

**Northern Superior Resources Inc.**  
**Management's Discussion and Analysis**  
*For the three months ended March 31, 2012*  
*(Expressed in Canadian dollars)*

## **GENERAL**

The information in this Management's Discussion and Analysis, or MD&A, is intended to assist the reader in the understanding and assessment of the trends and significant changes in the results of operations and financial conditions of Northern Superior Resources Inc. (the "Company" or "Northern Superior"). This MD&A should be read in conjunction with the unaudited interim financial statements of the Company, including the notes thereto, for the three months ended March 31, 2012 and the audited financial statements of the Company for the year ended December 31, 2011 and the MD&A of such financial statements, and other information relating to the Company on file with the Canadian provincial securities regulatory authorities on SEDAR at [www.sedar.com](http://www.sedar.com). The Company's interim financial statements for the three months ended March 31, 2012 and the annual audited financial statements for the year ended December 31, 2011 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A has taken into account information available up to and including May 3, 2012.

Northern Superior is an exploration stage company engaged in the identification, evaluation, acquisition and exploration primarily of gold properties in Ontario and Québec. The Company is a reporting issuer in British Columbia, Alberta, Ontario and Québec and trades on the TSX Venture Exchange under the symbol SUP.

This MD&A contains forward-looking statements. Please refer to the cautionary language at the end of this document.

## **HIGHLIGHTS**

### ***Croteau Est:***

- Completed an additional 21 diamond drill holes, bringing the total number of diamond drill holes to 29 or approximately 7,721 m.

### ***Ti-pa-haa-kaa-ning (TPK):***

- Rainy River, the option partner and operator on the TPK property completed a proposed 20- 25 hole, 7,500 m diamond drill program.

### ***New Growth:***

- Completed a 7 hole, 2,239 m diamond drill program.

## **OUTLOOK**

Northern Superior is very pleased with the outcome of its 1<sup>st</sup> quarter exploration programs. That stated, it is very clear that the Company over the balance of 2012 can achieve the best value for its shareholders through focusing much of its exploration efforts on its Croteau Est property.

### ***Croteau Est Property:***

- Complete compilation of data from the first quarter diamond drill program, 2<sup>nd</sup> Quarter 2012;
- Complete a 3 to 6 hole (approximately 2,500 m) diamond drill program, 3<sup>rd</sup> Quarter 2012;

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- Complete a prospecting, mapping, overburden sampling and ground geophysical program, 3<sup>rd</sup> and 4<sup>th</sup> Quarters 2012; and
- Plan for a diamond drill program, 4<sup>th</sup> Quarter 2012.

***Ti-pa-haa-kaa-ning:***

- Compile data from the first quarter diamond drill program, 2<sup>nd</sup> Quarter 2012;
- Complete a joint venture agreement with Rainy River Resources; and
- Plan for additional exploration programs, based on results of diamond drill program.

***New Growth:***

- Compile data from the first quarter diamond drill program, 2<sup>nd</sup> Quarter 2012.
- Plan for additional exploration programs, based on results of diamond drill program.

***Rapson Bay:***

- Retrieve core from site for further analysis.
- Assess all data from the 2011 exploration programs to identify targets for a diamond drill program.

***Meston Lake:***

- Assess all data from the 2011 exploration programs to identify targets for a diamond drill program.

***Thorne Lake:***

- Plan and initiate a prospecting program over key target areas, 2<sup>nd</sup> Quarter, 2012.
- Assess all data to identify targets for a diamond drill program.

***Lamarck Creek:***

- Assess results from 2011 diamond drill program and plan future exploration programs based on these results.

***Lac Surprise:***

- Assess results from the 2011 exploration programs and plan future exploration based on these results.
- Reconciliation of mineral claim holdings on completion of overburden gold grain and geochemical analysis.

***Northern Superior Resources Proprietary Data Base***

- Continue review of the Company's proprietary data base to identify and generate projects.

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Northern Superior has a number of 100% owned properties (see Company website, [www.nsuperior.com](http://www.nsuperior.com)) within the Stull-Wunnimun and Chibougamau gold districts of Ontario and Quebec respectively that were identified and developed from the Company's extensive geoscientific data base. The Company is currently seeking to option out a number of these properties.

**RESULTS OF OPERATIONS**

In the three months ended March 31, 2012, the Company incurred expenditures of \$3,052,574 (2011-\$953,616) on exploration and evaluation properties. The Company's principal exploration expenditures were on two projects, with expenditures of \$1,838,081 spent on the New Growth project and \$1,084,729 spent on the Croteau Est project in the first three months ended March 31, 2012.

A net loss of \$151,283 (2011-\$529,723) was recorded for the three months ended March 31, 2012. The net loss amount includes recognition for accounting purposes of \$388,367 (2011-nil) in flow-through share income, in regard to the flow-through share financing completed by the Company in 2011.

Operating expenses of \$583,389 (2011-\$624,146) were slightly lower than last year due to decreases in shareholder information costs and consulting fees. Office expenses increased slightly over last year at this time to \$327,142 (2011-\$280,145), primarily due to higher personnel costs from the greater number of personnel on staff. For the rest of 2012 the Company expects to maintain operating costs lower than the preceding year.

The Company reports share-based payments by expensing a portion of such costs to office expense and consulting fees, and allocating a portion of such costs to exploration properties for employees involved in exploration work. The allocation of share-based payments for the three months ended March 31, 2012 and 2011 was as follows:

<i>Three months ended March 31,</i>	<b>2012</b>		<b>2011</b>	
Exploration and evaluation properties	\$	<b>75,418</b>	\$	79,375
Consulting fees		<b>46,968</b>		66,148
Office expense		<b>62,744</b>		58,813
Total share-based payments	\$	<b>185,130</b>	\$	204,336

**QUARTERLY FINANCIAL INFORMATION**

<i>Fiscal Quarter ended</i>	<b>Mar. 31, 2012</b>	Dec. 31, 2011	Sept 30, 2011	June 30, 2011
Interest income	\$ 45,799	\$ 56,482	\$ 65,898	\$ 68,829
Net income (loss)	(151,283)	(3,562,016)	313,003	64,587
Net income (loss) per share* - basic and diluted	(0.00)	(0.01)	0.00	(0.00)

  

<i>Fiscal Quarter ended</i>	Mar. 31, 2011	Dec. 31, 2010	Sept 30, 2010	June 30, 2010
Interest income	\$ 56,923	\$ 11,043	\$ 3,940	\$ 5,448
Net income (loss)	(529,723)	(479,822)	(374,079)	(348,537)
Net income (loss) per share* - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)

\* Basic and diluted (loss) income per share is calculated based on the weighted average number of shares outstanding.

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**FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

The Company is not in commercial production on any of its mineral properties and accordingly, it does not generate cash from operations. The Company finances its activities by raising capital through the equity markets. At March 31, 2012 the Company had \$14,478,133 cash and no debt, other than current trade debt.

In the three months ended March 31, 2012, the Company's sources of cash were:

- Recovery from option earn-in partners of \$207,638 in exploration costs
- Proceeds from exercise of stock options of \$16,400.

Cash used in operating activities during the three months ended March 31, 2012 was \$259,479 (2011-\$350,751). Depreciation, share based payments, flow-through share income and changes in non-cash working capital items make up the amounts that reconcile the statement of loss for the quarter to the statement of cash flows from operating activities.

Prepays and receivables at March 31, 2012 include \$318,317 in refundable government sales tax credits, \$33,289 in option earn-in reimbursement on exploration projects, \$48,456 in government of Quebec refundable mining credits, and \$61,230 in accrued interest income.

The Company's principal activity is the acquisition and exploration of exploration and evaluation properties. During the three months ended March 31, 2012, the Company incurred expenditures of \$3,052,574 (2011-\$953,616) on resource properties, with \$2,580,500 representing the cash portion of resource property expenditures incurred during the period (2011-\$430,991). The Company's investment policy is to keep its cash on deposit in an interest-bearing Canadian chartered bank account. The Company does not hold any asset-backed commercial paper.

**OUTSTANDING SHARE CAPITAL**

At March 31, 2012, Northern Superior had 185,669,464 common shares issued and outstanding.

The following is a summary of stock options outstanding at March 31, 2012, of which 3,344,561 were exercisable:

<b>Number of Options</b>	<b>Exercise Price</b>
2,241,234	\$0.01 - \$0.19
4,125,000	\$0.20 - \$0.39
2,650,000	\$0.40 - \$0.59
100,000	\$0.60 - \$0.79
9,116,234	

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**RELATED PARTY TRANSACTIONS**

For the purposes of this disclosure, related parties are defined as the officers and directors of the Company.

<i>Three months ended March 31,</i>		<b>2012</b>		2011
Management and other fees	\$	<b>22,000</b>	\$	63,335
Salaries and wages		<b>192,827</b>		112,114
Share-based payments		<b>120,969</b>		129,939
	\$	<b>335,796</b>	\$	305,388

All related party transactions are in the normal course of operations and measured at the exchange amount agreed to between the related parties.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet financing arrangements.

**FINANCIAL INSTRUMENTS**

The Company classifies all financial instruments as either available-for-sale, financial assets or liabilities at fair value through profit or loss ("FVTPL"), loans and receivables or other financial liabilities. Loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in accumulated other comprehensive income. These amounts will be reclassified from shareholders' equity to net income when the investment is sold or when the investment is impaired and the impairment is considered less than temporary. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized on the statement of loss and comprehensive loss.

The Company has designated its cash as FVTPL, which is measured at fair value. Exploration advances and other receivables are classified as loans and receivables, which are measured at amortized cost. Trade payables are classified as other financial liabilities which are measured at amortized cost.

**MANAGEMENT OF CAPITAL**

The Company manages its cash, common shares and stock options as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

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In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account.

*Use of Proceeds from Financings*

<b>Planned Use of Proceeds</b>	<b>Actual Use of Proceeds to March 31, 2012</b>
January 2011 Flow-Through Financing:	
<ul style="list-style-type: none"> <li>\$8,637,480 to be used for exploration on the Company's gold projects in Ontario and Quebec.</li> </ul>	<ul style="list-style-type: none"> <li>\$6,165,364 has been used for exploration and evaluation properties.</li> <li>\$2,472,116 remains to be spent.</li> </ul>

**CORPORATE GOVERNANCE**

The Company's Board of Directors follows corporate governance policies for public companies to ensure transparency and accountability to shareholders.

The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited annual financial statements prior to their submission to the Board of Directors for approval. The Audit Committee, comprised of three independent directors, meets with management on a quarterly basis to review the financial statements, including the MD&A, and to discuss other financial, operating and internal control matters.

**CONTROLS AND PROCEDURES**

Management is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Management is also responsible for the design and maintenance of effective internal control over financial reporting to provide reasonable assurance regarding the integrity and reliability of the Company's financial information and the preparation of its financial statements in accordance with Canadian generally accepted accounting principles. Management maintains appropriate information systems, procedures and controls to ensure integrity of the financial statements and maintains appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable. The Company has a Disclosure Policy and a Disclosure Committee in place to mitigate risks associated with the disclosure of inaccurate or incomplete information.

**FORWARD-LOOKING STATEMENTS**

Some of the statements in this document constitute "forward looking statements". Where Northern Superior expresses an expectation or belief as to future events or results, including management plans and objectives, and projections of exploration results, such expectation or belief is expressed in good faith and is believed to have a reasonable basis. The Company makes no representation that reasonable business people in possession of the same information would reach the same conclusions. While these

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statements represent our best current judgment, they are subject to risks and uncertainties that could cause actual results to vary, the specifics of which are detailed in disclosures with the heading "Risk Factors" in the Company's periodic filings with securities regulators. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Forward-looking statements in this MD&A are made as of the date of this MD&A or, in the case of documents incorporated by reference herein, as of the date of such documents, and Northern Superior does not assume the obligation to update any forward looking statement.

**QUALIFIED PERSONS**

Mr. Casey Hetman is currently the Company's Qualified Person ("QP") (as defined in National Instrument 43-101, "Standards of Disclosure for Mineral Projects") for all projects. As the Company's QP, Mr. Hetman has prepared or supervised the preparation of the scientific or technical information for the properties as stated in this MD&A.

**ADDITIONAL INFORMATION**

Additional information is provided in the Company's audited financial statements for the year ended December 31, 2011. These documents are available on SEDAR at [www.sedar.com](http://www.sedar.com).