



excelsiorgold
LIMITED

ABN 38 123 629 863

Notice of General Meeting

The General Meeting of the Company will be held at
the offices of BDO, 38 Station Street, Subiaco WA 6008
on Friday 30 June 2017 at 10.00 am (WST).

This Notice of General Meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

Please contact the Company Secretary on (08) 9335 7770 if you wish to discuss any matter concerning the Meeting.

Excelsior Gold Limited

Notice of General Meeting

Notice is hereby given that the General Meeting of the Shareholders of Excelsior Gold Limited will be held at 38 Station Street, Subiaco, WA 6008 on 30 June 2017 at 10.00 am (WST).

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and Proxy Form form part of this Notice of Meeting.

Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Memorandum.

Proxy Forms must be received by no later than 10:00 am (WST) on 28 June 2017.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in the Explanatory Memorandum.

Agenda

1 RESOLUTION 1 - ISSUE OF SHORT-TERM PERFORMANCE RIGHTS TO DIRECTOR MR ROWAN JOHNSTON

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That for the purposes of ASX Listing Rule 10.11, Section 195(4) and Chapter 2E of the Corporations Act, and for all other purposes, Shareholders approve the issue of Performance Rights totaling \$75,000 to Mr Rowan Johnston (or his nominee) on the terms and conditions set out in the Explanatory Memorandum."

A voting exclusion statement is set out below.

2 RESOLUTION 2 - ISSUE OF LONGER-TERM PERFORMANCE RIGHTS TO DIRECTOR MR ROWAN JOHNSTON

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That for the purposes of ASX Listing Rule 10.11, Section 195(4) and Chapter 2E of the Corporations Act, and for all other purposes, Shareholders approve the issue of 8,000,000 Performance Rights to Mr Rowan Johnston (or his nominee) on the terms and conditions set out in the Explanatory Memorandum."

A voting exclusion statement is set out below.

3 RESOLUTION 3 - ISSUE OF DIRECTORS' SALARY SACRIFICE SHARE PLAN SHARES TO DIRECTOR - MR DAVID HATCH

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14, Section 195(4) and Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the Company to issue Directors' Salary Sacrifice Share Plan Shares in the Company up to the value of \$30,000 to Mr David Hatch (or his nominee), on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement is set out below.

4 RESOLUTION 4 - ISSUE OF DIRECTORS' SALARY SACRIFICE SHARE PLAN SHARES TO DIRECTOR - DR JONATHAN WEST

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14, Section 195(4) and Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the Company to issue Directors' Salary Sacrifice Share Plan Shares in the Company up to the value of \$24,000 to Dr Jonathan West (or his nominee), on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement is set out below.

5 RESOLUTION 5 - ISSUE OF DIRECTORS' SALARY SACRIFICE SHARE PLAN SHARES TO DIRECTOR - MR JIMMY LEE

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14, Section 195(4) and Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the Company to issue Directors' Salary Sacrifice Share Plan Shares in the Company up to the value of \$24,000 to Mr Jimmy Lee (or his nominee), on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement is set out below.

6 RESOLUTION 6 - ISSUE OF DIRECTORS' SALARY SACRIFICE SHARE PLAN SHARES TO DIRECTOR - MR SAM RANDAZZO

To consider, and if thought fit, to pass with or without amendment the following as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14, Section 195(4) and Chapter 2E of the Corporations Act, and for all other purposes, approval is given for the Company to issue Directors' Salary Sacrifice Share Plan Shares in the Company up to the value of \$24,000 to Mr Sam Randazzo (or his nominee), on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement is set out below.

7 VOTING PROHIBITION AND EXCLUSION STATEMENTS

Listing Rule 14.11

Under Listing Rule 14.11, the Company will disregard any votes cast on the following Resolutions by the following persons:

Resolution	Persons excluded from voting
Resolution 1 - Issue of Short-Term Performance Rights to Director Mr Rowan Johnston	Mr Rowan Johnston (or his nominee) and any of their associates.
Resolution 2 - Issue of Longer-Term Performance Rights to Director Mr Rowan Johnston	Mr Rowan Johnston (or his nominee) and any of their associates.
Resolution 3 - Issue of Directors' Salary Sacrifice Share Plan Shares to Director Mr David Hatch	Any Director (or his nominee) and any of their associates, other than any Director who is ineligible to participate in the Directors' Salary Sacrifice Share Plan.
Resolution 4 - Issue of Directors' Salary Sacrifice Share Plan Shares to Director Dr Jonathan West	Any Director (or his nominee) and any of their associates, other than any Director who is ineligible to participate in the Directors' Salary Sacrifice Share Plan.
Resolution 5 - Issue of Directors' Salary Sacrifice Share Plan Shares to Director Mr Jimmy Lee	Any Director (or his nominee) and any of their associates, other than any Director who is ineligible to participate in the Directors' Salary Sacrifice Share Plan.

Resolution	Persons excluded from voting
Resolution 6 - Issue of Directors' Salary Sacrifice Share Plan Shares to Director Mr Sam Randazzo	Any Director (or his nominee) and any of their associates, other than any Director who is ineligible to participate in the Directors' Salary Sacrifice Share Plan.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 1 - 6 if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not the party named in the above table as being excluded from voting in relation to each corresponding Resolution, the above prohibition does not apply if:

- (a) the proxy is the Chairman; and
- (b) the appointment expressly authorises the Chairman to exercise the proxy even though the relevant Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

By order of the Board of Directors



Amanda Sparks
Company Secretary
Excelsior Gold Limited
22 May 2017

Excelsior Gold Limited

Explanatory Memorandum

1 INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 38 Station Street, Subiaco, WA 6008 on 30 June 2017 at 10:00 am (WST). The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice, and includes the Proxy Form located at the end of Explanatory Memorandum.

Please contact the Company Secretary on (08) 9335 7770 if you wish to discuss any matter concerning the Meeting.

2 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

All Shareholders are invited and encouraged to attend the Meeting. If a Shareholder is unable to attend in person, they can appoint a proxy to attend on their behalf by signing and returning the Proxy Form (attached to the Notice) to the Company in accordance with the instructions on the Proxy Form. The Company encourages Shareholders completing a Proxy Form to direct the proxy how to vote on each Resolution.

The Proxy Form must be received no later than 48 hours before the commencement of the Meeting, i.e. by no later than 10:00 am (WST) on 28 June 2017. Any Proxy Form received after that time will not be valid for the Meeting.

A Proxy Form may be lodged in the following ways:

Online	www.securitytransfer.com.au
Email	registrar@securitytransfer.com.au
Facsimile	(08) 9315 2233
Mail	PO Box 52, Collins Street West VIC 8007
By Hand	Suite 913, Exchange Tower, 530 Little Collins Street, Melbourne VIC 3000

Shareholders lodging a Proxy Form are not precluded from attending and voting in person at the Meeting. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- (a) each Shareholder has a right to appoint a proxy;
- (b) the proxy need not be a Shareholder of the Company; and
- (c) a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

2.2 Corporate representatives

Shareholders who are body corporates may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available from the website of the Company's share registry (Security Transfer Australia).

2.3 Eligibility to vote

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that, for the purposes of voting at the Meeting, Shareholders are those persons who are the registered holders of Shares at 5:00 pm (WST) on 28 June 2017.

3 RESOLUTION 1 AND 2 - ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR MR ROWAN JOHNSTON

3.1 Introduction

Resolutions 1 and 2 seeks Shareholder approval to compensate and incentivise Excelsior's Managing Director by issuing \$75,000 of Performance Rights immediately and an additional 8,000,000 Performance Rights (**Related Party Rights**) to Mr Rowan Johnston on the terms and conditions set out below.

The purpose of the grant of the Related Party Rights to Rowan Johnston is to provide Short-Term Incentives and Long-Term Incentives to his current remuneration package which aligns with adding Shareholder value. These Performance Rights provide an incentive component in the remuneration package in addition to his cash salary for Rowan Johnston to motivate and reward performance, which adds value for Shareholders. By offering these incentives in the form of Performance Rights, rather than cash, the Company can maximise the availability of cash for the Company's future exploration activities.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Rights constitutes giving a financial benefit and Mr Johnston is a related party of the Company by virtue of being a Director.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act may apply as the Company believes the Rights constitute reasonable remuneration, however it is possible that the transactions could be construed otherwise. Therefore the Directors consider it prudent to seek Shareholder approval for the grant of Related Party Rights to Mr Johnston.

The conditions (Share Price Milestones) upon which the Related Party Rights will vest are as follows:

Short Term Performance Rights (\$75,000 value):

- (a) Vest immediately upon Shareholder approval. No Share price milestone.

Long Term Performance Rights (8,000,000 Rights):

- (b) **Tranche 1 Performance Rights:** 1,500,000 Rights shall vest upon achieving a 20 consecutive trading day volume weighted average price of fully paid ordinary shares in the capital of the Company (**Shares**) on the ASX of \$0.05 or higher and is attained prior to 30 June 2018.
 - (c) **Tranche 2 Performance Rights:** 2,000,000 Rights shall vest upon achieving a 20 consecutive trading day volume weighted average price of fully paid ordinary shares in the capital of the Company (**Shares**) on the ASX of \$0.075 or higher and is attained prior to 30 June 2019.
 - (d) **Tranche 3 Performance Rights:** 1,500,000 Rights shall vest upon achieving a 20 consecutive trading day volume weighted average price of fully paid ordinary shares in the capital of the Company (**Shares**) on the ASX of \$0.10 or higher and is attained prior to 30 June 2020.
 - (e) **Tranche 4 Performance Rights:** 1,000,000 Rights shall vest upon achieving a 20 consecutive trading day volume weighted average price of fully paid ordinary shares in the capital of the Company (**Shares**) on the ASX of \$0.15 or higher and is attained prior to 30 June 2021.
 - (f) **Tranche 5 Performance Rights:** 2,000,000 Rights shall vest upon achieving a 20 consecutive trading day volume weighted average price of fully paid ordinary shares in the capital of the Company (**Shares**) on the ASX of \$0.20 or higher and is attained prior to 30 June 2022.
- 3.2 If the Milestone attaching to a Performance Right has not been satisfied in the time periods set out above, it will automatically lapse.
- 3.3 In addition to each of the conditions set out above, the Related Party Rights may only vest if Mr Rowan Johnston continues to be employed by the Company at the time the relevant milestone is met.

Upon exercise, the Long Term Performance Rights will be held in escrow and are unavailable to be traded until 12 months after the vesting date.

3.4 Shareholder approval (*Chapter 2E of the Corporations Act and ASX Listing Rule 10.11*)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Rights:

- (a) The related party is Mr Rowan Johnston who is a related party by virtue of being a Director.
- (b) The maximum number of Related Party Rights (being the nature of the financial benefit) is as follows:

	# of Related Party Rights
R Johnston Managing Director	9,829,268 <u>Consisting of:</u> Short-Term Performance Rights = 1,829,268* Long-Term Performance Rights = 8,000,000 * The number of Short-Term Rights has been determined based a formula of dividing the \$75,000 value to be granted by the 20 Day VWAP from 24 April 2017 to 22 May 2017 of \$0.041.

- (c) The Related Party Rights will be granted to Mr Johnston no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Rights will be issued on one date.
- (d) No consideration is payable by Mr Johnston at the time of grant of the performance rights or upon the allocation of Shares to which he may become entitled on exercise of the Performance Rights, and accordingly no funds will be raised. The Related Party Rights are non-transferable, subject to any exceptions as set out in Schedule 1.
- (e) The Related Party Rights terms and conditions are set out in Schedule 1.
- (f) Vesting conditions are based on various Share Price Milestones, as described in section 3.1.
- (g) The value of the Related Party Rights for the Short-Term Performance Rights will be a fixed amount of \$75,000 (with the number of Rights based on a 20 Day VWAP from 24 April 2017 to 22 May 2017). The value of the Long-Term Performance Rights is \$122,000 (refer to Schedule 2).
- (h) Mr Johnston's existing relevant interests in the securities of the Company are 400,000 shares.

(i) Total remuneration package

The remuneration and emoluments from the Company to Mr Johnston for the previous financial year and the proposed remuneration for the current financial year are set out below:

Previous Financial Year: Nil (Mr Johnston commenced employment with the Company on 21 September 2016).

Current Financial Year: Mr Rowan Johnston's cash remuneration is \$295,000 per annum inclusive of superannuation. Mr Johnston was employed on 21 September 2016 and his expected cash remuneration including superannuation for the year ended 30 June 2017 is \$229,444. In addition, the Board has approved a \$50,000 bonus payment to Mr Johnston as a short term incentive bonus for his management of the Company since the date of his appointment.

(j) Dilution

Subject to Shareholders approval of Resolution 1 and 2, if the Related Party Rights granted to Mr Johnston are exercised, a total of no more than 9,829,268 Shares would be issued. This will increase the number of Shares on issue from 792,890,875 to 802,720,143 (assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by 1.22%.

(k) Trading History

The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	7.5 cents	27 May 2016
Lowest	1.6 cents	27 October 2016
Last	4.0 cents	22 May 2017

- (l) The primary purpose of the grant of the Related Party Rights to Rowan Johnston is to provide Short-Term Incentives and Long-Term Incentives to his current remuneration package which aligns with adding Shareholder value. These Rights provide an incentive component in the remuneration package for Rowan Johnston to motivate and reward performance which adds value to the Company. By offering these incentives in the form of Performance Rights, rather than cash, the Company can provide a reasonable incentive structure without incurring additional cash outgoings, thereby maximising the availability of cash for the Company's future exploration activities.
- (m) Mr Johnston declines to make a recommendation to Shareholders in relation to Resolutions 1 and 2 due to his material personal interest in the outcome of the Resolutions on the basis that he is to be granted Related Party Rights in the Company should Resolution 1 and 2 be passed.
- (n) With the exception of Mr Johnston, no other Director has a personal interest in the outcome of Resolution 1 and 2.
- (o) Other Information

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision on whether it is in the best interests of the Company to pass Resolution 1 and 2.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Rights to Mr Johnston as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Rights to Mr Johnston will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

3.5 Directors' recommendation

Rowan Johnston declines to make a recommendation to Shareholders in relation to Resolutions 1 and 2 as he has a material personal interest in the outcome of those resolutions.

The remaining Directors, Messers Hatch, West, Lee and Randazzo, recommend that Shareholders vote in favour of Resolutions 1 and 2, for the following reasons:

- (a) the grant of Related Party Rights to Rowan Johnston will further align his interests with those of Shareholders;
- (b) the grant of the Related Party Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Johnston; and

- (c) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Rights upon the terms proposed.

In forming their recommendations, Messers Hatch, West, Lee and Randazzo each considered the experience of Mr Johnston, the current market price of Shares, the current market practices when determining the number of Related Party Rights to be granted.

4 RESOLUTIONS 3 TO 6 - ISSUE OF SHARES TO DIRECTORS (SALARY SACRIFICE)

4.1 General

In accordance with the terms of the Directors' Salary Sacrifice Share Plan, the Company's Non-Executive Directors have agreed to reduce their cash fees by up to 50% in lieu of Shares in order to maximise the availability of cash for the Company's future exploration activities.

A summary of the key terms and conditions of the Directors' Salary Sacrifice Share Plan is set out in Schedule 3. In addition, a copy of the Directors' Salary Sacrifice Share Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Directors' Salary Sacrifice Share Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue Shares (**Related Party Shares**) to each of Mr Hatch, Dr West, Mr Lee and Mr Randazzo (**Related Parties**) on the terms and conditions set out below.

The purpose of the proposed issue of the Related Party Shares is to provide remuneration to compensate for the cash fee reductions described above.

For a public company or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue and allotment of the Related Party Shares to each of the Related Parties requires the Company to obtain Shareholder approval because the issue of the Related Party Shares constitutes giving a financial benefit and Mr Hatch, Dr West, Mr Lee and Mr Randazzo are related parties of the Company by virtue of being Directors.

Whilst the exception set out in section 211 of the Corporations Act may apply as the Company believes the proposed issue of the Related Party Shares constitutes reasonable remuneration, the Directors consider it prudent to seek Shareholder approval for the issue of Related Party Shares to the Related Parties for the purpose of section 208 of the Corporations Act.

In addition, ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

4.2 Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.14

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Related Party Shares to the Related Parties:

- (a) the Related Parties are Mr Hatch, Dr West, Mr Lee and Mr Randazzo, and they are related parties by virtue of being Directors;
- (b) the number of Related Party Shares to be issued to each Related Party (or their nominee) will be determined by dividing the Directors' fees that the Company has agreed to pay the Related Parties by the deemed issue price of the Related Party Shares calculated in accordance with paragraph (d) below, provided that the maximum number of Related Party Shares to be issued to the Related Parties pursuant to Resolutions 3 to 6 shall be as follows:

Related Party	Maximum Number of Shares*
David Hatch	681,818
Jonathan West	545,455
Jimmy Lee	545,455
Sam Randazzo	545,455
Total	2,318,183

* The maximum number of shares has been determined based on a salary sacrifice of 50% of cash remuneration for the period 1 July 2017 to 30 June 2018. As noted in (d) and (j) below, the Related Party Shares will be issued on a quarterly basis according to the Directors' fees owing to each of the Related Parties at that time at an issue price of no less than the volume weighted average sale price of Shares sold on ASX during the 90 days prior to the expiration of the corresponding calendar quarter in which the Directors' fees were incurred.

- (c) the value of the Related Party Shares that could be issued to the Related Parties (or their nominees) is equal to 50% of the fees payable to the Directors for the financial year ended 30 June 2018. As such, the maximum value of the Related Party Shares would be:

Related Party	Value of Related Party Shares
David Hatch	\$30,000
Jonathan West	\$24,000
Jimmy Lee	\$24,000
Sam Randazzo	\$24,000

- (d) the Related Party Shares will be issued for nil cash consideration as they will be issued in satisfaction of Directors' fees agreed to be paid by the Company to the participating Directors at quarterly intervals, and accordingly no funds will be raised from the issue of the Related Party Shares. The Directors' Shares will be deemed to have an issue price of no less than the volume weighted average sale price of Shares sold on ASX during the 90 days prior to the expiration of the corresponding calendar quarter in which the Directors' fees were incurred;
- (e) a voting exclusion statement is included in the Notice in connection with Resolutions 3 to 6;
- (f) no Shares have previously been issued under the Directors' Salary Sacrifice Share Plan;
- (g) the Related Party Shares issued to the Related Parties will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (h) all current Directors of the Company are eligible to participate in the Directors' Salary Sacrifice Share Plan. This includes Mr Johnston, Mr Hatch, Dr West, Mr Lee and Mr Randazzo. However, at the current time the Company does not intend to make an offer to Mr Johnston, and approval is being sought only for the offers to the remaining Directors, Mr Hatch, Dr West, Mr Lee and Mr Randazzo;
- (i) no loan has been provided to any of the Related Parties in relation to the issue of the Related Party Shares;

- (j) the Related Party Shares will be issued to the Related Parties no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and will be issued on a quarterly basis according to the Directors' fees owing to each of the Related Parties at that time and the amount of salary they elect to convert;
- (k) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares
David Hatch	1,281,667
Jonathan West	750,000
Jimmy Lee	-
Sam Randazzo	-

- (l) the remuneration and emoluments, including the value of share based payments, from the Company to the Related Parties and their associates for the previous financial year and the proposed remuneration and emoluments, including the value of share based payments, from the Company to the Related Parties and their associates for the current financial year are set out below:

Mr David Hatch's directors fees are \$60,000 pa plus \$5,700 superannuation. Mr Hatch was employed on 21 September 2016 and his expected remuneration including superannuation for the year ended 30 June 2017 is \$51,100.

Dr Jonathan West's directors fees are \$48,000 pa plus \$4,560 superannuation. Dr West was employed on 21 September 2016 and his expected remuneration including superannuation for the year ended 30 June 2017 is \$40,880.

Mr Jimmy Lee's directors fees are \$48,000 pa plus \$4,560 superannuation. Mr Lee was employed on 20 June 2016 and his expected remuneration including superannuation for the year ended 30 June 2017 is \$52,560.

Mr Sam Randazzo's directors fees are \$48,000 pa plus \$4,560 superannuation. Mr Randazzo was employed on 25 October 2016 and his expected remuneration including superannuation for the year ended 30 June 2017 is \$36,029.

- (m) based on a deemed issue price of \$0.044 per Share, the indicative number of Related Party Shares to be issued to the Related Parties, is a total of 2,318,183 Shares. This will increase the number of Shares on issue from 792,890,875 to 795,209,058 (assuming that no Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 0.29%, comprising 29.5% of the 0.29% dilution by David Hatch, 23.5% of the 0.29% dilution by Jonathan West, 23.5% of the 0.29% dilution by Jimmy Lee and 23.5% of the 0.29% dilution by Sam Randazzo. However, the volume weighted average price of Shares at the time of issue may be lower than the current trading price, resulting in additional Shares being issued.
- (n) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	7.5 cents	27 May 2016
Lowest	1.6 cents	27 October 2016
Last	4.0 cents	22 May 2017

- (o) Mr Hatch declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution on the basis that Mr Hatch is to be issued Related Party Shares in the Company should Resolution 3 be passed. However, in respect of Resolutions 4 to 6, Mr Hatch recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the grant of the Related Party Shares to the Related Parties will further align the interests of the Related Parties with those of Shareholders;
 - (ii) the issue of the Related Party Shares is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Shares upon the terms proposed;
- (p) Dr West declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution on the basis that Dr West is to be issued Related Party Shares in the Company should Resolution 4 be passed. However, in respect of Resolution 3 and Resolutions 5 to 6, Dr West recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (o);

- (q) Mr Lee declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution on the basis that Mr Lee is to be issued Related Party Shares in the Company should Resolution 5 be passed. However, in respect of Resolutions 3, 4 and 6, Mr Lee recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (o);
- (r) Mr Randazzo declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that Mr Randazzo is to be issued Related Party Shares in the Company should Resolution 6 be passed. However, in respect of Resolutions 3 to 5, Mr Randazzo recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (o);
- (s) Mr Johnston recommends that Shareholders vote in favour of Resolutions 3 to 6 for the reasons set out in paragraph (o);
- (t) in forming their recommendations, each Director considered the experience of each other Related Party, the existing and proposed contribution of each Related Party to the Company, the current market price of the Shares and the current market practices when determining the number of Related Party Shares to be issued; and
- (u) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 3 to 6.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Shares to the Related Parties as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Related Party Shares to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

5 DEFINITIONS

In this Notice and Explanatory Memorandum:

- ASX** means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
- Board** means the board of Directors.
- Chairman** means the Chairman of the Company.
- Change of Control Event** means:
- (a) a bona fide takeover bid is declared unconditional and the bidder has acquired a relevant interest in more than 50% of the Company's issued Shares;
 - (b) a court approves, under section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
 - (c) in any other case, a person obtains voting power in the Company which the Board (which for the avoidance of doubt will comprise those Directors immediately prior to the person acquiring that voting power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.
- Closely Related Party** of a member of the Key Management Personnel means:
- (a) a spouse or child of the member;
 - (b) a child of the member's spouse;
 - (c) a dependent of the member or the member's spouse;
 - (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
 - (e) a company the member controls; or
 - (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or EXG	means Excelsior Gold Limited ABN 38 123 629 863.
Constitution	means the constitution of the Company as amended.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth) as amended.
Director	means a director of the Company.
Directors' Salary Sacrifice Share Plan	means the Excelsior Gold Limited Directors' Salary Sacrifice Share Plan summarised in Schedule 3.
Equity Securities	has the same meaning giving in the Listing Rules.
Explanatory Memorandum	means this explanatory memorandum.
Key Management Personnel	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
Listing Rules	means the listing rules of the ASX.
Meeting or General Meeting	means the meeting convened by this Notice (as adjourned from time to time).
Notice	means this notice of meeting.
Right or Performance Right	means a right to be issued a Share in accordance with the terms and conditions set out in Schedule 1.
Optionholder	means the holder of an Option.
Proxy Form	means the proxy form attached to this Notice.
Resolution	means a resolution set out in the Notice.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
VWAP	means volume weighted average price.
WST	means Western Standard Time.

(a) Milestones and Vesting Expiry

The Performance Rights shall have the following milestones and vesting expiry dates attached to them (Milestones):

Short Term Performance Rights (\$75,000 value):

- Vest immediately upon Shareholder approval. No milestone is applicable.

Long Term Performance Rights (8,000,000 Rights):

- **Tranche 1 Performance Rights:** 1,500,000 Rights shall vest upon achieving a 20 consecutive trading day volume weighted average price of fully paid ordinary shares in the capital of the Company (**Shares**) on the ASX of \$0.05 or higher and is attained prior to 30 June 2018.
- **Tranche 2 Performance Rights:** 2,000,000 Rights shall vest upon achieving a 20 consecutive trading day volume weighted average price of fully paid ordinary shares in the capital of the Company (**Shares**) on the ASX of \$0.075 or higher and is attained prior to 30 June 2019.
- **Tranche 3 Performance Rights:** 1,500,000 Rights shall vest upon achieving a 20 consecutive trading day volume weighted average price of fully paid ordinary shares in the capital of the Company (**Shares**) on the ASX of \$0.10 or higher and is attained prior to 30 June 2020.
- **Tranche 4 Performance Rights:** 1,000,000 Rights shall vest upon achieving a 20 consecutive trading day volume weighted average price of fully paid ordinary shares in the capital of the Company (**Shares**) on the ASX of \$0.15 or higher and is attained prior to 30 June 2021.
- **Tranche 5 Performance Rights:** 2,000,000 Rights shall vest upon achieving a 20 consecutive trading day volume weighted average price of fully paid ordinary shares in the capital of the Company (**Shares**) on the ASX of \$0.20 or higher and is attained prior to 30 June 2022.

If the Milestone attaching to a Performance Right has not been satisfied in the time periods set out above, it will automatically lapse.

(b) Notification to Holder

The Company must notify the holder of the Performance Rights (Holder) in writing when a Milestone has been satisfied.

(c) Share ranking

All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.

(d) Consideration

The Performance Rights will be issued for nil cash consideration each and no consideration will be payable upon the vesting or conversion of the Performance Rights.

(e) Conversion and Exercise

Upon satisfaction of the relevant Performance Rights vesting, each Performance Right will, at the election of the holder, convert into one (1) Share. The holder has up to 5 years to exercise the vested Performance Right.

(f) Restriction Conditions

Upon exercise, the Long Term Performance Rights will be held in escrow and are unavailable to be traded or transferred until 12 months after the vesting date. No restriction conditions apply to the Short-Term Performance Rights.

(g) Ceasing to be an Employee

If Mr Rowan Johnston ceases to be an employee or director of the Company and at that time there are unvested Conditions in relation to Performance Rights, those unvested Performance Rights will automatically lapse on the date that is 3 months following the cessation of employment.

Any unexercised vested awards must be exercised within 3 months from the date of cessation of employment. The Board may, in its discretion, determine whether to extend any exercise conditions.

(h) Transfer of Performance Rights

A Performance Right is only transferable by force of law upon death to the Holder's legal personal representative or upon bankruptcy to the Holder's trustee in bankruptcy.

(i) Quotation of Shares on ASX

The Company will not apply for quotation of the Performance Rights on ASX. However, the Company will apply for quotation of all Shares issued pursuant to the exercise of Performance Rights on ASX within the period required by ASX.

(j) Dividend and Voting Rights

A Performance Right does not confer upon the Holder an entitlement to vote or receive dividends.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Performance Rights and Holders will not be entitled to participate in new issues of capital offered to Shareholders until exercise of the vested Performance Rights.

(l) Adjustment for bonus issue

If securities are issued pro-rata to Shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the number of Shares to which each Holder is entitled, will upon conversion of the Performance Rights be increased by that number of Shares which the Holder would have been entitled if the Performance Rights held by the Holder were vested immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Corporations Act and the Listing Rules at the time of the bonus issue.

(m) Adjustment for reconstruction

If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Holder of a Performance Right (including the Share Price Milestones) are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reorganisation.

(n) Change of Control

On the occurrence of a Change of Control Event all unvested Performance Rights will vest and become exercisable provided that where an unvested Performance Right has a Vesting Condition based on a Share price hurdle, that Performance Right will only vest where the consideration per Share for the Change in Control Event is at least equivalent to the Share price hurdle.

Such vesting is deemed to have taken place immediately prior to the effective date of the Change of Control Event, regardless of whether or not the employment, engagement or office of the Participant is terminated or ceases in connection with the Change of Control Event.

If the number of Performance Rights to convert is greater than 10% of the Company Shares on issue immediately following conversion, that number of Performance Shares that is equal to 10% of the Company Shares on issue immediately following conversion under this paragraph will immediately vest and be exercisable by the Holder into an equivalent number of Company Shares. The conversion will be completed on a pro rata basis across each class of Performance Rights then on issue as well as on a pro rata basis for each Holder. Subject to paragraph (g), Performance Rights that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

The Company shall give written notice of any Change of Control Event to each Participant. Upon the giving of any such notice a Participant may exercise any of their vested Performance Rights within the Exercise Period by delivery to the registered office of the Company or such other address as determined by the Board of a signed Notice of Exercise.

Schedule 2 - Valuation of Related Party Rights - Mr Rowan Johnston

The Related Party Rights to be issued to the Related Parties pursuant to Resolution 2, has been independently valued by BDO Corporate Finance (WA) Pty Ltd by applying a hybrid employee share option pricing model.

In determining the value of the Performance Rights, the following assumptions have been made:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Underlying Security spot price	\$0.041	\$0.041	\$0.041	\$0.041	\$0.041
Exercise price	Nil	Nil	Nil	Nil	Nil
Valuation date	4 May 2017	4 May 2017	4 May 2017	4 May 2017	4 May 2017
Share price barrier	\$0.05	\$0.075	\$0.10	\$0.15	\$0.20
Performance period (Years)	1	2	3	4	5
Life of the Rights (Years) *	6	7	8	9	10
Volatility	40%	40%	40%	40%	40%
Risk free rate	2.16%	2.16%	2.16%	2.16%	2.16%
Number of Rights	1,500,000	2,000,000	1,500,000	1,000,000	2,000,000
Valuation per Right	\$0.029	\$0.017	\$0.013	\$0.009	\$0.008
Valuation per Tranche	\$43,500	\$34,000	\$19,500	\$9,000	\$16,000

* This is the maximum life of the rights and assumes the vesting conditions are not met until the last date in the performance period, and assumes that the Related Party chooses not to exercise that vested Performance Rights until the end of 5 years from vesting

Based on these assumptions, the total value of the Tranche 1 to Tranche 5 Performance Rights is \$122,000.

Schedule 3 - Key Terms and Conditions of Directors' Salary Sacrifice Share Plan

A summary of the key terms and conditions of the Directors' Salary Sacrifice Share Plan is set out below:

(a) Participants in the Directors' Salary Sacrifice Share Plan

The Board may, from time to time, at its absolute discretion, subject to the terms and conditions of the Directors' Salary Sacrifice Share Plan offer Shares to a Director of the Company or any Subsidiary, including Non-executive Directors (**Eligible Participant**).

Subject to Shareholder approval, the Board may, from time to time, at its absolute discretion, offer to Eligible Participants the opportunity to subscribe for Shares in lieu of Directors' fees owing by the Company to the Eligible Participant and upon such additional terms and conditions as the Board determines (including, without limitation, that an Eligible Participant continues to be a Director of the Company at the relevant time).

An Eligible Participant may elect to accept an Offer by giving notice in writing to the Company Secretary of the Company prior to the start of each Quarter the percentage of their Directors' fees (up to a maximum of 50%) that they wish to forego in return for the issue of Shares in satisfaction of those fees.

An Eligible Participant will not be required to make any payment in return for the Shares as they will be issued in satisfaction of Directors' fees owing by the Company at the time of issue of the Shares, calculated on a quarterly basis.

(b) Limitations of Offers

If the Company makes an offer of Shares where:

- (i) the total number of Shares the subject of that offer, exceeds the limit set out in ASIC Class Order 14/1000 (or any amendment to or replacement of that Class Order); or
- (ii) the offer does not otherwise comply with the terms and conditions set out in ASIC Class Order 14/1000 (or any amendment to or replacement of that Class Order),

the Company must comply with Chapter 6D of the Corporations Act at the time of that offer.

(c) Issue of Shares

Shares issued under the Directors' Salary Sacrifice Share Plan will rank equally in all respects with the then issued class of fully paid ordinary shares of the Company.

The Company will issue Shares under the Directors' Salary Sacrifice Share Plan on a quarterly basis, being 30 September, 31 December, 31 March and 30 June, each financial year (**Quarter**).

The issue of Shares under the Directors' Salary Sacrifice Share Plan will be deemed to satisfy the relevant fees or salary owing by the Company to the Eligible Participant.

Shares issued to an Eligible Participant under the Directors' Salary Sacrifice Share Plan will have no restrictions on their transfer.

(d) **Deemed issue price of Shares**

The Shares issued pursuant to the Directors' Salary Sacrifice Share Plan will be issued for nil cash consideration as they will be issued in satisfaction of fees and salary owing by the Company to the Eligible Participant. The Shares will be deemed to have an issue price as determined by the Board at the time of issue of the Shares but such deemed issue price will be no less than the VWAP of Shares sold on ASX during the 90 days prior to the expiration of the relevant Quarter.

(e) **Shareholder Approval**

All Shares issued pursuant to the Directors' Salary Sacrifice Share Plan will be subject to prior Shareholder approval under the Listing Rules and the Corporations Act (if required).

(f) **Amendments**

Subject to the Listing Rules, the Board may at any time by resolution amend all or any of the provisions of the Directors' Salary Sacrifice Share Plan, or the terms or conditions of any Shares issued under the Directors' Salary Sacrifice Share Plan, provided that as soon as reasonably practicable after making any amendment, the Board gives notice in writing of that amendment to any Eligible Participant affected by the amendment.

(g) **Non-residents of Australia**

The Board may adopt additional rules of the Directors' Salary Sacrifice Share Plan applicable in any jurisdiction outside Australia under which rights offered under the Directors' Salary Sacrifice Share Plan may be subject to additional or modified terms, having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to the Eligible Participant or to the Company in relation to the rights. Any additional rule must conform to the basic principles of the Directors' Salary Sacrifice Share Plan.

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Name:

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This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.