



Excelsior

G O L D

ABN 38 123 629 863

**Half-Year Financial Report
31 December 2017**

Corporate Directory

Non-Executive Chairman
Mr David Hatch

Managing Director
Mr Rowan Johnston

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

Company Secretary
Mrs Amanda Sparks

Principal and Registered Office

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NORTH FREMANTLE WA 6159

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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
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APPLECROSS WA 6153

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Website

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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 2017 and the state of affairs at that date.

DIRECTORS

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

Mr David Hatch
Mr Rowan Johnston
Dr Jonathan West
Mr Jimmy Kong Leng Lee
Mr Sebastiano (Sam) Randazzo

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 2017 \$	Six Months Ended 31 December 2016 \$
Cash and cash equivalents held at half-year end	6,943,562	4,105,438
Net profit/(loss) for the half-year after tax	9,292,142	(2,188,752)
Basic profit/(loss) per share (cents)	1.14	(0.31)
Net cash from/(used in) operating activities	5,862,788	(3,980,507)
Net cash (used in) investing activities	(46,305)	(1,487,503)
Net cash from/(used in) financing activities	(6,854)	7,607,801

During the half-year:

- On 18 July 2017, the Company issued a total of 487,805 shares at an issue price of A\$0.041 per share to Hampton Transport Services for extending payment terms on the Standstill Agreement;
- On 5 October 2017, the Company issued 235,294 shares (\$12,000) to two Non-Executive Directors in lieu of salary for the quarter ended 30 September 2017; and
- The provision for rehabilitation was reduced by \$3.2 million due to rehabilitation undertaken during mining, which is significantly lower than rehabilitation being undertaken after mining is completed.

EXCELSIOR GOLD LIMITED DIRECTORS' REPORT

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 2018, are **18.8 million tonnes at 1.6g/t Au for 954k ounces** of contained gold (*at 0.6g/t and 2.5g/t Au cut-off grades*).

As announced on ASX on 1 November 2017, Zoroastrian Mineral Resource Ounces were upgraded: -

- **Zoroastrian Deposit Mineral Resource increased by 37% (contained gold) to 4.4Mt grading 2.2g/t Au for 305,000 contained ounces.**
- **Total Mineral Resource inventory increases by 9% to 954,000 ounces.**

The close proximity of the Company's deposits to third party treatment plants has enabled Excelsior Gold to progress the development of the Project through processing agreements with Norton (*ASX announcement 13 October 2015*) and 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 was the primary ore source for the operations through until September 2017 when the current pit design was completed and mining suspended.

Once all the ore had been processed and all previous debt and outstanding liabilities were extinguished, Excelsior reached a maximum cash balance of circa \$8M.

Excelsior has since embarked on an aggressive drill program to increase the confidence of the resource ounces at Zoroastrian with the aim of converting as much of the resource to reserve by mid-2018 while also remodelling the Excelsior deposit with the aim of also bringing this into reserves by mid-2018. This infill drilling will be carried out in conjunction with exploration activities which will target potential game changing discoveries.

The multi stage strategy being implemented is aimed at rebuilding the 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 ongoing drilling to test for new "game changer" discoveries.

Some of the highlights from the half year include: -

Zoroastrian Drilling (*refer ASX announcements 5/2/2018 and 6/12/2017*).

Drilling completed in December 2017 provided strong assay results received from the Zoroastrian infill diamond drilling (DD) program and this supports previous drilling and continues to outline multiple, high grade gold lodes that could potentially support both open pit and underground development.

EXCELSIOR GOLD LIMITED DIRECTORS' REPORT

Significant new intersections include: *(Refer ASX announcement 5/2/2018)*

- 4.8m at 5.86g/t Au from 129m down hole, including 1.2m at 17.45g/t Au (KNCD170046)
- 9m at 2.41g/t Au from 165m down hole, including 1.03m at 5.41g/t Au and 0.97m at 12.22g/t Au (KNCD170048)
- 1.36m at 11.12g/t Au from 92m down hole (KNCD170055)
- 4.87m at 3.35g/t Au from 160.13m down hole, including 1.16m at 7.03g/t Au (KNCD170055)
- 11m at 3.07g/t Au from 168m down hole, including 4.75m at 6.29g/t Au (KNCD170055)
- 7.68m at 7.49g/t Au from 199.49m down hole, including 3.94m at 11.22g/t Au (KNCD170055)
- 2.58m at 16.26g/t Au from 244.42m down hole, including 0.63m at 59.52g/t Au (KNCD170059)
- 8.42m at 3.00g/t Au from 310.58m down hole, including 2.84m at 5.43g/t Au (KNCD170059)

Other significant results received from the Zoroastrian infill RC resource drilling include *(refer ASX announcement 6/12/2017)*:

- 17m at 1.67g/t Au from 131 down hole, including 5m at 3.11g/t Au (KNC170047)
- 7m at 4.00g/t Au from 226 down hole, including 2m at 10.67g/t Au (KNC170050)
- 5m at 10.33g/t Au from 152 down hole, including 2m at 22.58g/t Au (KNC170053)

Other significant results from the extensional drilling include, *(refer ASX announcement 6/12/2017 Drilling Results Continue to Enhance Underground Potential)*

- 4m at 5.33g/t Au from 275m down hole, including 2m at 9.45g/t Au (hole KNC170040)
- 7m at 7.13g/t Au from 342m down hole (310m below surface), including 4m at 12.0g/t Au (hole KNC170040)

Longsleeve EIS Drilling *(refer ASX announcement 18/12/2017 GOVERNMENT CO- FUNDED DRILLING APPROVED).*

Based on the geological findings from the previous deep diamond drill hole KND170002 at the Thompsons prospect, Excelsior has designed a 5-hole drilling program (750m of RC and 1,600m of diamond core) of which the State Government, through the EIS program, will fund half of the direct drilling costs.

This drilling proposal seeks to further investigate the interpreted hydrothermal cell within the Black Flag sediments with a broad space (160m to 750m) drilling program to similar depths as KND170002 and is planned to commence in the first quarter of 2018.

Other Drilling *(refer ASX announcement 1/11/2017)*

Initial exploration RC drilling has been completed on the Pleasurebound Dolerite at two prospects – Pleasurebound mine workings and Prendergast.

- **Best intercept of 3m at 9.19g/t Au.**

EXCELSIOR GOLD LIMITED DIRECTORS' REPORT

At the Thompsons Prospect, a single diamond hole located 360m north of the Central Pit, and drilled in August, tested the interpreted strike and down plunge extensions of the Zoroastrian Dolerite, immediately north of the northwest trending Mill Fault. Deep diamond drill hole at Thompsons has identified potential for a new style of mineralisation.

Provision for Rehabilitation

As at June 2017, the Provision for Rehabilitation was over \$6.2 million. By undertaking rehabilitation whilst mining during the half year, Excelsior has been able to reduce this liability to \$2.9 million as at 31 December 2017. The estimated costs for the Provision for Rehabilitation are prepared independently by a third party.

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 report 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 report that relates to the Zoroastrian Mineral Resource results is based on information compiled by Mr. Ross Whittle-Herbert who is a full-time employee of Excelsior Gold Limited. Mr. Whittle-Herbert 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. Adams consents to the inclusion in the document of the information in the form and context in which it appears.

Information in this report 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 report 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.

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

On 24 January 2018, the Company issued 199,518 shares (\$10,375) to two Non-Executive Directors in lieu of salary for the quarter ended 31 December 2017.

On 8 February 2018, the Company issued shares under the Excelsior Gold Incentive Scheme (approved by Shareholders on 22 November 2017). A total of 24,250,000 were issued to employees and consultants subject to vesting conditions as described in ASX Appendix 3B announced on 8 February 2018.

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 2017.

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
28th February 2018

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF EXCELSIOR GOLD LIMITED

As lead auditor for the review of Excelsior Gold Limited for the half-year ended 31 December 2017, 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 entities it controlled during the period.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 28 February 2018

EXCELSIOR GOLD LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

		CONSOLIDATED	
	Note	31 December 2017 \$	31 December 2016 \$
Revenue from continuing operations		22,488,780	27,217,775
Costs of production		(12,608,849)	(24,973,070)
Gross profit/(loss) before amortisation		9,879,931	2,244,705
Amortisation		(721,005)	(9,364,475)
Gross profit/(loss) from operations		9,158,926	(7,119,770)
Other income	2	10,242	26,961
Gain from reduction of rehabilitation obligation		3,202,015	-
Other expenses		(420,940)	(162,658)
Exploration expenditure		(1,736,203)	(911,093)
Administration and other corporate expenses	2	(851,655)	(1,335,223)
Depreciation of non-mine assets		(42,627)	(15,301)
Realised losses on derivatives – gold hedges		-	(3,058,704)
Fair value adjustment of derivatives – gold hedges		-	10,741,779
Finance costs		(27,616)	(354,743)
Profit / (loss) before income tax		9,292,142	(2,188,752)
Income tax benefit		-	-
Profit / (loss) for the half-year attributable to the members of Excelsior Gold Limited		9,292,142	(2,188,752)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Other		-	-
Total other comprehensive income for the half-year net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Excelsior Gold Limited		9,292,142	(2,188,752)
		Cents	Cents
Basic profit / (loss) per share		1.14	(0.31)
Diluted profit / (loss) per share		1.11	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 2017

		CONSOLIDATED	
	Note	31 December 2017 \$	30 June 2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents		6,943,562	1,133,932
Trade and other receivables		350,090	1,650,217
Inventories		30,000	3,944,828
Other assets		1,080	1,080
Total current assets		7,324,732	6,730,057
Non-Current Assets			
Receivables		72,454	72,454
Mine development:			
Mine Properties		-	248,789
Deferred Stripping costs		-	472,216
Property, plant and equipment		210,779	209,330
Total non-current assets		283,233	1,002,789
TOTAL ASSETS		7,607,965	7,732,846
Current Liabilities			
Trade and other payables		549,193	6,736,758
Provisions		71,890	140,271
Total current liabilities		621,083	6,877,029
Non-Current Liabilities			
Provisions	3	2,960,251	6,243,453
Total non-current liabilities		2,960,251	6,243,453
TOTAL LIABILITIES		3,581,334	13,120,482
NET ASSETS		4,026,630	(5,387,636)
EQUITY			
Contributed Equity	4	53,395,608	53,370,461
Reserves	5	276,147	219,115
Accumulated losses		(49,645,124)	(58,977,212)
TOTAL EQUITY		4,026,631	(5,387,636)

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

EXCELSIOR GOLD LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Contributed Equity	Accumulated Losses	Share Based Payments Reserve	Total Equity
	\$	\$	\$	\$
As at 1 July 2016	44,000,750	(59,359,060)	586,408	(14,771,902)
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)	-	(2,188,752)
Transactions with owners in their capacity as owners:				
Placement of shares, net of transaction costs	8,869,711	-	-	8,869,711
Employee share-based payments	-	-	63,170	63,170
Forfeiture of employee shares	-	193,626	(193,626)	-
As at 31 December 2016	52,870,461	(61,354,186)	455,952	(8,027,773)
As at 1 July 2017	53,370,461	(58,977,212)	219,115	(5,387,636)
Profit for the half-year	-	9,292,142	-	9,292,142
Comprehensive income for the half-year	-	-	-	-
Total comprehensive income for the half-year	-	9,292,142	-	9,292,142
Transactions with owners in their capacity as owners:				
Issue of shares, net of transaction costs	25,147	-	-	25,147
Employee share-based payments	-	-	96,978	96,978
Forfeiture of employee shares	-	39,946	(39,946)	-
As at 31 December 2017	53,395,608	(49,645,124)	276,147	4,026,631

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

EXCELSIOR GOLD LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	31 December 2017 \$	31 December 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from sales	22,593,972	27,989,215
Payment for site costs	(15,977,081)	(28,500,925)
Payments for administration	(903,022)	(1,261,819)
Payments for exploration and evaluation	(1,448,630)	(683,931)
Other receipts/(payments) – GST	1,614,923	165,007
Hedging costs – close out of hedge instruments	-	(1,526,256)
Interest received	10,242	19,098
Finance costs	(27,616)	(180,896)
Net cash inflow/(outflow) from operating activities	5,862,788	(3,980,507)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant, equipment and development	(46,305)	(109,817)
Payments for development – deferred stripping costs	-	(1,376,606)
Payment of security deposits	-	(1,080)
Net cash outflow from investing activities	(46,305)	(1,487,503)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	8,716,564
Costs associated with share issues	(6,853)	(358,763)
Repayment of borrowings	-	(750,000)
Net cash inflow/(outflow) from financing activities	(6,853)	7,607,801
Net increase in cash and cash equivalents	5,809,630	2,139,791
Cash and cash equivalents at the beginning of the period	1,133,932	1,965,647
NET CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	6,943,562	4,105,438

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 2017 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.

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).

(c) 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 2017.

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 2017 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 2017 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

AASB 9 includes requirements for the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting and a new impairment model for financial assets. The new standard also introduces expanded disclosure requirements and changes in presentation. The Group has yet to undertake a detailed impact assessment, however does not expect the new guidance to have a material impact for the Group. This standard is not applicable until the financial year commencing 1 July 2018.

EXCELSIOR GOLD LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION – continued

(c) Adoption of new and revised standards - continued

AASB 16: Leases

The Standard will AASB 16 will replace *AASB 117 Leases*. The new Standard introduces three main changes:

- Enhanced guidance on identifying whether a contract contains a lease;
- A completely new leases accounting model for lessees that require lessees to recognise all leases on the statement of financial position, except for short-term leases and leases of low value assets; and
- Enhanced disclosures.

This standard is not applicable until the financial year commencing 1 July 2019. There will be an impact to the Group's financial statements, most likely recognising lease liabilities and right-of-use assets for office premises in North Fremantle, and Kalgoorlie based equipment leases. However, the Group has not yet determined to what extent this will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. Some of the Group's leases may be covered by the exception for short-term and low-value leases and some may relate to arrangements that will not qualify as leases under AASB 16.

AASB 15: Revenue from Contracts with Customers

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The Group has yet to undertake a detailed impact assessment, however does not expect the new guidance to have a material impact for the Group. This standard is not applicable until the financial year commencing 1 July 2018.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current of future reporting periods and on foreseeable future transactions.

EXCELSIOR GOLD LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

	Six months ended 31 December 2017 \$	Six months ended 31 December 2016 \$
NOTE 2: INCOME AND EXPENSES		
Other Income		
Interest Income	10,242	23,961
Other income	-	3,000
Total Other Income	10,242	26,961
Administration and Other Corporate Expenses		
Employment costs – administration and corporate	585,180	742,373
Legal fees	261	149,956
Corporate advisory and consulting	3,000	114,287
Accounting fees and Company secretarial fees	32,919	101,655
Audit fees	42,930	58,784
Office rental and associated costs	31,441	33,120
Share based payments	96,978	63,170
Other	58,946	71,878
	851,655	1,335,223
	Dec 2017 \$	June 2017 \$
NOTE 3: PROVISIONS – NON-CURRENT		
Rehabilitation provision	2,960,251	6,243,453
Reconciliation of Rehabilitation provision:		
Balance at beginning of the period	6,243,453	8,797,961
Reduction of provision	(3,283,202)	(2,554,508)
Balance at the end of the period	2,960,251	6,243,453

EXCELSIOR GOLD LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

NOTE 4: CONTRIBUTED EQUITY

(a) Share Capital	Dec 2017 \$	Dec 2017 Shares	June 2017 \$	June 2017 Shares
Ordinary shares				
Fully paid	53,395,608	812,363,974	53,370,461	812,890,875

(b) Movements in ordinary share capital

Date	Details	Number of shares	\$
01/07/17	Opening balance	812,890,875	53,370,461
18/07/17	Share issue to Hampton Transport Services	487,805	20,000
05/10/17	Share issue to Directors in lieu of salary	235,294	12,000
13/10/17	Employee Share Plan Shares cancelled	(1,250,000)	-
	Less: Issue costs	-	(6,853)
31/12/17	Closing balance	812,363,974	53,395,608

(c) Options

On 24 November 2017, the Company issued 14,000,000 options, with an exercise price of 5 cents and expiry of 24 November 2018, pursuant to a June 2016 financing Term Sheet and the July 2016 Variation of the Term Sheet which provides for the issue to Farrah Property Securities Pty Ltd of 14 million free attaching options, being one attaching option for each Share issued upon the conversion of the Farrah Convertible Loan in July 2016 and the additional placement of \$200,000 in July 2016.

	Dec 2017 \$	June 2017 \$
NOTE 5: RESERVES		
Share-based payments reserve	276,147	219,115
	<u>276,147</u>	<u>219,115</u>
Movement of the Share-based payments reserve:		
Balance at the beginning of the period	219,115	586,408
Share based payments recognised during the period	96,978	160,412
Employee Share Plan Shares cancelled during the period	(39,946)	(527,705)
Balance at the end of the period	<u>276,147</u>	<u>219,115</u>

During the half-year, 1,250,000 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.

EXCELSIOR GOLD LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

NOTE 6: COMMITMENTS AND CONTINGENCIES

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

NOTE 7: SHARE BASED PAYMENT TRANSACTIONS

	Six months ended 31 December 2017 \$	Six months ended 31 December 2016 \$
<i>Expensed in the profit and loss:</i>		
Equity-based payments	96,978	63,170

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 2017:

No shares were issued during the period. 1,250,000 shares were forfeited during the period resulting in \$39,946 being written back against the share-based payments reserve.

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.

NOTE 8: CASH FLOW INFORMATION

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

- 487,805 shares issued on 18 July 2017 at an issue price of A\$0.041 per share to Hampton Transport Services for extending payment terms of amounts due (\$20,000).
- 235,294 shares issued on 5 October 2017 to Directors in lieu of salary for the quarter ended 30 September 2017 (\$12,000).
- 1,250,000 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 9: DIVIDENDS

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

EXCELSIOR GOLD LIMITED
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

NOTE 10: 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 11: RELATED PARTY TRANSACTIONS

During the half-year to 31 December 2017, Non-Executive Directors Jonathan West and Jimmy Lee elected to reduce part of their cash fees in lieu of Shares in accordance with the Company's Directors' Salary Sacrifice Share Plan. The Shares are issued on a quarterly basis according to the Directors' fees owing to each of the Non-Executive Directors 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. During the period a total of 235,294 shares with a value of \$12,000 were issued to the Non-Executive Directors for the quarter ended 30 September 2017.

Subsequent to 31 December 2017, 199,518 shares (\$10,375) were issued to the Non-Executive Directors in lieu of salary for the quarter ended 31 December 2017.

Other than that mentioned above, there have been no new related party transactions entered into since 30 June 2017.

NOTE 12: EVENTS SUBSEQUENT TO REPORTING DATE

On 24 January 2018, the Company issued 199,518 shares (\$10,375) to two Non-Executive Directors in lieu of salary for the quarter ended 31 December 2017.

On 8 February 2018, the Company issued shares under the Excelsior Gold Incentive Scheme approved by Shareholders on 22 November 2017. A total of 24,250,000 were issued to employees and consultants subject to vesting conditions as described in ASX Appendix 3B announced on 8 February 2018.

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 2017.

**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 2017 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 2017.

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



Rowan Johnston
Managing Director

Perth, Western Australia
28th February 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Excelsior Gold Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Excelsior Gold Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not 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 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 Group's financial position as at 31 December 2017 and its financial 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 the Group, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', is written over the printed name. Above the signature, the letters 'BDO' are handwritten in blue ink.

Glyn O'Brien

Director

Perth, 28 February 2018