

MATERIAL CHANGE REPORT

Item 1: Reporting Issuer

ARCUS DEVELOPMENT GROUP INC. ("Arcus")
1016 – 510 West Hastings Street
Vancouver, British Columbia V6B 1L8
Telephone: (604) 687-2522

Item 2: Date of Material Change

October 12, 2010.

Item 3: Press Release

A news release was issued in Vancouver, British Columbia for distribution through Marketwire on October 12, 2010.

Item 4: Summary of Material Change

Announcement of exploration results from 2010 work programs on Dawson Gold project, Yukon Territory.

Item 5: Full Description of Material Change

Arcus has received all of the results from the 2010 trenching work at its Dawson Gold project. The Dawson Gold project consists of the Touleary, Dan Man, Green Gulch and Shamrock properties, all located in the White Gold area, Yukon Territory.

Mechanical trenching programs were initiated at each of the Touleary, Dan Man and Green Gulch properties during the summer of 2010. No work was undertaken on the Shamrock property during 2010.

Arcus management considers the 2010 excavator trenching program at the Dawson Gold project a qualified success. Gold zones requiring additional work were identified in trenches at each of the Touleary and Green Gulch properties. However, as a result of frozen ground conditions the majority of the gold-in-soil anomalies could not be tested to target depth or extension. All unfinished trenches will be completed and sampled as part of the 2011 work program. Over the course of the winter, Arcus and its geological consultants will investigate alternate methods to excavator trenching for testing gold-in-soil geochemical anomalies in frozen ground.

The results of the 2010 trenching programs are as follows:

1. Touleary Property – Four trenches totaling 562 m were completed and 138 samples were collected. As reported on August 25, 2010, 42 samples from trench 4 (TL 10-04) were collected over a trench length of 204 m. A 34 m section of that trench yielded a weighted average grade of 0.82 g/t gold and 14.3 g/t silver. Within the 34 m section were two 5 m sample intervals which assayed 2.59 g/t gold with 20.0 g/t silver and 1.025 g/t gold with 28.8 g/t silver.

An additional 86 samples were collected from trenches TL 10-03, 05 and 06 over a combined length of 358 m. None of these samples returned any significant assay values as the trenches were not completed to the intended target depths or areas. Trenches TL-10-01 and 02 totaling 550 m in length were not sampled as these trenches were not completed to bedrock due to frozen ground conditions.

2. Green Gulch Property – 128 samples were collected from four trenches at the Green Gulch claim block. The combined length of the four trenches was 628 m. Assay results from a 20 m section of trench 2 (GG-10-02) yielded a weighted average grade of 0.294 g/t gold. No significant assay results were returned from any of the other three trenches at Green Gulch.

3. Dan Man Property – Three trenches totaling 598 m in length were sampled at the Dan Man property. No significant assay results were returned from any of the 120 trench samples collected. Due to frozen ground conditions, none of the Dan Man trenches were completed to the intended target depth or areas.

The 2010 trenching program was conducted on behalf of Arcus by Archer, Cathro & Associates (1981) Limited. The technical information has been reviewed by Heather Smith, B.Sc., P.Geo., a qualified person for the purposes of National Instrument 43-101.

Samples were processed by ALS Chemex with sample preparation in Whitehorse, Yukon and assays and geochemical analyses in North Vancouver, British Columbia. The samples were initially analyzed for gold by fire assay followed by atomic absorption (Au-AA24) and 35 other elements by inductively coupled plasma-atomic emission spectroscopy (ME-ICP41).

Item 6: Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102

Not applicable

Item 7: Omitted Information

Not applicable

Item 8: Senior Officers

The Senior Officer of Arcus who is knowledgeable about the material change and the report is Ian J. Talbot, President.

Item 9: Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

Dated this 22nd day of October, 2010.

ARCUS DEVELOPMENT GROUP INC.

"Ian J. Talbot"

By:

Ian J. Talbot
President