

**SUPERIOR MINING INTERNATIONAL CORPORATION**  
**FORM 51 – 102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Year Ended July 31, 2017**

*The following Management's Discussion and Analysis ("MD&A"), prepared as at November 27, 2017 should be read in conjunction with the audited consolidated financial statements of Superior Mining International Corporation (the "Company" or "Superior") for the year ended July 31, 2017 and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").*

*Effective June 8, 2017, the Company consolidated its common shares on a 10:1 basis. These financial statements reflect the share consolidation.*

*Readers may also want to refer to the July 31, 2016 audited consolidated financial statements and the accompanying notes.*

*This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. All figures are stated in Canadian dollars unless otherwise indicated.*

*Additional information related to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.superiormining.com](http://www.superiormining.com).*

## **Company Overview**

The Company is a Canadian company originally incorporated in the Yukon Territory, but now continued and registered as incorporated in British Columbia. It is listed on the TSX Venture Exchange under the symbol SUI. The Company is engaged in the acquisition and exploration of mineral properties in Australia. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable or not. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

## **Outlook**

### Redcastle Project

In May 2012, the Company executed a Farm-In Agreement with a private Australian company to earn in a 51% interest (earned) in the Redcastle Project, located some 200 km northeast of Kalgoorlie, Western Australia. One shallow drilling program has been completed on the property and Phase 2 drilling program has been completed during the first week of May 2014. The property has potential for gold and nickel. The terms of the agreement require the Company to spend AUD\$200,000 before May 4, 2014. During the year ended July 31, 2017, the Company decided to write down the project to \$Nil as management had no further plans for exploration on the project.

### Mangalisa

During fiscal 2008, the Company was granted a lease, giving it the right to explore a property in the eastern part of the Free State Goldfield, near the village of Riebeeckstad, South Africa.

During the year ended July 31, 2016, the Company decided to write down the project to \$1 due to market conditions, recognizing an impairment loss of \$1,646,094. During the year ended July 31, 2017, the Company wrote off the remaining \$1.

### Results of Operations for the Three Months Ended July 31, 2017:

During the three months ended July 31, 2017, the Company had a comprehensive loss of \$452,391 (2016 – loss of \$1,691,148). Significant fluctuations occurred in the following categories:

- a) Foreign exchange gain of \$16,085 (2016 – loss of \$19,246) relates to the conversion of outstanding US dollar of accounts payables into the functional currency of the Canadian dollar.
- b) Write off of exploration property of \$413,740 (2016 - \$1,646,094) as the Company wrote off the Mangalisa project and Redcastle project as management had no further plans for exploration on the projects.

### Results of Operations for the Year Ended July 31, 2017:

During the year ended July 31, 2017, the Company had a comprehensive loss of \$707,394 (2016 - \$1,734,518). Significant fluctuations occurred in the following categories:

- a) Filing and transfer agent fees of \$16,520 (2016 - \$12,010) increased due to increased activities during the current year.
- b) Financing fees of \$106,152 (2016 - \$Nil) increased due to finance charges accrued on accounts payable during the current year.
- c) Foreign exchange loss of \$2,687 (2016 – gain of \$11,719) relates to the conversion of outstanding US dollar of accounts payables into the functional currency of the Canadian dollar.
- d) Management fees of \$60,000 (2016 - \$Nil) increased due to higher fees to the CEO during the current year.
- e) Professional fees of \$56,709 (2016 - \$33,602) increased due to increased activities during the current year.
- f) Write off of exploration property of \$413,740 (2016 - \$1,646,094) as the Company wrote off the Mangalisa project and Redcastle project as management had no further plans for exploration on the project.

### Selected Annual Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the financial statements and the overall performance section.

	2017	2016	2015
Net and comprehensive loss for the year	(707,394)	(1,734,518)	(186,838)
Basic and diluted loss per share	(0.12)	(0.30)	(0.03)
Total assets	5,217	411,311	2,047,412

### Summary of Quarterly Results

	July 31, 2017	April 30, 2017	January 31, 2017	October 31, 2016
Total assets	\$ 5,217	\$ 415,517	\$ 414,453	\$ 411,277
Exploration and evaluation assets	-	408,096	408,096	408,096
Working capital deficit	(2,109,413)	(2,065,118)	(1,876,477)	(1,843,955)
Deficiency	(2,109,413)	(1,657,022)	(1,468,381)	(1,435,859)
Loss and comprehensive loss	(452,391)	(188,641)	(32,522)	(33,840)
Basic and diluted loss per share	(0.07)	(0.03)	(0.00)	(0.00)

	July 31, 2016	April 30, 2016	January 31, 2016	October 31, 2015
Total assets	\$ 411,311	\$ 2,163,302	\$ 2,125,476	\$ 2,088,767
Exploration and evaluation assets	408,096	2,153,718	2,114,441	2,074,241
Working capital deficit	(1,810,115)	(1,864,589)	(1,802,077)	(1,753,121)
Equity (Deficiency)	(1,402,019)	289,129	312,364	321,120
Loss and comprehensive loss	(1,691,148)	(23,235)	(8,756)	(11,379)
Basic and diluted loss per share	(0.29)	(0.00)	(0.00)	(0.00)

### Liquidity and Capital Resources

The Company's cash position as at July 31, 2017 was \$3,020, an increase of \$930 from July 31, 2016.

Net cash used in operating activities for the year ended July 31, 2017 was \$26,676 compared to \$14,501 during the previous year. The cash utilized by operating activities for the year consists primarily of the operating expenses and changes in non-cash working capital.

Net cash used for investing activities for the year ended July 31, 2017 was \$Nil compared to net cash used for investing activities for \$2,763 during 2016. The difference is attributed to the absence of cash expenditures on exploration & evaluation activities during the year.

Net cash provided by financing activities for the year ended July 31, 2017 was \$27,606 compared to net cash provided by financing activities for \$14,432 during the previous year. The Company received more advances from related parties during the current year.

### Related Party Transactions

Amounts paid or accrued to related parties are as follows:

		For the Year Ended July 31, 2017	For the Year Ended July 31, 2016
<b>Key Management:</b>			
CEO	Management fees	\$ 60,000	\$ -
Directors and officers	Share-based payment	-	664
		\$ 60,000	\$ 664
<b>Related Parties:</b>			
A firm in which the CFO is a partner	Professional fees	\$ 47,234	\$ 25,600
		\$ 47,234	\$ 25,600

The amounts due to the related parties included in accounts payables and accrued liabilities are as follows:

	July 31, 2017	July 31, 2016
Due to a firm in which the CFO is a partner	\$ 477,272	\$ 313,886
Due to a director of a subsidiary of the Company	121,533	119,927
Due to a company owned by the CEO	593,645	527,598
Due to the CEO	5,061	4,992
	\$ 1,197,511	\$ 966,403

### Other related party transactions

During the year ended July 31, 2017, the Company received advances from directors of the Company for working capital purposes, bringing the total advanced to \$87,673 (2016 - \$60,067).

During the year ended July 31, 2014, the Company received an aggregate amount of \$80,000 from the directors of the Company for loans bearing an interest rate of 15% compounded monthly maturing June 25, 2016 for working capital purposes. The loans matured on June 25, 2016 and are due on demand. In consideration for loans, the Company issued 320,000 common shares at a fair value of \$0.01 per share. For the year ended July 31, 2017, total interest expense related to the loans is \$17,354 (2016 - \$15,114).

During the year ended July 31, 2016, the convertible debentures matured and were reclassified to loans payable. The amount of loans payable to the directors is \$207,119 as at July 31, 2017 (2016 - \$189,750).

### Capital Management

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, reserves, and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's policy remains unchanged from the prior year.

### Financial Instruments

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, loans payable and the liability portion of convertible debentures. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

The Company's risk exposures and the impact on the Company's financial instruments are summarized in Note 11 of the Company's consolidated financial statements.

### Risks and Uncertainties

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The Company manages risks to minimize potential losses. The main objective of the Company's risk management process is to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The additional risks to which the Company is exposed are described below.

The Company's operations and results are subject to a number of different risks at any given time. These factors, include, but

are not limited to, disclosure regarding exploration, additional financing, project delay, price fluctuations and share price volatility, operating hazards, insurable risks and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulations risks.

The key determinants as to the Company's operational outcomes are as follows:

- a) the state of capital markets, which will affect the ability of the Company to finance further mineral property acquisitions and expand its contemplated exploration programs;
- b) the prevailing market prices for base metals and precious metals;
- c) the consolidation and potential abandonment of the Company's properties as exploration results provide further information relating to the underlying value of the properties; and
- d) the ability of the Company to identify and successfully acquire additional properties in which the Company may acquire an interest whether by option, joint venture or otherwise, in addition to or as an alternative to the property.

*Exploration and Mining Risks:* Exploration for mineral resources involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. The Company has limited financial resources and, as pointed out above, has no current source of recurring income with which to cushion financial setbacks. In future there is no assurance that the Company will produce revenue, operate profitably or provide a return on investment. The Company seeks to counter this risk as far as possible by selecting exploration areas on the basis of their recognized geological potential to host economic deposits. The focus of the Company is on areas in which the geological setting is well understood by management.

*Metal Price Risk:* Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The price of gold is affected by numerous factors beyond the control of the Company and can be extremely volatile. The price of this metal greatly affects the value of the Company.

*Financial Markets:* The Company is dependent on the equity markets as its sole source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

*Permits and Licenses:* The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

*Industry:* The Company is engaged in the acquisition and exploration of resource properties, an inherently risky business, and there is no assurance that an economic mineral deposit will ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of commercially mineable deposits.

*Capital Needs:* The exploration of the Company's current and future properties will require additional financing. The only current source of future funds available to the Company is the sale of additional equity capital. There is no assurance that such funding will be available to the Company or that it will be obtained on terms favorable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration activities on the Company's properties or even a loss of a property interest.

### **Critical Accounting Policies**

Reference should be made to the Company's significant accounting policies contained in Note 3 of the Company's audited consolidated financial statements. These accounting policies can have a significant impact of the financial performance and financial position of the Company.

### **Going Concern**

The financial statements are prepared in accordance with IFRS on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at

least, but not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity’s ability to continue as a going concern.

The Company does not generate sufficient cash flow from operations to adequately fund its future exploration activities and has relied principally upon issuance of securities and loans from related parties to fund its exploration and administrative expenditures. The Company may also seek to option out its properties in order to generate cash flows. These conditions raise substantial doubt regarding the Company’s ability to continue as a going concern.

The Company will require additional capital to fund its future property acquisitions and exploration programs as well as for administrative purposes. If the management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these financial statements.

The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

### **New or revised standards and amendments to existing standards not yet effective**

The Company has not applied the following new or revised standards and amendments that have been issued but are not yet effective:

- New standard IFRS 9, Financial Instruments, was issued in final form in July 2014 and will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets. This standard is effective for years beginning on or after January 1, 2018. The impact of this amendment is to be determined.

### **Outstanding Share Data**

As at the date of this MD&A, the Company has 5,788,647 common shares issued and outstanding and has the following options and warrants outstanding:

	Number of Stock options/ Warrants	Exercise Price	Expiry Date
Stock options	410,000	\$ 1.00	May 22, 2018
	220,000	0.50	March 16, 2019
	<u>630,000</u>		

**Fully diluted:** 6,418,647

### **Off-Balance Sheet Arrangements**

The Company currently has no off-balance sheet arrangements.

### **Cautionary Note Regarding Forward-Looking Statements**

Certain of the statements made and information contained herein is “forward-looking information” within the meaning of the British Columbia Securities Act. These statements relate to future events or the Company’s future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “propose”, “possible”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A

and are expressly qualified, in their entirety, by this cautionary statement. In particular, this MD&A contains forward-looking statements pertaining to the following: capital expenditure programs, development of resources, treatment under governmental and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company on its properties and work plans to be conducted by the Company. With respect to forward-looking statements listed above and contained in the MD&A, the Company has made assumptions regarding, among other things:

- uncertainties relating to receiving exploration permits;
- the impact of increasing competition;
- unpredictable changes to the market prices for minerals;
- exploration and developments costs for its properties;
- availability of additional financing and opportunities for acquisitions or joint-venture partners;
- anticipated results of exploration and development activities; and
- the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A and in the Company's Management's Proxy Circular which can be found on the SEDAR website ([www.sedar.com](http://www.sedar.com)): volatility in the market price for minerals; uncertainties associated with estimating resources; geological, technical, drilling and processing problems; liabilities and risks, including environmental liabilities and risks, inherent in mineral exploration and operations; fluctuations in currencies and interest rates; incorrect assessments of the value of acquisitions; unanticipated results of exploration activities; competition for, amongst other things, capital, undeveloped lands and skilled personnel; lack of availability of additional financing and farm-in or joint venture partners and unpredictable weather conditions.

Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.