**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 110km$^2$ 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 **23.93 million tonnes** at **1.74g/t Au** for **1,338,400 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 **3.21 million tonnes @ 2.72g/t Au for 281,800 ounces** of gold.

www.excelsiorgold.com.au

**ASX Code: EXG**

# Quarterly Activities Report
# Period Ending 30 June 2016

## Key Points

- **Mining progressing in the Zoroastrian Central open pit to provide improved ore production**
- **Ore treated during the Quarter was 101,735 dry tonnes at 1.45g/t Au for provisional gold recovery of 4,295 ounces**
- **$2.89 million received in first tranche payments and $2.03 million in final second tranche payments to bring total payments received to date to $14.8 million**
- **Resource definition drilling within Zoroastrian Central Pit confirms strong gold mineralisation at depth**
  - **8 metres @ 4.80g/t Au from 70 metres vertical depth**
  - **8 metres @ 12.18g/t Au from 86 metres vertical depth**
- **Highly experienced mining executive, Mr Jimmy Lee, appointed non-executive director**
- **Cash at the end of quarter of $1.97 million**
- **Partially underwritten 1 for 6 Rights Issue launched to raise $4.84 million before costs**

## The Kalgoorlie North Gold Project *(EXG 100%)*

***ACTIVITIES***

Mining at the Kalgoorlie North Gold Project ("KNGP" or the "Project") was conducted in two open pits in the Zoroastrian area during the Quarter.

Waste removal continued in the Zoroastrian Central pit and ore production commenced from the upper levels of the pit in April 2016. Mining was also carried out in the Zoroastrian Extended Pit. A total of 1,375,625 BCM of waste and 55,619 BCM of ore were mined.

Ore delivered to Norton Gold Fields Limited's ("Norton") Paddington Mill totalled approximately 101,735 dry tonnes at an average mined grade of 1.45g/t Au for a provisional 4,295 ounces of gold.

Ore production was below forecast of 7,963 ounces from 144,922 dry tonnes @ 1.86g/t Au of ore due to changes in the mining schedule following refinement and

staging of the Zoroastrian Central Pit design *(ASX announcement 18 May 2016)* and lower than forecast ore production from the upper levels of the Central pit (*ASX announcement 12 July 2016*). The revised mining schedule focussed on development of the Central Pit and postponement of mining of the small Pipeline South Pit.

The Company received initial first tranche payments totalling A$2.89 million. Agreement was also reached with Norton on suitable grade determination procedures to resolve long standing delays in finalising ore batch payments.

The resolution of the sampling issues facilitated finalisation of second tranche payments for the 12 batches of ore delivered to the Paddington Mill in the December 2015 and March 2016 quarters which totaled 128,873 tonnes grading 1.90g/t Au for 7,671 recovered ounces. Second tranche payments of $2.03 million after deduction of treatment and haulage costs were received in June *(ASX announcement 23 June 2016)*.

A further provisional revenue of A$4.25 million is owing as second tranche payments from the total of the ore batches delivered and processed during the June Quarter. Once final grade and recovery are determined, the provisional revenue will offset against processing and haulage cost of those ore batches and the net amount payable to the Company.

**PRODUCTION SUMMARY**

Ore production commenced from the Zoroastrian Central pit in early April and the haulage of the first batch of ore to the Paddington Mill commenced on 15 April 2016.

| Mine Production | Units | March 2016 Quarter[1] | June 2016 Quarter[2] | | | FY 2016 Year to Date[3] |
|---|---|---|---|---|---|---|
| Open Pit | | TOTAL PITS | CENTRAL | EXTENDED | TOTAL | TOTAL PITS |
| Waste mined | *BCM* | 941,162 | 1,341,137 | 43,489 | 1,375,625 | 2,499,266 |
| Ore mined | *t* | 110,615 | 102,740 | 10,780 | 113,520 | 251,576 |
| Grade | *g/t Au* | 2.23 | 1.40 | 2.45 | 1.51 | 1.85 |
| Contained gold | *ozs* | 7,918 | 4,613 | 849 | 5,462 | 14,952 |
| Strip ratio | *W/O* | 18.5 | 26.5 | 6.8 | 24.7 | 20.6 |
| Tonnes milled | *dt* | 104,661 | 91,513 | 10,222 | 101,735 | 230,608 |
| Milled grade | *g/t Au* | 2.02 | 1.33 | 2.54 | 1.45 | 1.70 |
| Mill recovery | *%* | 96.86 | 89.78 | 92.95 | 90.35 | 94.52 |
| Recovered ounces | *ozs Au* | 6,645 | 3,519 | 768 | 4,295 | 11,966 |
| Gold sale price | *A$/oz* | $1,655.74 | $1710.17 | $1,647.01 | $1,698.78 | $1,655.42 |

[1] *adjusted for final gold recovery sampling* [2] *includes provisional gold recovery data* [3] *includes provisional and final data*

***Table 1: Production Summary***

The Company bought back 5,327 ounces of the June 2016 quarter A$1,570 per ounce forwards hedging position at A$1,685 per ounce. During the quarter, C1 cost was $1,530; C2 cost was $1,571; and C3 cost was $1,823 for the 4,295 ounces produced from the Zoroastrian Extended and Central pits. The high costs reflect the scheduled high strip ratio with 24.7BCM of waste to each BCM of ore mined during the Quarter, and were impacted by the lower gold grades in the upper levels of the Central Pit. The capitalised waste removal and associated costs is approximately $3.49 million.

Production forecast for the September Quarter is 140,000 to 155,000 tonnes grading 1.45g/t Au for 6,500 to 7,230 ounces. This production forecast reflects ongoing mining of the lower grade upper levels at the northern end of the Zoroastrian Central Pit and stripping back of the western wall to access improved grades and the more robust ore zones below the 400mRL. The September Quarter mining program sets the pit up for stronger ore production in the December Quarter onwards coupled with reduced mining costs as the mining fleet is reduced to a single excavator fleet in November due to lower waste volumes. While the pit stripping ratio is high in the September Quarter there is a significant reduction scheduled in the December Quarter resulting in higher gold production, cost reductions and improved cash flow from the operations.

| Mine Production | Units | September Quarter 2016 Forecast | December Quarter 2016 Forecast |
|---|---|---|---|
| Open Pit | | **CENTRAL** | **CENTRAL** |
| Waste mined | *BCM* | 1,438,000 | 1,002,000 |
| Ore mined | *t* | up to 155,000 | up to 248,000 |
| Grade | *g/t Au* | 1.45 | 2.00 |
| Contained gold | *ozs* | up to 7,200 | up to 14,800 |
| Strip ratio | *W/O* | 25.4 | 9.2 |
| Tonnes milled | *dt* | up to 155,000 | up to 248,000 |
| Milled grade | *g/t Au* | 1.45 | 2.00 |
| Mill recovery | *%* | 92 | 92 |
| Recovered ounces | *ozs Au* | up to 7,100 | up to 13,600 |

***Table 2: Production Forecast Summary***

The projected increased gold production also affords greater exposure to higher spot gold prices as ounces hedged at A$1,570 per ounce during for September and December 2016 quarter of 4,326 and 4,873 ounces respectively represent only 44% of the average forecast production.

## MINING

*Zoroastrian Extended Pit*

The Zoroastrian Extended pit involves deepening of the pre-existing Zoroastrian Pit mined by Aberfoyle Gold Pty Ltd in the early 1990s. The Main Lode and Bluey's Lode structures are exposed in the base of the current pit providing potential access to approximately 15,300 tonnes @ 3.74g/t Au of narrow high grade vein mineralisation.

Mining commenced in the first week of April and the initial 10 metres of the pit were mined for an estimated 10,222 tonnes at a mine claimed grade of 2.54g/t Au. Mining practices have been refined to reduce excessive ore dilution resulted from blasting in the semi-oxidised to fresh dolerite and mining of the remaining 10 metres within the pit has been deferred until grade reconciliation results are available from the mill sampling procedure. Initial sample results from the mill indicate higher grades which are potentially more in line with the original modelled grade.

*Zoroastrian Central Pit*

Mining commenced in the Zoroastrian Central open pit in February 2016 and to the end of June, the pit has been deepened to 20 to 30 metres below surface. Mineralisation in the upper oxidised profile is typically more sporadic and generally lower grade compared to more consistent, less oxidised ore zones which extend below a vertical depth of approximately 30 metres.

Overall ore production from the upper levels of the pit has been below expectations *(ASX announcement 4 July 2016*). The top 30 to 35 metres of the Central Pit contains approximately 10% of the mineralisation and while poor reconciliations have been observed in these levels, the disparity between mine production and resource model predictions is expected to decline progressively with depth as the pit advances towards the lower levels of the oxidation profile where the ore zones are considered to be more uniform.

A review of the reconciliation estimates and the Company's internal audit procedures was completed and corrected reconciliation estimates demonstrate that mine production of 98,600 tonnes @ 1.45g/t Au for 4,592 contained ounces was below the diluted resource model production estimate of 198,600 tonnes @ 1.49g/t Au for 9,490 ounces.

The discrepancy between the mine production and resource definition model forecast tonnages is attributable to poor ore definition in the top of the oxidised profile resulting in assignment of lower confidence zones of mineralisation to low grade and mineralised waste stocks and disruption in the continuity of the ore zones by cross cutting fault structures. In general ore zones mined in the upper levels of the pit have been narrower and less continuous than originally modelled from the resource definition drilling.

Grade control drilling results reported *(ASX announcements 21 June and 4 July 2016)* from the Birthday Dream area in the southern section of the pit, where mining activity was concentrated during the Quarter and where ore losses were recorded, support improving ore definition below the 400mRL (37 metres below surface). The Birthday Dream Lode structure is one of four prominent steep west dipping lode structures mined in the Zoroastrian Central Pit and the drilling from the 420mRL and the 410mRL identified broader zones of gold mineralisation below the 400mRL than previously interpreted (refer Figure 1). Results from the Birthday Dream grade control drilling included:

34 metres @ 3.63g/t Au from 405mRL (ZORGC0963)
25 metres @ 2.45g/t Au from 397mRL (ZORGC0964)
27 metres @ 1.64g/t Au from 415mRL (ZORGC0967)
33 metres @ 2.40g/t Au from 417mRL (ZORGC0968)
28 metres @ 3.07g/t Au from 417mRL (ZORGC0969)
19 metres @ 1.97g/t Au from 411mRL (ZORGC0978)
11metres @ 4.06g/t Au from 405mRL (ZORGC0980)
8 metres @ 3.74g/t Au from 368mRL (ZORGC1352)
9 metres @ 5.29g/t Au from 395mRL (ZORGC1362)
10 metres @ 4.38g/t Au from 390mRL (ZORGC1363)
33 metres @ 3.26g/t Au from 406mRL (ZORGC1388)
12 metres @ 9.98g/t Au from 404mRL (ZORGC1392)

The stronger than expected gold mineralisation is related to a broad stockwork, hosting both flat and vertically orientated quartz veins at the intersection of two controlling fault structures. Initial modelling suggests the orebody is steeply dipping and plunging shallowly to the north with dimensions two to three times the original model within this area.

Independent consultants, Cube Consulting, were commissioned by the Company to review and recommend improvement in the grade control and site procedures and resource modelling practices. Many of recommendations from this review have already been implemented and Cube has been engaged to conduct new resource modelling on the Zoroastrian deposit to confirm mineral resource estimates based on the more comprehensive data set now available from recent mining and grade control drilling. This new resource model is expected to be completed by mid-August and will be utilised to refine the open pit design and the production forecasts.

In addition to the extensive grade control drilling being undertaken in the pit, specific targeted reverse circulation drilling has been completed to test deeper sections of the large mineralised structure to confirm widths and grades of the mineralisation to complement Cube's resources modelling. Three reverse circulation holes for 296 metres of drilling were completed to test sections of the Royal Mint Lode structure. Drilling results are summarised in Table 3 and Figures 1 and 2 included: -

8 metres @ 4.80g/t Au from 365mRL (KNC160004)
1 metre @ 3.55g/t Au from 375mRL and 2 metres @ 1.63g/t Au from 371mRL (KNC160005)
8 metres @ 12.18g/t Au from 349mRL (KNC160006)

| *HOLE NUMBER* | EAST *MGA94 Z51* | NORTH *MGA94 Z51* | *AHD RL (m)* | *FINAL DEPTH (m)* | *COLLAR DIP* | *COLLAR AZIM* | *FROM (m)* | *TO (m)* | *LENGTH (m)* | *GRADE (g/t Au)* |
|---|---|---|---|---|---|---|---|---|---|---|
| **KNC160004** | 335130 | 6642462 | 420 | 94 | -60 | 089 | 63 | 71 | **8** | **4.80** |
| | | | | | | | 83 | 85 | 2 | 2.02 |
| **KNC160005** | 335130 | 6642489 | 420 | 78 | -50 | 081 | 58 | 59 | 1 | 1.40 |
| | | | | | | | 63 | 64 | 1 | 3.55 |
| | | | | | | | 69 | 71 | 2 | 1.63 |
| **KNC160006** | 335111 | 6642486 | 420 | 124 | -60 | 083 | 60 | 63 | 3 | 0.93 |
| | | | | | | | 75 | 79 | 4 | 2.03 |
| | | | | | | | 83 | 91 | **8** | **12.18** |
| | | | | | | *incl* | *85* | *88* | ***3*** | ***29.90*** |

***Table 3: Royal Mint Lode Resource Definition Drilling Results Summary***

The Royal Mint Lode is one of the several major north-south trending mineralised zones of the Zoroastrian mineralised system and is located in the eastern side of the Zoroastrian Central Pit (refer Figure 2). The sub-vertical shear surfaces at the southern end of Central Pit, dips at 70 degrees to the west and has a gentle, 30-40 degree plunge to the north with several higher grade shoot positions along its 500 metre length.

The intersections retuned from the resource definition drill were consistent with the three to eight metre true width and grades of the higher grade shoot targeted (refer Figure 3).

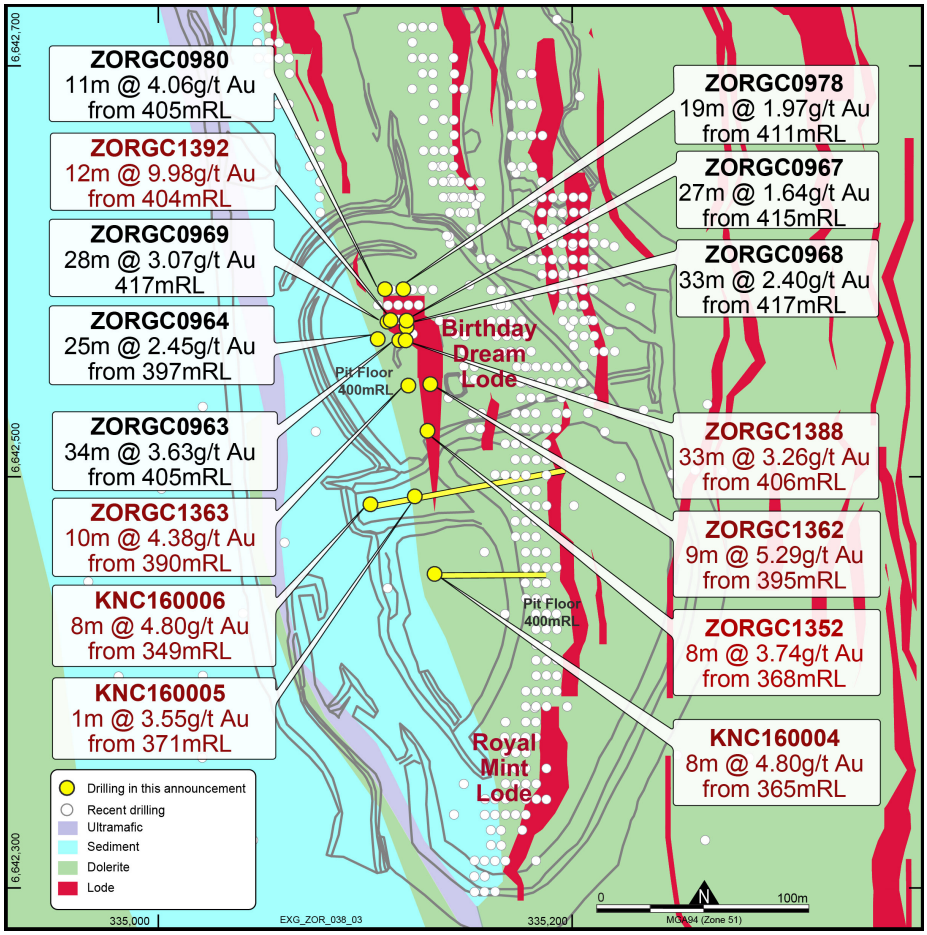


***Figure 1: Zoroastrian Central Pit Plan (southern end)***

*showing geology, open pit outlines, lode structures at 420mRL and recent grade control and resource definition drilling results*

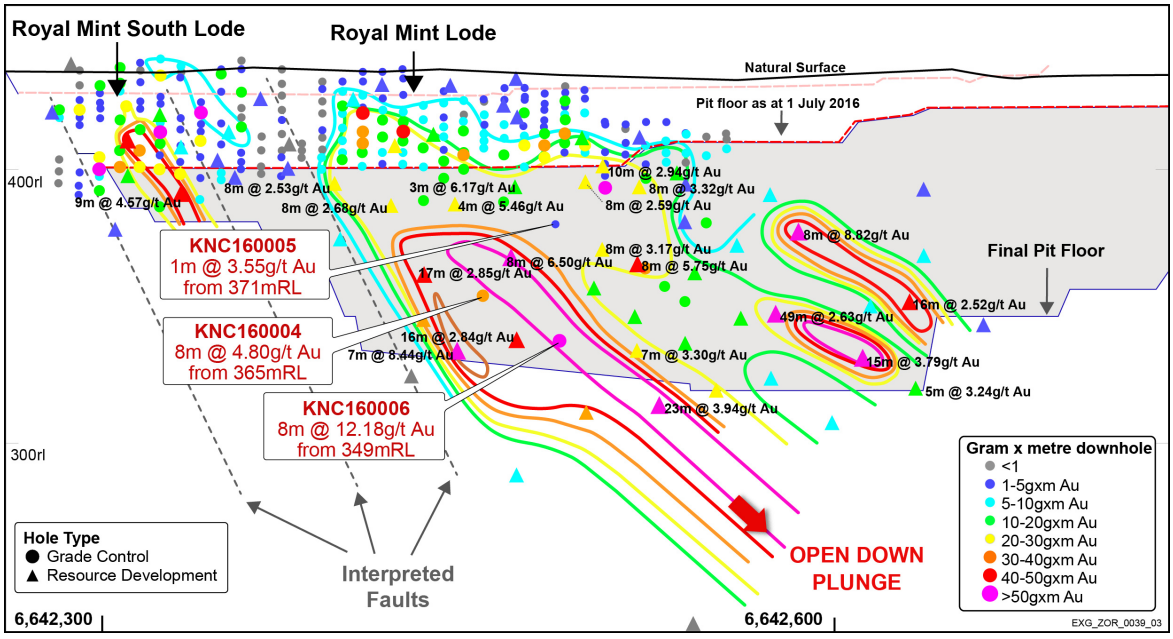


***Figure 2: Zoroastrian Central Pit Long Section***

*showing Royal Mint resource grade contours and recent resource definition drilling results*

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**CORPORATE**

**Project Funding**

Excelsior Gold entered into binding funding agreements on 17 June 2016 with ASX listed GWR Group Limited ("GWR"), and existing shareholder group Farrah Property Securities Pty Ltd ("Farrah") to provide financing to advance the Company's mining and exploration activities (*ASX announcement 20 June 2016*).

The agreements provided immediate funds to the Company of $2.75 million and a commitment for partial underwriting of a non-renounceable 1 for 6 rights issue ("Rights Issue") to raise up to an additional $4.8 million.

Under the terms of the agreements, GWR has provided funding of $2.25 million consisting of a $1.59 million Loan and $0.66 million of Convertible Notes and Farrah has provided funding of $0.5 million of Convertible Notes. On completing due diligence by 1 July 2016, and subsequently extended to 7 July 2016, GWR had the right to subscribe for approximately 27.8 million Shares in full satisfaction of the GWR Loan and at the same time convert the GWR Convertible Notes to Shares.

As part of the transaction, GWR Director and highly credentialed mining executive, Mr Jimmy Lee, was appointed a Non-Executive Director of Excelsior Gold. Mr Lee is a qualified mining engineer with over 30 years' experience with a number of major Australian mining companies and has a successful track record with contract negotiations and company investment strategies. Mr Lee's appointment is consistent with Excelsior Gold's corporate strategy of ensuring appropriate and complementary skills are added to the organisation as it transitions from explorer to developer and mine operator.

GWR elected not to convert the GWR Loan and GWR Convertible Notes (*ASX announcement 12 July 2016*) and the opportunity to take up additional financing rights that could have provided GWR with a substantial cornerstone interest in Excelsior Gold. Its interest in Excelsior Gold will remain the GWR Loan (repayment on 21 June 2017) and GWR Convertible Notes (which at GWR's election convert to Excelsior Gold shares at $0.0387 and mature on 21 June 2017).

In response to GWR's decision not to take up their full financing rights, Excelsior Gold agreed to convert Farrah's existing Convertible Loan to 10 million Shares and with 10 million Attaching Options and to issue a further 4,000,000 Shares at $0.05 per share and 4,000,000 Attaching Options to Farrah. As a result Farrah's initial investment will increase to $0.7 million. In additional and as previously announced, Farrah has agreed to underwrite 40 million Shares (or $2 million) under the Rights Issue. The Company welcomes the continued support of Farrah and GWR which has provided immediate access to working capital to progress mine development at Zoroastrian and to advance exploration drilling on the Zoroastrian mineral system and in new resource areas.

**Rights Issue**

On 13 July 2016, the Company announced a non-renounceable pro rata offer to shareholders with a registered address in Australia or New Zealand ("Eligible Shareholders") of 1 new share for every 6 existing shares held at the Record Date (19 July 2016) at an issue price of $0.05 per share ("Offer"). A prospectus for the Offer has been lodged with ASIC and announced to ASX on 13 July 2016.

The Offer will raise up to approximately $4.84 million before issue costs and is partially underwritten by Farrah for $2.00 million. Farrah has also agreed to take up a minimum of $200,000 through its entitlement under the Offer. The Company is also reviewing interest from other parties to potentially underwrite the remaining $2.84 million of the rights issue, which is not already underwritten.

Funds raised under the Offer will be used to advance mining and exploration activities at the Kalgoorlie North Gold Project and for general working capital.

Due to slower than anticipated mail deliveries, and at the request of shareholders, the Closing Date of the Rights Issue has been extended to Tuesday, 9 August 2016.

The Company expects the Offer to now be conducted in accordance with the following timetable:

| Event | Date[1] |
|---|---|
| Prospectus lodged with ASIC and ASX | 13 July 2016 |
| Ex Date – Shares trade ex Entitlement | 18 July 2016 |
| Record date to determine Entitlement (**Record Date**) | 19 July 2016 |
| Prospectus with Entitlement and Acceptance Form dispatched | 21 July 2016 |
| Offer opens for receipt of Applications | 21 July 2016 |
| Closing date for acceptances (**Closing Date**) | 9 August 2016 |
| Issue of new shares | 16 August 2016 |
| Normal trading of new shares expected to commence | 17 August 2016 |

The capital structure of the Company following the Offer, assuming full subscription:

| | |
|---|---|
| Shares currently on issue[1] | 581,266,648 |
| New shares offered under the Prospectus | 96,877,775 |
| Total shares following the Offer | 678,144,423 |

[1] *This includes 14 million shares to be issued to Farrah under a share issue announced to ASX on 12 July 2016.*

**Cash Reserves**

At the close of the Quarter the Company's consolidated cash reserves totalled $1.97 million with further payments scheduled for ore batches mined from the Zoroastrian Extended and Central open pits and proceed from the Rights Issue available in August 2016.

***PROJECT BACKGROUND***

The Kalgoorlie North Gold 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 commenced mining operations in November 2015 centred on the development of a series of open pit mines and potential underground operations below the Zoroastrian open pits.

Ore mined from the open pits is treated at the Paddington Mill, owned by Norton Gold Fields Limited located 20 kilometres south of the current mining operations. Under the Ore Treatment Agreement signed on 13 October 2015 *(ASX announcement 13 October 2015)* and subsequent modifying letter agreements *(ASX announcements 22, 30 and 31 December 2015, 3 February 2016 and 19 May 2016)* Norton has agreed to process an initial allocation of 2.9 million dry tonnes of ore at a minimum rate of 500,000 tonnes per annum and up to 750,000 tonnes in CY 2016. 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.

Excelsior Gold has been delivering ore batches to Norton's Paddington Mill since December 2015 under the long term Ore Treatment Agreement and receives a first tranche part payment for the provisional gold content of each batch of ore delivered upon completion of the haulage. A second tranche payment is payable once final gold grade and recovery data is received from the sampling and recoverable gold determination procedure which forms an integral part of the Ore Treatment Agreement. Under the current payment arrangements, haulage and treatment charges are deferred until the final recoverable gold content of each ore batch is determined and the charges are deducted from the second tranche payment.

Initial implementation of the sampling and recoverable gold determination procedures highlighted issues which contributed to inconsistencies in analytical results which severely impacted on both the delivery time of results and the ability of the companies to finalise the second tranche payments to Excelsior Gold.

In May the companies resolved the sampling issues *(ASX announcement 17 May 2016)* and implemented improvements to the sampling plant operation and the laboratory processes and metallurgical testing program to provide more consistent results and greatly improved turnaround times.

***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 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.*

# JORC Code, 2012 Edition – Table 1

## Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.) Information for historical (Pre Excelsior Gold from 1983 to 2008) drilling, sampling, mining and milling of the Zoroastrian deposit has been extensively viewed and validated where possible. Information pertaining to historical QAQC procedures and data is incomplete but of a sufficient quality and detail to allow drilling and assay data to be used for resource estimations. Further, Excelsior Gold has undertaken extensive infill and confirmation drilling which confirm historical drill results. Sections 1 and 2 describe the work undertaken by Excelsior and only refers to historical information where appropriate and/or available.

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***Sampling techniques*** | • *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* | • The Reverse Circulation (RC) was designed to infill in places existing drilling to nominal 40m x 20m grid spacing. The holes were drilled at variable azimuths at dips of -60 to -50 degrees to optimally test for potential mineralized zones. |
| | • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* | • All RC recovered samples were collected and passed through a cone splitter. Prior to drilling the drill hole locations were pegged using either contract surveyors or hand held GPS units. After drilling, all drill whole locations are picked up by surveyors using a RTK system. All drill holes greater than 80m drilled by EXG were down hole surveyed by contractors using industry standard digital tools. |
| | • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.* | • All RC drilling was sampled on one metre down hole intervals. The recovered samples were passed through a cone splitter and a nominal 2.5kg – 3.5kg sample was collected. Where the original 1m samples were not collected nominal 4m composite samples were in collected by spear sampling individual 1m composite samples.<br>• All samples were submitted taken to a Kalgoorlie contract laboratory.<br>• Samples were oven dried, reduced by riffle splitting to 3kg as required and pulverized in a single stage process to 85% passing 75 µm. The sample is then prepared by standard fire assay techniques with a 50g charge. Approximately 200g of pulp material is returned to Excelsior for storage and potential assay at a later date. |
| ***Drilling techniques*** | • *Drill type (e.g. core reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).* | • All assays reported in this report have come from drilling using a drilling contractor. The RC drilling system employed the use of a face sampling hammer and a nominal 146mm diameter drill bit. |
| ***Drill sample recovery*** | • *Method of recording and assessing core and chip sample recoveries and results assessed* | • All RC 1m samples are logged for drilling recovery by a visual estimate and this information is recorded and stored in the drilling database. At least every 10$^{th}$ metre is collected in a plastic bag and these are weighed when they are utilized for the collection of field duplicate samples. The weight of the sample in the plastic bag is recorded and the total sample recovery can be calculated. All samples received by the laboratory are weighed with the data collected and stored in the database. Sample loss or gain is reviewed on an ongoing basis and feedback given to the drillers to enable the best representative sample to always be obtained. |
| | • *Measures taken to maximise sample recovery* | • RC samples are visually logged for moisture content, sample |

| | | |
|---|---|---|
| | *and ensure representative nature of the samples* | recovery and contamination. This is information is stored in the database. The RC drill system utilizes a face sampling hammer which is industry best practice and the contractor aims to maximize recovery at all times. RC holes are drilled dry whenever practicable to maximize recovery of sample. |
| | • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.* | • Study of sample recovery vs gold grade does not show any bias towards differing sample recoveries or gold grade. The drilling contractor uses standard industry drilling techniques to ensure minimal loss of any size fraction. The sample recovery vs gold grade is assessed on an ongoing basis throughout the drilling program. |
| ***Logging*** | • *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* | • All RC samples are geologically logged. Specifically, each interval is visually inspected with a hand lens and the following parameters are recorded where observed: weathering, regolith, rock type, alteration, mineralization, shearing/foliation and any other features that are present. This information is transferred electronically from the geologist to the database. |
| | • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* | • Where required the logging records the abundance of specific minerals or the amount of alteration (including weathering) using defined ranges. |
| | • *The total length and percentage of the relevant intersections logged.* | • The entire lengths of RC holes are logged on a 1m interval basis, i.e. 100% of the drilling is logged, and where no sample is returned due to voids (or potentially lost sample) it is logged and recorded as such. |
| ***Sub-sampling techniques and sample preparation*** | • *If core, whether cut or sawn and whether quarter, half or all core taken.* | • not applicable |
| | • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* | • All RC samples are put through a cone splitter and the sample is collected in a unique pre-numbered calico sample bag. The moisture content of each sample is recorded in the database. The drilling method is designed to maximize sample recovery and representative splitting of samples. The drilling methods also maximize dry samples as they are designed to keep water out of the hole when possible. |
| | • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* | • The sample preparation technique for all samples follows industry best practice, by an accredited laboratory. The techniques and practices are appropriate for the type and style of mineralization. The RC samples are sorted, oven dried, the entire sample is pulverized in a one stage process to 85% passing 75 µm. The bulk pulverized sample is then bagged and approximately 200g extracted by spatula to a numbered paper bag that is used for the 50g fire assay charge. |
| | • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* | • RC samples submitted to the laboratory are sorted and reconciled against the submission documents. Excelsior inserts blanks and standards with blanks submitted in sample number sequence at 1 in 50 and standards submitted in sample number sequence at 1 in 20. The laboratory uses their own internal standards of 2 duplicates, 2 replicates, 2 standards, and 1 blank per 50 fire assays. The laboratory also uses barren flushes on the pulveriser. |
| | • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* | • In the field every 10$^{th}$ metre from the bulk sample port on the cone splitter is bagged and placed in order on the ground with other samples. This sample is then used for collection of field duplicates via riffle splitting. RC field duplicate samples are collected after results are received from the original sample assay. Generally, field duplicates are only collected where the original assay result is equal to or greater than 0.1g/t Au. The field duplicates are submitted to the laboratory for the standard assay process. The laboratory is blind to the original sample number. |
| | • *Whether sample sizes are appropriate to the grain size of the material being sampled.* | • The sample sizes are considered to be appropriate for the type, style, thickness and consistency of mineralization |

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| | | located at this project. The sample size is also appropriate for the sampling methodology employed and the gold grade ranges returned. |
| ***Quality of assay data and laboratory tests*** | • *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* | • The assay method is designed to measure total gold in the sample. The laboratory procedures are appropriate for the testing of gold at this project given its mineralization style. The technique involves using a 40g sample charge with a lead flux which is decomposed in a furnace with the prill being totally digested by 2 acids (HCl and HNO3) before measurement of the gold content by an AA machine. |
| | • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* | • Not used for reporting or interpretation of gold mineralization. |
| | • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.* | • The QC procedures are industry best practice. The laboratory is accredited and uses its own certified reference material. The laboratory has 2 duplicates, 2 replicates, 1 standard and 1 blank per 50 fire assays. At the same time Excelsior submits blanks at the rate of 1 in 50 samples and certified reference material standards at the rate of 1 in 20 samples in the normal run of sample submission numbers. As part of normal procedures Excelsior examines all standards and blanks to ensure that they are within tolerances. Additionally, sample size, grind size and field duplicates are examined to ensure no bias to gold grade exists. |
| ***Verification of sampling and assaying*** | • *The verification of significant intersections by either independent or alternative company personnel.* | • Exploration Manager Bradley Toms has inspected the RC chips in the field to verify the correlation of mineralized zones between assay results and lithology/alteration/mineralization. |
| | • *The use of twinned holes.* | • A number of RC holes have been drilled throughout the deposit to twin historical RC holes. These twinned holes returned results comparable to the original holes and were also used to collect geological information and material for metallurgical assessment. Both historical and new diamond drilling has been drilled to confirm geological interpretation and results obtained from RC drill holes. |
| | • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* | • Primary data is sent digitally every 2-3 days from the field to Excelsior's Database Administrator (DBA). The DBA imports the data into the commercially available and industry accepted DataShed database software. Assay results are merged when received electronically from the laboratory. The responsible geologist reviews the data in the database to ensure that it is correct and has merged properly and that all data has been received and entered. Any variations that are required are recorded permanently in the database. |
| | • *Discuss any adjustment to assay data.* | • No adjustments or calibrations were made to any assay data used in this report. |
| ***Location of data points*** | • *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation* | • All drill holes have their collar location recorded from a hand held GPS unit. Holes that may be in a future resource estimate area have their collar position picked up by licensed contract surveyors using a RTK system. Downhole surveys are completed every 30m downhole. |
| | • *Specification of the grid system used* | • All drill holes and resource estimation use the MGA94, Zone 51 grid system. |
| | • *Quality and adequacy of topographic control.* | • The topographic data used was obtained from consultant surveyors and is based on a LiDAR survey flown in 2012. It is adequate for the reporting of Exploration Results and subsequent Mineral Resource estimates .The original final pit survey has been used to deplete the resource model. |
| ***Data spacing and distribution*** | • *Data spacing for reporting of Exploration Results.* | • The nominal drill spacing is 20m x 20m with some cross-sections in-filled to 10m. This spacing includes data that has been verified from previous exploration activities on the project. |

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| | • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*<br>• *Whether sample compositing has been applied.* | • This report is for the reporting of exploration results. The drill spacing, spatial distribution and quality of assay results is sufficient to support the current JORC classification of material contained within this report and is appropriate for the nature and style of mineralisation being reported.<br>• No compositing of samples has been applied. |
| ***Orientation of data in relation to geological structure*** | • *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*<br>• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.* | • The majority of drilling is to grid east or west. The bulk of the mineralized zones are perpendicular to the drilling direction. Field mapping and geophysical interpretations supports the drilling direction and sampling method.<br>• No drilling orientation and sampling bias has been recognized at this time. |
| ***Sample security*** | • *The measures taken to ensure sample security.* | • Sample security is part of Excelsior's QAQC and sampling procedures. RC samples are delivered directly from the field to the Kalgoorlie laboratory by Excelsior personnel on a daily basis with no detours, the laboratory then checks the physically received samples against an Excelsior generated sample submission list and reports back any discrepancies |
| ***Audits or reviews*** | • *The results of any audits or reviews of sampling techniques and data.* | • An internal review of sampling techniques and procedures was completed in March 2014. No external or third party audits or reviews have been completed. |

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

| Criteria | JORC Code explanation | Commentary |
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| ***Mineral tenement and land tenure status*** | • *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*<br>• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.* | • The results reported in this Announcement are on granted Mining Leases held by GPM Resources Pty Ltd, a wholly owned subsidiary of Excelsior Gold Limited.<br>• At this time the tenements are believed to be in good standing. There are no known impediments to obtaining a license to operate, other than those set out by statutory requirements which have not yet been applied for. |
| ***Exploration done by other parties*** | • *Acknowledgment and appraisal of exploration by other parties.* | • Exploration by other parties has been reviewed and is used as a guide to Excelsior's exploration activities. Previous parties have completed open pit and underground mining, geophysical data collection and interpretation, soil sampling and drilling. This report comments on only exploration results collected by Excelsior. |
| ***Geology*** | • *Deposit type, geological setting and style of mineralisation.* | • The primary gold mineralisation at Zoroastrian is predominately associated with a 5-10m quartz lodes system within a dolerite and associated second order structures. The gold mineralisation is associated with quartz, carbonate, sulphide alteration.<br>• Whilst structures and primary gold mineralisation can be traced to the surface, depletion has occurred in the top 20-30m and again through the transitional zone. Sub-horizontal supergene enrichment blankets occur throughout the regolith. |

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| | | • Historical workings and shafts exist within the area, detailed mapping and sampling of these workings and structural measurements from orientated diamond core drilling forms the basis of the geological interpretation. |
| ***Drill hole Information*** | • *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*<br>○ *easting and northing of the drill hole collar*<br>○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>○ *dip and azimuth of the hole*<br>○ *down hole length and interception depth*<br>○ *hole length.*<br>• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.* | • The drill holes reported in this Announcement have the following parameters applied. All drill holes completed, including holes with no significant gold intersections are reported in this announcement.<br>• Easting and northing are in MGA94 Zone 51<br>• RL is AHD<br>• Dip is the inclination of the hole from the horizontal (i.e. a vertically down drilled hole from the surface is -90°). Azimuth is reported in magnetic degrees as the direction toward which the hole is drilled. MGA94 and magnetic degrees vary by approximately 1° in this project area<br>• Down hole length of the hole is the distance from the surface to the end of the hole, as measured along the drill trace. Interception depth is the distance down the hole as measured along the drill trace. Intersection width is the downhole distance of an intersection as measured along the drill trace<br>• Hole length is the distance from the surface to the end of the hole, as measured along the drill trace.<br>• No results from previous exploration are the subject of this Announcement. |
| ***Data aggregation methods*** | • *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*<br>• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*<br>• *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | • No high grade cuts have been applied to assay results. RC assay results are distance weighted using 1m for each assay.<br>• Intersections are reported if the interval is at least 1m wide at 1g/t Au grade or for composite samples greater than 0.1g/t Au. Intersections greater than 1m in downhole distance can contain up to 2m of low grade or barren material.<br>• No metal equivalent reporting is used or applied. |
| ***Relationship between mineralisation widths and intercept lengths*** | • *These relationships are particularly important in the reporting of Exploration Results.*<br>• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*<br>• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').* | • The intersection width is measured down the hole trace, it is not usually the true width. Cross sections in this announcement allows the relationship between true and down hole width to be viewed.<br>• Data collected historical workings and shafts exist within the area and structural measurements from orientated diamond core drilling show the primary ore zones to be sub-vertical in nature with a general NNW strike<br>• All drill results within this announcement are downhole intervals only and due to variable mineralisation and style, true widths are not able to be calculated until modelling of the mineralisation. |
| ***Diagrams*** | • *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar* | • Plans and sectional view are contained within this announcement |

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| | *locations and appropriate sectional views.* | |
| ***Balanced reporting*** | • *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.* | • All drill holes completed are included in the results Table in the Announcement. |
| ***Other substantive exploration data*** | • *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.* | • No other exploration data is considered meaningful and material to this announcement. |
| ***Further work*** | • *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*<br>• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* | • Future exploration has not been planned and may involve the drilling of more drill holes, both DC and RC, to further extend the mineralised zones and to collect additional detailed data on known mineralized zones.<br>• Further future drilling areas are not highlighted as they are not yet planned. |