

FORM 51 – 102 F3

MATERIAL CHANGE REPORT

Item 1: Name and Address of Company

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

July 29, 2013

Item 3: Press Release

A news release was issued in Vancouver, British Columbia for distribution through Marketwire on July 29, 2013.

Item 4: Summary of Material Change

Announcement of a \$100,000 private placement and exploration programs and results.

Item 5: Full Description of Material Change

(i) Private Placement

Arcus will carry out a \$100,000 non-brokered private placement of 3,333,333 common shares at a price of \$0.03 per share, subject to regulatory approval. Proceeds from the placement will be used as unallocated working capital over the next twelve months. The single investor under the placement is Strategic Metals Ltd. ("Strategic Metals"). Upon the completion of the placement, Strategic Metals will hold 8.25% of the issued shares of the Issuer.

(ii) Exploration Programs and Results

The Dawson Gold Project is a joint venture between Arcus and ATAC Resources Ltd. ("ATAC"), with each company holding a 50% interest. The project is comprised of the Dan Man, Touleary, Green Gulch and Shamrock claim blocks, all located in the White Gold District of Yukon Territory. Exploration at various levels has been carried out in the project area over the past four years. Significant advancements have been made at the Touleary property, located immediately south of the Kinross Gold Corp. White Gold project and the Dan Man property, located immediately north of Kaminak Gold Corp.'s Coffee property.

The 2011 diamond drill program at the Touleary property resulted in the first volcanogenic massive sulphide ("VMS") discovery in the White Gold District. A five hole diamond drill program totaling 935 m targeted a 300 by 100 m area within a 1,200 m long zone of coincident magnetic and intermittent gold-in-soil geochemical anomalies. VMS mineralization was intersected in all five holes, with the most significant intersection containing 7.18% copper, 116 g/t silver, 3.55 g/t gold and 4.30% zinc over 2.25 m (see October 4, 2011 news release). A helicopter borne Versatile Time Domain Electromagnetic (VTEM) survey was flown subsequent to the discovery and a number of electromagnetic targets have been modeled for future drill testing.

The Dan Man property hosts four separate gold-in-soil geochemical anomalies coincident with multiple structural features interpreted from a detailed airborne magnetic survey and air photo lineament analysis. Two of these zones were partially tested in 2011 as part of a 1,500 m diamond drill program and both identified structurally hosted gold mineralization (see December 7, 2011 news release).

Current Work Programs

The primary focus of the 2012 exploration program was directed toward secondary evaluation of the Touleary South A anomaly, one of two interpreted VMS soil anomalies identified during the late fall of 2011 and located 6 km south of the Touleary VMS discovery (see August 10, 2012 news release).

The Touleary South A anomaly is defined by strongly coincident lead-zinc responses and lesser coincident copper soil values along an east to northeasterly trend. The anomaly, as defined by the lower threshold in-soil zinc and lead values, is currently 2,000 m long and 200 to 400 m wide. The 2012 program consisted of additional soil sampling, prospecting and hand pitting within core portions of the Touleary South A anomaly. No work was conducted at the Touleary South B anomaly in 2012.

Forty-eight hand pits were excavated within three core portions of the Touleary South A anomaly coincident with the strongest intensity lead-zinc soil responses from the original grid sampling results defined in 2011. Pits were dug at approximately 25 m intervals along lines spaced 100 m apart. Soil samples collected from the bottoms of the pits in all three areas returned strongly anomalous values for both lead and zinc, and in some cases the values were multiples to an order of magnitude higher than the corresponding surface soil samples. The strongest values for the key VMS indicator elements (Pb-Zn-Cu) were obtained from the central pit area. This particular target was significantly elevated in copper response in contrast to the surface sampling.

Peak Soil Values from 2012 Pits

Area	Surface Pb - ppm	Hand Pit Pb - ppm	Surface Zn - ppm	Hand Pit Zn - ppm	Surface Cu - ppm	Hand Pit Cu - ppm
Eastern	165	820	1185	828	-	44
Central	381	2400	1085	4550	171	579
Western	286	1590	659	2550	115	227

Hand pits were excavated down to an average depth of 1 m and generally only encountered a thin veneer of vegetation/organic cover. The nature of the soil and rock from the base of the pits were noticeably homogenous suggesting both are near source.

Little is known about the geology of this particular area given the lack of outcrop exposure. However, the most common rock types noted from the pits are: 1) various gneisses mostly of felsic composition with lesser biotite flecks, quartz spheres/augen with low aspect ratios, disseminated flecks of magnetite and retrograde garnet; and 2) schists comprising varying amounts of quartz-muscovite-sericite-feldspar-biotite. Several specimens have been interpreted as intermediate to felsic volcanoclastic in origin by appearance and the identification of certain remnant features including quartz phyric fragmental textures.

In addition to the Touleary South A and B soil geochemical anomalies, two other significant copper-in-soil trends are apparent along strike from the Touleary VMS discovery site. To date, neither of these trends has received follow up exploration.

The purpose of the 2013 program will be to further assess the South A and B anomalies and copper-in-soil trends along strike from the Touleary VMS discovery as potential drill targets. Such drilling would accompany the additional drilling required at the main Touleary VMS discovery area.

The Arcus website is currently being updated with maps and information related to the 2012 and 2013 programs (www.arcusdevelopmentgroup.com).

The technical information in this news release has been prepared and approved by William A. Wengzynowski, P. Eng., a director of Arcus and a qualified person for the purposes of National Instrument 43-101.

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

July 29, 2013.