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



ASX Code: EXG

EXCELSIOR GOLD SECURES LONG TERM MILLING ALLOCATION AT PADDINGTON MILL

- **Binding term sheet executed with Norton Gold Fields Limited providing Excelsior a guaranteed allocation at the Paddington Mill for up to ten years**
- **Agreement provides Excelsior a minimum allocation of 2.5 million tonnes with an option to extend for a total cumulative allocation of up to 5.0 million tonnes**
- **Close proximity to the Paddington Mill allows for low transport cost milling solution**
- **Excelsior committed to contributing to part of the capital expenditure required for a potential upgrade and refurbishment of Paddington Mill, capped at A\$12.5 million**
- **Agreement provides clear pathway to early production and cashflow for significantly lower capital expenditure compared to a standalone development**

Excelsior Gold Limited (*"Excelsior" or the "Company"*) is pleased to announce the execution of a Binding Term Sheet (*"Term Sheet"*) providing Excelsior with a long-term milling allocation at the Paddington Mill owned by Norton Gold Fields Limited (*"Norton"*) (ASX:NGF) for processing ore from the Company's Kalgoorlie North Gold Project (*"KNGP" or the "Project"*).

The 3.5 million tonne per annum capacity Paddington Mill is located approximately 20 kilometres from key deposits in the Project (*refer Figure 1*), and provides Excelsior access to a close proximity milling solution for its high-grade ore.

Under the Term Sheet, Excelsior has:

- secured an initial allocation at the Paddington Mill of 2.5 million dry tonnes, with the allocation expected to be utilised at a rate of 500,000 tonnes per annum over a period of five years;

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- options to extend the allocation on a yearly basis for a further five years, providing a cumulative allocation of up to 5.0 million tonnes; and
- committed to contributing to part of the capital expenditure required for a potential upgrade and refurbishment of the Paddington Mill, with Excelsior's capital contribution capped at A\$12.5 million.

Excelsior may receive higher annual throughput rates, dependent on demonstrating favourable metallurgical characteristics of the KNGP ore and there being availability in the Paddington milling schedule.

Payment for milling will be based on an open book, cost plus structure. Excelsior will be responsible for mining ore, with Norton responsible for transporting and treating ore.

Excelsior and Norton will immediately commence final due diligence and feasibility study over the Project and the Paddington Mill. Subject to the approval of both parties' boards, an Ore Treatment Agreement ("*Agreement*") is expected to be executed by the end of August 2014 with conditions precedent customary to a milling agreement of this nature.

Key benefits to Excelsior and Excelsior shareholders

The Agreement will allow Excelsior to progress the Project towards production and operating cashflow, for a significantly lower capital cost and in a faster timeframe than if a standalone development was pursued.

"Securing access to a large mill such as Paddington, within very close proximity to the Kalgoorlie North Gold Project provides significant cost benefits to Excelsior. These cost benefits and the high grade nature of the Zoroastrian deposit in particular are expected to generate significant free cashflow to Excelsior." Managing Director David Hamlyn said.

"We continue to have significant confidence in the growth potential of the Kalgoorlie North Gold Project, in particular the Zoroastrian deposit, which we believe still has excellent exploration upside. It was always therefore our strong preference to retain 100% ownership of the Project and to explore the Project equipped with the geological understanding gained and cash flow available from operations. The Agreement with Norton will allow us to achieve all of these goals."

"We look forward to working with Norton during the term of the Agreement and beyond as we progress toward becoming a significant gold producer in the Kalgoorlie region" said Mr Hamlyn.

Next steps

With the key commercial terms with Norton now agreed, Excelsior will accelerate mine development drilling and detailed mining planning, which will include re-estimation of the open pit and underground ore reserves at Zoroastrian and the satellite deposits. Excelsior will also commence discussions on debt funding the mine development costs and capital required for its share of the proposed Paddington Mill upgrade.

Mining operations are expected to initially commence from the Zoroastrian deposit, with first treatment expected in early 2016.

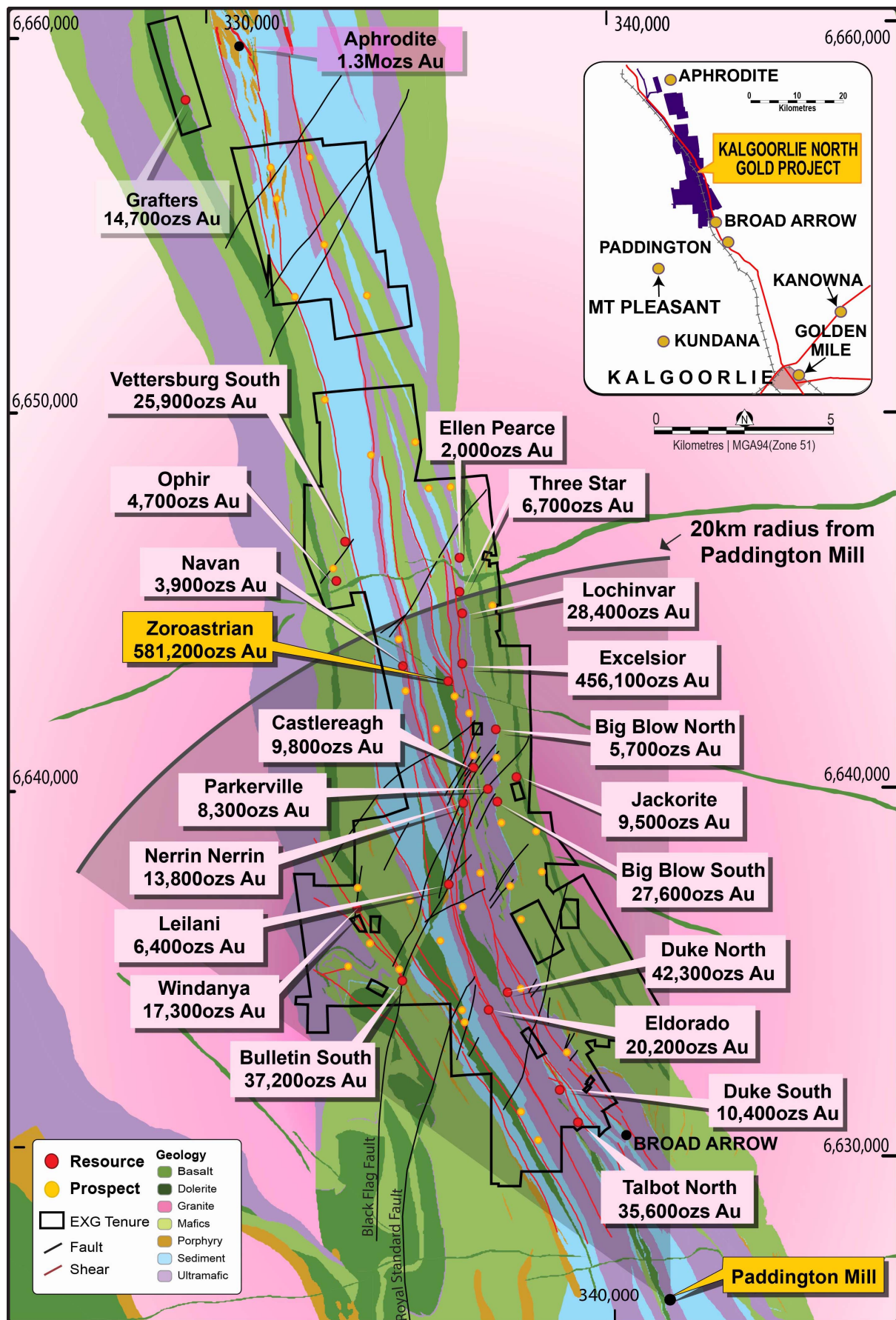


Figure 1: Kalgoorlie North Gold Project – Gold Resource Location Plan with Geology, Tenements and Neighbouring Significant Gold Deposits.
Showing gold resource ounces @ 0.6g/t and 3.0g/t Au lower cut-offs

About Excelsior Gold

Excelsior Gold Limited is an emerging Australian mineral exploration and development company with a core focus on developing the 100% owned Kalgoorlie North Gold Project, located 45km North of Kalgoorlie in Western Australia. The Kalgoorlie North Gold Project comprises of over 113 square kilometres of contiguous, granted tenements covering 25 kilometres of strike of the Bardoc Tectonic Zone greenstone sequence.

The Project hosts extensive structurally controlled gold mineralisation offering advanced exploration and mining development targets. As of June 2014, resources for the entire Kalgoorlie North Gold project stood at approximately 23.67 million tonnes @ 1.80g/t Au for 1,367,500 ounces of gold (refer ASX announcement 19 February 2014 JORC 2012 Table 1).

The key deposit in the Kalgoorlie North Gold Project is the Zoroastrian deposit. The Zoroastrian gold mineralisation is hosted in quartz veins and stockwork zones within the differentiated Zoroastrian Dolerite. As of June 2014, resources for the Zoroastrian deposit (both open pit and underground) stood at approximately 6.69 million tonnes @ 2.70g/t Au for 581,200 ounces of gold.

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 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.

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

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