



**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

(Unaudited)

(Expressed in thousands of United States Dollars)

EXCELSIOR MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in thousands of United States dollars)
As at

	<u>Note</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 30,249	\$ 44,168
Receivables		516	177
Prepaid expenses		603	903
Materials and supplies		225	286
		<u>31,593</u>	<u>45,534</u>
Property, plant and equipment, net	3	90,693	19,526
Restricted cash		<u>3,304</u>	<u>3,304</u>
Total Assets		<u>\$ 125,590</u>	<u>\$ 68,364</u>
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	4	\$ 5,623	\$ 2,526
Amounts due to related parties	8	1,110	404
Lease liabilities		102	-
Restricted share units		61	249
		<u>6,896</u>	<u>3,179</u>
Derivative liabilities	5	70,810	9,782
Asset retirement obligation	6	12,644	9,456
Lease liabilities		<u>69</u>	<u>-</u>
Total liabilities		90,419	22,417
Equity			
Capital Stock	7	89,197	88,916
Other equity reserves	7	9,418	6,910
Deficit		(62,615)	(49,050)
Accumulated other comprehensive loss		(829)	(829)
Total Equity		<u>35,171</u>	<u>45,947</u>
Total liabilities and equity		<u>\$ 125,590</u>	<u>\$ 68,364</u>

Approved on November 13, 2019 on behalf of the Board of Directors:

/signed/

Jim Kolbe

Chair of the Audit Committee

/signed/

Fred DuVal

Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

EXCELSIOR MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited Expressed in thousands of United States dollars)

	Note	Three months Ended September 30,		Nine months Ended September 30,	
		2019	2018	2019	2018
Expenses					
Johnson Camp holding and maintenance cost		\$ 99	\$ 739	\$ 366	\$ 2,366
Project advancement		-	957	-	3,178
Evaluation and permitting		-	623	248	1,414
Office and administration		244	298	786	802
Professional fees		266	234	1,065	782
Directors and officers fees		1,067	755	2,276	1,457
Investor relations		103	101	383	360
Share-based compensation	7	793	486	2,384	1,013
Regulatory fees		1	8	57	52
Depreciation		169	71	408	194
Other Items					
Loss on derivative at fair value		2,009	-	6,028	-
Financing expense	6	88	63	243	189
Interest income		(160)	(100)	(467)	(199)
Foreign exchange loss (gain)		5	(3)	(3)	14
Gain on disposal of assets		-	-	-	(6)
Other income		(67)	(84)	(209)	(213)
Loss and comprehensive loss for the period		<u>\$ 4,617</u>	<u>\$ 4,148</u>	<u>\$ 13,565</u>	<u>\$ 11,403</u>
Loss per common share:					
Basic and diluted		\$ 0.02	\$ 0.02	\$ 0.06	\$ 0.06
Weighted average number of common shares outstanding					
Basic and diluted		238,678,340	207,508,208	238,648,297	205,662,441

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

EXCELSIOR MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in thousands of United States dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (4,617)	\$ (4,148)	\$ (13,565)	\$ (11,403)
Items not affecting cash:				
Loss on derivative at fair value	2,009	-	6,028	-
Depreciation	169	71	408	194
Accretion	84	63	231	189
Share-based compensation	792	486	2,384	1,013
Unrealized loss (gain) on foreign exchange	5	(3)	(3)	14
Non-cash working capital item changes:				
Receivables	(154)	33	(338)	(23)
Prepaid expense	(14)	64	(124)	(105)
Materials and supplies	(37)	(168)	62	(168)
Accounts payable and accrued liabilities	86	473	(75)	857
Amounts due to related parties	594	206	705	220
Lease liabilities	(23)	-	(70)	-
Restricted share unit liabilities	-	-	(114)	-
Net cash used in operating activities	(1,106)	(2,923)	(4,471)	(9,212)
CASH FLOWS FROM INVESTING ACTIVITIES				
Gunnison project construction	(25,491)	-	(63,947)	-
Purchase of equipment	-	(6)	-	(439)
Mineral Interest	(504)	-	(504)	-
Restricted cash	-	-	-	(444)
Net cash used in investing activities	(25,995)	(6)	(64,451)	(883)
CASH FLOWS FROM FINANCING ACTIVITIES				
Stock option exercises	-	-	-	61
Issuance of common shares	-	-	-	12,800
Share issuance costs	-	-	-	(55)
Proceeds from stream financing	20,000	-	55,000	-
Net cash provided by financing activities	20,000	-	55,000	12,806
Net change in cash and cash equivalents	(7,101)	(2,929)	(13,922)	2,711
Effect of foreign exchange on cash and cash equivalents	(5)	3	3	(14)
Cash and cash equivalents, beginning of period	37,355	22,300	44,168	16,677
Cash and cash equivalents, end of period	\$ 30,249	\$ 19,374	\$ 30,249	\$ 19,374
Cash and cash equivalents consist of:				
Cash	\$ 30,249	\$ 19,374	\$ 30,249	\$ 19,374

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

EXCELSIOR MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2019 AND 2018
(Unaudited - Expressed in thousands of United States dollars)

	<u>Capital Stock</u>		<u>Other Equity Reserves</u>	<u>Deficit</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Total</u>
	<u>Number of Common shares</u>	<u>Amount</u>				
Balance, December 31, 2017	189,881,952	\$ 57,210	\$ 5,678	\$ (36,915)	\$ (829)	\$ 25,144
Private placement	16,467,200	12,800	-	-	-	12,800
Share issue cost - cash	-	(55)	-	-	-	(55)
Stock option exercises	1,344,455	138	(77)	-	-	61
Share-based compensation	-	-	1,013	-	-	1,013
Loss for the period	-	-	-	(11,403)	-	(11,403)
Balance, September 30, 2018	<u>207,693,607</u>	<u>\$ 70,093</u>	<u>\$ 6,614</u>	<u>\$ (48,318)</u>	<u>\$ (829)</u>	<u>\$ 27,560</u>
Balance, December 31, 2018	238,381,657	\$ 88,916	\$ 6,910	\$ (49,050)	\$ (829)	\$ 45,947
Restricted share unit	187,500	120	-	-	-	120
Stock option exercises	463,803	161	(161)	-	-	-
Share-based compensation	-	-	2,669	-	-	2,669
Loss for the period	-	-	-	(13,565)	-	(13,565)
Balance, September 30, 2019	<u>239,032,960</u>	<u>\$ 89,197</u>	<u>\$ 9,418</u>	<u>\$ (62,615)</u>	<u>\$ (829)</u>	<u>\$ 35,171</u>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

EXCELSIOR MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - Expressed in thousands of United States dollars)

1. NATURE OF OPERATIONS

Excelsior Mining Corp. (“Excelsior” or the “Company”) was incorporated under the Business Corporations Act (British Columbia) on June 9, 2005 and was classified as a Tier 1 issuer on the TSX Venture Exchange. On February 2, 2017, the Company commenced trading on the Toronto Stock Exchange and de-listed from the TSX Venture Exchange and continues to trade under the symbol “MIN”. The address of the Company’s registered office is #1240 - 1140 West Pender Street, Vancouver, BC, Canada V6E 4G1.

The Company is developing the Gunnison Project in Southeastern Arizona and is currently continuing to fund the holding and maintenance costs of the Johnson Camp Mine (“JCM”).

The Company has been successful in obtaining significant equity and royalty financings over the last few years and intends to continue financing its future requirements through a combination of equity, debt and/or other arrangements. However, there is no assurance that the Company will be able to obtain such financings in the future or obtain them on favorable terms.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as applicable to interim financial reports including International Accounting Standard 34, *Interim Financial Reporting*. Therefore, these condensed consolidated interim financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2018.

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2018 except for the adoption of IFRS 16, *Leases* (“IFRS 16”), effective January 1, 2019.

All dollar figures are expressed in thousands of United States dollars unless otherwise indicated. Canadian dollars are expressed as “CAD\$”. Certain comparative amounts in the financial statements have been changed to conform to the presentation of the current year financial statements. These changes have no impact on the net loss, deficit or cash flows for the periods as previously reported.

Adoption of New Accounting Standards

The Company has adopted IFRS 16 as of January 1, 2019 in accordance with the transitional provisions outlined in the standard, using a cumulative catch-up approach where applicable leases have been recorded prospectively from January 1, 2019. Comparative information has not been restated and continues to be reported under IAS 17, *Leases*, and IFRIC 4, *Determining Whether an Arrangement Contains a Lease*. The adoption of IFRS 16 did not have a significant impact on the Company’s financial position or results. During the nine-month period ended September 30, 2019, the Company capitalized \$241 of leases in Property, plant and equipment.

At inception of a contract, an assessment is made to determine whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An assessment is made to determine whether the contract involves the use of an identified asset, whether there is the right to obtain substantially all of the economic benefits from the use of the asset during the term of the arrangement and if the right to direct the use of the asset is present. At inception or on reassessment of a contract that contains a lease component, the consideration in the contract is allocated to each lease component on the basis of their relative standalone prices.

As a lessee, a right-of-use asset is recognized and included in property, plant and equipment, and a corresponding lease liability is recorded at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

EXCELSIOR MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - Expressed in thousands of United States dollars)

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate cannot be readily determined. Subsequently, the lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in our estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option.

Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss. We have elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low dollar-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

EXCELSIOR MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - Expressed in thousands of United States dollars)

3. PROPERTY, PLANT AND EQUIPMENT

	<u>Land</u>	<u>Plant</u>	<u>Asset Retirement Obligation</u>	<u>Vehicles & Mobile Equipment</u>	<u>Office Equipment & Capitalized Leases</u>	<u>Construction in Progress</u>	<u>Total</u>
Cost							
At January 1, 2018	94	12,016	5,680	115	388	-	18,293
Additions	-	226	-	104	108	1,478	1,916
ARO Change in Estimate	-	-	25	-	-	-	25
Disposal	-	-	-	(25)	-	-	(25)
At December 31, 2018	<u>94</u>	<u>12,242</u>	<u>5,705</u>	<u>194</u>	<u>496</u>	<u>1,478</u>	<u>20,209</u>
Accumulated Depreciation							
At January 1, 2018	-	-	(48)	(115)	(270)	-	(433)
Depreciation	-	(11)	(185)	(45)	(34)	-	(275)
Disposal	-	-	-	25	-	-	25
At December 31, 2018	<u>-</u>	<u>(11)</u>	<u>(233)</u>	<u>(135)</u>	<u>(304)</u>	<u>-</u>	<u>(683)</u>
Net carrying amount	<u>94</u>	<u>12,231</u>	<u>5,472</u>	<u>59</u>	<u>192</u>	<u>1,478</u>	<u>19,526</u>
Cost							
At January 1, 2019	94	12,242	5,705	194	496	1,478	20,209
Additions	504	-	-	403	262	67,450	68,619
ARO Change in Estimate	-	-	2,956	-	-	-	2,956
Disposal	-	-	-	(19)	-	-	(19)
Transfer	-	-	-	6	(6)	-	-
At September 30, 2019	<u>598</u>	<u>12,242</u>	<u>8,661</u>	<u>584</u>	<u>752</u>	<u>68,928</u>	<u>91,765</u>
Accumulated Depreciation							
At January 1, 2019	-	(11)	(233)	(135)	(304)	-	(683)
Depreciation	-	(17)	(180)	(79)	(132)	-	(408)
Disposal	-	-	-	19	-	-	19
At September 30, 2019	<u>-</u>	<u>(28)</u>	<u>(413)</u>	<u>(195)</u>	<u>(436)</u>	<u>-</u>	<u>(1,072)</u>
Net carrying amount	<u>598</u>	<u>12,214</u>	<u>8,248</u>	<u>389</u>	<u>316</u>	<u>68,928</u>	<u>90,693</u>

EXCELSIOR MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - Expressed in thousands of United States dollars)

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Trade payables	2,745	283
Accrued liabilities	1,961	2,041
Employee-related accruals	917	191
Other payables	-	11
	<u>\$ 5,623</u>	<u>\$ 2,526</u>

Trade payables include the Company's obligations to suppliers of goods or services acquired on trade credit for goods received or services provided that have been invoiced but not yet paid. Accrued liabilities and employee-related accruals include estimated amounts for goods or services received but not yet invoiced by the supplier, as well as obligations that increase throughout the year and are settled at points in time, such as property taxes and employee bonuses.

5. DERIVATIVE LIABILITIES

On November 30, 2018, the Company entered into an agreement for a \$75.0 million project financing package to fund the construction costs of the Gunnison Project (the "stream obligation" or "Project Financing"). The Company determined that the stream obligation is a derivative liability, and as such, the stream obligation is recorded at fair value through profit or loss ("FVTPL") at each statement of financial position date.

The stream obligation was valued using a Monte Carlo simulation valuation model. The key inputs used by the Monte Carlo simulation in generating future copper prices for purposes of valuing the stream obligation include: the copper forward price curve based on COMEX futures, long-term copper price volatility of 21.8%, risk-free rate of return of 1.66% and an income tax rate at 30%. The valuation of the stream obligation also requires estimation of the Company's nonperformance or credit risk, the Company's expansion plans, and the anticipated production schedule of copper pounds delivered over the estimated life of the mine.

On November 30, 2018, pursuant to the Project Financing, the Company issued 3.5 million share purchase warrants at an exercise price of CAD\$1.50 per share and exercisable into 3.5 million common shares of the company until November 30, 2023. The Company determined that the share purchase warrants are also a derivative liability.

During the nine months ended September 30, 2019, the Company received the remaining \$55.0 million from the Project Financing package.

Share purchase warrants

As of September 30, 2019, the Company recorded the fair value of the share purchase warrants issued based on a Black-Scholes-Merton option-pricing model with the following assumptions:

- Underlying Share Price - CAD\$ 1.05
- Valuation Date - September 30, 2019
- Maturity Date - November 30, 2023
- Strike Price - CAD\$ 1.50
- Volatility - 55%
- USD/CAD Exchange Rate - \$0.7552

EXCELSIOR MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - Expressed in thousands of United States dollars)

The following is a summary of the derivative activity during the nine months ended September 30, 2019:

	<u>Stream</u>	<u>Warrants</u>	<u>Total</u>
Fair value at December 31, 2018	\$ 8,927	\$ 855	\$ 9,782
Stream proceeds	55,000	-	55,000
Loss (gain) during the period	<u>5,924</u>	<u>104</u>	<u>6,028</u>
Fair value at September 30, 2019	<u>\$ 69,851</u>	<u>\$ 959</u>	<u>\$ 70,810</u>

6. ASSET RETIREMENT OBLIGATION

The Company's asset retirement obligation ("ARO") represents management's best estimate of the present value of costs that are expected to be incurred for mine closure and reclamation and rehabilitation costs for the JCM and the Gunnison Project.

As of September 30, 2019, the estimated undiscounted JCM reclamation obligation is \$11,975 (2018 - \$11,923) and the estimated undiscounted Gunnison Project reclamation obligation is \$2,786 (2018 - \$54). As of September 30, 2019, the Company used an inflation rate of 2.00% (2018 - 2.24%) and a discount rate of 2.52% (2018 - 3.02%) in calculating the present value of the obligation.

For the nine months ended September 30, 2019, the Company recorded \$231 of accretion expense related to the asset retirement obligation (September 30, 2018 - \$189).

Changes in the ARO for the nine months ended September 30, 2019 and the year ended December 31, 2018 are summarized below.

<u>Asset Retirement Obligation</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Balance, beginning of period	\$ 9,456	\$ 9,180
Addition	2,276	41
Change in estimate	681	(17)
Accretion expense	<u>231</u>	<u>252</u>
Balance, end of period	\$ 12,644	\$ 9,456

7. CAPITAL STOCK AND OTHER EQUITY RESERVES

Common Shares

The authorized share capital of the Company is comprised of an unlimited number of common shares with no par value. As of September 30, 2019, there were 239,032,960 common shares outstanding. During the nine months ended September 30, 2019 a total of 651,303 common shares were issued, summarized as follows:

- During the nine months ended September 30, 2019, the Company issued a total of 463,803 common shares from stock options exercised.
- On January 8, 2019, the Company issued a total of 187,500 common shares from the vesting of restricted share units.

Stock Options

The Company's stock option plan (the "Plan") provides for the grant of incentive stock options to employees, consultants, officers, and directors of the Company. The Plan reserves for issuance, along with the Company's other Security-Based Compensation Plans a maximum of 10% of the issued and outstanding Common Shares at the time of a grant of options.

EXCELSIOR MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - Expressed in thousands of United States dollars)

Options granted under the Plan have a maximum term of ten years. The exercise price of the options is determined by the Board of Directors and is not less than the closing price of the common shares on the last trading day prior to the date the options are granted. The vesting terms are at the Board of Directors' discretion.

The Plan is an evergreen plan which provides that if any option has been exercised, then the number of common shares into which such option was exercised shall become available to be issued upon the exercise of options subsequently granted under the Plan. The Plan will operate in conjunction with the Restricted Share Unit Plan (the "RSU Plan") and the Performance Share Unit Plan (the "PSU Plan"). The Stock Option Plan, RSU Plan and PSU Plan are collectively referred to as the "Security-Based Compensation Plans".

The following is a summary of stock option activity for the year ended December 31, 2018 and the nine months ended September 30, 2019:

	Number of Options	Weighted Average Exercise Price (CAD\$)
Outstanding, December 31, 2017	16,486,000	\$ 0.26
Granted	5,780,000	\$ 1.04
Exercised	<u>(9,936,000)</u>	\$ 0.31
Outstanding, December 31, 2018	12,330,000	\$ 0.69
Granted	6,195,000	\$ 1.00
Exercised	(750,000)	\$ 0.37
Forfeited	<u>(1,150,000)</u>	\$ 0.97
Outstanding, September 30, 2019	16,625,000	\$ 0.80
Exercisable, September 30, 2019	8,556,250	\$ 0.59

During the nine months ended September 30, 2019, a total of 750,000 stock options were exercised, of which 286,197 stock options were exercised in exchange for a substituted right, resulting in the net issuance of 463,803 common shares.

As at September 30, 2019, the following stock options were outstanding and exercisable:

Outstanding	Exercisable	Exercise Price	Remaining life (years)	Expiry Date
250,000	250,000	CAD\$ 0.25	0.17	December 1, 2019
400,000	400,000	CAD\$ 0.23	0.24	December 28, 2019
100,000	100,000	CAD\$ 0.30	0.24	December 28, 2019
4,100,000	4,100,000	CAD\$ 0.23	1.21	December 16, 2020
200,000	200,000	CAD\$ 0.77	2.34	January 31, 2022
200,000	200,000	CAD\$ 1.18	2.86	August 10, 2022
200,000	200,000	CAD\$ 1.20	2.98	September 21, 2022
300,000	225,000	CAD\$ 1.15	3.22	December 19, 2022
200,000	150,000	CAD\$ 1.11	3.34	February 1, 2023
100,000	75,000	CAD\$ 1.25	3.40	February 22, 2023
150,000	75,000	CAD\$ 1.29	3.53	April 9, 2023
300,000	150,000	CAD\$ 1.43	3.62	May 15, 2023
4,530,000	1,132,500	CAD\$ 1.00	4.09	November 2, 2023
200,000	50,000	CAD\$ 0.94	4.19	December 7, 2023
4,995,000	1,248,750	CAD\$ 1.02	4.49	March 26, 2024
200,000	-	CAD\$ 0.97	4.64	May 21, 2024
200,000	-	CAD\$ 0.94	4.67	May 31, 2024
<u>16,625,000</u>	<u>8,556,250</u>			

EXCELSIOR MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - Expressed in thousands of United States dollars)

The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for the risk-free interest rate, dividend yield, volatility factors of the expected market price of the Company's common shares, forfeiture rate, and expected life of the options. The Company recognized share-based compensation costs of \$2,338 in the loss for the nine-month period ended September 30, 2019 (September 30, 2018 - \$1,013) and capitalized \$331 in construction in progress in relation to stock options granted and vested during the nine months ended September 30, 2019.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the nine months ended September 30, 2019:

	<u>September 30, 2019</u>
Risk-free interest rate	1.46%
Expected life of options	5.0 years
Annualized volatility	60.66 %
Dividend yield	0%

Restricted Share Units

The Company's RSU Plan, adopted on June 28, 2018, provides for the grant of restricted shares to employees, consultants, officers, and directors of the Company. An individual restricted share unit will have the same value as one common share. The number of RSUs awarded, and its associated vesting terms, are determined at the discretion of the Board of Directors. The maximum aggregate number of common shares issuable to participants at any time pursuant to the RSU Plan, together with all other Security-Based Compensation Plans of the Company, may not exceed 10% of the currently issued and outstanding common shares of the Company at the time of a grant of the RSU.

Upon each vesting date, participants receive the issuance of common shares from treasury equal to the number of RSUs vesting, or a cash payment equal to the number of vested RSUs multiplied by the fair market value of a common share, calculated as the closing price of the common shares on the TSX for the trading day immediately preceding such payment date; or a combination thereof. The RSU Plan is considered a cash-settled award plan, therefore, the RSU Plan is classified as a liability, and is measured at fair value on the grant date and is subsequently adjusted for changes in fair value at each reporting date until settlement. The fair value of RSUs is estimated based on the quoted market price of the company's common shares on the last day of the reporting period.

A summary of the activity related to the Company's RSUs for the year ended December 31, 2018 and during the nine months ended September 30, 2019 is provided below.

<u>Restricted Share Units</u>	
Balance, at December 31, 2017	-
Granted	550,000
Vested	<u>(75,000)</u>
Balance, at December 31, 2018	475,000
Vested	<u>(375,000)</u>
Balance, at September 30, 2019	<u>100,000</u>

During the nine months ended September 30, 2019, the Company recorded compensation costs related to RSUs in the amount of \$46 (2018 - nil), which were classified as share-based compensation costs.

EXCELSIOR MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - Expressed in thousands of United States dollars)

8. RELATED PARTY TRANSACTIONS

Related parties and related party transactions are summarized below.

Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consists of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer and President, Chief Operating Officer, Senior Vice President & Chief Financial Officer, Vice President of Sustainability, Health & Safety, Vice President of Corporate Affairs and Corporate Secretary.

Remuneration attributed to key management personnel is summarized as follows:

	<u>Nine Months Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Salaries, fees and benefits	\$ 2,353	\$ 1,498
Share-based compensation	2,206	418
Total	<u>\$ 4,559</u>	<u>\$ 1,916</u>

Salaries, fees and benefits to key management includes all salaries, bonuses, fees, and other employment benefits, pursuant to contractual employment agreements, consultancy or management services arrangements.

Other Related Parties

King & Bay West Management Corp, ("King & Bay") is an entity owned by Mark Morabito, the Chairman of the Company, which employs or retains certain officers and personnel of the Company. King & Bay provides legal, regulatory and corporate secretarial services to the Company. These services are provided to the Company on an as-needed basis and are billed based on the cost or value of the services provided to the Company. The amounts shown in the table below represent amounts paid and accrued to King & Bay for the services of King & Bay personnel and for overhead and third-party costs incurred by King & Bay on behalf of the Company.

Kinley Exploration LLC ("Kinley") is an entity owned by Colin Kinley, a Director of the Company. Kinley provides certain technical services regarding project preparation and development to the Company. These services are provided to the Company on an as-needed basis and are billed based on the cost or value of the services provided to the Company. The amount shown in the table below represents amounts paid to Kinley for the services of Kinley personnel and for out-of-pocket reimbursable expenses incurred by Kinley on behalf of the Company.

Transactions with related parties other than key management personnel included the following:

	<u>Nine Months Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
King & Bay	\$ 83	\$ 359
Kinley	\$ 752	\$ 116

As of September 30, 2019, amounts accrued and due to key management personnel and other related parties include the following:

- Corporate officers - \$1,093 (December 31, 2018 - \$392)
- Board of Directors - \$2 (December 31, 2018 - \$nil)
- King & Bay - \$15 (December 31, 2018 - \$12)

EXCELSIOR MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - Expressed in thousands of United States dollars)

9. SEGMENTED INFORMATION

The Company operates in one reportable operating segment in North America. The Company's property, plant and equipment is primarily all in the United States.

10. FINANCIAL INSTRUMENTS

The Company has exposure to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk from its use of financial instruments.

This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Risk management is the responsibility of management and is carried out under policies approved by the Board of Directors. Material risks are monitored and are regularly discussed with the Audit Committee and Board of Directors.

Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates and interest rates will affect the Company's cash flows or value of its financial instruments.

Foreign exchange (currency) risk

The Company is subject to currency risk on financial instruments which are denominated in currencies that are not the same as the functional currency of the entity that holds them. Exchange gains and losses would impact earnings (loss).

The Company is exposed to currency risk through cash and cash equivalents, accounts payable and accrued liabilities which are denominated in CAD\$. The balance in these accounts are not significant, therefore, the Company's exposure to currency risk is considered minimal. The Company has not hedged its exposure to currency fluctuations at this time.

Interest rate risk

The Company is subject to interest rate risk with respect to its investments in cash and cash equivalents. The Company's current policy is to invest excess cash in guaranteed investment certificates issued by its Canadian banking institution. The Company periodically monitors the investment it makes and is satisfied with the credit ratings of its banks.

Interest rate risk on cash and cash equivalents is minimal because these investments generally have a fixed interest rate.

Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices for copper. Commodity price risks are affected by many factors that are outside the Company's control including global or regional consumption patterns, the supply of and demand for metals, speculative activities, the availability and costs of metal substitutes, inflation, and political and economic conditions. The financial instrument impacted by commodity prices is the stream obligation (derivative liability).

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents, tax receivables and restricted cash.

The Company limits its exposure to credit risk on financial assets through investing its cash and cash equivalents with high-quality North American financial institutions. The Company's receivables consist mainly of input tax credits receivable from the Government of Canada.

EXCELSIOR MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - Expressed in thousands of United States dollars)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective in managing liquidity risk is to maintain sufficient liquidity to meet its liabilities when due. The Company manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of its financial assets and liabilities. Cash flow forecasting is performed regularly. The Company also holds surety bonds to support future environmental obligations.

As of September 30, 2019, the Company has cash and cash equivalents of \$30,249 to settle current liabilities of \$6,896.

Fair value estimation

The Company's financial assets and liabilities are measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The three levels of the fair value hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the Company is able to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

The carrying values of cash and cash equivalents, receivables, restricted cash, accounts payable and accrued liabilities, and amounts due to related parties approximate their fair values due to the short-term maturity of these financial instruments.

The following table presents the Company's financial assets and liabilities by level within the fair value hierarchy.

As of September 30, 2019	Carrying value			Fair value		
	FVTPL	Amortized cost	Other financial liabilities	Level 1	Level 2	Level 3
Financial assets						
Cash and cash equivalents	\$ -	\$ 30,249	\$ -	\$ -	\$ -	\$ -
Restricted cash	-	3,304	-	-	-	-
	\$ -	\$ 33,553	\$ -	\$ -	\$ -	\$ -
Financial liabilities						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 5,623	\$ -	\$ -	\$ -
Amounts due to related parties	-	-	1,110	-	-	-
Restricted share units	61	-	-	-	61	-
Derivative liabilities	70,810	-	-	-	-	70,810
	\$ 70,871	\$ -	\$ 6,733	\$ -	\$ 61	\$ 70,810

EXCELSIOR MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - Expressed in thousands of United States dollars)

11. SUBSEQUENT EVENTS

On November 1, 2019 the Company announced that it entered into an agreement with Nebari Natural Resources Credit Fund I LP for a \$15.0 million credit facility (the "Credit Facility"). The Credit Facility provides for an initial draw of \$5.0 million (the "Initial Draw"), and two additional draws of \$5.0 million each at the sole option of Excelsior. The Credit Facility has an initial term of 15 months from the date of the Initial Draw. The Credit Facility may be extended for up to two additional six-month periods (21 months and 27 months from the date of the Initial Draw). The Credit Facility is secured against the assets of Excelsior and certain of its subsidiaries. The Credit Facility bears interest at 14.2% per annum, payable monthly. An arrangement fee of 2.0% (\$0.3 million) of the total available funds under the Credit Facility was paid on closing. The arrangement fee is creditable against interest payable on the draws under the Credit Facility, to a maximum of \$0.1 million of interest per each draw. There are no common shares, warrants or other convertible securities issuable to Nebari in connection with the Credit Facility.



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

**EXCELSIOR MINING CORP.
MANAGEMENT’S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

Management’s Discussion and Analysis (“MD&A”) is as of November 13, 2019 and relates to the financial condition of Excelsior Mining Corp. and its subsidiaries (“Excelsior” or the “Company”) as of September 30, 2019. The MD&A supplements and complements Excelsior’s unaudited Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2019 (the “Consolidated Financial Statements”) and related notes. Comparison of the financial results in this MD&A is provided to the three and nine-month periods ended September 30, 2018, or the year ended December 31, 2018. Other relevant documents to be read with this MD&A include the Audited Consolidated Financial Statements for the year ended December 31, 2018, and the Annual Information Form (“AIF”) for the year ended December 31, 2018. These documents are available on the Company’s website at www.excelsiormining.com, and on the SEDAR website at www.sedar.com.

The unaudited Consolidated Financial Statements for the three and nine months ended September 30, 2019 have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as applicable to interim financial reports including International Accounting Standard 34, *Interim Financial Reporting*. The condensed consolidated interim financial statements do not include all the information required for full annual financial statements. The accounting policies applied in the condensed consolidated interim financial statements are consistent with those applied in the Company’s audited annual consolidated financial statements unless otherwise disclosed. All dollar amounts are expressed and presented in thousands of United States dollars (unless otherwise noted). Canadian dollars are expressed as “CAD\$”.

Readers are cautioned that the MD&A contains forward-looking statements and that actual events may vary from Management’s expectations. Readers are encouraged to read the “Cautionary Statements” section presented later in this MD&A including the factors described in “Risk Factors” and “Forward-Looking Information”.

APPROVAL

The Board of Directors of Excelsior Mining Corp. has approved the disclosure contained in this MD&A as of November 13, 2019.

DESCRIPTION OF BUSINESS

Excelsior is a mineral exploration and development company that is advancing the Gunnison Copper Project (“Gunnison Project”) located in Cochise County, Arizona. Excelsior was incorporated under the *Business Corporations Act* of British Columbia on June 9, 2005. The Company is listed on the Toronto Stock Exchange (“TSX”) under the symbol “MIN”, the top-tier over-the-counter market (“OTCQX”) under the symbol “EXMGF”, and the Frankfurt Stock Exchange under the symbol “3XS”.

The Gunnison Project is an advanced-staged, low-cost, environmentally friendly in-situ recovery copper extraction project that is permitted to 125 million pounds per year of copper cathode production. Excelsior announced the start of construction in December 2018. As of September 30, 2019, the Company has completed most of the construction phase including the wellfield drilling and the supporting infrastructure consisting of the electrical power system upgrades, all holding ponds, the pipeline corridor and acid storage tanks. Upgrades to the adjacent Johnson Camp mine (“JCM”) Solvent Extraction and Electrowinning (“SX-EW”) plant are nearing final completion and are expected to be completed in the fourth quarter.

In addition to the Gunnison Project construction activities, the Company is continuing the property care and maintenance of the JCM heap leach pad.

**EXCELSIOR MINING CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

COPPER STREAM

On November 30, 2018 the Company finalized an agreement for a \$75.0 million project financing package ("Project Financing", or "copper stream" or "copper stream derivative liability") with Triple Flag Mining Finance Bermuda Ltd. ("Triple Flag"). In connection with the Project Financing, the Company issued Triple Flag 3.5 million five-year common share purchase warrants (the "warrants"), under a five-year term beginning on November 30, 2018, entitling Triple Flag to purchase 3.5 million Excelsior common shares at a strike price of CAD\$1.50 per share issued.

As of September 30, 2019, the Company has received all of the funding from the \$75.0 million project financing, consisting of a \$65.0 million copper stream, and \$10.0 million in equity financing. A total of \$20.0 million of the \$65.0 million copper stream was advanced by Triple Flag during the three-month period ended September 30, 2019.

The Company determined that the Project Financing, in its current form, is a derivative liability for accounting purposes. As such, at the end of each reporting period, the fair value of the copper stream and the warrants are calculated, and the difference in fair value from the previous reporting period is recognized as a gain or loss in the consolidated statement of loss and comprehensive loss.

GUNNISON PROJECT CONSTRUCTION

The following is a summary of the key information, construction status and project milestones that have been reached on the Gunnison Project.

Safety

The Gunnison Project has had no lost time incidents as of November 13, 2019 involving any employees or contractors for 344 days.

Staffing

Hiring of key management, technical and administrative personnel has been completed and all personnel are in place to operate the production wellfield and the upgraded SX-EW facility. The number of employees at JCM as of September 30, 2019 totaled 79, and as of the date of this MD&A totals 84.

Wellfield Drilling and Infrastructure

A total of 41 production wells have been successfully drilled. The depth of each well is approximately 1300 feet, and all wells are open within the copper ore body. Injection and recovery wells are interspaced in an alternating and repeating pattern throughout the wellfield; spacing is approximately 70 feet from each injection well to a recovery well. Installation of the necessary infrastructure and instrumentation, including stainless steel pumps in the recovery wells, is nearing completion.

Working in parallel to the drilling of the injection and recovery wells, 16 compliance and monitoring wells surrounding the production wellfield have also been completed. Additionally, the primary header station, which contains piping connections and the controls needed to monitor and adjust flow rates, has been constructed and is being commissioned.

Electrical Power Distribution and Infrastructure

Electrical power distribution to the wellfield, the relocation and upgrades to the new substation, and the new 69k/volt transmission line with pole transformers were completed in July 2019. The 69k/volt transmission line was linked over the I-10 highway to connect the upgraded substation at JCM to the production wellfield for the hydraulically-controlled wells and to the evaporation pond. At the new substation, power will be transformed for distribution throughout the SX-EW processing plant.

**EXCELSIOR MINING CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

Process Pond Upgrades and Completions

In September 2019, the Company successfully completed construction of all ponds essential for production. The Gunnison Project has six major ponds represented by five types: Pregnant Leach Solution (PLS), raffinate, evaporation, utility and draindown ponds. Some of these ponds are retrofits of existing ponds, while others are newly-constructed ponds. Together, the PLS and raffinate ponds provide a closed-loop system for circulating mining fluids between the JCM production facilities and the wellfield. Excess solution will be transferred to the evaporation pond. Excelsior's federal operating permit requires a bleed in excess of recovered solutions in order to maintain hydraulic control of wellfield operations. This bleed will be delivered to the evaporation pond for mechanically-assisted evaporation. Additionally, there is a new utility pond that will be able to accept either raffinate or PLS solutions to provide operational flexibility. The newly-constructed pipeline draindown pond will capture any solutions if repairs or maintenance on the pipeline is required.

Pipeline Distribution and Infrastructure

Construction of the pipeline corridor connecting the processing facilities at JCM to the wellfield was completed during July 2019 and the pipeline within the corridor was completed in August 2019. A two-mile high-density polyethylene (HDPE) pipeline corridor will safely transport solutions between the JCM processing facilities and the Gunnison wellfield. The pipeline corridor contains 18-inch and 20-inch diameter PLS and raffinate lines, as well as a freshwater line and a utility line. Construction of the pipeline corridor also included the installation of a bridge over an area of the property where elevation is required, and a 460-foot tunnel under the I-10 highway, which was horizontally drilled.

New Acid Storage Facilities

In July 2019, the construction of three new acid storage tanks and a new acid unloading facility was completed. The new acid storage tanks have a capacity of 7,500 tons of sulfuric acid and were designed to provide excess operational and purchasing flexibility. Sulfuric acid deliveries to the tanks started in August 2019 and will continue throughout the copper production phase of the project on a scheduled basis.

JCM SX-EW Plant Upgrades

Upgrades to the JCM processing facilities include enhanced controls and instrumentation, new rectifiers, increased solution heating capacity as well as other modifications that are expected to allow the Gunnison Project to produce Grade A, 99.999% pure copper cathode. Minor construction items remain to be completed in the SX-EW plant which are not required to commence wellfield operations. These items will be completed by the end of the year, prior to copper production.

Total capitalized expenditures including accruals on the Gunnison Project as of September 30, 2019 were \$69,352.

OUTLOOK

Construction of the Gunnison Project was substantially completed as of the end of the third quarter 2019, copper production in solution from the wellfield is expected to begin prior to the end of the fourth quarter 2019, and copper cathode sales are expected during the first quarter of 2020. Total project-related expenditures forecast for the Gunnison Project through December 31, 2019 is approximately \$81.0 million, unchanged from the previous estimate.

**EXCELSIOR MINING CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

SELECTED QUARTERLY INFORMATION

The following table summarizes selected financial information for the Company for each of the past eight quarters ending September 30, 2019:

	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Net loss for the period	\$ 4,617	\$ 2,315	\$ 6,633	\$ 732
Loss per share (basic and diluted)	0.02	0.01	0.03	0.00
Total assets	125,590	115,325	76,097	68,364

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Net loss for the period	\$ 4,148	\$ 3,516	\$ 3,739	\$ 2,612
Loss per share (basic and diluted)	0.02	0.02	0.02	0.02
Total assets	38,534	41,453	44,803	34,851

The net loss for the last eight quarters reflects the advancement of the Gunnison Project from exploration and evaluation, through feasibility and sustainability and into the construction phase. The care and maintenance costs of the JCM facilities has remained relatively constant over the previous eight-quarter period. The net loss for the quarter-ended September 30, 2019 of \$4,617 included a loss of \$2,009 on revaluation of the copper stream derivative liability. The net loss for the quarter ended December 31, 2018 was lower than the other seven quarters presented above, as the Company recognized a gain on the sale of a royalty option of \$3,783. The Company began capitalizing Gunnison Project costs on December 1, 2018, which were previously expensed in accordance with the Company's accounting policy.

The quarterly results presented above do not necessarily reflect any recurring expenditure patterns or predictable future trends. The net loss by quarter has generally trended higher due to the gradual ramp-up and increase in costs associated with advancing the Gunnison Project through the permitting, financing and construction-readiness stages. During 2017, the Company maintained a relatively constant level of quarterly spending while shifting the focus of its activities from acquiring JCM, to pre-feasibility and feasibility filings, and to permitting activities and project advancement.

The Company has been in the exploration and evaluation phase, then moved into the project advancement phase, and is now in the construction phase, and as a result has not generated any revenues in each of the last eight quarters.

REVIEW OF FINANCIAL RESULTS

Three months ended September 30, 2019 compared to the three months ended September 30, 2018:

For the three-months ended September 30, 2019 the Company's net loss was \$4,617 (\$0.02 per share) compared to a net loss of \$4,148 (\$0.02 per share) for the three-months ended September 30, 2018. The higher net loss for the three-month period ended September 30, 2019 as compared to the same period of 2018 resulted primarily from the loss of \$2,009 on revaluation of the copper stream derivative liability and higher compensation costs partly offset by the absence of project advancement costs that were incurred during the comparable three-month period of 2018 for the Gunnison Project, which were expensed in accordance with the Company's accounting policy.

EXCELSIOR MINING CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

Significant changes in the "Expenses" categories listed in the condensed consolidated interim statements of loss and comprehensive loss for the three-months ended September 30, 2019 and 2018 are described below: For the three-months ended September 30, 2019 the Company incurred JCM holding and maintenance costs of \$99 (2018 - \$739). For the 2018 period, these costs are primarily employee salaries, wages and benefits, utilities, property taxes, insurance, plant and equipment maintenance, and environmental compliance costs. For the 2019 period, these costs are being capitalized as Gunnison Project construction costs, except for property taxes and costs which are related to the care and maintenance of the heap leach pad. When the Gunnison Project is in production, all the above costs will be included in operating costs.

For the three months ended September 30, 2019 the Company incurred project advancement costs of nil (2018 - \$957) directly related to the Gunnison project construction readiness activities. During the 2018 period, these costs include project employee ramp-up related costs including compensation, and technical services for detailed engineering and planning for the SX-EW upgrades and wellfield infrastructure. Costs were nil in the three-month period ended September 30, 2019 as compared to the same period of 2018 due to completion of construction-readiness activities at the end of November 2018. All Gunnison Project advancement costs are capitalized as construction-in-progress beginning December 1, 2018.

For the three months ended September 30, 2019 evaluation and permitting expenses incurred on the Gunnison Project were nil (2018 - \$623). Costs for the three-months ended September 30, 2019 were lower than the comparable period of 2018 because most permitting activities were completed in 2018.

Office and administration expenses for the three-months ended September 30, 2019 were \$244 compared to \$298 during the same period of the prior year. The decrease of \$54 was primarily due to timing of corporate management and administrative support incurred during the prior year comparative period.

Professional fees incurred during the three months ended September 30, 2019 were \$266 compared to \$234 during the same period of the prior year, representing an increase of \$32. Higher professional fees resulted from advisory fees associated with the Triple Flag financing proceeds received in the current 2019 period partly offset by lower legal fees related to permitting activities in the 2018 three-month period.

Directors' and officers' fees incurred during the three months ended September 30, 2019, were \$1,067 compared to \$755 during the same period of the prior year, representing an increase of \$312. Higher directors' and officers' fees resulted from an increase in executive compensation.

During the three months ended September 30, 2019, the Company incurred share-based compensation expense of \$793 (2018 - \$486). The increase in non-cash share-based compensation expense of \$307 is due to stock options granted to directors and officers, consultants, and management personnel.

Significant changes in the "Other Items" listed in the condensed consolidated interim statements of loss and comprehensive loss for the three-months ended September 30, 2019 and 2018 are described below:

The copper stream derivative liability is recorded at fair value at each period end using a Monte Carlo simulation valuation model. The key inputs used by the Monte Carlo simulation in generating future copper revenue for purposes of valuing the stream obligation at September 30, 2019 include: the copper forward price curve (based on COMEX futures), long-term copper volatility of 21.8%, a risk-free rate of return of 1.66% and an income tax rate of 30%. The valuation of the copper stream also requires estimation of the Company's nonperformance or credit risk, the Company's expansion plans, and the anticipated production schedule of copper pounds delivered over the life of the mine. During the three months ended September 30, 2019, the loss of \$2,009 on revaluation of the derivative liability was primarily driven by the impact of discounting factors and a decrease in the risk-free rate, partly offset by a decrease in the copper price.

**EXCELSIOR MINING CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

During the three-months ended September 30, 2019, the Company realized interest income of \$160 versus interest income of \$100 for the comparable period of 2018. Interest income was higher in 2019 compared to the same period of 2018 mainly due to an increase in interest income on cash investments from the Company's overall higher cash balance in 2019.

Other income of \$67 for the three-month period of 2019 and \$84 for the three-month period of 2018 represents sales of waste rock material from JCM.

Nine months ended September 30, 2019 compared to the nine months ended September 30, 2018:

For the nine-months ended September 30, 2019 the Company's net loss was \$13,565 (\$0.06 per share) compared to a net loss of \$11,403 (\$0.06 per share) for the nine-months ended September 30, 2018. The higher net loss for the nine-month period ended September 30, 2019 as compared to the same period of 2018 resulted primarily from a non-cash loss of \$6,028 arising from the change in fair value of the copper stream derivative liability. Partly offsetting, is the absence of project advancement costs that were incurred during the comparable nine-month period of 2018 for the Gunnison Project, which were expensed in accordance with the Company's accounting policy.

Significant changes in the "Expenses" categories listed in the condensed consolidated interim statements of loss and comprehensive loss for the nine-months ended September 30, 2019 and 2018 are described below:

For the nine-months ended September 30, 2019 the Company incurred JCM holding and maintenance costs of \$366 (2018 - \$2,366). For the 2018 period, these costs are primarily employee salaries, wages and benefits, utilities, property taxes, insurance, plant and equipment maintenance, and environmental compliance costs. For the 2019 period, these costs are being capitalized as Gunnison Project construction costs, except for property taxes and costs which are related to the care and maintenance of the heap leach pad. After construction is completed, and the Gunnison Project is in production, all the above costs will be included in operating costs.

For the nine months ended September 30, 2019 the Company incurred project advancement costs of nil (2018 - \$3,178) directly related to the Gunnison project construction readiness activities. During the 2018 period, these costs include project employee ramp-up related costs including compensation, and technical services for detailed engineering and planning for the SX-EW upgrades and wellfield infrastructure. Costs were nil in the nine-month period ended September 30, 2019 as compared to the same period of 2018 due to completion of construction-readiness activities at the end of November 2018. All Gunnison Project advancement costs are capitalized as construction-in-progress beginning December 1, 2018.

For the nine months ended September 30, 2019 evaluation and permitting expenses incurred on the Gunnison Project amounted to \$248 (2018 - \$1,414). The costs for the nine-months ended September 30, 2019 were lower than the comparable period of 2018 as most permitting activities were completed in 2018. The costs in the nine-month period of 2019 represent ongoing compliance costs at JCM.

Office and administration costs for the nine-months ended September 30, 2019 were \$786 which were essentially at the same level of \$802 for the same period of the prior year.

Professional fees for the nine-months ended September 30, 2019 were \$1,065 compared to \$782 during the same period of the prior year. The increase of \$283 was primarily due to advisory fees associated with the Triple Flag financing proceeds received in the current 2019 period, partly offset by lower legal fees related to permitting activities in the 2018 nine-month period.

Directors' and officers' fees incurred during the nine months ended September 30, 2019, were \$2,276 compared to \$1,457 during the same period of the prior year, representing an increase of \$819. Higher directors' and officers' fees resulted from an increase in executive compensation.

EXCELSIOR MINING CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

During the nine months ended September 30, 2019, the Company incurred share-based compensation expense of \$2,384 (2018 – \$1,013). The increase in non-cash share-based compensation expense of \$1,371 is primarily due to an increase in stock options granted to directors and officers, consultants, and management personnel.

Significant changes in the “Other Items” listed in the condensed consolidated interim statements of loss and comprehensive loss for the nine-months ended September 30, 2019 and 2018 are described below:

The copper stream derivative liability is recorded at fair value at each period end using a Monte Carlo simulation valuation model. See the 3-month discussion above for the variables that are used in the period-end valuation. During the nine months ended September 30, 2019, the non-cash loss of \$6,028 for revaluation of the derivative liability was primarily driven by an increase in the copper price input compared to the December 31, 2018 valuation model, and the impact of lower discounting on the future cash flows in the valuation model.

During the nine-months ended September 30, 2019, the Company realized interest income of \$467 versus interest income of \$199 for the comparable period of 2018. Interest income was higher in 2019 compared to the same period of 2018 mainly due to an increase in interest income on cash investments from the Company's overall higher cash balance in 2019.

Other income of \$209 for the nine-month period of 2019 and \$213 for the nine-month period of 2018 represents sales of waste rock material from JCM.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash and cash equivalents of \$30,249 as of September 30, 2019 (December 31, 2018 - \$44,168). Cash and cash equivalents decreased \$7,106 during the three months ended September 30, 2019 compared to a decrease of \$2,926 for the same period in 2018 primarily due to cash expenditures for Gunnison Project construction costs partly offset by the funds received from Triple Flag during the current 2019 quarter (\$20,000).

Cash and cash equivalents decreased \$13,919 during the nine months ended September 30, 2019 compared to an increase of \$2,697 for the same period in 2018 primarily due to cash expenditures for Gunnison Project construction costs partly offset by the funds received from Triple Flag during 2019 (\$55,000).

Net cash used in operating activities for the three months ended September 30, 2019 was \$1,106 compared to \$2,923 for the same period of 2018. The change in operating cash flow for the three-month period of 2019 compared to the same period of 2018 resulted from the Gunnison Project advancing into the construction stage in December 2018. Project advancement costs were included in operating activities in 2018, whereas the Gunnison Project costs are included in investing activities in 2019.

Net cash used in operating activities for the nine months ended September 30, 2019 was \$4,471 compared to net cash used of \$9,212 for the same period of 2018. Similarly, the change in operating cash flow for the nine-month period of 2019 compared to the same period of 2018 resulted from the Gunnison Project advancing into the construction stage in December 2018.

Net cash used in investing activities for the three months ended September 30, 2019 was \$25,995 compared to net cash used of \$6 for the same period of 2018. The net cash used in 2019 was mainly the result of cash expenditures for the Gunnison Project construction costs. Similarly, net cash used in investing activities for the nine months ended September 30, 2019 of \$64,451 was higher than the net cash used of \$883 for the same period of 2018 due to the cash expenditures for the Gunnison Project construction costs.

EXCELSIOR MINING CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

Net cash provided by financing activities for the three months ended September 30, 2019 was \$20,000 compared to nil for the three-month period of 2018. During the current 2019 period, the Company received \$20,000 from Triple Flag for the copper stream.

Net cash provided by financing activities for the nine-month period ended September 30, 2019 was \$55,000 compared to \$12,806 for the nine-month period of 2018. During 2019, the Company received \$55,000 from Triple Flag under the copper stream. During 2018, the Company received \$12,745 in net proceeds from a private equity placement.

The Company had working capital of \$24,697 at September 30, 2019 (December 31, 2018 – \$42,355). The decrease in working capital primarily resulted from the decrease in cash discussed above.

On November 1, 2019 the Company announced that it entered into an agreement with Nebari Natural Resources Credit Fund I LP (“Nebari”) for a \$15.0 million credit facility (the "Credit Facility"). The Credit Facility provides for an initial draw of \$5.0 million (the “Initial Draw”), and two additional draws of \$5.0 million each at the sole option of Excelsior. The Credit Facility has an initial term of 15 months from the date of the Initial Draw. The Credit Facility may be extended for up to two additional six-month periods (21 months and 27 months from the date of the Initial Draw). The Credit Facility is secured against the assets of Excelsior and certain of its subsidiaries. The Credit Facility bears interest at 14.2% per annum, payable monthly. An arrangement fee of 2.0% (\$0.3 million) of the total available funds under the Credit Facility was paid on closing. The arrangement fee is creditable against interest payable on the draws under the Credit Facility, to a maximum of \$0.1 million of interest per each draw. There are no common shares, warrants or other convertible securities issuable to Nebari in connection with the Credit Facility.

The Company has substantially completed construction activities on the Gunnison Project as scheduled and continues to incur JCM holding and maintenance costs related to the heap leach pad. With the completion of the Project Financing and private equity placements in 2018, the Nebari Credit Facility, and expected cash flow from future copper production and sales, the Company expects to have enough funds to cover the construction costs of the first phase of the Gunnison Project and to meet its estimated annual costs for at least the next year.

**EXCELSIOR MINING CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

STATEMENT OF FINANCIAL POSITION INFORMATION

The following is a summary of the Company's interim financial position at September 30, 2019 compared to the annual statement of financial position at December 31, 2018.

	As at September 30, 2019	As at December 31, 2018
Cash and cash equivalents	\$ 30,249	\$ 44,168
Receivables	516	177
Prepaid expenses	603	903
Materials and supplies	225	286
Property, plant and equipment, net	90,693	19,526
Restricted cash	3,304	3,304
Total Assets	\$ 125,590	68,364

	As at September 30, 2019	As at December 31, 2018
Accounts payable and accrued liabilities	\$ 5,623	\$ 2,526
Amounts due to related parties	1,110	404
Restricted share units	61	249
Lease liabilities (current and long-term)	171	-
Derivative liabilities	70,810	9,782
Asset retirement obligation	12,644	9,456
Capital stock	89,197	88,916
Other equity reserves	9,418	6,910
Deficit	(62,615)	(49,050)
Accumulated other comprehensive loss	(829)	(829)
Total Liabilities and Equity	\$ 125,590	\$ 68,364

Assets

Cash and cash equivalents decreased by \$13,919 during the nine months ended September 30, 2019 as previously discussed in "Liquidity and Capital Resources" above.

The increase of \$71,167 in net Property, plant and equipment at September 30, 2019 primarily reflects capitalized expenditures and accruals for Gunnison Project construction.

Liabilities

Accounts payable and accrued liabilities increased by \$3,097 for the nine months ended September 30, 2019, mainly resulting from the increase in expenditures related to the construction activities on the Gunnison Project.

Derivative liability of \$70,810 at September 30, 2019 consists of the fair value of the copper stream (\$69,851) and the fair value of the common share purchase warrants (\$959). The \$61,028 increase in 2019 is principally related to \$55,000 cash received from Triple Flag under the copper stream plus valuation changes as discussed earlier.

The increase in the asset retirement obligation ("ARO") of \$3,188 for the nine months ended September 30, 2019 is due to additional reclamation costs for disturbance of the wellfield area and new ponds of \$2,276 during the nine-month period, \$681 for a change in estimated costs from updating the inflation and discount rate assumptions, and \$231 for the accretion of the ARO estimate at December 31, 2018.

**EXCELSIOR MINING CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

Equity

During the nine months ended September 30, 2019, the other equity reserves account increased by \$2,508 primarily as a result of share-based compensation costs of \$2,669, including expensed and capitalized costs.

Outstanding Share Capital

The Company's authorized capital consists of an unlimited number of common shares without par value and an unlimited number of non-voting common shares without par value. The Company has securities outstanding as follows:

Security Description	September 30, 2019	Date of report
Common shares	239,032,960	239,032,960
Stock options	16,625,000	17,125,000
Restricted share units	100,000	100,000
Warrants	3,500,000	3,500,000

During the nine months ended September 30, 2019 a total of 651,303 common shares were issued, summarized as follows:

- During the nine months ended September 30, 2019, the Company issued a total of 463,803 common shares from stock options exercised.
- On January 8, 2019, the Company issued 187,500 common shares for the vesting of restricted share units.

Contractual Obligations

The Company has the following contractual obligations as of September 30, 2019:

Contractual Obligations	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Asset retirement obligation ⁽¹⁾	\$ 14,761	-	-	-	\$ 14,761
Lease agreements	\$ 190	\$ 112	\$ 78	-	-
Purchase obligations	\$ 1,763	\$ 1,763	-	-	-
Total contractual obligations	\$ 16,714	\$ 1,875	\$ 78	-	\$ 14,761

⁽¹⁾ Classification of such amounts is based on estimates of when reclamation work will be performed. Amounts represent undiscounted estimates and are not reflective of inflation.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

**EXCELSIOR MINING CORP.
MANAGEMENT’S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

RELATED PARTIES

Related parties and related party transactions are summarized below:

Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consists of the Company’s Board of Directors and corporate officers, including the Company’s Chief Executive Officer and President, Chief Operating Officer, Senior Vice President & Chief Financial Officer, Vice President of Sustainability, Health & Safety, Vice President of Corporate Affairs and Corporate Secretary.

Remuneration attributed to key management personnel is summarized as follows:

	<u>Nine Months Ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Salaries, fees and benefits	\$ 2,353	\$ 1,498
Share-based compensation	2,206	418
Total	<u>\$ 4,559</u>	<u>\$ 1,916</u>

Salaries, fees and benefits to key management includes all salaries, bonuses, fees, and other employment benefits, pursuant to contractual employment agreements, consultancy or management services arrangements.

Other Related Parties

King & Bay West Management Corp, (“King & Bay”) is an entity owned by Mark Morabito, the Chairman of the Company, which employs or retains certain officers and personnel of the Company. King & Bay provides legal, regulatory and corporate secretarial services to the Company. These services are provided to the Company on an as-needed basis and are billed based on the cost or value of the services provided to the Company. The amounts shown in the table below represent amounts paid and accrued to King & Bay for the services of King & Bay personnel and for overhead and third-party costs incurred by King & Bay on behalf of the Company. The fees for such services were made on terms equivalent to those that King & Bay charges to arm’s length parties.

Kinley Exploration LLC (“Kinley”) is an entity owned by Colin Kinley, a Director of the Company. Kinley provides certain technical services regarding project preparation and development to the Company. These services are provided to the Company on an as-needed basis and are billed based on the cost or value of the services provided to the Company. The amount shown in the table below represents amounts paid to Kinley for the services of Kinley personnel and for out-of-pocket reimbursable expenses incurred by Kinley on behalf of the Company. The fees for such services were made on terms equivalent to those that Kinley charges to arm’s length parties.

Transactions with related parties other than key management personnel included the following:

	<u>Nine Months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
King & Bay	\$ 83	\$ 359
Kinley	\$ 752	\$ 116

**EXCELSIOR MINING CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

As of September 30, 2019, amounts accrued and due to key management personnel and other related parties include the following:

- Corporate officers - \$1,093 (December 31, 2018 - \$392)
- Board of Directors - \$2 (December 31, 2018 - nil)
- King & Bay - \$15 (December 31, 2018 - \$12)

ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies applied in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2018, except for the adoption of IFRS 16, *Leases* ("IFRS 16"), which is effective January 1, 2019. A summary of the Company's significant accounting policies is provided in Note 2 to the audited consolidated financial statements for the year ended December 31, 2018 and 2017. A summary of the adoption of IFRS 16 is included in Note 2 of the Company's condensed consolidated interim financial statements for the three and nine-months ended September 30, 2019.

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates and judgments. These estimates, judgments and assumptions affect the reported amounts of assets, liabilities, shareholders' equity, and the disclosure of contingent assets and liabilities, as at the date of the financial statements, and expenses for the periods reported. A summary of the Company's critical estimates and judgments is provided in Note 2, Basis of Presentation, Critical Accounting Estimates and Judgments, of the audited consolidated financial statements for the year ended December 31, 2018 and 2017.

The Company applied judgment in determining that the copper stream arrangement, in its current form, is a derivative liability for accounting purposes. This judgment will be monitored as facts and circumstances change such as the exercise or expiry of the expansion and buyback options and the relationship of the metal deliverable under the arrangement to the Company's actual production.

FINANCIAL INSTRUMENTS

A summary of the Company's financial instruments is provided in Note 10 in the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2019. As of September 30, 2019, the Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Market Risk

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

(a) **Foreign exchange (currency) risk**

The Company is subject to currency risk on financial instruments which are denominated in currencies that are not the same as the functional currency of the entity that holds them. Exchange gains and losses would impact earnings (loss).

**EXCELSIOR MINING CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

The Company is exposed to currency risk through cash and cash equivalents, accounts payable and accrued liabilities which are denominated in CAD\$. The Company has not hedged its exposure to currency fluctuations at this time.

(b) Interest Rate Risk

The Company's current policy is to invest excess cash in guaranteed investment certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The risk that the Company will realize a loss as a result of a decline in the fair value of short-term investments is extremely low.

Interest rate risk on cash and cash equivalents is minimal because these investments have a fixed yield rate.

(c) Commodity Price risk

The Company is exposed to price risk with respect to commodity prices as this impacts the valuation of the copper stream arrangement. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are held at large North American financial institutions some of which are interest bearing accounts. The Company's receivables consist mainly of input tax credits receivable from the Government of Canada.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

As at September 30, 2019, the Company had cash and cash equivalents of \$30,249 to settle current liabilities of \$6,896. The Company also has \$15,000 available on the Nebari Credit Facility.

Fair value estimation

The Company's financial assets and liabilities are measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The three levels of the fair value hierarchy are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the Company is able to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

**EXCELSIOR MINING CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

The carrying value of all the Company's financial instruments approximates their fair value.

The copper stream obligation is recorded at fair value at each statement of financial position date as the Company determined that the obligation was in substance a debt instrument with an embedded derivative linked to copper commodity prices and interest rates. The Company elected to measure the stream obligation in its entirety at fair value through profit or loss.

The copper stream obligation was valued using a Monte Carlo simulation valuation model. The key inputs used by the Monte Carlo simulation in valuing the copper stream obligation includes the copper forward price curve based on the COMEX futures, long-term copper volatility, call option exercise prices and risk-free rate of return. The valuation of the copper stream obligation also requires estimation of the Company's nonperformance or credit risk and the anticipated production schedule of copper pounds delivered over the life of the mine.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management of the Company is responsible for establishing and maintaining disclosure controls and procedures. Management has designed such disclosure controls and procedures, or caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the CEO and the CFO by others within those entities.

The CEO and CFO have certified that they have designed disclosure controls and procedures (or caused them to be designed under their supervision) and they are operating effectively to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries is made known to them by others within those entities as of September 30, 2019.

Internal Control Over Financial Reporting

The Company maintains a system of internal controls over financial reporting, as defined by National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings in order to provide reasonable assurance that assets are safe-guarded and financial information is accurate and reliable and in accordance with IFRS. During the nine months ended September 30, 2019, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitation of Controls and Procedures

Our management, including the CEO and CFO, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well-designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

**EXCELSIOR MINING CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

ADDITIONAL INFORMATION

Additional disclosure concerning the Company, including the AIF for the year ended December 31, 2018, is available on the SEDAR website, www.sedar.com.

TECHNICAL INFORMATION

Excelsior's technical work on the Gunnison Project is supervised by Stephen Twyerould, Fellow of AUSIMM, President & CEO of Excelsior and a Qualified Person as defined by National Instrument 43-101. Mr. Twyerould has reviewed and approved the technical information contained in this MD&A.

Additional information about the Gunnison Project can be found in the technical report filed on SEDAR at www.sedar.com entitled: "Gunnison Copper Project, NI 43-101 Technical Report, Feasibility Study" dated effective December 17, 2016.

CAUTIONARY STATEMENTS

Risk Factors

The exploration for and development of mineral deposits involves significant risks and uncertainties, which even a combination of careful evaluation, experience and knowledge may not eliminate. The more prominent risk factors that may materially affect the Company's future performance, in addition to those referred to above, are discussed in the MD&A and the AIF each for the year ended December 31, 2018.

Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws concerning anticipated developments and events that may occur in the future. Forward-looking information contained in this MD&A includes, but is not limited to, statements with respect to: (i) the market and future price of copper and related products; (ii) requirements for additional capital; (iii) development, construction and production timelines and estimates; (iv) the future effects of environmental compliance requirements on the business of the Company; and (v) the statements under the heading "Outlook" in this MD&A, including statements about the construction of the Gunnison Project and the production of copper.

In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information contained in this MD&A is based on certain factors and assumptions regarding, among other things, the estimation of mineral reserves and resources, the realization of resource estimates, copper and other metal prices, the timing and amount of future exploration and development expenditures, the estimation of initial and sustaining capital requirements, the estimation of labor and operating costs, the availability of necessary financing and materials to continue to explore and develop the Gunnison Project in the short and long-term, the progress of development activities, the receipt of necessary regulatory approvals and permits, the estimation of insurance coverage, and assumptions with respect to currency fluctuations, environmental risks, title disputes or claims, and other similar matters. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information

**EXCELSIOR MINING CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

including, without limitation, the following risks and uncertainties referred to under the heading "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2018:

- risks relating to the fact that the Company depends on a single mineral project;
- risks inherent in the exploration and development of mineral deposits, including risks relating to changes in project parameters as plans continue to be redefined including the possibility that mining operations may not commence at the Gunnison Project;
- risks relating to variations in mineral resources and reserves, grade or recovery rates resulting from current exploration and development activities;
- risks related to fluctuations in the price of copper as the Company's future revenues, if any, are expected to be derived from the sale of copper;
- risks related to a reduction in the demand for copper in the Chinese market which could result in lower prices;
- financing, capitalization and liquidity risks, including the risk that the financing necessary to fund the future development and construction activities at the Gunnison Project may not be available on satisfactory terms, or at all;
- the Company has no history of mining operations and no revenues from operations and expects to incur losses for the foreseeable future;
- risks related to the Company obtaining various permits required to conduct its current and anticipated future operations;
- risks related to disputes concerning property titles and interest;
- risks relating to the ability to access infrastructure;
- operational risks inherent in the conduct of mining activities, including the risk of accidents, labor disputes, increases in capital and operating costs and the risk of delays or increased costs that might be encountered during the development process;
- risks related to the significant governmental regulation that the Company is subject to;
- environmental risks;
- climate change risks;
- reliance on key personnel;
- risks related to increased competition in the market for copper and related products and in the mining industry generally;
- cybersecurity risks;
- risks related to potential conflicting interests among the Company's directors and officers;
- exchange rate fluctuations between the Canadian and United States dollar;
- the absence of dividend payments;
- uncertainties inherent in the estimation of mineral resources;
- risks related to current global financial conditions;
- land reclamation requirements may be burdensome;
- risks associated with the acquisition of any new properties;

**EXCELSIOR MINING CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

- the Company may become subject to legal proceedings; and
- risks relating to the Company's Common Shares.

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 information, 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 information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking information is made as of the date of this MD&A.

Readers are cautioned that the risk factors discussed above are not exhaustive. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. Except as required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking information and readers should also carefully consider the matters discussed under the heading, "Forward Looking Information", in this MD&A and under the heading, "Risk Factors", in the AIF.

CAUTIONARY NOTE TO U.S. INVESTORS – INFORMATION CONCERNING PREPARATION OF RESOURCE AND RESERVE ESTIMATES

This MD&A has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. Unless otherwise indicated, all resource and reserve estimates included in this MD&A have been prepared in accordance with Canadian National Instrument 43-101 ("NI 43-101") and the Canadian Institute of Mining and Metallurgy Classification System. NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects.

Canadian standards, including NI 43-101, differ significantly from the requirements of the United States Securities and Exchange Commission ("SEC"), and resource information contained herein may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserves". Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. The SEC's disclosure standards normally do not permit the inclusion of information concerning "measured mineral resources", "indicated mineral resources" or "inferred mineral resources" or other descriptions of the amount of mineralization in mineral deposits that do not constitute "reserves" by U.S. standards in documents filed with the SEC. U.S. investors should also understand that "inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. Under Canadian rules, estimated "inferred mineral resources" may not form the basis of feasibility or pre-feasibility studies. Investors are cautioned not to assume that all or any part of an "inferred mineral resource" exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of "reserves" are also not the same as those of the SEC. Accordingly, information concerning mineral deposits set forth herein may not be comparable with information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.