



NEWS RELEASE

Excelsior Mining Announces US\$14 Million Financing

September 29, 2016

(TSX-V: MIN) (Frankfurt: 3XS) (OTCQX: EXMGF)

Excelsior Mining Corp. (TSX-V: MIN) (Frankfurt: 3XS) (OTCQX: EXMGF) ("Excelsior" or the "Company") is pleased to announce that the Company has entered into a subscription agreement for a financing, with an affiliate of Greenstone Resources L.P. ("Greenstone"), for total gross proceeds of US\$14.0 million. The financing consists of a private placement of common shares (the "Private Placement") at CDN\$0.45 per share for gross proceeds of US\$10.0 million and the sale of a 1% gross revenue royalty on the Gunnison Copper Project (the "Royalty Financing") for gross proceeds of US\$4.0 million. Upon closing, Excelsior would be fully funded through to a decision to construct and the expected completion of the permitting process. Receipt of final operating permits is expected in Q2, 2017. Construction is scheduled to begin in Q3 of 2017, with commercial production anticipated in 2018.

The Private Placement and Royalty Financing require shareholder approval under the rules and policies of the TSX Venture Exchange and applicable Canadian securities laws. The Company intends to obtain shareholder approval for the Private Placement and Royalty Financing at the Annual General Meeting of shareholders that is scheduled to occur on October 27, 2016 in Vancouver, B.C. (the "Meeting"). Assuming shareholder approval is obtained and other conditions precedent to the Private Placement and Royalty Financing are met, then the Private Placement and the Royalty Financing are scheduled to close shortly after the Meeting.

Pursuant to the Private Placement, Greenstone will purchase, by way of a treasury offering, common shares of Excelsior at a price of CDN\$0.45 per common share for total gross proceeds of US\$10.0 million. Settlement will occur in United States dollars and the exact number of common shares issued has been determined based on a CDN\$/US\$ exchange rate of CDN\$1.00 being equal to US\$0.77 (the "Exchange Rate"). Based on the Exchange Rate, upon closing of the Private Placement, Greenstone will acquire 28,860,028 common shares (representing approximately 20.8% of Excelsior's current issued and outstanding common shares). Greenstone currently holds 55,550,869 common shares of Excelsior (representing 40.11% of the Company's current issued and outstanding common shares). After the closing of the Private Placement, Greenstone will hold a total of 84,410,897 common shares, which will represent approximately 50.4% of Excelsior's issued and outstanding common shares (post-closing of the Private Placement). Greenstone has agreed that it will not, for a period of four months, dispose of the common shares it acquires pursuant to the Private Placement. Upon the closing of the Royalty Financing and after taking into consideration Greenstone's existing 2% gross revenue royalty, Greenstone will own a 3% gross revenue royalty on the Gunnison Copper Project.

Stephen Twyerould, President & CEO, said, "Our ability to secure a non-dilutive royalty financing in combination with a common share equity placement priced at a premium to the current share price, and all within the context of a bottoming copper price, is another major endorsement of the Gunnison Copper Project. With all the required funding in place to see us through to the projected completion of the permitting process, we have dramatically de-risked our project and helped ensure that we will

remain on schedule for production of copper cathode in 2018. Greenstone Resources is one of the most technically astute resource funds operating in the financial markets today; their continued financial support validates our industry-leading project economics and the ability of our management team to execute."

Pursuant to Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"), each of the Private Placement and Royalty Financing constitutes a "related party transaction" as Greenstone is a related party of the Company. The Company is relying on an exemption from the formal valuation requirement of MI 61-101, based on the fact that the securities of the Company are only listed on the TSX Venture Exchange. However, the Company will be required to obtain minority shareholder approval for the Private Placement and Royalty Financing as there are no available exemptions. The Company intends to obtain such minority shareholder approval at the Meeting. The common shares that will be acquired by Greenstone will be acquired pursuant to an exemption from the prospectus requirement in section 2.3 of National Instrument 45-106.

The directors of Excelsior who hold shares of the Corporation will enter into irrevocable undertakings pursuant to which they have agreed that they will vote their shares in favour of the Private Placement and Royalty Financing at the Meeting.

The net proceeds of the Private Placement and the Royalty Financing will be used for the continued development of the company's Gunnison Copper Project, including; completion of permitting and the feasibility study, care & maintenance and deferred acquisition costs associated with the Johnson Camp Mine, and for working capital and general corporate purposes.

The Private Placement and Royalty Financing are subject to a number of conditions, including, without limitation, the execution of definitive documentation, receipt of all regulatory approvals, including the approval of the TSX Venture Exchange and the applicable securities regulatory authorities. The Private Placement and Royalty financing are also subject to the receipt of minority shareholder approval.

The securities being offered hereby have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state or province in which such offer, solicitation or sale would be unlawful.

About Greenstone

Greenstone is a private equity fund specialising in the mining and metals sector. The Greenstone team has over 80 years of experience in the sector covering all aspects of mining project development. Further details on Greenstone can be found at www.greenstoneresources.com.

Greenstone is acquiring the securities in the offering described herein for investment purposes. Depending on market conditions and other factors, Greenstone may from time to time acquire and/or dispose of securities of Excelsior or continue to hold its current position.

A copy of the early warning report required to be filed with the applicable securities commission in connection with the transaction will be available on SEDAR at www.sedar.com and can be obtained by contacting Jo-Anna Duquemin Nicolle and Sadie Morrisson at +44 1481810100. Greenstone's address is set out below.

Greenstone Contact Information:

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About Excelsior

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

Dr. Stephen Twyerould, Fellow of AUSIMM, President and CEO of Excelsior, and a Qualified Person as defined by NI 43-101, has reviewed and approved the technical information disclosed in this news release.

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

ON BEHALF OF THE EXCELSIOR BOARD

"Stephen Twyerould"
President & CEO

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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 details and timelines associated with permitting, construction and production from the Gunnison Project; (ii) the details of the financings with Greenstone and the Additional Private Placement; (iii) the timing and closing of the financings; (iv) the anticipated use of proceeds of the financings; and (v) the advancement of the Gunnison Project.

Such forward-looking information can be identified by the use of the word "will". 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 ongoing care and maintenance costs associated with Johnson Camp, the estimation of initial and sustaining capital requirements, the estimation of labour and operating costs, that definitive agreements for the financing will be concluded, 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.