



20 June 2016

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



New Cornerstone Investor Provides Financing Certainty

- **New funding arrangements agreed to provide up to \$11.35 million to underpin mine development and resources growth**
 - **ASX listed Australian resource house GWR Group makes strategic investment to fund an initial \$2.25 million with conditional right to provide up to an additional \$4.625 million in funding, with right to appoint a board nominee**
 - **Financing delivers additional complementary skill set to Board of Excelsior Gold**
 - **Investment by existing shareholder, Farrah Property Securities to provide initial \$500,000 in funding and \$2 million underwriting commitment**
 - **1 for 6 Rights Issue at \$0.05 (5 cents) per new share to raise circa \$5 million with committed minimum underwriting of \$2.0 million to date, with a further \$1.25 million subject to due diligence**
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Excelsior Gold Limited (“**Excelsior Gold**” or the “**Company**”) is pleased to advise that it has entered into binding funding agreements with ASX listed GWR Group Limited (“**GWR**”), and existing shareholder group Farrah Property Securities Pty Ltd (“**Farrah**”) to provide substantial financing to advance mining and exploration activities at the Kalgoorlie North Gold Operations.

The binding agreements provide immediate funds to the Company of \$2.75 million, to be followed by a partially underwritten non-renounceable 1 for 6 rights issue (“**Rights Issue**”) to raise up to an additional \$5.1 million.

The binding agreements provide a guaranteed financing solution of approximately \$5 million and can potentially raise up to a total of \$11.35 million of new funds priced at an average issue price of \$0.05 per fully paid ordinary share in the capital of Excelsior Gold (“**Share**”) and further securities issued subject to shareholder approval.

Excelsior Gold Limited

ABN 38 123 629 863

Address: Unit 2, 124 Stirling Highway, North Fremantle WA 6159 **Postal:** PO Box 520, North Fremantle WA 6159

Telephone: 08 9335 7770

Facsimile: 08 9335 6231

Additional information as to the terms and conditions attached to the financing, including a timetable and a pro-forma capital structure are contained in the appendices attached with this announcement.

Rights Issue

Excelsior Gold proposes to conduct a non-renounceable 1 for 6 Rights Issue of Shares to raise approximately \$5.1 million before costs.

The Rights Issue will offer eligible Shareholders one (1) Share in the Company for every six (6) Shares held at the Record Date which is expected to be on or about 8 July 2016, at an issue price of \$0.05 per Share. Details of the Rights Issue will be forwarded to Shareholders in the Rights Issue Prospectus in early July 2016.

Farrah has committed to underwriting the Rights Issue for \$2 million as well as taking up their full entitlements under the Rights Issue (an additional approximate \$200,000).

Subject to due diligence and exercising certain rights, GWR has committed to take up its full entitlement pursuant to the Rights Issue (then approximately \$375,000) and to underwrite a further 25 million Shares (or \$1.25 million) to be offered under the Rights Issue.

The combined underwriting and take up of minimum entitlements by GWR and Farrah has the potential to raise approximately \$3.8 million in the Rights Issue.

Further information on the Rights Issue will be sent out in a prospectus for the Rights Issue, which will be lodged with ASIC on or about 4 July, and mailed to eligible shareholders shortly after the Record Date. Shareholders may view all the Company's ASX announcements, including those relating to the Rights Issue on the Company's website. Applications will be made to the ASX for official quotation of the new shares.

Persons should consider the prospectus before deciding whether to acquire securities, and will need to complete the personalised entitlement and acceptance form that will accompany the prospectus.

GWR Group Limited

The Company has forged a strategic relationship with quality cornerstone investor, GWR, which is a well-funded ASX listed Australian resource house. GWR has a technically and commercially experienced board and management team with close ties to Asia. GWR is developing a portfolio of mineral commodity projects that include projects held in its own right, in joint ventures and indirectly through investments in other listed entities.

Under the terms of the binding agreement between GWR and Excelsior Gold, GWR will provide immediate funding of \$2.25 million to Excelsior Gold, consisting of a \$1.59 million loan and \$0.66 million convertible loan (see Appendix 1) ("**Initial Tranche**"). Subject to certain conditions and shareholder approval, GWR has additional rights to participate in funding initiatives with the potential to provide a total financing from GWR of up to \$6.875 million. This will deliver GWR a substantial cornerstone interest (up to 17.8%) in Excelsior Gold.

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Excelsior Gold's board has resolved to appoint GWR's nominee, Mr Jimmy Lee, as a director upon receipt of the Initial Tranche. Mr. Lee is a highly credentialed mining executive who will add significant operational expertise to the Excelsior Gold Board. The 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.

For further detail on the GWR financing arrangements see Appendix 1.

Farrah Property Securities Pty Ltd

Excelsior Gold has also entered into a binding agreement with Farrah, to provide additional immediate funding by way of a \$0.5 million loan, convertible to Shares at a conversion price of \$0.05 per Share subject to shareholder approval. Farrah has also committed to taking up its full entitlement (approximately \$200,000) and underwriting 40 million Shares (or \$2 million) under the Rights Issue (for further detail on the Farrah financing arrangements see Appendix 2).

Excelsior Gold's Managing Director, David Hamlyn, said "The Company welcomes the investment by our new partners GWR and the ongoing support from Farrah which provides 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."

"The timing of the financing is opportune as the Central Pit at Zoroastrian reaches steady state ore production. Excelsior Gold welcomes the technical and financial capabilities of GWR and expects it will contribute significantly to the success of the operations and the expansion of the Project."

KPMG Corporate Finance's Resources M&A team provided investment banking services to the proposed financing arrangements.

This announcement is intended to lift the suspension of trading in the Company's securities.

-ENDS-

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

Excelsior Gold Limited

David Hamlyn
Managing Director
T: + 61 8 9335 7770
E: dhamlyn@excelsiorgold.com.au

Nicholas Ong
Commercial Director
T: +618 9335 7770
E: nickong@excelsiorgold.com.au

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Appendix 1

GWR Resources Limited – Financing Terms and Conditions

GWR will initially subscribe for approximately 17.2 million convertible notes (“**Convertible Notes**”) at an issue price of \$0.0387 per Convertible Note and lend the Company a further \$1.59 million (“**Loan**”), to provide \$2.25 million in new funds with completion expected on 20 June 2016. The Convertible Notes will be issued using the Company’s available 15% capacity and accordingly shareholder approval will not be sought for their conversion.

On issue of the Convertible Notes and draw down under the Loan, GWR will have the right to nominate a director to the board of Excelsior Gold.

Subject to satisfactory due diligence by GWR (to be completed by 1 July 2016), GWR may elect to subscribe for approximately 27.8 million Shares (“**Placement Option**”) at an issue price of \$0.057 per share in full satisfaction of Excelsior Gold’s liability pursuant to the Loan. Shares issued under the Placement Option will be issued using the Company’s available 10% capacity and shareholder approval will not be sought for their issue. Exercise of the Placement Option by GWR will also trigger conversion of the Convertible Notes to Shares.

On exercise of the Placement Option, GWR has agreed to take up its full entitlement under the Rights Issue (\$375,000) and underwrite the subscription of a minimum of 25 million Shares (or \$1.25 million) offered under the Rights Issue.

Subject to Excelsior Gold shareholder approval, GWR will also have the right to subscribe for a further 15 million Shares each at an issue price of \$0.05 (“**Additional Placement**”) and be issued one attaching option for each Share issued upon conversion of the Convertible Note and under the Placement Option. The 45 million options potentially issued have an exercise price of \$0.05 each and an expiry date of 12 months from issue.

Terms of the Convertible Notes

The key terms of the Convertible Notes are:

- Approximately 17.2 million convertible notes convertible on a 1:1 basis into 17.2 million Shares at \$0.0387 per Share, subject to due diligence at GWR’s sole discretion
- 12 months term
- Coupon rate of 12% per annum payable quarterly in either cash or (subject to shareholder approval) Shares at GWR’s election. If GWR elects for payment to be made by way of Shares, the issue price is 90% of the 20 traded day volume weighted average price (VWAP) prior to the due payment date

Terms of the Loan

The key terms of the Loan are:

- A principal amount of approximately \$1.59 million
- 12 months term, unless GWR elects by 1 July 2016 to subscribe for approximately 27.8 million Shares at \$0.057 per share, which will repay the Loan in full. The subscription for these Shares is subject to due diligence in GWR’s sole discretion

- Coupon rate of 12% per annum payable quarterly in either cash or, subject to shareholder approval, Shares at GWR's election. If GWR elects for payment to be made by way of Shares, Shares to be issued at a price calculated as 90% of the 20 traded day volume weighted average price (VWAP) prior to the due payment date

Partial Underwriting Commitment pursuant to 1:6 Rights Issue

Subject to due diligence and exercising the Placement Option, GWR has committed to take up its full entitlement pursuant to the Rights Issue (approximately \$375,000) and to underwrite a further 25 million Shares (or \$1.25 million) to be offered under the Rights Issue.

Appendix 2

Farrah Property Securities Pty Ltd - Financing Terms and Conditions

Terms of the Convertible Notes

Farrah will initially subscribe for 10 million convertible notes (“**Farrah Convertible Note**”) at an issue price of \$0.05 per Farrah Convertible Note to provide an immediate \$0.5 million in new funds. The notes convert to Shares upon shareholder approval.

The key terms of the Convertible notes are:

- 10,000,000 convertible notes at \$0.05 convertible into 10,000,000 Shares Excelsior Gold subject to shareholder approval.
- Term 12 months or upon conversion whichever is sooner
- Coupon 12% per annum payable quarterly in either cash or, subject to shareholder approval, Shares at Farrah’s election. If Farrah elects for payment to be made by way of Shares, Shares to be issued at a price calculated as 90% of the 20 traded day volume weighted average price (VWAP) prior to the due payment date

Partial Underwriting Commitment pursuant to 1:6 Rights Issue

Farrah has committed to take up its full entitlement pursuant to the Rights Issue (approximately \$200,000) and to underwrite a further 40 million Shares (or \$2 million) to be offered under the Rights Issue.

Appendix 3

Pro forma Capital Structure pursuant to the proposed financing

	EXG Shares	Cumulative Cash Raised	Maximum cumulative EXG shares on issue
EXG shares currently on issue	567,266,648		567,266,648
Add: maximum shares issued on conversion of GWR Convertible Note (" Convertible Notes ") ¹	17,193,878	\$665,403	584,460,526
Add: maximum shares issued on conversion of GWR Loan (" Placement Option ") ¹	27,806,123	\$2,250,352	612,266,649
Add: maximum shares issued in Rights Issue (" Rights Issue ") ²	102,044,441	\$7,352,574	724,311,090
Add: maximum shares issued on conversion of Farrah Convertible Note (" Farrah Convertible Note ") ³	10,000,000	\$7,852,574	622,266,649
Add: maximum shares issued on exercise of GWR attaching options ⁴	45,000,001	\$10,102,574	769,311,091
Add: maximum shares issued on exercise of Farrah attaching options ⁵	10,000,000	\$10,602,574	779,311,091
Add: maximum shares issued on completion of Placement to GWR (" Additional Placement ") ⁶	15,000,000	\$11,352,574	794,311,091
Total new shares issued and new cash	227,044,443	\$11,352,574	
Maximum EXG shares on issue on completion	794,311,091		
<p>Note 1: GWR has until 1 July 2016 to complete due diligence and elect to convert the GWR Convertible Note and GWR Loan into new EXG Shares.</p> <p>Note 2: Assumes the GWR Convertible Note and GWR Loan are all converted into EXG shares prior to the Rights Issue. Based on a 1 for 6 Rights Issue, the maximum number of new shares issued under the Rights Issue will be approximately 102m shares. Partially underwritten to minimum of 40.0m Shares, with an additional underwriting of 25.0m Shares conditional upon satisfactory due diligence.</p> <p>Note 3: Conversion of Farrah Convertible Note into EXG shares is subject to EXG shareholder approval.</p> <p>Note 4: Subject to shareholder approval and assumes maximum number of attaching options issued to GWR are exercised into new EXG shares. Options are only to be issued if GWR elects to convert the GWR Convertible Notes and GWR Loan into new EXG Shares by 1 July 2016.</p> <p>Note 5: Subject to shareholder approval, and assumes maximum number of options issued to Farrah are exercised into new EXG shares.</p> <p>Note 6: Subject to shareholder approval and assumes GWR elects to subscribe for the maximum number of 15m new EXG shares.</p>			

Appendix 4 Update

Timetable

Tranche 1 Financial Close	20 June 2016
Last day for Investor to exercise Placement Option Send notice of meeting to EXG shareholders	1 July 2016
Lodge Rights Issue	4 July 2016
Rights Issue record date ("Record Date")	8 July 2016
Send Rights Issue prospectus Open Rights Issue offer	12 July 2016
Close Rights Issue ("Closing Date")	21 July 2016
Issue Rights Issue Shares (Rights Issue Share Issue Date)	28 July 2016
Issue Underwritten Shortfall Shares (Shortfall Shares Issue Date)	1 August 2016
EXG shareholder meeting to approve Transaction Issue Shares on conversion of Convertible Loan	16 August 2016
Last day for Investor to exercise right to be issued Additional Placement Shares	16 September 2016