GENERAL

Management's discussion & analysis ("MD&A") is intended to supplement and complement the consolidated financial statements of Excelsior Mining Corp. (the "Company" or "Excelsior"). The information provided herein should be read in conjunction with the Company's condensed consolidated Financial Statements and accompanying notes for the six month period ended June 30, 2014 and the Company's audited consolidated financial statements and accompanying notes for the year ended December 31, 2013.

All dollar figures presented are expressed in Canadian dollars unless otherwise noted. The Company's condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Boards ("IASB") and in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*. Consequently, all comparative financial information presented in this MD&A reflects the consistent application of IFRS. The condensed consolidated interim financial statements do not include all the information required for full annual financial statements. The accounting policies and methods of consolidation applied in the condensed consolidated interim financial statements are consistent with those applied in the Company's audited annual consolidated financial statements.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board of Directors' audit committee meets with management quarterly to review the financial statements, including the MD&A, and to discuss other financial, operating and internal control matters.

The reader is encouraged to review the Company statutory filings on www.sedar.com.

FORWARD LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of the U.S. Private Securities Litigation Reform Act and 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 estimation of mineral resources and mineral reserves; (ii) the market and future price of copper and related products; (iii) anticipated outcome of future exploration activities; (iv) permitting time lines; (v) requirements for additional capital; (vi) development, construction and production timelines and estimates; (vii) the results of the Prefeasibility Study including statements about estimated future production, future operating and capital costs, the projected IRR, NPV, payback period, construction timelines and production timelines for the Gunnison Project; (viii) the future effects of environmental compliance requirements on the business of the Company; and (ix) the statements under the heading "Outlook" in this MD&A, including statements about the completion of a feasibility study and progress on permitting.

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 labour 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 exploration and 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 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, 2013:

- 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 and demand for copper;
- financing, capitalization and liquidity risks, including the risk that the financing necessary to fund the 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, labour 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;
- environmental risks;
- reliance on key personnel;
- risks related to increased competition in the market for copper and related products and in the mining industry generally;
- risks related to potential conflicts interests among the Company's directors and officers;
- exchange rate fluctuations between the Canadian and United States dollar;

- the absence of dividends;
- 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;
- 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 foregoing lists of factors 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, "Risk Factors", 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.

DESCRIPTION OF BUSINESS AND OVERVIEW

Excelsior was incorporated under the *Business Corporations Act* (British Columbia) on June 9, 2005. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "MIN", Frankfurt Stock Exchange under the symbol "3XS", and on QTCQX under the symbol "EXMGF". Currently, the Company is conducting exploration and evaluation activities related entirely to the Gunnison Copper Project located within the copper porphyry belt of Arizona.

MINERAL PROPERTIES

Option Agreements

The Company, through its wholly-owned subsidiary, entered into a series of option agreements to purchase the Gunnison Copper Project (or the "Property"), located in Cochise County, Arizona. Under the Amended and Restated Option Agreement dated November 12, 2012 (the "Option Agreement"), the Company has the exclusive right to acquire 100% of the Gunnison Copper Project for US$350,000 to be paid as follows:

- US$150,000 to be paid on the execution of the Option Agreement (paid in December 2012);
- US$150,000 to be paid on the earlier of:
  - thirty days of the closing of an equity financing greater than US$2,000,000; and
  - on or before January 1, 2014 (paid in August 2013); and
- US$50,000 payable on or before January 1, 2015.

A further US$300,000 is payable to certain land holders of the North Star Deposit with US$150,000 of the US$300,000 due on exercise of the option on the Gunnison Project and the remaining US$150,000 due on or before December 31, 2016.

Share Purchase and Royalty Agreement

On July 19, 2013, the Company entered into a Share Purchase and Royalty Option Agreement (the "Callinan Agreement") with Callinan Royalties Corporation ("Callinan"). Under the terms of the Callinan Agreement, Callinan is to invest $1.0 million in the Company by way of a non-brokered private placement and up to a further $21.0 million through the purchase of a staged gross revenue royalty ("GRR") on the Gunnison Project (the "Transaction").

Under the terms of the Callinan Agreement, Callinan made an initial investment as follows:

- Purchased 6,250,000 common shares of the Company at a price of $0.16 per common share for aggregate consideration of $1,000,000 (cash received and common shares issued in July 2013); and
- Paid $2,000,000 to the Company in exchange for 0.5% GRR (the "Initial GRR") (received).

Callinan had the right to require the Company to repurchase all or part of the Initial GRR for $2,000,000 pro-rated for the portion of the Initial GRR purchased by the Company and payable in common shares of the Company priced at $0.25 per common share at any time so long as such issuance does not result in Callinan owning more than 19.9% of the issued and outstanding common shares of the Company after such issuance. However, this right expired on the exercise of the first feasibility and permit royalty option, discussed further below.

Callinan has the option to invest up to an additional $19 million into the Company in exchange for a further 2.5% GRR on the Gunnison Project based on development milestones (1.5%) and a construction option (1%).

1.5% of the additional GRR is staged and based upon the Company meeting specific development milestones leading up to the construction of a mining facility including completion of a prefeasibility study and successful raise of additional financing from other sources, completion of hydrology and metallurgy models to feasibility study level and successful administrative review of the key permits (Aquifer Protection Permit and the Underground Injection Control and Aquifer Exemption Permit). Upon the completion of each milestone, Callinan has the option to purchase an additional 0.5% GRR for $3.0 million each. • On July 29, 2014 Callinan exercised its first royalty option relating to development milestones. Callinan paid $3,000,000 to the Company in exchange for a 0.5% GRR on the Gunnison Project. With the exercise of the first royalty option, Callinan's right to require the Company to repurchase all or part of the Initial GRR for $2,000,000 has expired.

The construction option gives Callinan the right to buy a 1% GRR for $10.0 million following completion of the feasibility study, receipt of all required permits and the Company securing a firm commitment for 50% of the required capital required for mine construction. One quarter (0.25%) of the construction option will vest with each $3 million paid by Callinan to the Company pursuant to the initial investment or upon the exercise of any of the royalty options. Should all the royalty options be exercised, Callinan would acquire a 3% GRR on the Gunnison Project for total proceeds of $21.0 million.

The exercise price of the construction option may be adjusted if the feasibility study recommends the construction of a plant with capacity lower than 80 million pounds of copper per year based on an agreed upon schedule.

Summary of Results & Highlights

The Gunnison Copper Project is located within the copper porphyry belt of Arizona, 65 miles southeast of Tucson and approximately one mile southeast of the Johnson Camp Copper Mine. The Property is located near the I-10 freeway and covers 6,405 acres (2,592 hectares). The North Star Deposit contains a Measured & Indicated mineral resource estimate of 3.21 billion pounds of oxide copper and an additional Inferred mineral resource estimate of 0.83 billion pounds of oxide copper and remains open for expansion (refer to subsequent table for grade and tonnage details).

The oxide copper portion of the deposit has the potential to be mined using in-situ recovery ("ISR") methods. This could allow the copper to be recovered at a much lower cost than conventional mining methods. Copper has successfully been extracted using ISR in Arizona on numerous occasions.

The following represents a brief summary of recent key activities, milestones and deliverables associated with the ongoing advancement of the Gunnison Copper Project. Information related to prior periods is included where contextualization for recent activities is deemed appropriate.

On January 11, 2012, Excelsior announced the results of an Economic Impact Study ("EIS") of the Gunnison Project. The study, completed by researchers at the L.W. Seidman Research Institute, W.P. Carey School of

Business, Arizona State University, Tempe, AZ, illustrates that the project would generate significant positive economic benefit at both the State and County level.
Highlights of the Gunnison Copper Project EIS include:

- Creation of an average of **704 jobs** annually state-wide
    - *131 direct, on-site jobs; 573 in-direct or "secondary" jobs*
- **US$2.35 billion** added to Arizona's Gross State Product
- **US$214 million** in additional State revenues generated directly from the project

The numbers and dollar values quoted above are all based on the 2011 PEA and Excelsior building its own acid plant and span the entire 28 year life of the project.

Hydrological test results were released on February, 5 2013 and confirm the deposits amenability for In-Situ recovery. The results demonstrate Excelsior's ability to predict hydrological conditions using the 3-D structural model, and also the ability to reproduce earlier results demonstrating the viability of In-Situ recovery on the Gunnison Project.

On February 14, 2013, Excelsior announced the results of its metallurgical test program that demonstrates positive recovery and acid consumption numbers that were used in the pre-feasibility study.

The geological component of the program, designed to upgrade and expand the existing mineral resource, was completed with a total of 10,502 feet (3,150 metres) having been drilled. The program was successful in upgrading 34% of the mineralization from the Indicated to Measured category. See table below for details.

Resource Category	Tons[1] (Mton)	Grade[2] (% Copper)	Cu Metal (Billion lbs)
Measured	136.1	0.41	1.10
Indicated	362.3	0.29	2.11
Measured + Indicated	**498.4**	**0.32**	**3.21**
Inferred	156.2	0.27	0.83

Notes: [1] US short ton, [2] total copper

For further details on the upgraded mineral resource estimate, please refer to the PFS Technical Report (defined below) which is filed on SEDAR at www.sedar.com.

On January 17, 2014, the Company announced the results of the Prefeasibility Study ("PFS") on the North Star Deposit of the Gunnison Copper Project. The PFS was completed by M3 Engineering & Technology Corporation ("M3") of Tucson, AZ and is effective as of January 13, 2014. The complete report is entitled "Gunnison Copper Project NI 43-101 Technical Report Prefeasibility Study, Cochise County, Arizona, USA", and dated effective January 13, 2014 (the "PFS Technical Report").

The PFS results are positive and support Excelsior's contention that copper extraction at Gunnison via ISR has the potential to generate positive financial returns. The study showed that the low capital costs and low per pound operating costs provide the project with significant margins.

Highlights of the PFS include:

- Pre-tax Net Present Value ("NPV") of $1.24 billion (after-tax $0.824 billion) at a 7.5% discount rate (using a copper price of $2.75/lb);
- Pre-tax Internal Rate of Return ("IRR") of 59.7% (after-tax 44.7%);

- Pre-tax payback period of 1.8 years (after-tax 2.4 years);
- Initial estimated capital cost (excluding sustaining capital) of $284.84 million;
- Average life-of-mine operating costs of US$0.69 per pound;
- Other costs of $0.13 per pound, including Royalties of $0.029 per pound;
- Annual production rate of 110 million pounds of copper for the first 14 years, then declining for a 20 year mine life, with a total of 1.682 billion pounds of copper produced over the life of the mine.

As noted above, this PFS is effective as of January 13, 2014 and was based on a resource estimate dated January 13, 2014, which recorded an Indicated and Measured oxide copper mineral resource estimate of 3.91 billion pounds (683 million tons at 0.29% copper) and an additional Inferred oxide copper mineral resource estimate of 1.40 billion pounds (338 million tons at 0.21% copper).

The PFS mineral reserve dated January 13, 2014 is based on an economic analysis of the mineral resource using the costs developed during the 2011 PEA, test work to estimate the recovery factors and a $2.75/lb copper price. The economic optimization was performed on Measured and Indicated Resources. Probable Mineral Reserve estimates for oxide and transition copper are 3.61 billion pounds (632 million tons at 0.29% copper).

The PFS was completed using the following parameters over the 20 year life of the project:

- copper selling price of $2.75 per pound,
- total copper recovery of approximately 47% (based on a combination of metallurgical recovery and sweep efficiency),
- average of 8.14 pounds of acid consumed for every pound of copper produced,
- acid price of $45.47/ton for the Acid Plant option and $125/ton for the Non-Acid Plant option,
- state tax rate of 6.97%, and
- A federal tax rate of 35%.

Excelsior's exploration work on the Gunnison Project is supervised by Dr. Stephen Twyerould, Fellow of AUSIMM, President and CEO of Excelsior, and a Qualified Person as defined by NI 43-101. Except as otherwise noted, Dr. Twyerould has reviewed and approved the technical information contained in this MD&A. Further information about the Gunnison Copper Project can be found in the PFS Technical Report filed on SEDAR at www.sedar.com.

OUTLOOK

The next steps for Excelsior include collecting geological, hydrological and metallurgical data to support the Company with respect to initiating and completing a feasibility study and permitting. The results from all the recently completed field activities, as well as the technical data previously acquired and newly collected data will be used to optimize all aspects of the Gunnison Project, including well field design and leaching solution composition. In addition, these results will provide critical information for groundwater quality control and ultimately, project reclamation. Optimization of the Gunnison Project will enable Excelsior to improve on the positive results already produced from the PFS, as well as provide data that will be critical as the Gunnison Project moves into the permitting phase.

REVIEW OF FINANCIAL RESULTS

Results of operations for the six month period ended June 30, 2014 compared to the six month period ended June 30, 2013:

For the period ended June 30, 2014, the Company reported a net loss of $1,673,387 ($0.03 per common share), compared to a net loss of $1,291,916 ($0.02 per common share) for the period ended June 30, 2013.

The Company's expenses for the period ended June 30, 2014 increased compared to the same period of the prior year as a direct result of increased exploration and evaluation, regulatory fees, investor relation, travel costs and other general business activities.

Significant changes in the Company's expenses for the period ended June 30, 2014 compared to the same period of the prior year are described as follows:

Exploration and evaluation expenses which represent approximately 30% of the net loss for the period ended June 30, 2014 (2013 – 28%), increased by $133,117 to $494,412 (2013 - $361,295) as a result of work undertaken to collect geological, hydrological and metallurgical data for feasibility studies and permitting.

The following table summarizes exploration and evaluation expenses which relate solely to the Gunnison Project:

	For the six month periods ended June 30,			
Exploration and evaluation expenses		**2014**		**2013**
Administration	$	59,950	$	14,093
Camp maintenance		30,497		29,581
Drilling		86,586		80,044
Feasibility		11,401		-
Geochemistry		16,061		-
Geology		136,601		81,085
Hydrology		41,645		65,013
Metallurgy		11,766		69,444
Pre-feasibility		98,784		3,918
Resource estimate		1,121		18,117
	$	494,412	$	361,295

In connection with the increased exploration activities with respect to the Gunnison Project, corporate and general administrative expenses also increased. Office and administration of $81,664 (2013 - $56,280), travel and entertainment of $93,789 (2013 - $40,480) and regulatory fees of $60,081 (2013 - $32,565) all increased compared to the same period of the prior year as a direct result of the increase in exploration activities.

Investor relations costs of $111,975 (2013 - $62,844) increased by $49,131 compared to the same period of the prior year as the Company increased its marketing and investor relation activities following the release of the PFS, including attendance at conferences and roadshows.

Share-based compensation expense decreased to $117,193 from $252,186 due to fewer options vesting during this period when compared to the same period of the prior period. This expense had no effect on the Company's cash flows and represented 7% of the net loss for the period ended June 30, 2014 and 20% for the period ended June 30, 2013.

Consulting fees of $Nil (2013 - $26,500) decreased by $26,500 compared to the same period of the prior year due to termination of a consulting agreement with a third party in 2013.

Professional fees of $37,285 (2013 - $33,540) increased by $3,745 compared to the same period of the prior year due to increased accounting & audit fees.

Management fees of $225,687 (2013 - $157,490) increased by $68,197 compared to the same period of the prior year as a result of the Company amending certain management agreements. On June 6, 2014 the Company signed a management agreement with its Executive Chairman which also had an effect on the increased management fees.

Other items for the six month period ended June 30, 2014 compared to the same period of the prior year are described as follows:

A loss of $26,726 was incurred on foreign exchange during the six month period ended June 30, 2014 compared to a loss of $963 for the same period of prior year due to fluctuations of the Canadian Dollar against the U.S. dollar, while finance income decreased by $5,371 as the Company's cash balance in interest-bearing account decreased during the first half of 2014, resulting in decreased interest income.

Review of June 2014 Prospectus Financing Use of Proceeds

On June 27, 2014, the Company closed its previously announced public offering of 16,000,000 units at a price of $0.25 per unit. The total gross proceeds of the offering were $4,000,000. As of June 30, 2014, the Company has used the gross proceeds from this prospectus as follows:

Activity or Nature of Expenditure	Initial Estimated use of Net Proceeds($)	Approximate Actual use of Net Proceeds ($)
General and administrative expenses	1,081,000	-
Property payment	380,500(1)	-
Hydrology program(2)	920,000	-
Metallurgical program(3)	1,128,500	-
Estimated costs of the offering	250,000	344,216
Underwriter's commission	240,000	240,000
Total	4,000,000	584,216

Notes:

(1) The total payment is US$350,000 and this assumes an exchange rate of $1.00 = US$0.92 as set out in the prospectus.

(2) The hydrology program will consist of reverse circulation drilling, pump testing and hydraulic modelling and is designed to advance the preparation of the feasibility study and permitting for the Gunnison Copper Project.

(3) The metallurgical program will consist of diamond drilling, metallurgical testing and geochemical modelling and is designed to advance the preparation of the feasibility study and permitting for the Gunnison Copper Project.

SELECTED QUARTERLY INFORMATION

Selected financial indicators for the past eight quarters are shown in the following tables (Expressed in $s):

	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013
Net income (loss) for the period	**(775,876)**	(897,511)	295,727	(847,768)
Loss per share (basic and diluted)	**(0.01)**	(0.01)	(0.01)	(0.02)
Total assets	**4,062,949**	981,780	1,892,386	3,393,835

	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012
Net income (loss) for the period	**(522,069)**	(769,847)	(996,797)	(973,205)
Loss per share (basic and diluted)	**(0.01)**	(0.01)	(0.02)	(0.02)
Total assets	**1,108,323**	1,162,545	2,196,404	3,052,677

The quarterly results presented above do not necessarily reflect any recurring expenditure patterns or predictable trends. The Company has generally incurred losses over the last four quarters. However, during the fourth quarter of 2013 the Company had income of $295,727, which directly related to the sale of a royalty to Callinan. Net losses realized from the third quarter of fiscal 2012 to the second quarter of fiscal 2013 were lower as a result of reductions in corporate activities and exploration initiatives to conserve cash.

Fluctuations in net loss for each quarter are generally based on the amount of exploration activities that the Company undertook on the Gunnison Copper Project during each quarter.

Results of operations for the three months ended June 30, 2014 compared to the three months ended June 30, 2013:

In the three month period ended June 30, 2014, the Company reported a net loss of $775,876 or net loss of $0.01 per common share compared to a loss of $522,069 or $0.01 per common share in 2013. There was an increase in exploration and evaluation costs and overall general and administrative expenses in the second quarter of 2014 compared to the same quarter of 2013.

Significant changes in the expense accounts are described below:

Exploration and evaluation increased to $212,585 from $149,329 due to an increase in the exploration work carried out on the Gunnison property in the second quarter of 2014, as the Company focused on collecting geological, hydrological and metallurgical data for feasibility studies and permitting.

Management fees increased to $123,604 from $78,129, as a result the Company amending certain management agreements.

Office and administration increased to $39,514 from $28,805, professional fees increase to $26,304 from $1,105 and travel and entertainment increased to $52,414 from $29,132, all due to increased exploration activities on the Gunnison Project.

LIQUIDITY, FINANCING, AND CAPITAL RESOURCES

The Company had cash and cash equivalents on hand of $3,831,482 as of June 30, 2014 (December 31, 2013 - $1,640,877) and working capital of $3,332,290 (December 31, 2013 - $1,392,779). On July 29, 2014 Callinan exercised its first royalty option relating to development milestones. Callinan paid $3,000,000 to the Company in exchange for a 0.5% GRR on the Gunnison Project.

Cash used in operating activities during the six month period ended June 30, 2014 amounted to $1,282,823, compared to $854,151 during the same period of the prior year. The increase in cash outflow is largely attributable to an increased activity on the Gunnison Project.

Cash used by investing activities for the six month period ended June 30, 2014 was $16,978 for the purchase of office equipment and computer software. No cash was used by investing activities for the same period of the prior year.

Cash provided by financing activities for the six months ended June 30, 2014 was $3,475,784 which relates to the exercise of 200,000 stock options with an exercise price of $0.30, and the proceeds from a public offering which included issuance of 16,000,000 commons shares priced at $0.25 per common share, net of share issue costs. No cash was provided by investing activities for the same period of the prior year.

At present, the Company has no producing properties and consequently has no current operating income or cash flows. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms. These uncertainties cast significant doubt on the Company's ability to continue as a going concern.

The Company's cash and cash equivalents are held in a Schedule 1 Canadian financial institution and its affiliated brokerage house in highly liquid accounts and interest bearing investments. No amounts have been or are invested in asset-backed commercial paper.

The Company's working capital requirements for the past year are discussed in detail above. Fixed costs to maintain operations and property title are about $50,000 per year. Corporate and general costs to maintain the requirements of a listed company have been approximately $950,000 per year. Therefore, minimum working capital requirements are estimated at $1 million per year.

As at June 30, 2014, the Company's cash and cash equivalents were $3,831,482. Currently, the Company does have sufficient funds to meet its estimated annual corporate and general costs and its planned future work which includes collecting geological, hydrological and metallurgical data to support the Company with respect to initiating and completing a feasibility study and permitting.

STATEMENT OF FINANCIAL POSITION INFORMATION

The following financial data are selected from the Company's interim and annual statements of financial position:

	As at June 30, 2014	As at December 31, 2013
Cash	**$ 3,831,482**	$ 1,640,877
Prepaid expenses	**63,693**	87,506
Accounts receivable	**45,012**	36,287
Equipment	**122,762**	127,716
Total Assets	**$ 4,062,949**	$ 1,892,386

	As at June 30, 2014	As at December 31, 2013
Accounts payable and accrued liabilities	**$ 218,851**	$ 295,107
Due to related parties	**389,046**	76,784
Share Capital	**18,299,018**	14,881,678
Other equity reserves	**4,756,091**	4,581,335
Deficit	**(19,626,064)**	(17,952,677)
Accumulated other comprehensive income	**26,007**	10,159
Total Liabilities and Equity (Deficiency)	**$ 4,062,949**	$ 1,892,386

Assets

Cash increased by $2,190,605 during the six months ended June 30, 2014 primarily due to the private placement on June 27, 2014. For further details related to changes in the Company's cash position during the six months ended June 30, 2014, refer to "Liquidity, Financing and Capital Resources".

Accounts receivable increased by $8,725 during the six months ended June 30, 2014 as a result of increased activity on the Gunnison project which resulted in higher Goods and Services Tax input tax credits claimed during the period.

Prepaid expenses decreased by $23,813 as the Company expensed items such as insurance, professional dues and airfare during the six month period ended June 30, 2014.

Liabilities

Accounts payable and accrued liabilities decreased by $76,256 during the six month ended June 30, 2014 as a result of the Company paying their vendors upon their credit terms which became due during the six months ended June 30, 2014.

Amounts due to related parties increased by $312,262 during the six months ended June 30, 2014 due to services rendered by King & Bay West Management Corp and consulting provided by Cassels Brock & Blackwell LLP. For further details related to amounts due to related parties, refer to "Related Party Transactions".

Equity

Capital stock increased by $3,417,340 due to exercise of 200,000 options with an exercise price of $0.30 and as a result of the public offering which resulted in issuance of 16,000,000 Units priced at $0.25 per common Unit.

Accumulated other comprehensive income increased by $26,007 due to an increase in the translation adjustment of the financial statements which is a result of the fluctuation between the US and the Canadian dollar.

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, and has securities outstanding as follows:

Security Description	June 30, 2014	Date of report
Common shares, voting	77,655,179	82,332,055
Common shares, non-voting	4,676,876	-
Stock Options	10,156,000	10,721,000
Warrants	8,960,000	8,960,000

The Company issued the following common shares during the six month period ended June 30, 2014:

- On January 20, 2014 the company issued 100,000 common shares for proceeds of $30,000 in connection with the exercise of stock options with an exercise price of $0.30. These options had a fair value of $1,686 which was reclassified from other equity reserves to capital stock.

- On January 21, 2014 the company issued 50,000 common shares for proceeds of $15,000 in connection with the exercise of stock options with an exercise price of $0.30. These options had a fair value of $9,016 which was reclassified from other equity reserves to capital stock.

- On January 29, 2014 2,331,000 non-voting shares were converted to voting common shares.

- On April 7, 2014 the company issued 50,000 common shares for proceeds of $15,000 in connection with the exercise of stock options with an exercise price of $0.30. These options had a fair value of $843 which was reclassified from other equity reserves to capital stock.

- On June 27, 2014 the Company completed a public offering by issuing 16,000,000 units (the "Units") priced at $0.25 per Unit for gross proceeds of $4,000,000. Each Unit consists of one common share of the Company and one-half common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of the Company at a price of $0.45 for a period of 24 months following the closing of this financing. The Company paid share issue costs in the amount of $585,097 related to this share issuance. The Company also issued 960,000 non-transferable agent warrants. Each agent warrant is exercisable into one common share of the Company for a period of 24 months from closing at an exercise price of $0.45. An amount of $69,108 representing the fair value of these warrants on granting was recorded as share issuance costs.

RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying consolidated financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors, corporate officers, including the Company's Executive Chairman, Chief Executive Officer, Chief Financial Officer, and Vice Presidents.

Remuneration attributed to key management personnel can be summarized as follows:

	Six Month Periods Ended June 30,			
		2014		**2013**
Share-based compensation	$	100,619	$	222,574
Short-term benefits*		262,908		217,490
	$	**363,527**	**$**	**440,064**

* includes base salaries, consulting fees, management fees, director fees, and other employment benefits, pursuant to contractual employment or consultancy arrangements

Other related parties

King & Bay West Management Corp, ("King & Bay") is an entity owned by Mark Morabito, the Chairman of the Company and provides administrative, management, geological, regulatory, tax, corporate development and investor relations 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 amount set out in the table below represents amounts paid 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.

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

	Six Month Periods Ended June 30,			
		2014		**2013**
King & Bay	$	369,418	$	312,813

Amounts due to related parties at March 31, 2014 included the following:

- King & Bay - $64,607 (December 31, 2013 - $39,558)
- SCT Holdings Management LLC, a company controlled by the Chief Executive Officer - $71,133 (December 31,2013 - Nil)
- MJM Consulting Corp - $7,000 (December 31, 2013- Nil). During the three months ended June 30, 2014, the Company entered into a consulting agreement with MJM Consulting Corp. pursuant to which MJM Consulting Corp. provides the services of Mark Morabito to act as Executive Chairman of the Company. Under the terms of the consulting agreement, MJM Consulting Corp. is paid a monthly fee of $8,333 for such services.
- Kinley Exploration LLC, a company controlled by a director - $Nil (December 31, 2013 - $37,226)
- Cassels Brock & Blackwell LLP, a law firm which one Director is a partner in - $ 246,306, (December 31, 2013 – Nil)
- Included in accounts payable and accrued liabilities, is $58,090 due to various related parties for expense reimbursements.

Transactions with related parties were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

ACCOUNTING POLICIES

A complete 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, 2013.

The preparation of consolidated financial statements in accordance with IFRS often requires management to make estimates about and apply assumptions or subjective judgment to future events and other matters that affect the reported amounts of the Company's assets, liabilities, expenses and related disclosures. Assumptions, estimates and judgments are based on historical experience, expectations, current trends and other factors that management believes to be relevant at the time at which the consolidated financial statements are prepared. Management reviews, on a regular basis, the Company's accounting policies, assumptions, estimates and judgments in order to ensure that the consolidated financial statements are presented fairly and in accordance with IFRS.

New accounting pronouncements

The following new accounting standard issued by the IASB has been applied in preparation of these condensed consolidated interim financial statements with effect from January 1, 2014. The adoption of this standard did not have a material impact on these condensed consolidated interim financial statements.

Amendments to IAS 32, *Financial Instruments: Presentation*, are effective for annual periods beginning on or after January 1, 2014. This provides for amendments relating to offsetting financial assets and financial liabilities.

Future accounting pronouncements

Amendments to IFRS 7, *Financial Instruments: Disclosures* ("IFRS 7"), will require additional on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015.

In October 2010, the IASB issued IFRS 9, *Financial Instruments* ("IFRS 9"), which represents the completion of the first part of a three-part project to replace IAS 39, *and Financial Instruments: Recognition and Measurement*, with a new standard. Per the new standard, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income or loss section of the entity's statement of comprehensive loss, rather than within profit or loss. Additionally, IFRS 9 includes revised guidance related to derecognition of financial instruments. IFRS 9 applies to financial statements for annual periods beginning on or after January 1, 2018, with early adoption permitted.

RISK FACTORS

The exploration of mineral deposits involves significant risks and uncertainties, which even a combination of careful evaluation, experience and knowledge may not eliminate. Certain of the more prominent risk factors that may materially affect the Company's future performance, in addition to those referred to above, are listed hereunder.

Excelsior depends on a single mineral project.

The Gunnison Project accounts for all of Excelsior's mineral resources and mineral reserves and exclusively represents the current potential for the future generation of revenue. Mineral exploration and development involves a high degree of risk that even a combination of careful evaluation, experience and knowledge cannot eliminate and few properties that are explored are ultimately developed into producing mines. Any adverse development affecting the Gunnison Project will have a material adverse effect on Excelsior's business, prospects, financial position, results of operations and cash flows.

The successful start of mining operations at and the development of, the Gunnison Project into a commercially viable mine cannot be assured.

Development of mineral properties involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The commercial viability of a mineral deposit is dependent upon a number of factors which are beyond the Company's control, including the attributes of the deposit, commodity prices, government policies and regulation and environmental protection. Fluctuations in the market prices of minerals may render resources and deposits containing relatively lower grades of mineralization uneconomic.

There are numerous activities that need to be completed in order to successfully commence development and production at the Gunnison Project, including, without limitation: completing a feasibility study, optimizing the mine plan; recruiting and training personnel; negotiating contracts for railway transportation and for the sale of copper; updating, renewing and obtaining, as required, all necessary permits, including, without limitation, environmental permits; and handling any other infrastructure issues. There is no certainty that Excelsior will be able to recruit and train personnel, have available funds to finance construction and development activities, avoid potential increases in costs, negotiate railway transportation or copper sales agreements on terms that would be acceptable to Excelsior, or that Excelsior will be able to update, renew and obtain all necessary permits to start or to continue to operate the Gunnison Project. Most of these activities require significant lead times, and Excelsior will be required to manage and advance these activities concurrently in order to begin production. A failure or delay in the completion of any one of these activities may delay production, possibly indefinitely, at the Gunnison Project and would have a material adverse effect on Excelsior's business, prospects, financial position, results of operations and cash flows.

As such, there can be no assurance that Excelsior will be able to complete development of the Gunnison Project at all, or in accordance with any timelines or budgets that may be established due to, among other things, and in addition to those factors described above, the delivery and installation of plant and equipment and cost overruns, or that the current personnel, systems, procedures and controls will be adequate to support operations. Failure to successfully complete these events as expected would have a material adverse effect on Excelsior's business, prospects, financial position, results of operations and cash flows.

There is no assurance that Excelsior will ever achieve production or that Excelsior will ever be profitable if production is achieved.

Excelsior has a history of losses and expects to incur losses for the foreseeable future.

Excelsior has incurred losses since its inception and expects to incur losses for the foreseeable future. Excelsior expects to continue to incur losses unless and until such time as the Gunnison Project enters into commercial production and generates sufficient revenues to fund continuing operations. The development of the Gunnison Project will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, including the progress of ongoing exploration, evaluation and development, the results of consultant analysis and recommendations, the rate at which operating losses are incurred, the execution of any agreements with strategic partners, and Excelsior's acquisition of additional properties. Some of these factors are beyond Excelsior's control. There can be no assurance that Excelsior will ever achieve profitability.

Excelsior requires various permits in order to conduct its current and anticipated future operations, and any delays in obtaining or a failure to obtain such permits, or a failure to comply with the terms of any such permits that Excelsior has obtained or will obtain, could have a material adverse impact on Excelsior.

Excelsior's current and anticipated future operations, including further exploration, evaluation and development activities and commencement of production on the Gunnison Project, require permits from various United States federal, state, and local government authorities. Obtaining or renewing governmental permits is a complex and time-consuming process. The duration and success of efforts to obtain and renew permits are contingent upon many variables not within Excelsior's control.

Shortage of qualified and experienced personnel in the various levels of government could result in delays or inefficiencies. Backlog within the permitting agencies could affect the permitting timeline of the Gunnison Project. Other factors that could affect the permitting timeline include (i) the number of other large-scale projects currently in a more advanced stage of development which could slow down the review process for the Gunnison Project and (ii) significant public response regarding the Gunnison Project. There can be no assurance that all permits which Excelsior requires for its exploration and development activities and later construction of mining facilities and the conduct of mining operations will be obtainable or renewable on reasonable terms, or at all. Delays or a failure to obtain such permits, or the expiry, revocation or a failure to comply with the terms of any such permits that Excelsior has obtained, could have a material adverse impact on Excelsior.

Title and other rights to the Gunnison Project cannot be guaranteed and may be subject to prior unregistered agreements, transfers or claims and other defects.

Excelsior cannot guarantee that title to the Gunnison Project will not be challenged. Excelsior may not have, or may not be able to obtain, all necessary surface rights to develop the Gunnison Project. Title insurance generally is not available for mineral properties and Excelsior's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions comprising the Gunnison Project may be severely constrained. The Gunnison Project may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. Excelsior has not conducted surveys of all of the claims in which it holds direct or indirect interests. A successful challenge to the precise area and location of these claims could result in Excelsior being unable to operate on all or part of the Gunnison Project as permitted or being unable to enforce its rights with respect to all or part of the Gunnison Project. This could result in Excelsior not being compensated for its prior expenditures relating to the property.

Excelsior needs to enter into contracts with external service and utility providers.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. In order to develop a mine at the Gunnison Project, Excelsior will need to negotiate and conclude various agreements with external service and utility providers for power, water, transportation and shipping and these are important determinants that affect capital and operating costs.

There is no certainty that Excelsior will be conclude various agreements with external service and utility providers on economically feasible terms and this could have a material adverse effect on Excelsior's results of operations, financial position and cash flows and render the development of a mine on the Gunnison Project unviable.

Excelsior's activities are subject to environmental laws and regulations that may increase Excelsior's costs of doing business and restrict the Company's operations.

All of Excelsior's exploration, potential development and production activities in the United States are subject to regulation by governmental agencies under various environmental laws, including with respect to, air emissions, discharges into water, and management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Environmental legislation, including with respect to climate change, in many countries is evolving and the trend has been towards stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of Excelsior and may cause material changes or delays in Excelsior's intended activities. There can be no assurance that future changes in environmental regulations will not adversely affect Excelsior's business, and it is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of Excelsior's business, causing Excelsior to re-evaluate those activities at that time. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulator or judicial authorities, causing operations to cease or to be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Environmental hazards may exist on the Gunnison Project that are unknown to Excelsior at the present time and that have been caused by previous owners or operators or that may have occurred naturally. Excelsior may be liable for remediating such damage.

Excelsior may experience difficulty attracting and retaining qualified management and technical personnel to meet the needs of its anticipated growth.

Excelsior is dependent on the services of key executives including Excelsior's Executive Chairman, Chief Executive Officer and Executive Vice President, and other highly skilled and experienced executives and personnel focused on managing Excelsior's interests and the advancement of the Gunnison Project, and on identifying new opportunities for growth and funding. Due to Excelsior's relatively small size, the loss of these persons or Excelsior's inability to attract and retain additional highly skilled employees required for the development of Excelsior's activities may have a material adverse effect on Excelsior's business or future operations.

In addition, Excelsior anticipates that if it brings the Gunnison Project into production and where appropriate, acquires additional mineral rights, Excelsior will experience significant growth in its operations. Excelsior expects this growth to create new positions and responsibilities for management and technical personnel and to increase demands on its operating and financial systems. There can be no assurance that Excelsior will successfully meet these demands and effectively attract and retain additional qualified personnel to manage its anticipated growth. The failure to attract such qualified personnel to manage growth would have a material adverse effect on Excelsior's business, financial position, results of operations and cash flows.

Excelsior's securities are subject to price volatility.

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations that have not been necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in Excelsior's share price will not occur. It may be anticipated that any quoted market for our common shares will be subject to market trends generally, notwithstanding any potential success in creating revenues, cash flows or earnings. The value of Excelsior's common shares will be affected by such volatility.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

All financial instruments are initially recognized at fair value on the statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to-maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in the statement of operations. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax.

Financial assets "held-to-maturity", "loans and receivables", and "other financial liabilities" are subsequently measured at amortized cost using the effective interest rate method.

The Company's financial assets and liabilities are recorded and measured as follows:

Asset or Liability	**Category**	**Measurement**
Cash and cash equivalents	FVTPL	Fair value
Receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	other liabilities	Amortized cost
Due to related parties	other liabilities	Amortized cost

The Company classifies the fair value of financial instruments according to the following hierarchy based on the reliability of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying value of the Company's receivables, accounts payable and accrued liabilities, and due to related parties, approximates their fair values due to their short terms to maturity.

Cash and cash equivalents have been measured at fair value using Level 1 inputs.

As at June 30, 2014, the Company's risk exposures and the impact on the Company's financial instruments are summarized below:

<u>Credit risk</u>

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 has no investments in asset-backed commercial paper.

The Company's receivables consist mainly of input tax credits receivable due from the Government of Canada, and as a result the Company doesn't believe it is subject to significant credit risk.

<u>Liquidity Risk</u>

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

The Company manages liquidity risk through its capital management as outlined in Note 10 of the consolidated Financial Statements. As at June 30, 2014, the Company has cash and cash equivalents balance of $3,831,482 to settle current liabilities of $607,897. The Company believes it has sufficient cash and cash equivalents to settle current liabilities. See "Liquidity, Financing and Capital Resources" above for a discussion regarding the Company's liquidity.

<u>Market Risk</u>

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

(a) <u>Interest Rate Risk</u>

The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. 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 included in cash and cash equivalents are minimal because these investments generally have a fixed yield rate. As of June 30, 2014, the Company did not have any interest bearing debt.

(b) <u>Price risk</u>

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

(c) Currency risk

Currency exchange risk is the risk that the future cash flows of financial instruments will fluctuate as a result of changes in foreign exchange rates. The majority of the Company's operations are conducted in U.S. dollars; the Company's recent financing and any future equity raised is expected to be predominantly in Canadian dollars. Consequently, the Company is impacted by changes in the exchange rate between the Canadian and United States dollars. As of June 30, 2014 a 10% change in the Canadian dollar versus the U.S. dollar exchange rate would affect net loss by $326,952.

COMMITMENTS AND CONTINGENCIES

The Company has the following commitments with respect to the lease of its office in Phoenix, Arizona:

Fiscal Year End		Office Lease Payments
2014		45,630
2015		15,210
Total	**$**	**60,840**

No contingent liabilities have been accrued as of June 30, 2014, nor are any known disputes pending against the Company that could significantly impact the Company's condensed consolidated interim financial statements.

SUBSEQUENT EVENTS

The following reportable events occurred subsequent to the period ended June 30, 2014:

- On July 2, 2014, 4,676,876 non-voting shares were converted to voting common shares.
- On July 29, 2014 Callinan exercised its first royalty option under the Share Purchase and Royalty Option Agreement dated July 19, 2013 relating to development milestones. Callinan paid $3,000,000 to the Company in exchange for a 0.5% gross revenue royalty on the Gunnison Project.
- Subject to TSX-Venture Exchange approval, the Company intends to extend the term of a total of 5,829,667 stock options, which are currently scheduled to expire on December 18, 2014, May 5, 2015 and October 14, 2015. These options will be extended such that their new expiry date will be December 31, 2018.
- On August 6, 2014 the Company granted 600,000 stock options at $0.25 per share to a consultant.
- On August 13, 2014, the Company entered into an agreement with an affiliate of Greenstone Resources L.P ("Greenstone"), whereby Greenstone will purchase common shares of the Company at a price of $0.34 per common share for total gross proceeds of US $10,000,000. As part of this transaction, Greenstone will have the right to nominate two directors to the Company's Board of Directors. This transaction is scheduled to close in two separate tranches. The settlement of the first tranche is expected to occur within 15 days of August 13, 2014, and will consist of Greenstone purchasing 20,580,000 common shares of the Company for gross proceeds of US$6,393,342. The second tranche will require shareholder approval, and is expected to be completed within 15 days after the Company annual and special meeting of shareholders which is currently scheduled to take place on September 30, 2014.
- On August 6, 2014, 35,000 stock options were cancelled with an exercise price of $0.30

ADDITIONAL INFORMATION

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's consolidated financial statements and notes for the six month period ended June 30, 2014, which is available on the SEDAR website, www.sedar.com. Additional information relating to the Company is available on SEDAR at www.sedar.com.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

As permitted, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed consolidated interim financial statements and corresponding accompanying Management's Discussion and Analysis. In contrast to the certificates under National Instrument 52-109 (Certification of Disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined by National Instrument 52-109.

APPROVAL

The Board of Directors of Excelsior Mining Corp. has approved the disclosure contained in this MD&A.