

# SUPERIOR MINING INTERNATIONAL CORPORATION

## FORM 51-102F1 MANAGEMENT DISCUSSION AND ANALYSIS PERIOD ENDED JANUARY 31, 2009

The following discussion and analysis, prepared as of March 23, 2009, should be read together with the unaudited consolidated financial statements for the six month period ended January 31, 2009 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

The reader should also refer to the annual audited financial statements and the Management Discussion and Analysis for the year ended July 31, 2008 and 2007.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Description of business**

The Company is a Canadian company incorporated in the Yukon Territory and trades on the TSX Venture Exchange under the symbol SUI. On May 10, 2006, the Company changed its name to Superior Mining International Corporation from Superior Mining Corporation and consolidated its outstanding shares on a basis of five existing shares to one new share. The Company is primarily engaged in the acquisition and exploration of mineral properties in South Africa and New Zealand. 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. 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.

### **Mineral properties**

#### *Mangalisa Property, South Africa*

In October 2007, the Company was granted the right to explore for Witwaterstrand Basin-hosted gold mineralization in the eastern part of the Free State Goldfield. The Free State Goldfield is one of the six major goldfields comprising the Witwatersrand Basin in South Africa. The Witwatersrand Basin contains a near continuous rim of mines over a distance of 300 km with historical production of 1.5 billion ounces of gold since 1887. It is by far the largest extent of gold mineralization of any coherent geological entity so far discovered in the world.

The granted lease, which covers an area of approximately 180km<sup>2</sup>, is located to the east of the village of Riebeeckstad which is a few kilometers from the well established mining town of Welkom.

The exploration license is underlain by Central Rand Group rocks which host the gold bearing quartz pebble placer reefs of the Witwaterstrand Basin.

Established mines of the Free State goldfield are located to the south of Superior's property as well as a few kilometers to the west on the western side of the De Bron structure which is a well known geological feature of the Free State Goldfield.

The mines of the Free State goldfield (the first of which was established in 1949) have collectively produced more than 300 million ounces of gold as well as a substantial amount of bi-product uranium. The gold and uranium ore has been recovered principally from the Basal Reef (a reef generally less than 1 meter thick) which is widespread in its distribution across the goldfield. A number of other reefs located above the Basal Reef, with more local or confined distribution, have also been mined in places. The other reefs include the Leader, "B", "A", and Beatrix reefs. The Basal, "B" and "A" reefs are all reported to be mined on the Masimong 5 mine immediately south of Superior's property.

The Company's objective is to evaluate its property area using diamond drilling to determine whether one or more gold enriched reefs occur and thereafter to determine whether a mineable ore deposit can be delineated.

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*Mangalisa Property, South Africa (cont'd...)*

The Company has commenced its exploration drilling program at its Mangalisa property in the eastern part of the Free State Goldfield, South Africa. This program represents an important milestone for the Company as the Company launches its exploration efforts and works to advance its South African asset base. The Company holds an 87% interest in the Mangalisa property. Superior is exploring for Witwatersrand Basin reef-hosted gold and uranium mineralization in this area. The Company's objective is to explore this license area by diamond drilling to establish the presence of one or more of these reefs on the Mangalisa property and to delineate a mineral resource in the area.

On February 17, 2009 the Company announced assay results from an exploration drilling program at its Mangalisa property.

**SIGNIFICANT INTERSECTIONS:**

PG-1 / 12 776.32 – 776.77 (0.45 m) @ 45.8 g/t Au & 3.79 kg/t U  
[Inc] 776.56 – 776.77 (0.21 m) @ 91.8 g/t Au & 7.24 kg/t U

PG-1 / 13 776.13 – 776.45 (0.32 m) @ 51.1 g/t Au & 4.27 kg/t U

PG-1: Re-opened 1998 drill hole (UMT: 35J, X: 3,080,224, Y: 0,011,792,  
Elevation: 1,395 m AMSL, Direction: 263o, Inclination: 85o)  
/ xx: Deflection number. Deflections 0 to 10 were drilled in 1988. Core was not recovered from  
Deflection 11.

These results represent an important discovery for Superior, highlighting the presence of significant gold and uranium mineralization at much shallower depths than that found in the majority of mines currently operating within the Witwatersrand Basin. The highest gold and uranium grades are contained within a thin, small pebble conglomerate band and the associated carbon seam at its base. This reef has been named the 'Erfernis Reef' and forms part of a reef system that has been intersected at a depth of less than 800 metres (m). In comparison, Harmony Gold's operating Masimong gold mine, located less than 10 km south of Superior's property, produced 117,575 ounces of gold during the 2008 fiscal year from reefs approximately 2,000 m deep ([www.harmony.co.za](http://www.harmony.co.za)).

A total of seven pre-collar percussion holes plus three water wells were drilled initially (2,394 m drilled). Two of the percussion holes were then deepened by diamond drilling and one historical hole, previously drilled in 1988, was re-opened. Further work included the completion of wedging and deflection drilling of seven separate deflection intervals (1,350.6 m drilled by diamond drill). Refer to Figure 1. Samples were collected and analyzed from select intervals from two drill holes, PG-1 and ERF-1, and their respective deflections. Assay results from significant intersections in hole PG-1 are presented above. No other significant intersections were encountered.

Drilling of ERF-2 was suspended prior to completion pending receipt of analytical results and geological interpretation of core from PG-1 and ERF-1. The need for continued drilling of ERF-2 and the other four pre-collared holes (ERF-3, ERF-4, NGT-1 and NGT-2) will be reassessed based on the geological interpretation of the available core and assay results. These studies will form the basis for the next phase of exploration on the property.

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*Mangalisa Property, South Africa (cont'd...)*

The Company has contracted Percusso-Bor Pty Ltd of Oranjeville, Free State Province, to provide drilling services for this program. The drilling program included a percussive pre-drilling and casing-off of pre-collars through the Karoo sequence of rocks that overlay the Witwatersrand sequence that is of primary exploration interest. The Witwatersrand sequence of rocks was then drilled by NQ wire-line technique. The predicted 'reef' intercepts were drilled by conventional, TNW-sized diamond drilling methods to provide larger diameter core samples. The project laboratory for the analytical component of this program is Set Point Laboratories of Isando, South Africa.

The exploration program, comprising diamond drilling, QA/QC monitoring, core processing and laboratory/analytical procedures is managed and signed-off by Snowden Mining Industry Consultants Pty. Ltd. of Johannesburg.

*Ross Alluvial Goldfield, New Zealand*

*Ray Thomas Project*

In October 2007, the Company entered into an option agreement to acquire a 100% ownership in certain mineral permits, licenses and applications to a mineral property located near Ross Township, New Zealand through the purchase of the shares of R & M Mining Limited.

The Company can acquire 100% ownership of R & M Mining Limited and its permits and any other further permits by completing a feasibility report within five years. If the measured and indicated mineral resource, defined in the feasibility report, contains a minimum of one million ounces of gold on the property, the Company will pay \$5,500,000 AUD (approximately \$4,353,000 CAD) and \$5.00 AUD (approximately \$3.96 CAD) for each additional ounce of gold. If the ounces of gold on the property are less than one million ounces, the Company will pay a purchase price based on a formula of \$5.50 AUD (approximately \$4.23 CAD) for each ounce of gold.

The timeframe within which this option can be executed covers some 60 months from date of signing. The properties in question [comprising 4 Mining Licences/Permits and 2 Exploration Permits] total 544.7 hectares

*Placer Gold Project*

Similarly, in November 2007, the Company entered into an option agreement to acquire a 100% ownership in certain mineral permits of a mineral property located near Ross Township, New Zealand through the purchase of all of the shares of Placer Gold Resources.

The Company can acquire 100% ownership of Placer Gold Resources and its permits by managing all of the required exploration and development work on the mineral property within a 36 month option period. The Company will conduct a minimum of \$500,000 of exploration and development work on the property within the first two years of the option period. If the measured and indicated mineral resource defined under a pre-feasibility report contains a minimum of 300,000 ounces of gold on the property, the Company will pay \$3,000,000 and \$10 for each additional ounce of gold. If the ounces of gold on the property are less than 300,000 ounces, the Company will pay a purchase price based on a formula of \$10 for each ounce of gold.

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*Ross Alluvial Goldfield, New Zealand (cont'd...)*

*Placer Gold Project (cont'd...)*

This property [comprising 2,906 hectares] provides the Company with access to a combined 3,450.7 hectares [some 34.5k<sup>2</sup>] of highly prospective ground for alluvial gold in the historically productive Ross goldfield.

The properties are centred around the small, historic goldmining town of Ross some 71 kilometres south of Greymouth on the West Coast of the South Island of New Zealand.

The first major gold discoveries on the West Coast were made in the area around Ross by the year 1865. Gold was found all around by panning and cradling and the town expanded as a consequence.

Approximately 200,000 ounces of alluvial gold are estimated to have been extracted by underground means between discovery (1865) and the field's gradual demise in 1918.

To the north and south, the area covers parts of the coastal plain consisting of river and fluvioglacial terraces. Inland towards the east, the plain gives way to steeply dissected hills of the Lower Palaeozoic Greenland Group rocks. This is geologically a 'placer' environment with the hills supplying the bulk of the alluvium and gold from the Otago schists in the interior. The contained grades can be expected to decrease with distance away from those steep hills.

The Pliocene age "Old Man Gravels" contain 2 significantly auriferous conglomerate units (the "R6" and "R8"). The "Ross Flat Formation" of lower Pleistocene age however accounted for the gold-rich deep, coarse gravel 'leads' that were selectively mined underground below Ross township in the mid-1800's. This 'formation' supported one of the richest, albeit short lived, alluvial goldfields in New Zealand under what is now the site of Ross. That old, historical activity ceased in 1918 and was resurrected in the late 1980's by Ray Thomas and R&M. The Thomas surface alluvial workings – lying dormant since 2003 to the present - extend over an area some 400m across and a depth of 90m.

The depth of the Ross United shaft indicates there to be a minimum formation thickness of 100 metre. More recent geological interpretations however would suggest there is a depth potential to the Ross Flat Formation of between 250 and 300 metres.

The Company's primary objective is to establish a suite of alluvial gold resources in the general area with a view towards establishing a moderately scaled, low unit-cost, efficient and industrially safe alluvial gold production base in New Zealand.

The evaluation process will comprise a number of activities but as a minimum will be a combination of

- Modern, geophysical techniques [radar/mini-seismic etc.]
- large diameter drill testwork aimed at securing adequate sample size return
- the digging of shallow pits for bulk sample testwork and the appraisal of recovery characteristics

These work programs have commenced.

*Bothaville Gold Project, South Africa*

During the year ended July 31, 2003, the Company entered into a proposed acquisition agreement ("Acquisition Agreement") to purchase all of the issued capital of Celina Overseas Limited ("Celina"). Celina has an option to purchase all of the issued capital of Owl Eye Trading 71 (Pty) Ltd. ("Owl Eye") from Alepro Inc. ("Owl Eye Acquisition"). During the year ended July 31, 2005, in accordance with the terms of the Acquisition Agreement, the Company issued 340,000 common shares valued at \$170,000 to Alepro Inc. Thus, Celina has satisfied its obligations under the Owl Eye Acquisition. Owl Eye holds a prospecting permit in the Bothaville District, Free State, South Africa, as well as option agreements with holders of mineral and prospecting rights in adjoining areas.

During the year ended July 31, 2008, the Company wrote-off its \$249,697 investment in the Bothaville District to operations.

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**Results of operations**

During the period ended January 31, 2009, the Company:

- 1) granted 250,000 stock options resulting in stock-based compensation using the Black-Scholes option pricing model of \$24,220 of which \$12,730 was expensed in the current year, and the remaining \$12,037 will be expensed as the options become exercisable over the next year and a half.
- 2) wrote-down the carrying value of 7,210,000 shares in Pamodzi Gold Limited to equal the market value at January 31, 2009 (ZAR 0.70 per share or \$0.09 CAD) resulting in an unrealized loss on investment of \$3,388,267.

**Summary of quarterly results**

	Three Months Ended January 31, 2009	Three Months Ended October 31, 2008	Three Months Ended July 31, 2008	Three Months Ended April 30, 2008
Total assets	\$ 3,480,388	\$ 4,876,673	\$ 7,179,340	\$ 12,406,055
Mineral properties and deferred costs	1,075,034	699,599	358,089	454,107
Working capital	7,874	517,361	1,030,666	1,346,958
Shareholders' equity	2,653,564	3,957,119	6,345,525	9,411,954
Net income (loss)	1,331,398	(2,437,933)	(3,183,385)	(2,681,708)
Income (loss) per share	(0.04)	(0.07)	(0.09)	(0.07)
Diluted income (loss) per share	(0.04)	(0.07)	(0.09)	(0.07)

	Three Months Ended January 31, 2008	Three Months Ended October 31, 2007	Three Months Ended July 31, 2007	Three Months Ended April 30, 2007
Total assets	\$ 14,972,901	\$ 18,972,624	\$ 23,274,393	\$ 22,990,311
Mineral properties and deferred costs	236,054	236,054	236,054	236,154
Working capital (deficiency)	1,583,044	29,634	231,855	1,454,178
Shareholders' equity	11,562,964	16,349,503	20,634,549	21,642,563
Revenues	(6,442,880)	-	-	-
Net loss	(0.21)	(3,728,909)	(1,011,483)	17,360,632
Income (loss) per share	(0.21)	(0.12)	(0.03)	0.57
Diluted income (loss) per share	(0.21)	(0.12)	(0.03)	0.40

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### Liquidity

The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	January 31, 2009	July 31, 2007
Working capital	\$ 7,874	\$ 1,030,666
Retained earnings (deficit)	(14,301,972)	(10,532,641)

Net cash used in operating activities for the six month period ended January 31, 2009 was \$341,479 compared to net cash used of \$421,800 during 2008. The cash utilized by operating activities for the period consists primarily of the operating expenses and changes in non-cash working capital.

Net cash used in investing activities for the six month period ended January 31, 2009 was \$773,097 compared to cash used of \$Nil during 2008. The cash utilized by investing activities consists of mineral property acquisition and exploration costs.

### Capital resources

The Company believes it has sufficient funds to meet its property maintenance payments for 2009 and cover anticipated administrative expenses throughout the year. It will continue to focus exploration and development efforts on mineral properties in South Africa and New Zealand.

During the period from August 1, 2007 to January 31, 2009, the Company:

- a) Completed a private placement of 4,920,000 units of the Company at a price of \$0.40 per unit, with each unit being comprised of one common share and one-half of a share purchase warrant. Each full warrant will entitle the holder to acquire an additional share of the Company at a purchase price of \$0.60 for a period of one year to December 28, 2008. Share issue costs of \$187,778 were incurred in connection with this private placement and included the issuance of 304,150 agent warrants to acquire 304,150 common shares, exercisable at \$0.60 per share, valued at \$40,316.
- b) Issued 200,000 common shares valued at \$70,000 for mineral property finders fees.

### 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 (ie. share capital and retained earnings).

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.

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**Related party transactions**

The Company entered into the following transactions with related parties:

- a) Paid or accrued accounting fees of \$41,900 (2008 - \$56,700) to a partnership in which a director has an interest. As at October 31 2008 an amount of \$16,200 (2008 - \$27,915) owing was included in accounts payable.
- b) Paid management fees of \$48,000 (2008 - \$48,000) to a corporation in which a director has an interest.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

The fair value of the amounts due to related parties is not determinable as they have no fixed terms of repayment, do not bear interest and are unsecured.

**Financial instruments and risk**

The Company's financial instruments consist of cash and cash equivalents, receivables, loan receivable, long-term investments and accounts payable and accrued liabilities and loan payable. 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 below:

*Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. At January 31, 2009, the Company had \$860,000 in Canadian Asset-Backed Commercial Paper and a \$90,000 loan receivable (Note 5). The Company is exposed to credit risk to the extent that the recoverability of the Asset-Backed Commercial Paper is unknown (Note 6).

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2009, the Company had current assets of \$829,673 (July 31, 2008 - \$1,855,405) to settle current liabilities of \$821,799 (July 31, 2008 - \$824,739). All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

- (a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at, and loan payable with, the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's loan payable obligations are not considered significant.

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**Financial instruments and risk** (cont'd...)

*Market risk* (cont'd...)

(b) Foreign currency risk

The Company has monetary assets and liabilities denominated in foreign currencies and non-monetary assets represented by mineral exploration interests in the Republic of South Africa and New Zealand. The Company could accordingly be at risk for foreign currency fluctuations and developing legal and political environments.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**Asset backed commercial paper**

At January 31, 2009, the Company held Canadian Asset-Backed Commercial Paper ("ABCP") with a par value of \$1,012,000 and an estimated fair value of \$860,200.

The ABCP did not settle as it matured as a result of liquidity issues in the ABCP market. There has been no active trading of the ABCP since mid-August 2007.

On March 17, 2008, the Pan-Canadian Investors Committee (the "Committee") for ABCP filed proceedings for a plan of compromise and arrangement (the "Plan") under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA") with the Ontario Superior Court (the "Court"). At the meeting of ABCP noteholders on April 25, 2008, noteholders approved the Plan by the required majorities. On June 5, 2008, the Court issued a sanction order and reasons for the decision approving the Plan as amended. On August 18, 2008, that decision was upheld by the Ontario Court of Appeal and, on September 19, 2008, the Supreme Court of Canada denied leave to appeal. On December 24, 2008, the Committee announced that an agreement had been reached with all key stakeholders, including the governments of Canada, Quebec, Ontario and Alberta, to provide additional margin facilities to support the Plan and finalized certain enhancements to the Plan.

There is a significant amount of uncertainty in estimating the amount and timing of cash flows associated with the ABCP.

The Company estimates the fair value of its ABCP by discounting expected future cash flows on a probability weighted basis considering the best available data at January 31, 2009. The assumptions used in determining the estimated fair value reflect the details included in the Information Statement issued by the Committee.

The assumptions used in the valuation model at December 31, 2008 include:

Weighted average interest rate 4.59%

Weighted average discount rate 6%

Maturity of notes of 7 years

If these assumptions were to change, the fair value of ABCP could change significantly.

The Ontario Superior Court issued the final implementation order in the ABCP restructuring process. The restructuring closed on January 21, 2009. The exchange of restructured ABCP notes was completed on January 21, 2009. A first installment of interest for \$34,710 (to August 31, 2008) was also paid on the same day. The balance of the interest is to be paid in subsequent installments, and the amounts and timing are still to be determined. Restructuring fees already incurred and a reserve for additional restructuring fees were deducted from this first interest payment.

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### **Asset backed commercial paper (cont'd...)**

Upon completion of the restructuring in January 2009 the Company received \$1,007,142 in new notes as follows:

- \$847,870 of senior Master Asset Vehicle MAV II Class A-1 Notes
- \$26,222 of Class C Notes
- \$133,050 of Class 13 Notes.

### **New accounting policies**

#### *Assessing going concern*

Effective August 1, 2008, the Company adopted CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. The adoption of this section did not have an impact on the Company's financial results.

#### *Financial instruments*

Effective August 1, 2008, the Company adopted CICA Handbook Section 3862, *Financial Instruments – Disclosures*, which requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3863, *Financial Instruments – Presentation*, and Section 3865, *Hedges*.

Effective August 1, 2008, the Company adopted CICA Handbook Section 3863, *Financial Instruments – Presentation*, which is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The adoption of section 3862 and 3863 did not have an impact on the Company's financial results.

#### *Capital disclosures*

Effective August 1, 2008, the Company adopted CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed. The adoption of this section did not have an impact on the Company's financial results.

#### *Goodwill and intangible assets*

Effective August 1, 2008, the Company adopted CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The adoption of this section did not have an impact on the Company's financial results.

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**Recent accounting pronouncements**

*International financial reporting standards (“IFRS”)*

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of August 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended July 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

**Outstanding share data**

As at March 23, 2009, the Corporation has 35,707,994 common shares issued and outstanding and has the following options and warrants outstanding:

	Number of Shares	Exercise Price	Expiry Date
<b>Options</b>	1,455,000	\$ 0.25	May 10, 2011
	1,600,000	0.34	July 26, 2011
	2,900,000	0.27	August 24, 2012
	160,000	0.20	September 4, 2013

**Commitment**

The Company has committed to rent office space for approximately \$850 (NZD\$1,325) per month until May 31, 2009.

**Outlook**

The Company will continue to explore its existing properties in New Zealand and South Africa. The Company will also continue to search for opportunities to acquire additional properties.