



**ABN 38 123 629 863**

**Half-Year Financial Report  
31 December 2016**



## **Corporate Directory**

*Non-Executive Chairman*  
Mr David Hatch

*Managing Director*  
Mr Rowan Johnston

*Non-Executive Directors*  
Dr Jonathan West  
Jimmy Lee  
Sam Randazzo

## **Principal and Registered Office**

Unit 2, 124 Stirling Highway  
NORTH FREMANTLE WA 6159

Telephone: +61 8 9335 7770  
Facsimile: +61 8 9335 6231  
Email: [admin@excelsiorgold.com.au](mailto:admin@excelsiorgold.com.au)

## **Auditors**

BDO Audit (WA) Pty Ltd  
38 Station Street,  
SUBIACO WA 6008

## **Stock Exchange Listing**

The Company is listed on the Australian Securities Exchange (ASX)  
Home Exchange: Perth, Western Australia

ASX Code: **EXG**

## **Share Registrar**

Security Transfer Registrars  
770 Canning Highway  
APPLECROSS WA 6153

Telephone: +61 8 9315 2333  
Facsimile: +61 8 9315 2233

## **Website**

[www.excelsiorgold.com.au](http://www.excelsiorgold.com.au)

## **CONTENTS**

<b>Directors' Report</b>	<b>4</b>
<b>Auditor's Independence Declaration</b>	<b>9</b>
<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>10</b>
<b>Consolidated Statement of Financial Position</b>	<b>11</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>12</b>
<b>Consolidated Statement of Cash Flows</b>	<b>13</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>14</b>
<b>Declaration by Directors</b>	<b>22</b>
<b>Independent Auditor's Review Report</b>	<b>23</b>

## EXCELSIOR GOLD LIMITED DIRECTORS' REPORT

---

The Directors present their report on the consolidated entity Excelsior Gold Limited ("the Group") and the entities it controlled at the end of, or during, the half-year ended 31 December 2016 and the state of affairs at that date.

### DIRECTORS

The following persons were Directors of the Group for part of the financial period (or as disclosed) and up to the date of this report:

#### *Current Directors*

Mr David Hatch (appointed 21 September 2016)  
Mr Rowan Johnston (appointed 21 September 2016)  
Dr Jonathan West (appointed 21 September 2016)  
Mr Jimmy Kong Leng Lee (appointed 20 June 2016)  
Mr Sebastiano (Sam) Randazzo (appointed 25 October 2016)

#### *Previous Directors*

Peter Bird (resigned 21 September 2016)  
David Hamlyn (resigned 21 September 2016)  
David Potter (resigned 23 August 2016)  
Nicholas Ong (resigned 21 September 2016)

### BOARD AND MANAGEMENT CHANGES

During the half-year, the Company appointed new Directors, Mr David Hatch, Mr Rowan Johnston, Dr Jonathan West and Mr Sam Randazzo. Mr Peter Bird, Mr David Potter, Mr David Hamlyn and Mr Nicholas Ong resigned as directors.

### PRINCIPAL ACTIVITIES

The principal activity of the Group is production and exploration for gold in the Kalgoorlie region of Western Australia.

### REVIEW AND RESULTS OF OPERATIONS

### FINANCIAL RESULTS

A summary of key financial indicators for the Group, with prior period comparison, is set out in the following table:

	Six Months Ended 31 December 2016 \$	Six Months Ended 31 December 2015 \$
Cash and cash equivalents held at half-year end	4,105,438	4,315,732
Net profit/(loss) for the half-year after tax	(2,188,752)	(1,319,735)
Basic profit/(loss) per share (cents)	(0.31)	(0.26)
Net cash (used in) operating activities	(3,980,507)	313,134
Net cash (used in) investing activities	(1,487,503)	(1,278,664)
Net cash from financing activities	7,607,801	1,523,926

## EXCELSIOR GOLD LIMITED DIRECTORS' REPORT

---

During the half-year:

- Sales revenue totalled \$27.2 million. Recovered ounces totalled 16,737 ounces.
- Realised losses totalled \$3,058,704 on the close out hedges. Unrealised gains on hedges totalled \$10,741,779.
- \$750,000 was repaid to Macquarie Bank as the first loan repayment.
- On 18 July 2016, the Company issued a total of 14,000,000 shares at an issue price of A\$0.05 per share of which \$500,000 was to convert a convertible note, and \$200,000 was a cash placement.
- On 3 August 2016, the Company announced it completed a rights issue of a total of 96,877,775 shares at an issue price of A\$0.05 per share to raise A\$4.84 million (before costs).
- On 16 August 2016, the Company completed a placement of a total of 10,000,000 shares at an issue price of A\$0.05 per share to raise A\$0.5 million (before costs).
- On 19 August 2016, the Company completed a placement of a total of 19,000,000 shares at an issue price of A\$0.05 per share to raise A\$0.95 million (before costs).
- On 21 November 2016, the Company completed a placement of a total of 105,841,690 shares at an issue price of A\$0.021 per share to raise A\$2.2 million (before costs).

### REVIEW OF OPERATIONS

Excelsior Gold Limited ("Excelsior Gold" or "the Company") (ASX: EXG) is an Australian gold exploration and development company with a core focus on developing its 100% owned Kalgoorlie North Gold Project ("KNGP" or the "Project") located 30 to 55 kilometres north of Kalgoorlie in Western Australia's highly prospective Eastern Goldfields.

The Project covers approximately 96 square kilometres of tenements over 22 kilometres of strike of the Bardoc Tectonic Zone greenstone belt. Gold mineral resources, as at 1 January 2017, are **17.1 million tonnes at 1.61g/t Au for 887.1k ounces** of contained gold (*at 0.6g/t and 3.0g/t Au cut-off grades*).

The close proximity of the Company's deposits to Norton Gold Fields Limited's ("Norton") Paddington treatment plant has enabled Excelsior Gold to progress the development of the Project through a long term processing agreement with Norton (*ASX announcement 13 October 2015*). Subsequently a toll treatment arrangement has been entered into with Golden Mile Milling who operate the Lakewood processing facility (*ASX announcement 24 November 2016*).

Mining at the Project was conducted exclusively in the Zoroastrian Central Pit ("Central Pit") during the half-year. This pit will be the primary ore source for the operations through until June 2017.

The new resource/reserve model for Zoroastrian Central is performing well, with the reconciled grade for December in line with the resource model and some additional 2,084 ounces being mined outside of all geological models for the quarter.

# EXCELSIOR GOLD LIMITED

## DIRECTORS' REPORT

### PRODUCTION SUMMARY

Mining commenced in the Central Pit in February 2016, with ore production commencing in early April 2016 and haulage of the first batch of ore to the Paddington Mill commenced on 15 April 2016.

Mine Production	Units	June 2016 Quarter <sup>1</sup>	September 2016 Quarter <sup>2</sup>	December 2016 Quarter <sup>2</sup>	FY 2017 Year to Date <sup>3</sup>
Open Pit		<b>TOTAL PITS</b>	<b>CENTRAL</b>	<b>CENTRAL</b>	<b>TOTAL PITS</b>
Waste mined	BCM	1,375,625	1,435,549	706,809	2,142,358
Ore mined	t	113,520	169,524	228,262	397,786
Grade	g/t Au	1.51	1.35	1.96	1.70
Contained gold	Ozs	5,462	7,351	14,430	21,781
Strip ratio	W/O	24.7	18.6	5.8	10.7
Tonnes sold	Dt	101,700	125,291	223,260	349,551
Mill est grade 1	g/t Au	1.73	1.33	1.73	1.58
Mill est recovery 2	%	93.94	93.39	94.0	93.82
Est Recovered ounces 3	ozs Au	5,315	5,003	11,734	16,737
Gold sale price	A\$/oz	\$1,702	\$1,710	\$1,624	\$1,671

- <sup>1</sup> adjusted for final gold recovery sampling <sup>2</sup> includes provisional gold recovery data <sup>3</sup> includes provisional and final data
- Note, the tonnes and grade milled differ from mined due to Stockpile movements and grade reconciliations as well as potential rounding errors.
- The additional tonnes milled were the lower grade stockpiles that were sent to Lakewood.

**Table 1: Production Summary**

The Company closed out 11,876 ounces for the half year at an average of A\$1,556.93 per ounce under its forward hedging obligations. The Company does not produce gold through the Norton facility in its final form but rather sells gold bearing ore to Norton Goldfields. The grade determination, while being thorough, is not a mill reconciled grade. Excelsior Gold's ore is blended with Norton's ore at between 10% and 30% of the feed. The ore treatment trial through Lakewood was on a 100% batched basis and is therefore a fully reconciled gold grade (inclusive of leach and gravity gold components) with gold produced and sold.

### MINING

#### **Zoroastrian Central Pit**

Mining during the first half occurred in the Central Pit, with ore and waste mining carried out on the 420mRL to the 380mRL.

Grade control drilling continued, filling gaps in the previous drilling and testing the revised geological interpretation. In the last part of the December 2016 quarter, the next grade control bench was reached and regular, close spaced grade control drilling for the next 20 vertical metres of the pit commenced.

Due to the decreasing size of the pit with increasing depth, the stripping ratio of the pit is reducing. This is resulting in a higher proportion of ore being exposed every bench. In the last week of December, mining operations were reduced to a single shift operation, which will further reduce mining costs whilst enabling the Company's ore production targets to be met.

Production forecast for the second half of the 2016/2017 financial year is 250,000 tonnes grading 1.9g/t Au for about 15,000 ounces (mill recovered) at a C1 cost of approximately A\$1,300 per ounce.

# EXCELSIOR GOLD LIMITED

## DIRECTORS' REPORT

---

### **Qualifying Statement**

*This report 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.*

### **Competent Person Statement – Exploration Results:**

*Information in this announcement that relates to Mineral Resource and exploration results is based on information compiled by Mr. Bradley Toms who is the Exploration Manager of Excelsior Gold Limited. Mr. Toms 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 that he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Toms consents to the inclusion in the document of the information in the form and context in which it appears.*

### **Competent Person Statements – Mineral Resources:**

*Information in this announcement that relates to the Zoroastrian Mineral Resource results is based on information compiled by Mr. Patrick Adams who is a Director of Cube Consulting Pty Ltd. Mr. Adams is a Fellow of the AusIMM (CP) and 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 that he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Adams consents to the inclusion in the document of the information in the form and context in which it appears.*

*Information in this announcement that relates to the Bulletin South Mineral Resource results is based on information compiled by Mr. Patrick Adams who is a Director of Cube Consulting Pty Ltd. Mr. Adams is a Fellow of the AusIMM (CP) and 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 that he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Adams consents to the inclusion in the document of the information in the form and context in which it appears.*

*Information in this announcement that relates to other Mineral Resource results is based on information compiled by Mr Bradley Toms who is a full-time employee of Excelsior Gold Limited. Mr Toms 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" for the Group reporting. Mr Toms consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.*

### **Competent Person Statement – Ore Reserves Zoroastrian Central Open Pit**

*The information in this Release which relates to the Ore Reserve estimates accurately reflect 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 Zoroastrian Central Open Pit Ore Reserve at the Excelsior Gold Kalgoorlie North Gold Project is based on information resulting from Feasibility works carried out by Excelsior Gold Limited. Mr. Randell Ford, who is employed by Excelsior Gold Limited and works at the Zoroastrian Central open pit as the Registered Mine Manager, completed the Ore Reserve estimate for the Zoroastrian Central Open Pit. Mr Ford is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify him as a Competent Person as defined in accordance with the 2012 Edition of the Australasian Joint Ore Reserves Committee (JORC). Mr Ford consents to the inclusion in the document of the information in the form and context in which it appears.*

## **EXCELSIOR GOLD LIMITED DIRECTORS' REPORT**

---

### **DIVIDENDS**

No dividends have been paid or declared and no dividends have been recommended by the Directors.

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

During the half year there was no significant change in the Group's state of affairs other than that referred to in the half-year financial statements or notes thereto.

### **MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD**

Subsequent to 31 December 2016, an additional 5 million shares previously issued under the Company's Employee Share Plan were cancelled upon resignation of an employee.

No other matters or circumstances, not otherwise dealt with in the financial statements, have arisen since the end of the half financial year and to the date of this report which significantly affected or may significantly affect the operations of the economic entity, the results of the economic entity, or the state of affairs of the economic entity in the financial years subsequent to the half financial year ended 31 December 2016.

### **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the page following this report.

This report is signed in accordance with a resolution of the Directors.



**Rowan Johnston**  
**Managing Director**  
Perth, Western Australia  
9<sup>th</sup> March 2017



## DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF EXCELSIOR GOLD LIMITED

As lead auditor for the review of Excelsior Gold Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Excelsior Gold Limited and the entity it controlled during the period.



**Neil Smith**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 9 March 2017

**EXCELSIOR GOLD LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

		<b>CONSOLIDATED</b>	
	<b>Note</b>	<b>31 December 2016 \$</b>	<b>31 December 2015 \$</b>
Revenue from continuing operations		27,217,775	1,785,464
Costs of production		(24,973,070)	(3,954,213)
<b>Gross profit/(loss) before amortisation</b>		<b>2,244,705</b>	<b>(2,168,749)</b>
Amortisation relating to gold sales		(9,364,475)	(104,330)
<b>Gross profit/(loss) from operations</b>		<b>(7,119,770)</b>	<b>(2,273,079)</b>
Other income	2	26,961	3,507,188
Other expenses		(119,383)	(112,352)
Exploration expenditure		(911,093)	(1,177,858)
Administration and other corporate expenses	2	(1,378,498)	(944,093)
Depreciation of non-mine assets		(15,301)	(17,292)
Realised losses on derivatives – gold hedges		(3,058,704)	-
Fair value adjustment of derivatives – gold hedges		10,741,779	644,336
Finance costs		(354,743)	(946,585)
<b>Profit / (loss) before income tax</b>		<b>(2,188,752)</b>	<b>(1,319,735)</b>
Income tax benefit		-	-
<b>Profit / (loss) for the half-year attributable to the members of Excelsior Gold Limited</b>		<b>(2,188,752)</b>	<b>(1,319,735)</b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Other		-	-
Total other comprehensive income for the half-year net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the owners of Excelsior Gold Limited</b>		<b>(2,188,752)</b>	<b>(1,319,735)</b>
		<b>Cents</b>	<b>Cents</b>
Basic profit / (loss) per share		(0.31)	(0.26)
Diluted profit / (loss) per share		n/a	n/a

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

**EXCELSIOR GOLD LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

		<b>CONSOLIDATED</b>	
	<b>Note</b>	<b>31 December 2016 \$</b>	<b>Restated* 30 June 2016 \$</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		4,105,438	1,965,647
Trade and other receivables		7,604,051	5,660,560
Inventories	3	2,007,132	182,084
Other assets		1,080	-
<b>Total current assets</b>		<b>13,717,701</b>	<b>7,808,291</b>
<b>Non-Current Assets</b>			
Receivables		72,454	72,454
Mine development:			
Site rehabilitation asset	4	739,365	7,293,263
Mine Properties	5	428,164	1,299,574
Deferred Stripping costs	6	1,761,709	3,955,625
Property, plant and equipment		220,350	129,034
<b>Total non-current assets</b>		<b>3,222,042</b>	<b>12,749,950</b>
<b>TOTAL ASSETS</b>		<b>16,939,743</b>	<b>20,558,241</b>
<b>Current Liabilities</b>			
Trade and other payables		11,009,477	9,307,425
Provisions		195,697	194,777
Borrowings	8	4,311,806	4,004,271
Derivative financial instruments	9	821,151	4,422,957
<b>Total current liabilities</b>		<b>16,338,131</b>	<b>17,929,430</b>
<b>Non-Current Liabilities</b>			
Provisions	7	7,166,606	8,797,961
Derivative financial instruments	9	1,462,779	8,602,752
<b>Total non-current liabilities</b>		<b>8,629,385</b>	<b>17,400,713</b>
<b>TOTAL LIABILITIES</b>		<b>24,967,516</b>	<b>35,330,143</b>
<b>NET (DEFICIENCY)/ASSETS</b>		<b>(8,027,773)</b>	<b>(14,771,902)</b>
<b>EQUITY</b>			
Contributed Equity	10	52,870,461	44,000,750
Reserves	11	455,952	586,408
Accumulated losses		(61,354,186)	(59,359,060)
<b>TOTAL EQUITY</b>		<b>(8,027,773)</b>	<b>(14,771,902)</b>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

\* Refer to Note 1 for more information regarding prior year restatement.

**EXCELSIOR GOLD LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Contributed Equity	Accumulated Losses	Share Based Payments Reserve	Avail. for Sale Inv. Reserve	Total Equity
	\$	\$	\$	\$	\$
<b>As at 1 July 2015</b>	<b>39,727,295</b>	<b>(40,462,284)</b>	<b>173,241</b>	<b>10,000</b>	<b>(551,748)</b>
Loss for the half-year	-	( 1,319,735)	-	-	(1,319,735)
Comprehensive income for the half-year	-	-	-	-	-
Total comprehensive income for the half-year	-	(1,319,735)	-	-	<b>(1,319,735)</b>
Transactions with owners in their capacity as owners:					
Sale of investments	-	-	-	(10,000)	<b>(10,000)</b>
Placement of shares, net of transaction costs	4,201,391	-	-	-	<b>4,201,391</b>
Employee share-based payments	-	-	245,455	-	<b>245,455</b>
<b>As at 31 December 2015</b>	<b>43,928,686</b>	<b>(41,782,019)</b>	<b>418,696</b>	<b>-</b>	<b>2,565,363</b>
<b>As at 1 July 2016</b>	<b>44,000,750</b>	<b>(62,707,834)</b>	<b>586,408</b>	<b>-</b>	<b>(18,120,676)</b>
Correction of error (*)	-	3,348,774	-	-	3,348,774
<b>As at 1 July 2016 (Restated*)</b>	<b>44,000,750</b>	<b>(59,359,060)</b>	<b>586,408</b>	<b>-</b>	<b>(14,771,902)</b>
Loss for the half-year	-	(2,188,752)	-	-	(2,188,752)
Comprehensive income for the half-year	-	-	-	-	-
Total comprehensive income for the half-year	-	(2,188,752)	-	-	<b>(2,188,752)</b>
Transactions with owners in their capacity as owners:					
Placement of shares, net of transaction costs	8,869,711	-	-	-	<b>8,869,711</b>
Employee share-based payments	-	-	63,170	-	<b>63,170</b>
Forfeiture of employee shares	-	193,626	(193,626)	-	-
<b>As at 31 December 2016</b>	<b>52,870,461</b>	<b>(61,354,186)</b>	<b>455,952</b>	<b>-</b>	<b>(8,027,773)</b>

*This above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

\* Refer to Note 1 for more information regarding prior year restatement.

**EXCELSIOR GOLD LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	31 December 2016 \$	31 December 2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from sales	27,989,215	385,134
Payment for site costs	(28,500,925)	(623,994)
Payments for administration	(1,261,819)	(817,754)
Payments for exploration and evaluation	(683,931)	(1,177,858)
Other receipts/(payments) – GST	165,007	(67,599)
Hedging costs – close out of hedge instruments	(1,526,256)	-
Other income	-	3,360,900
R & D Tax refund	-	108,437
Interest received	19,098	37,850
Finance costs	(180,896)	(891,982)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(3,980,507)</b>	<b>313,134</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for plant, equipment and development	(109,817)	(1,325,989)
Payments for development – deferred stripping costs	(1,376,606)	-
Payment of security deposits	(1,080)	-
Proceeds from sale of investments	-	47,325
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(1,487,503)</b>	<b>(1,278,664)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	8,716,564	4,607,760
Costs associated with share issues	(358,763)	(406,369)
Repayment of borrowings	(750,000)	(3,998,471)
Proceeds from borrowings	-	1,321,006
<b>Net cash inflow from financing activities</b>	<b>7,607,801</b>	<b>1,523,926</b>
Net increase in cash and cash equivalents	2,139,791	558,396
Cash and cash equivalents at the beginning of the period	1,965,647	3,757,336
<b>NET CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>	<b>4,105,438</b>	<b>4,315,732</b>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

**EXCELSIOR GOLD LIMITED**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**

---

**NOTE 1: BASIS OF PREPARATION**

**(a) Basis of Preparation**

This general purpose half-year financial report for the half-year ended 31 December 2016 has been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the Corporations Act 2001.

This half-year financial report does not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report. Accordingly, this half-year financial report is to be read in conjunction with any public announcements made by Excelsior Gold Limited during the half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the inclusion of gold in circuit to inventories as set out below:

*Going Concern*

The financial statements have been prepared on the basis that the Group will continue to meet its commitments and can therefore continue normal business activities and realise assets and settle liabilities in the ordinary course of business.

The Directors are confident that forecasted cash inflows from operations in the next six months will yield sufficient cash flow to repay all liabilities and retain sufficient cash to fund the next twelve months of corporate and exploration costs.

In addition, the Group's JORC compliant reserves associated with the Zoroastrian Central mine plan have a high degree of confidence of being converted to cash. The Measured and Indicated component of the JORC compliant resources for Zoroastrian South have a high degree of confidence of being converted into Reserves to form part of the continued mining past the completion of Zoroastrian Central open pit.

*Inventories*

Gold in circuit and ore stockpiles are physically measured or estimated and valued at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and an appropriate portion of fixed and variable production overhead expenditure, including depreciation and amortisation incurred in converting materials to finished products.

The recoverable amount is assessed regularly on an ongoing basis and written down to its net realisable value when an impairment indicator is present.

The financial report is presented in Australian dollars, which is the Company's functional and presentation currency.

Excelsior Gold Limited is a for-profit entity for the purpose of preparing the half-year financial statements.

**(b) Statement of Compliance**

These half-year financial statements comply with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

**EXCELSIOR GOLD LIMITED**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**

**NOTE 1: BASIS OF PREPARATION - continued**

**(c) Correction of Prior year error**

Subsequent to 30 June 2016, Excelsior's new management team identified that there had been an overstatement of accrued toll treatment costs by an amount of \$3,348,774 in the 30 June 2016 financial statements.

As this error occurred in the previous financial year, the balance sheet as at 30 June 2016 has been restated as follows:

Consolidated Statement of Financial Position

**30 June 2016**

	As Previously Stated \$	Restatement \$	Restated \$
Current assets	7,808,291	-	7,808,291
Non-current assets	12,749,950	-	12,749,950
Total assets	20,558,241	-	20,558,241
Current liabilities *	21,278,204	(3,348,774)	17,929,430
Non-current liabilities	17,400,713	-	17,400,713
Total liabilities	38,678,917	(3,348,774)	35,330,143
Net assets / (deficiency)	(18,120,676)	3,348,774	(14,771,902)
Contributed Equity	44,000,750	-	44,000,750
Reserves	586,408	-	586,408
Accumulated losses	(62,707,834)	3,348,774	(59,359,060)
Total equity	(18,120,676)	3,348,774	(14,771,902)

\* Trade and other payables reduced by \$3,348,774

**(d) Adoption of new and revised standards**

**Early adoption of accounting standards**

The Company has not elected to apply any pronouncements before their operative date in the annual reporting year beginning 1 July 2016.

**New and amended standards adopted by the Company**

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2016 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting period. The Company's assessment of the impact of these new standards and interpretations that may have an impact on the Company is set out below:

**AASB 9 Financial Instruments (effective from 1 January 2018)**

AASB 9 includes requirements for the classification and measurement of financial assets. There is no material impact for Excelsior. This standard is not applicable until the financial year commencing 1 July 2018.

**EXCELSIOR GOLD LIMITED**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**

	Six months ended 31 December 2016 \$	Six months ended 31 December 2015 \$
<b>NOTE 2: INCOME AND EXPENSES</b>		
<b>Other Income</b>		
Interest Income	23,961	37,850
R & D tax refund	-	108,438
Sale of gold call options	-	3,360,900
Other income	3,000	-
Total Other Income	<u>26,961</u>	<u>3,507,188</u>
<b>Administration and Other Corporate Expenses</b>		
Employment costs – administration and corporate	742,373	438,196
Legal fees	149,956	38,565
Corporate advisory and consulting	114,287	40,820
Accounting fees and Company secretarial fees	101,655	58,656
Audit fees	58,784	6,293
Office rental and associated costs	33,120	41,213
Share based payments	63,170	245,455
Other	115,153	74,895
	<u>1,378,498</u>	<u>944,093</u>
	<b>Dec 2016 \$</b>	<b>June 2016 \$</b>
<b>NOTE 3: INVENTORIES</b>		
Ore Stockpiles	1,105,871	182,084
Gold in Circuit	901,261	-
	<u>2,007,132</u>	<u>182,084</u>
<b>NOTE 4: SITE REHABILITATION ASSET</b>		
Balance at beginning of the period	7,293,263	8,750,000
Less: Amortisation	(4,922,543)	(1,456,737)
Less: Revaluation	(1,631,355)	-
Balance at the end of the period	<u>739,365</u>	<u>7,293,263</u>



**EXCELSIOR GOLD LIMITED**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**

	Dec 2016 \$	June 2016 \$
<b>NOTE 5: MINE PROPERTIES</b>		
Balance at beginning of the period	1,299,574	-
Cost incurred	-	1,557,452
Less: Amortisation	(871,410)	(257,878)
Balance at the end of the period	<u>428,164</u>	<u>1,299,574</u>

**NOTE 6: DEFERRED STRIPPING COSTS**

Balance at beginning of the period	3,955,625	-
Costs capitalised	1,376,606	4,740,550
Less: Amortisation	(3,570,522)	(784,925)
Balance at the end of the period	<u>1,761,709</u>	<u>3,955,625</u>

**NOTE 7: PROVISIONS – NON-CURRENT**

Rehabilitation provision	<u>7,166,606</u>	<u>8,797,961</u>
--------------------------	------------------	------------------

***Reconciliation of Rehabilitation provision:***

Balance at beginning of the period	8,797,961	8,750,000
Revaluation of provision	(1,631,355)	47,961
Balance at the end of the period	<u>7,166,606</u>	<u>8,797,961</u>

**NOTE 8: BORROWINGS**

**Current**

Short term loan – bank	571,006	1,321,006
Short term loan – others	1,584,949	1,584,949
Deferred settlement - call option	1,490,800	-
Convertible loan facility	665,051	1,098,316
	<u>4,311,806</u>	<u>4,004,271</u>

The first repayment of the Macquarie loan was made on 30 December 2016 for \$750,000 with the remaining balance of \$571,006 paid subsequent to year end on 31 January 2017. Interest is based on a base rate plus a 5% margin.

The other loan is unsecured, with an interest rate of 12% and repayable 21 June 2017.

The call option deferred settlement has interest based on a base rate plus a 5% margin and is repayable by 31 March 2017.

The convertible notes are as follows:

1. 17,193,878 notes at an issue price of \$0.0387 per note, convertible 21 June 2017. Coupon rate is 12%.
2. 10,000,000 notes at an issue price of \$0.05 per note. These notes were converted in July 2016 to 10,000,000 ordinary shares.

**EXCELSIOR GOLD LIMITED**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**

**NOTE 9: DERIVATIVE FINANCIAL INSTRUMENTS**

	Dec 2016 \$	June 2016 \$
<b>Current</b>		
Derivative Liabilities – Call options and forwards	821,151	4,422,957
<b>Non-Current</b>		
Derivative Liabilities – Call options and forwards	1,462,779	8,602,752

**NOTE 10: CONTRIBUTED EQUITY**

(a) Share Capital	Dec 2016 \$	Dec 2016 Shares	June 2016 \$	June 2016 Shares
Ordinary shares				
Fully paid	52,870,461	806,140,875	44,000,750	567,266,648

**(b) Movements in ordinary share capital**

Date	Details	Number of shares	\$
1/07/16	Opening balance	567,266,648	44,000,750
18/07/16	Conversion of Convertible Note	5,600,000	200,000
18/07/16	Placement	8,400,000	500,000
28/07/16	Rights issue	96,877,775	4,843,889
16/08/16	Placement	10,000,000	500,000
19/08/16	Placement	19,000,000	950,000
21/11/16	Placement	105,841,690	2,222,675
6/12/16	Placement	1,904,762	40,000
12/12/16	Employee Share Plan Shares cancelled during the period	(8,750,000)	-
	Less: Issue costs	-	(386,853)
31/12/16	Closing balance	806,140,875	52,870,461

Subsequent to 31 December 2016, an additional 5 million shares previously issued under the Company's Employee Share Plan were cancelled upon resignation of an employee.

**EXCELSIOR GOLD LIMITED**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**

	Dec 2016 \$	June 2016 \$
<b>NOTE 11: RESERVES</b>		
Share-based payments reserve	455,952	586,408
	455,952	586,408
Movements: <i>Share-based payments reserve</i>		
Balance at the beginning of the period	586,408	173,241
Share based payments recognised during the period	63,170	413,167
Employee Share Plan Shares cancelled during the period	(193,626)	-
Balance at the end of the period	455,952	586,408

During the half-year, 8,750,000 shares issued under the Company's Employee Share Plan in December 2014, were cancelled upon the resignation of the participants.

**Nature and purpose of reserve**

The share based payments reserve is used to recognise the fair value of shares and options issued to employees but not exercised.

**NOTE 12: COMMITMENTS AND CONTINGENCIES**

Since the last annual reporting date, there has not been a material change to commitments or contingencies.

**NOTE 13: SHARE BASED PAYMENT TRANSACTIONS**

	Six months ended 31 December 2016 \$	Six months ended 31 December 2015 \$
<i>Expensed in the profit and loss:</i>		
Equity-based payments	63,170	245,455

The Excelsior Gold Ltd Employee Share Plan ("Plan") is used to reward Directors and employees for their performance and to align their remuneration with the creation of shareholder wealth. The Plan is designed to provide long-term incentives to deliver long-term shareholder returns. Participation in the Plan is at the discretion of the Board and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The share based payments listed below have been issued to the company directors and employees under the terms of the Plan.

**Six Months to 31 December 2016:**

No shares were issued during the period. 8,750,000 shares were forfeited during the period resulting in \$193,626 being written back against the share-based payments reserve.

**Six Months to 31 December 2015:**

No shares were issued.

**EXCELSIOR GOLD LIMITED**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**

---

**NOTE 14: CASH FLOW INFORMATION**

The following non-cash financing and investing activities occurred during the period:

- 1,904,762 shares issued in lieu of a placement fee relating to the July 2016 placement (\$40,000).
- 10,000,000 shares issued on 18 July 2016 upon conversion of a convertible note (\$500,000).
- 8,750,000 shares issued under the Company's Employee Share Plan in December 2014, were cancelled upon the resignation of the participants. There was no cost associated with this.

**NOTE 15: DIVIDENDS**

There were no dividends paid or declared by the Group during the period.

**NOTE 16: SEGMENT INFORMATION**

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The Group does not have any material operating segments with discrete financial information. The Group does not have any customers other than one entity who acquires the gold produced and all its' assets and liabilities are primarily related to the mining industry and its operations are located within Western Australia. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, balance sheet and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

**NOTE 17: FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

*AASB 7 Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) Inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the group's assets measured and recognised at fair value at 31 December 2016:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Liabilities</b>				
Call Options and Forwards	-	-	2,283,930	2,283,930
	-	-	2,283,930	2,283,930

**EXCELSIOR GOLD LIMITED**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**

---

**NOTE 17: FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS - continued**

The following table presents the group's assets measured and recognised at fair value at 30 June 2016:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Liabilities</b>				
Call Options and Forwards	-	-	13,025,709	13,025,709
	-	-	13,025,709	13,025,709

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2016 and did not transfer any fair value amounts between the fair value hierarchy levels during the year ended 31 December 2016.

The fair value of derivative financial instruments, being gold forward and call options, is based on mark to market calculations which use a mixture of quoted prices and unobservable inputs and accordingly are included as level 3. There were no transfers between levels during the year.

**NOTE 18: RELATED PARTY TRANSACTIONS**

There have been no new related party transactions entered into since 30 June 2016.

**NOTE 19: EVENTS SUBSEQUENT TO REPORTING DATE**

Subsequent to 31 December 2016, an additional 5 million shares previously issued under the Company's Employee Share Plan were cancelled upon resignation of an employee.

No other matters or circumstances, not otherwise dealt with in the financial statements, have arisen since the end of the half financial year and to the date of this report which significantly affected or may significantly affect the operations of the economic entity, the results of the economic entity, or the state of affairs of the economic entity in the financial years subsequent to the half financial year ended 31 December 2016.

**EXCELSIOR GOLD LIMITED  
DIRECTORS' DECLARATION**

---

1. In the opinion of the directors:
  - a) The financial statements and notes are in accordance with the Corporations Act 2001, including:
    - i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
    - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory reporting requirements; and
    - iii) complying with International Financial Reporting Standards (IFRS) as stated in note 1 of the financial statements; and
  - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the half-year ended 31 December 2016.

This declaration is signed in accordance with a resolution of the Board of Directors.



**Rowan Johnston**  
**Managing Director**

Perth, Western Australia  
9<sup>th</sup> March 2017

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Excelsior Gold Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Excelsior Gold Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Excelsior Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Excelsior Gold Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Excelsior Gold Limited is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in blue ink, appearing to read 'Neil Smith', is written over a faint, light blue BDO logo.

**Neil Smith**

**Director**

Perth, 9 March 2017