SUPERIOR GOLD INC.

Management's Discussion and Analysis

For the three and twelve months ended December 31, 2019

March 12, 2020

(Expressed in thousands of United States dollars, except where otherwise indicated)

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY

Notes

This Management's Discussion and Analysis ("MD&A") dated March 12, 2020, should be read in conjunction with Superior Gold's audited consolidated financial statements and related notes for the twelve months ended December 31, 2019 and 2018 ("financial statements") which are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The following is intended to supplement and complement the financial statements and notes thereto of the Corporation. All dollar figures stated herein are expressed in thousands of United States dollars, except for per share or per ounce amounts or unless otherwise specified. The Company's public filings can be viewed on the SEDAR website (www.sedar.com) and on the Company's website (www.superior-gold.com).

The following discussion contains forward-looking information that involves numerous risks and uncertainties. Actual future results could differ materially from those discussed in such forward-looking information as a result of these risks and uncertainties. Refer to the cautionary language at the end of this MD&A.

Description of the Business

Superior Gold Inc. (the "Company" or "Superior Gold") is a Canadian based gold producer that owns and operates the Plutonic Gold Operations located in Western Australia. The Plutonic Gold Operations include the Plutonic Gold Mine (which is a producing underground operation), the Hermes Gold Mine (which includes open pits at Hermes and up to an 80% interest in the Bryah Basin joint venture), and a central mill (located at the Plutonic Gold Mine).

Fourth Quarter Highlights

- Produced 20,084 ounces of gold, up 21% from the third quarter of 2019 and down 2% from the comparable period in 2018 as the Company focused on the long-term underground plan, as released on October 23, 2019,
- Sold 18,899 ounces of gold at total cash costs[1] of $1,317 per ounce sold and all-in sustaining costs[1] of $1,424 per ounce sold, below the realized gold price[1] of $1,478
- Cash, cash equivalents and restricted cash of $22,307 at December 31, 2019
- Received proceeds of $10,093 under the Auramet gold loan financing ("Gold Loan")
- Net loss for the period of $0.03 per share
- Achieved cumulative production in excess of 276,000 ounces since acquisition of the Plutonic Gold Operations

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

Fulll Year Highlights

- Produced of 83,035 ounces of gold generating record revenue of $115.6 million
- Sold 83,241 ounces of gold at total cash cost of $1,284[1] per ounce sold and all-in sustaining cost of $1,387[1] per ounce sold
- Underground reserves increased by 25% to 343 thousand ounces of gold, which represented a fourfold increase since acquisition of Plutonic Gold Operations, while inferred resources increased almost 70% to 1.83 million ounces of gold
- Completed a new 5-year underground mine plan for the Plutonic Gold Operations, announced on October 23, 2019

Key Business Developments

Plutonic Gold Operations

The Plutonic Gold Mine is located in the Archaean Plutonic Marymia Greenstone Belt and has been in continuous production since 1990, having produced over 5 million ounces of gold from both open pit and underground mining. At the time of the acquisition, the excess mill capacity allowed for a "fill the mill" strategy through organic growth opportunities, joint venture opportunities as well as regional opportunities to consolidate the land position.

The Hermes Gold Mine is located approximately 65 kilometres south-west of the Plutonic Gold Mine. It includes the wholly-owned Hermes open pits, that until recently, were being mined as a conventional open pit contractor operated excavator-truck mining operation with ore being trucked for processing at the Plutonic Gold Mine mill, and the 80% interest in the Hermes South open pit project 20 kilometres south-west of the Hermes open pits. Extraction at the Hermes Gold Mine was temporarily suspended on May 31, 2019 as Management decided to focus on other open pit opportunities near the mill while developing the best long-term open pit operational scenario for the Hermes Gold Mine.

Quarterly performance summary

The Plutonic Gold Operations produced and sold 20,084 and 18,899 ounces of gold, respectively, for the fourth quarter of 2019. Total cash costs[1] of $1,317/ounce sold and all-in sustaining costs of $1,424/ounce were below the realized gold price[1] of $1,478/ounce for the three-month period ending December 31, 2019. In comparison, 20,541 and 19,305 ounces of gold were produced and sold, respectively for the fourth quarter of 2018. Total cash costs[1] of $1,442/ounce sold and all-in sustaining costs of $1,577/ounce were above the realized gold price[1] of $1,237/ounce for the three-month period ending December 31, 2018.

Total cash costs and all-in sustaining cash costs decreased over the prior period primarily as a result of an increase in underground tonnes processed at higher grade, partially offset by lower grades and fewer tonnes from the Hermes stockpiles. The variance from prior period for underground tonnes milled was caused by more available stopes to be mined as the Company focused its efforts on development and sequencing necessary to deliver on the new long-term plan released on October 23, 2019. Higher General and administrative costs was due to higher compensation costs in 2019 which stemmed from the addition of the Company's Chief Operating Officer. The Company generated net cash from operations after working capital changes of $10,507 for the three months ending December 31, 2019.

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

Year to date performance summary

The Plutonic Gold Operations produced and sold 83,035 and 83,241 ounces of gold, respectively, for the twelve months ended December 31, 2019. Total cash costs[1] of $1,284/ounce sold were below the realized gold price[1] of $1,387/ounce, while all-in sustaining costs[1] of $1,387 were at the realized gold price[1] of $1,387/ounce for the twelve-month period ending December 31, 2019. In comparison, 90,101 and 89,884 ounces of gold were produced and sold, (including 4,968 pre-production Hermes ounces) respectively for the twelve months ended December 31, 2018. Total cash costs[1] were $1,155/ounce sold and all-in sustaining costs were $1,266/ounce in comparison to the realized gold price[1] of $1,265/ounce for the twelve-month period ending December 31, 2018.

Total cash costs and all-in sustaining cash costs increased over the prior period primarily due to higher payroll, maintenance and mining costs, as described in the Cost of sales section, further in this MD&A, despite an increase in tonnes milled. Partially offsetting these increases were lower General and administrative costs. Lower General and administrative costs was due to lower compensation and consulting costs in 2019. The reduction stems from the finalization of senior management's short-term incentive compensation in 2019 as a result of short-term incentives not being awarded to executives for 2018 performance and higher consulting costs in the first three months of 2018 due to administrative projects, which did not reoccur in the first quarter of 2019. The Company generated net cash from operations after working capital changes of $15,887 for the twelve months ended December 31, 2019.

Exploration Activities

During the fourth quarter, the Company operated two underground diamond drilling rigs with 9,117 metres completed. Of the total, 6,917 metres were drilled for grade control and stope design while 2,200 metres were for reserve and resource expansion.

Total expenditures for the quarter were $1,575, of which $812 was expensed and $763 was capitalized to mining interests. Year to date expenditures were $5,938, of which $2,664 was expensed and $3,274 was capitalized to mining interests.

Total expenditures for the comparative 2018 quarter were $1,090, of which $501 was expensed and $589 was capitalized to mining interests. The comparative year to date expenditures were $7,638 of which $2,001 was expensed and $5,637 was capitalized to mining interests.

On December 10, 2019, the announced results from the ongoing underground diamond drill program focused on reserve and resource expansion at its 100%-owned Plutonic Gold mine in Western Australia. The drilling was targeting potential extensions to the Baltic mineralization.

The drilling was focused on the area between the deepest parts of the the Baltic Zone and the upper parts of the Baltic Deeps Zone, where no previous drilling had taken place. The deepest mining to date (700 metres) previously took place at the Baltic Zone. Additionally, the drilling was targeting the hanging wall area of the Baltic Zone where only limited drilling had taken place.

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

The following key findings were noted:

- 39 intersections encountered more than 5g Au/t
- 22 intersections encountered more than 10g Au/t
- 9 intersections encountered more than 25g Au/t
- 3 intersections encountered more than 50g Au/t
- 3 intersections encountered more than 100g Au/t

Outlook

The Company intends to focus on re-establishing the Plutonic Gold Operations as a stable gold producer capable of producing at least 100,000 ounces of gold annually. To achieve this goal, the Company intends to focus on its growth strategy which includes:

- Delivery on its 5-year guidance for the underground operations as announced in its press release dated October 23, 2019
- Improve reconciliation between mined and reserve/resource grade
- Improve mining practices to minimize dilution and increase grade
- Improve maintenance and equipment availability
- Focus on open pit opportunities with the most optimal financial returns
- Accelerate exploration activities in 2020

With the Company's cash position and the ongoing cash from operations, the Company will continue towards executing on these growth and exploration objectives.

Summary of Operational Results

	Three months ended December 31		Twelve months ended December 31		
	2019	**2018**	**2019**	**2018**	**2017**
Stope material mined (000's t)	145	136	538	622	599
Stope grade mined (g/t)	3.22	2.52	3.10	2.77	3.88
Development ore mined (000's t)	69	47	270	187	209
Development grade mined (g/t)	1.95	1.58	1.77	1.72	2.40
Hermes ore mined (000's t)	-	242	696	898	13
Hermes grade mined (g/t)	-	1.32	1.03	1.44	1.62
Hermes waste mined (000's t)	-	2,626	1,595	10,203	826
Strip Ratio (t:t)	-	10.8	2.3	11.4	63.5
Underground ore milled (000's t)	216	191	790	811	813
Underground grade milled (g/t)	2.81	2.29	2.68	2.53	3.47
Hermes ore milled (000's t)	151	164	828	653	3
Hermes grade milled (g/t)	0.67	1.54	1.01	1.62	2.28
Other ore milled (000's t)	51	96	64	156	458
Other ore grade milled (g/t)	0.62	0.43	0.57	0.50	0.64
Total ore milled (000's t)	418	451	1,681	1,620	1,273
Grade milled (g/t)	1.8	1.6	1.8	2.0	2.5
Gold recovery (%)	84	87	86	88	80
Gold produced (oz)	20,084	20,541	83,035	90,101	80,143
Gold sold (oz)	18,899	19,305	83,241	89,884(2)	82,019
Total cash costs ($/oz) (1) (2)	1,317	1,442	1,284	1,155	904
All-in sustaining costs ($/oz) (1) (2)	1,424	1,577	1,387	1,266	1,019
Realized gold price ($/oz) (1)	1,478	1,237	1,387	1,265	1,256

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

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

Quarterly operational results

The Plutonic Gold Operations produced, 20,084 ounces of gold in the three-month period ending December 31, 2019 as compared to 20,541 ounces of gold in three-month period ending December 31, 2018. The decrease is primarily as a result of lower grade tonnes milled from the Hermes Gold Mine and lower recoveries, as well as a decrease in tonnages milled from both the Hermes Gold Mine and low-grade other ore stockpiles. The lower grade and tonnages from the Hermes Gold Mine were partially offset by higher underground tonnes milled at higher grades during the period as the Company focused its efforts on development necessary to deliver on the new long-term plan.

Total material milled during the three months ended December 31, 2019 decreased by 7% to 418 ktonnes compared to the same period in 2018, primarily as a result of the decreased mill feed from the Hermes and Other low-grade stockpiles, partially offset by an increase in tonnes milled from ore sourced from the Plutonic underground in the three months ended December 31, 2018. Head grade increased from 1.6 g/t to 1.8 g/t primarily as a result of higher grade material milled from the underground operations, reflecting improvements initiated earlier in the year. Recovery rates decreased from 87% to 84% as a result of a greater contribution of ore milled from the underground which typically experiences lower recoveries.

Gold sold decreased by 406 ounces to 18,899 during the three months ended December 31, 2019 versus the comparative period in 2018. The 2% decrease was primarily due to lower recoveries and lower tonnes milled from the Hermes and Other low-grade stockpiles in the quarter.

Total cash costs[1] were $1,317/ounce sold for the three months ended December 31, 2019, a decrease from $1,442/ounce sold from the three months ended December 31, 2018 due to the reduction in Cost of sales for the three months ended December 31, 2019 resulting from lower Hermes mining costs of $6,918 following its temporary stoppage in May 2019. The reduction in Hermes mining costs were offset, in turn, by higher payroll costs and higher costs from a preventative maintenance program to focus on improving underground fleet performance. All-in sustaining costs[1] decreased from $1,577/ounce sold to $1,424/ounce sold mainly due to lower total cash costs and lower sustaining capital expenditures.

Year to date operational results

For the twelve months ended December 31, 2019 the Plutonic Gold Operations produced 83,035 ounces of gold compared to 90,101 ounces of gold in the twelve-month period ending December 31, 2018. The decrease is a result of fewer available stopes due to lower stope development as well as the abandonment of a small number of stopes due to the grade reconciliation exercise performed in the third quarter of 2019 and lower tonnes and grade from Hermes ore processed. Total material milled increased marginally by 4% to 1,681 ktonnes for the year ended December 31, 2019 while head grade decreased from 2.0 g/t to 1.8 g/t as a result of lower grade stockpiled Hermes ore being processed in the latter half of 2019 compared to 2018. This was partially offset by higher grade ore from the underground operation being mined and milled. Recovery rates were 86% for the twelve months ended December 31, 2019 compared to 88% in the prior period, due to decreased recoveries in the fourth quarter of 2019 as outlined above.

Gold sold decreased by 6,643[2] ounces to 83,241 during the twelve months ended December 31, 2019 versus the comparative period in 2018.

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

Total cash costs[1] were $1,284/ounce sold for the twelve months ended December 31, 2019, an increase from $1,155/ounce sold from the twelve months ended December 31, 2018 due largely to fewer ounces sold, higher payroll, maintenance and mining costs. All-in sustaining costs[1] increased from $1,266/ounce sold to $1,387/ounce sold due to higher total cash costs per ounce, offset, in part, by lower General and administrative expenses. General and administrative costs reflected lower compensation and consulting costs in 2019. The reduction stems from reduced short-term incentive compensation in 2019 as a result of short-term incentives not being awarded to executives for 2018 performance and higher consulting in the first three months of 2018 due to administrative projects, which did not reoccur in the twelve months ended December 31, 2019.

Summary of Annual Financial Statistics

Beginning April 1, 2018, the results of the Hermes Gold Mine have been included as commercial production was effective on that date.

	Year ended December 31		
	2019	2018	2017
Revenue	$ 115,583	$ 107,514	$ 103,215
Cost of sales	122,663	114,091	92,732
Exploration expense	2,664	2,001	938
General and administrative	3,848	4,581	3,879
Operating Income (loss)	(13,592)	(13,159)	5,666
Income (loss) before taxes	(14,717)	(18,784)	(1,637)
Net income (loss)	(12,019)	(13,300)	(3,082)
Earnings (loss) per share			
–basic and diluted	(0.12)	(0.14)	(0.04)
Adjusted net income (loss) [1]	(11,563)	(10,450)	1,962
Adjusted net income (loss) per share – basic [1]	(0.12)	(0.11)	0.02
Cash flow from (used in) operations	15,887	6,568	22,249
Cash and cash equivalents	22,232	17,332	29,121
Non-current assets	62,882	63,167	63,853
Total assets	96,920	95,906	107,240
Current liabilities	37,135	25,998	19,602
Non-current liabilities	32,318	31,015	32,367

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

Summary of Quarterly Financial Results

Beginning April 1, 2018, the results of the Hermes Gold Mine have been included as commercial production was effective on that date.

	Three month period ended December 31, 2019	Three month period ended September 30, 2019	Three month period ended June 30, 2019	Three month period ended March 31, 2019
Revenue	$ 27,959	$ 26,588	$ 31,629	$ 29,407
Cost of sales	29,119	29,845	32,739	30,960
Exploration expense	812	777	523	552
General and administrative	1,167	1,051	657	973
Operating Income (loss)	(3,139)	(5,085)	(2,290)	(3,078)
Income (loss) before taxes	(3,627)	(5,668)	(2,314)	(3,108)
Net income (loss)	(3,375)	(4,150)	(1,909)	(2,585)
Earnings (loss) per share				
–basic and diluted	(0.03)	(0.04)	(0.02)	(0.03)
Adjusted net income (loss) [1]	(3,156)	(3,875)	(1,909)	(2,622)
Adjusted net income (loss) per share – basic [1]	(0.03)	(0.04)	(0.02)	(0.03)
Cash flow from (used in) operations	10,507	730	4,247	403

	As at December 31, 2019	As at September 30, 2019	As at June 30, 2019	As at March 31, 2019
Cash and cash equivalents	22,232	13,993	17,187	16,098
Non-current assets	62,882	62,038	61,052	63,031
Total assets	96,920	88,136	95,961	97,036
Current liabilities	37,135	28,423	29,566	27,403
Non-current liabilities	32,318	29,787	31,320	32,382

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

	Three month period ended December 31, 2018	Three month period ended September 30, 2018	Three month period ended June 30, 2018	Three month period ended March 31, 2018
Revenue	$ 23,917	$ 31,333	$ 33,631	$ 18,633
Cost of sales	31,054	32,525	30,501	20,011
Exploration expense	501	616	485	399
General and administrative	978	981	1,080	1,542
Operating Income (loss)	(8,616)	(2,789)	1,565	(3,319)
Income (loss) before taxes	(9,099)	(2,452)	1,282	(8,515)
Net income (loss)	(6,714)	(1,748)	737	(5,575)
Earnings (loss) per share				
–basic and diluted	(0.07)	(0.02)	0.01	(0.06)
Adjusted net income (loss) [1]	(6,873)	(2,059)	654	(2,172)
Adjusted net income (loss) per share – basic [1]	(0.07)	(0.02)	0.01	(0.02)
Cash flow from operations	(374)	3,582	4,959	(1,599)
	As at December 31, 2018	**As at September 30, 2018**	**As at June 30, 2018**	**As at March 31, 2018**
Cash and cash equivalents	17,332	21,959	21,762	23,866
Non-current assets	63,167	66,028	69,461	73,525
Total assets	95,906	103,660	108,976	113,158
Current liabilities	25,998	18,675	19,202	26,141
Non-current liabilities	31,015	38,795	41,110	37,789

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

Results of Operations

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

Operating Income (loss)

Operating loss for the three months ended December 31, 2019 was $3,139 compared to $8,616 for the three months ended December 31, 2018 due to higher Revenue of $4,042 and lower Cost of sales of $1,935 as outlined in the Cost of sales section of this MD&A, partially offset by higher General and administrative expense of $189.

Operating loss for the twelve months ended December 31, 2019 was $13,592 compared to $13,159 for the twelve months ended December 31, 2018 due to higher Cost of sales of $8,572 and Exploration expense of $663, partially offset by higher Revenue of $8,069 and lower General and administrative expense of $733 as outlined below.

Revenues

During the three months ended December 31, 2019 Metal sales totaled $27,959 from the sale of 18,899 ounces of gold, an increase of $4,042 from $23,917 from the sale of 19,305 ounces of gold for the three months ended December 31, 2018. Higher gold revenues resulted from an increase in the realized gold price[1] to $1,478/ounce from $1,237/ounce which was partially offset by 406 fewer ounces being sold. The reduction in ounces sold was due to fewer ounces being produced as a result decreased millfeed from Hermes and other low-grade stockpiles as well as lower recoveries.

During the twelve months ended December 31, 2019 Metal sales totaled $115,583 from the sale of 83,241 ounces of gold, an increase of $8,069 from $107,514 from the sale of 84,916 ounces of gold for the twelve months ended December 31, 2018. Higher gold revenues resulted from an increase in the realized gold price[1] of $122/ounce to $1,387/ounce, offsetting the 1,675 fewer ounces sold. The number of ounces sold in the twelve months ended December 31, 2019 was lower due to 7,942 fewer ounces being sold in the third quarter of 2019 as a result of the fewer available stopes due to lower stope development as the Company focused its efforts on development necessary to deliver on the new long-term plan, more than offsetting the inclusion of the Hermes Gold Mine in results from operations following the declaration of commercial production. During the twelve months ended December 31, 2018 the Company capitalized to Mining Interests, $6,648 of proceeds from the sale of 4,968 ounces of gold from Hermes pre-production at an average price of $1,338/ounce. These proceeds were capitalized as the Company declared commercial production on the Hermes project, for reporting purposes effective April 1, 2018.

Cost of Sales

	Three months ended December 31		Twelve months ended December 31		
	2019	**2018**	**2019**	**2018**	**2017**
Mining	$16,380	$20,995	$74,556	$71,995	$44,393
Processing	5,426	5,991	22,431	20,948	23,262
Depreciation and amortization	1,946	4,133	12,767	16,933	18,133
Site services	1,737	929	4,735	4,161	4,633
Gold royalty	722	566	2,969	2,962	2,321
Change in inventories	2,908	(1,560)	5,205	(2,908)	(10)
	$29,119	**$31,054**	**$122,663**	**$114,091**	**$92,732**

Cost of Sales were $29,119 for the three months ended December 31, 2019, a decrease of $1,935 from $31,054 for the three months ended December 31, 2018. Cost of sales includes mine production costs, processing costs, site services, royalties, depreciation and amortization. Cost of sales were lower in the current period versus the same period in 2018 predominantly due to a reduction in mining costs at Hermes of $6,918 following its temporary stoppage, partially offset by higher payroll and maintenance costs at the underground operations. The higher payroll and maintenance costs accounted for approximately 18% of the offsetting increase in costs at the underground operation over the comparable period in 2018 which included additional personnel hired in the fourth quarter of 2018 to address underground operational limitations and the Company's focus on improving underground fleet performance. Processing costs were lower due to fewer tonnes processed while Depreciation and amortization decreased as a result of the Reserve and Resource update announced in May 2019 and the

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

temporary stoppage of mining at the Hermes Gold Mine. The Plutonic Gold Operations uses the unit-of-production basis when depreciating and amortizing mine specific assets which results in a depreciation and amortization charge proportional to the depletion of the anticipated remaining life of mine which is based on the estimated mineral reserves and mineral resources of the property to which the assets relate. The increase in gold royalties was a result of the higher gold price, partially offset by fewer ounces sold in the quarter. Cost of sales increased as a result of the variance in the Change in inventories category. The Hermes stockpile inventory that was built up since the start of operations was drawn down and processed during the three months ended December 31, 2019, resulting in a larger increase to Cost of sales with a corresponding reduction in stockpile inventory on the balance sheet. The $1,560 credit amount for the Change in inventories in the three months ended December 31, 2018 resulted from the build-up of ore stockpile inventory at Hermes. Site services increased in part due to credits from stock adjustments in the fourth quarter of 2018, partially offset by to the adoption of IFRS 16 which resulted in lease costs being reflected within Depreciation and Lease finance charges, whereas they were previously reported as Site services. In addition, the fourth quarter of 2019 saw a decrease in payroll and share-based payment costs.

Cost of sales were $122,663 for the twelve months ended December 31, 2019, an increase of $8,572 over the twelve months ended December 31, 2018. Higher Cost of sales resulted primarily from higher maintenance and payroll costs at the underground operations resulting from additional personnel hired in the fourth quarter of 2018 as well as the Company's focus on improving underground fleet performance. The higher payroll and maintenance costs accounted for approximately 74% of the increase in costs at the underground operation over the comparable period in 2018. Higher tonnes milled for the twelve-month period in 2019 relative to the comparable period in 2018 increased cyanide and power costs within the Processing category along with $1,450 of pre-production Hermes processing costs capitalized in the first quarter of 2018. The inventory cost of $5,205 in the twelve months ended December 31, 2019 was due to the drawdown and processing of Hermes ore stockpile inventory, that had been previously built up when mining rates exceeded processing rates. Depreciation and amortization costs were lower due to the lower number of ounces mined, primarily from Hermes. The Plutonic Gold Operations uses the unit-of-production basis when depreciating and amortizing mine specific assets as described in the preceding paragraph. Site services increased due to credits from stock adjustments in 2018, partly offset by the adoption of IFRS 16 which resulted in lease costs being reflected within Depreciation and Lease finance charges, whereas they were previously reported as Site services, along with a decrease in payroll and share-based payment costs.

General and administrative

In comparison to the three months ended December 31, 2018, general and administrative expenses increased by $189 in the three months ended December 31, 2019 due to higher payroll costs as a result of the addition of the Company's Chief Operating Officer, partially offset by lower share-based payment costs.

For the twelve months ended December 31, 2019, general and administrative expenses decreased by $733 in comparison to the twelve months ended December 31, 2018 due to lower payroll costs as a result of the finalization in 2019 of accruals for 2018 short-term incentive compensation, in which no short-term incentive was awarded to executives for 2018 performance and lower consulting costs due to administrative projects completed in the first quarter 2018.

Other Expenses (Income)

Other Expenses for the three months ended December 31, 2019 totaled approximately $488 and included: 1) the Change in valuation of Derivative financial instruments of $111, 2) a Restructuring charge of $86 related to management personnel changes at the Australian operations along with 3) a Gold Loan accretion charge of $196 and 4) lease and short-term finance charges of $94. Other Income for the three months ended December 31, 2018 totaled $483 and included a foreign exchange loss of 1) $476, 2) $117 of accretion on provisions, and 3) $75 for lease and short-term finance charges offset by a gain on the change in valuation of the warrant liability of $208.

Other Expenses for the twelve months ended December 31, 2019 comprised mainly 1) the Change in valuation of Derivative financial instruments of $111, 2) a Restructuring charge of $478 described above and 3) $484 of Net finance and other costs which included a) a Gold Loan accretion charge of $196, b) charges for accretion on provisions of $334 and c) lease finance charges of $407 offset by foreign exchange gains of $305 and interest income of $148. Other Expenses for the twelve months ended December 31, 2018 totaled $5,625 and comprised 1) the loss, and change in valuation of, the contingent payable to Northern Star Resources of $4,671 and 2) $1,374 of Net finance and other costs comprised predominantly of a) $472 of accretion on provisions and b) $808 of foreign exchange losses. These amounts were offset by a gain on the change in the valuation of the warrant liability of $420.

Net loss for the period ended December 31, 2019

The total net loss of $3,375 for the three months ended December 31, 2019 resulted primarily from the Operating loss of $3,139 and the Change in valuation of Derivative financial instruments of $111, as noted previously. The total net loss of $6,714 for the three months ended December 31, 2018 resulted primarily from the Operating loss of $8,616 and other expenses of $483, partially offset by an income tax recovery of $2,385.

The total net loss of $12,019 for the twelve months ended December 31, 2019 resulted primarily from the Operating loss of $13,592, the Change in valuation of Derivative financial instruments of $111 and Restructuring charge of $478 as noted previously, partially offset by an income tax recovery of $2,698 resulting from the pre-tax Operating loss. The total net loss of $13,300 for the twelve months ended December 31, 2018 resulted primarily from the Operating loss of $13,159 and the loss on the Northern Star royalty of $4,671 (refer to note 23 of the consolidated financial statements as at December 31, 2019) partially offset by an income tax recovery of $5,484. The income tax recovery resulted primarily from the pre-tax Operating loss and the recognition of deferred tax assets associated with the rehabilitation provision due to the update to Mineral Reserves and Mineral Resources. The deferred tax asset associated with the increase in the noncurrent liability was recognized as at December 31, 2018 as it is considered probable that future taxable amounts will be available to utilize this temporary difference.

Adjusted net income (loss)

Adjusted net loss for the fourth quarter of 2019 amounted to $3,156 or $0.03 per share compared to adjusted net loss of $6,873 or $0.07 per share in the three months ended December 31, 2018, primarily due to the lower net loss in the current period (refer to the table in the section labeled “Adjusted Net Income and Adjusted basic net income per share” of this MD&A).

Adjusted net loss for the twelve month ended December 31, 2019 amounted to $11,563 or $0.12 per share compared to adjusted net loss of $10,450 or $0.11 per share in the twelve months ended December 30, 2018, primarily due to lower Operating Income in 2019 and a lower income tax recovery.

Adjusted net income/loss includes the following: Net income/loss was adjusted to exclude specific items that are not reflective of the underlying operations of the Company, including: Restructuring expenses, loss on settlement of the contingent royalty payable to Northern Star, gains/losses on derivative financial instruments, the change in valuation of the warrant liability, and the associated impact on income taxes. Adjusting for these items provides an additional measure to evaluate the underlying operating performance of the Company as a whole for the reporting periods presented. Refer to section "Non-IFRS Financial Performance Measures" for a reconciliation of the net income/loss to adjusted net income/loss.

Financial Position as at December 31, 2019

As at December 31, 2019, the Company's current assets totaled $34,038 and current liabilities amounted to $37,135, including the Contingent Royalty payable to Northern Star Resources of $4,413, for a net working capital deficit of $3,097. The Company also has the option to forego the buyback and pay the Northern Star royalty as it accrues, based on the terms of the Plutonic purchase and sale agreement. The majority of the current assets pertained to cash and cash equivalents of $22,232 and inventories of $8,214. The movement from a working capital balance of $6,741 as at December 31, 2018 was mainly the result of capital expenditures in support of the underground mine, reductions in inventory, deferred revenue and derivative financial instrument liabilities associated with the Gold Loan and the adoption of IFRS 16 Leases which resulted in the recognition of current lease liabilities being recognized for contracts previously classified as operating leases, and lower operating earnings outlined above. The reduction in inventory stemmed from the drawdown of Hermes stockpile inventory as the Company processed the stockpiled ore after the temporary cessation of mining at the Hermes open pit. Inventory was also lower due to fewer ounces held at December 31, 2019 as compared to December 31, 2018, due to the timing of shipments.

Non-current assets decreased by $285 from December 31, 2018. The decrease was a result of depreciation expense of $12,829, partially offset by additions during the twelve months ended December 31, 2019 and the recognition of lease assets, previously treated as operating leases, upon the adoption of IFRS 16 on January 1, 2019 of $2,259. Non-current asset additions were $5,689. Of this amount, $4,177 was spent on development of the ongoing underground operations and $1,066 resulted from increases to the rehabilitation asset mainly due to changes in discount and inflation rates. Additionally, $3,431 of capital expenditures were incurred during the twelve months ended December 31, 2019, $769 of which was for mobile equipment, $661 of which was for expansion of a tailings storage facility, $1,627 was for betterments to existing equipment and $213 related to water bores for haul roads.

Current liabilities increased by $11,137 to $37,135 mainly due to from the impact of the Gold Loan which resulted in current liabilities of $7,234 and $154 for Deferred revenue and Derivative financial instruments, respectively. Current liabilities also rose as a result of the increase in accounts payable of $3,932 and increases in leased mobile equipment and adoption of IFRS 16 which increased the current portion of lease obligations by $837. These increases were partially offset by a reduction in the current portion of provisions related to employee entitlements stemming from payments for employees already on leave as well as decreases in headcount.

Non-current liabilities increased by $1,303, a result of the impact from the Gold Loan which resulted in non-current balances of $2,617 and $642 for Deferred revenue and Derivative financial instruments and by changes in the rehabilitation liability from changes in the discount and inflation rates as well as accretion, less amounts spent. These amounts were offset by a decrease in the deferred tax liability due to the income tax recovery recorded in the twelve months ended December 31, 2019 of $2,698 and the elimination of the warrant liability upon exercise of the Broker Warrants and expiry of the Offering Broker Warrants.

Share capital consisted of capital stock, net of issue costs, of $50,025. The increase of $712 from December 31, 2018 resulted from the exercise of Broker Warrants.

Cash from Operating Activities

During the three months ended December 31, 2019 cash from operating activities was $10,507, while cash used in operating activities was $374 for the three months ended December 31, 2018. The increase in cash generated from operating activities resulted mainly from the net proceeds of the Gold Loan of $10,093, which have been classified as an Operating Activity and a smaller net loss for the quarter of $3,375, partially offset by a recovery of income taxes paid in the fourth quarter of 2018 of $1,529 and higher employee provisions paid in the fourth quarter of 2019 of $263.

During the twelve months ended December 31, 2019 cash from operating activities was $15,887, while cash generated from operating activities was $6,568 for the twelve months ended December 31, 2018. The increase in cash generated from operating activities resulted mainly from the net proceeds of the Gold Loan of $10,093, which have been classified as an Operating Activity, partially offset by lower operating income and restructuring costs, discussed above. The impact of non-cash working capital changes for the twelve months ended December 31, 2019 was an increase of $8,067 due to higher accounts payable balances and lower inventory, largely from the drawdown and milling of the Hermes stockpile.

Cash used in Investing Activities

Cash used in investing activities in the three months ended December 31, 2019 primarily comprised expenditures on mine interests, property, plant and equipment of $1,396 primarily in support of underground mine development and mill improvements, a decrease of 46% compared to the $2,591 spent in the three months ended December 31, 2018.

Cash used in investing activities in the twelve months ended December 31, 2019 primarily comprised expenditures on mine interests, property, plant and equipment of $7,422 primarily in support of underground mine development and mill improvements, a decrease of $7,863 or 51% compared to the twelve months ended December 31, 2018. Lower spending in the current period compared to 2018 reflected the reduced spending from the development of the Hermes project in 2018, partially offset by a reduction in restricted cash.

Cash from Financing Activities

Cash used in financing activities in the three months ended December 31, 2019 of $1,286 was comprised of the repayment of the Company's lease obligation, short-term loan and interest thereon. For the three months ended December 31, 2018 cash used in financing activities comprised the repayment of the Company's lease obligation and interest thereon of $1,034. The increase from 2018 was a result of the increase in the mobile fleet as well as the adoption of IFRS 16 in 2019. The adoption of IFRS 16 resulted in lease payments, recorded as operating cash flow activities in 2018, being recorded as financing activities beginning on January 1, 2019.

Cash used in financing activities in the twelve months ended December 31, 2019 of $3,971 comprised the repayment of the Company's lease obligation, short-term loan and interest thereon of $4,438, partially offset by the exercise of Broker warrants in the first quarter of 2019 of $467. For the twelve months ended December 31, 2018 cash used in financing activities comprised the repayment of the Company's lease obligation, short-term loan and interest thereon of $3,063, partially offset by an exercise of stock options. Increased lease payments in 2019 stemmed from increases in the mobile fleet and the adoption of IFRS 16 which resulted in lease payments, recorded as operating cash flow activities in 2018, being recorded as financing activities beginning on January 1, 2019.

Dividends

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

Liquidity and Capital Resources

During the twelve months ended December 31, 2019, the Company used cash balances and cash inflows from the Plutonic Gold Operations as well as the Gold Loan to fund its expenditures on mineral interests and property, plant and equipment, as well as pay down its lease obligation. These cash balances increased from December 31, 2018, in part, as a result of the proceeds derived under the Gold Loan. On November 12, 2019, the Company entered into a Senior Secured agreement with Auramet International LLC under which the Company received gross proceeds of AUD$15 million before associated costs. In accordance with the agreement for the gross proceeds under the Gold Loan, the Company: is required to deliver a total of 7,920 ounces of gold over 18 equal monthly instalments; granted Auramet 20,000 gold call options at strike prices ranging from AUD$2,275 to AUD$2,360 per ounce of gold (these call options have expiration dates between July 2020 and December 31, 2021 up to a maximum of 1,500 ounces per month); entered into a zero cost collar price protection program with 19,800 puts at a strike price of AUD$1,950 per ounce and 19,800 of calls with strike prices ranging from AUD$2,275 to AUD$2,400 (all of the puts and calls under the zero cost collar price protection program have maturities on or before December 31, 2020); and agreed to sell a minimum of 80% of its gold production at market prices from the Plutonic Gold Operations to Auramet for a period that is not less than 6 months following repayment of the Gold Loan (refer to notes 11 and 12 of the consolidated financial statements).

During the twelve months ended December 31, 2018, the Company similarly used cash balances and cash inflows from the Plutonic Gold Operations to fund its expenditures on mineral interests and property, plant and equipment, in particular to complete its Hermes development project. On March 26, 2018, the Company declared commercial production at the Hermes project, with inclusion of operating results commencing April 1, 2018. Additionally, the Company used cash to pay down its lease obligation.

The Company forecasted that it will have sufficient cash inflows to satisfy the Company's obligations as they come due over the next twelve months. As at December 31, 2019, Superior Gold has cash and cash equivalents of $22,232 and a working capital deficit of $3,097.

Management believes the cash on hand and subsequent cash from operations of the Plutonic Gold Operations are sufficient to fulfill its immediate operating and capital requirements. The Company may require the issuance of equity or other forms of financing to complete or accelerate programs associated with any future development and exploration initiatives that are not contemplated in its current life of mine plan. Superior Gold's ability to raise equity and other forms of financing in the future under terms acceptable to the Company will be dependent on operating performance and on global markets, in particular, the price of gold and currency exchange rates.

Off Balance Sheet Arrangements

Refer to the Liquidity and Capital Resources section above for a discussion of the Company's off-balance sheet arrangements.

Commitments

(i) Capital commitments

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

	December 31, 2019	December 31, 2018
Property, plant and equipment	$ 2,363	$ 414
Termination payment	420	-
	$ 2,783	**$ 414**

In the year ended December 31, 2019, the Company entered into commitments for milling equipment and a tailings lift. These commitments totalled $2,363 at December 31, 2019 (December 31, 2018 - $414).

(ii) Termination payment

The Company has signed a letter of intent regarding an upgrade to its power supply with its existing supplier. The letter of intent includes a termination provision, in the amount of $420 as at December 31, 2019.

RELATED PARTY TRANSACTIONS

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:

	Year ended December 31			
		2019		**2018**
Management compensation	$	968	$	1,239
Directors' fees		129		131
Share-based payments		138		578
	$	**1,235**	**$**	**1,948**

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

In the year ended December 31, 2019, the Company paid Northern Star $nil (2018 - $29) related to the finance lease obligation. The Company assumed the lease from Northern Star upon acquisition of the Plutonic Gold Operations. An amount of $4,413 (December 31, 2018 - $4,308) is payable to Northern Star at December 31, 2019, which represents the current contingent royalty (note 23). In the year ended December 31, 2019, the Company received no amounts from Northern Star (December 31, 2018 - $nil) and there are no amounts receivable at December 31, 2019 and 2018.

Critical Accounting Policies and the Use of Estimates

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

The impact of financial instruments and areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in more detail in the Company's audited annual financial statements for the year ended December 31, 2019 which are available on the Company's website www.superior-gold.com and SEDAR at www.sedar.com.

Financial Instruments

The Company's significant accounting policies regarding its financial instruments are set out in the Company's audited consolidated financial statements for the year ended December 31, 2019, 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 Company adopted the following accounting standards and amendments to accounting standards, effective January 1, 2019:

The Company adopted IFRS 16, Leases ("IFRS 16") on January 1, 2019. The objective of IFRS 16 is to recognize substantially all leases on balance sheet for lessees. IFRS 16 requires lessees to recognize a "right-of-use" asset and a lease liability calculated using a prescribed methodology. The Company has adopted IFRS 16 using the modified retrospective approach which does not require restatement of comparative periods. Comparative information has not been restated and continues to be reported under IAS 17, Leases (“IAS 17”), and IFRIC 4, Determining Whether an Arrangement Contains a Lease (“IFRIC 4”).

Refer to note 3 of the the consolidated financial statements for the year ended December 31, 2019, for detail on the IFRS 16 accounting policy and transitional disclosure.

The Company adopted IFRIC 23, Uncertainty over Income Tax Treatments (“IFRIC 23”) on January 1, 2019 with retrospective application. IFRIC 23 clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. The effect of uncertain tax treatments are recognized at the most likely amount or expected value. The adoption of IFRIC 23 had no impact on the consolidated financial statements.

Recent Accounting Pronouncements

Standards issued but not yet effective up to the date of issuance of the Company’s consolidated financial statements are disclosed in Note 4 of the audited consolidated financial statements.

Outstanding Share Data

The following table summarizes the capitalization of the Company as at March 12, 2020, the date of this MD&A:

	Exercise price	Expiry date	Quantity
Number of common shares issued			
Common shares	Not applicable	Not applicable	97,134,473
Number of common shares issuable			
Stock options	$0.73	February 23, 2022	4,816,667
Stock options	$0.73	July 5, 2022	150,000
Stock options	$0.73	September 5, 2022	200,000
Stock options	$0.73	December 15, 2022	200,000
Stock options	$0.94	June 8, 2023	125,000
Stock options	$0.38	March 29, 2024	750,000
Stock options	$0.70	August 15, 2024	50,000
Stock options	$0.58	September 25, 2024	250,000
Stock options	$0.40	December 18, 2024	150,000
PSUs	Not applicable	June 8, 2021	125,000
PSUs	Not applicable	March 29, 2022	250,000
PSUs	Not applicable	May 14, 2022	151,500
RSUs	Not applicable	August 15, 2022	50,000
Warrants	$1.5166	February 23, 2022	14,429,521
			118,832,161

Non-IFRS Performance Measures

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

Total cash costs and All-in sustaining costs

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

(in thousands of dollars, except oz or per oz amounts)	**Three months ended December 31**		**Twelve months ended December 31**		
	2019	**2018**	**2019**	**2018**	**2017**
Gold sold (oz)	18,899	19,305	83,241	84,916	82,019
Cost of Sales	29,119	31,054	122,663	114,091	92,732
Adjustments for:					
Depreciation and amortization	(1,961)	(4,133)	(12,829)	(16,933)	(18,133)
Share-based payments included in Cost of Sales	(14)	(25)	(34)	(20)	(281)
Inventory movements	(2,236)	980	(2,850)	1,028	42
Silver credits and other	(17)	(30)	(109)	(118)	(183)
Cash costs	24,891	27,846	106,841	98,048	74,177
Total cash costs (per gold oz)	1,317	1,442	1,284	1,155	904
Adjustments for items affecting all-in sustaining cash costs:					
Sustaining exploration and capital expenditures[1]	795	1,485	4,428	4,425	4,269
Share-based payments included in Cost of Sales	14	25	34	19	281
Corporate, general and administration[2]	1,167	978	3,848	4,581	3,879
Rehabilitation accretion	49	117	334	472	951
All-in sustaining cost	26,916	30,451	115,485	107,545	83,557
All-in sustaining cost (per gold oz)	1,424	1,577	1,387	1,266	1,019

1. Sustaining exploration and capital expenditures have been segregated to reflect exploration expenditures on the Statement of Income and Comprehensive Income, effective June 30, 2018
2. Corporate, general and administration costs include share-based compensation, as per the Consolidated Statement of Comprehensive Income

Realized gold price

Realized gold price is calculated as metal sales per the statement of comprehensive loss, less silver sales. The following table provides a reconciliation of Realized gold price per ounce sold to revenues as per the consolidated financial statements:

(in thousands of dollars, except oz or per oz amounts)	**Three months ended December 31**		**Twelve months ended December 31**		
	2019	**2018**	**2019**	**2018**	**2017**
Metal sales	$27,959	$23,917	$115,583	$107,514	$103,215
Silver sales	(17)	(30)	(109)	(118)	(183)
Revenues from gold sales	27,942	23,887	115,474	107,396	103,032
Gold sold (oz)	18,899	19,305	83,241	84,916	82,019
Realized gold price ($/oz)	$1,478	$1,237	$1,387	$1,265	$1,256

Adjusted net income and Adjusted basic net income per share

Adjusted net income/loss and adjusted basic net income/loss per share are used by management and investors to measure the underlying operating performance of the Company. Presenting these measures from period to period helps management and investors evaluate earnings trends more readily in comparison with results from prior periods.

Adjusted net income/loss is defined as net income/loss adjusted to exclude specific items that are 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, charges pertaining to derivative financial instruments and the impact on income taxes. Adjusted basic net income/loss per share is calculated using the weighted average number of shares outstanding under the basic method of income/loss per share as determined under IFRS.

(in thousands of dollars, except per share amounts)	**Three months ended December 31**		**Twelve months ended December 31**		
	2019	**2018**	**2019**	**2018**	**2017**
Net income (loss) for the period	($3,375)	($6,714)	($12,019)	($13,300)	($3,082)
Adjusted for:					
Restructuring expenses	86	-	478	-	-
Loss on settlement of contingent royalty payable to Northern Star	68	69	137	4,671	7,056
Derivatives financial instruments	111	-	111	-	-
Change in valuation of the warrant liability(1)	-	(208)	(85)	(420)	425
Business acquisition costs (recovery)(1)	-	-	-	-	(458)
Effect on income taxes of the above items	(46)	(20)	(185)	(1,401)	(1,979)
Adjusted net income (loss)	($3,156)	($6,873)	($11,563)	($10,450)	$1,962
Weighted average number of common shares outstanding - basic	96,982,473	95,752,473	96,864,062	95,728,044	87,968,487
Adjusted basic net income (loss) per share	(0.03)	(0.07)	(0.12)	(0.11)	0.02

1. Balance included in the statement of comprehensive earnings.

Disclosure Controls and Procedures

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

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

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

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

Risks and uncertainties

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

Forward-looking information

This MD&A contains forward-looking information, within the meaning of applicable Canadian securities legislation, and forward looking statements, within the meaning of applicable United States securities legislation (collectively, "forward-looking information"), which reflects management's expectations regarding the Company's future growth, results from operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects and opportunities. Wherever possible, words such as "predicts", "projects", "targets", "plans", "expects", "does not expect", "budget", "scheduled", "estimates", "forecasts", "anticipate" or "does not anticipate", "believe", "intend" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative or grammatical variation thereof or other variations thereof, or comparable terminology have been used to identify forward-looking information. Such forward-looking information includes, without limitation, statements with respect to mineral reserve and mineral resource estimates; targeting additional mineral resources and expansion of deposits; the Company's dependency on the Plutonic Gold Operations for operating revenue and cash flows in the near term; the Company's ability to extend the life of the Plutonic Gold Operations; the mineral reserve and mineral resource estimates in the Company's amended and restated technical report filed on July 30, 2019 ("Technical Report"); the Company's expectations, strategies and plans for the Plutonic Gold Mine, including the Company's planned exploration, development and production activities at the Plutonic Gold Operations; the results of future exploration and drilling at the Plutonic Gold Operations; satisfying the requirements for the Company to maintain its interest in the Bryah Basin joint venture; successfully adding or upgrading resources and successfully developing new deposits; future financial or operating performance and condition of the Company and its business, operations and properties; the Company's ability to adequately account for potential mine closure and remediation costs; the Company's adoption of and expectations regarding new accounting standards and interpretations, including the introduction of IFRS 9, IFRS 15, and IFRS 16; and any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements.

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

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

The Company cautions that the foregoing lists of important assumptions and risks, uncertainties and other factors are not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking information contained herein. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

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

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

Technical Information

Scientific and technical information in this MD&A has been reviewed and approved by Keith Boyle, P.Eng., who is a member of the Professional Engineers of Ontario and a “qualified person” as defined by National Instrument 43-101 (NI 43-101). Mr. Boyle is an employee of the Company and serves as Chief Operating Officer.

Additional Information

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