



excelsiorgold
LIMITED



ASX Code: EXG

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

The Project comprises of 100% interest in 110km² of contiguous, granted tenements covering 22km of strike of the Bardoc Tectonic Zone greenstone sequence.

The Project hosts extensive gold mineralisation in the current open pit and underground mine plan and in advanced exploration and mining development targets located 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).

A long term processing agreement with Norton Gold Fields Limited provides a minimum 500,000 tonnes per annum ore treatment allocation at the 3.5 million tonnes per annum Paddington Mill.

Mining commenced in November 2015 and processing of first ore occurred in December 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.

www.excelsiorgold.com.au

Quarterly Activities Report Period Ending 31 December 2015

Kalgoorlie North Gold Project

- **New Ore Treatment Agreement signed on 13 October 2015 securing long term access to Paddington Mill without upfront capital requirements**
- **Mining contractor appointed on 8 November 2015**
- **Commencement of mining on 15 November 2015**
- **Treatment of ore from Castlereagh Pit commenced on 12 December 2015**
- **Total ore treated to the end of quarter was 24,321 dry tonnes at a mined grade of 1.63g/t Au**
- **\$892,735 received from interim 50% part payment for ore processed**
- **Mining being accelerated to provide additional ore feed to Paddington Mill**
- **Drilling results from Greater Bulletin area indicate potential for expansion of open pit mine plan**
 - **Better News 15 metres @ 3.27g/t Au from 18 metres depth**
 - **Lady Kelly 7 metres @ 17.9g/t Au from 35 metres**

Corporate

- **Project development funding secured through: -**
 - **\$4.55 million placement completed on 27 October 2015**
 - **New \$4.5 million project loan facility with Macquarie Bank Limited replacing existing \$4.0 million convertible loan and expiry of 43.5 million options linked to the convertible loan**
 - **Completion of gold hedge of 40,636 ounces at a price of A\$1,570 per ounce for quarterly delivery from March 2016 to December 2017**
- **Total current funds approximate \$4.3 million**

The Kalgoorlie North Gold Project (EXG 100%)

The Kalgoorlie North Gold Project ("KNGP" or the "Project") is located 30 to 55 kilometres north of Kalgoorlie in Western Australia and covers 110 square kilometres of tenements over 22 kilometres of strike of the Bardoc Tectonic Zone greenstone belt.

Excelsior Gold Limited

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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)*.

MINING AND ORE TREATMENT

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 a long term processing agreement with Norton *(ASX announcement 13 October 2015)*.

Under the Ore Treatment Agreement signed on 13 October 2015, 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 at the minimum treatment rate of 500,000 tonnes per annum.

Finalisation of the Ore Treatment Agreement reduced the need to secure substantial debt funding to advance development of the Project and dramatically reduced the timeframe to production. The Agreement also minimises the operating risks by providing access to an established operating treatment plant.

Excelsior Gold and Norton entered into letter agreements to modify the terms the Ore treatment Agreement to bring forward production and to provide for increased tonnages to the Paddington Mill *(ASX announcements 22, 30 and 31 December 2015)*. Norton will treat higher tonnages than the minimum 42,000 tonnes per month specified in the Ore Treatment Agreement from December 2015 through to end March 2016, and has varied the payment timetable by providing a front end payments to Excelsior Gold for ore delivered and deferral of haulage and treatment charges until the final recoverable gold content of each ore batch is determined from the detailed sampling and gold recovery procedure which forms an integral part of the Ore Treatment Agreement. The accelerated payment regime has a significant positive impact on the operating cash flows for the Project.

Mining commenced on 15 November 2015 in the Castlereagh Pit and in the Jackorite pit in early December. A total of 220,589 BCM of waste and 14,833 BCM of ore had been mined from the two pits by the end of the Quarter.

Processing of Excelsior Gold's ore commenced on 12 December 2015 and mine production and provisional treatment statistics are presented in *Table 1*.

Mine Production	December 2015 Quarter <i>includes provisional gold recovery data</i>	Previous Quarter <i>adjusted for final gold recovery sampling</i>	FY 2016 Year to Date <i>Includes provisional and final data</i>
Ore tonnes mined (dt)	27,441	0	27,441
Average mined ore grade (g/t Au)	1.78	0	1.78
Ore tonnes milled (dt)	24,321	0	24,321
Milled grade (g/t Au)	1.63	0	1.63
Mill recovery (%)	95.4	0	95.4

Recovered ounces (ozs)	1,213	0	1,213
Gold price received (A\$/oz)	1,472	0	1,472

Table 1: December Quarter Production Summary

Under modified agreement terms to facilitate the accelerated delivery of ore, Norton has agreed to pay Excelsior Gold 50% of the value of the recoverable gold in each ore parcel, based on mined grade, within 5 business days of the completion of haulage of the ore. Treatment charges and final payment for gold will be deferred for up to five weeks until the final recoverable gold content of each ore batch is determined from the detailed sampling and gold recovery procedure which forms an integral part of the Ore Treatment Agreement. Excelsior Gold is yet to receive any invoices from Norton for ore processed hence unable to provide the cash costs for ounces milled during the quarter.

Subsequent to the end of the Quarter, mining was also commenced in the Big Blow South (“BBS”) pit on 1 January 2016. The BBS pit is scheduled to produce approximately 40,000 tonnes of ore grading 2.70g/t Au during the March Quarter. The first batch of approximately 11,000 tonnes @ 2.15g/t Au of BBS ore is currently being delivered to the Paddington Mill for processing.

This BBS ore parcels supplements other ore mined and delivered to the Mill in January to date include 7,600 tonnes @ 1.89g/t Au from the Castlereagh pit and 10,300 tonnes @ 2.88g/t Au from Jackorite.

Production forecast for the March Quarter is 140,000 to 170,000 tonnes grading 2.50g/t Au for 10,500 to 13,000 ounces (mill recovered). The current mining schedule for the March Quarter covers completion of the Castlereagh, Jackorite and BBS pits and commencement of the Zoroastrian Extended and Central open pits. Additional ore tonnages are potentially available pending the grant of the mining approval for the Pipeline South pit which was lodged with the Department of Mines and Petroleum in early January.

EXPLORATION

Exploration during the Quarter was restricted to small drilling programs on resource areas in the Greater Bulletin Area in the south western portion of the Project tenements.

The Greater Bulletin area surrounds the Bulletin South deposit (Probable Ore Reserve 458,000 tonnes @ 2.14g/t Au – *ASX announcement 10 April 2015*) and contains significant gold mineralisation in current gold resources and in historical drilling. The area lacks systematic exploration and drilling is generally shallow and sporadic due to fragmented tenement ownership in the past.

In October 2015, Excelsior Gold commenced drilling on resource areas at Lady Kelly, Windanya (Better News) and Botswana Locker 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*).

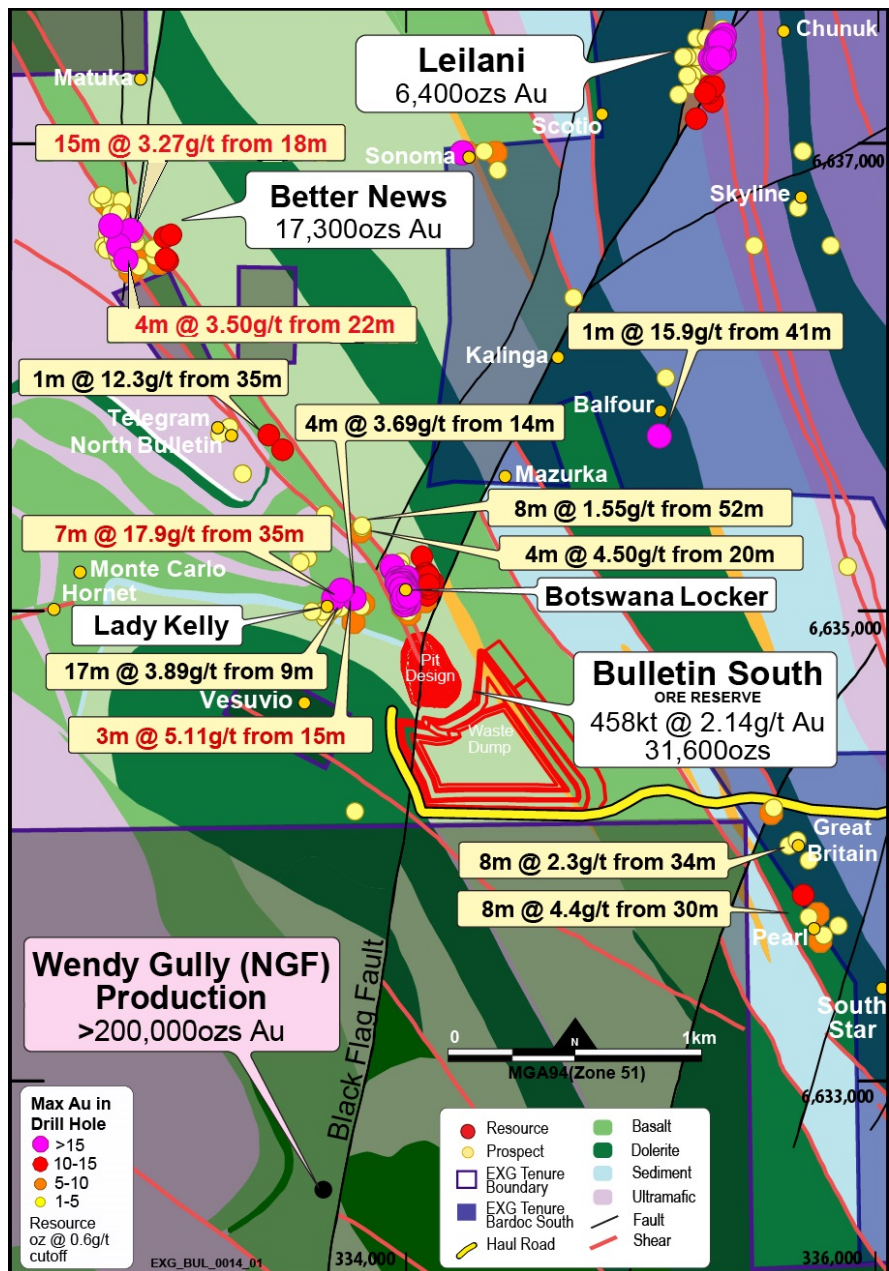


Figure 1. Greater Bulletin Area – Geology and Location Plan

showing proposed Bulletin South open pit, waste dump design and Ore Reserves, prospects with current gold resource ounces, structural trends and recent (in red) and historical (in black) drilling results

Lady Kelly

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

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

Better News

The Better News resource area was recognised and drilled in the mid 1980's down to a maximum 80 metre vertical depth. The gold mineralisation comes to the surface and has been previously exploited by shallow (<10m deep) historical workings.

A current 2012 Inferred JORC mineral resource of **360,000 tonnes @ 1.49g/t Au for 17,300 ounces** of gold has been estimated from the historical drilling data (*ASX announcement 11 December 2013*).

In order to confirm the validity of the historical drilling, six holes for 252 metres of drilling were completed. Drill results (*ASX announcement 3 November 2015*) included: -

5 metres @ 1.89g/t Au from 23 metres (KNC15035)
1 metre @ 9.27g/t Au from 33 metres (KNC15035)
15 metres @ 3.27g/t Au from 18 metres (KNC15036)
2 metres @ 12.3g/t Au from 18 metres (KNC15036)
4 metres @ 3.50g/t Au from 22 metres (KNC15038)

The drilling results confirm the current resource model interpretation of the gold mineralisation and validate the locations and the tenor of the historical drilling. The new drilling data will be incorporated into the resource model to facilitate the definition of Indicated Mineral Resources and mining studies to establish open pit Ore Reserves.

The gold mineralisation remains open along strike to the north and the south and also at depth.

Botswana Locker

Botswana Locker is a shallow (10-20m deep) historical pit approximately 120 metres to the north of Bulletin South. Historical drilling returned numerous high-grade intercepts including 12 metres @ 8.7g/t Au and 17 metres @ 4.30g/t Au both from surface and associated with a quartz stockwork hosted by a similar porphyry to that at Bulletin South.

Gold mineralisation is potentially localised in north plunging shoots as demonstrated by drilling by Excelsior Gold in 2012 which returned an intersection of 12 metres @ 2.67g/t Au from 23 metres in to the north of the existing Botswana Locker pit.

Four holes for 188 metres of drilling were completed to the west and south-west of the historical Botswana's Locker pit in order to test for near surface gold mineralisation. These holes returned anomalous gold grades up to 1.25g/t Au within highly weathered material derived from possible sedimentary and/or felsic volcanic rocks (*ASX announcement 3 November 2015*).

Further drilling to the north and beneath the existing Botswana Locker pit is warranted to delineate mineralisation trends and improve geological models ahead of resource definition programs.

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 removed the \$12.5 million capital contribution component and has changed the funding requirements for the Project hence a smaller \$4.5 million Facility loan was finalised with Macquarie. At the end of the quarter, conditions precedent to the Facility have all been satisfied or waived and the first drawdown of \$1.32 million from the Facility has occurred to refinance the existing \$4 million convertible loan. Excelsior Gold has also utilised the call options premium generated from A\$1,600 call options grant to retire the convertible loan completely.

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 before fees.

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

CASH RESERVES

At the close of the Quarter the Company’s consolidated cash reserves totalled \$4.3 million, including approximately \$385,000 received during the quarter from interim 50% part payment for the first batch of Castlereagh ore.

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.