Excelsior MINING CORP

CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020

(Unaudited)

(Expressed in thousands of United States Dollars)

EXCELSIOR MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in thousands of United States dollars)
As at

	Note	June 30 2020	December 31, 2019
ASSETS			
Current Assets			
Cash and cash equivalents		$ 22,072	$ 24,900
Receivables		362	533
Prepaid expenses		438	1,044
Materials and supplies		2,374	645
		25,246	27,122
Property, plant and equipment, net	3	106,300	98,393
Restricted cash		3,304	3,304
Total Assets		$ 134,850	$ 128,819
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	4	$ 2,118	$ 4,183
Amounts due to related parties	9	522	821
ST Derivative liabilities		1,734	3,791
Note Payable	7	469	0
Lease liabilities		95	102
Restricted share units		33	73
Insurance liabilities		158	281
		5,129	9,251
LT Derivative liabilities	5	64,094	75,836
Lease liabilities		2	47
Debt	7	14,892	4,876
Asset retirement obligation	6	15,391	13,327
Note Payable	7	737	0
Total liabilities		100,245	103,337
Equity			
Capital Stock	8	89,462	89,306
Other equity reserves	8	10,772	9,935
Deficit		(64,800)	(72,930)
Accumulated other comprehensive loss		(829)	(829)
Total Equity		34,605	25,482
Total liabilities and equity		$ 134,850	$ 128,819

/signed/
Jim Kolbe
Chair of the Audit Committee

/signed/
Fred DuVal
Director

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

EXCELSIOR MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF (INCOME) LOSS AND COMPREHENSIVE (INCOME) LOSS
(Unaudited Expressed in thousands of United States dollars)

		Three months Ended June 30,		Six months Ended June 30,	
	Note	**2020**	2019	**2020**	2019
Expenses					
Johnson Camp holding and maintenance cost		**$ 1,387**	$ 105	**$ 1,512**	$ 267
Evaluation and permitting		**175**	183	**228**	248
Office and administration		**635**	244	**922**	542
Professional fees		**235**	571	**333**	799
Directors and officers fees		**398**	643	**527**	1,209
Investor relations		**35**	108	**144**	280
Share-based compensation	**8**	**505**	878	**954**	1,591
Regulatory fees		**1**	1	**58**	56
Depreciation		**128**	133	**268**	239
Other Items					
Loss (gain) on derivative at fair value		**18,860**	(380)	**(13,798)**	4,019
Financing expense		**487**	80	**572**	155
Interest income		**(85)**	(186)	**(219)**	(307)
Unrealized loss (gain) on foreign exchange		**(6)**	10	**21**	(8)
Other loss (income)		**434**	(75)	**349**	(142)
(Income) loss and comprehensive (income) loss for the period		**$ 23,189**	$ 2,315	**$ (8,129)**	$ 8,948
(Earnings) Loss per common share:					
Basic		**$ 0.10**	$ 0.01	**$ (0.03)**	$ 0.04
Diluted		**$ 0.10**		**$ (0.03)**	
Weighted average number of common shares outstanding					
Basic		**239,630,082**	238,657,960	**239,623,945**	238,633,026
Diluted		**239,630,082**		**243,723,945**	

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

EXCELSIOR MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in thousands of United States dollars)

	Three months ended June 30,		For six months ended June 30,	
	2020	2019	**2020**	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss) income for the period	**$ (23,189)**	$ (2,315)	**$ 8,129**	$ (8,948)
Items not affecting cash:				
Loss (gain) on derivative at fair value	**18,860**	(380)	**(13,798)**	4,019
Depreciation	**128**	133	**268**	239
Accretion	**29**	76	**108**	147
Share-based compensation	**505**	878	**954**	1,591
Unrealized loss (gain) on foreign exchange	**(6)**	10	**21**	(8)
Non-cash working capital item changes:				
Receivables	**(26)**	(139)	**171**	(184)
Prepaid expense	**1,193**	(81)	**606**	(110)
Materials and supplies	**(283)**	207	**(1,729)**	98
Accounts payable and accrued liabilities	**(1,884)**	(525)	**(2,189)**	(161)
Amounts due to related parties	**11**	147	**(300)**	111
Lease liabilities	**(51)**	(23)	**(51)**	(46)
Restricted share unit liabilities	**-**	-	**-**	(114)
Net cash used in operating activities	**(4,713)**	(2,012)	**(7,810)**	(3,366)
CASH FLOWS FROM INVESTING ACTIVITIES				
Gunnison project construction	**(80)**	(28,902)	**(6,219)**	(38,455)
Net cash provided by investing activities	**(80)**	(28,902)	**(6,219)**	(38,455)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from note payable	**1,206**	-	**1,206**	-
Proceeds from stream financing	**-**	35,000	**-**	35,000
Debt financing	**10,016**	-	**10,016**	-
Net cash provided by financing activities	**11,222**	35,000	**11,222**	35,000
Net change in cash and cash equivalents	**6,429**	4,086	**(2,807)**	(6,821)
Effect of foreign exchange on cash and cash equivalents	**6**	(10)	**(21)**	8
Cash and cash equivalents, beginning of period	**15,637**	33,279	**24,900**	44,168
Cash and cash equivalents, end of period	**$ 22,072**	$ 37,355	**$ 22,072**	$ 37,355
Cash and cash equivalents consist of:				
Cash	**$ 22,072**	$ 37,355	**$ 22,072**	$ 37,355
Supplemental cash flow disclosures:				
Interest paid	**364**	-	**464**	-

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EXCELSIOR MINING CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2020 AND 2019
(Unaudited - Expressed in thousands of United States dollars)

	Capital Stock					
	Number of Common shares	**Amount**	**Other Equity Reserves**	**Deficit**	**Accumulated Other Comprehensive Loss**	**Total**
Balance, December 31, 2018	238,381,657	88,916	6,910	(49,050)	(829)	45,947
Private placement	88,803	90	(90)	-	-	-
Share issue cost - cash	187,500	120	-	-	-	120
Share-based compensation	-	-	1,722	-	-	1,722
Loss (income) for the period	-	-	-	(8,948)	-	(8,948)
Balance, June 30, 2019	238,657,960	89,126	8,542	(57,998)	(829)	38,841
Balance, December 31, 2019	239,588,748	89,306	9,935	(72,930)	(829)	25,482
Stock option exercises	41,334	157	(157)	-	-	-
Share-based compensation	-	-	993	-	-	993
Loss (income) for the period	-	-	-	8,129	-	8,129
Balance, June 30, 2020	239,630,082	89,462	10,772	(64,800)	(829)	34,605

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

1. NATURE OF OPERATIONS

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

The Company is developing the Gunnison Project in Southeastern Arizona and is currently continuing to fund the holding and maintenance costs of the Johnson Camp Mine ("JCM").

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports including International Accounting Standard 34, *Interim Financial Reporting*. Therefore, these condensed consolidated interim financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2019.

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2019.

All dollar figures are expressed in thousands of United States dollars unless otherwise indicated. Canadian dollars are expressed as "CAD$".

b. Use of judgements and estimates – impact of COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. There have been widespread impacts on global commerce since that time including wide-spread stock market and interest rate gyrations. Additionally, the movement of people and goods has been restricted, affecting supply, demand and pricing for many products.

Worldwide the mineral extraction sector was impacted significantly as national, state, regional and local governments issued public health orders in response to COVID-19, including restricting the movement of people and goods. Should there be a resurgence of COVID-19 during the year, it is anticipated that many governments would again issue public health orders which might include restricting the movement of people and goods. This in turn might impact the Company's supply chain. Although copper prices have recovered with some subsidence of the global pandemic, copper prices could again be negatively impacted should there be a global resurgence of COVID-19. A continuing period of lower prices could significantly affect the Company's economic potential or intentions with respect to the Gunnison Project.

The Governor of the State of Arizona, where the Company operates, enacted a number of Executive Orders to mitigate the spread of COVID-19 during March, and allowed limited reopening of businesses on May 16th. A resurgence in COVID-19 cases through June resulted in a reimplementation of some restrictions at the end of June. This indicates the State's willingness to issue defensive orders where it sees the need. Any such order that would significantly restrict the movement of people or goods could impact the Company's ability to access its properties and complete exploration, development or production programs in the current year. As a result, the Company has considered that there may be a continuation of periodic restrictions on activities until an effective vaccine has been produced and employed in fighting COVID-19.

The longer term impact of these factors on the Company is not yet determinable, however they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. In particular, there may be heightened risk of mineral property impairment and liquidity or going concern uncertainty.
As a result, impairment indicators for our mineral properties could arise in 2020 if current conditions persist. We continue to work on revisions to our forecasts and operational plans in light of the current situation.

In response to the uncertainty and risk surrounding the unfolding global COVID-19 pandemic, the Board of Directors determined that the most responsible decision was to place the Gunnison Project into a care and maintenance mode for an indefinite period commencing April 9, 2020. Since that time staff have undertaken limited activity related to well maintenance and updated operational planning which has the Company well positioned to re-commence operations quickly and efficiently once circumstances are deemed to be optimal. The Company will continue to maintain the facilities in accordance with all state and federal permit requirements, while ensuring that the wellfield and production facilities are ready for the inevitable re-start.

(Unaudited - Expressed in thousands of United States dollars)

3. PROPERTY, PLANT AND EQUIPMENT

	Land & Mineral Properties	Plant	Asset Retirement Obligation	Vehicles & Mobile Equipment	Office Equipment & Capitalized Leases	Construction in Progress	Total
Cost							
At January 1, 2019	94	12,242	5,705	194	496	1,478	20,209
Additions	504	-	2,872	403	262	74,721	78,762
ARO Change in Estimate	-	-	681	-	-	-	681
Disposal	-	-	-	(19)	-	-	(19)
				6	(6)	-	
At December 31, 2019	598	12,242	9,258	584	752	76,199	99,633
Accumulated Depreciation							
At January 1, 2019	-	(11)	(233)	(135)	(304)	-	(683)
Depreciation	-	(23)	(264)	(112)	(177)	-	(576)
Disposal	-	-	-	19	-	-	19
At December 31, 2019	-	(34)	(497)	(228)	(481)	-	(1,240)
Net carrying amount	**598**	**12,208**	**8,761**	**356**	**271**	**76,199**	**98,393**
Cost							
At January 1, 2020	598	12,242	9,258	584	752	76,199	99,633
Additions	-	-	-	-	-	6,219	6,219
ARO Change in Estimate	-	-	1,956	-	-	-	1,956
Disposal	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-
At June 30, 2020	598	12,242	11,214	584	752	82,418	107,808
Accumulated Depreciation							
At January 1, 2020	-	(34)	(496)	(228)	(481)	-	(1,239)
Depreciation	-	(11)	(135)	(48)	(74)	-	(268)
Disposal	-	-	-	-	-	-	-
At June 30, 2020	-	(45)	(631)	(276)	(555)	-	(1,508)
Net carrying amount	**598**	**12,197**	**10,583**	**308**	**197**	**82,418**	**106,300**

(Unaudited - Expressed in thousands of United States dollars)

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2020	December 31, 2019
Trade payable	1,526	2,573
Accrued liabilities	443	918
Employee-related accruals	149	692
	$ 2,118	$ 4,183

Trade payables include the Company's obligations to suppliers of goods or services acquired on trade credit for goods received or services provided that have been invoiced but not yet paid. Accrued liabilities and employee-related accruals include estimated amounts for goods or services received but not yet invoiced by the supplier, as well as obligations that increase throughout the year and are settled at points in time, such as property taxes and employee bonuses.

5. DERIVATIVE LIABILITIES

On November 30, 2018, the Company entered into an agreement for a $75,000 project financing package to fund the construction costs of the Gunnison Project (the "stream obligation" or "Project Financing"). The Company determined that the stream obligation is a derivative liability, and as such, the stream obligation is recorded at fair value through profit or loss ("FVTPL") at each statement of financial position date.

The stream obligation is valued using a Monte Carlo simulation model. The key inputs used in the June 30, 2020 Monte Carlo model in generating future copper prices for purposes of valuing the stream obligation include: the copper forward price curve based on COMEX futures and long-term copper price volatility of 21.5% (December 31, 2019 – 21.5%). The valuation also used assumptions of the discount rate including the Company's credit spread of 11.3% (December 31, 2019 – 8.29%) and the USD swap rates commensurate with the expected term of the Stream for purposes of discounting values. The valuation of the stream obligation also involved judgement as to the Company's expansion plans and characterization of the stream for tax purposes and estimates of the anticipated production schedule of copper pounds delivered over the estimated life of the mine.

Share purchase warrants

As of June 30, 2020, the Company recorded the fair value of the share purchase warrants issued based on a Black-Scholes-Merton option-pricing model with the following assumptions:

- Underlying Share Price - CAD$ 0.66 (December 31, 2019 – CAD$1.00)
- Maturity Date - November 30, 2023
- Strike Price - CAD$ 1.50
- Volatility - 51% (December 31, 2019 – 50%)
- USD/CAD Exchange Rate - $0.7366 (December 31, 2019 – $0.7698)

(Unaudited - Expressed in thousands of United States dollars)

The following is a summary of the derivative activity through the six months ended June 30, 2020:

	Stream	Warrants	Total
Fair value, beginning of year	-	-	-
Stream proceeds, net	8,754	1,008	9,762
Loss (gain) during the year	173	(153)	20
Fair value at December 31, 2018	**$ 8,927**	**$ 855**	**$ 9,782**
Stream proceeds	55,000	-	55,000
Loss (gain) during the period	14,960	(115)	14,844
Fair value at December 31, 2019	**$ 78,887**	**$ 740**	**$ 79,627**
Loss (gain) during the period	(13,302)	(496)	(13,798)
Fair value at June 30, 2020	**$ 65,585**	**$ 244**	**$ 65,828**

6. ASSET RETIREMENT OBLIGATION

The Company's asset retirement obligation ("ARO") represents management's best estimate of the present value of costs that are expected to be incurred for mine closure and reclamation and rehabilitation costs for the JCM and the Gunnison Project.

For the six months ended June 30, 2020, the Company recorded $108 of accretion expense related to the asset retirement obligation (June 30, 2019 - $147).

The inflation rate used for June 30, 2020 is 1.47% compared to a 2.24% rate used on December 31,2019. The discount rate used for June 30, 2020 is 1.41% compared to a 3.02% rate used on December 31, 2019.

Changes in the ARO for the six months ended June 30, 2020 and the year ended December 31, 2019 are summarized below.

Asset Retirement Obligation	June 30, 2020	December 31, 2019
Balance, beginning of period	**$ 13,327**	**$ 9,456**
Addition	-	2,367
Change in estimate	1,956	1,187
Accretion expense	108	317
Balance, end of period	**$ 15,391**	**$ 13,327**

7. DEBT

On October 31, 2019, the Company entered into an agreement with Nebari Natural Resources Credit Fund I LP ("Nebari") for a $15,000 credit facility (the "Credit Facility"). The Credit Facility provides funding in three tranches of $5,000 each. The original maturity date of all tranches is 15 months from the draw date of the first $5,000 tranche dated December 23,2019, with an option to extend for up to two additional 6 month periods (21 months and 27 months from the first draw date). The Company received the second tranche of $5,000 in April 2020 and the third tranche of $5,000 in May 2020. Because the Company has the option to extend the maturity date of the debt, the debt is shown as non-current. For the six months ended June 30, 2020, the Company capitalized interest expenses of $95.

Credit Facility	30-Jun-20	31-Dec-19
Proceeds from credit facility	$ 15,000	$ 5,000
Less: unamortized transaction costs	(108)	(124)
Balance, end of year	**$ 14,892**	**$ 4,876**

(Unaudited - Expressed in thousands of United States dollars)

On May 21, 2020 the Company signed a Promissory Note with the Bank of America under the Paycheck Protection Program (PPP) and was subsequently advanced a loan in the amount of $1,206. The loan may be partially forgivable under the terms of the CARES Act if the company is able to satisfy certain conditions as prescribed by the CARES Act. The Company has 24 weeks from the date funds were advanced to assess whether it qualifies for partial or full loan forgiveness. At this time it is uncertain whether the Company will meet the requirements for any loan forgiveness.

The loan bears a fixed annual interest rate of 1% with a monthly payment schedule to be provided by the lender after any loan forgiveness has been determined. The term of the loan is two years from the funding date of the loan. Any repayment is deferred for 6 months from the funding date.

Paycheck Protection Program Loan	**30-Jun-20**	**31-Dec-19**
Balance, beginning of year	**-**	**-**
Proceeds from loan	1,206	-
Repayments during year	-	-
Balance, end of year	**$ 1,206**	**-**

8. CAPITAL STOCK AND OTHER EQUITY RESERVES

Common Shares

The authorized share capital of the Company consists of an unlimited number of common shares with no par value. As of June 30, 2020, there were 239,630,082 common shares outstanding. During the six months ended June 30, 2020 a total of 41,334 common shares were issued for stock options exercised.

Stock Options

The Company's stock option plan (the "Plan") provides for the grant of incentive stock options to employees, consultants, officers, and directors of the Company. The Plan reserves for issuance, along with the Company's other Security-Based Compensation Plans a maximum of 10% of the issued and outstanding Common Shares at the time of a grant of options.

Options granted under the Plan have a maximum term of ten years. The exercise price of the options is determined by the Board of Directors and is not less than the closing price of the common shares on the last trading day prior to the date the options are granted. The vesting terms are at the Board of Directors' discretion.

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

(Unaudited - Expressed in thousands of United States dollars)

The following is a summary of stock option activity for the year ended December 31, 2019 and the six months ended June 30, 2020:

	Number of Options	Weighted Average Exercise Price (CAD$)
Outstanding, December 31, 2018	**12,330,000**	**$ 0.69**
Granted	6,995,000	$ 1.00
Exercised	(1,500,000)	$ 0.31
Forfeited	(1,350,000)	$ 0.98
Outstanding, December 31, 2019	**16,475,000**	**$ 0.82**
Granted	6,890,000	$ 0.63
Exercised	(250,000)	$ 0.97
Forfeited	(2,600,000)	$ 1.00
Outstanding, June 30, 2020	**20,515,000**	**$ 0.73**
Exercisable, June 30, 2020	**10,695,000**	**$ 0.72**

During the six months ended June 30, 2020, a total of 250,000 stock options were exercised, of which 208,666 stock options were exercised in exchange for a substituted right, resulting in the net issuance of 41,334 common shares.

As at June 30, 2020, the following stock options were outstanding and exercisable:

Outstanding	Exercisable	Exercise Price		Remaining life (years)	Expiry Date
4,100,000	4,100,000	CAD$	0.23	0.46	December 16, 2020
100,000	100,000	CAD$	0.77	1.59	January 31, 2022
4,330,000	3,247,500	CAD$	1.00	3.34	November 2, 2023
100,000	100,000	CAD$	1.00	2.87	May 15, 2023
200,000	200,000	CAD$	1.00	0.85	May 5, 2021
3,345,000	1,672,500	CAD$	1.02	3.74	March 26, 2024
50,000	25,000	CAD$	1.02	0.24	September 26, 2020
100,000	100,000	CAD$	1.02	0.06	July 21, 2020
300,000	150,000	CAD$	1.02	0.04	July 14, 2020
300,000	300,000	CAD$	1.15	2.47	December 19, 2022
200,000	200,000	CAD$	1.18	2.11	August 10, 2022
200,000	200,000	CAD$	1.20	2.23	September 21, 2022
100,000	100,000	CAD$	1.25	2.65	February 22, 2023
150,000	150,000	CAD$	1.29	2.78	April 9, 2023
200,000	50,000	CAD$	0.96	4.45	December 10, 2024
360,000	-	CAD$	1.12	4.58	January 28, 2025
300,000	-	CAD$	0.92	4.64	February 19, 2025
150,000	-	CAD$	0.92	0.85	May 5, 2021
1,480,000	-	CAD$	0.48	4.73	March 24, 2025
4,450,000	-	CAD$	0.60	4.79	April 15, 2025
20,515,000	10,695,000				

(Unaudited - Expressed in thousands of United States dollars)

The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for the risk-free interest rate, dividend yield, volatility factors of the expected market price of the Company's common shares, forfeiture rate, and expected life of the options. The Company recognized share-based compensation costs of $954 for the six months ended June 30, 2020 (June 30, 2019 - $1,565) and capitalized $ nil (June 30, 2019 – $157) in construction in progress in relation to stock options granted and vested during the six months ended June 30, 2020.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the six months ended June 30, 2020:

	June 30, 2020	December 31, 2019
Risk-free interest rate	0.99%	1.47%
Dividend yield	0%	0%
Volatility	55.36 %	59.87 %
Expected life of options	5.0 years	5.0 years
Forfeiture rate	7.4%	4.53%

Restricted Share Units

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

Upon each vesting date, participants receive the issuance of common shares from treasury equal to the number of RSUs vesting, or a cash payment equal to the number of vested RSUs multiplied by the fair market value of a common share, calculated as the closing price of the common shares on the TSX for the trading day immediately preceding such payment date; or a combination thereof. The RSU Plan is considered a cash-settled award plan, therefore, the RSU Plan is classified as a liability, and is measured at fair value on the grant date and is subsequently adjusted for changes in fair value at each reporting date until settlement. The fair value of RSUs is estimated based on the quoted market price of the Company's common shares on the last day of the reporting period.

A summary of the activity related to the Company's RSUs through the six months ended June 30, 2020 is provided below.

Restricted Share Units	
Balance, at December 31, 2017	**-**
Granted	550,000
Vested	(75,000)
Balance, at December 31, 2018	**475,000**
Vested	(375,000)
Balance, at December 31, 2019	**100,000**
Cancelled	(100,000)
Granted	192,692
Vested	-
Balance, at June 30, 2020	**192,692**

(Unaudited - Expressed in thousands of United States dollars)

During the six months ended June 30, 2020, the fair value of outstanding RSUs decreased by $40 (June 30, 2019 increased by $26), which were classified as share-based compensation costs.

9. RELATED PARTY TRANSACTIONS

Related parties and related party transactions are summarized below.

Key Management Personnel

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

Remuneration attributed to key management personnel is summarized as follows:

	Six Months Ended June 30,	
	2020	**2019**
Salaries, fees and benefits	$ 815	$ 1,249
Share-based compensation	514	1,473
Total	$ 1,329	$ 2,722

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

Other Related Parties

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

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

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

	Six Months Ended June 30,	
	2020	**2019**
King & Bay	$ 76	$ 56
Kinley	$ -	$ 676

As of June 30, 2020, amounts accrued and due to key management personnel and other related parties include the following:

- Corporate officers - $ 504 (December 31, 2019 - $810)
- King & Bay - $ 18 (December 31, 2019 - $11)

10. SEGMENTED INFORMATION

The Company operates in one reportable operating segment in North America. The Company's property, plant and equipment is primarily all in the United States.

11. FINANCIAL INSTRUMENTS

The Company has exposure to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk from its use of financial instruments.
This note presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Risk management is the responsibility of management and is carried out under policies approved by the Board of

Directors. Material risks are monitored and are regularly discussed with the Audit Committee and Board of Directors.

Market risk

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

Currency risk

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

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

Interest rate risk

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

A 1% increase in the discount rate would decrease the value of the stream obligation by $4,624 whereas a 1% decrease in the discount rate would increase the value of the stream liability by $5,203.

Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices for copper. Commodity price risks are affected by many factors that are outside the Company's control including global or regional consumption patterns, the supply of and demand for metals, speculative activities, the availability and costs of metal substitutes, inflation, and political and economic conditions. The financial instrument impacted by commodity prices is the Stream obligation. A 10% increase in the market price of copper would increase derivative liabilities by $6,019 whereas a 10% decrease in the market price of copper would decrease derivative liabilities by $5,862.

(Unaudited - Expressed in thousands of United States dollars)

Credit risk

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

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

Liquidity risk

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

As of June 30, 2020, the Company has cash and cash equivalents of $22,072 to settle current liabilities of $5,129.

Fair value estimation

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

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

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

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

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

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

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

As of June 30, 2020	Carrying value			Fair Value		
	FVTPL	Amortized cost	Other financial liabilities	Level 1	Level 2	Level 3
Financial Liabilities						
Restricted share units	$ 33	-	-	-	$ 33	-
Derivative liabilities	65,828	-	-	-	-	65,828
	$ 65,861	-	-	-	$ 33	$ 65,828

12. LEGAL

On June 24, 2020 a contractor filed suit in Texas to recover unpaid amounts related to drilling services that were provided to the Company. The Company is disputing that Texas is the correct venue for this action and the amounts payable to the contractor and believes that the Company will ultimately prevail.

Excelsior Mining Corp

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020

Management's Discussion and Analysis ("MD&A") is as of August 11, 2020 and relates to the financial condition of Excelsior Mining Corp. and its subsidiaries ("Excelsior" or the "Company") as of June 30, 2020. The MD&A supplements and complements Excelsior's unaudited Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2020 (the "Consolidated Financial Statements") and related notes. Comparison of the financial results in this MD&A is provided to the three and six month periods ended June 30, 2019, or the year ended December 31, 2019. Other relevant documents to be read with this MD&A include the Audited Consolidated Financial Statements for the year ended December 31, 2019, and the Annual Information Form ("AIF") for the year ended December 31, 2019. These documents are available on the Company's website at *www.excelsiormining.com*, and on the SEDAR website at *www.sedar.com*.

The unaudited Consolidated Financial Statements for the three and six months ended June 30, 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports including International Accounting Standard 34, *Interim Financial Reporting*. The condensed consolidated interim financial statements do not include all the information required for full annual financial statements. The accounting policies applied in the condensed consolidated interim financial statements are consistent with those applied in the Company's audited annual consolidated financial statements unless otherwise disclosed. All dollar amounts are expressed and presented in thousands of United States dollars except per share amounts (unless otherwise noted). Canadian dollars are expressed as "CAD$".

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

APPROVAL

The Board of Directors of Excelsior Mining Corp. has approved the disclosure contained in this MD&A as of August 11, 2020.

DESCRIPTION OF BUSINESS

Excelsior is a mineral exploration, development and mining company that is advancing the Gunnison Copper Project ("Gunnison Project") located in Cochise County, Arizona. Excelsior was incorporated under the *Business Corporations Act* of British Columbia on June 9, 2005. The Company is listed on the Toronto Stock Exchange ("TSX") under the symbol "MIN", the top-tier over-the-counter market ("OTCQX") under the symbol "EXMGF", and the Frankfurt Stock Exchange under the symbol "3XS".

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

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

COPPER STREAM

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

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

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

At the end of each reporting period, the copper stream obligation is valued using a Monte Carlo simulation model. The key inputs used in the model for the June 30, 2020 valuation include: the copper forward price curve based on Commodity Exchange (COMEX) futures, long-term copper price volatility of 21.5% (December 31, 2019 – 21.5%), credit spread of 11.3% (December 31, 2019 – 8.29%), and the USD swap rates commensurate with the expected term of the Stream for purposes of discounting values. The valuation of the stream obligation also requires an estimate of the Company's nonperformance or credit risk, the Company's expansion plans, and the anticipated production schedule of copper pounds delivered over the estimated life of the mine.

NEBARI FINANCING

On October 31, 2019 the Company entered into an agreement with Nebari Natural Resources Credit Fund I LP ("Nebari") for a $15,000 credit facility (the "Credit Facility"). As of June 30, 2020, the $15,000 credit facility has been fully drawn. The Credit Facility has an initial term of 15 months from the date of the Initial Draw. The Credit Facility may be extended for up to two additional six-month periods (21 months and 27 months from the date of the Initial Draw). Such extensions must be granted if no default or event of default has occurred or is continuing under the credit facility agreement. The Credit Facility is secured against the assets of Excelsior and certain of its subsidiaries. The Credit Facility bears interest at 14.2% per annum, payable monthly. An arrangement fee of 2.0% ($300) of the total available funds under the Credit Facility was paid on closing. The arrangement fee is creditable against interest payable on the draws under the Credit Facility, to a maximum of $100 of interest per each draw.

PAYCHECK PROTECTION PROGRAM LOAN

On May 21, 2020 the Company signed a Promissory Note with the Bank of America under the Paycheck Protection Program (PPP) and was subsequently advanced a loan in the amount of $1,206. The loan may be partially forgivable under the terms of the CARES Act if the company is able to satisfy certain conditions as prescribed by the CARES Act. The Company has 24 weeks from the date funds were advanced to assess whether it qualifies for partial or full loan forgiveness. At this time it is uncertain whether the Company will meet the requirements for any loan forgiveness.
The loan bears a fixed annual interest rate of 1% with a monthly payment schedule to be provided by the lender after any loan forgiveness has been determined. The term of the loan is two years from the funding date of the loan. Any repayment is deferred for 6 months from the funding date.

GUNNISON PROJECT

Wellfield Start-up and Commissioning Status

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

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

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

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

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

On April 9, 2020 a decision was made to place the project on Care and Maintenance in response to the COVID-19 global pandemic. See additional discussion below in "Outlook".

The Company had 43 employees as of June 30, 2020.

Copper Offtake Agreement

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

COVID-19

The current outbreak of the novel coronavirus (COVID-19) that was first reported from Wuhan, China, in December 2019, and any future emergence and spread of similar pathogens could have a material adverse effect on global economic conditions which may adversely impact our business and results of operations and the operations of our suppliers, contractors, service providers and the demand for our production. While initially the outbreak was largely concentrated in China and caused significant disruptions to its economy, it has now spread to many other countries and infections have been reported globally.

Worldwide the mineral extraction sector was impacted significantly as national, state, regional and local governments issued public health orders in response to COVID-19, including restricting the movement of people and goods. Should there be a resurgence of COVID-19 during the year, it is anticipated that many governments would again issue public health orders which might include restricting the movement of people and goods. This in turn might impact the Company's supply chain. Although copper prices have recovered with some subsidence of the global pandemic, copper prices could again be negatively impacted should there be a global resurgence of COVID-19. A continuing period of lower prices could significantly affect the Company's economic potential or intentions with respect to the Gunnison Project.

The Governor of the State of Arizona, where the Company operates, enacted a number of Executive Orders to mitigate the spread of COVID-19 during March, and allowed limited reopening of businesses on May 16th. A resurgence in COVID-19 cases through June resulted in a reimplementation of some restrictions at the end of June. This indicates the State's willingness to issue defensive orders where it sees the need. Any such order that would significantly restrict the movement of people or goods could impact the Company's ability to access its properties and complete exploration, development or production programs in the current year. As a result, the Company has considered that there may be a continuation of periodic restrictions on activities until an effective vaccine has been produced and employed in fighting COVID-19.

The longer term impact of these factors on the Company is not yet determinable, however they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. In particular, there may be heightened risk of mineral property impairment and liquidity or going concern uncertainty.

See "Outlook" for additional information on the Company's response to COVID-19.

OUTLOOK

Construction of the Gunnison Project was completed as of the end of the year 2019, copper production in solution from the wellfield started, and the Company advanced to the start-up and commissioning phase. Total project-related capital expenditures forecast for the Gunnison Project are approximately $88,000, which remain unchanged from the previous estimate. Total capitalized expenditures including accruals on the Gunnison Project as of June 30, 2020 were $82,418.

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

During the care and maintenance period, the Company was focused on conserving cash and maintaining a robust balance sheet. In April, Excelsior reduced its workforce to 29 employees, and in the period to June 30, 2020 added 14 staff for a total of 43 employees to maintain the facilities and sustain environmental monitoring and compliance requirements. The Company has also taken advantage of the care and maintenance period to successfully test and commission the wellfield equipment optimizations noted above. When operations are restarted and commercial production is reached, Excelsior's initial focus will be on attaining a sustained production rate of 25 million pounds of copper per year, after which Excelsior will focus on expanding that production rate.

Despite the risk and uncertainty surrounding the COVID-19 pandemic, the Company is doing as much as it can to prepare itself for an eventual restart with a targeted sustained production rate of 25 million pounds of copper per year. Using the limited number of people on site, the Company has recently been injecting acid solution into a small number of wells and recovering solution from a small number of adjacent wells. The purpose of these activities is to test the modified (retro-fit) wells under small scale operating conditions and to gain knowledge on the new "Push-Pull" operating procedures. The Company has maintained the wellfield in accordance with all state and federal permit requirements. At this time these small scale activities are preferred by the Company as the health risks to the Company's workforce related to COVID-19 continue, and any significant interruption in the workforce could negatively impact larger operations. The Company has put in place various procedures to mitigate the risk of transmission of COVID-19 on site as the Health and Safety of our employees is our primary concern.

SELECTED QUARTERLY INFORMATION

The following table summarizes selected financial information for the Company for each of the past eight quarters ending June 30, 2020:

	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019
Net (income)/loss for the period	$ 23,189	$ (31,318)	$ 10,315	$ 4,617
(Income)/loss per share (basic and diluted)	0.10	-0.13	0.04	0.02
Total assets	134,850	127,707	128,819	125,590

	Jun 30, 2019	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018
Net (income)/loss for the period	$ 2,315	$ 6,633	$ 732	$ 4,148
(Income)/loss per share (basic and diluted)	0.01	0.03	0.00	0.02
Total assets	115,325	76,097	68,364	38,534

The net (income)/loss for the last eight quarters reflects the advancement of the Gunnison Project from exploration and evaluation, through feasibility and sustainability, through the construction phase, into the start-up and commissioning phase and the current care and maintenance phase. The net (income)/loss for certain quarters has also been impacted by variations in the fair value of the copper stream derivative liability. The net (income)/loss for the quarter-ended June 30, 2020 of $23,189 included a loss of $18,860 on revaluation of the copper stream derivative liability. Excluding the impact of the copper stream derivative liability, the net loss for the quarter ended December 31, 2018 was lower than the other seven quarters presented above, as the Company recognized a gain on the sale of a royalty option of $3,783. The Company began capitalizing Gunnison Project costs on December 1, 2018, once commercial viability and technical feasibility had been established, in accordance with the Company's accounting policy. The care and maintenance costs of the JCM facilities has remained relatively constant over the previous eight-quarter period. During the current period, and while the Gunnison Project is on care and maintenance, the Company ceased capitalizing costs and instead will charge them through (income)/loss.

The quarterly results presented above do not necessarily reflect any recurring expenditure patterns or predictable future trends. The net (income)/loss by quarter has generally trended higher due to the gradual ramp-up and increase in costs associated with advancing the Gunnison Project through the permitting, financing and construction-readiness stages. During 2018, the Company maintained a relatively constant level of quarterly spending while shifting the focus of its activities to permitting activities and project advancement. During 2019, the Company began the construction and ramp-up of the Gunnison Project. During 2020 the company focused on wellfield equipment optimization and transitioned to care and maintenance in April.

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

REVIEW OF FINANCIAL RESULTS

Three months ended June 30, 2020 compared to the three months ended June 30, 2019:

For the three-months ended June 30, 2020 the Company's net loss was $23,189 ($0.10 per share) compared to a net loss of $2,315 ($0.01 per share) for the three-months ended June 30, 2019. The net loss for the three-month period ended June 30, 2020 as compared to the net loss for the same period of 2019 resulted primarily from a non-cash loss of $18,860 for the three-month period of 2020, which resulted from the change in fair value of the copper stream derivative liability. Excluding the (gain)/loss from the derivative liability, the net loss was $4,329 for the three-month period of 2020 compared to a net loss of $2,695 for the three-month period of 2019, primarily due to costs being expensed while the project is in care and maintenance which would have been capitalized in 2019.

A comparison of the costs in the "Expenses" categories listed in the consolidated statements of loss and comprehensive loss for the three-months ended June 30, 2020 and 2019 is provided below:

For the three-months ended June 30, 2020 the Company incurred JCM holding and maintenance costs of $1,387 (2019 - $105). The increase in cost is due to the Gunnison Project being placed on Care and Maintenance in which most costs are expensed, compared to the prior year period in which most costs were capitalized.

For the three months ended June 30, 2020 evaluation and permitting expenses totaled $175 (2019 - $183). The costs for both periods represent ongoing environmental and permitting compliance costs.

Office and administration expenses for the three-months ended June 30, 2020 were $635 compared to $244 during the same period of the prior year. These costs represent both corporate and site management costs and administrative support costs for the Gunnison Project and JCM. In 2019 site management costs were capitalized to the project whereas in 2020 these costs have been expensed as the project is on care and maintenance.

Professional fees for the three-months ended June 30, 2020 were $235 compared to $571 during the same period of the prior year. The costs were higher in the 2019 three-month period due to legal and consulting services engaged to address tax compliance related to the Stream financing.

Directors' and officers' fees incurred during the three months ended June 30, 2020, were $398 compared to $643 during the same period of the prior year, representing a reduction of $245. Lower directors' and officers' fees resulted from a decrease in executive compensation and executive bonus expense.

Investor relations expenses during the three months ended June 30, 2020, were $35 compared to $108 during the same period of the prior year, representing a reduction of $73. Lower investor relations fees resulted from lower travel and investor conferences during the 2020 three-month period due to COVID-19.

During the three months ended June 30, 2020, the Company incurred share-based compensation expense of $505 (2019 – $878). The decrease in non-cash share-based compensation expense of $372 is primarily due to fewer stock options vesting in the current three-month period of 2020 compared to the same period of 2019.

Significant changes in the "Other Items" listed in the consolidated statements of loss and comprehensive loss for the three-months ended June 30, 2020 and 2019 are described below:

The copper stream derivative liability is recorded at fair value at each period end using a Monte Carlo simulation valuation model. The key inputs used by the model in generating future copper revenue for purposes of valuing the stream obligation at June 30, 2020 include: the copper forward price curve (based on COMEX futures), long-term copper volatility of 21.5%, credit spread of 11.3% and the USD swap rates commensurate with the expected term of the Stream for purposes of discounting values. The valuation of the copper stream also requires estimation of the Company's expansion plans, and the anticipated production schedule of copper pounds delivered over the life of the mine. During the three months ended June 30, 2020, the non-cash loss of $18,860 for revaluation of the derivative liability was primarily driven by an decrease in the credit spread of approximately 2.16%, an approximate 20% upward shift in the copper price forward and the impact of a projected delay in copper production in 2020 due to COVID-19.

Other loss (income) of $434 for the three-month period of 2020 and ($75) for the three-month period of 2019 represents sales of waste rock material from JCM and in 2020 a $532 loss on the disposal of prepaid inventory.
Six months ended June 30, 2020 compared to the six months ended June 30, 2019:

For the six-months ended June 30, 2020 the Company's net income was $8,129 ($0.03 per share) compared to a net loss of $8,948 ($0.04 per share) for the six-months ended June 30, 2019. The net income for the six-month period ended June 30, 2020 as compared to the same period of 2019 resulted primarily from a non-cash gain of $13,798 arising from the change in fair value of the copper stream derivative liability.

Significant changes in the "Expenses" categories listed in the condensed consolidated interim statements of loss and comprehensive loss for the six-months ended June 30, 2020 and 2019 are described below:

For the six-months ended June 30, 2020 the Company incurred JCM holding and maintenance costs of $1,512 (2019 - $267). The increase in cost in 2020 is due to the Gunnison Project being placed on care and maintenance in which most costs are expensed, compared to the prior year period in which most costs were capitalized.

For the six months ended June 30, 2020 evaluation and permitting expenses incurred on the Gunnison Project amounted to $228 (2019 - $248). The costs in the six-month period of 2020 and 2019 represent ongoing compliance costs at JCM.

Office and administration costs for the six-months ended June 30, 2020 are $922 compared to $542 during the same period of the prior year. The increase of $380 in 2020 was primarily due to the Gunnison Project being placed on care and maintenance in which most costs are expensed, compared to the prior year period in which most costs were capitalized.

Professional fees for the six-months ended June 30, 2020 are $333 compared to $799 during the same period of the prior year. The decrease of $466 was primarily due to advisory fees associated with the Triple Flag financing proceeds received in the 2019 period.

Directors' and officers' fees incurred during the six months ended June 30, 2020, were $527 compared to $1,209 during the same period of the prior year, representing a decrease of $682. Lower directors' and officers' fees resulted from a decrease in executive compensation and executive bonus expense.

During the six months ended June 30, 2020, the Company incurred share-based compensation expense of $954(2019 – $1,591). The decrease in non-cash share-based compensation expense of $637 is primarily due to fewer stock options vesting in the current six-month period of 2020 compared to the same period of 2019.

Significant changes in the "Other Items" listed in the condensed consolidated interim statements of loss and comprehensive loss for the six-months ended June 30, 2020 and 2019 are described below:

The copper stream derivative liability is recorded at fair value at each period end using a Monte Carlo simulation valuation model. See the 3-month discussion above for the variables that are used in the period-end valuation. During the six months ended June 30, 2020, the non-cash gain of $13,798 for revaluation of the derivative liability was primarily driven by the 3% increase in the credit spread used in the valuation model as compared to the December 31, 2019 valuation.

During the six-months ended June 30, 2020, the Company realized interest income of $220 versus interest income of $307 for the comparable period of 2019. Interest income was lower in 2020 compared to the same period of 2019 mainly due to a decrease in interest income on cash investments.

Other loss(income) of $349 for the six-month period of 2020 and ($142) for the six-month period of 2019 represents sales of waste rock material from JCM and in 2020 a $532 loss on the disposal of prepaid inventory.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash and cash equivalents of $22,072 as of June 30, 2020 (December 31, 2019 - $24,900). Cash and cash equivalents increased $6,435 during the three months ended June 30, 2020 compared to an increase of $4,076 for the same period in 2019 primarily due to the funds received from Nebari during the current 2020 quarter ($10,000) and the receipt of funds under the Paycheck Protection Program (PPP) ($1,206) partly offset by cash expenditures for care and maintenance costs.

Cash and cash equivalents decreased $2,828 during the six months ended June 30, 2020 compared to a decrease of $6,813 for the same period in 2019 primarily due to the funds received in 2020 from Nebari and the PPP loan which was offset by the Gunnison Project costs.

Net cash used in operating activities for the three months ended June 30, 2020 was $4,713 compared to $2,012 for the same period of 2019. The change in operating cash flow for the three-month period of 2020 compared to the same period of 2019 resulted primarily from an increase in the net loss for the period due to costs being expensed in 2020 while the project is on care and maintenance versus costs being capitalized in 2019.

Net cash used in operating activities for the six months ended June 30, 2020 was $7,810 compared to net cash used of $3,366 for the same period of 2019. The change in operating cash flow for the six-month period of 2020 compared to the same period of 2019 resulted primarily from an increase in the net loss for the period due to costs being expensed in 2020 while the project is on care and maintenance versus costs being capitalized in 2019.

Net cash used in investing activities for the three months ended June 30, 2020 was $80 compared to net cash used of $28,902 for the same period of 2019. The net cash used in 2019 was the result of cash expenditures for the Gunnison Project construction costs. Similarly, net cash used in investing activities for the six months ended June 30, 2020 of $6,219 was lower than the net cash used of $38,455 for the same period of 2019 due to the cash expenditures for the Gunnison Project construction costs.

Net cash provided by financing activities for the three months ended June 30, 2019 was $11,222 compared to $35,000 for the three-month period of 2019. During the current 2020 period, the Company received $10,000 from Nebari, and $1,200 from the Paycheck Protection Program versus $35,000 from the Triple Flag copper stream in 2019.

Net cash provided by financing activities for the six-month period ended June 30, 2020 was $11,222 compared to $35,000 for the six-month period of 2019. During the current 2020 period, the Company received $10,000 from Nebari, and $1,200 from the Paycheck Protection Program versus $35,000 from the Triple Flag copper stream in 2019.

The Company had working capital of $20,117 at June 30, 2020 (December 31, 2019 – $17,871). The increase in working capital was primarily the result of the funds received from the Nebari credit facility and Paycheck Protection Program.

As of June 30, 2020, the Company does not have any pre-arranged sources of financing.

STATEMENT OF FINANCIAL POSITION INFORMATION

The following is a summary of the Company's interim financial position at June 30, 2020 compared to the annual statement of financial position at December 31, 2019.

		As at June 30, 2020		**As at December 31, 2019**
Cash and cash equivalents	$	22,072	$	24,900
Receivables		362		533
Prepaid expenses		438		1,044
Materials and supplies		2,374		645
Property, plant and equipment		106,300		98,393
Restricted cash		3,304		3,304
Total Assets	$	134,850		128,819

		As at June 30, 2020		**As at December 31, 2019**
Accounts payable and accrued liabilities	$	2,118	$	4,183
Amounts due to related parties		522		821
Restricted share units		33		73
Insurance premium financing		158		281
Lease liabilities (current and long-term)		97		149
Derivative liability (current and long-term)		65,828		79,627
Debt (current and long-term)		16,098		4,876
Asset retirement obligation		15,391		13,327
Capital stock		89,462		89,306
Other equity reserves		10,772		9,935
Deficit		(64,800)		(72,930)
Accumulated other comprehensive loss		(829)		(829)
Total Liabilities and Equity	$	134,850	$	128,819

Assets

Cash and cash equivalents decreased by $2,828 during the six months ended June 30, 2020 as previously discussed in "Liquidity and Capital Resources" above.

Materials and Supplies increased $1,729 during the six-months ended June 30, 2020 primarily due to sulfuric acid purchased and stored at JCM.

The increase of $7,907 in Property, plant and equipment at June 30, 2020 primarily reflects capitalized expenditures and accruals for Gunnison Project construction.

Liabilities

Derivative liability of $65,828 at June 30, 2020 consists of the fair value of the copper stream ($65,584) and the fair value of the common share purchase warrants ($244).

Equity

During the six months ended June 30, 2020, the other equity reserves account increased by $837 primarily as a result of share-based compensation expense of $954.

Outstanding Share Capital

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

Security Description	June 30, 2020	Date of report
Common shares	239,623,945	239,623,945
Stock options	20,515,000	20,515,000
Restricted share units	192,692	192,692
Warrants	3,500,000	3,500,000

During the period ended June 30, 2020 a total of 41,334 common shares were issued from stock options exercised.

Contractual Obligations

The Company has the following contractual obligations as of June 30, 2020:

Contractual Obligations	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Accounts Payable and accrued liabilities	$ 2,118	$ 2,118	$ -	$ -	$ -
Asset Retirement Obligation[1]	15,391	-	-	-	15,391
Lease Liabilities	97	95	2	-	-
Note Payable	1,206	469	737	-	-
Debt	14,892	-	14,892	-	-
Total Contractual Obligations	$ 33,704	$ 2,682	$ 15,631	$ -	$ 15,391

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

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

RELATED PARTIES

Related parties and related party transactions are summarized below:

Key Management Personnel

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

Remuneration attributed to key management personnel is summarized as follows:

	Six Months Ended June 30,	
	2020	**2019**
Salaries, fees and benefits	$ 815	$ 1,249
Share-based compensation	514	1,473
Total	$ 1,329	$ 2,722

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

Other Related Parties

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

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

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

	Six Months Ended June 30,	
	2020	**2019**
King & Bay	$ 76	$ 56
Kinley	$ -	$ 676

As of June 30, 2020, amounts accrued and due to key management personnel and other related parties include the following:

- Corporate officers - $504 (December 31, 2019 - $810)
- King & Bay - $18 (December 31, 2019 - $11)

ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies applied in the preparation of these unaudited condensed consolidated interim financial statements for the six months ended June 30, 2020 are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2019. A summary of the Company's significant accounting policies is provided in Note 3 to the audited consolidated financial statements for the years ended December 31, 2019 and 2018.

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates and judgments. These estimates, judgments and assumptions affect the reported amounts of assets, liabilities, shareholders' equity, and the disclosure of contingent assets and liabilities, as of the date of the financial statements, and expenses for the periods reported. A summary of the Company's critical estimates and judgments is provided in Note 2, Basis of Presentation, Critical Accounting Estimates and Judgments, of the audited consolidated financial statements for the years ended December 31, 2019 and 2018.

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

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

FINANCIAL INSTRUMENTS

A summary of the Company's financial instruments is provided in Note 16 in the audited consolidated financial statements for the years ended December 31, 2019 and 2018. As of June 30, 2020, the Company's risk exposures and the impact on the Company's financial instruments are summarized below.

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

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

Market risk

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

Currency risk

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

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

Interest rate risk

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

A 1% increase in the discount rate would decrease the value of the stream obligation by $4,624, whereas a 1% decrease in the discount rate would increase the value of the stream liability by $5,203.

Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices for copper. Commodity price risks are affected by many factors that are outside the Company's control including global or regional consumption patterns, the supply of and demand for metals, speculative activities, the availability and costs of metal substitutes, inflation, and political and economic conditions. The financial instrument impacted by commodity prices is the Stream obligation. A 10% upward shift of the copper price curve would increase derivative liabilities by $6,018, whereas a 10% downward shift of the copper price curve would decrease derivative liabilities by $5,861.

Credit risk

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

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

Liquidity Risk

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

As of June 30, 2020, the Company has cash and cash equivalents of $22,072 to settle current liabilities of $5,129. As of the date of this MD&A, the Company has drawn $15,000 on the Nebari Credit Facility (of which $5,000 was drawn prior to March 31, 2020). Based on current assumptions regarding startup and production the Company believes that it has sufficient working capital to cover the costs for the Gunnison Project and JCM, and its corporate-level expenditures for the next twelve months.

Fair value estimation

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

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

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

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

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

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

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

As of June 30, 2020	Carrying value			Fair Value		
	FVTPL	Amortized cost	Other financial liabilities	Level 1	Level 2	Level 3
Financial Liabilities						
Restricted share units	$ 33	-	-	-	$ 33	-
Derivative liabilities	65,828	-	-	-	-	65,828
	$ 65,861	-	-	-	$ 33	$ 65,828

LEGAL

On June 24, 2020 a contractor filed suit in Texas to recover unpaid amounts related to drilling services that were provided to the Company. The Company is disputing that Texas is the correct venue for this action and the amounts payable to the contractor and believes that the Company will ultimately prevail.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

Internal Control Over Financial Reporting

The Company maintains a system of internal controls over financial reporting, as defined by National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings in order to provide reasonable assurance that assets are safe-guarded and financial information is accurate and reliable and in accordance with IFRS. During the three months ended June 30, 2020, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitation of Controls and Procedures

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

ADDITIONAL INFORMATION

Additional disclosure concerning the Company, including the AIF for the year ended December 31, 2019, is available on the SEDAR website, *www.sedar.com*.

TECHNICAL INFORMATION

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

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

CAUTIONARY STATEMENTS

Risk Factors

The exploration for and development of mineral deposits involves significant risks and uncertainties, which even a combination of careful evaluation, experience and knowledge may not eliminate. The more prominent risk factors that may materially affect the Company's future performance, in addition to those referred to herein, are discussed in the AIF for the year ended December 31, 2019.

Forward-Looking Information

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws concerning anticipated developments and events that may occur in the future. Forward-looking information contained in this MD&A includes, but is not limited to, statements with respect to: (i) the market and future price of copper and related products; (ii) requirements for additional capital; (iii) development, construction and production timelines and estimates; (iv) the future effects of environmental compliance requirements on the business of the Company; and (v) the statements under the heading "Outlook" in this MD&A, including statements about the scaled restart of the Gunnison Project and the production of copper.
In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information contained in this MD&A is based on certain factors and assumptions regarding, among other things, the estimation of mineral reserves and resources, expectations and anticipated impact of the COVID-19 outbreak, the realization of resource estimates, copper and other metal prices, the timing and amount of future exploration and development expenditures, the estimation of expansion and sustaining capital requirements, the estimation of labor and operating costs, the availability of necessary financing and materials to continue to develop, operate and expand the Gunnison Project in the short and long-term, the progress of development activities, the receipt of and compliance with necessary regulatory approvals and permits, the estimation of insurance coverage, and assumptions with respect to currency fluctuations, environmental risks, title disputes or claims, and other similar matters. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information including, without limitation, the following risks and uncertainties referred to under the heading "Risk Factors" in the Company's AIF for the year ended December 31, 2019:

- risks relating to the fact that the Company depends on a single mineral project;
- risks inherent in the exploration, development and operation of mineral deposits, including risks relating to changes in project parameters as plans continue to be redefined including the possibility that copper may not be produced at the Gunnison Project;
- risks relating to variations in mineral resources and reserves, grade or recovery rates resulting from current exploration and development activities;
- risks related to fluctuations in the price of copper as the Company's future revenues, if any, are expected to be derived from the sale of copper;
- risks related to a reduction in the demand for copper in the Chinese market which could result in lower prices;

- financing, capitalization and liquidity risks, including the risk that the financing necessary to fund the future development and construction activities at the Gunnison Project may not be available on satisfactory terms, or at all;
- the Company has no history of mining operations and no revenues from operations and expects to incur losses for the foreseeable future;
- risks related to current global financial conditions and the impact of COVID-19 on the Company's business;
- risks related to the Company obtaining various permits required to conduct its current and anticipated future operations;
- risks related to disputes concerning property titles and interest;
- risks relating to the ability to access infrastructure;
- operational risks inherent in the conduct of mining activities, including the risk of accidents, labor disputes, increases in capital and operating costs and the risk of delays or increased costs that might be encountered during the mining process;
- risks related to the significant governmental regulation that the Company is subject to;
- environmental risks;
- climate change risks;
- reliance on key personnel;
- risks related to increased competition in the market for copper and related products and in the mining industry generally;
- cybersecurity risks;
- risks related to potential conflicting interests among the Company's directors and officers;
- exchange rate fluctuations between the Canadian and United States dollar;
- the absence of dividend payments;
- uncertainties inherent in the estimation of mineral resources;
- risks related to current global financial conditions;
- land reclamation requirements may be burdensome;
- risks associated with the acquisition of any new properties;
- the Company may become subject to legal proceedings; and
- risks relating to the Company's Common Shares.

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

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

discussed under the heading, "Forward Looking Information", in this MD&A and under the heading, "Risk Factors", in the AIF.

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

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

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