



A tour goes through the stainless steel tank farm at Johnson Camp Mine.

A Message from Excelsior Mining

Dear Reader,

As the New Year begins, I am excited to offer this progress report on what Excelsior and our team are doing to advance Gunnison Copper, our green mining project in Cochise County.

- **The positive results of our comprehensive Feasibility Study on the Gunnison Copper Project were released in December.** This Study, conducted by an independent Tucson-based firm, completes the last major technical milestone prior to the receipt of the operating permits. The Study demonstrates excellent project economics, based on the unique characteristics of the North Star deposit and the ability to extract copper using in-situ mining. 2017 will now focus on detailed, construction-ready engineering.
- **We continue to move forward on our permit applications for in-situ mining,** working one-on-one with the Arizona Department of Environmental Quality (ADEQ) and the Environmental Protection Agency (EPA). We are confident that the good working relationship will generate the best outcome for the company, government agencies, stakeholders and the community at large.
- **The Johnson Camp Mine has continued its excellent track record for health and safety,** is now under full regulatory compliance, and is being maintained to the highest standards in readiness for future production from Gunnison. This is a testament to the quality of the management and workforce.
- **The company raised \$14 million in late 2016,** and subject to receiving operating permits and project financing, will begin wellfield construction in late 2017, with a view to producing copper cathode in 2018.

This newsletter is packed with updates about Excelsior's community activities and how we are working with local residents, business leaders, the media, elected officials, stakeholders and our employees to create a project that will deliver sustainable benefits over the projected mine life of 24 years or more.

We are honored and grateful to be part of such a great community and a dynamic project. We look forward to working together with you in the coming year.

Thank you and best regards,

Stephen Twyerould
Excelsior President & CEO

Meet the Team: Johnson Camp Mine Site Manager Matt Williams



Matt Williams at the Johnson Camp Mine SX-EW facility.

He has more than 26 years of experience in the copper mining industry, with the past 22 years in a management role in minerals processing from a lead man to processing manager. Matt has managed construction projects for both expansion and process improvements, in addition to operations and maintenance of the processing plants. As a team manager, Matt's team has won the Sentinels of Safety Award four times, a nationwide recognition sponsored by the National Mining Association that is based on employee hours worked without a lost time injury. His team also twice won a Joseph A. Holmes Safety Association Award, vetted by representatives from federal and state governments, mining organizations and labor groups.

Matt was born and raised in Benson and boasts that he hails from three generations of mining. "My granddad and uncles are miners. My son worked at Johnson Camp Mine for 8 years before becoming a police officer."

Matt looks forward to the future and what's next for the project and the community. "Because the Gunnison Project will use in-situ mining, its low operating cost -- versus traditional open pit mining -- will bring more stability to the project. It will also be a great job producer here in Cochise County for years and years and will once again contribute significantly to state and local taxes."

Matt Williams, Site Manager for the Johnson Camp Mine, knows every nook, cranny and process for this Excelsior property because he helped to build it 26 years ago. "I was 23 years old and started my career in the mining industry as a journeyman tradesman in the construction field, building the solvent extraction and electro-winning (SX-EW) facility at Johnson Camp. After construction, I was offered a position on the operations side of the SX-EW plant."

Today, Matt manages the daily activities of the site including 13 operations and maintenance professionals. According to Matt, the focus at the Johnson Camp Mine is the health & safety of employees and care and maintenance of the site's leaching operation and SX-EW plant, preserving the plant while permitting progresses at the nearby Gunnison Copper Project.

The Gunnison Project will generate significant benefits for Cochise County and the State of Arizona.

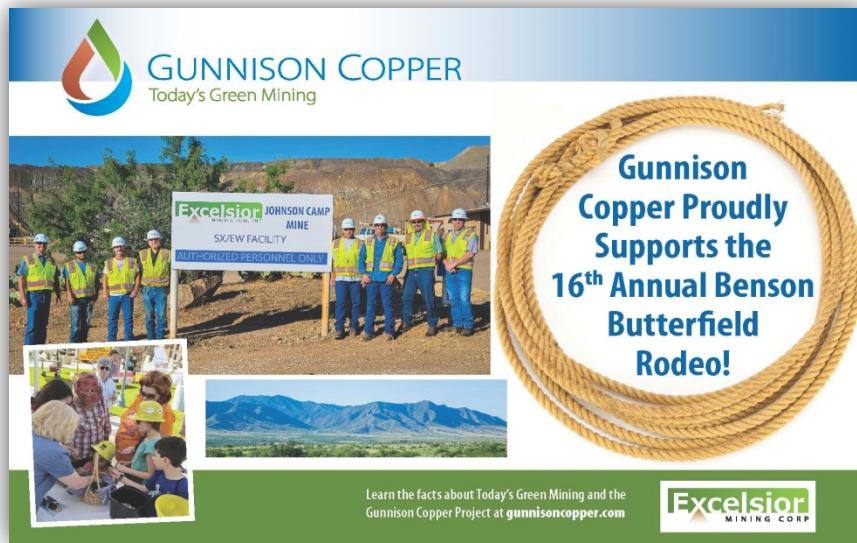
- **819 jobs** created annually on average statewide
- **108 people directly employed** by Gunnison Copper in professional, technical and administrative positions; **711 indirect jobs**
- **\$756.8 million** in economic activity for Cochise County
- **\$319.9 million** in State revenue generated directly from the project
- **\$2.94 billion added to the Arizona Gross State Product**

Source: Economic Impact of the Excelsior Mining Corporation on Cochise County and the State of Arizona, W.P. Carey School of Business at Arizona State University

In the Community



Excelsior and its employees participate in local events and sponsor your organizations and programs to help make a positive difference in the community. Here are a few of the events we have proudly participated in and sponsored within the past few months:



The Benson Butterfield Rodeo was one of the many organizations that Excelsior sponsored in 2016.

Excelsior Furthering Student Science, Technology, Engineering and Math (STEM) Skills

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Excelsior Mining supports middle school STEM Scouts Program

Submitted News Release Updated Dec 7, 2016 0



Kaptured Smiles/Photo
Benson Middle School STEM Scouts program received a \$3,000 donation in furtherance of their program which stresses learning in Science, Technology, Engineering and Math. The Boy Scouts of America, Catalina Council is sponsoring the STEM Scouts program, which is for boys and girls in grades 6 through 8.

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Benson Middle School teacher Jenny McDonald and her students accept a check from Excelsior for the STEM Scouts Program: <http://bit.ly/2gXz4hC>

Excelsior's donation is supporting the development of STEM skills among the next generation – and perhaps a new future employee base! The Science Technology Engineering and Math (STEM) Scouts Program at Benson Middle School allows 15 -30 students in grades 6 through 8 to apply STEM skills to develop collaboration, critical thinking and problem solving in a classroom setting and with hands-on experiments.

Excelsior's donation will help to minimize the cost per student including annual registration, insurance, equipment, safety gear, and the experiment kits STEM Scouts will use throughout the year. We look forward to joining with the Boy Scouts of America, Catalina Council to support this important local educational program.



Students show off rocks and minerals from a geology presentation by Excelsior Senior Geologist Jeff Bickel.

Excelsior's Senior Geologist Jeff Bickel did a guest presentation at Willcox Elementary School in October. Jeff's lively presentation to approximately 20 second grade students included information on the area's unique geology, along with an interactive demonstration about rocks and minerals.

Supporting the Dragoon Women's Club

Once a month, you'll find an Excelsior representative or two at the Dragoon Women's Club potlucks. (Yes, we bring a dish!) In November, Excelsior's Gunnison Project ambassador gave a presentation for all ages. This holiday season, Excelsior donated gift cards for the Dragoon Women's Club gift basket program.



From left to right: Excelsior Senior Geologist Jeff Bickel explains rock formation to Dragoon resident Elliott Hendricks.

Excelsior Supports Area Economic and Business Development Groups

Excelsior staff members participate in area events that promote economic development and mining. This October, 13, Excelsior team members were guests at the 2016 Benson Economic Outlook Luncheon, where local economist Dr. Robert Carreira presented Benson's economic forecast before community and business leaders, economists, health professionals and educators. Excelsior CEO Stephen Twyerould was the guest speaker at the Arizona Mining and Industry Get Our Support (AMIGOS) luncheon in November and several of our staff attended the October Benson Chamber of Commerce Breakfast.

Excelsior was also a sponsor of the Southeast Arizona Economic Development Group (SAEDG) last November and several members of the team enjoyed a round of golf, while supporting the community. And on January 11, 2017, Mr. Twyerould spoke at the SAEDG luncheon before a full house of 50 people that included local business people and elected officials.



Excelsior CEO, Stephen Twyerould gives a presentation at the January SAEDG Luncheon in Benson.

Excelsior appreciates the partnership with SAEDG and other groups that continue to support the role of the project and the company in promoting economic development and jobs. Events such as these allow Excelsior team members to connect and listen to business and community leaders.



Upcoming Events



[Arizona Mining Association \(AMA\) Mining Day at the Capitol:](#) AMS's 4th Annual Mining Day at the Arizona State Capitol, 1700 W. Washington St, Phoenix on Wednesday, March 15, 2017 from 10 am to 3 pm.
<http://www.azmining.com/>

Connect to Excelsior Mining and the Gunnison Project. If you have questions about the Gunnison Copper Project or our activities in the community, please visit [gunnisoncopper.com](http://www.gunnisoncopper.com) or email us at info@gunnisoncopper.com.

***A Special Note Regarding Forward-Looking Information:** This presentation contains "forward-looking information" concerning anticipated developments and events that may occur in the future. Forward looking information contained in this presentation includes, but is not limited to, statements with respect to: (i) the robust economics, potential returns associated with the Gunnison Project, (ii) the technical viability of the Gunnison Project;; (iii) the results of the feasibility study including statements about permit timelines and production timelines for the Gunnison Project; (iv) the permitting process and permitting risk; (v) the economic benefits of the Gunnison Project and (vi) 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 presentation 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 presentation. Except as required by applicable securities laws, the Company does not undertake any obligation to publicly update or revise any forward-looking information.

Additional Information: Further information about the Gunnison Copper Project can be found in the technical report entitled: "Gunnison Copper Project, NI 43-101 Technical Report, Prefeasibility Study" dated February 14, 2014 and Excelsior's press release dated December 5, 2016 announcing the results of the feasibility study. The technical report and press release are filed on SEDAR at www.sedar.com.

Qualified Person: Excelsior's exploration work on the Gunnison Property is supervised by Stephen Twyerould, Fellow of AUSIMM, President and CEO of Excelsior and a Qualified Person as defined by National Instrument 43-101. Mr. Twyerould has reviewed and approved the technical information contained in this presentation.