



ASX Code: EXG

Excelsior Gold Limited is a gold exploration company focussed on the exploration and the development of the Kalgoorlie North Gold Project located 30 to 55kms north of Kalgoorlie in Western Australia.

The Kalgoorlie North Gold Project comprises of 100% interest in the gold mineral rights over 113km² of contiguous, granted tenements covering 25km of strike of the Bardoc Tectonic Zone greenstone sequence.

The Project is located close to existing infrastructure and hosts extensive structurally controlled gold mineralisation offering advanced exploration and mining development targets.

Current Project JORC compliant Measured, Indicated and Inferred Resources total **23.67 million tonnes at 1.80g/t Au for 1,367,500 ounces** of contained gold (at 0.6g/t and 3.0g/t Au cut-off grades).

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Quarterly Activities Report Period Ending 30 June 2014

Kalgoorlie North Gold Project

- Binding term sheet executed with Norton Gold Fields Limited providing Excelsior a guaranteed gold ore processing allocation at the Paddington Mill
- Minimum allocation of 2.5 million tonnes, at a notional treatment rate of 500,000 tonnes per annum, with a options to extend for a total cumulative allocation of up to 5.0 million tonnes
- Agreement provides low capital cost pathway to early production and cashflow
- Zoroastrian open pit and underground Ore Reserves, 3.02 million tonnes @ 2.82g/t Au, will provide EXG's Paddington mill allocation for first 5 years
- Significant potential for open pit and underground Ore Reserve expansion at Zoroastrian

Corporate

- \$4 million convertible loan facility with Macquarie Bank provides funding for feasibility studies and resource and ore reserve expansion drilling
- Cash at end of quarter \$0.8 million which has been supplemented by an initial \$2 million drawdown of Macquarie facility in July 2014.

The Kalgoorlie North Gold Project *(EXG 100% gold rights)*

The Kalgoorlie North Gold Project ("**KNGP**" or the "**Project**") is located 30 to 55 kilometres north of Kalgoorlie in Western Australia and covers 113 square kilometres of granted mining leases and prospecting licences over 25 kilometres of strike of the Bardoc Tectonic Zone greenstone belt.

Excelsior Gold Limited

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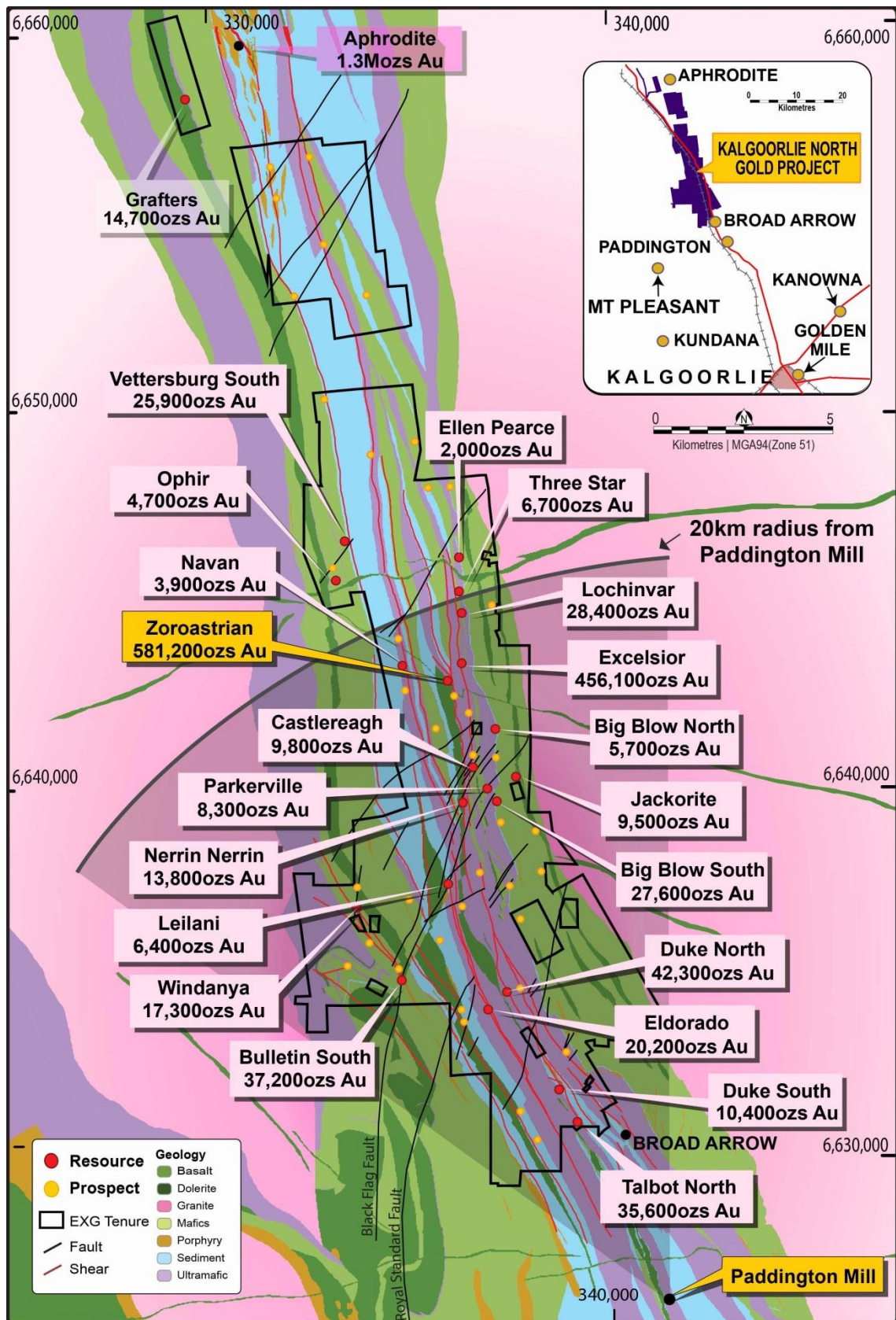


Figure 1. Kalgoorlie North Gold Project - Prospect Location Plan
(showing Geology, Tenements, Gold Resources @ 0.6g/t and 3.0g/t Au lower cut-offs, Prospects and Neighbouring Significant Gold Deposits)

During the March Quarter the Company completed its initial Pre-Feasibility Study ("PFS" or the "Study") based on the construction of a new standalone 1.0 million tonne per annum ("Mtpa") conventional carbon in leach ("CIL") gold treatment plant (*refer ASX announcement 4 March 2014*).

The mine optimisation and design phase of the Study was undertaken at a gold price of A\$1,450 per ounce and established Ore Reserves totalling

7.64 million tonnes @ 2.00g/t Au for 491,600ozs Au

The Ore Reserves are derived from Project Measured and Indicated Mineral Resources of 15.6 million tonnes @ 1.80g/t Au for 899,800ozs Au. Total current Measured, Indicated and Inferred Mineral Resources for the Project are (*refer Table 1*)

23.67 million tonnes @ 1.80g/t Au for 1,367,500ozs Au (*at 0.6 and 3.0g/t Au cut-offs*)

Initial start-up capital cost for the Project was estimated at A\$76.73 million.

Based on the results of the PFS and the availability of funding, the Company elected to review alternative milling strategies which had the potential to decrease the capital costs of the Project development and shorten the timeframe to production.

In June 2014, Excelsior Gold executed of a Binding Term Sheet ("Term Sheet") providing Excelsior with a long-term milling allocation at the Paddington Mill owned and operated by Norton Gold Fields Limited ("Norton") (ASX:NGF).

In excess of 1.31 million ounces of Excelsior's gold resources are located less than 20 kilometres from the 3.5Mtpa capacity Paddington Mill (*refer Figure 1*).

Under the Term Sheet, Excelsior Gold has:

- secured an initial allocation at the Paddington Mill of 2.5 million dry tonnes, with the allocation expected to be utilised at a rate of 500,000 tonnes per annum over a period of five years;
- options to extend the allocation on a yearly basis for a further five years, providing a cumulative allocation of up to 5.0 million tonnes; and
- committed to contributing to part of the capital expenditure required for a potential 1.0Mtpa upgrade and refurbishment of the Paddington Mill, with Excelsior Gold's capital contribution capped at A\$12.5 million.

Excelsior may receive higher annual throughput rates, dependent on demonstrating favourable metallurgical characteristics of the KNGP ore and there being availability in the Paddington milling schedule. A large proportion of the proposed ore sources are oxide and transition materials and deliver high gold recoveries at relatively coarse grinds and are therefore more amenable to rapid processing.

Payment for milling will be based on an open book, cost plus arrangement. Excelsior Gold will be responsible for mining, with Norton responsible for transporting and treating of the ore. The large capacity of the Paddington plant and the inherent lower unit processing cost of a blended NGF:EXG ore feed mean that total treatment cost, inclusive of haulage, are expected to be similar to, or marginally lower than, processing costs predicted in the PFS for the standalone 1.0Mtpa plant.

Excelsior and Norton are progressing final due diligence and feasibility studies over the Project and the Paddington Mill upgrade. Subject to the approval of both parties' Boards, an Ore Treatment Agreement ("Agreement") is expected to be executed by the end of August 2014 with conditions precedent customary to a milling agreement of this nature.

Key benefits to Excelsior and Excelsior shareholders

The Agreement will allow Excelsior to

- progress the Project towards production and operating cashflow, for a significantly lower capital cost and in a faster timeframe than a standalone development;
- deliver the same mining and processing cost structure as the PFS but reduces the capital requirement by at least \$56 million;
- caps the capital contribution to the Paddington Mill upgrade at the lower of 50% of the cost of the 1.0Mtpa expansion or \$12.5 million;
- retain 100% ownership of the Project and leaves the Company fully exposed to the exploration upside; and
- significantly shortens the time frame to production and cash flow, with first ore delivery to the Paddington Mill scheduled no later than January 2016 or potentially earlier by agreement between Norton and Excelsior Gold.

Ore earmarked for the initial treatment allocation will be largely sourced from the Zoroastrian open pits. The potentially large, low strip ratio open pit Excelsior deposit (456,100ozs resource), located 300 metres to the north east of Zoroastrian, is not included in the mine plan for the initial processing agreement. The modest grade Excelsior resource is an excellent base load feed source for a standalone plant or subsequent milling allocations. Development of the deposit will be re-assessed at higher gold prices (>A\$1,500/oz) above which the deposit has the capacity to generate very significant positive cash flow.

Mine access to the Zoroastrian vein system will significantly enhance the geological understanding to the deposit and greatly assist with further resource and reserve development, particularly the large underground potential of the deposit.

The Company is confident that cash flow from the mining, when directed towards further resource expansion, will allow for enhancement of and potential addition to ore reserves depleted by the Paddington treatment program.

Development Program

With the key commercial ore treatment terms with Norton now agreed, Excelsior Gold has accelerated mine development drilling and detailed mining planning, which will include re-estimation of the open pit and underground ore reserves at Zoroastrian and the satellite deposits.

Excelsior has also commenced discussions on debt funding the mine development costs and capital required for its share of the proposed Paddington Mill upgrade.

During the September Quarter highly targeted reverse circulation drilling programs will test extensions to the Zoroastrian mineralisation and infill Inferred gold resource areas currently contained within and immediately adjacent to the open pit designs.

The Zoroastrian gold mineralisation remains open to the south of the current open pit designs and is poorly drill tested over 2.2 kilometres of strike of the prospective dolerite extending south to the Nerrin Nerrin deposit (*open pit Ore Reserves – 42,000 tonnes @ 2.96g/t Au for 4,000ozs*). Numerous shallow high grade gold drill results (up to 2m @ 150g/t Au from 14m) occur within the central proportion of the dolerite and are associated with narrow quartz veins similar to those historically mined at Zoroastrian and which led to the discovery of the stockwork style gold mineralisation in the granophyric unit of the dolerite.

Iron rich dolerites are the most important host rock to gold mineralisation in the Kalgoorlie-Kambalda region with major deposits at the Golden Mile (+40Moz), Paddington (+4Moz) and St Ives (+10Moz) mine camps within similar dolerites to that seen at Zoroastrian. Differentiation during cooling, results in layering and the formation of distinctive units within the dolerites. Gold mineralisation may occur in multiple orientations and styles throughout the dolerite, but the largest and most important lodes generally occur in the coarser grained and more iron rich granophyric units.

At Zoroastrian, a granophyric unit has been delineated close to the western margin of the dolerite. Drilling has demonstrated that this unit hosts extensive gold mineralisation within quartz stockworks as opposed to the out-cropping, high-grade gold quartz veins within the central proportion and on the eastern margin of the dolerite which were the focus for historical mining and exploration. This Zoroastrian mineralisation is similar in style, and in the same dolerite unit, as the large Paddington and Broad Arrow mines to the south.

It has also been recognised that regularly spaced north-east cross faults in this area appear to “chop-up” the dolerite unit and assist in the localisation of the gold mineralisation into north plunging shoots.

Regionally, the western margin of the Zoroastrian dolerite is poorly tested throughout the 12.5 kilometres of its strike within EXG tenements with similar sub-parallel dolerites (e.g. Navan and Pleasurebound) also poorly tested. In particular the recent recognition of a historical intercept of 4m @ 43.7g/t Au from 18 metres depth within a previously unidentified granophyric dolerite at Pleasurebound provides an immediate drill target.

Extensions of the Zoroastrian style mineralisation to the south, at depth and in other parallel dolerite units, as well as the upgrade of the current shallowed Inferred resources in the vicinity of the Zoroastrian open pit designs, hold potential for significant expansion of gold resources and for further conversion of resources to ore reserves.

Corporate

MACQUARIE BANK LIMITED LOAN FACILITY

Excelsior Gold accepted a credit approved offer of up to \$4 million via a convertible loan facility (“Facility”) from Macquarie Bank Limited (“Macquarie”). The Facility was originally designed to

provide working capital to complete definitive feasibility studies on a standalone mill development as foreshadowed by the PFS completed in March 2014.

The subsequent agreement on a milling allocation at the Paddington plant changes the scope of the use of the funds under the Facility which will now be directed towards feasibility studies on the Paddington option and further resource and ore reserve expansion drilling.

Key terms and conditions of the Facility are: -

- Facility amount of up to \$4 million accessible in two equal tranches with the first \$2 million available upon the execution of final documentation for the Facility and satisfaction of conditions precedent which was completed on 22 July 2014. Drawdown for the second tranche is subject to completion of a \$3 million equity raising.
- A margin of 7% per annum on the amount drawn will be payable over and above the 3 month bank bill swap bid rate as quoted on Reuters page BBSY for the relevant period.
- A Facility fee of 2.5% of the Facility amount was paid upon the execution of the final documentation for the Facility.
- The Facility is to be repaid in full on or before the earlier of
 - (a) 31 December 2015; or
 - (b) initial drawdown under a project finance facility or other facility or debt for the purpose of funding or partial funding the development of the Project.
- Execution of the final documentation was completed in July 2014 and Macquarie was issued with options equivalent to the Facility Amount divided by the Exercise Price. The Company has issued 43,478,261 options exercisable at \$0.092 and expiring 31 December 2015 to Macquarie ("Options").
- Funds raised on exercise of the Options will first apply to repaying any outstanding amounts under the Facility.
- The Company completed the drawdown of the first \$2 million (before fees) under the Facility on 22 July 2014 and drawdown of the second \$2 million is anticipated by the end of September 2014.
- Excelsior Gold will use the available funds to accelerate the feasibility studies on the ore treatment and capital contribution scenario at the Paddington Mill. The initial phase of the feasibility includes resources and reserves expansion drilling, and geotechnical works to optimise open pit designs.

Excelsior Gold welcomes the support from Macquarie at this early stage in the development of the Project. The Facility is considered to be highly attractive in the current investment climate given the premium applied to the exercise price of the Options. Further, the terms of the Facility do not limit the Company's options to seek alternate avenues of debt and equity funding for the Project in the future.

CASH RESERVES

As at the close of the Quarter the Company's consolidated cash reserves totalled \$0.84 million excluding the Facility drawdown. As at the 27 July 2014 cash reserves stand at approximately \$2.48 million.

Competent Person Statement – Exploration Results and Mineral Resources:

Information in this announcement that relates to Mineral Resources and exploration results is based on information compiled by Mr. David Potter who is the Technical Director of Excelsior Gold Limited. Mr. Potter is a Member of The Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Potter consents to the inclusion in the document of the information in the form and context in which it appears.

Competent Persons Statements – Ore Reserves

The information in this Report which relates to Ore Reserve estimates accurately reflects information prepared by competent persons (as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves). The information in this public statement that relates to the Ore Reserves at the Excelsior Gold Kalgoorlie North Gold Project is based on information resulting from Pre-Feasibility works carried out by Auralia Mining Consulting. Both Mr. Daniel Tuffin (Open Pits) and Mr Anthony Keers (Underground Workings) completed the Ore Reserve estimate. Mr Daniel Tuffin and Mr Anthony Keers are Members and Chartered Professionals (Mining) of the Australasian Institute of Mining and Metallurgy and have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that they are undertaking to qualify them as Competent Persons as defined in accordance with the Australasian Joint Ore Reserves Committee (JORC).

Qualifying Statement

This release may include forward-looking statements. These forward-looking statements are based on a number of assumptions made by the Company and its consultants in light of experience, current conditions and expectations concerning future events which the Company believes are appropriate in the present circumstances. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Excelsior Gold, which could cause actual results to differ materially from such statements. The Company makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect the circumstances or events after the date of this release.

KALGOORLIE NORTH GOLD RESOURCES		MEASURED			INDICATED			INFERRED			TOTAL RESOURCES		
<i>Deposit</i>	Cut-Off (g/t Au)	Tonnes (,000t)	Grade (g/t Au)	Ounces (,000oz)	Tonnes (,000t)	Grade (g/t Au)	Ounces (,000oz)	Tonnes (,000t)	Grade (g/t Au)	Ounces (,000oz)	Tonnes (,000t)	Grade (g/t Au)	Ounces (,000oz)
Excelsior	0.6	5,175	1.40	232.2	3,230	1.20	124.9	2,652	1.16	99.0	11,057	1.28	456.1
Zoroastrian (O/P)	0.6				4,338	2.38	331.6	1,344	1.91	82.5	5,682	2.27	414.0
Zoroastrian (U/G)	3.0				502	4.51	72.8	506	5.80	94.3	1,008	5.16	167.1
Zoroastrian (Total)					4,841	2.60	404.4	1,849	2.97	176.8	6,690	2.70	581.2
Satellite Resources (within 4km radius of Excelsior)													
Lochinvar *	0.6				448	1.74	25.1	60	1.70	3.3	508	1.74	28.4
Three Star *	0.6							92	2.26	6.7	92	2.26	6.7
Ellen Pearce *	0.6							35	1.75	2.0	35	1.75	2.0
Navan *	0.6							76	1.61	3.9	76	1.61	3.9
Jackorite *	0.6				89	2.73	7.8	29	1.79	1.7	118	2.50	9.5
Castlereagh *	0.6				149	1.96	9.4	9	1.48	0.4	158	1.94	9.8
Nerrin Nerrin	0.6				74	2.40	5.7	107	2.37	8.1	181	2.38	13.8
Parkerville *	0.6				97	1.90	5.9	52	1.42	2.4	149	1.73	8.3
Big Blow South	0.6				133	3.56	15.3	192	1.99	12.3	325	2.64	27.6
Big Blow North	0.6							120	1.46	5.7	120	1.46	5.7
Total Satellite Resources					990	2.17	69.2	771	1.87	46.4	1,762	2.04	115.6
Other Resources (greater than 4km from Excelsior)													
Eldorado *	0.6				362	1.61	18.8	31	1.43	1.4	393	1.60	20.2
Leilani	0.6				52	2.33	3.9	67	1.17	2.5	119	1.68	6.4
Talbot North *	0.6							662	1.67	35.6	662	1.67	35.6
Duke South	0.6							226	1.43	10.4	226	1.43	10.4
Duke North	0.6				644	1.30	26.8	350	1.37	15.5	994	1.32	42.3
Bulletin South	0.6				291	2.10	19.6	230	2.37	17.6	522	2.22	37.2
Windanya	0.6							360	1.49	17.3	360	1.49	17.3
Ophir	0.6							75	1.94	4.7	75	1.94	4.7
Vettersburg South	0.6							552	1.46	25.9	552	1.46	25.9
Grafters	0.6							261	1.75	14.7	261	1.75	14.7
Total Other Resources					1,349	1.59	69.1	2,813	1.61	145.4	4,163	1.60	214.5
TOTAL RESOURCES		5,175	1.40	232.2	10,410	1.99	667.6	8,086	1.80	467.7	23,671	1.80	1,367.5

* This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Table 1: Kalgoorlie North Gold Project Resource Inventory (December 2013 – refer ASX announcement 19 December 2013)