

**Northern Superior Resources Inc.**  
**Management's Discussion and Analysis**

*For the three and six months ended June 30, 2013, and 2012  
(Expressed in Canadian dollars)*

**GENERAL**

The information in this Management's Discussion and Analysis ("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 condensed unaudited interim financial statements of the Company, including the notes thereto, for the six month periods ended June 30, 2013 and 2012, the audited financial statements of the Company for the years ended December 31, 2012 and 2011, 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 condensed unaudited interim financial statements for the six months ended June 30, 2013 and 2012, the annual audited financial statements for the years ended December 31, 2012 and 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 August 7, 2013.

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**

***New Director Appointed***

On July 2, 2013, the Company announced the appointment of Mr. John Pollesel to its board of directors. Mr. Pollesel has more than 24 years of experience in the mining industry and has been a member of several senior management and executive teams in major mining corporations. Mr. Pollesel previously worked as chief operating officer and director for Vale's north Atlantic operations. Prior to joining Vale, he was chief financial officer for a major mining company in Peru, responsible for executive management in one of the world's largest copper/zinc mining and milling operations. Mr. Pollesel is a Certified Management Accountant and a Fellow of the Society of Management Accountants of Canada. The Company is very pleased to welcome him to the Company's Board of Directors.

***Croteau Est Project***

In the first half of 2013, Northern Superior enhanced and expanded its exploration property portfolio in Québec, with the conversion of its option on the Waconichi property to an outright purchase, and with the acquisition of a new highly prospective property (Grizzly property).

In May 2013, the Company converted its option earn a 70% interest in the strategically located Waconichi property, adjacent to the Company's flagship Croteau Est property, into a 100% ownership of the property for a one-time cash payment of \$225,000. The previous option agreement would have required Northern Superior to pay a further \$110,000 in cash, issue 800,000 additional shares and expend another \$950,000 on the property over the next two years in order to maintain a 70% option. For further details regarding acquisition, please refer to the Company's news release dated May 27, 2013.

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The above acquisition, combined with the Company's adjoining Croteau Est gold property, and its other newly acquired holdings south and northeast of Croteau, give Northern Superior a strategic property position of a large, contiguous, and easily accessible land package in the highly prospective Chibougamau-Chapais gold-copper camp of west-central Québec. The combined properties (to be now referred to collectively as the Croteau Est property) consist of 513 claims that encompass an area of approximately 22,576 hectares. The Croteau Est property is located just 10 kilometres northwest of Chibougamau, Québec. The main block of claims is accessible year round by three primary roads, extending from each is a labyrinth of forestry roads. Exploration work by Northern Superior on the combined Croteau Est/Waconichi property to date has demonstrated that it holds at least one large structure (the Croteau-Bouchard Shear Zone - CBSZ) that has the capacity to host large volumes of gold-bearing deposits. Geophysical and structural studies also indicate the presence for additional structures and "traps" elsewhere on the property.

Over the past six months, Northern Superior completed a property scale prospecting program on the combined Croteau Est project, which included:

- 193 km<sup>2</sup> area of interest mapped;
- 34 bedrock samples collected for petrographic study;
- 156 prospecting samples collected and submitted for fire assay.

The Company is pleased to report that in the first six months of 2013, it negotiated a Pre-Development Agreement on the Croteau Est property with the Cree Nation of Oujé-Bougoumou, the Grand Council of the Crees and the Cree Regional Authority.

**Grizzly Property**

In July 2013, the Company entered into an option agreement to acquire 100% of the Grizzly gold property, within the important Chibougamau gold/copper camp of west-central Québec.

The Grizzly property is a strategic addition to the Company's portfolio, specifically complementing the Croteau Est project. The property is located between two major faults within a east-west deformation corridor that is thought to extend eastward towards the Croteau Est gold property. Several drill-ready targets have been identified on the property including the Guettard Nord, "Z", Grizzly, Queenimich and Gladstone occurrences. Northern Superior plans to complete a prospecting and mapping program during the summer and fall of 2013 on the property in order to enhance the understanding of the geology associated with known occurrences, and to identify additional targets.

To earn a 100% interest in the Grizzly property the Company must spend an aggregate of \$1.7 million on exploration over five years, make cash payments totaling \$315,000 over five years, and issue 1,000,000 shares of the Company during the last 4 years of the option. For additional details on the terms of the acquisition, please refer to the Company's news release dated July 16, 2013.

The Company has initiated a property-scale prospecting program on the Grizzly property.

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***Ti-pa-haa-kaa-ning ("TPK") Property***

Over the past six months, the Company has been actively advancing exploration on its TPK property in northwestern Ontario as follows:

- Completed compilation and integration of all data sets, including all:
  - Overburden geochemistry data;
  - Overburden heavy mineral data;
  - Overburden boulder data;
  - Reverse circulation heavy mineral data;
  - Reverse circulation geochemical data (heavy mineral INA);
  - Reverse circulation bedrock whole rock geochemical data (INA and ICP);
  - Channel sampling data; and
  - Core drill data.
- Completed the following exploration camp maintenance and upgrades:
  - Removal of 180 empty fuel drums; and
  - Upgrading of fuel berm and discharge filtration system.
- Obtained extension of time commitment and the integration of the TPK, New Growth and New Growth Annex into the EEBA with Neskantaga First Nation.
- Completed three separate exploration plans and budget scenarios for the next phase(s) of exploration on the TPK property.

**OUTLOOK**

Northern Superior is continuing to build on the progress achieved on its exploration properties during the current year-to-date by:

- a) integrating and interpreting its TPK databases to identify additional core drill targets in order to complete an NI 43-101 technical report;
- b) compiling and interpreting data from its 2013 exploration activities on the Croteau Est gold property in order to identify additional core drill targets;
- c) developing a baseline geoscientific data base for the Grizzly gold property in order to support prospecting efforts and define core drill targets; and
- d) continuing to nurture the strong relationships which the Company has established with its First Nation stakeholders.

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***Croteau Est Property***

The Company's current plan and outlook for the Croteau Est property is as follows:

- Complete QA/QC of assay data received from the last core drill program, interpret and integrate these latest assay results into the Companies database by the end of Q3;
- Interpret and integrate data (once received) from the reverse circulation drill program, by the end of Q3;
- Finalize the geophysical report and prioritize geophysical targets identified from the combined airborne geophysical data base by the end of Q3;
- Complete the property scale litho-structural interpretation from the combined helicopter-borne magnetic/EM surveys to identify key structural traps that may host economic gold and base metal mineralization, by the end of Q3;
- Interpret and prioritize core drill targets identified from the reverse circulation drill program, combined airborne geophysical surveys and from the associated litho-structural interpretation, and targets identified from the Q2 prospecting program; and
- Initiate a trenching, bedrock sampling and mapping program in Q3 for at least three new targets.

***Grizzly Property***

The Company's current plan and outlook for the Grizzly property is as follows:

- Complete compilation of all available public data sets and integrate into the Company's data bank;
- Complete prospecting and geological mapping program;
- Interpret all data derived from the prospecting program and identify any new exploration targets; and
- Complete plan for a 2014 exploration program.

***Ti-pa-haa-kaa-ning ("TPK") Property***

The Company's current plan and outlook for the TPK property is as follows:

- Complete necessary camp maintenance and upgrades by the end of Q3;
- Complete a 43-101 technical report incorporating all explorations efforts to date on the TPK property, end of Q3;
- Identify additional exploration targets, and complete further evaluation on current exploration targets, from the integrated data set; and
- Identify and engage exploration partner(s).

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**RESULTS OF OPERATIONS**

In the six months ended June 30, 2013, the Company incurred net expenditures of \$1,067,742 (2012-\$4,155,580) on exploration and evaluation properties. The largest amount of exploration expenditures were spent on the Croteau Est project (which consists of the Croteau Est and Waconichi properties), with net expenditures of \$900,979 spent during the six months ended June 30, 2013. In May 2013, the Company spent \$225,000 cash to acquire an outright 100% interest in the Waconichi property.

A net loss of \$820,025 (2012-\$698,819) was recorded for six months ended June 30, 2013. The 2012 net loss amount was \$698,819, after recognition for accounting purposes of \$725,753 in flow-through share income.

Operating expenses of \$869,949 (2012-\$1,154,520) were lower than for the same period last year due to cost reductions in office expenses and shareholder information costs .

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 six months ended June 30, 2013 and 2012 was as follows:

	Three Months ended June 30		Six Months ended June 30	
	2013	2012	2013	2012
Consulting fees	\$ 18,324	42,878	\$ 39,644	\$ 89,847
Office expense	47,106	\$ 63,574	96,972	126,318
	<b>65,430</b>	106,452	<b>136,616</b>	216,165
Exploration and evaluation properties	(74,605)	105,238	(20,158)	180,656
Total share-based payments	\$ (9,175)	\$ 211,690	\$ 116,458	\$ 396,821

**QUARTERLY FINANCIAL INFORMATION**

<i>Fiscal Quarter ended</i>	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2012	Sept. 30, 2012
Interest income	\$ 23,285	\$ 26,639	\$ 29,875	\$ 34,335
Net income (loss)	(394,778)	(425,247)	(2,348,357)	(8,538)
Net income (loss) per share* - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
Total Assets	35,850,626	36,737,741	36,751,687	39,282,360
<i>Fiscal Quarter ended</i>	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sept. 30, 2011
Interest income	\$ 37,901	\$ 45,799	\$ 56,482	\$ 65,898
Net income (loss)	(547,536)	(151,283)	(3,562,016)	313,003
Net income (loss) per share* - basic and diluted	(0.00)	(0.00)	(0.01)	0.00
Total Assets	39,110,166	40,424,629	40,292,058	43,165,817

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

A net loss of \$394,778 (2012-\$547,536) was recorded for three months ended June 30, 2013. The net loss for the same period last year was \$884,922, before recognition for accounting purposes of \$337,386

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in flow-through share income. Operating expenses of \$418,063 (2012-\$571,131) were lower than for the same period last year due to deliberate cost reductions in office and shareholder information costs .

A net loss of \$425,427 (2012-\$151,283) was recorded for three months ended March 31, 2013. The net loss for the same period last year was \$503,650, before recognition for accounting purposes of \$388,367 in flow-through share income. Operating expenses of \$451,886 (2012-\$571,131) were lower than for the previous year due to cost reductions in office, shareholder information and consulting costs.

In 2012, the Company's net losses in all four quarters were significantly impacted by flow-through share income as follows:

Flow-through Share Income	2012
<i>Fiscal quarter ended</i>	
March 31	\$ 388,367
June 30	337,386
September 30	453,155
December 31	121,153
	\$1,300,161

**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 June 30, 2013 the Company had \$6,451,890 cash and no debt, other than current trade debt. The Company's working capital as at June 30, 2013 was \$6,785,454 (December 31, 2012-\$9,038,791).

Cash used in operating activities during the six months ended June 30, 2013 was \$714,724 (2012-\$679,960). Depreciation, share based payments 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 June 30, 2013 include \$79,437 in government sales taxes receivable, \$27,372 in accrued interest income, \$39,597 in prepaid expenses and \$259,098 in refundable tax credits on exploration expenditures in Québec. The Company also has long-term receivables of \$536,773 in refundable tax credits from on exploration expenditures in Québec.

The Company's principal activity is the acquisition and exploration of exploration and evaluation properties. During the six months ended June 30, 2013, the Company incurred net expenditures of \$1,067,742 (2012-\$4,155,580) on exploration and evaluation properties, with \$2,170,879 representing the cash portion of exploration property expenditures incurred during the period (2012-\$4,206,219). 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 January 1, 2013, Northern Superior had 188,501,043 outstanding common shares and at June 30, 2013 9,969,567 outstanding options to acquire Company shares, of which 4,559,549 of these options were vested and exercisable. No shares were issued during the six months ended June 30, 2013.

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The following is a summary of stock options outstanding at June 30, 2013, of which 4,559,549 were exercisable:

<b>Number of Options</b>	<b>Exercise Price</b>
5,204,567	\$0.10 - \$0.19
2,565,000	\$0.20 - \$0.39
2,150,000	\$0.40 - \$0.59
50,000	\$0.60 - \$0.79
<b>9,969,567</b>	

**RELATED PARTY TRANSACTIONS**

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

<i>Six months ended June 30,</i>	<b>2013</b>	<b>2012</b>
Management and other fees	\$ 176,970	\$ 22,000
Salaries and wages	288,179	192,827
Share-based payments	46,050	120,969
	<b>\$ 511,199</b>	<b>\$ 335,796</b>

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.

**CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates where management's judgment is applied include asset valuation, asset retirement obligations, income taxes, contingent liabilities, share-based payments and ability to continue as a going concern. Actual results may differ from those estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and further periods if the review affects both current and future periods.

**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

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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.

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*

As at June 30, 2013, all of the funds received from a \$500,000 private placement completed in June 2012 have been expended on working capital for the Company.

**COMMITMENTS**

	Less than 1 year	1 - 5 years	5 or more years	Total
Operating lease - office lease	\$ 21,863	\$ 160,325	\$ -	\$ 182,188

The Company has future commitments under exploration and evaluation property option agreements to issue shares and incur exploration expenditures.

**CORPORATE GOVERNANCE**

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

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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 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 PERSON**

Mr. Scott Parsons 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. Parsons has prepared or supervised the preparation of the scientific or technical information for the properties as referred to in this MD&A.

**ADDITIONAL INFORMATION**

Additional information is provided in the Company's audited financial statements for the year ended December 31, 2012. These documents are available on SEDAR at [www.sedar.com](http://www.sedar.com).