SUPERIOR MINING INTERNATIONAL CORPORATION

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JULY 31, 2007

The following discussion and analysis, prepared as of November 23, 2007, should be read together with the audited consolidated financial statements for the year ended July 31, 2007 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, 2006.

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.

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

Middelvlei Gold Investments (Pty) Ltd. (formerly Pamodzi Gold (Pty) Ltd.), South Africa

During the year ended July 31, 2007, Pamodzi Gold (Pty) Ltd. ("PGI") changed its name to Middelvlei Gold & Investments (Pty) Ltd. ("MGI")..

During the year ended July 31, 2006, the Company received final acceptance from the TSX Venture Exchange of its previously announced "Shareholders' Agreement" and "Subscription Agreement", dated June 3, 2005, as amended by the "*Variation Agreement*" dated July 21, 2005 (collectively, the "*Shareholders' Agreement*"), with each of Pamodzi Resources and MGI, pursuant to which the Company acquired 50% of the issued and outstanding shares of MGI in consideration of advancing to MGI, by way of shareholder's loan, an aggregate of ZAR 15,816,040 (approx. Cdn. $2,730,000) (the "*Shareholder's Loan*"), and interest of ZAR 858,341 (approx. Cdn. $136,000).

The Company became a joint venture partner with Pamodzi Resources through MGI upon the advancement of $2,730,000 of its Shareholder's Loan. The purpose of the joint venture is to develop various gold property interests in the Witwatersrand basin of South Africa and such other property interests which Pamodzi Resources is in the process of negotiating to acquire through MGI.

Subsequent to July 31, 2006 it was brought to the attention of the Company that certain conditions precedent in the original Pamodzi contract had not been met until July 31, 2006. Management had previously understood that all conditions had been fulfilled as at August 31, 2005 and had reflected the acquisition effective August 31, 2005. The Company has revised its 2006 year end statements to reflect the MGI acquisition using a July 31, 2006 effective date for the July 31, 2006 year end. The impact to previously reported net loss to July 31, 2006 was a reduction of loss by $129,791. There is minimal impact to the balance sheet as the Company is now picking up their 50% interest in the jointly controlled enterprise.

Mineral Properties (cont'd…)

Middelvlei Gold Investments (Pty) Ltd. (formerly Pamodzi Gold (Pty) Ltd.), South Africa (cont'd…)

Pursuant to the second variation agreement the Company agreed to reduce its interest in MGI to 50% less one share and as a result Pamodzi Resources increased its interest in MGI to 50% plus one share. MGI has invested in a new company called Pamodzi Gold Limited. The Company, through its 50% less one share interest of MGI owned 17.575% of Pamodzi Gold Limited on the transaction date, diluted to 16.7% as of November 19, 2007. Pamozi Gold Limited is listed on the Johannesburg Stock Exchange ("JSE")).

During the year ended July 31, 2007, MGI used the Middlevlei JV Project, which property updates were included in previous MD&A's, as part of the consideration for its investment in Pamodzi Gold Limited.

Witwatersrand Basin, 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. Free State Goldfield is one of the six major goldfields of 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^2, is located to the east of the village of Riebeekstad 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.

Superior'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.

Superior has planned an initial drill hole program of up to four diamond core holes each expected to extend to a depth of approximately 1,500 meters. Multideflections from each of the primary holes are likely to be drilled if reefs are intersected in order to ensure that intersections suitable for evaluation purposes are recovered. If core is lost during the drilling of reef zones the intersections are rendered unsuitable for evaluation purposes.

Drilling is planned to commence early in 2008.

Mineral Properties (cont'd…)

Bothaville Gold Project, South Africa

During the year ended October 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.

The Company awaits results from a non-related neighboring property that is contiguous with Bothaville. If the results are favorable, the Company will consider further exploring its Bothaville property.

The South African Diamond Permits

The Company is proposing to wind up and abandon all companies which have previously held diamond permits in Namaqualand, South Africa. During the year ended July 31, 2007, the Company wrote off the remaining $100 to operations.

Overall Performance

2006 to 2007 annual variations

During December 2006, the Company, through MGI, sold its interest in the Middlevlei joint venture to Pamodzi Gold Limited (formerly Bema SA Pty – listed on the Johannesburg Stock Exchange) in exchange for 7,210,000 shares valued at $21,807,114. The carrying value of the Company's interest in Impafa was $2,455,340 resulting in a gain on sale of discontinued operations of $19,351,774 and future income tax liabilities of $2,590,674. This transaction caused a variation between 2007 and 2006 long-term investments, total assets, long-term liabilities and net income. The Company intends to hold its shares in Pamodzi Gold Limited for the long-term.

2005 to 2006 annual variations

On July 31, 2006, the Company acquired a 50% interest in MGI (please refer to the mineral property section for more details). This acquisition caused a variation between 2007 and 2006 mineral properties, total assets, long-term liabilities (including future income tax payable). Net loss increased by $2,303,029 due to the Company:

a) abandoning its interest and mineral property costs during the year ended July 31, 2006, relating to the Bakgaga Platinum Project, of $1,248,591. The Company also wrote-off other costs of $70,162 relating to the Bakgaga Platinum Project.
b) recording $832,229 (2005 - $139,309) of stock-based compensation for options issued during the year ended July 31, 2006.
c) increasing its use of consultants during the year ended July 31, 2006, costing $395,918 (2005 - $205,806).

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Selected Annual Information

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

	Year ended July 31, 2007	Year ended July 31, 2006	Year ended July 31, 2005
Total revenues from discontinued operations	$ 1,085,000	$ -	$ -
Income (loss) for the year from discontinued operations	3,469	-	-
Income (loss) for the year from continuing operations	15,886,490	(3,209,889)	(906,860)
Basic income (loss) per share	0.52	(0.23)	(0.10)
Diluted income (loss) per share	0.40	(0.23)	(0.10)
Total assets	23,274,393	7,151,244	3,953,830
Total long-term liabilities	2,590,674	1,862,770	-

Stock-based compensation is recorded as a result of issuing options to directors, officers and consultants.

Fourth Quarter

As at July 31, 2007, the Company had an investment of $860,200 consisting of Canadian Asset-Backed Commercial Paper ("ABCP"), net of $151,800 write-down. The ABCP investment matured on August 17, 2007, but was not repaid and remains outstanding. A group of participants in the ABCP market, including banks, liquidity providers and major investors (the "Consortium") have agreed to a standstill period with respect to ABCP to permit time for the issuers of the ABCP to be restructured. On October 15, 2007, the Consortium agreed to extend the period to December 14, 2007.

Summary of Quarterly Results

	Three Months Ended July 31, 2007	Three Months Ended April 30, 2007	Three Months Ended January 31, 2007	Three Months Ended October 31, 2006
Total assets	$ 23,274,393	$ 22,990,311	$ 4,329,381	$ 6,732,224
Mineral properties and deferred costs	236,054	236,154	236,385	4,476,355
Working capital	231,855	1,454,178	1,563,518	1,754,005
Shareholders' equity	20,634,549	21,642,563	4,281,931	4,601,044
Revenues	-	-	161,915	503,915
Net income (loss) before discontinued operations	(1,011,483)	17,360,632	(319,113)	(143,546)
Income (loss) per share before discontinued operations (restated to conform with July 31, 2006 treatment of Pamodzi acquisition)	(0.03)	0.57	(0.01)	(0.00)
Diluted income (loss) per share before discontinued operations (restated to conform with July 31, 2006 treatment of Pamodzi acquisition)	(0.03)	0.40	(0.01)	(0.00)

Summary of Quarterly Results (cont'd…)

	Three Months Ended July 31, 2006	Three Months Ended April 30, 2006	Three Months Ended January 31, 2006	Three Months Ended October 31, 2005
Total assets	$ 7,151,244	$ 2,007,455	$ 2,083,502	$ 3,228,498
Mineral properties and deferred costs	4,528,880	1,606,474	1,449,617	2,274,350
Working capital (deficiency)	2,069,157	(287,915)	124,501	807,028
Shareholders' equity	4,744,590	1,380,220	1,587,519	3,098,603
Revenues	-	-	-	-
Net loss	(1,185,364)	(257,299)	(1,511,084)	(256,142)
Loss per share	(0.08)	(0.02)	(0.10)	(0.02)

During December 2006, the Company acquired shares in Pamodzi Gold Limited. As consideration the Company contributed assets from its interest in MGI, which included the Middlevelei property which was a producing property.

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.

	2007	2006
Working capital	$ 231,855	$ 1,769,157
Retained earnings (deficit)	6,222,105	(9,667,854)

Net cash used in operating activities for the year ended July 31, 2007 was $696,993 compared to net cash used of $1,643,496 during 2006. The cash utilized by operating activities for the year consists primarily of the operating expenses and changes in non-cash working capital.

Net cash used in investing activities for the year ended July 31, 2007 was $1,238,740 compared to cash used of $2,542,981 during 2006. The cash utilized by investing activities consists mostly of acquisition of an investment and a loan receivable.

Net cash provided by financing activities for the year ended July 31, 2007 was $550,000 compared to cash provided of $3,242,505 during 2006. The cash provided by the financing activities consists of the collection of proceeds from a private placement that completed during the year ended July 31, 2006.

Capital Resources

The Company believes it has sufficient funds to meet its property maintenance payments for 2007 and cover anticipated administrative expenses throughout the year. It will continue to focus exploration and development efforts on mineral properties in South Africa.

Related Party Transactions

The Company entered into the following transactions with related parties:

a) Paid or accrued accounting and administrative service fees of $108,100 (2006 - $81,200) to a partnership in which a director has an interest. As at July 31, 2007 an amount of $20,000 (2006 - $7,500) owing was included in accounts payable.

b) Paid management fees of $96,000 (2006 - $56,000) 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

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

Risk management

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

The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Internal Controls and Procedures over Financial Reporting

The Company evaluated the design of its internal controls and procedures over financial reporting as defined under Multilateral Instrument 52-109 for the year ended July 31, 2007. This evaluation was performed by the Chief Executive Officer and the Chief Financial Officer with the assistance of other Company employees to the extent necessary or appropriate. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design of these internal controls and procedures over financial reporting was effective.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company's Chairman and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), on a timely basis so that appropriate decisions can be made regarding public disclosure.

As at the end of the period covered by this management's discussion and analysis, management of the Company, with the participation of the Chairman, CEO and CFO, evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws. Based on that evaluation, the Chairman and CEO and CFO have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company, including the Chairman and CEO and the CFO, as appropriate to allow timely decisions regarding required disclosure.

Management together with the CEO, CFO and audit committee have designed internal controls over financial reporting sufficient to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles.

New Accounting Policy - Investments

Long-term investments are carried at cost. If it is determined that the value of the investment is permanently impaired, it is written down to its estimated net realizable value.

Recent accounting pronouncements

The Canadian Institute of Chartered Accountants issued the following standards effective for the fiscal years beginning on or after October 1, 2006: Accounting Standards Section 1530 "Comprehensive Income", Accounting Standards Section 3855 "Financial Instruments –Recognition and Measurement" Accounting Standard Section 3861 "Financial Instruments – Presentation and Disclosure" and Accounting Standards Section 3865 –"Hedges". These sections require certain financial instruments and hedge transactions to be recorded at fair value. The standards also introduce the concept of comprehensive income and accumulated other comprehensive income.

The Company will adopt these standards effective August 1, 2007 on a prospective basis without retroactive restatement of prior periods. Under the new standard, financial instruments designated as "held for trading" and "available for sale" will be carried at their fair value while financial instruments designated as "loans and receivables", "financial liabilities" and those classified as "held to maturity" will be carried at their amortized cost. All derivatives will be carried on the consolidated balance sheet at their fair value. Mark-to-market adjustments on these instruments will be included in either net income or comprehensive income. Transaction costs incurred to acquire financial instruments will be included in the underlying balance.

The Company does not expect any significant impacts on disclosure upon adoption.

Outstanding Share Data

As at November 23, 2007, the Corporation has 30,587,995 common shares issued and outstanding and has the following options and warrants outstanding:

	Number of Shares	Exercise Price	Expiry Date
Options	1,455,000	$ 0.25	May 10, 2011
	1,600,000	0.34	July 26, 2011
	2,900,000	0.27	August 24, 2012

Subsequent event

Subsequent to July 31, 2007, the Company entered into an option agreement to acquire a 100 percent ownership in certain mineral permits, licences and applications to a mineral property located near Ross Township, New Zealand through the purchase of the shares of R & M Mining.

The Company can acquire 100 percent ownership of R & M Mining 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 AU$5.5 million and AU$5.00 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 AU$5.50 for each ounce of gold.

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.