Excelsior MINING CORP

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in thousands of United States Dollars)

Independent auditor's report

To the Shareholders of Excelsior Mining Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Excelsior Mining Corp. and its subsidiaries (together, the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis for the year ended December 31, 2019.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mark Platt.

(signed) PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 25, 2020

EXCELSIOR MINING CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31
(Expressed in thousands of United States dollars)

	Note	2019	2018
ASSETS			
Current Assets			
Cash and cash equivalents		$ 24,900	$ 44,168
Receivables		533	177
Prepaid expenses		1,044	903
Materials and supplies		645	286
		27,122	45,534
Property, plant and equipment, net	**4**	98,393	19,526
Restricted cash	**5**	3,304	3,304
Total Assets		$ 128,819	$ 68,364
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	**6**	$ 4,183	$ 2,526
Amounts due to related parties	**12**	821	404
Derivative liabilities	**8**	3,791	-
Lease liabilities		102	-
Restricted share units		73	249
Insurance financing	**7**	281	-
		9,251	3,179
Derivative liabilities	**8**	75,836	9,782
Lease liabilities		47	-
Debt	**10**	4,876	-
Asset retirement obligation	**9**	13,327	9,456
Total liabilities		103,337	22,417
Equity			
Capital Stock	**11**	89,306	88,916
Other equity reserves	**11**	9,935	6,910
Deficit		(72,930)	(49,050)
Accumulated other comprehensive loss		(829)	(829)
Total Equity		25,482	45,947
Total liabilities and equity		$ 128,819	$ 68,364

Commitments	**17**
Subsequent events	**18**

Approved on March 24, 2020 on behalf of the Board of Directors:

/signed/
Mark Morabito
Chairman of the Board

/signed/
Jim Kolbe
Chair of the Audit Committee

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

EXCELSIOR MINING CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEAR ENDED DECEMBER 31
(Expressed in thousands of United States dollars)

	Note	2019	2018
Expenses			
Johnson Camp holding and maintenance cost		**$ 444**	$ 3,450
Project advancement		**-**	3,396
Evaluation and permitting		**298**	1,526
Office and administration		**1,003**	1,218
Professional fees		**1,382**	1,215
Directors and officers fees		**2,374**	2,143
Investor relations		**512**	501
Share-based compensation	**11**	**2,936**	2,340
Regulatory fees		**78**	74
Depreciation		**576**	275
Other Items			
Loss on derivative at fair value		**14,844**	20
Financing expense		**335**	252
Interest income		**(602)**	(280)
Foreign exchange loss (gain)		**(7)**	82
Gain on sale of royalty	**4**	**-**	(3,783)
Other income		**(293)**	(294)
Loss and comprehensive loss		**$ 23,880**	$ 12,135
Loss per common share:			
Basic and diluted		**$ 0.10**	$ 0.06
Weighted average number of common shares outstanding			
Basic and diluted		**238,765,048**	208,545,607

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

EXCELSIOR MINING CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31
(Expressed in thousands of United States dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss and comprehensive loss	**$ (23,880)**	$ (12,135)
Items not affecting cash:		
Loss on derivative at fair value	**14,844**	20
Depreciation	**576**	275
Accretion of asset retirement obligation	**317**	252
Share-based compensation	**2,936**	2,284
Unrealized loss (gain) on foreign exchange	**(7)**	82
Gain on sale of royalty	**-**	(3,783)
Non-cash working capital item changes:		
Receivables	**(356)**	(106)
Prepaid expense	**(17)**	(881)
Materials and supplies	**(359)**	(286)
Accounts payable and accrued liabilities	**(116)**	1,202
Amounts due to related parties	**417**	350
Restricted share units	**(113)**	-
Net cash used in operating activities	**(5,758)**	(12,726)
CASH FLOWS FROM INVESTING ACTIVITIES		
Gunnison project construction	**(72,190)**	(628)
Purchase of land, mineral interest and equipment	**(907)**	(439)
Restricted cash	**-**	(3,082)
Royalty option payment received	**-**	3,783
Net cash used in investing activities	**(73,097)**	(366)
CASH FLOWS FROM FINANCING ACTIVITIES		
Stock option exercises	**-**	(1,140)
Issuance of common shares	**-**	32,243
Share issuance costs	**-**	(201)
Proceeds from stream financing	**55,000**	9,763
Proceeds from debt financing, net	**4,860**	-
Deferred debt finance cost	**(280)**	-
Net cash provided by financing activities	**59,580**	40,665
Net change in cash and cash equivalents	**(19,275)**	27,573
Effect of foreign exchange on cash and cash equivalents	**7**	(82)
Cash and cash equivalents, beginning of the year	**44,168**	16,677
Cash and cash equivalents, end of the year	**$ 24,900**	$ 44,168
Supplemental cash flow information:		
Interest paid	**$ 17**	$ -

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

EXCELSIOR MINING CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(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, 2017	189,881,952	$ 57,211	$ 5,678	$ (36,915)	$ (829)	$ 25,145
Private placement	43,337,017	32,243	-	-	-	32,243
Share issue cost - cash	-	(201)	-	-	-	(201)
Stock option exercises	5,162,688	(337)	(803)	-	-	(1,140)
Share-based compensation	-	-	2,035	-	-	2,035
Loss for the year	-	-	-	(12,135)	-	(12,135)
Balance, December 31, 2018	238,381,657	$ 88,916	$ 6,910	$ (49,050)	$ (829)	$ 45,947
Balance, December 31, 2018	238,381,657	$ 88,916	$ 6,910	$ (49,050)	$ (829)	$ 45,947
Restricted share units	187,500	120	-	-	-	120
Stock option exercises	1,019,591	270	(270)	-	-	-
Share-based compensation	-	-	3,295	-	-	3,295
Loss for the year	-	-	-	(23,880)	-	(23,880)
Balance, December 31, 2019	239,588,748	$ 89,306	$ 9,935	$ (72,930)	$ (829)	$ 25,482

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

1. NATURE OF OPERATIONS

Excelsior Mining Corp. ("Excelsior" or the "Company") was incorporated under the laws of the Province of British Columbia, Canada on June 9, 2005 and trades 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 other 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. BASIS OF PRESENTATION

a. Basis of Preparation and Consolidation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a historical cost basis, except for any financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

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

b. Principles of Consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries. A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has the rights to, variable returns from the Company's involvement with the entity and has the ability to affect those returns through the Company's power over the entity.

The results of the Company's subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases. All intercompany transactions and balances have been eliminated.

Details of the Company's subsidiaries are as follows:

Name	Place of Incorporation	Interest %	Principal activity
Excelsior Mining Arizona, Inc. ("Excelsior Arizona")	Arizona, United States	100%	Exploration, evaluation, development and production of mineral property interests
Excelsior Mining JCM, Inc. ("Excelsior JCM")	Arizona, United States	100%	Exploration, evaluation, development and production of mineral property interests
Excelsior Mining Holdings, Inc. ("EM HOLDINGS")	Arizona, United States	100%	Exploration and evaluation of mineral property interests

c. Critical Accounting Estimates and Judgments

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

Critical Judgments

As set out in Note 8, the Company applied judgment in determining the characterization of the Stream arrangement for both accounting and tax purposes including the Company's assessment that the partially prepaid sale of copper is currently 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.

Key Sources of Estimation Uncertainty

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

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

Useful Life and Residual Value of Equipment

Equipment is depreciated over its estimated useful life. Estimated useful lives are determined based on operating experience, current facts, and take into consideration the anticipated physical life of the asset, the potential for technological obsolescence, and potential new regulations. Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation expense and no assurance can be given that actual useful lives and residual values will not be significantly different from current assumptions.

Stream Obligation

The carrying value of the stream obligation represents management's best estimate of the fair value of the arrangement. The fair value incorporates estimates of the Company's construction and expansion plans, production volumes, copper prices, discount rates and applicable tax considerations.

Asset Retirement Obligation

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

Income Taxes

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.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Financial Instruments and Measurement

Financial assets – Classification

Financial assets are classified at initial recognition based on the applicable measurement model: amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (loss) ("OCI").

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not subsequently measured at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial liabilities

Financial liabilities are designated as either FVTPL or other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the balance sheet subsequent to inception and how changes in value are recorded. Accounts payable are classified as other financial liabilities and carried on the balance sheet at amortized cost.

Debt is recognized initially at fair value, net of any directly attributable transaction costs. Subsequent to initial recognition the debt is measured at amortized cost, calculated using the effective interest rate method.

Derivative instruments, including embedded derivatives in financial liabilities or non-financial contracts are recorded at FVTPL and, accordingly, are recorded on the consolidated statement of financial position at fair value. Fair values for derivative instruments are determined using valuation techniques, with assumptions based on market conditions existing at the statement of financial position date or settlement date of the derivative. The Company's stream obligation and foreign currency warrants to purchase common shares are classified as derivative liabilities.

b. Cash and cash equivalents

Cash and cash equivalents include demand deposits and short-term investments held at financial institutions in the United States and Canada. Short-term investments consist of redeemable short-term investment certificates with maturities greater than 30 days and less than one year, and readily convertible into a known amount of cash. Cash and cash equivalents exclude cash subject to restrictions and are measured as a financial asset at amortized cost.

c. Material and supplies

Materials and supplies inventories are valued at the lower of weighted average cost and net realizable value, less any allowances for obsolescence. Replacement costs of materials and spare parts are generally used as the best estimate of net realizable value.

d. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset is comprised of its purchase price or construction cost and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the reclamation of the asset. The purchase price or construction cost is the fair value of consideration given to acquire the asset.

Depreciation of property, plant and equipment commences when the asset has been fully commissioned and is available for its intended use.

Wellfield, site infrastructure and other tangible assets, including the solvent extraction-electrowinning plant, roads, pipelines and transmission lines will be depreciated using a unit-of-production method, which is determined each period based on copper pounds produced over the estimated proven and probable copper reserves of the orebody unless the useful life of the asset is less than the life of the mine.

Depreciation of other site assets, including vehicles, mobile equipment, and buildings are calculated using the straight-line method to allocate the initial cost over their estimated useful lives, as follows:

Asset Class	Estimated useful life
Vehicles	2-5 years
Mobile equipment	2-5 years
Buildings	10-25 years

Depreciation of office equipment and software is based on the declining balance method at various depreciation rates ranging from 20% to 45% over their estimated useful lives.

Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

e. Construction in progress

Construction in progress costs recorded for assets under construction are capitalized as construction in progress. On completion, the cost of construction is transferred to the appropriate category of mineral properties, plant and equipment. No depreciation is recorded until the assets are fully commissioned and available for their intended use.

f. Exploration and evaluation assets

Costs related to the acquisition of exploration and evaluation assets are capitalized. Costs incurred for the exploration and evaluation of mineral properties, prior to the establishment of commercial viability and technical feasibility, are recognized in profit or loss as incurred. Exploration and evaluation assets are assessed for impairment indicators at the end of each reporting period.

Any option payments or proceeds from the sale of royalty interests received by the Company are credited to the capitalized cost of the related exploration and evaluation asset. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the period received.

Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a mineral property has been determined, subsequent expenditures are classified as mineral property development costs within mineral properties, plant and equipment and are carried at cost until the properties to which the expenditures are related to are sold, abandoned or determined by management to be impaired in value.

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, including:

- The extent to which mineral reserves or mineral resources as defined in National Instrument 43-101 (“NI 43-101”) have been identified through a feasibility study or similar document;
- The results of optimization studies and further technical evaluation carried out to mitigate project risks identified in the feasibility study;
- The status of environmental permits; and
- The status of mining leases or permits.

g. Impairment of long-lived assets

At the end of each reporting period, the Company's long-lived assets are reviewed to determine whether there are any indications that those assets may be impaired. If such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of an asset's fair value less costs to sell, and its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future pretax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amounts that would have been determined, net of depreciation, if no impairment loss had been recognized.

h. Asset retirement obligation ("ARO")

The Company recognizes an estimate of the liability associated with an ARO in the financial statements at the time the liability is incurred. The estimated net present value of the ARO is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related assets. The capitalized amount is amortized over the estimated life of the assets. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is recognized in profit or loss for the period. The ARO can also increase or decrease due to changes in the original estimated undiscounted costs, or changes in the timing of these expenditures. Actual costs incurred upon settlement of the ARO are charged against the ARO to the extent of the liability recorded.

i. Income taxes

Income tax expense or benefit for the reporting period includes current and deferred income taxes. Current tax is the expected tax paid or payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax paid or payable in respect of previous years.

Deferred income tax is recognized using the liability method on temporary differences arising between the carrying amounts of assets and liabilities in the consolidated financial statements and the tax basis of assets and liabilities. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the year that includes the date of enactment or substantive enactment of change. Deferred tax assets and liabilities are presented separately except where there is a right of set-off within fiscal jurisdictions.

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

j. Share-based compensation transactions

The Company grants stock options to buy common shares of the Company to directors, officers, employees, and consultants. The Company recognizes share-based compensation expense based on the estimated fair value of the options. A fair value measurement for each grant is determined using an option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as share-based compensation expense with offset to Other equity reserves. This includes a forfeiture estimate, which is revised as necessary based on actual forfeiture rates. The Other equity reserves account are subsequently reduced if the options are exercised and the amount initially recorded is then credited to capital stock.

Restricted Share Units ("RSU") issued to directors, officers and employees require the Company to withhold applicable income tax on exercised and settled amounts with the tax authorities. The fair value of the RSU is recognized over the vesting period of the RSU granted as share-based compensation expenses with offset to RSU liabilities. The Company's RSU policy allows for a net settlement arrangement, and RSU are classified in their entirety as cash-settled share-based payment transactions.

k. Warrants

The Company recognizes the fair value of all warrants issued, recording the amount as an expense, an addition to a related asset, or a cost of issue of shares, as appropriate. Warrants are measured at the time of issue using an option-pricing model to determine their fair value. Warrants that are equity instruments are not remeasured subsequent to grant unless the terms and conditions of the warrants are modified. Warrants that are not share-based payments and are denominated in a currency other that the functional currency of the Company are considered to be a derivative and are recorded at fair value through profit and loss.

l. Foreign currency translation

Items included in the financial statements of the Company and its wholly-owned subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company and its subsidiaries is the United States Dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the consolidated statement of loss and comprehensive loss.

m. Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the loss attributable to common shareholders, and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, except when the adjustment is anti-dilutive.

n. New accounting pronouncements

The Company adopted IFRS 16 as of January 1, 2019 in accordance with the transitional provisions outlined in the standard, using the modified retrospective approach, where leases have been recorded on January 1, 2019. Right-of-use assets were recorded in an amount equal to lease liabilities, adjusted for prepaid and accrued lease liabilities, if applicable, and without regard to initial direct costs incurred on the inception of leases. Comparative information has not been restated and continues to be reported under IAS 17, *Leases*, and IFRIC 4, *Determining Whether an Arrangement Contains a Lease*. The adoption of IFRS 16 did not have a significant impact on the Company's financial position or results.

(Expressed in thousands of United States dollars)

Prior to January 1, 2019, leases were classified as operating leases. Payments made under operating leases were expensed to the Consolidated Statement of Loss and Comprehensive Loss on a straight-line basis over the lease term.

At inception of a contract, an assessment is made to determine whether a contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An assessment is made to determine whether the contract involves the use of an identified asset, whether there is the right to obtain substantially all of the economic benefits from the use of the asset during the term of the arrangement and if the right to direct the use of the asset is present. At inception or on reassessment of a contract that contains a lease component, the consideration in the contract is allocated to each lease component on the basis of their relative standalone prices.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate cannot be readily determined. Subsequently, the lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. The weighted average discount rate applied to the Company's lease liabilities was 7%.

On adoption of IFRS 16 as of January 1, 2019, the Company recognized lease liabilities of $241. The short and long-term lease liabilities at December 31, 2019 and upon adoption of IFRS 16 on January 1, 2019 are shown in the table below:

	Balance at December 31, 2019	**Balance at January 1, 2019**
Short-term portion of lease liabilities	102	102
Long-term portion of lease liabilities	47	139
Total lease liabilities	$ 149	$ 241

The right-of-use asset is recognized and included in property, plant and equipment in the Consolidated Statement of Financial Position. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset at December 31, 2019 and upon adoption of IFRS 16 on January 1, 2019 is shown in the table below:

	Balance at December 31, 2019	**Balance at January 1, 2019**
Office lease	127	217
Office equipment	15	24
Total lease liabilities	$ 142	$ 241

Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss. The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low dollar-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

(Expressed in thousands of United States dollars)

4. PROPERTY, PLANT AND EQUIPMENT

	Land and Mineral Interest	Plant	Asset Retirement Obligation	Vehicles & Mobile Equipment	Office Equipment & Capitalized Leases	Construction in Progress	Total
Cost							
At January 1, 2018	94	12,016	5,680	115	388	-	18,293
Additions	-	226	-	104	108	1,478	1,916
ARO Change in Estimate	-	-	25	-	-		25
Disposal	-	-	-	(25)	-	-	(25)
At December 31, 2018	94	12,242	5,705	194	496	1,478	20,209
Accumulated Depreciation							
At January 1, 2018	-	-	(48)	(115)	(270)	-	(433)
Depreciation	-	(11)	(185)	(45)	(34)	-	(275)
Disposal	-	-	-	25	-	-	25
At December 31, 2018	-	(11)	(233)	(135)	(304)	-	(683)
Net carrying amount	**94**	**12,231**	**5,472**	**59**	**192**	**1,478**	**19,526**
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)
Transfer	-	-	-	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**

Share Purchase and Royalty Agreement

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

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

- Purchased 6,250,000 common shares of the Company at a price of CAD$0.16 per common share for aggregate consideration of CAD$1,000 (cash was received, and common shares were issued on July 31, 2013); and

- Concurrently paid CAD$2,000 to the Company in exchange for a 0.5% GRR (the "Initial GRR").

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

Callinan also had the option to acquire an additional GRR on the Gunnison Project based on a construction option, as detailed below.

Construction Option

The construction option gave Callinan the right to buy up to a 1% GRR for CAD$10,000 following completion of the feasibility study, receipt of all required permits and the Company securing a firm commitment for 50% of the required capital required for mine construction. One half (0.5%) of the construction option vested, while one half (0.5%) of the construction option did not vest because Callinan did not exercise its options to acquire additional GRR based on the above two development milestones. Therefore, the construction option was reduced to 0.5% GRR for CAD$5,000. The exercise price of the construction option was subject to adjustment if the final design capacity of the plant is lower than 80 million pounds of copper per year.

Altius is successor in interest to Callinan Royalties Corporation. On October 1, 2016, Altius Royalties Corp. and Callinan Royalties Corporation were amalgamated to form Altius.

On December 5, 2018, Altius exercised the construction option under the Callinan Agreement. As a result, Altius paid the Company CAD$5,000 in return for an additional 0.5% GRR on the Gunnison Project. Combined with the initial GRR that Altius acquired in July 2014 and August 2013, Altius holds a 1.625% GRR on the Gunnison Project while Plant Capacity is less than 75 million pounds of copper per year and 1.5% while the Plant Capacity is greater than or equal to 75 million pounds of copper per year. The purchase of the royalty resulted in a gain of $3,783. There are no further royalty options outstanding under the Callinan Agreement.

5. RESTRICTED CASH

As of December 31, 2019, the Company has restricted cash deposits of $3,304 (2018 - $3,304) as collateral to secure the issuance of bonds. Restricted cash of $3,082 deposited in 2018 included $444 for a reclamation bond as part of the Mined Land Reclamation Plan for the JCM and $2,638 for the Class III Underground Injection Control Area Permit, required by the United States Environmental Protection Agency. The balance of $222 was deposited prior to 2018 as collateral to secure the issuance of surety bonds.

(Expressed in thousands of United States dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2019	December 31, 2018
Trade payables	2,573	283
Accrued liabilities	918	2,041
Employee-related accruals	692	191
Other payables	-	11
	$ 4,183	$ 2,526

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.

7. INSURANCE FINANCING

In December 2019, the Company entered into two Commercial Premium Finance Agreements ("Agreements") to finance $334 in insurance premiums. The Agreements bear interest at a rate of 3.93% per annum, payable monthly with a term of twelve months. As of December 31, 2019, the Company had repaid principal of $53.

8. DERIVATIVE LIABILITIES

Project Financing

On October 30, 2018 the Company entered into an agreement for a $75,000 project financing package (collectively, the "Financing") with Triple Flag Mining Finance Bermuda Ltd. ("Triple Flag") for the purposes of developing the Gunnison Project. The Financing consisted of a $65,000 copper metal stream (the "Stream") and a concurrent $10,000 private placement of common shares of Excelsior (the "Equity Placement"). The closing of the Financing occurred on November 30, 2018 (the "Closing Date") and resulted in Excelsior receiving initial gross proceeds of $20,000. This amount consisted of the initial $10,000 of the $65,000 deposit (the "Stage 1 Upfront Deposit") and $10,000 of proceeds from the Equity Placement. In conjunction with the arrangement, Excelsior issued to Triple Flag 3.5 million five-year common share purchase warrants, under a five-year term beginning on the Closing Date, entitling Triple Flag to purchase 3.5 million Excelsior common shares at a strike price of CAD$1.50 per share. During the year ended December 31, 2019, the Company received the remaining $55,000 from the Stage 1 Upfront Deposit.

Under the terms of the metals purchase and sale agreement (the "Stream Agreement") between Triple Flag and Excelsior and its subsidiaries, Excelsior Arizona and Excelsior JCM, Triple Flag has committed to fund a deposit of $65,000 against the future sale and delivery by Excelsior Arizona of a percentage of the refined copper production from the Gunnison Project. Excelsior will sell to Triple Flag a percentage of refined copper at a price equal to 25% of the copper spot price. The exact percentages of copper production to be sold to Triple Flag varies according to the total production capacity, based on a sliding scale.

The percentages applicable at certain production levels are detailed in the table below.

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

(Expressed in thousands of United States dollars)

Following a decision by Excelsior to expand the production capacity, Triple Flag has the option to invest a further $65,000 in exchange for an increase in its entitlement to copper under the Stream ("Expansion Option"). Upon completion of an expansion, Excelsior has the option to reduce the amount of the Stream by 50% by making a buy-down payment to Triple Flag (the "Buy-Down Payment"). The Buy-Down Payment is calculated as an amount that provides Triple Flag with an internal rate of return of 15% on 50% of the Stage 1 Upfront Deposit and, if applicable, 15% on 50% of the Expansion Upfront Deposit (in each case after evaluating the value of Stream deliveries (net of the 25% purchase price payment for such deliveries) made to Triple Flag prior to its payment).

The table below shows the range of percentage of production to be purchased by Triple Flag based on specified production levels based on various scenarios that include Triple Flag's Expansion Option and Excelsior's Buy-Down Right. Actual amounts will be calculated within the range, based on the proven production history.

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

The stream obligation and share purchase warrants are recorded at fair value at each statement of financial position date as the Company has determined that the stream obligation and the share purchase warrants are derivative liabilities carried at FVTPL.

The stream obligation was valued using a Monte Carlo simulation model. The key inputs used in the December 31, 2019 Monte Carlo simulation 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% (2018 – 24.0%). The valuation also used assumptions of the discount rate including the Company's credit spread of 8.29% (2018 comparable rate – 8.785%) and a current risk-free rate of return of 2.02%. 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 December 31, 2019, 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$ 1.00 (2018 – CAD$0.85)
- Maturity Date - November 30, 2023
- Strike Price - CAD$ 1.50
- Volatility - 50% (2018 – 60%)
- USD/CAD Exchange Rate - $0.7698 (2018 – $0.7699)

The following table summarizes the fair value of the derivative liabilities during the year ended December 31, 2018 and 2019:

	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 year	14,960	(115)	14,845
Fair value at December 31, 2019	$ 78,887	$ 740	$ 79,627

At December 31, 2019, the current portion of the derivative liabilities is $3,791.

(Expressed in thousands of United States dollars)

9. 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. Based on the current projected mine life of the Gunnison Project, these costs and activities are not expected to begin until approximately 30 years after the start of operation on the Gunnison Project. During the fourth quarter of 2019, the Company reviewed the closure requirements under existing permits and the assumptions used in the present value calculation and adjusted the obligation to $13,327 as of December 31, 2019. The update was prepared by management and an independent third party and resulted in a net increase of $3,871 from the ARO at December 31, 2018 of $9,456.

As of December 31, 2019, the estimated undiscounted JCM reclamation obligation is $12,119 (2018 - $11,923) and the estimated undiscounted Gunnison Project reclamation obligation is $2,903 (2018 - $54). In addition to the undiscounted cost estimates, the primary assumptions that affect the present value calculation are the inflation rate and the discount rate. For the update prepared as of December 31, 2019, the Company used an inflation rate of 2.00% (2018 – 2.24%) and a discount rate of 2.39% (2018 – 3.02%) in calculating the present value of the obligation. The inflation rate is based on current and projected inflation indices and the discount rate is based on the 30-year treasury bond index.

Changes in the ARO for the years ended December 31, 2019 and 2018 are summarized below.

Asset Retirement Obligation	**December 31, 2019**		**December 31, 2018**	
Balance, beginning of year	**$**	**9,456**	**$**	9,180
Additional disturbance		2,367		41
Change in estimate		1,187		(17)
Accretion expense		317		252
Balance, end of year	**$**	**13,327**	**$**	9,456

10. 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 for an initial draw of $5,000 (the "Initial Draw"), and two additional draws of $5,000 each at the sole option of Excelsior. The Credit Facility has an initial term of 15 months from the date of the Initial Draw. The Credit Facility may be extended for up to two additional six-month periods (21 months and 27 months from the date of the Initial Draw). The Credit Facility is secured against the assets of Excelsior and certain of its subsidiaries. The Credit Facility bears interest at 14.2% per annum, payable monthly. There are no common shares, warrants or other convertible securities issuable to Nebari in connection with the Credit Facility. The Company received the Initial Draw of $5,000 in December 2019.

An arrangement fee of 2.0% ($300) of the total available funds under the Credit Facility was paid on closing and recognized as a prepaid asset in the statement of financial position. 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. Transaction costs associated with the credit facility were $120. The arrangement fee and transactions costs will be allocated to each draw as a loan discount and amortized over the term of the loan using the effective interest rate method. The effective interest rate as of December 31, 2019 was 14.93%.

Credit Facility	**December 31, 2019**	
Balance, beginning of year	$	-
Proceeds from credit facility		5,000
Loan discount		(140)
Amortization of loan discount		16
Balance, end of year	$	4,876

(Expressed in thousands of United States dollars)

11. CAPITAL STOCK AND OTHER EQUITY RESERVES

Common Shares

The authorized share capital of the Company is comprised of an unlimited number of common shares with no par value. As of December 31, 2019, there were 239,588,748 common shares outstanding. During the year ended December 31, 2019 a total of 1,207,091 common shares were issued, summarized as follows:

- During the year ended December 31, 2019, the Company issued a total of 1,019,591 common shares from stock options exercised.
- On January 8, 2019, the Company issued a total of 187,500 common shares from the vesting of restricted share units.

Stock Options

The Company's stock option plan (the "Plan") provides for the grant of incentive stock options to directors, officers, employees and consultants of the Company. The Plan reserves for issuance, along with the Company's other Share-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".

The following is a summary of stock option activity for the years ended December 31, 2019 and 2018:

	Number of Options	Weighted Average Exercise Price (CAD$)
Outstanding, December 31, 2017	**16,486,000**	**$ 0.26**
Granted	5,780,000	$ 1.04
Exercised	(9,936,000)	$ 0.31
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**
Exercisable, December 31, 2019	**9,226,250**	**$ 0.68**

During the year ended December 31, 2019, a total of 1,500,000 stock options were exercised, of which 480,409 stock options were exercised in exchange for a substituted right, resulting in the net issuance of 1,019,591 common shares.

(Expressed in thousands of United States dollars)

As at December 31, 2019, the following stock options were outstanding and exercisable:

Outstanding	Exercisable	Exercise Price		Remaining life (years)	Expiry Date
200,000	150,000	CAD$	1.11	0.06	January 23, 2020
4,100,000	4,100,000	CAD$	0.23	0.96	December 16, 2020
200,000	200,000	CAD$	0.77	2.09	January 31, 2022
200,000	200,000	CAD$	1.18	2.61	August 10, 2022
200,000	200,000	CAD$	1.20	2.73	September 21, 2022
300,000	300,000	CAD$	1.15	2.97	December 19, 2022
100,000	75,000	CAD$	1.25	3.15	February 22, 2023
150,000	112,500	CAD$	1.29	3.27	April 9, 2023
300,000	225,000	CAD$	1.00	3.37	May 15, 2023
4,530,000	2,265,000	CAD$	1.00	3.84	November 2, 2023
200,000	100,000	CAD$	0.94	3.94	December 7, 2023
4,995,000	1,248,750	CAD$	1.02	4.24	March 26, 2024
200,000	-	CAD$	0.97	4.39	May 21, 2024
200,000	50,000	CAD$	0.94	4.42	May 31, 2024
300,000	-	CAD$	1.00	4.85	November 5, 2024
200,000	-	CAD$	0.96	4.95	December 10, 2024
100,000	-	CAD$	0.96	4.97	December 19, 2024
16,475,000	9,226,250				

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 $2,879 in the loss for the year ended December 31, 2019 (2018 - $2,035) and capitalized $416 (2018 – nil) in construction in progress in relation to stock options granted and vested during the year ended December 31, 2019.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the year ended December 31, 2019:

	December 31, 2019	December 31, 2018
Risk-free interest rate	1.47%	2.09%
Dividend yield	0%	0%
Volatility	59.87 %	121.0 %
Expected life of options	5.0 years	5.0 years
Forfeiture rate	4.53%	4.30%

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.

(Expressed in thousands of United States dollars)

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 for the year ended December 31, 2019 and 2018 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**

During the year ended December 31, 2019, the Company recorded compensation costs related to RSUs in the amount of $57 (2018 - $305), which were classified as share-based compensation costs.

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

Remuneration attributed to key management personnel is summarized as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Salaries, fees and benefits	$ 2,473	$ 2,175
Share-based compensation	2,695	1,796
Total	$ 5,168	$ 3,971

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.

(Expressed in thousands of United States dollars)

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:

	Year Ended December 31,	
	2019	2018
King & Bay	$ 123	$ 532
Kinley	$ 752	$ 127

As of December 31, 2019, amounts accrued and due to key management personnel and other related parties include the following:

- Corporate officers - $810 (December 31, 2018 - $392)
- King & Bay - $11 (December 31, 2018 - $12)

13. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	December 31, 2019	December 31, 2018
(Loss) for the year	$ (23,880)	$ (12,135)
Combined federal and state income tax rates	24.87%	24.87%
Income tax recovery based on the above rate	$ (5,939)	$ (3,018)
Increase due to:		
Non-deductible costs	(22)	9
Income tax benefits not recognized	5,961	3,009
Income tax expense (recovery)	$ -	$ -

The significant components of the Company's recognized deferred tax assets (liabilities) are as follows:

	December 31, 2019	December 31, 2018
Non-capital losses	$ 2,011	$ 1,409
Property, plant and equipment	(1,912)	(1,409)
Other	(99)	-
Net deferred tax assets	$ -	$ -

(Expressed in thousands of United States dollars)

The significant components of the Company's unrecorded net deferred tax assets (liabilities) are as follows:

	December 31, 2019	December 31, 2018
Non-capital losses - US	$ 1,614	$ 3,368
Non-capital losses - Canada	4,153	3,607
Exploration and evaluation assets	1,735	2,401
Asset retirement obligation	2,692	2,341
Stream obligation	6,249	-
Other	1,349	3,504
Net deferred tax assets	$ 17,792	$ 15,221

Deductible (taxable) temporary differences for which deferred taxes have not been recognized:

	December 31, 2019	December 31, 2018	Expiry Date
Non-capital losses – US	$ 6,490	$ 13,541	2031 to 2037 for pre-2018 losses. Unlimited thereafter
Non-capital losses - Canada	15,972	13,871	2025 to 2038
Exploration and evaluation assets	6,976	9,654	2039 to Unlimited
Asset retirement obligation	10,826	9,414	Unlimited
Stream obligation	25,126	-	Unlimited
Other	5,424	14,089	Unlimited
Net deferred tax assets	$ 70,814	$ 60,569	

Tax attributes are subject to review, and potential adjustment, by tax authorities.

Deferred tax assets are recognized for tax loss carryforwards and other temporary differences to the extent that it is more-likely-than-not that the Company would realize the related tax benefit through future taxable profits. The Company has determined that it is not more-likely-than-not that the Company would have sufficient future taxable profits to realize the benefit of net deferred tax assets.

14. 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.

15. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments based on the funds available to the Company, in order to support the acquisition, exploration and evaluation, and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain future development of the business.

In the management of capital, the Company considers components of equity.

The properties in which the Company currently has an interest are in the development and construction stage; as such the Company has obtained project financing for the development and construction activities of the Gunnison Project in the form of the Stream and Equity Placement discussed in note 8. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

16. 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 interest rate would decrease the value of the stream obligation by $5,849, whereas a 1% decrease in the interest rate would increase the value of the stream liability by $6,416.

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 $6,525, whereas a 10% decrease in the market price of copper would decrease derivative liabilities by $6,762.

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.

(Expressed in thousands of United States dollars)

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 December 31, 2019, the Company has cash and cash equivalents of $24,900 to settle current liabilities of $9,251.

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 December 31, 2019	Carrying value			Fair value		
	FVTPL	Amortized cost	Other financial liabilities	Level 1	Level 2	Level 3
Financial assets						
Cash and cash equivalents	$ -	$ 24,900	$ -	$ -	$ -	$ -
Restricted cash	-	3,304	-	-	-	-
	$ -	$ 28,204	$ -	$ -	$ -	$ -
Financial liabilities						
Accounts payable and accrued liabilities	$ -	$ -	$ 4,183	$ -	$ -	$ -
Amounts due to related parties	-	-	821	-	-	-
Insurance liabilities	-	281	-	-	-	-
Restricted share units	73	-	-	-	73	-
Derivative liabilities	79,627	-	-	-	-	79,627
Debt	-	4,876	-	-	-	-
	$ 79,700	$ 5,157	$ 5,004	$ -	$ 73	$ 79,627

(Expressed in thousands of United States dollars)

17. COMMITMENTS

The Company has the following commitments and contractual obligations as of December 31, 2019:

Contractual Obligations	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Asset Retirement Obligation[1]	$ 15,022	-	-	-	$ 15,022
Lease liabilities	$ 162	$ 113	$ 49	-	-
Debt	$ 5,872	$ 710	$ 5,162		
Purchase Obligations	$ 323	$ 323	-	-	-
Total Contractual Obligations	$ 21,379	$ 1,146	$ 5,211	-	$ 15,022

[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.

18. SUBSEQUENT EVENTS

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.

COVID-19

In March 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant wide-spread stock market declines and the movement of people and goods has become restricted, affecting supply, demand and pricing for many products.

The mineral exploration sector is expected to be impacted significantly as many local and regional governments have issued public health orders in response to COVID-19, including restricting the movement of people, which could impact the Company's ability to access its properties and complete exploration, development or production programs in the coming year. Copper prices have declined since December 31, 2019 in the wake of the COVID-19 pandemic. A continuing period of lower prices could significantly affect the economic potential or intentions with respect to the Gunnison Project and may result in the Company suspending or ceasing work on it.

The Company's ability to fund the current level of operating costs in the face of an extended disruption may be affected and the Company may be required to adjust operating levels or obtain additional financing, which may be restricted.

The 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 Company's forecasts and operational plans in light of the current conditions and will use these updated assumptions and forecasts in measurement of our assets going forward.

Despite the foregoing, in response to the unfolding global COVID-19 pandemic, the Board of Directors has determined that the most responsible decision in terms of prioritizing employee health and safety is to place the Gunnison Project on temporary suspension. With the completion of the retrofit and wellfield upgrades, the Company is well positioned to re-commence operations quickly and efficiently once circumstances are deemed to be optimal. During this period, the Company will continue to maintain the wellfield in accordance with all state and federal permit requirements, while ensuring that the wellfield and production facilities are ready for the inevitable re-start.

Stock options

On March 24, 2020, the Board of Directors approved to grant 1,480,000 stock options to officers of the Company at the exercise price of CAD$0.475 per share until March 24, 2025. All of the options will vest upon proof of commercialization and first sales of marketable grade copper.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2019

Management's Discussion and Analysis ("MD&A") is as of March 24, 2020 and relates to the financial condition of Excelsior Mining Corp. and its subsidiaries ("Excelsior" or the "Company") as of December 31, 2019. The MD&A supplements and complements Excelsior's audited Consolidated Financial Statements for the years ended December 31, 2019 and 2018 (the "Consolidated Financial Statements") and related notes. Comparison of the 2019 financial results in this MD&A is provided to the financial results for the three months and year ended December 31, 2018. Other relevant documents to be read with this MD&A include 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 Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts in this MD&A are expressed and presented in thousands of United States dollars (unless otherwise noted). Canadian dollars are expressed as "CAD $".

Readers are cautioned that this 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 March 24, 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. As of December 31, 2019, the Company has completed the construction phase 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 have been completed and injection of mining fluids to the wellfield for copper production has started.

In addition to the Gunnison Project construction and production start-up activities, the Company is continuing the property 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 December 31, 2019, the Company has received all funding from the $75,000 project financing, consisting of a $65,000 copper stream (the "Stage 1 Upfront Deposit"), and $10,000 in equity financing.

Under the terms of the Project Financing, Triple Flag committed to fund the Stage 1 Upfront Deposit in return for Excelsior selling to Triple Flag a percentage of the refined copper production from the Gunnison Project at a reduced price equal to 25% of the copper spot price. The exact percentages of copper production to be sold to Triple Flag varies according to the total production capacity, based on a sliding scale.

The percentages applicable at certain projection levels are detailed in the table below.

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

Following a decision by Excelsior to expand the production capacity, Triple Flag has the option to invest a further $65,000 in exchange for an increase in its entitlement to copper under the Stream ("Expansion Option"). Upon completion of an expansion, Excelsior has the option to reduce the amount of the Stream by 50% by making a buy-down payment to Triple Flag (the "Buy-Down Payment"). The Buy-Down Payment is calculated as an amount that provides Triple Flag with an internal rate of return of 15% on 50% of the Stage 1 Upfront Deposit and, if applicable, 15% on 50% of the Expansion Upfront Deposit (in each case after evaluating the value of Stream deliveries (net of the 25% purchase price payment for such deliveries) made to Triple Flag prior to its payment).

The table below shows the range of percentage of production to be purchased by Triple Flag based on specified production levels based on various scenarios that include Triple Flag's Expansion Option and Excelsior's Buy-Down Right. Actual amounts will be calculated within the range, based on the proven production history.

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

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 by the Monte Carlo simulation include: the copper forward price curve based on COMEX futures, long-term copper price volatility of 21.5% (2018 – 24.0%), credit spread of 8.29% (2018 – 13.19%), a risk-free rate of return of 2.02% (2018 – 2.77%) and a withholding tax rate of nil (2018 – 30%). The valuation of the stream obligation also requires estimation of the Company's nonperformance or credit risk, the Company's expansion plans, and the anticipated production schedule of copper pounds delivered over the estimated life of the mine.

NEBARI FINANCING

On October 31, 2019 the Company entered into an agreement with Nebari Natural Resources Credit Fund I LP ("Nebari") for a $15,000 credit facility (the "Credit Facility"). The Credit Facility provides for an initial draw of $5,000 (the "Initial Draw"), and two additional draws of $5,000 each at the sole option of Excelsior. The first $5,000 draw occurred in December 2019. The Company subsequently sent notices for the second and third draws in January 2020 and March 2020 respectively. The Credit Facility has an initial term of 15 months from the date of the Initial Draw. The Credit Facility may be extended for up to two additional six-month periods (21 months and 27 months from the date of the Initial Draw). The Credit Facility is secured against the assets of Excelsior and certain of its subsidiaries. The Credit Facility bears interest at 14.2% per annum, payable monthly. An arrangement fee of 2.0% ($300) of the total available funds under the Credit Facility was paid on closing. The arrangement fee is creditable against interest payable on the draws under the Credit Facility, to a maximum of $100 of interest per each draw. There are no common shares, warrants or other convertible securities issuable to Nebari in connection with the Credit Facility.

GUNNISON PROJECT

Construction Phase Recap

Excelsior announced the start of construction in December 2018 and the completion of the construction phase in December 2019. The Company completed the construction phase safely, with no lost time incidents involving any employees or contractors. Throughout 2019, the workforce required for construction as well as the operations phase was hired, and all personnel are in place to operate the production wellfield and the upgraded SX-EW facility. The Company has 94 employees as of December 31, 2019. Total capitalized expenditures including accruals on the Gunnison Project as of December 31, 2019 were $76,602.

The following is a summary of the primary components and infrastructure of the Gunnison Project including some of the project milestones that were achieved during 2019.

Wellfield Drilling and Infrastructure
A total of 41 production wells comprised of injection and recovery wells and 16 compliance and monitoring wells surrounding the production wellfield were successfully drilled. The depth of each well is approximately 1300 feet, and all wells are open within the copper ore body. Injection and recovery wells are interspaced in an alternating and repeating pattern throughout the wellfield; spacing is approximately 70 feet from each injection well to a recovery well. Additionally, the primary header station, which contains piping connections and the controls needed to monitor and adjust flow rates, was constructed.

Electrical Power Distribution and Infrastructure
Electrical power distribution to the wellfield, the relocation and upgrades to the new substation, and the new 69k/volt transmission line with pole transformers were completed in July 2019. The 69k/volt transmission line was linked over the I-10 highway to connect the upgraded substation at JCM to the production wellfield for the hydraulically controlled wells and to the evaporation pond. At the new substation, power will be transformed for distribution throughout the SX-EW processing plant.

Holding Ponds
The Company successfully completed the construction of all ponds essential for production. The Gunnison Project has six major ponds represented by five types: Pregnant Leach Solution (PLS), raffinate, evaporation, utility and draindown ponds. Some of these ponds are retrofits of existing ponds, while others are newly constructed ponds. Together, the PLS and raffinate ponds provide a closed-loop system for circulating mining fluids between the JCM production facilities and the wellfield. Excess solution will be transferred to the evaporation pond. Excelsior's federal operating permit requires a bleed in excess of recovered solutions in order to maintain hydraulic control of wellfield operations. This bleed will be delivered to the evaporation pond for

mechanically assisted evaporation. Additionally, there is a new utility pond that will be able to accept either raffinate or PLS solutions to provide operational flexibility. The newly constructed pipeline draindown pond will capture any solutions if repairs or maintenance on the pipeline is required.

Pipeline Distribution and Infrastructure
Construction of the pipeline corridor connecting the processing facilities at JCM to the wellfield was completed during July 2019 and the pipeline within the corridor was completed in August 2019. A two-mile high-density polyethylene (HDPE) pipeline corridor will safely transport solutions between the JCM processing facilities and the Gunnison wellfield. The pipeline corridor contains 18-inch and 20-inch diameter PLS and raffinate lines, as well as a freshwater line and a utility line. Construction of the pipeline corridor also included the installation of a bridge over an area of the property where elevation is required, and a 460-foot tunnel under the I-10 highway, which was horizontally drilled.

New Acid Storage Facilities
In July 2019, the construction of three new acid storage tanks and a new acid unloading facility was completed. The new acid storage tanks have a capacity of 7,500 tons of sulfuric acid and were designed to provide excess operational and purchasing flexibility. Sulfuric acid deliveries to the tanks started in August 2019 and will continue throughout the copper production phase of the project.

JCM SX-EW Plant Upgrades
Upgrades to the JCM processing facilities were completed including enhanced controls and instrumentation, new rectifiers, increased solution heating capacity as well as other modifications that are expected to allow the Gunnison Project to produce Grade A, 99.999% pure copper cathode.

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 orebody on December 31, 2019. The mining fluids will circulate over a cubic area 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 are being implemented include making the wellfield reversable in terms of fluid flow. Injection wells are being retrofitted with pumps; thereby, allowing them to be used as recovery wells when needed. In addition, recovery wells are in the process of being reconfigured to allow for injection. By making the wellfield reversable, Excelsior will have the option of moving mobilized copper only a portion of the full distance between the wells before reversing the fluid flow; thereby reducing the effective distance that the copper must travel before it is recovered. This new capacity to move fluids back and forth (push and pull) is expected to help achieve breakthrough, at which point copper would remain in solution throughout the production process.

In parallel, infrastructure is being 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 being implemented.

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 and service providers, and the demand for our production. While initially the outbreak was largely concentrated in China and caused significant disruptions to its economy, it has now spread to many other countries and infections have been reported globally. The spread of the coronavirus may have a significant adverse impact on our workforce, production levels, and our ability to continue operating the Gunnison Project. Government efforts to curtail the spread of the coronavirus may also result in temporary or long-term suspensions or shut-downs of our operations. The extent to which the coronavirus impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of the coronavirus and the actions taken to contain the coronavirus or treat its impact, among others. See "Outlook" for additional information on the Company's response to COVID-19.

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 is currently in a start-up and commissioning phase. Total project-related expenditures forecast for the Gunnison Project is approximately $88.0 million, an increase of $5.0 million from the previous estimate. Excelsior's focus will be on attaining a sustained production rate of 25 million pounds of copper per year and thereafter evaluating the potential to expand the production rate.

Despite the foregoing, in response to the unfolding global COVID-19 pandemic, the Board of Directors has determined that the most responsible decision in terms of prioritizing employee health and safety is to place the Gunnison Project on temporary suspension. With the completion of the retrofit and wellfield upgrades, the Company is well positioned to re-commence operations quickly and efficiently once circumstances are deemed to be optimal. During this period, the Company will continue to maintain the wellfield in accordance with all state and federal permit requirements, while ensuring that the wellfield and production facilities are ready for the inevitable re-start.

SELECTED ANNUAL INFORMATION

A summary of the Company's consolidated financial results for the years ended 2019, 2018, and 2017 are presented below:

	2019	2018	2017
Revenue	$ nil	$ nil	$ nil
Total assets	128,819	68,364	34,851
Working Capital	17,871	42,355	16,242
Total non-current liabilities	94,086	19,238	9,180
Shareholders' equity	25,482	45,946	25,144
Cash dividends paid	-	-	-
Net loss for the year	23,880	12,135	9,494
Basic and diluted loss per share	0.10	0.06	0.06

REVIEW OF FINANCIAL RESULTS

The net loss for the years ended 2017, 2018 and 2019 have increased as the Company has advanced the Gunnison Project from exploration and evaluation, through feasibility and sustainability, and project advancement activities. In addition, the net loss has increased in 2019 due to the non-cash loss on the fair value of the copper stream derivative liability. The care and maintenance costs of the JCM facilities has remained relatively constant over the three-year period.

	Three months Ended December 31,		For the Year Ended December 31,	
	2019	2018	**2019**	2018
Expenses				
Johnson Camp holding and maintenance cost	$ 78	$ 1,084	$ 444	$ 3,450
Project advancement	-	218	-	3,396
Evaluation and permitting	50	112	298	1,526
Office and administration	217	415	1,003	1,218
Professional fees	317	433	1,382	1,215
Directors and officers fees	98	686	2,374	2,143
Investor relations	129	141	512	501
Share-based compensation	552	1,327	2,936	2,340
Regulatory fees	21	22	78	74
Depreciation	168	81	576	275
Other Items				
Loss on derivative at fair value	8,816	20	14,844	20
Financing expense	92	63	335	252
Interest income	(135)	(81)	(602)	(280)
Foreign exchange loss (gain)	(4)	69	(7)	82
Gain on sale of royalty	-	(3,783)	-	(3,783)
Other income	(84)	(75)	(293)	(294)
Loss and comprehensive loss for the period	**$ 10,315**	**$ 732**	**$ 23,880**	**$ 12,135**

A comparison of the financial results for the year and the three-month period ended December 31, 2019 and December 31, 2018 is provided below.

For the year ended December 31, 2019 compared to the year ended December 31, 2018:

For the year ended December 31, 2019 the Company's net loss was $23,880 ($0.10 per share) compared to a net loss of $12,135 ($0.06 per share) for the year ended December 31, 2018. The higher net loss for the year ended December 31, 2019 as compared to the same period of 2018 resulted primarily from a non-cash loss of $14,844 arising from the change in fair value of the copper stream derivative liability. Partly offsetting, is the absence of project advancement costs that were incurred during the comparable full-year period of 2018 for the Gunnison Project, which were expensed in accordance with the Company's accounting policy.

Significant changes in the "Expenses" categories listed in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2019 and 2018 are described below:

For the year ended December 31, 2019 the Company incurred JCM holding and maintenance costs of $444 (2018 - $3,450). For the 2018 period, these costs are primarily employee salaries, wages and benefits, utilities, property taxes, insurance, plant and equipment maintenance, and environmental compliance costs. For the 2019 period, these costs are being capitalized as Gunnison Project construction costs, except for property taxes and costs which are related to the care and maintenance of the heap leach pad. When the Gunnison Project is in production, all the above cost categories will be included in operating costs.

For the year ended December 31, 2019 the Company incurred project advancement costs of nil (2018 - $3,396) directly related to the Gunnison project construction readiness activities. Costs were nil for the year ended December 31, 2019 as compared to the same period of 2018 due to completion of construction-readiness activities at the end of November 2018 and all Gunnison Project advancement costs are capitalized as construction-in-progress beginning December 1, 2018. During the 2018 period, these costs include project employee ramp-up related costs including compensation, and technical services for detailed engineering and planning for the SX-EW upgrades and wellfield infrastructure.

For the year ended December 31, 2019 evaluation and permitting expenses incurred on the Gunnison Project amounted to $298 (2018 - $1,526). The costs for the year ended December 31, 2019 were lower than the comparable period of 2018 as most permitting activities were completed in 2018. The costs in 2019 represent ongoing compliance costs at JCM.

For the year ended December 31, 2019, office and administration costs were $1,003 which were $215 below the comparable 2018 period of $1,218 due to lower support services required after the start of construction activities.

Professional fees for the year ended December 31, 2019 were $1,382 which were $167 higher than the comparable 2018 period of $1,215. Advisory fees incurred in 2019 associated with the Triple Flag financing proceeds were mostly offset by lower legal fees related to lower permitting activities in 2019 as compared to 2018.

Directors' and officers' fees incurred during the year ended December 31, 2019, were $2,374 compared to $2,143 during the same period of the prior year, an increase of $231. Higher directors' and officers' fees resulted from an increase in executive compensation.

Investor relations costs incurred in 2019 of $512 were slightly higher than the comparable 2018 period of $501 as activities remained relatively constant.

During the year ended December 31, 2019, the Company incurred share-based compensation expense of $2,936 (2018 – $2,340). The increase in non-cash share-based compensation expense of $596 is primarily due to an increase in stock options granted to directors, officers, employees and consultants.

Depreciation expense for the year ended December 31, 2019 was $576 compared to $275 for the year ended December 31, 2018. The increase in Depreciation expense is due to higher depreciation on the asset retirement obligation, as well as higher depreciation on equipment purchases.

Significant changes in the "Other Items" listed in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2019 and 2018 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 Monte Carlo simulation in generating future copper revenue for purposes of valuing the stream obligation at December 31, 2019 include: the copper forward price curve (based on COMEX futures), long-term copper price volatility of 21.5%, a credit spread of 8.29%, and a risk-free rate of return of 2.02%. The valuation of the copper stream requires estimation of the Company's nonperformance or credit risk, the Company's expansion plans, and the anticipated production schedule of copper pounds delivered over the life of the mine. During the year ended December 31, 2019, the loss of $14,844 on revaluation of the derivative liability was primarily driven by an increase in the copper price input compared to the December 31, 2018 valuation model, and the impact of a lower risk-free discount rate and a lower credit spread in the valuation model assumptions.

Financing expense for the year ended December 31, 2019 was $335 compared to $252 for the year ended December 31, 2018. The increase in financing expense is due to higher accretion expense on the asset retirement obligation.

During the year ended December 31, 2019, the Company realized interest income of $602 versus interest income of $280 for the comparable period of 2018. Interest income was higher in 2019 compared to the same period of 2018 mainly due to an increase in interest income on cash investments from the Company's overall higher cash balance in 2019.

The Company realized a gain on the sale of a royalty interest in December 2018 of $3,783.

Other income of $293 for the year ended December 31, 2019 and $294 for full-year period of 2018 primarily represents sales of waste rock material from JCM.

SELECTED QUARTERLY INFORMATION

The following table summarizes selected financial information for the Company for each of the past eight quarters ending December 31, 2019:

	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Net loss for the period	$ 10,315	$ 4,617	$ 2,315	$ 6,633
Loss per share (basic and diluted)	0.04	0.02	0.01	0.03
Total assets	128,819	125,590	115,325	76,097

	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Net loss for the period	$ 732	$ 4,148	$ 3,516	$ 3,739
Loss per share (basic and diluted)	0.00	0.02	0.02	0.02
Total assets	68,364	38,534	41,453	44,803

The net loss for the last eight quarters reflects the advancement of the Gunnison Project from exploration and evaluation, through feasibility and sustainability, through the construction phase and into the start-up and commissioning phase. The care and maintenance costs of the JCM facilities has remained relatively constant over the previous eight-quarter period. The net loss for the quarter-ended December 31, 2019 of $10,315 included a loss of $8,816 on revaluation 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, which were previously expensed in accordance with the Company's accounting policy.

The quarterly results presented above do not necessarily reflect any recurring expenditure patterns or predictable future trends. The net 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.

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

Three months ended December 31, 2019 compared to the three months ended December 31, 2018:

For the three-months ended December 31, 2019 the Company's net loss was $10,315 ($0.04 per share) compared to a net loss of $732 ($0.00 per share) for the three-months ended December 31, 2018. The higher net loss for the three-month period ended December 31, 2019 as compared to the same period of 2018 resulted primarily from the loss of $8,816 on revaluation of the copper stream derivative liability and higher compensation costs partly offset by the absence of project advancement costs that were incurred during the comparable three-month period of 2018 for the Gunnison Project, which were expensed in accordance with the Company's accounting policy.

Significant changes in the "Expenses" categories listed in the consolidated statements of loss and comprehensive loss for the three-months ended December 31, 2019 and 2018 are described below:

For the three-months ended December 31, 2019 the Company incurred JCM holding and maintenance costs of $78 (2018 - $1,084). For the 2018 period, these costs are primarily employee salaries, wages and benefits, utilities, property taxes, insurance, plant and equipment maintenance, and environmental compliance costs. For the 2019 period, these costs are being capitalized as Gunnison Project construction costs, except for property taxes and costs which are related to the care and maintenance of the heap leach pad. When the Gunnison Project is in production, all the above cost types will be included in operating costs.

For the three months ended December 31, 2019 the Company incurred project advancement costs of nil (2018 - $218) directly related to the Gunnison project construction readiness activities. During the 2018 period, these costs include project employee ramp-up related costs including compensation, and technical services for detailed engineering and planning for the SX-EW upgrades and wellfield infrastructure. Costs were nil in the three-month period ended December 31, 2019 as compared to the same period of 2018 due to completion of construction-readiness activities at the end of November 2018. All Gunnison Project advancement costs are capitalized as construction-in-progress beginning December 1, 2018.

For the three months ended December 31, 2019 evaluation and permitting expenses incurred on the Gunnison Project were $50 (2018 - $112). Costs for the three-months ended December 31, 2019 were lower than the comparable period of 2018 because most permitting activities were completed in 2018.

Office and administration expenses for the three-months ended December 31, 2019 were $217 compared to $415 during the same period of the prior year. The decrease of $198 was primarily due to timing of corporate management and administrative support incurred during the prior year comparative period.

Professional fees incurred during the three months ended December 31, 2019 were $317 compared to $433 during the same period of the prior year, representing a decrease of $116. Lower professional fees resulted from lower legal fees related to permitting activities in the 2018 three-month period.

Directors' and officers' fees incurred during the three months ended December 31, 2019, were $98 compared to $686 during the same period of the prior year, representing a decrease of $589. Lower directors' and officers' fees resulted from a decrease in incentive compensation.

Investor relations costs for the three months ended December 31, 2019 were $129 which were slightly lower than the comparable 2018 period of $141 as activities remained relatively constant.

During the three months ended December 31, 2019, the Company incurred share-based compensation expense of $552 (2018 – $1,327). The decrease in non-cash share-based compensation expense of $775 is due to higher stock options granted to directors and officers, consultants, and management personnel in 2018.

Depreciation expense for the three months ended December 31, 2019 was $168 compared to $81 for the three months ended December 31, 2018. The increase in Depreciation expense is due to higher depreciation on the asset retirement obligation, as well as higher depreciation on equipment purchases.

Significant changes in the "Other Items" listed in the consolidated statements of loss and comprehensive loss for the three-months ended December 31, 2019 and 2018 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 full-year discussion above for the variables that are used in the period-end valuation. During the three months ended December 31, 2019, the non-cash loss of $8,816 for revaluation of the derivative liability was primarily driven by an increase in the copper price and the impact of a lower credit spread in the valuation model assumptions.

During the three-months ended December 31, 2019, the Company realized interest income of $135 versus interest income of $81 for the comparable period of 2018. Interest income was slightly higher in 2019 compared to the same period of 2018 mainly due to an increase in interest income on cash investments from the Company's overall higher cash balance in 2019.

The Company realized a gain on the sale of a royalty interest in December 2018 of $3,783.

Other income of $84 for the three-month period of 2019 and $75 for the three-month period of 2018 represents sales of waste rock material from JCM.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash and cash equivalents of $24,900 as of December 31, 2019 (December 31, 2018 - $44,168). Cash and cash equivalents decreased $19,268 during the year ended December 31, 2019 compared to an increase of $27,491 during 2018 primarily due to cash expenditures for Gunnison Project construction costs partly offset by the funds received from Triple Flag ($55,000) and Nebari ($5,000 less fees of $420) during 2019. In 2018, the Company received cash from private equity placements and the initial proceeds of $9,763 from the copper stream.

Net cash used in operating activities for the year ended December 31, 2019 was $5,758 compared to net cash used of $12,726 for the same period of 2018. The change in operating cash flow for 2019 compared to 2018 resulted from the Gunnison Project advancing into the construction stage in December 2018. Project advancement costs were included in operating activities in 2018, whereas the Gunnison Project costs are included in investing activities in 2019.

Net cash used in operating activities for the three months ended December 31, 2019 was $1,287 compared to $3,513 for the same period of 2018. The change in operating cash flow for the three-month period of 2019 compared to the same period of 2018 resulted from the Gunnison Project advancing into the construction stage in December 2018 as Gunnison Project costs are included in investing activities in 2019.

Net cash used in investing activities for the year ended December 31, 2019 of $73,097 was higher than the net cash used of $366 for the same period of 2018 primarily due to the cash expenditures for the Gunnison Project construction costs. Similarly, net cash used in investing activities for the three months ended December 31, 2019 was $8,646 compared to net cash provided of $517 for the same period of 2018. The net cash used in 2019 was mainly the result of cash expenditures for the Gunnison Project construction costs. The net cash provided for the three-month period of 2018 resulted from the royalty option payment of $3,783 partly offset by the restricted cash deposit of $2,638 for bond collateral and Gunnison Project construction costs of $628.

Net cash provided by financing activities for the year ended December 31, 2019 was $59,580 compared to $40,665 for the year of 2018. During 2019, the Company received $55,000 from Triple Flag under the copper stream and $5,000 (less fees of $420) from the Nebari financing. During 2018, the Company received $32,243 in proceeds from private equity placements and $9,763 from the copper stream, among other items.

Net cash provided by financing activities for the three months ended December 31, 2019 was $4,580 compared to $27,859 for the three-month period of 2018. During the current 2019 period, the Company received $5,000 from the first draw on the Nebari financing, and incurred financing-related costs of $420. For the comparable three-month period of 2018, the Company received funds from private equity placements of $19,443 and initial proceeds from the stream financing of $9,763.

The Company had working capital of $17,871 at December 31, 2019 (December 31, 2018 – $42,355). The decrease in working capital primarily resulted from the decrease in cash discussed above, an increase in accounts payable and accrued liabilities primarily related to construction costs on the Gunnison Project, and the current portion of the copper stream derivative liability.

The Company has completed construction activities on the Gunnison Project, entered the start-up and commissioning phase, and continues to incur JCM holding and maintenance costs related to the heap leach pads. With the completion of the Project Financing and private equity placements in 2018, the Nebari Credit Facility in 2019, and expected cash flow from future copper production and sales, the Company expects to have enough funds to cover the remaining accrued construction costs for the first phase of the Gunnison Project and to meet its estimated annual costs for at least the next year.

STATEMENT OF FINANCIAL POSITION INFORMATION

The following is a summary of the Company's financial position at December 31, 2019 compared to the annual statement of financial position at December 31, 2018.

	As at December 31, 2019	As at December 31, 2018
Cash and cash equivalents	$ 24,900	$ 44,168
Receivables	533	177
Prepaid expenses	1,044	903
Materials and supplies	645	286
Property, plant and equipment, net	98,393	19,526
Restricted cash	3,304	3,304
Total Assets	$ 128,819	$ 68,364

	As at December 31, 2019	As at December 31, 2018
Accounts payable and accrued liabilities	$ 4,183	$ 2,526
Amounts due to related parties	821	404
Restricted share units	73	249
Insurance liabilities	281	-
Lease liabilities (current and long-term)	149	-
Debt financing (current and long-term)	4,876	-
Derivative liabilities (current and long-term)	79,627	9,782
Asset retirement obligation	13,327	9,456
Capital stock	89,306	88,916
Other equity reserves	9,935	6,910
Deficit	(72,930)	(49,050)
Accumulated other comprehensive loss	(829)	(829)
Total Liabilities and Equity	$ 128,819	$ 68,364

Assets

Cash and cash equivalents decreased by $19,268 during the year ended December 31, 2019 as previously discussed in "Liquidity and Capital Resources" above.

The increase of $78,867 in net Property, plant and equipment at December 31, 2019 primarily reflects capitalized expenditures and accruals for Gunnison Project construction.

Liabilities

Accounts payable and accrued liabilities increased by $1,657 for the year ended December 31, 2019, mainly resulting from the increase in expenditures related to the construction activities on the Gunnison Project.

Derivative liability of $79,627 at December 31, 2019 consists of the fair value of the copper stream ($78,887) and the fair value of the common share purchase warrants ($740). The $69,845 increase in 2019 is principally related to $55,000 of cash received from Triple Flag under the copper stream and changes in the valuation model assumptions related to the risk-free discounting rate and credit spread.

The increase in the asset retirement obligation ("ARO") of $3,871 for the year ended December 31, 2019 is due to additional reclamation costs for disturbance of the wellfield area and new ponds of $2,368 during 2019,

$1,186 for a change in estimated costs from updating the inflation and discount rate assumptions, and $317 for the accretion of the ARO estimate at December 31, 2018.

Equity

During the year ended December 31, 2019, the other equity reserves account increased by $3,025 primarily as a result of share-based compensation costs of $3,295, including expensed and capitalized costs.

During the year ended December 31, 2019, capital stock increased by $390 due to an increase in restricted share unit vesting and stock option exercises.

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	December 31, 2019	Date of report
Common shares	239,588,748	239,630,082
Stock options	16,475,000	18,215,000
Restricted share units	100,000	100,000
Warrants	3,500,000	3,500,000

During the year ended December 31, 2019 a total of 1,207,091 common shares were issued, summarized as follows:

- During the year ended December 31, 2019, the Company issued a total of 1,019,591 common shares from stock options exercised.
- On January 8, 2019, the Company issued 187,500 common shares for the vesting of restricted share units.

Contractual Obligations

The Company has the following contractual obligations as of December 31, 2019:

Contractual Obligations	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Asset Retirement Obligation[1]	$ 15,022	-	-	-	$ 15,022
Leases liabilities	$ 162	$ 113	$ 49	-	-
Debt	$ 5,872	$ 710	$ 5,162		
Purchase Obligations	$ 323	$ 323	-	-	-
Total Contractual Obligations	$ 21,379	$ 1,146	$ 5,211	-	$ 15,022

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

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

RELATED PARTIES

Related parties and related party transactions are summarized below:

Key Management Personnel

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

Remuneration attributed to key management personnel is summarized as follows:

	Year Ended December 31,	
	2019	2018
Salaries, fees and benefits	$ 2,473	$ 2,175
Share-based compensation	2,695	1,796
Total	$ 5,168	$ 3,971

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:

	Year ended December 31,			
		2019		**2018**
King & Bay	$	123	$	532
Kinley	$	752	$	127

As of December 31, 2019, amounts accrued and due to key management personnel and other related parties include the following:

- Corporate officers - $810 (December 31, 2018 - $392)
- King & Bay - $11 (December 31, 2018 - $12)

ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies applied in the preparation of the audited consolidated financial statements for the year ended December 31, 2019 are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2018, except for the adoption of IFRS 16, *Leases* ("IFRS 16"), which is effective January 1, 2019. A summary of the Company's significant accounting policies is provided in Note 2 to the audited consolidated financial statements for the year ended December 31, 2019 and 2018. A summary of the adoption of IFRS 16 is included in Note 3 of the Company's audited consolidated financial statements for the year ended December 31, 2019 and 2018.

The preparation of the consolidated 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 at the date of the financial statements, and expenses for the periods reported. A summary of the Company's critical estimates and judgments is provided in Note 2, Basis of Presentation, of the audited consolidated financial statements for the year 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 year ended December 31, 2019 and 2018. As of December 31, 2019, 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 interest rate would decrease the value of the stream obligation by $5,849, whereas a 1% decrease in the interest rate would increase the value of the stream liability by $6,416.

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 $6,525, whereas a 10% decrease in the market price of copper would decrease derivative liabilities by $6,762.

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 December 31, 2019, the Company has cash and cash equivalents of $24,900 to settle current liabilities of $9,251. The Company has drawn $5,000 on the Nebari Credit Facility and has sent requests to draw down the $10,000 remaining on the $15,000 Nebari financing facility.

Fair value estimation

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

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

Level 1: Quoted prices in active markets for identical assets or liabilities that the Company 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 December 31, 2019	Carrying value			Fair value		
	FVTPL	Amortized cost	Other financial liabilities	Level 1	Level 2	Level 3
Financial assets						
Cash and cash equivalents	$ -	$ 24,900	$ -	$ -	$ -	$ -
Restricted cash	-	3,304	-	-	-	-
	$ -	$ 28,204	$ -	$ -	$ -	$ -
Financial liabilities						
Accounts payable and accrued liabilities	$ -	$ -	$ 4,183	$ -	$ -	$ -
Amounts due to related parties	-	-	821	-	-	-
Insurance liabilities	-	281	-	-	-	-
Restricted share units	73	-	-	-	73	-
Derivative liabilities	79,627	-	-	-	-	79,627
Debt	-	4,876	-	-	-	-
	$ 79,700	$ 5,157	$ 5,004	$ -	$ 73	$ 79,627

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management of the Company is responsible for establishing and maintaining disclosure controls and procedures. Management has designed such disclosure controls and procedures, or caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the CEO and the CFO by others within those entities.

The CEO and Interim CFO have certified that they have designed disclosure controls and procedures (or caused them to be designed under their supervision) and they are operating effectively to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries is made known to them by others within those entities as of December 31, 2019.

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 year ended December 31, 2019, 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 & 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 construction of the Gunnison Project and the production of copper.

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

- risks relating to the fact that the Company depends on a single mineral project;
- risks inherent in the exploration, development and operation of mineral deposits, including risks relating to changes in project parameters as plans continue to be redefined including the possibility that copper may not be produced at the Gunnison Project;
- risks relating to variations in mineral resources and reserves, grade or recovery rates resulting from current exploration and development activities;
- risks related to fluctuations in the price of copper as the Company's future revenues, if any, are expected to be derived from the sale of copper;
- risks related to a reduction in the demand for copper in the Chinese market which could result in lower prices;
- financing, capitalization and liquidity risks, including the risk that the financing necessary to fund the future development and construction activities at the Gunnison Project may not be available on satisfactory terms, or at all;
- the Company has no history of mining operations and no revenues from operations and expects to incur losses for the foreseeable future;
- risks related to current global financial conditions and the impact of COVID-19 on the Company's business;
- risks related to the Company obtaining various permits required to conduct its current and anticipated future operations;
- risks related to disputes concerning property titles and interest;
- risks relating to the ability to access infrastructure;
- 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.

RISK FACTORS

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.