reserve grade areas that require comparatively more development than the current mining fronts. The Company generated net cash from operations after working capital changes of \$6,943 for the nine-month period ending September 30, 2018.

Exploration Activities

During the third 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 has been recently active in the Hermes South area, which includes an interest of up to 80% in the unincorporated Bryah Basin Joint Venture. The Company provided notice of completion of the required earn in expenditures. A two-phase exploration program has been completed and the Company expect 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 2018
- The "fill the mill at the best possible grade" strategy at its existing Plutonic Gold Operations site

With the Company's cash position and the ongoing cash generated from the Plutonic Gold Operations, the Company has the liquidity available to execute on its near-term growth and exploration strategy. This will enable the Company to execute on its medium to long-term goals of:

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

Summary of Operational Results

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Stope material mined (000's t)	176	161	486	466
Stope grade mined (g/t)	2.75	4.01	2.84	3.92
Development ore mined (000's t)	49	49	140	151
Development grade mined (g/t)	1.96	2.33	1.76	2.46
Hermes ore mined (000's t)	245	-	655	-
Hermes grade mined (g/t)	1.40	-	1.49	-
Hermes waste mined (000's t)	2,789	-	7,576	-
Strip Ratio (t:t)	11.4	-	11.6	-
Underground ore milled (000's t)	220	203	620	618
Underground grade milled (g/t)	2.57	3.65	2.60	3.54
Hermes ore milled (000's t)	208	-	489	-
Hermes grade milled (g/t)	1.48	-	1.65	-
Other ore milled (000's t)	9	121	60	347
Other ore grade milled (g/t)	0.78	0.78	0.61	0.56
Total ore milled (000's t)	437	325	1,170	966
Grade milled (g/t)	2.0	2.6	2.1	2.5
Gold recovery (%)	87	80	88	78
Gold produced (oz)	24,719	21,621	69,559	59,946
Gold sold (oz)	25,842	20,836	70,579	61,990
Gold sold (excluding pre-production) ⁽²⁾	N/A	N/A	65,611	N/A
Total cash costs (\$/oz) ^{(1) (2)}	1,042	876	1,070	882
All-in sustaining costs (\$/oz) ^{(1) (2)}	1,119	969	1,175	987
Realized gold price (\$/oz) ⁽¹⁾	1,211	1,278	1,273	1,250

⁽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 nine months ended September 30, 2018 excludes 4,968 ounces sold from Hermes pre-commercial production.

The Plutonic Gold Operations produced, 24,719 ounces of gold in the three-month period ending September 30, 2018 compared to 21,621 ounces of gold in three-month period ending September 30, 2017 as a result of higher tonnes milled and higher recoveries stemming from production from the Hermes open pit, partially offset by lower grade from underground operations being mined and milled during the three months ended September 30, 2018 and the absence of Sandfire material. Lower grade from underground operations was due to mining outside of the current reserve areas as the Company had access to these fronts. In the third and fourth quarters of 2017, the Company processed oxide material ("Sandfire material") it had purchased from Sandfire Resources NL's DeGrussa Copper mine. Total material milled increased by 35% to 437 ktonnes primarily as a result of the contribution of feedstock from the Hermes open pit in the three months ended September 30, 2018 which more than offset the contribution of low grade stockpile and Sandfire material in the three months ended September 30, 2017. Head grade decreased from 2.6 g/t to 2.0 g/t as lower grade areas of the underground operation were mined and milled during the three months ended September 30, 2018, as noted above, which was partially offset by the contribution of higher grade Hermes ore over the Sandfire and low grade stockpile material. Recovery rates rose from 80% to 87% due to operational improvements, the commissioning of the gravity circuit and the higher recovery ore from Hermes.

For the nine months ended September 30, 2018 the Plutonic Gold Operations produced, 69,559 ounces of gold compared to 59,946 ounces of gold in the nine-month period ending September 30, 2017 as a result of the contribution of tonnes milled from the Hermes open pit and higher recoveries. Total material milled increased by 21% to 1,170 ktonnes reflecting two full quarters of feedstock from the Hermes open pit since the beginning of commercial production, effective April 1, 2018 which replaced the low-grade stockpile and Sandfire material in the nine months ended September 30, 2017. Head grade decreased as a result of lower grade areas of the underground operation being mined and milled, offset by higher grade Hermes ore that replaced the low grade stockpile and Sandfire material milled in the comparable period in 2017. Recovery rates rose from 78% to 88% for the nine months ended September 30, 2018 due to operational improvements, a decrease in the proportion of milled tonnages from underground areas that typically have lower recoveries, the commissioning of the gravity circuit in July 2018 and the addition of ore from Hermes.

Gold sold increased by 5,006 ounces to 25,842 during the three months ended September 30, 2018 versus the comparative period in 2017, a quarterly all-time high since the acquisition of the Plutonic Gold Operations. The 24% increase, in comparison to the three months ended September 30, 2017, was primarily due to higher production stemming from the Hermes open pit partially offset by lower grade underground production.

For the nine months ended September 30, 2018 gold sold increased by 8,589 ounces to 70,579 ounces, including 4,968 pre-commercial production Hermes ounces that were capitalized to Mining Interests. The 14% increase, in comparison to the nine months ended September 30, 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 nine months ended September 30, 2017 and mining and processing lower grade underground ore.

Total cash costs^{1,2} were \$1,042/ounce sold for the three months ended September 30, 2018, an increase from \$876/ounce from the three months ended September 30, 2017 due largely to the lower grades mined and milled from the underground during the quarter. All-in sustaining costs^{1,2} increased from \$969/ounce sold to \$1,119/ounce sold due to higher total cash costs per ounce.

Total cash costs^{1,2} were \$1,070/ounce sold for the nine months ended September 30, 2018, an increase from \$874/ounce from the nine months ended September 30, 2017 due largely to lower sales volumes from reduced underground mining grades as a result of mining outside the current reserve areas as the Company had access to these mining fronts. 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 \$987/ounce sold to \$1,175/ounce sold due to higher total cash costs per ounce as higher corporate general and administration expenses were offset by lower sustaining exploration and capital expenditures, share-based payments included in Cost of Sales and lower Rehabilitation accretion. The increase in higher corporate general and administration expenses resulted mainly from the finalization of senior management's 2017 short-term incentive compensation review 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 September 30, 2018	Three month period ended June 30, 2018	Three month period ended March 31, 2018	Three month period ended December 31, 2017
Revenue	\$ 31,333	\$ 33,631	\$ 18,633	\$ 25,587
Cost of sales	32,525	30,501	20,011	24,253
Exploration expense	616	485	399	429
General and administrative	981	1,080	1,542	1,246
Operating Income (loss)	(2,789)	1,565	(3,319)	(341)
Income (loss) before taxes ¹	(2,452)	1,282	(8,515)	(955)
Net income (loss) ¹	(1,748)	737	(5,575)	(2,315)
Earnings (loss) per share				
–basic and diluted ¹	(0.02)	0.01	(0.06)	(0.02)
Adjusted net income (loss) ¹	(2,059)	654	(2,172)	(2,136)
Adjusted net income (loss) per share – basic ¹	(0.02)	0.01	(0.02)	(0.02)
Cash flow from (used in) operations	3,582	4,959	(1,599)	2,588
	As at September 30, 2018	As at June 30, 2018	As at March 31, 2018	As at December 31, 2017
Cash and cash equivalents	21,959	21,762	23,866	29,121
Non-current assets	66,028	69,461	73,525	63,853
Total assets	103,660	108,976	113,158	107,240
Current liabilities	18,675	19,202	26,141	19,602
Non-current liabilities	39,521	41,110	37,789	32,367

	Three month period ended September 30, 2017	Three month period ended June 30, 2017	Three month period ended March 31, 2017	Three month period ended December 31, 2016
Revenue	\$ 26,662	\$ 24,324	\$ 26,642	\$ 24,750
Cost of sales	23,021	23,521	21,937	19,727
General and administrative	857	948	828	610
Exploration expense	273	76	160	-
Operating Income (loss)	2,511	(221)	3,717	4,413
Income (loss) before taxes	3,077	140	(3,899)	4,086
Net income (loss)	2,328	(82)	(3,013)	3,805
Earnings (loss) per share				
–basic and diluted	0.02	(0.00)	(0.05)	0.10
Adjusted net income (loss) ¹	2,202	(213)	2,109	2,854
Adjusted net income (loss) per share – basic ¹	0.02	(0.00)	0.03	0.11
Cash flow from operations	8,843	3,424	7,394	8,465
	As at September 30, 2017	As at June 30, 2017	As at March 31, 2017	As at December 31, 2016
Cash and cash equivalents	35,128	28,613	25,925	6,096
Non-current assets	55,573	55,768	56,100	56,104
Total assets	104,030	98,673	97,982	75,457
Current liabilities	18,786	15,423	16,386	34,253
Non-current liabilities	27,694	28,649	27,550	27,130

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 September 30, 2018 was \$2,789 compared to income of \$2,511 for the three months ended September 30, 2017 due to higher Cost of sales of \$9,504 and exploration expense of \$343 as outlined below, partially offset by higher Revenue of \$4,671.

Operating loss for the nine months ended September 30, 2018 was \$4,543 compared to income of \$6,007 for the nine months ended September 30, 2017 due to higher Cost of sales of \$14,558, exploration expense of \$991 and general and administrative expense of \$970, partially offset by higher revenue of \$5,969 as outlined below.

Revenues

For the three months ended September 30, 2018, gold revenues totaled \$31,333 from the sale of 25,842 ounces of gold, an increase of \$4,671 from \$26,662 from the sale of 20,836 ounces of gold for the three months ended September 30, 2017. Higher gold revenues resulted from 5,006 more ounces sold

during the three months ended September 30, 2018 due to production from the Hermes open pit, which commenced commercial production effectively on April 1, 2018, as well as an increase in recoveries, partially offset by a decrease in the realized gold price¹ to \$1,211/ounce from \$1,278/ounce and a decrease in ounces recovered from Sandfire and low grade stockpile material.

During the nine months ended September 30, 2018 gold revenues totaled \$83,597 from the sale of 65,611 ounces of gold, an increase of \$5,969 from \$77,628 from the sale of 61,990 ounces of gold for the nine months ended September 30, 2017. Higher gold revenues resulted from 3,621 more ounces being sold due to production from the Hermes open pit and an increase in the realized gold price¹ to \$1,273/ounce from \$1,250/ounce. These increases were partially offset by fewer ounces produced from Sandfire and low grade stockpile material during the nine months ended September 30, 2018 as well as lower grades at the Company's underground operations during the nine month period of 2018. In addition, during the nine months ended September 30, 2018 the Company capitalized to Mining Interests, \$6,648 of proceeds from 4,968 ounces sold at an average price of \$1,338/ounce. These proceeds were capitalized as the Company had not declared commercial production on the Hermes project, for reporting purposes. A decrease in head grade, partially offset by an increase in recoveries also contributed to the variance in revenue.

Cost of Sales

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Mining	\$ 19,547	\$ 11,609	\$ 51,000	\$ 32,783
Processing	5,656	6,061	14,957	16,448
Depreciation and amortization	5,193	4,892	12,800	13,913
Site services	867	1,093	3,232	3,312
Gold royalty	845	698	2,396	1,973
Change in inventories	417	(1,332)	(1,348)	50
	\$ 32,525	\$ 23,021	\$ 83,037	\$ 68,479

Cost of Sales were \$32,525 for the three months ended September 30, 2018, an increase of \$9,504 from \$23,021 for the three months ended September 30, 2017. Cost of sales includes mine production costs, processing costs, site services, royalties, depreciation and amortization. Cost of sales were generally higher in the current period due to the inclusion of costs from the Hermes open pit since commercial production, effective April 1, 2018, occurred and included of \$8,297 of Hermes open pit mining costs. Additionally, the debit of \$417 representing the decrease in inventories for the three months ended September 30, 2018 was \$1,749 higher than the credit during the comparative period due to stockpile inventory of Hermes ore which did not exist in 2017. Depreciation expense was \$301 higher reflecting the depreciation of assets associated with the Hermes open pit development, partially 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.

Cost of Sales were \$83,037 for the nine months ended September 30, 2018, an increase of \$14,558 from \$68,479 for the nine months ended September 30, 2017. Cost of sales were higher in the current period mainly due to the inclusion of Hermes costs. Mining costs were \$18,217 higher as a result of \$17,130 of Hermes open pit mining costs and higher tonnes mined in the first quarter of 2018. The \$423 increase in gold royalties reflects the addition of Hermes ounces. Depreciation expense of \$12,800 was \$1,113 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 quarter of 2018. Processing costs were \$1,491 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 \$1,348 in the nine months ended September 30, 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 September 30, 2017, general and administrative expenses increased by \$124 in the three months ended September 30, 2018 due to higher payroll costs. The increase in payroll costs related to senior management's 2018 short-term incentive compensation.

In comparison to the nine months ended September 30, 2017, general and administrative expenses increased by \$970 in the nine months ended September 30, 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 Income for the three months September 30, 2018 totaled approximately \$337 and was comprised mainly of the gain on the change in the valuation of the warrant liability of \$311 stemming from changes in the Company's share price and foreign exchange gains of \$176. These amounts were offset in part by \$118 of charges for accretion on provisions. Other Income for the three months ended September 30, 2017 totaled \$566 and was comprised mainly of \$636 of foreign exchange gains and the gain on the change in the valuation of the warrant liability of \$128 stemming from changes in the Company's share price, partially offset by \$246 of accretion on provisions.

Other Expenses for the nine months September 30, 2018 totaled approximately \$5,142 and were comprised mainly of the \$4,602 loss associated with the charge recorded for the valuation of the Northern Star Royalty, an indirect result of the increase in the Mineral Reserves and Mineral Resources as at December 31, 2017, foreign exchange losses of \$332 and \$355 of charges for accretion on provisions. These amounts were offset in part by the change in the valuation of the warrant liability of \$212 stemming from changes in the Company's share price. Other Expenses for the nine months ended September 30, 2017 totaled \$6,689 and were comprised of the loss on settlement of the contingent payable of \$7,056 to Northern Star Resources (refer to note 18 of the condensed consolidated interim financial statements as at June 30, 2018), \$713 of charges for accretion on provisions and \$246 related to the loss on the change in the valuation of the warrant liability, partially offset by foreign exchange gains of \$789 and the recovery of \$458 of business acquisition expenses.

Dividends

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

Net Income (loss) for the period ended September 30, 2018

The total net loss of \$1,748 for the three months ended September 30, 2018 resulted primarily from the Operating loss of \$2,789 partially offset by an income tax recovery of \$704 and Other Expense of \$337.

The net income for the three months ended September 30, 2017 of \$2,328 was mainly attributed to the Operating income of \$2,511 and Other Income of \$566 partially offset by income tax expense of \$749.

The total net loss of \$6,586 for the nine months ended September 30, 2018 resulted primarily from the Operating loss of \$4,543 and the loss on the Northern Star royalty of \$4,602 (refer to note 18 of the condensed consolidated interim financial statements as at September 30, 2018) partially offset by an income tax recovery of \$3,099. The income tax recovery resulted primarily from the pre-tax Operating loss and the recognition of deferred tax assets associated with the rehabilitation provision due to the update to Mineral Reserves and Mineral Resources. The deferred tax asset associated with the increase in the non-current liability has been recognized as at September 30, 2018 as it is considered probable that future taxable amounts will be available to utilize this temporary difference 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 third quarter of 2018 amounted to \$2,059 or \$0.02 per share compared to adjusted net income of \$2,202 or \$0.02 per share in the three months ended September 30, 2017, primarily reflecting lower Operating Income, partially offset by the income tax recovery in the third 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 nine month ended September 30, 2018 amounted to \$3,577 or \$0.04 per share compared to adjusted net income of \$4,098 or \$0.05 per share in the nine months ended September 30, 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 September 30, 2018

As at September 30, 2018, the Company's current assets totaled \$37,632 and current liabilities amounted to \$18,675 for a net working capital balance of \$18,957. The majority of the current assets pertained to cash and cash equivalents of \$21,959. The movement from a working capital balance of \$23,785 as at December 31, 2017 was mainly the result of decreases in cash of \$7,162 reflecting development of the Hermes project, offset by an increase in inventory of \$2,158 primarily brought about by the Hermes stockpile, an increase of \$908 in the receivables and other assets due to an increase in sales tax receivable associated with expenditures pertaining to the Hermes project and a reduction of restricted cash of \$1,659 reflecting the issuance of letters of guarantee to the affected suppliers.

Non-current assets increased by \$2,175 from December 31, 2017. The majority of the increase pertained to capitalized development expenditures of \$13,305. Of this amount, \$6,386 was spent on finalizing development of the Hermes project (net of \$6,648 received from pre-production gold sales), \$4,576 to the ongoing underground operations, and \$2,343 resulted from increases to the rehabilitation asset due to higher disturbance from Hermes development. Exploration and evaluation additions of \$398 reflected expenditures incurred in the year to date on the Bryah Basin joint venture tenements incurred after notice was provided to the joint venture partner that the earn-in milestone was achieved. Additionally, \$10,474 of capital expenditures were incurred during the nine months ended September 30, 2018, \$6,401 of which was for mobile equipment acquired under finance leases, \$1,804 for a new gravity circuit to improve recoveries, \$293 for haul road construction, \$636 for expansion of a tailings storage facility and \$1,055 for betterments to existing equipment. These amounts were partially offset by depreciation expense \$12,800, foreign exchange impacts on non-current asset balances of \$5,543 and a reclassification of \$1,229 of Hermes Mining Interests to stockpile inventory (current assets).

Current liabilities decreased by \$927 to \$18,675 mainly due to decreases in income taxes payable of \$1,645 and accounts payable of \$843 due to lower payables from the completion of the Hermes project and repayment of the short-term loan of \$548, offset by an increase of \$1,977 in the current portion of finance lease obligations which resulted from the increase in non-current assets discussed above.

Non-current liabilities increased by \$7,154, of which \$4,338 related to a contingent royalty payable to Northern Star Resources as part of the acquisition of the Plutonic Gold Operations. The consideration offered to Northern Star in the Acquisition Agreement (refer to note 18 of the condensed consolidated interim financial statements for the period ended September 30, 2018) included a royalty which was recorded at a fair value of \$nil at the time of the acquisition. This was because the number of ounces of gold to be recovered in the future was unlikely 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, this royalty will likely become payable 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 \$4,338 with a corresponding charge to the condensed consolidated interim statement of income based on the present value of the royalty's AUD\$6.5 million buyback option (refer to note 18 of the condensed consolidated interim financial statements for the period ended September 30, 2018). Further increases in non-current liabilities resulted from finance lease obligation and the rehabilitation provision due to Hermes development 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 September 30, 2018 cash generated from operating activities was \$3,583, a decrease from cash generated of \$8,843 for the three months ended September 30, 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 September 30, 2017.

During the nine months ended September 30, 2018 cash generated from operating activities was \$6,943, a decrease from cash generated of \$19,661 for the nine months ended September 30, 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.

Cash used in Investing Activities

Cash used in investing activities in the three months ended September 30, 2018 primarily comprised expenditures on mine interests, property, plant and equipment of \$2,694 primarily in support of underground mine development, a marginal decrease of \$207 compared to the three months ended September 30, 2017.

Cash used in investing activities in the nine months ended September 30, 2018 primarily comprised expenditures on mine interests, property, plant and equipment of \$12,694 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 nine months ended September 30, 2017 cash used in financing activities pertained to \$7,633 payment as part of the acquisition of the Plutonic Gold operations as well as capital expenditures of \$5,556 in support of underground mine development.

Cash from Financing Activities

Cash used in financing activities in the three months ended September 30, 2018 comprised the repayment of the Company's finance lease obligation and interest thereon of \$690. For the three months ended September 30, 2017 cash used in financing activities comprised the repayment of the Company's finance lease obligation and interest thereon of \$430. Increased lease payments in 2018 stemmed from the addition of leased equipment.

Cash used in financing activities in the nine months ended September 30, 2018 comprised the repayment of the Company's short-term loan, finance lease obligation and interest thereon of \$2,029, partially offset by a stock option exercise of \$66. For the nine months ended September 30, 2017 cash from financing activities 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 \$2,376.

Liquidity and Capital Resources

During the nine months ended September 30, 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 nine months ended September 30, 2017, the Company completed its initial public offering and satisfied the contingent payable to Northern Star through the payment of cash and the issuance of common shares and common share purchase warrants (refer to note 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 September 30, 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 September 30, 2018, Superior Gold has a working capital balance of \$18,957. As at December 31, 2017 the Company had a working capital balance of approximately \$23,785. The variance of \$4,828 resulted from decreases in cash balances offset by increases in inventories as well as receivables and other assets in order to invest in the Company's Hermes and underground assets.

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 programs associated with its development and exploration initiatives. Superior Gold's ability to raise equity and other forms of financing in the future under terms acceptable to the Company will be dependent on global markets, in particular, the price of gold and currency exchange rates.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Commitments

(i) Capital commitments

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

	September 30, 2018	December 31, 2017
Property, plant and equipment	\$ 604	\$ 1,548
Mine development	234	1,612
	\$ 838	\$ 3,160

In the nine months ended September 30, 2018, the Company entered into commitments for milling equipment. These commitments totaled \$604 at September 30, 2018. Commitments related to the construction of a tailings lift amounted to \$234 at September 30, 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:

	September 30, 2018
Within one year	\$ 1,642
Later than one but not later than five years	1,349
	\$ 2,991

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 September 30		Nine months ended September 30	
	2018	2017	2018	2017
Management compensation	\$ 278	\$ 220	\$ 1,163	\$ 572
Directors' fees	32	27	99	74
Share-based payments	130	236	452	561
	\$ 440	\$ 483	\$ 1,714	\$ 1,207

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

In the three and nine months ended September 30, 2018 (September 30, 2017), the Company paid Northern Star \$nil and \$29, respectively, related to the finance lease obligation (2017 - \$213 and \$652, respectively). The Company assumed the lease from Northern Star upon acquisition of the Plutonic Gold Operations. The amount owing to Northern Star at September 30, 2018 is \$4,338, representing the non-current contingent royalty (note 18) (December 31, 2017 - \$29). In the three and nine months ended September 30, 2018, the Company received no amounts from Northern Star (September 30, 2017 - \$nil and \$207) and there are no amounts receivable at September 30, 2018 (September 30, 2017).

Critical Accounting Policies and the Use of Estimates

A detailed summary of the Company's significant accounting policies, including the use of estimates, is included in the Company's audited consolidated financial statements for the year ended December 31, 2017. The preparation of the condensed consolidated interim financial statements requires management to make estimates and judgments which are described in the Company's audited consolidated financial statements for the year ended December 31, 2017.

The accounting policies and management estimates applied in the condensed consolidated interim financial statements for the three and nine months ended September 30, 2018 are consistent with those used in the Company's consolidated financial statements for the year ended December 31, 2017, except for IFRS 15 and IFRS 9 (refer to the section on 'Adoption of New or Amended Accounting Policies' below for a discussion of the impact of these accounting standards).

Financial Instruments

The Company's significant accounting policies regarding its financial instruments are set out in the Company's audited consolidated financial statements for the year ended December 31, 2017, 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 is effective and implemented as of January 1, 2018 (refer to notes 3 and 5 of the June 30, 2018 condensed consolidated interim financial statements):

IFRS 9 Financial Instruments: Classification and Measurement

On July 24, 2014, the IASB issued the completed IFRS 9, Financial Instruments, (IFRS 9) to come into effect on January 1, 2018 with early adoption permitted.

IFRS 9 includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments: recognition and measurement, for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in its Consolidated Financial Statements on January 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on January 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

All financial assets not classified at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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 fair value through profit or loss are measured at fair value with changes in those fair values recognized in the consolidated statement of loss and comprehensive loss for the year. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- i) It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- ii) Its contractual terms give rise to cash flows that are solely payments of principal and interest.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Asset of liability	Original classification under IAS 39	New classification under IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Restricted cash	FVTPL	FVTPL
Amounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liability	Amortized cost
Short-term loan	Other financial liability	Amortized cost
Finance lease obligation	Other financial liability	Amortized cost
Contingent Royalty payable	N/A	Fair value
Warrant liability	FVPTL	FVPTL

The original carrying value of the Company's financial instruments under IAS 39 has not changed under IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from contracts with customers has replaced IAS 18 Revenue, IAS 11 Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company generates revenue primarily from selling gold. The Company has adopted IFRS 15 in its consolidated financial statements using the full retrospective approach without practical expedients on January 1, 2018. Accordingly, information for 2017 has not been restated. The details of accounting policy changes and the quantitative impact of these changes are described below.

IFRS 15 requires that revenue from contracts with customers be recognized upon the transfer of control over goods or services to the customer. 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

In December 2016, the IASB issued IFRIC Interpretation 22, Foreign Currency Transactions and Advance Consideration. The Interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt. The Interpretation is applicable for annual periods beginning on or after January 1, 2018. The Company has adopted the Interpretation in its financial statements for the annual period beginning on January 1, 2018. The Company evaluated the impact of applying IFRIC 22 and concluded that the adoption of the standard did not have a material impact on the consolidated financial statements.

Recent Accounting Pronouncements

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

IFRS 16 Leases

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

IFRIC 23 – Uncertainty over Income Tax Treatments

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

Amendments to References to the Conceptual Framework in IFRS Standards

On March 29, 2018 the IASB issued a revised version of its Conceptual Framework for Financial Reporting (the Framework), that underpins IFRS Standards. The IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards (the Amendments) to update references in IFRS Standards to previous versions of the Conceptual Framework. Both documents are effective from January 1, 2020 with earlier application permitted. The Company does not intend to adopt the

Amendments in its financial statements before the annual period beginning on January 1, 2020. The extent of the impact of the change has not yet been determined.

Outstanding Share Data

The following table summarizes the capitalization of the Company as at November 12, 2018, the date of this MD&A and June 30, 2018:

	Exercise price	Expiry date	Quantity
Number of common shares issued			
Common shares	Not applicable	Not applicable	95,752,473
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	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
			118,010,186

Non-IFRS Performance Measures

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

Total cash costs and All-in sustaining costs

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

<i>(in thousands of dollars, except oz or per oz amounts)</i>	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Gold sold (oz)	25,842	20,836	65,611	61,990
Cost of Sales	32,525	23,021	83,037	68,479
Adjustments for:				
Depreciation and amortization	(5,193)	(4,892)	(12,800)	(13,913)
Share-based payments included in Cost of Sales	171	(130)	5	(286)
Inventory movements	(541)	282	48	32
Silver credits and other	(40)	(35)	(88)	(144)
Cash costs	26,922	18,246	70,202	54,168
Total cash costs (per gold oz)	1,042	876	1,070	874
Adjustments for items affecting all-in sustaining cash costs:				
Sustaining exploration and capital expenditures ¹	1,071	719	2,940	3,357
Share-based payments included in Cost of Sales	(171)	130	(5)	286
Corporate, general and administration ²	981	857	3,603	2,633
Rehabilitation accretion	118	246	355	713
All-in sustaining cost	28,921	20,199	77,095	61,157
All-in sustaining cost (per gold oz)	1,119	969	1,175	987

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 condensed consolidated interim financial statements:

<i>(in thousands of dollars, except oz or per oz amounts)</i>	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Metal sales	\$31,333	\$ 26,662	\$83,597	\$ 77,628
Silver sales	(40)	(35)	(88)	(144)
Revenues from gold sales	31,293	26,627	83,509	77,484
Gold sold (oz)	25,842	20,836	65,611	61,990
Realized gold price (\$/oz)	\$1,211	\$1,278	\$1,273	\$1,250

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		Nine months ended	
	September 30		September 30	
	2018	2017	2018	2017
Net income (loss) for the period	(\$1,748)	\$2,328	(\$6,586)	(\$767)
Adjusted for:				
Loss on settlement of contingent payable to Northern Star	-	-	4,602	7,056
Change in valuation of the warrant liability ⁽¹⁾	(311)	(128)	(212)	246
Business acquisition costs (recovery)	-	3	-	(458)
Effect on income taxes of the above items	-	(1)	(1,381)	(1,979)
Adjusted net income (loss)	(\$2,059)	\$2,202	(\$3,577)	\$4,098
Weighted average number of common shares outstanding - basic	95,752,473	95,669,140	95,719,811	85,373,396
Adjusted basic net income (loss) per share	(0.02)	0.02	(0.04)	0.05

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.