CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(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, 2023 and 2022, 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 Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of (income) loss and comprehensive (income) 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, comprising material accounting policy information and other explanatory information.

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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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Material uncertainty related to going concern

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators for property, plant and equipment (PP&E) *Refer to note 2(c) – Basis of presentation – Critical accounting estimates and judgments and note 3(g) – Significant accounting policies – Impairment of long-lived assets to the consolidated financial statements.* The net carrying amount of PP&E amounted to $104.9 million as at December 31, 2023. At the end of each reporting period, management reviews the PP&E to determine whether there are any indications that those assets may be impaired. Management makes significant judgments in assessing whether changes to certain factors would be considered an indicator of impairment, which include both internal and external factors such as (i) a reduction in quantity of the recoverable reserves; (ii) a reduction in metal prices; (iii) increases to forecasted capital and operating costs; and (iv) delays to the timing of achieving commercial production. No impairment indicators were noted. We considered this a key audit matter due to (i) the significance of the PP&E balance and (ii) the subjectivity in performing procedures to assess the	Our approach to addressing the matter included the following procedures, among others: • Evaluated the reasonableness of management's assessment of impairment indicators for PP&E, which included the following: – Assessed the completeness of external and internal factors that could be considered as indicators of impairment of the Company's PP&E, by considering evidence obtained in other areas of the audit. – Assessed whether there was a reduction in quantity of the recoverable reserves, a reduction in metal prices and whether there were delays to the timing of achieving commercial production by considering external market data and evidence obtained in other areas of the audit, as applicable. – Assessed whether there were increases to forecasted capital and operating costs by considering the consistency of forecasted

Key audit matter	How our audit addressed the key audit matter
internal and external factors evaluated by management in its assessment of impairment indicators, which required significant management judgments.	capital and operating costs with previously forecasted data.
Fair value of stream obligation *Refer to note 2(c) – Basis of presentation – Critical accounting estimates and judgments, note 11 – Derivative liabilities and note 21 – Financial instruments to the consolidated financial statements.* The Company has a copper metal stream, which the Company records at fair value at each consolidated statement of financial position date because the Company has determined that the stream obligation is a derivative liability carried at fair value through profit or loss. As at December 31, 2023, the stream obligation was valued at $116.1 million. This fair value of the stream obligation was valued using a Monte Carlo simulation model. The significant assumptions developed by management used in the Monte Carlo simulation model included the copper forward price curve; the long-term copper price volatility; the discount rate, which factors in the Company's credit spread; the life of mine production schedule; and expectations including expansion plans and characterization of the stream for tax purposes. The Monte Carlo simulation model was prepared by an independent valuation specialist and the life of mine production schedule and expectations including expansion plans are based on the information compiled by qualified persons (management's experts). We considered this a key audit matter due to (i) the significant judgment made by management in determining the fair value of the stream obligation; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures relating to the significant assumptions, which included the copper forward price curve, the long-term copper price	Our approach to addressing the matter included the following procedures, among others: • Developed an independent point estimate of the fair value of the stream obligation based on data and assumptions applied by management, which included the following: – Professionals with specialized skill and knowledge in the field of valuation assisted us in performing an independent valuation using a Monte Carlo simulation model and evaluating the reasonableness of the significant assumptions used by management, which included (i) the copper forward price curve; (ii) long-term copper price volatility; and (iii) the discount rate, which factors in the Company's credit spread by considering external market data. – The work of management's experts was used in performing procedures to evaluate the reasonableness of the life of mine production schedule and expectations including expansion plans. As a basis for using this work, the competence, capabilities and objectivity of management's experts were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings.

Key audit matter	How our audit addressed the key audit matter
volatility, the discount rate, which factors in the Company's credit spread, the life of mine production schedule and expectations including expansion plans; and (iii) the audit effort that involved the use of professionals with specialized skill and knowledge in the field of valuation.	• Compared the independent point estimate to management's estimate to evaluate the reasonableness of management's estimate.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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 Accounting Standards, 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Dean Larocque.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 22, 2024

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

	Note	2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents		$ 6,113	$ 5,604
Marketable Securities	4	76	22
Receivables		126	86
Prepaid expenses		776	476
Inventory	5	1,341	1,741
		8,432	7,929
LT Receivables		-	62
Property, plant and equipment	6	104,902	107,459
Restricted cash	7	3,074	3,311
Total Assets		$ 116,408	$ 118,761
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	8	$ 1,640	$ 1,258
Amounts due to related parties	17	136	124
Nuton Project Payable	9	432	-
Lease liabilities		103	97
Insurance liabilities	10	493	181
Restricted share units		-	146
Derivative liabilities	11	235	391
Debt	13	1,442	15,405
		4,481	17,602
Lease liabilities		222	302
Debentures	14	4,330	-
Debt	13	14,178	-
Derivative liabilities	11	115,823	100,911
Asset retirement obligation	12	8,097	8,245
Total liabilities		147,131	127,060
Equity			
Capital Stock	15	112,828	108,045
Other equity reserves	15	14,205	12,453
Deficit		(156,927)	(127,968)
Accumulated other comprehensive loss		(829)	(829)
Total Equity		(30,723)	(8,299)
Total Liabilities and equity		$ 116,408	$ 118,761

See note 1 - Nature of Operations and Going Concern

Approved on March 22, 2024 on behalf of the Board of Directors:

/signed/	/signed/
Stephen Axcell	**Fred DuVal**
Chair of the Audit Committee	Director

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

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

	Note	For the year ended December 31, 2023	2022
Revenue			
Revenue		**$ (2,919)**	$ (4,178)
Cost of sales	**16**	**8,363**	10,759
Loss from mine operations		**$ 5,444**	$ 6,581
Operating Expenses			
Evaluation and permitting		**$ 294**	$ 3,148
Office and administration		**689**	788
Professional fees		**645**	548
Directors and officers fees		**1,603**	2,117
Investor relations		**451**	227
Share-based compensation	**15**	**510**	121
Regulatory fees		**166**	92
Depreciation		**182**	172
Total Operating Expenses		**$ 4,540**	$ 7,213
Other Items			
Loss (gain) on derivative at fair value	**11**	**14,763**	(50,051)
Financing expense		**3,494**	2,019
Interest income		**(113)**	(16)
Unrealized loss (gain) on foreign exchange		**(7)**	10
Loss on modification of financial liabilities	**13&14**	**1,375**	-
Other (income)		**(537)**	(635)
Total Other Items		**$ 18,975**	$ (48,673)
(Income) loss and comprehensive (income) loss for the period		**$ 28,959**	$ (34,879)
(Earnings) loss per common share:			
Basic and Diluted		**$ 0.10**	$ (0.13)
Weighted average number of common shares outstanding:			
Basic and Diluted	**15**	**278,652,578**	274,835,944

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)

	Note	2023	2022
CASH FLOWS RELATED TO OPERATING ACTIVITIES			
(Loss) income for the period		$ (28,959)	$ 34,879
Items not affecting cash:			
Loss (gain) on derivative at fair value	11	14,763	(50,051)
Depreciation		273	321
Accretion of asset retirement obligation		158	603
Share-based compensation	15	537	145
Financing expense		407	54
Nebari Extension Bonus	13	1,500	-
Loss (gain) on Marketable Securities		(54)	3
Gain on Disposal		-	(115)
Unrealized loss (gain) on foreign exchange		(7)	10
Non-cash working capital item changes:			
Receivables		15	278
Prepaid expenses		(300)	544
Inventory		400	74
Accounts payable and accrued liabilities		286	(420)
Amounts due to related parties		12	15
Insurance liabilities	10	312	(401)
Net cash used by operating activities		(10,657)	(14,061)
CASH FLOWS RELATED TO INVESTING ACTIVITIES			
Gunnison project construction		-	8
Nuton funds received	9	5,000	-
Nuton Project expenditure	9	(2,568)	-
Mineral properties		-	(1,187)
Restricted cash		237	-
Net cash (used) provided by investing activities		2,669	(1,179)
CASH FLOWS RELATED TO FINANCING ACTIVITIES			
Proceeds from issuance of debentures	14	3,000	-
Proceeds from sale of royalty		5,500	-
Financing costs		(10)	-
Net cash provided by financing activities		8,490	-
Net change in cash and cash equivalents		502	(15,240)
Effect of foreign exchange on cash and cash equivalents		7	(10)
Cash and cash equivalents, beginning of year		5,604	20,854
Cash and cash equivalents, end of period		$ 6,113	$ 5,604
Cash and cash equivalents consist of:			
Cash			
Supplemental cash flow disclosures:			
Interest paid		$ 2,785	$ 2,374

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, 2023 AND 2022
(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, 2021	274,835,944	$ 108,045	$ 12,195	$ (162,847)	$ (829)	$ (43,436)
Share-based compensation	-	-	258	-	-	258
Income for the period	-	-	-	34,879	-	34,879
Balance, December 31, 2022	274,835,944	$ 108,045	$ 12,453	$ (127,968)	$ (829)	$ (8,299)
Balance, December 31, 2022	274,835,944	$ 108,045	$ 12,453	$ (127,968)	$ (829)	$ (8,299)
Stock issuance (see note 15)	38,756,514	4,600	-	-	-	4,600
Restricted share unit exercises (see note 15)	1,823,400	193	-	-	-	193
Share issuance costs	-	(10)	-	-	-	(10)
Debentures	-	-	1,262	-	-	1,262
Share-based compensation	-	-	490	-	-	490
Loss for the period	-	-	-	(28,959)	-	(28,959)
Balance, December 31, 2023	315,415,858	$ 112,828	$ 14,205	$ (156,927)	$ (829)	$ (30,723)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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 Suite 2400, 1055 West Georgia Street, Vancouver, BC, Canada V6E 3P3.

The Company is developing the Gunnison Project in Southeastern Arizona and has entered into an agreement with Nuton LLC ("Nuton"), a Rio Tinto Venture, to further evaluate the use of its Nuton™ copper heap leaching technologies at the Johnson Camp Mine (JCM) and to generate cash flow to continue to support the development of the Gunnison project. The Company is moving ahead with the work to advance this strategy.

During the year ended December 31, 2023 the Company incurred a net loss of $28,959 that included a non-cash loss on derivatives of $14,763 and used cash for operating activities of $10,657. As at December 31, 2023 the Company had a working capital of $3,951, including a cash balance of $6,113.

In support of the Company's plan for JCM sulfide leaching and Gunnison wellfield stimulation trials, on January 30, 2023 the Company and its lender, Nebari Natural Resources Credit Fund I LLP ("Nebari"), executed a second amendment to the loan agreement which extended the due date of the $15,000 loan advanced by Nebari to March 31, 2025. The amendment also lowered the required $5,000 minimum cash balance for the Company to a $2,500 minimum cash balance. On November 30, 2023 the Company and Nebari executed a third amendment to the loan agreement which extended the due date of the $15,000 loan to June 30, 2026. The amendment also lowers the applicable interest rate to 10.5% per annum plus the greater of the forward-looking secured overnight financing rate (administered by CME Group Benchmark Administration Limited or a successor administrator) for a term of 3 months or 1.5% (see "Nebari Financing" for more details).

The Company's cash flow projections indicate that the minimum balance requirement will be breached during the second quarter of 2024 unless additional financing is obtained. The amendment to the loan agreement allows a 60 day cure period in the event of a breach of this condition.

Pursuant to the Copper Purchase and Sale Agreement (the "Stream Agreement") with Triple Flag International Ltd. ("Triple Flag"), the Company is required to maintain a leverage ratio of 3.5:1. The leverage ratio is calculated as the ratio of indebtedness of the Company to net income (adjusted for certain items). On November 30, 2023 the Company and Triple Flag executed an amendment to the Stream Agreement which suspends the applicability of the leverage ratio until June 30, 2026 (the "Leverage Ratio Grace Period") to accommodate the extension of the Nebari loan. On December 14, 2023 the Company and Triple Flag executed a further amendment to the Stream Agreement which suspends the Leverage Ratio Grace Period until September 30, 2026 to accommodate the further extension of the Nebari loan.

On February 9, 2023, the Company executed an agreement for a total of $3,000 of unsecured convertible debentures (see 2023 "Debenture Offering" Financing). On July 31, 2023, the Company entered into an Option Agreement with Nuton pursuant to which Nuton provided $3,000 for pre-payment of Stage 1 costs, and $2,000 for an exclusive option to form a joint venture with the Company (see Johnson Camp Mine). The Company also closed a $5,500 financing on December 14, 2023, with Greenstone Excelsior Holdings LP ("Greenstone") and Triple Flag USA Royalties Ltd. ("Triple Flag USA"). Greenstone has sold 1.5% of its total 3% gross revenue royalty on JCM to the Company for consideration of $3,100 in Common Shares and $2,400 of unsecured convertible debentures (see 2023 "Debenture Offering" Financing). The Company then resold the 1.5% gross revenue royalty on JCM to Triple Flag USA for $5,500 in cash.

Although the Company has taken steps to extend the maturity of the Nebari loan and to eliminate or mitigate the risk of certain covenant breaches, unless the Company raises financing it will breach the $2,500 minimum cash covenant under the Nebari loan during the second quarter of 2024. As a result, there remain conditions that represent a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company has been successful in obtaining significant equity and other financings since inception and intends to continue financing its future requirements through future mining of the existing JCM pits and through a combination of

equity, debt or other arrangements. However, there can be no assurance that the Company will be able to obtain the necessary financing. The Consolidated Financial Statements do not give effect to adjustments that would be necessary

should the Company be unable to continue as a going concern and therefore to realize its assets and liquidate its liabilities and commitments in other than the normal course of business. These adjustments could be material.

2. BASIS OF PRESENTATION

a. Basis of Preparation and Consolidation

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

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 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 Accounting Standards 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

Characterization of the Stream arrangement

As set out in Note 10, 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.

Evaluation of indicators of impairment

The evaluation of asset carrying values for indicators of impairment requires that Management makes significant judgments in assessing whether changes to certain factors would be considered an indicator of impairment which includes both internal and external factors such as: a reduction in quantity of the recoverable reserves; a reduction in metals prices; increases to forecasted capital and operating costs; and delays to the timing of achieving commercial production. If

impairment indicators are identified, impairment testing is required. The recoverable amount of the cash-generating unit to which the assets belong that is used in the impairment testing is determined as the higher of its fair value less costs of disposal and its value in use. During the year ended December 31, 2023, management of the Company determined that there were no indicators of impairment.

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 Accounting Standards 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:

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. (See Note 10)

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. (See Note 11)

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. (See Note 16)

d. Inventory

The Company also adopted the following inventory policies coming from the IAS16 Amendment: Inventory is recorded at the lower of cost and net realizable value (NRV). The average COMEX price for Grade A copper cathode for the reporting month is used to determine the NRV of copper cathode in inventory. The copper cathode held as finished goods at month end is shipped and sold the following month.

In-process inventory represents copper in solution that has been extracted from the wellfield and captured in the processing ponds and plant and is currently being converted to copper cathode, the final saleable product. Finished goods inventory is copper cathode that has not yet been sold to the offtaker.

e. Revenue Recognition

The Company's revenue mainly consists of the sales of copper cathode. The Company follows IFRS 15 - *Revenue from Contracts with Customers ("IFRS 15")* to recognize revenue. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 requires entities to recognize revenue when 'control' of goods or services transfers to the customer.

Copper cathode revenue is recognized when control is transferred to the customer. The transfer of control occurs when the copper cathode has been assayed, readied for shipment and then loaded onto the means of transport arranged by the customer.

The provisional sales price of Grade 1 copper cathode is determined based on the last known 1st position HG Copper COMEX settlement price at the time of transfer of control. The final sales price of copper cathode is the average HG Copper COMEX settlement price for the month of sale.

f. Financial assets

Management determines the appropriate classification of financial instruments at the time of the purchase and evaluates its portfolio on a regular basis to ensure that all financial assets are appropriately classified. The Company's investments are categorized as:

- *Financial instruments at fair value through profit or loss* – These include financial instruments designated at fair value through profit or loss at inception and those designated as held for trading. A financial instrument is classified in this category if acquired principally for the purpose of selling or repurchasing it in the short term or if so designated by management.

3. MATERIAL 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 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 (2023 & 2021 - $45) and short-term investments (Guaranteed Investment Certificate 2023-$nil (2022-$2,500)) held at financial institutions in the United States and Canada. Short-term investments consist of redeemable short-term investment certificates with maturities greater than 90 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 are 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 other appropriate category of mineral properties, plant and equipment.

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.

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, management reviews the PP&E 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 of disposal, and its value in use. Fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date in an arm's length transaction between knowledgeable and willing parties.

In assessing the recoverable amount, 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 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 at the grant date. 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 is subsequently reduced if the options are exercised and the amount initially recorded is then credited to capital stock.

Restricted Share Units (each an "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 the grant date unless the terms and conditions of the warrants are modified. Warrants that are not share-based payments and are denominated in a currency other than 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. Leases

Right-of-use assets and lease liabilities are recognized at the commencement date of a lease. Lease liabilities are initially measured at the present value of lease payments to be paid after the lease's commencement date, discounted using the interest rate implicit in the lease, or if not readily determinable, the Company's incremental borrowing rate.

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 on or before the lease's commencement date, plus any initial direct costs incurred and an estimate of decommissioning and restoration costs, less any lease incentives received. The right-of-use asset is subsequently depreciated, on a straight-line basis, 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. If a purchase option is expected to be exercised, the asset is amortized over its useful life.

Subsequently, the lease liability is measured at amortized cost using the effective interest rate method. It is remeasured if and when there is a change in future lease payments arising from a change in an index or rate, or if and when there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option.

Lease payments for short-term leases, which have a lease term of 12 months or less, leases of low-value assets, which have an underlying asset value, when new, of $5 or less, as well as leases with variable lease payments are recognized as an expense over the term of such leases.

o. Recent accounting pronouncements

The Company adopted the IASB published amendments to IAS 1 - Presentation of Financial Statements - Classification of debt with covenants as current or non-current on January 1, 2023. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least 12-months after the reporting period. The amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognized as either equity or a liability separately from the liability component under IAS 32 - Financial Instruments Presentation.

Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. The IASB has now clarified that when classifying liabilities as current or non-current, a company can ignore only those conversion options that are recognized as equity. The Company has concluded that the adoption of the amendments had no significant impact on its interim condensed consolidated financial statements.

The Company adopted the IASB published amendments to IAS 12 - Income Taxes at January 1, 2023. The amendments require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments typically apply to transactions such as leases for the lessee and decommissioning and restoration obligations related to assets in operation.

The Company has applied the mandatory exception and concluded that the adoption of the amendments had no significant impact on its interim condensed consolidated financial statements.

4. MARKETABLE SECURITIES/LONG TERM RECEIVABLES

On August 24, 2022, the Company entered into a Purchase and Sale Agreement with Intrepid Metals Corp. and Intrepid Metals (USA) Corp. ("Purchasers") for the sale of an exploration property and its related property data, located in Cochise County south of the Gunnison and JCM sites. The exploration property was non-core and not contiguous to Gunnison or JCM. The property had a nil carrying value and the gain on the sale was recorded in other (income) loss. In consideration for the sale the Purchasers paid an aggregate of $70 and issue 750,000 Purchaser shares as follows:

- Pay $30 in cash and issue 250,000 Purchaser shares at the Closing Date (received),
- Issue 250,000 Purchaser shares on or prior to the date that is 12-months from the Closing Date (received),
- Issue 250,000 Purchaser shares on or prior to the date that is 18-months from the Closing Date (received-March 9, 2024),
- Pay $40 in cash on or prior to the date that is 18-months from the Closing Date (received-March 9, 2024).

See Subsequent Events for stock split information which occurred in January 2024.

5. INVENTORY

At the end of December 31, 2023 the Company recorded a write-down of $734 (2022- $1,113) to adjust the copper inventory value to net realizable value (NRV).

The summary for inventory as at December 31, 2023 and December 31, 2022 are summarized below.

	December 31, 2023	December 31, 2022
Materials & Supplies	**$ 933**	$ 1,073
Copper in Solution	**287**	372
Finished goods	**121**	296
Inventory	**$ 1,341**	$ 1,741

6. PROPERTY, PLANT AND EQUIPMENT

	Land & Mineral Properties	Plant	Vehicles & Mobile Equipment	Office Equipment & Capitalized Leases	Construction in Progress	Total
Cost						
At January 1, 2022	30,440	12,242	584	1,009	81,477	125,752
Additions	1,187	-	-	-	(8)	1,179
Change in Asset Retirement Obligation Estimate	(17,318)	-	-	-	-	(17,318)
At December 31, 2022	14,309	12,242	584	1,009	81,469	109,613
Accumulated Depreciation						
At January 1, 2022	(824)	(80)	(399)	(530)	-	(1,833)
Depreciation	-	(23)	(82)	(115)	(101)	(321)
At December 31, 2022	(824)	(103)	(481)	(645)	(101)	(2,154)
Net carrying amount	**13,485**	**12,139**	**103**	**364**	**81,368**	**107,459**
Cost						
At January 1, 2023	14,309	12,242	584	1,009	81,469	109,613
Additions	-	-	-	26	-	26
Option Payment	-	-	-	-	(2,000)	(2,000)
Change in Asset Retirement Obligation Estimate	(306)	-	-	-	-	(306)
Disposals	-	-	-	(42)	-	(42)
At December 31, 2023	14,003	12,242	584	993	79,469	107,291
Accumulated Depreciation						
At January 1, 2023	(824)	(103)	(481)	(645)	(101)	(2,154)
Depreciation	-	(11)	(82)	(104)	(76)	(273)
Disposals	-	-	-	38	-	38
At December 31, 2023	(824)	(114)	(563)	(711)	(177)	(2,389)
Net carrying amount	**13,179**	**12,128**	**21**	**282**	**79,292**	**104,902**

7. RESTRICTED CASH

As of December 31, 2023, the Company has restricted cash deposits of $3,074 (December 31, 2022 - $3,311) as collateral to secure the issuance of reclamation bonds.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2023	December 31, 2022
Trade payables	$ 673	$ 446
Accrued liabilities	773	602
Employee-related accruals	194	210
	$ 1,640	1,258

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.

9. NUTON PROJECT

On July 31, 2023, the Company entered into an Option Agreement (the "Option Agreement") with Nuton to further evaluate the use of its Nuton™ copper heap leaching technologies at Excelsior's Johnson Camp mine in Cochise County, Arizona. Under the Option Agreement, Excelsior remains the operator and Nuton funds Excelsior's costs associated with a two-stage work program at Johnson Camp. Nuton provided $3,000 to Excelsior for Stage 1 costs and a payment of $2,000 for an exclusive option to form a joint venture with Excelsior over the Johnson Camp Mine after the completion of Stage 2. The $2,000 has been applied against the capitalized costs related to JCM for accounting purposes.

Under the terms of the Option Agreement, the Stage 1 work program involves Excelsior completing diamond drilling, engineering, permitting activities, and project execution planning. Nuton will complete mineralogy, predictive modeling, engineering, and other test work. Based on the results of the Stage 1 work program, Nuton has the option to proceed to Stage 2.

The $3,000 payment has been treated as a liability and all Stage 1 costs have been applied to that liability.

The summary for the usage of the $3,000 pre-payment for Stage 1 activities for the project period ended December 31, 2023 are summarized below.

	For the project period ended December 31, 2023	
	Actual	Remaining
Drilling	$ 1,543	$ -
Engineering	164	148
Permitting	73	157
Project Execution Planning	788	127
	$ 2,568	$ 432

10. INSURANCE FINANCING

In June of 2022, the Company entered into a Commercial Premium Finance Agreement("agreement1") to finance $483 to pay for insurance premiums. The agreement1 bears interest at a rate of 5.5% per annum, payable monthly with a term of eleven months. As of December 31, 2023, the Company had paid the full amount of agreement1 ($483).

In January of 2023, the Company entered into two Commercial Premium Finance Agreements ("agreements") to finance $341 and CAD$231 to pay for insurance premiums. The agreements bear interest at a rate of 8.25% and 11.64%, respectively per annum, payable monthly with a term of eleven and eight months, respectively. As of December 31, 2023, the Company had paid the full amount of the agreements ($341) and (CAD$231), respectively.

In June of 2023, the Company entered into a Commercial Premium Finance Agreement("agreement2") to finance $470 to pay for insurance premiums. The agreement2 bears interest at a rate of 9.75% per annum, payable monthly with a term of eleven months. As of December 31, 2023, the Company had paid $294 of the principal.

In December of 2023, the Company entered into a Commercial Premium Finance Agreement("agreement3") to finance $317 to pay for insurance premiums. The agreement3 bears interest at a rate of 10.5% per annum, payable monthly with a term of eleven months. As of December 31, 2023, the Company had paid $nil of the principal.

11. DERIVATIVE LIABILITIES

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").

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 paid $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.

Scenario Description	Stage 1 (25M lbs/yr)	Stage 2 (75M lbs/yr)	Stage 3 (125M lbs/yr)
Stage 1 Upfront Deposit	16.50%	5.75%	3.50%

Following a decision by Excelsior to expand the production capacity, Triple Flag will have the option to invest a further $65,000 in exchange for an increase in its entitlement to copper under the Stream ("Expansion Option").

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. 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	16.50%	11.00%	6.60%

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 fair value through profit or loss (FVTPL).

As at December 31, 2023 the fair value of the stream obligation was valued using a Monte Carlo simulation model. The significant assumptions developed by management used in the Monte Carlo simulation model included: the copper forward price curve, the long-term copper price volatility of 21.01% (December 31, 2022 – 25.85%), a discount rate which factors in the Company's credit spread of 7.43% (December 31, 2022 – 8.55%) (see note 21 for sensitivity analysis), the life of mine production schedule and expectations including expansion plans and characterization of the stream for tax purposes.

The Monte Carlo simulation model was prepared by an independent valuation specialist and the life of mine production schedule and expectations including expansion plans are based on the information compiled by qualified persons.

On November 30, 2018, pursuant to the Project Financing, the Company issued 3.5 million share purchase warrants at an exercise price of CAD$1.50 per share and exercisable into 3.5 million common shares of the Company until November 30, 2023. Effective January 11, 2022, the exercise price was adjusted to CAD$0.54 per share. The warrants were not exercised and expired November 30, 2023.

The following table summarizes the fair value of the derivative liabilities during the year ended December 31, 2023 and 2022:

	Stream	Warrants	Total
Fair value at December 31, 2021	$ **150,908**	$ **450**	$ **151,358**
Loss (gain) during the year	(49,614)	(442)	(50,056)
Fair value at December 31, 2022	$ **101,294**	$ **8**	$ **101,302**
Loss (gain) during the period	14,764	(8)	14,756
Fair value at December 31, 2023	$ **116,058**	$ **0**	$ **116,058**

At December 31, 2023, the current portion of the derivative liabilities is $235 based upon the production schedule and other inputs used in the valuation.

12. 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 2023, the Company reviewed the assumptions used in the present value calculation and adjusted the obligation to $8,097 as of December 31, 2023. The update resulted in a net decrease of ($148) for the year, which includes accretion of $158 and a change due to discount rates of ($306).

As of December 31, 2023, the estimated undiscounted JCM reclamation obligation is $12,119 (2022 - $12,119) and the estimated undiscounted Gunnison Project reclamation obligation is $2,903 (2022 - $2,903). 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, 2023, the Company used an inflation rate of 2.0% (2022 – 2.0%) and a discount rate of 4.03% (2022 – 3.97%) in calculating the present value of the obligation. The current inflation rate used is based on target inflation rates set by the Federal Reserve. The discount rate is based on the 30-year treasury bond index.

Changes in the ARO for the years ended December 31, 2023 and 2022 are summarized below.

Asset Retirement Obligation	December 31, 2023	December 31, 2022
Balance, beginning of period	$ **8,245**	$ **24,960**
Change in estimate	(306)	(17,318)
Accretion expense	158	603
Balance, end of period	$ **8,097**	$ **8,245**

13. DEBT

Nebari Credit Facility

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 was fully drawn by May 31, 2020.

On December 22, 2021, the Company entered into an Amended and Restated Credit Agreement ("ARCA") with Nebari to extend the maturity of the Credit Facility to September 29, 2023. The interest rate charged on the outstanding balance continued at 14.2%. The ARCA included an upward interest rate supplement that was calculated as the excess of the 3 month LIBOR rate over 1.5% and was determined on the first day of each month through January 30, 2023. The amendment included a repayment bonus to Nebari of 3% ($450) of the amount drawn on the credit facility which is payable at maturity. The amendment to the loan agreement required the Company to maintain a $5,000 minimum cash balance allowing a 60 day cure period in the event of a breach of this condition.

In support of the Company's plan for JCM sulfide leaching and Gunnison wellfield stimulation trials, on January 30, 2023 the Company and Nebari executed a Second Amendment to the ARCA ("Second ARCA") which extended the due date of the $15,000 loan advanced by Nebari to March 31, 2025 and lowered the required $5,000 minimum cash balance for the Company to a $2,500 minimum cash balance; however, starting January 31, 2024, the Company was to start paying back the principal on the first $5,000 tranche at $333/month. The interest rate was set at 14.2% plus a supplement based on the amount (if any) by which (i) the sum of the forward-looking secured overnight financing rate (administered by CME Group Benchmark Administration Limited or a successor administrator) for a term of 3 months plus 0.26161% exceeds (ii) 1.5%. The rate supplement cannot be negative.

In addition to the repayment bonus on ARCA, the Second ARCA required an upfront $450 extension bonus that was paid to Nebari with common shares of the Company. The loss on modification of the existing credit facility agreement of $894 was expensed.

On November 30, 2023 the Company and Nebari executed a Third Amendment to the Second ARCA ("Third ARCA") which extends the due date of the $15,000 loan advanced by Nebari to June 30, 2026. The interest rate is reduced to 10.5% plus a supplement equal to the greater of the sum of the forward-looking secured overnight financing rate (administered by CME Group Benchmark Administration Limited or a successor administrator) for a term of 3 months or 1.5%.

In consideration for The Third ARCA, the Company issued $1,050 in common shares of the Company to Nebari. The Company adjusted the fair value of the debt to include the Third Amendment to the ARCA, and increased the liability component $677, and recognized a loss on modification of $677.

Changes in the debt for the years ended December 31, 2023 and 2022 are summarized below.

Credit Facility	**December 31, 2023**		**December 31, 2022**	
Proceeds	$	15,000	$	15,000
Repayment Bonus		450		450
Extension Bonus		(1,500)		-
Unamortized transaction costs		1,670		(45)
Balance, end of period	**$**	**15,620**	**$**	**15,405**

In addition, the earlier amortization of the $5,000 principal payback from the Second ARCA has been modified and will begin monthly in June 2024 as follows:

- June 2024 through December 2024 - $206 ($200 principal, $6 repayment bonus),
- January 2025 through December 2025 - $257.5 ($250 principal, $7.5 repayment bonus),
- January 2026 through June 2026 - $309 ($300 principal, $9 repayment bonus)

14. DEBENTURES

On February 9, 2023 the Company closed a Debenture Offering ("First Debenture Offering") and issued $3,000 principal amount of debentures. The terms of the debentures include:

- a maturity date of three years from the date of closing (the "First Debenture Maturity Date"), with the principal amount, together with any accrued and unpaid interest, payable on the First Debenture Maturity Date, unless earlier converted in accordance with the terms;

- the debentures bear interest at the rate of 10% per annum, which interest will be payable on April 1, 2025 and on the Maturity Date, unless earlier converted into common shares of the Company ("Common Shares");
- the principal amount of the debentures is convertible into Common Shares at the option of the holder at a conversion price of USD$0.19 per Common Share;
- the accrued and unpaid interest is convertible into Common Shares at a conversion price equal to the volume weighted average price of the Common Shares on the Toronto Stock Exchange for the five trading days prior to the date of conversion at the option of the holder; and
- the debentures are unsecured.

The First Debenture Offering was accounted for as a compound financial instrument with a debt host and equity conversion feature. On initial recognition, the fair value of the liability component was determined to be $2,128 with an effective interest rate of 21.2%, and the equity component was measured as the residual amount of $872.

On December 14, 2023 the Company amended the First Debenture Offering maturity date to September 30, 2026. The impact of the amendment decreased the fair value of the liability component by $263 with an effective interest rate of 21.2%.

On December 14, 2023 the Company closed a Second Debenture Offering (the "Second Debenture Offering") and issued $2,400 principal amount of debentures. The terms of the debentures include:

- a maturity date of September 30, 2026 (the "Second Debenture Maturity Date") and the principal amount, together with any accrued and unpaid interest, will be payable on the Second Debenture Maturity Date, unless earlier converted in accordance with their terms;
- the debentures bear interest at the rate of 10.5% per annum plus the Rate Supplement, which interest will be payable on the Second Debenture Maturity Date, unless earlier converted into Common Shares;
- subject to the receipt of disinterested shareholder approval from the holders of the Common Shares at a duly and validly call meeting (the "Shareholder Approval"), the principal amount of the debenture is convertible into Common Shares at the option of the holder (or at the option of the Company on 30 days prior notice) at a conversion price of USD$0.11405 per Common Share;
- subject to receipt of the Shareholder Approval, the accrued and unpaid interest is convertible into Common Shares at a conversion price equal to the volume weighted average trading price on the Toronto Stock Exchange for the five trading days prior to the date of conversion; and
- the debentures are unsecured.

The Second Debenture Offering was accounted for as a compound financial instrument with a debt host and equity conversion feature. On initial recognition, the fair value of the liability component was determined to be $2,011 with an effective interest rate of 19.6%, and the equity component was measured as the residual amount of $389.

15. CAPITAL STOCK AND OTHER EQUITY RESERVES

Common Shares

The authorized share capital of the Company consists of an unlimited number of common shares with no par value and an unlimited number of non-voting common shares with no par value. As of December 31, 2023, there were 315,415,858 common shares outstanding and nil non-voting common shares outstanding.

On February 7, 2023, the Company issued 2,368,421 shares at USD$0.19 to nominees of Nebari to fulfill the Second ARCA with Nebari Natural Resources Credit Fund I LP.

On December 14, 2023, the Company issued 9,208,093 shares at USD$0.1141 to nominees of Nebari to fulfill the Third ARCA.

On December 14, 2023, the Company issued 27,180,000 shares at USD$0.1141 to Greenstone Excelsior Holdings LP for consideration of the purchase of 1.5% of its total 3% gross revenue royalty on the JCM to the Company in conjunction with the Second Debenture Offering for total consideration of $3,100.

There were no dilutive shares for the year ended December 31, 2023 (2022 – nil).

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, 2023 and 2022:

	Number of Options	Weighted Average Exercise Price (CAD$)
Outstanding, December 31, 2021	**17,647,234**	$ 0.82
Granted	900,000	$ 0.27
Expired	(537,234)	$ 1.05
Forfeited	(512,500)	$ 0.97
Outstanding, December 31, 2022	**17,497,500**	$ 0.78
Granted	7,215,000	$ 0.26
Expired	(4,580,000)	$ 1.01
Forfeited	(1,312,500)	$ 0.70
Outstanding, December 31, 2023	**18,820,000**	$ 0.53
Exercisable, December 31, 2023	**12,421,250**	$ 0.64

During the year ended December 31, 2023, no stock options were exercised.

As at December 31, 2023, the following stock options were outstanding and exercisable:

Outstanding	Exercisable		Exercise Price CAD$	Remaining life (years)	Expiry Date
3,045,000	3,045,000	CAD$	1.02	0.24	March 26, 2024
200,000	200,000	CAD$	0.96	0.95	December 10, 2024
210,000	210,000	CAD$	1.12	1.08	January 28, 2025
1,480,000	1,480,000	CAD$	0.48	1.23	March 24, 2025
50,000	37,500	CAD$	0.27	1.25	March 31, 2025
600,000	600,000	CAD$	0.60	1.25	March 31, 2025
3,250,000	3,250,000	CAD$	0.60	1.29	April 15, 2025
800,000	-	CAD$	0.73	1.62	August 12, 2025
100,000	100,000	CAD$	0.80	1.64	August 19, 2025
235,000	235,000	CAD$	0.82	2.19	March 8, 2026
300,000	300,000	CAD$	0.74	2.25	March 31, 2026
635,000	635,000	CAD$	0.41	3.00	December 31, 2026
700,000	525,000	CAD$	0.27	3.34	May 2, 2027
500,000	125,000	CAD$	0.27	4.09	February 1, 2028
200,000	50,000	CAD$	0.23	4.15	February 22, 2028
6,515,000	1,628,750	CAD$	0.26	4.34	May 1, 2028
18,820,000	12,421,250				

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 $490 for the year ended December 31, 2023 (2022 - $145) of which $27 (2022 – $24) was included in cost of sales.

The following assumptions were used for the Black-Scholes valuation of stock options granted during the year ended December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
Risk-free interest rate	3.08%	2.79%
Dividend yield	0.00%	0.00%
Volatility	60.69%	54.75%
Expected life of options	5.0 years	5.0 years
Forfeiture rate	12.31%	12.38%

Restricted Share Units

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

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

reporting date until settlement. The fair value of RSUs is estimated based on the quoted market price of the Company's common shares on the last day of the reporting period.

At December 31, 2023, the fair value of outstanding RSUs was revalued which increased the balance by $47 (December 31, 2022 decreased by $112), which were classified as share-based compensation costs. The 1,823,400 RSUs were exercised on December 31, 2023 at USD$0.1059, valued at $193.

A summary of the activity related to the Company's RSUs for the year ended December 31, 2023 and 2022 is provided below.

Restricted Share Units	
Balance, December 31, 2021	**1,823,400**
Exercised	-
Granted	-
Balance, December 31, 2022	**1,823,400**
Exercised	(1,823,400)
Granted	-
Balance, December 31, 2023	**-**

16. EXPENSES BY NATURE

The summary for cost of sales for the year ended December 31, 2023 and 2022 are summarized below.

	Year ended December 31,			
		2023		2022
Direct mining costs	**$**	**5,101**	$	6,449
Royalties and selling costs		**555**		761
Employee compensation and benefits		**2,589**		3,376
Share-based compensation		**27**		24
Depreciation		**91**		149
Cost of Sales	**$**	**8,363**	$	10,759

17. 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, SVP Business Development, former SVP/Chief Financial Officer, current Interim Chief Financial Officer, SVP/GM, and Corporate Secretary.

Remuneration attributed to key management personnel is summarized as follows:

	Year ended December 31,			
		2023		**2022**
Salaries, fees and benefits	$	1,603	$	2,117
Share-based compensation		491		307
Total	$	2,094	$	2,424

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, who resigned as a director of the Company March 18, 2022, which employs or retains certain officers and personnel of the Company. King & Bay provides 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 as reimbursement for legal fee expenses incurred by Kinley.

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

	Year ended December 31,	
	2023	2022
King & Bay	$ -	$ 40
Kinley	3	96
Total	$ 3	$ 136

As of December 31, 2023, amounts accrued and due to key management personnel and other related parties include the following:

- Directors and Officers - $136 (December 31, 2022 - $124)
- King & Bay - $0 (December 31, 2022 - $0)

18. INCOME TAXES

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

	December 31, 2023	December 31, 2022
Loss for the year	$ (28,959)	$ 34,879
Combined federal and state income tax rates	24.87%	24.87%
Income tax recovery based on the above rate	$ (7,202)	$ 8,675
Increase due to:		
Non-deductible costs	2	-
Income tax benefits not recognized	7,200	(8,675)
Income tax benefits applied in consolidation	-	-
Income tax benefits recognized	-	-
Income tax expense (recovery)	$ -	$ -

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

		December 31, 2023		December 31, 2022
Non-capital losses - US	$	6,257	$	6,938
Property, plant and equipment		(4,797)		(6,930)
Non-capital losses - Canada		170		-
Financing fees - Canada		196		
Convertible debentures - Canada		(366)		-
Other		(1,460)		(8)
Net deferred tax assets	$	-	$	-

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

		December 31, 2023		December 31, 2022
Non-capital losses - US	$	20,434	$	15,324
Non-capital losses - Canada		6,079		5,657
Exploration and evaluation assets		4,848		5,193
Asset retirement obligation		1,324		1,735
Stream obligation		28,865		25,193
Other		705		396
Other - Canada		48		-
Net deferred tax assets	$	62,303	$	53,498

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

		December 31, 2023		December 31, 2022	Expiry Date
Non-capital losses - US	$	180,123	$	152,678	Unlimited
Non-capital losses - Canada		22,516		20,951	2026 to 2043
Exploration and evaluation assets		19,492		20,879	2039 to Unimited
Asset retirement obligation		5,323		6,975	Unlimited
Stream obligation		116,059		101,294	Unlimited
Other - Canada		177		-	Unlimited
Other		2,834		1,593	Unlimited
Net deductable (taxable) temporary differen(	$	346,524	$	304,370	

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 the net deferred tax assets.

19. SEGMENTED INFORMATION

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

20. 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 and debt.

The properties in which the Company currently has an interest are in the development and production ramp up stage. The Company has previously obtained financing for the development and construction and ramp up activities of the Gunnison Project in the form of the Stream and Equity Placement discussed in note 8 and debt discussed in note 10. 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.

In accordance with the Amended and Restated Credit Agreement ("ARCA") signed with Nebari on December 22, 2021 the Company is required to maintain a minimum cash balance of $5,000 (lowered to $2,500 in 2023). The minimum cash

balance is defined in the ARCA to include cash and cash equivalents, plus accounts receivable from the sale of copper cathode and copper cathode inventory as reported on the Company's balance sheet. In the event that the minimum cash balance is less than $5,000 (lowered to $2,500 in 2023) at any monthly reporting date then there is a 60-day cure period allowed.

21. 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 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 (except the Nebari loan and Second Debenture Offering - see below) 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. The Nebari loan and Second Debenture Offering are fixed at 10.5% per annum plus the greater of the forward-looking secured overnight financing rate (administered by CME Group Benchmark Administration Limited or a successor administrator) for a term of 3 months or 1.5%.

A 1% increase in the interest rate would decrease the value of the stream obligation by $10,191, whereas a 1% decrease in the interest rate would increase the value of the stream liability by $12,276.

A 1% increase in the rate supplement for the Nebari loan would increase interest payments $12.5/mo, whereas a 1% decrease in the rate supplement would decrease the Nebari interest payments $12.5/mo.

A 1% increase in the rate supplement for the Second Debenture Offering would increase interest payments $2/mo, whereas a 1% decrease in the rate supplement would decrease the Second Debenture Offering interest payments $2/mo.

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 $14,250, whereas a 10% decrease in the market price of copper would decrease derivative liabilities by $13,982.

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. See note 1.

The Company has the following guaranteed commitments and contractual obligations as of December 31, 2023:

Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Accounts Payable and Accrued Liabilities	$ 1,640	$ 1,640	$ -	$ -	$ -
Lease Liabilities	325	103	222	-	-
Insurance Liabilities	493	493	-	-	-
Debentures	4,330	-	4,330	-	-
Debt	15,620	1,442	14,178	-	-
Total Contractual Obligations	$ 22,408	$ 3,678	$ 18,730	$ -	$ -

As of December 31, 2023, the Company has cash and cash equivalents of $6,113 to settle current liabilities of $4,481.

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. Derivative liabilities are Level 3.

22. LEGAL

On November 3, 2021 the Company became aware of a civil claim filed against the Company and certain of its officers and directors in the Supreme Court of British Columbia by MM Fund (the "Action"). The plaintiff seeks certification of the Action as a class proceeding on behalf of a class of all persons and entities, wherever they may reside or may be domiciled, who purchased the securities of the Company offered by the Company's Prospectus Supplement dated and filed on February 12, 2021 (the "Prospectus").

The plaintiff alleges that the Prospectus contained misrepresentations related to the Company's anticipated timeline to achieve a production rate of 25 million pounds per annum. The plaintiff alleges that as a result of the misrepresentations in the Prospectus, the securities of the Company were sold to the public at an artificially inflated price. The plaintiff seeks an order certifying the Action as a class proceeding, a declaration the Prospectus contained a misrepresentation, unspecified damages, pre- and post-judgment interest and costs.

The Company contends the allegations made against it in the Action are meritless and will be vigorously defended, although no assurance can be given with respect to the ultimate outcome of the Action.

On September 1, 2022, the British Columbia Supreme Court granted the application by the Company to strike MM Fund's certification application and further ordered MM Fund to remove all pleadings relating to advancing a class proceeding against the Company. The Company was awarded its costs of the application in any event of the cause. MM Fund's action

may continue as an individual claim; however, subject to appeal, MM Fund has been found to be incapable of advancing the action as a class proceeding. Subsequently on September 26, 2022, MM Fund appealed this ruling to the British Columbia Court of Appeal. The appeal hearing occurred on April 6, 2023 but a decision has not yet been rendered.

23. SUBSEQUENT EVENTS

On January 04, 2024, Intrepid Metals Corp. consolidated its issued and outstanding common shares on the basis of one (1) new Share for every two (2) currently outstanding Shares. The consolidation will affect the marketable securities as follows:

- 500,000 Purchaser shares at December 31, 2023 have become 250,000 Purchaser shares (January 2024),
- 250,000 Purchaser shares on or prior to the date that is 18-months from the Closing Date (Current Receivable at December 31, 2023), were issued at 125,000 shares (March 9, 2024).

On March 12, 2024, the Company received $594 from Nuton for additional drilling for continued Stage 1 work.

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2023

Management's Discussion and Analysis ("MD&A") is as of March 22, 2024 and relates to the financial condition of Excelsior Mining Corp. and its subsidiaries ("Excelsior" or the "Company") as of December 31, 2023. The MD&A supplements and complements Excelsior's audited consolidated financial statements for the years ended December 31, 2023 and 2022 (the "Consolidated Financial Statements") and related notes. Comparison of the 2023 financial results in this MD&A is provided to the financial results for the three months and year ended December 31, 2023. Other relevant documents to be read with this MD&A include the Annual Information Form ("AIF") for the year ended December 31, 2023. The AIF is not incorporated by reference. These documents are available on the Company's website at *www.excelsiormining.com*, and on the SEDAR+ website at www.sedarplus.com.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). All dollar amounts in this MD&A are expressed and presented in thousands of United States dollars (except per share amounts and 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 22, 2024.

DESCRIPTION OF BUSINESS AND GOING CONCERN

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 Suite 2400, 1055 West Georgia Street, Vancouver, BC, Canada V6E 3P3.

The Company is developing the Gunnison Project in Southeastern Arizona and has entered into an agreement with Nuton LLC ("Nuton"), a Rio Tinto Venture, to further evaluate the use of its Nuton™ copper heap leaching technologies at the Johnson Camp Mine (JCM) and to generate cash flow to continue to support the development of the Gunnison project. The Company is moving ahead with the work to advance this strategy.

During the year ended December 31, 2023 the Company incurred a net loss of 29.0 million that included a non-cash loss on derivatives of $14.8 million and used cash for operating activities of $10.7 million. As at December 31, 2023 the Company had a working capital of $4.0 million, including a cash balance of $6.1 million.

In support of the Company's plan for JCM sulfide leaching and Gunnison wellfield stimulation trials, on January 30, 2023 the Company and its lender, Nebari Natural Resources Credit Fund I LLP ("Nebari"), executed a second amendment to the loan agreement which extended the due date of the $15 million loan advanced by Nebari to March 31, 2025. The amendment also lowered the required $5.0 million minimum cash balance for the Company to a $2.5 million minimum cash balance. On November 30, 2023 the Company and Nebari executed a third amendment to the loan agreement which extended the due date of the $15 million loan to June 30, 2026. The amendment also lowers the applicable interest rate to 10.5% per annum plus the greater of the forward-looking secured overnight financing rate (administered by CME Group Benchmark Administration Limited or a successor administrator) for a term of 3 months or 1.5% (see "Nebari Financing" for more details).

The Company's cash flow projections indicate that the minimum balance requirement will be breached during the second quarter of 2024 unless additional financing is obtained. The amendment to the loan agreement allows a 60 day cure period in the event of a breach of this condition.

Pursuant to the Copper Purchase and Sale Agreement (the "Stream Agreement") with Triple Flag International Ltd. ("Triple Flag"), the Company is required to maintain a leverage ratio of 3.5:1. The leverage ratio is calculated as the ratio of indebtedness of the Company to net income (adjusted for certain items). On November 30, 2023 the Company and Triple Flag executed an amendment to the Stream Agreement which suspends the applicability of the leverage ratio until June 30, 2026 (the "Leverage Ratio Grace Period") to accommodate the extension of the Nebari loan. On December 14, 2023 the Company and Triple Flag

executed a further amendment to the Stream Agreement which suspends the Leverage Ratio Grace Period until September 30, 2026 to accommodate the further extension of the Nebari loan.

On February 9, 2023, the Company executed an agreement for a total of $3.0 million of unsecured convertible debentures (see 2023 "Debenture Offering" Financing). On July 31, 2023, the Company entered into an Option Agreement with Nuton pursuant to which Nuton provided $3.0 million for pre-payment of Stage 1 costs, and $2.0 million for an exclusive option to form a joint venture with the Company (see Johnson Camp Mine). The Company also closed a $5.5 million financing on December 14, 2023, with Greenstone Excelsior Holdings LP ("Greenstone") and Triple Flag USA Royalties Ltd. ("Triple Flag USA"). Greenstone has sold 1.5% of its total 3% gross revenue royalty on JCM to the Company for consideration of $3.1 million in Common Shares and $2.4 million of unsecured convertible debentures (see 2023 "Debenture Offering" Financing). The Company then resold the 1.5% gross revenue royalty on JCM to Triple Flag USA for $5.5 million in cash.

Although the Company has taken steps to extend the maturity of the Nebari loan and to eliminate or mitigate the risk of certain covenant breaches, unless the Company raises financing it will breach the $2.5 million minimum cash covenant under the Nebari loan during the second quarter of 2024. As a result, there remain conditions that represent a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company has been successful in obtaining significant equity and other financings since inception and intends to continue financing its future requirements through future mining of the existing JCM pits and through a combination of equity, debt or other arrangements. However, there can be no assurance that the Company will be able to obtain the necessary financing. The Consolidated Financial Statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and liquidate its liabilities and commitments in other than the normal course of business. These adjustments could be material.

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 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.

In the amendment to the Triple Flag agreement that was executed on December 22, 2021 the Company and Triple Flag agreed to remove the right to buy-down the stream percentage and adjust the warrant strike price to CAD $0.54 effective January 11, 2022.

As of September 30, 2019, the Company 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 production levels are detailed in the table below.

Scenario Description	Stage 1 (25M lbs/yr)	Stage 2 (75M lbs/yr)	Stage 3 (125M lbs/yr)
Stage 1 Upfront Deposit	16.50%	5.75%	3.50%

Following a decision by Excelsior to expand the production capacity, Triple Flag will have the option to invest a further $65,000 in exchange for an increase in its entitlement to copper under the Stream ("Expansion Option").

The table below shows the range of percentage of production to be purchased by Triple Flag based on specified production levels and that includes Triple Flag's Expansion Option. 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	16.50%	11.00%	6.60%

As at December 31, 2023 the fair value of the stream obligation was valued using a Monte Carlo simulation model. The significant assumptions developed by management used in the Monte Carlo simulation model included: the copper forward price curve, the long-term copper price volatility of 21.01% (December 31, 2022 – 25.85%), a discount rate which factors in the Company's credit spread of 7.43% (December 31, 2022 – 8.55%), the life of mine production schedule and expectations including expansion plans.

The Monte Carlo simulation model was prepared by an independent valuation specialist and the life of mine production schedule and expectations including expansion plans are based on the information compiled by qualified persons.

NEBARI FINANCING

On October 31, 2019, the Company entered into an agreement with Nebari for a $15,000 credit facility (the "Credit Facility"). The Credit Facility was fully drawn by May 31, 2020.

On December 22, 2021, the Company entered into an Amended and Restated Credit Agreement ("ARCA") with Nebari to extend the maturity of the Credit Facility to September 29, 2023. The interest rate charged on the outstanding balance continued at 14.2%. The ARCA included an upward interest rate supplement that was calculated as the excess of the 3 month LIBOR rate over 1.5% and was determined on the first day of each month through January 30, 2023. The amendment included a repayment bonus to Nebari of 3% ($450) of the amount drawn on the credit facility which is payable at maturity. The amendment to the loan agreement required the Company to maintain a $5.0 million minimum cash balance allowing a 60 day cure period in the event of a breach of this condition.

In support of the Company's plan for JCM sulfide leaching and Gunnison wellfield stimulation trials, on January 30, 2023 the Company and Nebari executed a Second Amendment to the ARCA ("Second ARCA") which extended the due date of the $15.0 million loan advanced by Nebari to March 31, 2025 and lowered the required $5.0 million minimum cash balance for the Company to a $2.5 million minimum cash balance; however, starting January 31, 2024, the Company was to start paying back the principal on the first $5.0 million tranche at $0.3 million/month (see the next paragraph for amendment). The interest rate was set at 14.2% plus a supplement based on the amount (if any) by which (i) the sum of the forward-looking secured overnight financing rate (administered by CME Group Benchmark Administration Limited or a successor administrator) for a tenor of 3 months plus 0.26161% exceeds (ii) 1.5%. The rate supplement cannot be negative.

In addition to the repayment bonus on ARCA, the Second ARCA required an upfront $450 extension bonus that was paid to Nebari with common shares of the Company. The loss on modification of the existing credit facility agreement of $894 was expensed.

On November 30, 2023 the Company and Nebari executed a Third Amendment to the Second ARCA ("Third ARCA") which extends the due date of the $15,000 loan advanced by Nebari to June 30, 2026. The interest rate is reduced to 10.5% plus a supplement equal to the greater of the sum of the forward-looking secured overnight financing rate (administered by CME Group Benchmark Administration Limited or a successor administrator) for a term of 3 months or 1.5%.

In consideration for The Third ARCA, the Company issued $1,050 in common shares of the Company to Nebari. The Company adjusted the fair value of the debt to include the Third Amendment to the ARCA, and increased the liability component $677, and recognized a loss on modification of $677.

In addition, the earlier amortization of the $5.0 million principal payback from the Second ARCA has been modified and will begin monthly in June 2024 as follows:

- June 2024 through December 2024 - $206 ($200 principal, $6 repayment bonus),
- January 2025 through December 2025 - $257.5 ($250 principal, $7.5 repayment bonus),
- January 2026 through June 2026 - $309 ($300 principal, $9 repayment bonus)

2023 "DEBENTURE OFFERING" FINANCING

On February 9, 2023 the Company closed a Debenture Offering ("First Debenture Offering") and issued $3.0 million principal amount of debentures. The terms of the debentures include:

- a maturity date of three years from the date of closing (the "First Debenture Maturity Date"), with the principal amount, together with any accrued and unpaid interest, payable on the First Debenture Maturity Date, unless earlier converted in accordance with the terms;
- the debentures bear interest at the rate of 10% per annum, which interest will be payable on April 1, 2025 and on the Maturity Date, unless earlier converted into common shares of the Company;
- the principal amount of the debentures is convertible into common shares at the option of the holder at a conversion price of USD$0.19 per common share;
- the accrued and unpaid interest is convertible into common shares at a conversion price equal to the volume weighted average price of the common shares on the Toronto Stock Exchange for the five trading days prior to the date of conversion at the option of the holder; and
- the debentures are unsecured.

On December 14, 2023 the Company amended the First Debenture Offering maturity date to September 30, 2026.

On December 14, 2023 the Company closed a Second Debenture Offering (the "Second Debenture Offering") and issued $2.4 million principal amount of debentures. The terms of the debentures include:

- a maturity date of September 30, 2026 (the "Second Debenture Maturity Date") and the principal amount, together with any accrued and unpaid interest, will be payable on the Second Debenture Maturity Date, unless earlier converted in accordance with their terms;
- the debentures bear interest at the rate of 10.5% per annum plus the Rate Supplement (equal to the greater of the sum of the forward-looking secured overnight financing rate (administered by CME Group Benchmark Administration Limited or a successor administrator) for a tenor of 3 months or 1.5%), for which interest will be payable on the Second Debenture Maturity Date, unless earlier converted into common shares;
- subject to the receipt of disinterested shareholder approval from the holders of the common shares at a duly and validly call meeting (the "Shareholder Approval"), the principal amount of the debenture is convertible into common shares at the option of the holder (or at the option of the Company on 30 days prior notice) at a conversion price of USD$0.11405 per common share;
- subject to receipt of the Shareholder Approval, the accrued and unpaid interest is convertible into common shares at a conversion price equal to the volume weighted average trading price on the Toronto Stock Exchange for the five trading days prior to the date of conversion; and
- the debentures are unsecured.

GUNNISON PROJECT

The Company is currently in limited operation with little or no acid injection to the wellfield. The ramp up process has been slowed by the formation of CO_2 in the wellfield which occurs when the acidified raffinate comes into contact with secondary calcite within the permeable fracture system. The Company applied for an amendment to the Environmental Protection Agency to allow well stimulation and this amendment was received on April 21, 2023. The permit became effective on May 26, 2023. Well stimulation has the potential to fundamentally change the performance of the wellfield, and eliminate or reduce the need for the raffinate neutralization plant. Subject to the receipt of financing, Excelsior intends to proceed to field trials in the first half of 2024. Excelsior submitted the well stimulation work plan required by the permit on November 27, 2023 and received approval for the work plan on December 15, 2023.

The economics on the Gunnison Project were recently reviewed as part of an updated technical report discussed under the heading below "Johnson Camp Mine".

JOHNSON CAMP MINE

On June 22, 2022 the Company announced the completion of its infill drill program on the JCM open pit. A total of 43 diamond holes were drilled and assay results obtained. The results, along with other information, will be used by the Company to develop

a mine plan that focuses on higher-grade zones first. Permitting of the new leach pad necessary to restart was approved in January 2023.

On January 16, 2023, the Company announced a Collaboration Agreement with Nuton LLC, a Rio Tinto venture, to evaluate the use of its Nuton™ copper heap leaching technologies at JCM. The Nuton™ technologies are an extensive portfolio of advanced copper heap leaching technologies targeted at primary sulfide minerals (including lower grade minerals), which could not otherwise be processed using traditional leaching technologies. These technologies offer the potential to produce additional copper in a cost-effective manner that has significant environmental benefits and reduces waste from new and ongoing operations.

On February 28, 2023 the Company announced the results of a National Instrument ("NI") 43-101 Technical Report dated effective February 1, 2023, incorporating the results of the 2022 drilling program into an Updated Preliminary Economic Assessment (the "PEA"), that contemplates the application of sulfide leaching technologies to improve recoveries at the JCM open pit.

Heap leaching of sulfide copper with accelerated pyrite oxidation is proposed in this PEA. The plans for JCM include mining and leaching oxide, sulfide, and transition material from the Burro and Copper Chief pits for approximately 20 years to produce copper cathode at a capacity up to 25 million pounds per annum (mppa).

The mining of JCM would be by traditional open pit and the highlights of the PEA financial model are tabulated below assuming a copper price of $3.75/lb.

Mine life and post mining processing	~20 years
Heap Leach material mined	~85.2 M ton
Total copper grade (CuT%)	0.37%
Average LOM total copper recovery*	77%
Cu produced	492 M lb
Total tonnage mined	196 M ton
Initial mine capital	$58.9 million
Total operating cash cost ($/lb Cu)**	$2.24
After-tax NPV/IRR (7.5% discount rate)	$180.0M / 30.4%

*Total copper recovery includes a combination of oxide, transition and primary sulfide mineral recoveries.
** Includes all operating costs, site G&A, royalties, non-income taxes, salvage, reclamation and closure.

The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the conclusions reached in the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

As part of the PEA, the technical report also includes a republishing of the Prefeasibility Study Update ("PFS") on the North Star Deposit of the Gunnison Copper Project. The Gunnison Project is designed as a copper in-situ recovery ("ISR") mine using solvent extraction-electrowinning ("SX-EW") to produce copper cathode and the Johnson Camp mine is a conventional open pit and heap leach operation.

The Company announced on July 31, 2023 that it has entered into an Option Agreement (the "Option Agreement") with Nuton to further evaluate the use of its Nuton™ copper heap leaching technologies at Excelsior's Johnson Camp mine in Cochise

County, Arizona. Under the Option Agreement, Excelsior remains the operator and Nuton funds Excelsior's costs associated with a two-stage work program at Johnson Camp. Nuton will provide a $3.0 million pre-payment (received September 7, 2023) to Excelsior for Stage 1 costs and a payment of $2.0 million (received August 11, 2023) for an exclusive option to form a joint venture with Excelsior over the Johnson Camp Mine after the completion of Stage 2. The $2.0 million has been accounted as a credit to capitalized JCM costs, and the $3.0 million has been accounted for as a liability with all costs associated with the Nuton project reducing the liability.

Rio Tinto has developed the Nuton™ Technologies, an extensive portfolio of advanced copper heap leaching technologies targeted at primary sulfide minerals (including lower grade mineral deposits), which could not otherwise be processed using traditional leaching or sulfide processing technologies. These technologies offer the potential to produce additional copper in a cost-effective manner that has significant environmental benefits and reduces waste from new and ongoing operations.

Under the terms of the Option Agreement, the Stage 1 work program involves Excelsior completing diamond drilling, detailed engineering, permitting activities, and project execution planning. Nuton will complete mineralogy, predictive modelling, engineering and other test work. Based on the results of the Stage 1 work program, Nuton has the option to proceed to Stage 2. The Stage 1 work program began in August and will take 6 to 9 months to complete.

If Nuton proceeds to Stage 2, it will make a $5.0 million payment to Excelsior for the use of existing infrastructure at the Johnson Camp mine for the Stage 2 work program. Nuton will also be responsible for funding all of Excelsior's costs associated with Stage 2. The full Stage 2 work program is anticipated to take up to five years but will proceed based on milestones related to engineering and mobilization, infrastructure and construction, mining, leaching, copper production and post-leach rinsing. Mining is expected to commence in year one. The completion of all milestones would result in full scale commercial production over several years at Johnson Camp utilizing Nuton™ Technologies. Revenue from operations will first be used to pay back Stage 2 costs to Nuton and will then be credited to Excelsior's account.

In August 2023, the Company commenced a drill program at Johnson Camp with Nuton. Thirteen holes have been drilled using diamond drill rigs to generate PQ sized core and assays have been returned for all holes. The Stage 1 drill program is divided into two phases. Phase 1 holes (designated PH1) were drilled from the bottom of the Burro open pit towards the east and northeast and declined at about 35 degrees. These holes were designed to drill approximately parallel to the dip of the easterly dipping mineralization. The purpose of this drilling is to collect a relatively large volume of representative material for metallurgical testing. Phase 2 holes (designated PH2) were drilled above the mineralization from the east side of the Burro pit. These holes were designed to test the extent of the mineralization and provide further representative metallurgical samples. Further details on the assay results are available in Excelsior press releases dated September 14, 2023 and October 16, 2023.

After the completion of Stage 2, Nuton will have the right to form a joint venture on Johnson Camp per mutually agreeable terms whereby Nuton will hold an initial 49% and Excelsior an initial 51%. The purpose of the joint venture is to continue the development of the Johnson Camp Mine using Nuton™ Technologies. Should Nuton not exercise their joint venture rights, Nuton and Excelsior will discuss in good faith Excelsior's continued use of the Nuton™ Technologies at the Johnson Camp Mine subject to certain licensing terms and conditions. The infrastructure arrangements at Johnson Camp under this Option Agreement are non-exclusive. During Stages 1 and 2, Excelsior may continue to use the Johnson Camp infrastructure for processing Gunnison solutions and other copper sources not related to the Stage 2 work program so long as capacity requirements for the Stage 2 work program are met. See additional discussion below in "Outlook".

The Company had 39 employees as of December 31, 2023.

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. The agreement is renewable annually based on mutual consent.

STRONG & HARRIS

Excelsior filed a National Instrument ("NI") 43-101 Technical Report entitled "Estimated Mineral Resources and Preliminary Economic Analysis, Strong and Harris Copper-Zinc-Silver Project, Cochise County, Arizona" dated effective September 9, 2021 (the "Report") available on SEDAR+ at www.sedarplus.com. The Strong and Harris deposit is a complementary asset that has the potential to allow the Company to become a larger and longer-term producer than previously envisioned.

Mining of the Strong and Harris deposit would be by traditional open pit with high-grade underground mining of the remaining sulfides at the bottom of the pit. The PEA has been completed by Mine Development Associates, a division of RESPEC (MDA), the highlights of which are tabulated below assuming a $3.50/lb. copper price, $1.28/lb. zinc price, and $110/ton acid cost. See table below.

Mine Life	~7 years
Material Mined	~54 M ton
Cu/Zn Grades	0.56% / 0.68%
Cu/Zn Produced	437 M lb / 575 M lb
Initial Capital	$328 million
Operating Costs ($/lb CuEq)	$1.76
Average Cu/Zn annual production	62 Mlbpa / 82 Mlbpa
Pre-Tax NPV/IRR (8% discount rate)	$325M / 25%

The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the conclusions reached in the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Company's next steps with Strong and Harris are a drill program targeting adjacent geophysical anomalies with the goal of expanding the mineral resource, which may be followed by additional metallurgical test work and eventual completion of a feasibility study.

OUTLOOK

The Company has previously disclosed the various issues that have been identified during the ramp-up phase of initial production at the Gunnison Project. Certain issues have been resolved but a variety of issues still need to be worked through, such as how to minimize the impact of carbon-dioxide on fluid flows and how best to maximize flow rates in general. The reduced flow rates are slowing ramp-up to nameplate production of 25 million pounds per annum. The Company continues to investigate remedial processes and believes well stimulation has the potential to substantially improve the situation. Subject to financing, the Company intends to undertake well stimulation trials in the first half of 2024. At this time, the Company is unable to forecast when nameplate production will be reached as it needs to complete its review of remedial processes and fully assess any required adjustments to the operating plan.

For the year ended December 31, 2023, total copper sold was 763,716 lbs. with an additional 27,678 lbs. in inventory. This low total production number is due to certain factors including the wellfield operating at a reduced capacity throughout the year ended December 31, 2023. Additional wellfield optimization initiatives are being planned or considered.

Excelsior's focus continues to be on attaining a sustained production rate of 25 million pounds of copper per year, after which Excelsior will focus on expanding that production rate. Achieving this outcome is contingent on resolving ramp-up issues and successfully implementing many of our wellfield optimization programs.

The Company is exploring additional options to accelerate the removal of carbon-dioxide that if successful could potentially lower the required capital and operating costs as compared to the previous raffinate neutralization path. This includes a plan to undertake well stimulation trials in the first half of 2024, subject to financing of the well stimulation work plan. Well stimulation has the potential to clean out some of the CO_2 bubbles, improve flow rates, improve sweep efficiency, and increase permeability and copper production. Data will be collected during the trials to ascertain the effectiveness of the technique. Additional well stimulation modelling has recently been completed, which supports the results of prior modelling, indicating well stimulation

has the potential to greatly improve flow, connectivity and permeability, thereby improving sweep efficiency and gas bubble removal. Contractors have been identified for certain aspects of the well stimulation trails and long-lead item equipment has been acquired or ordered. Trials are subject to additional working capital.

Excelsior is taking a broader and more integrated view of the entire mining camp under its control, including the potential for a large, centralized, processing facility taking advantage of the recent advances in sulfide leaching technology, like that provided by Nuton, combined with more traditional mining approaches like large open pit mining. Well stimulation at the Gunnison Copper Project remains the primary focus; however, the results of Excelsior's review may indicate favorable economics for open pit mining of Excelsior assets. The resource estimate of the Gunnison Copper Project compares favorably to other proposed open pit mining operations in Arizona in terms of grade and tonnage. The concept of a larger, centralized processing facility being fed by traditional mining activities would benefit the nearby Strong and Harris project, which is located only 2 miles (3.2 km) north of Johnson Camp.

In addition to Gunnison, Excelsior has been progressing the JCM open pits towards a restart of mining and processing operations. Successful restart of mining and processing at JCM has the potential to generate cash flow to support the Company during mitigation of the flow rate inhibition experienced at the Gunnison wellfield. Restart of the JCM open pits is contingent on successful metallurgical test work related to sulfide and transitional mineral leaching and receipt of sufficient financing. Investigation of sulfide leaching is being conducted in collaboration with Nuton. It is expected much of this test work will be completed in the first half of 2024. Should Nuton elect to move to Stage 2 of the project, construction at Johnson Camp is anticipated to commence in H1 2024.

SELECTED ANNUAL INFORMATION

A summary of the Company's consolidated financial results for the years ended 2023, 2022, and 2021 are presented:

	2023	2022	2021
Revenue	$ 2,919	$ 4,178	$ 5,033
Total assets	116,408	118,761	151,260
Working Capital	3,951	(9,673)	18,600
Total non-current liabilities	142,650	109,458	189,266
Shareholders' equity	(30,723)	(8,299)	(43,436)
Net (gain) loss for the year	28,959	(34,879)	69,653
Basic and diluted (gain) loss per share	0.10	(0.13)	0.26

REVIEW OF FINANCIAL RESULTS

The net loss/gains for the years ended 2023, 2022, and 2021 is a combination of the Gunnison Project being on care and maintenance and the non-cash losses/gains arising from the valuation of the copper stream derivative liability. There were no distributions or cash dividends declared in the years ended 2023, 2022 and 2021.

A comparison of the financial results for the year and the three-month period ended December 31, 2023 and December 31, 2022 is provided below:

	Three months ended December 31,		For the year ended December 31,	
	2023	2022	**2023**	2022
Revenue				
Revenue	**$ (500)**	$ (974)	**$ (2,919)**	$ (4,178)
Cost of sales	**1,905**	1,329	**8,363**	10,759
Loss from mine operations	**1,405**	355	**$ 5,444**	$ 6,581
Operating Expenses				
Evaluation and permitting	**51**	996	**$ 294**	$ 3,148
Office and administration	**218**	298	**689**	788
Professional fees	**136**	67	**645**	548
Directors and officers fees	**279**	489	**1,603**	2,117
Investor relations	**213**	65	**451**	227
Share-based compensation	**143**	62	**510**	121
Regulatory fees	**87**	26	**166**	92
Depreciation	**43**	49	**182**	172
Total Operating Expenses	**1,170**	2,052	**$ 4,540**	$ 7,213
Other Items				
Loss (gain) on derivative at fair value	**20,476**	32,216	**14,763**	(50,051)
Financing expense	**875**	903	**3,494**	2,019
Interest income	**(17)**	(8)	**(113)**	(16)
Unrealized loss (gain) on foreign exchange	**2**	2	**(7)**	10
Loss on modification of financial liabilities	**949**	-	**1,375**	-
Other (income)	**(100)**	(121)	**(537)**	(635)
Total Other Items	**22,185**	32,992	**$ 18,975**	$ (48,673)
(Income) loss and comprehensive (income) loss for the period	**$ 24,760**	35,399	**$ 28,959**	$ (34,879)
(Earnings) loss per common share:				
Basic and Diluted	**$ 0.09**	$ 0.13	**$ 0.10**	$ (0.13)
Weighted average number of common shares outstanding:				
Basic and Diluted	**283,928,252**	274,835,944	**278,652,578**	274,835,944

For the year ended December 31, 2023 compared to the year ended December 31, 2022:

For the year ended December 31, 2023 the Company's net loss was $28,959 ($0.10 per share) compared to a net income of $34,879 ($0.13 per share) for the year ended December 31, 2022. The net loss for the year ended December 31, 2023 as compared to the net income for same period of 2022 resulted primarily from mining operations losses of $5,444 due to the Gunnison Project being on care and maintenance and a non-cash loss of $14,763 from the change in fair value of the copper stream derivative liability. In 2022, the change in the copper stream derivative liability resulted in a gain of $50,051.

Significant changes in the "Expenses" categories listed in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2023 and 2022 are described below:

For the year ended December 31, 2023 evaluation and permitting expenses amounted to $294. The main decrease of $2,854 in costs from 2022 to 2023 were from the studies conducted on the JCM pits and further evaluation, modeling, and economic assessments associated with the Gunnison resources.

Professional fees for the year ended December 31, 2023 were $645 which were $97 higher than the comparable 2022 period of $548 primarily due to insurance reimbursements for legal fees in 2022.

Directors and officers fees incurred in 2023 of $1603 were lower than the comparable 2022 period of $2,117 mainly due to the allocation of time spent on the Nuton Project.

Investor relations incurred in 2023 of $451 were $224 higher than the comparable 2022 period of $227 mainly due to the increased activity centered around financing opportunities.

During the year ended December 31, 2023, the Company incurred share-based compensation expenses of $510 (2022 – $121). The increase of $389 was mainly due to the re-issue of stock options for directors and officers that expired in 2023.

Significant changes in the "Other Items" listed in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2023 and 2022 are described below:

The non-cash loss/(gain) of the stream obligation was valued using a Monte Carlo simulation model. The significant assumptions developed by management used in the Monte Carlo simulation model included: the copper forward price curve, the long-term copper price volatility, a discount rate which factors in the Company's credit spread, the life of mine production schedule and expectations including expansion plans and characterization of the stream for tax purposes.

The Monte Carlo simulation model was prepared by an independent valuation specialist and the life of mine production schedule and expectations including expansion plans are based on the information compiled by qualified persons. The stream is accounted for as a derivative liability.

Financing expense for the year ended December 31, 2023 was $3,494 compared to $2,019 for the year ended December 31, 2022. The increase in financing expense is mainly due to the accretion on the fair value of the debentures in 2023, and the capitalization of interest in the first half of 2022.

The Loss on modification of financial liabilities of $1,375 for the year ended December 31, 2023 is a result of the two extensions granted to the Nebari debt and the revaluation to the February debentures amended in December.

SELECTED QUARTERLY INFORMATION

The following table summarizes selected financial information for the Company for each of the past eight quarters ending December 31, 2023:

	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023
Net (income)/loss for the period	$ 24,760	$ (2,757)	$ (18,318)	$ 25,274
Loss (gain) on derivative at fair value	20,476	(5,726)	(21,496)	21,509
(Income)/loss per share (basic and diluted)	0.09	(0.01)	(0.07)	0.09
Total assets	116,408	113,332	116,701	119,860

	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
Net (income)/loss for the period	$ 35,399	$ (15,925)	$ (44,608)	$ (9,745)
Loss (gain) on derivative at fair value	32,216	(19,090)	(48,531)	(14,646)
(Income)/loss per share (basic and diluted)	0.13	(0.06)	(0.16)	(0.04)
Total assets	118,761	131,056	138,663	147,361

The net (income)/loss for the last eight quarters reflects the advancement of the Gunnison Project from the start-up and commissioning phase, ramp-up phase, and now, currently, the care and maintenance phase. The volatility in market factors used in the valuation of the copper stream derivative and the agreement to remove the buy-down right resulted in fluctuations in the valuation of the copper stream derivative and consequently net (income)/loss. The net loss for the quarter-ended December 31, 2023 of $24,760 included a loss of $20,476 on revaluation of the copper stream derivative liability.

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

Three months ended December 31, 2023 compared to the three months ended December 31, 2022:

For the three-months ended December 31, 2023 the Company's net loss was $24,760 ($0.09 per share) compared to a net loss of $35,399 ($0.13 per share) for the three-months ended December 31, 2022. The lower net loss for the three-month period ended December 31, 2023 as compared to the same period of 2022 derived primarily from the non-cash loss of $20,476 on the revaluation of the copper stream derivative liability, which was $11,740 lower than the 2022 period.

Significant changes in the "Expenses" categories listed in the consolidated statements of loss and comprehensive loss for the three-months ended December 31, 2022 and 2021 are described below:

For the three months ended December 31, 2023 evaluation and permitting expenses incurred were $51 (2022 - $996). Costs for the three-months ended December 31, 2022 were higher than the comparable period of 2023 due to the studies conducted on the JCM pits and further evaluation, modeling, and economic assessments associated with the Gunnison resources.

Directors and officers fees incurred during the three months ended December 31, 2023, were $279 compared to $489 during the same period of the prior year, representing a decrease of $210 mainly due to Nuton Project cost allocations.

Investor relations costs for the three months ended December 31, 2023 were $213 which were higher than the comparable 2022 period of $65 due to the increased engagements attributed to financing opportunities.

During the three months ended December 31, 2023, the Company incurred share-based compensation expenses of $143 (2022 - $62). The increase in non-cash share-based compensation expense of $81 is due to stock options granted to directors and officers, consultants, and management personnel in 2023.

Significant changes in the "Other Items" listed in the consolidated statements of loss and comprehensive loss for the three-months ended December 31, 2023 and 2022 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, 2023, the non-cash loss of $20,476 for revaluation of derivative liabilities was primarily driven by a decrease in the credit spread from 8.23% to 7.43%, and a decrease of 0.7% in the average risk-free rate.

The Loss on modification of financial liabilities of $949 for the three months ended December 31, 2023 consists mainly from the debt extension and revaluation of the February debentures resulting from the December amendment.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash and cash equivalents of $6,113 as of December 31, 2023 (December 31, 2022 - $5,604). Cash and cash equivalents increased $509 during the year ended December 31, 2023. The increase in 2023 is primarily due to the Phase 1 Nuton Project financing, two debenture offerings, and the 1.5% JCM royalty sale.

Net cash used in operating activities for the year ended December 31, 2023 was $10,657 compared to net cash used of $14,061 in 2022. The decrease in operating cash outflows for 2023 compared to 2022 was mainly due to the Nuton Project Phase 1 project.

Net cash provided by investing activities for the year ended December 31, 2023 was $2,669 compared to net cash used of $1,179 for the same period of 2022. The net cash provided in 2023 was mainly the amount received and used for the Nuton Project Phase 1.

Net cash provided by financing activities for the year ended December 31, 2023 was $8,490, mainly from the two February debenture offerings, and the proceeds from the 1.5% JCM royalty sale.

The Company had working capital of $3,951 at December 31, 2023 (December 31, 2022 – Negative working capital ($9,673)). The increase in working capital was primarily the result of the higher cash balance in 2023 as a result of the financing proceeds. Also, in 2022 the Nebari debt, prior to the debt extensions in 2023, became current resulting in a negative working capital. The Company also has certain financial liabilities which carry financial covenants which may be breached within the next twelve months due to the Company's delay in reaching production.

In support of the Company's plan for JCM sulfide leaching and Gunnison wellfield stimulation trials, on January 30, 2023 the Company and Nebari executed a Second Amendment to the ARCA ("Second ARCA") which extended the due date of the $15.0 million loan advanced by Nebari to March 31, 2025 and lowered the required $5.0 million minimum cash balance for the Company to a $2.5 million minimum cash balance; however, starting January 31, 2024, the Company was to start paying back the principal on the first $5.0 million tranche at $0.3 million/month. The interest rate was set at 14.2% plus a supplement based on the amount (if any) by which (i) the sum of the forward-looking secured overnight financing rate (administered by CME Group Benchmark Administration Limited or a successor administrator) for a tenor of 3 months plus 0.26161% exceeds (ii) 1.5%. The rate supplement cannot be negative. In addition to the repayment bonus on ARCA, the Second ARCA required an upfront $450 extension bonus that was paid to Nebari with common shares of the Company.

On November 30, 2023 the Company and Nebari executed a Third Amendment to the Second ARCA ("Third ARCA") which extended the due date of the $15.0 million loan advanced by Nebari to June 30, 2026. The interest rate is reduced to 10.5% plus a rate supplement equal to the greater of the sum of the forward-looking secured overnight financing rate (administered by CME Group Benchmark Administration Limited or a successor administrator) for a tenor of 3 months or 1.5%. The rate supplement cannot be negative. In consideration for The Third ARCA, the Company issued $1.05 million in common shares of the Company. In addition, the earlier amortization of the $5.0 million principal payback from the Second ARCA has been modified and will begin monthly in June 2024 as follows:

- June 2024 through December 2024 - $206 ($200 principal, $6 repayment bonus),
- January 2025 through December 2025 - $257.5 ($250 principal, $7.5 repayment bonus),
- January 2026 through June 2026 - $309 ($300 principal, $9 repayment bonus)

Pursuant to the Copper Purchase and Sale Agreement with Triple Flag (the "Stream Agreement"), the Company is required to maintain a leverage ratio of 3.5:1.0. The leverage ratio is calculated as the ratio of indebtedness of the Company to net income (adjusted for certain items). An amendment to the "Stream Agreement" which was executed on December 22, 2021 has the applicability of the leverage ratio suspended until September 29, 2023. On November 30, 2023 the Company and Triple Flag executed an amendment to the Stream Agreement which suspends the applicability of the leverage until June 30, 2026 (the "Leverage Ratio Grace Period") to accommodate the extension of the Nebari loan due date.

On February 9, 2023 the Company closed a Debenture Offering and issued $3.0 million principal amount of Debentures. The terms of the Debentures include:

- a maturity date of three years from the date of closing (the "Maturity Date"), with the principal amount, together with any accrued and unpaid interest, payable on the Maturity Date, unless earlier converted in accordance with the terms;
- the Debentures bear interest (the "Interest") at the rate of 10% per annum, which Interest will be payable on April 1, 2025 and on the Maturity Date, unless earlier converted into common shares of the Company ("Common Shares");
- the principal amount of the Debenture is convertible into Common Shares at the option of the holder at a conversion price of USD$0.19 per Common Share;
- the accrued and unpaid Interest is convertible into Common Shares at a conversion price equal to the volume weighted average price of the Common Shares on the Toronto Stock Exchange for the five trading days prior to the date of conversion; and
- the Debentures are unsecured.

On December 14, 2023 the Company amended the First Debenture Offering maturity date to September 30, 2026.

On December 14, 2023 the Company closed a Second Debenture Offering (the "Second Debenture Offering") and issued $2.4 million principal amount of debentures. The terms of the debentures include:

- a maturity date of September 30, 2026 (the "Second Debenture Maturity Date") and the principal amount, together with any accrued and unpaid interest, will be payable on the Second Debenture Maturity Date, unless earlier converted in accordance with their terms;
- the debentures bear interest at the rate of 10.5% per annum plus the Rate Supplement, which interest will be payable on the Second Debenture Maturity Date, unless earlier converted into Common Shares;

- subject to the receipt of disinterested shareholder approval from the holders of the Common Shares at a duly and validly call meeting (the "Shareholder Approval"), the principal amount of the debenture is convertible into Common Shares at the option of the holder (or at the option of the Company on 30 days prior notice) at a conversion price of USD$0.11405 per Common Share;
- subject to receipt of the Shareholder Approval, the accrued and unpaid interest is convertible into Common Shares at a conversion price equal to the volume weighted average trading price on the Toronto Stock Exchange for the five trading days prior to the date of conversion; and
- the debentures are unsecured.

The Company intends to use the proceeds of the Debenture Offerings for project development expenses and working capital.

The Company has also received additional financing pursuant to the Option Agreement with Nuton pursuant to which Nuton provided $3.0 million for pre-payment of Stage 1 costs, and $2.0 million for an exclusive option to form a joint venture with the Company. If Nuton proceeds to Stage 2, it will make a $5.0 million payment to Excelsior for the use of existing infrastructure at the Johnson Camp mine for the Stage 2 work program. Nuton will also be responsible for funding all of Excelsior's costs associated with Stage 2. There is no certainty that Nuton will elect to proceed to Stage 2, or if it does so elect that it will not later decide to terminate further funding under the terms of the Option Agreement.

Although the Company has taken steps to extend the maturity of the Nebari loan and to eliminate or mitigate the risk of certain covenant breaches, unless the Company raises financing it will breach the $2.5 million minimum cash covenant under the Nebari loan in Quarter 2, 2024. As a result, there remain conditions that represent a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company has been successful in obtaining significant equity and other financings since inception and intends to continue financing its future requirements through future mining of the existing JCM pits and through a combination of equity, debt or other arrangements. However, there can be no assurance that the Company will be able to obtain the necessary financing. The Consolidated Financial Statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore to realize its assets and liquidate its liabilities and commitments in other than the normal course of business. These adjustments could be material.

STATEMENT OF FINANCIAL POSITION INFORMATION

The following is a summary of the Company's financial position at December 31, 2023 compared to the annual statement of financial position at December 31, 2022 restated (see Accounting Policies, Estimates and Judgements for 2021 restatement):

	As at December 31, 2023	As at December 31, 2022
Cash and cash equivalents	$ 6,113	$ 5,604
Marketable Securities	76	22
Receivables (current and long-term)	126	148
Prepaid expenses	776	476
Inventory	1,341	1,741
Property, plant and equipment, net	104,902	107,459
Restricted cash	3,074	3,311
Total Assets	$ 116,408	$ 118,761

	As at December 31, 2023	As at December 31, 2022
Accounts payable and accrued liabilities	$ 1,640	$ 1,258
Amounts due to related parties	136	124
Nuton Project	432	-
Lease liabilities (current and long-term)	325	399
Insurance premium financing	493	181
Restricted share units	-	146
Derivative liability (current and long-term)	116,058	101,302
Debt (current and long-term)	19,950	15,405
Asset retirement obligation	8,097	8,245
Capital stock	112,828	108,045
Other equity reserves	14,205	12,453
Deficit	(156,927)	(127,968)
Accumulated other comprehensive loss	(829)	(829)
Total Liabilities and Equity	$ 116,408	$ 118,761

Assets

Cash and cash equivalents increased by $509 during the year ended December 31, 2023 as previously discussed in "Liquidity and Capital Resources" above.

The increase of $300 in prepaid expenses at December 31, 2023 was from the financing of insurance premiums throughout the year.

Property, plant and equipment decreased $2,557 in 2023 mainly from the Nuton payment for the Stage 1 JCM sulfide project.

Liabilities

The Nuton Project of $432 is the remaining forecasted balance to complete the Stage 1 JCM sulfide project.

Insurance premium financing increased $312 during the year ended December 31, 2023 mainly from the financing of insurance renewals.

Restricted Share units liability decreased during the year ended December 31, 2023 to $nil from $146 previous year due to the exercise of all outstanding RSUs.

Derivative liability of 116,058 at December 31, 2023 is from the fair value of the copper stream.

Debt increased $4,545 during the year ended December 31, 2023 mainly due to the debenture offering.

Equity

During the year ended December 31, 2023, Capital stock increased by $4,783 primarily due to the distribution of the debt modification shares and private placements shares.

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, 2023	Date of report
Common Shares	315,415,858	315,415,858
Stock options	18,820,000	18,820,000
Convertible Debt	36,832,874	36,832,874

In addition, assuming full conversion of the principal amount of the two Debenture offerings, an additional 36,832,874 common shares would be issued. On February 7, 2023, the Company issued 2,368,421 shares at $0.19 to nominees of Nebari to fulfill the Second Amendment to the Amended and Restated Credit Agreement with Nebari Natural Resources Credit Fund I LP. On December 14, 2023, 9,208,093 common shares were issued at $0.11405USD to nominees of Nebari to fulfill the Third Amendment to the Second Amendment to the Amended and Restated Credit Agreement with Nebari Natural Resources Credit Fund I LP. On December 14, 2023, 27,180,000 shares were issued at $0.11405USD in a private placement to Greenstone Excelsior Holdings L.P. as a result of the transfer of 1.5% gross revenue royalty to Triple Flag USA Royalties LTD. There were 1,823,400 RSUs exercised in December 2023. 4,580,000 stock options expired in 2023, and 1,312,500 stock options were forfeited.

Contractual Obligations

The Company has the following contractual obligations as of December 31, 2023:

Contractual Obligations	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Accounts Payable and Accrued Liabilities	$ 1,640	$ 1,640	$ -	$ -	$ -
Lease Liabilities	325	103	222	-	-
Insurance Liabilities	493	493	-	-	-
Debentures	4,330	-	4,330	-	-
Debt	15,620	1,442	14,178	-	-
Total Contractual Obligations	$ 22,408	$ 3,678	$ 18,730	$ -	$ -

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, SVP Business Development, former SVP/Chief Financial Officer, current Interim Chief Financial Officer, SVP/GM, and Corporate Secretary.

Remuneration attributed to key management personnel is summarized as follows:

	Year ended December 31,	
	2023	**2022**
Salaries, fees and benefits	$ 1,603	$ 2,117
Share-based compensation	491	307
Total	$ 2,094	$ 2,424

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, who resigned as a director of the Company March 18, 2022, which employed or retained certain officers and personnel of the Company. King & Bay provides 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 as reimbursement for legal fee expenses incurred by Kinley.

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

	Year ended December 31,	
	2023	**2022**
King & Bay	$ -	$ 40
Kinley	3	96
Total	$ 3	$ 136

As of December 31, 2023, amounts accrued and due to key management personnel and other related parties include the following:

- Directors and Officers - $136 (December 31, 2022 - $124)
- King & Bay - $nil (December 31, 2022 - $nil)

ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies applied in the preparation of the audited consolidated financial statements for the year ended December 31, 2023 are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2022.

Recent accounting pronouncements

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, 2022 and 2021.

The Company adopted the IASB published amendments to IAS 1 - Presentation of Financial Statements - Classification of debt with covenants as current or non-current at January 1, 2023. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the

end of the reporting period. A company classifies a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting period. The amendments clarify how a company classifies a liability that includes a counterparty conversion option, which could be recognized as either equity or a liability separately from the liability component under IAS 32 - Financial Instruments Presentation.

Generally, if a liability has any conversion options that involve a transfer of the company's own equity instruments, these would affect its classification as current or non-current. The IASB has now clarified that when classifying liabilities as current or non-current, a company can ignore only those conversion options that are recognized as equity. The Company has concluded that the adoption of the amendments had no significant impact on its Consolidated Financial Statements.

The Company adopted the IASB published amendments to IAS 12 - Income Taxes at January 1, 2023. The amendments require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments typically apply to transactions such as leases for the lessee and decommissioning and restoration obligations related to assets in operation. The Company has concluded that the adoption of the amendments had no significant impact on its Consolidated Financial Statements.

FINANCIAL INSTRUMENTS

As of December 31, 2023, the Company's risk exposures and the impact on the Company's financial instruments are summarized below.

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 (except the Nebari loan and Second Debenture Offering - see below) 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. The Nebari loan and Second Debenture Offering are fixed at 10.5% per annum plus the greater of the forward-looking secured overnight financing rate (administered by CME Group Benchmark Administration Limited or a successor administrator) for a term of 3 months or 1.5%.

A 1% increase in the interest rate would decrease the value of the stream obligation by $10,191, whereas a 1% decrease in the interest rate would increase the value of the stream liability by $12,276.

A 1% increase in the rate supplement for the Nebari loan would increase interest payments $12.5/mo, whereas a 1% decrease in the rate supplement would decrease the Nebari interest payments $12.5/mo.

A 1% increase in the rate supplement for the Second Debenture Offering would increase interest payments $2/mo, whereas a 1% decrease in the rate supplement would decrease the Second Debenture Offering interest payments $2/mo.

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 $14,250, whereas a 10% decrease in the market price of copper would decrease derivative liabilities by $13,982.

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 (see Description of Business and Going Concern).

The Company has the following guaranteed commitments and contractual obligations as of December 31, 2023:

Contractual Obligations	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Accounts Payable and Accrued Liabilities	$ 1,640	$ 1,640	$ -	$ -	$ -
Lease Liabilities	325	103	222	-	-
Insurance Liabilities	493	493	-	-	-
Debentures	4,330	-	4,330	-	-
Debt	15,620	1,442	14,178	-	-
Total Contractual Obligations	$ 22,408	$ 3,678	$ 18,730	$ -	$ -

As of December 31, 2023, the Company has cash and cash equivalents of $6,113 to settle current liabilities of $4,481.

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. Derivative liabilities are Level 3.

LEGAL

On November 3, 2021 the Company became aware of a civil claim filed against the Company and certain of its officers and directors in the Supreme Court of British Columbia by MM Fund (the "Action"). The plaintiff seeks certification of the Action as a class proceeding on behalf of a class of all persons and entities, wherever they may reside or may be domiciled, who purchased the securities of the Company offered by the Company's Prospectus Supplement dated and filed on February 12, 2021 (the "Prospectus").

The plaintiff alleges that the Prospectus contained misrepresentations related to the Company's anticipated timeline to achieve a production rate of 25 million pounds per annum. The plaintiff alleges that as a result of the misrepresentations in the Prospectus, the securities of the Company were sold to the public at an artificially inflated price. The plaintiff seeks an order certifying the Action as a class proceeding, a declaration the Prospectus contained a misrepresentation, unspecified damages, pre- and post-judgment interest and costs.

The Company contends the allegations made against it in the Action are meritless and will be vigorously defended, although no assurance can be given with respect to the ultimate outcome of the Action.

On September 1, 2022, the British Columbia Supreme Court granted the application by the Company to strike MM Fund's certification application and further ordered MM Fund to remove all pleadings relating to advancing a class proceeding against the Company. The Company was awarded its costs of the application in any event of the cause. MM Fund's action may continue as an individual claim; however, subject to appeal, MM Fund has been found to be incapable of advancing the action as a class proceeding. Subsequently on September 26, 2022, MM Fund appealed this ruling to the British Columbia Supreme Court. The appeal hearing occurred on April 6, 2023 but a decision has not yet been rendered.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

The CEO and 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, 2023.

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.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023, based on the criteria set forth in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management believes that, as of December 31, 2023, the Company's internal control over financial reporting is effective.

During the year ended December 31, 2023, 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 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, 2022, is available on the SEDAR+ website, www.sedarplus.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 NI 43-101. Mr. Twyerould has reviewed and approved the technical information contained in this MD&A.

Additional information about the Gunnison Project and Johnson Camp Mine can be found in the technical report filed on SEDAR+ at *www.sedarplus.com* entitled: "Gunnison Copper Project Prefeasibility Study Update and JCM Heap Leach Preliminary Economic Assessment", dated effective February 1, 2023.

Additional information about the Strong & Harris Project can be found in the technical report filed on SEDAR+ at *www.sedarplus.com* entitled: "Estimated Mineral Resources and Preliminary Economic Analysis, Strong and Harris Copper-Zinc-Silver Project, Cochise County, Arizona" dated effective of September 9, 2021.

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, 2023.

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) statements relating to the economic viability of the Gunnison Project, including mine life, total tonnes mined and processed and mining operations; (v) the future effects of environmental compliance requirements on the business of the Company; (vi) the intention to mine Johnson Camp and future production therefrom; (vii) the results of the Preliminary Economic Assessment on Strong & Harris; and (viii) the statements under the heading "Outlook" in this MD&A, including statements about 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 mineral resource and reserve 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 or surface rights 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, 2023:

- risks relating to the fact that the Company depends on a single mineral project;
- operational risks inherent in the conduct of mining activities, including the risk of accidents, labour disputes, availability of reagents and power, increases in capital and operating costs and the risk of delays or increased costs that might be encountered during the development process;
- risks inherent in the exploration and development of mineral deposits, including risks relating to changes in project parameters as plans continue to be redefined including the possibility that mining operations may not commence at the Gunnison Project;
- assumptions regarding expected capital and operating costs and expenditures, production schedules, economic returns and other projections;
- our production estimates, including accuracy thereof;
- risks related to general economic conditions and in particular the potential impact of the COVID-19 pandemic on the Company or its operations and the mining industry;
- the fact that we have no mineral properties in commercial production and no history of production or revenue;
- 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 an extended period of lower prices and demand for copper;
- financing, capitalization and liquidity risks, including the risk that the financing necessary to fund the development and construction activities at the Gunnison Project may not be available on satisfactory terms, or at all;
- the Company has no history of mining operations and no revenues from operations and expects to incur losses for the foreseeable future;
- risks associated with secured debt and the copper stream agreement;
- risks related to the Company obtaining and maintaining 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;
- risks related to the significant governmental regulation to which the Company is subject;
- environmental risks;
- climate change risks;
- risks related to the adequacy of financial assurance arrangements with State and Federal Governments;
- 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 conflicts of interests among the Company's directors and officers;
- exchange rate fluctuations between the Canadian and United States dollar;
- uncertainties inherent in the estimation of inferred mineral resources;
- land reclamation requirements may be burdensome;
- risks associated with the acquisition of any new properties;
- risks related to legal proceedings to which the Company may become subject;

- potential liabilities associated with the acquisition of Johnson Camp;
- our ability to comply with foreign corrupt practices regulations and anti-bribery laws;
- changes to relevant legislation, accounting practices or increasing insurance costs;
- significant growth could place a strain on our management systems;
- share ownership by our significant shareholders and their ability to influence our governance; and
- risks relating to the Company's Common Shares, including that future sales or issuances of our debt or equity securities may decrease the price of our securities.

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

Technical disclosure regarding the Company's properties included in this MD&A and in the documents incorporated herein by reference has been prepared in accordance with the requirements of Canadian securities laws. Without limiting the foregoing, such technical disclosure uses terms that comply with reporting standards in Canada and certain estimates are made in accordance with NI 43-101. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all mineral reserve and mineral resource estimates contained in the technical disclosure have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards on Mineral Resources and Reserves ("CIM Definition Standards").

Canadian standards, including NI 43-101, differ significantly from the historical requirements of the Securities and Exchange Commission (the "SEC"), and mineral reserve and resource information contained or incorporated by reference in this Prospectus Supplement may not be comparable to similar information disclosed by U.S. companies.

The SEC has adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC. These amendments became effective February 25, 2019 (the "SEC Modernization Rules") and replaced the historical property disclosure requirements for mining registrants that are included in SEC Industry Guide 7. U.S. companies are required to provide disclosure on mineral properties under the SEC Modernization Rules for fiscal years beginning January 1, 2021 or later.

Under the SEC Modernization Rules, the definitions of "proven mineral reserves" and "probable mineral reserves" have been amended to be substantially similar to the corresponding CIM Definition Standards and the SEC has added definitions to recognize "measured mineral resources", "indicated mineral resources" and "inferred mineral resources" which are also substantially similar to the corresponding CIM Definition Standards; however, there are still differences in the definitions and standards under the SEC Modernization Rules and the CIM Definition Standards. Therefore, the Company's mineral resources and reserves as determined in accordance with NI 43-101 may be significantly different than if they had been determined in accordance with the SEC Modernization Rules.