



EXCALIBUR MINING LIMITED (ASX: EXM)
www.excaliburmining.com.au

ASX ANNOUNCEMENT - 28 October 2009

QUARTERLY REPORT

For the period ending 30 September 2009

Highlights for the period ending 30 September 2009:

- **Successful capital raising of \$10m**
- **RC drilling commenced including testing of remnant tails material**
- **Diamond drilling at Juno underway**
- **Independent Resource Review Commenced**
- **Tanami Project Planning and Mine Management Plan Lodged**

Quarterly Report and Update on Activities

Please find attached the Quarterly Activity Report for the quarter ending 30 September 2009. The reporting period has been eventful for the company, with a number of projects underway and a high level of activity across the business.

Subsequent to work completed during the Quarter, the RC drilling program around Nobles Nob and in particular at Rising Sun, Weabers Find, NM4 and a number of prospective shallow anomalies has been completed and the drilling rig has been demobilised. Wide spaced sampling of the remnant tailings at Nobles Nob has also been completed. Assay results on the program are being progressively received and the company anticipates being in a position to provide the results of the program in early to mid November once the results have been analysed.

The diamond drilling program at Juno is ongoing and two holes of the five-hole program have been completed. The first two holes tested the overburden material above the existing resource base where there was no previous drilling and where the Juno ore body is open. The core from the diamond holes is in the process of being cut and will be subsequently sent for assay. Results from these holes will be released to the market when available.

A follow up RC drilling program is currently being planned for Juno, this will be aimed at testing the relatively shallow portion of the mineralisation up dip of the current resource which was lightly drilled in the past. RC drilling will also complete testing the stope boundaries and materials.

Independent geological consultants, Cube Consulting, have been engaged to work with the Excalibur technical team to progress our current resources to a point where engineering and feasibility work can commence (*refer p2 below*).

RC Drilling and Tails Testing Underway

During the quarter, 2,500m of reverse circulation drilling was completed at three of our projects - NM4, Rising Sun and Weabers Find. Further targets will be tested at NM6 and NM7 within the total programme plan of 5,000m. The objectives of this short programme are:

- Infill drilling of our shallow resources around Nobles Nob to increase confidence in our resource position prior to the commencement of engineering design and mining pre-feasibility work;
- The testing of prospective shallow anomalies not included in our current resource portfolio;
- To conduct a preliminary test of the remnant tailings at Nobles Nob.

Tailings at Nobles Nob date from the late 1940s through to the mid 1980s. It is believed that the tailings dumps we are focussing on have never been reprocessed.

During the past quarter drilling was completed for the first round of aircore drill holes at the Nobles Nob tailings dumps. These holes were very broadly spaced with holes up to 120m apart. The holes were designed to test the thickness and variability of the historic tailings and determine any remnant grades. Further infill drilling is planned to increase the statistical confidence of the tails material so that these can be included in future resource calculations and become an integral component of our production profile.

Juno Diamond Drilling

Last quarter a diamond drill was mobilised and the first of the planned 5 holes was completed. This hole targeted a prospective but untested region above the main orebody and will provide valuable information on waste properties, oxidisation profiles and SGs. The remaining four planned holes will target key pillar material and the open areas above (within the confines of the proposed open pit) and to the east. The holes will be drilled as large diameter drill core allowing geotechnical and metallurgical test work as well as routine geological logging and assays.

The future drilling programme at Juno is still to be determined and will focus on achieving a resource position that will allow the progression to Pre-feasibility in the quickest and most cost-effective manner. This will be dependent on:

- The results of the current diamond programme within the current resource and in the prospective open areas of the orebody;
- The analysis of historical paper-based drill logs and records and the validation of the extensive exploration database (53,362m of drilling and 13,985 assays) that defines the current resource;
- The proposed strategy emerging from the Independent Geological Review.

Independent Geological Review

Cube Consulting has been engaged to work closely with the Excalibur technical team to progress our current resources at Juno and around Nobles Nob to a point where engineering and feasibility work can commence. The Cube team will work closely with our technical team to manage knowledge and skills transfer to ensure we have the internal capability to continuously update our resource model as additional information is received.

The objectives of the exercise are to:

- Review and validate our current resource base
- Devise a clear strategy to progress these to Reserve status
- Undertake Quality Assurance of previous and ongoing work
- Provide input into the design and evaluation of our subsequent drilling program

Tanami Project

In addition to the Tennant Creek project, the company holds the gold and precious metal rights over EL 25207 in the Tanami region of the Northern Territory, approximately 600 km north west of Alice Springs. EL25207 is held by Palace Resources Ltd, which retains the uranium rights.

A programme of 1,000m by 50m angled RAB-drilled to bedrock for approximately 16,000m is proposed for the first quarter of 2010 and a mine management plan has been lodged. The expected cost of this program is \$300,000.

Corporate

During the quarter, Excalibur Mining successfully completed a private placement of 1,000 million fully-paid ordinary shares each at an issue price of \$0.01 to raise a total of \$10,000,000. Of the total shares placed, 235 million shares were issued pursuant to the Company's 15% placement capacity with the balance to be issued following shareholder approval. The placement was managed by Bell Potter Securities Limited and was made on a global basis to a range of institutional, professional and sophisticated investors. Shareholder approval was obtained subsequent to the reporting period on 2nd of October at which time the balance of 765 million shares were approved. Director incentive arrangements were approved at the same meeting.

Proceeds from the Placement will be used for conducting further drilling of the Tennant Creek Project including reserve drilling at Juno, completing engineering studies, permitting and environmental studies and general corporate purposes. Excalibur's plan is to complete the work programme on Juno and satellite near surface deposits so that it will be in a position by the end of 2010 to commit to development of the mine.

At the end of the quarter the Company had cash resources of \$2.864 million, which did not include the \$7.65 million received subsequent to the end of the quarter following shareholder approval.

For further information, please contact:

Tim Lagdon
Managing Director
Ph: +61 8 9322 8000

Media enquiries:

Fortbridge
Ph: +61 2 9331 0655

Competent Persons Declaration

Information in this report pertaining to mineral resources and exploration results was compiled by Mr MP Sullivan who is a member of Aus.I.M.M. Mr Sullivan has sufficient experience which is relevant to the style of mineralisation and the type of deposit that is under consideration and to the activity that he is undertaking to qualify as a competent person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Sullivan consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.