EXCELSIOR MINING CORP.

ANNUAL INFORMATION FORM
For the year ended December 31, 2014

Suite 1240, 1140 West Pender St.
Vancouver, B.C. V6E 4G1

April 23, 2015

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PRELIMINARY NOTES

Effective Date of Information

The information contained in Excelsior Mining Corp.'s annual information form ("**AIF**" or "**Annual Information Form**") is presented as of December 31, 2014, unless otherwise stated herein. Unless the context otherwise requires, all references to the "**Company**" or "**Excelsior**" shall mean Excelsior Mining Corp., together with its subsidiary.

Currency

Unless specified otherwise, all references in the AIF to "dollars" or to "$" are to Canadian dollars and all references to "US dollars" or to "US$" are to United States of America dollars.

Metric Equivalents

For ease of reference, the following factors for converting metric measurements into imperial equivalents are provided:

To Convert From Metric	To Imperial	Multiply by
Hectares	Acres	2.471
Metres	Feet (ft.)	3.281
Kilometres (km.)	Miles	0.621
Tonnes	Tons (2000 pounds)	1.102
Grams/tonne	Ounces (troy/ton)	0.029

Special Note Regarding Forward-Looking Information

This AIF contains "forward-looking information" within the meaning of the U.S. Private Securities Litigation Reform Act and applicable Canadian securities laws concerning anticipated developments and events that may occur in the future. Forward-looking information contained in this AIF includes, but is not limited to, statements with respect to: (i) the estimation of mineral resources and mineral reserves; (ii) the market and future price of copper and related products; (iii) anticipated outcome of future exploration activities; (iv) permitting time lines; (v) requirements for additional capital; (vi) development, construction and production timelines and estimates; (vii) the results of the Prefeasibility Study including statements about estimated future production, future operating and capital costs, the projected IRR, NPV, payback period, construction timelines and production timelines for the Gunnison Project; (viii) the future effects of environmental compliance requirements on the business of the Company; and (ix) the statements under the heading "Outlook" in this AIF, including statements about the completion of a feasibility study and progress on permitting.

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 AIF is based on certain factors and assumptions regarding, among other things, the estimation of mineral reserves and resources, the realization of resource estimates, copper and other metal prices, the timing and amount of future exploration and development expenditures, the estimation of initial and sustaining capital requirements, the estimation of labour and operating costs, the availability of necessary financing and materials to continue to explore and develop the Gunnison Project in the short and long-term, the progress of exploration and development activities, the receipt of necessary regulatory approvals and permits, the estimation of insurance coverage, and assumptions with respect to currency fluctuations, environmental risks, title disputes or claims, and other similar matters. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information including, without limitation, the following risks and uncertainties referred to under the heading “Risk Factors” in this AIF:

- risks relating to the fact that the Company depends on a single mineral project;
- risks inherent in the exploration and development of mineral deposits, including risks relating to changes in project parameters as plans continue to be redefined including the possibility that mining operations may not commence at the Gunnison Project;
- risks relating to variations in mineral resources and reserves, grade or recovery rates resulting from current exploration and development activities;
- risks related to fluctuations in the price of copper as the Company’s future revenues, if any, are expected to be derived from the sale of copper;
- risks related to a reduction in the demand for copper in the Chinese market which could result in lower prices 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 related to the Company obtaining various permits required to conduct its current and anticipated future operations;
- risks related to disputes concerning property titles and interest;
- risks relating to the ability to access infrastructure;
- operational risks inherent in the conduct of mining activities, including the risk of accidents, labour disputes, increases in capital and operating costs and the risk of delays or increased costs that might be encountered during the development process;
- risks related to the significant governmental regulation that the Company is subject;

- environmental risks;
- reliance on key personnel;
- risks related to increased competition in the market for copper and related products and in the mining industry generally;
- risks related to potential conflicts interests among the Company's directors and officers;
- exchange rate fluctuations between the Canadian and United States dollar;
- the absence of dividends;
- uncertainties inherent in the estimation of mineral resources;
- risks related to current global financial conditions;
- land reclamation requirements may be burdensome;
- risks associated with the acquisition of any new properties;
- the Company may become subject to legal proceedings; and
- risks relating to the Company's Common Shares.

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

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking information contained in this AIF 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 "Risk Factors" in this AIF.

Cautionary Note to U.S. Investors – Information Concerning Preparation of Resource and Reserve Estimates

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

Canadian standards, including NI 43-101, differ significantly from the requirements of the United States Securities and Exchange Commission ("**SEC**"), and reserve and resource information contained herein may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserves". Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the

reserve determination is made. The SEC's disclosure standards normally do not permit the inclusion of information concerning "measured mineral resources", "indicated mineral resources" or "inferred mineral resources" or other descriptions of the amount of mineralization in mineral deposits that do not constitute "reserves" by U.S. standards in documents filed with the SEC. U.S. investors should also understand that "inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. Under Canadian rules, estimated "inferred mineral resources" may not form the basis of feasibility or pre-feasibility studies. Investors are cautioned not to assume that all or any part of an "inferred mineral resource" exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of "reserves" are also not the same as those of the SEC. Accordingly, information concerning mineral deposits set forth herein may not be comparable with information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.

NOTICE PURSUANT TO TREASURY DEPARTMENT CIRCULAR 230: NOTHING CONTAINED IN THIS AIF CONCERNING ANY U.S. FEDERAL TAX ISSUE IS INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, BY A HOLDER, FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES UNDER THE CODE (AS DEFINED BELOW). THIS SUMMARY WAS WRITTEN TO SUPPORT MATTERS ADDRESSED BY THIS DOCUMENT. EACH HOLDER SHOULD SEEK U.S. FEDERAL TAX ADVICE, BASED ON SUCH HOLDER'S PARTICULAR CIRCUMSTANCES, FROM AN INDEPENDENT TAX ADVISOR.

GLOSSARY

In the AIF, unless otherwise defined or unless there is something in the subject matter or context inconsistent therewith, the following terms have the meanings set forth herein or therein:

"**AIF**" or "**Annual Information Form**" means this annual information form and any appendices, schedules or attachments hereto;

"**AzTech**" means AzTech Minerals, Inc., an Arizona corporation, which, pursuant to the Business Combination described below, was merged with and into Excelsior Subco;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), C-57, as amended;

"**Business Combination**" means the business combination among Excelsior, Excelsior Subco and AzTech pursuant to which AzTech shareholders received Common Shares or Non-Voting Shares of Excelsior on the basis of two Common Shares (or two Non-Voting Shares where an election was made by an AzTech shareholder to receive Non-Voting Shares rather than Common Shares) for each one AzTech common share held and AzTech was merged with and into Excelsior Subco with Excelsior Subco being the surviving entity of the Merger described below, on the terms and subject to the conditions set out in the Definitive Agreement described below, subject to any amendments or variations thereto;

"**Business Day**" means any day on which commercial banks are generally open for business other than a Saturday, Sunday or a day observed as a holiday (i) in Vancouver under the laws of British Columbia, (ii) in Toronto under the laws of Ontario, or (iii) under the federal laws of Canada;

"**Callinan**" means Callinan Royalties Corporation;

"**Callinan Agreement**" means the Share Purchase and Royalty Option Agreement dated July 19, 2013 between Excelsior, the Trust and Callinan. See "Description and General Development of the Business – Three Year History – Year Ended December 31, 2013 Developments – Callinan Transaction";

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended;

"**Common Share**" means the common (voting) shares in the capital of Excelsior;

"**Company**" means, collectively, Excelsior and Excelsior Subco;

"**Computershare"** means Computershare Investor Services Inc.;

"**Control Person**" means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

"**Definitive Agreement**" means the agreement and plan of merger dated as of August 19, 2010 among Excelsior, Excelsior Subco and AzTech, as amended from time to time;

"**Excelsior**" means Excelsior Mining Corp., a corporation incorporated under the laws of the Province of British Columbia;

"**Excelsior Stock Option Plan**" means the stock option plan of Excelsior, pursuant to which options to purchase Common Shares may be issued in accordance with the policies of the TSXV;

"**Excelsior Subco**" means Excelsior Mining Arizona, Inc., a company incorporated under the laws of Arizona, and which is a wholly-owned subsidiary of Excelsior;

"**Exchange**" or "**TSXV**" means the TSX Venture Exchange;

"**Greenstone**" means Greenstone Excelsior Holdings L.P., an affiliate of Greenstone Resources;

"**Greenstone IR Agreement**" means the Investor Rights Agreement dated August 13, 2014 between Greenstone and the Company;

"**Greenstone Resources**" means Greenstone Resources L.P.;

"**Gunnison Option Agreement**" means the Option to Purchase and Sale Agreement and Supplemental Escrow Instructions dated May 21, 2007, between AzTech and the Trust, pursuant to which AzTech is granted the sole and exclusive right to acquire 100% of Delta Exploration Holdings LLC and Delta Exploration Group LLC, and 100% of the remaining mineral rights held directly by the Trust, together constituting 100% of the Gunnison Project, as amended December 18, 2007, April 10, 2008, August 19, 2008, August 19, 2009, December 15, 2009, August 19, 2010 and November 14, 2012 by the parties.

"**Gunnison Option**" means the option for AzTech to acquire 100% of Delta Exploration Holdings LLC and Delta Exploration Group LLC, and 100% of the remaining mineral rights held directly by the Trust pursuant to the Gunnison Option Agreement;

"**Gunnison Project**" means the Gunnison Copper Project consisting of unpatented mining claims, private land, exploration permits, mineral leases and direct ownership of mineral rights in an area that encompasses approximately 10 square miles, located in Cochise County, Arizona, approximately 65 miles east of Tucson, Arizona in the Johnson Camp mining district;

"**IRS**" means the United States Internal Revenue Service;

"**Merger**" means the merger of AzTech with and into Excelsior Subco as part of the Business Combination pursuant to the Definitive Agreement;

"**Non-U.S. Holder**" means any beneficial owner of Common Shares or Warrants, as applicable, that is neither a U.S. Holder nor a partnership (including an entity treated as a partnership for U.S. federal income tax purposes).

"**Non-Voting Shares**" means the non-voting shares of Excelsior created in connection with the Business Combination;

"**North Star Deposit**" means the North Star Deposit of the Gunnison Project as identified on Figure 1 in this AIF;

"**Person**" or "**person**" means a company or individual;

"**Prefeasibility Study**" or "**PFS**" means the prefeasibility study on the Gunnison Project that is the subject of the Technical Report;

"**South Star Deposit**" means the South Star Deposit of the Gunnison Project as identified on Figure 1 in this AIF;

"**Tax Act**" means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder;

"**Technical Report**" or "**Report**" means the technical report entitled "Gunnison Copper Project NI 43-101 Technical Report, Prefeasibility Study", dated February 14, 2014, prepared by Conrad E. Huss, P.E., Ph.D; Herbert E. Welhener, MMSA-QPM; Thomas L. Drielick, P.E., Ronald J. Roman, P.E., D.Sc. and Peter Lenton, P.E.;

"**Transfer Agent**" means Computershare Investor Services Inc. at its office in Vancouver, British Columbia;

"**Trust**" means the James L. Sullivan Trust dated November 24, 2004;

"**TSXV**" or "**Exchange**" means the TSX Venture Exchange;

"**U.S.**" or "**United States**" means the United States of America, any state thereof, and the District of Columbia;

"**U.S. Holder**" means a beneficial owner of Common Shares or Warrants, as applicable, that is, for U.S. federal income tax purposes: (i) a citizen or individual resident of the United States; (ii) a corporation (or other entity taxable as a corporation) organized under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate whose income is subject to U.S. federal income taxation regardless of its source; or (iv) a trust that (1) is subject to the primary supervision of a court within the U.S. and the control of one or more U.S. persons for all substantial decisions or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person; and

"**Warrants**" means the common share purchase warrants of the Company, with each whole Warrant entitling the holder thereof to acquire one Common Share at a price of $0.45 until June 27, 2016.

Words importing the singular number, where the context requires, include the plural and vice versa and words importing any gender include all genders.

ABBREVIATIONS

In the AIF, unless otherwise defined or unless there is something in the subject matter or context inconsistent therewith, the following abbreviations have the meanings set forth herein or therein:

Abbreviation	Term
%	percent
ADEQ	Arizona Department of Environmental Quality
APP	Aquifer Protection Permit
ASCu	Acid-soluble copper
AzTech	AzTech Minerals, Inc.
BADCT	Best-Available Demonstrated Control Technology
cm	Centimeter
Cu	Copper
EIS	Environmental Impact Statement
ft	foot (feet)
GA	General Arrangement
gpl	gram per liter
gpm	gallons per minute
Ha	hectares
HDPE	High Density Polyethylene
IMC	Independent Mining Consultants
IRR	Internal Rate of Return
ISL	In Situ Leaching
km	kilometer
kV	kilovolt
lb	pound
M	meter
M3	M3 Engineering & Technology Corp.
Ma	million years ago
Mlb	million pounds
mm	millimeter
NI 43-101	Canadian National Instrument 43-101
NPV	Net Present Value
PAST	Professional Archeological Services of Tucson
PFS	Prefeasibility Study
PLS	Pregnant Leach Solution
psi	pounds per square inch
QA/QC	Quality Assurance/Quality Control
RC	reverse circulation drilling
RQD	Rock Quality Description
SEC	U.S. Securities & Exchange Commission
SG	specific gravity
SX-EW	Solvent Extraction (SX) / Electrowinning (EW)
TCu	Total copper
UIC	Underground Injection Control
WTP	Water treatment plant

CORPORATE STRUCTURE

Name, Address and Incorporation

Excelsior was incorporated under the name "Excelsior Mining Corp." pursuant to the provisions of the BCBCA on June 9, 2005 with an authorized capital of an unlimited number of common shares without par value.

On October 14, 2010, a special resolution of shareholders was passed to create a new class of shares, the Non-Voting Shares. Also on October 14, 2010, Excelsior effected consolidation of its Common Shares on the basis of three pre-consolidation Common Shares for one post-consolidation Common Share. Presently, the authorized share capital of Excelsior consists of an unlimited number of Common Shares, without nominal or par value, and an unlimited number of Non-Voting Shares, without nominal or par value. The Non-Voting Shares are convertible into Common Shares on the basis of one Non-Voting Common Share for one Common Share at the election of the holder of such Non-Voting Common Shares. All Common Share numbers reported in this AIF are reported on a post-consolidation basis with a corresponding adjustment to Common Share price if applicable.

The Common Shares are listed on the TSXV under the trading symbol "MIN" and trade on OTCQX International under the symbol "EXMGF" and on the Frankfurt Exchange under the symbol "3XS". Excelsior's head office and registered and records office is located at Suite 1240, 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1, Canada.

Inter-corporate Relationships

As set out in the corporate structure chart below, Excelsior has one wholly-owned subsidiary, Excelsior Mining Arizona, Inc., a company incorporated under the laws of Arizona.

DESCRIPTION AND GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The principal business of the Company is the acquisition, exploration and development of copper mineral properties in Arizona. Significant business, operations and management developments for the Company over the three most recently completed fiscal years have been as follows:

Year Ended December 31, 2012 Developments

Economic Impact Study

On January 11, 2012, Excelsior announced the results of an Economic Impact Study ("**Initial EIS**") of the Gunnison Project. The study, completed by researchers at the L.W. Seidman Research Institute, W.P. Carey School of Business, Arizona State University, Tempe, AZ, illustrates that the project would generate significant positive economic benefit at both the Arizona State and County level.

2012 Work Program

On March 5, 2012, Excelsior announced the details of its 2012 work program for the Gunnison Project. The proposed program was aimed at completing the work required for a pre-feasibility study. The program was designed to advance the Gunnison Project geologically, hydrologically and metallurgically. The resultant data was to be used to optimize well field design, leaching solution composition, as well as provide critical information for groundwater quality control and ultimately, project reclamation.

Permitting Plan

On March 20, 2012, Excelsior announced that it had engaged Haley & Aldrich, a national underground and environmental consulting firm with significant project permitting expertise, to develop a comprehensive permitting plan for the North Star Deposit at the Gunnison Project in southeast Arizona.

Excelsior engaged Haley & Aldrich to support the completion of two related tasks:

1. To design a hydrological program that will lead to a more complete understanding of the North Star Deposit's hydro-geological conditions.

2. To provide environmental, engineering and strategic services related to hydrologic studies that will lead to the successful permitting of the Gunnison Project.

2012 Drilling Program

On March 29, 2012, Excelsior announced that it had commenced its 2012 drilling program on the Gunnison Project. The geological component of the program, designed to upgrade and expand the existing mineral resource, was completed with a total of 10,502 feet (3,150 metres) having been drilled.

Gunnison Option Agreement Amended

On December 20, 2012, Excelsior announced that it had amended the terms of the Gunnison Option Agreement. Previously, Excelsior was required to exercise the option on or before January 1, 2013 by making a payment of US$350,000 to the vendor of the Gunnison Project. The Gunnison Option Agreement was amended to restructure the US$350,000 payment as follows:

- US$150,000 paid on the execution of the amendment to the Gunnison Option Agreement;
- US$150,000 payable on or before January 1, 2014 (this amount was paid in August 2013); and
- US$50,000 payable on or before January 1, 2015 (this amount was paid in December 2014).

The remaining terms of the Gunnison Option Agreement were not amended.

Year Ended December 31, 2013 Developments

Hydrology and Metallurgical Testing and Resource Upgrade

During 2013, Excelsior announced the results from hydrological and metallurgical tests conducted on the Gunnison Project. The tests were done to validate Excelsior's 3D structural geological model and generate additional hydrological and metallurgical data for the Prefeasibility Study. Excelsior also completed an upgrade to its mineral resource estimate. The results of these tests, and the mineral resource estimate upgrade, were ultimately incorporated into the Prefeasibility Study. See "– Year Ended December 31, 2014 – Prefeasibility Study".

Callinan Transaction

On July 23, 2013, Excelsior announced that it had entered into the Callinan Agreement. Under the terms of the Callinan Agreement, Callinan invested $1 million in Excelsior by way of a non-brokered private placement, and up to a further $21 million through the purchase of a staged gross revenue royalty ("**GRR**") on the Gunnison Project.

Under the terms of the Callinan Agreement, Callinan purchased 6,250,000 Common Shares of Excelsior at a price of $0.16 per Common Share for gross proceeds of $1 million. Concurrently, Callinan acquired a 0.5% GRR on the Gunnison Project (the "**Initial GRR**") for consideration of $2 million. Callinan has the option to invest up to an additional $19 million in Excelsior in exchange for a further 2.5% GRR on the Gunnison Project based on development milestones (1.5%) and a construction option (1%).

The 1.5% additional GRR is staged and based upon Excelsior meeting specific development milestones leading up to the construction of a mining facility including completion of a prefeasibility study and successful raise of additional financing from other sources, completion of hydrology and metallurgy models to feasibility study level and successful administrative review of the key permits (Aquifer Protection Permit and the Underground Injection Control and Aquifer Exemption Permit). Upon the completion of each milestone, Callinan has the option to purchase an additional 0.5% GRR for $3 million each. As of the date of this AIF, Callinan has exercised the first of these royalty options (see – Year Ended December 31, 2014 Developments – Exercise of $3 Million Royalty Option by Callinan).

The construction option gives Callinan the right to purchase a 1% GRR for $10 million following completion of the feasibility study, receipt of all required permits and Excelsior securing a firm commitment for 50% of the required capital required for mine construction on the Gunnison Project. One-quarter (0.25%) of the construction option will vest with each $3 million paid by Callinan to Excelsior pursuant to the initial investment or upon the exercise of any of the royalty options. Should all the royalty options be exercised, Callinan would acquire a 3% GRR on the Gunnison Project for total proceeds of $21 million.

The exercise price of the construction option may be adjusted if the feasibility study recommends the construction of a plant with capacity lower than 80 million pounds of copper per year based on an agreed upon schedule.

In addition, Callinan had the right to require Excelsior to purchase all or part of the Initial GRR for $2 million pro-rated for the portion of the GRR sold back to Excelsior and payable in Common Shares of Excelsior priced at $0.25 per share. This right has expired.

Year Ended December 31, 2014 Developments

Prefeasibility Study

On January 18, 2014, Excelsior announced results of a comprehensive Prefeasibility Study ("**PFS**") on the North Star Deposit of the Gunnison Project. The PFS was completed by M3 Engineering & Technology Corporation ("**M3**") of Tucson, Arizona and is effective as of January 13, 2014. Summary results of the PFS disclosed below are pre-tax (except where otherwise indicated).

Highlights of the North Star Gunnison Copper Project PFS "Acid Plant" option include:

- Pre-tax Net Present Value ("**NPV**") of US$1.24 billion (after-tax US$0.824 billion) at a 7.5% discount rate (using a copper price of US$2.75/lb)
- Pre-tax Internal Rate of Return ("**IRR**") of 59.7% (after-tax 44.7%)
- Pre-tax payback period of 1.8 years (after-tax 2.4 years)
- Initial estimated capital cost (excluding sustaining capital) of US$284.84 million
- Average life-of-mine operating costs of US$0.69 per pound
- Other costs of US$0.13 per pound, including royalties of US$0.029 per pound
- Annual production rate of 110 million pounds of copper for the first 14 years, then declining for a 20 year mine life, with a total of 1.682 billion pounds of copper produced over the life of the mine.

As highlighted in the tables below, the PFS demonstrates robust project economics in both the "Acid Plant" and "Non-Acid Plant" scenarios, with the Acid Plant option adding an additional US$173.8 million to the project pre-tax NPV. Based on an initial annual production rate of 110 million pounds, the PFS indicates that including an Acid Plant as a component of the project, generates a pre-tax NPV of US$1.24 billion, at a cash flow discount rate of 7.5%. The pre-tax IRR for this option is 59.7% with a payback period of 1.8 years. On an after-tax basis, the PFS shows an $NPV_{7.5}$ of US$824.17 million, IRR of 44.7% and a payback period of 2.4 years.

Without an Acid Plant, the Gunnison Project still has a significant pre-tax $NPV_{7.5}$ of US$1.06 billion and an IRR of 61.3%, (after-tax $NPV_{7.5}$ of US$720.4 million and an IRR of 46.1%). The after-tax analysis is based on a number of assumptions which will be fully set out in the Report. The level of accuracy of the PFS is considered to be +/-20%.

Both scenarios used the following parameters over the 20 year life of the Gunnison Project:

- copper selling price of US$2.75 per pound,
- total copper recovery of approximately 47% (based on a combination of metallurgical recovery and sweep efficiency),
- average of 8.14 pounds of acid consumed for every pound of copper produced,
- acid price of US$45.47/ton for the Acid Plant option and US$125/ton for the Non-Acid Plant option,
- state tax rate of 6.97%, and
- a federal tax rate of 35%.

PRE-TAX	Acid Plant	Non-Acid Plant
IRR	59.7%	61.4%
Payback (years)	1.8	1.5
NPV (million US$)		
Discount Rate		
0%	2,368.4	1,956.0
5%	1,522.7	1,293.0
7.5%	**1,236.8**	**1,063.0**
10%	1,012.5	880.0

AFTER-TAX	Acid Plant	Non-Acid Plant
IRR	44.7%	46.1%
Payback (years)	2.4	2.0
NPV (million US$)		
Discount Rate		
0%	1,616.1	1,354.9
5%	1,025.8	885.5
7.5%	**824.2**	**720.4**
10%	665.2	588.2

Total initial capital expenditures for the “Acid Plant” option (including contingency) are estimated at US$284.84 million. Sustaining capital, which includes the acid plant built in year three, water treatment facilities and production wellfield are estimated at US$598.8 million. Net closure costs are estimated at US$52.65 million. For the “Non-Acid Plant” option, total initial capital expenditures (including contingency) are estimated at US$284.84 million. Sustaining capital, which includes the water treatment facilities and production wellfield are estimated at US$525.2 million. Net closure costs are estimated at US$45.2 million.

The PFS assumes a copper selling price of US$2.75/lb. Average life-of-mine operating direct cash costs are estimated at US$0.69/lb for the “Acid Plant” option and US$0.98/lb for the “Non-Acid Plant” option.

	Acid Plant		Non-Acid Plant	
Copper Cathode sold (MMlb)	**1,682**		**1,682**	
Copper Price (US$/lb)	**2.75**		**2.75**	
Gross Revenue (million US$)	**4,625.9**		**4,625.9**	
Operating Costs	**(million US$)**	**Cost/lb**	**(million US$)**	**Cost/lb**
Production (Wellfield)	447.8	0.27	935.5	0.56
SX-EW	360.8	0.21	372.8	0.22
Water Treatment Plant	199.7	0.12	199.7	0.12
G&A	147.3	0.09	147.3	0.09
Direct Operating Cash Costs	**1,155.6**	**0.69**	**1,655.2**	**0.98**
Royalties	48.3	0.03	48.3	0.03
Other Production Expenses	169.9	0.10	156.4	0.09
Initial Capital Costs	**(million US$)**	**Cost/lb**	**(million US$)**	**Cost/lb**
Production (Wellfield)	75.3	0.04	75.3	0.04
SX-EW + Infrastructure	186.3	0.11	186.3	0.11
Owners Costs	23.2	0.01	23.2	0.01
Sub-total Initial Capital Costs	**284.8**	**0.17**	**284.8**	**0.17**
Sustaining Capital Costs	**(million US$)**	**Cost/lb**	**(million US$)**	**Cost/lb**
Production (Wellfield)	440.7	0.26	440.7	0.26
Plant + Infrastructure	158.1	0.10	84.6	0.05
Sub-total Sustaining Capital Costs	**598.8**	**0.36**	**525.2**	**0.31**
Taxes	**752.3**	**0.45**	**601.1**	**0.36**

Further information about the PFS, including the qualified persons who have reviewed and approved the disclosure, can be found in “Mineral Properties – Gunnison Project”.

Bought Deal Financing

On June 6, 2014, the Company announced that that it had entered into an agreement with Dundee Securities Ltd. (the "**Underwriter**"), pursuant to which the Underwriter purchased, on a "bought deal" basis by way of a short form prospectus, 16,000,000 units of the Company (the "**Units**") at a price of $0.25 per Unit for total gross proceeds of $4,000,000 (the "**Offering**"). The Underwriter was also granted the option to purchase up to an additional 15% of the Offering, exercisable in whole or in part at any time up to 30 days after the closing of the Offering (the "**Option**").

Each Unit consists of one Common Share of the Company and one-half of one Warrant. Each whole Warrant entitles the holder thereof to acquire one Common Share of the Company at a price of $0.45 per Common Share for a period of 24 months following the closing of the Offering. The Units were offered in all provinces of Canada (except Quebec) by way of a short form prospectus.

In connection with the Offering, the Underwriter received a cash commission equal to 6.0% of the gross proceeds raised under the Offering and that number of non-transferable broker warrants equal to 6.0% of

the number of Units sold. Each broker warrant is exercisable into one Common Share of the Company for a period of 24 months following closing of the Offering at a price of $0.45 per Common Share.

The Offering closed on June 27, 2014. The Underwriter did not exercise the Option within thirty days of closing of the Offering.

Exercise of $3 Million Royalty Option by Callinan

On July 29, 2014, the Company announced that Callinan had exercised the first royalty option under the Callinan Agreement. As a result of the exercise of the first royalty option Callinan paid the Company $3.0 million and in return received a 0.5% GRR on the Gunnison Project. Combined with the Initial GRR that Callinan acquired in July 2013, Callinan now holds a 1.0% GRR on the Gunnison Project. For further details see "– Year Ended December 31, 2013 Developments – Callinan Transaction".

Greenstone Transaction

On August 13, 2014, the Company announced that it had entered into an agreement with Greenstone, whereby Greenstone would purchase, by way of a treasury offering, Common Shares of Excelsior at a price of C$0.34 per common share for total gross proceeds of US$10 million. Greenstone and the Company also entered into an Investor Rights Agreement (the "**Greenstone IR Agreement**") pursuant to which Greenstone was granted certain rights including the right to nominate directors to the Company's Board of Directors and to participate in future financing to maintain its pro-rata ownership position.

On September 5, 2014, the first tranche of the financing closed, whereby Greenstone purchased 20,580,000 Common Shares, equal to approximately 19.9% of the issued and outstanding Common Shares of Excelsior, at a price of C$0.34 per Common Share in return for gross proceeds of US$6,393,341.64**.** In connection with this transaction, Mr. Michael Haworth joined the Board of Directors as the first nominee director of Greenstone.

On October 20, 2014, the second tranche of the financing closed whereby Greenstone purchased 11,889,507 Common Shares at a price of C$0.34 per Common Share for gross proceeds of US$3,606,658.36. In connection with the transaction, Lord Robin Renwick, Lord Renwick of Clifton, joined the Board of Directors on October 20, 2014 as the second Greenstone nominee.

Feasibility Data Collection Program

On September 9, 2014, the Company announced that feasibility-level data collection had commenced at the Gunnison Project. The work will include archeological surveys, detailed site surveys, infrastructure and water studies. Data collection for the Feasibility Study will continue into 2015.

Metallurgy Drill Program

On September 15, 2014, the Company announced that a metallurgical drill program had commenced at the Gunnison Project. The program is comprised of ten diamond-drill holes totalling 6,400 feet of diamond drilling (11,900 feet total). The samples collected will be used to conduct extensive metallurgical testing, including column tests and acid consumption tests. The goal of the program is to further enhance the understanding of the leaching behaviors of the deposit and reduce uncertainties concerning rates, recoveries and costs. Specific areas targeted for investigation are sweep efficiency, copper recovery rates, acid consumption rates, and rinsing procedures and rates.

On November 5, 2014, the Company announced that the metallurgy drill program had been completed. The Company submitted a total of 23 samples for metallurgical testing to be conducted by the

independent laboratory MAG (Mineral Advisory Group). The results of the metallurgical tests will be used to determine copper extraction rates, acid consumption rates and rinsing procedures and rates. The results of the metallurgical testing will be used for both the permitting application process and the Feasibility Study for the Gunnison Project.

New Economic Impact Study

On October 7, 2014, the Company announced the results of a new Economic Impact Study ("**EIS**") for the Gunnison Project. The EIS, completed by researchers at the L.W. Seidman Research Institute, W.P. Carey School of Business, Arizona State University, Tempe, AZ, illustrates that the Gunnison Project will generate significant positive economic benefit at both the State and County levels.

Highlights of the Gunnison Project Economic Impact Study include:

- Creation of an average of **819 jobs** annually state-wide;
  - *108 direct, on-site jobs; 711 in-direct or "secondary" jobs;*
- **US$2.94 billion** added to Arizona's Gross State Product;
- **US$319.9 million** in State revenue generated directly from the project;
- **US$756.8 million** in economic activity generated in Cochise Country alone.

The numbers and dollar values quoted above are all based on the Company building its own acid plant and span the entire 27 year life of the Gunnison Project. The EIS updates the Initial EIS (see "– Year Ended December 31, 2012 Developments – Economic Impact Study").

Resource Upgrade Drill Program

On October 15, 2014, the Company announced that a resource upgrade drill program had commenced at the Gunnison Project. The resource upgrade drill program is comprised of 13 diamond drill holes totalling approximately 16,890 feet.

Hydrological Drill Program

On October 28, 2014, the Company announced that a hydrological drill program had commenced at the Gunnison Project. The primary component of the hydrological program comprises 26 hydrology test wells totalling approximately 28,000 feet. Extensive geophysical logging and long term pump tests will be conducted on all holes with the objective of characterizing aquifer properties and the variations that control the movement of fluids through the mineralized bedrock. Results will be used to construct a numerical groundwater flow and transport model to simulate the planned in-situ recovery operations, and to demonstrate hydraulic control during operations. Additional long-term aquifer testing is also being conducted on previously constructed wells. Hydrological data and modeling will be used for both the permitting application process and the Feasibility Study. All drilling, data interpretation, and modeling are expected to be completed in the second quarter of 2015.

Developments Subsequent to December 31, 2014 and Outlook

Exercise of Option and Acquisition of Gunnison Project

On January 7, 2015, Excelsior announced that it had formally exercised the Gunnison Option with the Trust and entities owned by the Trust, and acquired 100% of the mineral interests that comprise the Gunnison Project by making the final payment of US$50,000 to the Trust due under the terms of the

Gunnison Option Agreement. The Company also made a payment of US$246,205 to certain land holders of the Gunnison Project which became due on the exercise of the Gunnison Option. The US$246,205 consisted of a US$150,000 payment under the terms of a promissory note and a purchase price adjustment payment of US$96,205. The payments were obligations of the vendor of the Gunnison Project that were assumed by the Company on the exercise of the Gunnison Option.

Graduation to Tier 1 of the TSXV

On January 15, 2015, Excelsior announced that the TSXV had approved the graduation of Excelsior from Tier 2 issuer status to Tier 1 issuer status on the Exchange. Excelsior's Common Shares began trading on Tier 1 of the TSXV, the premier tier on the TSXV on January 15, 2015.

Feasibility Study Work Program Update

On January 29, 2015, Excelsior provided an update on its feasibility study work program, announcing that the metallurgical and hydrological programs were progressing successfully at the Gunnison Project. Data collection was expected to be completed by the end of the second quarter of fiscal 2015 and the results obtained will be used in the preparation of the feasibility study and permit applications for the Gunnison Project.

Excelsior Named to 2015 TSX Venture 50

On February 11, 2015, Excelsior announced that it had been recognized by TSXV as one of the 2015 TSX Venture 50 companies, a ranking of the top performing companies listed on TSXV past year. Each year, the TSX Venture 50 ranks the top ten companies listed on TSXV across five major industry sectors: Oil and Gas, Mining, Technology & Life Sciences, Diversified Industries and Clean Technology. These companies have shown impressive results in key measures of market performance and were selected based on four equally weighted criteria: market capitalization growth, share price appreciation, trading volume and analyst coverage.

Completion of Hydrology Drill Program

On March 26, 2015, Excelsior announced the completion of the hydrology drill program at the Gunnison Copper Project in Arizona. The primary component of the hydrological program comprised 26 hydrology test and observation wells totalling approximately 28,000 feet. Extensive geophysical logging was completed on all holes. The objective of the program is to characterize the hydrological parameters of the mineralized rocks by measuring groundwater movement through the rocks. Results will be used to construct a numerical groundwater flow model to simulate in-situ recovery operations and to assist with permit applications. Additional long-term aquifer testing will also be conducted on previously constructed wells.

Outlook

The next steps for Excelsior include collecting geological, hydrological and metallurgical data to support the Company with respect to initiating and completing a feasibility study and permitting. The collection of this data is expected to be complete in 2015. Metallurgical and hydrological testing is currently ongoing and the results will be released and used for permitting and the feasibility study.

Specifically the results from all the recently completed field activities, as well as the technical data previously acquired and newly collected data will be used to optimize all aspects of the Gunnison Project, including well field design and leaching solution composition. In addition, these results will

provide critical information for groundwater quality control and ultimately, project reclamation. Optimization of the Gunnison Project will enable Excelsior to improve on the positive results already produced from the PFS, as well as provide data that will be critical as the Gunnison Project moves into the permitting phase.

Significant Acquisitions

The Company has made no significant acquisitions for which disclosure is required under Part 8 of National Instrument 51-102.

NARRATIVE DESCRIPTION OF THE BUSINESS

Summary of the Business

The Company is focused developing its core asset, the Gunnison Project located in Cochise County, Arizona.

Competitive Conditions

The mineral exploration and mining business is a competitive business. The Company competes with numerous other companies and individuals in the search for and the acquisition of attractive mineral properties. The success of the Company will depend not only on its ability to operate and develop its properties but also on its ability to select and acquire suitable properties or prospects for development or mineral exploration.

The mineral resource industry is intensely competitive in all of its phases, and the Company competes with other mineral resource companies in connection with the acquisition of properties, the recruitment and retention of qualified personnel and contractors, the supply of equipment and, ultimately, customers for any copper that may be produced from the Gunnison Project if it reaches production. Many of the companies the Company competes with have greater financial resources, operational experience and technical facilities than the Company. Consequently, the Company's future revenue, operations and financial condition could be materially adversely affected by competitive conditions. See also "Risk Factors".

Employees

As of December 31, 2014, the Company had no employees. The Company's strategy is consistent with that of many junior mineral exploration and development companies of largely operating through sub-contractors and consultants for the purposes of cost management.

Environmental Protection

The Company understands the importance of environmental protection. The Company's activities are subject to extensive federal, state and local laws and regulations governing environmental protection and employee health and safety. The Company is required to obtain government permits and comply with bonding requirements under environmental laws. All phases of the Company's operations are subject to environmental regulation. These regulations mandate, among other things, the maintenance of water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, and more stringent environmental assessments of proposed projects. For further information related to

environmental protection see "– Mineral Properties – Gunnison Project – Mining Operations – Environmental and Permitting."

The environmental protection requirements affect the financial condition and operational performance and earnings of the Company as a result of the capital expenditures and operating costs needed to meet or exceed these requirements. These expenditures and costs may also have an impact on the competitive position of the Company to the extent that its competitors are subject to different requirements in other governmental jurisdictions. To date the effect of these requirements has been limited due to the pre-construction stage of the Company, but they are expected to have a larger effect in future years as the Company commences the construction of the Gunnison Project and moves toward production. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

MINERAL PROPERTIES

General

The Company's only mineral property is the Gunnison Project.

Gunnison Project

The following represents a brief summary of information contained in the Technical Report dated February 14, 2014, and prepared by Conrad E. Huss, P.E., Ph.D of M3 Engineering & Technology Corporation ("**M3**"); Herbert E. Welhener, MMSA-QPM of Independent Mining Consultants Inc. ("**IMC**"); Thomas Drielick, P.E. of M3, Ronald J. Roman, P.E., D.Sc. of Leach Inc. and Peter Lenton, P.E. of Haley & Aldrich, Inc. The Technical Report was commissioned at the request of Excelsior management. Unless specifically noted otherwise, the following disclosure regarding the Gunnison Project has been prepared under the authority and supervision and with the consent of the authors, each a "qualified person" within the meaning of NI 43-101, and, in some cases, is a direct extract from the Technical Report. The full Technical Report is available under the Company's corporate profile on SEDAR at www.sedar.com.

Property Description and Location

Excelsior had the exclusive option (the "**Gunnison Option**") to acquire 100% of the title to the mineral interests that constitute the Gunnison Project located in Cochise County, Arizona, including all drill core, samples, reports, information and data, for US$50,000 payable to the James Sullivan Trust (the "**Trust**"). Trust on or before January 1, 2015. A further US$300,000 was payable to certain land holders of the North Star Deposit with US$150,000 of the US$300,000 due on exercise of the Gunnison Option and the remaining US$150,000 due on or before December 31, 2016. The properties included in the Gunnison Option Agreement that constitute the Gunnison Project are described below and are shown on Figure 4 2.

Subsequent to the date of the Technical Report, the Company exercised the Gunnison Option and acquired 100% of the title to the mineral interests that constitute the Gunnison Project. See ("Description and General Development of the Business – Three Year History – Developments Subsequent to December 31, 2014 and Outlook – Exercise of Option and Acquisition of Gunnison Project").

The Gunnison Project is located in Cochise County, Arizona, approximately 65 miles east of Tucson and 1.5 miles southeast of the historic Johnson Camp mining district. Figure 1 is a general location map and property location near the I-10 Freeway (the "**I-10**"). Total area is approximately 6,405 acres (2,592 Ha). The mineralized zones of the Gunnison Project are the North Star Deposit and South Star Deposit which are identified on Figure 1.

Figure 1: Location of the Gunnison Project

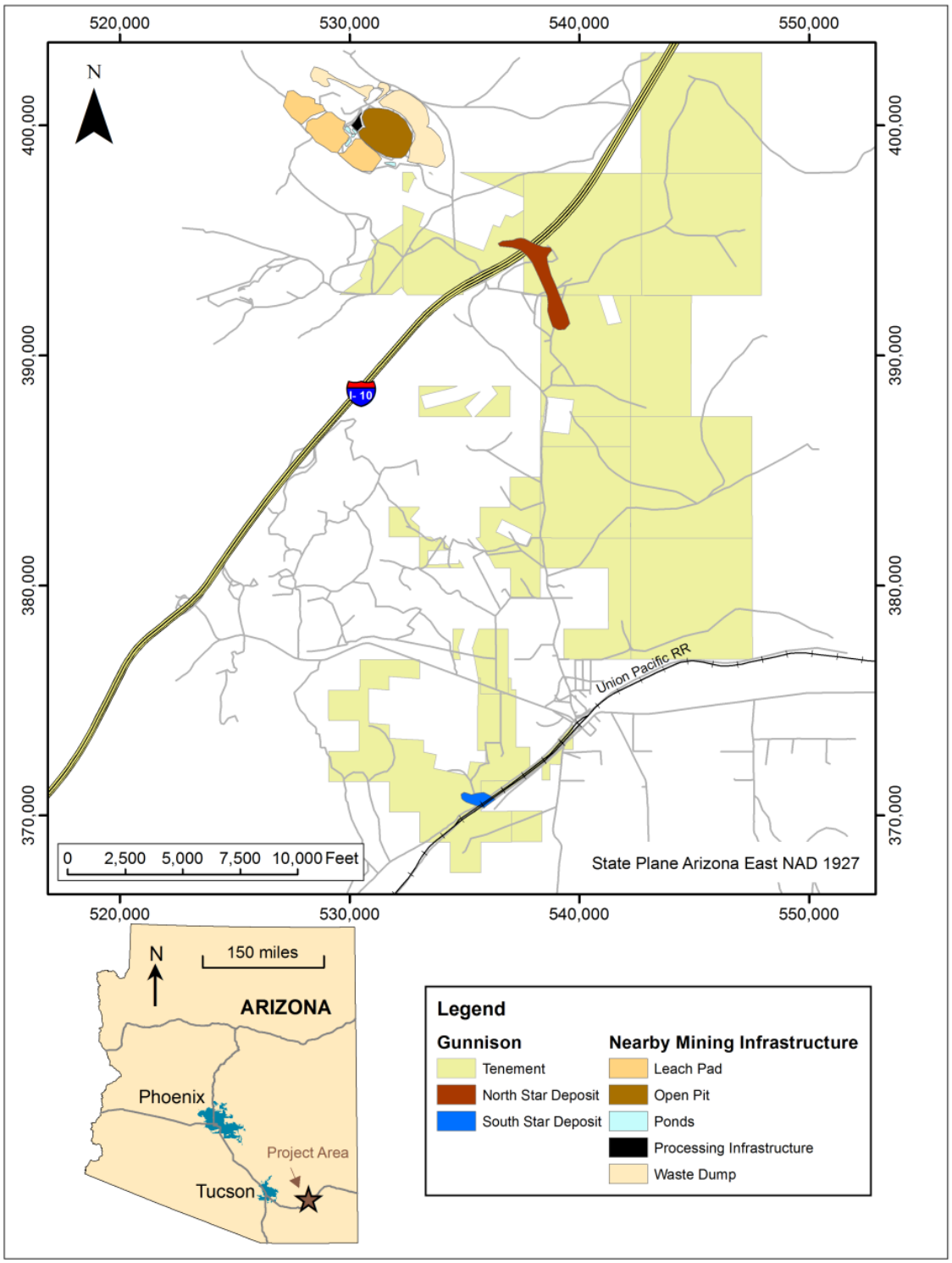


Table 1: Summary of Land Packages That Constitute the Project

Claim Type	# of Claims	Approximate Area: Acre (Ha)	Approximate Holding Costs	Surface Rights
Federal Unpatented Mining Claims	128	Acre = 1,753 Hectare = 709	Annual US$17,920.00	Subject to US mining law
Arizona State Mineral Lease	1	Acre = 320 Hectare = 129	Annual US$239.84	Subject to AZ state laws
Arizona State Exploration Permits	9	Acre = 3,654 Hectare = 1479	Annual up to US$81,236.73	Subject to AZ state laws
North Star Freehold Mineral Rights via "Connie Johnson" Deed	1	Acre = 616 Hectare = 249	Nil	-
South Star Freehold land and mineral rights.	4	Acre = 62 Hectare = 25	Annual US$32.00	Subject to purchase agreements.
Total	**143**	**Acre = 6,405 Hectare = 2,592**	**Annual US$99,428.57**	

Unpatented Mining Claims

There are 128 unpatented mining claims that form part of the land package that constitutes the Gunnison Project. The claims are administered by the US Bureau of Land Management and are for minerals only, that is, there is no surface ownership. Surface rights include the right to use the surface for exploration, mining, mineral processing and related activities subject to the General Mining Law of 1872 as amended and the Federal Land Policy and Management Act of 1976. Maintenance for the claims is limited to an annual fee of US$140 per claim for an annual total of US$17,920 and all payments are current. The claims have no expiration dates and under current mining law can be held indefinitely if properly maintained. The claims are located on the ground and the location descriptions are filed with the US Bureau of Land Management.

State Mineral Lease and Prospecting Permits

The land package that constitutes the Gunnison Project also includes the Arizona State Mineral Lease and Prospecting Permits. The tenements are administered by the Arizona State Land Department and are for minerals only. Rents, fees and expenditure commitments are due each year and all payments and expenditure commitments are current. The 2014 expenditure commitment will be up to US$73,082.60 with fees of up to US$8,393.97. A state royalty is payable on state leases. The amount is set by the Arizona State Land Department for each lease based on an appraisal of "market royalty rates." The exact wording on the lease states "The Lessee further agrees to pay as royalty 5% of the gross value of all copper produced from the leased premises, until such time as Lessee submits certain geologic and economic information, to Lessor's satisfaction, sufficient for Lessor to formulate and replace the royalty rate set forth above, with a sliding scale royalty. The sliding scale royalty shall be mutually agreed to in writing at the time Lessor agrees to institute it." Mineral lease and prospecting permit boundaries are described by the Arizona State Land Department. Surface rights include the right to use the surface for exploration, mining, mineral processing and related activities subject to a state approved Mineral

Development Report or Exploration Plan as the case may be. The mineral lease was to expire on June 15, 2014; however, the lease may be renewed for an additional 20 year period if the lessee is in compliance with the terms of the lease (subsequent to the date of the Technical Report an application for the renewal of the mineral lease was submitted). The individual expiration dates of the Prospecting Permits range from October 27, 2015 to June 30, 2016. There are provisions in the Arizona State mining law to retain the area held by the permits, subject to meeting certain state requirements, by converting the permits to mineral leases or by applying for new exploration permits.

"Connie Johnson" Deed

The land package that constitutes the Gunnison Project also includes the mineral rights in Section 31, T15S., R23E. The area (approximately 616 acres or 249 ha) covers about 1/3 of the North Star Deposit, is for the minerals only and is defined by the boundaries of Section 31, T15S. and R23E.

Fee Simple Land

The land package that constitutes the Gunnison Project also includes mineral, and in some cases mineral and surface rights to a small portion of the South Star Deposit. Mineral rights only pertain to Parcel F (approximately 15.3 acres), Section 25 T16S., R22E and Parcel A (approximately 39 acres), Section 19, T16S., R23E., Union Pacific Railroad that covers an easement along the Union Pacific Railroad. Surface and mineral rights are held via Parcel D (approximately 14.24 acres), Section 19 T16S., R22E., and Parcel E (approximately 4.28 acres), Section 19 T16S., R23E. Holding costs for the fee simple land amount to approximately US$32 per year in property taxes. Property boundaries are defined by the property descriptions on public record.

Additional Royalties

Callinan holds a 1.0% gross revenue royalty over the entire Gunnison Project. The gross revenue royalty is defined as royalty percentage times receipts which is the sum of physical product receipts and deemed receipts.

Environment and Permitting

For the Gunnison Project to go into production Excelsior will need to apply for and receive a number of permits (Table 2). The environmental and permitting process involves, among other things, preparing a mine closure and reclamation plan for the Arizona State Mines Inspector. In addition, several permits must be obtained, the most important of which are the Aquifer Protection Permit (an Arizona State requirement), the Underground Injection Control Permit (a U.S. Environmental Protection Agency ("**EPA**") requirement), and the Air Quality Permit (an Arizona State requirement). Currently, there are no known environmental liabilities for the Gunnison Project.

Table 2: Required Permits

Item	Agency
Aquifer Protection Permit	Arizona Department of Environmental Quality: Water Quality Division
Underground Injection Control Permit	U.S. Environmental Protection Agency
Air Quality Permit	Arizona Department of Environmental Quality: Air Quality Division
Mined Land Reclamation Plan	Arizona State Mine Inspector
RCRA Hazardous Waste	U.S. Environmental Protection Agency

Storm Water General Permit	Arizona Department of Environmental Quality: Water Quality Division
De Minimis Discharge Permit	Arizona Department of Environmental Quality: Water Quality Division
Radio License	Federal Communications Commission
Sewage Permit	Cochise County Department of Health and Social Services

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Gunnison Project is located in a sparsely populated, flat to slightly undulating ranching and mining area about 65 road miles east of Tucson, Arizona. Tucson's metropolitan area is a major population center (approximately 1,000,000 persons) with a major airport and transportation hub and well developed infrastructure and services that support the surrounding copper mining and processing industry. The towns of Benson and Wilcox are nearby and combined with Tucson can supply sufficient skilled labour for the project.

Access to the Gunnison Project is via the I-10 from Tucson and Benson in the west or Wilcox in the east. The North Star Deposit can be accessed via good quality dirt roads heading approximately 1 mile east from the south side of the "Thing" roadhouse on the Johnson Road exit from I-10.

The area has well developed infrastructure for mining. The closest mining complex is Nord Resources Corporation's ("**Nord Resources**") Johnson Camp mine located 1.5 miles to the north of the Gunnison Project (Nord Resources is currently in receivership). Nord Resources has a solvent extraction-electrowinning ("**SX-EW**") plant. The Union Pacific Railway exists 3 miles south of the North Star Deposit. There is also access to electrical power on the property and the Gunnison Project could produce some of its own power through the sulfur burning process if this processing option is taken for the production of sulfuric acid. Apparently, abundant water is available in the area to support a mining operation and the deposit is saturated, below the water table; however, the water requirements for the Gunnison Project have not been defined at this time. There are sub-surface water sources available, in particular the Dragoon water company (also owned by the Trust), that supplies water to the region. Potential SX-EW plant sites are near roads and infrastructure on state permits northeast and south of the North Star Deposit.

Surface rights for the various land packages appear sufficient for Excelsior to conduct its mining operations, subject to applicable laws and permits, particularly since the proposed mining is in situ in nature and the surface footprint is comprised of the well fields over the deposit, a recovery plant and some tanks or ponds.

The elevation on the property ranges from 4,600 to 4,900 feet above mean sea level in terrain of the eastern Basin and Range physiographic province of southeastern Arizona. The climate varies with elevation, but in general the summers are hot and dry and winters are mild. Exploration programs and mining activities operate year-around in the region.

Vegetation on the property is typical of the upper Sonoran Desert and includes bunchgrasses, yucca, mesquite and cacti.

History

There is no direct mining history of the North Star Deposit, however the district has seen considerable copper, zinc, silver and tungsten mining beginning in the 1880's and extending to the present day. Mining operations at Johnson Camp, just 1.5 miles north of the North Star Deposit, were run by Nord Resources

Corporation. However, Nord Resources Corporation is currently in receivership.

Between 1882 and 1981, the Johnson Camp district, also known as the Cochise mining district, produced 12 million tons of ore containing 146 million pounds of copper, 94 million pounds of zinc, 1.3 million pounds of lead, 720 thousand ounces of silver and minor gold.

Pre-1960

The Johnson Camp mining district, the Bluebird mining district and the Dragoon mining district began with the mining of copper oxides pre-1880 by Mexican miners. With the advent of the Southern Pacific Railroad in 1881, numerous claims were staked in the district; however by the late 1800's most of the surface oxide mineralization was mined out. Sulfide copper production began around 1906 at Johnson Camp and continued through to 1958 when low metal prices forced the closure of the last mines. During this time considerable zinc was also mined from the district. Most of the mining activity in the late 1940's to late 1950's was done by Coronado Copper and Zinc Company or the Keystone Copper Mining Company.

In 1898, tungsten was discovered in the district and by 1903, the Johnson-Dragoon area was one of the principal tungsten mining districts of the United States. Estimates of tungsten production range from 750 tons to over 6,550 tons.

1960 to 1979

In the early 1960's, the Cyprus-Johnson mining company ("**Cyprus**") (related to Coronado Copper and Zinc Company) discovered low-grade copper oxide mineralization at Johnson Camp and later undertook copper oxide open pit, acid leach and electro-winning operations at Johnson Camp from 1975 to around 1985.

By the 1960's it was recognized that economic, low-grade, copper skarn mineralization could be identified remotely and beneath overburden by magnetic highs related to the magnetite content of these mineralized bodies. Using this technology a magnetic high south of Johnson Camp was drilled in the 1960's and the North Star Deposit was discovered.

By the late 1960's, the North Star Deposit was partly controlled by Cyprus and partly by private owners. In 1970 a division of the Superior Oil Company ("**Superior**") entered into a joint venture with Cyprus and the private owners in the northern half of the North Star Deposit. During the early 1970's Superior did most of the drilling and limited metallurgical testing on the North Star Deposit and by early 1974 had defined several million tons of low-grade acid soluble copper mineralization. During this time the southern portion of the North Star Deposit was controlled by Quintana Minerals Corporation, who drilled several diamond holes and completed metallurgical testing.

By the late 1970's, Superior had relinquished its rights to the North Star Deposit, deciding instead to focus on oil and gas. Cyprus maintained the ground holdings on the North Star Deposit for a period of time but did very little work. In 1977 Cyprus handed most of the ground covering the North Star Deposit back to the private owners.

Exploration in the 1960's and 70's resulted in the discovery of the North Star Deposit. The ultimate results of these exploration efforts were a non-NI 43-101 compliant mineral resource calculation for the North Star Deposit by Superior.

1980 to 1992

By the early 1980's, Mr. Sullivan had gained full control of Section 6 of the North Star Deposit and by 1991 had gained control of Section 31 and Section 36 via the Arizona State Mineral Lease.

1993 to 2000

In 1993, Magma Copper Company ("**Magma**") optioned the North Star Deposit from Mr. Sullivan. Magma drilled 8 holes, completed several metallurgical tests (some on six inch diameter core), undertook limited hydrological studies and calculated a copper oxide resource. Magma's interest in the project was for in situ leaching of the copper oxide resource. Shortly after being acquired by BHP-Billiton, Magma (BHP) relinquished the project in 1997 due to low copper prices and competing interests.

After Magma relinquished its option on the North Star Deposit in 1997, Phelps Dodge Mining Company ("**Phelps Dodge**") optioned the North Star Deposit, and in conjunction with Mr. Sullivan drilled several holes on the outskirts of the deposit. In 1998, before Phelps Dodge finished their investigation of both deposits, the company decided to focus its exploration activities outside the continental US and handed both projects back to Mr. Sullivan.

In late 1998, a junior exploration company optioned the Gunnison Project from Mr. Sullivan but by early 1999, the relationship between the parties had deteriorated to the point where the option was dissolved with no physical work being done.

Metallurgical test work completed by Magma that mimicked ISL indicated that acid consumption of 8 to 12 lbs of acid per lb of Cu and greater than 70% recovery is possible.

AzTech

AzTech acquired an option over the project in May 2007. Prior to this, Stephen Twyerould and AzTech had spent nearly two years compiling, summarizing and digitizing historical data and calculating new resources.

AzTech conducted biological and anthropological surveys. Nine lines of ground magnetic data were completed in June 2010 and were used by Excelsior to target further drilling. A water table depth study was completed in June 2010. See "– Exploration – Work by AzTech" for the results of these surveys.

Geological Setting

The deposits form part of the Mexican Highland section of the Basin and Range province. The province is characterized by fault-bounded mountains, typically with large intrusive cores, separated by deep basins filled with Tertiary and Quaternary gravels. Generalized stratigraphy in the region of the deposits is shown in Table 3.

Table 3: Stratigraphy of the Gunnison Project Area

Rock or Formation	Age	Comments
Alluvium	Upper Tertiary and Quaternary	Stream laid gravels, sand and silt.
Texas Canyon Quartz Monzonite	Lower Tertiary	Intrusive important in mineralizing event.
Horquilla Limestone	Middle Pennsylvanian	Limestone with abundant thin beds of shale.
Black prince Limestone	Lower Pennsylvanian	Limestone with thin shale at the base.
Escabrosa Limestone	Lower Mississippian	Cliff forming limestone and dolomite. Copper skarns.
Martin Formation	Upper Devonian	Dolomite with some shale and sandstone. Copper skarns.
Abrigo Formation	Upper Cambrian	Shale, impure limestone and sandy dolomite. Copper skarns.
Bolsa Quartzite	Middle Cambrian	Red-brown to white quartzite.
Apache Group (Pioneer shale)	Upper Precambrian	Basement rocks.
Pinal Schist Group	Lower Precambrian	Basement rocks.

Regional Geology

The Gunnison Project lies on the eastern edge of the Little Dragoon Mountains. The Little Dragoon Mountains are an isolated fault bounded up thrown block within the basin and range province in southeastern Arizona. The ages of the rocks range from 1.4 billion years ago (Ga) Pinal Group schists to recent Holocene sediments. The southern portion of the Little Dragoon Mountains consists predominately of the Tertiary Texas Canyon Quartz Monzonite whereas the Pinal Group schists and the Paleozoic sediments that host the regional copper (Cu) mineralization dominate the northern half.

The oldest rocks in the area, the Pinal Group schists are composed of sandstones, shales and volcanic flows that have been metamorphosed to greenschist-amphibolite facies. The Texas Canyon Quartz Monzonite is thought to be the source of the Cu mineralization and is porphyritic with potassium feldspar phenocrysts from 1 to 10 cm. The age was determined to be 50.3 ± 2.5 million years and there are a further eight determinations ranging from 49.5 to 55.0 Ma. The intrusion outcrops to the west of the North Star Deposit.

North Star Geology

The North Star Deposit is covered by about 450 feet of un-mineralized alluvium, varying between 240 and 750 feet. The mineralized Paleozoic host rocks below the alluvium strike approximately north-northwest and dip 20^{o} to 45^{o} towards the east. Three sets of faulting in the Johnson Camp area have been recognized and have been interpreted in the North Star Deposit area. Only minor displacements are thought to have occurred in the North Star Deposit area; however numerous sheared and brecciated faults generally filled with Cu oxide mineralization cut through the deposit. Folding of the mineralized horizons at the north end of North Star may represent further targeting opportunities to the northwest of the North Star Deposit.

Deposit Types

The North Star deposit is a classic copper-bearing, skarn-type deposit. Skarn deposits range in size from a few million to 500 million tones and are globally significant, particularly in the American Cordillera. They can be stand-alone copper skarns which are generally small or can be associated with mineralized porphyry copper deposits and tend to be very large. The North Star deposit is large, being at the upper end of the range of size for skarn deposits, and is associated with a mineralized porphyry copper system that has been virtually unexplored.

Mineralization

Within the Gunnison Project area, the important mineralized host rocks include the Abrigo and Martin Formations and to a lesser extent the Horquilla Limestone and the lower parts of the Escabrosa Limestone. Mineralization is also found in the Bolsa Quartzite and Precambrian basement rocks. The Martin Formation grades from a wollastonite-diopside rich rock near the porphyry to a distal diopside-tremolite-actinolite assemblage and finally a dolomite. The Abrigo has garnet-actinolite-epidote-diopside alteration with some biotite hornfels near the porphyry and this grades to a distal tremolite alteration leading into unmetamorphosed limey shale. Copper mineralization is related to calc-silicate skarns that have formed within these carbonate rocks adjacent to the Texas Canyon quartz monzonite ("**TQM**").

Oxidation of the mineralization occurs to a depth of approximately 1600 feet, resulting in the formation of chrysocolla, malachite, azurite, copper oxides and secondary chalcocite. The bulk of the copper oxide mineralization occurs as malachite and/or chrysocolla that has formed as coatings on rock fractures and as vein fill. The remainder of the oxide mineralization occurs as replacement patches and disseminations.

Copper oxide mineralization extends over a strike length of 9,800 feet, has an aerial extent across strike of up to 2,500 feet and is in places over 900 feet thick. Copper sulfide mineralization has formed preferentially in the proximal (higher metamorphic grade) skarn facies, particularly along stratigraphic units such as the Abrigo and Martin Formations and within structurally complex zones. There are three types of sulfide mineralization occurrences within the skarns. In decreasing order of abundance these are fracture coatings and vein filings, distinct quartz-orthoclase-carbonate ± magnetite and chalcopyrite veins 0.2 to 10 cm wide, and disseminations. The veins have retrogressive haloes of chlorite, actinolite and epidote.

Texturally pyrite and magnetite are later than and replace the skarn minerals and chalcopyrite formed last. The magnetite occurs as disseminated 0.2 to 0.5 mm euhedral to anhedral grains and is closely associated with pyrite. Ninety percent of the magnetite is in the skarns and may compose up to five percent by volume of the rock. The disseminated magnetite and magnetite bearing veins are likely what is giving the magnetic response for the deposit. Primary mineralization remains open at depth and to the north, south, and east.

Primary mineralization occurs as stringers and veinlets of chalcopyrite and bornite. Primary chalcopyrite-molybdenite disseminations and veins also occur in the mineralized porphyry below and to the west of the skarn mineralization at the North Star Deposit. Only eight drill holes intersected the quartz monzonite over significant lengths (lengths over 100 feet, 30m), most were mineralized with a best interval of 289 ft. (88m) at 0.31% Cu and 0.028% Mo including 30 ft. (10m) at 1.35% Cu. This mineralization has never been fully assessed.

Both oxide and sulfide mineralization exhibits strong fracture control. This fracturing and faulting are best developed in terms of width and close spacing in a zone around the intrusive contact and this decreases away from the intrusive contact in the less altered rocks to the east. The initial formation of the skarn created denser minerals and removed CO_2 resulting in a volume reduction of the rocks, which in turn created significant fracturing, and therefore an increase of porosity and permeability allowing the later copper mineralization access.

Oxidation of the copper mineralization occurs to a depth of approximately 1600 feet where it lies above transitional and sulfide copper. The oxidation results in the formation of numerous copper minerals however the copper oxide mineralization occurs mainly as chrysocolla and/or malachite that has formed as coatings on rock fractures and as vein fill. The remainder of the oxide mineralization occurs as replacement patches and disseminations.

Oxide copper also exists within the transition zone. It mainly occurs along fractures and in quartz vein selvages as chrysocolla. Secondary supergene copper sulfide minerals such as chalcocite are often

associated with the oxide mineralization in the transition zone. The transition zone is typically 100'-200' thick. It is strongly fractured and broken similar to the oxide zone.

The morphology of the oxide mineralization at the North Star Deposit is predominately a large flat blanket presumably hugging a paleo-water table. The mineralization is fairly uniform in distribution; however, there are some large higher grade 1% Cu pods within the overall mineralized shell of oxidized Cu mineralization.

Regionally high grade Cu skarn mineralization is known to exist.

Exploration

Work By AzTech

Stephen Twyerould first became involved with the Gunnison Project in mid-2005 and later AzTech became involved in mid-2006. Significant work has been completed since that time. A large component of this work has involved cataloguing, reviewing and compiling high-quality historical data spanning over thirty years of investigations by Superior, Cyprus, Quintana, CF&I, Magma, Phelps Dodge and James Sullivan. This process has involved building a digital database, verifying historic data, re-interpreting the geology in 3D, calculating a new resource and compiling numerous technical documents.

AzTech conducted biological surveys and found that no federally listed endangered, threatened, proposed and candidate species occur in the survey area from their known distribution and range. In addition, the survey area does not contain suitable habitat necessary for survival or life history requirements of these species. Anthropological surveys conducted by AzTech indicated only random artifacts were present and occasional clusters of artifact scatters outside of the area of mineralization. No burial sites or significant cultural sites were identified. In addition, in 2010 AzTech conducted detailed ground magnetics over the exploration targets and a water table depth study.

Excelsior Exploration

In December 2010 Excelsior initiated a re-logging program that was completed in the third quarter of 2011. In addition a re-assaying program began in March 2011 during which all of the Magma holes were re-assayed. Prior to the re-assay historical CS holes that had both total copper ("**TCu**") and acid soluble ("**AsCu**") results were re-split and checked at Skyline Labs in Tucson. In May 2011, a re-assay program was initiated for the Quintana holes (DC, S and T series) to include sequential Cu analysis. Previous results only included TCu assays.

Down hole geophysical surveys were conducted on the majority of holes where permitted. Due to bad ground conditions some holes were un-surveyable and the total depths of the surveys were often shortened. Data collected includes temperature, caliper log, sonic log and acoustic televiewer.

A regional groundwater study was completed in April, 2011 by compiling available data for the region surrounding the deposit. Groundwater movement is largely to the east and southeast of the deposit.

The results and interpretations of the work completed by (or commissioned by) Excelsior are contained in the various sections of this summary. IMC is of the view that these results and interpretations are reasonable.

Drilling

Historical Drilling

Previous drilling has been completed by several companies for the North Star Deposit as shown in Table

4. Drilling extends to a depth of approximately 2,450ft below surface at North Star.

The drill holes are vertical and the mineralization ranges from flat lying to a 30^{o} dip to the east resulting in a 1:1 relationship between sample length and true thickness to a 1:0.87 relationship between sample length and true thickness depending on the dip of the mineralization.

Table 4: Pre-Existing Drilling at North Star
(Diamond Drilling Includes a Percussion Pre-collar)

Company	Date	Type	Pre-fix	# of holes	Feet drilled
Cyprus	early 1970's	Diamond core	K	4	3755
Cyprus/Superior	early 1970's	Diamond core	CS	36	45786.6
Cyprus/Superior	early 1970's	Diamond core	CYS	1	887
Cyprus/Superior	early 1970's	Diamond core	J	10	12167
Cyprus/Superior	early 1970's	Diamond core	K-20-X	1	983
Jim Sullivan	late 1980's	Diamond core	JS	3	1665.5
Magma Copper	mid 1990's	Diamond core	MCC	6	8099
Minerals Exploration	early 1970's	Diamond core	JD	4	2206
Phelps Dodge	late 1990's	RC chip	SullyI97	6	6026
Quintana	early 1970's	Diamond core	DC	1	1080
Quintana	early 1970's	Diamond core	S	3	3394
Quintana	early 1970's	Diamond core	T	12	20756
Superior	early 1970's	Diamond core	D	1	1500
			Total	88	108305.1

Sampling of the deposits has been completed by various companies using diamond drill core spaced relatively evenly over the aerial extent of the deposits. Drilling within the North Star Deposit resource covers an area of approximately 310 acres (125 ha) with additional drilling extending beyond this area. There is a slightly higher density of drilling down the central high-grade axis of the North Star Deposit. This higher density of drilling is not likely to generate a bias in the resource estimate as the resource estimate takes into account drill-hole location and spacing when assigning grade within the block model. Drill core recovery has been good with the exception of individual fault zones of a few meters in length.

Sampling of the drill core has been on irregular down-hole intervals based on geology using a half core split. For the most part, the entire mineralized intersections have been sampled without any indication of bias towards “high-grading” the sampling. Individual down-hole sample intervals range from less than 2 feet to about 30 feet. Samples intervals larger than 25 feet generally represent sample intervals in the overburden (composite chip sampling). The sampling method and distribution of sampling appears representative and does not appear to have generated any bias.

Samples have mostly been assayed at commercial laboratories using best practice sampling and analytical techniques at the time. The list of commercial or in-house laboratories used is contained in Table 5. All laboratories are located in Arizona.

Table 5: List of Assay Laboratories Used

Company	Assay Laboratory	Comment
Superior	American Analytical and Research Laboratories	
Quintana	Southwest Assays and Chemists	
Phelps Dodge	Actlabs/Skyline Lab[1]	Some check assays at Morenci[2]
Magma	Magma's San Manuel Laboratory[2]	

[1] Certified by American Association of Laboratory Accreditation
[2] Denotes non-independent analytical lab

To the best of IMC's knowledge, there is nothing related to the historic drilling and sampling protocol that could adversely impact the accuracy or reliability of the results.

Excelsior Drilling

Thirty-one diamond holes have been drilled by Excelsior for a total of 46,973 feet. Twenty holes were completed from December 2010 to May 2011 and an additional eleven holes were drilled from March to May, 2012. 6¼ inch pre-collars were drilled to the base of alluvium (100 to 700 feet) and then cased with 4½ inch steel casing. HQ diamond core tails were drilled up to a depth of 2000 feet and where required the core was downsized to NQ. Excelsior also completed diamond drilling through the entire section of alluvium for 2 holes in the 2012 program. Of the 31 holes drilled, 26 have been assayed for inclusion into the mineral resource estimate described below under " – Mineral Resource Estimate."

The drill holes are mostly vertical and the mineralization ranges from flat lying to a 30^{o} dip to the east resulting in a 1:1 relationship between sample length and true thickness to a 1:0.87 relationship between sample length and true thickness depending on the dip of the mineralization.

Interpretation of the drilling was done by completing east-west geological cross sections that include interpretations of the oxide and sulfide mineralized zones. These were then used to create a 3-D model of the deposit used in the categorization of the resource calculation.

Core recovery was very high (average of 94.6%) with only rare occurrences of poor recovery due to discrete structures or narrow voids.

Excelsior Sampling Method and Approach

The core handling process involved several steps including:

- The driller places the core into core boxes.
- The core boxed are stacked on pallets, strapped, and transported to the Excelsior core storage facility in Casa Grande, Arizona.
- Presentation and cleaning of the core:
    - The core was laid out to ensure all boxes were present, correctly labeled and adequately cleaned before being processed.
- Measure core loss:
    - Core loss was measured from core block to core block (drill run) and recorded.
- Measure RQD
    - RQD measurements were taken for the whole of the core recovered. At the drill site core broken by the drillers was marked and taken into account in the RQD process.

- Log core
    - Core was logged using the Excelsior legend into Microsoft Soft Access ("**Access**") logging sheets and then forwarded on to the database administrator.
- Mark up the core for splitting
    - The geologist marked up the core for splitting prior to photographing the core.
- Photograph core
    - The core was photographed both wet and dry prior to splitting.
- Magnetic susceptibility readings
    - Magnetic susceptibility readings were taken the correlated with sampled intervals.
- Density
    - Density measurements using classic water displacement methods were taken that correlate with the sampled intervals. The core was not wrapped or waxed for the density measurements.
- Split core
    - Samples were split using hydraulic splitters and bagged for shipment to the assay lab. Care is taken to ensure that no bias is introduced into the splitting by observing the mineralization in the core and splitting appropriately. The fines that are produced are also manually split and sampled.

Sample Preparation, Analysis and Security

Historical

All of the drilling, sample preparation and analysis of the samples presented in the Technical Report was under the control of the previous property owners.

The laboratory sample preparation and analysis procedures used by the previous owners of the deposits are unknown; however, major commercial laboratories using best practice at the time completed the majority of analyses.

The data, information, samples and core (collectively, the "**Information and Samples**") from the deposits have been under the control and security of AzTech since November 2006 and then Excelsior since October 2010. The original Information and Samples are stored at Mr. James Sullivan's core storage facility ("**Core Facility**") in Casa Grande, with numerous copies held by Excelsior at its Phoenix, Arizona office.

Prior to November 2006, the Information and Samples were under the control and security of Mr. James Sullivan, stored at his Core Facility from dates ranging from 1970s to 2006.

Magma had security and control of its own Information and Samples from approximately 1993 to 1997, after which Magma relinquished control to Mr. James Sullivan who relocated all Information and Samples to his Core Facility.

Phelps Dodge maintained its own Information and Samples until 1998, after which time they were transferred to Mr. James Sullivan and were relocated to his Core Facility.

The bulk of the Information and Samples collected by Superior, Cyprus and Quintana in the 1970's to 1980's were handed over to Mr. James Sullivan and relocated to his core facility between 1980 and 1998.

For the most part, Mr. James Sullivan has maintained sole security over the Information and Samples since the early 1980's.

Excelsior

Sample Preparation and Handling

The core is logged by the geologist with the Gunnison Project geological legend using customized Access data entry forms. RQD and magnetic susceptibility readings are also taken and recorded in the Access form. The core is photographed wet and dry. Specific gravity ("**SG**") measurements are also taken.

For each drill hole, all original digital data files are organized in individual folders and stored on a local field server computer. The field server data is continuously synchronized to the Vancouver office server for offsite data backup purposes and to make the data available to the project data manager. Drill hole data files are imported into the master drill database on a daily basis.

Sampling Procedure:

- Assay tickets are placed at the start of the assay interval.
- Sample intervals are recorded within the Access form as well as written within the ticket books.
- All skarn and porphyry units are sampled. Additional sampling of rock types/mineralization is left up to the discretion of the geologist, consulting with senior staff.
- Sample intervals are based on lithologic boundaries and are not be taken across the boundary with the following exceptions:
    - short intervals (~<1 foot) can be included within a larger sample where isolating the unit would be problematic,
    - thin lithologic units can be included within a larger sample when sampling such a unit is impractical.
- Sample length is 10 feet within all rock types. It is understood that irregular sample lengths may be needed at geological boundaries.
- In areas of poor ground conditions or poor recovery, sample lengths may extend up to 20 feet due to unknowns regarding the correct footage since the only known distance marker is the footage block placed by drillers.
- Single samples will not be taken. Samples must be bracketed on either side by an additional sample.
- Exceptions can and will occur when areas of high mineralization do occur, at such times it will be up to the judgment of the geologist to determine sample intervals.

QA/QC Process:

Excelsior submits samples to Skyline Labs in batches which often include an entire hole. The following protocol is used for the inclusion of standards, blanks and duplicate samples for assay.

A) Batches with greater than (>) 30 samples

A standard, blank or duplicate is inserted on every tenth sample (any sample ending in a zero) in the following order: Standard, Blank, Standard, Duplicate. The cycle repeats thus ensuring 10% of samples submitted are control samples.

B) Batches with less than (<) 30 samples

A minimum of two standards and a blank are required for the sample series. This will result in >10% control samples for the drill hole. It is at the discretion of the geologist where to place the control samples within the sequence, preferable evenly spaced through the sequence (control samples are not to be placed back to back within the sample sequence).

Check sample:

Five percent of samples were selected randomly from the entire analytical range and split from the original pulp and sent to an outside laboratory (ALS, Reno, NV).

In addition, during the drill program a selection of 30 reject samples had 2 pulp samples prepared labeled A and B (ALS). The A and B series were assayed at Skyline labs and ALS.

Specific Gravity process:

SG measurements are taken for every assay sample in zones of mineralization and every 10 feet outside of mineralized zones. The geologist makes the determination on where SG measurements are taken with regard to mineralized and non-mineralized material. The procedure is the water displacement method on whole core samples which are not wrapped or waxed for the measurements.

For measurements of SG, a quartz (2.645 sg) and marble (2.71 sg) standard were used alternatively every 20 samples for quality control of the SG measurements. Readings outside of acceptable limits resulted in all samples back to the previous successful standard measurement being repeated. Duplicates were measured every 20 samples.

Assay method and Analysis

Skyline Labs in Tucson, AZ were used for the analysis. Skyline is accredited with international standard ISO/IEC 17025:2005 General Requirements for the Competence of Testing and Calibration Laboratories. TCu, AsCu and cyanide soluble Cu ("**CNCu**") were analyzed. Where molybdenum was present was also assayed for. Excelsior has no relationship with Skyline Labs other than Skyline being a service provider.

ALS Minerals laboratories in Reno, NV were used for the check sample analysis. Most ALS Minerals laboratories are registered or are pending registration to ISO 9001:2008, and a number of analytical facilities have received ISO 17025 accreditations for specific laboratory procedures. TCu, AsCu and CNCu were analyzed. Excelsior has no relationship with ALS Minerals other than ALS Minerals being a service provider.

Sample preparation:

Samples are lined up and coded into Skylines system. Any missing, illegible or damaged samples are reported. Washed river rock is used to clean the crusher between samples. Samples are crushed to 70-80% minus 10 mesh. The sample is then split and recombined 3 times and 250 to 280 grams of material are split to create the pulp. The split sample is then pulverized for 1 ½ to 2 minutes to 95% passing 150 mesh.

Total Cu analysis:

Samples are digested in hydrochloric, nitric and perchloric acids. This solution is taken to dryness. The contents are treated with concentrated hydrochloric acid and the solution is brought to a final volume of 200 mL with de-ionized water. Solutions are read by Atomic Absorption using Standard Reference Materials made up in 5% Hydrochloric Acid.

Sequential Analysis, Acid Soluble Cu and Cyanide Soluble Cu:

Samples are digested in 5% sulfuric acid and supernatant solution is diluted to 100 mL with de-ionized water. The residue is digested in 10% sodium cyanide solution and diluted to 100 mL. The AsCu samples

are read on Atomic Absorption units using 0.5% H_2SO_4 calibration standards. The CNCu samples are read on Atomic Absorption units using 1% NaCN calibration standards.

Security

On site drilling was 24 hours a day 7 days a week. Core was stored at the drill rig supervised by both the driller and the site geologist. The drilling occurred on isolated ranch land behind a locked gate limiting the access from the public. The core was placed on pallets and banded for pick up by Pinch Express. A transfer form was signed by both parties upon pickup and delivery of the core to Excelsior's core shed facilities in Casa Grande. Once in Casa Grande the core was stored in a locked facility.

After splitting the core and placing the samples in storage bins, Skyline Labs was contacted to pick up the samples. A chain of custody form was signed and the samples were turned over to Skyline Labs.

The information and data are stored on secure servers in both the core shed in Casa Grande as well as at Excelsior's offices in Vancouver and Phoenix.

It is the opinion of IMC that the sample procedures, processes and security are reasonable and adequate.

Data Verification

Historic Data

During the site visit in 2007, a number of the drill hole locations were checked with a hand held GPS and found to reasonably match the recorded collar coordinated. During the site visit to the core storage in Casa Grande, it was noted that there are some original certificates of assay available in the files. IMC has not independently checked the database with the original certificates of assay. Database checks were completed and documented by Excelsior (then AzTech). IMC has reviewed the documentation and the procedure used to assimilate and verify the database and finds the work to be reasonable.

No data are presently available on assaying procedures of historic assay results, however all assays were performed by reputable commercial laboratories with the exception of Magma's assays that were performed at their San Manuel laboratory. It can reasonably be presumed that the commercial laboratories were competent and used best practices at the time.

The North Star Deposit data base contains assays from a number of earlier drilling campaigns that date back to 1956, and no original check assay or other QA/QC data are available for these campaigns. Two approaches have been used to check the representativeness of the assays from these earlier drilling campaigns – repeat assays run on original pulps and pulps prepared from fresh core splits, and paired comparisons of the grades and grade distributions measured in different hole series.

Excelsior Drill Data

Two new drill programs have been completed by Excelsior, one in 2011 and one in 2012. Excelsior's assaying is performed by Skyline Labs in Tucson. Assaying and QA/QC procedures were industry-standard. QA/QC procedures followed include assays run on duplicate samples prepared by Skyline Labs from fresh core splits during the QA/QC program and selected pulps prepared by Skyline Labs from NSD-hole samples were sent to ALS Chemex for TCu and ASCu check assays during the QA/QC program.

Based on its reviews of the available repeat, check, duplicate, standard and blank assays, and on paired comparisons of assay data from different drilling campaigns, IMC considers that the TCu and ASCu assays used to estimate grades in the North Star Deposit model are acceptable for estimating mineral resources.

Mineral Processing and Metallurgical Testing

Excelsior uses two fundamental parameters to estimate overall copper recovery and acid consumption for a commercial-scale in-situ leaching ("**ISL**") operation. The first of these parameters, "metallurgical recovery" is based on metallurgical test work and defines the rate of copper recovery and incremental acid consumption. The second parameter known as "sweep efficiency" is defined by a combination of hydrological, geological and well field conditions and is a measure of the percentage of the available copper that is contacted by the leach solution. In essence:

- Metallurgical recovery determines the amount and rate at which the copper dissolves from, and acid is consumed by, the rocks when contacted by the leach solution.
- Sweep efficiency determines how much of the copper in the ground will be effectively contacted by leach solution during the mining process.

Although a significant number of metallurgical tests had been conducted in the past, the results are variable and do not necessarily allow derivation of reliable interpretations or projections of copper extraction by ISL technology. In early 2012, Excelsior commissioned SGS-METCON and Mountain States R&D International, Inc. to conduct leaching tests directed by Dr. Roman that were intended to demonstrate the copper recovery and acid consumption which could be expected in an ISL operation for the Gunnison Project. A modified column leach test procedure was selected. The primary objectives of this most recent group of tests were to:

- Determine the amount of copper that could be leached from the different ore types.
- Determine the relationship between the percentage of copper leached and the acid consumption for the different ore types.
- Establish ISL operating parameters at a prefeasibility level of confidence.

In addition to these tests, several rinsing tests were conducted on column tests residues for the purpose of determining a rinsing protocol to be employed after a block of ore had been leached by the ISL technique. The test results established that:

- The conventional "acid-soluble copper assay" gives a good approximation of the amount of copper which can be leached from the ore and in some cases underestimated this amount due to the presence of soluble sulfide copper mineral or slowly soluble oxide copper minerals.
- The test feed preparation required in the test procedure acid consumption is overestimated in the laboratory test by a factor of two or more.
- Metallurgical recoveries of acid-soluble copper in excess of 100% can be expected due to the solubilization of copper from minerals which do not report as "acid soluble" in the acid-soluble copper assay. These minerals include slowly soluble oxide copper minerals and those minerals which require oxygen or ferric iron for their dissolution.

Data from the recent test work (submerged leach tests and acid consumption tests) were combined to formulate average copper recovery and acid consumption curves for in situ leaching of Gunnison Project mineralization. The averaging approach was taken to simulate the varying acid concentrations and flow rates that are likely to occur during ISL operation (highest acid strengths and flow rates nearest the injection well with decreasing acid strength and flow rates further from the injection well). A logarithmic equation was used to derive a predictive acid-soluble copper recovery versus time curve for the major

rock types (Table 6). In a similar way, a polynomial equation was used to derive a predictive relationship between copper recovery and acid consumed for the major rock types (Table 6).

Table 6: Recovery vs. Time for the Major Rock Types

	Year					
Cumulative Acid-Soluble Recovery (%)	**1**	**2**	**3**	**4**	**5**	**6**
Martin	35.9	65.2	77.6	86.5	93.7	100.0
Upper / Middle Abrigo	67.9	83.3	92.7	100.0		
Lower Abrigo	69.3	85.6	94.4	100.0		
Cumulative Total Copper Recovery (%)						
Martin	26.8	48.7	57.9	64.6	70.0	74.7
Upper / Middle Abrigo	44.9	55.1	61.3	66.1		
Lower Abrigo	34.5	42.6	47.0	49.7		
Cumulative Acid Consumption (lb/lb)*						
Martin	6.5	8.4	9.3	10.1	10.7	11.2
Upper / Middle Abrigo	3.6	4.3	5.0	5.5		
Lower Abrigo	4.1	5.3	6.3	7.0		
* Net, adjusted acid consumption.						

Although test work produced acid-soluble copper recoveries in excess of 100%, predictive modeling arbitrarily capped recovery at 100% acid-soluble copper.

Sweep efficiency for the North Star Deposit is considered a function of fracture intensity and is estimated to average 70%. The most highly fractured rocks where the “grain size” or diameter of the fragmented cores is approximately 1 inch or less are considered to have a sweep efficiency of 100%. In contrast, rocks that exhibit very weak fracturing are considered to have a low sweep efficiency of approximately 20%. The rocks at the North Star Deposit exhibit a continuum of fracture intensities from very low (Fracture Intensity value of 1), to very high (Fracture Intensity value of 5), as determined by geological logging, geophysics and three-dimensional interpretation and modeling. To reflect this continuum, a polynomial algorithm was used to derive a predictive relationship between sweep efficiency and fracture intensity of the rocks.

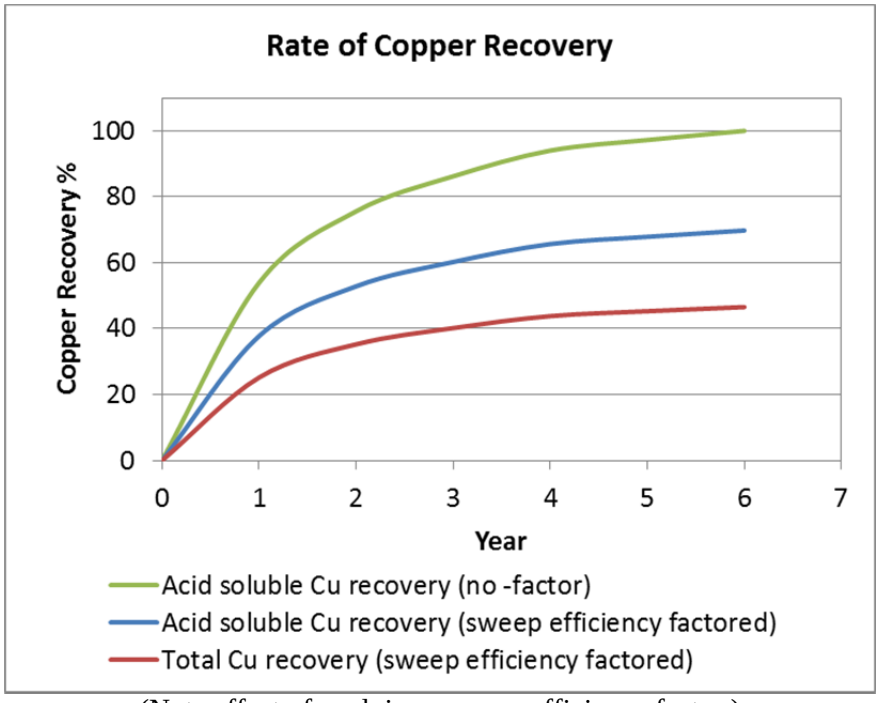
To derive a predictive model for recovery in ISL operations, the sweep efficiency factor is multiplied by metallurgical recovery (Table 7 and Figure 2).

Table 7: Metallurgical Parameters

	Year					
Metallurgical Parameter	**1**	**2**	**3**	**4**	**5**	**6**
Cumulative Acid-Soluble Cu recovery (no sweep efficiency applied)	53.9%	75.6%	86.2%	94.0%	97.2%	100.0%
Average Sweep Efficiency Factor	70%	70%	70%	70%	70%	70%
Cumulative Acid-Soluble Cu recovery (sweep efficiency applied)	37.8%	52.8%	60.2%	65.7%	67.9%	69.8%
Cumulative Total Cu recovery (sweep efficiency applied)	25.2%	35.2%	40.2%	43.8%	45.3%	46.5%
Cumulative Net Adjusted Acid	4.5	6.0	6.8	7.5	7.8	8.1

Consumption (lb/lb Cu)						

Figure 2: Rate of Copper Recovery



(Note effect of applying a sweep efficiency factor.)

The data in Table 7 is calculated on a weighted average basis, taking into account the relative amounts of copper contributed from the major rock types. It assumes an initial acid concentration of 20 grams per liter delivered at a high flow rate, varying through the well field to an acid concentration of 5 grams per liter at a low flow rate. With a sweep efficiency factor of 70% applied to recovered copper, total copper recovery is estimated at 46.5% and acid-soluble copper is estimated at 69.8%.

Mineral Resource Estimate

The North Star deposit mineral resource reported in August 2011 has been updated to include the results of the eleven holes drilled by Excelsior in 2012 for resource definition, updated geologic interpretations and to incorporate a fracture intensity model. Table 8 is a summary of the oxide plus transition mineral resource tabulated at a total copper cutoff of 0.05%. Table 9 is a summary of the sulfide portion of the deposit at a 0.30% TCu cutoff. Measured and indicated oxide and transition mineral resources are inclusive of mineral reserves.

Table 8: North Star Oxide/Transition Mineral Resource Summary
0.05% Total Copper Cutoff and Effective January 13, 2014

Resource Category	Million Short Tons	Grade % Total Cu	Contained Copper (million pounds)
Measured	157.6	0.38	1,205
Indicated	524.7	0.26	2,704
Measured + Indicated	682.3	0.29	3,909
Inferred	337.8	0.21	1,397

Table 9: North Star Sulfide Mineral Resource Summary
0.30% Total Copper Cutoff and Effective January 13, 2014

Resource Category	Tons (in millions)	Grade % Total Cu	Contained Copper (pounds in millions)
Measured	0.904	0.37	6
Indicated	21.5	0.36	155
Measured + Indicated	22.4	0.36	161
Inferred	32.7	0.42	275

The mineral resource estimate is contained within a block model of the North Star Deposit covering a surface area of 3.30 square miles and to a maximum depth of 2,575 feet below the topographic surface. The major geologic formations and oxidization types are incorporated into the block model based on the drill hole intercept data. The total copper grades are estimated using an ordinary kriging estimation technique from 25 ft drill hole composite data. The grade estimate for the sedimentary units uses a 700 ft circular by 50 ft search distance dipping 30 degrees east to parallel the general dip of the sedimentary units. The grade estimation respected the contacts of the various sedimentary units. The 700 ft distance is 70% of the variogram range. The TCu grades in the non-sedimentary units were estimated using a 500 ft spherical search. No copper grades are estimated in the overburden or un-mineralized rock units. Copper grade estimates based on eight or more holes are classified as measured, grades based on three to seven holes are indicated and grades based on less than three holes are inferred.

Mineral Reserve Estimate

The mineral resource estimate discussed above is used to estimate the probable mineral reserve estimate for the North Star Deposit. Table 10 shows the diluted probable mineral reserve estimate as defined for the PFS. The mineral reserves are in the probable category and not proven category. The estimate includes material from the measured and indicated categories of the mineral resource and excludes inferred mineral resources. It does not include material from the sulfide zone.

The mineral reserve assumes the use of ISL as a mining method, which requires a well field (injection and recovery wells) and pumps pregnant leach solution to an SX-EW plant to recover the copper. The boundaries of the probable mineral reserve were defined using economic parameters and then further modified to take into account lost production under the freeway and along some lease boundaries. Excelsior developed a well field / production schedule for the Gunnison Project, and the mineral reserve estimate is the sum of the production schedule.

The mineral reserve is based on an economic analysis of the mineral resource estimate using the costs developed during the 2011 Preliminary Economic Assessment, test work to estimate the recovery factors and a US$2.75/lb copper price. The economic optimization was performed on measured and indicated mineral resources. EBIT (earnings before interest and tax) was calculated on a block by block basis based on economic parameters. Consistent blocks (in vertical and horizontal directions) at a cut-off grade of 0.05% total Cu with a positive EBIT values that were greater than the capital cost of drilling and establishing the wells required for each column of blocks were included in the reserve. Total Cu% was selected for the mineral reserve estimate. The mineral reserve was estimated after applying engineering and operational design parameters which removed the thinner and deeper portions of the mineral resource. Internal dilution has been included in the final mineral reserve estimate. IMC is of the opinion that the mineral reserve estimate derived in the PFS reasonably quantifies the economic ore mineralization of the North Star deposit of the Gunnison Project.

Table 10: Probable Diluted Reserve Estimate (Effective January 13, 2014)

Tons	632,392,000
TCu Grade (%)	0.29
TCu Contained Copper (lbs)	3,614,628,000
Average Total Copper Recovery (%)	46.5
Recoverable Copper (lbs)	1,682,132,000
**Probable reserves were defined from measured and indicated resources. Inferred resources were not converted into reserves.*	

Please refer to "– Mining Operations – Interpretations and Conclusions" and "Risk Factors" for a summary of the risks associated with the Gunnison Project which could affect the Company's ability to extract the mineral resources and mineral reserves of the Gunnison Project.

Mining Operations

Mining Methods

Excelsior proposes to use the ISL method to extract copper from oxide mineralization located within the North Star Deposit. ISL was chosen based on the fractured nature of the host rock, the presence of water-saturated joints and fractures within the ore body, copper mineralization that preferentially occurs along fracture surfaces, the ability to operate in the vicinity of I-10, and to avoid the challenges of open pit mining.

The forecast copper production for the Gunnison Project is approximately 110 million pounds per year from Years 1 through 14, with a decline in production beginning in Year 15 (68 million pounds) through the end of the mine life (0.8 million pounds in Year 20). The total amount of copper production forecast over the 20-year LOM is approximately 1,682 million pounds. The following inputs and assumptions were used to generate the copper extraction forecast:

- Key physical parameters from IMC's 100 foot x 100 foot resource block model such as rock type, specific gravity of each rock type, total copper percentage and acid soluble copper percentage, fracture intensity, ore thickness, water table elevation, ore greater than 0.05% total copper, and lease boundaries;
- Incremental acid soluble copper recovery curves over a 4 to 6-year recovery period and recovery factor; and
- Recovery well production rates described below.

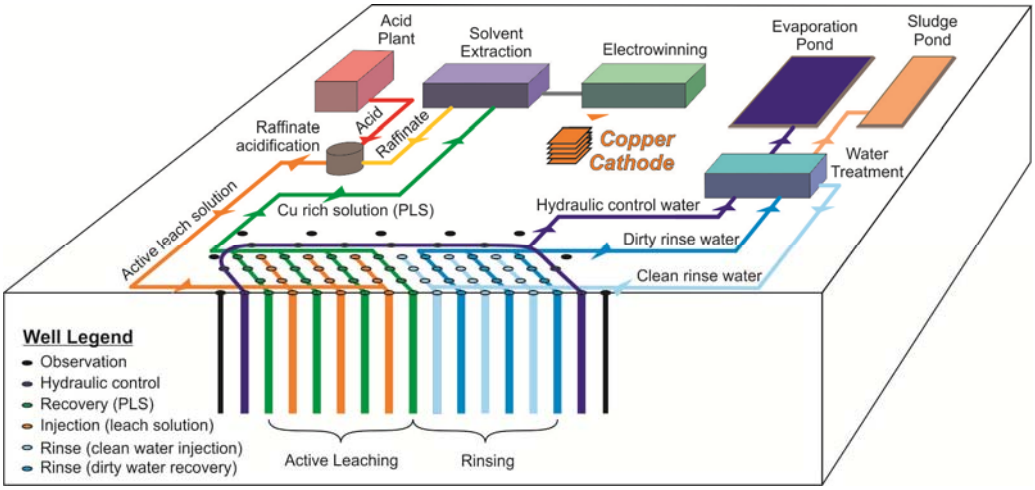
Recovery Methods

The Gunnison Project uses solvent extraction (SX) and electrowinning (EW) to recover copper from an ISL well field. The SX-EW facility is designed to recover copper from pregnant leach solution (**PLS**) at a nominal flow of 16,270 gpm and copper feed grade of 1.63 gram per liter (gpl), 1.52 gpl net copper grade, to produce cathode-quality copper with 99.99% purity. The process fluids are piped to and from the process plant in lined trenches. The process consists of the following elements (schematic representation in Figure 3):

- ISL well field
- Well field service and drilling services buildings
- Lined PLS and raffinate ponds

- SX plant with two trains with four mixer settlers in each train
- Tank farm for handling process liquids;
- EW tankhouse with 156 electrowinning cells and an automatic stripping machine
- Electrical substation
- Administration offices, security, a change house, and fueling facility
- Ancillary warehouse, laboratory, and maintenance facilities
- Water treatment plant with sludge and water impoundment facilities

Figure 3: Recovery Process



ISL Well field

Raffinate from the SX-EW plant is acidified and pumped to the ISL well field through a network of process piping to a series of injection wells that are each surrounded by four extraction wells. The extraction wells create a gradient that promotes flow of the leach solution through the mineralized formation. Acid-soluble copper is drawn into solution as it migrates toward the extraction wells. The PLS recovered from the extraction wells is collected in the PLS pond by a network of process piping.

The PLS and raffinate ponds are located south of the SX-EW plant area with the PLS pond near the well field and the raffinate pond adjacent to the tank farm. The raffinate pond receives acidified leach solution from the extraction settlers. The raffinate pond is equipped with four, 4,200 gpm vertical turbine pumps with 220 feet of total dynamic head ("**TDH**") and one spare to deliver the design flow rate to the well field with enough pressure to enable injection of leach solution to the well field.

The PLS pond receives the aggregate flow of PLS from the extraction wells by a network of arterial piping in the well field. The pressure necessary to provide flow to the PLS pond is provided by the submersible pumps in each extraction well. The pond is equipped with four vertical turbine pumps and one spare rated at 4,200 gpm each with 90 feet of TDH to deliver PLS to the SX feed tank.

A tank farm, which is located below the solvent extraction facility, contains tanks, pumps, heat exchangers, and filters that service the SX-EX facilities. The tank farm covers four primary areas: organic, electrolyte, reagents, and crud. The tank farm is designed to capture any spills in the area and run-off from the solvent extraction and tankhouse area and direct those fluids to the tank farm sump.

Ancillary facilities include sulfuric acid receiving and storage, a fuel station for gasoline and diesel, an administration building, warehouse/maintenance building, electrical main substation, evaporation ponds, and water treatment (neutralization) facilities.

Water Treatment Plant

The water treatment plant ("**WTP**") is planned for construction in Year 6, when the earliest producing wells are mined out and well field rinsing begins. The selected location of the WTP is east of the SX-EW Plant, as shown on Figure 3. The WTP is designed to provide treatment for mine-influenced water ("**MIW**") comprised of raffinate bleed and rinse water flow from the ISL recovery well field. The WTP is conceptually designed with a capacity of approximately 2,800 gpm for operational Years 7 through 16 with an expansion to 3,800 gpm for Years 17 through 22. Most raffinate produced in Years 1 through 6 will be directly re-used in the copper recovery process, with any excess raffinate going directly to the evaporation ponds.

Acid Generation Plant

Producing sulfuric acid (H_2SO_4) onsite for the leaching requirements was evaluated with respect to purchasing sulfuric acid delivered to site. The analysis assumes sulfuric acid can be purchased on a long term contract at a cost of US$125 per ton delivered to site. The alternative of purchasing molten sulfur on a long term contract and convert the sulfur to sulfuric acid onsite was determined to be more economical. Waste heat from the acid making process produces steam as a by-product to generate electrical power which will be credited to the acid facility operating costs. Facilities required for onsite acid generation include molten sulfur rail unloading and storage facilities, sulfur burning and steam generation plant, acid absorption area, steam turbine generation plant, water treatment plant, acid storage tanks, and cooling towers.

Acid requirements for the Gunnison Project are approximately eight pounds of acid per pound of copper produced. The proposed acid plant is a double-contact, double-absorption acid plant which will provide the highest conversion rate and lowest emission of sulfur dioxide gas (SO_2), less than 500 parts per million by volume. The sulfur-burning sulfuric acid plant is sized for 1,350 tons per day (100% H_2SO_4), with the product acid strength of 98.5% H_2SO_4. Allowing for 2 weeks down time each year for maintenance, the acid plant operates at an average of 85% capacity for the first 16 years.

Project Infrastructure

The primary access to the site will be from I-10 via the North Johnson Road exit between Benson and Willcox, Arizona. The exit is at the location of "The Thing" attraction on the south side of I-10. The access road is approximately one mile long and will be asphalt paved.

The electrowinning building (tankhouse) is a steel building with corrugated metal roofing and siding. The electrowinning cell area is on one end of the building and the automatic stripping machine and the cathode handling equipment are on the other, with a paved cathode storage area outdoors.

The tank farm is uncovered and located downhill from the mixer-settlers and the electrowinning tankhouse to facilitate gravity drainage of fluids to the tank farm. The tank farm has a containment area that drains to a sump with an oil-water separator to return spilled liquid to the proper location for recycling.

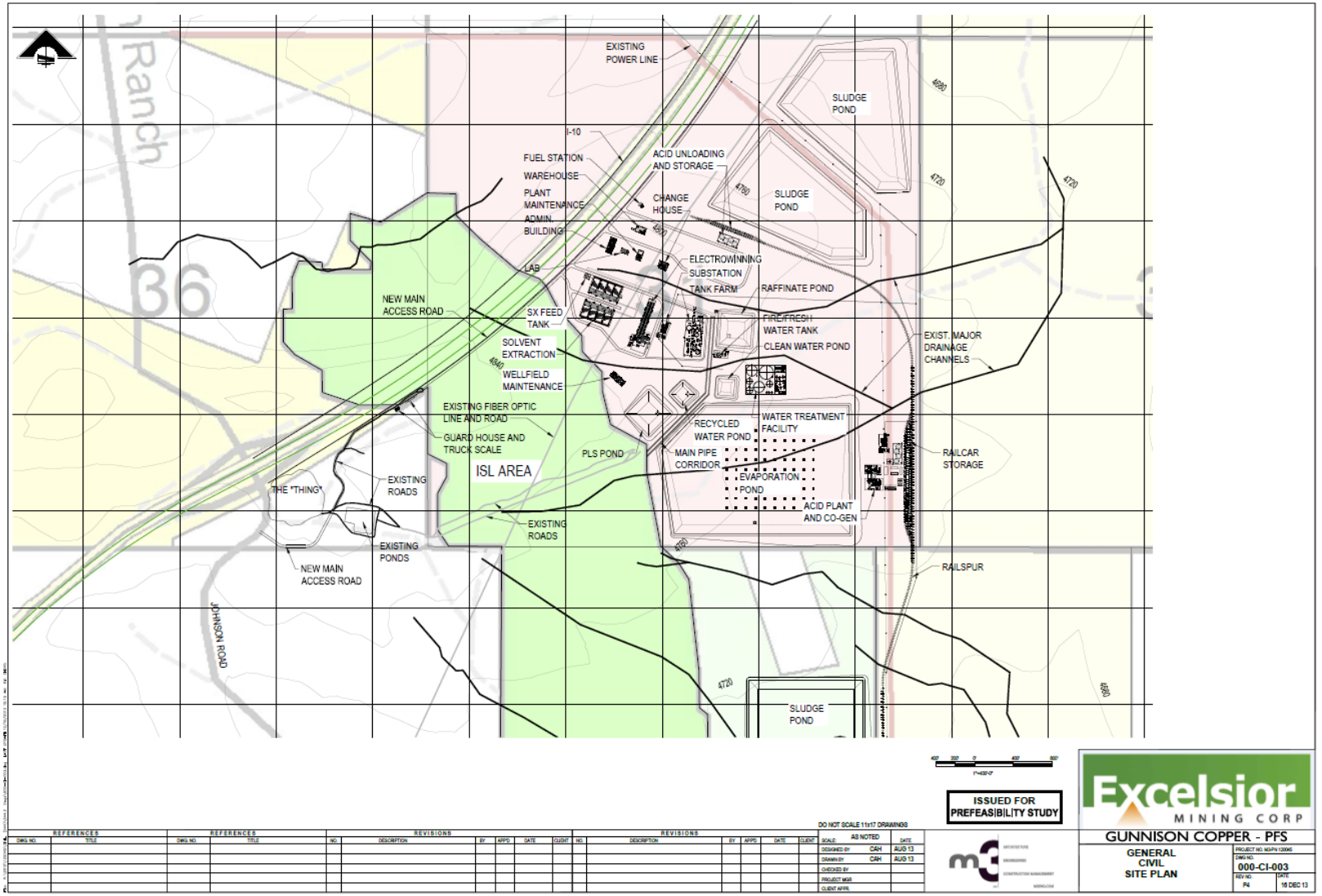
Ancillary facilities needed to support the Gunnison Project include buildings, ponds, tanks, and trenches. Ancillary buildings include an administration building, warehouse, plant maintenance building,

laboratory, change house, security building (gatehouse), well field maintenance building, drill rig maintenance building, water treatment plant, and an acid plant-cogeneration complex. Other facilities include fueling facilities, ponds, and tanks.

Power for the facility will be taken from an existing 69 kilovolt (kV) power line feeding the existing Johnson Camp mine located on the north side of I-10. The existing power line is owned by the Sulfur Springs Valley Electric Cooperative Inc. located in Willcox, Arizona. The power line approaches the plant site along the eastern boundary of Section 31. A tap will be taken from the existing power line and a short, 0.3-mile power line will be constructed to connect to the plant main electrical substation, located near the EW building.

Fresh well water will be taken from existing wells on the property and pumped to a 500,000 gallon fresh water/fire water storage tank. The lower 300,000 gallons in the storage tank will be reserved for fire water. Fresh water for plant use will be taken from the storage tank above this reserve level for fire suppression. An additional 10,000 gallon potable water tank will be provided to service the potable water system. Figure 4 sets out the site plan of facilities and infrastructure.

Figure 4: Site Plan of Facilities and Infrastructure



Market Studies and Contracts

No market study has been conducted for the Gunnison Project and there are no contracts in place related to mineral sales at the time of this report. No direct marketing has been done for the copper cathode that would potentially be produced at the Gunnison Project and therefore no off-take agreements exist. These options will be reviewed in detail when the Gunnison Project proceeds to the feasibility stage.

Environmental and Permitting

Environmental Studies

Anthropological and floral and faunal studies were carried out by Excelsior in 2010 over the bore field area.

The floral and faunal surveys conducted by Mary Darling Environmental and Surveying Ltd. of Tucson, AZ indicated that there is no potential for U.S. Fish and Wildlife Service endangered, threatened, proposed, and candidate species (special-status species) to occur in the study area for the following reasons:

- The analysis area is located outside of the species known distribution and range, and/or
- The analysis area does not contain suitable habitat necessary for survival or life history requirements of these species

An archeological survey was conducted by Professional Archeological Services of Tucson of Tucson, Arizona. Only half dozen cultural resource sites were identified and none of the sites are in the mining area. Any activities near these cultural resource sites would require further analysis.

Further archeological and floral/faunal studies are required for areas planned for the location of infrastructure such as the SX-EW plant, evaporation ponds, sulfuric acid plant and railway facilities.

Permitting

Federal, state, and local government environmental permits will be required before the mine becomes operational at the Gunnison Project site (Table 2). The environmental and permitting process involves, among other things, preparing a mine closure and reclamation plan for the Arizona State Mines Inspector. In addition, several permits must be obtained; the most important of which are the aquifer protection permit ("**APP**") from the ADEQ, an underground injection control ("**UIC**") (an EPA requirement), and the air quality permit from the State of Arizona. Currently, there are no known environmental liabilities for the Gunnison Project.

Excelsior has begun the data collection process required in order to submit permit applications to the federal and state agencies that are responsible for administering and issuing operation permits. This includes groundwater and metallurgical testing, long term monitoring of groundwater flow patterns, and background water quality characterization. A work plan will be prepared for the APP and UIC permits by Excelsior designed to meet all the required details of the permit applications. Once the work plan is completed and reviewed and accepted by ADEQ, EPA and other local responsible government entities, Excelsior will start the actual field work and documentation to fulfill all requirements for the permitting process. These applications will consider the full scope of the Project from engineering design, through operations to closure of the facility. No permitting has commenced on the Gunnison Project other than that required for operations to date.

Per the requirements of the APP, all aspects of the injection and recovery well field and processing operation plants will be designed at minimum to meet or at best to exceed the BADCT guidelines. Compliance to best available demonstrated control technologies ("**BADCT**") regulatory guidelines will substantially reduce the potential for unplanned releases of leach solutions beyond the mining block. Adhering to the BADCT requirement designs not only safeguard the impact of the groundwater system, but also significantly reduces the potential for unplanned escalations in closure costs.

Mine Closure Costs

Prior to recovery operations, Excelsior will provide a bond to ensure future mine closure expenses will be met. The amount of the bond will be based on the closure-remediation-reclamation cost estimates. The closure plan for the well field will be based on the phased installation of new production blocks while previously installed production blocks are operated and then closed following depletion of economic levels of copper in the deposit. This phased process of installation, operation, and closure of production blocks will be continued throughout the permitted operation area and will minimize the area to be closed at any point in the life of the Project. Final closure of operational infrastructure including the containment ponds, tanks, and plants will commence once copper recovery has ended. Reclamation costs are summarized in Table 11.

Table 11: Mine Closure Costs

Area	Cost (xUS$000)
Well Field Rehabilitation	$12,645
Process Ponds (PLS, Raffinate, Evap.)	$3,654
SX-EW Plant	$7,426
Plant Infrastructure	$4,747
Acid Plant	$8,698
Water Treatment Plant & Solids	$22,384
Miscellaneous	$536
Total	**$60,090**

Capital and Operating Costs

Capital and operating costs for the Gunnison Project were estimated on the basis of the prefeasibility design, estimates of materials and labor based on that design, analysis of the process flowsheets and predicted consumption of power and supplies, budgetary quotes for major equipment, and estimates from consultants and potential suppliers to the Project.

Capital Cost

Capital cost ("**CAPEX**") is divided into initial and sustaining capital costs. Initial capital costs are those required for design, procurement, and construction of the Gunnison Project. Sustaining capital costs include the ongoing additions to the well field development, the construction of a sulfuric acid plant, the addition of a water treatment plant, capital equipment replacement, and site closure and remediation.

A Basis of Capital Cost Estimate specification was prepared by M3. It provides information concerning the sources of capital cost information, assumptions that were used in the estimation, exclusions, and project-specific conditions.

Some of the costs and quantity estimates used by M3 were provided by others.

- Golder Associates ("**Golder**") provided quantities associated with earthmoving and construction of process, stormwater, sludge, and wastewater impoundments.
- Golder also provided capital and operating cost information for the water treatment plant to be constructed in Year 6 to treat water returned from rinsing operations in areas of the well field that have been depleted of economically recoverable copper.
- Kinley Exploration LLC ("**Kinley**") provided cost estimates for installation and development of extraction, injection, and hydraulic control wells, as well as well abandonment costs for existing wells and core holes and production wells that have been rinsed and are out of service.
- NORAM Engineering and Constructors Ltd. provided capital and operating cost for the acid plant to be constructed in Year 2.

Initial Capital Cost

Initial capital cost for the Gunnison Project is divided into the ISL well field and the SX-EW process plant. The well field costs include installation, development, and equipping the injection and recovery wells, the perimeter hydraulic control well, the observation wells and the roads, HDPE-lined pipe containment corridors, piping, electrical equipment and cabling, instrumentation, and communications equipment to control the wells.

The initial capital cost estimate is based on general arrangement ("**GA**") drawings for all Project plant areas. M3 used original equipment quotations, factoring for piping, electrical, and instrumentation disciplines and other in-house data to estimate these costs. The civil, concrete, steelwork, and architectural disciplines were estimated from GAs for SX-EW facilities and other plants of similar size and scope. Materials of construction were factored based on the other recent projects. Construction labor was adjusted for current Davis-Bacon prevailing shop wages in Arizona. Golder Associates provided the design and cost estimate for the process ponds, evaporation pond and surface water diversions.

Indirect capital costs were factored from the direct field cost. Indirect field mobilization is 1% of the direct field cost without mobile equipment; Arizona Transaction Privilege Tax is 3.98% of direct field cost less the plant equipment, fresh water pipelines, and transmission lines which are exempt; Engineering Procurement and Construction management is 16.5% of the direct cost plus the indirect cost listed above; operating spare parts are 4.5% of plant equipment; commissioning spares are 0.5% of plant equipment with an added allowance for vendor representative at site during construction and commissioning; a contingency was applied at 20% of the direct and indirect cost noted above; and an allowance for the initial stock of reagents was included as an owner's cost. The accuracy range of the estimate is +20% to -20% suitable to support a prefeasibility study.

The well field total capital cost is estimated to be US$75.3 million.

The cost of full replacement of this equipment once during the 20 year life of mine has been included in the sustaining capital costs.

SX-EW process plant capital costs include construction of the process facilities, fresh water and firewater systems, electrical substation and distribution, sulfuric acid storage, rail line and terminal facilities, and ancillary facilities. The total installed capital cost for the SX-EW and ancillary facilities is estimated to be US$209.5 million.

Sustaining Capital Cost

Sustaining capital costs include all capital expenditures that occur after production begins. For the Gunnison Project, major sustaining capital expenditures include well field expansion, construction of the acid plant in Year 2, and construction of the water treatment plant and related impoundments in Years 6, 9, and 13. Closure and reclamation costs are sustaining capital expenditures that occur at the end of mine life.

Well field sustaining capital costs accrue from continued well construction through Year 15 of the Gunnison Project and the infrastructure that supports well field growth. In addition, there is a schedule for well pump replacement and a separate schedule for well abandonment. Finally, there is the final well field reclamation and closure. The closure and reclamation cost for the well field includes abandonment of the wells, removal of all well field infrastructure, and restoration of the land surface. Well field sustaining capital is estimated to total US$441 million.

Sustaining capital cost associated with the SX-EW facility include the solids ponds for storing the precipitated metal hydroxides and gypsum solids generated from the neutralization of excess raffinate and water, and the replacement of some mobile equipment. The initial pond to store the first 5 years production of solids is provided in the initial capital cost. A cost of US$43.6 million will be needed in Years 6, 9 and 13 for additional ponds to store the accumulated sludge.

A sulfuric acid plant is planned for construction in Year 2 to reduce the cost of sulfuric acid necessary to the ISL process and use the waste heat to generate electricity. The total installed capital cost for the sulfuric acid plant facility was estimated to be US$73.58 million.

A water treatment plant ("**WTP**") for the Gunnison Project is planned for construction in Year 6 to treat the water from rinsing depleted blocks of the ISL well field beginning in Year 7. The microfiltration and reverse osmosis systems will be expanded by 1,000 gpm to handle predicted flows from Year 17 through Year 22.

The design and cost estimate for the WTP were prepared by Golder. The cost of process equipment installation has been factored to be 40% of direct process equipment cost. This factored cost includes labor for placement of major and ancillary equipment, as well as procurement and labor costs for interconnecting process pipe, valves, and fittings. Cost for civil works including WTP foundation and yard piping are based on quantity and unit cost estimates. The WTP will be housed in a 35,100 square-foot tensioned fabric structure. The direct estimated cost of the WTP in Year 6 is US$24.8 million and the total cost with indirect costs and 20% contingency is US$37.6 million. In Year 17, when the microfiltration and reverse osmosis systems are expanded, an additional total sustaining capital cost of US$3.3 million will be required, bringing the total WTP capital cost to US$40.9 million.

Operating Cost

ISL Well Field Operating Cost

Well field operating costs include labor, supplies (acid, etc.), and consumables which are shown in Table 12 below. Initial well field operations involve injection of acidified raffinate from the SX-EW plant into injection wells under gravity flow, recovery of PLS from production wells, pumping the recovered PLS to a tank or pond for treatment in the SX-EW plant, maintenance of the wells and well field, reconfiguring well equipment, and revising piping and electrical equipment within the well field as required.

Table 12: ISL Well Field Operating Cost Breakdown (LOM in US$000)

	Base Case With Acid Plant		Alternate Case Without Acid Plant	
Item	LOM Cost	Cost per Lb. Cu	LOM Cost	Cost per Lb. Cu
Operating Labor and Fringes	$12,265	$0.01	$12,265	$0.01
Power	$62,875	$0.04	$62,875	$0.04
Reagents	$344,741	$0.20	$832,346	$0.49
Maintenance	$25,649	$0.02	$25,649	$0.02
Supplies and Services	$4,848	$0.00	$4,848	$0.00
Total	**$450,377**	**$0.27**	**$937,982**	**$0.56**

SX-EW Operating Cost

The operating cost for the SX-EW facility include the SX-EW plant, the water treatment plant, and general administrative cost and is estimated to be US$0.42 per pound of copper produced. Operating cost for the ISL well field is discussed in a separate section. The SX-EW operating costs are summarized in Table 13 below.

Table 13: Summary SX-EW Operating Cost (LOM in US$000)

	Base Case With Acid Plant		Alternate Case Without Acid Plant	
Item	LOM Cost	Cost per Lb. Cu	LOM Cost	Cost per Lb. Cu
Water Treatment Plant	$199,721	$0.12	$199,721	$0.12
SX-EW	$360,769	$0.21	$367,601	$0.22
General and Administration	$147,260	$0.09	$147,260	$0.09
Total	**$707,750**	**$0.42**	**$714,581**	**$0.42**

Sulfuric Acid Plant

The annual operating costs for the sulfuric acid plant, power plant, and associated facilities is US$22.4 million or US$45.47 per ton sulfuric acid. The acid plant operating costs are summarized in Table 14 below.

Table 14: Acid Plant Operating Costs

Annual Sulfuric Acid Production	492,750	tons / year
	Annual Cost (US$000)	Cost / ton Acid
Labor	$1,590	$3.23
Reagents	$19,338	$39.24
Fuels (Propane)	$631	$1.28
Power (Credit)	($5,701)	($11.56)
Maintenance	$4,426	$8.98
Operating Supplies	$2,120	$4.30
Total	**$22,404**	**$45.47**

Reclamation Cost

The reclamation cost of the plant is US$60.1 million. The reclamation cost includes dismantling all buildings and equipment and removing from the site. Above ground concrete will be demolished and removed from site or buried on site. Below ground concrete will remain and be covered. Solution ponds will be drained and the top lining removed to inspect the bottom lining for leaks. If there is evidence of leaks, the bottom lining will be removed, the soil at the site of the leak tested for contamination, and any required remediation performed before the pond can be covered. If no evidence of leaks is found, the top lining can be folded over in place and the pond covered. The ponds must be filled to form a mound to prevent storm water from collecting over the pond and migrating into the pond. The plant site will be regraded to drain surface water. Sludge ponds will need to be closed in place without draining and a soil cover installed on top of accumulated sludge. Roads will be left in place; however, asphalt will be removed. The plant site and solution and evaporation ponds will be hydro-seeded for plant growth.

The reclamation cost for the sulfuric acid plant was estimated using ratios of reclamation costs to total capital cost from the SX-EW reclamation estimate. The acid plant reclamation costs are estimated to be US$8.7 million.

Economic Analysis

The financial evaluation presents the determination of the NPV, payback period (time in years to recapture the initial capital investment), and the IRR for the Gunnison Project. Annual cash flow projections were estimated over the life of the operation based on the estimates of capital expenditures and production cost and sales revenue. The sales revenue is based on the production of a copper cathode.

The economic analysis was conducted on two cases 1) a base case that includes the construction of a sulfuric acid plant in Year 2 of operation and 2) an alternate case that uses purchased sulfuric acid for the life of the operation. Both cases use a copper price of US$2.75/lb.

The economic analysis for the base case before taxes indicates an IRR of 60% and a payback period of 1.8 years. The NPV before taxes is US$1,236.8 million at a 7.5% discount rate.

The economic analysis for the base case after taxes indicates that the Gunnison Project has an IRR of 44.7% with a payback period of 2.4 years. The NPV after taxes is US$824.2 million at a 7.5% discount rate. Table 15 compares the financial indicators for the base case and the alternate plan.

Table 15: Financial Indicators

	Base Case	Alternate Plan
Years of Commercial Production	20	20
Total Copper Produced (million lbs)	1,682	1,682
LOM Copper Price (avg US$/lb)*	$2.75	$2.75
Initial Capital Costs (million US$)	$284.8	$284.8
Sustaining Capital Costs (million US$)	$598.8	$525.2
Payback of Capital (pre-tax/after-tax)	1.8/2.4	1.5/2.0
Internal Rate of Return (pre-tax/after-tax)	60%/45%	61%/46%
Life of Mine Direct Operating Cost (US$/pound Cu Recovered)	$0.68	$0.98

Life of Mine Total Production Cost (US$/pound Cu Recovered)	$0.82	$1.10
Pre-tax NPV at 7.5% discount rate (million US$)	$1,236.8	$1,063.0
After-tax NPV at 7.5% discount rate (million US$)	$824.2	$720.4

*Price provided by Excelsior

Table 16 compares the base case project financial indicators with the financial indicators when other different variables are applied. By comparing the results it can be seen that fluctuation in the copper price has the most dramatic impact on Project economics. Fluctuation in the initial capital cost has the least impact on Project economic indicators.

Table 16: Base Case After-Tax Sensitivities

Copper Price			
	NPV @ 7.5% ($US000)	IRR%	Payback
Base Case	$ 824,168	44.7%	2.4
20%	$ 1,154,037	56.6%	1.9
10%	$ 989,271	50.7%	2.1
-10%	$ 659,065	38.6%	2.7
-20%	$ 493,755	32.2%	3.0
Operating Cost			
	NPV @ 7.5% ($US000)	IRR%	Payback
Base Case	$ 824,168	44.7%	2.4
20%	$ 753,472	42.5%	2.5
10%	$ 788,820	43.6%	2.4
-10%	$ 859,516	45.8%	2.3
-20%	$ 894,823	46.9%	2.3
Initial Capital			
	NPV @ 7.5% ($US000)	IRR%	Payback
Base Case	$ 824,168	44.7%	2.4
20%	$ 787,458	38.7%	2.6
10%	$ 805,813	41.5%	2.5
-10%	$ 842,523	48.5%	2.2
-20%	$ 860,878	53.0%	2.1

The alternate plan economic after tax sensitivities are shown below.

Table 17: Alternate Plan After-Tax Sensitivities

Copper Price			
	NPV @ 7.5% ($US000)	IRR%	Payback
Base Case	$ 720,376	46.1%	2.0
20%	$ 1,048,320	58.8%	1.6
10%	$ 884,521	52.5%	1.8
-10%	$ 555,255	39.4%	2.2
-20%	$ 390,098	32.2%	2.6
Operating Cost			
	NPV @ 7.5% ($US000)	IRR%	Payback
Base Case	$ 720,376	46.1%	2.0

20%	$ 618,662	43.0%	2.1
10%	$ 669,537	44.5%	2.0
-10%	$ 770,633	47.6%	1.9
-20%	$ 820,543	49.1%	1.9
Initial Capital			
	NPV @ 7.5% ($US000)	IRR%	Payback
Base Case	$ 720,376	46.1%	2.0
20%	$ 683,671	39.4%	2.3
10%	$ 702,023	42.5%	2.1
-10%	$ 738,729	50.3%	1.8
-20%	$ 757,081	55.5%	1.6

Taxes

Property, Severance and Income Taxes

Property and severance taxes are estimated to be US$83.7 million and average US$0.05 per pound of copper recovered. Property taxes were estimated to be approximately US$2 million per year during production, totaling US$40.2 million for the life of the operation. Severance taxes are calculated as 2.5% of net proceeds before taxes from mining. Severance taxes are estimated to be approximately US$43.5 million for the life of the operation.

The combined federal and state corporate income tax rate in Arizona is 39.53 percent and is applied to 'taxable income' derived from the Gunnison Project. Taxable income for income tax purposes is defined as metal revenues minus operating expenses, royalty, property and severance taxes, reclamation and closure expense, depreciation and depletion.

Income taxes are estimated by applying state and federal tax rates to taxable income. The primary adjustments to taxable income are tax depreciation and the depletion deduction. Income taxes estimated in this manner total US$753.9 million for the life of the Gunnison Project.

Royalties

There are two royalties on the Excelsior properties including a state royalty and a gross revenue royalty to Callinan. A state royalty is payable for production from beneath land leased from the State of Arizona. The amount is set by the Arizona State Land Department for each lease based on an appraisal of "market royalty rates". The exact wording on the lease states "The Lessee further agrees to pay as royalty 5% of the gross value of all copper produced from the leased premises, until such time as Lessee submits certain geologic and economic information, to Lessor's satisfaction, sufficient for Lessor to formulate and replace the royalty rate set forth above, with a sliding scale royalty. The sliding scale royalty shall be mutually agreed to in writing at the time Lessor agrees to institute it." The Callinan royalty is 0.5% of gross revenue for the entire production of the Project.

Subsequent to the date of the Technical Report, this royalty increased to be 1.0% of gross revenue for the entire production of the Project. However, the economic analysis in the Technical Report was completed on the basis of the Callinan royalty being 0.5% of gross revenue for the entire production of the Project.

Interpretation and Conclusions

A production schedule has been developed using input from independent consultants and existing Gunnison Project data. The production schedule anticipates recovery of 47% of the mineral reserves resulting in production of 1,682 million pounds of cathode copper over a mine life of 20 years.

The base-case economic analysis indicates an after-tax NPV of US$824.2 million at a 7.5% discount rate with a projected IRR at 44.7%. The base case includes a sulfuric acid plant constructed in Year 2 to supply the acid for ISL copper extraction. If the sulfuric acid plant is replaced by purchased sulfuric acid supplied by rail, the NPV at a 7.5% discount rate is US$720.4 million with projected IRR of 46.1%. Payback in Year 3 of production is anticipated with the acid plant case or in Year 2 in the case using purchased sulfuric acid.

The economics are based on US$2.75/lb long-term copper price, and a design copper production rate of 110 million pounds per year for this first 14 years, decreasing in the final 6 years of mine life. Direct operating costs are estimated at US$0.68/lb of copper in the acid plant case and US$0.98/lb of copper using purchased acid. Initial capital costs are estimated at US$284.8 million. Sustaining capital costs of US$598.8 million are projected in the sulfuric acid plant case and US$525.2 million using purchased sulfuric acid.

Project Risks

As with any pre-development property, there are risks and opportunities attached to the Project that will need further assessment as the Project moves forward. Typical risks for mining projects in the USA include environmental permitting, title issues, taxation, public/political opposition, or legal impediments to operating this type of mining/processing operation at this location.

The following Project-specific risks have been identified along with the measures that Excelsior envisages to mitigate the risk.

- **Copper recovery.** The ISL process for recovering copper from oxidized mineralization in fractured bedrock has not been tested at this site. Metallurgical testing has established that mineralization is amenable to copper leaching and recovery. Laboratory testing results have been extrapolated to simulate results of ISL in bedrock; however, these extrapolated results may not reflect eventual mining performance. Potential problems include:
    - Recovery rates that are slower than predicted
    - Hydrological conditions at depth resulting in reduced copper recoveries
    - Short-circuiting of leaching solutions along major fractures
    - Reduced acid strength due to neutralization by carbonates
    - Low fracture density resulting in poor contact of leach solution with copper oxides

- **Mitigation.** Many of these risks can be addressed by completing more extensive aquifer testing and conducting a pilot test to confirm that laboratory recovery rates can be translated to operational copper recovery. Copper recovery estimates of 47% of total copper have been reduced from theoretical maximums in an attempt to compensate for this uncertainty.

- **Reagent consumption/cost.** This Project relies on reagents, especially large volumes of sulfuric acid to accomplish the mobilization of copper from the subsurface and to produce a saleable product. Increases in the price of reagents would have a negative impact on the economics of the Project.

- **Mitigation.** The Project has two options for obtaining sulfuric acid: purchasing liquid acid and making acid from molten sulfur. Sulfuric acid is used extensively in the production of copper worldwide. A dramatic increase in the price of sulfur would likely result in an increase in the price of copper to partially compensate for higher reagent costs, mitigating the financial impact of the higher reagent cost.

- **Well design.** The well design consists of a borehole cased through the alluvial material into the mineralized bedrock with an open borehole through the productive portion of the mineralized material. Problems may arise in the construction of these wells that would increase drilling costs which are currently part of initial and sustaining capital costs. Borehole instability could result in the need to provide well screens resulting in larger boreholes and additional costs.

- **Mitigation.** The proposed well design can be tested in the next phase of investigation to evaluate the adequacy of construction method and borehole stability to minimize potential problems during implementation and reduce uncertainty concerning well field construction costs.

- **Gypsum formation/rinsing.** Mineralized areas with significant carbonate content may reach saturation and cause precipitation of calcium sulfate (gypsum) in the formation. Precipitates forming in fractures might reduce flow rates in the formation, retarding the leaching of copper oxides with a consequent reduction in the rate of copper recovery. Gypsum precipitates might also require more water to fully rinse the formation, causing an increase in water treatment costs.

- **Mitigation.** Additional metallurgical testing is planned to enable assessment of these issues. Noting the impact in flow reduction and rinsing volume requirements should provide greater confidence in the copper recovery and rinsing projections. Leaching schedules have already been lengthened, pumping rates and porosity reduced through time in this prefeasibility study to compensate for uncertainties associated with these types of issues.

- **Permitting difficulties.** Permitting for mining projects in the western USA and Arizona in particular has been an arduous and unpredictable task in the recent past. Public opposition can be mobilized from outside of the local community by groups that tend to obstruct mining projects. Permitting the sulfuric acid plant may be more difficult in the future due to its air quality implications when compared to the well field/plant issues that are already mitigated somewhat by the presence of SX-EW operations in the immediate vicinity.

- **Mitigation.** Permitting difficulties can be mitigated by developing support within the local community, identifying and fixing potential areas of contention before they arise, getting support from community leaders in advance of applying for permits. Another measure is developing realistic permitting schedules that incorporate time to deal with legal challenges which also helps minimize deleterious consequences.

Project Opportunities

Several opportunities have be identified which could enhance the viability and economic attractiveness of the Project. Many of these opportunities may be realized by removal of risk and uncertainty that are present at the prefeasibility level.

- **Copper recoveries.** The anticipated copper recovery of 47 percent of total copper is an estimate based on the best interpretation of existing test work. This copper recovery could be exceeded in practice. Additional testing of mineralized core samples and aquifer properties with regard to flow rates, well connectivity, and fracture density could result in improvement of copper recovery

projections. This could result from an improvement of the rate of recovery, as well as improvement of the total copper recovered. Improvements in the rate of recovery would mean that the PLS grade to the plant would be higher, permitting a reduction in SX-EW flow for the same level of copper production, lowering operational costs, or that the increased grade could result in more copper production for the same operating cost. Improvements in total copper recovered have the obvious benefit of increasing total revenue during the life of the mine.

- **Increased copper price.** The current financial analysis is based on a copper price of US$2.75 per pound. This price is higher than present copper prices; however it is lower than those experienced over the past four years, which have been consistently higher than US$3.00 until December 2014. Global demand increases for copper have the potential to drive copper prices higher, thereby increasing the economic outlook for the Project.

- **Additional resources.** The mineral resource estimate includes 338 million tons of inferred mineral resources at an average grade of 0.21% total copper. It is uncertain if further exploration will result in this mineralization being delineated as an indicated or measured mineral resource. However, if these inferred mineral resources can be converted to the measured or indicated categories they have the potential to increase the mineral reserve and improve the economic outlook of the Project.

- **Well field Optimization.** No effort has been made to optimize well spacing for the Project. Increasing the spacing between wells would result in fewer wells and lower initial and sustaining capital costs for the Project. Operator experience in over the life of operation also has the potential to also increase well spacing distances and reduce capital costs.

Recommendations and Plans for Future Development

Based on the results of this prefeasibility study, it is recommended the authors of the Technical Report that Excelsior proceed with the Gunnison Project and conduct the work necessary to complete a feasibility study. The following recommendations are considered to be appropriate steps to advance the design, engineering, and permitting to the feasibility level. The Company intends to follow the recommendations listed below in order to complete a feasibility study at the Gunnison Project.

Metallurgical Recommendations

Additional metallurgical testing is recommended for the feasibility study to provide additional information on the leaching behavior of the deposit and reduce uncertainties concerning rates, acid consumption, recoveries, and costs. Specific areas that have been identified for further investigation include sweep efficiency, long-term recovery rates, acid consumption, rinsing procedures and rates, and reduction in the in situ formation of gypsum during leaching.

A pilot study should be completed to field test copper recovery rate, sweep efficiency and acid consumption. Until this is complete, efforts should focus on estimating or modeling operational in-situ recovery through standard and innovative laboratory test work and detailed geochemical modeling.

Hydrogeological Recommendations

Additional aquifer testing is recommended to more thoroughly characterize aquifer properties and variations that control the movement of leaching solutions through the mineralized bedrock. Characterization of hydraulic conductivity, effective porosity, and aquifer continuity are critical to evaluation of the performance of the leaching process. Investigation of potential conduits or barriers to

groundwater flow is also critical to the design of the well field and success in controlling leach solutions circulated in the well field.

The results of these hydrogeological investigations should be used to construct a numerical groundwater flow and transport model to simulate the planned ISL operation, demonstrate the ability to maintain hydraulic control during operations, and evaluate the effects of groundwater movement in the post-closure period.

Process Recommendations

Minor additional design and engineering work is recommended to bring the process plant design up to a feasibility level. Plant design efforts should focus on advancing functionality and efficiency of the plant layout and responding to any changes brought about by work in other disciplines. Plant design and engineering may be necessary to keep up with changes in permitting considerations, production goals, or in response to findings of proposed metallurgical testing. Details of the piping, controls, and containment for the well field collection and distribution system need to be worked out. Minor engineering details in the process need to be worked out and equipment sizing needs to be optimized for the process.

Water Treatment

Additional work on the water treatment process is necessary to advance the design and cost estimate to a feasibility level. This work should include developing a detailed process flow diagram, piping and instrumentation diagrams, electrical one-line diagram, detailed equipment arrangement, control system narrative, ancillary and utility interface design, specifications index, preliminary construction timeline, refining the water balance, testing to validate the process design and reagent consumption, and a feasibility-level capital and operating cost estimate. Water and sediment management plans are recommended to determine the size and number of process water impoundments that are needed at each phase of the operation and to achieve the sediment density goals. This work should include plans and costs associated with pond closure and reclamation.

Permitting

A Work Plan will be developed for obtaining the necessary permits to construct and operate the Gunnison Project. Additional data collection needs should be identified for the significant permit applications. Work should continue with ADEQ and EPA to establish the requirements and schedule for the completion of the Aquifer Protection Permit (APP) and the Class III Underground Injection Control (UIC) permit.

Budget for Additional Work

Excelsior has developed a budget for expenditures in the next phase of the Gunnison Project to include the above recommendations. The budget, shown in Table 18 below, appears to be reasonable for the defined scope of work.

Table 18: Feasibility Budget for the Gunnison Copper Project

	Item[1]	Cost (US$)
36 Holes	Hydrology (drilling, geophysics, assay)	2,400,000
	Hydrology (pump tests and modelling)	950,000
12 holes	Metallurgical Drilling	660,000
	Metallurgical Testing	810,000
13 holes	Resource Upgrade	1,160,000
	Geochemical Modelling	110,000
	Total	6,090,000

[1] Technical budget does not include engineering/design costs

Other Assets

The Company does not have any material assets other than those described above.

RISK FACTORS

An investment in the securities of the Company may be regarded as highly speculative due to the nature of the Company's business and Company's stage of development. The following risk factors, as well as risks currently unknown to the Company could materially affect the Company's future results and could cause them to differ materially from those described in forward-looking information relating to the Company. Investors should give careful consideration to all of the information contained in this AIF and, in particular, to the following risk factors:

Risks Relating to the Business of the Company

Excelsior depends on a single mineral project.

The Gunnison Project accounts for all of Excelsior's mineral resources and mineral reserves and exclusively represents the current potential for the future generation of revenue. Mineral exploration and development involves a high degree of risk that even a combination of careful evaluation, experience and knowledge cannot eliminate and few properties that are explored are ultimately developed into producing mines. Any adverse development affecting the Gunnison Project will have a material adverse effect on Excelsior's business, prospects, financial position, results of operations and cash flows.

The successful start of mining operations at, and the development of, the Gunnison Project into a commercially viable mine cannot be assured.

Development of mineral properties involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The commercial viability of a mineral deposit is dependent upon a number of factors which are beyond the Company's control, including the attributes of the deposit, commodity prices, government policies and regulation and environmental protection. Fluctuations in the market prices of minerals may render resources and deposits containing relatively lower grades of mineralization uneconomic.

There are numerous activities that need to be completed in order to successfully commence development and production at the Gunnison Project, including, without limitation: completing a feasibility study,

optimizing the mine plan; recruiting and training personnel; negotiating contracts for railway transportation and for the sale of copper; updating, renewing and obtaining, as required, all necessary permits, including, without limitation, environmental permits; and handling any other infrastructure issues. There is no certainty that Excelsior will be able to recruit and train personnel, have available funds to finance construction and development activities, avoid potential increases in costs, negotiate railway transportation or copper sales agreements on terms that would be acceptable to Excelsior, or that Excelsior will be able to update, renew and obtain all necessary permits to start or to continue to operate the Gunnison Project. Most of these activities require significant lead times, and Excelsior will be required to manage and advance these activities concurrently in order to begin production. A failure or delay in the completion of any one of these activities may delay production, possibly indefinitely, at the Gunnison Project and would have a material adverse effect on Excelsior's business, prospects, financial position, results of operations and cash flows.

As such, there can be no assurance that Excelsior will be able to complete development of the Gunnison Project at all, or in accordance with any timelines or budgets that may be established due to, among other things, and in addition to those factors described above, the delivery and installation of plant and equipment and cost overruns, or that the current personnel, systems, procedures and controls will be adequate to support operations. Failure to successfully complete these events as expected would have a material adverse effect on Excelsior's business, prospects, financial position, results of operations and cash flows.

There is no assurance that Excelsior will ever achieve production or that Excelsior will ever be profitable if production is achieved.

Mineral resource and mineral reserve calculations are only estimates.

Any figures presented for mineral resources and mineral reserves in this AIF, the documents incorporated by reference herein and the Technical Report are only estimates. There is a degree of uncertainty attributable to the calculation of mineral reserves and mineral resources as they are determined based on assumed future prices, cut off grades and operating costs. Until mineral reserves or mineral resources are actually mined and processed, the quantity of metal and grades must be considered as estimates only and no assurances can be given that the indicated levels of metals will be produced. In making determinations about whether to advance any part of the Gunnison Project to development, Excelsior must rely upon estimated calculations as to the mineral reserves, mineral resources and grades of mineralization on the Gunnison Project.

Estimating mineral reserves and mineral resources is a subjective process that relies on the judgment of the persons preparing the estimates. Estimates of mineral resources are, to a large extent, based on the interpretation of geological data obtained from drillholes and other sampling techniques. This information is used to calculate estimates of the configuration of the mineral resource, expected recovery rates, anticipated environmental conditions and other factors. As a result, mineral resource estimates for the Gunnison Project may require adjustments or downward revisions based upon further exploration or development work or upon actual production experience, thereby adversely impacting the economics of the Gunnison Project. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. Any material change in the quantity of mineralization or grade may render portions of the Company's mineralization uneconomic and result in reduced reported mineralization. Any material reductions in estimates of mineralization, or of the Company's ability to extract this mineralization, could have a material adverse effect on the Company's results of operations or financial condition.

Changes in the market price of copper, which in the past has fluctuated widely, will affect the projected results of Excelsior's operations, financial position and cash flows.

Excelsior's revenues in the future, if any, are expected to be derived in large part from the sale of copper. The price of this commodity has fluctuated widely in recent years and is affected by factors beyond the control of Excelsior including, but not limited to international economic and political trends, changes in industrial demand, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends, speculative activities, the availability and costs of substitutes and changes in the supply of this commodity due to new mine developments and mine closures. All of these factors, which are impossible to predict with certainty, will impact the viability of the Gunnison Project.

Reduction in the demand for cooper in the Chinese markets may negatively impact Excelsior's operations and financial condition.

China has been a significant driver of global demand for minerals and metals, including copper. A slowing in China's economic growth could result in lower prices and demand for copper. China is increasingly seeking strategic self-sufficiency in key commodities, including investments in existing businesses or new developments in other countries. These investments may adversely impact future copper demand and supply balances and prices.

Excelsior will require additional capital in the future, and no assurance can be given that such capital will be available at all or available on terms acceptable to Excelsior.

Excelsior currently has limited financial resources and no cash flow from production. Further development and exploration of the Gunnison Project depends upon Excelsior's ability to obtain financing through strategic partnerships, equity or debt financings, production-sharing arrangements or other dilutive or non-dilutive means. There is no assurance that Excelsior will be successful in obtaining required financing on acceptable terms, or at all. If Excelsior is unable to obtain additional financing it may consider other options, such as (i) selling assets, (ii) selling equity, or (iii) selling interests in the Gunnison Project. If Excelsior raises additional funding by issuing additional equity securities or other securities that are convertible into equity securities, such financings may substantially dilute the interest of existing or future shareholders. Sales or issuances of a substantial number of securities, or the perception that such sales could occur, may adversely affect the prevailing market price of Excelsior's Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in earnings per share. Failure to obtain additional financing could result in an indefinite postponement of further exploration and development of the Gunnison Project and will have a material adverse effect on Excelsior's business, prospects, financial position, results of operations and cash flows.

Excelsior has no history of mining operations and no revenue from operations.

Excelsior has no history of mining operations and to date has generated no revenue from operations. As such, Excelsior is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that it will successfully produce copper, generate revenue, operate profitably or provide a return on investment in the future. Other factors mentioned in this AIF may also prevent Excelsior from successfully operating a mine.

Excelsior has a history of losses and expects to incur losses for the foreseeable future.

Excelsior has incurred losses since its inception and expects to incur losses for the foreseeable future. Excelsior expects to continue to incur losses unless and until such time as the Gunnison Project enters into commercial production and generates sufficient revenues to fund continuing operations. The development of the Gunnison Project will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, including the progress of ongoing exploration, evaluation and development, the results of consultant analysis and recommendations, the rate at which operating losses are incurred, the execution of any agreements with strategic partners, and Excelsior's acquisition of additional properties. Some of these factors are beyond Excelsior's control. There can be no assurance that Excelsior will ever achieve profitability.

Excelsior requires various permits in order to conduct its current and anticipated future operations, and any delays in obtaining or a failure to obtain such permits, or a failure to comply with the terms of any such permits that Excelsior has obtained or will obtain, could have a material adverse impact on Excelsior.

Excelsior's current and anticipated future operations, including further exploration, evaluation and development activities and commencement of production on the Gunnison Project, require permits from various United States federal, state, and local government authorities. Obtaining or renewing governmental permits is a complex and time-consuming process. The duration and success of efforts to obtain and renew permits are contingent upon many variables not within Excelsior's control.

Shortage of qualified and experienced personnel in the various levels of government could result in delays or inefficiencies. Backlog within the permitting agencies could affect the permitting timeline of the Gunnison Project. Other factors that could affect the permitting timeline include (i) the number of other large-scale projects currently in a more advanced stage of development which could slow down the review process for the Gunnison Project and (ii) significant public response regarding the Gunnison Project. There can be no assurance that all permits which Excelsior requires for its exploration and development activities and later construction of mining facilities and the conduct of mining operations will be obtainable or renewable on reasonable terms, or at all. Delays or a failure to obtain such permits, or the expiry, revocation or a failure to comply with the terms of any such permits that Excelsior has obtained, could have a material adverse impact on Excelsior.

Title and other rights to the Gunnison Project cannot be guaranteed and may be subject to prior unregistered agreements, transfers or claims and other defects.

Excelsior cannot guarantee that title to the Gunnison Project will not be challenged. Excelsior may not have, or may not be able to obtain, all necessary surface rights to develop the Gunnison Project. Title insurance generally is not available for mineral properties and Excelsior's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions comprising the Gunnison Project may be severely constrained. The Gunnison Project may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. Excelsior has not conducted surveys of all of the claims in which it holds direct or indirect interests. A successful challenge to the precise area and location of these claims could result in Excelsior being unable to operate on all or part of the Gunnison Project as permitted or being unable to enforce its rights with respect to all or part of the Gunnison Project. This could result in Excelsior not being compensated for its prior expenditures relating to the property.

Excelsior needs to enter into contracts with external service and utility providers.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. In order to develop a mine at the Gunnison Project, Excelsior will need to negotiate and conclude various agreements with external service and utility providers for power, water, transportation and shipping and these are important determinants that affect capital and operating costs.

There is no certainty that Excelsior will be conclude various agreements with external service and utility providers on economically feasible terms and this could have a material adverse effect on Excelsior's results of operations, financial position and cash flows and render the development of a mine on the Gunnison Project unviable.

Mining operations generally involve a high degree of risk.

In the event that the Gunnison Project commences mining operations, there are significant risks associated with these mining operations. Excelsior's mining operations are subject to all of the hazards and risks normally encountered in the exploration for and development and production of metals, including, but not limited to: unusual and unexpected geologic formations, environmental hazards, seismic activity, structural collapse, fire, flooding, variations in grade, deposit size, density and other geological problems, hydrological conditions, metallurgical and other processing problems, mechanical equipment performance problems, industrial accidents, the unavailability of materials and equipment including fuel, labour force disruptions, unanticipated transportation costs, unanticipated regulatory changes, unanticipated or significant changes in the costs of supplies including, but not limited to, petroleum, and adverse weather conditions and other conditions involved in the drilling and removal of material, these and other hazards may cause damage to, or destruction of, all or part of the Gunnison Project and other facilities, injuries or death to employees, contractors or other persons at the Company's mineral properties, severe damage to and destruction of the Company's property, plant and equipment, and contamination of, or damage to, the environment, and may result in the suspension of the Company's exploration and development activities and any future production activities. Safety measures implemented by the Company may not be successful in preventing or mitigating future accidents.

In addition, from time to time the Company may be subject to governmental investigations and claims and litigation filed on behalf of persons who are harmed while at its properties or otherwise in connection with the Company's operations. To the extent that the Company is subject to personal injury or other claims or lawsuits in the future, it may not be possible to predict the ultimate outcome of these claims and lawsuits due to the nature of personal injury litigation. Similarly, if the Company is subject to governmental investigations or proceedings, the Company may incur significant penalties and fines, and enforcement actions against it could result in the closing of the Gunnison Project. If claims and lawsuits or governmental investigations or proceedings are finally resolved against the Company, the Company's financial performance, financial position and results of operations could be materially adversely affected.

Although Excelsior maintains insurance to protect against certain risks, insurance will not cover all of the potential risks associated with the Company's operations. Excelsior also may be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Excelsior or to other companies in the mining industry on acceptable terms. Excelsior might also become subject to liability for pollution or other hazards against which it may not be insured or that Excelsior may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Excelsior to incur significant costs that could have a material adverse effect upon its financial position, results of operations and cash flows.

Excelsior is subject to significant governmental regulation.

Excelsior's operations and exploration and development activities in the United States are subject to extensive federal, state and local laws and regulation governing various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, taxation, mining royalties, management of tailing and other waste generated by operations, labour standards and occupational health and safety, including mine safety, and historic and cultural preservation.

Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining or curtailing operations or requiring corrective measures, installation of additional equipment or remedial actions, any of which could result in Excelsior incurring significant expenditures. Excelsior may also be required to compensate private parties suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or a more stringent enforcement of current laws and regulations by governmental authorities, could cause Excelsior to incur additional expense, capital expenditures, restrictions on or suspensions of Excelsior's operations and delays in the development of the Gunnison Project.

Excelsior's activities are subject to environmental laws and regulations that may increase Excelsior's costs of doing business and restrict the Company's operations.

All of Excelsior's exploration, potential development and production activities in the United States are subject to regulation by governmental agencies under various environmental laws, including with respect to, air emissions, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Environmental legislation, including with respect to climate change, in many countries is evolving and the trend has been towards stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and increasing responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of Excelsior and may cause material changes or delays in Excelsior's intended activities. There can be no assurance that future changes in environmental regulations will not adversely affect Excelsior's business, and it is possible that future changes in these laws or regulations could have a significant adverse impact on some portion of Excelsior's business, causing Excelsior to re-evaluate those activities at that time. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulator or judicial authorities, causing operations to cease or to be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

Environmental hazards may exist on the Gunnison Project that are unknown to Excelsior at the present time and that have been caused by previous owners or operators or that may have occurred naturally. Excelsior may be liable for remediating such damage.

Excelsior may experience difficulty attracting and retaining qualified management and technical personnel to meet the needs of its anticipated growth.

Excelsior is dependent on the services of key executives including Excelsior's Chief Executive Officer and Vice President, Exploration, and other highly skilled and experienced executives and personnel

focused on managing Excelsior's interests and the advancement of the Gunnison Project, and on identifying new opportunities for growth and funding. Due to Excelsior's relatively small size, the loss of these persons or Excelsior's inability to attract and retain additional highly skilled employees required for the development of Excelsior's activities may have a material adverse effect on Excelsior's business or future operations.

In addition, Excelsior anticipates that if it brings the Gunnison Project into production and where appropriate, acquires additional mineral rights, Excelsior will experience significant growth in its operations. Excelsior expects this growth to create new positions and responsibilities for management and technical personnel and to increase demands on its operating and financial systems. There can be no assurance that Excelsior will successfully meet these demands and effectively attract and retain additional qualified personnel to manage its anticipated growth. The failure to attract such qualified personnel to manage growth would have a material adverse effect on Excelsior's business, financial position, results of operations and cash flows.

Increased competition could adversely affect Excelsior's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

The mining industry is intensely competitive. Significant competition exists for the acquisition of properties producing or capable of producing copper or other metals. Excelsior may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than Excelsior. Excelsior also may encounter increasing competition from other mining companies in its efforts to hire experienced mining professionals. The Company's competitors may be able to respond more quickly to new laws or regulations or emerging technologies, or devote greater resources to the expansion of their operations, than the Company can. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Competition for exploration resources and services at all levels is currently very intense, particularly affecting the availability of manpower, drill rigs and helicopters. Increased competition could adversely affect Excelsior's ability to attract necessary capital funding or to acquire suitable producing properties or prospects for mineral exploration in the future. If Excelsior is unsuccessful in acquiring additional mineral properties or services or qualified personnel it will not be able to grow at the rate it desires, or at all. The Company may not be able to compete successfully against current and future competitors, and any failure to do so could have a material adverse effect on the Company's business, financial condition or results of operations.

Conflicts of interest may arise among the Company's directors and officers as a result of their involvement with, or shareholdings in, other mineral resource companies.

Certain of Excelsior's directors and officers also serve as directors or officers for, or have significant shareholdings in, other companies involved in natural resource exploration and development or mining-related activities (as more particularly described under "Directors and Officers – Conflicts of Interest"). To the extent that such other companies may participate in ventures in which Excelsior may participate in, or in ventures which Excelsior may seek to participate in, its directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In all cases where the Company's directors and officers have an interest in other companies, such other companies may also compete with Excelsior for the acquisition of mineral property investments. Such associations may give rise to conflicts of interest for Excelsior's directors and officers resulting in a material and adverse effect on the Company's profitability, results of operation and financial condition. As a result of these potential conflicts of interest, Excelsior may miss the opportunity to participate in certain transactions, which may have a material adverse effect on its financial position. The directors of the Company are required by law

to act honestly and in good faith with a view to the best interests of the Company and its shareholders and to disclose any interest which they may have in any project or opportunity of the Company, but each officer or director has the identical obligation to other companies for which such officer or director serves as an officer or director.

Excelsior is exposed to exchange rate fluctuations because it raises funds in Canadian dollars and its costs are incurred in US dollars.

Exchange rate fluctuations may affect the costs that Excelsior incurs in its operations. Excelsior raises funds in Canadian dollars and its costs are incurred principally in US dollars. Any appreciation of the US dollar against the Canadian dollar will reduce the purchasing power of each Canadian dollar raised, which could increase the risk that the Company would not be able to finance its operations and projects. The Company has assessed this risk and has not presently adopted an active currency hedging program given the current currency exchange rates.

Excelsior does not intend to pay dividends in the foreseeable future.

No dividends on the Company's Common Shares have been declared or paid by Excelsior to date. Excelsior does not currently anticipate that dividends will be declared in the foreseeable future. Payment of any future dividends, if any, will be at the discretion of Excelsior's Board of Directors after taking into account many factors, including Excelsior's operating results, financial condition and current and anticipated cash needs.

Uncertainty exists related to inferred mineral resources.

There is a risk that inferred mineral resources referred to in this AIF cannot be converted into measured or indicated mineral resources as there may be limited ability to assess geological continuity. Due to the uncertainty that may attach to inferred mineral resources, there is no assurance that inferred mineral resources will be upgraded to resources with sufficient geological continuity to constitute proven and probable mineral reserves as a result of continued exploration. See "Cautionary Note to U.S. Investors".

General economic conditions may adversely affect Excelsior's growth, future profitability and ability to finance.

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A worsening or slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect Excelsior's growth and ability to finance.

Land reclamation requirements for the Gunnison Project may be burdensome.

Land reclamation requirements are generally imposed on mineral exploration companies (as well as companies with mining operations) in order to minimize long term effects of land disturbance. Reclamation may include requirements to:

- treat ground and surface water to drinking water standards;
- control dispersion of potentially deleterious effluents; and
- reasonably re-establish pre-disturbance land forms and vegetation.

In order to carry out reclamation obligations imposed on the Company in connection with exploration, potential development and production activities, Excelsior must allocate financial resources that might otherwise be spent on further exploration and development programs. In addition, regulatory changes could increase the Company's obligations to perform reclamation and mine closing activities. If the Company is required to carry out unanticipated reclamation work, its financial position could be adversely affected.

Risks inherent in the acquisition of new properties.

Excelsior may actively pursue the acquisition of exploration, development and production assets consistent with its acquisition and growth strategy. From time to time, Excelsior may also acquire securities of or other interests in companies with respect to which it may enter into acquisitions or other transactions. Acquisition transactions involve inherent risks, including but not limited to:

- accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;
- ability to achieve identified and anticipated operating and financial synergies;
- unanticipated costs;
- diversion of management attention from existing business;
- potential loss of key employees or key employees of any business acquired;
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition;
- decline in the value of acquired properties, companies or securities;
- assimilating the operations of an acquired business or property in a timely and efficient manner;
- maintaining the Company’s financial and strategic focus while integrating the acquired business or property;
- implementing uniform standards, controls, procedures and policies at the acquired business, as appropriate; and
- to the extent that the Company makes an acquisition outside of markets in which it has previously operated, conducting and managing operations in a new operating environment.

Acquiring additional businesses or properties could place increased pressure on the Company’s cash flow (if any) if such acquisitions involve a cash consideration. The integration of the Company’s existing operations with any acquired business will require significant expenditures of time, attention and funds. Achievement of the benefits expected from consolidation would require the Company to incur significant

costs in connection with, among other things, implementing financial and planning systems. The Company may not be able to integrate the operations of a recently acquired business or restructure the Company's previously existing business operations without encountering difficulties and delays. In addition, this integration may require significant attention from the Company's management team, which may detract attention from the Company's day-to-day operations. Over the short-term, difficulties associated with integration could have a material adverse effect on the Company's business, operating results, financial condition and the price of the Common Shares. In addition, the acquisition of mineral properties may subject the Company to unforeseen liabilities, including environmental liabilities, which could have a material adverse effect on the Company. There can be no assurance that any future acquisitions will be successfully integrated into the Company's existing operations.

Any one or more of these factors or other risks could cause Excelsior not to realize the anticipated benefits of an acquisition of properties or companies, and could have a material adverse effect on its financial condition.

Excelsior may become subject to legal proceedings.

Due to the nature of its business, the Company may become subject to regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, including the effects of discovery of new evidence or advancement of new legal theories, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal. There can be no assurances that these matters will not have a material adverse effect on the Company's business.

Risks Relating to Excelsior's Common Shares

Excelsior's securities are subject to price volatility.

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations that have not been necessarily related to the operating performance, underlying asset values or prospects of such companies such as, the extent of analyst coverage available to investors concerning the business of the Company may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities. There can be no assurance that fluctuations in Excelsior's share price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of Common Shares may be affected by such volatility. A substantial decline in the price of the Common Shares of the Company that persists for a significant period of time could cause the Company's Common Shares to be delisted from an exchange, further reducing market liquidity.

Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Non-U.S. Holders of Common Shares or Warrants could be subject to U.S. federal income tax from the sale or other taxable disposition of Common Shares or Warrants.

The Company believes that, pursuant to Section 7874 of the Code, even though it is organized as a Canadian corporation, the Company should be treated as a U.S. domestic corporation for U.S. federal income tax purposes. The summary below assumes the Company is a U.S. domestic corporation for U.S. federal income tax purposes. However, no tax opinion or ruling from the IRS concerning the U.S. federal income tax characterization of the Company has been obtained and none will be requested. Thus, there can be no assurance that the IRS will not challenge the characterization of the Company as a domestic corporation, or that if challenged, a U.S. court would not agree with the IRS. If the Company is not treated as a U.S. domestic corporation, then the acquisition, ownership and disposition of the Common Shares and Warrants would have materially different implications for Non-U.S. Holders.

In general, a Non-U.S. Holder of Common Shares or Warrants will not be subject to U.S. federal income tax on a gain recognized from a sale, exchange, or other taxable disposition of such Common Shares or Warrants unless:

- the gain is effectively connected with a U.S. trade or business carried on by the Non-U.S. Holder (and, where an income tax treaty applies, is attributable to a U.S. permanent establishment of the Non-U.S. Holder), in which case the Non-U.S. Holder will be subject to tax on the net gain from the sale at regular graduated U.S. federal income tax rates, and if the Non-U.S. Holder is a corporation, may be subject to an additional U.S. branch profits tax at a gross rate equal to 30% of its effectively connected earnings and profits for that taxable year, subject to any exemption or lower rate as may be specified by an applicable income tax treaty;

- the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met, in which case the Non-U.S. Holder will be subject to a 30% tax on the gain from the sale, which may be offset by U.S. source capital losses; or

- the Company is or has been a "U.S. real property holding corporation" ("**USRPHC**") for U.S. federal income tax purposes at any time during the shorter of the Non-U.S. Holder's holding period or the 5-year period ending on the date of disposition of Common Shares or Warrants; provided, with respect to the Common Shares, that as long as the Common Shares are regularly traded on an established securities market as determined under the Treasury Regulations (the "**Regularly Traded Exception**"), a Non-U.S. Holder would not be subject to taxation on the gain on the sale of Common Shares or Warrant Shares under this rule unless the Non-U.S. Holder has owned more than 5% of Common Shares at any time during such 5-year or shorter period (a "**5% Stockholder**"). In determining whether a Non-U.S. Holder is a 5% Stockholder, the Non-U.S. Holder's Warrants may be included in such determination. In addition, certain attribution rules apply in determining ownership for this purpose. The Company has not made a determination as to whether it is currently a USRPHC and the Company can provide no assurances that it is not currently and will not become a USRPHC in the future. The Company can provide no assurances that the Common Shares or Warrants will meet the Regularly Traded Exception at the time a Non-U.S. Holder purchases such securities or sells, exchanges or otherwise disposes of such securities. Non-U.S. Holders should consult with their own tax advisors regarding the consequences to them of investing in a USRPHC. As a USRPHC, a Non-U.S. Holder will be taxed as if any gain or loss were effectively connected with the conduct of a trade or business in the event that (i) such holder is a 5% Stockholder, or (ii) the Regularly Traded Exception is not satisfied during the relevant period.

Future sales or issuances of equity securities could decrease the value of any existing Common Shares, dilute investors' voting power and reduce the Company's earnings per share.

Excelsior may sell additional equity securities in subsequent offerings and may issue additional equity securities to finance its operations, exploration, development, acquisitions or other projects. Excelsior cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of the Common Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in the Company's earnings per share. A decline in the market prices of Company's securities could impair the Company's ability to raise additional capital through the sale of securities should the Company desire to do so.

Future sales by existing shareholders could cause the Company's share price to fall.

Future sales of Common Shares by Greenstone or other shareholders could decrease the value of the Common Shares. Excelsior cannot predict the size of future sales by Greenstone or other shareholders, or the effect, if any, that such sales will have on the market price of the Common Shares. Sales of a substantial number of Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares.

DIVIDENDS

The Company has not, since the date of its incorporation, declared or paid any dividends on its Common Shares and does not currently have a policy with respect to the payment of dividends. For the immediate future, Excelsior does not envisage any earnings arising from which dividends could be paid. The payment of dividends in the future will depend on the Company's earnings, if any, the Company's financial condition and such other factors as the directors of the Company consider appropriate.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of Non-Voting Shares. As of the date of this AIF, 114,801,562 Common Shares and no Non-Voting Shares were issued and outstanding as fully paid and non-assessable shares.

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each Common Share confers the right to one vote in person or by proxy at all meetings of the shareholders of the Company. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the Board of Directors of the Company may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company.

The Non-Voting Shares are restricted securities within the meaning of National Instrument 51-102. Non-Voting Shares do not carry the right to vote at any meetings of the shareholders. Non-Voting shares may be converted at the option of the holder into Common Shares on the basis of one (1) Non-Voting Share for one (1) Common Share of the Company. As the Non-Voting Shares are convertible into Common Shares, pursuant to Multilateral Instrument 62-104, a take-over bid for the Common Shares must also be made to the holders of the Non-Voting Shares.

MARKET FOR SECURITIES

Market

The Company's Common Shares are listed on the TSXV under the trading symbol “MIN” and trade on the OTCQX International under the symbol “EXMGF” and on the Frankfurt Exchange under the symbol “3XS”.

Trading Price and Volume

The following table sets out the monthly high and low trading prices and the monthly volume of trading of the Common Shares of the Company on the TSXV during the most recently completed financial year:

	High ($)	Low ($)	Volume
January 2014	0.63	0.105	34,406,507
February 2014	0.39	0.315	2,796,170
March 2014	0.365	0.26	2,408,383
April 2014	0.355	0.26	1,664,479
May 2014	0.34	0.235	720,251
June 2014	0.32	0.235	1,458,014
July 2014	0.25	0.205	1,440,181
August 2014	0.30	0.235	5,338,032
September 2014	0.30	0.24	5,045,384
October 2014	0.28	0.24	1,612,229
November 2014	0.275	0.22	1,231,282
December 2014	0.265	0.23	1,508,757

Prior Sales

The following summarizes the Common Shares and Warrants issued by Excelsior during the most recently completed financial year.

Date	Description	Number of Securities	Price per Share / Exercise Price ($)
January 20, 2014	Common Shares issued pursuant to the exercise of stock options	100,000	$0.30
January 21, 2014	Common Shares issued pursuant to the exercise of stock options	50,000	$0.30
January 29, 2014	Common Shares issued pursuant to the conversion of non-voting common shares	2,331,000	US$0.50

Date	Description	Number of Securities	Price per Share / Exercise Price ($)
April 7, 2014	Common Shares issued pursuant to the exercise of stock options	50,000	$0.30
June 27, 2014	Common Shares issued pursuant to short-form prospectus financing	16,000,000	$0.25
June 27, 2014	Warrants issued pursuant to short-form prospectus financing	8,000,000	$0.45
July 2, 2014	Common Shares issued pursuant to the conversion of non-voting common shares	4,676,876	US$0.50
September 6, 2014	Common Shares issued pursuant to a non-brokered private placement	20,580,000	$0.34
October 20, 2014	Common Shares issued pursuant to a non-brokered private placement	11,889,507	$0.34

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As at December 31, 2014, the Company has no escrowed securities or securities subject to contractual restriction on transfer except as set out in the table below.

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common	5,800,000[(1)(2)]	10.58%

(1) These Common Shares are beneficially owned by Callinan and the amount is based on information obtained from SEDI. The number of Common Shares beneficially owned by Callinan may be different than this amount.

(2) Pursuant to the terms of the Callinan Agreement, while Callinan holds 5.0% or more of the Common Shares and it decides to assign, transfer or sell Common Shares to a person other than an affiliate of Callinan in amount greater than 30% of the average volume over previous five business days over a single business day, then Callinan is required to give notice to Excelsior of the proposed terms of such sale and Excelsior has a 10 day period to arrange for the sale of the Common Shares on terms that are no less favorable to Callinan than the ones set out in the notice. If Excelsior is not successful in arranging such sale, Callinan is entitled to complete a sale of the Common Shares to a third party purchaser on terms no more favorable to the purchaser than the ones set out in the notice.

DIRECTORS AND OFFICERS

The names and municipalities of residence of the directors and officers of Excelsior as at December 31, 2014, positions held by them with Excelsior and their principal occupations for the past five years are as set forth below. The term of office of each of the present directors expires at the next annual general meeting of shareholders. After each such meeting, the Board of Directors appoints the Company's officers and committees for the ensuing year.

Name, Province or State and Country of Ordinary Residence of Nominee[1] and Present Positions with the Company	Principal Occupation during the last Five Years[1]	Period from which person has been a Director or Officer	Number of Common Shares Held[2]
Mark Morabito Director, Executive Chairman British Columbia, Canada	Chairman and Chief Executive Officer of King & Bay West Management Corp. since December 2009.	April 4, 2007	2,660,666
Stephen Twyerould[6] Director, President, CEO Arizona, USA	President and Chief Executive Officer of the Company since October 14, 2010. President and Chief Executive Officer of AzTech from July 2006 to October 2010.	October 14, 2010	4,676,876
Jay Sujir[3][4] Director British Columbia, Canada	Partner in the law firm of Anfield Sujir Kennedy & Durno LLP	May 14, 2010	88,889
Colin Kinley[3][4][6] Director Kansas, USA	Currently Director and Senior Advisor, President and CEO of Kinley Exploration LLC from 2007 to present; Director and COO of Eco Oil and Gas Ltd. from 2011 to present; President and COO of Adira Energy Ltd. from December 2010 to 2011; President and CEO of Saber Energy Inc. from 2007 to 2009; President CEO of Manx Energy Inc. 2009 to present.	October 14, 2010	Nil
Jim Kolbe[5] Director Arizona, USA	Senior Advisor, McLarty Associates, Strategic Consulting Firm since March 2007.	February 15, 2012	Nil
Steven Lynn[4][5] Director Arizona, USA	Business consultant. Formerly Vice President and Chief Customer Officer at UniSource Energy Corporation and Tucson Electric Power Company from 2000 to 2011.	February 15, 2012	Nil
Michael Haworth[3][6] Director United Kingdom	Managing Partner with Greenstone Capital LLP since August, 2013, Managing Partner with Strata Capital LLP from January 2006 to August 2013.	September 9, 2014	Nil[7]

Name, Province or State and Country of Ordinary Residence of Nominee[1] and Present Positions with the Company	Principal Occupation during the last Five Years[1]	Period from which person has been a Director or Officer	Number of Common Shares Held[2]
Lord Robin Renwick[5] Director United Kingdom	Deputy Chairman Fleming Family and Partners since August 2000; Vice Chairman, Investment Banking Europe, JP Morgan from August 2000 to May 2014.	October 20, 2014	Nil
Roland Goodgame Executive Vice President Colorado, USA	Executive Vice President of the Company since May 22, 2014; Vice President, Exploration of the Company from October 14, 2010 to May 22, 2014; Vice-President of AzTech from November 2007 to October 2010.	October 14, 2010	1,317,182
Carlo Valente Chief Financial Officer British Columbia, Canada	Executive Vice President, King & Bay West Management Corp. since March 2012; Director/Managing Director, PricewaterhouseCoopers LLP from June 6, 2006 to February 2012.	December 1, 2014	20,000
JJ Jennex VP Corporate Affairs British Columbia, Canada	Strategic Advisor, King & Bay West Management Corp. since May 2010; Investor Relations Manager, Hathor Exploration from February 2009 to May 2010.	April 25, 2011	147,734
Rebecca Sawyer VP Sustainability Arizona, USA	Vice President Sustainability of the Company since December 1, 2014; Senior Environmental Coordinator, Freeport McMoRan from April 2008 to November 2013.	December 1, 2014	Nil
Sheila Paine Corporate Secretary British Columbia, Canada	Corporate Secretary of King & Bay Management Corp. from December 2009 to date.	May 17, 2010	3,000

(1) The information as to city and province of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.

(2) Common Shares beneficially owned, directly and indirectly, or over which control or direction is exercised, at the date hereof, based upon the information furnished to the Company by individual directors and officers. Unless otherwise indicated, such Common Shares are held directly. These figures do not include Common Shares that may be acquired on the exercise of any Warrants or stock options held by the respective directors or officers.

(3) Current Member of the Audit Committee of the Company.

(4) Current Member of the Compensation Committee of the Company.

(5) Current Member of the Corporate Governance and nominating committee of the Company.

(6) Current Member of the Project Steering Committee of the Company.

(7) Michael Haworth is the Managing Partner of Greenstone Capital LLP and a Senior Partner of Greenstone Resources. Greenstone Resources, through its affiliate Greenstone, is the beneficial owner of 32,469,507 Common Shares representing approximately 28.28% of the issued and outstanding Common Shares.

The directors, nominees, officers and other members of Management of the Company, as a group beneficially own, directly or indirectly, 8,914,347 Common Shares of the Company representing 7.77% of the total issued and outstanding Common Shares of the Company.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed below, no director or executive officer of the Company is, or has been in the last 10 years, a director, chief executive officer or chief financial officer of any company (including the Company) of an issuer that, while that person was acting in that capacity,

(a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days; or

(a) was subject to an event that resulted, after that person ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the issuer access to any exception under Canadian securities legislation, for a period of more than 30 consecutive days.

Other than as disclosed below, no director or executive officer or shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company:

(a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that while that person was acting in that capacity, or within a year of that person ceasing to act in the capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within 10 years before the date of this AIF become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Other than as disclosed below, no director or officer of the Company or a shareholder holding a sufficient number of Common Shares to affect materially the control of the Company has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Jay Sujir, a director of the Company, is a director of Rio Silver Inc. (formerly Escape Gold Inc. formerly Escape Group Inc.) which has been subject to cease-trade orders in British Columbia and Alberta for

extended periods of time for failure to file financial statements. Mr. Sujir had no association with the company whatsoever at the time the financial statements became overdue or when the cease trade orders were made, and he became a director solely to assist with the resurrection of the company.

Mr. Sujir was also an independent director of Norwood Resources Ltd. ("**Norwood**") from May 2008 until January 2011. In the last quarter of 2010, the board of directors of Norwood determined that delays through the last quarter of 2010 had made Norwood insolvent and believed that Norwood was not financeable, and determined that the interests of stakeholders would best be protected by an assignment into bankruptcy. Norwood declared bankruptcy on January 19, 2011. Mr. Sujir resigned as a director of Norwood on January 19, 2011.

Conflicts of Interest

Certain directors and officers of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations to other public companies in the resource sector may give rise to conflicts of interest from time to time. As a result, opportunities provided to a director of the Company may not be made available to the Company, but rather may be offered to a company with competing interests. The directors and senior officers of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any personal interest which they may have in any project or opportunity of the Company, and to abstain from voting on such matters.

The directors and officers of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interests and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers.

Michael Haworth is a Senior Partner of Greenstone Resources and has disclosed to the Company that he has an interest in any transaction between the Company and Greenstone Resources or Greenstone.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company and its properties are not subject to any legal or other actions, current or pending, which may materially affect the Company's operating results, financial position or property ownership. During the most recently completed financial year, (i) no penalties or sanctions were imposed against the Company by a court or regulatory body and (ii) no settlement agreements were entered into by the Company with a court or a securities regulatory authority.

PROMOTERS

No person has acted as a promoter of the Company during the last two most recently completed financial years or during the current financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth below and other than transactions carried out in the ordinary course of business of the Company or its subsidiary, none of the directors or executive officers of the Company, any shareholder directly or indirectly beneficially owning, or exercising control or direction over, more than 10% of the outstanding Common Shares, nor an associate or affiliate of any of the foregoing persons has had, during the three most recently completed financial years of the Company or during the current

financial year, any material interest, direct or indirect, in any transactions that materially affected or would materially affect the Company or its subsidiary.

Greenstone Resources, through its affiliate Greenstone, is the beneficial owner of 32,469,507 Common Shares representing approximately 28.28% of the issued and outstanding Common Shares. Michael Haworth is a Senior Partner of Greenstone Resources. The details of the Greenstone strategic investment is described under "Description and General Development of the Business – Three Year History – Year Ended December 31, 2014 Developments – Greenstone Transaction".

TRANSFER AGENT AND REGISTRAR

The Company's registrar and transfer agent is Computershare Investor Services Inc. with its office located at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

MATERIAL CONTRACTS

The Company has entered into the following material contracts:

(a) Definitive Agreement, as amended, as described in this AIF under "Glossary".

(a) Management Services Agreement dated as of May 17, 2010 between King & Bay West Management Corp. ("**King & Bay West**") and the Company pursuant to which King & Bay West provides the Company with administrative and management services, including shared facilities, geological, technical, accounting, investor relations, legal and corporate development services. The fees for these management services are determined and allocated to the Company based on the cost or value of the services provided to the Company as determined by King & Bay West, and the Company reimburses King & Bay West for such costs on a monthly basis.

(b) Callinan Agreement, as described in this AIF under "Glossary" and "Description and General Development of the Business – Three Year History – Year Ended December 31, 2013 Developments – Callinan Transaction".

(c) Greenstone IR Agreement as described in this AIF under "Glossary" and "Description and General Development of the Business – Three Year History – Year Ended December 31, 2014 Developments – Greenstone Transaction".

INTEREST OF EXPERTS

The disclosure with respect to the Gunnison Project contained in this AIF is based on the Technical Report jointly prepared by Conrad E. Huss, P.E., Ph.D of M3; Herbert E. Welhener, MMSA-QPM of IMC, Thomas Drielick, P.E. of M3, Ronald J. Roman, P.E., D.Sc. of Leach Inc. and Peter Lenton, P.E. of Haley & Aldrich, Inc., each a qualified person as defined in NI 43-101. Each of Messrs. Huss, Welhener, Drielick, Roman and Lenton has reviewed and approved the scientific and technical disclosure with respect to the Gunnison Project contained in this AIF.

To the best knowledge of the Company, none of the qualified persons referenced above, or any director, officer, employee or partner thereof, as applicable, received or has received a direct or indirect interest in the property of the Company or of any associate or affiliate of the Company. As at the date hereof, the

aforementioned persons, and the directors, officers, employees and partners, as applicable, of each of the aforementioned companies and partnerships beneficially own, directly or indirectly, in the aggregate, less than one percent of the securities of the Company. None of the qualified persons referenced above is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or any associate or affiliate of the Company.

With respect to the auditors of the Company, Davidson & Company LLP has advised the Company that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

ADDITIONAL INFORMATION

Additional information on the Company may be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness to the Company, principal holders of the securities of the Company and securities authorized for issuance under equity compensation plans, is contained in the Company's management information circular for its most recent annual general meeting, which is filed on SEDAR. Additional financial information is provided in the Company's audited consolidated financial statements for the year ended December 31, 2014 and the related management's discussion and analysis of financial conditions and results of operations, both of which are available on SEDAR.

AUDIT COMMITTEE

Pursuant to the provisions of National Instrument 52-110 Audit Committees ("**NI 52-110**"), reporting issuers are required to provide disclosure with respect to its audit committee, including the text of the audit committee's charter, composition of the committee, and the fees paid to the external auditor. Accordingly, the Company provides the following disclosure with respect to its Audit Committee.

Audit Committee Charter

The Company has adopted a Charter of the Audit Committee of the Board of Directors, which is attached as Schedule A to this AIF.

Composition of the Audit Committee

The Company's Audit Committee is comprised of three directors Colin Kinley, Michael Haworth and Jay Sujir. As defined in NI 52-110, Messrs. Kinley and Sujir considered "independent" and are "financially literate". Mr. Haworth is "financial literate"; however, as a nominee of Greenstone he is not considered "independent".

Relevant Education and Experience

All of the members of the Audit Committee are senior level executive business persons with extensive experience in financial matters; each has a broad understanding of accounting principles used to prepare financial statements and varied experience as to general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavour. In addition, each of the members of the Audit Committee have knowledge of the role of an audit committee in the realm of reporting companies from their years of experience as directors and/or senior officers of public companies other than the Company.

Mr. Kinley spent 26 years as an executive for Layne Christensen Company specializing in engineered drilling and resource development projects and for the past five years formed his own specialized exploration group. Mr. Kinley is currently the CEO of Manx Energy and independently developing 140,000 acres of heavy oil in Canada; a director and senior advisor of Adira Energy Ltd. (ADL: TSX-V) developing oil offshore in Israel; a founder and director of Eco Atlantic Oil and Gas (EOG: TSX-V) exploring for oil offshore Namibia; and is the President and CEO of Kinley Exploration LLP.

Mr. Haworth co-founded Greenstone Resources in 2013 after a 16 year career in the mining sector. Mr. Haworth, with his co-founder, oversees all aspects of the management of Greenstone Resources. He also services as a director of Greenstone Management Ltd., Greenstone Resource's General Partner and is a member and co-Chairman of Greenstone Resources' Investment Committee. Prior to founding Greenstone Resources, Mr. Haworth founded and subsequently listed, and is a director of both Zanaga Iron Ore Company (AIM) and Ncondezi Coal Company (AIM). Until 2006 he held the positions of Managing Director and Head of Mining and Metals Corporate Finance of JP Morgan in London, United Kingdom. Mr. Haworth obtained a Bachelor of Commerce from University of Witwatersrand, South Africa in 1988 and his Chartered Accountant designation from the South African Institute of Chartered Accountants in 1992. Mr. Haworth is a non-practicing Chartered Accountant.

Mr. Sujir is a securities and natural resource lawyer, who has considerable experience in advising and assisting public companies. He obtained his B.A. from the University of Victoria in 1981 and obtained his L.L.B. in 1985. He has been a lawyer in the law firm of Anfield Sujir Kennedy & Durno and its predecessor since August 1986 and has been a partner of that firm since 1991.

Audit Committee Oversight

During the most recently completed financial year, the Company's Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance on Certain Exemptions

During the most recently completed financial year, the Company has not relied on the exemptions contained in section 2.4 or under part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Audit Committee, on a case-by-case basis.

External Auditor Service Fees

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year and include audits of its' subsidiaries and interim reviews of quarterly financial statements.

"Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. During the Company's fiscal years ended December 31, 2014 and December 31, 2013, there were no fees billed in this category.

"Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and corporate reorganization and structuring. For the fiscal years ended December 31, 2014 and December 31, 2013 these fees related to Canadian and US tax compliance services, general tax consultations on matters related to Federal, Provincial, Payroll, Sales and US taxes.

"All other fees" are fees billed by the auditor for products and services not included in the foregoing categories. During the Company's fiscal years ended December 31, 2014 and December 31, 2013, there were no fees billed in this category.

The fees paid by the Company to its auditor during the Company's fiscal years ended December 31, 2014 and December 31, 2013, by category, are as follows:

Year Ended	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
December 31, 2014	$55,000	Nil	$5,000	Nil
December 31, 2013	$54,025	Nil	$5,000	Nil

Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

SCHEDULE A

AUDIT COMMITTEE CHARTER

As of April 29, 2014

The following Audit Committee Charter was adopted by the Audit Committee of the Board of Directors and the Board of Directors of Excelsior Mining Corp. (the "**Company**"):

Mandate

The primary function of the audit committee (the "**Committee**") is to assist the Company's Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements;
- review and appraise the performance of the Company's external auditors; and
- provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

Composition

The Committee shall be comprised of a minimum three directors as determined by the Board of Directors, all of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

All members of the Committee shall have accounting or related financial management expertise. All members of the Committee who are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of this Audit Committee Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership. The position description and responsibilities of the Chair are set out in Schedule "A" attached hereto.

Meetings

The Committee shall meet a least quarterly, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions. The Committee may ask members of management of the Company or others to attend meetings or to provide information as necessary.

Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall by resolution determine.

Meetings of the Committee shall be held from time to time as the Committee or the Chair shall determine upon 48 hours' notice to each of its members. The notice period may be waived by unanimous resolution of the Committee.

The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.

Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. The Committee shall report its determinations to the Board at the next scheduled meeting of the Board, or earlier as the Committee deems necessary.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

1. Documents/Reports Review

(a) review and update this Audit Committee Charter as required; and

(b) review the Company's financial statements, MD&A and any annual and interim earnings press releases before the Company publicly discloses this information and any financial reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

2. External Auditors

(a) review annually, the performance of the external auditors who shall be ultimately accountable to the Company's Board of Directors and the Committee as representatives of the shareholders of the Company;

(b) obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with the professional standards for the external auditors;

(c) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;

(d) take, or recommend that the Company's full Board of Directors take appropriate action to oversee the independence of the external auditors, including the resolution of

disagreements between management and the external auditor regarding financial reporting;

(e) recommend to the Company's Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval;

(f) recommend to the Company's Board of Directors the compensation to be paid to the external auditors;

(g) at each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;

(h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company;

(i) review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements; and

(j) review and pre-approve all audit and audit-related services, and any non-audit services, and the fees and other compensation related thereto provided by the Company's external auditors in accordance with the Audit Committee Pre-Approval Policy.

3. Financial Reporting Processes

(a) in consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external;

(b) consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;

(c) consider and approve, if appropriate, changes to the Company's accounting principles and practices as suggested by the external auditors and management;

(d) review significant estimates and judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such estimates and judgments;

(e) following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;

(f) review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements;

(g) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;

(h) review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;

(i) establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;

(j) establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and

(k) review with management the Chief Executive Officer and Chief Financial Officer certificates prepared in connection with the annual and interim continuous disclosure regulatory filings.

4. Other Responsibilities

(a) review and approve any related-party transactions in accordance with the Company's Delegation of Authority Policy;

(b) the Committee shall perform any other activities consistent with this Audit Committee Charter and governing law, as the Committee or the Board deems necessary or appropriate.

Authority

The Committee shall have the authority to:

(a) engage independent counsel and other advisors including accounting or other consultants or experts as it determines necessary to carry out its duties;

(b) set and pay the compensation for advisors employed by the Committee;

(c) communicate directly with the external auditors;

(d) access, on an unrestricted basis, the books and records of the Company; and

(e) conduct any investigation appropriate to its responsibilities, and it may request the external auditors, as well as any officer of the Company, or outside counsel for the Company, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee;

(f) the Committee shall have the authority to engage the external auditors to perform a review of the interim financial statements.

SCHEDULE "A"

Position Description for the Chair of the Audit Committee

I. Purpose

The Chair of the Audit Committee of the Board shall be a director who is elected by the Board to act as the leader of the Committee in assisting the Board in fulfilling its financial reporting and control responsibilities to the shareholders of the Company.

II. Who may be Chair

The Chair will be selected from amongst the directors of the Company who have a sufficient level of financial sophistication and experience in dealing with financial issues to ensure the leadership and effectiveness of the Committee.

III. Responsibilities

The following are the primary responsibilities of the Chair:

- chairing all meetings of the Committee in a manner that promotes meaningful discussion;
- ensuring adherence to this Audit Committee Charter and that the adequacy of it is reviewed as required;
- providing leadership to the Committee to enhance the Committee's effectiveness, including:
  - providing the information to the Board relative to the Committee's issues and initiatives and reviewing and submitting to the Board an appraisal of the Company's independent auditors and internal auditing functions;
  - ensuring that the Committee works as a cohesive team with open communication, as well as ensuring open lines of communication among the independent auditors, financial and senior management and the Board of Directors for financial and control matters;
  - ensuring that the resources available to the Committee are adequate to support its work and to resolve issues in a timely manner;
  - ensuring that the Committee serves as an objective party to monitor the Company's financial reporting process and internal control systems, as well as to monitor the relationship between the Company and the independent auditors to ensure independence;
  - ensuring that procedures are in place to assess the audit activities of the independent auditors; and
  - ensuring that procedures are in place for dealing with complaints received by the Company regarding accounting, internal controls and auditing matters, and for employees to submit confidential anonymous concerns regarding questionable accounting or auditing matters.
- managing the Committee, including:

- adopting procedures to ensure that the Committee can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;

- preparing the agenda of the Committee meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;

- ensuring meetings are appropriate in terms of frequency, length and content;

- obtaining and reviewing with the Committee an annual report from the independent auditors, and arranging meetings with the auditors and financial management to review the scope of the proposed audit for the current year, its staffing and the audit procedures to be used;

- overseeing the Committee's participation in the Company's accounting and financial reporting process and the audits of its financial statements;

- ensuring that the auditors' report directly to the Committee, as representatives of the Company's shareholders; and

- annually reviewing with the Committee its own performance.