MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2022

Management's Discussion and Analysis ("MD&A") is as of March 22, 2023 and relates to the financial condition of Excelsior Mining Corp. and its subsidiaries ("Excelsior" or the "Company") as of December 31, 2022. The MD&A supplements and complements Excelsior's audited consolidated financial statements for the years ended December 31, 2022 and 2021 (the "Consolidated Financial Statements") and related notes. Comparison of the 2022 financial results in this MD&A is provided to the financial results for the three months and year ended December 31, 2021. Other relevant documents to be read with this MD&A include the Annual Information Form ("AIF") for the year ended December 31, 2022. These documents are available on the SEDAR website at *www.sedar.com*.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). All dollar amounts in this MD&A are expressed and presented in thousands of United States dollars (except per share amounts and unless otherwise noted). Canadian dollars are expressed as "CAD $".

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

APPROVAL

The Board of Directors of Excelsior Mining Corp. has approved the disclosure contained in this MD&A as of March 22, 2023.

DESCRIPTION OF BUSINESS AND GOING CONCERN

Excelsior Mining Corp. ("Excelsior" or the "Company") was incorporated under the laws of the Province of British Columbia, Canada on June 9, 2005 and trades on the Toronto Stock Exchange under the symbol "MIN". The address of the Company's registered office is Suite 2400, 1055 West Georgia Street, Vancouver, BC, Canada V6E 3P3.

The Company is developing the Gunnison Project in Southeastern Arizona and has engaged in an economic assessment for the restart of the mining from the existing Johnson Camp Mine (JCM) pits which includes the future construction of a new heap leach pad to generate cash flow to continue to support the ramping up to production of the Gunnison project. The Company is moving ahead with the work to advance this strategy.

The consolidated financial statements have been prepared using IFRS applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

During the year ended December 31, 2022 the Company had net income of $34.9 million that included a non-cash gain on the derivatives of $50.0 million and used cash for operating activities of $13.7 million. As at December 31, 2022 the Company had a negative working capital of $9.6 million, including a cash balance of $5.6 million. At December 31, 2022 the Company had certain current financial liabilities which carried financial covenants that may have been breached within the next twelve months due to the project's delay in reaching commercial production.

In support of the Company's plan for JCM sulfide leaching and Gunnison wellfield stimulation trials, on January 30, 2023 the Company and its lender, Nebari Natural Resources Credit Fund I LLP ("Nebari"), executed an amendment to the loan agreement which extends the due date of the $15 million loan advanced by Nebari to March 31, 2025. The amendment also lowers the required $5 million minimum cash balance for the Company to a $2.5 million minimum cash balance.

The Company's cash flow projections indicate that the minimum balance requirement is likely to be breached within the next 12 months unless additional financing is obtained. The amendment to the loan agreement allows a 60 day cure period in the event of a breach of this condition.

Pursuant to the Copper Purchase and Sale Agreement with Triple Flag (the "Stream Agreement"), the Company is required to maintain a leverage ratio of 3.5:1. The leverage ratio is calculated as the ratio of indebtedness of the Company to net income (adjusted for certain items). On February 22, 2023 the Company and Triple Flag executed an amendment to the Stream Agreement which suspends the applicability of the leverage ratio until March 31, 2025 (the "Leverage Ratio Grace Period") to accommodate the extension of the Nebari loan due date.

In addition, the Company has entered into agreements for a $3 million private placement of unsecured convertible debentures (see note in Liquidity and Capital Resources).

Although the Company has taken steps, subsequent to December 31, 2022, to extend the maturity of the Nebari loan and to eliminate or mitigate the risk of certain covenant breaches, there remain conditions that represent a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company has been successful in obtaining significant equity and other financings since inception and intends to continue financing its future requirements through future mining of the existing JCM pits and through a combination of equity, debt and/or other arrangements. However, there can be no assurance that the Company will be able to obtain the necessary financing. The consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and liquidate its liabilities and commitments in other than the normal course of business. These adjustments could be material.

COPPER STREAM

On November 30, 2018 the Company finalized an agreement for a $75,000 project financing package ("Project Financing", or "copper stream" or "copper stream derivative liability") with Triple Flag Mining Finance Bermuda Ltd. ("Triple Flag") for the purpose of developing the Gunnison Project. In connection with the Project Financing, the Company issued Triple Flag 3.5 million five-year common share purchase warrants (the "warrants"), under a five-year term beginning on November 30, 2018, entitling Triple Flag to purchase 3.5 million Excelsior common shares at a strike price of CAD$1.50 per share issued.

In the amendment to the Triple Flag agreement that was executed on December 22, 2021 the Company and Triple Flag agreed to remove the right to buy-down the stream percentage and adjust the warrant strike price to CAD $0.54 effective January 11, 2022.

As of September 30, 2019, the Company has received all funding from the $75,000 project financing, consisting of a $65,000 copper stream (the "Stage 1 Upfront Deposit"), and $10,000 in equity financing.

Under the terms of the Project Financing, Triple Flag committed to fund the Stage 1 Upfront Deposit in return for Excelsior selling to Triple Flag a percentage of the refined copper production from the Gunnison Project at a reduced price equal to 25% of the copper spot price. The exact percentages of copper production to be sold to Triple Flag varies according to the total production capacity, based on a sliding scale.

The percentages applicable at certain production levels are detailed in the table below.

Scenario Description	Stage 1 (25M lbs/yr)	Stage 2 (75M lbs/yr)	Stage 3 (125M lbs/yr)
Stage 1 Upfront Deposit	16.50%	5.75%	3.50%

Following a decision by Excelsior to expand the production capacity, Triple Flag will have the option to invest a further $65,000 in exchange for an increase in its entitlement to copper under the Stream ("Expansion Option").

The table below shows the range of percentage of production to be purchased by Triple Flag based on specified production levels and that includes Triple Flag's Expansion Option. Actual amounts will be calculated within the range, based on the proven production history.

Scenario Description	Stage 1 (25M lbs/yr)	Stage 2 (75M lbs/yr)	Stage 3 (125M lbs/yr)
Stage 1 Upfront Deposit + Expansion Option	16.50%	11.00%	6.60%

As at December 31, 2022 the fair value of the stream obligation was valued using a Monte Carlo simulation model. The significant assumptions developed by management used in the Monte Carlo simulation model included: the copper forward price curve, the long-term copper price volatility of 25.85% (December 31, 2021 – 25.11%), a discount rate which factors in the Company's credit spread of 8.55% (December 31, 2021 – 7.48%), the life of mine production schedule and expectations including expansion plans and characterization of the stream for tax purposes.

The Monte Carlo simulation model was prepared by an independent valuation specialist and the life of mine production schedule and expectations including expansion plans are based on the information compiled by qualified persons.

NEBARI FINANCING

On October 31, 2019 the Company entered into an agreement with Nebari Natural Resources Credit Fund I LP ("Nebari") for a $15,000 credit facility (the "Credit Facility"). As of May 31, 2020, the $15,000 credit facility had been fully drawn. The Credit Facility is secured against the assets of Excelsior and certain of its subsidiaries. The Credit Facility bears interest at 14.2% per annum, payable monthly. An arrangement fee of 2.0% ($300) of the total available funds under the Credit Facility was paid on closing. The arrangement fee is creditable against interest payable on the draws under the Credit Facility, to a maximum of $100 of interest per each draw. The Credit Facility had an initial term of 15 months from the date of the Initial Draw which occurred on December 23, 2019.

On December 22, 2021, the Company entered into an agreement with Nebari to extend the maturity of the Credit Facility to September 29, 2023. The amendment includes a repayment bonus to Nebari of 3% ($450) of the amount drawn on the credit facility due at the repayment date and has been stated at its present value. Nebari also offered an additional $15 million loan, available in three tranches, subject to Nebari completing satisfactory due diligence on the JCM Pit restart and plans for and actual production improvements on the existing wellfield. The availability period for the first $5 million tranche (fourth tranche) of this additional loan was to end on June 30, 2022, however, on May 31, 2022 Nebari extended the availability of the fourth tranche to December 31, 2022, which has expired. The amendment to the loan agreement requires the Company to maintain a $5 million minimum cash balance allowing a 60 day cure period in the event of a breach of this condition.

As discussed in Description of Business and Going Concern, Nebari has extended the due date of the loan to March 31, 2025, and lowered the minimum required cash balance from $5.0 million to $2.5 million.

2021 "BOUGHT DEAL" FINANCING

On February 22, 2021, the Company closed a "bought deal" public offering (the "Offering") of units of the Company (the "Units") with Scotiabank and PI Financial Corp. as joint bookrunners and underwriters. The Company issued a total of 33,350,000 Units at a price of CAD$0.95 per Unit. Each Unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable to acquire a common share at an exercise price of CAD$1.25 until August 22, 2022. The Company received $23,163 as net proceeds from the Offering. The net proceeds of the "bought deal" financing were allocated for the continued ramp up and operation of the Company's Gunnison Project including operating, corporate, business development, legal and sustaining capital costs.

GUNNISON PROJECT

The Company received approval in December 2019 from the Environmental Protection Agency to commence mining operations and began injecting mining fluids to the copper ore body on December 31, 2019. The mining fluids circulate through a volume of rock of approximately 400ft x 400ft x 700ft, in a closed-loop system until the concentration of copper held in solution meets a sufficient grade to be treated through the SX-EW facilities to extract the copper and produce LME grade copper cathode sheets.

On December 21, 2020, Excelsior announced that first copper cathode production had been achieved at the Gunnison Project. On January 28, 2021 Excelsior announced that it had sold its first copper cathode from the Gunnison Project. Assays confirm that the copper content achieved 99.998%. During February 2021, the copper purity achieved 99.999% as per the feasibility design and is anticipated for all future copper harvests.

The Company is currently in limited operation with no acid injection to the wellfield. The ramp up process has been slowed by the formation of CO_2 in the wellfield which occurs when the acidified raffinate comes into contact with secondary calcite within the permeable fracture system. The Company has applied for an amendment to the Environmental Protection Agency to allow well stimulation. It is expected to be approved in Q1 2023 or shortly thereafter. The Company plans to undertake well stimulation trials as soon as practicable thereafter. Well stimulation has the potential to open-up (inflate) pre-existing fractures which will allow CO_2 more opportunities to escape.

On June 22, 2022 the Company announced that in order to conserve cash the Company was reducing its workforce and putting the wellfield on reduced operations by temporarily stopping acid injection. These actions will allow the Company to focus on investigating the key recommendations from the March 2022 Gunnison Project Pre-feasibility Study update, planning for well stimulation trials to determine efficacy in alleviating CO_2 blocking, continuing with the evaluation of the Johnson Camp Mine open pit opportunity and evaluation the oxide and sulfide potential of all of its mining assets.

JOHNSON CAMP MINE

On June 22, 2022 the Company announced the completion of its infill drill program on the JCM open pit. A total of 43 diamond holes were drilled and assay results obtained. The results, along with other information, will be used by the Company to develop a mine plan that focuses on higher-grade zones first. Permitting of the new leach pad necessary to restart operations is in progress and was subsequently approved in January 2023.

See additional discussion below in "Outlook".

The Company had 39 employees as of December 31, 2022.

Copper Offtake Agreement

On March 5, 2020 the Company entered into a purchase and sale agreement with Trafigura Trading LLC for 100% of copper cathode production from the Gunnison Project in 2020 on commercially competitive terms.

Subsidiary Merger

On March 1, 2021 a merger of the Company's subsidiaries Excelsior Mining Arizona, Inc. and Excelsior Mining JCM, Inc. was completed with Excelsior Mining Arizona, Inc. as the surviving entity. Excelsior Mining Arizona, Inc. assumed all of the assets and liabilities of Excelsior Mining JCM, Inc. on completion of the merger. The merger was completed for administrative purposes due to the integrated nature of the operations of the two companies.

STRONG & HARRIS

Excelsior filed a National Instrument ("NI") 43-101 Technical Report entitled "Estimated Mineral Resources and Preliminary Economic Analysis, Strong and Harris Copper-Zinc-Silver Project, Cochise County, Arizona" dated effective September 9, 2021 (the "Report") available on SEDAR at www.sedar.com. The Strong and Harris deposit is a complementary asset that has the potential to allow the Company to become a larger and longer-term producer than previously envisioned.

Mining of the Strong and Harris deposit would be by traditional open pit with high-grade underground mining of the remaining sulfides at the bottom of the pit. The PEA has been completed by Mine Development Associates, a division of RESPEC (MDA), the highlights of which are tabulated below assuming a \$3.50/lb. copper price, \$1.28/lb. zinc price, and \$110/ton acid cost. See table below.

Mine Life	~7 years
Material Mined	~54 M ton
Cu/Zn Grades	0.56% / 0.68%
Cu/Zn Produced	437 M lb / 575 M lb
Initial Capital	$328 million
Operating Costs ($/lb CuEq)	$1.76
Average Cu/Zn annual production	62 Mlbpa / 82 Mlbpa
Pre-Tax NPV/IRR (8% discount rate)	$325M / 25%

The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the conclusions reached in the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Company's next steps with Strong and Harris are a drill program targeting adjacent geophysical anomalies with the goal of expanding the mineral resource, which may be followed by additional metallurgical test work and eventual completion of a feasibility study.

OUTLOOK

The Company has previously disclosed the various issues that have been identified during the ramp-up phase of initial production. Certain issues have been resolved but a variety of issues still need to be worked through, such as how to minimize the impact of carbon-dioxide on fluid flows and how best to maximize flow rates in general. The reduced flow rates are slowing ramp-up to nameplate production of 25 million pounds per annum. The Company continues to investigate remedial processes and believes well stimulation has the potential to substantially improve the situation. Subject to relevant approvals the Company intends to undertake well stimulation trials in 2023. At this time the Company is unable to forecast when nameplate production will be reached as it needs to complete its review of remedial processes and fully assess any required adjustments to the operating plan.

For the year ended December 31, 2022, total copper sold was 1,037,440 lbs. with an additional 74,886 lbs. in inventory. This low total production number is due to certain factors including lower than expected flow rates and the wellfield operating at a reduced capacity throughout the entire year of 2022. Additional wellfield optimization initiatives are being planned or considered. While Management is focused on mitigating the impact of the various wellfield issues and the impact of the optimization initiatives on ramp-up, they will contribute to further delays to production ramp-up period, increased capital or operating costs or decreased production as noted above.

Excelsior's focus continues to be on attaining a sustained production rate of 25 million pounds of copper per year, after which Excelsior will focus on expanding that production rate. Achieving this outcome is contingent on resolving ramp-up issues and successfully implementing many of our wellfield optimization programs.

The Company is exploring additional options to accelerate the removal of carbon-dioxide that if successful could potentially lower the required capital and operating costs as compared to the previous raffinate neutralization path. This includes a plan to undertake well stimulation trials in the first half of 2023 with timing primarily dependent upon EPA approval. Well stimulation has the potential to clean out some of the CO_2 bubbles, improve flow rates, improve sweep efficiency, and increase permeability and copper production. Data will be collected during the trials to ascertain the effectiveness of the technique. The trials will be subject to EPA approval. The Company is also continuing to move forward with evaluating the oxide and sulfide potential of all its mining assets, which may be extracted using conventional mining methods.

In addition to Gunnison, Excelsior has been progressing the JCM open pits towards a restart of mining and processing operations. Successful restart of mining and process at JCM has the potential to generate cashflow to support the Company during remediation of the Gunnison wellfield. Restart of the JCM open pits is contingent of successful metallurgical test work related to sulfide and transitional mineral leaching. Investigation of sulfide leaching is being conducted in collaboration with Nuton (a subsidiary of Rio Tinto). It is expected this test work will be completed in 2023 and may lead to a commercial transaction with Nuton on the restart of the JCM open pits.

The Company intends to take a more holistic approach to the investigation and development of all its assets in the Cochise Mining District in 2023.

SELECTED ANNUAL INFORMATION

A summary of the Company's consolidated financial results for the years ended 2022, 2021, and 2020 are presented below (see Accounting Policies, Estimates and Judgements for 2021 restated note):

	2022	2021 (restated)	2020
Revenue	$ 4,178	$ 5,033	$ nil
Total assets	120,171	151,260	131,877
Working Capital	(9,673)	18,600	7,109
Total non-current liabilities	109,458	189,266	116,028
Shareholders' equity	(6,889)	(43,436)	6,863
Net (gain) loss for the year	(34,879)	69,653	20,264
Basic and diluted (gain) loss per share	(0.13)	0.26	0.08

REVIEW OF FINANCIAL RESULTS

The net gain for the year ended 2022 is mainly the result of the non-cash gains arising from the valuation of the copper stream derivative liability. The net losses from the years ended 2021 and 2020 is a combination of the Company advancing the Gunnison Project from exploration and evaluation, through feasibility and sustainability, and project advancement activities, in addition to the non-cash losses arising on the valuation of the copper stream derivative liability. There were no distributions or cash dividends declared in the years ended 2020, 2021 and 2022.

A comparison of the financial results for the year and the three-month period ended December 31, 2022 and December 31, 2021 is provided below (see Accounting Policies, Estimates and Judgements for 2021 restated note):

	Note	Three months ended December 31, 2022	Three months ended December 31, 2021 restated	For the year ended December 31, 2022	For the year ended December 31, 2021 restated
Revenue					
Revenue		$ (974)	$ (1,783)	$ (4,178)	$ (5,033)
Cost of sales	14	1,329	3,983	10,759	13,764
Loss from mine operations		$ 355	$ 2,200	$ 6,581	$ 8,731
Operating Expenses					
Evaluation and permitting		$ 996	$ 274	$ 3,148	$ 1,156
Office and administration		298	189	788	720
Professional fees		67	83	548	666
Directors and officers fees		489	515	2,117	2,153
Investor relations		65	201	227	407
Share-based compensation	13	62	128	121	855
Regulatory fees		26	6	92	116
Depreciation		49	(261)	172	91
Total Operating Expenses		$ 2,052	$ 1,135	$ 7,213	$ 6,164
Other Items					
Loss (gain) on derivative at fair value	10	32,216	48,641	(50,051)	56,209
Financing expense		903	118	2,019	343
Interest income		(8)	(4)	(16)	(18)
Unrealized loss (gain) on foreign exchange		2	2	10	(29)
Paycheck Protection Program loan forgiveness		-	-	-	(1,090)
Other (income) loss		(121)	(112)	(635)	(657)
Total Other Items		$ 32,992	$ 48,645	$ (48,673)	$ 54,758
(Income) loss and comprehensive (income) loss for the period		$ 35,399	$ 51,980	$ (34,879)	$ 69,653
(Earnings) loss per common share:					
Basic and Diluted		$ 0.13	$ 0.19	$ (0.13)	$ 0.26
Weighted average number of common shares outstanding:					
Basic and Diluted	13	274,835,944	274,527,803	274,835,944	269,627,462

For the year ended December 31, 2022 compared to the year ended December 31, 2021:

For the year ended December 31, 2022 the Company's net gain was $34,879 ($0.13 per share) compared to a net loss of $69,653 ($0.26 per share) for the year ended December 31, 2021. The higher net gain for the year ended December 31, 2022 as compared to the same period of 2021 resulted primarily from a non-cash gain of $50,051 in 2022, compared to a non-cash loss of $56,209 in 2021 arising mainly from the change in fair value of the copper stream derivative liability.

Significant changes in the "Expenses" categories listed in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2022 and 2021 are described below:

For the year ended December 31, 2022 evaluation and permitting expenses amounted to $3,148 (2021 - $1,156). The main increase in costs from 2021 to 2022 were from the studies conducted on the JCM pits and further evaluation, modeling, and economic assessments associated with the Gunnison resources.

Professional fees for the year ended December 31, 2022 were $548 which were $118 lower than the comparable 2021 period of $666 primarily due to higher legal fees and public relations expenses in 2021.

Investor relations costs incurred in 2022 of $227 were lower than the comparable 2021 period of $407 as marketing and PR campaigns were conducted along with higher consulting services in 2021.

During the year ended December 31, 2022, the Company incurred share-based compensation expenses of $121 (2021 – $855). The decrease in non-cash share-based compensation expense of $734 is primarily due to a decrease in stock options granted to directors, officers, employees and consultants, and the lower fair value per stock option of options granted and vested.

For the year ended December 31, 2022 depreciation amounted to $172 (2021 - $91). Lower depreciation in 2021 is due to a change in the estimated ARO depreciation to be charged prior to commercial production being attained.

Significant changes in the "Other Items" listed in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2022 and 2021 are described below:

The stream obligation was valued using a Monte Carlo simulation model. The significant assumptions developed by management used in the Monte Carlo simulation model included: the copper forward price curve, the long-term copper price volatility, a discount rate which factors in the Company's credit spread, the life of mine production schedule and expectations including expansion plans and characterization of the stream for tax purposes.

The Monte Carlo simulation model was prepared by an independent valuation specialist and the life of mine production schedule and expectations including expansion plans are based on the information compiled by qualified persons.

In the amendment to the Triple Flag stream agreement that was executed on December 22, 2021 the Company and Triple Flag agreed to remove the right to buy-down the stream percentage.

Financing expense for the year ended December 31, 2022 was $2,019 compared to $343 for the year ended December 31, 2021. The increase in financing expense is mainly due to the interest on the Nebari loan being expensed for the second half of 2022, versus the capitalization in 2021 while the Gunnison project was under wellfield development .

Other income of $635 for the year ended December 31, 2022 consists primarily of sales of JCM waste rock and limestone of $440, sale of land not associated with the Gunnison project or JCM pits for $145, and scrap sales of $36 whereas in 2021 waste rock sales were $441 and scrap sales were $185.

SELECTED QUARTERLY INFORMATION

The following table summarizes selected financial information for the Company for each of the past eight quarters ending December 31, 2022 (see Accounting Policies, Estimates and Judgements for 2021 restated note):

	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
Net (income)/loss for the period	$ 35,399	$ (15,925)	$ (44,608)	$ (9,745)
Loss (gain) on derivative at fair value	32,216	(19,090)	(48,531)	(14,646)
(Income)/loss per share (basic and diluted)	0.13	(0.06)	(0.16)	(0.04)
Total assets	118,761	131,056	138,663	147,361

	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021
Net (income)/loss for the period (restated for 2021)	$ 51,979	$ (2,492)	$ 14,030	$ 6,135
Loss (gain) on derivative at fair value	48,641	(5,621)	11,031	2,158
(Income)/loss per share (basic and diluted) (restated for 2021)	0.19	(0.01)	0.05	0.02
Total assets (restated for 2021)	151,260	147,706	150,790	149,362

The net (income)/loss for the last eight quarters reflects the advancement of the Gunnison Project from exploration and evaluation, through feasibility and sustainability, through the construction phase, into the start-up and commissioning phase, ramp-up phase, and now, currently, the care and maintenance phase. The volatility in market factors used in the valuation of the copper stream derivative and the agreement to remove the buy-down right resulted in fluctuations in the valuation of the copper stream derivative and consequently net (income)/loss. The net loss for the quarter-ended December 31, 2022 of $35,399 included a loss of $32,181 on revaluation of the copper stream derivative liability.

The quarterly results presented above do not necessarily reflect any recurring expenditure patterns or predictable future trends.

Three months ended December 31, 2022 compared to the three months ended December 31, 2021:

For the three-months ended December 31, 2022 the Company's net loss was $35,399 ($0.13 per share) compared to a net loss of $51,980 ($0.19 per share) for the three-months ended December 31, 2021. The lower net loss for the three-month period ended December 31, 2022 as compared to the same period of 2021 derived primarily from the non-cash loss of $32,216 on the revaluation of the copper stream derivative liability, which was $16,425 lower than the 2021 period.

Significant changes in the "Expenses" categories listed in the consolidated statements of loss and comprehensive loss for the three-months ended December 31, 2022 and 2021 are described below:

For the three months ended December 31, 2022 evaluation and permitting expenses incurred were $996 (2021 - $274). Costs for the three-months ended December 31, 2022 were higher than the comparable period of 2021 due to the studies conducted on the JCM pits and further evaluation, modeling, and economic assessments associated with the Gunnison resources.

Office and administration expenses during the three months ended December 31, 2022 were $298 compared to $189 during the same period of the prior year, representing an increase of $109. Higher office and administration expenses resulted from land service fees.

Directors' and officers' fees incurred during the three months ended December 31, 2022, were $489 compared to $515 during the same period of the prior year, representing a decrease of $26 due to less travel costs in 2022.

Investor relations costs for the three months ended December 31, 2022 were $65 which were lower than the comparable 2021 period of $201 due to marketing and PR campaigns taking place in 2021.

During the three months ended December 31, 2022, the Company incurred share-based compensation expenses of $62 (2021 - $128). The decrease in non-cash share-based compensation expense of $66 is due to stock options granted to directors and officers, consultants, and management personnel in 2021.

Depreciation expense for the three months ended December 31, 2021 was a credit of $261 compared to $49 for the three months ended December 31, 2022. Lower depreciation in the quarter ended December 31, 2021 is due to a change in the estimated ARO depreciation to be charged prior to commercial production being attained.

Significant changes in the "Other Items" listed in the consolidated statements of loss and comprehensive loss for the three-months ended December 31, 2022 and 2021 are described below:

The copper stream derivative liability is recorded at fair value at each period end using a Monte Carlo simulation valuation model. See the full-year discussion above for the variables that are used in the period-end valuation. During the three months ended December 31, 2022, the non-cash loss of $32,216 for revaluation of derivative liabilities was primarily driven by an increase in the copper price and estimated copper production timing from wellfield stimulation.

Financing expense for the three months ended December 31, 2022 was $903 compared to $118 for the three months ended December 31, 2021. The increase of $785 was mainly due to Nebari financing in 2022 being expensed, but capitalized in 2021.

Other income of $121 for the three-month period of 2022 and $112 for the three-month period of 2021 mainly represents sales of waste rock material from JCM.

Review of February 22, 2021 "Bought Deal" Financing Proceeds

On February 22, 2021, the Company completed a bought deal financing consisting of 33,350,000 units with each unit consisting of one share and one share purchase warrant for a price of CAD$0.95 per unit. The net proceeds of the "bought deal" financing was US$23,163,058. As of December 31, 2022, the Company has fully expended the net proceeds from this "bought deal" financing as follows:

Activity or Nature of Expenditure	Initial Estimated use of Net Proceeds ($)	Approximate Actual use of Net Proceeds ($)
General Working Capital	16,663,058(1)	21,643,071
Sustaining Capital	6,500,000	1,519,987
Total	23,163,058	23,163,058

(1) This number has been increased from the disclosure in the prospectus supplement to add in the additional proceeds realized on the exercise of the over-allotment option by the underwriters.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash and cash equivalents of $5,604 as of December 31, 2022 (December 31, 2021 - $20,854). Cash and cash equivalents decreased $15,250 during the year ended December 31, 2022 compared to an increase of $7,248 during 2021. The increase in 2021 is primarily due to the "bought deal" financing undertaken in February 2021.

Net cash used in operating activities for the year ended December 31, 2022 was $13,660 compared to net cash used of $13,449 in 2021. The increase in operating cash outflows for 2022 compared to 2021 was mainly due to the decrease of revenue received in 2022 compared to 2021 as the flow of acid to the Gunnison wellfield was halted.

Net cash used in investing activities for the year ended December 31, 2022 was $1,179 compared to net cash used of $2,556 for the same period of 2021. The net cash used in both years was the result of capitalization of mainly Nebari interest expenses to Mineral Properties.

Net cash used by financing activities for the year ended December 31, 2022 was $401 compared to $23,224 provided by financing in 2021. During 2021 the financing activities primarily consisted of the bought deal financing proceeds.

The Company had working capital of ($9,673) at December 31, 2022 (December 31, 2021 – $18,600). The decrease in working capital was primarily the result of the higher cash balance in 2021 as a result of the "bought deal" financing proceeds. Also, the Nebari debt became current in 2022 resulting in a negative working capital. The Company also has certain financial liabilities which carry financial covenants which may be breached within the next twelve months due to the Company's delay in reaching production. These conditions represent a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

On September 9, 2021 the Company announced that it is planning to assess the restart of the existing Johnson Camp Mine (JCM) pits and construction of a new heap leach pad to generate cash flow to continue to support the ramping up to nameplate production at the Gunnison project.

The Company has a loan in the amount of $15 million dollars due to Nebari on September 29, 2023. The Company must maintain a minimum $5.0 million cash balance, defined as cash and cash equivalents plus accounts receivable from sales of copper cathode plus copper cathode inventory, in accordance with the Amended Restated Credit Agreement ("ARCA") which was executed on December 22, 2021. The ARCA allows a 60 day cure period should the minimum cash balance fall below $5 million at any month end.

On January 30, 2023 the Company and its lender, Nebari, executed an amendment to the loan agreement which extends the due date of the $15 million loan advanced by Nebari to March 31, 2025. The amendment also lowers the required $5 million minimum cash balance for the Company to a $2.5 million minimum cash balance.

Pursuant to the Copper Purchase and Sale Agreement with Triple Flag (the "Stream Agreement"), the Company is required to maintain a leverage ratio of 3.5:1.0. The leverage ratio is calculated as the ratio of indebtedness of the Company to net income (adjusted for certain items). An amendment to the "Stream Agreement" which was executed on December 22, 2021 has the applicability of the leverage ratio suspended until September 29, 2023. On February 22, 2023 the Company and Triple Flag executed an amendment to the Stream Agreement which suspends the applicability of the leverage until March 31, 2023 (the "Leverage Ratio Grace Period") to accommodate the extension of the Nebari loan due date.

The Company has been successful in obtaining significant equity and other financings since inception and intends to continue financing its future requirements through mining of the existing JCM pits and through a combination of equity, debt and/or other arrangements. These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that it will be able to meet its existing obligations and commitments and fund ongoing operations in the normal course of business for at least twelve months from December 31, 2021. However, there can be no assurance that the Company will be able to obtain the necessary financing in 2023 and beyond to enable it to continue in operation and to advance its projects to production.

On February 9, 2023 the Company closed on a USD$3 million private placement of unsecured convertible debentures (the "Debenture Offering"). Pursuant to the Debenture Offering, investors subscribed for a total of USD$3 million principal amount of convertible debentures (the "Debentures"). The terms of the Debentures include:

- a maturity date of three years from the date of closing (the "Maturity Date"), with the principal amount, together with any accrued and unpaid interest, payable on the Maturity Date, unless earlier converted in accordance with the terms;
- the Debentures bear interest (the "Interest") at the rate of 10% per annum, which Interest will be payable on April 1, 2025 and on the Maturity Date, unless earlier converted into common shares of the Company ("Common Shares");
- the principal amount of the Debenture is convertible into Common Shares at the option of the holder at a conversion price of USD$0.19 per Common Share;
- the accrued and unpaid Interest is convertible into Common Shares at a conversion price equal to the volume weighted average price of the Common Shares on the Toronto Stock Exchange for the five trading days prior to the date of conversion; and
- the Debentures are unsecured.

The Company intends to use the proceeds of the Debenture Offering for project development expenses and working capital.

STATEMENT OF FINANCIAL POSITION INFORMATION

The following is a summary of the Company's financial position at December 31, 2022 compared to the annual statement of financial position at December 31, 2021 restated (see Accounting Policies, Estimates and Judgements for 2021 restatement):

	As at December 31, 2022	As at December 31, 2021
Cash and cash equivalents	$ 5,604	$ 20,854
Marketable Securities	22	-
Receivables (current and long-term)	148	341
Prepaid expenses	476	1,020
Inventory	1,741	1,815
Property, plant and equipment, net	107,459	123,919
Restricted cash	3,311	3,311
Total Assets	$ 118,761	$ 151,260

	As at December 31, 2022	As at December 31, 2021
Accounts payable and accrued liabilities	$ 1,258	$ 1,587
Amounts due to related parties	124	109
Lease liabilities (current and long-term)	399	491
Insurance premium financing	181	582
Restricted share units	146	258
Derivative liability (current and long-term)	101,302	151,358
Debt (current and long-term)	15,405	15,351
Asset retirement obligation	8,245	24,960
Capital stock	108,045	108,045
Other equity reserves	12,453	12,195
Deficit	(127,968)	(162,847)
Accumulated other comprehensive loss	(829)	(829)
Total Liabilities and Equity	$ 118,761	$ 151,260

Assets

Cash and cash equivalents decreased by $15,250 during the year ended December 31, 2022 as previously discussed in "Liquidity and Capital Resources" above.

The decrease of $544 in prepaid expenses at December 31, 2022 was from the amortization of insurance.

Property, plant and equipment decreased $16,460 in 2022 mainly from the revaluation of Asset Retirement Obligations.

Liabilities

Insurance premium financing decreased $401 during the year ended December 31, 2022 mainly from the pay down of insurance financing principal payments.

Derivative liability of $101,302 at December 31, 2022 consists of the fair value of the copper stream ($101,294) and the fair value of the common share purchase warrants ($8). The $50,056 decrease in 2022 is principally related to changes in the valuation model assumptions related to the production schedule, the credit spread, copper price volatility and the copper forward price curve.

The decrease in the asset retirement obligation ("ARO") of $16,715 for the year ended December 31, 2022 consists of a decrease of $17,318 for a change in estimated costs from updating the inflation and discount rate assumptions, and $603 for the accretion of the ARO estimate at December 31, 2022.

Equity

During the year ended December 31, 2022, other equity reserves increased by $258 primarily due to share-based compensation costs.

Outstanding Share Capital

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

Security Description	December 31, 2022	Date of report
Common Shares	274,835,944	274,835,944
Stock options	17,497,500	17,497,500
Restricted share units	1,823,400	1,823,400
Warrants	3,500,000	3,500,000

There were no stock options exercised in 2022.

Contractual Obligations

The Company has the following contractual obligations as of December 31, 2022:

Contractual Obligations	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Accounts Payable and Accrued Liabilities	$ 1,258	$ 1,258	$ -	$ -	$ -
Lease Liabilities	399	97	302	-	-
Insurance Liabilities	181	181	-	-	-
Debt	15,405	15,405	-	-	-
Total Contractual Obligations	$ 17,243	$ 16,941	$ 302	$ -	$ -

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

RELATED PARTIES

Related parties and related party transactions are summarized below:

Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consists of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer and President, SVP Business Development, former SVP/Chief Financial Officer, current Interim Chief Financial Officer, SVP/GM, and Corporate Secretary.

Remuneration attributed to key management personnel is summarized as follows:

	Year ended December 31,			
	2022		2021	
Salaries, fees and benefits	$	2,117	$	1,875
Share-based compensation		307		806
Total	$	2,424	$	2,681

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

Other Related Parties

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

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

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

	Year ended December 31,			
	2022		2021	
King & Bay	$	40	$	178
Kinley		96		100
Total	$	136	$	278

As of December 31, 2021, amounts accrued and due to key management personnel and other related parties include the following:

- Corporate officers - $124 (December 31, 2021 - $95)
- King & Bay - $0 (December 31, 2021 - $14)

ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies applied in the preparation of the audited consolidated financial statements for the year ended December 31, 2022 are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2021.

Recent accounting pronouncements

In May 2020, the International Accounting Standards Board (IASB) issued amendments to IAS 16 – Property, Plant and Equipment ("IAS 16"). The amendments introduced new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The Company is applying these amendments beginning January 1, 2022. The amendments were applied retrospectively to the comparative 2021 period presented.

The Company measures the cost of those items applying the measurement requirements of IAS 2. There is an impact of this adoption on the comparative numbers presented for 2021. Previously, in the year ended 2021, proceeds from the sale of copper and related costs from the project that was in development was netted against Mineral properties. Accordingly, numbers as at December 31, 2021, are restated as follows:

Consolidated Balance Sheet

	Previously reported	Policy change adjustment	December 31, 2021 restated balance
Inventory	$ 1,250	$ 565	$ 1,815
Property, plant and equipment	133,132	(9,213)	123,919
Other Assets	25,526	-	25,526
Total Assets	$ 159,908	$ (8,648)	$ 151,260
Total Liabilities	$ 194,696	$ -	$ 194,696
Total Equity	(34,788)	(8,648)	(43,436)
Total Liabilities and Equity	$ 159,908	$ (8,648)	$ 151,260

Consolidated Income Statement

	Previously reported	Policy change adjustment	Year ended December 31, 2021 *restated balance*
Revenue			
Revenue	$ -	$ (5,033)	$ (5,033)
Cost of sales	-	13,764	13,764
Loss from mine operations	$ -	$ 8,731	$ 8,731
Operating Expenses			
Johnson Camp holding and maintenance cost	$ 102	$ (102)	$ -
Evaluation and permitting	987	169	1,156
Depreciation	241	(150)	91
Other operating expenses	4,917	-	4,917
Total Operating Expenses	$ 6,247	$ (83)	$ 6,164
Total Other Items	$ 54,758	$ -	$ 54,758
Loss and comprehensive Loss for the period	$ 61,005	$ 8,648	$ 69,653
Loss per common share:			
Basic and Diluted	$ 0.23	$ 0.03	$ 0.26

Consolidated Cash Flows

	Previously reported	Policy change adjustment	Year ended December 31, 2021 restated balance
Net cash used by operating activities	$ (4,667)	$ (8,782)	$ (13,449)
Net cash used by investing activities	$ (11,366)	$ 8,810	$ (2,556)
Net cash provided by financing activities	$ 23,252	$ (28)	$ 23,224

In August 2020, the IASB published an amendment for Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16) ("Phase 2 amendments") to address the financial reporting impacts of replacing one benchmark interest rate with an alternative rate. The Phase 2 amendments provide a practical expedient to ease the potential burden of accounting for changes in contractual cash flows and include disclosure requirements at the time of benchmark interest rate replacement. The Company adopted this amendment and determined that it does not have a material impact on the Company's consolidated financial statements. A summary of the Company's significant accounting policies is provided in Note 3 to the audited consolidated financial statements for the year ended December 31, 2022 and 2021.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and judgments. These estimates, judgments and assumptions affect the reported amounts of assets, liabilities, shareholders' equity, and the disclosure of contingent assets and liabilities, as at the date of the financial statements, and expenses for the periods reported. A summary of the Company's critical estimates and judgments is provided in Note 2, Basis of Presentation, of the audited consolidated financial statements for the year ended December 31, 2022 and 2021.

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

The Company is subject to income taxes in the United States. Significant judgment is required to determine the provision for income taxes. There are assumptions and uncertainties for which the ultimate tax determination is uncertain. The Company recognizes tax-related assets and liabilities based on the Company's current understanding of tax laws as applied to the Company's circumstances. The final tax outcome could be materially different from tax amounts initially recorded and such differences will impact the current and deferred tax provisions in the period in which the tax outcome is determined. In addition, the tax treatment of the initial proceeds received from Triple Flag as well as the tax withholding impact of copper sales under the agreement involves significant judgment.

FINANCIAL INSTRUMENTS

As of December 31, 2022, the Company's risk exposures and the impact on the Company's financial instruments are summarized below.

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

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

Market risk

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

Currency risk

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

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

Interest rate risk

The Company is subject to interest rate risk with respect to its investments in cash and cash equivalents and the stream obligation. The Company's current policy is to invest excess cash in guaranteed investment certificates issued by its Canadian banking institution. The Company periodically monitors the investment it makes and is satisfied with the credit ratings of its banks. These investments generally have a fixed interest rate and therefore the risk is minimal. The Company's outstanding debt obligations are at fixed interest rates and accounted for on the basis of amortized cost. Therefore, the carrying value of the Company's debt is not exposed to changes in market interest rates.

A 1% increase in the interest rate would decrease the value of the stream obligation by $8,267, whereas a 1% decrease in the interest rate would increase the value of the stream liability by $10,517.

Commodity price risk

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

A 10% increase in the market price of copper would increase derivative liabilities by $13,536, whereas a 10% decrease in the market price of copper would decrease derivative liabilities by $11,014.

Credit risk

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

The Company limits its exposure to credit risk on financial assets through investing its cash and cash equivalents with high-quality North American financial institutions.

Liquidity Risk

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

The Company has the following guaranteed commitments and contractual obligations as of December 31, 2022:

Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Accounts Payable and Accrued Liabilities	$ 1,258	$ 1,258	$ -	$ -	$ -
Lease Liabilities	399	97	302	-	-
Insurance Liabilities	181	181	-	-	-
Debt	15,405	15,405	-	-	-
Total Contractual Obligations	$ 17,243	$ 16,941	$ 302	$ -	$ -

As of December 31, 2022, the Company has cash and cash equivalents of $5,604 to settle current liabilities of $17,602.

On January 30, 2023 the Company announced that it has agreed with Nebari Natural Resources Credit Fund I LP to extend the maturity date of its existing US$15 million credit facility to March 31, 2025.

Fair value estimation

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

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

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

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

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

The carrying values of cash and cash equivalents, receivables, restricted cash, accounts payable and accrued liabilities, debt and amounts due to related parties approximate their fair values due to the short-term maturity of these financial instruments. Derivative liabilities are Level 3.

LEGAL

On November 3, 2021 the Company became aware of a civil claim filed against the Company and certain of its officers and directors in the Supreme Court of British Columbia by MM Fund (the "Action"). The plaintiff seeks certification of the Action as a class proceeding on behalf of a class of all persons and entities, wherever they may reside or may be domiciled, who purchased the securities of the Company offered by the Company's Prospectus Supplement dated and filed on February 12, 2021 (the "Prospectus").

The plaintiff alleges that the Prospectus contained misrepresentations related to the Company's anticipated timeline to achieve a production rate of 25 million pounds per annum. The plaintiff alleges that as a result of the misrepresentations in the Prospectus, the securities of the Company were sold to the public at an artificially inflated price. The plaintiff seeks an order certifying the Action as a class proceeding, a declaration the Prospectus contained a misrepresentation, unspecified damages, pre- and post-judgment interest and costs.

The Company contends the allegations made against it in the Action are meritless and will be vigorously defended, although no assurance can be given with respect to the ultimate outcome of the Action.

On September 1, 2022, the British Columbia Supreme Court granted the application by the Company to strike MM Fund's certification application and further ordered MM Fund to remove all pleadings relating to advancing a class proceeding against the Company. The Company was awarded its costs of the application in any event of the cause. MM Fund's action may continue as an individual claim; however, subject to appeal, MM Fund has been found to be incapable of advancing the action as a class proceeding. Subsequently on September 26, 2022, MM Fund appealed this ruling to the British Columbia Supreme Court.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management, including the Chief Executive Officer and the Chief Financial Officer, are responsible for the design of the Company's disclosure controls and procedures in order to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

The CEO and CFO have certified that they have designed disclosure controls and procedures (or caused them to be designed under their supervision) and they are operating effectively to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries is made known to them by others within those entities as of December 31, 2022.

Internal Control Over Financial Reporting

The Company maintains a system of internal controls over financial reporting, as defined by National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings in order to provide reasonable assurance that assets are safe-guarded and financial information is accurate and reliable and in accordance with IFRS.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2022, 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, 2022, the Company's internal control over financial reporting is effective.

During the year ended December 31, 2022, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitation of Controls and Procedures

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

ADDITIONAL INFORMATION

Additional disclosure concerning the Company, including the AIF for the year ended December 31, 2022, is available on the SEDAR website, *www.sedar.com*.

TECHNICAL INFORMATION

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

Additional information about the Gunnison Project and Johnson Camp Mine can be found in the technical report filed on SEDAR at *www.sedar.com* entitled: "Gunnison Copper Project Prefeasibility Study Update and JCM Heap Leach Preliminary Economic Assessment", dated effective February 1, 2023.

Additional information about the Strong & Harris Project can be found in the technical report filed on SEDAR at *www.sedar.com* entitled: "Estimated Mineral Resources and Preliminary Economic Analysis, Strong and Harris Copper-Zinc-Silver Project, Cochise County, Arizona" dated effective of September 9, 2021.

CAUTIONARY STATEMENTS

Risk Factors

The exploration for and development of mineral deposits involves significant risks and uncertainties, which even a combination of careful evaluation, experience and knowledge may not eliminate. The more prominent risk factors that may materially affect the Company's future performance, in addition to those referred to herein, are discussed in the AIF for the year ended December 31, 2022.

Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws concerning anticipated developments and events that may occur in the future. Forward-looking information contained in this MD&A includes, but is not limited to, statements with respect to: (i) the market and future price of copper and related products; (ii) requirements for additional capital; (iii) development, construction and production timelines and estimates; (iv) statements relating to the economic viability of the Gunnison Project, including mine life, total tonnes mined and processed and mining operations; (v) the future effects of environmental compliance requirements on the business of the Company; (vi) the intention to mine Johnson Camp and future production therefrom; (vii) the results of the Preliminary Economic Assessment on Strong & Harris; and (viii) the statements under the heading "Outlook" in this MD&A, including statements about the production of copper.

In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information contained in this MD&A is based on certain factors and assumptions regarding, among other things, the estimation of mineral reserves and resources, expectations and anticipated impact of the COVID-19 outbreak, the realization of mineral resource and reserve estimates, copper and other metal prices, the timing and amount of future exploration and development expenditures, the estimation of expansion and sustaining capital requirements, the estimation of labor and operating costs, the availability of necessary financing and materials to continue to develop, operate and expand the Gunnison Project in the short and long-term, the progress of development activities, the receipt of and compliance with necessary regulatory approvals and permits, the estimation of insurance coverage, and assumptions with respect to currency fluctuations, environmental risks, title or surface rights 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 AIF for the year ended December 31, 2022:

- risks relating to the fact that the Company depends on a single mineral project;
- operational risks inherent in the conduct of mining activities, including the risk of accidents, labour disputes, availability of reagents and power, increases in capital and operating costs and the risk of delays or increased costs that might be encountered during the development process;
- 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;
- assumptions regarding expected capital and operating costs and expenditures, production schedules, economic returns and other projections;
- our production estimates, including accuracy thereof;
- risks related to general economic conditions and in particular the potential impact of the COVID-19 pandemic on the Company or its operations and the mining industry;
- the fact that we have no mineral properties in commercial production and no history of production or revenue;
- 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 an extended period of lower prices and demand for copper;
- financing, capitalization and liquidity risks, including the risk that the financing necessary to fund the development and construction activities at the Gunnison Project may not be available on satisfactory terms, or at all;
- the Company has no history of mining operations and no revenues from operations and expects to incur losses for the foreseeable future;
- risks associated with secured debt and the copper stream agreement;
- risks related to the Company obtaining and maintaining 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;
- risks related to the significant governmental regulation to which the Company is subject;
- environmental risks;
- climate change risks;
- risks related to the adequacy of financial assurance arrangements with State and Federal Governments;
- 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 conflicts of interests among the Company's directors and officers;
- exchange rate fluctuations between the Canadian and United States dollar;
- uncertainties inherent in the estimation of inferred mineral resources;
- land reclamation requirements may be burdensome;
- risks associated with the acquisition of any new properties;
- risks related to legal proceedings to which the Company may become subject;
- potential liabilities associated with the acquisition of Johnson Camp;
- our ability to comply with foreign corrupt practices regulations and anti-bribery laws;
- changes to relevant legislation, accounting practices or increasing insurance costs;
- significant growth could place a strain on our management systems;
- share ownership by our significant shareholders and their ability to influence our governance; and
- risks relating to the Company's Common Shares, including that future sales or issuances of our debt or equity securities may decrease the price of our securities.

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.

RISK FACTORS

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

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

Technical disclosure regarding the Company's properties included in this MD&A and in the documents incorporated herein by reference has been prepared in accordance with the requirements of Canadian securities laws. Without limiting the foregoing, such technical disclosure uses terms that comply with reporting standards in Canada and certain estimates are made in accordance with NI 43-101. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all mineral reserve and mineral resource estimates contained in the technical disclosure have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards on Mineral Resources and Reserves ("CIM Definition Standards").

Canadian standards, including NI 43-101, differ significantly from the historical requirements of the Securities and Exchange Commission (the "SEC"), and mineral reserve and resource information contained or incorporated by reference in this Prospectus Supplement may not be comparable to similar information disclosed by U.S. companies.

The SEC has adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC. These amendments became effective February 25, 2019 (the "SEC Modernization Rules") and replaced the historical property disclosure requirements for mining registrants that are included in SEC Industry Guide 7. U.S. companies are required to provide disclosure on mineral properties under the SEC Modernization Rules for fiscal years beginning January 1, 2021 or later.

Under the SEC Modernization Rules, the definitions of "proven mineral reserves" and "probable mineral reserves" have been amended to be substantially similar to the corresponding CIM Definition Standards and the SEC has added definitions to recognize "measured mineral resources", "indicated mineral resources" and "inferred mineral resources" which are also substantially similar to the corresponding CIM Definition Standards; however, there are still differences in the definitions and standards under the SEC Modernization Rules and the CIM Definition Standards. Therefore, the Company's mineral resources and reserves as determined in accordance with NI 43-101 may be significantly different than if they had been determined in accordance with the SEC Modernization Rules.