EXCELSIOR MINING CORP.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

(Expressed in Canadian dollars)

AUDITORS' REPORT

To the Shareholders of
Excelsior Mining Corp.

We have audited the balance sheets of Excelsior Mining Corp. as at December 31, 2009 and 2008 and the statements of operations, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada　　　Chartered Accountants

March 26, 2010

EXCELSIOR MINING CORP.
BALANCE SHEETS
(Expressed in Canadian Dollars)

	December 31, 2009	December 31, 2008
ASSETS		
Current		
Cash	**$ 534,343**	$ 561,573
Receivables	**1,650**	4,088
	$ 535,993	$ 565,661
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**$ 16,981**	$ 10,000
Due to related parties (Note 4)	**9,152**	-
	26,133	10,000
Shareholders' Equity		
Share capital (Note 3)	**518,428**	518,428
Contributed surplus	**232,952**	158,581
Deficit	**(241,520)**	(121,348)
	509,860	555,661
	$ 535,993	$ 565,661

Nature of operations (Note 1)
Subsequent events (Note 9)

On behalf of the Board:

"Mark J. Morabito"
Mark J. Morabito, Director

"Ian B. Smith"
Ian B. Smith, Director

The accompanying notes are an integral part of these financial statements

EXCELSIOR MINING CORP.
STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
(Expressed in Canadian Dollars)

	Year ended December 31, 2009	Year ended December 31, 2008
EXPENSES		
Investor relations	$ 254	$ -
Office	2,854	1,044
Professional fees	16,095	22,250
Property investigations	7,406	-
Regulatory/transfer agent	13,960	3,539
Rent	4,208	-
Stock based compensation	74,371	72,743
Travel	1,108	-
	120,256	99,576
OTHER ITEM		
Interest income	84	6,014
	84	6,014
Loss and comprehensive loss for the year	(120,172)	(93,562)
Deficit, beginning of year	(121,348)	(27,786)
Deficit, end of year	$ (241,520)	$ (121,348)
Basic and diluted loss per common share	$ (0.02)	$ 0.00
Weighted average number of common shares outstanding	6,000,000	5,178,082

The accompanying notes are an integral part of these financial statements

EXCELSIOR MINING CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended December 31, 2009	Year ended December 31, 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	**$ (120,172)**	$ (93,562)
Items not affecting cash:		
Stock based compensation	**74,371**	72,743
Changes in non-cash working capital items:		
Receivables	**2,438**	(1,851)
Accounts payable and accrued liabilities	**6,981**	1,833
Due to related parties	**9,152**	(25,400)
Net cash used in operating activities	**(27,230)**	(46,237)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares for cash	**-**	600,000
Share Issue costs	**-**	(101,402)
Deferred financing costs	**-**	-
Net cash provided by financing activities	**-**	498,598
Net change in cash during the year	**(27,230)**	452,361
Cash, beginning of the year	**561,573**	109,212
Cash, end of the year	**$ 534,343**	$ 561,573

Supplemental information with respect to cash flows (Note 5)

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

The Company was incorporated under the *Business Corporations Act* (British Columbia) on June 9, 2005 and is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

2. BASIS OF PRESENTATION

Changes in accounting policy

The Company has adopted the following accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA") in 2009. These accounting standards were adopted on a prospective basis with no restatement to prior period financial statements.

Goodwill and Intangible Assets (Section 3064)

Effective January 1, 2009, the Company adopted the CICA Handbook Section 3064 "Goodwill and Intangible Assets". This section replaces Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". This standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. There was no material impact on the financial position or operational results of the Company as a result of the adoption of the new standard.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (EIC Abstract 173)

In January 2009, the Company adopted the EIC Abstract ("EIC-173"). EIC-173 provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. There was no impact as a result of the adoption of EIC-173 on the Company's financial statements.

Financial Instruments – Disclosure (Section 3862) and Presentation (3863)

These sections were amended to include additional disclosure and presentation requirements about fair value measurements of financial instruments to enhance liquidity risk disclosure and presentation requirements for publicly accountable enterprises and other entities after September 30, 2009. Adoption of these amended sections had no material impact on the Company's financial statements.

New Canadian Accounting Pronouncements

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. This date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company is currently assessing the financial reporting impact of the transition to IFRS and the changeover date.

2. BASIS OF PRESENTATION (cont'd…)

New Canadian Accounting Pronouncements (cont'd…)

Business combinations, consolidated financial statements and non-controlling interest

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidations", and Section 1602, "Non-Controlling Interests". These sections replace the former Section 1581, "Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary. Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to IFRS 3, Business Combinations (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Section 1601 establishes standards for the preparation of consolidated financial statements.

Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS International Accounting Standards ("IAS") 27, Consolidated and Separate Financial Statements (January 2008).

Sections 1601 and 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

Comprehensive Revaluation of Assets and Liabilities (Section 1625) and Equity (Section 3251)

As a result of issuing CICA Handbook sections 1582, 1601, and 1602, CICA Handbook Section 1625 has been amended and is effective prospectively beginning on or after January 1, 2011. Section 3251, Equity, has been amended as a result of issuing Section 1602 and applies to entities that have adopted this section. The Company does not expect any material impact on its financial position, operating results or disclosure on the adoption of this new section.

Financial Instruments – Recognition and Measurement (Section 3855)

Section 3855 has been amended to clarify (i) the application of the effective interest rate method after a debt instrument has been impaired, and (ii) when an embedded prepayment option is separated from its host debt instrument for accounting purposes. These amendments apply to interim and annual financial statements beginning on or after January 1, 2011. The Company does not expect any significant impact on its financial position, operating results or disclosure on adopting the amended Section 3855.

Significant accounting policies

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

2. BASIS OF PRESENTATION (cont'd…)

Significant accounting policies (cont'd…)

Financial instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet either at fair value except for loans and receivables, held-to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

CICA Handbook Section 3862, Financial Instruments – Disclosures was amended to require disclosure about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
Level 2 – Inputs other than quoted prices that are observable for assets and liabilities either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Company has classified its cash as a level 1 financial instrument on the hierarchy level. Receivables are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other liabilities, which are measured at amortized cost.

Loss per share

Loss per share has been calculated using the weighted-average number of common shares outstanding during the period. Diluted loss per share has not been presented, as the effect on basic loss per share would be anti-dilutive. The escrow shares outstanding as of December 31, 2009 and 2008 have been excluded from the weighted average number of shares because they are contingently returnable.

Income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Stock-based compensation

The Company has adopted the fair value method for stock-based compensation granted to employees, non-employees and for all direct awards of stock. The fair value of stock options is determined by the Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and expected life of the options.

(Expressed in Canadian Dollars)

3. SHARE CAPITAL

Authorized: unlimited number of common shares without par value unlimited number of preferred shares without par value	Number of Shares		Amount		Contributed Surplus
Balance at December 31, 2007	2,800,000		140,000		-
Initial Public Offering (IPO)	6,000,000		600,000		-
Less: Share issue costs	-		(221,572)		-
Stock based compensation	-		-		72,743
Fair value – Agent’s options	-		-		85,838
Balance at December 31, 2008	**8,800,000**	**$**	**518,428**	**$**	**158,581**
Stock based compensation	-		-		74,371
Balance at December 31, 2009	**8,800,000**	**$**	**518,428**	**$**	**232,952**

Pursuant to the terms of the TSX Venture Exchange policies, 2,800,000 shares are held in escrow. 10% of the escrowed shares will be released from escrow on completion of a Qualifying Transaction and an additional 15% will be released every six months following that date.

During the year ended December 31, 2009 there were no share issuances.

During the year ended December 31, 2008, the Company:

a) Adopted a stock option plan whereby options to purchase common shares may be granted to the Company’s directors, officers, employees and consultants provided that the number of common shares reserved for issuance does not exceed 10% of the issued and outstanding common shares.

b) Completed an initial public offering of 6,000,000 common shares at $0.10 per share for gross proceeds of $600,000. The Company’s agent received a cash commission of $60,000, a corporate finance fee of $7,500, reimbursement of its offering related expenses totaling $12,586 and an option to acquire up to 500,000 common shares of the Company at $0.10 per share expiring February 20, 2010. A portion were exercised subsequent to year end and a portion expired, see Subsequent Events Note 9)

c) Granted directors options to acquire up to a total of 880,000 shares at $0.10 per share expiring February 20, 2013. Any options exercised prior to completion of the Qualifying Transaction will be held in escrow.

(Expressed in Canadian Dollars)

3. SHARE CAPITAL (cont'd…)

The following is a summary of stock options outstanding at December 31, 2009.

Stock options

	December 31, 2009		December 31, 2008	
	Number of options	Exercise Price	Number of options	Exercise Price
Outstanding, beginning of period	1,380,000[1]	$ 0.10	-	$ -
Exercised	-	-	-	-
Cancelled or expired	(352,000)	0.10	-	-
Granted	176,000	0.10	1,380,000	0.10
Outstanding, end of period	1,204,000[1]	$ 0.10	1,380,000[1]	$ 0.10
Currently exercisable	734,664	$ 0.10		

[1] 500,000 of these were granted to the Agent as compensation for the Company's 2008 IPO

Stock-based compensation

The Company recognizes compensation expense for all stock options granted using the fair value based method of accounting. The fair value of the options vested in the year ended December 31, 2009 totaled $74,371 (2008- $72,743).

The fair value of the director and Agent's options granted were determined as $174,584 and $85,838, respectively, using the Black-Scholes valuation model and the following assumptions:

	Director options	Agent's options
Risk-free interest rate	4.20 %	4.20 %
Expected dividend yield	-	-
Expected stock price volatility	75%	75 %
Expected option life in years	5 years	2 years

4. RELATED PARTY TRANSACTIONS

The Company entered into the following transaction with related parties:

The Company owed $9,152 (2008 - $Nil) to another public company with Directors in common. The amount was owed for office supplies, office rent and related utilities incurred on behalf of the Company during the year.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(Expressed in Canadian Dollars)

5. SUPPLEMENTAL INFORMATION WITH RESPECT TO CASH FLOWS

During the year ended December 31, 2009, there were no significant non-cash transactions.

Financing activities during the year ended December 31, 2008, not affecting cash flows are as follows:

a) The Company issued an option to purchase 500,000 shares at $0.10 per share on or before February 20, 2010 (a portion of these options were exercised subsequent to December 31, 2009 and a portion expired; see Subsequent Events Note 9) to its Agent as partial payment for financing costs incurred in conjunction with its public offering. The fair value of the option was calculated at $85,838 and was allocated to contributed surplus.

b) On closing of the Company's public offering, financing costs totaling $42,247 previously deferred were charged to share capital.

6. INCOME TAXES

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

		December 31, 2009		December 31, 2008
Loss for the year	$	(120,172)	$	(93,562)
Expected income tax-recovery	$	(36,052)	$	(29,004)
Non-deductible items		22,311		22,550
Share issuance costs		(8,144)		(8,416)
Unrecognized benefit of non-capital losses		21,885		14,870
Total income tax recovery	$	-	$	-

The significant components of the Company's future income tax assets are as follows:

		December 31, 2009		December 31, 2008
Future income tax assets:				
Non-capital loss carry forwards	$	37,175	$	19,695
Share issuance costs		20,360		28,233
Valuation allowance		(57,535)		(47,928)
Net future income tax assets	$	-	$	-

The Company has available for deduction against future taxable income non-capital losses of approximately $150,000. These losses, if not utilized, will expire through until 2029. Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance due to the uncertainty of their realization.

7. FINANCIAL INSTRUMENTS

The company's financial instruments are exposed to certain financial risks, including currency risk and credit risk.

Currency risk

As at December 31, 2009 and 2008, the Company's expenditures were in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars. Consequently, the Company is not exposed to significant currency risk at this time.

Credit risk

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

The Company's cash is held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper.

The Company's accounts receivable consist mainly of GST receivable due from the Government of Canada.

8. CAPITAL DISCLOSURES

The Company is a CPC and considers the items included in Shareholders' equity as capital. The Company's objective in managing its share capital is to ensure it raises sufficient equity capital to pursue potential investments and provide sufficient working capital to meet its ongoing obligations.

The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital.

9. SUBSEQUENT EVENTS

- Subsequent to year end, the Company issued 150,000 shares upon the exercise of agent options. The total proceeds received on the issuance of the shares was $15,000. In addition, 350,000 options issued in connection with the initial public offering completed in fiscal 2008 (Note 3) have expired.

- The Company announced that it has entered into an option agreement dated March 9, 2010 with Eagle Plains Resources Ltd. ("Eagle Plains"), a corporation incorporated under the laws of Alberta and listed on the TSX Venture Exchange, whereby Eagle Plains has granted Excelsior the option to acquire up to a 70% interest in the Wildhorse Property, located north of Cranbrook, British Columbia in the Fort Steele Mining Division. The proposed transaction between Excelsior and Eagle Plains is an arm's length transaction. It is intended that such transaction will be the "Qualifying Transaction" for Excelsior under the applicable policies of the TSX Venture Exchange. Assuming the completion of the proposed transaction, Excelsior will be listed as a mining issuer.

  The Option Agreement

  Under the terms of the Option Agreement (the "Option"), the Company has an option to earn a 60% interest in the Property which may be exercised by:

  - Making cash payments to Eagle Plains totaling $250,000 over four years;
  - Issuing a total of 1,000,000 Excelsior common shares to Eagle Plains over a period of four years; and
  - Incurring exploration expenditures totaling $3,000,000 over four years.

9. SUBSEQUENT EVENTS (cont'd…)

The Company has an option to earn an additional 10% interest thereby increasing its total interest in the Property to 70%, which may be exercised by:

- Exercising the Option;
- Issuing a total of 300,000 Excelsior common shares to Eagle Plains; and
- Incurring exploration expenditures totaling $1,000,000.

Financing

The Company intends to undertake a non-brokered private placement to raise up to a total of $750,000 through the issuance of 5,000,000 units of the Company at a price of $0.15 per Unit. Each Unit will consist of one common share and one common share purchase warrant. Each Warrant shall be exercisable to acquire one common share for a period of 18 months at an exercise price equal to $0.30. The financing will be non-brokered; however, Excelsior may pay finder's fees in accordance in the rules and policies of the TSX-V. The financing is subject to the approval of the TSX-V. The Company also intends to apply for an exemption from the sponsorship requirement pursuant to the rules and policies of the TSX-V.

Other Terms and Conditions

The proposed transaction remains subject to numerous conditions including the completion of satisfactory due diligence by each of the parties, receipt of all necessary and material regulatory approvals, completion or waiver of sponsorship and completion of the $750,000 private placement equity financing.

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Excelsior Mining Corp.'s (the "Company") financial statements. The information provided herein should be read in conjunction with the Company's most recent interim financial statements for year ended December 31, 2009. The following comments may contain management estimates of anticipated future trends, activities or results. These are not a guarantee of future performance, since actual results could change based on other factors and variables beyond management control.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable.

FORWARD LOOKING STATEMENTS

Certain of the statements made and information contained herein is "forward-looking information" within the meaning of the Ontario Securities Act. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

DESCRIPTION OF BUSINESS AND OVERVIEW

Excelsior Mining Corp. is a "Capital Pool Company" as defined by the policies of the TSX Venture Exchange and on February 20, 2008 completed its initial public offering. The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Company has not commenced commercial operations and has no assets other than a minimum amount of cash. Subsequent to December 31, 2009, the Company entered into a property option agreement, with the intent that such a transaction will be the "Qualifying Transaction" for the Company under the applicable policies of the TSX Venture Exchange; see Subsequent Events Note for further details.

SELECTED ANNUAL INFORMATION

	Year ended December 31, 2009	**Year ended December 31, 2008**	**Year ended December 31, 2007**
	$	$	$
Other revenues/items	84	6,014	1,670
General and administrative expenses	120,256	99,576	23,379
Loss for the year	(120,172)	(93,562)	(21,709)
Loss per share	(0.02)	(0.00)	(0.00)
Total assets	535,993	565,661	145,781

Results of Operations for the year ended December 31, 2009 compared to the year ended December 31, 2008

For the year ended December 31, 2009, the Company incurred a net loss of $120,172 (loss per share - $0.02) compared to a net loss of $93,562 (loss per share - $0.00) for the same period of 2008. The loss was comprised of the general and administrative expenses of $120,256 (2008 – $99,576) and interest income of $84 (2008 - $6,014) offset these expenses.

Similar to last year the largest component of this year's loss was stock based compensation of $74,371 (2008 - $72,743). The remaining expenses for 2009 were slightly higher than those incurred in 2008, mainly because of work carried out to identify a qualifying transaction for the Company. Costs related to investigating properties were $7,406 higher than the same period in 2008. Travel was also $1,108 higher than the same period in 2008.

SELECTED QUARTERLY INFORMATION

Selected financial indicators for the past eight quarters are shown in the following table (Expressed in $'s):

	Dec 09 Quarter	Sep 09 Quarter	Jun 09 Quarter	Mar 09 Quarter	**Dec 08 Quarter**	Sep 08 Quarter	Jun 08 Quarter	Mar 08 Quarter
Other revenue/items	**84**	Nil	Nil	Nil	**698**	1,759	1,918	1,639
Income (Loss) for the period	**(35,114)**	(26,232)	(29,966)	(28,859)	**(82,788)**	1,717	1,844	(15,032)
Loss per share	**0.00**	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00
Total assets	**535,993**	536,072	553,745	560,689	**565,661**	565,009	563,292	577,952

FOURTH QUARTER

During the fourth quarter the Company incurred a net loss of $35,115. The items contributing to this loss on the statement of operations during the quarter ended December 31, 2009 were bank charges of $52, accounting and audit fee of $12,000, property investigation expense of $6,229, rent expense of $4,208 and stock based compensation expense of $8,902, which was then offset slightly by interest of $84 earned on the cash balance held at the Company's financial institution.

LIQUIDITY, FINANCING, AND CAPITAL RESOURCES

The Company had cash on hand of $534,343 as of December 31, 2009 (December 31, 2008 - $561,573). As of December 31, 2009, the Company had positive working capital of $509,860 (December 31, 2008 - $555,661).

Share Capital

The Company's authorized capital consists of unlimited number of common shares without par value and unlimited number of preferred shares without par value, and has securities outstanding as follows:

	As At	
Security Description	**December 31, 2009**	**Report Date**
Common shares	8,800,000[1]	8,950,000[1]
Agent's options	500,000	-
Director / Officer stock options	704,000	704,000

[1]Of this amount, 2,800,000 common shares will be held in escrow and released pro-rata to the shareholders, as to 10% of the escrow shares upon issuance of notice of final acceptance of a Qualifying Transaction by the TSX Venture Exchange and as to the remainder, in six equal tranches of 15% every six months thereafter over a period of 36 months.

RELATED PARTY TRANSACTIONS

The Company entered into the following transaction with related parties:

The Company owed $9,152 (2008 - $Nil) to another public company (Crosshair Exploration & Mining Corp.) with Directors in common. The amount was owed for office supplies, office rent and related utilities incurred on behalf of the Company during the year.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

SUBSEQUENT EVENTS

- Subsequent to year end, the Company issued 150,000 shares upon the exercise of agent options. The total proceeds received on the issuance of the shares was $15,000. In addition, 350,000 options issued in connection with the initial public offering completed in fiscal 2008 (Note 3) have expired.

- The Company announced that it has entered into an option agreement dated March 9, 2010 with Eagle Plains Resources Ltd. ("Eagle Plains"), a corporation incorporated under the laws of Alberta and listed on the TSX Venture Exchange, whereby Eagle Plains has granted Excelsior the option to acquire up to a 70% interest in the Wildhorse Property, located north of Cranbrook, British Columbia in the Fort Steele Mining Division. The proposed transaction between Excelsior and Eagle Plains is an arm's length transaction. It is intended that such transaction will be the "Qualifying Transaction" for Excelsior under the applicable policies of the TSX Venture Exchange. Assuming the completion of the proposed transaction, Excelsior will be listed as a mining issuer.

The Option Agreement

Under the terms of the Option Agreement (the "Option"), the Company has an option to earn a 60% interest in the Property which may be exercised by:

- Making cash payments to Eagle Plains totaling $250,000 over four years;
- Issuing a total of 1,000,000 Excelsior common shares to Eagle Plains over a period of four years; and
- Incurring exploration expenditures totaling $3,000,000 over four years.

The Company has an option to earn an additional 10% interest thereby increasing its total interest in the Property to 70%, which may be exercised by:

- Exercising the Option;
- Issuing a total of 300,000 Excelsior common shares to Eagle Plains; and
- Incurring exploration expenditures totaling $1,000,000.

Financing

The Company intends to undertake a non-brokered private placement to raise up to a total of $750,000 through the issuance of 5,000,000 units of the Company at a price of $0.15 per Unit. Each Unit will consist of one common share and one common share purchase warrant. Each Warrant shall be exercisable to acquire one common share for a period of 18 months at an exercise price equal to $0.30. The financing will be non-brokered; however, Excelsior may pay finder's fees in accordance in the rules and policies of the TSX-V. The financing is subject to the approval of the TSX-V. The Company also intends to apply for an exemption from the sponsorship requirement pursuant to the rules and policies of the TSX-V.

Other Terms and Conditions

The proposed transaction remains subject to numerous conditions including the completion of satisfactory due diligence by each of the parties, receipt of all necessary and material regulatory approvals, completion or waiver of sponsorship and completion of the $750,000 private placement equity financing.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

OUTLOOK

The Company is in the process of identifying and evaluating a potential Qualifying Transaction.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

MANAGEMENT'S REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

In connection with an Exemption Order issued in November 2007 by British Columbia and Alberta Securities Commissions the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under Multilateral Instrument ("**MI**") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in MI 52-109.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's Annual Statement of Operations and Deficit contained in its Financial Statements for December 31, 2009 that is available on the SEDAR website, www.sedar.com.

APPROVAL

The Board of Directors of Excelsior Mining Corp. has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.