



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2020

EXCELSIOR MINING CORP.
MANAGEMENT'S DISCUSSION & ANALYSIS
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Management's Discussion and Analysis ("MD&A") is as of May 12, 2020 and relates to the financial condition of Excelsior Mining Corp. and its subsidiaries ("Excelsior" or the "Company") as of March 31, 2020. The MD&A supplements and complements Excelsior's unaudited Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2020 (the "Consolidated Financial Statements") and related notes. Comparison of the financial results in this MD&A is provided to the three-month period ended March 31, 2019, or the year ended December 31, 2019. Other relevant documents to be read with this MD&A include the Audited Consolidated Financial Statements for the year ended December 31, 2019, and the Annual Information Form ("AIF") for the year ended December 31, 2019. These documents are available on the Company's website at www.excelsiormining.com, and on the SEDAR website at www.sedar.com.

The unaudited Consolidated Financial Statements for the three months ended March 31, 2020 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. All dollar amounts are expressed and presented in thousands of United States dollars except per share amounts (unless otherwise noted). Canadian dollars are expressed as "CAD\$".

Readers are cautioned that the 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 May 12, 2020.

DESCRIPTION OF BUSINESS

Excelsior is a mineral exploration, development and mining company that is advancing the Gunnison Copper Project ("Gunnison Project") located in Cochise County, Arizona. 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", the top-tier over-the-counter market ("OTCQX") under the symbol "EXMGF", and the Frankfurt Stock Exchange under the symbol "3XS".

The Gunnison Project is a low-cost, environmentally friendly in-situ recovery copper extraction project that is permitted to 125 million pounds per year of copper cathode production. Excelsior announced the start of construction in December 2018, and the completion of the construction phase in December 2019, including the wellfield drilling and the supporting infrastructure consisting of the electrical power system upgrades, all holding ponds, the pipeline corridor and acid storage tanks. Upgrades to the adjacent Johnson Camp mine ("JCM") Solvent Extraction and Electrowinning ("SX-EW") plant were also completed in December 2019. The injection of mining fluids to the wellfield for copper production started on December 31, 2019 and the Company began the start-up and commissioning phase of the project in January 2020.

In addition to the Gunnison Project production start-up activities, the Company is continuing care and maintenance of the JCM heap leach pads.

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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.

As of March 31, 2020, 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.

The Company determined that the Project Financing, in its current form, is a derivative liability for accounting purposes. As such, at the end of each reporting period, the fair value of the copper stream and the warrants are calculated, and the difference in fair value from the previous reporting period is recognized as a gain or loss in the consolidated statement of loss and comprehensive loss.

At the end of each reporting period, the copper stream obligation is valued using a Monte Carlo simulation model. The key inputs used in the model for the March 31, 2020 valuation include: the copper forward price curve based on Commodity Exchange (COMEX) futures, long-term copper price volatility of 26.3% (December 31, 2019 – 21.5%), credit spread of 13.46% (December 31, 2019 – 8.29%), a risk-free rate of return of 0.75% (December 31, 2019 – 2.02%) and a withholding tax rate of nil (December 31, 2019 – nil). The valuation of the stream obligation also requires an estimate of the Company's nonperformance or credit risk, the Company's expansion plans, and the anticipated production schedule of copper pounds delivered over the estimated life of the mine.

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"). The Credit Facility provides for an initial draw of \$5,000 (the "Initial Draw"), and two additional draws of \$5,000 each at the sole option of Excelsior. The first \$5,000 draw occurred in December 2019, and the Company received the second draw in April, 2020. The Company sent notice for the third draw in March 2020, and it is expected to be received in May, 2020. The Credit Facility has an initial term of 15 months from the date of the Initial Draw. The Credit Facility may be extended for up to two additional six-month periods (21 months and 27 months from the date of the Initial Draw). 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.

GUNNISON PROJECT

Wellfield Start-up and Commissioning Status

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 will 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.

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During the start-up process in January 2020, initial copper recovery grades exceeded feasibility study expectations. Pregnant leach solution grade measured 0.15 grams per liter of copper in the primary recovery pond, which also exceeded start-up expectations. Acid injection was steadily increased during the start-up process, up to approximately 50% of the full production rate.

In February 2020, in order to improve efficiency for long-term production performance the Company initiated several optimization changes to the production wellfield. The goal of the wellfield optimization is to assist in acid breakthrough and continued copper mobilization. Breakthrough will be achieved when free acid is detected at designated recovery wells; thereby maintaining the desired pH level (acidity level) where copper will remain in solution.

Specific optimizations that were completed in March and April 2020 include making the wellfield reversible in terms of fluid flow. Injection wells were retrofitted with pumps, allowing them to be used as recovery wells when needed. In addition, recovery wells were reconfigured to allow for injection. By making the wellfield reversible, Excelsior will have the option of moving mobilized copper only a portion of the full distance between the wells before reversing the fluid flow, and thus reducing the effective distance that the copper must travel before it is recovered. This new capacity to move fluids back and forth (or, "push and pull") is expected to help achieve breakthrough, at which point copper would remain in solution throughout the production process.

In parallel during February and March 2020, infrastructure was installed that will allow for concentrated acid to be injected into each well, which will dissolve any reprecipitated copper (copper sulphate) in the area of the pumps, thereby ensuring effective fluid flow. Preventative maintenance programs to limit pump and wellfield down-time are also in place.

The Company had 92 employees as of March 31, 2020.

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.

COVID-19

The current outbreak of the novel coronavirus (COVID-19) that was first reported from Wuhan, China, in December 2019, and any future emergence and spread of similar pathogens could have a material adverse effect on global economic conditions which may adversely impact our business and results of operations and the operations of our suppliers, contractors, service providers and the demand for our production. While initially the outbreak was largely concentrated in China and caused significant disruptions to its economy, it has now spread to many other countries and infections have been reported globally. The spread of the coronavirus may have a significant adverse impact on our workforce, production levels, and our ability to continue operating the Gunnison Project. Government efforts to curtail the spread of the coronavirus may also result in temporary or long-term suspensions or shutdowns of our operations. The extent to which the coronavirus impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of the coronavirus and the actions taken to contain the coronavirus or treat its impact, among others. See "Outlook" for additional information on the Company's response to COVID-19.

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OUTLOOK

Construction of the Gunnison Project was completed as of the end of the year 2019, copper production in solution from the wellfield started, and the Company advanced to the start-up and commissioning phase. Total project-related capital expenditures forecast for the Gunnison Project are approximately \$88,000, which remain unchanged from the previous estimate. Total capitalized expenditures including accruals on the Gunnison Project as of March 31, 2020 were \$83,116.

Despite the completion of construction and wellfield start-up activities, in response to the uncertainty and risk surrounding the unfolding global COVID-19 pandemic, the Board of Directors determined that the most responsible decision was to place the Gunnison Project into a care and maintenance mode for an indefinite period. With the completion of the retrofit and wellfield upgrades, the Company is well positioned to re-commence operations quickly and efficiently once circumstances are deemed to be optimal. During this period, the Company will continue to maintain the wellfield in accordance with all state and federal permit requirements, while ensuring that the wellfield and production facilities are ready for the inevitable re-start.

During the care and maintenance period, the Company intends to conserve cash and maintain a robust balance sheet. In April, Excelsior reduced its workforce to 29 employees, retaining the personnel necessary to maintain the facilities and sustain environmental monitoring and compliance requirements. The Gunnison Project will be maintained in a safe care and maintenance state, while allowing the ability to restart the wellfield when timing is deemed optimal. When operations are restarted and commercial production is reached, Excelsior's initial focus will 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.

SELECTED QUARTERLY INFORMATION

The following table summarizes selected financial information for the Company for each of the past eight quarters ending March 31, 2020:

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Net (income)/loss for the period	\$ (31,318)	\$ 10,315	\$ 4,617	\$ 2,315
(Income)/loss per share (basic and diluted)	(0.13)	0.04	0.02	0.01
Total assets	127,707	128,819	125,590	115,325
	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Net loss for the period	\$ 6,633	\$ 732	\$ 4,148	\$ 3,516
Loss per share (basic and diluted)	0.03	0.00	0.02	0.02
Total assets	76,097	68,364	38,534	41,453

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 and into the start-up and commissioning phase. The net (income)/loss for certain quarters has also been impacted by variations in the fair value of the copper stream derivative liability. The net (income)/loss for the quarter-ended March 31, 2020 of \$31,318 included a gain of \$32,659 on revaluation of the copper stream derivative liability. Excluding the impact of the copper stream derivative liability, the net loss for the quarter ended December 31, 2018 was lower than the other seven quarters presented above, as the Company recognized a gain on the sale of a royalty option of \$3,783. The Company began capitalizing Gunnison Project costs on December 1, 2018, once commercial viability and technical feasibility had been established, in accordance with the Company's

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accounting policy. The care and maintenance costs of the JCM facilities has remained relatively constant over the previous eight-quarter period.

The quarterly results presented above do not necessarily reflect any recurring expenditure patterns or predictable future trends. The net (income)/loss by quarter has generally trended higher due to the gradual ramp-up and increase in costs associated with advancing the Gunnison Project through the permitting, financing and construction-readiness stages. During 2018, the Company maintained a relatively constant level of quarterly spending while shifting the focus of its activities to permitting activities and project advancement. During 2019, the Company began the construction and ramp-up of the Gunnison Project.

The Company was in the exploration and evaluation phase, then moved into the project advancement and construction phases, and is now in the start-up and commissioning phase, and as a result has not generated any revenues in each of the last eight quarters.

REVIEW OF FINANCIAL RESULTS

Three months ended March 31, 2020 compared to the three months ended March 31, 2019:

For the three-months ended March 31, 2020 the Company's net income was \$31,318 (\$0.13 per share) compared to a net loss of \$6,633 (\$0.03 per share) for the three-months ended March 31, 2019. The net income for the three-month period ended March 31, 2020 as compared to the net loss for the same period of 2019 resulted primarily from a non-cash gain of \$32,659 for the three-month period of 2020 and a non-cash loss of \$4,399 for the three-month period of 2019, both of which resulted from the change in fair value of the copper stream derivative liability. Excluding the (gain)/loss from the derivative liability, the net loss was \$1,341 for the three-month period of 2020 compared to a net loss of \$2,234 for the three-month period of 2019, primarily due to lower costs for professional fees, directors' and officers' fees, and stock-based compensation.

A comparison of the costs in the "Expenses" categories listed in the consolidated statements of loss and comprehensive loss for the three-months ended March 31, 2020 and 2019 is provided below:

For the three-months ended March 31, 2020 the Company incurred JCM holding and maintenance costs of \$125 (2019 - \$162). These costs for both comparable periods are primarily property taxes and costs which are related to the care and maintenance of the heap leach pads.

For the three months ended March 31, 2020 evaluation and permitting expenses totaled \$53 (2019 - \$65). The costs for both periods represent ongoing environmental and permitting compliance costs.

Office and administration expenses for the three-months ended March 31, 2020 were \$288 compared to \$298 during the same period of the prior year. These costs represent corporate management costs and administrative support costs for the Gunnison Project and JCM.

Professional fees for the three-months ended March 31, 2020 were \$98 compared to \$228 during the same period of the prior year. The costs were higher in the 2019 three-month period due to legal and consulting services engaged to address tax compliance related to the Stream financing.

Directors' and officers' fees incurred during the three months ended March 31, 2020, were \$129 compared to \$566 during the same period of the prior year, representing a reduction of \$437. Lower directors' and officers' fees resulted from a decrease in executive compensation and executive bonus expense.

Investor relations expenses during the three months ended March 31, 2020, were \$109 compared to \$172 during the same period of the prior year, representing a reduction of \$63. Lower investor relations fees resulted from lower travel and investor conferences during the 2020 three-month period due to COVID-19.

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During the three months ended March 31, 2020, the Company incurred share-based compensation expense of \$449 (2019 – \$713). The decrease in non-cash share-based compensation expense of \$264 is primarily due to fewer stock options vesting in the current three-month period of 2020 compared to the same period of 2019.

Significant changes in the “Other Items” listed in the consolidated statements of loss and comprehensive loss for the three-months ended March 31, 2020 and 2019 are described below:

The copper stream derivative liability is recorded at fair value at each period end using a Monte Carlo simulation valuation model. The key inputs used by the model in generating future copper revenue for purposes of valuing the stream obligation at March 31, 2020 include: the copper forward price curve (based on COMEX futures), long-term copper volatility of 26.3%, credit spread of 13.46% and a risk-free rate of return of 0.75%. The valuation of the copper stream also requires estimation of the Company's expansion plans, and the anticipated production schedule of copper pounds delivered over the life of the mine. During the three months ended March 31, 2020, the non-cash gain of \$32,659 for revaluation of the derivative liability was primarily driven by an increase in the credit spread of approximately 5%, an approximate \$0.60 per pound decrease in the copper price input and the impact of a projected delay in copper production in 2020 due to COVID-19.

Other income of \$85 for the three-month period of 2020 and \$67 for the three-month period of 2019 represents sales of waste rock material from JCM.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash and cash equivalents of \$15,637 as of March 31, 2020 (December 31, 2019 - \$24,900). Cash and cash equivalents decreased \$9,263 during the three months ended March 31, 2020 compared to a decrease of \$10,889 for the same period in 2019, primarily due to the lower outflow of cash for the Gunnison Project as it shifted from construction in 2019 to start-up and commissioning in 2020.

Net cash used in operating activities for the three months ended March 31, 2020 was \$3,097 compared to \$2,288 for the same period of 2019. The cash outflow for operating activities increased in the three-month period of 2020 compared to the same period of 2019 mainly as a result of working capital expenditures related to prepaid items and materials and supplies inventory.

Net cash used in investing activities for the three months ended March 31, 2020 was \$6,139 compared to net cash used of \$8,619 for the same period of 2019 due to lower Gunnison Project construction costs in the current three-month period of 2020.

Net cash provided by financing activities for the three months ended March 31, 2020 was nil compared to nil for the three-month period of 2019.

The Company had working capital of \$13,760 at March 31, 2020 (December 31, 2019 – \$17,871). The decrease in working capital primarily resulted from the decrease in cash and cash equivalents discussed above. Partly offsetting is a lower liability for the current portion of the copper stream derivative liability (\$892 as of March 31, 2020 compared to \$3,791 as of December 31, 2019).

The Company has completed construction activities on the Gunnison Project, entered the start-up and commissioning phase, and continues to incur JCM holding and maintenance costs related to the heap leach pads. With the completion of the Project Financing and private equity placements in 2018, and the Nebari Credit Facility in 2019, the Company expects to have more than enough funds to cover the care and maintenance costs for the Gunnison Project and JCM, and its corporate-level expenditures for the next twelve months.

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As of March 31, 2020, the Company did not have any pre-arranged sources of financing except for the Nebari credit facility.

STATEMENT OF FINANCIAL POSITION INFORMATION

The following is a summary of the Company's interim financial position at March 31, 2020 compared to the annual statement of financial position at December 31, 2019.

	As at March 31, 2020	As at December 31, 2019
Cash and cash equivalents	\$ 15,637	\$ 24,900
Receivables	336	533
Prepaid expenses	1,571	1,044
Materials and supplies	2,092	645
Property, plant and equipment	104,767	98,393
Restricted cash	3,304	3,304
Total Assets	\$ 127,707	128,819

	As at March 31, 2020	As at December 31, 2019
Accounts payable and accrued liabilities	\$ 4,091	\$ 4,183
Amounts due to related parties	512	821
Restricted share units	44	73
Insurance premium financing	261	281
Lease liabilities (current and long-term)	123	149
Derivative liability	46,968	79,627
Debt	4,967	4,876
Asset retirement obligation	13,406	13,327
Capital stock	89,463	89,306
Other equity reserves	10,313	9,935
Deficit	(41,612)	(72,930)
Accumulated other comprehensive loss	(829)	(829)
Total Liabilities and Equity	\$ 127,707	\$ 128,819

Assets

Cash and cash equivalents decreased by \$9,263 during the three months ended March 31, 2020 as previously discussed in "Liquidity and Capital Resources" above.

Materials and Supplies increased \$1,447 during the three-months ended March 31, 2020 primarily due to sulfuric acid purchased and stored at JCM.

The increase of \$6,374 in Property, plant and equipment at March 31, 2020 primarily reflects capitalized expenditures and accruals for Gunnison Project construction.

Liabilities

Derivative liability of \$46,968 at March 31, 2020 consists of the fair value of the copper stream (\$46,882) and the fair value of the common share purchase warrants (\$86).

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Equity

During the three months ended March 31, 2020, the other equity reserves account increased by \$378 primarily as a result of share-based compensation expense of \$535.

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:

<u>Security Description</u>	<u>March 31, 2020</u>	<u>Date of report</u>
Common shares	239,630,082	239,630,082
Stock options	18,215,000	22,165,000
Restricted share units	100,000	192,692
Warrants	3,500,000	3,500,000

During the period ended March 31, 2020 a total of 41,334 common shares were issued from stock options exercised.

Contractual Obligations

The Company has the following contractual obligations as of March 31, 2020:

<u>Contractual Obligations</u>	<u>Total</u>	<u>Less than 1 year</u>	<u>1-3 years</u>	<u>4-5 years</u>	<u>After 5 years</u>
Asset Retirement Obligation ⁽¹⁾	\$ 15,022	-	-	-	\$ 15,022
Leases liabilities	\$ 136	\$ 114	\$ 22	-	-
Debt	\$ 5,702	\$ 5,702	-	-	-
Total Contractual Obligations	<u>\$ 20,860</u>	<u>\$ 5,816</u>	<u>\$ 22</u>	<u>-</u>	<u>\$ 15,022</u>

⁽¹⁾ Classification of such amounts is based on estimates of when reclamation work will be performed. Amounts represent undiscounted estimates and are not reflective of inflation.

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, Chief Operating Officer, Senior Vice President & Chief Financial Officer, Vice President of Sustainability, Health & Safety, Vice President of Corporate Affairs and Corporate Secretary.

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Remuneration attributed to key management personnel is summarized as follows:

	Three Months Ended March 31,	
	2020	2019
Salaries, fees and benefits	\$ 417	\$ 573
Share-based compensation	392	660
Total	<u>\$ 809</u>	<u>\$ 1,233</u>

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, the Chairman of the Company, which employs or retains certain officers and personnel of the Company. King & Bay provides legal, 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. 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 with related parties other than key management personnel included the following:

	Three Months Ended March 31,	
	2020	2019
King & Bay	\$ 46	\$ 32
Kinley	\$ -	\$ 257

As of March 31, 2020, amounts accrued and due to key management personnel and other related parties include the following:

- Corporate officers - \$487 (December 31, 2019 - \$810)
- King & Bay - \$25 (December 31, 2019 - \$11)

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ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies applied in the preparation of these unaudited condensed consolidated interim financial statements for the three months ended March 31, 2020 are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2019. A summary of the Company's significant accounting policies is provided in Note 3 to the audited consolidated financial statements for the years ended December 31, 2019 and 2018.

The preparation of the condensed consolidated interim 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 of 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, Critical Accounting Estimates and Judgments, of the audited consolidated financial statements for the years ended December 31, 2019 and 2018.

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 and buyback options 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

A summary of the Company's financial instruments is provided in Note 16 in the audited consolidated financial statements for the years ended December 31, 2019 and 2018. As of March 31, 2020, 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 foreign exchange rates and interest rates will affect the Company's cash flows or value of its financial instruments.

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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 discount rate would decrease the value of the stream obligation by \$3,060, whereas a 1% decrease in the discount rate would increase the value of the stream liability by \$3,783.

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 \$4,561, whereas a 10% decrease in the market price of copper would decrease derivative liabilities by \$4,239.

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 enough 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.

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As of March 31, 2020, the Company has cash and cash equivalents of \$15,637 to settle current liabilities of \$5,876. As of the date of this MD&A, the Company has drawn \$10,000 on the Nebari Credit Facility (of which \$5,000 was drawn prior to March 31, 2020) and has sent the notice required to draw down the remaining \$5,000 of the \$15,000 Credit Facility.

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 can 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.

The following table presents the Company's financial assets and liabilities by level within the fair value hierarchy.

As of March 31, 2020	Carrying value			Fair value		
	FVTPL	Amortized cost	Other financial liabilities	Level 1	Level 2	Level 3
Financial liabilities						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 4,091	\$ -	\$ -	\$ -
Amounts due to related parties	-	-	512	-	-	-
Insurance liabilities	-	261	-	-	-	-
Restricted share units	44	-	-	-	44	-
Derivative liabilities	46,968	-	-	-	-	46,968
Debt	-	4,967	-	-	-	-
	\$ 47,012	\$ 5,228	\$ 4,603	\$ -	\$ 44	\$ 46,968

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management, including the Chief Executive Officer and the Interim 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

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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 three months ended March 31, 2020, 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 Interim 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, 2019, 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 and CEO of Excelsior and a Qualified Person as defined by National Instrument 43-101. Mr. Twyerould has reviewed and approved the technical information contained in this MD&A.

Additional information about the Gunnison Project can be found in the technical report filed on SEDAR at www.sedar.com entitled: "Gunnison Copper Project, NI 43-101 Technical Report, Feasibility Study" dated effective December 17, 2016.

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, 2019.

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

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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, expectations and anticipated impact of the COVID-19 outbreak, the realization of resource 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 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, 2019:

- risks relating to the fact that the Company depends on a single mineral project;
- risks inherent in the exploration, development and operation of mineral deposits, including risks relating to changes in project parameters as plans continue to be redefined including the possibility that copper may not be produced 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 future 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 current global financial conditions and the impact of COVID-19 on the Company's business;
- 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;

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- 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 mining 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 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

This MD&A has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. Unless otherwise indicated, all resource and reserve estimates included in this MD&A have been prepared in accordance with Canadian National Instrument 43-101 ("NI 43-101") and the Canadian Institute of Mining and Metallurgy Classification System. NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects.

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U.S. reporting requirements are currently governed by the United States Securities and Exchange Commission ("SEC") Industry Guide 7 ("Industry Guide 7") under the United States Securities Act of 1933, as amended. The SEC has adopted new rules for mining companies that will come into effect for the first fiscal year beginning on or after January 1, 2021, with new subpart 1300 of Regulation S-K, based on the Committee for Mineral Reserves International Reporting Standards. Canadian standards, including NI 43-101, differ significantly from the existing requirements of the SEC under Industry Guide 7, and reserve and resource information contained herein may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserves". Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. The SEC's disclosure standards normally do not permit the inclusion of information concerning "measured mineral resources", "indicated mineral resources" or "inferred mineral resources" or other descriptions of the amount of mineralization in mineral deposits that do not constitute "reserves" by U.S. standards in documents filed with the SEC. U.S. investors should also understand that "inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. Under Canadian rules, estimated "inferred mineral resources" may not form the basis of feasibility or pre-feasibility studies. Investors are cautioned not to assume that all or any part of an "inferred mineral resource" exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of "reserves" are also not the same as those of the SEC. Accordingly, information concerning mineral deposits set forth herein may not be comparable with information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.