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, 2017 and December 31, 2016.

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").

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 March 27, 2018 and these disclosures are effective as of March 27, 2018.

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-V 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, in December 2015, the Company purchased the neighboring Johnson Camp Mine ("JCM"), a heap leach copper operation located due north of the Gunnison Project wellfield on the north side of Interstate 10. Mining operations at JCM stopped in 2010 and it produced small amounts of copper from residual leach pads until a few months prior to the Excelsior acquisition in December 2015; there has been no copper produced at JCM since that time. The facilities at JCM remain in good condition and the existing Solvent Extraction Electrowinning ("SXEW") plant has a capacity of producing 25 million pounds of copper per year with minimal upgrades, thereby satisfying the requirements for Stage 1 production from the Gunnison Project.

The Company is currently proceeding with permitting activities relating to the Gunnison Project as scheduled, continues to provide care and maintenance for JCM and has begun preparing for the start-up of the Gunnison Project construction activities. These activities include among other things the basic and detailed construction engineering, the hiring of certain key technical and administrative personnel for both construction and the eventual operations of the Gunnison Project including the JCM SXEW plant and JCM infrastructure improvements.

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 obtain 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. Since this time, Excelsior's permitting team worked diligently to provide a detailed response to the ADEQ's request and this was successfully submitted in mid-2017. 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.

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 and Technology Corporation of Tucson, AZ.

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) estimated at $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).

On June 14, 2017, the Company announced that the ADEQ issued a draft APP operating permit for public comment for the Gunnison Copper Project. The draft APP was to remain open for public comment for a minimum of 30 days.

On December 22, 2016, Excelsior filed an application to significantly amend its APP for the Johnson Camp Mine to allow for the processing of fluids generated from future wellfield operations at the Gunnison Project through the existing facilities at JCM. On June 26, 2017, the Company announced that the ADEQ issued the amended APP for JCM.

On September 5, 2017, the Company announced that the ADEQ provided the Company with a Grant Letter for the Gunnison Copper Project APP. The APP remained appealable under specific circumstances for 30 days. On October 11, 2017, the Company announced that the ADEQ confirmed that the mandated 30-day appeal period had ended without appeal for Excelsior's APP for the Gunnison Copper Project.

On October 25, 2017, the Company announced that the EPA issued a draft UIC operating permit for the Gunnison Project. The draft UIC permit was to remain open for public comment for a minimum of 30 days. The EPA subsequently extended the public comment period for an additional 45 days. The comment period was further extended to February 27, 2018 in order to accommodate a public meeting regarding the UIC permit.

On March 5, 2018, the Company announced that the EPA has informed the Company that the public comment period for the UIC permit has officially ended. The EPA is currently in the process of reviewing and responding to all comments received. Subsequent to the conclusion of this process, the UIC permit would then be issued. The UIC permit is the final permit required prior to starting construction and commencing production.

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 has received all operating permits from the ADEQ. Excelsior is working with the EPA and expects to receive Federal operating permits during the second quarter of 2018.

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 in the second quarter of 2018 and, assuming all permits have been received, construction would commence thereafter. 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, 2017, the Company had paid the Initial, First and Final Instalments totaling $8.4 million. All of the Company's JCM acquisition obligations related to the secured interest bearing promissory note have been met.

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. 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.

2016 Private Placement

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 "2016 Private Placement") at CAD$0.45 per share for gross proceeds of $10.0 million and the sale of a 1% GRR on the Gunnison Copper Project (the "Royalty Financing") for gross proceeds of US$4.0 million.

The 2016 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 2016 Private Placement, Greenstone purchased, by way of a treasury offering, common shares of the Company at a price of CAD$0.45 per common share for total gross proceeds of US$10.0 million. Settlement occurred in United States dollars and the exact number of common shares issued was determined based on a CAD$/US$ exchange rate of CAD$1.00 being equal to $0.77 (the "Exchange Rate"). Based on the Exchange Rate, upon closing of the 2016 Private Placement, Greenstone acquired 28,860,028 common shares. After the closing of the 2016 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% GRR, Greenstone owns a 3% GRR on the Gunnison Project.

2017 Private Placement

On December 21, 2017 the Company closed the first tranche of its non-brokered private placement (the "2017 Private Placement") and the Company issued 22,168,000 common shares at a price of C$1.00 per common share for gross proceeds of C$22,168,000 (approximately US$17.4 million). The second and final tranche of the Offering consisted of an additional 16,467,200 common shares at a price of C$1.00 for gross proceeds of

C$16,467,200 (approximately US$12.8 million). The second tranche was subscribed for by an affiliate of Greenstone Resources L.P. ("Greenstone") and closed on January 19, 2018.

The net proceeds of the 2016 Private Placement, the Royalty Financing and the 2017 Private Placement 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, preparing for the start-up of the Gunnison Project construction activities 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:

		2017		2016		2015
Revenue	$	nil	$	nil	$	nil
Total assets		34,851,406		25,130,343		19,666,003
Working Capital		16,242,045		8,930,478		5,228,149
Total non-current liabilities		9,179,928		4,300,834		5,499,052
Shareholders' equity		25,144,402		17,976,479		12,207,960
Cash dividends declared		-		-		-
Net loss for the year		9,494,003		4,290,128		624,365
Basic and diluted loss per share		0.06		0.03		0.01

REVIEW OF FINANCIAL RESULTS

Results of operations for the year ended December 31, 2017 compared to the year ended December 31, 2016:

For the year ended December 31, 2017, the Company reported a net loss of $9,494,003 ($0.06 per common share) compared to a net loss of $4,290,128 ($0.03 per common share) for the year ended December 31, 2016. The net loss for the year ended December 31, 2016 was lower due to the sale of a 1% GRR on the Gunnison Project as part of the 2016 Private Placement and Royalty Financing.

Significant changes in the expense accounts are described as follows:

For the year ended December 31, 2017, the Company incurred plant and equipment holding and maintenance cost of $2,749,495 (2016 - $3,288,352). These costs are primarily 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 and subsequently these costs will become a part of the operating costs once the Gunnison Project is in production.

For the year ended December 31, 2017, the Company incurred project development preparation costs of $2,002,832 (2016 - $nil) directly related to the Gunnison project construction readiness activities. The costs of these activities were approximately 44% (2016 – nil) for project detailed engineering and planning of wellfield drilling, approximately 36% (2016 – nil) for employee ramp-up related costs and approximately 20% (2016 – nil) for other contract project readiness support.

During the year ended December 31, 2017, exploration and evaluation expenses incurred on the Gunnison Project amounted to $1,042,079 (2016 - $2,647,835), a decrease of $1,605,756 due to a shift from exploration activities to project development activities. For the year ended December 31, 2016, the Company completed the FS which considered the data and results from the Company's exploration program, the integration of JCM and a staged production approach. In 2017, the Company's exploration and evaluation activities were focused on the Gunnison project permitting process and updating various JCM permits.

Exploration and evaluation expenses incurred during the year ended December 31, 2017 were made up of approximately 93% for sustainability which primarily consists of permitting activities (2016 – 44%) and 7% for the completion of the feasibility study (2016 – 45%). For the year ended December 31, 2017.

Exploration and evaluation expenses are further summarized as follows:

	For the Year ended December 31, 2017	2016
Feasibility study		
Administration	$ 54,648	$ 543,701
Engineering	-	265,595
Geology	11,273	211,382
Hydrology	5,000	85,134
Metallurgy	3,304	59,170
Geochemistry	-	24,091
	74,225	1,189,073
Pre-feasibility study		
Engineering	-	287,432
	-	287,432
Sustainability		
Permitting	797,207	840,665
Administration	157,906	249,829
Hydrology	6,840	59,479
Geology	5,901	21,357
	967,854	1,171,330
Total	**$ 1,042,079**	**$ 2,647,835**

Office and administration costs comprises salaries and wages, rent, overhead, insurance, travel and other related corporate costs. For the year ended December 31, 2017 such costs amounted to $962,041 compared to $816,159 in the prior year. The increase of $145,882 was primarily due to an overall higher level of corporate activity including insurance, travel, salary & wages, information technology and computer expenses.

Professional fees incurred during the year ended December 31, 2017 were $897,631 compared to $298,977 in the prior year, representing an increase of $598,654. The increase is primarily due to the engagement of a financial advisor and independent engineers to assist the Company in the strategy, analysis, recommendation and completion of the financing program in anticipation of the Gunnison Project development.

During the year ended December 31, 2017 the Company incurred investor relations expenses of $422,397 (2016 - $324,304). The increase of $98,093 is mainly a result of the Company's increased activities in support of the 2017 Private Placement that for which the first tranche closed in December of 2017.

During the year ended December 31, 2017, the Company incurred regulatory fees of $214,760 (2016 – $101,656). The increase in regulatory fees of $113,104 is primarily due to the one-time listing fee for becoming listed on the TSX.

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% GRR on the Gunnison Project.

During the year ended December 31, 2017, the Company incurred net financing costs of $109,133 (2016 - $249,506) the decrease of $140,373 is due to royalty financing costs of $86,875 in 2016 with none in 2017, interest income increase of $58,497 due to increase in cash balances and a decrease of $30,000 of interest expense for the JCM loan, slightly offset by a $34,999 increase in ARO accretion expense relating to the JCM asset retirement obligation.

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.

Financial Results Commentary:

During the second half of 2016 and through 2017 the Company has maintained a relatively constant level of quarterly spending while shifting the focus of its activities from acquiring JCM to PFS and FS filings, to permitting activities and currently shifting towards the beginning of project development. During this time the Company also has been working on integrated JCM into the long-term plans of the Company.

Increased exploration, feasibility and sustainability activities continued from 2015 through 2016, ultimately resulting in the completion of the Updated PFS and FS. With the completion of the FS at the end of 2016, the focus of attention began shifting to the beginning of the preparation of project development. The significant increase in total assets and working capital from December 31, 2015 to December 31, 2016 was primarily due to the completion of the Johnson Camp Transaction as well as the 2016 Private Placement and Royalty Financing. The further increase in total assets and working capital from December 31, 2016 to December 31, 2017 was primarily due to the 2017 Private Placement.

The net loss for the year ended December 31, 2015 was lower than December 31, 2016 due to the sale of a 2% gross revenue royalty on the Gunnison Project in 2015, as compared to the sale of a 1% GRR in 2016.

SELECTED QUARTERLY INFORMATION

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

	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Net Loss for the period	$ (2,612,229)	$ (2,446,338)	$ (2,300,626)	$ (2,134,810)
Loss per share (basic and diluted)	(0.02)	(0.01)	(0.01)	(0.01)
Total assets	34,851,406	18,492,291	21,001,801	23,256,783

	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

The quarterly results presented above do not necessarily reflect any recurring expenditure patterns or predictable trends. The Company has incurred losses over the last eight quarters with the exception, of the fourth quarter of 2016 when the Company reported positive income due to the $3,976,531 gain on sale of royalty to Greenstone.

Results of operations for the three-month period ended December 31, 2017 compared to the three month period ended December 31, 2016:

For the three-month period ended December 31, 2017, the Company reported a net loss of $2,612,229 ($0.02 per common share) compared to a net income of $1,601,335 ($0.01 per common share) for the three-month period ended December 31, 2016. The main variance was the gain of $3,976,531 arising from the sale of a 1% GRR in 2016.

Significant changes in the expense accounts are described as follows:

For the three-month period year ended December 31, 2017, the Company incurred plant and equipment holding and maintenance cost of $713,046 (2016 - $1,009,008). These costs are primarily 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 and subsequently these costs will become a part of the operating costs once the Gunnison Project is in production.

For the three-month period the year ended December 31, 2017, the Company incurred project development preparation costs of $654,277 (2016 - $nil) directly related to the Gunnison project construction readiness activities. The costs of these activities were approximately 42% (2016 – nil) for project detailed engineering and planning of wellfield drilling, approximately 44% (2016 – nil) for employee ramp-up related costs and approximately 15% (2016 – nil) for other contract project readiness support.

During the three-month period ended December 31, 2017, exploration and evaluation expenses incurred on the Gunnison Project amounted to $175,492 (2016 - $780,364), the decrease of $604,872 in costs is primarily due to the FS being completed in 2016 and a decrease in Gunnison permitting activities for the comparable periods.

Exploration and evaluation expenses incurred during the three-month period ended December 31, 2017 were totally comprised of permitting activities. For the three-month period ended December 31, 2016 exploration and evaluation expenses were comprised of 54% for FS activities and 46% for permitting activities.

Exploration and evaluation expenses are further summarized as follows:

	For the Three-Month Periods Ended December 31, 2017	2016
Feasibility study		
Administration	$ -	$ 321,882
Geology	-	36,764
Hydrology	-	21,748
Metallurgy	-	21,334
Engineering	-	19,213
Geochemistry	-	770
	-	421,711
Pre-feasibility study		
Engineering	-	-
	-	-

	For the Three-Month Periods Ended December 31, 2017	2016
Sustainability		
Permitting	128,214	202,342
Administration	47,278	140,310
Hydrology	-	15,000
Geology	-	1,001
Geochemistry	-	-
	175,492	358,653
Total	**$ 175,492**	**$ 780,364**

Office and administration expense for the three months ended December 31, 2017 amounted to $493,313 compared to $223,118 during the same period of the prior year. The increase of $270,195 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, 2017 were $238,048 compared to $26,525 during the same period of the prior year. The increase of $211,523 was primarily due to the engagement of a financial advisor and independent engineers to assist the Company in the strategy, analysis, recommendation and completion of the financing program in anticipation of the Gunnison Project development.

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% GRR on the Gunnison Project.

During the three-month period ended December 31, 2017, net financing costs decreased by $62,469 compared to the same period of the prior year. This is mainly due to an increase in interest income due to increase in cash balances from the Greenstone 2016 Private Placement and Royalty Financing at the end of 2016 and a decrease in the interest on the JCM note partially offset by an increase in ARO accretion on the JCM asset retirement obligation.

LIQUIDITY, FINANCING, AND CAPITAL RESOURCES

The Company had cash and cash equivalents of $16,677,002 as of December 31, 2017 (December 31, 2016 - $11,622,701) and working capital of $16,242,045 (December 31, 2016 – $8,930,478). The increase in cash and cash equivalents of $5,054,301 is the result of the $16.2 million of net proceeds from the 2017 Private Placement less $8.9 million of cash used in operating activities during 2017 and $2.2 million for the final installment of the JCM Note. Working capital increased by $7,311,567 for the comparable periods due to the $16.2 million of net proceeds from the 2017 Private Placement less $8.9 million of cash used in operating activities during 2017.

Cash used in operating activities during the year ended December 31, 2017 amounted to $8,944,954, compared to $7,569,295 during the same period of the prior year. The increase of $1,375,659 in cash used in operating activities is primarily attributable to $686,821 collection of amounts receivable in 2016 related to the JCM transaction and an increase in financial advisors and independent engineer evaluation costs for potential project financing and TSX listing costs for the year ended December 31, 2017 compared to the year ended December 31, 2016.

Cash used in investing activities for the year ended December 31, 2017 amounted to $2,306,009 compared to cash provided by investing activities of $2,924,103 for 2016. During 2017 the Company paid $2.2 million for the Final Installment related to the Johnson Camp Transaction. During 2016 the Company received $4.0 million from the sale of the 1% gross revenue royalties on the Gunnison Project partially offset by a $1.0 million payment for the First Installment related to the Johnson Camp Transaction.

Cash provided by financing activities for the year ended December 31, 2017 was $16,297,365 compared to $9,964,511 for the year ended December 31, 2016. During 2017 the Company received $16.2 million of net proceeds for common share private placements compared to $9.9 million of net proceeds for common share private placements during 2016.

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 2017 Private Placement, 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 all of the required permits are obtained and the Board of Directors makes a positive construction decision.

As at December 31, 2017, 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) and the second tranche of the 2017 Private Placement that closed in January 2018. 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 may 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, 2017	As at December 31, 2016
Cash and cash equivalents	$ 16,677,002	$ 11,622,701
Prepaid expenses	21,384	84,867
Receivables	70,735	75,940
Property, plant and equipment	17,859,495	13,124,045
Long term deposits	222,790	222,790
Total Assets	$ 34,851,406	25,130,343

	As at December 31, 2017	As at December 31, 2016
Accounts payable and accrued liabilities	$ 473,117	$ 610,130
Amounts due to related parties	53,959	42,900
Deferred consideration	-	2,200,000
Asset retirement obligation	9,179,928	4,300,834
Capital stock	57,210,709	40,889,361
Other equity reserves	5,678,311	5,337,733
Deficit	(36,915,622)	(27,421,619)
Accumulated other comprehensive loss	(828,996)	(828,996)
Total Liabilities and Equity	$ 34,851,406	$ 25,130,343

Assets

Cash and cash equivalents increased by $5,054,301 during the year ended December 31, 2017 as previously discussed in "Liquidity, Financing and Capital Resources".

Liabilities

Accounts payable and accrued liabilities decreased by $137,013 for the year ended December 31, 2017 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 obligations. 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. In December 2017, the Company paid the Final Installment of $2.2 million and has satisfied all of the JCM acquisition payment requirements.

In addition, all of the associated environmental permits relating to JCM were included with the acquisition. These 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 these obligations 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 was 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 related to the ARO for the year ended December 31, 2016.

As a part of the Companies process of revising and updating of the JCM operating and reclamation permits, during the fourth quarter of 2017, the Company performed an updated analysis of the estimated JCM reclamation costs resulting in an estimated present value liability of $9,179,928. This updated analysis resulted in an increase to the ARO liability of $4,761,267 primarily for the reclamation of the existing shutdown JCM heap leach stockpile. The Company does not anticipate incurring any of the JCM reclamation costs until the end of the projected Gunnison Project operations. The Company recorded $117,827 of accretion expense related to the ARO for the year ended December 31, 2017.

Equity

Capital stock increased by $16,321,348 due to the 2017 Private Placement, which closed on December 21, 2017.

During the year ended December 31, 2017, the other equity reserves account increased by $340,578 as a result of share-based compensation expense of $364,561 which was partially offset by the carrying value of stock options exercised in the amount of $23,983.

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, 2017	Date of report
Common shares, voting	189,881,952	206,349,152
Stock Options	16,486,000	17,086,000

The Company issued the following common shares during the year ended December 31, 2017:

- On December 21, 2017, the Company closed the first tranche of the 2017 Private Placement which included the sale of 22,168,000 common shares of the Company, for gross proceeds of $17,404,412.

- There were 350,000 stock options exercised during the year ended December 31, 2017.

On January 22, 2018, the second tranche of the 2017 Private Placement was closed and resulted in the Company issuing 16,467,200 common shares for gross proceeds of $12,800,000.

Key Management Personnel

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

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

	Year Ended December 31, 2017	2016
Share-based compensation	$ 13,913	$ 35,038
Short-term benefits*	1,168,130	789,429
	$ 1,182,043	**$ 824,467**

* 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, 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 incurred by King & Bay for the services of King & Bay personnel and for overhead and third-party costs incurred by King & Bay on behalf of the Company. The fees for such services were made on terms equivalent to those that King & Bay charges to arm's length parties.

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

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

	Year Ended December 31,			
		2017		2016
King & Bay	$	376,078	$	437,846
Kinley Exploration	$	130,500	$	-

As at December 31, 2017, amounts accrued and due to related parties include the following:

- King & Bay - $44,959 (December 31, 2016 - $26,907)
- Kinley Exploration - $9,000 (December 31, 2016 - $nil)
- Roland Goodgame, Chief Operating Officer - $nil (December 31, 2016 - $10,782)
- SCT Holdings Management LLC, a company controlled by the CEO - $nil (December 31, 2016 - $5,211)

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, 2017.

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.

The Company intends to begin capitalizing Gunnison project construction costs when optimization studies and further technical evaluation carried out to mitigate project risks identified in the feasibility study are complete;

all environmental and operating permits are finalized; and upon Board of Directors approval of a construction decision.

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)

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments ("IFRS 9") which will replace IAS 39, Financial Instruments ("IAS 39"). This standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 provides a revised model for recognition and measurement of financial asset with two classification categories: amortized cost and fair value. As well, under the new standard a single impairment method is required, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes a substantially reformed approach to hedge accounting that aligns accounting more closely with risk management.

IFRS 9 applies to financial statements for annual periods beginning on or after January 1, 2018, The Company does not expect any significant impact on its financial statements from the adoption of this standard.

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 at all, 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.

Actual capital costs, operating costs and expenditures, production schedules and economic returns may differ significantly from those we have anticipated.

Our expected capital costs, operating costs and expenditures, all-in costs, production schedules, economic returns and other projections for the Technical Report which are contained in the Technical Report are based on assumed or estimated future metals prices, cut-off grades, operating costs, capital costs and expenditures and other factors that each may prove to be inaccurate. Therefore, the Technical Report may prove to be unreliable if the assumptions or estimates do not reflect actual facts and events. For example, significant declines in market prices for copper or extended periods of inflation would have an adverse effect on the economic projections set forth in the Technical Report.

Any material reductions in estimates of mineralization or increases in capital costs and expenditures, or in our ability to maintain a projected budget or renew a particular mining permit, could also have a material adverse effect on projected production schedules and economic returns, as well as on our overall results of operations or financial condition. There is also a risk that rising costs for labour and material could have an adverse impact on forecasted construction costs and that shortages of labour and material could have a negative impact on any mine development schedule. An increase in any of these costs, or a lack of availability of commodities and goods, may have an adverse impact on our financial condition and results of operations.

The Company may be required to seek additional debt or equity capital in order to complete construction at the Gunnison Project and we may not be able to access capital on commercially reasonable terms or at all and, even if successful, we may not be able to raise enough capital to allow us to fully fund the capital costs required to complete construction at the Gunnison Project.

There is uncertainty relating to production estimates.

We have prepared estimates of future production and future production costs for the Gunnison Project. No assurance can be given that production estimates will be achieved. These production estimates are based on, among other things: the accuracy of reserve estimates; the accuracy of our assumptions as to future events and circumstances; metallurgical characteristics; and the accuracy of estimated rates and costs of mining and processing. Actual production may vary from estimates for a variety of reasons, including, among other things: actual ore mined varying from estimates of grade, tonnage, dilution, metallurgical and other characteristics; short-term operating factors relating to the ore reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; risk and hazards associated with mining; natural phenomena, such as inclement weather conditions, underground floods, earthquakes, pit wall failures and cave-ins; and unexpected labour shortages or strikes. Failure to achieve production estimates could have an adverse impact on our future cash flows, earnings, results of operations and financial condition.

We have no mineral properties in production and the development of our properties will be subject to all of the risks associated with establishing new mining operations.

Development of our mineral properties will require the construction and operation of mines, processing plants and related infrastructure as well as the restarting and upgrading of the SX-EW plant at JCM. As a result, we are and will continue to be subject to all of the risks associated with establishing new mining operations and restarting operations in care and maintenance, including:

- the timing and cost, which can be considerable, of the construction of mining and processing facilities;
- the availability and cost of skilled labor, mining equipment and principal supplies needed for operations;

- the need to maintain necessary environmental and other governmental approvals and permits;
- the availability of funds to finance construction and development activities;
- potential opposition from non-governmental organizations, environmental groups, local groups or other stakeholders which may delay or prevent development activities; and
- potential increases in construction and operating costs due to changes in the cost of labor, fuel, power, materials and supplies.

Cost estimates may increase as more detailed engineering work is completed on a project. It is common in new mining operations to experience unexpected costs, problems and delays during construction, development and mine start-up. Accordingly, we cannot provide assurance that our activities will result in profitable mining operations at our mineral properties.

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 that could lead to delays in the process or appeals of issued permits. 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, or all water rights needed to operate 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 Chief Operating Officer, 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.

Our Common Share price has experienced volatility and may be subject to fluctuation in the future based on market conditions.

The market prices for the securities of mining companies, including our own, have historically been highly volatile. The market has from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of any particular company. In addition, because of the nature of our business, certain factors such as our announcements and the public's reaction, our operating performance and the performance of competitors and other similar companies, fluctuations in the market prices of our resources, government regulations, changes in earnings estimates or recommendations by research analysts who track our securities or securities of other companies in the resource sector, general market conditions, announcements relating to litigation, the arrival or departure of key personnel and the factors listed under the heading "Forward-Looking Information" can have an adverse impact on the market price of our Common Shares.

Any negative change in the public's perception of our prospects could cause the price of our securities, including the price of our Common Shares, to decrease dramatically. Furthermore, any negative change in the public's perception of the prospects of mining companies in general could depress the price of our securities, including the price of our Common Shares, regardless of our results. Following declines in the market price of a company's securities, securities class-action litigation is often instituted. Litigation of this type, if instituted, could result in substantial costs and a diversion of our management's attention and resources.

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, 2017, 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, 2017, the Company has cash and cash equivalents balance of $16,677,002 to settle current liabilities of $527,076.

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

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

(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
2018	$ 22,530
Total	**$ 22,530**

SUBSEQUENT EVENTS

The following event occurred subsequent to the year ended December 31, 2017:

On January 22, 2018, the second tranche of the 2017 Private Placement (Note 3) was closed and resulted in the Company issuing 16,467,200 common shares at a price of C$1.00 per common share for gross proceeds of C$16,467,200 (approximately US$12.8 million). The second tranche was subscribed for by an affiliate of Greenstone. The first and second tranches of the 2017 Private Placement resulted in the Company issuing 38,635,200 common shares for aggregate gross proceeds of $30.0 million.

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, 2017, which is available on the SEDAR website, www.sedar.com. Additional information relating to the Company is available on SEDAR at.

DISCLOSURE CONTROLS AND PROCEDURES

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

The CEO and CFO have certified that they have designed disclosure controls and procedures (or caused them to be designed under their supervision) and they are operating effectively to provide reasonable assurance that material information relating to the issuer and its consolidated subsidiaries is made known to them by others within those entities as of December 31, 2017.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

Management of Excelsior is responsible for establishing and maintaining an adequate system of internal control, including internal controls over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the CEO and CFO and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. It includes those policies and procedures that:

a) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of Excelsior,

b) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of Excelsior are being made only in accordance with authorizations of management and Excelsior's directors, and
c) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Excelsior's assets that could have a material effect on the annual financial statements or interim financial reports.

Excelsior's management, including its CEO and CFO, believe that due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Excelsior's internal control over financial reporting as of December 31, 2017, based on the criteria set forth in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management believes that, as of December 31, 2017, Excelsior's internal control over financial reporting is effective.

During the year ended December 31, 2017, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

FORWARD LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws concerning anticipated developments and events that may occur in the future. Forward-looking information contained in this MD&A includes, but is not limited to, statements with respect to: (i) the 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, 2017:

- 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.