EXCELSIOR MINING CORP.

ANNUAL INFORMATION FORM
For the year ended December 31, 2011

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

April 23, 2012

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ANNUAL INFORMATION FORM
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ANNUAL INFORMATION FORM
EXCELSIOR MINING CORP.

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, 2011, 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" 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 inferred and indicated mineral resources; (ii) the market and future price of copper and related products; (iii) success of exploration activities; (iv) permitting time lines; (v) currency fluctuations; (vi) requirements for additional capital; (vii) government regulation of mining operations; (viii) environmental risks; (ix) unanticipated reclamation expenses; (x) title disputes or claims; (xi) limitations on insurance coverage; (xii) increases in mineral resource estimates; and (xiii) construction and development timeline.

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 (as defined herein) 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. Such factors include 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, grade or recovery rates resulting from current exploration and development activities, risks relating to changes in copper prices and the worldwide demand for and supply of copper and related products, risks related to increased competition in the market for copper and related products and in the mining industry generally, risks related to current global financial conditions, uncertainties inherent in the estimation of mineral resources, access and supply risks, reliance on key personnel, 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, regulatory risks, including risks relating to the acquisition of the necessary licenses and permits, financing, capitalization and liquidity risks, including the risk that the financing necessary to fund the exploration and development activities at the Gunnison Project may not be available on satisfactory terms, or at all, risks related to disputes concerning property titles and interest, and environmental risks. Also, see "Risk Factors" in this AIF.

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 ("**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 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.

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 Share held and AzTech was merged with and into Excelsior Subco with Excelsior Subco being the surviving entity of the Merger, on the terms and subject to the conditions set out in the Definitive Agreement, 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;

"**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;

"CPC Escrow Agreement" means the Value Security Escrow Agreement dated September 28, 2007 entered into among Excelsior, Computershare and Mark J. Morabito, Ian Smith, Robert Weicker, Michael W. Wilson, Julie Bolden, Sonya Sihota, Jon Bridgman and Nelson Shodine (the "Securityholders") pursuant to which 933,333 Common Shares owned by the Securityholders are subject to the terms of such escrow agreement and the requirements of the Exchange. See "Escrowed Securities";

"**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;

"**Eagle Plains Option Agreement**" means an option agreement between Excelsior and Eagle Plains Resources Ltd. dated March 9, 2010 providing Excelsior with the option to acquire up to a 70% interest in the Wildhorse Property;

"**Eagle Plains**" means Eagle Plains Resources Ltd.;

"**Escrow Agent**" means Computershare Trust Company of Canada;

"**Escrow Agreements**" mean, collectively, the CPC Escrow Agreement, the RTO Escrow Agreement and the Sujir Escrow Agreement:

"**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;

"**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 and August 19, 2010 by the parties. As of the date of this AIF, the Gunnison Option Agreement extends to extend to January 1, 2013;

"**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;

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

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

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

"**Private Placement**" means the brokered private placement of 3,015,000 AzTech Subscription Receipts;

"**Qualifying Transaction**" has the meaning ascribed to such term in Section 1.1 of TSXV Policy 2.4 – *Capital Pool Companies*;

"RTO Escrow Agreement" means the Value Security / Surplus Security Escrow agreement dated October 14, 2010 entered into among Excelsior, Computershare and Sheila Paine, Kevin Sullivan, Joseph Longo, Deborah McCray. Roland Goodgame, James L. Sullivan Trust, 225063 Ontario Inc., and Stephen Twyerould, pursuant to which 13,397,182 Common Shares, 7,007,876 Non-Voting Shares and 2,800,000

incentive stock options owned by Kevin Sullivan, Roland Goodgame and Stephen Twyerould are subject to the terms of such escrow agreement and the requirements of the Exchange. See "Escrowed Securities";

"**Sujir Escrow Agreement**" means the Value Security Escrow Agreement dated April 29, 2010 entered into among Excelsior, Computershare and Jay Sujir pursuant to which 88,889 Common Shares owned by Mr. Sujir are subject to the terms of such escrow agreement and the requirements of the Exchange. See "Escrowed Securities";

"**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, Preliminary Economic Assessment", dated November 18, 2011, prepared by Conrad E. Huss, P.E., Ph.D; Herbert E. Welhener, MMSA-QPM; Steven G. Axen, P.E.; and Terry P. McNulty, D.Sc.;

"**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; amd

"**Wildhorse Property**" means the property in British Columbia held by Eagle Plains in which Excelsior has the option to acquire up to a 70% interest pursuant to the Eagle Plains Option Agreement.

Words importing the singular number, where the context requires, include the plural and vice versa and words importing any gender include all genders. All dollar amounts herein are in Canadian dollars, unless otherwise stated.

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
AsCu	Acid Soluble
AMT	Alternative Minimum Tax
APP	Aquifer Protection Permit
BADCT	Best Available Demonstrated Technology
cm	Centimetre
cm^2	Square centimetre
cm^3	Cubic centimetre
CNCu	Cyanide Soluble Cu
Cu	Copper
Cu porphyry	Magnetically Quiet Areas
EPA	Environmental Protection Agency
EW	Electrowinning
Ft	Foot (feet)
Ha	Hectare
IRC	Internal Revenue Code
IRR	Internal Rate of Return
ISCR	In Situ Copper Recovery
ISL	In-Situ Leaching
km	Kilometre
km^2	Square kilometre
m	Metre
m^2	Square Metre
m^3	Cubic Metre
MCC	Magma Copper
NPV	Net Present Value
PLS	pregnant leach solution
RQD	Rock Quality Data
SX-EW	Solvent Extraction – Electrowinning
SG	Specific Gravity
TCu	Total Copper
TQM	Texas Canyon Quartz Monzonite
UIC	Underground Injection Control

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; Non-Voting Shares. Also on October 14, 2010, Excelsior also 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". Excelsior's head office and registered and records office are 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 mineral properties. 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, 2009 Developments

During the year ended December 31, 2009, management of Excelsior was focused on finding and evaluating assets or businesses with a view to completing a Qualifying Transaction pursuant to TSXV Policy 2.4 – *Capital Pool Companies*.

Year Ended December 31, 2010 Developments

On March 9, 2010, Excelsior entered into the Eagle Plains Option Agreement, pursuant to which Excelsior had the option to earn a 60% interest in the Wildhorse Property. Under the terms of the Eagle Plains Option Agreement, Excelsior was required make $250,000 in cash payments, issue 1,000,000 Common Shares and spend $3,000,000 over a period of four years.

Excelsior had the option to increase its interest in the Wildhorse Property to 70% by exercising an additional option pursuant to the Eagle Plains Option Agreement by issuing an additional 300,000 shares by March 9, 2015 and incurring an additional $1,000,000 in exploration expenditures by December 31, 2015. In connection with the acquisition of the Wildhorse Property, Excelsior issued 88,889 Common Shares as a finder's fee.

Concurrent with the Wildhorse Property acquisition, Excelsior completed a non-brokered private placement of 2,766,612 units at a price of $0.45 for gross proceeds of $1,244,975. Each unit consisted of one Common Share and one common share purchase warrant. Each common share purchase warrant may be exercised for one Common Share at an exercise price of $0.90 for a period of 18 months, expiring on November 4, 2011. In connection with the private placement, BayFront Capital Partners Inc. was paid a finder's fee in the amount of $84,370.26 and issued 208,231 compensation options, each compensation warrant exercisable for one Common Share at an exercise price of $0.45 for a period of 18 months, expiring on November 4, 2011.

The Wildhorse Property acquisition constituted Excelsior's Qualifying Transaction. On May 14, 2010, the TSXV approved the Qualifying Transaction and on Monday, May 17, 2010, Excelsior's common shares began trading on the TSXV under the trading symbol "MIN".

The Business Combination

On June 16, 2010, Excelsior signed a letter of intent with Aztech pursuant to which Excelsior and Aztech would combine their businesses (the "Transaction"). Pursuant to the Transaction, existing holders of AzTech shares received two Common Shares for each outstanding share of AzTech. As part of the Transaction, and prior to any Common Shares being issued to AzTech shareholders, Excelsior consolidated its issued and outstanding Common Shares on the basis of one post-consolidation Common Share for every three Common shares outstanding.

On August 19, 2010, Excelsior, Excelsior Subco, and Aztech entered into a Definitive Agreement. On October 14, 2010, the Transaction was completed.

Upon the closing of the Transaction, the issued and outstanding Common Shares were consolidated on the basis of one post-consolidation Common Share for every three pre-consolidation Common Shares. Shareholders of Aztech received two post-consolidation Common Shares for each one Aztech share. Each option and warrant of Aztech was exchanged for two options or warrants of Excelsior with a corresponding adjustment in the exercise price. Excelsior created the Non-Voting Shares and Aztech shareholders had to option of exchanging their AzTech shares for Non-Voting Shares at the same exchange rate of two post-consolidation Common Shares for each one Aztech share. The Non-Voting Shares are converted into Common Shares on a one for one basis at the election of the Non-Voting Shareholders. Additionally, Aztech was merged with and into a wholly owned subsidiary of Excelsior, Excelsior Subco pursuant to a plan of merger in accordance with Arizona Revised Statues.

Prior to the completion of the Transaction, AzTech completed a private placement of subscription receipts (the "Subscription Receipts") of AzTech (the "Private Placement"). Pursuant to the Private Placement,

AzTech issued 3,015,000 Subscription Receipts for gross proceeds to AzTech of US$3,015,000. Each Subscription Receipt was automatically exchanged, without payment of any additional consideration and with no further action on the part of the holder thereof, for one unit of AzTech (each a "Unit"). Each Unit being comprised of one common share of AzTech (an “AzTech Share”) and one-half of one common share purchase warrant of AzTech, with each whole warrant of AzTech (an “AzTech Warrant”) being exercisable for one AzTech Share for 18 months from the date of the closing of the Transaction at an exercise price of US$1.30. Pursuant to the Transaction, each AzTech Share was exchanged for two Common Shares and each AzTech Warrant was exchanged for two common share purchase warrants of Excelsior, with each common share purchase warrant of Excelsior being exercisable for one Common Share at an exercise price of US$0.65 for a period of 18 months from the closing date of the Transaction.

BayFront Capital Partners Ltd. (the "Agent") acted as agent in respect of the non-US portion of the Private Placement on a "best efforts" basis. For the Agent's services in connection with the Private Placement, AzTech paid the Agent a cash commission of US$211,050 and granted to the Agent compensation options entitling the Agent to subscribe for 211,050 Units at US$1.00 per Unit for a period for 24 months. Pursuant to the Transaction, each compensation option was exchanged for two compensation options of Excelsior with each being exercisable for one Common Share at an exercise price of US$0.50 for a period of 24 months from the closing date of the Transaction.

Pursuant to the requirements of the TSXV, a total of 13,397,182 Common Shares, 7,007,876 Non-Voting Shares and 2,800,000 incentive stock options became subject to a value security / surplus security escrow agreement. See “Escrowed Securities”.

On completion of the Transaction, Stephen Twyerould became Chief Executive Officer and President of the combined company, Roland Goodgame became Vice President of the combined company and Mark Morabito remained Chairman of the combined company. The Board of Directors of Excelsior after completion of the Transaction were Mark J. Morabito (Chairman), Stephen Twyerould, Roland Goodgame, John Vettese, Jay Sujir and Colin Kinley.

As a result of the Business Combination, the Company became the holder of the Gunnison Option to acquire a 100% interest in the Gunnison Project. See “Mineral Properties”.

Year Ended December 31, 2011 Developments

February 2011 Financing

On February 28, 2011, Excelsior completed a non-brokered private placement of 13,333,333 units at a price of $0.60 per unit for gross proceeds of $8,000,000. Each unit consists of one Common Share and one half of one common share purchase warrant (each whole warrant a “2011 Warrant”). Each 2011 Warrant shall be exercisable to acquire one Common Share at an exercise price equal to $1.00 until February 28, 2013. In connection with the private placement, Excelsior paid cash finders’ fees in the total amount of $386,764.14 and issued a total of 644,606 finder’s warrants, with each finder’s warrant exercisable for one Common Share at an exercise price of $1.00 per Common Share until February 28, 2013.

Termination of Eagle Plains Option Agreement

Effective March 21, 2011, Excelsior terminated the Eagle Plains Option Agreement and returned the Wildhorse Property to Eagle Plains.

Listing on OTCQX International

Effective May 24, 2011, Excelsior's Common Shares began trading in the United States on the OTC Markets Group Inc.'s premier tier, OTCQX International, under the trading symbol EXMGF.

Resource Estimate Upgrade

On July 19, 2011, Excelsior announced a significant increase to the mineral resource estimate at the North Star Deposit of the Gunnison Project. The oxide copper mineral resource increased from 2.86 billion pounds of Cu (404 million tons at 0.35% Cu) in the inferred category to an indicated mineral resource of 3.21 billion pounds of copper and an additional inferred mineral resource of 0.88 billion pounds of copper (refer to table below for tonnage and grade details).

NORTH STAR MINERAL RESOURCE (OXIDE ONLY AT 0.1% CUT-OFF)

Category	Short Tons (million)	Total Copper %	Tons of Cu (million)	Pounds of Cu (billion)
Indicated	**511**	**0.31**	**1.60**	**3.21**
Inferred	**159**	**0.28**	**0.44**	**0.88**

NORTH STAR MINERAL RESOURCE (OXIDE ONLY AT 0.3% CUT-OFF)

Category	Short Tons (million)	Total Copper %	Tons of Cu (million)	Pounds of Cu (billion)
Indicated	237	0.44	1.05	2.10
Inferred	50	0.47	0.24	0.47

NORTH STAR MINERAL RESOURCE (OXIDE, MIXED & SULPHIDE)

Category	Short Tons (million)	Total Copper %	Tons of Cu (million)	Pounds of Cu (billion)
Indicated	554	0.32	1.76	3.52
Inferred	200	0.30	0.61	1.22

Note: 0.1% cut-off for Oxide component and 0.3% cut-off for Mixed and Sulphide components

Mineral resources that are not mineral reserves do not have demonstrated economic viability. See "Mineral Properties – Gunnison Project – Mineral Resource Estimate" for further details.

Preliminary Economic Assessment

On December 1, 2011, Excelsior announced the results of a Preliminary Economic Assessment ("PEA") on the Gunnison Project. Highlights of the PEA under the Acid Plan scenario include:

- After-Tax NPV of US$561.7 million (discounted at 7.5%, using US$2.50 copper price)

- After-Tax IRR of 30%
- Payback period of 3.6 years
- Initial capital costs of US$324.7 million (including SXEW plant, Infrastructure and Acid Plant)
- Total operating costs of US$0.68 per pound (averaged over life of mine)
- Royalty of US$0.01 per pound
- Annual production rate of 85.65 million pounds of copper
- Commercial production expected to commence in 2015, with a mine life of 20 years

Without an Acid Plant, the Gunnison Project still has an after-tax NPV of US$511.6 million and an IRR of 34%, at an 7.5% discount rate. Initial capital expenditures for this "Base Case" option are US$239.9 million. A comparison of the Acid Plant and Base Case Scenarios are shown in Table 1 below.

Table 1. NPV Comparison of Acid Plant and Base Case Scenarios

		Acid Plant	**Base Case**
Discount Rate		**7.50%**	**7.50%**
Pre-Tax NPV	**US$000's**	**883,034**	**776,061**
Post-Tax NPV	**US$000's**	**561,659**	**511,681**
Discount Rate		**8.00%**	**8.00%**
Pre-Tax NPV	**US$000's**	**831,857**	**732,842**
Post-Tax NPV	**US$000's**	**526,098**	**480,924**

Both scenarios used the following parameters over the 20 year life of the project.

- copper selling price of US$2.50 per pound,
- total copper recovery of approximately 41.8% of the indicated plus inferred oxide resources
- average of 9 pounds of acid consumed for every pound of copper produced
- acid price of US$100/ton for the Base Case and US$42.2/ton for the Acid Plant option
- state tax rate of 6.97%, and
- a federal tax rate of 35%.

The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the conclusions reached in the PEA will be realized. See "Mineral Properties – Gunnison Project" for further details regarding the PEA.

Excelsior has not yet completed a pre-feasibility study or feasibility study to demonstrate the economic viability of the Gunnison Project. Furthermore, no Mineral Reserves have been established on the Gunnison Project. Any statements regarding planned production rates, projected cash flows, payback period, IRR, NPV, construction timelines and commercial production in 2015 assume that Excelsior is or will be able to complete all of the required steps to bring the Gunnison Project into commercial production including the completion of a feasibility study to demonstrate the economic viability of the Gunnison Project, the completion of the permitting process, the conclusion of infrastructure agreements for railway transportation and power that Excelsior obtains the necessary project financing to pay for the

capital costs to develop and construct a mine at the Gunnison. There is no certainty that Excelsior will be able to complete any or all of these steps and reference should be made to the "Risk Factors" and "Preliminary Notes – Special Note Regarding Forward-Looking Information" sections of this AIF.

Developments Subsequent to December 31, 2011 and Outlook

Economic Impact Study

On January 11, 2012, Excelsior announced the results of an Economic Impact Study ("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 State and County level.

Highlights of the Gunnison Copper Project EIS include:

- Creation of an average of **704 jobs** annually state-wide
  - *131 direct, on-site jobs; 573 in-direct or "secondary" jobs*
- **US$2.35 billion** added to Arizona's Gross State Product
- **US$214 million** in additional State revenue generated directly from the project

The numbers and dollar values quoted above are all based on Excelsior building its own acid plant and span the entire 28 year life of the project.

Appointment of New Directors

On February 16, 2012, Excelsior announced the appointment of Messrs. Jim Kolbe and Steven Lynn, both residents of the State of Arizona, to the board of directors.

2012 Work Program

On March 5, 2012, Excelsior announced the details of its 2012 work program for the Gunnison Project. The proposed $7.3 M program is aimed at completing a pre-feasibility study during 2012 and will include:

- 5 diamond drill holes for metallurgical testing, with up to 10 column leach tests
- 5 percussion holes (wells) for base line environmental studies
- Up to 6 large diameter percussion holes for hydrological test wells
- Extensive geophysical testing for hydrology
- Approximately 18 diamond drill holes for structural, geological and resource definition
- Engineering studies for the pre-feasibility study

The program is designed to advance the project geologically, hydrologically and metallurgically. The resultant data will be used to optimize well field design, leaching solution composition, as well as provide critical information for groundwater quality control and ultimately, project reclamation. Optimizing all the various aspects of the project should enable Excelsior to improve on the Gunnison Project's PEA results.

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 has 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 North Star'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.

Outlook

During 2012 Excelsior intends to complete a pre-feasibility study on the Gunnison Project and to commence the permitting process.

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.

Employees

As of December 31, 2011, 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 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. In the most

recently completed financial year, the effect of these requirements has been limited due to the exploration stage of the Company, but they are expected to have a larger effect in future years if the Company moves toward and commences development and production.

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 November 18, 2011, 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"); Steven G. Axen, P.E. of Ray V. Huff and Associates Inc.; and Terry P. McNulty, D.Sc.. 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

The properties are held by the James Sullivan Trust (dated November 24, 2004) either directly or via Delta Exploration Group LLC and Delta Exploration Holdings LLC, both 100% owned by the James Sullivan Trust (the "Trust"). These assets represent, among other things, the mineral rights to the North Star and South Star Copper deposits (the "Gunnison Project", or the "Project").

Excelsior has an exclusive 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 $350,000 payable to the Trust on or before January 1, 2013. A further $300,000 is payable to certain land holders of the North Star deposit with $150,000 of the $300,000 due on exercise of the Option and the remaining $150,000 due on or before December 31, 2016.

The 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. Total area is approximately 6,405 acres (2,592 Ha).

Figure 1: Location of the Gunnison Project

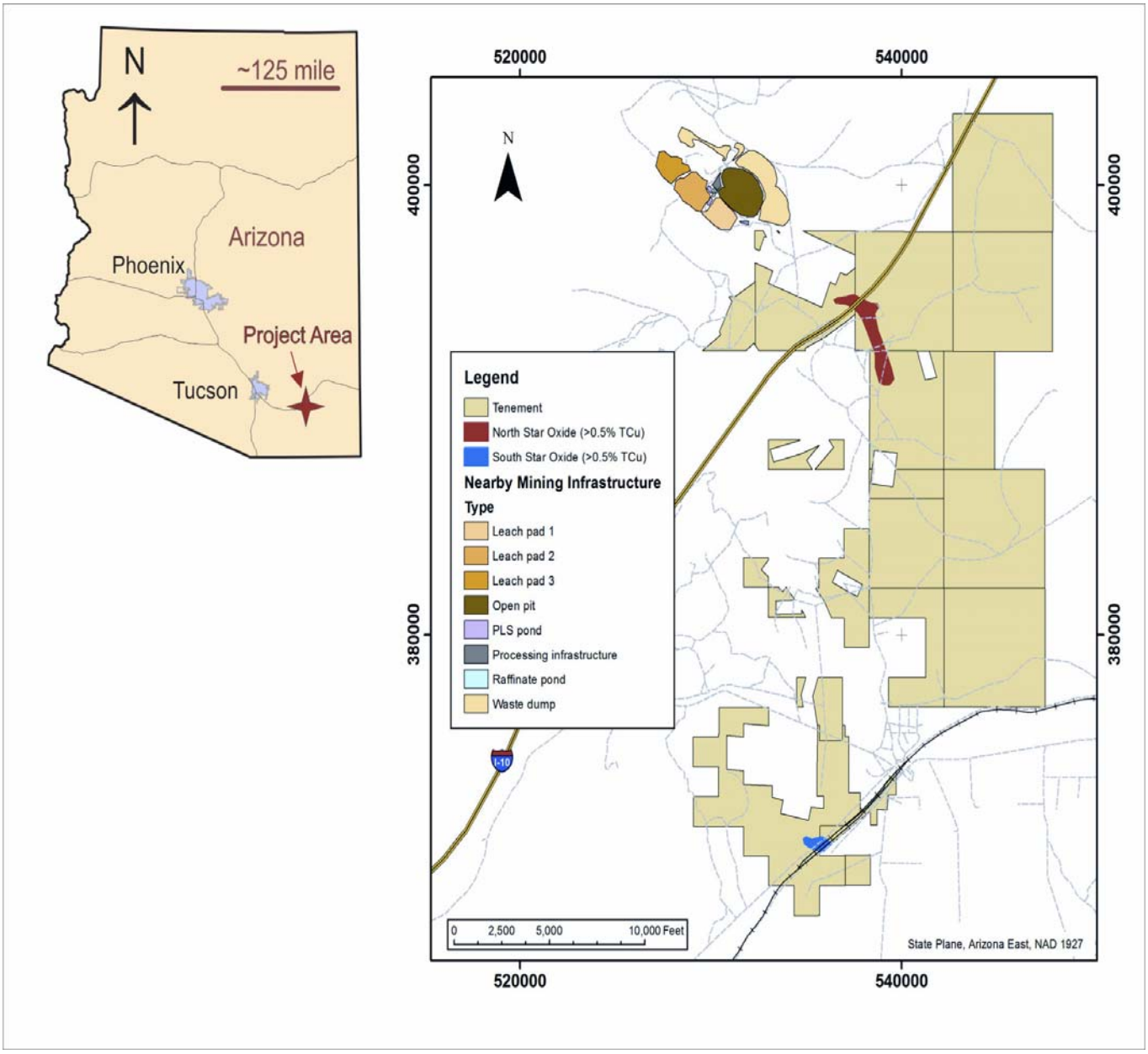

Table 1: Summary of Land Packages That Constitute the Project

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	Subject to deed of trust (see below)
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 held in the name of Delta Exploration Holdings LLC totaling 1,753 acres (710 ha). 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

Delta Exploration Holdings LLC holds 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 2011 expenditure commitment will be up to US$36,541.30 with fees of up to US$2,500.00. 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 expires 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. The individual expiration dates of the Prospecting Permits are shown in Appendix A and 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

Delta Exploration Group LLC owns the mineral rights in Section 31, T15S., R23E, subject to the provisions of the Deed of Trust dated January 22, 1998 between Delta Exploration Group LLC and the seller of the mineral rights. 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. The purchase cost, via a promissory note held in the Deed of Trust, is US$150,000 to be paid before the year 2016. The Deed of Trust also provides for a 6% "Net Proceeds" royalty up to a maximum of US$150,000. This royalty is payable in cash when Excelsior exercises the Option Agreement with the James Sullivan Trust on or before December 31, 2016. Mineral and surface rights are defined by the Deed of Trust and include *"All mines and minerals in and under Section 31, Township 15 South, Range 23 East, Gila and Salt River Base and Meridian, containing 615.62 acres, more or less, together with the power to take all usual, necessary or convenient means for working, getting, laying up, dressing, making merchantable, and taking away the said mines and minerals, and also for the above purposes, or for any other purposes whatsoever, to make and repair tunnels and sewers, and to lay and repair pipes for conveying water to and from any manufactory or other building…"*.

Fee Simple Land

Mineral and in some cases mineral and surface rights to a small portion of the South Star deposit are held directly by the James Sullivan Trust. 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.

Environment and Permitting

For the 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 (a State requirement), the Underground Injection Control Permit (a U.S. Environmental Protection Agency ("EPA") requirement) and the Air Quality Permit (a 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 and Aquifer Exemption	U.S. Environmental Protection Agency
Air Quality Permit	Arizona Department of Environmental Quality: Air Quality Division
Mined Land Reclamation Plan	Arizona State Mine Inspector
Storm Water General 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 Property is located in a sparsely populated, flat to slightly undulating ranching and mining area about 65 road miles east of Tucson, Arizona. Tucson 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 labor for the project.

Access to the Gunnison Project is via the I-10 Freeway 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 operating mining complex is Nord Resources' Johnson Camp mine located 1.5 miles to the north of the Gunnison project. Nord Resources has an SXEW 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 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 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 James Sullivan Trust, that supplies water to the region. These along with the project water requirements will be evaluated during the pre-feasibility stage of the project. Potential SX-EW (Solvent Extraction – Electrowinning) 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. The area experiences two rain seasons in general, one during the winter months of December to March and a second summer season

from July through mid-September. The summer rains are typical afternoon thunderstorms that can be locally heavy. Average annual rainfall for Dragoon is 13.2 inches and the average highs range from 58°F in January to 94°F in June. Occasional light snow falls at higher elevations in the winter months. 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 North Star, are currently run by Nord Resources Corporation.

Between 1882 and 1981, the Johnson Camp district, also known as the Cochise 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, also known as the Cochise 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 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 (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 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 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") joint ventured into the northern half of the North Star deposit with Cyprus and the private owners. During the early 1970's Superior did most of the drilling and limited metallurgical testing on North Star 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 North Star, deciding instead to focus on oil and gas. Cyprus maintained the ground holdings on North Star for a period of time but did very little work. In 1977 Cyprus handed most of the ground covering the North Star 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 North Star by Superior oil and gas.

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 State Mineral Lease.

1993 to 2000

In 1993, Magma Copper Company ("Magma") optioned North Star 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 North Star 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 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 Steve 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.

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 below.

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	Intrusives 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 Precambrian Apache Group unconformably overlies the Pinal Group Schists and is composed of conglomerates, shales and quartzite. The Apache Group is then unconformably overlain by the Paleozoic rocks that host the mineralization including the Balsa, Abrigo, Martin and Escabrosa Formations. Overlying the mineralized rocks are the Black Prince and Horquilla Limestones, Earp Formation and the Colina Limestone. Holocene Alluvium has filled in the valleys.

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.

Several deformations have occurred in the area with the most relevant being the Laramide Orogeny that was related to the mineralization and the Basin and Range that has modified the topography to its current appearance. Pre-Apache Group deformation of the Pinal Schist Group included isoclinal folding with steep to overturned fold axes with a general northeastern structural trend. Minor deformations took place in the late Precambrian and post Paleozoic-pre Cretaceous. The post Paleozoic - pre-Cretaceous deformation consisted of steep northeast to easterly striking faults with offsets up to hundreds of feet.

The Laramide deformation was at right angles to the Pre-Apache Group deformation with structures striking in a northwesterly direction. Older faults were reactivated and modified and folding and thrust faulting are common features of the Laramide. The Centurion Fault of Laramide age occurs south of the North Star deposit.

Two episodes of block faulting have created the Tertiary Basin and Range topography that dominates the current landscape and postdates the mineralization.

North Star Geology

The North Star deposit is covered by about 450 feet of un-mineralized alluvium, varying between 250 and 600 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 area. These faults include "Northeaster" (N 10^o to 30^o E striking with 70^o to 75^o dip to the SE), "Easter" (N 60^o E to S 60^o E striking faults dipping 30^o to 50^o S and higher angle reverse faults dipping 75^o S) and "Northwester" orientations (N 15^o W strike with steep E or W dip). Only minor displacements are thought to have occurred in the North Star 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 North Star.

The Paleozoic host rocks have been intruded by the Texas Canyon quartz monzonite along the western margin of the deposit. The intrusion has formed wide zones of calc-silicate and hornfels alteration as well as extensive low-grade copper sulfide mineralization within the Paleozoic rocks. Metamorphic alteration grading outward from the stock includes; garnet-wollastonite-idocrase, forsterite-diopside, tremolite and chlorite-talc. More specifically 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 un-metamorphosed limey shale. Quartz-orthoclase-carbonate ± magnetite and chalcopyrite veins are characteristic of the lower Abrigo.

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. Primary mineralization occurs as stringers and veinlets of chalcopyrite and bornite. Primary mineralization remains open at depth and to the north and south.

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.

Deposit Types

The North Star deposit is a classic Cu Skarn deposits. 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 standalone Cu skarns which are generally small or can be associated with mineralized porphyry Cu deposits and tend to be very large. The North Star deposit is a large (+750 million tones combined sulfide and oxide resource) being at the upper end of the range of size for skarn deposits and are associated with a mineralized porphyry Cu system that has been virtually unexplored.

These deposit types generally form in calcareous shales and dolomites to limestones around or adjacent the mineralizing porphyry. Significant mineralizing Cu rich hydrothermal fluids are focused along

structurally complex and fractured rocks and convert the calcareous shales and limestones to andradite rich garnet assemblages near the intrusive body and to pyroxene and wollastonite rich assemblages at areas more distal to the stock. Retrograde hydrothermal fluids produce actinolite-tremolite-talc-silica-epidote-chlorite assemblages. The mineralization is typically pyrite-chalcopyrite-magnetite nearer the mineralizing porphyry and chalcopyrite-bornite more distally from the body. The classic Cu porphyry-skarn model is being used for the deposit. The model basically entails exploring magnetic anomalies (potential skarns) around magnetically quiet areas (Cu porphyry).

No mining or processing of the resources has occurred, although similar mineralization has been successfully mined just 1.5 miles north at Johnson Camp (Nord Resources Corporation). Regionally Cu-Zn skarns dominate and have been historically mined from the Republic, Copper Chief and Mammoth mines from underground operations. These Cu-Zn rich skarns are probably more distal to the mineralized porphyry, whereas the North and South Star skarns contain only Cu and are proximal to the mineralized porphyry system. Tungsten and minor lead-silver-gold have also been produced in the district.

Mineralization

Within the 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. 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”).

Copper oxide mineralization extends over a strike length of 9,800 ft, has an aerial extent across strike of up to 2,500 ft 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, disseminations and in distinct quartz-orthoclase-carbonate ± magnetite and chalcopyrite veins 0.2 to 10 cm wide. These 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. Ninty 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 most likely what is giving the magnetic response for the deposit. Primary mineralization remains open at depth and to the north and south.

Primary chalcopyrite-molybdenite disseminations and veins also occur in the mineralized porphyry below and to the west of the skarn mineralization at North Star. Only six 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 CO2 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. 30% volume reduction in the metamorphosed Abrigo and Martin formations at North Star has been calculated.

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.

The morphology of the mineralization at North Star 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

Steve 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 Oil and Gas, Cyprus, Quintana, CF&I, Magma Copper Corporation, 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.

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 MCC (Magma Copper) 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 Minerals holes (DC, S and T series) to include sequential Cu analysis. Previous results only included TCu assays.

Down hole geophysics was 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. The data are still in the process of being analyzed and evaluated.

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.

In addition, Excelsior conducted detailed ground magnetics over the exploration targets in June 2011. A water table depth study was also completed in June 2010.

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 North Star as shown in Table 4. Drilling extends to a depth of approximately 2450ft 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 to 1 relationship between sample length and true thickness to a 1 to 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 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	Some check assays at Morenci
Magma	Magma's San Manuel Laboratory	

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

Twenty diamond holes were completed for 33,793 feet (10,300m) from December 2010 to May 2011. 6 ¼ inch pre-collars were drilled to the base of alluvium (100 to 700 feet) and then cased with 4 ½ 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. Of the 20 holes drilled, 19 had 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 30o dip to the east resulting in a 1 to 1 relationship between sample length and true thickness to a 1 to 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 96.3%) with only rare occurrences of poor recovery due to discrete structures and 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 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 Minerals 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 1970's to 2006.

Magma Copper Corporation had security and control of its own Information and Samples from approximately 1993 to 1997, after which Magma relinquished control to 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 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 James Sullivan and relocated to his Core Facility between 1980 and 1998.

For the most part, 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 Microsoft Soft Access data entry forms. Rock Quality Data ("RQD") and magnetic susceptibility readings are also taken and recorded in the Access form. The core is photographed wet and dry. Specific Gravity 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:

Specific Gravity 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 specific gravity ("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. Total Cu ("TCu"), acid soluble Cu ("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 (TCu):

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 (AsCu) and Cyanide Soluble Cu (CNCu):

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% H2SO4 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 anyone 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 office in Vancouver.

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 Copper Company'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 data base contains assays from a number of earlier drilling campaigns that date back to 1956, and no original check assay or other QAQC 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

Excelsior's assaying is performed by Skyline Labs in Tucson. Assaying and QA/QC procedures were industry-standard.

The TCu assays run on Standard AMS0118 are consistent with time and within acceptable limits (mean 0.466, standard deviation 0.010). Except for a single sample (NSD-08, 780ft) the AsCu assays that were run at the same time are also consistent (mean 0.159, standard deviation 0.008). However, it is not known how they compare with the AMS0118 Standard grade because no Standard grade is given for AsCu (in part because each lab has different procedures for an AsCu assay).

Assays were run on duplicate samples prepared from fresh core splits during the QA/QC program. The comparisons for TCu and AsCu are shown in XY plots. The plots show scatter but no indication of any systematic bias between the original and the duplicate assays.

Selected pulps prepared by Skyline from NSD-hole samples were also sent to ALS Chemex for TCu and AsCu check assays during the QA/QC program. The Chemex TCu and AsCu check assays were compared with the Skyline original assays. Mean Skyline TCu is 6% higher than mean Chemex TCu (0.293 versus 0.275%) and the clustering of pairs on the Skyline side of the 1:1 line confirms that this difference is a result of a small but systematic bias between Skyline and Chemex. The AsCu comparison shows similar results. Again, however, the data sets give the same mean AsCu/TCu ratios (0.54 Skyline, 0.55 Chemex).

The 6% difference between the Skyline and the Chemex assays does not invalidate the Skyline assays, but additional work should be done to determine the cause of this bias. Excelsior has started this research and determined that the two labs use different procedures for both TCu and AsCu assaying, which could explain the difference.

IMC recommended that future check assaying be done, including that a check lab prepare a new pulp from coarse reject material and this pulp be assayed by both the check and original labs. This will act as a check on both sample preparation and assaying procedures. Excelsior has completed this program for a 30 sample batch.

Cyanide soluble assays were not reviewed. However, they should be run as a matter of course in any new drilling programs and also on any un-assayed samples from previous drilling. The CNCu assays run to date suggest that a small but significant fraction of the material that does not report to an AsCu assay consists of potentially-leachable secondary sulfides.

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 model are acceptable for estimating resources in accordance with 43-101 guidelines.

Mineral Processing and Metallurgical Testing

Since early 1972, samples from the Gunnison resource have been subjected to metallurgical testing for and by a variety of entities. Unfortunately, though, the usefulness of those tests has often been impaired by the absence of sample locations, descriptions, and/or mineralogical characterization, or by unrealistic or inappropriate test conditions and parameters. Salient features of the metallurgical reports are summarized below in chronological order with titles and names of firms given in the footnotes.

Metcon conducted some agitated sulfuric acid leaching tests on crushed samples of mined Martin and Upper Abrigo formations with heads of 0.61% TCu and 0.57% AsCu, yielding PLS grades of 1.3-1.7 gpl Cu. MSRDI performed a variety of tests on coarse core rejects from drill hole T-2 at different depth intervals. Mineralogist Laszlo Dudas observed that 60 percent of the copper was present as true chrysocolla, but that the remainder was a semi-refractory form of dilute copper silicate impregnating a layer silicate lattice. Both sulfuric acid and aqueous ammonium carbonate were used in agitated leaches, but acid was more effective. The deepest core interval consumed 9-14 pounds acid per pound of copper leached (“lb/lb”) and MSRDI concluded that a sufficiently high acid dosage should readily dissolve 70-80 percent of the total copper. Actual extractions by MSRDI were in the range 72.3-81.1%.

MSRDI conducted tests that included heat treating followed by ammonium carbonate leaching, calcite flotation prior to leaching with sulfuric acid, and simulated vat leaching with sulfuric acid. None of these methods produced results that were sufficiently encouraging to justify further evaluation.

Magma carried out a series of bottle roll tests on minus 10-mesh samples of unspecified origin. An average of 62.8 percent of the total copper dissolved at pH1.5, producing pregnant leach solution ("PLS") grades of 0.46-1.2 gpl Cu, essentially proportional to the AsCu assay of the samples. Magma (Magma, 1993) then published an addendum presenting head and "tailing" (leach residue) assays that illustrated leaching of calcium and magnesium minerals and precipitation of gypsum. Because of gypsum precipitation, residue assays as high as 12% S were produced from samples containing <0.1% S.

Magma conducted subsequent bottle roll tests with sulfuric acid on two minus 10-mesh composites and obtained 50.7 and 84.9 percent AsCu extractions, but the residue from the former test assayed 0.28% AsCU, casting doubt on the validity of the test. The residue from the latter test assayed 0.05% AsCu, as one would expect.

Magma then ran "mini-column" acid leaches with epoxy-coated core fragments (to seal fractures created by drilling and core splitting). Total copper extraction was very poor at only 16.9 percent, but it is worth noting that recirculation ("stacking") of the leaching solution produced a PLS grade of 0.72 gpl Cu. The tests were run at only 1 gpl free acid, which likely limited copper extraction.

HRI loaded clear PVC columns 6 inches in diameter by 10 feet high with fragments of 6-inch core and smaller pieces and leached the columns with sulfurous acid (H2SO3) at concentrations of 20 gpl and 40 gpl aqueous SO2. After 5 months of operation, 70 percent of the copper had dissolved from the column with the stronger lixiviant and 48 percent had dissolved from the other. Equivalent sulfuric acid consumptions were 9 lb/lb from the more acidic column and 8 lb/lb from the other. These results were very encouraging, and the use of sulfurous acid deserves further consideration. Digestion with sulfurous acid is, of course, the preferred analytical procedure for assaying AsCu. Although sulfurous acid will attack calcium carbonate, it likely forms calcium sulfite, not gypsum. The stronger lixiviant produced an initial PLS grade of 2.88 gpl Cu that eventually equilibrated at about 0.3 gpl Cu.

Phelps Dodge subjected six samples to ammonia leaching, sulfidization and flotation, and sulfuric acid leaching in bottle rolls. The first two techniques did not yield promising results, but bottle roll copper extractions were in the range 74-98 percent with five of the six above 92 percent. Heads of 0.43% to 0.88% TCu produced residues that generally contained 0.01%-0.06% TCu, with one at 0.14% TCu.

Although a significant number of metallurgical tests were conducted by five laboratories for four property owners between 1972 and 1996, the results were variable and do not allow derivation of reliable interpretations or projections of copper extraction by ISR technology. Faced with this uncertainty, Excelsior Mining Corp commissioned Hazen in early 2011 to conduct column leaching tests that were intended to predict ISR copper response and acid consumption.

The samples used by Hazen were designated Met 1, Met 2, and Met 3, and can be described as follows:

- Met 1 was made up of 2-foot to 7-foot intervals totaling 17 feet between depths of 667 feet and 714 feet in Hole NSD-22. This represents the Martin formation, a high acid consumer.
- Met 2 comprised 3-foot to 10-foot intervals totaling 18 feet between 1182 feet and 1215 feet in Hole NSD-22. This came from the Lower Abrigo formation, a low acid consumer.
- Met 3 was made up of the 20 feet of Hole NSD-11 between 910 feet and 930 feet in the Upper Abrigo formation, a variable acid consumer.

Most of the core fragments had been epoxy-coated prior to arrival at Hazen to seal surfaces and fractures created by drilling and core handling.

The samples were loaded into 6-inch diameter clear PVC pipe and leached with dilute sulfuric acid solutions for 164 days, followed by a 14-day water rinse. Unfortunately, several aspects of Hazen's test procedure precluded direct and reliable prediction of the rate of dissolution of copper, the ultimate amount of copper dissolved from the samples, and both maximum and average PLS grades.

1) Rather than adding acid to the lixiviants at a continuous rate in order to quickly achieve and then maintain a target PLS acidity of about pH 1.5, the lixiviants was made up in batches with different free acid concentrations ranging from 1.91 to 4.68 gpl free acid. The technique that was employed is a reasonable one for samples that consume little acid. However, when applied to samples that consume significant amounts of acid, the gangue minerals tend to deplete the free acid (more importantly, raise the pH) and the solution loses its ability to dissolve copper.

2) This deficiency was especially serious with the Met 1 sample because the PLS was nearly always less acidic than pH 2.0-2.5 with one exception of a 7-day period when it was pH 1.6. Examination of the raw data reveals that the rate at which copper dissolved was 1.7 percent per day at pH 1.6, but only 0.2-0.3 percent per day above pH 2.5. This problem was less pronounced with Met 2 where the PLS was between 1.5 and 2.0 and Met 3, where it was mainly in the range pH 1.7-1.3 after 22 days. Nonetheless, the rate at which copper dissolves from chrysocolla diminishes rapidly in solutions less acidic than pH 1.5, so all three columns were operated under very non-ideal conditions.

3) Given that the copper mineralization is essentially all chrysocolla and other silicates and that it occurs on fracture planes and surfaces, it is reasonable to assume from testwork done to date that approximately 65 to 80 percent of the copper will dissolve if contacted by dilute sulfuric acid solutions at pH 1.5.

4) Hazen estimated total acid consumption based on a material balance accounting for acid added to each column, free acid at various time intervals, and the cumulative mass of copper dissolved up to that time. By this procedure, their estimates are as follows in pounds of acid per pound of copper dissolved (lb/lb), Met 1, 8.9 lb/lb; Met 2, 5.0 lb/lb; and Met 3, 3.9 lb/lb. Here, it is important to point out that all acid consumptions that have been reported are total acid consumed. In practice, electrowinning creates 1.54 pounds of 100% equivalent sulfuric acid, so gangue acid consumption equals total minus 1.54.

5) The columns were loaded with coarse core fragments whose dimensions were sometimes as large as half of the column diameter. However, the voids were not filled with inert solids such as sand, as is sometimes done in such experiments. This resulted in calculated void volumes of 67 percent, 80 percent, and 73 percent, respectively for Met 1, Met 2, and Met 3. Yet the calculated natural pore volume was only 5.4 percent. As a consequence, the solution inventory in the columns was roughly 12 to 14 times the pore volume and some of the solution may not have contacted copper mineralization. This had a profound impact on PLS copper grade. Although the Met 3 column produced a peak PLS grade of about 0.94 gpl Cu after 35 days, Met 1 peaked at 0.47 gpl Cu and Met 2 at 0.30 gpl Cu. All PLS grades eventually declined with time.

6) Because of the excess void volume, the Hazen tests used 135 to 210 pore volumes of solution during leaching and 18 to 24 pore volumes during the 14-day rinse or “sweep” cycle. As an illustration, assume that ISR will require 25 pore volumes for leaching and 5 pore volumes for rinsing. At a porosity of 5.4 percent, this would equate to 12.97 gallons of pores per ton of rock, and 30 pore volumes would total 389 gallons of solution per ton. At a grade of 0.4% Cu with 65 percent dissolved, there would be 5.2 pounds of copper dissolved per ton of formation. This would yield an average PLS grade of 1.61 gpl Cu. Application of more pore volumes will proportionately reduce the PLS grade.

7) Rinsing of the columns with water for 14 days with 18-24 pore volumes only reduced acidity to the following terminal values: Met 1, pH 3.33; Met 2, pH 3.47; and Met 3, pH 3.22. However, ineffective rinsing was due to the large void volume and, possibly, to “dead space” that was not swept efficiently by the advancing water.

Conclusions and Recommendations for Further Metallurgical Testing

Bottle roll and column leaching tests usually provide constructive information if the intended production method is appropriate. If the tests are conducted with coarse ore fragments, they indicate maximum acid consumption and maximum metal extraction. For heap leaching of oxidized gold ores and copper ores containing oxide copper or secondary sulfides, these tests are very predictive because adequate ore/solution contact can be designed into a heap. They also are applicable to ISR for the extraction of uranium from roll-front type deposits in paleochannels because the sand grains usually are barely consolidated and lixiviant flows freely through the deposit. Moreover, uranium ISR lixiviant is only oxygenated groundwater with enough dissolved CO2 to form the uranyl carbonate complex, so the gangue is not attacked.

However, neither laboratory procedure enables a reliable prediction of copper dissolved during an ISR operation. Once the current study has been completed, and assuming a favorable outcome, further testing is planned. It probably will embody a technique that has recently been devised which introduces lixiviant flow normal to the long axis of whole core intervals. The solution will pass through a series of core sections, voids will be filled with inert barren mineral grains, and solutions will be recirculated to mimic the effects of solution "stacking" in a well field.

Until that work has been concluded and evaluated, it is realistic to assume that total sulfuric acid consumption (before the electrowinning credit) will be 9 lb/lb, that average PLS grade will be 1.5 gpl Cu, and that 70 percent of the total copper will dissolve.

Mineral Resource Estimate

The North Star deposit model has been updated to include the results of additional drilling and to incorporate oxide zone and geologic formation shapes provided by Excelsior.

Drill Hole Data Base

The North Star data base contains 109 drill holes aggregating 141,252 feet of drilling, 91 of which, aggregating 124,326ft, are inside the model area for North Star. However, reviews identified a number of drillholes with suspect total copper (TCu) or acid soluble copper (AsCu) assays, and these assays were replaced or set to no-data values before modeling commenced. The specific changes made were:

- MCC-1 through MCC-6: Original Magma TCu and AsCu assays replaced in their entirety by Skyline repeat assays on split core samples from these holes.
- JD-1 and JD-3: Isolated high-grade intervals separated by no-data values set to no-data values.
- K-04 and K-06: Identical assay values entered in multiple intervals set to no-data values.
- SULLYI97-1: Default 0.01 TCu values set to no-data values.

The AsCu assays from Skyline repeat assays on split core samples from holes T-01 and T-05 were also added to the database.

Grade Estimation

The North Star model covers the area from 385,700N to 397,500N, from 534,600E to 542,400E and from 2,300 to 4,900 elevation. With a block size of 100x100x25ft vertical the model contains 118 rows, 78 columns and 103 tiers for a total of 948,012 blocks. The block model is un-rotated with respect to UTM coordinates.

Total copper grades in the model were estimated using ordinary kriging, a 700 x 700 x 50ft search

dipping 30 degrees east (parallel to the dip of the sedimentary units) and a minimum of one and maximum of 12 25ft bench composites could be used to estimate a block grade. The 700ft search is 70% of the variogram range. No composites were capped because no high-grade outlier composites are present. Grades in the model were estimated only in bedrock using only composites located in bedrock. Composites with grades in the overlying alluvium were set to no-data values.

Composites in intervals with no assay values were left as no-data values. There is a possibility that some of these composites exceed the 0.1% total copper leach cutoff, and inserting low-grade default values in such intervals could therefore cause underestimation of resources. It could also result in the identification of indicated resources in areas where assaying is insufficient to demonstrate continuity of mineralization.

Acid Soluble grades were estimated using the following procedures:

1. Calculate AsCu/TCu ratios in assay intervals where both TCu and AsCu are present and where TCu exceeds 0.02% (detection limit effects distort AsCu/TCu ratios at lower grades). Set all intervals where AsCu/tcu is greater than 1.0 to 1.0.
2. Composite the AsCu/TCu ratios into 25ft bench composites.
3. Estimate AsCu/TCu ratios in the model by ordinary kriging using an 1100 x 1100 x 200ft flat search and 1/12 minimum/maximum 25ft bench composites. The 1100ft search represents 100% of the variogram range.
4. Estimate AsCu as AsCu/TCu times TCu.

AsCu was not estimated directly because the incomplete AsCu assaying has high-graded AsCu relative to TCu in some formations (Table 14-4).

The AsCu estimation parameters resulted in AsCu values being assigned to effectively all of the indicated model blocks in Excelsior's lease area and to about 70% of the inferred blocks. The average AsCu/TCu ratio in inferred blocks was assigned to the 30% of the inferred blocks that were not estimated.

The formation (Escabrosa, Martin etc.) and mineral zone (oxide, transition, sulphide) geometries were interpreted by Excelsior on east – west cross sections and provided to IMC. The sectional interpretation was wire framed and assigned to the block model. These shapes were used to tabulate resources but not to control grade estimation. The trends of the copper mineralization were used to guide the orientation of the grade estimation parameters.

Model block tonnages were estimated by applying the following average formation densities, calculated by Excelsior from an extensive suite of density measurements on core samples, to the formation shapes in the model:

Escabrosa 2.73 g/cc
Martin 2.81
Upper Abrigo 2.86
Middle Abrigo 2.93
Lower Abrigo 2.73
Bolsa 2.64
Texas Canyon QM 2.59
Others 2.69

Resource Classification

The Mineral Resources are classified as if North Star is a large bulk tonnage deposit. Model blocks where TCu composites from three or more holes are present within the 700x700x50ft tcu search ellipse are classified as indicated and blocks where TCu composites from one or two holes are present are classified

as inferred. This approach provides a visually-reasonable indicated-inferred distribution, with indicated blocks located dominantly internal to the drilling and inferred blocks on the periphery.

The three-hole criterion is supported statistically by tTCu kriging variances, which are a measure of the uncertainty in the model block TCu estimates. TCu kriging variances increase only slowly as the number of holes decreases from ten to three but begin to increase rapidly as the number of holes falls below three.

The North Star Mineral Resource based on the information provided above is summarized in Table 6. The mineral resource is tabulated for the oxide portion of the deposit at a 0.10% TCu cutoff and the sum of the mixed plus sulphide portions of the deposit at a 0.30% TCu cutoff. Other cutoffs are included in the table for reference. The mineral resource is the model contained tonnage and grade estimated within the sedimentary formations only, thus excludes any tonnage and grade estimates in the adjacent porphyry and undefined areas. As well, the mineral resource is limited to within the area for which Excelsior has the rights to explore (claims and leases). The mineral resource is based on the drill hole data discussed above except that the six MCC holes (MCC 1-6) which had questionable original assays were not used for the estimate. The effective date of the mineral resource estimate is June 20th, 2011.

At this time there are no known factors impacting the resource statement regarding environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant factors. This does not imply that these will not have an impact on future resource estimates.

Table 6: North Star Mineral Resource

Category	TCu Cutoff Grade	Short Tons (millions)	Total Copper, %	Acid Soluble Copper, %	Tons of Copper (million)	Pounds of Copper (billions)
Oxide Deposit						
Indicated	**0.10%**	**510.8**	**0.31**	**0.23**	**1.60**	**3.21**
Inferred	**0.10%**	**158.5**	**0.28**	**0.18**	**0.44**	**0.88**
Indicated	0.30%	236.6	0.44	0.33	1.05	2.10
Inferred	0.30%	50.4	0.47	0.32	0.24	0.47
Mixed & Sulphide Deposit						
Indicated	**0.30%**	**42.9**	**0.37**	**0.09**	**0.16**	**0.32**
Inferred	**0.30%**	**41.7**	**0.40**	**0.10**	**0.17**	**0.34**
Combined Oxide (@ 0.10% Tcu Cutoff) and Mixed-Sulphide (@ 0.30% Tcu Cutoff)						
Indicated	**553.7**	**0.32**	**0.22**	**1.76**	**3.52**	
Inferred	**200.2**	**0.30**	**0.16**	**0.61**	**1.22**	

Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Mining Operations

For purposes of the PEA study, mine life was defined by Excelsior as 20 years. A "scoping" level of accuracy (30%) is expected for this PEA, since it was necessary to make certain simplifying assumptions and estimates of values for unknown or poorly-known design parameters. These assumptions and estimates are discussed in the sections below.

Mining Method

ISL mining utilizes injection wells to provide fluid access for leaching solution (lixiviant) contact with a desired ore interval, and production wells are used to recover the resulting copper-laden pregnant leach solution ("PLS"). A pressure gradient is created between the injection and production wells in order to drive injected lixiviant through permeable ore between them.

The SX plant extracts and concentrates the dissolved copper from the PLS, and separates it from the resulting barren solution (raffinate). The concentrated copper electrolyte solution is sent to an electrowinning (EW) plant, which reduces the concentrated copper sulfate to a marketable copper cathode. Raffinate exiting the solvent extraction and electrowinning (SX-EW) plant is then reconstituted by addition of sulfuric acid to form lixiviant, which is sent back to the injection wellfield.

The in-situ leaching (ISL) mining method was selected for the North Star deposit due to metallurgical suitability of its ore mineralogy, well-fractured host rock with good permeability, water-saturated ore, favorable ore depth and thickness, and ability to operate the process near (and possibly beneath) a major highway which intersects the property. Results of preliminary evaluations of metallurgy and hydrogeology of the North Star deposit conducted by previous companies including Magma Copper Corp. (1993) and by Excelsior (2011) were generally supportive of the ISL mining method.

Recovery of copper minerals by ISL mining methods requires several steps, including: 1) dissolution of copper minerals contained within the ore (metallurgical extraction), 2) effective contact between ore minerals and lixiviant (sweep efficiency), 3) recovery of PLS through production wells, and 4) removal of copper from PLS by the SX-EW process. Each of these steps can be associated with a percentage efficiency. The overall copper recovery is equal to the product of these percentages, e.g.: ISL extraction = (metallurgical extraction)x(sweep efficiency)x(PLS recovery efficiency)x(SX-EW efficiency).

The planned facilities for the Gunnison Project are an In Situ Copper Recovery ("ISCR") well field to recover copper in a leach solution, a Solvent Extraction and Electrowinning ("SX/EW") facility to recover the copper from the leach solution and produce cathode quality copper (99.99%). Also included are leach solution ponds, water impoundments and infrastructure to support the process.

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

Acid Plant Alternative

The option to produce sulfuric acid on site for the leach requirements was investigated to evaluate against the base case of purchasing sulfuric acid delivered to site. The base case assumes sulfuric acid can be purchased on a long term contract at a cost of US$100 per ton, delivered to site. This alternative is to purchase sulfur on a long term contract and convert the sulfur to sulfuric acid onsite, with waste heat steam as a by-product to generate electrical power for a portion of the facility.

Acid requirements for the project are nine pounds of acid per pound of copper produced. For a total annual copper production of 85.65 million pounds, approximately 385,425 tons per year of sulfuric acid will be required. The sulfur burning sulfuric acid plant was sized for 1,100 tons per day (100% H2SO4),

allowing for 2 weeks down time each year for maintenance. The product acid strength will be 98.5 % H2SO4.

The proposed acid plant is a double-contact double-absorption acid plant which will provide the highest conversion rate and lowest emission of SO2, less than 500 ppm by volume.

Market Studies and Contracts

Market Studies

The anticipated long-term demand for copper cathode is not easily determined but for the purpose of this report, it has been assumed that markets for this product will remain steady. To date, no market study has been conducted for this 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 Gunnison and therefore no off-take agreements exist. These options will be reviewed in detail when the project proceeds to the feasibility stage.

Contracts

Principal activities for Excelsior are project financing, community relations, environmental studies and permitting, and related engineering activities that support the development of the Gunnison Project. During this period, contracting activities will continue to be driven by the need to acquire specialists and professional services firms to assist Excelsior with these various activities.

A number of contracts will need to be put into place in order to complete the proposed studies. Some are already in place and others are still proposed. These include:

- Project financing,
- Community relations,
- Land use,
- Environmental studies and permitting,
- Hydrology and hydrogeology,
- Archeological studies,
- Resource development and 43-101 Reporting,
- Metallurgical and process engineering support,
- Detail engineering and procurement, and
- Site safety and health services,
- Professional Services,
- Drilling services contractors.

Environmental Studies, Permitting and Social or Community Impact

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, AZ. 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 covered by infrastructure such as the SX/EW plant, evaporation ponds, sulfuric acid plant and railway facilities.

Community Relations

Excelsior seeks to build sustainable partnerships and bring value to the communities where we operate. Our approach to community relations reinforces our core values and provides guidelines for making decisions on a variety of issues, ranging from charitable giving to resource development. To that end, we plan to initiate a broad-based community relations and stakeholder outreach program in support of the Gunnison Project from initiation of pre-feasibility and feasibility studies, through project construction and operations, to closure. Elements of this program will include:

- Development of community relations and communication tools and resources (e.g. project website, project e-newsletter, and presentation materials);
- Public open houses and technical briefings; and
- Targeted stakeholder outreach to government, community, business, non-profit and special interest groups, and leaders at the local, county and state level.

Crucial elements of our community relations efforts will involve ensuring consistent and ongoing communication with all stakeholders, and providing opportunities for meaningful two-way dialogue and active public involvement. This will enable us to appropriately address any concerns voiced by community members. We also will focus on ensuring the public benefits related to the Gunnison Project, such as employment opportunities, supplier services, infrastructure development and community investment are optimized for the local community.

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") (a state requirement), the underground injection control permit ("UIC") (a US Environmental Protection Agency ("EPA") requirement) and the air quality permit (a state requirement). Currently, there are no known environmental liabilities for the Gunnison Project.

Excelsior will start the data collection process in order to submit permit applications to the federal and state agencies that are responsible for administering and issuing operation permits. 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 wellfield and processing operation plants will be designed at minimum to meet or at best to exceed the Best Available Demonstrated Technology ("BADCT") guidelines. Compliance to BADCT regulatory guidelines will substantially reduce the potential for unwanted 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 escalating closure costs.

Mine Closure

The Arizona State Mine Inspector's Office manages the Mined Land Reclamation Program in Arizona. This program requires the development of reclamation plans that will ensure safe and stable post-mining land use. All regrading and resurfacing needs, if any, will be completed with good engineering practices minimizing unwanted surface disturbances. The plans must include cost estimates and financial assurance for implementing the reclamation plans. Mechanisms for providing required financial assurance for the cost of implementing the reclamation plans are listed at A.R.S. § 27-973. Excelsior will be preparing a reclamation plan and submit to the responsible regulatory office as required by the mined land reclamation policies.

The amount of Bonding or as a set-aside will be based on the closure-remediation-reclamation cost estimates. The closure plan for the wellfield 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 ground. The 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.

Economic Analysis

The financial analysis presents the determination of the Net Present Value ("NPV"), payback period (time in years after production commences to recapture the initial capital investment), and the Internal Rate of Return ("IRR") for the project. The evaluation was made for two cases; one with the purchase of sulfuric acid for the process delivered to site (Base Case) and the second the addition of a sulfuric acid plant in the project scope and manufacturing sulfuric acid on site (Alternate).

This PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the conclusions reached in the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Cash Flow Forecasts

The annual cash flow projections were estimated over the life of the mine (20 years) based on the capital expenditures, operating costs, and sales revenue for the copper produced. The sales revenue is based on the production of cathode copper from the SX/EW facility. No other by-product credits were assumed.

The revenues for both cases total US$213.27 million per year based on the production of 85.65 million pounds of copper cathode per year at 99.6% copper and a price for copper of US$2.50 per pound. Product handling costs to weigh, sample and transport the copper to market average approximately US$3.84 million per year over the life of the mine, leaving an average gross income of US$209.43 million per year.

In a typical year (assumed year 3), the annual operating cost is estimated for both cases to be US$75.5 million, leaving an annual operating margin of US$133.93 million. Other deducts to the cash flow include capital expenditures during the life of mine (initial and sustaining capital), change in working capital, royalty payments, and severance tax. The cash flow before taxes average US$73.52 million per year and US$50.73 million after taxes for the base case over the life of mine.

Financial Model: NPV Calculations

The financial model was prepared by Excelsior Mining Corp. and reviewed by M3 Engineering & Technology Corporation ("M3"). It is M3's opinion that the financial model accurately represents the NPV and IRR calculations for the project.

The before and after tax Net Present Values for the project were determined for the base case and acid plant alternative at discount rates of 7.5% and 8.0%. Internal rates of return and the payback periods, in years, were also determined for each case. Table 7 below summarizes the calculations.

Table 7: Summary NPV Calculations

	Base Case		Acid Plant	
Before Tax NPV				
Discount Rate	7.5%	8.0%	7.5%	8.0%
NPV (X $ 000)	US$776,061	US$732,842	US$883,034	US$831,857
IRR	47%	47%	40%	40%
Payback, yrs.	2.1	2.1	2.7	2.7
After Tax NPV				
Discount Rate	7.5%	8.0%	7.5%	8.0%
NPV (X $000)	US$511,681	US$480,924	US$561,659	US$526,098
IRR	34%	34%	30%	30%
Payback, yrs.	3.2	3.2	3.6	3.6

Taxes and Royalties

The Gunnison Project is subject to taxation by multiple levels of government. These taxes have either been categorized as Production Taxes or Income Taxes. The following summary is a highlight of what are considered the material taxes, rather than an exhaustive list of all taxes that the project may be subject to.

Production Taxes

Production taxes in Arizona include: property tax, mining tax, severance tax and sales tax.

Property taxes collected by Cochise County. The property tax is calculated based on the assessed value of the property and its intended use. Properties are assessed annually in the case of a mining property such as the Gunnison project, by the state of Arizona.

The state of Arizona applies a severance tax to projects that operate within the state. The state applies a 2.5 percent tax to 50 percent of the difference between the 'gross value of production' and the production costs associated with the project. 'Gross value of production' is generally defined as the sum of the value of production for each metalliferous mineral mined. Production costs are generally defined to mean the costs incurred in mining and processing until point of sale including energy, fuel, labor, supplies, transport, and depreciation among other expenses. A portion of severance taxes collected by the state are redistributed to the cities and towns within the state based on population and other distribution metrics.

In Arizona purchases of equipment, machinery, and chemicals used in mining operations are exempt from sales tax. The state imposes 5.6 percent tax on retail sales and services.

Income Taxes

A taxpayer is required to calculate taxes under both the regular corporate tax system and the Alternative Minimum Tax system and pay whichever system results in the higher amount of taxes.

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. Generally, taxable income is net income for financial statement purposes adjusted for any non-cash items and taking into account various adjustments allowed under the Internal Revenue Code ("IRC"). State and local taxes are deductible against federal taxes.

A project that is in a 'taxable loss' position will not be subject to cash tax. Rather, the losses generated in a given year may either be carried forward for 20 years and applied to taxable income when it arises or carried back 2 years and applied against taxable income in those years, to the extent the project earned taxable income. To the extent the company that generated the tax loss undergoes a change in control; certain rules within the IRC may restrict the ability to use the pre-change in control loss against any post change in control tax year. It is typical for mining projects to incur losses in the early years of a project due to the magnitude of expenditures required.

Common adjustments when calculating taxable income in the mining industry include, among others:

- Tax depreciation deductions on purchases of capital equipment subject to various rates;
- Deductions for exploration and evaluation expenses subject to certain limitations depending on which method the taxpayer elects to deduct these expenditures;
- Deductions for development expenses subject to certain limitations depending on which method the taxpayer elects to deduct these expenditures;
- Deductions for depletion under either the cost or percentage depletion methods; and,
- Deductions for reclamation and remediation of the property.

The IRC provides a favorable tax deduction to mining companies called depletion. Depletion is a form of cost recovery which allows a project to recover costs it has incurred prior to the production phase to the extent there is an economic interest in the producing property. Cost depletion is based on the cost recovery concept and allows a project to deduct the costs of the mineral property ratably as the mineral is produced and sold. Cost depletion ceases once all costs have been recovered. Percentage depletion is a concept under the regular tax system that is tied to 'adjusted gross income from property' and applies a rate to the calculation based on the mineral being mined. Generally, the amount of percentage depletion that can be claimed as a deduction for regular tax purposes cannot exceed 50 percent of taxable income from the particular property before deducting depletion. In practice, percentage depletion in a sufficiently productive mine can greatly exceed the capitalized basis over the life of a mine. Taxpayers will calculate depletion under both the cost and percentage methods and deduct under the method that yields the highest deduction.

The federal tax system also provides incentives and tax credits available to taxpayers that are based on manufacturing. The state provides incentives for the number of Arizona resident employees hired and also to projects that operate within 'Special Economic Zones' within the state of Arizona. Excelsior intends to maximize these incentives and credits to the extent they are available.

The federal tax system also employs an alternative system of taxation called Alternative Minimum Tax ("AMT"). AMT is a separate and parallel tax system to the regular corporate income tax system. AMT is calculated by adjusting taxable income calculated under the regular corporate tax system by either

denying or adjusting certain deductions allowed under the regular tax system. The rate of tax under AMT is 20 percent.

Typical deductions not allowed under AMT include, among others:

- Percentage depletion deductions;
- Certain tax depreciation methods on capital equipment; and
- Restrictions in losses that may be applied.

Due to the capital intensive nature of mining industry most mining projects will be subject to AMT for all or a portion of the life of the mine. Based on initial projections, the Gunnison Project should be subject to AMT for a portion of life of mine which will lower the tax rate from the statutory rate of 39.53 percent noted above.

Royalties

The Connie Johnson Deed of Trust provides for a 6% “Net Proceeds” royalty up to a maximum of US$150,000. This royalty is payable in cash when Excelsior exercises the Option Agreement with the James Sullivan Trust on or before December 31, 2016.

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."

Summary Financial Model

Table 7 – Summary Financial Model

Excelsior Financial Model 2011	Unit	Acid Plant	Cost/lb	Base Case	Cost/lb
Copper Cathode sold	**MMlb**	**1,706**	**-**	**1,706**	**-**
Copper Price	**$/lb**	**2.50**	-	**2.50**	-
Gross Revenue	**US$000's**	**4,265,436**	**-**	**4,265,436**	**-**
Royalties	**US$000's**	**(19,618)**	**(0.01)**	**(19,618)**	**(0.01)**
Operating Costs					
Production (Wellfield)	US$000's	(635,708)	(0.37)	(1,032,833)	(0.61)
SXEW	US$000's	(415,224)	(0.24)	(463,504)	(0.27)
G&A	US$000's	(108,198)	(0.06)	(108,198)	(0.06)
Sub-total Operating Costs	**US$000's**	**(1,159,130)**	**(0.68)**	**(1,604,535)**	**(0.94)**
Initial Capital Costs					
Production (Wellfield)	US$000's	(83,999)	(0.05)	(83,999)	(0.05)
SXEW + Infrastructure	US$000's	(146,294)	(0.09)	(146,294)	(0.09)
Owners Costs	US$000's	(9,650)	(0.01)	(9,650)	(0.01)
Acid Plant	US$000's	(84,808)	(0.05)	-	-
Sub-total Initial Capital Costs	**US$000's**	**(324,751)**	**(0.19)**	**(239,943)**	**(0.14)**
Sustaining Capital Costs	**US$000's**	**(348,295)**	**(0.20)**	**(339,597)**	**(0.20)**
Taxes	**US$000's**	**(762,508)**	**(0.45)**	**(615,248)**	**(0.36)**
NPV and IRR					
Discount Rate		**8.00%**	**7.5%**	**8.00%**	**7.5%**
Pre-Tax Cash Flow	**US$000's**	**2,317,799**	**2,317,799**	**1,984,965**	**1,984,965**
Pre-Tax NPV	**US$000's**	**831,857**	**883,034**	**732,842**	**776,061**
Pre-Tax IRR		**40%**	**40%**	**47%**	**47%**
Payback (years)		**2.7**	**2.7**	**2.1**	**2.1**
Post-Tax Cash Flow	**US$000's**	**1,555,292**	**1,555,292**	**1,369,718**	**1,369,718**
Post-Tax NPV	**US$000's**	**526,098**	**561,659**	**480,924**	**511,681**
Post-Tax IRR		**30%**	**30%**	**34%**	**34%**
Payback (years)		**3.6**	**3.6**	**3.2**	**3.2**

Interpretation and Conclusions

The results of this PEA suggest the project is technically feasible utilizing in-situ leaching technology and conventional solvent extraction and electrowinning technology and warrants further development. Although the solvent extraction, sulfuric acid manufacture, and in-situ leach technology are proven, additional testing is recommended to establish better design criteria for the process. Design criteria includes the leach recovery rate for copper, the PLS grade for the SX/EW plant, and the acid consumption in the leach operation.

At this time there are no known uncertainties in the data which would significantly impact the current resource estimate. As the project moves forward there is the risk of newly discovered impacts to the data or environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant factors which could impact the project timeline or completion, likewise there are opportunities.

A metallurgical review by Dr. Terry McNulty summarized past metallurgical testing programs for the Gunnison Project and concluded additional testing would be required to obtain a reliable prediction of copper recovery in an in-situ leaching application. He also concluded that for the purpose of the PEA, it would be realistic to assume that sulfuric acid consumption in the leach process (before the electrowinning acid credit) would be 9 pounds of acid per pound of recovered copper, that the average PLS grade would be 1.5 gpl copper, and that 70% of the total copper will report to the PLS.

Excelsior has been involved with the Gunnison Project since October 2010 and before that AzTech Minerals since June 2006. The current active phases of the project are focused on collecting additional information to aid the prefeasibility and feasibility studies including extensive hydrological and metallurgical testing. It is suggested that Excelsior should initiate a comprehensive community outreach program, environmental studies and permitting activities, mitigation planning, and develop key process and engineering design criteria, which will be used for the design of the commercial plant. Thereafter the facility will be constructed and in operation for a period of some 20 years. This period will be followed by closure activities as required by permit.

There are the “usual” risks, defined as the general risks of doing business. The Excelsior team will engage responsible resources to assist it with the various tasks of moving the project forward. The key risks that are specific to the development of the Gunnison Project, and strategies that will be implemented to mitigate these risks, are summarized in Table 8 below.

Project risks and associated costs are operational risks, which can be adequately assessed and mitigated by using a staged approach to advancing the project to full production.

Table 8: Phase 1: Project Development Risks

Risk	Mitigation Strategy
Lack of funds to complete prefeasibility and feasibility studies	Access to capital is not a guarantee. Presumably, Excelsior has the appropriate management and directors in place to maximize access to capital in an efficient and timely manner.
Failure to convert inferred mineral resources to indicated mineral resources	Previous infill drilling has been successful in converting inferred mineral resources to indicated mineral resources; however, there is no guarantee this trend will continue. Infill drilling should be completed during pre-feasibility and feasibility using professional contractors.
Failure to generate suitable metallurgy results.	Metallurgical parameters include items like acid consumption, copper recovery and PLS grade. More metallurgical testing is required to better define these parameters under simulated ISR mining conditions. This future test work should be completed during pre-feasibility and feasibility using professional contractors and high industry standards

Risk	Mitigation Strategy
Potential for high acid consumption.	The calcium carbonate content in certain host rocks could have a negative impact on the performance of the project by producing higher than expected acid consumptions. A carbonate distribution project will be completed to define the spatial location of the higher acid consuming rocks. This will be linked to future hydrological and metallurgical studies, designed to simulate ISR mining conditions, so overall acid consumption can be spatially defined. Should areas of unacceptably high acid consumption be defined a number of strategies can be put in place to help mitigate their negatively impact. These include: • Concentrating mining activities on areas of low carbonate content. • Within areas of higher carbonate content, concentrating mining activates to zones of higher permeability, recovery and copper grade. • Adjusting mining procedures, well field design or leach solution chemistry to minimize acid consumption.
Potential for reduced permeability due to gypsum formation.	The potential for gypsum formation exists in an ISR operating using sulfuric acid in carbonate bearing rocks. Gypsum formation could reduce permeability by blocking the fracture network; however, this is not clear. Gypsum formation could equally remain permeable. Excelsior intends to complete further test work to better define gypsum formation under ISR mining conditions. This will include the use of non-gypsum forming acids. Should gypsum pose a problem, a number of strategies can be put in place to help mitigate the risk during mining. These include: • Concentrating mining activities on areas of low carbonate content. • Within areas of higher carbonate content, concentrating mining activates to zones of higher permeability, recovery and copper grade. • Adjusting mining procedures, well field design or leach solution chemistry to minimize gypsum formation. • Use of alternative acids that do not form gypsum.
Potential for unfavorable hydrology.	Hydrology test work to date has generated ground water flows sufficient to support ISR mining, however considerably more hydrological test work is required during feasibility and permitting. Future test work will be completed by professional drilling and hydrological companies using high industry standards. This test work may not generate results as good as the previous test work. This would result in lower copper recoveries. This can be mitigated by well field design and possibly hydro-fracturing.
Failure to obtain the required permits in a timely manner.	The Gunnison project is not close to any major community, not within scenic, archeologically or biologically sensitive areas and there is no immediate competition for water use. In addition the carbonate bearing rocks that surround the deposit likely represents

Risk	Mitigation Strategy
	a natural buffer or neutralizing agent to any lixiviate should it escape for the site. Excelsior should initiate a comprehensive community outreach program to ensure stakeholders are well informed and educated. Environmental studies and permitting activities will be undertaken by experienced and qualified experts in Arizona.

Construction and operation risks are discussed in the Table 9 below.

Table 9: Construction and Operational Risks

Risk	Mitigation Strategy
Capital cost and schedule	Excelsior should use industry recognized engineering firms with Arizona experience for engineering, procurement, and construction of the mine and facilities.
Copper price	Excelsior intends to be a lower quartile copper produces and therefore somewhat insulated from cycles of low copper price. In addition, the operational flexibility offered by ISR mining means the mine can adjust quickly to price fluctuations.
Acid cost and supply	Excelsior should consider building an acid producing plant on site and therefore should not be subject to the vagaries of acid supply and price. Sulfur for the acid plant is abundant on the west and east coasts of the US and can be railed directly to site. Should Excelsior choose not to build an acid plant it should negotiate long term, secure contracts for acid supply.

Recommendations for Future Development

The following recommendations are made in the Technical Report for Excelsior consideration as the project progresses to the next phase.

- Continue upgrade and expand the resource estimate and evaluate potential extraction and production options.
- Initiate additional metallurgical testing designed to simulate in-situ leaching to better predict the copper recovery in leaching, the copper grade in the PLS and the acid consumption in leaching.
- Continue hydrological testing of the mineralization to determine accurate permeability values and incorporate the results in the next phase of engineering.
- Initiate geotechnical investigations of the site for design engineering information in the next phase.
- Complete a structural interpretation for the deposit using down hole geophysical data to determine the orientations for fractures, faults, veins, and porphyry dykes.
- Continue environmental studies and initiate environmental monitoring of the site for a baseline. Further floral/faunal studies are required for the areas covered by the infrastructure such as the SX/EW plant, evaporation ponds, sulfuric acid plant, and railway facilities. A permitting plan should be developed to outline the process and requirements to obtain all necessary permits.
- Initiate marketing studies to establish the latest and forecast pricing for sulfuric acid and sulfur.

- Initiate a pre-feasibility study to incorporate the additional information resulting from the recommended test work and studies.

Excelsior has developed a budget for expenditures in the year 2012 to include the above recommendations. The budget is in two phases with the second phase dependent on positive results from the first phase. The budget is shown in table 10 below.

Table 10: 2012 Budget for the Gunnison Project

		Item	**Cost**
Phase 1	5 holes	Hydrology	US$500,000
	2 holes	Downhole Geophysics	US$100,000
	4 samples	Surface Hydrogeophysics	US$250,000
		Hydrological modeling	US$100,000
		Metallurgical Drilling	US$200,000
		Metallurgical Testing	US$120,000
		Total	US$1,270,000
Phase 2 (Additional)	25 holes	Hydrology	US$2,500,000
		Downhole Geophysics	US$500,000
		Surface Hydrogeophysics	US$500,000
		Hydrological modeling	US$100,000
	3 holes	Metallurgical Drilling	US$300,000
	6 samples	Metallurgical Testing	US$180,000
	15 holes	Resource drilling	US$2,000,000
		Total	US$6,080,000

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 speculative due to the nature of the Company's business and the 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 exclusively represents the current potential for the future generation of revenue. The costs, timing and complexities of upgrading the mineralized material at the Gunnison Project to proven and probable reserves may be greater than the Company anticipates. 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.

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 formal feasibility study; optimizing the mine plan; recruiting and training personnel; negotiating contracts for the supply of power, shipping 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 power supply, copper sales, and shipping agreements on terms 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 will 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 the Company 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 the Company's business, prospects, financial position, results of operations and cash flows.

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

Mineral resource and reserve calculations are only estimates.

Any figures presented for mineral resources in this AIF and those which may be presented in the future or any figures for mineral reserves that may be presented by the Company in the future are and will only be estimates. There is a degree of uncertainty attributable to the calculation of mineral reserves and mineral resources. 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 of the Gunnison Project to development, the Company must rely upon estimated calculations as to the mineral resources and grades of mineralization on the Gunnison Project. The preliminary economic assessment is an early stage study that is preliminary in nature. There can be no assurance that results described therein will be realized.

The estimating of 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. No assurances can be given that any mineral resource estimates for the Gunnison Project will ultimately be reclassified as mineral reserves. 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.

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.

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.

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 source of operating cash flow. Further development and exploration of the Gunnison Project depends upon Excelsior's ability to obtain financing through joint ventures, 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) vending of interests in the Gunnison Project. 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 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. Due to the preliminary stages of the Gunnison Project, it is difficult to assess what specific permitting requirements will ultimately apply to the Gunnison Project.

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.

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. Mining operations are subject to all the hazards and risks normally encountered in the exploration for and development and production of metals, including: unusual and unexpected geologic formations, environmental hazards, seismic activity, rock bursts, cave-ins, 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, any of which could result in damage to, or destruction of, all or part of the Gunnison Project and other facilities, damage to life or property, environmental damage and possible legal liability.

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 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.

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. Competition for exploration resources and services at all levels is currently very intense. 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.

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.

Situations may arise where Excelsior's directors and officers are in direct competition with Excelsior

Certain of Excelsior's directors and officers also serve as directors or officers, or have significant shareholdings in, other companies involved in natural resource exploration and development or mining-related activities. 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 conflicts of Excelsior's directors and officers may result in a material and adverse effect on its profitability, results of operation and financial condition. As a result of these conflicts of interest, Excelsior may miss the opportunity to participate in certain transactions, which may have a material adverse effect on its financial position.

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 acquisitions 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 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 Company's 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.

Reduction in Chinese demand 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.

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. 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 will be affected by such volatility.

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.

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

Future sales of Common Shares by shareholders could decrease the value of the Common Shares. Excelsior cannot predict the size of future sales by 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, 49,490,945 Common Shares and 7,007,876 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 2011	0.78	0.60	4,930,011
February 2011	0.81	0.63	3,794,581
March 2011	0.80	0.53	4,174,000
April 2011	0.68	0.52	1,629,807
May 2011	0.61	0.50	1,386,848
June 2011	0.62	0.49	815,519
July 2011	0.61	0.45	3,478,051
August 2011	0.60	0.41	1,523,050
September 2011	0.60	0.42	3,092,153
October 2011	0.62	0.355	2,588,618
November 2011	0.62	0.50	780,715
December 2011	0.77	0.54	2,820,548

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 ($)
Feb. 8, 2011	Common Shares issued pursuant to a compensation warrant exercise	100,000	US$0.25
Feb. 23, 2011	Common Shares issued pursuant to a common share purchase warrant exercise	10,000	US$0.65
Feb. 28, 2011	Common Shares issued pursuant to a non-brokered private placement	13,333,333	CDN$0.60
Feb. 28, 2011	Common Share Purchase Warrants issued pursuant to a non-brokered private placement	6,666,659	CDN$1.00
Feb. 28, 2011	Agent's Warrants issued pursuant to a non-brokered private placement	644,606	CDN$1.00
Mar. 4, 2011	Common Shares issued pursuant to a compensation warrant exercise	1,750	US$0.50
Jul. 25, 2011	Common Shares issued pursuant to a compensation warrant exercise	3,500	US$0.50
Sep. 15, 2011	Common Shares issued pursuant to a stock option exercise	58,666	CDN$0.30
Sep. 28, 2011	Common Shares issued pursuant to a compensation warrant exercise	150,000	US$0.25
Oct. 6, 2011	Common Shares issued pursuant to a compensation warrant exercise	30,000	US$0.25
Oct. 11, 2011	Common Shares issued pursuant to a compensation warrant exercise	20,000	US$0.25
Oct. 14, 2011	Common Shares issued pursuant to a stock option exercise	58,666	CDN$0.30
Oct. 17, 2011	Common Shares issued pursuant to a compensation warrant exercise	23,000	US$0.25
Oct. 21, 2011	Common Shares issued pursuant to a compensation warrant exercise	6,000	US$0.45
Oct. 25, 2011	Common Shares issued pursuant to a compensation warrant exercise	202,322	US$0.45
Oct. 27, 2011	Common Shares issued pursuant to a compensation warrant exercise	50,000	US$0.25
Nov. 10, 2011	Common Shares issued pursuant to a compensation warrant exercise	25,000	US$0.25
Nov. 28, 2011	Common Shares issued pursuant to a compensation warrant exercise	125,000	US$0.25

ESCROWED SECURITIES

Certain Common Shares of the Company are subject to three escrow agreements, the CPC Escrow Agreement, the Sujir Escrow Agreement and the RTO Escrow Agreement. The following Common Shares of the Company are held by, and are subject to the terms of, the Escrow Agreements as at the date of this AIF:

Escrow Agreement	Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
CPC Escrow Agreement	Common	420,000	0.85%
Sujir Escrow Agreement	Common	40,001	0.08%
RTO Escrow Agreement (Value Security)	Common	2,146,500	4.34%
RTO Escrow Agreement (Surplus Security)	Common	6,039,028	12.20%
RTO Escrow Agreement	Non-Voting	4,905,516	70.00%

Computershare Trust Company of Canada acts as escrow agent pursuant to the Escrow Agreements. As at the date of this AIF the following numbers and percentages of securities have been released from escrow pursuant to the Escrow Agreements:

Escrow Agreement	Class	Total number of securities subject to escrow as at the date of each Escrow Agreement	Number of securities released from escrow as at the date of this AIF	Percentage of securities released from escrow
CPC Escrow Agreement	Common	933,333	513,333	55.00%
Sujir Escrow Agreement	Common	88,889	48,888	55.00%
RTO Escrow Agreement (Value Security)	Common	4,770,000	2,623,500	55.00%
RTO Escrow Agreement (Surplus Security)	Common	8,627,182	2,588,154	30.00%
RTO Escrow Agreement (Surplus Security)	Non-Voting	7,007,876	2,102,360	30.00%

The balance of the Common Shares and Non-Voting Shares held in escrow pursuant to the Escrow Agreements will be released according to the following release terms:

CPC Escrow Agreement and Sujir Escrow Agreement

Release Dates	Percentage of Total Escrowed Securities to be Released
May 14, 2012	15%
November 14, 2012	15%
May 14, 2013	15%

RTO Escrow Agreement

In connection with the Business Combination, which was considered a "Reverse Take-Over" under TSXV rules and policies, all Common Shares and Non-Voting shares of received by certain Aztech shareholders in exchange for Aztech shares, and Common Shares of incoming directors and officers of Excelsior, were escrowed at the time of closing of the Business Combination pursuant to the RTO Escrow Agreement. The following automatic timed releases apply to the securities subject to the RTO Escrow Agreement:

Value Security Escrow

Release Dates	Percentage of Total Escrowed Securities to be Released
October 18, 2012	15%
April 18, 2013	15%
October 18, 2013	15%

Surplus Security Escrow

Release Dates	Percentage of Total Escrowed Securities to be Released
October 18, 2012	15%
April 18, 2013	15%
October 18, 2013	40%

Copies of the Escrow Agreements are filed under Excelsior's profile on SEDAR at www.sedar.com.

DIRECTORS AND OFFICERS

The names and municipalities of residence of the directors and officers of Excelsior, 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[6] 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[1][2]**
Mark Morabito[5] Director, Non Executive Chairman British Columbia, Canada	Founder and Executive Chairman or CEO of Crosshair Exploration & Mining Corp. from 1998 to present. Executive Chairman of Alderon Iron Ore Corp. from September 2011 to the present. President and CEO of Alderon Iron Ore Corp. from March 2010 to September 2011. Founder, President and CEO of Forbes West Management Corp. since December 2009.	April 4, 2007	1,803,666
Stephen Twyerould[3] Director, President, CEO Arizona, USA	President and Chief Executive Officer of the Company since October 14, 2010. President and Chief Executive Officer of AzTech Minerals, Inc. From July 2006 to October 2010.	October 14, 2010	7,007,876 (non-voting common shares)
Roland Goodgame Director, Vice President, Exploration Colorado, USA	Vice President, Exploration of the Company since October 14, 2010. Vice-President of AzTech Minerals, Inc. From November 2007 to October 2010. Senior Geologist at Anglo American plc from 2002 to November 2007.	October 14, 2010	1,317,182
John Vettese[4][5] Director Ontario, Canada	Partner in the law firm of Cassels Brock & Blackwell LLP	September 17, 2010	340,000
Jay Sujir[3][4][5] Director British Columbia, Canada	Partner in the law firm of Anfield Sujir Kennedy & Durno LLP	May 14, 2010	88,889

Name, Province or State and Country of Ordinary Residence of Nominee[6] 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[1][2]**
Colin Kinley[3][4] Director Kansas, USA	President and COO of Adira Energy Ltd. from December 2010 to 2011, 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 CEO of Saber Energy Inc. From 2007 to 2009, Vice President of Layne Christensen Company- President Energy Division. from 2000 to 2007, President CEO of Manx Energy Inc. 2009 to Present.	October 14, 2010	Nil
Jim Kolbe, Director Arizona, USA	Senior Transatlantic Fellow, German Marshall Fund of the United States; former Member of the U.S. House of Representatives for Arizona's 8th Congressional District from 1985 to 2007.	February 15, 2012	Nil
Steven Lynn 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
Samuel Yik Chief Financial Officer British Columbia, Canada	Executive VP Finance and Administration of Forbes West Management Corp.; Chief Financial Officer of Kobex Minerals Inc. from September 2007 to November 2011; Vice President of Finance and Investor Relations of GBS Gold International Inc. from August 2006 to October 2007; VP, Corporate Development and Commercial Operations of Pine Valley Mining Corporation from March 2005 to August 2006.	December 1, 2011	Nil

Name, Province or State and Country of Ordinary Residence of Nominee[6] 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[1][2]
JJ Jennex VP Corporate Affairs British Columbia, Canada	Strategic Advisor, Forbes West Management Corp. from May 2010 to the present. Corp.; Investor Relations Manager, Hathor Exploration from February 2009 to May 2010; VP Corporate Development, Red Lion Management from January 2005 to February 2009.	April 25, 2011	35,667
Sheila Paine Corporate Secretary British Columbia, Canada	Corporate Secretary of Forbes West Management Corp. since January 1, 2010. Assistant Corporate Secretary/Corporate Secretary of Crosshair Energy Corporation from May 2007 to present. Prior to that Legal Assistant at Fasken Martineau DuMoulin LLP from 2003 to May 2007.	May 17, 2010	12,000

(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 share purchase 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 disclosure committee of the Company.

The directors, nominees, officers and other members of Management of the Company, as a group beneficially own, directly or indirectly, 3,597,404 common shares of the Company representing 7.27% of the total issued and outstanding common shares of the Company. Stephen Twyerould beneficially owns, directly or indirectly 100% of the non-voting 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

(b) 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 Excelsior is currently a director of Escape Gold Inc. and a former director of American Bullion Minerals Limited, both of which companies are or have 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 these companies 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 both companies.

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 the company 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.

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 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.

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" and "Description and General Development of the Business – Year Ended December 31, 2010 Developments".

(b) Option to Purchase and Sale Agreement and Supplemental Escrow Instructions dated May 21, 2007 between the Trust and Aztech with respect to the Gunnison Project.

(c) Amended and Restated Option to Purchase and Sale Agreement and Supplemental Escrow Instructions dated December 18, 2007 between the Trust, Delta Exploration Holdings, L.L.C., Delta Exploration Group, L.L.C. and Aztech.

(d) Option Extension Agreement dated April 10, 2008 between the Trust, Delta Exploration Holdings, L.L.C., Delta Exploration Group, L.L.C. and Aztech.

(e) Second Option Extension Agreement dated August 19, 2008 between the Trust, Delta Exploration Holdings, L.L.C., Delta Exploration Group, L.L.C. and Aztech.

(f) Third Option Extension Agreement dated August 19, 2009 between the Trust, Delta Exploration Holdings, L.L.C., Delta Exploration Group, L.L.C. and Aztech.

(g) First Amendment to Third Option Extension Agreement dated December 15, 2009 between the Trust, Delta Exploration Holdings, L.L.C., Delta Exploration Group, L.L.C. and Aztech.

(h) Amended and Restated Option Agreement dated August 19, 2010 between the Trust, Delta Exploration Holdings, L.L.C., Delta Exploration Group, L.L.C. and Aztech.

(i) Management Services Agreement dated as of May 17, 2010 between Forbes West Management Corp. (formerly EGM Exploration Group Management Corp.) ("Forbes West") and the Company pursuant to which Forbes 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 Forbes West, and the Company reimburses Forbes West for such costs on a monthly basis.

(j) CPC Escrow Agreement as described in this AIF under "Glossary" and "Escrowed Securities".

(k) Sujir Escrow Agreement as described in this AIF under "Glossary" and "Escrowed Securities".

(l) RTO Escrow Agreement as described in this AIF under "Glossary" and "Escrowed Securities".

(m) Agency Agreement dated October 13, 2010 between BayFront Capital Partners Inc. and AzTech relating to the Private Placement referred to under "Description and General Development of the Business – Year Ended December 31, 2010 Developments".

(n) Warrant Indenture between Excelsior and Computershare dated as of October 14, 2010 providing for the issue of up to 3,226,050 Warrants of Excelsior relating to the Private Placement referred to under "Description and General Development of the Business – Year Ended December 31, 2010 Developments".

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; Steven G. Axen, P.E. of Ray V. Huff and Associates Inc.; and Terry P. McNulty, D.Sc., each a qualified person as defined in NI 43-101. Each of the qualified persons has reviewed and consented to the 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 nor 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.

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, 2010 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: Stephen Twyerould, Colin Kinley and Jay Sujir. As defined in NI 52-110, Colin Kinley and Jay Sujir are considered "independent". Stephen Twyerould is not considered to be independent as he is Excelsior's President and Chief Executive Officer. Also as defined in NI 52-110, all of the audit committee members are "financially literate".

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. Twyerould has over 23 years of experience in the exploration and mining industry, 17 of which were spent with WMC Resources Ltd. He managed WMC's gold geology group comprising 50 geologists across three operational sites, greenfields exploration and offshore development sites. He has extensive corporate, operations and exploration experience, covering a wide range of commodities both within Australia and offshore. Mr. Twyerould has a proven track record of discovery and definition of world-class ore bodies. In addition, he has expertise in unlocking geological potential to deliver operational improvements and business growth. He helped take Reliance Mining (now Consolidated Resources, CSM-AU) from a market capitalization of AUS$3 million to AUS$100 million in 4 years. Mr. Twyerould received a doctorate in Geology and Geochemistry from the University of Oregon in 1997 and a BSc (Hons) in Geology from the University of Melbourne, Australia in 1984.

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.

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.

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. "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. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and

tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor during the Company’s fiscal years ended December 31, 2010 and December 31, 2011, by category, are as follows:

Year Ended	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
December 31, 2011	$59,415	Nil	$10,000	$40,086
December 31, 2010	$59,415	Nil	$3,250	$27,775

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

EXCELSIOR MINING CORP.

AUDIT COMMITTEE CHARTER

Mandate

The primary function of the audit committee (the "Committee") is to assist the 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. 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.
- 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 three directors as determined by the Board of Directors, the majority 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. At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that 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 the 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.

Meetings

The Committee shall meet a least twice annually, 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.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

(a) Review and update the Charter annually.

(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 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.

External Auditors

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

(b) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.

(c) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.

(d) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

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 auditing and accounting principles and practices as suggested by the external auditors and management.

(d) 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.

(e) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.

(f) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.

(g) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.

(h) Review certification process.

(i) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

Review any related-party transactions.

This Audit Committee Charter was adopted by the Board on the 14th day of October, 2010.

By order of the Board of Directors

EXCELSIOR MINING CORP.

"Mark J. Morabito
Mark J. Morabito
Chairman