GENERAL

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 nine month period ended September 30, 2016 and the Company's audited consolidated financial statements and accompanying notes for the year ended December 31, 2015.

All dollar figures presented are expressed in the United States dollar unless otherwise noted. The Company changed its presentation currency from Canadian dollars to US dollars effective January 1, 2015.

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.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems and procedures and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board of Directors' audit committee meets with management quarterly to review the financial statements, including the MD&A, and to discuss other financial and operating matters.

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

APPROVAL

The Board of Directors of Excelsior Mining Corp. has approved the disclosure contained in this MD&A as of November 23, 2016.

FORWARD LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of the U.S. Private Securities Litigation Reform Act and applicable Canadian securities laws concerning anticipated developments and events that may occur in the future. Forward-looking information contained in this MD&A includes, but is not limited to, statements with respect to: (i) the estimation of mineral resources and mineral reserves; (ii) the market and future price of copper and related products; (iii) anticipated outcome of future exploration activities; (iv) permitting time lines; (v) requirements for additional capital; (vi) development, construction and production timelines and estimates; (vii) the results of the Prefeasibility Study including statements about estimated future production, future operating and capital costs, the projected IRR, NPV, payback period, construction timelines and production timelines for the Gunnison Project; (viii) the future effects of environmental compliance requirements on the business of the Company; and (ix) the statements under the heading "Outlook" in this MD&A, including statements about the completion of a feasibility study, progress on permitting and the integration of the Johnson Camp Mine.

In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information contained in this MD&A is based on certain factors and assumptions regarding, among other things, the estimation of mineral reserves and resources, the realization of resource estimates, copper and other metal prices, the timing and amount of future exploration and development expenditures, the estimation of initial and sustaining capital requirements, the estimation of labor and operating costs, the availability of necessary financing and materials to continue to explore and develop the Gunnison Project in the short and long-term, the progress of exploration and development activities, the receipt of necessary regulatory approvals and permits, the estimation of insurance coverage, and assumptions with respect to currency fluctuations, environmental risks, title disputes or claims, and other similar matters. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information including, without limitation, the following risks and uncertainties referred to under the heading “Risk Factors” in the Company’s Annual Information Form for the year ended December 31, 2015:

- 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 and demand for copper;
- financing, capitalization and liquidity risks, including the risk that the financing necessary to fund the development and construction activities at the Gunnison Project may not be available on satisfactory terms, or at all;
- the Company has no history of mining operations and no revenues from operations and expects to incur losses for the foreseeable future;
- risks 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;
- reliance on key personnel;
- risks related to increased competition in the market for copper and related products and in the mining industry generally;
- 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 dividends;
- uncertainties inherent in the estimation of mineral resources;
- risks related to current global financial conditions;
- land reclamation requirements may be burdensome;
- risks associated with the acquisition of any new properties;
- the Company may become subject to legal proceedings; and
- risks relating to the Company's Common Shares.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking information is made as of the date of this MD&A.

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

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

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

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

DESCRIPTION OF BUSINESS AND OVERVIEW

Excelsior was incorporated under the *Business Corporations Act* (British Columbia) on June 9, 2005. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "MIN", Frankfurt Stock Exchange under the symbol "3XS", and on OTCQX under the symbol "EXMGF". Currently, the Company is conducting feasibility, permitting and evaluation activities related entirely to the Gunnison Copper Project located within the copper porphyry belt of Arizona and conducting care & maintenance operations on the adjacent recently acquired Johnson Camp mine assets.

PROPERTY, PLANT AND EQUIPMENT

Johnson Camp Mine

On October 8, 2015, the Company, through its wholly-owned subsidiary, Excelsior Mining Arizona, Inc., entered into a definitive Asset Purchase Agreement (the "Purchase Agreement") to acquire all of the assets of Nord Resources Corporation ("Nord"), as they relate to the Johnson Camp Mine (the "Johnson Camp Transaction"). Under the terms of the Purchase Agreement, the Company agreed to acquire, through the court-appointed receiver (the "Receiver"), the Johnson Camp Mine ("JCM") including all fee title property, all patented and unpatented mining claims, all improvements, equipment, certificates of deposit, reports and records. The Company agreed to acquire the assets and certain liabilities of Nord's Johnson Camp for total consideration of $8.4 million under the following terms:

- $5.2 million due on or prior to closing ("Initial Payment");
- $1.0 million due on or before December 31, 2016 ("First Instalment"); and
- $2.2 million due on or before December 31, 2017 ("Final Instalment").

The transaction closed on December 14, 2015.

As at September 30, 2016, the Company had made the Initial Payment as well as other payments to the Receiver pursuant to the payment terms set forth in the Purchase Agreement. The First Instalment and Final Instalment remained outstanding and are evidenced in the form of a secured interest bearing promissory note (the "JCM Note"). The JCM Note bears interest at 3% per annum, with interest on the unpaid principal balance payable quarterly on January 1, April 1, July 1 and September 1 of each year until the instalments have been paid in full.

MINERAL PROPERTIES

Option Agreements

The Company, through Excelsior Arizona, entered into a series of option agreements to purchase the Gunnison Project, located in Cochise County, Arizona. Under the amended and restated option agreement, Excelsior Arizona had the exclusive right to acquire 100% of the Gunnison Project for $350,000 to be paid as follows:

- $150,000 to be paid on the execution of the Option Agreement (paid in December 2012);
- $150,000 to be paid on the earlier of:
  - thirty days of the closing of an equity financing greater than $2,000,000; and
  - on or before January 1, 2014 (paid in August 2013); and
- $50,000 payable on or before January 1, 2015 (paid in December 2014).

A further payment of $246,205 to certain land holders of the Gunnison Project became payable on the exercise of the option on the Gunnison Property. The acquisition costs were accrued as of December 31, 2014 and paid in February 2015.

The Company has fulfilled the above mentioned series of payments which gives it 100% ownership of the Gunnison Project.

Share Purchase and Royalty Agreement

On July 19, 2013, the Company entered into a Share Purchase and Royalty Option Agreement (the “Callinan Agreement”) with Callinan Royalties Corporation (“Callinan”), now a wholly-owned subsidiary of Altius Minerals Corporation (“Altius”). Under the terms of the Callinan Agreement, Callinan was to invest CAD$1,000,000 in the Company by way of a non-brokered private placement and up to a further CAD$21,000,000 through the purchase of a staged gross revenue royalty (“GRR”) on the Gunnison Project.

Under the terms of the Callinan Agreement, Callinan made an initial investment as follows:

- Purchased 6,250,000 common shares of the Company at a price of CAD$0.16 per common share for aggregate consideration of CAD$1,000,000 (cash received and common shares issued on July 31, 2013); and
- Concurrently paid CAD$2,000,000 to the Company in exchange for a 0.5% GRR (the “Initial GRR”).

Callinan had the right to require the Company to repurchase all or part of the Initial GRR for CAD$2,000,000 pro-rated for the portion of the Initial GRR purchased by the Company and payable in common shares of the Company priced at CAD$0.25 per common share. This right expired on the exercise of the first royalty option under the Callinan Agreement, discussed further below.

On July 29, 2014, Callinan exercised its first royalty option under the Callinan Agreement. As a result Callinan paid the Company CAD$3,000,000 in return for an additional 0.5% GRR on the Gunnison Project. Combined with the initial GRR that Callinan acquired in July 2013, Callinan holds a 1.0% GRR on the Gunnison Project.

Callinan also has the option to acquire additional GRR on the Gunnison Project based on development milestones and a construction option, as detailed below.

Development Milestones

1% of the additional GRR was staged and based upon the Company meeting specific development milestones leading up to the construction of a mining facility, including completion of hydrology and metallurgy models to a feasibility study level, and successful administrative review of the key permits (Aquifer Protection Permit and the Underground Injection Control and Aquifer Exemption Permit). Upon the completion of each milestone, Callinan had the option to purchase an additional 0.5% GRR for CAD$3,000,000 each, for a total of CAD$6,000,000. By the second quarter of 2016, the Company had achieved both development milestones, however Callinan did not exercise its option to acquire the associated additional GRR. As a result, there are no royalty options associated with the development milestones that are remaining.

Construction Option

The construction option gives Callinan the right to buy up to a 1% GRR for CAD$10,000,000 following completion of the feasibility study, receipt of all required permits and the Company securing a firm commitment for 50% of the required capital required for mine construction. One half (0.5%) of the construction option has vested, while one half (0.5%) of the construction option can no longer vest as a result of Callinan not exercising its options to acquire additional GRR based on the two aforementioned development milestones. Therefore, the construction option has been reduced to 0.5% GRR for CAD$5,000,000. The exercise price of the construction option may be adjusted if the final design capacity of the plant is lower than 80 million pounds of copper per year.

Greenstone Financing

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

The Private Placement and Royalty Financing closed on November 23, 2016 and the Company received gross proceeds of $14.0 million from Greenstone. Pursuant to the Private Placement, Greenstone purchased, by way of a treasury offering, common shares of the Company at a price of CDN$0.45 per common share for total gross proceeds of US$10.0 million. Settlement occurred in United States dollars and the exact number of common shares issued has been determined based on a CDN$/US$ exchange rate of CDN$1.00 being equal to $0.77 (the "Exchange Rate"). Based on the Exchange Rate, upon closing of the Private Placement, Greenstone acquired 28,860,028 common shares (representing approximately 20.8% of Excelsior's current issued and outstanding common shares). After the closing of the Private Placement, Greenstone holds a total of 84,410,897 common shares, which represents approximately 50.4% of the Company's issued and outstanding common shares. Upon the closing of the Royalty Financing and after taking into consideration Greenstone's previously existing 2% gross revenue royalty, Greenstone owns a 3% gross revenue royalty on the Gunnison Project.

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

Summary of Projects & Highlights

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

In addition, the Company has purchased the neighboring Johnson Camp Mine, a copper heap leach operation located due north of the Gunnison Project wellfield on the north side of Interstate 10. The JCM has not been mining new material for the leach pads since mid-2010 but the existing SX-EW plant is capable of producing 25 million lbs./yr. of copper with minimal upgrades, thereby satisfying the requirements for Stage 1 production from the Gunnison Project. Excelsior is maintaining the Johnson Camp Mine in care and maintenance mode and the SX-EW plant does not require additional work for the feasibility study evaluation. In September 2014, the Company commenced a metallurgical drill program at the Gunnison Project. The program was comprised of ten diamond-drill holes totaling 5,899 feet of diamond drilling (11,306 feet total). The metallurgy drill program was completed in November 2014 and the Company submitted a total of 23 column test samples as well as 10 box test samples for metallurgical testing to be conducted by the independent laboratory MAG (Mineral Advisory Group). The samples collected were used to conduct extensive metallurgical testing, including column tests, acid consumption tests and rinse tests. The results of the metallurgical tests were used to determine copper extraction rates, acid consumption rates and rinsing procedures and rates.

On May 20, 2015, the Company announced interim results from the “fracture simulation” leach tests that were ongoing as part of the metallurgical testing program. The tests demonstrated that copper recovery from the fractured rocks occurs rapidly and relatively uniformly across all rock types. The tests have also allowed for detailed and quantitative acid consumption measurements.

On July 21, 2015, the final metallurgical results were announced. The final results from ten fracture simulation box tests indicate that copper leaches rapidly and relatively uniformly across all rock types. Forward modelling of the recovery time curves and acid consumption curves indicate average acid consumption at 100% acid soluble copper recovery (approximately 70% total copper recovery), would be in the range of 8 to 10 pounds of acid consumed for every pound of copper cathode produced. This is consistent with the previously reported prefeasibility study that used approximately 8.1 pounds of acid consumed for every pound of copper cathode produced. The results of the metallurgical testing are being used for both the permitting application process and the feasibility study for the Gunnison Project.

In October 2014, the Company commenced a hydrological drill program at the Gunnison Project. This program was completed in March 2015. The primary component of the hydrological program comprised 26 hydrology test and observation wells totaling approximately 28,000 feet. An additional 21 core holes from previous drilling programs were used as water level observations to provide a radial distribution of observation bores to each of the tested wells. Extensive geophysical logging was completed on all holes. The objective of the program was to characterize the hydrological parameters of the mineralized rocks by measuring groundwater movement through the rocks. Results were used to construct a numerical groundwater flow model to simulate in-situ recovery operations and to assist with permit applications. Additional long-term aquifer testing will also be conducted on previously constructed wells. Hydrological data and modeling will be used for both the permitting application process and the feasibility study for the Gunnison Project.

On July 28, 2015 the Company announced comprehensive hydrological results. The results generated hydrological conductivities in the range expected for typical fracture controlled deposits and show the deposit is suitable for in-situ recovery operations. Sustainable pump rates of up to 170 gallons per minute (gpm) were observed, which demonstrates favorable flow rates for potential in-situ copper recovery operations.

On February 9, 2016, Excelsior announced the results of the comprehensive Updated Prefeasibility Study (the "Updated PFS") on the North Star Deposit of the Gunnison Project and the supporting Technical Report was filed on March 28, 2016. The Updated PFS updated the Prefeasibility Study that was completed by Excelsior in 2014. The Updated PFS was completed as a result of the recent acquisition of the JCM and the use of a staged production approach. A summary of key highlights from the Updated PFS is included below. For further information regarding the Updated PFS please refer to the Technical Report filed on SEDAR at www.sedar.com entitled: "Gunnison Copper Project, NI 43-101 Technical Report, Prefeasibility Study Update" dated effective January 28, 2016.

Updated Prefeasibility Study Results

- An estimated Net Present Value ("NPV") of $1.2 billion pre-tax and $829 million post-tax
  - at 7.5% discount rate using a life of mine ("LOM") copper price of $2.75/lb;
- An estimated Internal Rate of Return ("IRR") of 57.9% pre-tax and 45.8% post-tax;
- Initial construction capital costs estimated at $45.9 million
  - includes 20% contingency, 16% EPCM, freight, mobile equipment, owner's costs and capital spares;
- An estimated payback period for initial capital of 1.8 years pre-tax and 2.6 years post-tax;
- Average life-of-mine operating costs estimated at $0.70/lb;
- All-In Cost (all capital plus operating costs) estimated at $1.24/lb;
- Over 850 million pounds of copper added to the probable mineral reserve, an increase of 24%;
- Total probable mineral reserve now of 4.4 billion pounds of copper (775 million short tons grading 0.29%);
- An estimated mine life of 27 years (24 years of commercial production);
- Staged production profile: initial production rate at an estimated 25 million pounds of copper cathode per annum using the existing JCM facilities, followed by an intermediate expansion stage to an estimated 75 million pounds per annum and final expansion stage to full production at an estimated 125 million pounds per annum (includes the construction of an acid plant at full production). The staged production profile makes possible the funding of future expansions out of cash flow;
- Staged production approach lowers initial capital costs, reduces financing risk and speeds the timeline to first production.

On April 26, 2016, Excelsior also provided an update on the permitting process indicating that Administrative Completeness Review ("Administrative Review") had been achieved for both the Federal Underground Injection Control ("UIC") Permit and for the State Aquifer Protection ("APP") Permit. The UIC is issued by the Environmental Protection Agency ("EPA") under the Safe Drinking Water Act; whereas the APP is issued by the Arizona Department of Environmental Quality ("ADEQ") under the Environmental Quality Act. Administrative Review is the first stage of the permitting process. It confirms that the permitting application is administratively complete, meaning that all the required documentation and technical data are present. Excelsior is working closely with the State and Federal regulatory agencies to help advance the issuance of draft permits, which Excelsior expects will occur early next year. Excelsior has now entered the technical review component of the permitting process. Excelsior also concurrently announced that both the Air Quality Permit and the Aquifer Protection Permit for Johnson Camp had been successfully amended and transferred from the prior owner to Excelsior Mining JCM, Inc. Both of these permits were issued by the ADEQ.

On October 7, 2016, the Company provided a further update on the permitting process. As part of the ADEQ's technical review process, Excelsior received a "Comprehensive Request for Information" from the ADEQ on June 17, 2016 and the Company's permitting team provided a detailed response to the ADEQ's request. This represents a major milestone in the advancement of Excelsior's APP application. The Company also confirmed that the UIC permit application is under technical review and the Company is pleased with the current EPA process. Excelsior expects draft permits to be issued for public review in early 2017.

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 Johnson Camp Mine can be found on SEDAR at www.sedar.com entitled: "Gunnison Copper Project, NI 43-101 Technical Report, Prefeasibility Study Update" dated effective January 28, 2016.

OUTLOOK

The next steps for Excelsior include completing a feasibility study and continue to advance the permitting process for the Gunnison Project.

The results from the Updated PFS and all the recently completed field activities, as well as the technical data and previously acquired data will be used to optimize all aspects of the Gunnison Project, including well field design and production ramp up. The Company expects to complete the feasibility study before the end of 2016. Furthermore, the Company will assess how to best integrate the Johnson Camp Mine assets with the Gunnison Project.

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

REVIEW OF FINANCIAL RESULTS

Results of operations for the nine month period ended September 30, 2016 compared to the nine month period ended September 30, 2015:

For the nine months ended September 30, 2016, the Company reported a net loss of $5,891,463 ($0.04 per common share) compared to a net loss of $7,259,418 ($0.06 per common share) for the nine months ended September 30, 2015.

Significant changes in the expense accounts are described as follows:

For the nine month period ended September 30, 2016, the Company incurred plant and equipment holding and maintenance cost of $2,279,344 (2015 - $nil) subsequent to the completion of the Johnson Camp Transaction in December of 2015. The majority of the amount is comprised of payroll, utilities, property taxes, insurance, general and administrative and consulting costs at JCM, which are expected to be ongoing until permitting and construction of the Gunnison Project has been completed.

During the nine month period ended September 30, 2016, exploration and evaluation expenses incurred on the Gunnison Project amounted to $1,867,471 (2015 - $4,906,955), a decrease of $3,039,484. For the nine months ended September 30, 2015 the Company continued with an extensive field exploration program that commenced in the fourth quarter of 2014 (subsequent to the completion of a financing) and which included the collection of geological, hydrological and metallurgical data for feasibility studies and permitting. The extensive field exploration program was substantially completed in 2015, hence the reduction in expenditures in the nine months of fiscal 2016 for feasibility and sustainability related activities. For the nine months ended September 30, 2016, the Company completed the Updated PFS which commenced in the second half of 2015 and which considered the data and results from the exploration program, the integration of JCM and a staged production approach. In addition, in 2016, the company has been advancing and incurring costs related to completing the feasibility study and advancing the permitting process for the Gunnison Project.

Exploration and evaluation expenses incurred during the nine month period ended September 30, 2016 were made up of approximately 44% for sustainability (2015 – 48%), 41% for feasibility study (2015 – 52%) and

15% for the Updated PFS (2015 – nil) related activities. For the nine month period ended September 30, 2016, exploration and evaluation expenses consisted primarily of permitting (34%) and engineering (29%), whereas in the first nine month period ended September 30, 2015, exploration and evaluation expenses consisted primarily of hydrology (54%) and permitting (18%).
Exploration and evaluation expenses are further summarized as follows:

	For the Nine month Period Ended September 30, 2016	2015
Feasibility study		
Engineering	$ 246,382	$ 262,778
Administration	221,818	248,242
Geology	174,618	292,212
Hydrology	63,386	1,353,111
Metallurgy	37,836	284,121
Geochemistry	23,321	102,413
	767,362	2,542,877
Pre-feasibility study		
Engineering	287,432	-
	287,432	-
Sustainability		
Permitting	638,323	900,662
Administration	109,519	88,035
Hydrology	44,479	1,282,905
Geology	20,356	16,949
Geochemistry	-	75,527
	812,677	2,364,078
Total	**$ 1,867,471**	**$ 4,906,955**

Office and administration comprises, salaries and wages, rent, overhead, insurance, travel and other related corporate costs. For the nine months ended September 30, 2016 such costs amounted to $593,041 compared to $365,875 during the same period of the prior year. The increase of $227,166 was primarily due to an overall higher level of corporate activity including insurance, travel, salary & wages, IT & computer expenses.

Professional fees incurred during the nine months ended September 30, 2016 were $272,452 compared to $637,927 during the same period of the prior year, representing a decrease of $365,475. The primary cause of the decrease in 2016 is due to the Johnson Camp Transaction in 2015 and the related professional fees.

During the nine month period ended September 30, 2016 the Company incurred investor relations expenses of $238,324 (2015 - $322,383). The decrease of $84,059 is mainly a result of the Company's decreased attendance at conferences and roadshows. In addition, most of the agreements with external consultants were terminated during 2015.

During the nine month period ended September 30, 2016, the Company incurred regulatory fees of $71,982 (2015 – $131,060). The decrease in regulatory fees of $59,078 is primarily due to a higher number of Board of Directors meetings held during the nine months period ended September 30, 2015, primarily due to the Johnson Camp Transaction.

During the nine months period ended September 30, 2016, the Company incurred financing costs of $215,744 (2015 - $16,111 - income) due to prospective financing due diligence costs of $81,653, interest accrued and paid on the JCM Note of $72,000 (2015 - $nil) and accretion expense of $62,121 (2015 - $nil) relating to the JCM asset retirement obligation.

During the nine months ended September 30, 2016, the Company had a gain of $5,452 in foreign exchange compared with a loss of $142,920 in foreign exchange during the nine month period ended September 30, 2015, a difference of $148,372. The Company held a significantly larger amount of its cash in Canadian dollars in 2015, which, combined with the effect of a strengthening US dollar relative to the Canadian dollar, drove the difference between the two periods.

During the nine months ended September 30, 2016, the Company realized a gain on disposal of assets of $307,255 from the sale of non-core equipment at Johnson Camp.

SELECTED QUARTERLY INFORMATION

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

	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Net income/(loss) for the period	$ (2,410,386)	$ (1,865,007)	$ (1,616,070)	$ 6,635,053
Income/(loss) per share (basic and diluted)	(0.02)	(0.01)	(0.01)	0.05
Total assets	13,982,506	15,711,224	17,976,916	19,666,003

	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Net income/(loss) for the period	$ (1,442,142)	$ (1,992,573)	$ (3,824,703)	$ (4,951,434)
Income/(loss) per share (basic and diluted)	(0.01)	(0.02)	(0.03)	(0.04)
Total assets	2,404,378	3,952,678	5,401,945	10,712,077

The quarterly results presented above do not necessarily reflect any recurring expenditure patterns or predictable trends. The Company has generally incurred losses over the last eight quarters; however, during the fourth quarter of fiscal 2015, the Company reported net income as a result of a gain on the sale of a royalty to Greenstone .

During the fourth quarter of fiscal 2014, there was a significant increase in the net loss due to the increase in exploration, feasibility and sustainability activities subsequent to the completion of financings in the third quarter of fiscal 2014. After the first quarter of 2015, exploration, feasibility and sustainability activities were relatively consistent throughout fiscal 2015. Exploration & evaluation activities have declined in 2016, however this reduction has been offset by JCM care and maintenance cost. The significant increase in total assets during the fourth quarter of fiscal 2015 was primarily due to the completion of the Johnson Camp Transaction as well as the 2015 Private Placement and 2015 Royalty Financing. With respect to the third quarter of 2016, net loss increased as a result of increased permitting and feasibility study expenditures (discussed further below).

THIRD QUARTER

Results of operations for the three month period ended September 30, 2016 compared to the three month period ended September 30, 2015:

For the three month period ended September 30, 2016, the Company reported a net loss of $2,410,386 ($0.02 per common share) compared to a net loss of $1,442,142 ($0.01 per common share) for the three month period ended September 30, 2015.

Significant changes in the expense accounts are described as follows:

During the three month period ended September 30, 2016, exploration and evaluation expenses incurred on the Gunnison Project amounted to $864,400 (2015 - $785,211), the increase of $79,189 is primarily due to an increase in Gunnison permitting activities for the comparable periods.

Exploration and evaluation expenses incurred during the three month period ended September 30, 2016 were comprised of approximately 48% for sustainability (2015 – 38%) and 52% for the feasibility study (2015 – 62%). For the third quarter of fiscal 2016, exploration and evaluation expenses consisted primarily of permitting (39%) and engineering for the feasibility study (25%), whereas in the third quarter of fiscal 2015, exploration and evaluation expenses consisted primarily of permitting (30%) and engineering studies (30%).

Exploration and evaluation expenses are further summarized as follows:

	For the Three Month Periods Ended September 30, 2016	2015
Feasibility study		
Engineering	$ 217,061	$ 234,489
Administration	157,825	75,250
Geology	47,634	85,380
Hydrology	21,476	39,816
Metallurgy	6,000	22,262
Geochemistry	3,063	28,479
	453,059	485,676
Pre-feasibility study		
Engineering	248	-
	248	-
Sustainability		
Permitting	333,289	238,090
Administration	55,567	27,604
Hydrology	15,000	25,887
Geology	7,237	4,843
Geochemistry	-	3,111
	411,093	299,535
Total	**$ 864,400**	**$ 785,211**

Office and administration expense comprises salaries & wages, rent, overhead, insurance, travel and other related corporate costs. For the three months ended September 30, 2016 such costs amounted to $218,030 compared to $115,723 during the same period of the prior year. The increase of $102,307 was primarily due to an overall higher level of corporate activity including insurance, travel, wages & salary, IT & computer expenses.

Professional fees incurred during the three months ended September 30, 2016 were $110,541 compared to $202,339 during the same period of the prior year. The decrease of $91,798 was primarily due to an overall decrease in legal fees, due to the Johnson Camp Transaction in 2015, partially offset by an increase in recruitment fees and tax advisory and compliance fees.

During the three month period ended September 30, 2016, the Company incurred regulatory fees of $12,870 (2015 - $34,117). The decrease in regulatory fees of $21,247 is primarily due to a decreased number of Board of Directors meetings held during the three month period ended September 30, 2016 primarily due to the Johnson Camp Transaction.

Share-based compensation expense increased by $3,153 for the three month period ended September 30, 2016 compared to the same period of the prior year due to the timing of stock option issuances and related vesting schedules. Share-based compensation expense has no effect on the Company’s cash flows.

During the three month period ended September 30, 2016, financing costs increased by $124,488 mainly due to interest accrued and paid on the JCM Note, JCM asset retirement obligation, accretion and prospective financing due diligence cost.

During the three months ended September 30, 2016, the Company had a loss of $1,565 in foreign exchange compared to a $18,528 foreign exchange loss during the three month period ended September 30, 2015. The Company held a significantly larger amount of its cash in Canadian dollars in 2015, which, combined with the effect of a strengthening US dollar relative to the Canadian dollar, resulting in the greater foreign exchange loss in the third quarter of 2015 as compared to 2016.

LIQUIDITY, FINANCING, AND CAPITAL RESOURCES

The Company had cash and cash equivalents of $1,299,916 as of September 30, 2016 (December 31, 2015 - $6,306,680) and working capital of negative $499,623 (December 31, 2015 – positive $5,228,149). The decrease in cash and cash equivalents of $5,006,764 and working capital of $5,727,772 was almost all driven by cash used in operating activities of $4,982,972, as further described below.

Cash used in operating activities during the nine months ended September 30, 2016 amounted to $4,982,972, compared to $7,918,679 during the same period of the prior year. The decrease in cash outflow is primarily attributable to the decreased net loss realized during the current period, as the Company completed the extensive field exploration program at Gunnison in 2015, which is partially offset by increased cost for JCM care and maintenance.

Cash used in investing activities for the nine months ended September 30, 2016 amounted to $52,428 compared to $297,485 for the same period of the prior year. On February 2, 2015, the Company made a payment of $246,205 to certain land holders of the Gunnison project which became due on the exercise of the option to acquire 100% ownership of the Gunnison Project. The $246,205 consisted of a $150,000 payment under the terms of a promissory note and a purchase price adjustment payment of $96,205. The payments were obligations of the vendor of the Gunnison Project that were assumed by the Company on the exercise of the option to acquire the Gunnison Project.

Cash provided by financing activities for the nine months ended September 30, 2016 was $23,184 which relates to the exercise of 100,000 stock options.
At present, the Company has no producing properties and consequently has no current operating income or cash flows. The Company intends to finance its future requirements through a combination of equity, debt or other instruments. There is no assurance that the Company will be able to obtain such financings or obtain them on favorable terms.

The Company's cash and cash equivalents are held in a Schedule 1 Canadian financial institution and its affiliated brokerage house in highly liquid accounts and interest bearing investments. No amounts have been or are invested in asset-backed commercial paper.

The Company is currently proceeding with all feasibility study and permitting activities relating to the Gunnison Project as scheduled and continues to fund the care and maintenance and holding costs of the Johnson Camp Mine. With the closing of the Private Placement and Royalty Financing the Company has sufficient funds to cover the completion of the feasibility study and permitting process and to meet its estimated annual corporate costs. However, additional funding will be required in order to commence construction of the Gunnison Project, assuming the Board of Directors makes a positive construction decision.

As at September 30, 2016, the Company did not have any pre-arranged sources of financing except for the Private Placement and Royalty Financing (which have closed) and one remaining royalty option payment that may or may not be received (refer to the Callinan Agreement). The royalty payment associated with the Callinan Agreement is optional and at the sole discretion of the optionee and there is no certainty that they will be received. Should the Company not receive any proceeds from the exercising of the royalty options or be unsuccessful in raising additional funds, then it will be unable to fund the construction of the Gunnison Project.

STATEMENT OF FINANCIAL POSITION INFORMATION

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

	As at September 30, 2016	**As at December 31, 2015**
Cash and cash equivalents	$ 1,299,916	$ 6,306,680
Prepaid expenses	172,608	113,355
Receivables	54,238	767,105
Property, plant and equipment	12,232,954	12,256,073
Long term deposits	222,790	222,790
Total Assets	$ 13,982,506	19,666,003

	As at September 30, 2016	**As at December 31, 2015**
Accounts payable and accrued liabilities	$ 909,145	$ 850,196
Amounts due to related parties	117,240	108,795
Deferred consideration	1,000,000	1,000,000
Long term deferred consideration	2,200,000	2,200,000
Asset retirement obligation	3,361,173	3,299,052
Capital stock	30,948,035	30,924,103
Other equity reserves	5,298,863	5,244,344
Deficit	(29,022,954)	(23,131,491)
Accumulated other comprehensive loss	(828,996)	(828,996)
Total Liabilities and Equity	$ 13,982506	$ 19,666,003

Assets

Cash and cash equivalents decreased by $5,006,764 during the nine month period ended September 30, 2016 as previously discussed in "Liquidity, Financing and Capital Resources".

Prepaid expenses increased by $59,253 due to the addition of property insurance policies for Johnson Camp, partly offset by the amortization of prepayments made for insurance, listing fees and exploration and evaluation during the period.

Receivables decreased by $712,867 during the nine month period ended September 30, 2016 primarily as a result of a payment received from an Arizona based electric cooperative and Arizona State government agency.

Liabilities

Accounts payable and accrued liabilities increased by $58,949 for the nine month period ended September 30, 2016 mainly as a result of the increased activities related to Johnson Camp care & maintenance.

As part of the acquisition of certain Johnson Camp assets completed in December 2015, the Company recorded liabilities for current ($1,000,000) and long-term deferred consideration ($2,200,000) in relation to the First and Final Instalment purchase price payments. The Company also obtained all of the associated environmental permits relating to Johnson Camp. Such permits require the completion of certain reclamation and closure obligations, which were recorded as a long-term asset retirement obligation and as at September 30, 2016 had an estimated present value of $3,361,173. The increase in the asset retirement obligation of $62,121 for the nine month period ended September 30, 2016 relates to the accretion expense for the period.

Equity

Capital stock increased by $23,932 due to the exercise of 100,000 options for gross proceeds of $23,184 and a corresponding carrying value adjustment of $748.

During the nine month period ended September 30, 2016, the other equity reserve increased by $54,519 as a result of share-based compensation expense of $55,267 which was partially offset by the carrying value of stock options exercised in the amount of $748.

Deficit increased by $5,891,463 which was the net loss for the nine month period ended September 30, 2016.

Share Capital

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

Security Description	September 30, 2016	Date of report
Common shares, voting	138,503,924	167,363,952
Stock Options	15,386,000	15,676,000

The Company issued the following common shares during the nine month period ended September 30, 2016:

- On May 13, 2016, the Company issued 100,000 common shares in connection with the exercising of stock options with an exercise price of CAD$0.30 for proceeds of CAD$30,000. These options had a carrying value of $748 which was reclassified from other equity reserves to capital stock.

RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying condensed consolidated interim financial statements are summarized below and include transactions with the following individuals or entities:

Key Management Personnel

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

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

	Nine month Periods Ended September 30, 2016	2015
Share-based compensation	$ 27,838	$ 40,687
Short-term benefits*	577,133	623,412
	$ 604,971	**$ 664,099**

* includes base salaries, consulting fees, management fees, director fees, and other employment benefits, pursuant to contractual employment, consultancy or management services arrangements

Other Related Parties

King & Bay West Management Corp. ("King & Bay") is an entity owned by Mark Morabito, the Chairman of the Company, which employs or retains certain officers of the Company. King & Bay provides administrative, management, regulatory, accounting, legal, tax, corporate development and corporate communications services to the Company. These services are provided to the Company on an as-needed basis and are billed based on the cost or value of the services provided to the Company. The amount set out in the table below represents amounts paid to King & Bay for the services of King & Bay personnel and for overhead and third party costs incurred by King & Bay on behalf of the Company. The fees for such services were made on terms equivalent to those that King & Bay charges to arm's length parties.

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

	Nine month Periods Ended September 30, 2016	2015
King & Bay	$ 351,861	$ 496,819

As at September 30, 2016, amounts accrued and due to related parties include the following:

- King & Bay - $52,695 (December 31, 2015 - $53,166)
- Roland Goodgame, Executive Vice President - $7,461 (December 31, 2015 - $9,488)

- SCT Holdings Management LLC, a company controlled by the CEO - $57,084 (December 31, 2015 - $46,141)

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

ACCOUNTING POLICIES

A complete summary of the Company's significant accounting policies is provided in Note 2 to the audited consolidated financial statements for the year ended December 31, 2015.

The preparation of financial statements in accordance with IFRS often requires management to make estimates about and apply assumptions or subjective judgment to future events and other matters that affect the reported amounts of the Company's assets, liabilities, expenses and related disclosures. Assumptions, estimates and judgments are based on historical experience, expectations, current trends and other factors that management believes to be relevant at the time at which the financial statements are prepared. Management reviews, on a regular basis, the Company's accounting policies, assumptions, estimates and judgments in order to ensure that the financial statements are presented fairly and in accordance with IFRS.

ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, shareholders' equity, and the disclosure of contingent assets and liabilities, as at the date of the financial statements, and expenses for the periods reported.

Critical Judgments

The preparation of financial statements requires management to make judgments regarding the going concern status of the Company.

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant.

Significant estimates made by management affecting the financial statements include:

Share-based Payments

Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them. The value of the share-based compensation expense for the period along with the assumptions and model used for estimating fair value for share-based compensation transactions are disclosed in the accompanying notes to the financial statements.

Recoverability of Exploration & Evaluation Assets and Property, Plant and Equipment

The Company is in the process of exploring and evaluating its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and property, plant and equipment are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves and upon future production or proceeds from the disposition thereof.

RISK FACTORS

The exploration of mineral deposits involves significant risks and uncertainties, which even a combination of careful evaluation, experience and knowledge may not eliminate. Certain of the more prominent risk factors that may materially affect the Company's future performance, in addition to those referred to above, are listed hereunder.

Excelsior depends on a single mineral project.

The Gunnison Project accounts for all of Excelsior's mineral resources and mineral reserves and exclusively represents the current potential for the future generation of revenue. Mineral exploration and development involves a high degree of risk that even a combination of careful evaluation, experience and knowledge cannot eliminate and few properties that are explored are ultimately developed into producing mines. Any adverse development affecting the Gunnison Project will have a material adverse effect on Excelsior's business, prospects, financial position, results of operations and cash flows.

The successful start of mining operations at and the development of, the Gunnison Project into a commercially viable mine cannot be assured.

Development of mineral properties involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The commercial viability of a mineral deposit is dependent upon a number of factors which are beyond the Company's control, including the attributes of the deposit, commodity prices, government policies and regulation and environmental protection. Fluctuations in the market prices of minerals may render resources and deposits containing relatively lower grades of mineralization uneconomic.

There are numerous activities that need to be completed in order to successfully commence development and production at the Gunnison Project, including, without limitation: completing a feasibility study, optimizing the mine plan; recruiting and training personnel; negotiating contracts for railway transportation and for the sale of copper; updating, renewing and obtaining, as required, all necessary permits, including, without limitation, environmental permits; and handling any other infrastructure issues. There is no certainty that Excelsior will be able to recruit and train personnel, have available funds to finance construction and development activities, avoid potential increases in costs, negotiate railway transportation or copper sales agreements on terms that would be acceptable to Excelsior, or that Excelsior will be able to update, renew and obtain all necessary permits to start or to continue to operate the Gunnison Project. Most of these activities require significant lead times, and Excelsior will be required to manage and advance these activities concurrently in order to begin production. A failure or delay in the completion of any one of these activities may delay production, possibly indefinitely, at the Gunnison Project and would have a material adverse effect on Excelsior's business, prospects, financial position, results of operations and cash flows.

As such, there can be no assurance that Excelsior will be able to complete development of the Gunnison Project at all, or in accordance with any timelines or budgets that may be established due to, among other things, and in addition to those factors described above, the delivery and installation of plant and equipment and cost overruns, or that the current personnel, systems, procedures and controls will be adequate to support operations.

Failure to successfully complete these events as expected would have a material adverse effect on Excelsior's business, prospects, financial position, results of operations and cash flows.
There is no assurance that Excelsior will ever achieve production or that Excelsior will ever be profitable if production is achieved.

Excelsior has a history of losses and expects to incur losses for the foreseeable future.

Excelsior has incurred losses since its inception and expects to incur losses for the foreseeable future. Excelsior expects to continue to incur losses unless and until such time as the Gunnison Project enters into commercial production and generates sufficient revenues to fund continuing operations. The development of the Gunnison Project will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, including the progress of ongoing exploration, evaluation and development, the results of consultant analysis and recommendations, the rate at which operating losses are incurred, the execution of any agreements with strategic partners, and Excelsior's acquisition of additional properties. Some of these factors are beyond Excelsior's control. There can be no assurance that Excelsior will ever achieve profitability.

Excelsior requires various permits in order to conduct its current and anticipated future operations, and any delays in obtaining or a failure to obtain such permits, or a failure to comply with the terms of any such permits that Excelsior has obtained or will obtain, could have a material adverse impact on Excelsior.

Excelsior's current and anticipated future operations, including further exploration, evaluation and development activities and commencement of production on the Gunnison Project, require permits from various United States federal, state, and local government authorities. Obtaining or renewing governmental permits is a complex and time-consuming process. The duration and success of efforts to obtain and renew permits are contingent upon many variables not within Excelsior's control.

Shortage of qualified and experienced personnel in the various levels of government could result in delays or inefficiencies. Backlog within the permitting agencies could affect the permitting timeline of the Gunnison Project. Other factors that could affect the permitting timeline include (i) the number of other large-scale projects currently in a more advanced stage of development which could slow down the review process for the Gunnison Project and (ii) significant public response regarding the Gunnison Project. There can be no assurance that all permits which Excelsior requires for its exploration and development activities and later construction of mining facilities and the conduct of mining operations will be obtainable or renewable on reasonable terms, or at all. Delays or a failure to obtain such permits, or the expiry, revocation or a failure to comply with the terms of any such permits that Excelsior has obtained, could have a material adverse impact on Excelsior.

Title and other rights to the Gunnison Project cannot be guaranteed and may be subject to prior unregistered agreements, transfers or claims and other defects.

Excelsior cannot guarantee that title to the Gunnison Project or the JCM will not be challenged. Excelsior may not have, or may not be able to obtain, all necessary surface rights to develop the Gunnison Project. Title insurance generally is not available for mineral properties and Excelsior's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions comprising the Gunnison Project may be severely constrained. However, Excelsior does have title insurance for the portions of the JCM that are patented mining claims and fee title property. The Gunnison Project and the JCM may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. Excelsior has not conducted surveys of all of the claims in which it holds direct or indirect interests. A successful challenge to the precise area and location of these claims could result in Excelsior being unable to operate on all or part of the Gunnison Project or the JCM as permitted or being unable to enforce its rights with respect to all or part of the Gunnison Project or the JCM. This could result in Excelsior not being compensated for its prior expenditures relating to the properties.

Excelsior needs to enter into contracts with external service and utility providers.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. In order to develop a mine at the Gunnison Project, Excelsior will need to negotiate and conclude various agreements with external service and utility providers for power, water, transportation and shipping and these are important determinants that affect capital and operating costs.

There is no certainty that Excelsior will be able to conclude various agreements with external service and utility providers on economically feasible terms and this could have a material adverse effect on Excelsior's results of operations, financial position and cash flows and render the development of a mine on the Gunnison Project unviable.

Excelsior's activities are subject to environmental laws and regulations that may increase Excelsior's costs of doing business and restrict the Company's operations.

All of Excelsior's exploration, potential development and production activities in the United States are subject to regulation by governmental agencies under various environmental laws, including with respect to, air emissions, discharges into water, and management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Environmental legislation, including with respect to climate change, in many countries is evolving and the trend has been towards stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of Excelsior and may cause material changes or delays in Excelsior's intended activities. There can be no assurance that future changes in environmental regulations will not adversely affect Excelsior's business, and it is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of Excelsior's business, causing Excelsior to re-evaluate those activities at that time. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulator or judicial authorities, causing operations to cease or to be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Environmental hazards may exist on the Gunnison Project or the JCM that are unknown to Excelsior at the present time and that have been caused by previous owners or operators or that may have occurred naturally. Excelsior may be liable for remediating such damage.

Excelsior may experience difficulty attracting and retaining qualified management and technical personnel to meet the needs of its anticipated growth.

Excelsior is dependent on the services of key executives including Excelsior's Chief Executive Officer and Executive Vice President, and other highly skilled and experienced executives and personnel focused on managing Excelsior's interests and the advancement of the Gunnison Project, and on identifying new opportunities for growth and funding. Due to Excelsior's relatively small size, the loss of these persons or Excelsior's inability to attract and retain additional highly skilled employees required for the development of Excelsior's activities may have a material adverse effect on Excelsior's business or future operations.

In addition, Excelsior anticipates that if it brings the Gunnison Project into production and where appropriate, acquires additional mineral rights, Excelsior will experience significant growth in its operations. Excelsior expects this growth to create new positions and responsibilities for management and technical personnel and to increase demands on its operating and financial systems. There can be no assurance that Excelsior will successfully meet these demands and effectively attract and retain additional qualified personnel to manage its anticipated growth. The failure to attract such qualified personnel to manage growth would have a material adverse effect on Excelsior's business, financial position, results of operations and cash flows.

Excelsior's securities are subject to price volatility.

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations that have not been necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in Excelsior's share price will not occur. It may be anticipated that any quoted market for our common shares will be subject to market trends generally, notwithstanding any potential success in creating revenues, cash flows or earnings. The value of Excelsior's common shares will be affected by such volatility.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

All financial instruments are initially recognized at fair value on the statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to-maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in the statement of operations. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax.

Financial assets "held-to-maturity", "loans and receivables", and "other financial liabilities" are subsequently measured at amortized cost using the effective interest rate method.

The Company's financial assets and liabilities are recorded and measured as follows:

Asset or Liability	**Category**	**Measurement**
Cash and cash equivalents	Loans and receivables	Amortized cost
Receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Due to related parties	Other liabilities	Amortized cost
Reclamation bonds	Loans and receivable	Amortized cost

The carrying value of the Company's receivables, accounts payable and accrued liabilities, and due to related parties, approximates their fair values due to their short terms to maturity. The carrying value of the deferred consideration represents the amounts owing at maturity of the JCM Note.

As at September 30, 2016, the Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are held at large North American financial institutions some of which are interest bearing accounts. The Company has no investments in asset-backed commercial paper. The Company's receivables consist mainly of input tax credits receivable from the Government of Canada. As a result the Company does not believe it is subject to significant credit risk.

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 manages liquidity risk through its capital management as outlined in Note 10 of the audited consolidated financial statements for the year ended December 31, 2015. In the next twelve months the Company will need additional funding to complete its feasibility study and permitting activities on the Gunnison Project, as well as to meet obligations associated with Johnson Camp and for working capital purposes. See "Liquidity, Financing and Capital Resources" above for further information regarding the Company's liquidity.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices and foreign currency fluctuations.

Interest Rate Risk

The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The risk that the Company will realize a loss as a result of a decline in the fair value of short-term investments is low.

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

Consideration for the completion of the Johnson Camp Transaction included $3,200,000 in total deferred cash payments. The payments remained outstanding as at September 30, 2016 and are evidenced in the form of a secured interest bearing promissory note (the JCM Note). The JCM Note bears interest at 3% per annum, with interest on the unpaid principal balance payable quarterly on January 1, April 1, July 1 and September 1 of each year until the instalments have been paid in full. The interest is fixed and therefore the Company is not subject to any related interest rate risk.

COMMITMENTS

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

Fiscal Year End		Office Lease Payments
2016	$	21,967
2017		89,557
2018		22,530
Total	**$**	**134,054**

SUBSEQUENT EVENTS

The following events occurred subsequent to the nine month period ended September 30, 2016.

(a) The Private Placement and Royalty Financing closed on November 23, 2016 and the Company received gross proceeds of $14 million from Greenstone.

(b) On October 3, 2016 the Company granted incentive stock options to total purchase of 140,000 common shares of the Company at an exercise price of CAD $0.42 per share to an employee of the Company.

(c) On November 10, 2016 the Company granted incentive stock options to purchase a total of 150,000 common shared of Excelsior at an exercise price of CAD $0.52 per share to an investor relations consultant. The options have a term of five years.

ADDITIONAL INFORMATION

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's consolidated financial statements and notes for the year ended December 31, 2015, which is available on the SEDAR website, www.sedar.com. Additional information relating to the Company is available on SEDAR at www.sedar.com.

INTERNAL CONTROL OVER FINANCIAL REPORTING

As permitted, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed consolidated interim financial statements and corresponding accompanying Management's Discussion and Analysis. In contrast to the certificates under National Instrument 52-109 (Certification of Disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined by National Instrument 52-109.