



**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015

(Unaudited)

(Expressed in US Dollars)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited)

(Expressed in US Dollars)

As at

	Note	June 30, 2016	December 31, 2015
ASSETS			
Current assets			
Cash and cash equivalents		\$ 2,960,500	\$ 6,306,680
Prepaid expenses		223,664	113,355
Receivables		47,739	767,105
		<u>3,231,903</u>	<u>7,187,140</u>
Property, plant and equipment	3	12,256,531	12,256,073
Long term deposits	4	222,790	222,790
		<u>\$ 15,711,224</u>	<u>\$ 19,666,003</u>
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 254,953	\$ 850,196
Amounts due to related parties	7	129,450	108,795
Deferred consideration	3	1,000,000	1,000,000
		<u>1,384,403</u>	<u>1,958,991</u>
Long term deferred consideration	3	2,200,000	2,200,000
Asset retirement obligation	5	3,340,466	3,299,052
		<u>6,924,869</u>	<u>7,458,043</u>
Equity			
Capital stock	6	30,948,035	30,924,103
Other equity reserves	6	5,279,884	5,244,344
Deficit		(26,612,568)	(23,131,491)
Accumulated other comprehensive loss		(828,996)	(828,996)
		<u>8,786,355</u>	<u>12,207,960</u>
		<u>\$ 15,711,224</u>	<u>\$ 19,666,003</u>
Nature of operations and going concern risk	1		
Commitments	10		

Approved on August 25, 2016 on behalf of the Board of Directors:

<u>"Colin Kinley"</u>	Director	<u>"Jay Sujir"</u>	Director
Colin Kinley		Jay Sujir	

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 US Dollars)

	Note	Three Months Ended June 30,		Six Months Ended June 30,	
		2016	2015	2016	2015
Plant and equipment holding and maintenance cost		\$ 646,604	\$ -	\$ 1,439,908	\$ -
Exploration and evaluation	4	407,360	1,356,059	1,003,071	4,121,744
Office and administration		223,484	132,459	375,011	250,152
Director and officers fees		201,641	209,307	399,257	418,570
Professional fees		85,745	149,948	161,911	435,588
Investor relations		83,762	84,849	155,669	265,476
Regulatory fees		49,943	87,742	59,112	96,943
Depreciation		25,416	9,881	51,969	21,427
Share-based compensation		19,822	37,248	36,288	97,894
Loss before other items		\$ (1,743,777)	\$ (2,067,493)	\$ (3,682,196)	\$ (5,707,794)
Other items					
Financing costs		(62,690)	-	(107,397)	-
Foreign exchange (loss)/gain		(2,957)	70,012	7,017	(124,392)
Gain on disposal of assets		2,077	-	307,255	-
Other (expenses)/income		(57,660)	4,908	(5,756)	14,910
Loss for the period		\$ (1,865,007)	\$ (1,992,573)	\$ (3,481,077)	\$ (5,817,276)
Loss per common share:					
Basic and diluted		\$ (0.01)	\$ (0.02)	\$ (0.03)	\$ (0.05)
Weighted average number of common shares outstanding:					
Basic and diluted		138,456,671	114,801,562	138,430,443	114,801,562

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

EXCELSIOR MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIODS ENDED JUNE 30,
(Unaudited)
(Expressed in US Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (3,481,077)	\$ (5,817,276)
Items not affecting cash:		
Depreciation	51,969	21,427
Financing costs	41,414	-
Share-based compensation	36,288	97,894
Unrealized (gain)/loss on foreign exchange	(7,017)	124,392
Non-cash working capital item changes:		
Receivables	719,366	42,340
Amounts due to related parties	20,655	(141,985)
Prepaid expenses	(110,309)	15,184
Accounts payable and accrued liabilities	(595,243)	(601,827)
Net cash used in operating activities	(3,323,954)	(6,259,851)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets	-	(246,205)
Purchase of equipment	(52,427)	(26,280)
Purchase of reclamation bonds	-	(50,000)
Net cash used in investing activities	(52,427)	(322,485)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from stock option exercises	23,184	-
Net cash provided by financing activities	23,184	-
Net change in cash and cash equivalents	(3,353,197)	(6,582,336)
Effect of foreign exchange on cash and cash equivalents	7,017	(124,392)
Cash and cash equivalents, beginning of the period	6,306,680	10,006,114
Cash and cash equivalents, end of the period	\$ 2,960,500	\$ 3,299,386
Cash and cash equivalents consist of:		
Cash	\$ 560,506	\$ 1,003,903
Liquid short term investments	2,399,994	2,295,483
	\$ 2,960,500	\$ 3,299,386

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 SIX MONTH PERIODS ENDED JUNE 30, 2016 AND 2015

(Unaudited)

(Expressed in US Dollars)

	Capital Stock		Amount	Other Equity Reserves (Note 4)	Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Number of Common Shares						
	Voting	Non-Voting					
Balance, December 31, 2014 (Note 2)	114,801,562	-	\$ 26,768,226	\$ 5,200,317	\$ (22,507,126)	\$ (828,996)	\$ 8,632,421
Share-based compensation	-	-	-	97,894	-	-	97,894
Loss for the period	-	-	-	-	(5,817,276)	-	(5,817,276)
Balance, June 30, 2015	114,801,562	-	\$ 26,768,226	\$ 5,298,211	\$ (28,324,402)	\$ (828,996)	\$ 2,913,039
Balance, December 31, 2015 (Note 2)	138,403,924	-	\$ 30,924,103	\$ 5,244,344	\$ (23,131,491)	\$ (828,996)	\$ 12,207,960
Stock option exercises	100,000	-	23,932	(748)	-	-	23,184
Share-based compensation	-	-	-	36,288	-	-	36,288
Loss for the period	-	-	-	-	(3,481,077)	-	(3,481,077)
Balance, June 30, 2016	138,503,924	-	\$ 30,948,035	\$ 5,279,884	\$ (26,612,568)	\$ (828,996)	\$ 8,786,355

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
JUNE 30, 2016
(Unaudited)
(Expressed in US Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Excelsior Mining Corp. (the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on June 9, 2005 and is classified as a Tier 1 issuer on the TSX Venture Exchange (“TSX-V”), and trades under the symbol “MIN”. The address of the Company’s registered office is #1240 - 1140 West Pender Street, Vancouver, BC, Canada V6E 4G1.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at June 30, 2016, the Company had working capital of \$1,847,500 (December 31, 2015 - \$5,228,149). Working capital for both periods includes a \$1,000,000 reduction for the scheduled deferred purchase payment of \$1,000,000 relating to the Johnson Camp Mine which is due by December 31, 2016.

The Company is currently proceeding with all feasibility study and permitting activities relating to the Gunnison Project as scheduled and continues to fund the care and maintenance and holding costs of the Johnson Camp Mine. However, additional funding will be required in the next twelve months to complete the aforementioned activities on schedule as well as to fund the deferred purchase payment of \$1,000,000 relating to the Johnson Camp Mine which is due by December 31, 2016.

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 or obtain them on favorable terms. In view of these material uncertainties there is significant doubt about the Company's ability to continue as a going concern.

These financial statements do not reflect potentially material adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

Statement of Compliance

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, 2015.

Critical Accounting Estimates and Judgments

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions. These estimates 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.

Critical Judgments

The preparation of the condensed consolidated interim financial statements requires management to make judgments regarding the going concern of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (cont'd...)

Critical Accounting Estimates and Judgments (cont'd...)

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, 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 the disclosure of assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant.

Significant estimates made by management affecting the condensed consolidated interim financial statements include:

Share-based Payments

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share-based compensation expense for the period along with the assumptions and model used for estimating fair value for share-based compensation transactions are disclosed in Note 6.

Useful Life of Equipment

Equipment is depreciated over its estimated useful life. Estimated useful lives are determined based on current facts and past experience, and take into consideration the anticipated physical life of the asset, the potential for technological obsolescence, and regulations.

Recoverability of Exploration & Evaluation Assets and Property, Plant and Equipment

The Company is in the process of exploring and evaluating its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and property, plant and equipment are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves and upon future production or proceeds from the disposition thereof.

3. PROPERTY, PLANT AND EQUIPMENT

Johnson Camp Mine

On October 8, 2015, the Company entered into a definitive Asset Purchase Agreement (the "Purchase Agreement") to acquire all of the assets of Nord Resources Corporation ("Nord"), as they relate to the Johnson Camp Mine (the "Johnson Camp Transaction"). Under the terms of the Purchase Agreement, the Company agreed to acquire, through the court-appointed receiver (the "Receiver"), the Johnson Camp Mine including all fee title property, all patented and unpatented mining claims, all improvements, equipment, certificates of deposit, reports and records. The Company agreed to acquire the assets and certain liabilities of Nord's Johnson Camp for total consideration of \$8.4 million under the following terms:

- \$5.2 million due on or prior to closing ("Initial Payment");
- \$1.0 million due on or before December 31, 2016 ("First Instalment"); and
- \$2.2 million due on or before December 31, 2017 ("Final Instalment").

The closing date of the transaction was December 14, 2015.

EXCELSIOR MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2016
(Unaudited)
(Expressed in US Dollars)

3. PROPERTY, PLANT AND EQUIPMENT (cont'd...)

As at June 30, 2016, the Company had made the Initial Payment as well as other payments to the Receiver pursuant to the payment terms set forth in the Purchase Agreement. The First Instalment and Final Instalment remained outstanding and are evidenced in the form of a secured interest bearing promissory note (the "JCM Note"). The JCM Note bears interest at 3% per annum, with interest on the unpaid principal balance payable quarterly on January 1, April 1, July 1 and September 1 of each year until the instalments have been paid in full.

The Company determined the fair value of its short term and long term deferred consideration using the effective interest rate method and applying a 3% discount rate.

The purchase price has been allocated to the assets acquired and liabilities assumed based on their relative fair values on the closing date. The purchase price allocation is a result of management's best estimates and assumptions after taking into account all relevant information available. The purchase price has been determined and allocated as follows:

Purchase price:	
Cash payment	\$ 5,301,920
Short term deferred payment	1,000,000
Long term deferred payment	2,200,000
Transaction costs	<u>791,629</u>
Total purchase price	<u>\$ 9,293,549</u>
Purchase price allocation:	
Accounts receivable	\$ 686,476
Property, plant and equipment	12,118,672
Accounts payable	(212,547)
Asset retirement obligation	<u>(3,299,052)</u>
Net assets acquired	<u><u>\$ 9,293,549</u></u>

4. EXPLORATION AND EVALUATION ASSETS AND EXPENSES

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral claims. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its interests are in good standing. The Company's mineral property interests are located in the United States of America.

Option Agreements

The Company, through Excelsior Arizona, entered into a series of option agreements to purchase the Gunnison Project, located in Cochise County, Arizona. Under the amended and restated option agreement, Excelsior Arizona had the exclusive right to acquire 100% of the Gunnison Project for \$350,000 to be paid as follows:

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

4. EXPLORATION AND EVALUATION ASSETS AND EXPENSES (cont'd...)

A further payment of \$246,205 to certain land holders of the Gunnison Project became payable on the exercise of the option on the Gunnison Property. The acquisition costs were accrued as of December 31, 2014 and paid in February 2015.

The Company has fulfilled the above mentioned series of payments which gives it 100% ownership of the Gunnison Project.

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"), now a wholly-owned subsidiary of Altius Minerals Corporation ("Altius"). Under the terms of the Callinan Agreement, Callinan was to invest CAD\$1,000,000 in the Company by way of a non-brokered private placement and up to a further CAD\$21,000,000 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 CAD\$0.16 per common share for aggregate consideration of CAD\$1,000,000 (cash received and common shares issued on July 31, 2013); and
- Concurrently paid CAD\$2,000,000 to the Company in exchange for a 0.5% GRR (the "Initial GRR").

Callinan had the right to require the Company to repurchase all or part of the Initial GRR for CAD\$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 CAD\$0.25 per common share. This right expired on the exercise of the first royalty option under the Callinan Agreement, discussed further below.

On July 29, 2014, Callinan exercised its first royalty option under the Callinan Agreement. As a result Callinan paid the Company CAD\$3,000,000 in return for an additional 0.5% GRR on the Gunnison Project. Combined with the initial GRR that Callinan acquired in July 2013, Callinan holds a 1.0% GRR on the Gunnison Project.

Callinan also had the option to acquire additional GRR on the Gunnison Project based on development milestones and a construction option, as detailed below.

Development Milestones

1% of the additional GRR was staged and based upon the Company meeting specific development milestones leading up to the construction of a mining facility, including completion of hydrology and metallurgy models to a 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 had the option to purchase an additional 0.5% GRR for CAD\$3,000,000 each, for a total of CAD\$6,000,000. As at June 30, 2016, the Company had achieved both development milestones, however Callinan did not exercise its option to acquire the associated additional GRR. As a result, there are no royalty options associated with the development milestones that are remaining.

EXCELSIOR MINING CORP.
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JUNE 30, 2016
(Unaudited)
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4. EXPLORATION AND EVALUATION ASSETS AND EXPENSES (cont'd...)

Construction Option

The construction option gives Callinan the right to buy up to a 1% GRR for CAD\$10,000,000 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 half (0.5%) of the construction option has vested, while one half (0.5%) of the construction option can no longer vest as a result of Callinan not exercising its options to acquire additional GRR based on the two aforementioned development milestones. Therefore, the construction option has been reduced to 0.5% GRR for CAD\$5,000,000. The exercise price of the construction option may be adjusted if the final design capacity of the plant is lower than 80 million pounds of copper per year.

Greenstone Financing

On October 21, 2015, the Company entered into a subscription agreement for a concurrent financing of \$12 million with Greenstone Excelsior Holdings L.P. ("Greenstone"). The financing consisted of a private placement of common shares (the "2015 Private Placement") for gross proceeds of \$4 million and the sale of a 2% gross revenue royalty on the Gunnison Project and the Johnson Camp Mine (the "2015 Royalty Financing") for gross proceeds of \$8 million.

Because the proceeds from the sale of the royalty exceeded the carrying value of the Gunnison project, a gain on sale of royalty of \$7,703,201 was recorded in the statement of loss and comprehensive loss.

Exploration and Evaluation Assets	Gunnison Property
Balance at December 31, 2014	\$ 296,799
Adjustment due to sale of royalty	(296,799)
Balance at December 31, 2015	\$ -

Exploration and Evaluation Expenses	For the Six Month Period Ended June 30,	
	2016	2015
Feasibility study	\$ 314,303	\$ 2,057,201
Pre-feasibility study	287,184	-
Sustainability	401,584	2,064,543
Total	\$ 1,003,071	\$ 4,121,744

LONG TERM DEPOSITS

During the year ended December 31, 2015 and as part of the completion of the Johnson Camp Transaction, the Company obtained \$556,976 in surety bonds which were required by an Arizona State government agency and an Arizona based electric cooperative. The Company was required to fund \$222,790 of the aforementioned surety bond amount with cash.

EXCELSIOR MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2016
(Unaudited)
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5. ASSET RETIREMENT OBLIGATION

As part of its acquisition of the Johnson Camp assets, the Company also obtained all of the associated environmental permits. Such permits require the completion of certain reclamation and closure obligations, which are expected to occur in two phases.

Phase one involves reclamation activities only on or about the year 2028. The estimated undiscounted phase one reclamation obligation is \$2,352,000. A risk-free discount rate of 2.28% and an inflation rate of 0.70% are used to discount the estimated obligation.

Phase two involves reclamation and closure activities to occur over a five year period commencing on or about the year 2045. The estimated undiscounted phase two reclamation obligation is \$2,731,848. A risk-free discount rate of 3.00% and an inflation rate of 0.70% are used to discount the estimated obligation.

		As at June 30, 2016	As at June 30, 2015
Opening balance	\$	3,299,052	\$ -
Estimated liabilities incurred		-	-
Accretion expense		41,414	-
Outstanding, June 30, 2016	\$	3,340,466	\$ -

6. 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.

The following common shares were issued during the six month period ended June 30, 2016:

- On May 13, 2016, the Company issued 100,000 common shares in connection with the exercising of stock options with an exercise price of CAD\$0.30 for proceeds of CAD\$30,000. These options had a carrying value of \$748 which was reclassified from other equity reserves to capital stock.

Warrants

The following is a summary of warrant activity for the six month period ended June 30, 2016 and the year ended December 31, 2015:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2014	1,844,166	CAD\$0.50
Expired	(1,844,166)	CAD\$0.50
Issued	8,960,000	CAD\$0.45
Outstanding, December 31, 2015	8,960,000	CAD\$0.45
Expired	(8,960,000)	CAD\$0.45
Outstanding, June 30, 2016	-	-

During the six month period ended June 30, 2016, the Company did not issue any warrants.

EXCELSIOR MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2016
(Unaudited)
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6. CAPITAL STOCK AND OTHER EQUITY RESERVES (Cont'd...)

As at June 30, 2016, the Company had no outstanding warrants.

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. Currently, the number of shares authorized for issuance under the Plan is 16,466,400. Options granted under the Plan have a maximum term of ten years. The exercise price of the options shall be determined by the Board of Directors, but shall not be less than the closing price of the common shares on the last trading day proceeding the date the options are granted. The vesting terms are at the Board of Directors' discretion.

The following is a summary of stock option activity for the six month period ended June 30, 2016 and the year ended December 31, 2015:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2014	11,771,000	\$0.22
Exercised	(521,000)	\$0.18
Forfeited	(514,000)	\$0.19
Granted	4,800,000	\$0.17
Outstanding, December 31, 2015	15,536,000	\$0.21
Exercised	(100,000)	\$0.23
Forfeited	(250,000)	\$0.23
Granted	200,000	\$0.28
Outstanding, June 30, 2016	15,386,000	\$0.21
Exercisable, June 30, 2016	10,211,000	\$0.21

EXCELSIOR MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2016
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6. CAPITAL STOCK AND OTHER EQUITY RESERVES (Cont'd...)

Stock Options (cont'd...)

As at June 30, 2016, the following stock options were outstanding and exercisable:

Outstanding	Exercisable	Exercise Price	Remaining life (years)	Expiry Date
58,667	58,667	CAD \$0.30	2.50	December 31, 2018
2,800,000	2,800,000	\$0.25	2.50	December 31, 2018
2,636,000	2,636,000	CAD \$0.30	2.50	December 31, 2018
200,000	200,000	CAD \$0.30	2.50	December 31, 2018
100,000	100,000	CAD \$0.30	2.50	December 31, 2018
100,000	100,000	CAD \$0.30	2.50	December 31, 2018
1,241,333	1,241,333	CAD \$0.30	2.50	December 31, 2018
2,500,000	2,500,000	CAD \$0.30	2.50	December 31, 2018
500,000	375,000	CAD \$0.26	3.31	October 20, 2019
250,000	125,000	CAD \$0.25	3.42	December 01, 2019
200,000	50,000	CAD \$0.30	4.14	August 19, 2020
4,500,000	-	CAD \$0.23	4.47	December 16, 2020
100,000	25,000	CAD \$0.23	4.47	December 16, 2020
200,000	-	CAD \$0.36	4.83	April 27, 2021
15,386,000	10,211,000			

Share-based Compensation

The Company recognizes share-based compensation expense for all stock options granted using the fair value based method of accounting. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares, forfeiture rate, and expected life of the options. During the six month period ended June 30, 2016, the Company recognized share-based compensation of \$36,288 (June 30, 2015 - \$97,894).

During the six month period ended June 30, 2015, the Company did not grant, re-price or modify any stock options. The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the six months ended June 30, 2016:

June 30, 2016	
Risk-free interest rate	0.79%
Expected life of options	3.8 years
Annualized volatility	129.2%
Dividend rate	0%

The risk free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected average term is the average expected period to exercise, based on the historical activity. The expected volatility is based on the historical volatility of the Company.

EXCELSIOR MINING CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(Unaudited)
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7. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying condensed consolidated interim 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 Chief Executive Officer, Chief Financial Officer, and Executive Vice Presidents.

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

		Six Month Periods Ended June 30,	
		2016	2015
Share-based compensation	\$	5,212	\$ 31,258
Short-term benefits*		376,127	418,570
	\$	381,339	\$ 449,828

* includes base salaries, consulting fees, management fees, director fees, and other employment benefits, pursuant to contractual employment, 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 administrative, management, regulatory, accounting, tax, legal, corporate development and corporate communications 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. The fees for such services were made on terms equivalent to those that King & Bay charges to arm's length parties.

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

		Six Month Periods Ended June 30,	
		2016	2015
King & Bay	\$	240,512	\$ 380,127

As at June 30, 2016, amounts accrued and due to related parties include the following:

- King & Bay - \$61,175 (December 31, 2015 - \$53,165)
- Roland Goodgame, Executive Vice President - \$11,191 (December 31, 2015 - \$9,488)
- SCT Holdings Management LLC, a company controlled by the CEO - \$57,084 (December 31, 2015 - \$46,141)

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8. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration and evaluation of mineral properties in North America.

Geographical information is as follows:

		As at June 30, 2016		As at December 31, 2015
Equipment				
United States	\$	12,242,486	\$	12,243,830
Canada		14,045		12,243
	\$	12,256,531	\$	12,256,073
Long term deposits				
United States	\$	222,790	\$	222,790

9. FINANCIAL INSTRUMENTS

As at June 30, 2016, the Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of 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 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 June 30, 2016, the Company has cash and cash equivalents balance of \$2,960,500 to settle current liabilities of \$1,384,403. In the next twelve months the Company will need additional funding to complete its feasibility study and permitting activities on the Gunnison Project on schedule, as well as to meet obligations associated with Johnson Camp and for working capital purposes. See also Note 1.

Market Risk

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.

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9. FINANCIAL INSTRUMENTS (cont'd...)

Market Risk (cont'd...)

(a) Interest Rate Risk

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 is low.

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

Consideration for the completion of the Johnson Camp Transaction included \$3,200,000 in total deferred cash payments. The payments remained outstanding as at June 30, 2016 and are evidenced in the form of a secured interest bearing promissory note (the JCM Note). The JCM Note bears interest at 3% per annum, with interest on the unpaid principal balance payable quarterly on January 1, April 1, July 1 and September 1 of each year until the instalments have been paid in full. The interest is fixed and therefore the Company is not subject to any related interest rate risk.

(b) Price risk

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.

10. COMMITMENTS

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

Fiscal Year End	Office Lease Payments
2016	\$ 43,934
2017	89,557
2018	22,530
Total	\$ 156,021