

MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

ARCUS DEVELOPMENT GROUP INC. ("Arcus")
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Vancouver, British Columbia V6B 1L8
Telephone: (604) 687-2522

Item 2: Date of Material Change

October 4, 2010.

Item 3: Press Release

A news release was issued in Vancouver, British Columbia for distribution through Marketwire on October 4, 2011.

Item 4: Summary of Material Change

Announcement of 2011 exploration results from the Touleary property, White Gold District of the Yukon Territory.

Item 5: Full Description of Material Change

Arcus announced the discovery of the first significant volcanogenic massive sulphide (VMS) system in the White Gold District of north central Yukon at its Touleary property. 2011 diamond drilling targeted a 300 by 100 m area within a 1,200 m long zone of coincident geophysical and intermittent gold-in-soil geochemical anomalies. Highlights from the five hole (935 m) drill program include:

- High-grade copper-silver-gold-zinc mineralization grading up to 7.18% Cu, 116 g/t Ag, 3.55 g/t Au and 4.30% Zn across 2.25 m;
- Near surface intersections starting at 64.21 m;
- Excellent lateral continuity within the initial 300 m area drill tested; and
- Onsite road access.

Results for the five Touleary drill holes are shown below:

Hole #	<u>From</u> (m)	<u>To</u> (m)	<u>Interval</u> (m)*	<u>Cu</u> (%)	<u>Ag</u> (g/t)	<u>Au</u> (g/t)	<u>Zn</u> (%)
TL-11-01	85.61	91.70	6.09	1.37	14.5	0.80	0.41
TL-11-02	124.00	127.17	3.17	2.38	32.9	2.01	1.38
TL-11-03	64.21	64.80	0.59	1.42	36.4	1.15	2.81
	90.36	90.97	0.61	4.01	73.9	2.18	0.93
TL-11-04	93.88	106.75	12.87	0.21	7.69	0.55	-
TL-11-05	115.62	117.87	2.25	7.18	116	3.55	4.30
	124.50	138.65	14.15	1.44	16.5	0.77	0.29
<i>including</i>	128.25	134.92	6.67	1.99	27.3	1.22	0.58

* Intervals reported are drilled thicknesses believed to represent approximately 70 to 90% of the true thickness.

The Dawson area, including the White Gold District is underlain by rocks of the Yukon Tanana Terrane and is considered highly favorable for VMS style mineralization. A cluster of VMS deposits in the Finlayson District, 450 km to the southeast are hosted in the same Yukon Tanana Terrane stratigraphy. Certain parts of the Dawson area and the Finlayson District are believed to have been linked as part of a concurrent back-arc/basinal environment prior to displacement along the Tintina Fault.

The most notable deposit in the Finlayson District is Yukon Zinc Corporation's Wolverine Deposit where a NI 43-101 measured and indicated mineral resource is reported at 4.46 Mt grading 12.14% zinc, 354.8 g/t silver, 1.16% copper, 1.70 g/t gold and 1.58% lead (Yukon Zinc Corporation Technical Report, 2007).

"Exploration activity in the Dawson area, including the White Gold District in the early 1990's was largely directed toward VMS potential in response to the discovery of various VMS deposits in age equivalent rocks in the Finlayson District", stated Ian Talbot, the Arcus President. "The Touleary discovery represents the first significant VMS mineralization reported in the White Gold District. Having only drilled 25% of the 1,200 m trend of coincident geophysical and geochemical anomalies, the exploration potential at the Touleary property remains largely untested".

Arcus is currently completing a 740 line km close spaced airborne Vertical Time Domain Electromagnetic (VTEM) survey at the Touleary property to identify areas of high chargeability that may represent thicker accumulations of massive sulphide along the current mineralized trend.

Host rocks at Touleary are pervasively sericitized fine tuffaceous felsic-to-intermediate volcanoclastic units with narrow intervals of weakly preserved fragmental textures. These rocks coincide with a laterally continuous linear magnetic low feature identified by a detail airborne magnetic survey completed by Arcus in the spring of 2011. This feature, although structurally offset at a number of locations, can be traced along strike from the discovery for a distance in excess of 5 km.

Sulphide mineralization within the volcaniclastic horizon(s) is dominantly pyrite and occurs as moderate to heavily disseminated concentrations and rarer semi-massive to massive bands. Much of the mineralization is coarsely recrystallized and remains roughly parallel to foliation but evidence of primary finely laminated textures has largely been destroyed. Copper mineralization is present as chalcopyrite and rarer covellite. These sulphides preferentially occur in the middle to lower portion of the felsic volcaniclastic intervals as fine foliaform wisps, clots and aggregates plus coarsely recrystallized masses believed to be strain induced near the apex of folds.

Updated maps, sections and photos of the Touleary project can be viewed on the Arcus website (www.arcusdevelopmentgroup.com).

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: Executive Officer

Ian J. Talbot: President
Telephone: 604.687.2522.

Item 9: Date of Report

October 11, 2011.