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ASX Market Announcements  
ASX Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000



**ASX Code: EXG**

## Mining Fleet Expanded to Accelerate Production

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Excelsior Gold Limited (“Excelsior Gold” or the “Company”) is pleased to advise that additional personnel are being mobilised to man a second mining fleet at the Kalgoorlie North Gold Project to increase ore production. The second mining fleet will commence in the coming week to accelerate ore production from the Castlereagh, Jackorite and Big Blow South open pits in response to a request from Norton Gold Fields Limited (“Norton”) for additional ore feed for the Paddington Mill.

Ore from the Kalgoorlie North Gold Project is currently being processed at the Paddington Mill under the long term Ore Treatment Agreement with Norton which provides for the treatment of a minimum of 42,000 tonnes of Excelsior Gold’s ore per month. Processing of the ore commenced ahead of schedule in mid-December and to date approximately 24,000 tonnes of soft, oxide ore from the Castlereagh Pit have been processed. The inclusion of this oxide feed into the Paddington Mill ore blend assists Norton to optimise mill throughput with a resultant reduction of treatment costs, at a time when Norton is short of its own oxide ore sources.

For the March Quarter of 2016, Norton has agreed to process as much ore as Excelsior Gold can deliver to the Paddington Mill and it is anticipated that the addition of the extra mining fleet will potentially allow the Company to provide approximately 190,000 tonnes of ore (50% more than the contracted amount) over the three month period.

The ore treated at Paddington during the March Quarter will be processed under similar terms and conditions as the December ore batches whereby Norton has agreed to immediately pay Excelsior Gold 50% of the recoverable gold value and defer haulage and processing charges until the final gold recovery is determining by the detailed batch sampling and gold determination procedure.

Excelsior Gold’s Managing Director, David Hamlyn, said “The Company’s ability to increase production to help Norton optimise production at Paddington demonstrates the value of the co-operative Ore Treatment Agreement. Both companies are working to feed the Paddington Mill in the most efficient manner which in turn provides cost benefits to each. The increased production and the payment structure in these important early stages of the operations will have a significant positive impact on Excelsior Gold’s cash flow.”

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