

18 October 2017

## Quarterly Activities Report Quarter Ended 30 September 2017

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### Key Points

- Ore sold/treated during the Quarter totalled 144,061 tonnes at 2.90g/t Au for provisional gold recovery of 12,396 ounces at a C1 cost of A\$873/oz and AISC A\$1,133/oz.
- \$18.6 million received from gold sales.
- All remaining ore stockpiles have now been treated, with the balance of proceeds received post Quarter end.
- EXG's cash balance at the time of writing has increased to circa \$7M from the \$4.56M cash balance at 30 September, inclusive of repayment of all outstanding debts and historical liabilities.
- EXG's fully funded, multi-stage operational strategy is being implemented with the objective of rebuilding the Kalgoorlie North Gold Project mine plan and targeting sufficient reserves to justify the future construction of a stand-alone processing facility. This strategy includes converting and adding to existing resources to warrant the stand-alone development as well as new exploration initiatives to test for "game changer" discoveries.
- 33,000m drill program underway to take place between September 2017 and June 2018.
- RC drill results received during the Quarter have successfully extended gold mineralisation at Nerrin Nerrin. Best results include:
  - KNC170020: 8m at 4.46g/t Au from 25m
  - KNC170016: 16m at 2.6g/t Au from 47m
  - KNC170009: 5m at 2.34g/t Au from 50m

### Production

#### *Zoroastrian Central Open Pit*

Mining at the Kalgoorlie North Gold Project ("KNGP" or the "Project") was conducted exclusively in the Zoroastrian Central Open Pit during the Quarter. The pit was completed on 28 August 2017 to a depth of 125m below surface and produced 52,600 ounces at an average grade of 2.01g/t Au, with the diluted grade at the base of the pit consistently above 3.5g/t Au, providing further encouragement for future underground mining.

All ore for the quarter was processed at the Lakewood processing facility with a total of 144,061 tonnes treated at an assayed/reconciled grade of 2.90g/t Au for 12,396oz Au recovered.



*Figure 1: Last ore mined from Zoroastrian Central Pit at 310mRL on Saturday August 28, 2017.*

## Production Summary

**Table 1: Production Summary**

Mine Production	Units	September 2017 Quarter <sup>1</sup>
Open Pit		<b>CENTRAL</b>
Waste mined	<i>BCM</i>	73,247
Ore mined	<i>t</i>	95,611
Grade	<i>g/t Au</i>	3.1
Contained gold	<i>Ozs</i>	9,544
Strip ratio	<i>W/O</i>	2.0
Tonnes sold	<i>Dt</i>	144,061
Estimated grade mill	<i>g/t Au</i>	2.9
Estimated recovery mill	<i>%</i>	92.4
Estimated recovered ounces	<i>ozs Au</i>	12,396
Average gold sale price	<i>A\$/oz</i>	\$1,619

- Note: The tonnes and grade milled differ from mined due to stockpile movements and grade reconciliations as well as potential rounding errors.

The production forecast for the December Quarter 2017 is 900 ounces recovered from gold in circuit.

**Table 2: Production Forecast Summary**

Mine Production	Units	September Quarter 2017 Forecast	September Quarter 2017 Actual	December Quarter 2017 Forecast
Open Pit		<b>CENTRAL</b>	<b>CENTRAL</b>	<b>CENTRAL</b>
Waste mined	<i>BCM</i>	80,954	73,247	-
Ore mined	<i>T</i>	99,731	95,611	-
Grade	<i>g/t Au</i>	3.0	3.1	-
Contained gold	<i>Oz</i>	9,683	9,544	-
Strip ratio	<i>W/O</i>	2.2	2	-
Tonnes milled	<i>Dt</i>	130,027	144,061	-
Milled grade	<i>g/t Au</i>	2.9	2.9	-
Mill recovery ave	<i>%</i>	92	92.4	-
Recovered ounces	<i>oz Au</i>	11,300	12,396	900

- Note: The ounces forecast for the December 2017 quarter are related to GIC and final clean up.

## Financial and Corporate

Ore treated through the Lakewood processing facility totalled 144,061 tonnes at 2.90g/t Au for reconciled production of 12,396 ounces of gold. The Company received \$18.6M from gold sales. Cash at the end of the quarter was \$4.56M.

The calculated unit costs for the Quarter were C1 of A\$873/oz and AISC of A\$1,133/oz. A detailed breakdown of the operating costs cannot be published as the treatment costs are subject to confidentiality agreements.

Subsequent to Quarter end, all gold in circuit has been recovered, leaving the Company debt free with 100% unencumbered ownership of the KNGP tenements and a cash balance in excess of \$7M at the time of writing.

The Company also wishes to advise that in keeping with its focus on cash management, total Non-Executive Director remuneration has been reduced by 11%, effective from 1 October 2017.

## Exploration

Cash generated from mining of the Zoroastrian Central Open Pit has allowed the Company to fully fund the planned 33,000m drill program (*refer ASX announcement Debt fully repaid – 28 August 2017*).

The planned drill program has two objectives:

- resource definition drilling aimed at converting and extending existing resources to reserves; and
- regional exploration over high priority, untested targets generated through ongoing interpretation of various geological and geophysical datasets to test for potential “game-changer” new discoveries.

EXG’s Mineral Resource base for the KNGP currently stands at 16.9 Mt at 1.6g/t Au for 872,000 ounces of contained gold (*refer ASX announcement Positive Start to 33,000m Drill Program – 13 September 2017*). The principal objective of the drill program is to convert as much of the resources to reserves as economically practical and rebuild the mine plan based on the lower unit cost structure associated with a stand-alone processing facility, (in preference to the past profit sharing arrangements with toll treatment operators, which resulted in significant amounts of gold remaining in the ground due to the higher toll treatment unit costs and long haulage distances).

The Zoroastrian South Open Pit was the next pit scheduled to be mined following the Zoroastrian Central Open Pit, however ongoing, unresolved discussions regarding the temporary relocation of the Cawse gas pipeline (which has not been in use since 2008) has resulted in the temporary suspension of mining.

In addition, the Zoroastrian South mineralisation hosts a JORC compliant reserve of 210,000 tonnes at an average grade of 2.1g/t Au for 14,000 ounces of Gold (*refer ASX announcement Ore Reserves and Operations Update – 27 March 2017*). EXG continues to seek resolution of matters around the now-decommissioned and inoperable gas pipeline to the former Cawse nickel project, which runs across the centre of the designed Zoroastrian South open pit in order to obtain unimpeded access to this mine extension and other possible discoveries. Whilst EXG could mine small open pits north and south of the gas pipeline, doing so will likely sterilise gold mineralisation beneath the pipeline, thereby significantly constraining otherwise economic “reserves”. The Company will provide further updates regarding Zoroastrian South as and when new information comes to hand.

The second element of the drill strategy will be targeting new, potentially “game changer” gold deposits outside of the known resource areas. Re-processing of geophysical datasets and structural mapping by geological consultants from the CSIRO-Mineral Systems Group has provided greater clarity of both the relationship between and timing of structures observed in the open pits and the control these structures have on the geometry and orientation of the gold mineralisation. These structural relationships have also been identified in the regional geological and geophysical datasets and increase confidence in the Company’s ability to successfully generate targets and identify economic gold mineralisation elsewhere in the EXG’s tenure, which covers over 22 kilometres of strike of the highly prospective Bardoc Tectonic Zone greenstone belt.

### **Nerrin Nerrin Resource Extension Drilling**

The Nerrin Nerrin prospect is located 3km south of the Zoroastrian deposit (Figure 2) and hosts a Mineral Resource of **181,000t at 2.38g/t Au for 13,800oz Au**. The gold mineralisation at Nerrin Nerrin is contained within the Zoroastrian dolerite and is interpreted as being of a similar style to that found at Zoroastrian. Knowledge gained from the mining of Zoroastrian Central Open Pit has been applied to the geological model at Nerrin Nerrin, with the recently completed drilling program successfully extending the gold mineralisation northwards beyond the conceptual open pit shell warranting further follow-up work (*refer ASX announcement Positive Start to 33,000m Drill Program – 13 September 2017*).

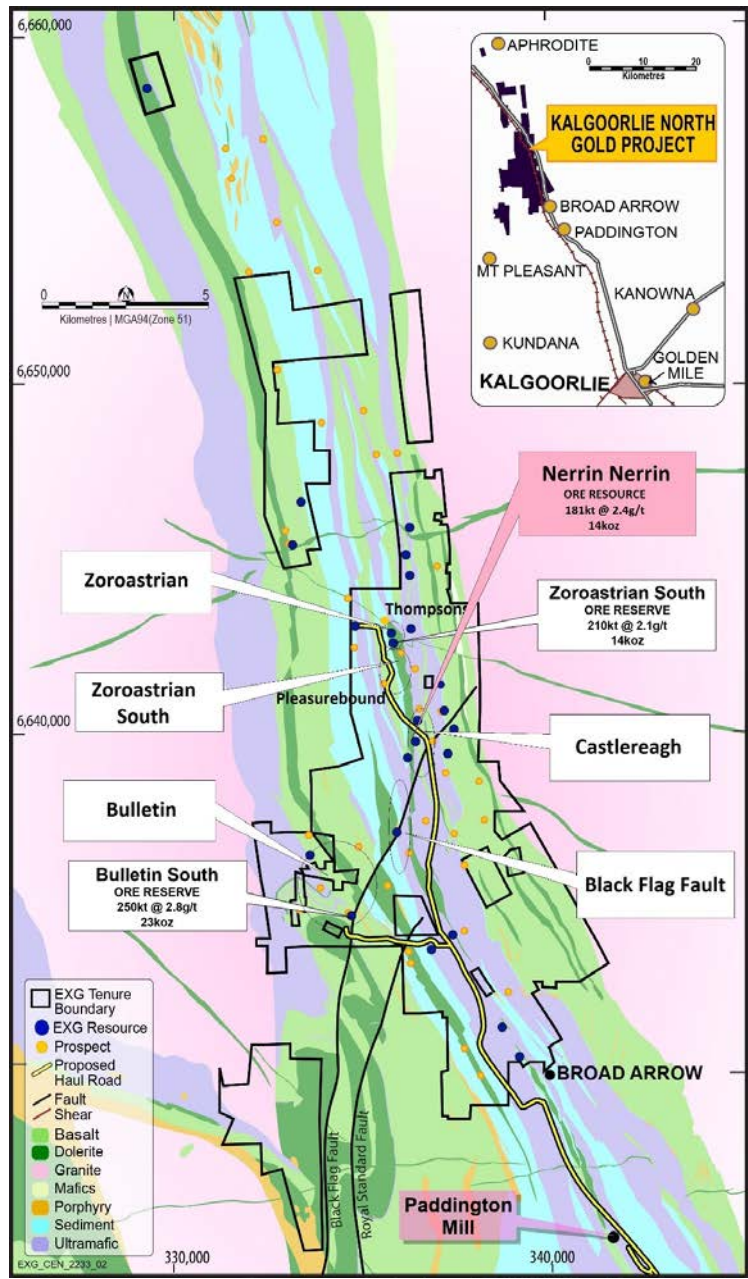


Figure 2: Nerrin Nerrin location plan

Of particular importance is hole KNC170016, which intersected 16m at 2.6g/t Au and confirmed that the mineralisation is similar to that found in the Royal Mint Lode at Zoroastrian (Figures 3 and 4).

The line of RC holes drilled 200m north of the Nerrin Nerrin conceptual pit (section 6639685mN, Figure 3) intersected 5m at 2.34g/t Au from 50m in hole KNC170009 (Figure 5) within a 10m wide zone of anomalous gold mineralisation (10m at 1.52g/t Au). This intersection confirms that mineralisation at Nerrin Nerrin is more extensive than previously interpreted. Follow-up drilling will be planned and scheduled into the Nerrin Nerrin program as priorities dictate, however it is clear that there is resource extension potential at this prospect.

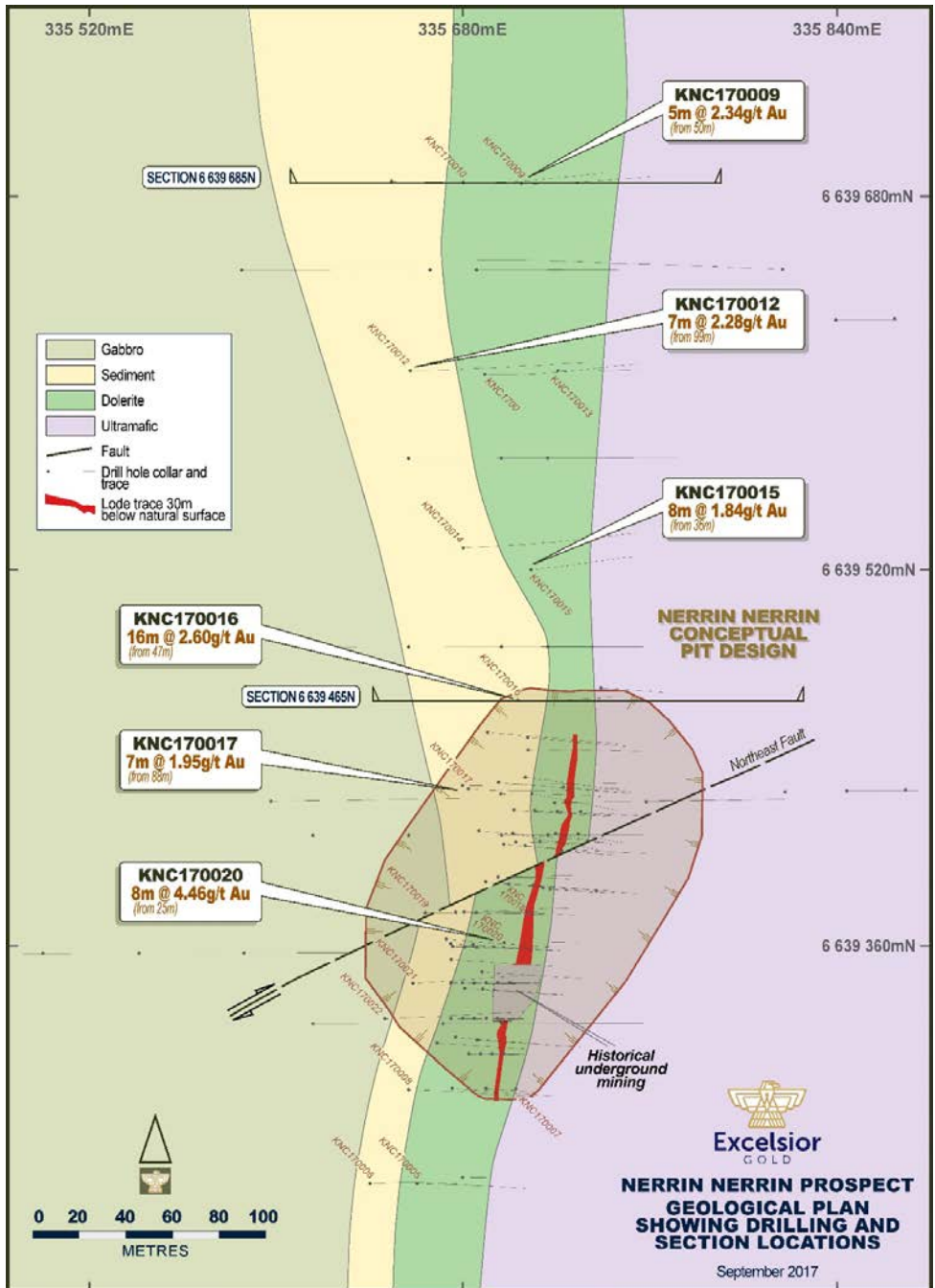


Figure 3: Nerrin Nerrin Conceptual open pit outline showing locations of cross sections

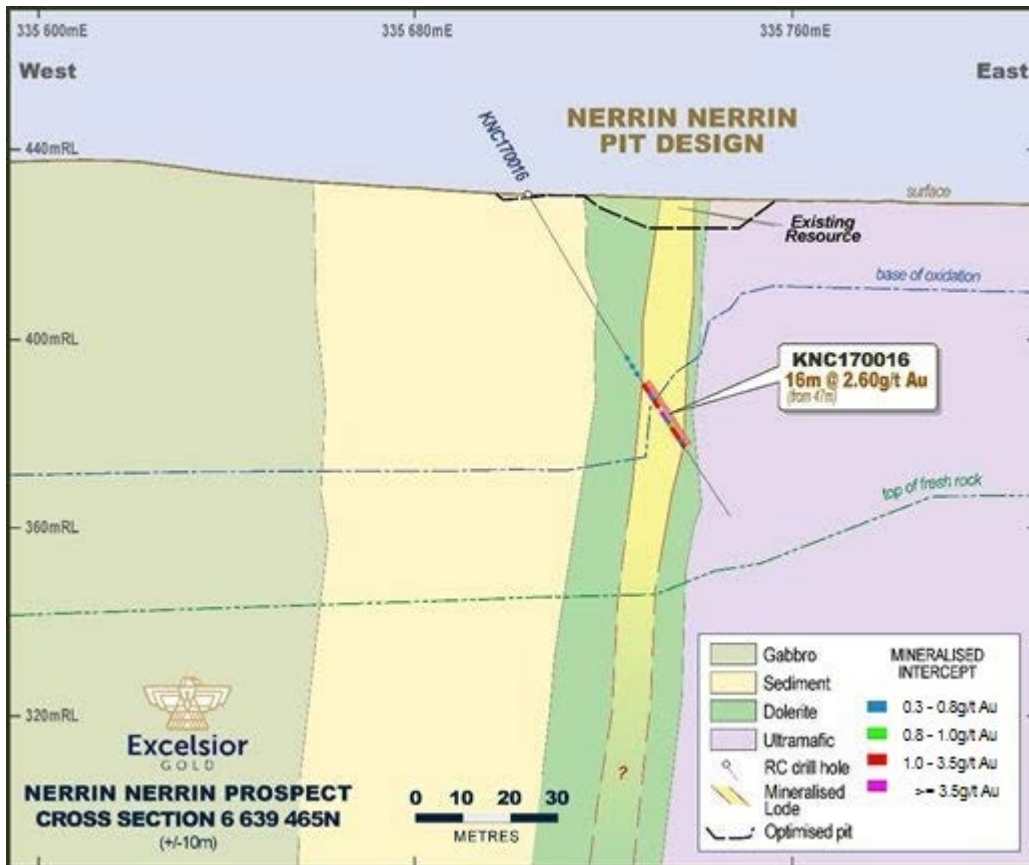


Figure 4: Nerrin Nerrin cross section 6639465mN

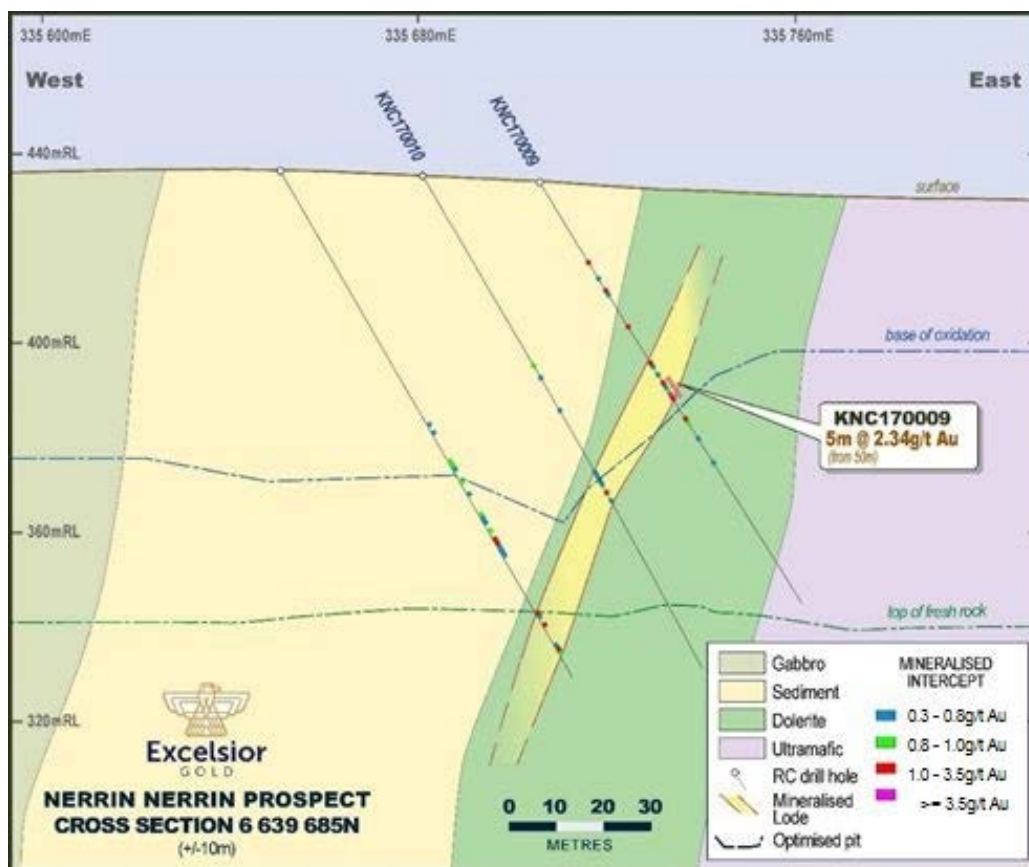


Figure 5: Nerrin Nerrin cross section 6639685mN



### **Thompsons Drilling**

The diamond core drill hole at Thompsons, located immediately north of Zoroastrian (Figure 2), was completed to 463m down-hole depth, or approximately 250m below surface. This hole was drilled to test interpreted extensions of the host Zoroastrian mineralising structure and is currently being assessed to reconcile actual vs interpreted results. The core is currently being logged and cut for assaying including ASD and pXRF analysis on selected intervals. Observations to date have led to a further application for Government co-funded assistance through the Exploration Incentive Scheme (EIS) (*refer ASX announcement Positive Start to 33,000m Drill Program – 13 September 2017*).

EXG will advise the outcomes of geological logging and assays together with the overall findings once they have been fully assessed, as well as whether follow up work is warranted.

### **PleasureBound Drilling**

At the end of the quarter, 7 holes of the 13 hole first pass RC exploration program had been drilled. The parallel dolerite unit at PleasureBound is located some 250m west of the Zoroastrian host sequence (Figure 2). An historical RC drill hole intercept of 4m at 43g/t Au from 18m down hole highlights the potential of this largely unexplored dolerite unit (*refer ASX announcement Positive Start to 33,000m Drill Program – 13 September 2017*).

Results of this program will be released once all assays have been received.

## **Project Background**

The Kalgoorlie North Gold Project is located 30 to 55 kilometres north of Kalgoorlie in Western Australia and covers 96 square kilometres of tenements over 22 kilometres of strike of the Bardoc Tectonic Zone greenstone belt.

Excelsior Gold commenced mining operations in November 2015 centred on the development of a series of open pit mines and potential underground operations below the Zoroastrian open pits.

## **Qualifying Statement**

*This report may include forward-looking statements. These forward-looking statements are based on a number of assumptions made by the Company and its consultants in light of experience, current conditions and expectations concerning future events which the Company believes are appropriate in the present circumstances. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Excelsior Gold, which could cause actual results to differ materially from such statements. The Company makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect the circumstances or events after the date of this release.*

### **Competent Person Statement – Exploration Results:**

*Information in this announcement that relates to exploration results is based on information compiled by Mr. Bradley Toms who is the Exploration Manager of Excelsior Gold Limited. Mr. Toms 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 that he is 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. Toms consents to the inclusion in the document of the information in the form and context in which it appears.*

### **Competent Person Statements – Mineral Resources:**

*Information in this announcement that relates to the Zoroastrian Mineral Resource results is based on information compiled by Mr. Patrick Adams who is a Director of Cube Consulting Pty Ltd. Mr. Adams is a Fellow of the AusIMM (CP) and 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 that he is 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. Adams consents to the inclusion in the document of the information in the form and context in which it appears.*

*Information in this announcement that relates to the Bulletin South Mineral Resource results is based on information compiled by Mr. Patrick Adams who is a Director of Cube Consulting Pty Ltd. Mr. Adams is a Fellow of the AusIMM (CP) and 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 that he is 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. Adams consents to the inclusion in the document of the information in the form and context in which it appears.*

*Information in this announcement that relates to other Mineral Resource results is based on information compiled by Mr Bradley Toms who is a full-time employee of Excelsior Gold Limited. Mr Toms 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 he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” for the Group reporting. Mr Toms consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.*

### **Competent Person Statement – Ore Reserves Zoroastrian South Open Pit**

*The information in this Release which relates to the Ore Reserve estimates accurately reflect information prepared by Competent Persons (as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves). The information in this public statement that relates to the Zoroastrian Central Open Pit Ore Reserve at the Excelsior Gold Kalgoorlie North Gold Project is based on information resulting from Feasibility works carried out by Excelsior Gold Limited. Mr. Randell Ford, who is employed by Excelsior Gold Limited and works at the Zoroastrian Central open pit as the Registered Mine Manager, completed the Ore Reserve estimate for the Zoroastrian Central Open Pit and the Bulletin South Open Pit. Mr Ford is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify him as a Competent Person as defined in accordance with the 2012 Edition of the Australasian Joint Ore Reserves Committee (JORC). Mr Ford consents to the inclusion in the document of the information in the form and context in which it appears.*

## TENEMENT SCHEDULE

TENEMENT	REGISTERED HOLDER	BENEFICIAL OWNER
<b>WESTERN AUSTRALIA – KALGOORLIE NORTH GOLD PROJECT</b>		
L24/148	GPM Resources Pty Ltd	GPM (100%)
L24/202	GPM Resources Pty Ltd	GPM (100%)
L24/203	GPM Resources Pty Ltd	GPM (100%)
L24/209	GPM Resources Pty Ltd	GPM (100%)
L24/223	GPM Resources Pty Ltd	GPM (100%)
M24/11	GPM Resources Pty Ltd	GPM (100%)
M24/43	GPM Resources Pty Ltd	GPM (100%)
M24/83	GPM Resources Pty Ltd	GPM (100%)
M24/96	GPM Resources Pty Ltd	GPM (100%)
M24/99	GPM Resources Pty Ltd	GPM (100%)
M24/121	GPM Resources Pty Ltd	GPM (100%)
M24/122	GPM Resources Pty Ltd	GPM (100%)
M24/135	GPM Resources Pty Ltd	GPM (100%)
M24/244	GPM Resources Pty Ltd	GPM (100%)
M24/326	GPM Resources Pty Ltd	GPM (100%)
M24/405	GPM Resources Pty Ltd	GPM (100%)
M24/420	GPM Resources Pty Ltd	GPM (100%)
M24/469	GPM Resources Pty Ltd	GPM (100%)
M24/498	GPM Resources Pty Ltd	GPM (100%)
M24/510	GPM Resources Pty Ltd	GPM (100%)
M24/512	GPM Resources Pty Ltd	GPM (100%)
M24/854	GPM Resources Pty Ltd	GPM (100%)
M24/869	GPM Resources Pty Ltd	GPM (100%)
M24/870	GPM Resources Pty Ltd	GPM (100%)
M24/871	GPM Resources Pty Ltd	GPM (100%)
M24/886	GPM Resources Pty Ltd	GPM (100%)
M24/887	GPM Resources Pty Ltd	GPM (100%)
M24/888	GPM Resources Pty Ltd	GPM (100%)
P24/4587	GPM Resources Pty Ltd	GPM (100%)
M24/364	GPM Resources Pty Ltd	GPM (100%)
M24/487	GPM Resources Pty Ltd	GPM (100%)
M24/133	GPM Resources Pty Ltd	GPM (100%)
M24/134	GPM Resources Pty Ltd	GPM (100%)
M24/348	GPM Resources Pty Ltd	GPM (100%)
M24/471	GPM Resources Pty Ltd	GPM (100%)
M24/491	GPM Resources Pty Ltd	GPM (100%)
M24532	GPM Resources Pty Ltd	GPM (100%)
M24/889	GPM Resources Pty Ltd	GPM (100%)
M24/890	GPM Resources Pty Ltd	GPM (100%)
M24/891	GPM Resources Pty Ltd	GPM (100%)
M24/892	GPM Resources Pty Ltd	GPM (100%)
M 24/951	GPM Resources Pty Ltd	GPM (100%)
M 24/952	GPM Resources Pty Ltd	GPM (100%)
M24/146	GPM Resources Pty Ltd	GPM (100%)
M24/395	GPM Resources Pty Ltd	GPM (100%)
M24/955	GPM Resources Pty Ltd	GPM (100%)
M24/942	GPM Resources Pty Ltd (95%) Denzle Schorer (5%)	GPM (95%), Schorer (5%)
M24/943	GPM Resources Pty Ltd	GPM (100%)
P24/4757	Silvertree Nominees	GPM (80%), Silvertree (20%)
P24/4758	Silvertree Nominees	GPM (80%), Silvertree (20%)
M24/956	GPM Resources Pty Ltd	GPM (100%)
M24/400	GPM Resources Pty Ltd	GPM (100%)

TENEMENT	REGISTERED HOLDER	BENEFICIAL OWNER
M24/429	GPM Resources Pty Ltd	GPM (100%)
P24/4373	GPM Resources Pty Ltd	GPM (100%)
P24/4374	GPM Resources Pty Ltd	GPM (100%)
P24/4375	GPM Resources Pty Ltd	GPM (100%)
P24/4445	GPM Resources Pty Ltd	GPM (100%)
P24/4446	GPM Resources Pty Ltd	GPM (100%)
P24/4447	GPM Resources Pty Ltd	GPM (100%)
P24/4449	GPM Resources Pty Ltd	GPM (100%)
M24/950	GPM Resources Pty Ltd	GPM (100%)
P24/4626	GPM Resources Pty Ltd	GPM (100%)
P24/4627	GPM Resources Pty Ltd	GPM (100%)
P24/4628	GPM Resources Pty Ltd	GPM (100%)
P24/4816	GPM Resources Pty Ltd	GPM (100%)
P24/4821	GPM Resources Pty Ltd	GPM (100%)
P24/4822	GPM Resources Pty Ltd	GPM (100%)
P24/4823	GPM Resources Pty Ltd	GPM (100%)
P24/4824	GPM Resources Pty Ltd	GPM (100%)
P24/4825	GPM Resources Pty Ltd	GPM (100%)
P24/4826	GPM Resources Pty Ltd	GPM (100%)
P24/4832	GPM Resources Pty Ltd	GPM (100%)
P24/4833	GPM Resources Pty Ltd	GPM (100%)
P24/4840	GPM Resources Pty Ltd	GPM (100%)
P24/4857	GPM Resources Pty Ltd	GPM (100%)
P24/4858	GPM Resources Pty Ltd	GPM (100%)
P24/4859	GPM Resources Pty Ltd	GPM (100%)
P24/4860	GPM Resources Pty Ltd	GPM (100%)
P24/4861	GPM Resources Pty Ltd	GPM (100%)
P24/4886	GPM Resources Pty Ltd	GPM (100%)
P24/4887	GPM Resources Pty Ltd	GPM (100%)
P 24/5060	GPM Resources Pty Ltd	GPM (100%)
P 24/5061	GPM Resources Pty Ltd	GPM (100%)
P 24/5109	GPM Resources Pty Ltd	GPM (100%)

**LEGEND**

Silvertree  
GPM

Nominees Pty Ltd  
GPM Resources Pty Ltd – wholly owned subsidiary of Excelsior Gold Limited (EXG)