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, 2017 and the Company's audited consolidated financial statements and accompanying notes for the year ended December 31, 2016.

All dollar figures presented are expressed in the United States dollar unless otherwise noted.

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

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's 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 13, 2017.

DESCRIPTION OF BUSINESS AND OVERVIEW

Excelsior was incorporated under the *Business Corporations Act* (British Columbia) on June 9, 2005. The Company was listed on the TSX Venture Exchange ("TSX-V") under the symbol "MIN", Frankfurt Stock Exchange under the symbol "3XS", and on OTCQX under the symbol "EXMGF". On February 2, 2017, the Company commenced trading on the Toronto Stock Exchange ("TSX") and de-listed from the TSX-V and continues to trade under the symbol "MIN". Currently, the Company is conducting permitting and evaluation activities related entirely to the Gunnison Copper Project located within the copper porphyry belt of Arizona and conducting care & maintenance operations on the adjacent recently acquired Johnson Camp mine assets.

Summary of Projects & Highlights

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

In addition, the Company has purchased the neighboring Johnson Camp Mine ("JCM"), 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 Solvent Extraction Electrowinning ("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 JCM in care and maintenance mode and the SX-EW plant does not require additional work for the feasibility study evaluation. For further information please see "Property, Plant and Equipment – Johnson Camp Mine".

On February 9, 2016, Excelsior announced the results of the comprehensive Updated Prefeasibility Study (the "Updated PFS") on the North Star Deposit of the Gunnison Project and the supporting Technical Report was filed on March 28, 2016. The Updated PFS updated the Prefeasibility Study that was completed by Excelsior in 2014. The Updated PFS was completed as a result of the recent acquisition of the JCM and the use of a staged production approach.

An Aquifer Protection Permit ("APP") and Underground Injection Control Permit ("UIC") are the two primary operating permits that Excelsior needs to acquire prior to commencing operations at the Gunnison Project. Excelsior has submitted permit applications to both the Arizona Department of Environmental Quality ("ADEQ") and to the Environmental Protection Agency ("EPA"). The ADEQ is responsible for issuing the APP and the EPA is responsible for issuing the UIC.

On April 26, 2016, Excelsior announced that Administrative Completeness Review (ACR) ("Administrative Review") has been achieved for both the APP and UIC. Administrative Review is the first stage of the permitting process. It confirms that the permitting application is administratively complete, meaning that all the required documentation and technical data are present. Excelsior is working closely with the State and Federal regulatory agencies to help advance the issuance of draft permits. With the completion of Administrative Review, Excelsior entered the technical review component of the permitting process.

On June 17, 2016, as part of the ADEQ's technical review process, Excelsior received a "Comprehensive Request for Information" from the ADEQ. Since this time, Excelsior's permitting team worked diligently to provide a detailed response to the ADEQ's request and this has now been successfully submitted. This represents a major milestone in the advancement of Excelsior's APP application. The Company also confirmed that the UIC permit application is under technical review and the Company is pleased with the current EPA process.

On December 5, 2016, Excelsior announced the results of the comprehensive Feasibility Study on the North Star Deposit of the Gunnison Project (the "Feasibility Study" or "FS") and the supporting technical report was filed on January 17, 2017. The Feasibility Study updated the 2016 Prefeasibility Study. The FS was completed by M3 Engineering & Technology Corporation of Tucson, AZ.

Highlights of the Feasibility Study:

- Net Present Value ("NPV") estimated at $1.173 billion pre-tax and $807 million post-tax at 7.5% discount rate using a life of mine ("LOM") copper price of $2.75/lb;
- Internal Rate of Return ("IRR") estimated at 48% pre-tax and 40% post-tax;
- Initial construction capital costs estimated at $46.9 million includes 15% contingency, 16% EPCM, freight, mobile equipment, owner's costs and capital spares;
- Payback period for initial capital estimated at 2.3 years pre-tax and 2.8 years post-tax;
- Average life of mine operating costs estimated at $0.65/lb;
- All-In Cost (LOM capital costs plus operating costs) estimated at $1.23/lb;

- 42 million pounds of copper added to the estimated Probable Mineral Reserve, with the total Probable Mineral Reserve now 4.5 billion pounds of copper (782 million short tons grading 0.29%);
- Life of Mine: estimated at 24 years of commercial production;
- Staged production profile: initial production rate estimated at 25 million pounds of copper cathode per annum using the existing Johnson Camp Mine facilities, followed by an intermediate expansion stage to 75 million pounds per annum and final expansion stage to full production of 125 million pounds per annum (includes the construction of an acid plant at full production).

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

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

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

On October 25, 2017, the Company announced that the EPA issued a draft UIC operating permit for the Gunnison Project. The draft UIC permit was to remain open for public comment for a minimum of 30 days. The EPA subsequently extended the public comment period for an additional 45 days, meaning the comment period will end on January 8, 2018 unless a further extension is granted. The timing of the issuance of the final UIC permit is subject to the outcome of this public comment period. The UIC permit is the last of three key permits required to get into production.

Excelsior's exploration work on the Gunnison Project is supervised by Dr. Stephen Twyerould, Fellow of AUSIMM, President and CEO of Excelsior, and a Qualified Person as defined by NI 43-101. Except as otherwise noted, Dr. Twyerould has reviewed and approved the technical information contained in this MD&A. Further information about the Gunnison Copper Project and the JCM can be found on SEDAR at www.sedar.com entitled: "Gunnison Copper Project, NI 43-101 Technical Report, Feasibility Study" dated effective December 17, 2016 (the "Technical Report").

OUTLOOK

The next steps for Excelsior include completing the permitting process for the Gunnison Project, completing the project financing required to commence construction and moving from construction into operations.

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

With respect to project financing, Excelsior has engaged Cutfield Freeman to act as an advisor with respect to the debt portion of the project financing. Excelsior is targeting the completion of the project financing in the first quarter of 2018 and, assuming all permits have been received, construction would commence thereafter. Copper production from the Gunnison Project is expected to begin nine months after construction is commenced.

PROPERTY, PLANT AND EQUIPMENT

Johnson Camp Mine

On October 8, 2015, the Company, through its wholly-owned subsidiary, Excelsior Mining JCM, Inc., entered into a definitive Asset Purchase Agreement (the "Purchase Agreement") to acquire all of the assets of Nord Resources Corporation ("Nord"), as they relate to the Johnson Camp Mine (the "Johnson Camp Transaction"). Under the terms of the Purchase Agreement, the Company agreed to acquire, through the court-appointed receiver (the "Receiver"), the 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 Installment"); and
- $2.2 million due on or before December 31, 2017 ("Final Installment").

The transaction closed on December 14, 2015.

As at September 30, 2017, the Company had made the Initial Payment, First Installment Payment, and other payments to the Receiver pursuant to the payment terms set forth in the Purchase Agreement. The Final Installment remains outstanding and is 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 installments have been paid in full.

MINERAL PROPERTIES

Option Agreements

The Company through its wholly owned subsidiary, Excelsior Mining Arizona, Inc. ("Excelsior Arizona"), entered into a series of option agreements to purchase the Gunnison Project, located in Cochise County, Arizona. Under the amended and restated option agreement, Excelsior Arizona acquired 100% of the Gunnison Project by making payments totaling $350,000 between December 2012 and December 2014.

A further payment of $246,205 to certain land holders of the Gunnison Project was paid in February 2015.

Share Purchase and Royalty Agreement

On July 19, 2013, the Company entered into a Share Purchase and Royalty Option Agreement (the "Callinan Agreement") with Callinan Royalties Corporation ("Callinan"), now a wholly-owned subsidiary of Altius Minerals Corporation. 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 consisted 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$10.0 million. Settlement occurred in United States dollars and the exact number of common shares issued was determined based on a CDN$/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. After the closing of the Private Placement, Greenstone holds a total of 84,410,897 common shares, which represented approximately 50.4% of the Company's issued and outstanding common shares at the time of closing. Upon the closing of the Royalty Financing and after taking into consideration Greenstone's previously existing 2% 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 were allocated for the continued development of the Company's Gunnison Project, including: completion of permitting and the feasibility study, care & maintenance and deferred acquisition costs associated with the Johnson Camp Mine, and for working capital and general corporate purposes.

REVIEW OF FINANCIAL RESULTS

Results of operations for the nine month period ended September 30, 2017 compared to the nine month period ended September 30, 2016:

For the nine months ended September 30, 2017, the Company reported a net loss of $6,881,774 ($0.04) per common share) compared to a net loss of $5,891,463 ($0.04 per common share) for the nine months ended September 30, 2016.

Significant changes in the expense accounts are described as follows:

For the nine month period ended September 30, 2017, the Company incurred plant and equipment holding and maintenance costs of $2,036,449 (2016 - $2,279,344) directly related to the Johnson Camp Mine. 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.

For the nine month period ended September 30, 2017, the Company incurred project development preparation costs of $1,348,555 (2016 - $nil) directly related to the Gunnison project construction readiness activities. The costs of these activities totaled approximately 46% (2016 – nil) for project detailed engineering and planning of wellfield drilling, approximately 32% (2016 – nil) for employee ramp-up related costs and approximately 22% (2016 – nil) for other contract project support.

During the nine month period ended September 30, 2017, exploration and evaluation expenses incurred on the Gunnison Project amounted to $866,587 (2016 - $1,867,471), a decrease of $1,000,884. The decrease is primarily related to the Company shifting from exploration and evaluation activities to project development preparation, the costs of which are noted in the paragraph above. For the nine months ended September 30, 2017 exploration and evaluation expenses were primarily related to obtaining the Gunnison and JCM Project permits. For the nine months ended September 30, 2016, the Company completed the Updated PFS that 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 was advancing and incurring costs related to preparing the Gunnison feasibility study and advancing the permitting process for the Gunnison Project.

Exploration and evaluation expenses incurred during the nine month period ended September 30, 2017 were made up of approximately 91% for sustainability (2016 – 44%), and 9% for the pre-feasibility and feasibility study (2016 – 41%). For the nine month period ended September 30, 2017, exploration and evaluation expenses consisted primarily of permitting (77%) and administration (19%), whereas in the nine month period ended September 30, 2016, exploration and evaluation expenses consisted primarily of permitting (34%) and engineering (29%) and the remainder (37%) consisted of administrative, geology and other.
Exploration and evaluation expenses are further summarized as follows:

	For the Nine Month Period Ended September 30, 2017	2016
Feasibility study		
Administration	$ 54,648	$ 221,819
Geology	11,273	174,618
Hydrology	5,000	63,386
Engineering	-	246,382
Metallurgy	3,304	37,836
Geochemistry	-	23,321
	74,225	767,362
Pre-feasibility Study		
Engineering	-	287,432
	-	287,432
Sustainability		
Administration	110,628	109,519
Permitting	668,993	638,323
Hydrology	6,840	44,479
Geology	5,901	20,356
	792,362	812,677
Total	**$ 866,587**	**$ 1,867,471**

Director and officer fees incurred during the nine month period ended September 30, 2017, were $795,554 compared to the $599,723 during the same period of the prior year, representing an increase of $195,831 primarily due to the one-time cost of converting certain officers from contract to employee status.

Professional fees incurred during the nine month period ended September 30, 2017 were $659,583 compared to $272,452 during the same period of the prior year, representing an increase of $387,131. The increase is primarily due to the engagement of a Financial Advisor and Independent Engineer to assist the Company in the strategy, analysis, recommendation and completion of the financing program in anticipation of the Gunnison Project development.

Office and administration costs consists of salaries and wages, rent, overhead, insurance, travel and other related corporate costs. For the nine months ended September 30, 2017 these costs were $468,728 compared to $593,041 during the same period of the prior year. The decrease of $124,313 was primarily due the company transitioning a portion of its office and administration support from third party to internally managed.

During the nine month period ended September 30, 2017 the Company incurred investor relations expenses of $325,624 (2016 - $238,324). The increase of $87,300 is due to increased investor relations activities in support of the anticipated financing efforts referred to above in professional fees.

During the nine month period ended September 30, 2017, the Company incurred regulatory fees of $169,750 (2016 – $71,982). The increase in regulatory fees of $97,768 is primarily due to the one-time listing fee for becoming listed on the TSX.

During the nine month period ended September 30, 2017, the Company incurred financing costs of $137,870 (2016 - $215,744) due to interest accrued and paid on the JCM Note of $49,500 (2016 - $72,000) and accretion expense of $88,370 (2016 - $62,121) relating to the JCM asset retirement obligation.

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, 2017	**June 30, 2017**	**March 31, 2017**	**December 31, 2016**
Net income/(loss) for the period	$ (2,453,812)	$ (2,300,626)	$ (2,134,810)	$ 1,601,335
Income/(loss) per share (basic and diluted)	(0.01)	(0.01)	(0.01)	0.01
Total assets	18,473,109	21,001,801	23,256,783	25,130,343

	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

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 quarters of 2015 and 2016, the Company reported net income as a result of gains on the sale of royalties to Greenstone as previously discussed in "Mineral Properties". The gain in fourth quarter of fiscal 2015 was larger than fiscal 2016 because a 2% gross revenue royalty was sold in 2015 versus a 1% gross revenue royalty in 2016.

In 2015, exploration, feasibility and sustainability activities were relatively consistent. Exploration & evaluation expenditures gradually declined during 2016, however this reduction was generally offset by the additional JCM care and maintenance cost. During 2017 exploration and evaluation expenses continued to decline, however this decline is generally offset by increasing project readiness activities. The significant increase in total assets during the fourth quarter of 2015 was primarily due to the completion of the Johnson Camp Transaction as well as the 2015 Private Placement and 2015 Royalty Financing. The increase in total assets during the fourth quarter of 2016 was due to the 2016 Private Placement and Royalty Financing.

Fluctuations in net loss for each quarter have been generally driven by the amount of exploration, feasibility and sustainability activities that the Company undertakes on the Gunnison Project during each quarter.

THIRD QUARTER

Results of operations for the three month period ended September 30, 2017 compared to the three month period ended September 30, 2016:

For the three month period ended September 30, 2017, the Company reported a net loss of $2,446,338 ($0.01) per common share) compared to a net loss of $2,410,386 ($0.02 per common share) for the three month period ended September 30, 2016.

Significant changes in the expense accounts are described as follows:

For the three month period ended September 30, 2017, the Company incurred plant and equipment holding and maintenance costs of $587,145 (2016 - $839,436) directly related to the JCM for a decrease of $252,291. The majority of the cost 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. The decrease in costs is primarily due to a decrease in JCM property taxes.

For the three month period ended September 30, 2017, the Company incurred project development preparation costs of $790,269 (2016 - $nil) directly related to the Gunnison project construction readiness activities. These costs of these activities comprised approximately 67% (2016 – nil) for project detailed engineering and planning of wellfield drilling, approximately 16% (2016 – nil) for employee ramp-up related costs and approximately 17% (2016 – nil) for other contract project support.

During the three month period ended September 30, 2017, exploration and evaluation expenses incurred on the Gunnison Project amounted to $199,337 (2016 - $864,400), a decrease of $665,063. The decrease is primarily related to the Company shifting from exploration and evaluation activities to project development preparation, the costs of which are noted in the paragraph above.

Exploration and evaluation expenses incurred during the three month period ended September 30, 2017 were comprised of approximately 100% for sustainability (2016 – 48%) and nil% for the feasibility study (2016 – 52%). For the third quarter of fiscal 2017, exploration and evaluation expenses consisted primarily of permitting (79%) and administration (18%), whereas in the third quarter of fiscal 2016, exploration and evaluation expenses consisted primarily of permitting (39%) and geology studies (25%), the remainder (36%) consisted of administration, hydrology and other.

Exploration and evaluation expenses are further summarized as follows:

	For the Three Month Periods Ended September 30, 2017	2016
Feasibility study		
Administration	$ -	$ 157,825
Geology	-	47,634
Hydrology	-	21,476
Engineering	-	217,061
Metallurgy	-	6,000
Geochemistry	-	3,063
	-	453,059
Pre-feasibility Study		
Engineering	-	248
	-	248

	For the Three Month Periods Ended September 30, 2017	2016
Sustainability		
Permitting	157,337	333,289
Administration	36,101	55,567
Geology	4,059	7,237
Hydrology	1,840	15,000
	199,337	411,093
Total	**$ 199,337**	**$ 864,400**

Professional fees incurred during the three months ended September 30, 2017 were $240,714 compared to $110,541 during the same period of the prior year. The increase of $130,173 is primarily due to the engagement of a Financial Advisor and Independent Engineer to assist the Company in the strategy, analysis, recommendation and completion of the financing program in anticipation of the Gunnison Project development.

Office and administration costs consist of salaries and wages, rent, overhead, insurance, travel and other related corporate costs. For the three months ended September 30, 2017 such costs amounted to $197,759 compared to $218,030 during the same period of the prior year. The decrease of $20,271 was primarily due the company transitioning a portion of its office and administration support from a third party to internally managed.

Share-based compensation expense increased by $76,183 for the three month period ended September 30, 2017 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, 2017, the Company incurred regulatory fees of $3,330 (2016 - $12,870), a decrease in regulatory fees of $9,540.

During the three month period ended September 30, 2017, the Company incurred financing costs of $45,956 (2016 - $108,377) mainly due to interest accrued and paid on the JCM Note and JCM asset retirement obligation.

LIQUIDITY, FINANCING, AND CAPITAL RESOURCES

The Company had cash and cash equivalents of $5,082,662 as of September 30, 2017 (December 31, 2016 - $11,622,701) and working capital of $2,480,779 (December 31, 2016 – $8,930,478). The decrease in cash and cash equivalents of $6,540,039 and working capital of $6,449,699 was driven by cash used in operating activities of $6,568,458, as further described below.

Cash used in operating activities during the nine months ended September 30, 2017 amounted to $6,568,4585, compared to $4,982,972 during the same period of the prior year. The increase in cash outflow is primarily attributable to the $997,785 increase in net loss realized during the current period compared to the year ended September 30, 2016 and the 2016 receipt of $686,476 for the deposits with an Arizona State government agency and Arizona based electric cooperative that formed part of the JCM assets acquired. The increase in net loss for the comparable periods is primarily due to the one-time, first quarter 2016 gain on asset sale of $307,255 and the 2017 one-time costs of the TSX stock listing fees, the one-time cost of converting certain officers to employee status and 2017 costs for financial advisors and independent engineers related to pursuing project financing.

Cash used in investing activities for the nine months ended September 30, 2017 was $42,714 for the purchase of a JCM office trailer compared to $52,428 for the purchase of an evaporation system and a light vehicle wash station during the same period of the prior year.

Cash provided by financing activities for the nine months ended September 30, 2017 was $59,647 which relates to the net proceeds from the exercise of 250,000 stock options compared to net proceeds of $23,184 for the exercise of 100,000 stock options during the same period of the prior year.

The Company's cash and cash equivalents are held in large North American financial institutions and are highly liquid and interest bearing.

The Company is currently proceeding with permitting and project readiness activities related to the Gunnison Project and continues to fund the care and maintenance and holding costs of the Johnson Camp Mine. On November 23, 2016 the Company closed the private placement and royalty financing as discussed previously in Mineral Properties and received gross proceeds of $14.0 million. Additional funding will be required in the next twelve months to complete the aforementioned activities on schedule, as well as to fund the deferred purchase payment of $2,200,000 relating to the Johnson Camp Mine. Additional funding will be required in order to commence construction of the Gunnison Project, assuming a positive Board of Directors construction decision.

The Company has been successful in obtaining significant equity and royalty financings over the last few years and intends to continue financing its future requirements through a combination of equity, debt and/or other arrangements. However, there is no assurance that the Company will be able to obtain such financings in the future or obtain them on favorable terms. In view of these material uncertainties there is significant doubt about the Company's ability to continue as a going concern.

As at September 30, 2017, the Company did not have any pre-arranged sources of financing except for the remaining royalty option payment that may or may not be received (refer to the Callinan Agreement). The remaining royalty option payment associated with the Callinan Agreement is optional and at the sole discretion of Callinan and there is no certainty that it will be exercised. Should the Company not receive any proceeds from the exercise of the remaining royalty option, or be unsuccessful in raising additional funds, then it will be unable to fund the construction of the Gunnison Project.

The Company has the following known commitments as of September 30, 2017:

			Payments due in:			
		Total	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
Debt	$	2,200,000	2,200,000	-	-	-
Operating lease obligations		45,060	45,060	-	-	-
Totals	$	2, 245,060	2, 245,060	-	-	-

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, 2017		As at December 31, 2016
Cash and cash equivalents	**$**	5,082,662	$	11,622,701
Prepaid expenses		32,927		84,867
Receivables		87,427		75,940
Property, plant and equipment		13,066,485		13,124,045
Long term deposits		222,790		222,790
Total Assets	**$**	18,492,291		25,130,343

		As at September 30, 2017		As at December 31, 2016
Accounts payable and accrued liabilities	**$**	458,588	$	610,130
Amounts due to related parties		63,649		42,900
Deferred consideration		2,200,000		2,200,000
Asset retirement obligation		4,389,204		4,300,834
Capital stock		40,972,991		40,889,361
Other equity reserves		5.540,248		5,337,733
Deficit		(34,303,393		(27,421,619)
Accumulated other comprehensive loss		(828,996)		(828,996)
Total Liabilities and Equity	**$**	18,492,291	$	25,130,343

Assets

Cash and cash equivalents decreased by $6,540,039 during the nine month period ended September 30, 2017 as previously discussed in "Liquidity, Financing and Capital Resources".

Prepaid expenses decreased by $51,940 primarily due to the timing and amortizing of prepayments related to property insurance policies for JCM during the period.

Receivables increased by $11,487 during the nine month period ended September 30, 2017 are due to an increase of the input tax credits receivable from the Government of Canada.

Liabilities

Accounts payable and accrued liabilities decreased by $151,542 for the nine month period ended September 30, 2017 primarily due to a decrease in JCM property taxes.

As part of the acquisition of certain Johnson Camp assets completed in December 2015, the Company recorded liabilities for current ($1.0 million) and long-term deferred consideration ($2.2 million) in relation to the First and Final Installment purchase price payments. In the fourth quarter of 2016, the Company paid the First Installment of $1.0 million and reclassified the $2.2 million Final Installment, due by December 31, 2017, from long term to current liabilities. The Company also obtained all 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, 2017 had an estimated present value of $4,389,204. The increase in the asset retirement obligation of $88,370 for the nine month period ended September 30, 2017 is due to the of accretion expenses in the nine month period ended September 30, 2017.

Equity

Capital stock increased by $83,630 primarily due to the net proceeds from the exercise of 250,000 stock options.

During the nine month period ended September 30, 2017, the other equity reserve increased by $202,515 primarily as a result of share-based compensation expense of $226,498.

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, 2017	Date of report
Common shares, voting	167,613,952	167,613,952
Stock Options	16,286,000	16,286,000

The Company issued the following common shares during the nine month period ended September 30, 2017:

- On February 14, 2017, 100,000 stock options were exercised for gross proceeds of CAD$30,000.
- On September 6, 2017, 150,000 stock options were exercised for gross proceeds of CAD$45,000.

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 ("CEO"), Chief Financial Officer ("CFO"), and Chief Operating Officer ("COO").

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

	Nine month Periods Ended September 30, 2017		2016
Share-based compensation	$ 12,102	$	27,838
Short-term benefits*	882,158		577,133
	$ 894,260	**$**	**604,971**

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

Other Related Parties

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

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

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

		Nine month Periods Ended September 30, 2017		2016
King & Bay	$	274,923		351,861
Kinley Exploration	$	82,500	$	-

As at September 30, 2017, amounts accrued and due to related parties include the following:

- King & Bay - $36,149 (December 31, 2016 - $26,907)
- Kinley Exploration - $27,500 (December 31, 2016 - $nil)
- Roland Goodgame, COO - $nil (December 31, 2016 - $10,782)
- SCT Holdings Management LLC, a company controlled by the CEO - $nil (December 31, 2016 - $5,211)

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

ACCOUNTING POLICIES

A complete summary of the Company's significant accounting policies is provided in Note 2 to the audited consolidated financial statements for the year ended December 31, 2016.

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.

The Company intends to begin capitalizing Gunnison project construction costs when optimization studies and further technical evaluation carried out to mitigate project risks identified in the feasibility study are complete; all environmental and operating permits are finalized; and upon Board of Directors approval of construction decision.

Key Sources of Estimation Uncertainty

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

Significant estimates made by management affecting the consolidated financial statements include:

Useful Life of Equipment

Equipment is depreciated over its estimated useful life. Estimated useful lives are determined based on current facts and past experience, and take into consideration the anticipated physical life of the asset, the potential for technological obsolescence, and regulations.

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

The Company is in the process of exploring and evaluating its exploration and evaluation assets. The recoverability of the amounts shown for property, plant and equipment are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves and upon future production or proceeds from the disposition thereof.

Asset Retirement Obligation

The Company's provision for reclamation and closure cost obligations represent management's best estimate of the present value of the future cash outflows required to settle the liability. The provision reflects estimates of future costs directly attributable to remediating the liability, inflation, assumptions of risks associated with the future cash outflows, and the applicable risk-free interest rates for discounting future cash outflows. Changes in the factors above can result in a change to the provision recognized by the Company. To the extent the carrying value of the related mining property is not increased above its recoverable amount, changes to reclamation and closure cost obligations are recorded with a corresponding change to the carrying amount of related mining properties.

RISK FACTORS

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

Excelsior depends on a single mineral project.

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

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

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

There are numerous activities that need to be completed in order to successfully commence development and production at the Gunnison Project, including, without limitation: optimizing the mine plan; recruiting and training personnel; negotiating contracts for 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

As at September 30, 2017, the Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

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

The Company's cash and cash equivalents are held at large North American financial institutions some of which are interest bearing accounts. The Company's receivables consist mainly of input tax credits receivable from the Government of Canada.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

As at September 30, 2017, the Company has cash and cash equivalents balance of $5,063,480 to settle current liabilities of $2,712,562. See going concern discussion in Liquidity Section above.

Market Risk

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

(a) Interest Rate Risk

The Company's current policy is to invest excess cash in 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.

The JCM Note has a fixed interest rate of 3% per annum and therefore the Company is not subject to any related interest rate risk.

(b) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

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, 2016, 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

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 safeguarded and financial information is accurate and reliable and in accordance with International Financial Reporting Standards. During the nine month period ended September 30, 2017, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

FORWARD LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of 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 Feasibility Study including statements about estimated future production, future operating and capital costs, the projected IRR, NPV, payback period, construction timelines and production timelines for the Gunnison Project; (viii) the future effects of environmental compliance requirements on the business of the Company; and (ix) the statements under the heading "Outlook" in this MD&A, including statements about progress on permitting, completion of the construction financing and the construction of the Gunnison Project.

In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information contained in this MD&A is based on certain factors and assumptions regarding, among other things, the estimation of mineral reserves and resources, the realization of resource estimates, copper and other metal prices, the timing and amount of future exploration and development expenditures, the estimation of initial and sustaining capital requirements, the estimation of labor and operating costs, the availability of necessary financing and materials to continue to explore and develop the Gunnison Project in the short and long-term, the progress of exploration and development activities, the receipt of necessary regulatory approvals and permits, the estimation of insurance coverage, and assumptions with respect to currency fluctuations, environmental risks, title disputes or claims, and other similar matters. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information including, without limitation, the following risks and uncertainties referred to under the heading “Risk Factors” in the Company’s Annual Information Form for the year ended December 31, 2016:

- risks relating to the fact that the Company depends on a single mineral project;
- risks inherent in the exploration and development of mineral deposits, including risks relating to changes in project parameters as plans continue to be redefined including the possibility that mining operations may not commence at the Gunnison Project;
- risks relating to variations in mineral resources and reserves, grade or recovery rates resulting from current exploration and development activities;
- risks related to fluctuations in the price of copper as the Company’s future revenues, if any, are expected to be derived from the sale of copper;
- risks related to a reduction in the demand for copper in the Chinese market which could result in lower prices;
- financing, capitalization and liquidity risks, including the risk that the financing necessary to fund the development and construction activities at the Gunnison Project may not be available on satisfactory terms, or at all;
- the Company has no history of mining operations and no revenues from operations and expects to incur losses for the foreseeable future;
- risks related to the Company obtaining various permits required to conduct its current and anticipated future operations;
- risks related to disputes concerning property titles and interest;
- risks relating to the ability to access infrastructure;
- operational risks inherent in the conduct of mining activities, including the risk of accidents, labor disputes, increases in capital and operating costs and the risk of delays or increased costs that might be encountered during the development process;
- risks related to the significant governmental regulation that the Company is subject to;
- environmental risks;
- climate change risks;
- reliance on key personnel;
- risks related to increased competition in the market for copper and related products and in the mining industry generally;
- cybersecurity risks;
- risks related to potential conflicting interests among the Company’s directors and officers;
- exchange rate fluctuations between the Canadian and United States dollar;
- the absence of dividend payments;
- uncertainties inherent in the estimation of mineral resources;
- risks related to current global financial conditions;

- land reclamation requirements may be burdensome;
- risks associated with the acquisition of any new properties;
- the Company may become subject to legal proceedings; and
- risks relating to the Company's Common Shares.

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

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

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

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

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