

## Quarterly Activities Report Quarter Ended 30 June 2017

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### Key Points

- Macquarie Bank (MBL) and GWR loans have been fully repaid and all gold derivatives closed out.
- All remaining payments (deferred creditor) are on schedule for Excelsior Gold to be debt free by August 2017; this will represent an improvement of over \$30M to the Company's balance sheet in the 11 months since September 2016.
- Ore sold/treated during the quarter was 142,309 tonnes at 2.48g/t Au for provisional gold recovery of 10,310 ounces at C1 cost of \$914.
- \$13.6 million received from gold sales for the June quarter.
- Cash at the end of quarter of \$1.134 million.
- C1 costs for the remainder of Zoroastrian Central are estimated to be between \$950 and \$1,050 per ounce and AISC unit costs are estimated to be between \$1,250 and \$1,350/oz.
- Exploration targeting continues with drilling to commence early August.
- A detailed exploration and resource definition drill program is being developed and will be relayed to the Market once the design and costing has been completed.
- Corporate strategy developing as understanding of local and regional geology increases and costs/cashflow become more defined. Further updates are planned for early in the September quarter.

### Activities

#### *Zoroastrian Central Open Pit*

Mining at the Kalgoorlie North Gold Project ("KNGP" or the "Project") was conducted exclusively in the Zoroastrian Central Pit ("Central Pit") during the Quarter. This pit will continue to be the primary ore source for the operations through until August 2017.

Total ore mined was 124,175 tonnes at a mine claimed grade of 2.56g/t Au. Ore treated was carried out at Norton Gold Fields Limited's ("Norton") Paddington process plant and Golden Mile Milling Pty Ltd's Lakewood plant. A total of 28,273 tonnes at a grade of 2.33g/t Au was treated at Paddington and 114,036 tonnes at 2.51g/t Au was treated at Lakewood for total quarterly processing of 142,309 tonnes of ore at an assayed/reconciled grade of 2.48g/t Au for 10,310oz Au recovered.

The cut back on the West wall of Zoroastrian Central open pit was completed ahead of schedule at the end of April to allow access to additional high grade ore below the original design depth of the pit. The completion of the cut back enabled a return to steady state ore production from May onwards with consistently higher ore volumes scheduled to be produced as the pit approaches its final depth. This additional waste movement increased the forecast stripping ratio during the quarter from 5.7:1 to 7.2:1 tonnes of waste per tonne of ore.

Mining in Zoroastrian Central Pit is scheduled to be completed in early August and the pit is expected to produce a remaining balance of 9,600 ounces of gold in the September Quarter at a C1 cost of between \$950 and \$1,050/oz Au and an AISC of between \$1,250 and \$1,350/oz Au. Haulage and treatment of the ore will continue into September 2017.



**Figure 1** - Thursday July 13, 2017 showing work on the 335mrl (designed pit floor 315mRL and surface 440mRL) of the Zoroastrian Central Pit.

## Production Summary

Mine Production	Units	September 2016 Quarter <sup>1</sup>	December 2016 Quarter <sup>2</sup>	March 2017 Quarter <sup>2</sup>	June 2017 Quarter <sup>2</sup>	FY 2017 Year to Date <sup>3</sup>
Open Pit		CENTRAL	CENTRAL	CENTRAL	CENTRAL	TOTAL PITS
Waste mined	BCM	1,435,549	706,809	273,590	361,001	2,776,949
Ore mined	t	169,524	228,262	113,218	124,175	635,179
Grade	g/t Au	1.35	1.96	2.05	2.56	1.93
Contained gold	Ozs	7,351	14,430	7,465	10,200	39,446
Strip ratio	W/O	18.6	5.8	5.0	7.2	9.1
Tonnes sold	Dt	125,291	223,260	124,360	142,309	615,220
Mill est grade <sup>1</sup>	g/t Au	1.33	1.73	1.80	2.48	1.84
Mill est recovery <sup>2</sup>	%	93.4	94.0	95.7	91.0	93.4
Est Recovered ounces <sup>3</sup>	ozs Au	5,003	11,734	6,883	10,310	33,930
Gold sale price	A\$/oz	\$1,710	\$1,624	\$1,608	\$1,670	\$1,647

- <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
- The tonnes and grade milled differ from mined due to Stockpile movements and grade reconciliations as well as potential rounding errors.

**Table 1: Production Summary**

Production forecast for the September Quarter 2017 is 99,731 tonnes of ore mined from the Zoroastrian Central Pit grading 3.0g/t Au for 9,683 contained ounces of gold. Approximately 130,000 tonnes grading 2.94g/t Au are scheduled to be milled at the Lakewood Mill for recovered metal of 11,300 ounces.

Mine Production	Units	June Quarter 2017 Forecast	June Quarter 2017 Actual	September Quarter 2017 Forecast
Open Pit		CENTRAL	CENTRAL	CENTRAL
Waste mined	BCM	360,000	361,001	80,954
Ore mined	T	125,000	124,175	99,731
Grade	g/t Au	2.4	2.56	3.0
Contained gold	Oz	9,600	10,200	9,683
Strip ratio	W/O	5.7	7.2	2.2
Tonnes milled	Dt	160,000	142,309	130,027
Milled grade	g/t Au	2	2.48	2.9
Mill recovery ave	%	95	91	92
Recovered ounces	oz Au	9,774	10,310	11,300

- Note the delay between mining and milling and the use of Stockpiles will result in mining and milling numbers being different.
- Note also the forecast mining strip ratio for the June 2017 quarter is 5.7: 1 compared to 7.2: 1 actual for the March quarter. This increase is due to the additional waste material to be removed as part of the west wall cut back used to expose additional ore at the base of the open pit.

**Table 2: Production Forecast Summary**

## Financials

Ore sold (through Paddington) or treated (through Lakewood) totalled 142,309 tonnes at 2.48g/t Au for reconciled 10,310 ounces produced. The Company received \$13.6M from gold sales. Cash at the end of the quarter was \$1.134M.

The calculated C1 cost for the quarter was \$914 per ounce. A detailed breakdown of the operating costs cannot be published as the treatment costs are subject to confidentiality agreements.

EXG is on schedule to finalise all debt in August 2017. The repayment of these remaining obligations (approximately \$2.5M), will complete a balance sheet turnaround of over \$30M since the Board and management changes in September 2016.

Part of the estimated cash balance remaining after completion of Zoroastrian Central pit and debt repayment (cash balance after debt repayment is expected to be between \$4M and \$5M), is earmarked for ongoing mining studies, resource to reserve conversion and regional exploration away from known resources.

## Exploration

Work undertaken during the June Quarter included completion of the re-processing of geophysical datasets with the receipt of final report and images, in-pit and drill core structural mapping in the Zoroastrian (Central and Extended) pits by structural geological consultants from the CSIRO-Mineral Systems Group. This work was finalised in June and complements the current mining interpretations of the Zoroastrian vein system, providing greater clarity of both the relationship between and timing of structures observed in the pits and the control these structures have on geometry and orientation of the mineralisation. These structural relationships have also been identified in the regional geological and geophysical datasets and increase confidence in the company's ability to successfully generate targets and identify economic gold mineralisation elsewhere in the company's tenure.

A work program involving the structural re-logging of drill core and the use of portable XRF on drillcore and drill sample material commenced late in the quarter. This program is one outcome from the structural work completed in May-June and will advance both the structural interpretation and the definition of lithological variations within the dolerite.

Drill evaluation of targets identified by these programs is planned to commence in August 2017.

## Corporate Strategy

On 29 June, the Board held a full-day Strategy Workshop with the objective of setting the new strategic directions following settlement of historical debts and liabilities. The Board wishes to move EXG towards rebuilding the mine plan with robust reserves which will warrant consideration of a stand-alone (ie mining and processing) mining project. The scope of these considerations includes the cases for and against ongoing mining in the short to medium term (with associated toll treatment), where best to target resource definition drilling (using known mineralisation as a guide) as well as setting priorities for testing newly generated exploration targets.

The Company will advise more information as these matters mature in the coming weeks.

## Project Background

The Kalgoorlie North Gold Project is located 30 to 55 kilometres north of Kalgoorlie in Western Australia and covers 96 square kilometres of tenements over 22 kilometres of strike of the Bardoc Tectonic Zone greenstone belt.

Excelsior Gold commenced mining operations in November 2015 centred on the development of a series of open pit mines and potential underground operations below the Zoroastrian open pits.

### 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 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 and the Bulletin South 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.*



## TENEMENT SCHEDULE

TENEMENT	REGISTERED HOLDER	BENEFICIAL OWNER
<b>WESTERN AUSTRALIA – KALGOORLIE NORTH GOLD PROJECT</b>		
L24/148	GPM Resources Pty Ltd	GPM (100%)
L24/202	GPM Resources Pty Ltd	GPM (100%)
L24/203	GPM Resources Pty Ltd	GPM (100%)
L24/209	GPM Resources Pty Ltd	GPM (100%)
L24/223	GPM Resources Pty Ltd	GPM (100%)
M24/11	GPM Resources Pty Ltd	GPM (100%)
M24/43	GPM Resources Pty Ltd	GPM (100%)
M24/83	GPM Resources Pty Ltd	GPM (100%)
M24/96	GPM Resources Pty Ltd	GPM (100%)
M24/99	GPM Resources Pty Ltd	GPM (100%)
M24/121	GPM Resources Pty Ltd	GPM (100%)
M24/122	GPM Resources Pty Ltd	GPM (100%)
M24/135	GPM Resources Pty Ltd	GPM (100%)
M24/244	GPM Resources Pty Ltd	GPM (100%)
M24/326	GPM Resources Pty Ltd	GPM (100%)
M24/405	GPM Resources Pty Ltd	GPM (100%)
M24/420	GPM Resources Pty Ltd	GPM (100%)
M24/469	GPM Resources Pty Ltd	GPM (100%)
M24/498	GPM Resources Pty Ltd	GPM (100%)
M24/510	GPM Resources Pty Ltd	GPM (100%)
M24/512	GPM Resources Pty Ltd	GPM (100%)
M24/854	GPM Resources Pty Ltd	GPM (100%)
M24/869	GPM Resources Pty Ltd	GPM (100%)
M24/870	GPM Resources Pty Ltd	GPM (100%)
M24/871	GPM Resources Pty Ltd	GPM (100%)
M24/886	GPM Resources Pty Ltd	GPM (100%)
M24/887	GPM Resources Pty Ltd	GPM (100%)
M24/888	GPM Resources Pty Ltd	GPM (100%)
P24/4587	GPM Resources Pty Ltd	GPM (100%)
M24/364	GPM Resources Pty Ltd	GPM (100%)
M24/487	GPM Resources Pty Ltd	GPM (100%)
M24/133	GPM Resources Pty Ltd	GPM (100%)
M24/134	GPM Resources Pty Ltd	GPM (100%)
M24/348	GPM Resources Pty Ltd	GPM (100%)
M24/471	GPM Resources Pty Ltd	GPM (100%)
M24/491	GPM Resources Pty Ltd	GPM (100%)
M24532	GPM Resources Pty Ltd	GPM (100%)
M24/889	GPM Resources Pty Ltd	GPM (100%)
M24/890	GPM Resources Pty Ltd	GPM (100%)
M24/891	GPM Resources Pty Ltd	GPM (100%)
M24/892	GPM Resources Pty Ltd	GPM (100%)
M 24/951	GPM Resources Pty Ltd	GPM (100%)
M 24/952	GPM Resources Pty Ltd	GPM (100%)
M24/146	GPM Resources Pty Ltd	GPM (100%)
M24/395	GPM Resources Pty Ltd	GPM (100%)
M24/955	GPM Resources Pty Ltd	GPM (100%)
M24/942	GPM Resources Pty Ltd (95%) Denzle Schorer (5%)	GPM (95%), Schorer (5%)
M24/943	GPM Resources Pty Ltd	GPM (100%)
P24/4757	Silvertree Nominees	GPM (80%), Silvertree (20%)
P24/4758	Silvertree Nominees	GPM (80%), Silvertree (20%)
M24/956	GPM Resources Pty Ltd	GPM (100%)
M24/400	GPM Resources Pty Ltd	GPM (100%)

TENEMENT	REGISTERED HOLDER	BENEFICIAL OWNER
M24/429	GPM Resources Pty Ltd	GPM (100%)
P24/4373	GPM Resources Pty Ltd	GPM (100%)
P24/4374	GPM Resources Pty Ltd	GPM (100%)
P24/4375	GPM Resources Pty Ltd	GPM (100%)
P24/4445	GPM Resources Pty Ltd	GPM (100%)
P24/4446	GPM Resources Pty Ltd	GPM (100%)
P24/4447	GPM Resources Pty Ltd	GPM (100%)
P24/4449	GPM Resources Pty Ltd	GPM (100%)
M24/950	GPM Resources Pty Ltd	GPM (100%)
P24/4626	GPM Resources Pty Ltd	GPM (100%)
P24/4627	GPM Resources Pty Ltd	GPM (100%)
P24/4628	GPM Resources Pty Ltd	GPM (100%)
P24/4816	GPM Resources Pty Ltd	GPM (100%)
P24/4821	GPM Resources Pty Ltd	GPM (100%)
P24/4822	GPM Resources Pty Ltd	GPM (100%)
P24/4823	GPM Resources Pty Ltd	GPM (100%)
P24/4824	GPM Resources Pty Ltd	GPM (100%)
P24/4825	GPM Resources Pty Ltd	GPM (100%)
P24/4826	GPM Resources Pty Ltd	GPM (100%)
P24/4832	GPM Resources Pty Ltd	GPM (100%)
P24/4833	GPM Resources Pty Ltd	GPM (100%)
P24/4840	GPM Resources Pty Ltd	GPM (100%)
P24/4857	GPM Resources Pty Ltd	GPM (100%)
P24/4858	GPM Resources Pty Ltd	GPM (100%)
P24/4859	GPM Resources Pty Ltd	GPM (100%)
P24/4860	GPM Resources Pty Ltd	GPM (100%)
P24/4861	GPM Resources Pty Ltd	GPM (100%)
P24/4886	GPM Resources Pty Ltd	GPM (100%)
P24/4887	GPM Resources Pty Ltd	GPM (100%)
P 24/5060	GPM Resources Pty Ltd	GPM (100%)
P 24/5061	GPM Resources Pty Ltd	GPM (100%)
P 24/5109	GPM Resources Pty Ltd	GPM (100%)

#### LEGEND

Silvertree  
GPM

Nominees Pty Ltd  
GPM Resources Pty Ltd – wholly owned subsidiary of Excelsior Gold Limited (EXG)