



18 May 2016

ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000



ASX Code: EXG

Production Optimisation at Zoroastrian Central Pit

- Refinements to Zoroastrian Central pit design increases delivery to an average of 60,000 tonnes of ore @ 1.93g/t Au per month until October 2017
- Production expected to exceed 100,000 tonnes of ore in some months allowing the Company to maximise exposure to the higher gold price environment
- New schedule estimated mining of up to 590,000 tonnes of ore by the end of CY2016 from Zoroastrian Central pit alone
- Recent discovery of near surface ore at northern end of the pit facilitates the new staged mining program
- Significant mining fleet and costs reductions from January 2017 whilst maintaining consistent ore output due to decreasing strip ratio

Excelsior Gold Limited ("Excelsior Gold" or the "Company") has commenced its first ore delivery from the large Zoroastrian Central pit in April 2016. Recent optimisation and open pit design refinements provides a monthly ore delivery rate **averaging 60,000 tonnes @ 1.93g/t** from June 2016 to October 2017, producing **over 1.06 million tonnes of ore**.

The refined pit design includes staging of the Zoroastrian Central pit with mining initially focusing on the southern end of the pit and moving into the northern end before drawing down the western waste areas to expand the pit to original design (Figures 1 and 2).

Strip ratio and mining fleet configuration for Zoroastrian Central quarterly is as follows:

	June 2016	September 2016	December 2016	March 2017	June 2017	September 2017	December 2017
Strip Ratio (Waste:Ore)	20:1	22:1	7:1	5:1	4:1	2:1	2:1
Mining Fleet	2	2	2	1	1	1	1
Mining Fleet Configuration	2x 1250t excavators, 6x CAT 777 dump trucks	2x 1250t excavators, 6x CAT 777 dump trucks	2x 1250t excavators, 6x CAT 777 dump trucks	1x 1250t excavator, 5x Volvo A40 dump trucks	1x 1250t excavator, 5x Volvo A40 dump trucks	1x 1250t excavator, 5x Volvo A40 dump trucks	1x 1250t excavator, 5x Volvo A40 dump trucks

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

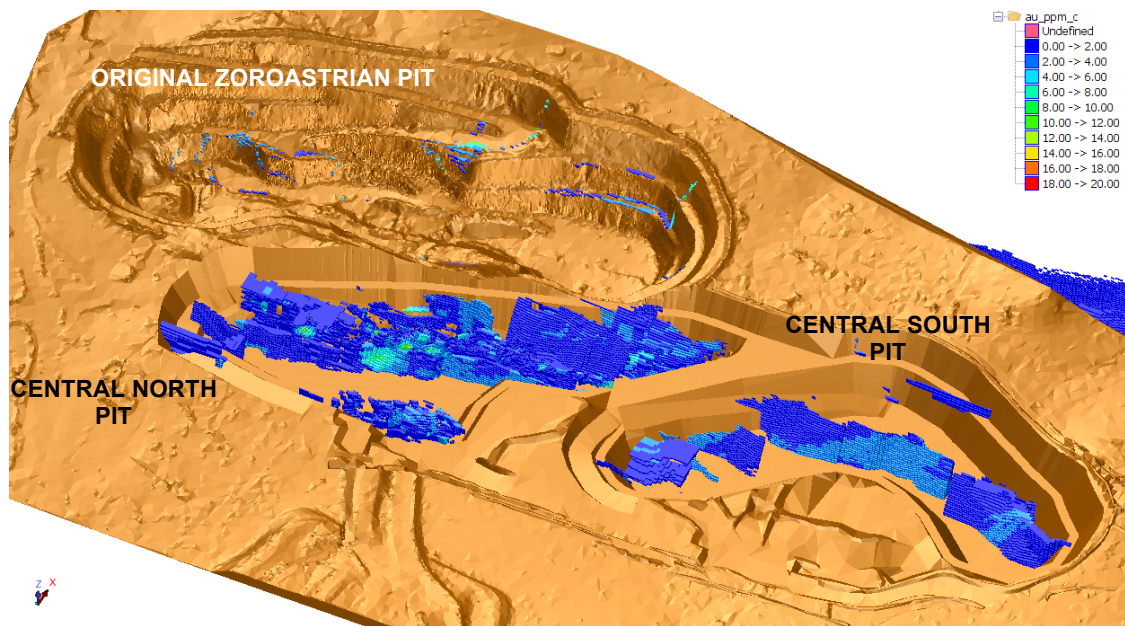


Figure 1: Stage Mining within Zoroastrian Central Pit (Stage 1)
showing topographic surface, original open pit, planned staged pit designs and mineralisation block model

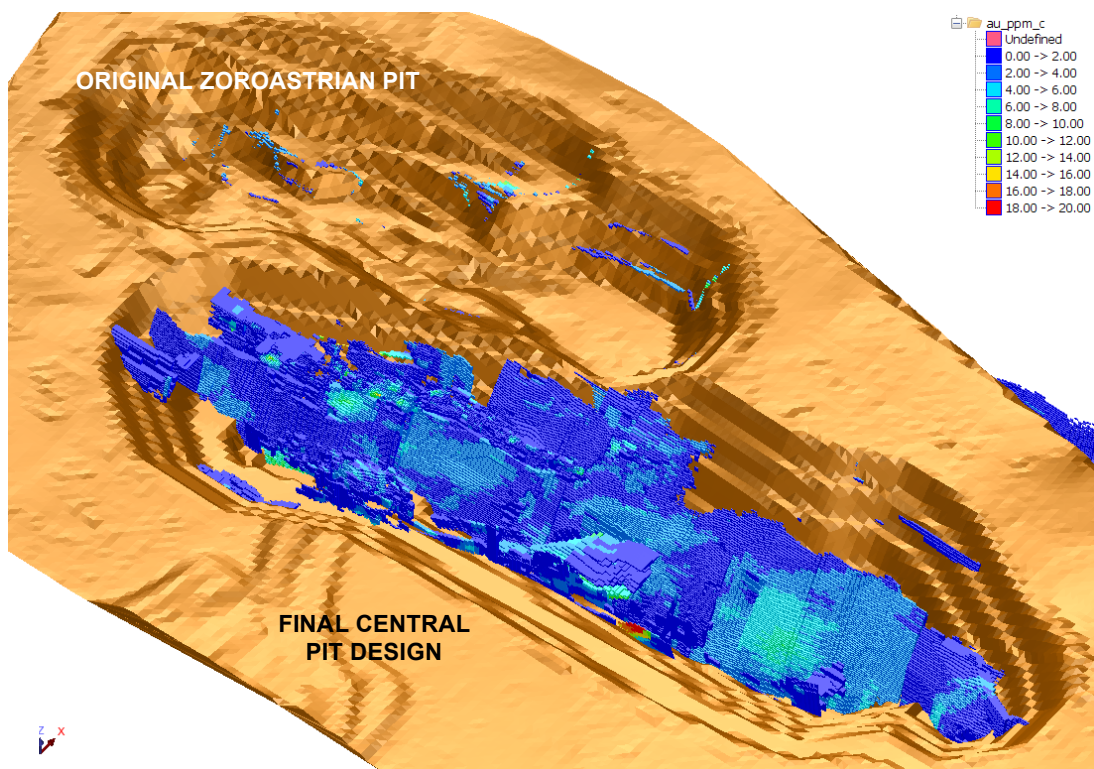


Figure 2: Proposed Final Zoroastrian Central Pit
showing topographic surface, original open pit, planned final Central Pit design and mineralisation block model

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The ore to waste strip ratio from January 2017 onwards allows the removal of a mining fleet. This is possible as more ore is accessible as the pit extends beyond the 380mRL (40m vertical depth). Excelsior Gold anticipates a 50% reduction of direct BCM waste mining cost whilst maintaining ore production of an average of 60,000 tonnes of ore per month. Production is expected to exceed 100,000 tonnes of ore in some months and these extra volumes will be hauled to the Paddington Mill as soon as possible in order to maximise exposure to the higher gold price.

The net result of decreased mining fleet costs and higher ore treatment tonnages also provides a significantly improving cash flow to the Company in CY 2017.

The Company will also have the capacity to ramp up production from January 2017 by resuming the two mining fleet configuration should the Paddington Mill require more ore from the Kalgoorlie North Gold Operations.

Excelsior Gold's Managing Director, David Hamlyn, said "The revised mine design and schedule provide earlier access to consistent ore production from the Zoroastrian Central pit with the added bonus of higher monthly production rates. This will allow the Company to react to potential higher production demands at the Paddington Mill in the future without the need to make radical changes to design or fleet configuration."

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

Jane Morgan

Investor and Media Relations

T: +61 405 555 618

E: jm@janemorganmanagement.com.au

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