Excelsior Mining Corp

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

Management's Discussion and Analysis ("MD&A") is as of November 9, 2021 and relates to the financial condition of Excelsior Mining Corp. and its subsidiaries ("Excelsior" or the "Company") as of September 30, 2021. The MD&A supplements and complements Excelsior's unaudited Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2021 (the "Consolidated Financial Statements") and related notes. Comparison of the financial results in this MD&A is provided to the financial results for the three and nine month periods ended September 30, 2020, or the year ended December 31, 2020. Other relevant documents to be read with this MD&A include the Audited Consolidated Financial Statements for the year ended December 31, 2020, and the Annual Information Form ("AIF") for the year ended December 31, 2020. These documents are available on the Company's website at *www.excelsiormining.com*, and on the SEDAR website at *www.sedar.com*.

The unaudited Consolidated Financial Statements for the three and nine months ended September 30, 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports including International Accounting Standard 34, Interim Financial Reporting. The condensed consolidated interim financial statements do not include all the information required for full annual financial statements. The accounting policies applied in the condensed consolidated interim financial statements are consistent with those applied in the Company's audited annual consolidated financial statements unless otherwise disclosed. All dollar amounts are expressed and presented in thousands of United States dollars except per share amounts (unless otherwise noted). Canadian dollars are expressed as "CAD$".

Readers are cautioned that 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 November 9, 2021.

DESCRIPTION OF BUSINESS

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

The Gunnison Project is a low-cost, environmentally friendly in-situ recovery copper extraction project that is permitted to 125 million pounds per year of copper cathode production. Excelsior announced the start of construction in December 2018, and the completion of the construction phase in December 2019, including the wellfield drilling and the supporting infrastructure consisting of the electrical power system upgrades, all holding ponds, the pipeline corridor and acid storage tanks. Upgrades to the adjacent Johnson Camp mine ("JCM") Solvent Extraction and Electrowinning ("SX-EW") plant were also completed in December 2019. The injection of mining fluids to the wellfield for copper production started on December 31, 2019 and the Company began the start-up and commissioning phase of the project in January 2020. On April 9, 2020 a decision was made to place the project on Care and Maintenance in response to the COVID-19 global pandemic. On August 12, 2020 the Company announced that a small-scale restart had commenced. As the Company continues to ramp up towards full production, it remains cognizant of the continued health risks to the Company's workforce related to COVID-19. Any significant interruption in the workforce could negatively impact the timing of the Company's ramp up process. The Company has put in place various procedures to mitigate the risk of transmission of COVID-19 on site as the Health and Safety of our employees is our primary concern. The Company continues to maintain the wellfield in accordance with all state and federal permit requirements.

COPPER STREAM

On November 30, 2018 the Company finalized an agreement for a $75,000 project financing package ("Project Financing", or "copper stream" or "copper stream derivative liability") with Triple Flag Mining Finance Bermuda

Ltd. ("Triple Flag") for the purpose of developing the Gunnison Project. In connection with the Project Financing, the Company issued Triple Flag 3.5 million five-year common share purchase warrants (the "warrants"), under a five-year term beginning on November 30, 2018, entitling Triple Flag to purchase 3.5 million Excelsior common shares at a strike price of CAD$1.50 per share issued.

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

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

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

	Stage 1 (25M lbs/yr)	Stage 2 (75M lbs/yr)	Stage 3 (125M lbs/yr)
Stage 1 Upfront Deposit	16.50%	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"). Upon completion of an expansion, Excelsior has the option to reduce the amount of the Stream by 50% by making a buy-down payment to Triple Flag (the "Buy-Down Payment"). The Buy-Down Payment is calculated as an amount that provides Triple Flag with an internal rate of return of 15% on 50% of the Stage 1 Upfront Deposit and, if applicable, 15% on 50% of the Expansion Upfront Deposit (in each case after evaluating the value of Stream deliveries (net of the 25% purchase price payment for such deliveries) made to Triple Flag prior to its payment).

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

Scenario Description	Stage 1 (25M lbs/yr)	Stage 2 (75M lbs/yr)	Stage 3 (125M lbs/yr)
Stage 1 Upfront Deposit + Expansion Option	16.50%	11.00%	6.60%
Stage 1 Upfront Deposit + Expansion Option + Buy-Down Payment	16.50%	5.50%	3.30%
Stage 1 Upfront Deposit + Buy-Down Payment	16.50%	2.875%	1.75%

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

The 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 based on COMEX futures, the long-term copper price volatility of 25.25% (December 31, 2020 – 22.08%), a discount rate which factors in the Company's credit spread of 7.95% (December 31, 2020 – 9.11%), 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. The Company determined that the share purchase warrants are a derivative liability.

NEBARI FINANCING

On October 31, 2019 the Company entered into an agreement with Nebari Natural Resources Credit Fund I LP ("Nebari") for a $15,000 credit facility (the "Credit Facility"). As of May 31, 2020, the $15,000 credit facility has been fully drawn. The Credit Facility is secured against the assets of Excelsior and certain of its subsidiaries. The Credit Facility bears interest at 14.2% per annum, payable monthly. An arrangement fee of 2.0% ($300) of the total available funds under the Credit Facility was paid on closing. The arrangement fee is creditable against interest payable on the draws under the Credit Facility, to a maximum of $100 of interest per each draw. The Credit Facility has an initial term of 15 months from the date of the Initial Draw which occurred on December 23, 2019.

Nebari has provided an extension of the term of the Credit Facility to March 23, 2022.

PAYCHECK PROTECTION PROGRAM LOAN

On May 21, 2020 the Company signed a Promissory Note with the Bank of America under the Paycheck Protection Program (PPP) and was subsequently advanced a loan in the amount of $1,206.

By March 31, 2021 the Company was notified that the SBA had approved the forgiveness of $1,090 of the PPP loan, and this amount has been recognized in "Other Items".

The remaining loan balance of $116 has been paid.

2021 "BOUGHT DEAL" FINANCING

On February 22, 2021, the Company closed a "bought deal" public offering (the "Offering") of units of the Company (the "Units") with Scotiabank and PI Financial Corp. as joint bookrunners and underwriters. The Company issued a total of 33,350,000 Units at a price of CAD$0.95 per Unit. Each Unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable to acquire a common share at an exercise price of CAD$1.25 until August 22, 2022. The Company received $23,163 as net proceeds from the Offering. The net proceeds of the "bought deal" financing were allocated for the continued ramp up and operation of the Company's Gunnison Project including operating, corporate, business development, legal and sustaining capital costs.

GUNNISON PROJECT

Wellfield Start-up and Commissioning Status

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

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

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

Specific optimizations that were completed in February and March 2020 include making the wellfield reversible in terms of fluid flow. Injection wells were retrofitted with pumps, allowing them to be used as recovery wells when needed. In addition, recovery wells were reconfigured to allow for injection. By making the wellfield reversible,

Excelsior will have the option of moving mobilized copper only a portion of the full distance between the wells before reversing the fluid flow, and thus reducing the effective distance that the copper must travel before it is recovered. This new capacity to move fluids back and forth (or "push and pull") is expected to help achieve breakthrough, at which point copper would remain in solution throughout the production process.

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

On April 9, 2020 a decision was made to place the project on Care and Maintenance in response to the COVID-19 global pandemic. The Company has put in place various procedures to mitigate the risk of transmission of COVID-19 on site as the Health and Safety of our employees is our primary concern. On August 12, 2020 the Company announced that a small-scale restart had commenced, thus exiting the care and maintenance mode.

On November 10, 2020 the Company announced that following the small-scale restart copper recovery has achieved concentrations that now allow for initial production to commence at the Gunnison Project. The Company also confirmed its wellfield optimization program had been successful. Highlights from the wellfield optimization program include:

- The issue of copper precipitates and other precipitates blocking wells has been solved; the upgrades to the wellfield implemented earlier in the year have proven effective;
- Copper grades in the wells that have been consistently operated are in-line with expectations;
- These activities have generated sufficient copper in solution to commence operation of the Solvent Extraction-Electrowinning (SX-EW) production facility, which has been turned on;
- Ramp up phase copper cathode production commenced in December 2020;
- Staffing levels remain reduced and restricted due to the COVID-19 Pandemic. Operations have been conducted in a safe manner with a low number of COVID-19 cases at Gunnison reported. In response, successful contact tracing and isolation measures were implemented without any requirement to shut-down operations;
- Expansion of activities to surrounding wells is occurring, with a view to ramping-up to full, nameplate, capacity; and
- It is expected that additional time will be required during this ramp-up to optimize the wells and resolve any challenges as they occur.

On December 21, 2020, Excelsior announced that first copper cathode production had been achieved at the Gunnison Project. On January 28, 2021 Excelsior announced that it had sold its first copper cathode from the Gunnison Project. Assays confirm that the copper content achieved 99.998%.

During February 2021, the copper purity achieved 99.999% as per the feasibility design and is anticipated for all future copper harvests.

The Company is continuing with ramp up activities to attain commercial production levels. 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. Cycling periods of fresh water injection with acid injection and recovery has demonstrated sustained flow improvements on individual wells. To resolve this issue throughout the existing wellfield, the Company has announced plans to design, construct and operate a raffinate neutralization plant that will be used to provide approximately pH neutral solutions for use in the earlier described cycling process. Additionally, the Company recently announced that it is planning to restart of the Johnson Camp copper oxide open pits to supplement copper production during the period required to design, construct, and operate the raffinate neutralization plant for a period of time sufficient to alleviate CO_2 in the existing wellfield. The Company has determined that it will reach commercial production from the wellfield once a production rate of approximately 70% of the designed production capacity of 25 million copper pounds per annum at a Grade 1 copper specification has been sustained for a period of 30 days.

See additional discussion below in "Outlook".

The Company had 55 employees as of September 30, 2021.

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 has been extended through to the end of 2021.

Subsidiary Merger

On March 1, 2021 a merger of the Company's subsidiaries Excelsior Mining Arizona, Inc. and Excelsior Mining Johnson Camp Mine (JCM), Inc. was completed with Excelsior Mining Arizona, Inc. as the surviving entity. Excelsior Mining Arizona, Inc. assumed all of the assets and liabilities of Excelsior Mining JCM, Inc. on completion of the merger. The merger was completed for administrative purposes due to the integrated nature of the operations of the two companies.

STRONG & HARRIS

Excelsior recently announced that it had 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 of September 9, 2021 (the "Report") on SEDAR at www.sedar.com. The Report is On September 9, 2021 the Company announced a Preliminary Economic Assessment ("PEA") on the Strong and Harris copper-zinc-silver deposit in southern Arizona. 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.

Additional information about the Strong & Harris Project can be found in the technical report filed on SEDAR at www.sedar.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.

COVID-19

The worldwide Covid-19 pandemic continues, and while some jurisdictions have eased restrictions recently, various governments have previously enacted restrictions on the movement of people and goods during periods of increasing positive infection rates. Although multiple vaccines have been released and are being administered to the public, there have been coincidental mutations to the virus known as COVID-19 and which have been reported to be more virulent. Should vaccines prove less effective against the new virus strains resulting in a resurgence of COVID-19 during the year, it is anticipated that additional governments would again issue public health orders which might include restricting the movement of people and goods. This in turn might impact the Company's supply chain as one of its primary sources for reagents is outside the borders of the US. Although copper prices have recovered with some subsidence of the global pandemic and the release of vaccines to counter the virus, copper prices could again be negatively impacted should there be a global resurgence of COVID-19. A continuing period of lower prices could significantly affect the Company's economic potential or intentions with respect to the Gunnison Project.

While the media reports both new strains of the virus and a continuation of new COVID-19 cases globally, as of the date of this MD&A the State of Arizona has no travel restrictions in place and vaccinations are progressing. However, the State has previously demonstrated a willingness to issue defensive orders where it sees the need. Any such order that would significantly restrict the movement of people or goods could impact the Company's ability to access its properties and complete exploration, development or production programs in the current year. The Company has considered that there may be a continuation of periodic restrictions on activities until a sufficient proportion of the population has been vaccinated in the fight against COVID-19. As a result, the Company maintains a cautious approach as to the timing of ramping up operations activities.

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

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

OUTLOOK

Construction of the Gunnison Project was completed as of the end of the year 2019, copper production in solution from the wellfield started, and the Company advanced to the start-up and commissioning phase. Total project-related capital expenditures for the Gunnison Project were previously forecast at approximately $88,000. Total capitalized expenditures including accruals on the Gunnison Project as of September 30, 2021 were $97,756. The forecast exceedance is the result of capitalizing operating costs to the project during the longer than expected production ramp up phase.

At September 30, 2021 the Company reviewed impairment indicators for the Gunnison Project and concluded there was an indicator of impairment due to the delayed ramp up to commercial production and expected increase in operating costs of the project. In accordance with the Company's accounting policy, the recoverable amount was assessed as the higher of its fair value less costs of disposal (FVLCD), and its value in use. The recoverable amount was determined based on the FVLCD approach.

In arriving at FVLCD pretax cash flows were obtained using the following significant assumptions:

a.) the last mineral reserves;
b.) the production profile, operating costs and capital costs from the latest planning;
c.) a copper price of $3.50 per pound; and
d.) real discount rate of 7.5%.

The Company's assessment of FVLCD exceeded the carrying amount of the Gunnison Project and as a result, no impairment loss was recognized in the statement of income.

The Company has previously disclosed the various issues that have been identified during the ramp-up phase of initial production. Certain issues have been resolved (as detailed above in this MD&A) 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 name plate productions of 25 million pounds per annum. The Company believes this is a finite problem; however, in an effort to speed up the removal of the effects of carbon-dioxide or reduce its impact, the Company continues to investigate remedial processes. These are occurring in conjunction with daily operations. At this time the Company is unable to forecast when name plate production will be reached as it needs to complete its review of remedial processes and fully assess any required adjustments to the operating plan.

To the end of the first half of 2021, total copper sold has reached 766,000 lbs. with an additional 105,000 lbs. in inventory. This low total production number is due to certain factors including reduced flow rates and the wellfield operating at a reduced capacity through the first three quarters of 2021 as certain wellfield optimization initiatives were being tested. Additional wellfield optimization initiatives are being planned or considered. Many of these may initially be disruptive to production ramp-up due to the installation and/or testing of equipment or the application of the initiative. While Management is focused on mitigating the impact of these initiatives on ramp-up, they may contribute to further extension of the production ramp-up period.

In conjunction with the above, Excelsior is also maintaining a cautious approach to expanding wellfield operations to allow for an operation that minimizes the risks of COVID-19 transmission. To reiterate, 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 managing COVID-19 conditions, resolving ramp-up issues and successfully implementing many of our wellfield optimization programs.

The Company has recently announced that it is moving ahead with its strategy to restart and operate the legacy Johnson Camp mine to produce cashflow while Gunnison ramps up and the raffinate neutralization plant is designed and constructed for use in the carbon-dioxide remedial process. The initial capital cost of the raffinate neutralization plant and infrastructure is estimated to be approximately $13million ($45million life of mine) and includes additional piping and pond modifications. The Company is also 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 raffinate neutralization path.

SELECTED QUARTERLY INFORMATION

The following table summarizes selected financial information for the Company for each of the past eight quarters ending September 30, 2021:

	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020
Net (income)/loss for the period	$ (4,192)	$ 11,444	$ 4,044	$ 17,489
Loss (gain) on derivative at fair value	(5,621)	11,031	2,158	15,720
(Income)/loss per share (basic and diluted)	(0.02)	0.04	0.02	0.07
Total assets	154,083	155,469	151,453	131,877

	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019
Net (income)/loss for the period	$ 10,904	$ 23,189	$ (31,318)	$ 10,315
Loss (gain) on derivative at fair value	8,923	18,860	(32,659)	8,817
(Income)/loss per share (basic and diluted)	0.05	0.10	(0.13)	0.04
Total assets	132,971	134,850	127,707	128,819

The net (income)/loss for the last eight quarters reflects the advancement of the Gunnison Project from exploration and evaluation, through feasibility and sustainability, through the construction phase, into the start-up and commissioning phase, care and maintenance phase, and current ramp-up phase. The volatility in market factors due to the COVID-19 pandemic caused significant fluctuations in the valuation of the copper stream derivative and consequently net (income)/loss. The net income for the quarter-ended September 30, 2021 of $4,192 included a gain of $5,621 on revaluation of the copper stream derivative liability and share purchase warrants.

The quarterly results presented above do not necessarily reflect any recurring expenditure patterns or predictable future trends. The Company was in the construction phase, the start-up and commissioning phase, then into care and maintenance due to Covid-19, and once again into ramp-up, resulting in no revenues in each of the last eight quarters.

REVIEW OF FINANCIAL RESULTS

Three months ended September 30, 2021 compared to the three months ended September 30, 2020:

For the three months ended September 30, 2021 the Company's net gain was $4,192 ($0.02 per share) compared to a net loss of $10,904 ($0.05 per share) for the three-months ended September 30, 2020. The net gain for the three-month period ended September 30, 2021 as compared to the net loss for the same period of 2020 resulted primarily from a non-cash gain of $5,621 for the three-month period of 2021 and a non-cash loss of $8,923 for the three-month period of 2020, both of which resulted from the change in fair value of the copper stream derivative liability plus the change in fair value in the share purchase warrants for 2021. Excluding the gain from the derivative liability, the net loss was $1,429 for the three-month period of 2021 compared to a net loss of $1,981 for the three-month period of 2020. During the comparable 2020 period the Gunnison Project was on care and maintenance for one month and all costs were expensed. This results in a higher loss in the comparable 2020 period versus the current 2021 period where costs were capitalized.

A comparison of the costs in the “Expenses” categories listed in the consolidated statements of loss and comprehensive loss for the three-months ended September 30, 2021 and 2020 follows:

For the three months ended September 30, 2021, the Company incurred JCM holding and maintenance costs of $21 (2020 - $758). The cost in 2020 was due to the Gunnison Project being placed on care and maintenance for one of the three months during the period. In 2021 these costs are for the maintenance of the heap leach pad.

For the three months ended September 30, 2021, evaluation and permitting expenses totaled $337 (2020 - $355). The costs for both periods represent ongoing exploration, and environmental and permitting compliance costs.

Office and administration expenses for the three months ended September 30, 2021 were $137 compared to $323 during the same period of the prior year. These costs represent corporate management costs and administrative support costs for the Gunnison Project and JCM. Amounts were lower in the current three-month period primarily due to capitalization of costs related to the Gunnison Project. The same period in 2020 saw one of the three months’ costs expensed during care and maintenance.

Professional fees for the three months ended September 30, 2021 were $160 compared to $101 during the same period of the prior year. The costs were higher in the 2021 three-month period primarily due to higher legal fees.

Directors’ and officers’ fees incurred during the three months ended September 30, 2021 were $479 compared to ($21) during the same period of the prior year, representing an increase of $500. The difference was due to a $459 production bonus reversal in Quarter 3, 2020, resulting in a credit to overall expenses.

Investor relations expenses during the three months ended September 30, 2021 were $85 compared to $51 during the same period of the prior year, representing an increase of $34. Higher investor relations fees for the three-month period in 2021 was primarily due to an increase in media presentations.

Share-based compensation expenses during the three months ended September 30, 2021 were $41 compared to $217 during the same period of the prior year, representing a decrease of $176. The decrease is primarily due to fewer stock options vesting in the three-month period of 2021 compared to the same period of 2020.

Significant changes in the “Other Items” listed in the consolidated statements of loss and comprehensive loss for the three-months ended September 30, 2021 and 2020 are described below:

The copper stream derivative liability is recorded at fair value at each period end using a Monte Carlo simulation valuation model. The key inputs used by the model in generating future copper revenue for purposes of valuing the stream obligation at September 30, 2021 include: the copper forward price curve (based on COMEX futures), long-term copper volatility of 25.25%, credit spread of 7.95% and a risk-free rate of return starting at 0.13%. The valuation of the copper stream also requires estimation of the Company’s expansion plans, and the anticipated production schedule of copper pounds delivered over the life of the mine. During the three months ended September 30, 2021, the non-cash gain of $5,050 from revaluation of the copper stream derivative liability was primarily driven by an estimated 4.8% decrease in the copper forward curve to the long-term consensus copper price. In addition, there was a non-cash gain of $571 from revaluation of the Offering warrants mainly driven by a decrease in the market price of CAD$0.02. This resulted in a net gain due to revaluation of the derivative liabilities in the amount of $5,621.

During the three months ended September 30, 2021, the Company incurred financing expenses of $104 compared to $239 during the same period of the prior year, representing a decrease of $135. The Nebari loan interest expenses are being capitalized in the 2021 period versus one month being expensed in the comparable 2020 period while the Gunnison Project was on care and maintenance.

During the three months ended September 30, 2021, the Company realized interest income of $4 versus interest income of $86 for the comparable period of 2020. Interest income was lower in 2021 compared to the same period of 2020 mainly due to a decrease in applicable interest rates.

Other income during the three months ended September 30, 2021, was $110 compared to $122 during the same period of 2020, representing a decrease of $12. The income represents sales of waste rock material from JCM.

Nine months ended September 30, 2021 compared to the nine months ended September 30, 2020:

For the nine months ended September 30, 2021 the Company's net loss was $11,296 ($0.04 per share) compared to a net loss of $2,775 ($0.01 per share) for the nine-months ended September 30, 2020. The net loss for the nine-month period ended September 30, 2021 as compared to the same period of 2020 resulted primarily from a non-cash loss of $7,568 in 2021 compared to a non-cash gain of $4,875 in the same period for 2020 arising from the change in fair value of the copper stream derivative liability.

Significant changes in the "Expenses" categories listed in the condensed consolidated interim statements of loss and comprehensive loss for the nine months ended September 30, 2021 and 2020 are described below:

For the nine months ended September 30, 2021, the Company incurred JCM holding and maintenance costs of $41 (2020 - $2,270). The decrease in cost in 2021 is due to the Gunnison Project being placed on care and maintenance in 2020 in which most costs were expensed, compared to the current year period in which most costs were capitalized.

For the nine months ended September 30, 2021, evaluation and permitting expenses incurred for ongoing exploration amounted to $882 (2020 - $583). The increased costs in the nine-month period of 2021 compared to the same period in 2020 was primarily due to exploration activities.

Office and administration costs for the nine months ended September 30, 2021 are $531 compared to $1,245 during the same period of the prior year. The decrease of $714 in 2021 was primarily due to the Gunnison Project being placed on care and maintenance from March, 2020 to July 2020 in which all costs were expensed, compared to the current year period in which costs are capitalized.

Professional fees for the nine months ended September 30, 2021 are $583 compared to $434 during the same period of the prior year. The increase of $149 was primarily due to higher legal and consulting services.

Directors' and officers' fees incurred during the nine months ended September 30, 2021, were $1,638 compared to $506 during the same period of the prior year, representing an increase of $1,132. The increase results from the reversal of the accrued production bonus in 2020 which reduced Directors' and officers' fees in that period, compared to higher directors' fees, legal fees related to the drilling contractor litigation, and an additional company officer in the current period.

During the nine months ended September 30, 2021, the Company incurred share-based compensation expenses of $727 compared to $1,171 for the same period in 2020. The decrease in non-cash share-based compensation expense of $444 is primarily due to fewer stock options awarded in the current nine-month period of 2021 compared to the same period of 2020.

Significant changes in the "Other Items" listed in the condensed consolidated interim statements of loss and comprehensive loss for the nine months ended September 30, 2021 and 2020 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 three-month discussion above for the variables that are used in the period-end valuation. During the nine months ended September 30, 2021, the non-cash loss of $7,568 for revaluation of the derivative liability was primarily driven by the estimated 16.2% increase in the copper forward curve to the long-term consensus copper price.

During the nine months ended September 30, 2021, the Company incurred financing expenses of $225 compared to $811 during the same period of the prior year, representing a decrease of $586. The Nebari loan interest is being capitalized in 2021 versus being expensed during 2020 while the Gunnison Project was on care and maintenance which is the main cause of the decrease.

During the nine months ended September 30, 2021, the Company realized interest income of $14 versus interest income of $305 for the comparable period of 2020. Interest income was lower in 2021 compared to the same period of 2020 mainly due to a decrease in the interest rate on cash investments.

Other income for the nine-month period of 2021 was $545 compared to a loss of $227 during the same period of 2020, representing an increase of ($772). The increase in income of $772 was primarily due to $181 in scrap sales, higher sales of waste rock material from JCM and in 2020 a $532 loss on the disposal of prepaid inventory.

<u>Review of February 22, 2021 "Bought Deal" Financing Proceeds</u>

On February 22, 2021, the Company completed a bought deal financing consisting of 33,350,000 units with each unit consisting of one share and one share purchase warrant for a price of CAD$0.95 per unit. The net proceeds of the "bought deal" financing was US$23,163. As of September 30, 2021, the Company has used the net proceeds from this "bought deal" financing as follows:

Activity or Nature of Expenditure	Initial Estimated use of Net Proceeds ($)	Approximate Actual use of Net Proceeds ($)
General Working Capital	16,663,058[1]	9,773,021
Sustaining Capital	6,500,000	1,179,272
Total	23,163,058	10,952,293

[1] This number has been increased from the disclosure in the prospectus supplement to add in the additional proceeds realized on the exercise of the over-allotment option by the underwriters.

LIQUIDITY AND CAPITAL RESOURCES

The Company had cash and cash equivalents of $24,452 as of September 30, 2021 (December 31, 2020 - $13,606). Cash and cash equivalents decreased $3,418 during the three months ended September 30, 2021 compared to a decrease of $3,848 during the comparable period in 2020.

Cash and cash equivalents increased $10,846 during the nine months ended September 30, 2021 versus a decrease of $6,655 during the nine months ended September 30, 2020. The change is primarily due to the "bought deal" financing undertaken in February 2021.

Net cash used in operating activities for the nine months ended September 30, 2021 was $3,175 compared to net cash used of $8,770 for the same period of 2020. The change in operating cash flow for the nine-month period of 2021 compared to the same period of 2020 resulted primarily from payments for acid and construction activities in 2020.

Net cash used in investing activities for the nine months ended September 30, 2021 was $8,869 compared to net cash used of $9,077 for the same period of 2020. The net cash used in both years was the result of capitalization of cash expenditures to Mineral Properties and the Gunnison Project.

Net cash provided by financing activities for the nine-month period ended September 30, 2021 was $22,859 compared to $11,192 for the nine-month period of 2020. During the current 2021 period, the main source of financing came from the net proceeds of $23,163 from the "bought-deal" financing, and in 2020, the main sources of financing were from the two tranches from Nebari and the Paycheck Protection Loan proceeds.

The Company had working capital of $6,198 at September 30, 2021 (December 31, 2020 – $7,109). The decrease in working capital was primarily the result of the higher cash balance in 2021 offset by the Nebari debt and the share purchase warrants being reclassified to current.

During the period ended September 30, 2021, the Company incurred a net loss of $11.3 million, used cash flow from operations of $3.2 million, and used cash for the Gunnison Project ramp up recorded in investing activities of $8.9 million. As at September 30, 2021, the Company had working capital of $6.2 million, including a cash balance of $24.5 million. The Company also has certain current 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 the current year (further discussed below). These conditions represent a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The Company has recently announced that it is planning to restart the existing Johnson Camp Mine (JCM) pits and construction of a new heap leach pad to generate cash flow to continue to support the ramping up to nameplate production at the Gunnison project.

The Company has a loan in the amount of $15 million dollars due to Nebari Natural Resources Credit Fund I LLP ("Nebari") on March 23, 2022. Although the Company expects that it will have sufficient funds to repay the Nebari loan on the due date, the Company is seeking an extension of the loan due date with Nebari to support its plan to restart JCM. The Company and Nebari have not yet reached a final agreement. An extension of the loan due date would also require an extension of the Leverage Ratio Grace Period from Triple Flag as explained below.

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). The applicability of the leverage ratio has been suspended until March 31, 2022 (the "Leverage Ratio Grace Period"). Management does not expect that the leverage ratio will be able to be met until sometime in 2023 if the Nebari loan due date is extended.

The Company and Triple Flag are currently discussing an extension of the Leverage Ratio Grace Period, but have not yet reached a final agreement. If the Company and Triple Flag are unable to agree to an extension of the Leverage Ratio Grace Period, then the Company expects that it will require additional sources of financing to execute the plan to restart JCM, while repaying the Nebari loan from its existing cash balance.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

The Company's ability to continue operations, fund its mining interest expenditures and meet its obligations as they fall due is dependent on management's ability to secure additional financing or renegotiate terms of existing financing agreements. There can be no assurance that management will be successful in these endeavors. 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.

As of September 30, 2021, the Company does not have any pre-arranged sources of financing.

The Company continues to ramp up the Gunnison Project towards full nameplate production of 25MMlbs per annum.

STATEMENT OF FINANCIAL POSITION INFORMATION

The following is a summary of the Company's interim financial position at September 30, 2021 compared to the annual statement of financial position at December 31, 2020.

	As at September 30, 2021	As at December 31, 2020
Cash and cash equivalents	$ 24,452	$ 13,606
Receivables	287	690
Prepaid expenses	713	861
Materials and supplies	1,315	938
Property, plant and equipment, net	124,005	112,471
Restricted cash	3,311	3,311
Total Assets	$ 154,083	$ 131,877

	As at September 30, 2021	As at December 31, 2020
Accounts payable and accrued liabilities	$ 1,668	$ 2,694
Amounts due to related parties	121	112
Restricted share units	196	123
Insurance premium financing	263	434
Lease liabilities (current and long-term)	494	46
Derivative liability (current and long-term)	102,717	90,472
Debt (current and long-term)	15,000	16,178
Asset retirement obligation	18,870	14,955
Capital stock	107,967	89,480
Other equity reserves	12,106	11,406
Deficit	(104,490)	(93,194)
Accumulated other comprehensive loss	(829)	(829)
Total Liabilities and Equity	$ 154,083	$ 131,877

Assets

Cash and cash equivalents increased by $10,846 during the nine months ended September 30, 2021 as previously discussed in "Liquidity and Capital Resources" above.

Receivables decreased $403 during the nine months ended September 30, 2021 mainly due to a stock options tax withholding payment being reimbursed.

Prepaid expenses decreased $148 during the nine months ended September 30, 2021 mainly due to insurance premium payments.

Liabilities

Restricted share units increased $73 due to the vesting of RSUs in 2021.

Derivative liability of $102,717 at September 30, 2021 consists of the fair value of the Triple Flag copper stream and warrants ($101,539) and the fair value of the Offering warrants ($1,178).

Equity

During the nine months ended September 30, 2021, Capital stock increased $18,487 resulting from the net proceeds from the "bought deal" financing.

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	September 30, 2021	Date of report
Common Shares	274,623,178	274,623,178
Stock options	17,425,000	17,425,000
Restricted share units	1,823,400	1,823,400
Warrants	36,850,000	36,850,000

During the period ended September 30, 2021, a total of 33,350,000 common shares and 33,350,000 common share purchase warrants were issued. On April 15, 2021, an exercise of 92,692 restricted share units resulted in the issuance of 53,344 common shares, on June 30, 2021, 50,000 restricted share units were exercised, and on August 23, 2021, 100,000 restricted share units were exercised.

Contractual Obligations

The Company has the following contractual obligations as of September 30, 2021:

Contractual Obligations	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Accounts Payable and accrued liabilities	$ 1,668	$ 1,668	$ -	$ -	$ -
Asset Retirement Obligation[1]	18,870	-	-	-	18,870
Lease Liabilities	494	71	293	130	-
Debt	15,000	15,000	-	-	-
Total Contractual Obligations	$ 36,032	$ 16,739	$ 293	$ 130	$ 18,870

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

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

RELATED PARTIES

Related parties and related party transactions are summarized below:

Key Management Personnel

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

Remuneration attributed to key management personnel is summarized as follows:

	Nine Months Ended September 30, 2021	2020
Salaries, fees and benefits	$ 1,485	$ 1,196
Share-based compensation	$ 678	720
Total	$ 2,163	$ 1,916

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

Other Related Parties

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

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

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

	Nine Months Ended September 30,	
	2021	2020
Kinley	$ 100	$ 50
King & Bay	138	123
Total	$ 238	$ 173

As of September 30, 2021 amounts accrued and due to key management personnel and other related parties include the following:

- Corporate officers - $85 (September 30, 2020 - $90)
- King & Bay - $36 (September 30, 2020 - $24)

ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

The accounting policies applied in the preparation of these unaudited condensed consolidated interim financial statements for the three months ended September 30, 2021 are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended December 31, 2020. A summary of the Company's significant accounting policies is provided in Note 3 to the audited consolidated financial statements for the years ended December 31, 2020 and 2019.

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 years ended December 31, 2020 and 2019.

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

At the end of each reporting period, the Company's long-lived assets are reviewed to determine whether there are any indications that those assets may be impaired. If such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of an asset's fair value less costs 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 value in use, the estimated future pretax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Management assessed impairment indicators for the Company's long-lived assets and concluded that due to the delayed ramp up of the Gunnison Project an indicator of impairment exists as of September 30, 2021. Refer to "Outlook" above in this MD&A and note 3a in the September 30, 2021 financial statements for further details related to the impairment assessment.

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

FINANCIAL INSTRUMENTS

A summary of the Company's financial instruments is provided in Note 16 in the audited consolidated financial statements for the year ended December 31, 2020 and 2019. As of September 30, 2021, 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 and accounted for on the basis of amortized cost. Therefore, the carrying value of the Company's debt is not exposed to changes in market interest rates.

A 1% increase in the interest rate would decrease the value of the stream obligation by $8,318, whereas a 1% decrease in the interest rate would increase the value of the stream liability by $9,373.

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 $9,328, whereas a 10% decrease in the market price of copper would decrease derivative liabilities by $9,436.

Credit risk

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

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

Liquidity risk

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

As of September 30, 2021, the Company has cash and cash equivalents of $24,452 to settle current liabilities of $20,569.

Fair value estimation

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

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

> Level 1: Quoted prices in active markets for identical assets or liabilities that the Company is able to access at the measurement date.
>
> Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
>
> Level 3: Inputs for the asset or liability that are not based on observable market data.

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

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

As of September 30, 2021	Carrying value	Fair Value		
	FVTPL	Level 1	Level 2	Level 3
Financial Liabilities				
Restricted share units	$ 196	$ -	$ 196	$ -
Derivative liabilities	102,717	1,178	-	101,539
	$ 102,913	$ 1,178	$ 196	$ 101,539

LEGAL

On June 24, 2020 a contractor filed suit in Texas to recover unpaid amounts related to drilling services that were provided to the Company. The Company disputed the action and all claims and causes of action were dismissed on December 7, 2020. Subsequent to year end, the contractor refiled suit in Arizona against the Company seeking to recover unpaid amounts related to drilling services that were provided to the Company. The Company is disputing this action and the amounts payable to the contractor and believes that the Company will ultimately prevail. The Company filed a Motion to Dismiss the Arizona matter on March 4, 2021. A hearing was held on May 18, 2021 on the Motion to Dismiss. Judgment was delivered on June 16, 2021 granting the Company's Motion to Dismiss in part. On August 16, 2021 the Company and the contractor entered into an agreement which settled all claims.

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.

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.

Internal Control Over Financial Reporting

The Company maintains a system of internal controls over financial reporting, as defined by National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings in order to provide reasonable assurance that assets are safe-guarded and financial information is accurate and reliable and in accordance with IFRS. During the three months ended September 30, 2021, 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, 2020, is available on the SEDAR website, *www.sedar.com*.

TECHNICAL INFORMATION

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

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

CAUTIONARY STATEMENTS

Risk Factors

The exploration for and development of mineral deposits involves significant risks and uncertainties, which even a combination of careful evaluation, experience and knowledge may not eliminate. The more prominent risk factors that may materially affect the Company's future performance, in addition to those referred to herein, are discussed in the AIF for the year ended December 31, 2020.

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, 2020:

- 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 achieved forecasted production rates 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, following a two-year transition period, the SEC Modernization Rules will replace 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.