Northern Superior Resources Inc.
Management's Discussion and Analysis
For the year ended December 31, 2011

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 audited financial statements of the Company, including the notes thereto, 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.

The Company's audited financial statements for the year ended December 31, 2011 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and the audited financial statements for the year ended December 31, 2010 have been amended to reflect adjustments identified as a result of the conversion to IFRS. This MD&A has taken into account information available up to and including March 8, 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

Awards of Distinction:

- Recognized as one of top ten companies in the mining and exploration category of the "TSX-Venture 50 Company" awards in 2011.
- Awarded the 2011 Ontario Business Achievement Award for Corporate Governance by the Ontario Chamber of Commerce.

Financial:

- Completed $10 million private placement financing in January 2011.
- Completed $8.6 million flow-through financing in January 2011.
- Received an aggregate of $1,800,000 from Rainy River Resources Ltd. ("Rainy River") from property option agreement on Ti-pa-haa-kaa-ning property and private placement investment.
- Received $1.1 million from the exercise of private placements warrants in 2011.
- Spent $8.5 million directly on exploration and evaluation of properties in 2011.
- Option partners spent $4.6 million on Northern Superior-optioned properties in 2011.
- Approximately $17 million cash in treasury (March 2012).

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

- Rainy River, the option partner and operator on the TPK property completed the following exploration:

  a) Completed (Rainy River- April 13th, 2011) a second phase, 2,900 m diamond drill program
  b) Completed camp upgrades, fall 2011

c) Completed a second phase reverse circulation drill program, defining a total of eight priority diamond drill targets based on distribution and concentration of gold grains on the bedrock surface, and better defined a bedrock geology map from bedrock chips (see press release, December 8, 2011)
d) Initiated 7,500 m diamond drill program, January 16th, 2012 (see press release, January 17, 2012).

Croteau Est:

- Signed an option agreement to acquire 100% of the Croteau Est property (see press release, August 24, 2011).
- Complete first phase prospecting, bedrock mapping, ground geophysics, reported assays of 92.57 g/t gold over 1m (or 12.8 g/t gold over 7.9 m; see press release October 10, 2011) and 1.9 g/t gold over 33.8 m (see press release September 21, 2011).
- Completed a 1,271 line kilometer airborne geophysical survey.
- Initiated a 5,000 m diamond drill program (see press release December 5, 2011).
- Reported visible gold in two of the first eight holes completed prior to 2011 year-end (see press release December 19, 2011).
- Intersected significant gold-bearing shear zones highlighted by assays that included 12.74 g/t gold over 5.85 m: 170.15 - 176 m; 12.76 g/t gold over 8.75 m: 181.75- 190.5 m; and 3.05 g/t gold over 3.0 m: 240.7- 243.7 m).

New Growth:

- Signed an Early Exploration Benefits Agreement with Neskantaga First Nation.
- Completed a first phase prospecting and overburden sampling program highlighted by the recovery of a large boulder that assayed 12.60 g/t gold, 111 g/t silver and 4.05% copper (see press release September 14, 2011).
- Completed a high resolution airborne geophysical survey.
- Completed a second phase prospecting and overburden sampling program (see press release October 25, 2011) highlighted by:
  e) Recovery of 100 mineralized boulders, 83 of which contain anomalous gold values, one of which contained coarse visible gold (727 g/t gold).
  f) Definition of the Keely Lake gold grain-in-till dispersal corridor (minimum width of 3.5 km).
- Defined the extension of the TPK gold-bearing shear zone onto the New Growth property (23 km long) through three, independent collaborating lines of evidence (geophysics, gold grain distribution and soil Arsenic values) and 5 associated diamond drill targets for gold mineralization (see press release December 6, 2011).
- Completed additional staking to capture head of the Keely Lake gold grain-in-till dispersal corridor and a new greenstone belt, source of the associated gold grains and mineralized boulders (see press release December 7, 2011).
- Completed grid cutting and ground geophysics (induced polarization and magnetic).
- Initiated a 3,000 m, 10-15 hole diamond drill program.

Rapson Bay:

- Signed an exploration agreement with Sachigo Lake First Nation.
- Expanded the property from 15 claims (3,840 hectares) to 111 claims (26,135 hectares).
- Completed prospecting, mapping and overburden sampling programs.
- Completed an airborne, total magnetic field survey consisting of 5,124 line kilometers.

- Completed a ground-based, induced polarized geophysical survey, consisting of 5 lines, each line 1.2 km long and spaced 100 m apart.
- Completed a 9 hole, 3,000 m diamond drill program that lead to the discovery of:
  a) A new gold- porphyry system, the main zone assayed 1.83 g/t gold, 6.65 g/t silver, 1.08% copper, 0.059% molybdenum over 18.0 m, including the peripheral zones 0.83 g/t gold, 3.07 g/t silver, 0.55 % copper and 0.028 % molybdenum over 52.5m (see press release January 11, 2012).
  b) Defined 4 km long gold-fertile section of the Stull Wunnimun fault highlighted by an intersection that assayed 32.6 g/ t gold over 1.0 m (Note: all seven holes returned positive assay values for gold above background values, thirty-two different mineralized zones were intersected- see press release January 23, 2012).

Meston Lake:

- Expanded the property from 4 claims (1,024 hectares) to 84 claims (19,688 hectares).
- Completed an airborne, total magnetic field survey consisting of 4,702 line kilometers.
- Completed review of all historic data, including diamond drill logs filed for assessment from Sherritt Gordon (1970's) drill program.
- Recognized 5 different styles of mineralization on the property including:
  a) copper-gold;
  b) molybdenum-gold;
  c) magmatic copper-nickel-platinum group elements (PGE);
  d) VMS-type mineralization; and e) copper.
- Completed prospecting and overburden sampling program.
- Located key Sherritt Gordon drill collar locations and associated drill core, which was logged and sampled.
- Completed cutting grids and ground geophysical surveys over four Sherritt Gordon targets.

Thorne Lake:

- Completed termination agreement with INV Metals Corp. regarding the option agreement between INV Metals and Northern Superior, allowing Northern Superior to regain 100% control of the Thorne Lake gold property, northwestern Ontario.

Wachigabau:

- Completed a 2,000 m, six hole diamond drill program.

Lamarck Creek

- Combined property, formerly Chibougamau River and Lamarck Creek.
- Completed sonic drill program consisting of 44 holes or 748 m (626 m of unconsolidated material and 12 m of bedrock.
- Completed an overburden sampling program, samples submitted for gold grain analysis.
- Signed an option agreement with Paget Minerals Corporation ("Paget"- see press release November 22, 2011).
- Completed a two hole, 618 m diamond drill program focused on a shear zone defined by airborne geophysics and an INAA gold till anomaly.

Surprise:

- Combined property, formerly Surprise, Hazeur and Lespinay.
- Completed an 88 km ground magnetic and induced polarized geophysical survey.
- Completed a 4,141 line km airborne magnetic survey.

Win Win:

- Completed agreement to acquire project (see press release, September 1, 2011).
- Completed a 1,446 line km, airborne magnetic survey.

OUTLOOK

During December 2010 and January 2011 the Company raised $18.6 million in equity financings. A decision was made to invest a portion of those funds through 2012 into Northern Superior's geoscientific data base with the intent of identifying at least one more additional "TPK-like" opportunity. In fact, from the 2011 exploration program the Company has now identified 7 such opportunities on 5 properties: TPK, Croteau Est, New Growth, New Growth Annex,Thorne Lake, Rapson Bay (Shoal and Wynne Bay). Northern Superior will focus its exploration efforts on three of these properties (TPK, New Growth Annex and Croteau Est) and intends to option out all properties.

Ti-pa-haa-kaa-ning:

- Completion of a 20- 25 hole, 7,500 m diamond drill program, 2nd Quarter 2012.
- Plan for additional exploration programs, based on results of diamond drill program.

Croteau Est Property:

- Completion of a 20-25 hole, 5,000 m diamond drill program, 2nd Quarter 2012.
- Complete a prospecting, mapping, overburden sampling and ground geophysical program, 3rd and 4th Quarters 2012.
- Plan for a diamond drill program, 4th Quarter 2012.

New Growth:

- Completion of a 6 hole, 3,000 m diamond drill program, 1st and 2nd Quarters 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, 2nd 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.

Northern Superior has a number of 100% owned properties (see Company website, 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 year ended December 31, 2011, the Company incurred expenditures of $9,276,085 (2010-$8,807,106) on exploration and evaluation properties. The net increase in exploration and evaluation properties during the year was $4,375,195 (2010-$8,415,985), after accounting for cash payments and recoveries, write-offs and adjustments. In 2011 Northern Superior received a $1,300,000 cash payment from Rainy River in regard to the TPK property. The Company also received a total of $389,402 in option payments and cash recoveries in regard to the Wachigabau, Thorne Lake and Lamark Creek properties.

In 2011 the Company conducted exploration field programs on nine properties, with four projects accounting for the majority of expenditures as follows:

	2011 Expenditures
Rapson Bay	$3,049,558
Meston Lake	1,571,187
New Growth	1,058,270
Croteau Est	977,188

A net loss of $3,712,189 (2010-$1,239,935) was recorded for the year ended December 31, 2011. The net loss amount includes recognition for accounting purposes of $1,885,736 (2010-nil) in flow-through share income, in regard to the January 2011 flow-through share financing completed by the Company.

In the year ended December 31, 2011, the Company wrote-off its investments in the Ville Marie and Ellard Lake properties and recorded write-off expenses of $2,110,626 and $151,060, respectively, which

amounts were included in the Company's statement of loss for the year. The Wachigabau property was also written down by $956,958, which was also added to the Company's write-off expenses for the year. These property write-downs were determined at the end of the year, following asset impairment reviews by management.
Operating expenses of $2,657,515 (2010-$1,491,115) were significantly higher than last year primarily due to increases in three expense categories: office expenses, shareholder information costs and share based payments. Office expenses increased to $1,432,964 (2010-$819,944) due to increases in personnel costs and non-cash share-based payments attributed to administration staff (see table below). In 2011, the Company spent $157,884 on computer hardware and software purchases, which were primarily used to equip the additional personnel hired by the Company during the year. The Company's personnel roster doubled from 7 at the end of 2010 to 14 at the end of 2011, not including seasonal employees.

Shareholder information costs of $614,423 (2010-$329,875), increased due to increased conference and trade show costs, higher printing costs and website re-development costs.

The Company reports share-based payments by allocating such expenses to office expense, consulting fees, and to exploration properties for employees involved in exploration work. The allocation of share-based payments for the years ended December 31, 2011 and 2010 were as follows:

Years ended December 31,		**2011**		2010
Exploration and evaluation properties	**$**	**359,764**	$	107,923
Consulting fees		**266,984**		99,146
Office expense		**213,028**		144,232
Total share-based payments	**$**	**839,776**	$	351,301

SELECTED ANNUAL FINANCIAL INFORMATION

The following selected financial data has been prepared in accordance with IFRS for 2011 and 2010, and in accordance with Canadian generally accepted accounting principles for 2009. This table should be read in conjunction with the Company's audited financial statements.

Years ended December 31,	**2011**	2010	2009
	(IFRS)	(IFRS)	(GAAP)
Financial Results:			
Interest income	**$ 248,132**	$ 23,549	$ 3,769
Net (Loss) Income	**(3,712,189)**	(1,239,935)	(75,437)
(Loss) Income per share* - basic and diluted	**(0.02)**	(0.01)	(0.00)

as at December 31:	**2011**	2010	2009
	(IFRS)	(IFRS)	(GAAP)
Financial Position:			
Working Capital	**$ 15,776,704**	$ 6,902,039	$ 5,299,180
Exploration and Evaluation Properties	**22,415,623**	18,040,428	9,600,818
Future Income Tax Assets	**-**	-	1,293,700
Total Assets	**40,292,058**	25,142,831	16,676,839
Share Capital	**62,099,111**	46,183,099	30,521,027
Reserves - stock options and warrants	**5,154,196**	4,087,055	4,017,081
Reserves - available-for-sale investments	**-**	37,500	192,375
Deficit	**(29,055,012)**	(25,342,823)	(18,190,046)
Number of shares issued and outstanding	**185,522,798**	156,611,458	100,570,691

**(Loss) Income per share is calculated based on the weighted average number of shares outstanding.*

QUARTERLY FINANCIAL INFORMATION

Fiscal Quarter ended	**Dec. 31, 2011**	Sept 30, 2011	June 30, 2011	Mar. 31, 2011
Interest income	**$ 56,482**	$ 65,898	$ 68,829	$ 56,923
Net income (loss)	**(3,562,016)**	313,003	64,587	(527,763)
Net income (loss) per share* - basic and diluted	**(0.01)**	0.00	(0.00)	(0.00)

Fiscal Quarter ended	Dec. 31, 2010	Sept 30, 2010	June 30, 2010	Mar. 31, 2010
Interest income	$ 11,043	$ 3,940	$ 5,448	$ 3,118
Net income (loss)	(440,807)	(344,052)	(314,306)	(140,770)
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.*

In the quarter ended December 31, 2011, the Company incurred expenditures of $4,210,817 on exploration and evaluation properties. In November 2011, the Company reacquired 50% of the Thorne Lake property by making a cash payment of $500,000 and issuing of 750,000 shares, with a deemed value of $172,500. Both of these amounts were charged to acquisition costs of the project.

A net loss of $3,562,016 was recorded for the three months ended December 31, 2011, compared to a loss of $440,807 for the three months ended December 31, 2010. The largest component of the loss was due to the $3,218,644 (2010-$Nil) write-offs on the Ville Marie, Ellard Lake and Wachigabau exploration and evaluation properties at the end of 2011. Operating expenses of $832,415 (2010-$589,918) were higher than the same period last year primarily as a result of increases in office expenses and share based payments. A flow-through share income of $432,560 (2010-$Nil) was recognized for the three months ended December 31, 2011 as a result of the Company incurring qualifying Canadian exploration expenditures.

In the quarter ended September 30, 2011, the Company incurred expenditures of $2,545,071 on exploration and evaluation properties, and completed a $500,000 private placement, the second of three private placements from Rainy River stipulated in last year's TPK option agreement. In the quarter ended September 30, 2011, the Company also received $1,100,000, resulting from the exercise of 5,500,000 warrants.

Net income of $313,003 was recorded for the three months ended September 30, 2011, compared to a loss of $344,052 at September 30, 2010. Operating expenses of $623,483 (2010-$340,993) were higher than the same period last year primarily as a result of increases in office expenses and share based payments. A flow-through share income of $870,706 was recognized for the three months ended September 30, 2011 as a result of the Company incurring qualifying Canadian exploration expenditures.

Quarterly operating costs were consistently higher in 2011 compared to the previous year, due to increased administration costs required to support the Company's increasing resource property portfolio and expanding exploration programs. This was obscured by the large fluctuations caused by share based payments, gains on the sale of investment securities, and flow-through share renunciations. A significant factor in the increased losses in Q4 2011 and Q4 2010 was share based payments recorded from incentive stock options granted during those quarters. The Company realized gains from the sale of investment securities of $115,864 in Q1 2010 and $141,399 in Q4 2010. As a result of the change in accounting policy related to flow-through shares, a $1,293,700 tax recovery on renunciation of flow-through share exploration expenditures was recorded in Q1 2010, rather than Q4 2009, with an offsetting income tax expense of an equal amount.

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 December 31, 2011 the Company had $17,094,074 cash and no debt, other than current trade debt.

In the year ended December 31, 2011, the Company's principal sources of cash were:

- Private placement completed in January 2011 for gross proceeds of $10,000,000.
- Flow-through private placement completed in January 2011 for gross proceeds of $8,637,820.
- Payment from Rainy River related to option agreement on TPK property for $1,300,000.
- Private placement from Rainy River related to option agreement on TPK property, completed in July 2011 for gross proceeds of $500,000.

- Proceeds from exercise of stock options and warrants of $1,411,187.

Cash used in operating activities during the year ended December 31, 2011 was $1,814,225 (2010-$1,286,481). Depreciation, share based payments, a gain on sale of investment (marketable securities), flow-through share income and changes in non-cash working capital items make up the amounts that reconcile the statement of loss for the year to the statement of cash flows from operating activities.

In January 2011, the Company sold 150,000 shares of Forum Uranium Corp. ("Forum") for cash proceeds of $45,000.

Prepaids and receivables at December 31, 2011 include $348,936 in refundable government sales tax credits, $184,306 in option earn-in reimbursement on the Wachigabau project, $48,456 in government of Quebec refundable mining credits, and $171,973 in accrued interest income.

The Company's principal activity is the acquisition and exploration of exploration and evaluation properties. During the year ended December 31, 2011, the Company incurred expenditures of $9,276,085 (2010-$8,807,106) on resource properties, with $8,238,557 representing the cash portion of resource property expenditures incurred during the year (2010-$4,631,418). 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 the beginning of 2011, Northern Superior had 156,611,458 outstanding common shares and 7,753,900 outstanding options to acquire Company shares, of which 4,023,900 of these options were vested and exercisable. The following shares were issued since the beginning of 2011:

Issued and outstanding	No. of Shares
Balance, January 1, 2011	156,611,458
Common shares issued for exploration and evaluation property	750,000
Exercise of stock options	1,134,332
Exercise of warrants	5,600,000
Exercise of compensation options	807,350
Private placements (January 2011 and July 2011)	20,619,658
Balance, December 31, 2011	185,522,798

The following is a summary of stock options outstanding at December 31, 2011, of which 3,986,228 were exercisable:

Number of Options	Exercise Price
2,454,568	$0.01 - $0.19
4,035,000	$0.20 - $0.39
2,900,000	$0.40 - $0.59
435,000	$0.60 - $0.79
9,824,568	

The following is a summary of Compensation Options outstanding:

Date issued	Number of Options	Exercise price	Expiry date
January 12, 2011	750,000	$ 0.80	January 12, 2012
January 27, 2011	403,846	$ 0.80	January 27, 2012
	1,153,846		

RELATED PARTY TRANSACTIONS

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

Years ended December 31,		**2011**		2010
Management and other fees	**$**	**112,451**	$	99,050
Salaries and wages		**973,312**		394,232
Share-based payments		**598,647**		192,603
	$	**1,684,410**	$	685,885

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.

CHANGES IN ACCOUNTING POLICIES – INITIAL ADOPTION

Adoption of International Financial Reporting Standards ("IFRS")

The Company's audited financial statements as at and for the years ended December 31, 2011 and 2010 have been prepared in accordance with IFRS as issued by the IASB. Previously, the Company prepared its 2010 annual financial statements in accordance with Canadian GAAP.

IFRS 1 requires the consistent and retrospective application of IFRS accounting policies as at and for the year ended December 31, 2010 and an opening Statement of Financial Position as at January 1, 2010.

To assist with the transition, the provisions of IFRS 1 allows for certain mandatory and optional exemptions for first-time adopters to alleviate the full retrospective application of IFRS. The Company has elected to apply the following relevant exemptions:

Share-based Payment -- IFRS 1 encourages, but does not require, first time adopters to apply IFRS 2, Share-based Payment to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before January 1, 2010. The Company elected not to apply IFRS 2 to equity instruments that vested prior to January 1, 2010.

Hindsight was not used to create or revise estimates and accordingly the estimates previously made by the Company under Canadian GAAP are consistent with their application under IFRS. A summary of IFRS 1 mandatory and option exemptions are described in Note 18 to the annual financial statements.

The IFRS accounting policies are set forth in Note 3 to the annual audited financial statements. A detailed explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flow, including the reconciliations required by IFRS 1, is presented in Note 18 to the financial statements.

Canadian GAAP to IFRS differences:

(a) IFRS 2, Share-based payment

The Company elected to apply IFRS 2 only to those stock options granted subsequent to November 7, 2002 and not vested before January 1, 2010. In addition, the Company has adopted an accounting policy to capitalize certain of the share-based payments related to stock options granted to employees and non-employees for work performed on the Company's exploration and evaluation properties as a component of those properties. This resulted in an an increase in exploration and evaluation properties, increase of stock options reserve, and a net decrease in deficit as at January 1, 2010 of $23,625, $19,029 and $4,596, respectively, and a further increase in exploration and evaluation properties, a further increase in stock options reserve and a decrease in share-based payment expense of $107,923, $73,783 and $34,140, respectively, for the year ended December 31, 2010.

(b) Flow-through shares

Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under Canadian GAAP. Under Canadian GAAP, the Company accounted for the issue of flow-through shares in accordance with the provisions of CICA Emerging Issues Committee Abstract 146, "Flow-through Shares". At the time of issue, the funds received are recorded as share capital. At the time of the filing of the renunciation of the qualifying flow-through expenditures to investors, the Company recorded a deferred tax liability with a charge directly to shareholders' equity. Also under Canadian GAAP, a portion of the deferred tax assets that were not recognized in previous years, due to the recording of a valuation allowance, are recognized as a recovery of income taxes in the statements of operations.

IFRS does not contain explicit guidance pertaining to this tax incentive. Therefore, the Company has adopted a policy whereby the premium paid for flow-through shares in excess of the market value of the shares without the flow-through features at the time of issue is initially recorded as a flow-through liability and included in trade payables and accrued liabilities. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through liability is reversed, with any difference charged to the statements of operation as deferred tax expense. A portion of the deferred tax assets that were not recognized in previous years, due to the recording of a valuation allowance, will reduce the deferred tax liability and record a deferred tax recovery.

The change in accounting policy related to flow-through shares resulted in an increase in share capital, an increase in deficit and a decrease in deferred tax asset as at the Transition Date of $4,623,738, $5,917,438 and $1,293,700, respectively, and an increase in share capital as at December 31, 2010 of $1,293,700.

(c) Reclassification within Equity section

Under Canadian GAAP, "Contributed surplus" was used to record the issuance of warrants and stock options. Upon adoption of IFRS, the balances in "Contributed surplus" have been reclassified to "Stock options reserve" and "Warrants reserve". In addition, the Company reclassified the balance of the "Accumulated other comprehensive income" that existed under Canadian GAAP into "Available-for-sale investments reserve".

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 deficit.

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

Planned Use of Proceeds	***Actual Use of Proceeds to December 31, 2011***
January 2011 Private Placement Financing:	
• $10,000,000 to be used for exploration on the Company's gold projects and general corporate purposes.	• $1,392,233 has been applied to financing expenses. • $2,174,884 has been applied to operating activities. • $4,344,419 has been applied to resources properties and investing activities. • $2,088,464 remains to be spent.
January 2011 Flow-Through Financing:	
• $8,637,480 to be used for exploration on the Company's gold projects in Ontario and Quebec.	• $5,112,736 has been used for exploration. • $3,524,744 remains to be spent.

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 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.