

7 August 2017



ASX Code: EXG

Drilling Commences at KNGP

Key Points

- Exploration drilling commenced at the Thompsons Prospect on 4 August 2017.
- Drilling aimed at resource conversion and growth at Nerrin Nerrin commenced on 3 August 2017.
- Modelling of the Greater Zoroastrian area is progressing, with the objective of being drill ready by October.
- Mining is nearing completion at Zoroastrian Central, with pit completion expected during the next three weeks.
- Multi Stage Strategy: - rebuild mine plan and targeting sufficient reserves to justify the construction of EXG's own process plant. This includes converting existing resources to reserves as well as new exploration initiatives based on science and subsequent drilling to test for new "game changer" discoveries. EXG will manage its cash reserves "top up" as and when required by selected mining and toll treatment.

Exploration Drilling

Excelsior Gold Limited (**ASX: EXG**) ("Company" or "EXG") is pleased to announce that exploration has commenced. The initial target is at the Thompsons Prospect and it is then intended to test the Pleasure Bound Dolerite. Both target areas are proximal to current mining operations in the Central Pit.

Diamond drilling has commenced at the Thompsons Prospect approximately 300 metres north-northwest of the Zoroastrian Central Pit. Mineralisation within the Central Pit is hosted in the Zoroastrian Dolerite. Historical geological interpretations indicated that the Zoroastrian Dolerite terminated against a northwest trending fault to the north of the Central Pit. However, a recent geological and geophysical review infers a flexure of the stratigraphy across this fault position. Previous drilling in this area is shallow and sparse with no evidence for the presence of the dolerite host unit. Current interpretations suggest however that the dolerite continues to the north at deeper levels either as a result of a fault offset or the dolerite unit plunging moderately to the north-northwest. The initial drillhole planned to a depth of 450m is targeting the stratigraphic position of the dolerite approximately 200 metres below surface and will test the Birthday Dream and Royal Mint Lode positions.

RC drilling has also been planned for targets within the Pleasure Bound Dolerite, located 250 metres west of the Zoroastrian Lode system. Two initial target areas have been identified, which have similar interpreted structural complexities to those that control gold mineralisation in the Central Pit. Drilling will comprise approximately 750 metres at each target. This drilling is planned to commence towards the end of the current quarter.

Field reconnaissance work to confirm current interpretations and collect drill chips for multi-element analysis is progressing. This work is anticipated to generate new exploration targets, which EXG will seek to evaluate through dedicated drill programs in the coming months.

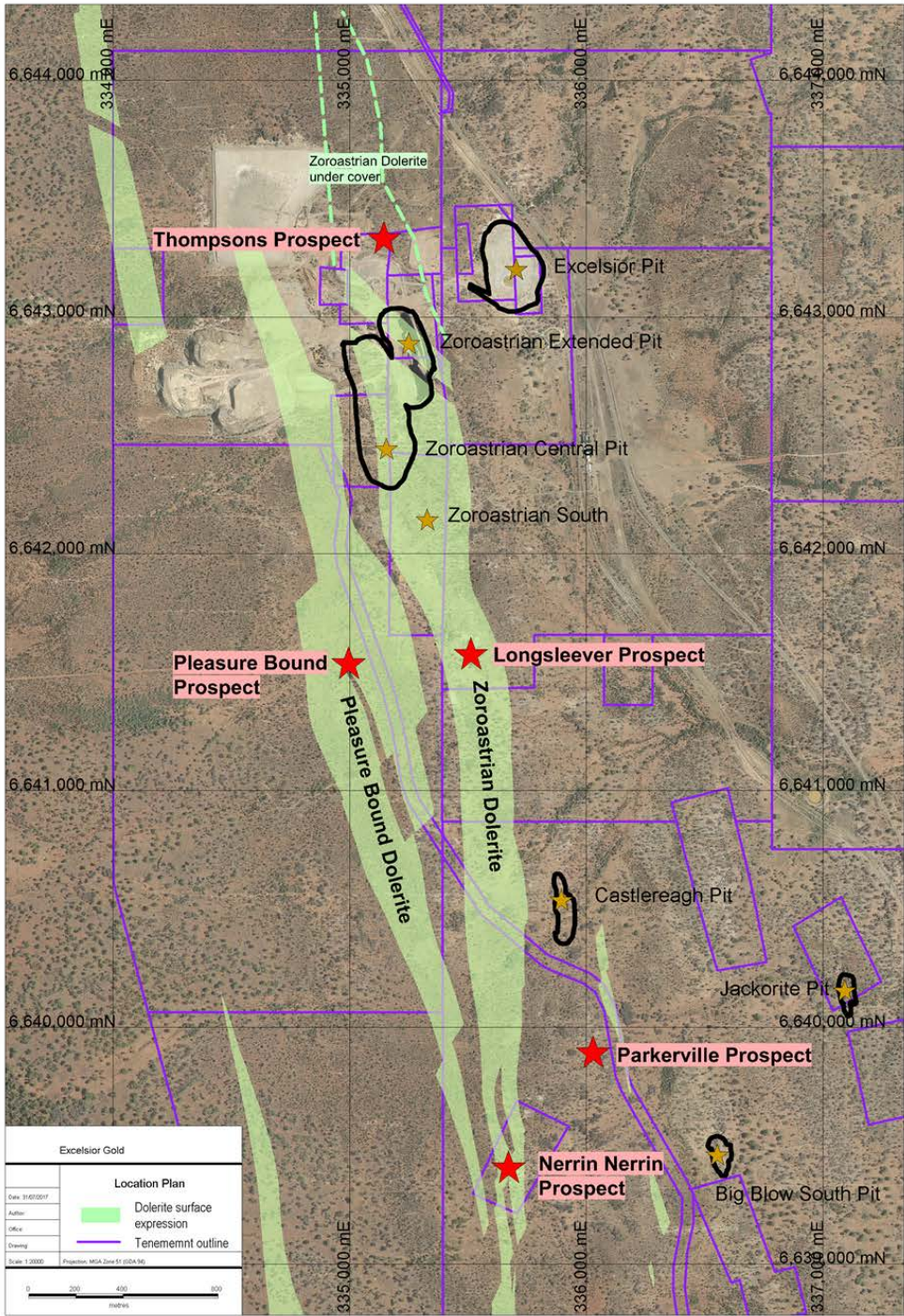


Figure 1 – Location Plan showing immediate drill targets

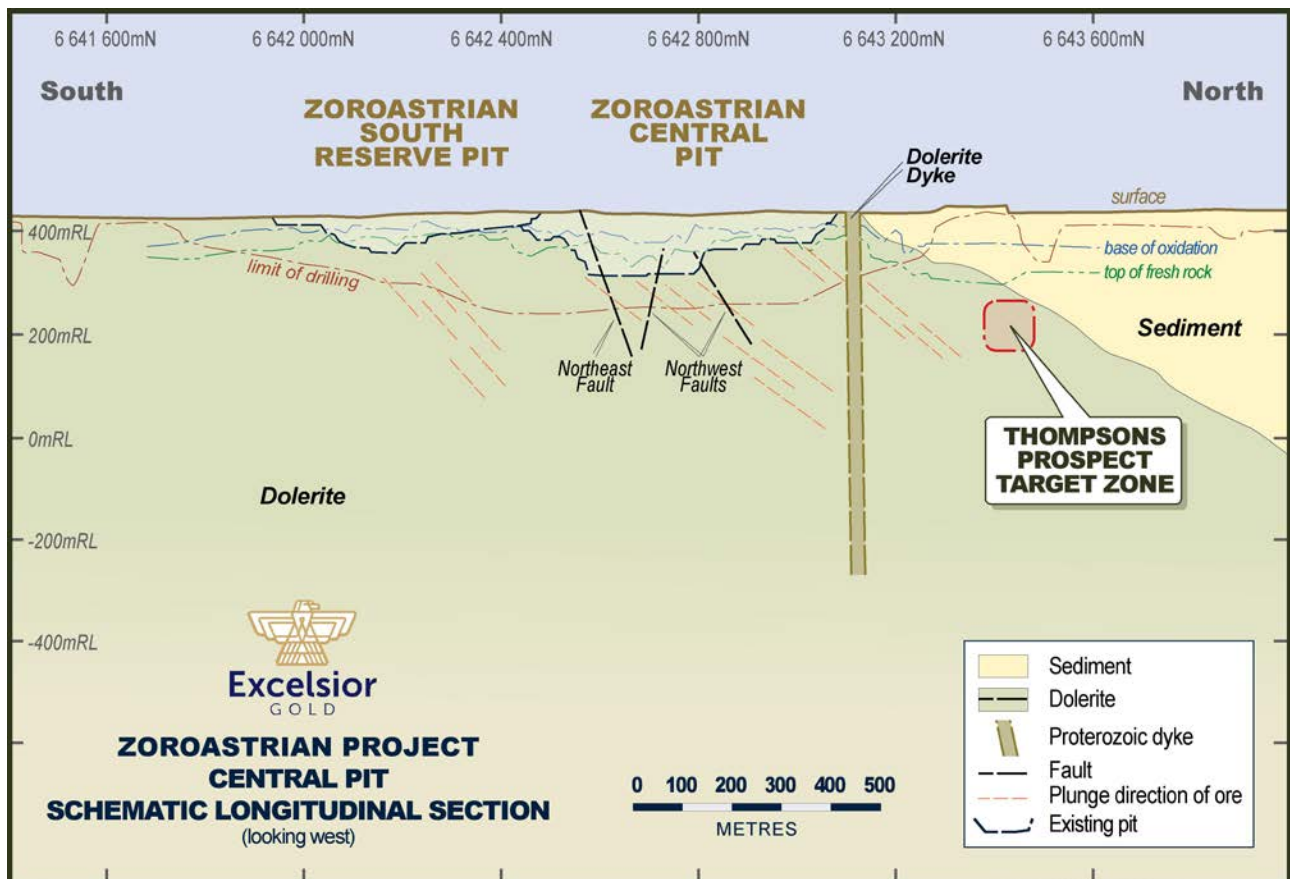


Figure 2 – Long section Showing Thompson Project target zone

Nerrin Nerrin Drilling

Nerrin Nerrin is located approximately 3km south of Zoroastrian Central Pit (see figure 1). It is interpreted to be a similar style of mineralisation and is in the Zoroastrian Dolerite.

The Nerrin Nerrin deposit is a shear hosted lode within the Zoroastrian Dolerite dipping steeply to the West with flat lying quartz veins extending into the footwall of the shear. The deposit is along strike from the Royal Mint and Birthday Dream lodes of the Zoroastrian Central Pit and appears to share the same deposit style as those lodes. However, the Nerrin Nerrin deposit has not been drilled below the fresh rock boundary and as such there is no concrete evidence of the alteration mineralogy being the same. Northeast striking faults are common in the area and offsets are expected but not visible with the current drill density.

A resource of 181,000 tonnes at 2.38g/t Au for contained 13.8koz was previously calculated at Nerrin Nerrin, (see ASX announcement December 2016 Quarterly Report). Optimisations on this resource result in a high strip ratio pit that does not fit the current corporate risk profile. The proposed drilling will, however, test for extensions along strike and beneath the current pit optimisation, with the objective of generating a highly profitable pit with a lower strip ratio and higher profit margins. In particular, there is evidence of high grade mineralisation of similar tenor to that being seen in the bottom of the nearly completed Zoroastrian Central open pit. The initial program consists of about 1,600m of RC drilling, which is planned to be completed in August and the reinterpretation and follow up drilling (if required) planned for September once all results have been received.

Zoroastrian Central Open Pit

Mining in the Zoroastrian Central Pit ("Central Pit") will continue to be the primary ore source for the operations through until mid-August 2017. Mining and milling remains on schedule and the balance of deferred creditor payments are due to be repaid by the second week of August. Processing at the Lakewood process plant will continue until the end of September.



Figure 3 - Monday July 31, 2017 showing work on the 325mRL (designed pit floor 315mRL and surface 440mRL) of the Zoroastrian Central Pit Looking North.



Figure 4- Monday July 31, 2017 showing work on the 325mRL (designed pit floor 315mRL and surface 440mRL) of the Zoroastrian Central Pit Looking South.

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.

EXG'S current resource base is 17.1Mt at 1.6g/t for 887,000 ounces of contained gold (*see ASX announcement December 2016 Quarterly Report*). The strategy includes converting as much of these resources to reserves as economically practical, hence rebuilding the mine plan to enable EXG to build its own process plant and take full advantage of the gold in ground rather than sharing profits with toll treatment operators or leaving gold in the ground due to the higher costs of toll treatment and long haulage distances.

This resource conversion element of the strategy will be combined with targeting, through science and drill testing for new, potentially "game changer" deposits outside of known resources.

A detailed exploration and resource conversion program is being finalised; the extent and timing of this work will be relayed to the market once mining at Zoroastrian Central is completed and the subsequent cash position is best defined.

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.