



17 May 2016

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



**ASX Code: EXG**

## Resolution of Ore Payment Delays

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- **Agreement reached with Paddington on procedures to finalise outstanding second tranche ore payments**
  - **Revised grade and recovery determination procedures in place to accelerate recoverable gold determination for ore batches**
  - **Twelve batches of ore have been delivered to the Paddington Mill to date totalling approximately 160,150 tonnes at a mined grade of 1.97g/t Au (9,570 recovered ounces)**
  - **Front end payments for ore batches to date total ~\$7.13 million**
  - **Second tranche payments to be finalised over coming months potentially total \$2.66 million after treatment and haulage cost deductions**
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Excelsior Gold Limited ("Excelsior Gold" or the "Company") is pleased to advise that has reached agreement with Norton Gold Fields Limited ("Norton") on suitable grade determination procedures to resolve the long standing delays in finalising ore batch payments.

Excelsior Gold has been delivering ore batches from its wholly owned Kalgoorlie North Gold Project to Norton's Paddington Mill since December 2015 under the long term Ore Treatment Agreement. Under the terms of the Agreement the Company receives part payment for the provisional gold content of each batch of ore delivered upon completion of the haulage. A second tranche payment is due once final gold grade and recovery data is received from the rigorous sampling and recoverable gold determination procedure which forms an integral part of the Ore Treatment Agreement.

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

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With the cooperation of Norton, the companies have worked closely on resolution of the procedural issues with improvements to the sampling plant operation, exhaustive auditing of laboratory processes and modifications to the complex metallurgical testing program implemented.

The companies are finalising the initial batches treated and have accelerated analysis of later batches which were delayed while the laboratory audit and test procedures were being modified.

The new grade and recovery determination procedure will provide more consistent results and greatly improved turnaround times.

To date, Excelsior Gold has delivered a total of 12 batches of ore to the Paddington mill for an aggregate of **160,150 tonnes grading 1.97g/t Au** for a provisional **9,570 recovered ounces** and the Company has received front end payments of **\$7.13 million. Second tranche payments potentially total \$2.66 million** after deduction of treatment and haulage cost. Excelsior Gold and Norton expect to finalise all these payments over the next two months.

Further ore batches are being delivered to the Paddington Mill from the Zoroastrian Central pit which is starting to achieve a more consistent ore supply following stripping of high waste volumes from the upper levels of the pit since commencement of mining in February 2016.

For further information visit [www.excelsiorgold.com.au](http://www.excelsiorgold.com.au) or contact

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