

## EXCELSIOR MINING CORP. MIN - TSX.V : \$0.75 – STRONG BUY

12 MONTH TARGET PRICE : \$2.60 | PROJECTED RETURN: 247%  
VALUATION: .7X NAVPS (10%, Cu LT \$3.00)

### LOW COST, LOW EXECUTION & GEOLOGICAL RISK, EMERGING COPPER PRODUCER

#### EVENT – INITIATING COVERAGE

We believe Excelsior has a large and expandable copper (“Cu”) resource at the Gunnison copper Project (“Gunnison”) that is amenable to relatively low cost in situ leach recovery (“ISL”; also called “ISR”) mining. As the regional ISL model is well established this lowers execution risk, increases production visibility and we believe will lead to the development of one of the lower cost (per pound) copper mines in the world.

#### INVESTMENT OPINION – STRONG BUY RECOMMENDATION

**A Paradox of Virtue:** Investors are largely unaware that owing to unique geology the Copper Porphyry Belt of Arizona region up until the late 1990’s was *the most prolific ISL copper region in the world*. After those mines depleted and over a decade passed, two remaining ISL amenable Projects- Excelsior’s *Gunnison*, and Curis’s *Florence* projects, both once owned by Magma/BHP and perhaps the last ISL for the region – are now planning development.

**The Company’s flagship property, the Gunnison Project is located in the heart of the Copper Porphyry Belt of Arizona. The region’s copper porphyry geology is well established, and historically been among the largest copper producing districts in the world.** These include more than 18 ISL(Source: US EPA) current, pending and former copper mines and exploration/development projects. The ISL process has spread worldwide to 26 ISL copper mines in operation or development in other parts of the world (Source: Curis). Within Gunnison the North Star project is the current focus, with a NI 43-101 Compliant Indicated Resource of 3.21 Billion lbs. of oxide copper (511 million tons at 0.31%), plus an Inferred resource of 1.26 Billion lbs. of oxide copper (221 million tons at 0.29%), .10% cutoff.

**Lowest Decile Cost:** Arizona ISL copper mines have historically been amongst the lowest cost copper mines in the world. The nearby San Manuel (BHP) ISL mine produced 3.25 billion lbs. of copper over 14 years at an average opex cost under US\$0.40/lb. (Source: BHP). Few mine types can duplicate the copper cost/lb. of a typical copper ISL operation.

**Low Risk Rural Location and Low Execution Risk:** Any permitting risk is low as there are no , archaeological sites, endangered species, farming or active water use near the deposit. Gunnison is a clean unencumbered project in a uniquely attractive geological setting with no zoning or other known encumbrances. The region has considerable expertise in copper oxide ISL mining. Several producers have operated copper ISL operations in the region for decades.

**Fast Track to Production:** ISL projects require far less site preparation than other mining methods. As typical of other ISL projects in the region, we expect expeditious permitting with the majority of permitting to be completed by 2014, with first production by 2015. As the project is similar to Curis Mining Corp’s Florence project, we expect regional experience advancing the learning curve to accelerate engineering practices and project execution.

#### VALUATION – .7X OUR NAVPS OF \$3.83 (10%; Cu LT \$3.00)

We used the conservative assumptions of the PEA, though in our opinion, ample reason and other test work indicates lower acid consumption & higher recoveries have strong merit. In addition to potentially lower costs, we believe resource expansion has excellent potential.

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#### MARKET DATA (as of Feb. 8, 2012)

Market Capitalization (\$M)	37
Current Net Debt (\$M)	0
Enterprise Value (\$M)	37
Basic S/O (M)	56.1
Fully Diluted S/O (M)	74.8
Avg Daily Volume (3mo, k)	109
52 Week Range (\$)	\$0.36 - \$0.81

#### KEY FINANCIAL METRICS

FY-Aug	F2015E	F2016E	F2017E	F2018E
Cu Extracted (M.Lbs.)	85.65	85.65	85.65	85.65
Change	---	---	---	---
Cu Recovery (%)	0.43	0.43	0.43	0.43
Change	---	---	---	---
Cu Price (\$/lb)	3.00	3.00	3.00	3.00
Change	---	---	---	---
Rev. (\$M)	257.00	257.00	257.00	257.00
Change	---	---	---	---
FCF (\$M)	135.90	135.90	135.90	135.90
Change	---	---	---	---
CFO (\$M)	129.60	129.60	132.50	132.60
Change	---	---	---	---

#### COMPANY DESCRIPTION

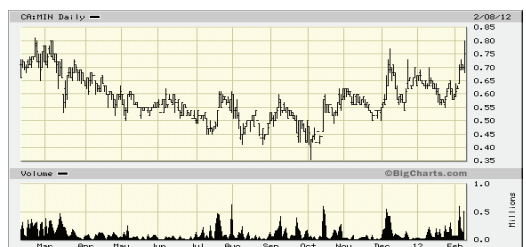
*Excelsior is a development company with a copper project located within the copper porphyry belt of Arizona. The Gunnison Copper Project is located close to required infrastructure and its oxide resource has the potential to be mined using in-situ recovery methods. The team consists of experienced professionals with proven track records of advancing projects towards production.*

#### KEY RISKS – AVERAGE

- Continued favourable metallurgy
- Continued favourable hydrology

#### UPCOMING EVENTS/CATALYSTS

- Internal Hydrological studies and model reporting
- Additional drill results (southern zone extension?)
- Feasibility study in 2012



Source: BigCharts.com

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**Company:** Excelsior Mining Corp.

**Ticker:** MIN.TSXV

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