



excelsiorgold
LIMITED



ASX Code: EXG

Excelsior Gold Limited is a gold exploration company focussed on the exploration and the development of the Kalgoorlie North Gold Project located 30 to 55kms north of Kalgoorlie in Western Australia.

The Kalgoorlie North Gold Project comprises of 100% interest in the gold mineral rights over 134km² of contiguous, granted tenements covering 25km of strike of the Bardoc Tectonic Zone greenstone sequence.

The Project hosts extensive gold mineralisation in advanced exploration and mining development targets close to existing infrastructure required for low cost mine development

Current Project Measured, Indicated and Inferred Mineral Resources total **24.53 million tonnes** at **1.76g/t Au** for **1,385,100 ounces** of contained gold (at 0.6g/t and 3.0g/t Au cut-off grades).

Processing agreements with Paddington Gold Pty Ltd provide long term ore treatment allocations at the 3.5mtpa Paddington Mill.

Mining operations are scheduled to commence in late 2015. The initial Base Case mining program provides a potential 7.3 year mine life from Ore Reserves of **3.38 million tonnes @ 2.72g/t Au** for **296,400 ounces** of gold.

admin@excelsiorgold.com.au
www.excelsiorgold.com.au

Quarterly Activities Report Period Ending 30 September 2015

Kalgoorlie North Gold Project

- Zoroastrian Central Underground mine redesign delivers additional Ore Reserve ounces and improves mine feasibility
- Zoroastrian Underground Ore Reserve
 - 1.43 million tonnes @ 3.65g/t Au for 169,300ozs
- Initial 7 year mine schedule Ore Reserves total
 - 3.38 million tonnes @ 2.74g/t Au for 296,400ozs
- Grade control drilling completed on Bardoc South open pits
- High grade drill intersections at Jackorite include
 - 17 metres @ 14.5g/t Au from 18 metres
 - 13 metres @ 9.46g/t Au from 29 metres
- Haul road construction initiated
- New ore treatment agreement secures long term access to Paddington Mill without upfront capital requirements

Corporate

- Accepted credit approved Project loan, hedge and call grant facility with Macquarie Bank to facilitate mine development
- Project fully funded to development following successful A\$4.55 million capital raising in late October

The Kalgoorlie North Gold Project *(EXG 100% gold rights)*

The Kalgoorlie North Gold Project ("KNGP" or the "Project") is located 30 to 55 kilometres north of Kalgoorlie in Western Australia and covers 134 square kilometres of tenements over 25 kilometres of strike of the Bardoc Tectonic Zone greenstone belt.

Mineral resources delineated to date total **24.53 million tonnes** at **1.76g/t Au** for **1,385,100 ounces** of contained gold (at 0.6g/t and 3.0g/t Au cut-off grades).

Excelsior Gold Limited

ABN 38 123 629 863

Address: Unit 2, 124 Stirling Highway, North Fremantle WA 6159

Postal: PO Box 520, North Fremantle WA 6159

Telephone: 08 9335 7770

Facsimile: 08 9335 6231

The close proximity of the Company's deposits to Norton Gold Fields Limited's ("Norton") Paddington treatment plant has enabled Excelsior Gold to progress the development of the Project through milling agreements with Norton.

Under the Capital Contribution and Ore Treatment Agreement (*ASX announcements 18 June and 20 October 2014*) and the Bardoc South Ore Treatment Agreement (*ASX announcement 18 February 2015*), Norton agreed to process a minimum of 500,000 tonnes and up to 650,000 tonnes per annum of ore from the Project over a period of five years with options to extend the processing annually for potentially a further five years.

The Capital Contribution and Ore Treatment Agreement committed Excelsior Gold to contribute capital, capped at A\$12.5 million, to facilitate the upgrade and expansion of the Paddington Mill to provide capacity for Excelsior Gold's ore. The recent take-over of Norton by Zijin Mining Group Co. Ltd has prompted a review of the proposed mill upgrade by Norton and subsequent delays to the original construction schedule.

The delay in the mill upgrade does not impact on Excelsior Gold's rights to treat ore at the Paddington Mill, however during the Quarter the companies commenced negotiations on the conversion of the upfront capital payment to a tonnage based fee for ore processed.

Subsequent to the end of the Quarter, on 13 October 2015, the companies signed a new Ore Treatment Agreement which replaces the Capital Contribution and Ore Treatment Agreement and the Bardoc South Ore Treatment Agreement (*ASX announcement 13 October 2015*).

The new Ore Treatment Agreement removes Excelsior Gold's share of the mill upgrade capital contributions (up to A\$12.5m) and replaces it with a fixed dollars per tonne processing fee over the duration of the processing agreement. The Ore Treatment Agreement aligns the terms and ore delivery schedules of the former agreements by removing the treatment deadline and the payment of a the 2.0% net smelter return royalty to Norton for ore sourced from the Bardoc South area and provides Excelsior Gold with flexibility to optimise its processing schedule.

Under the new Ore Treatment Agreement, Norton agrees to process an initial allocation of up to 2.9 million dry tonnes of ore at a minimum rate of 500,000 tonnes per annum over 5 years and 10 months at the Paddington Mill. Excelsior Gold has also been granted five annual options, each to extend the processing agreement by 12 months providing a potential total dry tonnage available for Excelsior Gold ores of 5.4 million tonnes which would be processed over a period of 10 years and 10 months.

Finalisation of these negotiations has reduced the need for Excelsior Gold to secure substantial debt funding in the early stages of the Project development but also ensure that the Company is contributing to enable upgrades to progress which will provide cost benefits for both Excelsior Gold and Norton.

The recent negotiations with Norton have delayed finalisation of Project funding and the commencement of operations but the outcome is beneficial to Excelsior Gold's funding requirements and the funding mechanism.

In July 2015, Excelsior Gold announced it had accepted a credit approved funding package of up to \$15 million via a loan and hedging facility with Macquarie Bank Limited ("Macquarie") to cover the proposed Capital Contribution payments to Norton. The Macquarie funding comprised a Project loan facility of \$12

million, a gold hedge facility covering 50,800 ounces of forwards and a \$3 million call grant facility (ASX announcement 13 July 2015).

In accordance with this funding program Excelsior Gold entered into hedging contracts in August which deliver approximately \$1,570 per ounce for 50,800 ounces delivered through to December 2017 and call options for approximately 21,200 ounces with an exercise price of \$1,600 per ounce (ASX announcement 25 August 2015). With the new Ore Treatment Agreement in place, Excelsior Gold is in the process of finalising funding documentation for the Project through a smaller Project loan facility of \$4.5 million and the gold hedge and call grant with Macquarie bolstered by the completion of a \$4.55 million capital raising in late October to provide full funding for the Project.

Under the treatment agreement with Norton, Excelsior Gold's initial Base Case mining program involves development of

- three small open pits in the Bardoc South section of the Project in 2015 and early 2016;
- an extension of the original Zoroastrian open pit (Zoroastrian Extended), the larger Zoroastrian Central open pit and the Zoroastrian South open pits in 2016 and 2017;
- the Bulletin South open pit scheduled for mining in 2018; and
- the Zoroastrian Central and Zoroastrian South underground mines developed from the base of the Zoroastrian Central open pit in 2019.

Source	Proved Ore Reserve			Probable Ore Reserve			Total Ore Reserve		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
	(,000t)	(g/t Au)	(,000oz)	(,000t)	(g/t Au)	(,000oz)	(,000t)	(g/t Au)	(,000oz)
Jackorite ¹	0	0.00	0	76.0	2.76	6.7	76.0	2.76	6.7
Castlereagh ¹	0	0.00	0	66.0	2.23	4.8	66.0	2.23	4.7
Big Blow South ¹	0	0.00	0	27.0	3.66	3.2	27.0	3.66	3.2
Zoroastrian Central ¹	0	0.00	0	1,176.0	1.88	70.9	1,176.0	1.88	70.9
Zoroastrian Extension ²	0	0.00	0	20.0	4.57	3.3	20.0	4.57	3.3
Zoroastrian South ² North Pit	0	0.00	0	60.0	1.56	2.8	60.0	1.56	2.8
Zoroastrian South ² South Pit	0	0.00	0	60.0	2.09	3.9	60.0	2.09	3.9
Bulletin South ¹	0	0.00	0	458.0	2.14	31.6	458.0	2.14	31.6
Total Open Pits	0	0.00	0	1,943.0	2.04	127.1	1,943.0	2.04	127.1
Zoroastrian Underground²	0	0.00	0	1,435.0	3.65	169.3	1,435.0	3.65	169.3
TOTAL	0	0.00	0	3,378.0	2.72	296.4	3,378.0	2.72	296.4

Numbers may not sum due to rounding¹Auralia Mining Consulting Pty Ltd

²Mining Plus Pty Ltd

Table 1: Base Case Schedule Ore Reserve Summary – September 2015

(refer ASX announcements 18 March 2015, 10 April 2015 and 9 July 2015)

The initial Base Case program provides a potential 7.3 year mine life from Ore Reserves of **3.38 million tonnes @ 2.72g/t Au** for **296,400 ounces** of gold (*refer Table 1*). These Ore Reserves are derived from total Indicated Mineral Resources of 6.22 million tonnes @ 2.59g/t Au for 519,100 ounces on five of the current 22 resource areas within the Project.

During the September Quarter the Company completed grade control drilling on the Bardoc South open pit areas and conducted detailed mining studies on the proposed Zoroastrian Central Underground resource to refine the initial underground mine design and establish new Ore Reserves. The Zoroastrian Underground Ore Reserves increased by 10,300 ounces to **1.43 million tonnes @ 3.65g/t Au** for **169,300 ounces** of gold

These Ore Reserves form a basis for the initial development of the Project. The future inclusion of additional resources areas, conversion of Indicated and Inferred Mineral Resources to Ore Reserves and extension of existing resources will enable refinement of the mining schedule and expansion of the life and scope of the Project.

Key parameters of the initial Base Case mine development plan are summarised in *Table 2*.

Base Case Mine Sequence	Bardoc South Pits – Jackorite, Big Blow South, Castlereagh Zoroastrian Pits Bulletin South Pit Zoroastrian Underground
Ore tonnes mined and milled	3,371,400 tonnes
Average mined ore grade	2.74g/t Au
Mill recovery	92.0%
Recovered ounces	273,100 ounces
Average annual production	30,000 – 40,000ozs
Mine life (based on minimum milling rate 500,000tpa)	7.3 years

Table 2 Base Case Project Mine Production Parameters

Gold Price	A\$1,500/oz plus Hedge Position	A\$1,600/oz plus Hedge Position
Base Case Free Cash Flow	\$132 million	\$146 million
Base Case Discounted Cash Flow (NPV) <i>discount rate 8%</i>	\$46 million	\$53 million
Project C1 cash cost	\$982	<i>cash operating costs, including mining, milling, transport and site administration</i>

Project C2 cash cost	\$1,026	<i>C1 plus royalties and less by-product credits</i>
Project C3 cash cost	\$1,219	<i>C2 plus depreciation, amortization, corporate, cost of the project financing facility and inclusive of underground mine capital and exploration</i>

Table 3: Base Case Project Cash Flow and Cost Parameters

NOTE: Cash costs are based on the new Ore Treatment Agreement cost parameters.

Mining approvals were granted in July by the Department of Mines and Petroleum (“DMP”) for the development of the Bardoc South, Bulletin South and the Zoroastrian Central and Zoroastrian Extended open pits and the construction of the haul road linking the deposits to the Paddington Mill. Construction of a bitumised haul road crossing of the Ora Banda Road was completed and approved for operation by the City of Kalgoorlie Boulder during the Quarter.

Zoroastrian

Gold mineralisation which is associated with quartz veins and quartz stockworks extends for over 1.4 kilometres of strike within the Zoroastrian Dolerite. Indicated and Inferred Mineral Resources totalling **7.14 million tonnes grading 2.53g/t Au for 581,00 ounces** of gold (*ASX announcement 9 July 2015*). The quartz vein and stock-work style gold mineralisation is localised by north-east cross cutting fault structures and is interpreted to be concentrated in two north plunging zones of gold mineralisation within granophyric units within the Dolerite (*refer Figure 1*).

Feasibility mine design works completed in July 2015 by independent consultants as part of the Mining Proposal for the development of the Zoroastrian deposit established Ore Reserves for four open pits and two underground mines in the Zoroastrian area totalling 2.63 million tonnes @ 2.84g/t Au for 239,900 ounces of gold (*ASX announcement 9 July 2015*).

The Zoroastrian mine design studies were completed by Auralia Mining Consulting Pty Ltd (“Auralia”) for the large Zoroastrian Central open pit, and by Mining Plus Pty Ltd (“Mining Plus”) for the small Zoroastrian Extended open pit extension in the base of the historical Zoroastrian Pit, the two Zoroastrian South open pits and the Zoroastrian Central and Zoroastrian South underground designs (*refer Figure 1*). The open pits and underground mine designs are centred on the two north plunging mineralised zones within the Zoroastrian Dolerite and potential remains for additional plunging zones to the north and south of the existing mine designs.

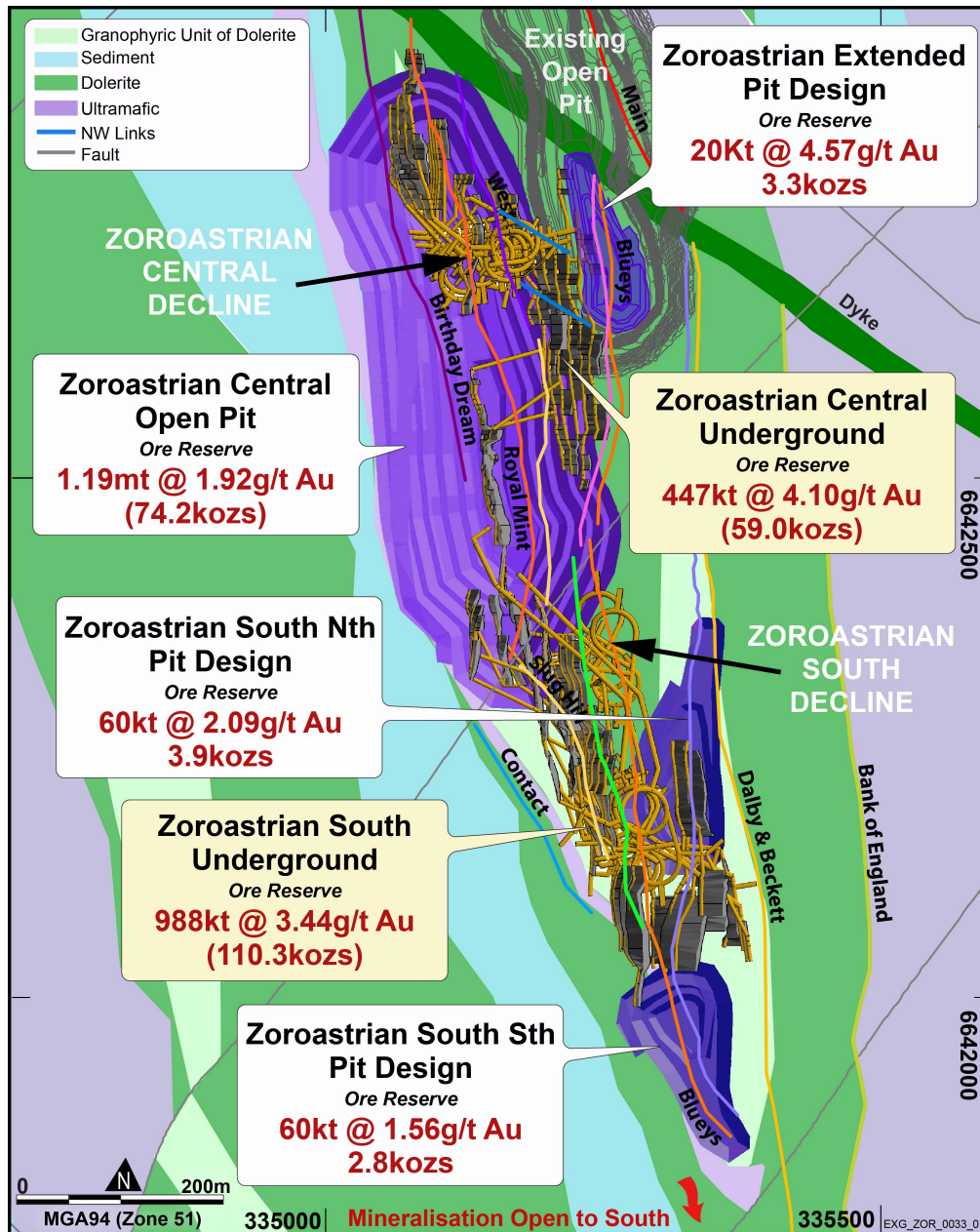


Figure 1: Zoroastrian Central Open pit and Central and South Underground Mine Designs

showing geology, Ore Reserves, proposed open pit designs, portal locations and underground mine designs

Re-design work by Mining Plus on the Central Underground mine design was subsequently carried out to refine portal, crown pillar and rib pillar locations and incorporated updated underground mining costs submitted by mining contractors based on the initial designs. Re-design of the larger Southern Underground was not undertaken at this time although revised decline access from the base of the Zoroastrian Central open pit to the southern stope designs was incorporated in the study.

The open pit designs and Probable Ore Reserves remain unchanged from those reported on 9 July 2015 (1.32 million tonnes @ 1.92g/t Au for 80,900 ounces) but underground Ore Reserves increased by 10,300 ounces to **1.43 million tonnes @ 3.65g/t Au for 169,300ozs** as a result of the refinements to the Central Underground design. Total Zoroastrian Probable Ore Reserves increased to: -

2.75 million tonnes @ 2.82g/t Au for 250,200 ounces of gold

Source	Proved Ore Reserve			Probable Ore Reserve			Total Ore Reserve		
	Tonnes (,000t)	Grade (g/t Au)	Ounces (,000oz)	Tonnes (,000t)	Grade (g/t Au)	Ounces (,000oz)	Tonnes (,000t)	Grade (g/t Au)	Ounces (,000oz)
Zoroastrian Central OP ¹	0	0.00	0	1,176	1.88	70.9	1,176	1.88	70.9
Zoroastrian Extension OP ²	0	0.00	0	20	4.57	3.3	20	4.57	3.3
Zoroastrian South ² North Pit	0	0.00	0	60	1.56	2.8	60	1.56	2.8
Zoroastrian South ² South Pit	0	0.00	0	60	2.09	3.9	60	2.09	3.9
Total Open Pits	0	0.00	0	1,316	1.92	80.9	1,316	1.92	80.9
Central UG ²	0	0.00	0	447	4.10	59.0	447	4.10	59.0
Southern UG ²	0	0.00	0	988	3.44	110.3	988	3.44	110.3
Total Underground	0	0.00	0	1,435	3.65	169.3	1,435	3.65	169.3
TOTAL	0	0.00	0	2,751	2.82	250.2	2,751	2.82	250.2

Numbers may not sum due to rounding¹Auralia Mining Consulting Pty Ltd

²Mining Plus Pty Ltd

Table 3: Zoroastrian Ore Reserves – September 2015

The Zoroastrian Ore Reserves are derived from total Indicated Mineral Resources of 5.20 million tonnes @ 2.66g/t Au, containing 445,100ozs of gold. Due to the use of some historical drilling data in the resource estimates, Excelsior Gold does not quote Measured Mineral Resources or Proved Ore Reserves classifications although data quality, drill density, geological continuity and Mineral Resource confidence are high. Any material classified as an Inferred Mineral Resource was not included in the mining studies.

The underground mine design is based on Sublevel Open Stoping as the single mining method as it provides higher production rates and generally lower operating costs, however further studies may show that more than one mining method may be used to extract additional ore from selected areas on the deposit.

The Zoroastrian underground mine plan incorporates two underground mines with decline design commencement points for the Zoroastrian Central and the South ore bodies from portal positions within the Zoroastrian Central open pit (*refer Figure 2*).

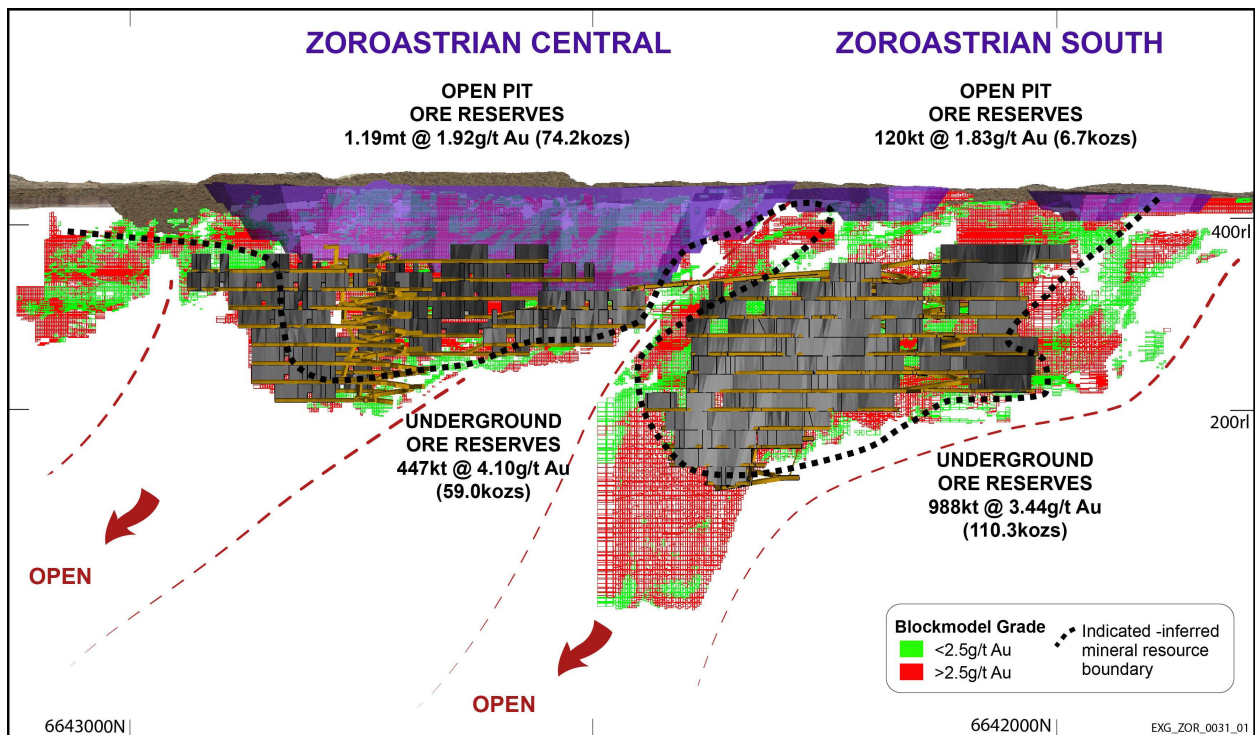


Figure 2: Zoroastrian Long Section

showing Mineral Resource block model, Ore Reserves and proposed open pits and underground mine designs

The Central Underground mine re-design has substantially increased the mining and milling rate of ore from the underground operations. Milling of higher grade ore from the underground operations from November 2019 now averages approximately 36,500 tonnes per month with average monthly gold production of approximately 4,000 ounces of gold. Further open pit ore sources will be brought online to supplement the underground feed to at least meet Excelsior Gold's minimum allocation at the Paddington Mill of approximately 41,700 tonnes per month.

Bardoc South

The Bardoc South Tenements which form part of the southern portion of the Project, were previously a divestment from the Paddington Operations (*refer Figure 3*). Norton retains the first right to treat ore mined from within the Bardoc South Tenements area.

Under the terms of the original Bardoc South Ore Treatment Agreement, Norton had agreed to process ore from the Bardoc South deposits over a period up to end December 2015. The new Ore Treatment Agreement with Norton removes the time limitations on the treatment of Bardoc South ores and also the 2% net smelter return royalty payable to Norton.

The current mining schedule covers the development of three of the Bardoc South resources. The development of the Jackorite, Castlereagh and Big Blow South open pits has been delayed but recent negotiations on the milling contract with Norton. The new milling arrangements and cost structure will have a positive impact on the Bardoc South pits and the timing of ore delivery to the Paddington Mill. Mining is scheduled to commence in November 2015.

Ore Reserves for the scheduled Bardoc South open pits are **169,000 tonnes @ 2.70g/t Au for 14,700ozs of gold** (*ASX announcement 18 March 2015*).

Pit	Indicated Resource			Inferred Resource			Total Resource		
	Tonnes	g/t Au	Ounces	Tonnes	g/t Au	Ounces	Tonnes	g/t Au	Ounces
Jackorite	88,800	2.73	7,800	29,100	1.79	1,700	117,900	2.50	9,500
Castlereagh	148,900	1.96	9,400	8,700	1.48	400	157,700	1.94	9,800
Big Blow South	133,500	3.56	15,300	191,900	1.99	12,300	325,400	2.64	27,600
TOTAL	371,200	2.72	32,500	229,700	1.95	14,400	600,900	2.43	46,900
Pit	Probable Ore Reserve			Unclassified			Total Ore Reserve		
	Tonnes	g/t Au	Ounces	Tonnes	g/t Au	Ounces	Tonnes	g/t Au	Ounces
Jackorite	76,000	2.76	6,700	-	-	-	76,000	2.76	6,700
Castlereagh	66,000	2.23	4,800	-	-	-	66,000	2.23	4,800
Big Blow South	27,000	3.66	3,200	-	-	-	27,000	3.66	3,200
TOTAL	169,000	2.70	14,700	-	-	-	169,000	2.70	14,700

Resources at 0.6g/t Au cut-off. - Ore Reserves at A\$1,380/oz Au gold price. - Rounding errors may occur.

Mineral Resources are inclusive of Ore Reserves

Table 4: Bardoc South Mine Schedule – Mineral Resource and Ore Reserve Summary

Infill drilling to grade control spacing (7.5m x 5.0m) was commenced during July on the three Bardoc South open pit areas. A total of 7701 metres of reverse circulation drilling has been completed in 236 holes during the Quarter. Many of the significant results from the Big Blow South and Castlereagh areas were reported last quarter and subsequent drilling focussed on the Jackorite open pit area. Significant intersections from Jackorite included: -

Jackorite

- 8 metres @ 6.94g/t Au from 18 metres (JAGGC0026)
- 17 metres @ 14.5g/t Au from 18 metres (JAGGC0029)
- 5 metres @ 4.17g/t Au from 0 metres (JAGGC0065)
- 14 metres @ 7.00g/t Au from 3 metres (JAGGC0084)
- 13 metres @ 9.46g/t Au from 29 metres (JAGGC0101)
- 14 metres @ 6.31g/t Au from 29 metres (JAGGC0102)
- 7 metres @ 9.57g/t Au from 30 metres (JAGGC0116)
- 9 metres @ 6.27g/t Au from 17 metres (JAGGC0117)

The grade control drilling on these small open pits was conducted from surface to pit full depth due to the speed with which the pits will be mined. The availability of this data prior to mining has allowed refinement of the ore body interpretations and optimisation of the open pit designs.

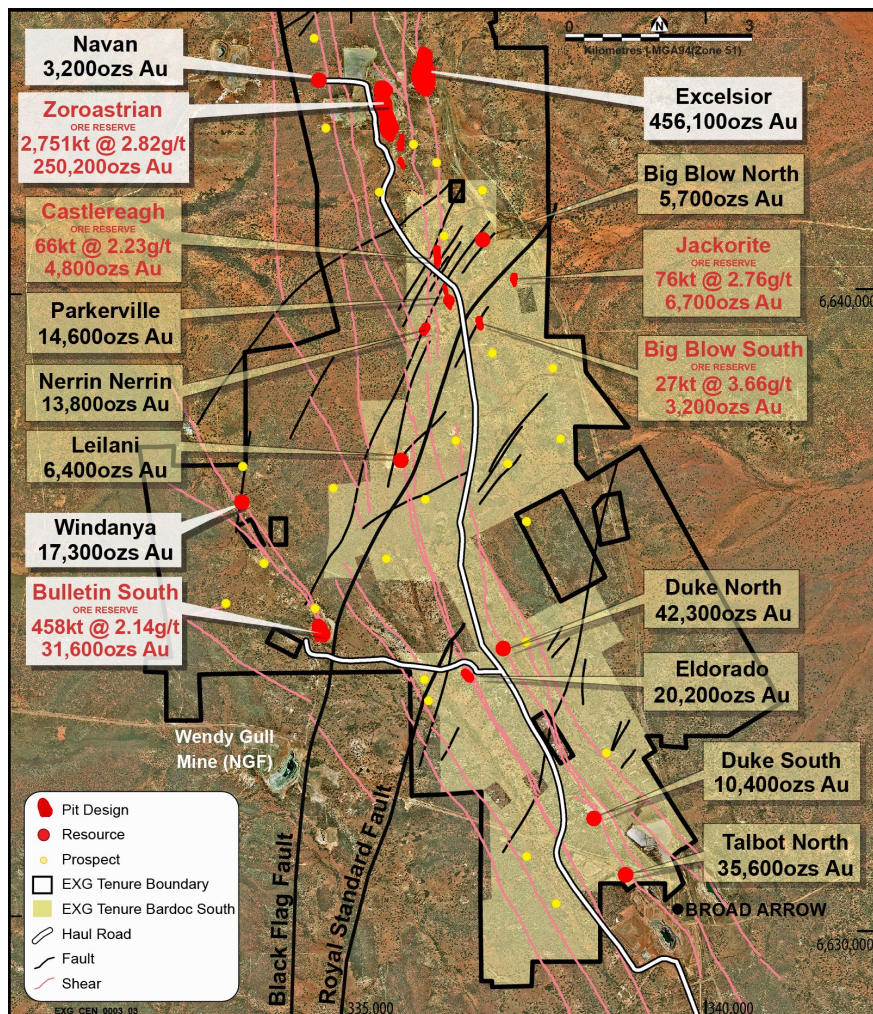


Figure 3: Bardoc South Tenements Area (shaded) and Satellite Resources
showing proposed open pit designs with Ore Reserves, prospect Mineral Resources and proposed haul road

Bulletin South

The Bulletin South area is located in the south western portion of the Project tenements. Gold mineralisation at Bulletin South is associated with stock-work zones within a porphyry unit proximal to the regionally significant Black Flag Fault (ASX announcements 14 September 2014 and 28 October 2014).

Updated Mineral Resources and Ore Reserves for the Bulletin South deposit were reported in the March Quarter (ASX announcement 10 April 2015).

Indicated Resource			Inferred Resource			Total Resource		
Tonnes	g/t Au	Ounces	Tonnes	g/t Au	Ounces	Tonnes	g/t Au	Ounces
729,300	2.02	47,200	33,600	2.13	2,300	762,900	2.02	49,500
Probable Ore Reserve			Unclassified			Total Ore Reserve		
Tonnes	g/t Au	Ounces	Tonnes	g/t Au	Ounces	Tonnes	g/t Au	Ounces
458,000	2.14	31,600	-	-	-	458,000	2.14	31,600

Resources at 0.6g/t Au cut-off. - Ore Reserves at A\$1,380/oz Au gold price. - Rounding errors may occur.

Mineral Resources are inclusive of Ore Reserves

Table 5: Bulletin South – Mineral Resource and Ore Reserve Summary

The Ore Reserve was established from feasibility mine design works completed as part of the Mining Proposal for the development of the Bardoc South and Bulletin South open pits (*ASX announcement 18 March 2015*). This Mining Proposal was approved for development on 7 July 2015 (*ASX announcement 8 July 2015*).

The Ore Reserve pit design captures 76% of the Indicated Resource ounces and essentially bottoms out on the lower limits of the Indicated Resource at a maximum depth of approximately 125 metres.

A twelve-hole drill program completed in April 2015 (*ASX announcements 14 April and 22 April 2015*) intersected strong mineralisation beneath the open pit design and demonstrated potential to expand the current proposed pit. Results included: -

- 7 metres @ 2.09g/t Au from 112 metres to end of hole (KNC150004)
- 20 metres @ 4.44g/t Au from 126 metres including 5 metres @ 14.2g/t Au from 126 metres (KNC150006)
- 25 metres @ 3.71g/t Au from 93 metres including 2 metres @ 36.6g/t Au from 111 metres (KNC150007)
- 25 metres @ 1.74g/t Au from 89 metres including 4 metres @ 7.05g/t Au from 110 metres (KNC150009)

The gold mineralisation remains open along strike and down dip/plunge both to the north and to the south (*refer Figure 4*).

A small initial drilling program was commenced in October 2015 to expand the Indicated resource and to test the mineralised trend further to the north where a new northerly plunge is apparent. The results of this drilling will facilitate further resource modelling and open pit optimisation work targeting expansion of the current Bulletin South open pit design.

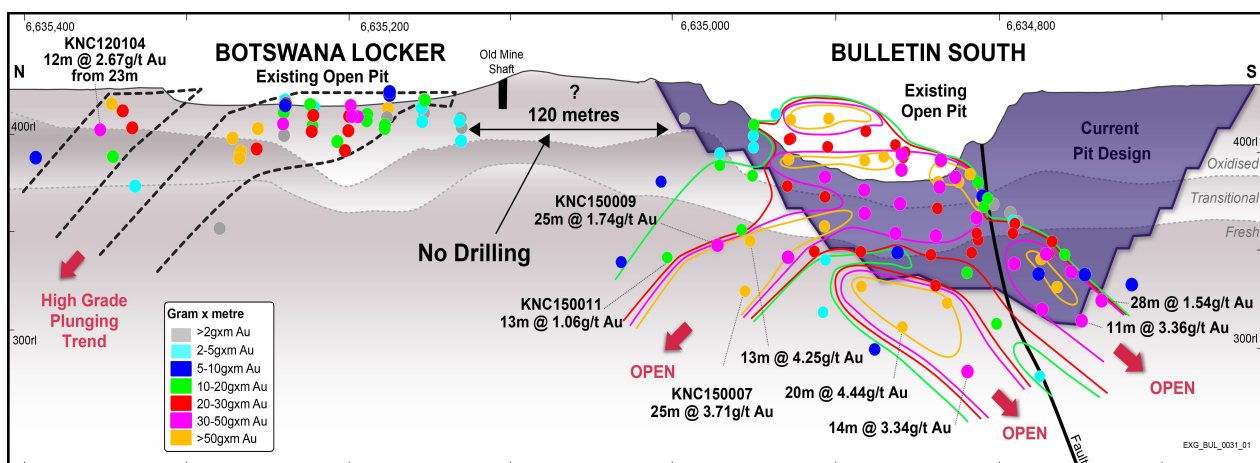


Figure 4: Bulletin South – Botswana Locker Long Section
showing current Bulletin South pit design, existing pit, interpreted gold mineralisation gram x metre contours, historical drilling gram-metre results and new drilling results.

The area around the Bulletin South deposit (*refer Figure 5*) contains significant gold mineralisation, both within current gold resources and in historical drilling and is a priority exploration area. Due to fragmented tenement ownership in the past, the area has not been systematically explored and

historical drilling is generally shallow and sporadic. Consolidation of tenements by Excelsior Gold in 2014 paved the way for a more comprehensive evaluation of the gold mineralised systems.

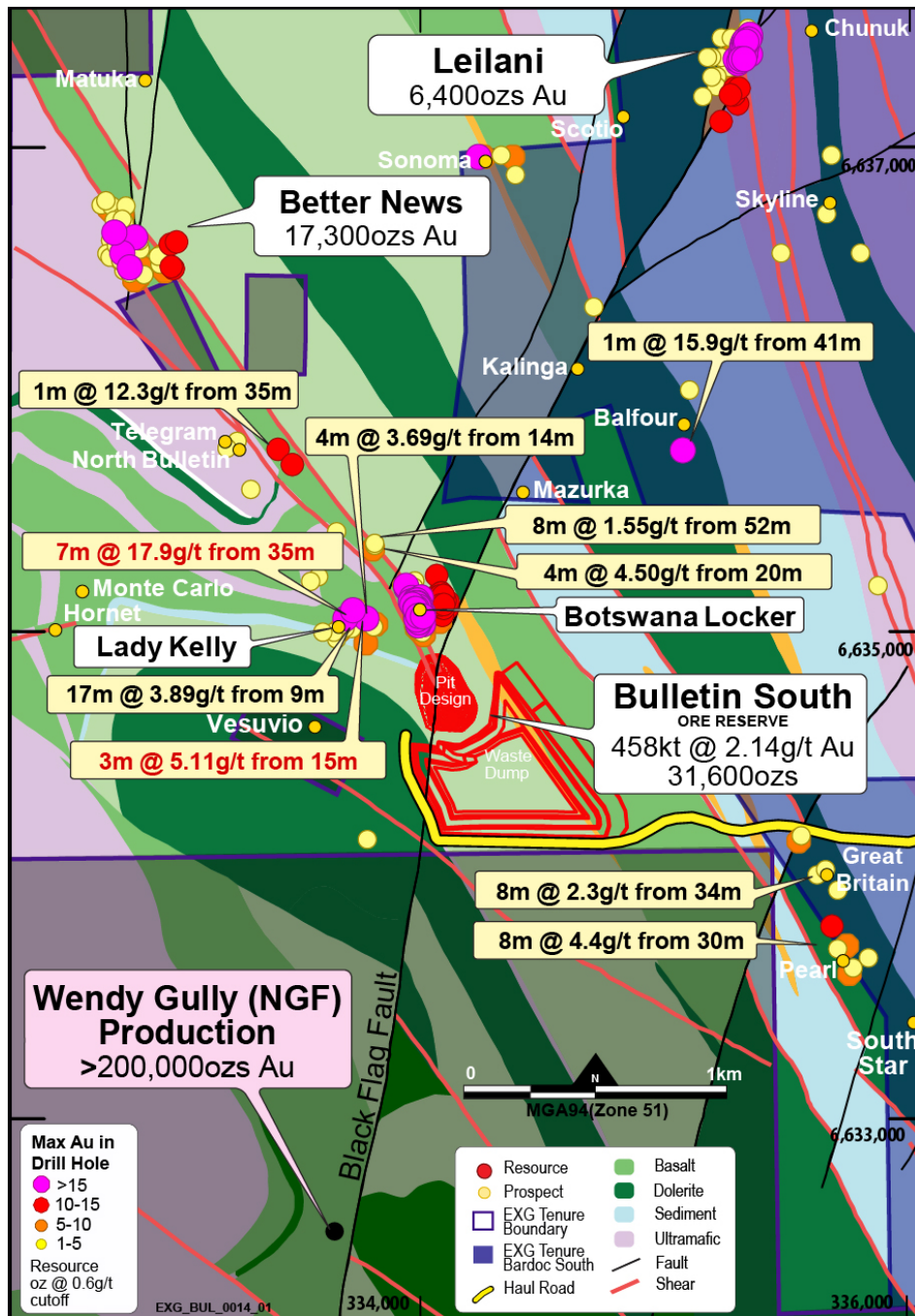


Figure 5. Greater Bulletin Area – Geology and Location Plan
showing proposed open pit and waste dump designs, structural trends, recent and historical drilling results (New Lady Kelly results in red) and current gold resource ounces

The largest deposit developed to date in this immediate area is the Wendy Gully mine site owned by Norton, located approximately two kilometres south of Bulletin South. Wendy Gully produced in excess of 200,000 ounces of gold from open pit and underground sources and demonstrates the potential of the area to host substantial deposits with gold mineralisation continuous at depth and of sufficient grade to support underground mining.

In October 2015, Excelsior Gold commenced drilling on resource areas at Botswana Locker, Windanya (Better News) and Lady Kelly in close proximity to the proposed open pit at Bulletin South to aid delineation of additional near surface mineral resources and potentially ore reserves to enhance mining opportunities in the area (*refer ASX announcement 13 October 2015*).

Initial drilling at Lady Kelly encountered zones of high grade gold mineralisation (*ASX announcement 22 October 2015*) including:

- 7m @ 17.9g/t Au from 35m to end of hole, including 2m @ 51.4g/t Au from 35m (*KNC150020*)
- 3m @ 5.11g/t Au from 15m including 1m @ 14.1 g/t Au from 15m (*KNC150022*)

The results confirm the substantial exploration upside of the Bulletin area and the potential to add cost effective ounces to the project resources and ore reserves.

CORPORATE

Project Funding

On 13 July 2015, the Company announced that it had accepted a credit approved funding package of up to \$15 million via a project loan and hedging facility (the “Facility”) from Macquarie.

The Facility was to refinance the existing \$4 million Convertible Loan Facility also provided by Macquarie (*ASX announcement 20 May 2014*) and to make payments to Norton pursuant to the Capital Contribution and Ore Treatment Agreement.

The new Ore Treatment Agreement changed the funding requirements for the Project and smaller funding package is currently being documented based on a credit approved \$4.5 million project loan.

The funding facility is subject to a number of specific and customary conditions precedent including an equity raising of \$4 million.

On 27 October 2015 the Company announced a placement of 75.8 million shares at an issue price of \$0.06 per share to sophisticated and institutional investors raising \$4.55 million.

Post completion of the placement and subject to drawdown of the project funding package from Macquarie, the Kalgoorlie North Gold Project is now fully funded to production.

CASH RESERVES

At the close of the Quarter the Company’s consolidated cash reserves totalled \$1.61 million.

These cash reserves will be bolstered by the placement funds available at the end of October to provide the Company with a cash position of approximately \$5.4 million.

Qualifying Statement

This release 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 and Mineral Resources:

Information in this announcement that relates to Mineral Resource and exploration results is based on information compiled by Mr. David Potter who is the Technical Director of Excelsior Gold Limited. Mr. Potter 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. Potter consents to the inclusion in the document of the information in the form and context in which it appears.

Competent Persons Statements – 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 Auralia Mining Consulting. Mr. Daniel Tuffin completed the Ore Reserve estimate for this Zoroastrian Central Open Pit. Mr Daniel Tuffin is a Member and Chartered Professional (Mining) 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 Tuffin consents to the inclusion in the document of the information in the form and context in which it appears.

Competent Persons Statements – Ore Reserves Zoroastrian Extended 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 Extended and Zoroastrian South Ore Reserves at the Excelsior Gold Kalgoorlie North Gold Project is based on information resulting from Feasibility works carried out by Mining Plus. Mr. David Billington completed the Ore Reserve estimate for these pits. Mr Billington 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 Billington consents to the inclusion in the document of the information in the form and context in which it appears.

Competent Persons Statements – Ore Reserves Zoroastrian Underground

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 Underground Ore Reserves at the Excelsior Gold Kalgoorlie North Gold Project is based on information resulting from Feasibility works carried out by Mining Plus. Mr. Peter Lock completed the Ore Reserve estimate for these pits. Mr Lock 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 Lock consents to the inclusion in the document of the information in the form and context in which it appears.

Refer ASX Announcement 9 July 2015 for all Zoroastrian JORC Table 1 Sampling Techniques, Exploration Result Reporting, Mineral Resource Estimation and Ore Reserve Estimation criteria.