Excelsior MINING CORP

CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

(Unaudited)

(Expressed in US Dollars)

EXCELSIOR MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in US Dollars)
As at

	Note	September 30, 2018	December 31, 2017
ASSETS			
Current Assets			
Cash and cash equivalents		$ 19,373,788	$ 16,677,002
Prepaid expenses		126,773	21,384
Receivables		94,401	70,735
Materials and supplies	**3**	167,940	-
		19,762,902	16,769,121
Property, plant and equipment	**4**	18,103,884	17,859,495
Restricted cash	**5**	666,790	222,790
		$ 38,533,576	$ 34,851,406
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		$ 1,330,473	$ 473,117
Amounts due to related parties	**8**	274,404	53,959
		1,604,877	527,076
Asset retirement obligation	**6**	9,368,578	9,179,928
		10,973,455	9,707,004
Equity			
Capital Stock	**7**	70,093,150	57,210,709
Other equity reserves	**7**	6,614,636	5,678,311
Deficit		(48,318,669)	(36,915,622)
Accumulated other comprehensive loss		(828,996)	(828,996)
		27,560,121	25,144,402
		$ 38,533,576	$ 34,851,406

Approved on November 12, 2018 on behalf of the Board of Directors:

"Jim Kolbe" Director — *"Fred DuVal"* Director
Jim Kolbe — Fred DuVal

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

EXCELSIOR MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in US Dollars)

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Note	**2018**	2017	**2018**	2017
Expenses					
Johnson Camp holding and maintenance cost		**$ 738,633**	$ 587,145	**$ 2,366,221**	$ 2,036,449
Project advancement		**957,397**	790,269	**3,177,887**	1,348,555
Evaluation and permitting		**622,740**	199,337	**1,414,267**	866,587
Office and administration		**298,316**	197,759	**801,934**	468,728
Professional fees		**233,153**	240,714	**781,288**	659,583
Directors and officers fees		**755,323**	218,655	**1,457,461**	795,554
Investor relations		**101,261**	112,182	**359,478**	325,624
Share-based compensation	**7**	**486,217**	95,162	**1,013,225**	226,498
Regulatory fees		**8,008**	3,330	**51,962**	169,750
Depreciation		**71,061**	32,311	**194,362**	100,274
Other Items					
Financing expense	**6**	**62,884**	45,956	**188,650**	137,870
Interest income		**(99,703)**	(11,006)	**(198,940)**	(43,109)
Foreign exchange loss (gain)		**(2,998)**	(5,833)	**13,942**	(11,486)
Gain on disposal of assets		**-**	-	**(5,930)**	-
Other income		**(84,110)**	(59,643)	**(212,760)**	(199,103)
Loss and comprehensive loss for the period		**$ (4,148,182)**	$ (2,446,338)	**$ (11,403,047)**	$ (6,881,774)
Loss per common share:					
Basic and diluted		**$ (0.02)**	$ (0.01)	**$ (0.06)**	$ (0.04)
Weighted average number of common shares outstanding					
Basic and diluted		**207,508,208**	167,503,512	**205,662,441**	167,461,011

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

EXCELSIOR MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASHFLOW
(Unaudited)
(Expressed in US Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	**2018**	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	**$ (4,148,182)**	$ (2,446,338)	**$ (11,403,047)**	$ (6,881,774)
Items not affecting cash:				
Depreciation	**71,061**	32,311	**194,362**	100,274
Accretion	**62,884**	29,456	**188,650**	88,370
Share-based compensation	**486,217**	95,162	**1,013,225**	226,498
Unrealized loss (gain) on foreign exchange	**(2,998)**	(5,833)	**13,942**	(11,486)
Non-cash working capital item changes:				
Prepaid expense	**64,060**	17,313	**(105,389)**	51,940
Receivables	**31,624**	(8,772)	**(23,666)**	(11,487)
Materials and supplies	**(167,940)**	-	**(167,940)**	-
Accounts payable and accrued liabilities	**473,029**	(262,982)	**857,357**	(151,542)
Amounts due to related parties	**206,666**	36,465	**220,445**	20,749
Net cash used in operating activities	**(2,923,579)**	(2,513,218)	**(9,212,061)**	(6,568,458)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of equipment	**(6,002)**	(42,714)	**(438,751)**	(42,714)
Restricted cash	**-**	-	**(444,000)**	-
Net cash provided by investing activities	**(6,002)**	(42,714)	**(882,751)**	(42,714)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of common shares	**-**	-	**12,800,000**	-
Share issuance costs	**-**	-	**(55,495)**	-
Proceeds from stock option exercises	**-**	38,727	**61,035**	59,647
Net cash provided by financing activities	**-**	38,727	**12,805,540**	59,647
Net change in cash and cash equivalents	**(2,929,581)**	(2,517,205)	**2,710,728**	(6,551,525)
Effect of foreign exchange on cash and cash equivalents	**2,998**	5,833	**(13,942)**	11,486
Cash and cash equivalents, beginning of period	**22,300,371**	7,594,034	**16,677,002**	11,622,701
Cash and cash equivalents, end of period	**$ 19,373,788**	$ 5,082,662	**$ 19,373,788**	$ 5,082,662
Cash and cash equivalents consist of:				
Cash	**$ 19,373,788**	$ 5,082,662	**$ 19,373,788**	$ 5,082,662
Supplemental cash flow disclosures:				
Interest paid	**$ -**	$ 49,500	**$ -**	$ 49,500

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

EXCELSIOR MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017
(Unaudited)
(Expressed in US Dollars)

	Capital Stock					
	Number of Common Shares	**Amount**	**Other Equity Reserves**	**Deficit**	**Accumulated Other Comprehensive Loss**	**Total**
Balance, December 31, 2016	167,363,952	$ 40,889,361	$ 5,337,733	$ (27,421,619)	$ (828,996)	$ 17,976,479
Stock option exercises	250,000	83,630	(23,983)	-	-	59,647
Share-based compensation	-	-	226,498	-	-	226,498
Loss for the period	-	-	-	(6,881,774)	-	(6,881,774)
Balance, September 30, 2017	167,613,952	$ 40,972,991	$ 5,540,248	$ (34,303,393)	$ (828,996)	$ 11,380,850
Balance, December 31, 2017	189,881,952	$ 57,210,709	$ 5,678,311	$ (36,915,622)	$ (828,996)	$ 25,144,402
Private placement	16,467,200	12,800,000	-	-	-	12,800,000
Share issue cost - cash		(55,495)	-	-	-	(55,495)
Stock option exercises	1,344,455	137,936	(76,900)	-	-	61,036
Share-based compensation	-	-	1,013,225	-	-	1,013,225
Loss for the period	-	-	-	(11,403,047)	-	(11,403,047)
Balance, September 30, 2018	207,693,607	$ 70,093,150	$ 6,614,636	$ (48,318,669)	$ (828,996)	$ 27,560,121

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

1. NATURE OF OPERATIONS

Excelsior Mining Corp. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on June 9, 2005 and was classified as a Tier 1 issuer on the TSX Venture Exchange. On February 2, 2017, the Company commenced trading on the Toronto Stock Exchange and continues to trade under the symbol "MIN". The address of the Company's registered office is #1240 - 1140 West Pender Street, Vancouver, BC, Canada V6E 4G1.

The Company is currently continuing to fund the care and maintenance and holding costs of the Johnson Camp Mine ("JCM") and is preparing for the beginning of the Gunnison Project construction activities. On January 19, 2018, the Company closed the second tranche of its 2017 Private Placement as discussed in note 7 of these condensed consolidated interim financial statements and received gross proceeds of $12.8 million.

The Company has been successful in obtaining significant equity and royalty financings over the last few years and intends to continue financing its future requirements through a combination of equity, debt and/or other arrangements. However, there is no assurance that the Company will be able to obtain such financings in the future or obtain them on favorable terms.

All dollar figures are expressed in United States dollars unless otherwise indicated. Canadian dollars are expressed as "CAD$". Certain comparative amounts in the financial statements have been changed to conform to the presentation of the current year financial statements. These changes have no impact on the net loss, deficit or cash flows for the periods as previously reported.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports including International Accounting Standard 34, *Interim Financial Reporting*. Therefore, these condensed consolidated interim financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017.

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2017, except for the adoption of IFRS 9, Financial Instruments, which was effective and has been applied from January 1, 2018.

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39, Financial Instruments: Recognition and Measurement. The approach under IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. The Company does not have any financial instrument assets under IFRS 9 other than cash and cash equivalents, and certain receivables. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, therefore there were no significant changes in the measurement of the Company's financial liabilities on the adoption of IFRS 9.

3. MATERIALS AND SUPPLIES

Materials and supplies are valued at the lower of average cost or net realizable value, less any allowances for obsolescence. At September 30, 2018, materials and supplies inventory was $167,940 (December 31, 2017 - $nil). No allowance for obsolescence has been recorded.

(Expressed in US Dollars)

4. PROPERTY, PLANT AND EQUIPMENT

Details are as follows:

	Land	Plant	Asset Retirement Obligation	Vehicles & Mobile Equipment	Computer, Software & Other Equip.	Total
Cost						
At January 1, 2017	93,798	11,941,392	918,954	115,440	355,986	13,425,570
Additions	-	74,102	-	-	31,907	106,009
ARO Change in Estimate	-	-	4,761,267	-	-	4,761,267
At December 31, 2017	93,798	12,015,494	5,680,221	115,440	387,893	18,292,846
Accumulated Depreciation						
At January 1, 2017	-	-	-	(57,720)	(243,805)	(301,525)
Depreciation	-	-	(47,964)	(57,720)	(26,142)	(131,826)
At December 31, 2017	-	-	(47,964)	(115,440)	(269,947)	(433,351)
Net carrying amount	**93,798**	**12,015,494**	**5,632,257**	**-**	**117,946**	**17,859,495**
Cost						
At January 1, 2018	93,798	12,015,494	5,680,221	115,440	387,893	18,292,846
Additions	-	226,251	-	104,457	108,043	438,751
Disposals	-	-	-	(25,538)	-	(25,538)
At September 30, 2018	93,798	12,241,745	5,680,221	194,359	495,936	18,706,059
Accumulated Depreciation						
At January 1, 2018	-	-	(47,964)	(115,440)	(269,947)	(433,351)
Depreciation	-	(5,715)	(138,579)	(31,779)	(18,289)	(194,362)
Disposals	-	-	-	25,538	-	25,538
At September 30, 2018	-	(5,715)	(186,543)	(121,681)	(288,236)	(602,175)
Net carrying amount	**93,798**	**12,236,030**	**5,493,678**	**72,678**	**207,700**	**18,103,884**

5. RESTRICTED CASH

The Company deposited restricted cash for a reclamation bond as part of the Mined Land Reclamation Plan for the JCM in the amount of $444,000. This bond was required as part of the Mined Land Reclamation Plan for the JCM, bringing the restricted cash to $666,790 as of September 30, 2018.

6. ASSET RETIREMENT OBLIGATION

The Company recorded $188,650 of accretion expense related to the asset retirement obligation for the nine-month period ended September 30, 2018 (September 30, 2017 - $88,370).

(Expressed in US Dollars)

The following is a summary of the changes in the asset retirement obligation for the year ended December 31, 2017 and the nine-months ended September 30, 2018:

Asset Retirement Obligation	
Balance, at December 31, 2016	**$ 4,300,834**
Change in estimate	4,761,267
Accretion expense	117,827
Balance, at December 31, 2017	**$ 9,179,928**
Accretion expense	188,650
Balance, at September 30, 2018	**$ 9,368,578**

As of September 30, 2018, the Company's asset retirement obligations were secured by surety bonds totaling $1.9 million, which are partially securitized by restricted cash totaling $666,790.

The Company's asset retirement obligations are related to permitted operations, project and exploration activities. The Company's asset retirement obligations are estimated based on present value techniques using risk-free discount rates and inflation rates.

7. CAPITAL STOCK AND OTHER EQUITY RESERVES

2018 Private Placement

In 2017, the Company entered into a non-brokered Private Placement. The second tranche of the 2017 Private Placement was subscribed exclusively by an affiliate of Greenstone Resources L.P. and closed in January 2018. The second tranche resulted in an increase in Capital Stock of $12,744,505, net of transaction costs, for the nine months ended September 30, 2018.

Common Shares

The authorized share capital of the Company is comprised of an unlimited number of common shares with no par value.

The following common shares were issued during the nine-month period ended September 30, 2018:

- On January 19, 2018 the Company closed the 2017 Private Placement equity offering, issuing 16,467,200 common shares for gross proceeds of $12.8 million.
- On June 8, 2018 the Company issued 150,000 common shares for stock options exercised. The closing price of the Company's common shares that day was $1.10.
- On June 26, 2018 the Company issued 140,000 common shares for stock options exercised. The closing price of the Company's common shares that day was $0.83.
- On July 17, 2018 the Company issued 1,054,455 common shares for stock options exercised. The closing price of the Company's common shares that day was $0.78

Stock Options

The Company's stock option plan (the "Plan") provides for the grant of incentive stock options to employees, consultants, officers, and directors of the Company. On June 28, 2018 shareholders of the Company approved an amended Plan. The former Plan allowed for a fixed number of shares authorized for issuance of 17,966,400. The amended Plan reserves for issuance, along with the Company's other Security-Based Compensation Plans a maximum of 10% of the issued and outstanding Common Shares at the time of a grant of options. Options granted under the Plan have a maximum term of ten years. The exercise price of the options is determined by the Board of Directors and is not less than the closing price of the common shares on the last trading day prior to the date the options are granted. The vesting terms are at the Board of Directors' discretion.

(Expressed in US Dollars)

The Plan is an evergreen plan which provides that if any option has been exercised, then the number of common shares into which such option was exercised shall become available to be issued upon the exercise of options subsequently granted under the Plan. The Plan will operate in conjunction with the Restricted Share Unit Plan (the "RSU Plan") and Performance Share Unit Plan (the "PSU Plan"), which were also approved by the Company's shareholders on June 28, 2018. The amended 2018 Plan, RSU Plan and PSU Plan are collectively referred to as the "Security-Based Compensation Plans".

The following is a summary of stock option activity for the year ended December 31, 2017 and the nine-month period ended September 30, 2018:

Stock Options	Number of Options	Weighted Average Exercise Price (CAD$)
Outstanding, December 31, 2016	**15,876,000**	**$ 0.22**
Granted	1,100,000	$ 0.79
Forfeited	(140,000)	$ 0.32
Exercised	(350,000)	$ 0.23
Outstanding, December 31, 2017	**16,486,000**	**$ 0.26**
Granted	1,050,000	$ 1.25
Exercised	(1,850,000)	$ 0.33
Outstanding, September 30, 2018	**15,686,000**	**$ 0.40**
Exercisable, September 30, 2018	**9,661,000**	**$ 0.36**

During the nine months ended September 30, 2018, a total of 1,850,000 stock options were exercised, of which 1,700,000 stock options were exercised in exchange for a substituted right, resulting in the net issuance of 1,194,455 common shares.

As at September 30, 2018, the following stock options were outstanding and exercisable:

Outstanding	Exercisable	Exercise Price	Remaining life (years)	Expiry Date
2,800,000	2,800,000	$ 0.25	0.25	December 31, 2018
5,086,000	5,086,000	CAD$ 0.30	0.25	December 31, 2018
500,000	500,000	CAD$ 0.26	1.05	October 20, 2019
250,000	250,000	CAD$ 0.25	1.17	December 1, 2019
100,000	100,000	CAD$ 0.30	1.89	August 19, 2020
4,500,000	-	CAD$ 0.23	2.21	December 16, 2020
100,000	100,000	CAD$ 0.23	2.21	December 16, 2020
200,000	150,000	CAD$ 0.63	3.19	December 9, 2021
200,000	150,000	CAD$ 0.77	3.34	January 31, 2022
200,000	100,000	CAD$ 0.83	3.65	May 24, 2022
200,000	100,000	CAD$ 1.18	3.86	August 10, 2022
200,000	100,000	CAD$ 1.20	3.98	September, 21,2022
300,000	75,000	CAD$ 1.15	4.22	December 19, 2022
200,000	50,000	CAD$ 1.15	4.32	January 24, 2023
300,000	75,000	CAD$ 1.11	4.34	February 1, 2023
100,000	25,000	CAD$ 1.25	4.40	February 22, 2023
150,000	-	CAD$ 1.29	4.53	April 9, 2023
300,000	-	CAD$ 1.43	4.62	May 15, 2023
15,686,000	9,661,000			

(Expressed in US Dollars)

Share-based Compensation

The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yield, volatility factors of the expected market price of the Company's common shares, forfeiture rate, and expected life of the options. The Company recognized share-based compensation costs of $786,512 (September 30, 2017 - $226,498) in relation to stock options vesting during the nine-month period ended September 30, 2018.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the nine-month period ended September 30, 2018:

	September 30, 2018
Risk-free interest rate	2.09%
Expected life of options	5.0 years
Annualized volatility	121.0 %
Dividend yield	0%

Restricted Share Units

The Company's RSU Plan, adopted on June 28, 2018, provides for the grant of restricted shares to employees, consultants, officers, and directors of the Company. An individual restricted share unit will have the same value as one common share. The number of RSUs awarded, and its associated vesting terms, are determined at the discretion of the Board of Directors. The maximum aggregate number of common shares issuable to participants at any time pursuant to the RSU Plan, together with all other Security-Based Compensation Plans of the Company, may not exceed 10% of the currently issued and outstanding common shares of the Company at the time of a grant of the RSU.

Upon each vesting date, participants receive the issuance of common shares from treasury equal to the number of RSUs vesting, or a cash payment equal to the number of vested RSUs multiplied by the fair market value of a common share, calculated as the closing price of the common shares on the TSX for the trading day immediately preceding such payment date; or a combination thereof. On the basis that it is the Company's option and intent to settle any RSU redemptions by the issuance of common shares from treasury, the RSU Plan is considered an equity-settled award plan.

During the nine months ended September 30, 2018, the Company granted a total of 550,000 RSUs with between one and seventeen months vesting period.

A summary of the activity related to the Company's RSUs is provided below.

Restricted Share Units	
Balance, at December 31, 2017	**-**
Granted	550,000
Vested	-
Balance, at September 30, 2018	**550,000**

During the nine-month period ended September 30, 2018, the Company recorded compensation costs related to RSUs in the amount of $226,713 (2017 - $nil), which were classified as share-based compensation costs.

(Expressed in US Dollars)

Performance Share Units

The Company's PSU Plan adopted on June 28, 2018 provides for the grant of restricted shares to employees, consultants, and officers of the Company. An individual performance share unit will have the same value as one common share. The number of PSUs awarded, and its associated vesting terms, are determined at the discretion of the Board of Directors. The maximum aggregate number of common shares issuable to participants at any time pursuant to the PSU Plan, together with all other Security-Based Compensation Plans of the Company, may not exceed 10% of the currently issued and outstanding common shares of the Company at the time of a grant of the PSU.

Upon each vesting date, participants receive the issuance of common shares from treasury equal to the number of PSUs vesting, or a cash payment equal to the number of vested PSUs multiplied by the fair market value of a common share, calculated as the closing price of the common shares on the TSX for the trading day immediately preceding such payment date; or a combination thereof. On the basis that it is the Company's option and intent to settle any PSU redemptions by the issuance of common shares from treasury, the PSU Plan is considered an equity-settled award plan.

As of September 30, 2018, the Company had not granted any PSUs.

8. RELATED PARTY TRANSACTIONS

Related parties and related party transactions are summarized below and include transactions with the following individuals or entities:

Key Management Personnel

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

Remuneration attributed to key management personnel is summarized as follows:

	Nine Month Periods Ended September 30,	
	2018	**2017**
Share-based compensation	$ 418,045	$ 12,102
Salaries, fees and benefits*	1,497,974	882,158
Total	**$ 1,916,019**	**$ 894,260**

* Includes all salaries, 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, the Chairman of the Company, which employs or retains certain officers and personnel 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 amounts shown in the table below represent amounts paid to King & Bay for the services of King & Bay personnel and for overhead and third-party costs incurred by King & Bay on behalf of the Company.

(Expressed in US Dollars)

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 for the services of Kinley personnel and for out-of-pocket reimbursable expenses incurred by Kinley on behalf of the Company.

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

	Nine Months ended September 30, 2018	Nine Months ended September 30, 2017
King & Bay	$ 359,070	$ 274,923
Kinley	$ 116,150	$ 82,500

As at September 30, 2018, amounts accrued and due to key management personnel and other related parties include the following:

- Corporate officers - $248,125 (December 31, 2017 - $nil)
- King & Bay - $26,278 (December 31, 2017 - $44,959)
- Kinley - $nil (December 31,2017 - $9,000)

9. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, which consists of the acquisition, exploration and development of mineral properties in North America.

Geographical information is as follows:

	As at September 30, 2018	As at December 31, 2017
Property, Plant and Equipment		
United States	$ 17,964,871	$ 17,819,597
Canada	139,013	39,898
	$ 18,103,884	$ 17,859,495

10. FINANCIAL INSTRUMENTS

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

As at September 30, 2018, 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 September 30, 2018, the Company has cash and cash equivalents of $19,373,788 to settle current liabilities of $1,604,877.

Interest Rate Risk

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 investments it makes and is satisfied with the credit ratings of its banks.

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

11. SUBSEQUENT EVENTS

In October 2018, the Company successfully obtained the Class III Underground Injection Control Area Permit for the Gunnison Copper Project with an immediate effective date.

In November 2018, the Company entered into an agreement for a $75 million project financing package (the "Financing"). This Financing will enable Excelsior to commence construction on the fully-permitted Gunnison Copper Project. The $75 million project financing package will be provided by Triple Flag Mining Finance Bermuda Ltd. and consists of a $65 million copper metal stream and a concurrent $10 million private placement of common shares of Excelsior. The closing of these funding commitments is subject to various conditions, including the approval of the Toronto Stock Exchange. The Financing is expected to close during November 2018.

As a result of entering into the Financing in November, the Company provided notice to Altius Royalty Corporation ("Altius") that its royalty option is available for exercise for a 60-day period. In 2016, Altius Royalties Corp. and Callinan Royalties Corporation were amalgamated to form Altius.

On November 2, 2018 the Company granted 4,530,000 stock options at an exercise price of CAD$1.00 exercisable for a five-year period.

On November 5, 2018, 40,000 stock options were exercised in exchange for a substituted right, which resulted in the Company issuing 27,755 net common shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018

Management's discussion & analysis ("MD&A") is intended to supplement and complement the condensed consolidated interim financial statements of Excelsior Mining Corp. (the "Company" or "Excelsior"). The information provided herein should be read in conjunction with the Company's condensed consolidated interim financial statements and accompanying notes for the three and nine months ended September 30, 2018 and the Company's audited consolidated financial statements and accompanying notes for the year ended December 31, 2017, which are available on the Company's website, Excelsiormining.com, and on the SEDAR website, www.sedar.com. All dollar figures presented are expressed in the United States dollar unless otherwise noted.

The Company's condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports including International Accounting Standard 34, *Interim Financial Reporting*. The condensed consolidated interim financial statements do not include all the information required for full annual financial statements. The accounting policies applied in the condensed consolidated interim financial statements are consistent with those applied in the Company's audited annual consolidated financial statements unless otherwise disclosed.

This MD&A contains forward-looking statements and should be read in conjunction with the factors described in "Risk Factors" and "Forward Looking Information" presented later in this MD&A.

APPROVAL

The Board of Directors of Excelsior Mining Corp. has approved the disclosure contained in this MD&A as of November 12, 2018.

DESCRIPTION OF BUSINESS

Excelsior was incorporated under the *Business Corporations Act* of British Columbia on June 9, 2005. The Company is listed on the Toronto Stock Exchange ("TSX") under the symbol "MIN", Frankfurt Stock Exchange under the symbol "3XS", and on OTCQX under the symbol "EXMGF". Currently, the Company is advancing the Gunnison Copper Project ("Gunnison Project") located within the copper porphyry belt of Arizona and conducting care and maintenance operations on the adjacent Johnson Camp mine ("JCM") assets acquired in 2015.

The Company is currently proceeding with final preparations for the start of construction activities relating to the Gunnison Project as well as continuing property care and maintenance for JCM. 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 Solvent Extraction and Electrowinning ("SX-EW") plant and JCM infrastructure improvements.

PRIVATE PLACEMENT

On January 19, 2018 the Company closed the second and final tranche of its non-brokered private placement which consisted of an additional 16,467,200 common shares issued at a price of CAD$1.00 for gross proceeds of CAD$16,467,200 (approximately $12.8 million). The second tranche was subscribed for by an affiliate of Greenstone Resources L.P. ("Greenstone"). The net proceeds of the private placement are being used for the continued advancement of the Company's Gunnison Project, including: completion of permitting, care and maintenance, preparing for the start-up of the Gunnison Project construction activities and for working capital and general corporate purposes.

SUBSEQUENT EVENTS

UIC Permit

On October 16, 2018, the Company announced that the EPA issued the Underground Injection Control ("UIC") permit for the Gunnison Project with an immediate effective date. The UIC Permit is good for copper production of up to 125 million pounds per annum and is the final operating permit required to start mine construction and commence production. To recap Excelsior's permitting process, on June 22, 2018 the Environmental Protection Agency (the "EPA") issued Excelsior the UIC Permit with an effective date of August 1, 2018. An appeal (the "Appeal") of the UIC Permit was subsequently filed by a coalition of non-governmental organizations (the "Petitioners") (See Excelsior Mining news release dated August 6, 2018 — "Excelsior Provides Permitting Update"). All appeals are reviewed by the Environmental Appeals Board (the "EAB"). Excelsior announced on October 5, 2018 that a Settlement Agreement (the "Agreement") had been concluded that would result in the dismissal of the Appeal. As per the terms of the Agreement, Excelsior, the EPA, and the Petitioners submitted to the EAB a joint motion to dismiss the Appeal (see Excelsior news release dated October 5, 2018 — "Excelsior Mining Confirms Agreement to Dismiss UIC Permit Appeal"). The EAB accepted the joint motion dismissing the Appeal, and the EPA has lifted the stay, thereby resulting in the UIC Permit becoming effective. The permitting process is now completed with all key operating permits in place and effective.

Project Financing Package

On October 30, 2018 the Company entered into an agreement for a $75 million project financing package. This comprehensive funding plan will enable Excelsior to transition the fully-permitted Gunnison Project in southeastern Arizona into America's next new copper producer. The $75 million project financing package (collectively, the "Financing") will be provided by Triple Flag Mining Finance Bermuda Ltd. ("Triple Flag"), and consists of a $65 million copper metal stream (the "Stream") and a concurrent $10 million private placement of common shares of Excelsior (the "Equity Placement"). The closing of these funding commitments is subject to various conditions, including the approval of the Toronto Stock Exchange. The Financing is expected to close during November 2018 (the "Closing Date").

Excelsior and its subsidiaries, Excelsior Mining Arizona, Inc. ("Excelsior Arizona") and Excelsior Mining JCM, Inc., have entered into a metals purchase and sale agreement (the "Stream Agreement") with Triple Flag, whereby Triple Flag has committed to fund a deposit of $65 million (the "Stage 1 Upfront Deposit") against the future sale and delivery by Excelsior Arizona of a percentage of the refined copper production from the Gunnison Project. Excelsior will sell to Triple Flag a percentage of refined copper at a price equal to 25% of the copper spot price. The exact percentages of copper production to be sold to Triple Flag varies as per the total production capacity. These percentages are detailed in the table below.

	Stage 1 (25 M lbs/yr)	Stage 2 (75 M lbs/yr)	Stage 3 (125 M lbs/yr)
Stage 1 Upfront Deposit	16.5%	5.75%	3.5%

Subsequent to notice from Excelsior that the Company will be expanding production capacity to an amount equal to or greater than 50 million pounds per annum, Triple Flag will have the option to increase its stream participation by paying an additional $65 million (the "Expansion Upfront Deposit").

Excelsior also retains the option to reduce the amount of the Stream by 50% by making a buy-down payment to Triple Flag (the "Buy-Down Payment"). The amount of the Buy-Down Payment depends on whether Triple Flag has exercised its option to provide the Expansion Upfront Deposit. The Buy-Down Payment is calculated as an amount that provides Triple Flag with an internal rate of return of 15% on 50% of the Stage 1 Upfront

Deposit and, if applicable, 15% on 50% of the Expansion Upfront Deposit (in each case after taking into account the value of Stream deliveries (net of the 25% purchase price payment for such deliveries) made to Triple Flag prior to its payment).

The table below shows the percentage of production to be acquired by Triple Flag based on scenarios that include Triple Flag's Expansion Option and Excelsior's Buy-Down Right.

	Stage 1 (25 M lbs/yr)	Stage 2 (75 M lbs/yr)	Stage 3 (125 M lbs/yr)
Stage 1 Upfront Deposit + Expansion Option	16.5%	11.0%	6.6%
Stage 1 Upfront Deposit + Expansion Option + Buy-Down Payment	16.5%	5.5%	3.3%
Stage 1 Upfront Deposit + Buy-Down Payment	16.5%	2.875%	1.75%

In consideration of the Stream, Excelsior shall also issue to Triple Flag 3.5 million five-year common share purchase warrants, whose five-year term shall begin on the Closing Date, entitling Triple Flag to purchase 3.5 million Excelsior common shares at a strike price of CAD$1.50 per share issued.

In conjunction with the Stream, Excelsior will complete the Equity Placement to raise proceeds of $10 million (net of applicable fees and expenses). The Equity Placement will consist of the issuance to Triple Flag of an aggregate of 13,818,977 Excelsior common shares at an aggregate subscription price of US $10 million, or equal to approximately CAD$0.95 per share at current exchange rates. In addition, Greenstone retains a pre-emptive right over the issuance of common shares of the Company. The overall size of the Equity Placement may be increased up to $20 million dependent upon Greenstone's decision to exercise its pre-emptive right and in what proportion.

OUTLOOK

Excelsior has settled the Appeal of the UIC permit, and has signed a project financing package, which when closed, will allow the Company to commence construction. Copper production from the Gunnison Project is expected to begin approximately twelve months after construction is commenced.

SELECTED QUARTERLY INFORMATION

The following table summarizes selected financial information for the past eight quarters ending September 30, 2018:

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Net (loss) for the period	$ (4,148,182)	$ (3,516,003)	$ (3,738,862)	$ (2,612,229)
(Loss) per share (basic and diluted)	(0.02)	(0.02)	(0.02)	(0.02)
Total assets	38,533,576	41,452,962	44,802,947	34,851,406

	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Net income/(loss) for the period	$ (2,446,338)	$ (2,300,626)	$ (2,134,810)	$ 1,601,335
Income/(loss) per share (basic and diluted)	(0.01)	(0.01)	(0.01)	0.01
Total assets	18,492,291	21,001,801	23,256,783	25,130,343

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, except for the fourth quarter of 2016 when the Company reported net income due to a $3,976,531 gain on the sale of a royalty to Greenstone. The net loss for the first three quarters of 2018 has trended higher than the preceding four quarters as a result of an increase in costs related to the JCM holding and maintenance cost, Gunnison Project advancement, costs related to obtaining the UIC Permit and settling the Appeal, and costs related to obtaining project financing, as described further below.

REVIEW OF FINANCIAL RESULTS

Three months ended September 30, 2018 compared to the three months ended September 30, 2017:

For the three months ended September 30, 2018, the Company reported a net loss of $4,148,182 ($0.02 per share) compared to a net loss of $2,446,338 ($0.01 per share) for the three months ended September 30, 2017. The net loss for the three months ended September 30, 2018 was larger primarily due to an increase in costs related to the JCM holding and maintenance cost, higher professional fees for settlement of the Appeal and obtaining project financing, and Gunnison project readiness costs.

Significant changes in the expense accounts are described as follows:

For the three months ended September 30, 2018, the Company incurred JCM holding and maintenance cost of $738,633 (2017- $587,145). These costs are primarily employee salaries, wages and benefits, utilities, property taxes, insurance, plant and equipment maintenance, and environmental compliance costs, which are expected to be ongoing until construction of the Gunnison Project has been completed. After construction is completed, and the Gunnison Project is in production, these costs will be included in operating costs.

For the three months ended September 30, 2018, the Company incurred project advancement costs of $957,397 (2017 - $790,269) directly related to the Gunnison project construction readiness activities. These costs include project employee ramp-up related costs including compensation, and technical services for detailed engineering and planning for the SX-EW upgrades and wellfield infrastructure.

During the three months ended September 30, 2018, evaluation and permitting expenses incurred on the Gunnison Project amounted to $622,740 (2017 - $199,337) and primarily represent the completion of initial permitting activities for the Gunnison Project, legal fees and costs to settle the Appeal of the UIC Permit, and ongoing compliance costs at JCM. The costs for the three months ended September 30, 2018 were higher than the comparable period of 2017 as initial permitting activities were completed and permitting costs shifted to settle the Appeal of the UIC Permit.

Office and administration expense for the three-months ended September 30, 2018 was $298,316 compared to $197,759 during the same period of the prior year. The increase of $100,557 was primarily due to an overall higher level of corporate administrative support for the Gunnison Project as it nears the start of the construction phase.

Directors' and officers' fees incurred during the three months ended September 30, 2018, were $755,323 compared to $218,655 during the same period of the prior year, representing an increase of $536,668. Higher directors' and officers' fees resulted from an increase in executive compensation.

During the three months ended September 30, 2018, the Company incurred non-cash share-based compensation expense of $486,217 (2017 – $95,162). The increase in share-based compensation expense of $391,055 is primarily due to stock option expense for newly-hired management personnel in preparation for the start of construction and future operations on the Gunnison Project, and expenses for Restricted Share Units granted to directors and officers.

During the three-months ended September 30, 2018, the Company realized interest income of $99,703 versus interest income of $11,006 for the same three months of 2017. Interest income for the three months of 2018 was higher than the same period of 2017 mainly due to an increase in interest income on cash investments from the Company's overall higher cash balance in 2018.

Nine months ended September 30, 2018 compared to the nine months ended September 30, 2017:

For the nine months ended September 30, 2018, the Company reported a net loss of $11,403,047 ($0.06 per share) compared to a net loss of $6,881,774 ($0.04 per share) for the nine months ended September 30, 2017.

Significant changes in the expense accounts are described as follows:

For the nine months ended September 30, 2018, the Company incurred JCM holding and maintenance cost of $2,366,221 (2017 - $2,036,449). These costs are primarily comprised of employee salaries, wages and benefits, utilities, property taxes, insurance, plant and equipment maintenance and environmental compliance costs. These costs will continue through the construction phase of the Gunnison Project and will be included in operating costs when the Gunnison Project is in production.

For the nine months ended September 30, 2018, the Company incurred project advancement costs of $3,177,887 (2017 - $1,348,555) directly related to the Gunnison project construction readiness activities. These costs include project employee ramp-up related costs including compensation, and technical services for detailed engineering and planning for the SX-EW upgrades and wellfield infrastructure.

During the nine months ended September 30, 2018, evaluation and permitting expenses incurred on the Gunnison Project amounted to $1,414,267 (2017 - $866,587), an increase of $547,680 versus the same period of 2017. For the nine months ended September 30, 2018 the Company continued to focus and incur expenditures related to obtaining the Gunnison Project permits.

Office and administration expenses for the nine months ended September 30, 2018 were $801,934 compared to $468,728 during the same period of the prior year. The increase of $333,206 was primarily due to an overall higher level of corporate administrative support, including information technology costs, for the Gunnison Project.

Professional fees incurred during the nine months ended September 30, 2018 were $781,288 compared to $659,583 during the same period of the prior year, representing an increase of $121,705. The increase in 2018 is primarily due to consulting fees associated with services that were performed to assist the Company in the strategy, analysis and recommendation of the Financing for the Gunnison Project.

Directors' and officers' fees incurred during the nine months ended September 30, 2018, were $1,457,461 compared to $795,554 during the same period of the prior year, representing an increase of $661,907. Higher directors' and officers' fees for the nine-month period of 2018 is primarily due to an increase in executive compensation.

During the nine months ended September 30, 2018 the Company incurred investor relations expenses of $359,478, an increase of $33,854 versus $325,624 incurred during the same period of 2017.

During the nine months ended September 30, 2018, the Company incurred non-cash share-based compensation expense of $1,013,225 (2017 – $226,498). The increase in share-based compensation expense of $786,727 is primarily due to stock option expense for management personnel in preparation for the start of construction and future operations on the Gunnison Project, as well as the expense recognized for granting restricted share units to directors and officers.

During the nine months ended September 30, 2018, the Company incurred regulatory fees of $51,962 (2017 – $169,750). The decrease in regulatory fees of $117,788 is principally due to the one-time fee paid in 2017 for becoming listed on the TSX.

During the nine months ended September 30, 2018, the Company incurred financing expense of $188,650 (2017 – $137,870) due to accretion expense of $188,650 (2017 - $88,370) relating to the JCM asset retirement obligation. Financing expense in 2017 included accretion expense and interest expense on the debt associated with the JCM acquisition.

During the nine months ended September 30, 2018, the Company realized interest income of $198,940 (2017 - $43,109). Interest income for the nine-month period of 2018 was higher than the same period of 2017 mainly due to an increase in interest income on cash investments, as a result of the Company's overall higher cash balance in 2018 from the equity private placements.

Other income for both nine-month periods primarily represents sales of waste rock material from JCM.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash and cash equivalents of $19,373,788 as of September 30, 2018 (December 31, 2017 - $16,677,002). Cash and cash equivalents decreased $2,926,583 during the three months ended September 30, 2018 compared to a decrease of $2,511,372 for the comparable three-month period of 2017 primarily due to an increase in cash used in operating activities for Gunnison project readiness activities. For the nine months ended September 30, 2018, cash and cash equivalents increased $2,696,786 primarily due to $12,744,505 of net proceeds from the second tranche of the non-brokered private placement, partly offset by net cash used in operating activities of $9,212,061 and net cash used in investing activities of $882,751 for equipment purchases and cash collateral required for the JCM reclamation bond obtained during the nine months ended September 30, 2018.

Cash used in operating activities during the three months ended September 30, 2018 was $2,923,579 compared to $2,513,218 during the same period of the prior year. The increase in cash used in operating activities is mainly attributable to an increase in JCM holding and maintenance cost, and higher Gunnison project readiness costs for project advancement, and evaluation and permitting discussed above. Cash used in operating activities during the nine months ended September 30, 2018 amounted to $9,212,061, compared to $6,568,458 during the same period of the prior year. The increase of $2,643,603 in cash used in operating activities is mainly attributable to an increase in JCM holding and maintenance cost, higher Gunnison project readiness costs for project advancement, evaluation and permitting, office and administration, and directors and officers fees.

Cash used in investing activities during the three months ended September 30, 2018 was essentially unchanged compared to the same period of 2017. Cash used in investing activities during the nine months ended September 30, 2018 was $882,751, compared to $42,714 for the same period of 2017. These expenditures were for the purchase of equipment ($438,751), light vehicles, computer system software, building improvements, and restricted cash deposited ($444,000) for the required Mined Land Reclamation Plan for JCM.

Cash provided by financing activities for the three months ended September 30, 2018 was nil and for the comparative period was $38,727. Cash provided by financing activities for the nine months ended September 30, 2018 was $12,805,540 compared to $59,647 for the nine months ended September 30, 2017. During 2018 the Company received $12,744,505 of net proceeds for common share private placements.

The Company had working capital of $18,158,025 (December 31, 2017 – $16,242,045) as at September 30, 2018.

The Company is currently proceeding with construction readiness activities relating to the Gunnison Project as scheduled and continues to fund the care and maintenance and holding costs of the JCM. With the closing of the second tranche of a private placement, the Company has sufficient funds to cover the estimated costs of the permitting and financing 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. Subsequent to quarter end, the Company signed a project financing package as discussed earlier in this MD&A, which is expected to close in November 2018.

As at September 30, 2018, the Company did not have any pre-arranged sources of financing except for a royalty option agreement with Altius Royalty Corporation ("Altius") which currently provides a right to buy a gross revenue royalty for CAD$5,000,000 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. Altius is successor in interest to Callinan Royalties Corporation. On October 1, 2016, Altius Royalties Corp. and Callinan Royalties Corporation were amalgamated to form Altius. Altius and the Company have agreed that should Altius exercise the royalty option it will receive a gross revenue royalty equal to (i) 0.625% while the plant capacity of all the plants operated or constructed by the Company or its affiliates for use in connection with the Gunnison Project ("Plant Capacity") is less than 75 million lbs. of copper per annum;

and (ii) 0.5% while the Plant Capacity is greater than or equal to 75 million lbs. of copper per annum. The purchase rights under the royalty option agreement are optional and at the sole discretion of Altius. As a result of the Financing, the Company has provided notice to Altius that its royalty option is available for exercise for a 60-day period. There is no certainty that Altius will exercise its royalty option.

Contractual Obligations

The Company has the following contractual obligations as at September 30, 2018:

Contractual Obligations	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Asset Retirement Obligation[1]	$11,095,400	-	-	-	$11,095,400
Operating Leases	$ 269,192	$ 24,924	$ 244,268	-	-
Purchase Obligations	$ 250,000	$ 250,000	-	-	-
Total Contractual Obligations	$11,614,592	$ 274,924	$ 244,268	-	$11,095,400

(1) For additional details please refer to Note 6 in the Company's condensed consolidated interim financial statements and accompanying notes for the three and nine months ended September 30, 2018.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements, other than the operating leases referred to in the table above.

Outstanding Share Capital

The Company has securities outstanding as follows:

Security Description	September 30, 2018	Date of report
Common shares	207,693,607	207,721,362
Stock options	15,686,000	20,176,000
Restricted share units	550,000	550,000

RELATED PARTIES

Related parties and related party transactions are summarized below and include transactions with the following individuals or entities:

Key Management Personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consists of the Company's Board of Directors, corporate officers, including the Company's Chief Executive Officer ("CEO"), Chief Operating Officer and Senior Vice President & Chief Financial Officer ("CFO").

Remuneration attributed to key management personnel is summarized as follows:

	Nine Month Periods Ended September 30,	
	2018	**2017**
Share-based compensation	$ 418,045	$ 12,102
Salaries, fees and benefits*	1,497,974	882,158
Total	$ **1,916,019**	**$ 894,260**

* Includes all salaries, 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, the Chairman of the Company, which employs or retains certain officers and personnel 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 amounts shown in the table below represent amounts paid to King & Bay for the services of King & Bay personnel and for overhead and third-party costs incurred by King & Bay on behalf of the Company. The fees for such services were made on terms equivalent to those that King & Bay charges to arm's length parties.

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 for the services of Kinley personnel and for out-of-pocket reimbursable 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:

	Nine Months ended September 30,	
	2018	**2017**
King & Bay	$ 359,070	$ 274,923
Kinley	$ 116,150	$ 82,500

As at September 30, 2018, amounts accrued and due to key management personnel and other related parties include the following:

- Corporate officers - $248,125 (December 31, 2017 - $nil)
- King & Bay - $26,278 (December 31, 2017 - $44,959)
- Kinley - $nil (December 31,2017 - $9,000)

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, ESTIMATES AND JUDGMENTS

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2017, except for the adoption of IFRS 9, Financial Instruments, which was effective and has been applied from January 1, 2018. A 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 and a discussion of changes in accounting policies, specifically the adoption of IFRS 9 is in Note 2 Summary of Significant Accounting Polices in the Company's condensed consolidated interim financial statements and accompanying notes for the three and nine months ended September 30, 2018.

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. A summary of the Company's critical estimates and judgments is provided in Note 2 Significant Accounting Policies and Basis of Presentation to the audited consolidated financial statements for the year ended December 31, 2017.

FINANCIAL INSTRUMENTS

A summary of the Company's financial instruments is provided in Note 10 Financial Instruments in the audited consolidated financial statements for the year ended December 31, 2017 and Note 10 Financial Instruments in the Company's condensed consolidated interim financial statements and accompanying notes for the three and nine months ended September 30, 2018.

CONTROLS AND PROCEDURES

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 CEO and the CFO by others within those entities.

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. During the nine months ended September 30, 2018, 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.

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. The more prominent risk factors that may materially affect the Company's future performance, in addition to those referred to above, are discussed in the Management Discussion and Analysis and the Annual Information Form each for the year ended December 31, 2017.

ADDITIONAL INFORMATION

Additional disclosure concerning the Company, including the Annual Information Form for the year ended December 31, 2017, is available on the SEDAR website, www.sedar.com.

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) the future effects of environmental compliance requirements on the business of the Company; and (v) the statements under the heading "Outlook" in this MD&A, including statements about the construction of the Gunnison Project and 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, 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 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.

TECHNICAL INFORMATION

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").