

Form 51-102F3
Material Change Report

Item 1. Name and Address of Reporting Issuer

Excelsior Mining Corp. (the “Company” or Excelsior”)
Suite 1240, 1140 West Pender Street
Vancouver, B.C., V6C 4G1

Item 2. Date of Material Change

February 9, 2016

Item 3. News Release

A news release announcing the material change referred to in this report was issued through Marketwired on February 9, 2016, and a copy is filed on SEDAR.

Item 4. Summary of Material Change

The Company announced the results of a comprehensive Updated Prefeasibility Study on the North Star Deposit of the Gunnison Copper Project, located in Cochise County, southeastern Arizona.

Item 5.1 Full Description of Material Change

For a full description of the material change, please see the news release attached as Schedule “A” to this Material Change Report.

Item 5.2 Disclosure for Restructuring Transactions

Not Applicable.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

No information has been omitted on the basis that it is confidential information.

Item 8. Executive Officer

The name and business telephone number of an officer who is knowledgeable about the material change and this report is as follows:

Sheila Paine, Corporate Secretary
Phone: (604) 681-8030 ext. 238
Fax: (604) 681-8039

Item 9. Date of Report

February 10, 2016

Schedule "A"



NEWS RELEASE

Excelsior Releases Updated Prefeasibility Study

Post-Tax NPV of \$829 Million and Initial Capital Costs Reduced by 84% to \$45.9 Million

February 9, 2016

Excelsior Mining Corp. (TSX-V: MIN) (FSE: 3XS) (OTCQX: EXMGF) ("Excelsior" or the "Company") is pleased to announce the results of a comprehensive Updated Prefeasibility Study ("Updated PFS") on the North Star Deposit of the Gunnison Copper Project, located in Cochise County, southeastern Arizona. The project is designed as a copper in-situ recovery ("ISR") mine using solvent extraction-electrowinning ("SX-EW"). The Updated PFS was completed as a result of the recent acquisition of the Johnson Camp Mine ("JCM") and staged production approach which have dramatically lowered initial capital costs to \$45.9 million. Excelsior has also made progress on its permitting process and an update is included below in this news release.

Updated Prefeasibility Study Results

Highlights of the North Star Gunnison Copper Project Updated PFS (United States dollars)

- **Net Present Value ("NPV") of \$1.2 billion pre-tax and \$829 million post-tax**
 - at 7.5% discount rate using a life of mine ("LOM") copper price of \$2.75/lb;
- **Internal Rate of Return ("IRR") of 57.9% pre-tax and 45.8% post-tax;**
- **Initial construction capital costs of \$45.9 million**
 - includes 20% contingency, 16% EPCM, freight, mobile equipment, owner's costs and capital spares;
- **Payback period for initial capital of 1.8 years pre-tax and 2.6 years post-tax;**
- **Average life-of-mine operating costs of \$0.70/lb;**
- **All-In Cost (all capital plus operating costs) of \$1.24/lb;**
- **Sensitivity analysis at a LOM copper price of \$2.00/lb generates an IRR of 30.8% pre-tax and 26.2% post-tax.**
- Over 850 million pounds of copper added to the probable mineral reserve, an increase of 24%;
- Mine life of 27 years;
- Staged production profile: initial production rate of 25 million pounds of copper cathode per annum using the existing JCM facilities, followed by an intermediate expansion stage to 75 million pounds per annum and final expansion stage to full production of 125 million pounds per annum (includes the construction of an acid plant at full production). The staged production profile makes possible the funding of future expansions out of cash flow;
- Staged production approach lowers initial capital costs, reduces financing risk and speeds the timeline to first production.

Commenting on the results, President and CEO, Stephen Twyerould said, "This Updated Prefeasibility Study supports the advantages of our recent acquisition of the Johnson Camp Mine. The Company has pre-purchased a 25 million pound per annum SX-EW processing facility that has helped to reduce

our overall start-up capital to about \$46 million. This is an outstanding result. Even at today's copper prices of \$2.00/lb, the Gunnison Copper Project would still return a post-tax IRR of over 26%."

The Updated PFS was completed by M3 Engineering & Technology Corporation ("M3") of Tucson, AZ and is effective as of February 9, 2016. The technical report (the "Report") summarizing the results of the Updated PFS, and prepared in accordance with National Instrument ("NI") 43-101, will be filed on SEDAR and Excelsior's website within 45 days of this news release. Results of the Updated PFS disclosed in this press release are in United States Dollars.

Financial Analysis

As highlighted in the tables below, the Updated PFS demonstrates excellent project economics. Based on an initial production rate of 25 million pounds per annum, the Updated PFS base case generates a post-tax NPV of \$829 million (at a cash flow discount of 7.5%), an IRR of 45.8% and a payback period for initial capital of 2.6 years. This financial analysis is based on a number of assumptions which will be fully set out in the Report.

The base case uses the following parameters over the 27-year mine life:

- Copper selling price of \$2.75 per pound;
- Total copper recovery of approximately 48% (based on a combination of metallurgical recovery and presumed sweep efficiency);
- Average of approximately 9.3 pounds of acid consumed for every pound of copper produced;
- Initial acid price of \$125/ton, declining to \$44.9/ton in year 7 (acid plant is built in year 6);
- State tax rate of 6.97% and a federal tax rate of 35%;
- Staged production commencing at 25 million pounds per annum, ramping up to 75 million pounds in year 4, and then to 125 million pounds per annum in year 7.

FINANCIAL ANALYSIS SUMMARY		
	Pre-Tax	Post-Tax
IRR	57.9%	45.8%
Initial Capital Payback (years)	1.8	2.6
NPV (million \$) @7.5%	1,204	829
Ratio of Initial Capital to NPV _{7.5}	0.038	0.06
COST METRICS		
	(million \$)	Cost/lb
Direct Operating Costs	1,505	0.70
Royalties and Other Production Costs	402	0.18
Initial Capital Costs	45.9	0.02
Sustaining Capital Costs	735	0.34
All-in Cost (all capital + operating)	2,688	1.24
Taxes	986	0.46

With Excelsior's recent acquisition of the neighboring Johnson Camp Mine, initial capital costs have been reduced significantly commensurate with the staged production schedule. Total initial capital expenditures (including 20% contingency, 16% EPCM, capital spares, owner's costs, mobile equipment and freight) are estimated at \$45.9 million. The production well-field is estimated at \$17.8 million and upgrades to the SX-EW and related infrastructure costs are estimated at \$22.7 million. Initial production of copper cathode through the JCM facilities is estimated to be 25 million pounds per annum. A number of opportunities have already been identified to further reduce initial capital by a significant amount. Total sustaining capital costs over the life of the mine are \$735 million, which includes production well-field expansion, SX-EW expansion, acid plant construction and water

treatment facilities. **The Direct Operating Cash Cost is \$0.70/lb and the All-In Cost (all capital and operating costs) is \$1.24/lb.**

The Company has also evaluated a secondary case without an Acid Plant. In this case the project still retains strong economics, highlighted by a pre-tax NPV_{7.5} of \$1.0 billion and an IRR of 58.18% (post-tax: NPV_{7.5} of \$706 million and IRR of 46.2%). Total initial capital expenditures remain the same as the “Acid Plant” scenario. Total sustaining capital costs over the life of the mine are \$657 million, which includes production wellfield expansion, SX-EW expansion and water treatment facilities. Average life-of-mine operating direct cash costs are estimated at \$1.02/lb for the “Non-Acid Plant” option with an All-In Cost of \$1.53 per pound.

Comparison Between 2014 PFS and 2016 Updated PFS

A direct comparison of the results on a post-tax basis from the 2014 PFS and the 2016 Updated PFS are provided in the table below.

Key Parameters	Acid Plant (2016)		Acid Plant (2014)	
Copper Cathode sold (MMlb)	2,162		1,682	
Copper Price (\$/lb)	2.75		2.75	
Gross Revenue (million \$)	6,008 ¹		4,626	
IRR	45.8%		44.7%	
NPV @ 7.5%	829		826	
Ratio of Initial Capital to Post Tax NPV _{7.5}	0.06		0.34	
Operating Costs	(million \$)	Cost/lb	(million \$)	Cost/lb
Production (Wellfield)	703	0.33	449	0.27
SXEW	512	0.24	356	0.21
Water Treatment Plant	138	0.06	199	0.12
G&A	152	0.07	147	0.09
Direct Operating Cash Costs	1,505	0.70	1,151	0.68
Royalties	203	0.09	48	0.03
Other Production Expenses	199	0.09	162	0.09
Initial Capital Costs				
Production (Wellfield)	17.8	0.01	75.3	0.04
SXEW + Infrastructure	22.7	0.01	186.3	0.11
Owners Costs	5.3	0.002	23.2	0.01
Total Initial Capital Costs	45.9^{2,3}	0.02	284.7	0.17
Sustaining Capital Costs				
Production (Wellfield)	373	0.17	440.2	0.26
Plant + Infrastructure	362	0.17	162.2	0.10
Total Sustaining Capital Costs	735.2	0.34	602.4	0.36
All-in Cost (all capital + operating)	2,688	1.24	2,248	1.34
Taxes	986	0.46	753	0.45
¹ Includes minor acid sales towards the end of the mine life				
² Includes 20% contingency, EPCM, freight, and capital gains				
³ Low initial capital reflects staged production starting at 25 million pounds per year				

Mineral Resources and Mineral Reserves

Mineral Resource Estimate

The total mineral resource estimate for the North Star Deposit is based on results from 122 drill holes totalling 158,785 feet and is effective as of June 1, 2015. The estimate is classified as a measured, indicated or inferred mineral resource, consistent with the CIM definitions referred to in NI 43-101. Excelsior is not aware of any environmental, permitting, legal, title, taxation, socio-political, marketing or other issues which may materially affect its estimate of mineral resources.

North Star Resources (Oxide and Transition at 0.05% cut-off)			
Category	Short Tons (million)	Total Copper %	Pounds of Cu (million)
Measured	199	0.36	1,427
Indicated	667	0.26	3,525
Total M&I	866	0.29	4,953
Inferred	173	0.17	576

The North Star mineral resources were modeled to respect the detailed lithologic, structural, and oxidation modeling completed by Excelsior. Copper mineral domains were interpreted on 100-foot spaced, east-west vertical cross sections that span the 2.3-mile north-south and 1.3-mile east-west extents of the deposit. These domains were then used to explicitly constrain the estimation of copper grades into 50 x 100 x 25 foot (x, y, z) model blocks using 20-foot composites and inverse-distance interpolation. The grade estimation is further controlled by the incorporation of a number of unique search ellipses that reflect the various orientations of the modeled structural zones, as well as the strike and dip of the favorable stratigraphic units in areas unaffected by the structures.

All samples were prepared from manually split half-core sections on site in Arizona. Split drill core samples were then sent to Skyline Assayers & Laboratories ("Skyline") in Tucson, Arizona, an independent laboratory, for Total Copper and Sequential Copper analyses. Skyline is accredited with international standard ISO/IEC 17025:2005 General Requirements for the Competence of Testing and Calibration Laboratories. Total Copper, Acid Soluble Copper and Cyanide Soluble Copper were analyzed. Excelsior has no relationship with Skyline Labs other than Skyline being a service provider. Standards, blanks, and duplicate assays are included at regular intervals in each sample batch submitted from the field as part of an ongoing Quality Assurance/Quality Control Program.

Mr. Michael M. Gustin, with the independent firm Mine Development Associates (MDA) of Reno, Nevada, is a Qualified Person as defined by NI 43-101 and is responsible for this mineral resource estimate. He has verified, reviewed and approved the technical disclosure contained in this section of the news release. Mr. Gustin has verified the data underlying the results by reviewing the drilling, sampling, assay, and quality assurance and quality control data, as well as the geologic interpretations completed by Excelsior.

Mineral Reserve Estimate

The Updated PFS mineral reserve is based on an economic analysis of the mineral resource using a copper price of \$2.75/lb and key parameters developed from prior test work, the 2014 PFS and the most recent test work completed in 2015. The economic optimization was performed on Measured and Indicated Resources at a cut-off grade of 0.05% total Cu. EBIT (earnings before interest and tax) was calculated on a resource block by block basis using the key economic and technical parameters. For a column of resource blocks to be included in the reserve, the capital costs of establishing the wells for those blocks would have to be less than the combine EBIT for the same blocks. The mineral reserve was estimated after applying engineering and operational design parameters which removed

the thinner and deeper portions of the mineral resource. Internal dilution has been included in the final mineral reserve estimate. MDA is of the opinion that the mineral reserve estimate derived in this Updated PFS reasonably quantifies the economical mineralization of the North Star Deposit. The reserve estimate is as of June 1, 2015 and the mineral reserves presented in the table below are included in the mineral resource estimate set out above.

North Star Mineral Reserves (Oxide and Transition at 0.05% cut-off)			
Category	Short Tons (million)	Total Copper %	Pounds of Cu (million)
Probable	775	0.29	4,463

Mr. Neil Prenn, of MDA of Reno, with the independent firm Mine Development Associates (MDA) of Reno, Nevada, is a Qualified Person as defined by NI 43-101 and is responsible for reviewing and approving this mineral reserve estimate. He has verified, reviewed and approved the technical disclosure contained in this section of the news release. Mr. Prenn has verified the data underlying the results by reviewing the drilling, sampling, assay, and quality assurance and quality control data, as well as the geologic interpretations completed by Excelsior.

Permitting & Timeline

An Aquifer Protection Permit (APP) and Underground Injection Control Permit (UIC) are the two primary operating permits that Excelsior needs to acquire prior to commencing operations. Excelsior has submitted permit applications to both the Arizona Department of Environmental Quality (ADEQ) and to the Environmental Protection Agency (EPA). The ADEQ is responsible for issuing the APP and the EPA is responsible for issuing the UIC. Excelsior is working with both the ADEQ and the EPA and expects to receive draft permits by early 2017. Subsequent to a public review period, Excelsior anticipates receiving all operating permits by mid-2017. Because of Excelsior's recent purchase of the Johnson Camp Mine, the construction timeline has been shortened and Excelsior is forecasting the commencement of production by early 2018.

Stephen Twyerould added, "Over the past twelve months we have completed our metallurgical and hydrological programs in preparation for the feasibility study, the results of which have been included in this Updated PFS and have been used to support our permit applications. What remains is the necessary engineering to complete the full feasibility study, which we expect to complete by the end of the year, and to obtain our operating permits in a timely manner. Based upon what we believe to be one of the most environmentally friendly copper mining projects in the world today, we look forward to working with the State and Federal regulatory agencies, stakeholders and local communities to deliver long needed economic growth for southeastern Arizona."

Technical Report and Qualified Person

The Report will be filed on SEDAR and on Excelsior's website within 45 days of the date of this news release. The Report will consist of a summary of the Updated PFS. The Report is being prepared under the supervision of Conrad Huss, P.E. of M3 Engineering & Technology Corporation, Tucson, Arizona, who is a qualified person that is independent of the Company. The Report will also receive contributions from the following additional qualified persons, who are also independent of the Company:

- Dr. Ronald J. Roman of Leach, Inc., Tucson, Arizona (metallurgy and leaching recovery).
- Mr. Neil Prenn, of MDA of Reno, Nevada (mineral reserve).
- Mr. Michael M. Gustin of MDA of Reno, Nevada (geology and mineral resource).

- Mr. R. Douglas Bartlett, of Clear Creek and Associates of Phoenix, Arizona (hydrology, mining method, permitting and environment).
- Mr. Thomas L. Drielick, of M3 Engineering & Technology Corporation, Tucson, Arizona (process engineering)

Each of qualified persons has reviewed and approved the technical information contained in this news release that is relevant to their area of responsibility and verified the data underlying such technical information.

Retention of a Market-Maker

The Company also announces that, subject to regulatory approval, it has retained Venture Liquidity Providers Inc. ("VLP") to initiate its market making service to provide assistance in maintaining an orderly trading market for the common shares of the Company.

The market making service will be undertaken by VLP through a registered broker, W.D. Latimer Co. Ltd., in compliance with the policies of the TSX Venture Exchange and other applicable legislation. The Company will pay VLP CDN\$5,000 per month from its current cash on hand. The engagement is for a period of 12 months, but can be terminated without penalty by either party at any time with written notice. The Company and VLP act at arm's length, and VLP has no present interest, directly or indirectly, in the Company or its securities. The finances and the shares required for the market making service are provided by W.D. Latimer. The fee paid by the Company to VLP will be for services only.

About Excelsior Mining

Excelsior is a mineral exploration and development company that is advancing the Gunnison Copper Project. The Excelsior management team consists of experienced professionals with proven track records of advancing mining projects into production.

Prior to the release of the Report on the Updated PFS results, additional information about the Gunnison Copper Project can be found in the technical report filed on SEDAR at www.sedar.com entitled: "Gunnison Copper Project, NI 43-101 Technical Report, Prefeasibility Study" dated February 14, 2014.

For more information on Excelsior, please visit our website at www.excelsiormining.com.

ON BEHALF OF THE EXCELSIOR BOARD

"Stephen Twyerould"
President & CEO

[For further information regarding this press release, please contact:](#)

[Excelsior Mining Corp.](#)

Concord Place, Suite 300, 2999 North 44th Street, Phoenix, AZ, 85018.

[JJ Jennex, Vice President, Corporate Affairs](#)

[T: 604-681-8030 x240](#)

[E: \[info@excelsiormining.com\]\(mailto:info@excelsiormining.com\)](#)

www.excelsiormining.com

Cautionary Note Regarding Forward-Looking Information

This news release contains "forward-looking information" concerning anticipated developments and events that may occur in the future. Forward looking information contained in this news release includes, but is not limited to, statements with respect to: (i) the estimation of mineral resources and mineral reserves; (ii) the robust economics and potential returns associated with the Gunnison Project, (iii) the technical viability of the Gunnison Project; (iv) the market and future price of copper; (v) expected infrastructure requirements; (vi) the results of the Updated PFS including statements about future production, future operating and capital costs, the projected IRR, NPV, payback period, construction timelines, permit timelines and production timelines for the Gunnison Project, (vii) expected acid consumption rates; (viii) the use of Johnson Camp infrastructure; (ix) opportunities to reduce capital costs; and (x) the ability to mine the Gunnison Project using in-situ recovery mining techniques.

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 news release is based on certain factors and assumptions regarding, among other things, the estimation of mineral resources and mineral reserves, the realization of resource and reserve estimates, copper and other metal prices, the timing and amount of future exploration and development expenditures, the estimation of initial and sustaining capital requirements, the estimation of labour and operating costs, the availability of necessary financing and materials to continue to explore and develop the Gunnison Project in the short and long-term, the progress of exploration and development activities, the receipt of necessary regulatory approvals, the completion of the permitting process, 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 and reserves, grade or recovery rates resulting from current exploration and development activities, risks relating to the ability to access infrastructure, risks relating to changes in copper and other commodity 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, environmental risks and the additional risks identified in the "Risk Factors" section of the Company's reports and filings with applicable Canadian securities regulators.

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. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information is made as of the date of this news release. Except as required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking information.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release, and no securities regulatory authority has either approved or disapproved of the contents of this release.