



18 March 2016

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



COMMENCEMENT OF DRILLING AT ZOROASTRIAN

- Initial three hole drilling program aimed to target the extension of historical high grade gold mineralisation in the original underground workings
 - Historical mining recorded highest assay of 2,551g/t Au (82oz/tonne)
 - Average mineralisation width of 0.6 metre with drive samples grade averaging:
 - 1 Level 134 metres @ 15.4g/t Au
 - 2 Level 162 metres @ 50.4g/t Au
 - 3 Level 88 metres @ 23.6g/t Au
 - 4 Level 62 metres @ 8g/t Au
 - Drilling funded by cash flow from open pit mining operations
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Excelsior Gold Limited ("Excelsior Gold" or the "Company") is pleased to advise that through the success of the current open pit mining operations, it is able to fund an exploration drilling program at Zoroastrian.

Excelsior Gold will commence a three hole initial reverse circulation ("RC") drilling program tomorrow at the northern end of the Zoroastrian Extended pit. The drilling is designed to test for depth and strike extensions to the high grade gold mineralisation mined in the original Zoroastrian underground workings in the early 1900s.

Zoroastrian History

The historic Zoroastrian underground mine was developed to a vertical depth of 100 metres (1900 – 1910) and produced approximately 56,000 ounces (560 ounces per vertical metre) of gold. The underground mine was focussed on a persistent narrow (0.3 to 2 metre, average 0.6 metre wide) quartz vein called the Main Lode within the Zoroastrian Dolerite.

Historical mining reports describe the vein as extremely rich containing patches of "specimen gold" with the highest recorded assay of **2,551g/t Au (82oz/tonne)**. Historical drilling at the northern end of the pit returned assay grades of **8,522g/t Au (274oz/tonne) over 2 metres**

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downhole and 560g/t Au (18oz/tonne) over 3 metres downhole. These world-class results appear to be related to where the Main Lode intersects a major structure (the “Zoro Fault”) at the northern end of the workings.

Excelsior Gold has recently conducted a detailed program assessing the historic underground sampling data to facilitate three dimensional modelling of the high grade zones. Through this program the Company has discovered the historical records include average drive sample intervals of:

- **1 Level 134 metres @ 15.4g/t Au**
- **2 Level 162 metres @ 50.4g/t Au**
- **3 Level 88 metres @ 23.6g/t Au**
- **4 Level 62 metres @ 8.0g/t Au**

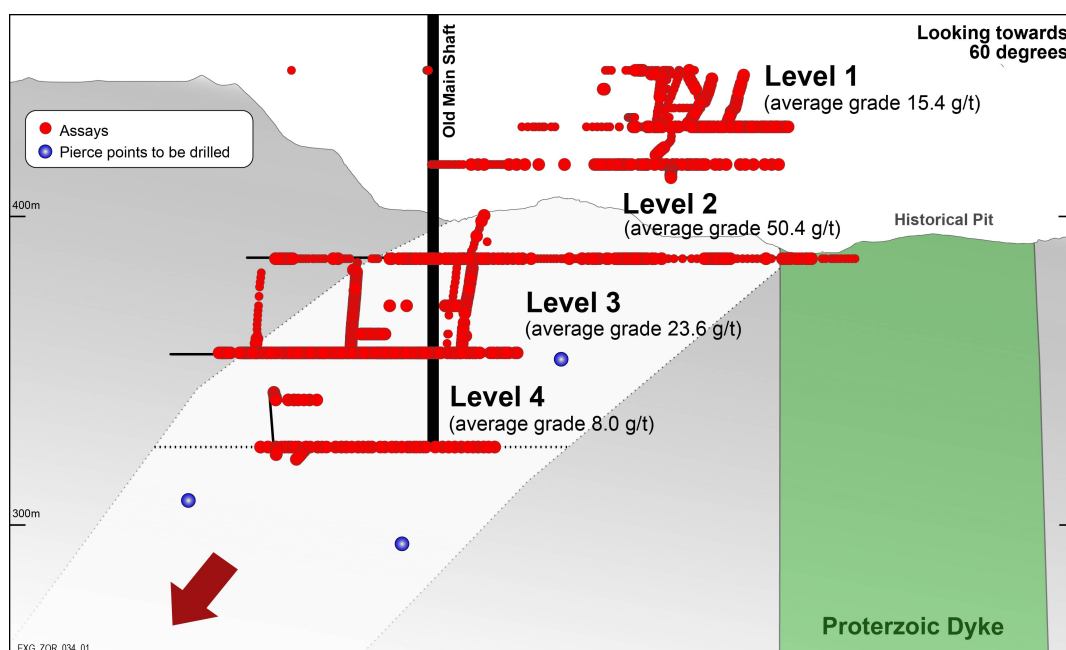


Figure 1: Long section showing historical underground workings and proposed drilling

Modelling of the workings and the drive channel sampling demonstrate apparent trends of very high grade gold mineralisation at the northern end of the Main Lode as it approached the Zoro Fault to the south as it comes near the Proterzoic dyke.

The current evidence suggests that the 4 Level was not driven far enough south or north to effectively test the width extension of the mineralisation of the very high grade portion of the vein. Two drill holes are designed to test the plunge immediately below 4 Level.

The current three hole drilling program will test these very high grade gold trends and allow the Company to understand the Main Lode gold distribution and develop further drill planning and underground mine feasibility studies.

The drilling program will be completed by the end of March with results available for further drill planning in April 2016.

For further information visit www.excelsiorgold.com.au or contact

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Competent Person Statements – 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 which they are 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.

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