

ASX Announcement

MARKET UPDATE – EXCELSIOR GOLD FINANCING

On 20 June 2016 GWR Group Limited (ASX: GWR) ("**GWR**" or "**the Company**") announced that it had executed a funding agreement with Excelsior Gold Limited ("**Excelsior Gold**") (ASX: EXG) to provide funding to Excelsior Gold to advance mining and exploration activities at its Kalgoorlie North Gold Project.

Pursuant to the binding term sheet ("Term Sheet") GWR has provided interim financing of \$2.25 million by subscribing to approximately 17.2 million convertible notes ("**Convertible Notes**") at an issue price of \$0.0387 per Convertible Note and lending Excelsior a further \$1.59 million ("**Loan**").

As more fully described in the announcement dated 20 June 2016, subject to the satisfactory completion of due diligence by GWR (to be completed initially by 1 July 2016 and subsequently extended by one week), GWR had the right to 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. The binding Term Sheet provided for certain other funding rights and commitments for GWR conditional upon the satisfactory completion of due diligence and the exercise of the Placement Option.

GWR has now provided formal notice to Excelsior Gold that it will not be electing to exercise the Placement Option. GWR has advised Excelsior Gold that it has not been able to complete due diligence to its satisfaction primarily as a consequence of inconsistencies between the block model provided by Excelsior Gold prior to the Term Sheet being signed and the mine reconciliation data (refer EXG ASX Announcement dated 4 July 2016).

GWR and Excelsior Gold remain in discussions in relation to the future funding arrangements of Excelsior Gold and the Kalgoorlie North Gold Project and the funding provided pursuant to the Term Sheet to date.

-ENDS-

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