



**excelsior**gold  
LIMITED

**ABN 38 123 629 863**

**Interim Financial Report  
31 December 2015**



## **Corporate Directory**

### *Non-Executive Chairman*

Mr Peter Bird – *appointed 29 August 2011*  
(*geology, mining, broking analyst, corporate*)

### *Managing Director*

Mr David Hamlyn – *appointed 21 May 2010*  
(*geology, mine management, corporate*)

### *Technical Director*

Mr David Potter – *appointed 24 May 2011*  
(*geology, resources, mining, finance*)

### *Commercial Director and Company Secretary*

Chen Chik (Nicholas) Ong – *appointed director 24 May 2011*  
(*business, compliance, finance*)

## **Principal and Registered Office**

Unit 2, 124 Stirling Highway  
NORTH FREMANTLE WA 6159

Telephone: +61 8 9335 7770  
Facsimile: +61 8 9335 6231  
Email: [admin@excelsiorgold.com.au](mailto:admin@excelsiorgold.com.au)

## **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  
770 Canning Highway  
APPLECROSS WA 6153

Telephone: +61 8 9315 2333  
Facsimile: +61 8 9315 2233

## **Website**

[www.excelsiorgold.com.au](http://www.excelsiorgold.com.au)

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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 2015 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:

Peter Bird  
David Hamlyn  
David Potter  
Nicholas Ong

## 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

The loss of the Group after providing for income tax for the half year was \$1,319,735 (2014: \$3,927,982).

### 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 ("Project") located 30 to 55 kilometres north of Kalgoorlie in Western Australia's highly prospective Eastern Goldfields.

The Project covers 110 square kilometres of tenements over 22 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)*.

### 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.

# EXCELSIOR GOLD LIMITED

## DIRECTORS' REPORT

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 December 2015.

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**

Subsequent to the end of the reporting period, mining was also commenced in the Big Blow South ("BBS") pit on 1 January 2016.

# EXCELSIOR GOLD LIMITED

## DIRECTORS' REPORT

Production forecast for the six months to the end of the 2016 Financial Year is 300,000 to 320,000 tonnes grading 1.94g/t Au for 18,500 to 20,000 ounces (mill recovered) at all in sustaining costs (AISC) of approximately \$1,270 per ounce. The AISC for the period are inclusive of costs associated with the Macquarie Bank loan facility and reflect higher earthmoving costs in the upper part of the large Zoroastrian Central open pit. Earthmoving cost profile will improve as the pit being open up and more ore is accessible. Mining at Castlereagh, Jackorite and BBS pits will be completed by middle of March 2016. Mining has commenced at Zoroastrian Central and will soon be undertaken in the, Zoroastrian Extended and Pipeline South open pits.

### Competent Person Statement – Exploration Results and Mineral Resources:

*Information in this announcement that relates to Mineral Resources 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 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". Mr. Potter consents to the inclusion in the document of the information in the form and context in which it appears.*

### 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 Report to reflect the circumstances or events after the date of this Report.*

## BOARD AND MANAGEMENT CHANGES

There have been no material changes to the Board and management of the Company during the period.

## 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

No 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 2015.

# EXCELSIOR GOLD LIMITED

## DIRECTORS' REPORT

### 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.

15<sup>th</sup> March 2016, at Perth, Western Australia



**Chen Chik (Nicholas) Ong**  
**Director**

## **DECLARATION OF INDEPENDENCE BY IAN SKELTON TO THE DIRECTORS OF EXCELSIOR GOLD LIMITED**

As lead auditor for the review of Excelsior Gold Limited for the half-year ended 31 December 2015, 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 entity it controlled during the period.



**Ian Skelton**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 15 March 2016



**EXCELSIOR GOLD LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**AS AT 31 DECEMBER 2015**

	Note	31 December 2015 \$	31 December 2014 \$ (Restated)
Revenue from continuing operations		1,785,464	-
Other income	2	3,507,188	285,894
Site costs		(3,954,213)	-
Exploration costs expensed		(1,177,858)	(1,944,169)
Employee benefits expense		(438,196)	(469,651)
Employee/director share based payments	11	(245,455)	(1,186,046)
Depreciation		(17,292)	(18,396)
Corporate and regulatory		(34,179)	(33,768)
Accounting & Audit		(64,949)	(73,477)
Rent		(41,213)	(50,552)
Travel & Accommodation		(15,301)	(28,745)
Legal		(38,565)	(40,942)
Consultancy		(66,235)	(28,063)
Advertising & Marketing		-	(34,161)
Amortisation		(104,330)	-
Finance costs		(946,585)	(145,594)
Fair value adjustment of derivatives		644,336	-
Other expenses		(112,352)	(160,312)
Loss before income tax		(1,319,735)	(3,927,982)
Income tax benefit		-	-
Loss for the half-year attributable to the members of Excelsior Gold Limited		(1,319,735)	(3,927,982)
Changes in fair value of available-for-sale financial assets (net of tax)		-	11,250
Total other comprehensive income for the half-year net of tax		-	11,250
Total comprehensive income for the half-year attributable to the owners of Excelsior Gold Limited		(1,319,735)	(3,916,732)
		<b>Cents</b>	<b>Cents</b>
Basic loss per share		(0.26)	(0.91)
Diluted loss per share		N/A	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 2015**

		<b>CONSOLIDATED</b>		
	<b>Note</b>	<b>31 December</b>	<b>30 June</b>	<b>1 July</b>
		2015 \$	2015 \$	2014 \$
			(Restated)	(Restated)
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents		4,315,732	3,757,336	839,896
Trade and other receivables		1,591,399	123,366	57,303
Other financial assets		72,454	72,454	245,106
Derivative financial instruments	<b>14</b>	2,066,442	-	-
<b>Total current assets</b>		<b>8,046,027</b>	<b>3,953,156</b>	<b>1,142,305</b>
<b>Non-Current Assets</b>				
Exploration and evaluation expenditure		-	-	-
Site rehabilitation asset	<b>3</b>	-	8,750,000	-
Property, plant and equipment		146,326	163,617	198,234
Mine Properties	<b>4</b>	9,971,659	-	-
Available-for-sale financial assets		-	60,000	67,500
<b>Total non-current assets</b>		<b>10,117,985</b>	<b>8,973,617</b>	<b>265,734</b>
<b>TOTAL ASSETS</b>		<b>18,164,012</b>	<b>12,926,773</b>	<b>1,408,039</b>
<b>Current Liabilities</b>				
Trade and other payables		4,011,661	690,776	330,328
Borrowings	<b>15</b>	750,000	4,037,745	-
<b>Total current liabilities</b>		<b>4,711,661</b>	<b>4,728,521</b>	<b>330,328</b>
<b>Non-Current Liabilities</b>				
Derivative financial instruments	<b>14</b>	1,422,106	-	-
Rehabilitation provision	<b>5</b>	8,843,876	8,750,000	-
Borrowings	<b>15</b>	571,006	-	-
<b>Total non-current liabilities</b>		<b>10,886,988</b>	<b>8,750,000</b>	-
<b>TOTAL LIABILITIES</b>		<b>15,598,649</b>	<b>13,478,521</b>	<b>330,328</b>
<b>NET ASSETS</b>		<b>2,565,363</b>	<b>(551,748)</b>	<b>1,077,711</b>
<b>EQUITY</b>				
Contributed Equity	<b>6</b>	43,928,686	39,727,295	33,899,933
Reserves	<b>7</b>	418,696	183,241	304,248
Accumulated losses		( 41,782,019)	(40,462,284)	(33,126,470)
<b>TOTAL EQUITY</b>		<b>2,565,363</b>	<b>(551,748)</b>	<b>1,077,711</b>

*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 2015**

	Contributed Equity	Accumulated Losses	Share Based Payments Reserve	Options Premium Reserve	Avail. for Sale Inv. Reserve	Total Equity
	\$	\$	\$	\$	\$	\$
<b>As at 1 July 2014</b>	<b>33,899,933</b>	<b>(9,433,326)</b>	-	<b>299,248</b>	<b>5,000</b>	<b>22,885,875</b>
Change in accounting policy (Note 1)	-	(18,384,217)	-	-	-	(18,384,217)
	33,899,933	(27,817,543)	-	299,248	5,000	6,895,638
Loss for the half-year	-	(5,308,927)	-	-	-	(5,308,927)
Comprehensive income for the half-year	-	-	-	-	11,250	11,250
Total comprehensive income for the half-year	-	(5,308,927)	-	-	11,250	<b>(5,297,677)</b>
<b>Transactions with owners in their capacity as owners</b>						
Share buy-back, net of transaction costs	(1,320)	-	-	-	-	<b>(1,320)</b>
Exercise of options	290,000					<b>290,000</b>
Transfer from reserve on exercise of options	299,248	-	-	(299,248)	-	-
Placement of shares, net of transaction costs	1,861,359	-	-	-	-	<b>1,861,359</b>
Employee share-based payments	1,179,596	-	6,450	-	-	<b>1,186,046</b>
Equity component of convertible loan	23,572	-	-	-	-	<b>23,572</b>
<b>As at 31 December 2014 (Restated)</b>	<b>37,552,388</b>	<b>(33,126,470)</b>	<b>6,450</b>	-	<b>16,250</b>	<b>4,448,618</b>

**EXCELSIOR GOLD LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Contributed Equity	Accumulated Losses	Share Based Payments Reserve	Options Premium Reserve	Avail. for Sale Inv. Reserve	Total Equity
	\$	\$	\$	\$	\$	\$
<b>As at 1 July 2015 (Restated)</b>	<b>39,727,295</b>	<b>(40,462,284)</b>	<b>173,241</b>	<b>-</b>	<b>10,000</b>	<b>(551,748)</b>
Loss for the half-year	-	( 1,319,735)	-	-	-	(1,319,735)
Comprehensive income for the half-year	-	-	-	-	-	-
Total comprehensive income for the half-year	-	(1,319,735)	-	-	-	<b>(1,319,735)</b>
Sale of investments	-	-	-	-	(10,000)	<b>(10,000)</b>
Placement of shares, net of transaction costs	4,201,391	-	-	-	-	<b>4,201,391</b>
Employee share-based payments	-	-	245,455	-	-	<b>245,455</b>
<b>As at 31 December 2015</b>	<b>43,928,686</b>	<b>(41,782,019)</b>	<b>418,696</b>	<b>-</b>	<b>-</b>	<b>2,565,363</b>

*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 2015**

	31 December 2015 \$	31 December 2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments for administration	(817,754)	(818,844)
Receipts from sales	385,134	-
Site costs	(623,994)	-
Payments for exploration and evaluation	(1,177,858)	(1,898,976)
Other receipts (payments) – GST	(67,599)	(88,413)
Other income	3,360,900	-
R & D Tax refund	108,437	-
Interest received	37,850	41,341
Finance costs	(891,982)	(158,076)
<b>Net cash inflow/(outflow) from operating activities</b>	<u>313,134</u>	<u>(2,922,968)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for plant, equipment and development	(1,325,989)	(2,884)
Refund of security deposits	-	172,212
Proceeds from sale of investments	47,325	257,494
<b>Net cash inflow/(outflow) from investing activities</b>	<u>(1,278,664)</u>	<u>426,822</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares (net of issue costs)	4,201,391	2,151,359
Repayment of borrowings	(3,998,471)	-
Proceeds from borrowings	1,321,006	2,000,000
<b>Net cash inflow from financing activities</b>	<u>1,523,926</u>	<u>4,151,359</u>
Net increase in cash and cash equivalents	558,396	1,655,213
Cash and cash equivalents at the beginning of the period	3,757,336	839,896
<b>NET CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>	<u>4,315,732</u>	<u>2,495,109</u>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

## EXCELSIOR GOLD LIMITED

### NOTE 1: BASIS OF PREPARATION

This general purpose interim financial report for the half-year ended 31 December 2015 has been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the Corporations Act 2001.

This 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 and estimates adopted are consistent with those of the previous financial year and corresponding half-year reporting period unless stated otherwise in these financial statements.

#### **Exploration and evaluation expenditure**

Exploration and evaluation expenditure will be expensed until the technical and commercial viability of extracting the resource are demonstrable and that future economic benefits are probable, at which point costs will be capitalised as mine properties.

#### **Rehabilitation, Restoration and Environmental Costs**

Long term environmental obligations are based on the Group's management plans, in accordance with current environmental and regulatory requirements.

Full provision is made based on the value of estimated cost of restoring the environment disturbance that has occurred up to the reporting date. To the extent that the future economic benefits are expected to arise, these costs are capitalised and then amortised over the remaining lives of the mines.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure.

## EXCELSIOR GOLD LIMITED

### NOTE 1: BASIS OF PREPARATION (Continued)

#### Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. All revenue is stated net of the amount of goods and services tax (GST).

Sale of gold is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Sales revenue comprises gross revenue earned from the provision of product to customers, and includes hedging gains and losses. Sales are initially recognised at estimated sales value when the product is delivered. Adjustments are made for variations in gold content, recovery factor and moisture in ore tonnes between the time of delivery and the time of final settlement of sales proceeds.

Receivables are subsequently revalued based on the same method stated above, that once the gold content, recovery factor and moisture in ore tonnes are finalised, it will be adjusted and become payable.

Interest revenue is recognised on a proportional basis taking into account the interest rates application to the financial assets.

#### Trade Receivables

Trade receivables are generally received up to two months after the shipment date. The receivables are initially recognised at fair value.

Trade receivables are subsequently revalued by the marking-to-market of open sales. The Group determines mark-to-market prices using forward prices at each period end for recovered gold.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor or default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

## EXCELSIOR GOLD LIMITED

### NOTE 1: BASIS OF PREPARATION (Continued)

#### **Mine Properties**

Mines properties are accumulated separately for each area of interest in which economically recoverable reserves have been identified and a decision to develop has occurred. This expenditure includes all capitalised development expenditure in respect of the area of interest, direct costs of construction, and an appropriate allocation of overheads. Once mining of the area of interest can commence, the aggregated capitalised costs are classified under non-current assets as mines in production. Until production commences they are mine properties in development.

Amortisation is provided on a units-of-production basis, with separate calculations being made for each mineral resource. The units-of-production method results in an amortisation charge proportional to the depletion of the economically recoverable mineral resources (comprising proven and probable reserves).

A regular review is undertaken to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. An impairment exists when the carrying value of expenditure not yet amortised exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount and the impairment losses are recognised in profit or loss.

#### *Reserve estimates*

Estimates of recoverable quantities of proven and probable reserves include assumptions regarding commodity prices, exchange rates, discount rates, production and transportation costs for future cash flows. It also requires interpretation of complex and difficult geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reserves and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact asset carrying values, the provision for restoration and the recognition of deferred tax assets, due to changes in expected future cash flows. Reserves are integral to the amount of depreciation, depletion and amortisation charged to the profit or loss and the calculation of inventory. The Group prepares reserve estimates in accordance with the JORC Code, guidelines prepared by the Joint Ore Reserves Committee of The Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia.



## EXCELSIOR GOLD LIMITED

### NOTE 1: BASIS OF PREPARATION (Continued)

#### Deferred stripping

Stripping activity costs incurred in the development phase of a mine are capitalised as part of the cost of constructing the mine and subsequently amortised over the life of the mine on a units-of-production basis.

Stripping activity incurred during the production phase of a mine is assessed as to whether the benefit accruing from that activity is to provide access to ore that can be used to produce ore inventory, or whether it in addition provides improved access to ore that will be mined in future periods.

To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the Group accounts for those stripping activity costs in accordance with AASB102 Inventories. A stripping activity asset is brought to account if it is probable that future economic benefits (improved access to the ore body) will flow to the Group, the component of the ore body for which access has been improved can be identified and costs relating to the stripping activity can be measured reliably.

The amount of stripping activity costs that are capitalised is determined based on a comparison of the stripping ratio in the relevant period with the life of mine stripping ratio. To the extent that there is a period of sustained stripping that exceeds the average life of mine stripping ratio, mine waste stripping costs are capitalised to the stripping activity asset. Such capitalised costs are amortised over the life of that mine on a units-of-production basis. The life of mine ratio is based on economically recoverable reserves of the mine. Changes to the life of mine are accounted for prospectively.

Deferred stripping costs are included in Mine Properties in the balance sheet. These form part of the total investment in the relevant cash generating units, which are reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

#### Inventories

Ore stockpiles, are valued at the lower of weighted average cost and net realisable value. Costs include fixed direct costs, variable direct costs and an appropriate portion of fixed overhead costs. A portion of the related depreciation, depletion and amortisation charge is included in the cost of inventory.

The recoverable amount of surplus items is assessed regularly on an ongoing basis and written down to its net realisable value when an impairment indicator is present.

#### Derivatives and hedging activities

The Group uses derivative financial instruments to manage its risks associated with metals price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at the end of each reporting period.

The Group uses derivative financial instruments such as commodity contracts to hedge its risks associated with gold price fluctuations. Such derivative financial instruments are recognised at fair value.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of commodity contracts is determined by reference to market values for similar instruments. Movements in fair value are recognised in the profit or loss.

# EXCELSIOR GOLD LIMITED

## NOTE 1: BASIS OF PREPARATION (Continued)

### Voluntary change in accounting policies

#### a) Exploration and evaluation expenditure policy

This financial report has been prepared on the basis of retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure.

The new accounting policy adopted by the Group on 1 July 2015 is to expense exploration and evaluation expenditure as incurred. The previous accounting policy was to capitalise and carry forward exploration, evaluation and development expenditure in relation to separate areas of interest for which rights of tenure are current as an asset in the Consolidated Statement of Financial Position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not yet reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves.

The directors have determined that the change in accounting policy will result in more relevant and no less reliable information as the policy is more transparent and less subjective. Recognition criteria of exploration and evaluation assets are inherently uncertain and expensing as incurred results in a more transparent Consolidated Statement of Financial Position and Consolidated Statement of Profit or Loss and Other Comprehensive Income. Furthermore, the change in policy aids in accountability of the line management's expenditures and the newly adopted policy is consistent with industry practice worldwide.

#### b) Impact on financial statements

As a result of the change in accounting policy for exploration and evaluation expenditure prior year financial statements had to be restated. The following financial statement extracts show the impact of the change in the group's accounting policy for exploration and evaluation expenditure on the prior financial statements.

##### i) Consolidated Statement of Financial Position 1 July 2014 (Extract)

	<b>CONSOLIDATED</b>		
	<b>1 July 2014 \$</b>	<b>Increase/ Decrease</b>	<b>1 July 2014 \$ (Restated)</b>
<b>Non-Current Assets</b>			
Exploration and evaluation expenditure	21,808,164	(21,808,164)	-
<b>Total Non-Current Assets</b>	<b>21,808,164</b>	<b>(21,808,164)</b>	<b>-</b>
<b>Equity</b>			
Accumulated Losses	(11,318,306)	(21,808,164)	(33,126,470)
<b>Total Non-Current Assets</b>	<b>(11,318,306)</b>	<b>(21,808,164)</b>	<b>(33,126,470)</b>

# EXCELSIOR GOLD LIMITED

## NOTE 1: BASIS OF PREPARATION (Continued)

- ii) Consolidated Statement of Profit or Loss and Other Comprehensive Income - 31 Dec 2014 (Extract)

	CONSOLIDATED		
	31 December 2014 \$	Increase/ Decrease	31 December 2014 \$ (Restated)
<b>Expenses</b>			
Exploration and evaluation expenditure	-	(1,944,169)	(1,944,169)
Other income and expenses	(1,983,813)	-	(1,983,813)
<b>Total Non-Current Assets</b>	<b>(1,983,813)</b>	<b>(1,944,169)</b>	<b>(3,927,982)</b>
Loss per share (cents per share)	(0.46)	(0.45)	(0.91)

- iii) Consolidated Statement of financial position 30 June 2015 (Extract)

	CONSOLIDATED		
	30 June 2015 \$	Increase/ Decrease	30 June 2015 \$ (Restated)
<b>Non-Current Assets</b>			
Exploration and evaluation expenditure	26,042,284	(26,042,284)	-
<b>Total Non-Current Assets</b>	<b>26,042,284</b>	<b>(26,042,284)</b>	<b>-</b>
<b>Equity</b>			
Accumulated Losses	(14,420,000)	(26,042,284)	(40,462,284)
<b>Total Non-Current Assets</b>	<b>(14,420,000)</b>	<b>(26,042,284)</b>	<b>(40,462,284)</b>

- iv) Consolidated Statement of Cash Flows 31 December (Extract)

	CONSOLIDATED		
	30 June 2015 \$	Increase/ Decrease	30 June 2015 \$ (Restated)
<b>Cash flows from operations activities</b>			
Exploration and evaluation expenditure	-	(1,898,976)	(1,898,976)
<b>Cash flows from investing activities</b>			
Exploration and evaluation expenditure	(1,898,976)	1,898,976	-

## EXCELSIOR GOLD LIMITED

### NOTE 1: BASIS OF PREPARATION (Continued)

#### New accounting standards and interpretations

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The Group has considered the implications of new and amended Accounting Standards that became applicable to the group after 1 July 2015 but determined that their application to the financial statements is either not relevant or not material.

The Group has assessed the impact of these new accounting standards, and has determined that there will be no material impact on the financial statements.

The following Applicable Australian Accounting Standards have been issued or amended but are not yet effective and have not been adopted by the Group for the half-year ended 31 December 2015. The Group has not been able to fully assess the impact of these revised standards:

- AASB 9 Financial Instruments
- AASB 14 Regulatory Deferral Accounts
- AASB 16 Leases
- AASB 2014-1 (part E) Amendments to Australian Accounting Standards – Financial Instruments
- AASB 2014-4 Amendments to Australian Accounting Standards – Classification of Acceptable Methods of Depreciation and Amortisation

### NOTE 2: OTHER INCOME

	Dec 2015 \$	Dec 2014 \$
Interest Income	37,850	40,900
Profit on sale of investments	-	244,994
R & D tax refund	108,438	-
Sale of gold call options	3,360,900	-
Total Other Income	3,507,188	285,894

# EXCELSIOR GOLD LIMITED

## NOTE 3: SITE REHABILITATION ASSET

	Dec 2015 \$	June 2015 \$ (Restated)
Balance at beginning of the period	8,750,000	-
Additions	-	8,750,000
Transfer to Mine Properties	(8,750,000)	-
Balance at the end of the period	-	8,750,000

## NOTE 4: MINE PROPERTIES

	Dec 2015 \$	June 2015 \$
Mine properties	9,971,659	-
Balance at the end of the period	9,971,659	-

Reconciliations of the carrying amounts are as follows:

Balance at beginning of the period	-	-
Additions	1,325,989	-
Transfer from Site Rehabilitation	8,750,000	-
Amortisation	(104,330)	-
Balance at the end of the period	9,971,659	-

## NOTE 5: NON-CURRENT PROVISIONS

	Dec 2015 \$	June 2015 \$
Exploration and mine restoration	8,843,876	8,750,000
Balance at the end of the period	8,843,876	8,750,000

Movements are as follows:

Balance at beginning of the period	8,750,000	-
Additional provisions	93,876	8,750,000
Balance at the end of the period	8,843,876	8,750,000

# EXCELSIOR GOLD LIMITED

## NOTE 6: CONTRIBUTED EQUITY

(a) Share Capital	Dec 2015 \$	Dec 2015 Shares	June 2015 \$	June 2015 Shares
Ordinary shares				
Fully paid	43,928,686	567,266,648	39,727,295	490,350,644

## (b) Movements in ordinary share capital

Date	Details	Number of shares	\$
1/07/15	Opening balance	490,350,644	39,727,295
03/11/15	Placement	76,916,004	4,607,760
	Less: Issue costs	-	(406,369)
31/12/15	Closing balance	567,266,648	43,928,686

- i The shares issued as part of the ESS Plan.
- iii The value of share issued with vesting conditions on shares issued in previous periods was adjusted as milestones were reached and shares released from escrow. No shares were vested in the current year.

# EXCELSIOR GOLD LIMITED

NOTE 7: RESERVES	Dec	June
	2015	2015
	\$	\$
Share-based payments reserve	418,696	173,241
Available for sale Financial Assets	-	10,000
	418,696	183,241
Movements: <i>Options premium reserve</i>		
Balance 1 July	-	299,248
Expiry of options	-	(299,248)
Balance 30 June	-	-
Movements: <i>Available for sale financial assets</i>		
Balance 1 July	10,000	5,000
Change in fair value of financial assets	-	5,000
Sale of investments	(10,000)	
Balance 30 June	-	10,000
Movements: <i>Share-based payments reserve</i>		
Balance 1 July	173,241	-
Share based payments recognised during the year	245,455	173,241
Balance 30 June	418,696	173,241

## Nature and purpose of reserves

### (i) Share-based payments reserve

The share based payments reserve is used to recognise the fair value of shares and options issued to employees but not exercised;

### (ii) Option reserve

The options reserve is used to recognise funds received for options issued to shareholders. The reserve is recognised in contributed equity when the options are exercised and converted to ordinary share capital.

### (iii) Available for sale financial assets

The reserve is used to recognise the change in the fair value of Available for Sale Financial Assets.

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## EXCELSIOR GOLD LIMITED

### NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE

No 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 2015.

### NOTE 9: COMMITMENTS

#### Lease commitments

Rental expenditure commitments for the ensuing years:

	Consolidated Entity	
	Dec 2015	Dec 2014
	\$	\$
Within one year	78,000	95,520
Later than one year but less than five years	19,500	23,880
Later than five years	-	-

### NOTE 10: CONTINGENCIES

At the time of writing this report, there are no changes to contingencies reported in the Group's 30 June 2015 annual report.

### NOTE 11: SHARE BASED PAYMENT TRANSACTIONS

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.

In addition incentive shares have been issued to Directors of the Company on terms consistent with the Plan but outside of that Plan.

#### (a) Shares

Shares issued under the Plan and the incentive shares were issued at fair value as at the share price prevailing on the grant date. The shares issued were:

#### Dec 2015

Grant date	Share price	Balance at start of the year	Granted during the year	Cancelled during the year	Vested during the year	Balance at the end of the year
		Number	Number	Number	Number	Number
24/12/14	\$0.05	26,500,000	-	-	-	26,500,000



# EXCELSIOR GOLD LIMITED

## NOTE 11: SHARE BASED PAYMENT TRANSACTIONS (Continued)

### June 2015

Grant date	Share price	Balance at start of the year	Granted during the year	Cancelled during the year	Vested during the year	Balance at the end of the year
		Number	Number	Number	Number	Number
07/12/11	\$0.10	5,750,000	-	(5,750,000)	-	-
21/12/12	\$0.23	5,150,000	-	(5,150,000)	-	-
08/02/13	\$0.23	2,300,000	-	(2,300,000)	-	-
07/06/13	\$0.12	350,000	-	(350,000)	-	-
24/12/14	\$0.05	-	26,500,000	-	-	26,500,000

The shares were issued during the previous period were granted as follows:

2014	Grant Date	Number of shares issued	Value per share at grant date	Total Value Expensed 31 Dec 2015
Peter Bird	28/11/2014	2,500,000	0.04	23,156
David Hamlyn	28/11/2014	7,500,000	0.04	69,468
David Potter	28/11/2014	6,250,000	0.04	57,890
Nicholas Ong	28/11/2014	5,000,000	0.04	46,312
Other employees	28/11/2014	5,250,000	0.04	48,628

### (b) Options

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
			Number	Number	Number	Number	Number	Number
<b>Dec 2015</b>								
17/07/14	31/12/15	\$0.092	43,478,261	-	-	(43,478,261)	-	-
			43,478,261	-	-	(43,478,261)	-	-

Weighted average exercise price \$0.000

Weighted average contractual maturity of options 0.5 years

### June 2015

23/08/14	\$0.058	5,000,000	-	-	(5,000,000)	-	-
31/12/15	\$0.092	-	43,478,261	-	-	43,478,261	43,478,261
		5,000,000	43,478,261	-	(5,000,000)	43,478,261	43,478,261

Weighted average exercise price \$0.000

Weighted average contractual maturity of options 0.5 years

## EXCELSIOR GOLD LIMITED

### NOTE 11: SHARE BASED PAYMENT TRANSACTIONS (Continued)

#### Fair Value of share options and assumptions

##### **Dec 2015**

43,478,261 9.2c options expired on 31 December 2015.

##### **June 2015**

43,478,261 9.2c options expiring on 31 December 2015 were granted during 2015. 5,000,000 5.8c options expired on 23 August 2014.

#### **(c) Expenses arising from share-based payment transactions**

Shares issued to Directors and employees resulted in \$245,455 being expensed to the statement of profit or loss and other comprehensive income in the current period (2014 \$1,186,046).

The shares were issued pursuant to the Company's Employee Share Plan or on terms and conditions consistent with that Plan. These shares have performance hurdles imposed on them constituting a "real risk of forfeiture" to incentivise Directors and employees to further the Group's objectives. The trading restriction will be lifted subject to the achievement of certain Restriction Conditions.

Milestones for the release of these conditions on shares issued during the current period are:

Number of shares	Milestone
5,300,000	Upon delivery of first ore under the Paddington production scenario (this milestone was reached on 30 December 2015);
5,300,000	Upon the production of 40,000 ounces of gold from ore derived from the Kalgoorlie North Gold Project
5,300,000	Upon the production of 80,000 ounces of gold from ore derived from the Kalgoorlie North Gold Project
5,300,000	Upon the delineation of at least 2 million ounces of gold resources on a cumulative basis and reported consistent with the 2012 JORC Code at Kalgoorlie North Gold Project; and
5,300,000	Upon the third anniversary of the issue of the Incentive Shares and the holder remains an employee or director of the Company.
26,500,000	

##### **2015:**

26,500,000 shares were issued during the prior period and changes in probabilities resulted in \$245,455 being expensed to the Statement of Profit or Loss and other Comprehensive Income.

### NOTE 12: DIVIDENDS

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

# EXCELSIOR GOLD LIMITED

## NOTE 13: SEGMENT INFORMATION

Management has determined that the Group has one reportable segments, being Gold exploration in Western Australia.

GPM Resources Pty Ltd was incorporated during the period ended 30 June 2011 and acquired interests in Western Australian Gold projects. As the Group is focused on mineral exploration, the Board monitors the Group based on actual versus budgeted exploration expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

<b>2015</b>	<b>Western Australia</b>	<b>Corporate</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue from external sources	1,785,463	-	1,785,463
Reportable segment revenue	-	146,288	146,288
Reportable segment assets	11,371,988	5,369,918	16,741,906
Reportable segment liabilities	(12,514,056)	(1,662,487)	(14,176,543)

### Reconciliation of reportable segment loss

#### Reportable segment profit / (loss)

Revenue	1,785,463	-	1,785,463
Other income	3,360,900	146,288	3,507,188
Exploration expenditure	(1,177,858)	-	(1,177,858)
Site costs	(3,954,213)	-	(3,954,213)
Depreciation expense	-	(17,292)	(17,292)
Share based payments	-	(245,455)	(245,455)
Employee benefits	-	(438,196)	(438,196)
Fair value change in derivatives	-	644,336	644,336
Other expenses	-	(1,423,708)	(1,423,708)
Loss before tax	14,292	(1,334,027)	(1,319,735)

<b>June 2015</b>	<b>Western Australia</b>	<b>Corporate</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Reportable segment assets	8,750,000	4,176,773	12,926,773
Reportable segment liabilities	(8,860,377)	(4,618,144)	(13,478,521)

# EXCELSIOR GOLD LIMITED

## NOTE 13: SEGMENT INFORMATION (Continued)

December 2014	Western Australia	Corporate	Total
	\$	\$	\$
Revenue from external sources	-	-	-
Reportable segment revenue	-	285,894	285,894
Reportable segment assets	-	2,965,409	2,965,409
Reportable segment liabilities	(62,382)	(2,382,391)	(2,444,773)
Reconciliation of reportable segment loss			
Other income	-	285,894	285,894
Depreciation expense	-	(18,396)	(18,396)
Exploration expenditure	(1,944,169)	-	(1,944,169)
Share based payments	-	(1,186,046)	(1,186,046)
Finance costs	-	(145,594)	(145,594)
Employee benefits	-	(469,651)	(469,651)
Other expenses	-	(450,020)	(450,020)
Loss before tax	(1,944,169)	(1,983,813)	(3,927,982)

### Other Segment Information

	Dec 2015	Dec 2014 (restated)
	\$	\$
Total segment revenue	37,850	40,900
Interest Income	-	244,994
Profit on sale of investments	108,438	-
R & D tax refund	3,360,900	-
Sale of gold call options	3,507,188	285,894
<b>Total revenue from other income (note 2)</b>	<b>3,507,188</b>	<b>285,894</b>

	Dec 2015	June 2015 (restated)
	\$	\$
<b>Segment assets</b>	<b>11,371,988</b>	<b>8,750,000</b>
Unallocated:		
Cash and cash equivalents	4,315,732	3,757,336
Trade and other receivables	191,070	123,366
Property plant & equipment	146,326	163,617
Other financial assets	72,454	72,454
Derivatives	644,336	-
Available for sale financial assets	-	60,000
<b>Total assets as per the statement of financial position</b>	<b>16,741,906</b>	<b>12,926,773</b>

### Segment Liabilities

	Dec 2015	June 2015 (restated)
	\$	\$
Unallocated:		
Trade and other payables	341,481	580,399
Borrowings	1,321,006	4,037,745
<b>Total liabilities as per the statement of financial position</b>	<b>14,176,543</b>	<b>13,478,521</b>

## EXCELSIOR GOLD LIMITED

### NOTE 14: FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) Inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the group's assets measured and recognised at fair value at 31 December 2015:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
Derivative instruments				
Commodity hedging contracts	-	644,336	-	644,336
Available-for-sale financial assets				
Equity Securities	-	-	-	-
	-	644,336	-	644,336

The following table presents the group's assets measured and recognised at fair value at 30 June 2015:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Assets</b>				
Available-for-sale financial assets				
Equity Securities	60,000	-	-	60,000
	60,000	-	-	60,000

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2015 and did not transfer any fair value amounts between the fair value hierarchy levels during the year ended 31 December 2015.

#### Valuation techniques used to determine level 1 fair values

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1 and there were no transfers between levels during the year.

## EXCELSIOR GOLD LIMITED

### NOTE 14: FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

#### Valuation techniques used to determine level 2 and level 3 fair values

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of commodity and forward foreign exchange contracts is determined using forward commodity and exchange rates at the reporting date .
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities which are included in level 3.

#### HEDGING

The group has exposure to gold commodity prices. To manage any adverse impact of movements in commodity prices, management determined it may be appropriate to protect predicted financial outcomes by hedging the price of gold on gold bullion sales. The gain or loss from remeasuring the hedging instruments is recognised through profit or loss.

	Dec 2015 \$	June 2015 \$
<b>Current assets</b>		
Commodity hedging contracts – held for trading	2,066,442	-
	2,066,442	-
<b>Non-current liabilities</b>		
Commodity hedging contracts – held for trading	1,422,106	-
	1,422,106	-

# EXCELSIOR GOLD LIMITED

## NOTE 15: BORROWINGS

	Dec 2015	June 2015
	\$	\$
Convertible loan facility	-	4,037,745
Short term liabilities	750,000	-
	<u>750,000</u>	<u>4,037,745</u>
Long term liabilities	571,006	-
	<u>571,006</u>	<u>-</u>
Total borrowings	1,321,006	4,037,745
	<u>1,321,006</u>	<u>4,037,745</u>

First repayment of the Macquarie loan is on 31 December 2016 for \$750,000 with the remaining payable by 31 March 2017.

### Convertible Loan Facility

During the period, the Convertible loan facility was repaid.

	Dec 2015	June 2015
	\$	\$
Convertible loan liability – face value	-	4,000,000
Other equity securities – value of conversion rights	-	(23,572)
Liability component at beginning of period/date of issue	4,037,745	3,976,428
Borrowing costs	724,285	373,515
Interest and finance charges paid	(763,559)	(312,198)
Repayments	(3,998,471)	-
Balance at the end of the period	<u>-</u>	<u>4,037,745</u>

The initial fair value of the liability portion was determined as the proceeds less the value of the conversion rights. The value of conversion rights is recognised in shareholder's equity and not subsequently remeasured.

### Borrowings

Liability component at date of issue	1,208,506	-
Borrowing costs	128,424	-
Interest expense paid	(15,924)	-
Balance at the end of the period	<u>1,321,006</u>	<u>-</u>

## EXCELSIOR GOLD LIMITED

### NOTE 16: RELATED PARTY TRANSACTIONS

#### *Share holdings*

Refer to Note 11 for further details regarding related party shares.

#### *Options*

No options were granted to Directors, key management personal or to employees during the year (2014: Nil).

There were no other related party transactions during the period, other than those already disclosed in the 30 June 2015 financial statements.

### NOTE 17: DERIVATIVES

	Dec 2015	June 2015
	\$	\$
Gold price hedging	644,336	-
Total derivatives	<u>644,336</u>	<u>-</u>



## EXCELSIOR GOLD LIMITED

### DECLARATION BY DIRECTORS

The Directors of the Group declare that:

1. The interim financial statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001 and:

- (a) comply with AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half year ended on that date.

2. In the directors' opinion, there are reasonable grounds to believe that Excelsior Gold Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Dated this 15<sup>th</sup> day of March, 2016.



**Chen Chik (Nicholas) Ong**  
Director

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Excelsior Gold Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Excelsior Gold Limited, which comprises the consolidated statement of financial position as at 31 December 2015, 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 ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### 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 consolidated entity's financial position as at 31 December 2015 and its 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 Excelsior Gold Limited, 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 Excelsior Gold Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



## Conclusion

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 Excelsior Gold Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

**BDO Audit (WA) Pty Ltd**

A handwritten signature in blue ink, appearing to read 'Ian Skelton', is written over a faint, blue, stylized 'BDO' logo.

**Ian Skelton**

**Director**

Perth, 15 March 2016