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 audited consolidated financial statements and accompanying notes for the years ended December 31, 2016 and December 31, 2015.

All dollar figures presented are expressed in the United States dollar unless otherwise noted.

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Consequently, all comparative financial information presented in this MD&A reflects consistent application of IFRS.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems and procedures 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 and operating matters.

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

APPROVAL

The Board of Directors of Excelsior Mining Corp. has approved the disclosure contained in this MD&A as of April 21, 2017.

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 Feasibility 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 progress on permitting, the integration of the Johnson Camp Mine, completion of the construction financing and the construction of the Gunnison Project.

In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information contained in this MD&A is based on certain factors and assumptions regarding, among other things, the estimation of mineral reserves and resources, the realization of resource estimates, copper and other metal prices, the timing and amount of future exploration and development expenditures, the estimation of initial and sustaining capital requirements, the estimation of labor and operating costs, the availability of necessary financing and materials to continue to explore and develop the Gunnison Project in the short and long-term, the progress of 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, 2016:

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

- exchange rate fluctuations between the Canadian and United States dollar;
- the absence of dividend payments;
- uncertainties inherent in the estimation of mineral resources;
- risks related to current global financial conditions;
- land reclamation requirements may be burdensome;
- risks associated with the acquisition of any new properties;
- 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 was listed on the TSX Venture Exchange ("TSX-V") under the symbol "MIN", Frankfurt Stock Exchange under the symbol "3XS", and on OTCQX under the symbol "EXMGF". On February 2, 2017, the Company commenced trading on the Toronto Stock Exchange and de-listed from the TSX Venture Exchange and continues to trade under the symbol "MIN". Currently, the Company is conducting permitting and evaluation activities related entirely to the Gunnison Copper Project located within the copper porphyry belt of Arizona and conducting care & maintenance operations on the adjacent recently acquired Johnson Camp mine assets.

Summary of Projects & Highlights

The Gunnison Project is located about 62 miles east of Tucson, Arizona on the southeastern flank of the Little Dragoon Mountains in the Johnson Camp Mining District. The property is within the copper porphyry belt of Arizona. The Gunnison Project contains copper oxide and sulfide mineralization with associated molybdenum, in potentially economic concentrations. The material deposit within the Project area is the North Star (formerly known as I-10) deposit.

In addition, the Company has purchased the neighboring Johnson Camp Mine ("JCM"), a copper heap leach operation located due north of the Gunnison Project wellfield on the north side of Interstate 10. The JCM has not been mining new material for the leach pads since mid-2010 but the existing Solvent Extraction Electrowinning ("SX-EW") plant is capable of producing 25 million lbs./yr. of copper with minimal upgrades, thereby satisfying the requirements for Stage 1 production from the Gunnison Project. Excelsior is maintaining the JCM in care and maintenance mode and the SX-EW plant does not require additional work for the feasibility study evaluation. For further information please see "Property, Plant and Equipment – Johnson Camp Mine".

On February 9, 2016, Excelsior announced the results of the comprehensive Updated Prefeasibility Study (the "Updated PFS") on the North Star Deposit of the Gunnison Project and the supporting Technical Report was filed on March 28, 2016. The Updated PFS updated the Prefeasibility Study that was completed by Excelsior in 2014. The Updated PFS was completed as a result of the recent acquisition of the JCM and the use of a staged production approach.

An Aquifer Protection Permit ("APP") and Underground Injection Control Permit ("UIC") are the two primary operating permits that Excelsior needs to acquire prior to commencing operations at the Gunnison Project. Excelsior has submitted permit applications to both the Arizona Department of Environmental Quality ("ADEQ") and to the Environmental Protection Agency ("EPA"). The ADEQ is responsible for issuing the APP and the EPA is responsible for issuing the UIC.

On April 26, 2016, Excelsior announced that Administrative Completeness Review (ACR) ("Administrative Review") has been achieved for both the APP and UIC. Administrative Review is the first stage of the permitting process. It confirms that the permitting application is administratively complete, meaning that all the required documentation and technical data are present. Excelsior is working closely with the State and

Federal regulatory agencies to help advance the issuance of draft permits. With the completion of Administrative Review, Excelsior entered the technical review component of the permitting process.

On June 17, 2016, as part of the ADEQ's technical review process, Excelsior received a "Comprehensive Request for Information" from the ADEQ on June 17, 2016. Since this time, Excelsior's permitting team worked diligently to provide a detailed response to the ADEQ's request and this has now been successfully submitted. This represents a major milestone in the advancement of Excelsior's APP application. The Company also confirmed that the UIC permit application is under technical review and the Company is pleased with the current EPA process. Excelsior expects draft permits to be issued for public review during the second quarter of 2017.

On December 5, 2016, Excelsior announced the results of the comprehensive Feasibility Study on the North Star Deposit of the Gunnison Project (the "Feasibility Study" or "FS") and the supporting technical report was filed on January 17, 2017. The Feasibility Study updated the 2016 Prefeasibility Study. The FS was completed by M3 Engineering & Technology Corporation of Tucson, AZ. Refer to "Subsequent Events" for the results of the Feasibility Study.

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 and the JCM can be found on SEDAR at www.sedar.com entitled: "Gunnison Copper Project, NI 43-101 Technical Report, Feasibility Study" dated effective December 17, 2016 (the "Technical Report").

OUTLOOK

The next steps for Excelsior include completing the permitting process for the Gunnison Project, completing the project financing required to commence construction and moving from construction into operations.

Excelsior is working with both the ADEQ and the EPA and expects to receive draft permits by mid-2017. Subsequent to a public review period, Excelsior anticipates receiving all operating permits by mid to late 2017.

With respect to project financing, Excelsior has engaged Cutfield Freeman to act as an advisor with respect to the debt portion of the project financing. Excelsior is targeting the completion of the project financing by the fourth quarter of 2017 and, assuming all permits have been received, construction would commence thereafter. Commercial copper production from the Gunnison Project is expected to begin nine months after construction is commenced.

PROPERTY, PLANT AND EQUIPMENT

Johnson Camp Mine

On October 8, 2015, the Company, through its wholly-owned subsidiary, Excelsior Mining JCM, Inc., 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 JCM 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 Installment"); and
- $2.2 million due on or before December 31, 2017 ("Final Installment").

The transaction closed on December 14, 2015.

As at December 31, 2016, the Company had made the Initial Payment and First Installment to the Receiver pursuant to the payment terms set forth in the Purchase Agreement. The Final Installment remains outstanding and is 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 Installments have been paid in full.

MINERAL PROPERTIES

Option Agreements

The Company through its wholly owned subsidiary, Excelsior Mining Arizona, Inc. ("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 acquired 100% of the Gunnison Project by making payments totaling $350,000 between December 2012 and December 2014.

A further payment of $246,205 to certain land holders of the Gunnison Project was paid in February 2015.

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.

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 has 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. By the second quarter of 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.

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 September 29, 2016 the Company entered into a subscription agreement for a financing, with an affiliate of Greenstone Resources L.P. ("Greenstone"), for total gross proceeds of $14.0 million. The financing consisted of a private placement of common shares (the "Private Placement") at CDN$0.45 per share for gross proceeds of $10.0 million and the sale of a 1% gross revenue royalty on the Gunnison Copper Project (the "Royalty Financing") for gross proceeds of US$4.0 million.

The Private Placement and Royalty Financing closed on November 23, 2016 and the Company received gross proceeds of $14.0 million from Greenstone. Pursuant to the Private Placement, Greenstone purchased, by way of a treasury offering, common shares of the Company at a price of CDN$0.45 per common share for total gross proceeds of US$10.0 million. Settlement occurred in United States dollars and the exact number of common shares issued was determined based on a CDN$/US$ exchange rate of CDN$1.00 being equal to $0.77 (the "Exchange Rate"). Based on the Exchange Rate, upon closing of the Private Placement, Greenstone acquired 28,860,028 common shares. After the closing of the Private Placement, Greenstone holds a total of 84,410,897 common shares, which represented approximately 50.4% of the Company's issued and outstanding common shares at the time of closing. Upon the closing of the Royalty Financing and after taking into consideration Greenstone's previously existing 2% gross revenue royalty, Greenstone owns a 3% gross revenue royalty on the Gunnison Project.

The net proceeds of the Private Placement and the Royalty Financing were allocated for the continued development of the Company's Gunnison Project, including: completion of permitting and the feasibility study, care & maintenance and deferred acquisition costs associated with the Johnson Camp Mine, and for working capital and general corporate purposes.

SELECTED ANNUAL INFORMATION

The following financial data are selected information for the Company for the three most recently completed financial years:

		2016		2015		2014
Revenue	$	nil	$	nil	$	nil
Total assets		25,130,343		19,666,003		10,721,077
Working Capital		8,930,478		5,228,149		8,084,687
Total non-current liabilities		4,300,834		5,499,052		-
Shareholders' equity		17,976,479		12,207,960		8,632,421
Cash dividends declared		-		-		-
Net loss for the year		4,290, 128		624,365		5,628,020
Basic and diluted loss per share		0.03		0.01		0.08

REVIEW OF FINANCIAL RESULTS

Results of operations for the year ended December 31, 2016 compared to the year ended December 31, 2015:

For the year ended December 31, 2016, the Company reported a net loss of $4,290,128 ($0.03 per common share) compared to a net loss of $624,365 ($0.01 per common share) for the year ended December 31, 2015.

Significant changes in the expense accounts are described as follows:

For the year ended December 31, 2016, the Company incurred plant and equipment holding and maintenance cost of $3,288,352 (2015 - $87,471) subsequent to the completion of the Johnson Camp Transaction in December of 2015. The majority of the amount is comprised of payroll, utilities, property taxes, insurance, general and administrative and regulatory compliance costs at JCM, which are expected to be ongoing until permitting and construction of the Gunnison Project has been completed.

During the year ended December 31, 2016, exploration and evaluation expenses incurred on the Gunnison Project amounted to $2,647,835 (2015 - $5,558,761), a decrease of $2,910,926. For the year ended December 31, 2015 the Company continued with an extensive field exploration program that commenced in the fourth quarter of 2014 (subsequent to the completion of a financing) and which included the collection of geological, hydrological and metallurgical data for feasibility studies and permitting. The extensive field exploration program was substantially completed in 2015, hence the reduction in expenditures during 2016 for feasibility and sustainability related activities. For the year ended December 31, 2016, the Company completed the Updated PFS which commenced in the second half of 2015 and which considered the data and results from the exploration program, the integration of JCM and a staged production approach. In addition, in 2016, the Company has been incurring costs related to completing the feasibility study and advancing the permitting process for the Gunnison Project.

On January 18, 2017, the Company filed the Gunnison Project Feasibility Study. See Subsequent Events later in this report.

Exploration and evaluation expenses incurred during the year ended December 31, 2016 were made up of approximately 44% for sustainability (2015 – 49%), 45% for feasibility study (2015 – nil%) and 11% for the Updated PFS (2015 – nil) related activities. For the year ended December 31, 2016, exploration and evaluation expenses consisted primarily of permitting (32%) and engineering (21%), whereas in the year ended December 31, 2015, exploration and evaluation expenses consisted primarily of hydrology (49%) and permitting (20%).

Exploration and evaluation expenses are further summarized as follows:

	For the Year ended December 31, 2016	2015
Feasibility study		
Administration	$ 543,701	$ 279,145
Engineering	265,595	-
Geology	211,382	349,104
Hydrology	85,134	1,414,636
Metallurgy	59,170	302,525
Geochemistry	24,091	109,732
	1,189,073	2,455,142
Pre-feasibility study		
Engineering	287,432	402,420
	287,432	402,420
Sustainability		
Permitting	840,665	1,135,743
Administration	249,829	136,685
Hydrology	59,479	1,331,727
Geology	21,357	21,398
Geochemistry	-	75,646
	1,171,330	2,701,199
Total	**$ 2,647,835**	**$ 5,558,761**

Office and administration comprises, salaries and wages, rent, overhead, insurance, travel and other related corporate costs. For the year ended December 31, 2016 such costs amounted to $816,159 compared to $542,996 in the prior year. The increase of $273,163 was primarily due to an overall higher level of corporate activity including insurance, travel, salary & wages, IT & computer expenses.

Professional fees incurred during the year ended December 31, 2016 were $298,977 compared to $352,222 in the prior year, representing a decrease of $53,245. Professional fees were higher in 2015 as a result of the Johnson Camp Transaction and the related professional fees.

During the year ended December 31, 2016 the Company incurred investor relations expenses of $324,304 (2015 - $375,997). The decrease of $51,693 is mainly a result of the Company's decreased attendance at conferences and roadshows. In addition, most of the agreements with external consultants were terminated during 2015.

During the year ended December 31, 2016, the Company incurred regulatory fees of $101,656 (2015 – $172,528). The decrease in regulatory fees of $70,872 is primarily due to a higher number of Board of Directors meetings held during the year ended December 31, 2015, primarily due to the Johnson Camp Transaction.

During the year ended December 31, 2016, the Company incurred financing costs of $265,703 (2015 - $113,333) the increase of $152,370 is primarily due to interest accrued and paid on the JCM Note of $96,000 (2015 - $nil) and accretion expense of $82,828 (2015 - $nil) relating to the JCM asset retirement obligation.

During the year ended December 31, 2016, the Company had a loss of $3,298 in foreign exchange compared with a loss of $145,611 in foreign exchange during the year ended December 31, 2015, a difference of $142,313. The Company held a significantly larger amount of its cash in Canadian dollars during 2015, which, combined with the effect of a strengthening US dollar relative to the Canadian dollar, drove the difference between the two periods.

During the year ended December 31, 2016, the Company realized a gain on disposal of assets of $302,003 from the disposal of non-core equipment at Johnson Camp.

During the year ended December 31, 2016, the Company had a gain on the sale of royalties of $3,976,531 related to the sale of a 1% gross revenue royalty on the Gunnison Project, compared to a $7,703,201 gain on the sale of royalties related to the sale of a 2% gross revenue royalty on the Gunnison Project, during the year ended December 31, 2015. Both of these royalty sales were to Greenstone.

Financial Results Commentary:

For the year ended December 31, 2014, during the first half of the fiscal year the Company maintained a reduced level of activity due to market conditions and its lower level of working capital. In June 2014 the Company completed a prospectus financing and financings with Greenstone in September and October. These financings provided the Company with the necessary funds to complete an initial prefeasibility study and execute hydrology, metallurgy and geology work to support the requirements for a feasibility study, as well as for sustainability and permitting. As a result, at the end of 2014, there was a significant increase in exploration, feasibility and sustainability activities subsequent to the completion of financings with Greenstone in the third quarter of fiscal 2014. Increased exploration, feasibility and sustainability activities continued throughout fiscal 2015 and 2016, ultimately resulting in the completion of the Updated PFS and Feasibility Study. The significant increase in total assets from March 31, 2015 to December 31, 2016 was primarily due to the completion of the Johnson Camp Transaction as well as the Private Placement and Royalty Financing.

SELECTED QUARTERLY INFORMATION

Selected financial indicators for the past eight quarters are shown in the following tables:

	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Net income/(loss) for the period	$ 1,601,335	$ (2,410,386)	$ (1,865,007)	$ (1,616,070)
Income/(loss) per share (basic and diluted)	0.01	(0.02)	(0.01)	(0.01)
Total assets	25,130,343	13,982,506	15,711,224	17,976,916

	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Net income/(loss) for the period	$ 6,635,053	$ (1,442,142)	$ (1,992,573)	$ (3,824,703)
Income/(loss) per share (basic and diluted)	0.05	(0.01)	(0.02)	(0.03)
Total assets	19,666,003	2,404,378	3,952,678	5,401,945

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 eight quarters; however, during the fourth quarter of fiscal 2015 and 2016, the Company reported net income as a result of gains on the sale of royalties to Greenstone. The gain in fourth quarter of fiscal 2015 was larger than fiscal 2016 because a 2% gross revenue royalty was sold in 2015 versus a 1% gross revenue royalty in 2016.

During the first quarter of 2015, there was a higher net loss due to the increase in exploration, feasibility and sustainability activities subsequent to the completion of financings in the third quarter of fiscal 2014. After the first quarter of 2015, exploration, feasibility and sustainability activities were relatively consistent throughout fiscal 2015 and the first half of 2016. Exploration & evaluation activities have declined in 2016; however, this reduction has been offset by JCM care and maintenance costs. The significant increase in total assets during the fourth quarter of fiscal 2015 was primarily due to the completion of the Johnson Camp Transaction, as well as the 2015 private placement and royalty financing with Greenstone. With respect to the third quarter of 2016, net loss increased as a result of increased permitting and feasibility study expenditures

Fluctuations in net loss for each quarter have been generally driven by the amount of exploration, feasibility and sustainability activities that the Company undertakes on the Gunnison Project during each quarter.

Results of operations for the three month period ended December 31, 2016 compared to the three month period ended December 31, 2015:

For the three month period ended December 31, 2016, the Company reported net income of $1,601,335 ($0.01 per common share) compared to a net income of $6,635,053 ($0.05 per common share) for the three month period ended December 31, 2015. The main difference in net income, as noted above, was the result of the sale of a 2% gross revenue royalty for $8 million in 2015 versus the sale of a 1% gross revenue royalty for $4 million in 2016.

Significant changes in the expense accounts are described as follows:

During the three month period ended December 31, 2016, exploration and evaluation expenses incurred on the Gunnison Project amounted to $780,364 (2015 - $651,806), the increase of $128,558 is primarily due to an increase in Gunnison permitting activities.

Exploration and evaluation expenses incurred during the three month period ended December 31, 2016 were comprised of approximately 46% for sustainability (2015 – 52%) and 54% for the feasibility study (2015 – 27%). For the fourth quarter of fiscal 2016, exploration and evaluation expenses consisted primarily of permitting (26%) and staff/contractor administration support (59%).

Exploration and evaluation expenses are further summarized as follows:

	For the Three Month Periods Ended December 31, 2016	2015
Feasibility study		
Administration	$ 321,882	$ 30,903
Geology	36,764	56,892
Hydrology	21,748	61,525
Metallurgy	21,334	18,404
Engineering	19,213	-
Geochemistry	770	7,319
	421,711	175,043
Pre-feasibility study		
Engineering	-	139,642
	-	139,642
Sustainability		
Permitting	202,342	235,081
Administration	140,310	48,650
Hydrology	15,000	48,822
Geology	1,001	4,449
Geochemistry	-	119
	358,653	337,121
Total	**$ 780,364**	**$ 651,806**

Office and administration expense comprises salaries & wages, rent, overhead, insurance, travel and other related corporate costs. For the three months ended December 31, 2016 such costs amounted to $223,118 compared to $177,121 during the same period of the prior year. The increase of $45,997 was primarily due to an overall higher level of corporate activity including insurance, travel, wages & salary, IT & computer expenses.

Professional fees incurred during the three months ended December 31, 2016 were $26,525 compared to a negative $285,705 during the same period of the prior year. The increase of $312,330 was primarily due to the reclassification of due diligence costs incurred throughout fiscal 2015 in relation to the Johnson Camp Transaction to the purchase consideration for JCM.

During the three month period ended December 31, 2016, financing costs decreased by $79,515 mainly due to the $113,333 of 2015 Royalty Financing cost compared to the $49,929 of interest accrued and paid on the JCM Note and accretion on the JCM asset retirement obligation.

During the three month period ended December 31, 2016, the Company had a gain on the sale of royalties of $3,976,531 related to the sale of a 1% gross revenue royalty on the Gunnison Project, compared to a $7,703,201 gain on the sale of royalties related to the sale of a 2% gross revenue royalty on the Gunnison Project, during the three month period ended December 31, 2015. Both of these royalty sales were to Greenstone.

LIQUIDITY, FINANCING, AND CAPITAL RESOURCES

The Company had cash and cash equivalents of $11,622,701 as of December 31, 2016 (December 31, 2015 - $6,306,680) and working capital of $8,930,478 (December 31, 2015 – $5,228,149). The increase in cash and cash equivalents of $5,316,021 and working capital of $3,702,329 was primarily a result of the $14.0 million Greenstone financing less $7.6 million of cash used in operating activities. Working capital at December 31, 2016 had less of an increase compared to cash due to an additional $1.2 million of deferred consideration (JCM Note) becoming a current liability, due December 31, 2017.

Cash used in operating activities during the year ended December 31, 2016 amounted to $7,569,294, compared to $9,204,856 during the same period of the prior year. The decrease in cash used in operating activities is primarily attributable to the 2015 reduction of $1,056,752 in amounts payable compared to a $240,066 reduction in 2016 and $686,821 of receipts collected on amounts receivable in 2016 related to the JCM transaction.

Cash used in investing activities for the year ended December 31, 2016 amounted to $2,924,103 compared to $1,581,940 for 2015. During 2016 the Company received $4.0 million from the sale of the 1% gross revenue royalties on the Gunnison Project and JCM, paid $1.0 million for the First Installment related to the Johnson Camp Transaction. During 2015 the Company received $8.0 million from the sale of the 2% gross revenue royalties on the Gunnison Project and JCM, paid approximately $6.0 million for the Initial payment related to the Johnson Camp acquisition.

Cash provided by financing activities for the year ended December 31, 2016 was $9,964,511 compared to the $4,069,093 for the prior year. During 2016 and 2015 the Company closed common share private placements with Greenstone for $10.0 million and $4.0 million respectively.

The Company's cash and cash equivalents are held in large North American financial institutions and are highly liquid and interest bearing.

The Company is currently proceeding with 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. With the closing of the Private Placement and Royalty Financing, the Company has sufficient funds to cover the estimates costs of the permitting process and to meet its estimated annual corporate costs for at least the next year. However, additional funding will be required in order to commence construction of the Gunnison Project, assuming the Board of Directors makes a positive construction decision.

As at December 31, 2016, the Company did not have any pre-arranged sources of financing except for the remaining royalty option payment that may or may not be received (refer to the Callinan Agreement). The remaining royalty option payment associated with the Callinan Agreement is optional and at the sole discretion of Callinan and there is no certainty that they will be received. Should the Company not receive any proceeds from the exercise of the remaining royalty option, or be unsuccessful in raising additional funds, then it will be unable to fund the construction of the Gunnison Project.

STATEMENT OF FINANCIAL POSITION INFORMATION

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

		As at December 31, 2016		As at December 31, 2015
Cash and cash equivalents	$	11,622,701	$	6,306,680
Prepaid expenses		84,867		113,355
Receivables		75,940		767,105
Property, plant and equipment		13,124,045		12,256,073
Long term deposits		222,790		222,790
Total Assets	$	25,130,343		19,666,003

		As at December 31, 2016		As at December 31, 2015
Accounts payable and accrued liabilities	$	610,130	$	850,196
Amounts due to related parties		42,900		108,795
Deferred consideration		2,200,000		1,000,000
Long term deferred consideration		-		2,200,000
Asset retirement obligation		4,300,834		3,299,052
Capital stock		40,889,361		30,924,103
Other equity reserves		5,337,733		5,244,344
Deficit		(27,421,619)		(23,131,491)
Accumulated other comprehensive loss		(828,996)		(828,996)
Total Liabilities and Equity	$	25,130,343	$	19,666,003

Assets

Cash and cash equivalents increased by $5,316,021 during the year ended December 31, 2016 as previously discussed in "Liquidity, Financing and Capital Resources".

Receivables decreased by $691,165 during the year ended December 31, 2016 primarily as a result of payments received from an Arizona based electric cooperative and Arizona State government agency, both related to the JCM acquisition.

Liabilities

Accounts payable and accrued liabilities decreased by $240,066 for the year ended December 31, 2016 mainly as a result of the timing of the vendor payments.

As part of the acquisition of certain Johnson Camp assets completed in December 2015, the Company recorded liabilities for current ($1.0 million) and long-term deferred consideration ($2.2 million) in relation to the First and Final Installment purchase price payments. During 2016, the Company paid the First Installment of $1.0 million and reclassified the $2.2 million Final Installment, due by December 31, 2017, from long term to current liabilities. The Company also obtained all the associated environmental permits relating to Johnson Camp. Such permits require the completion of certain reclamation and closure obligations, which were recorded as a long-term asset retirement obligation and as at December 31, 2016 had an estimated present value of $4,300,834. The increase in the asset retirement obligation of $1,001,782 for the year ended December 31, 2016 is due to a change in the estimated liability of $918,954 primarily related to an increase in the estimated inflation rate from 0.70% to 2.07%. In addition, there was $82,828 of accretion expense in the year ended December 31, 2016.

Equity

Capital stock increased by $9,965,258 primarily due to the Private Placement, which closed on November 23, 2016.

During the year ended December 31, 2016, the other equity reserves account increased by $93,389 as a result of share-based compensation expense of $94,137 which was partially offset by the carrying value of stock options exercised in the amount of $748.

Deficit increased by $4,290,128 which was the net loss for the year ended December 31, 2016.

Share Capital

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

Security Description	December 31, 2016	Date of report
Common shares, voting	167,363,952	167,463,952
Stock Options	15,876,000	15,836,000

The Company issued the following common shares during the year ended December 31, 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.
- On November 23, 2016, the Company closed the Private Placement with Greenstone, which included the purchase of 28,860,028 common shares of the Company, for gross proceeds of $10,000,000.

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 Chief Executive Officer, Chief Financial Officer, and Executive Vice Presidents.

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

	Year Ended December 31, 2016	2015
Share-based compensation	$ 35,038	$ 70,731
Short-term benefits*	789,429	827,709
	$ 824,467	**$ 898,440**

* 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 of the Company. King & Bay provides administrative, management, regulatory, accounting, legal, tax, 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:

	Year Ended December 31, 2016	2015
King & Bay	$ 437,846	$ 628,760

As at December 31, 2016, amounts accrued and due to related parties include the following:

- King & Bay - $26,907 (December 31, 2015 - $53,166)
- Roland Goodgame, Executive Vice President - $10,782 (December 31, 2015 - $9,488)
- SCT Holdings Management LLC, a company controlled by the CEO - $5,211 (December 31, 2015 - $46,141)

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

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, 2016.

The preparation of 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 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 financial statements are presented fairly and in accordance with IFRS.

ESTIMATES AND JUDGMENTS

The preparation of the consolidated 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 consolidated financial statements requires management to make judgments regarding the going concern status of the Company and whether going concern disclosure is necessary.

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 consolidated 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 consolidated financial statements include:

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. The recoverability of the amounts shown for 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.

Asset Retirement Obligation

The Company's provision for reclamation and closure cost obligations represent management's best estimate of the present value of the future cash outflows required to settle the liability. The provision reflects estimates of future costs directly attributable to remediating the liability, inflation, assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting future cash outflows. Changes in the factors above can result in a change to the provision recognized by the Company. To the extent the carrying value of the related mining property is not increased above its recoverable amount, changes to reclamation and closure cost obligations are recorded with a corresponding change to the carrying amount of related mining properties.

FUTURE ACCOUNTING PRONOUNCEMENTS

IFRS 9, Financial Instruments (2014)

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments.

Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.

- Impairment. The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

IFRS 9 applies to financial statements for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good and service. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted.

IFRS 16, Leases

On January 13, 2016, the IASB issued IFRS 16, according to which, all leases will be on the balance sheet of lessees, except those that meet the limited exception criteria. Respectively, rent expense is to be removed and replaced by the recording of depreciation and finance expenses. The standard is effective for annual periods beginning on or after January 1, 2019.

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: 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 or the JCM 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. However, Excelsior does have title insurance for the portions of the JCM that are patented mining claims and fee title property. The Gunnison Project and the JCM 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 or the JCM as permitted or being unable to enforce its rights with respect to all or part of the Gunnison Project or the JCM. This could result in Excelsior not being compensated for its prior expenditures relating to the properties.

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 able to 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 or the JCM 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 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

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

As at December 31, 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'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 December 31, 2016, the Company has cash and cash equivalents balance of $11,622,701 to settle current liabilities of $2,853,030.

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.

(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.

The JCM Note has a fixed interest rate of 3% per annum 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.

COMMITMENTS

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

Fiscal Year End		Office Lease Payments
2017	$	89,557
2018		22,530
Total	**$**	**112,087**

SUBSEQUENT EVENTS

The following events occurred subsequent to the year ended December 31, 2016:

A. On January 18, 2017, the Company announced that it has filed the Technical Report on SEDAR at www.sedar.com. The Report is with respect to the Feasibility Study on the Gunnison Copper Project in southern Arizona.

   Highlights of the Feasibility Study:

   - Net Present Value ("NPV") estimated at $1.173 billion pre-tax and $807 million post-tax at 7.5% discount rate using a life of mine ("LOM") copper price of $2.75/lb;
   - Internal Rate of Return ("IRR") estimated at 48% pre-tax and 40% post-tax;
   - Initial construction capital costs estimated at $46.9 million includes 15% contingency, 16% EPCM, freight, mobile equipment, owner's costs and capital spares;
   - Payback period for initial capital estimated at 2.3 years pre-tax and 2.8 years post-tax;
   - Average life of mine operating costs estimated at $0.65/lb;
   - All-In Cost (LOM capital costs plus operating costs) of $1.23/lb;
   - 42 million pounds of copper added to the estimated Probable Mineral Reserve, with the total Probable Mineral Reserve now 4.5 billion pounds of copper (782 million short tons grading 0.29%);
   - Life of Mine: estimated at 24 years of commercial production;
   - Staged production profile: initial production rate estimated at 25 million pounds of copper cathode per annum using the existing Johnson Camp Mine facilities, followed by an intermediate expansion stage to 75 million pounds per annum and final expansion stage to full production of 125 million pounds per annum (includes the construction of an acid plant at full production).

B. On January 31, 2017, the Company announced that it has received final approval for its common shares to be listed and commence trading on the Toronto Stock Exchange at the opening of trading on Thursday, February 2, 2017. The Company retained its current trading symbol of "MIN". Concurrently, Excelsior's common shares were delisted from the TSX Venture Exchange.

C. On January 16, 2017, 140,000 stock options were cancelled with an exercise price of CAD$0.42.

D. On January 31, 2017, 200,000 stock options were granted with an exercise price of CAD$0.77.

E. On February 14, 2017, 100,000 stock options were exercised for total proceeds of CAD$30,000.

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 year ended December 31, 2016, 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 CONTROL 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 consolidated 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.