



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

ASX ANNOUNCEMENT – 31 January 2011

December 2010 Quarterly Report

Excalibur Mining Corporation Limited (ASX:EXM and “Excalibur” or the Company) provides the following report on its activities for the quarter ending 31 December 2010.

During the quarter, the Company was focused on developing a revised strategy for its Tennant Creek assets and evaluation of results from drilling at the Browns Range in the Tanami. It also undertook a first pass reconnaissance visit to its projects in the Northern Yilgarn region of WA.

For the Company’s 100% owned Tennant Creek projects, work has centered on the development of a new vision for the Tennant Creek assets based on the revised resource position which had been finalised in the previous quarter. Given the current resource base and the spread of assets at Tennant Creek, the Company believes it is essential to focus future exploration around a suitable conceptual development plan.

Two studies are underway. Firstly a review by SRK to consider the prospectivity of the tenements, undertake a targeting program and specification of an exploration work program. Secondly with MCM to develop a series of conceptual exploration milestone at Juno and Nobles Nob prior to EXM being in a position to consider a development scenario. Finalising this work and planning the 2011 programs will be the major focus during the March Quarter.

On the Company’s Browns Range project, analysis of results from XRF readings and follow up assays were undertaken on the drilling program completed in the September quarter. On a preliminary basis, there were no outstanding results from submitted assays samples. However, further analysis is required prior to being in a position to finalise our view as to the prospectivity of the ground.

A first pass reconnaissance visit to the Company’s WA Uranium tenements in the Yilgarn region of Western Australia was completed in the quarter. Soil and rock chip samples were collected and results support the prospectivity for a calcrete style uranium deposit.

1. Project Activity

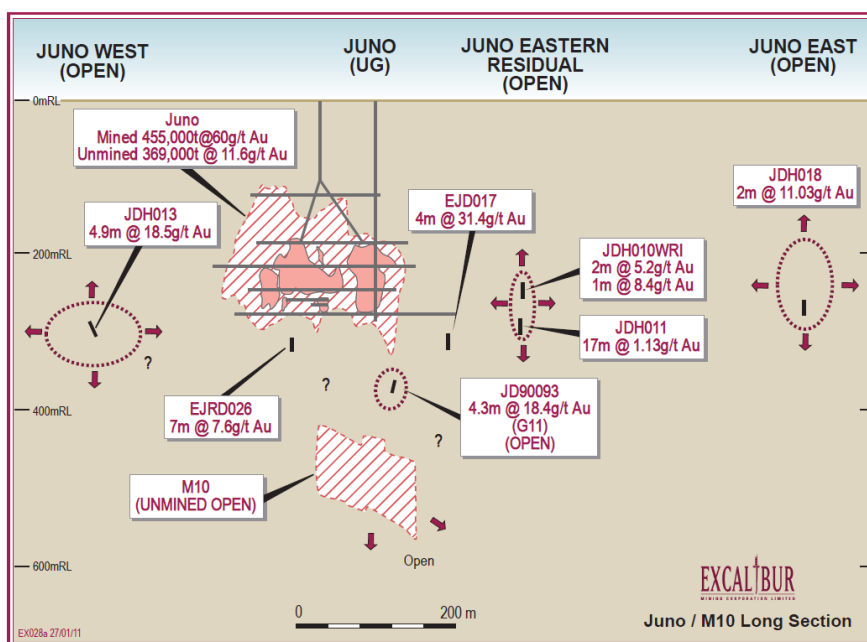
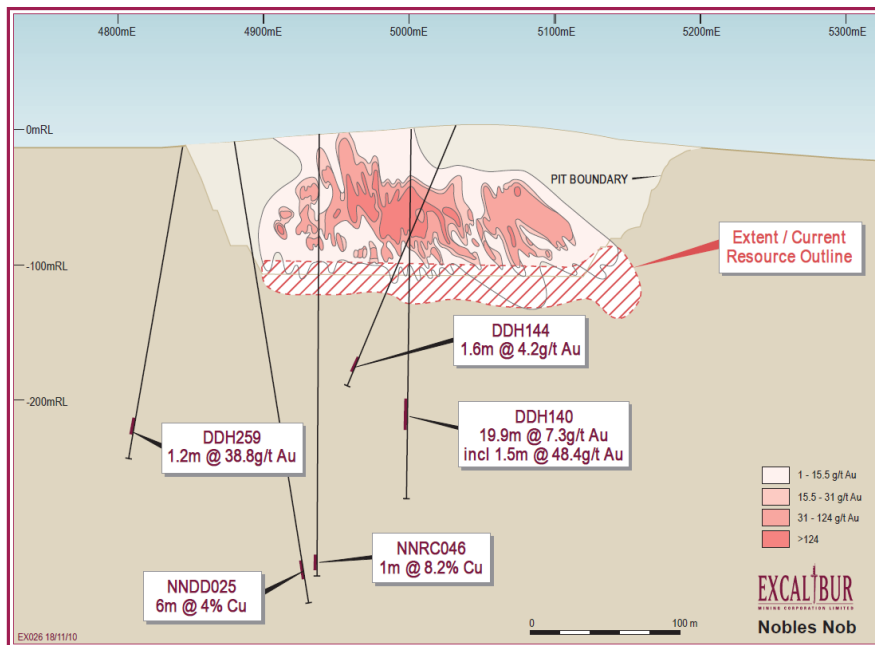
1.1. Tennant Creek

Excalibur has a resource base of 279,700 oz of gold at Tennant Creek (inferred) based on the external resource estimate completed by Cube Consulting in July 2010 and reported in the previous quarterly. While this is a strong start, additional mineralization is required to be identified and delineated prior to Excalibur being in a position to move into a development mode.

The majority of the resource is at the Juno project where Excalibur focused its resource validation drilling work in 2009 and 2010. Excalibur has completed limited drilling at Nobles Nob which is also

considered to be highly prospective for extensions of the mineralisation below the base of the open pit, which was closed in 1984.

Both projects have a significant number of high grade drilling intersections of gold and copper outside the resource envelopes which indicate the potential to expand the existing resource base.



Prior to EXM embarking on further exploration drilling, it is important to ensure our exploration activity is focused on maximizing the prospects of the Company achieving its key objective – building a resource at Juno and/or Nobles Nob that has the potential to underpin the assets being developed.

During the quarter, the Company announced that it has appointed Management Consultants Mining (“MCM”) and SRK Consulting (“SRK”) to assist with a technical review of the Juno and Nobles Nob projects to underpin the development of the new strategy.

The SRK and MCM review encompass 4 components:

1. Assessment of the prospectivity of the tenements to confirm the merit of the underlying rationale to redevelop Juno and Nobles Nob;
2. Definition of the minimum / threshold resources required at each location prior to considering a development program;
3. Identification of a first pass series of targets, based on all available geological information that has the potential to deliver the required resources; and,
4. Specification of a recommended future work program.

SRK’s role is to evaluate the mineral inventory at Tennant Creek and undertaken preliminary exploration targeting at Juno and Nobles Nob. This will involve 2 Phases. Phase I comprises:

- an overview of the gold mineralization potential to ensure prior to Excalibur undertaking further work that there is scope for sufficient resources to make continued exploration worthwhile.
- Provide preliminary drill targets adjacent to and below the Juno and Nobles Nob mines.
- Recommendations for work and data required to undertake a more detailed exploration targeting study modeling (Phase II).

The Phase I work will be completed in the March Quarter. There will be a subsequent, Phase II process which will involve more detailed modeling, potentially with collection of additional geophysics information to better define the targets prior to additional drilling.

As part of the exercise, Excalibur digitalized the geological and assay information from the past underground workings at Nobles Nob which are within the mined open pit area. This provides a comprehensive picture of the pre-mining nature of the mineralization at Nobles Nob.

SRK’s work will include 3 dimensional Leapfrog modeling of Excalibur’s information at Juno and Nobles Nob. It incorporates not only the drilling information but also existing geophysics, structural and surface geology and is designed to provide insights into the structural and geological control of gold mineralization in order to generate targets.

This information will be used to consider extensions and down plunge continuations, particularly in areas where there are already compelling intersections outside the resource base that can be accessed relatively easily, such as beneath Nobles Nob.

SRK is a leading global consulting firm with a focus on the resources industry. SRK has successfully undertaken similar assignments for other high grade gold projects involving the redevelopment of historic mines.

MCM’s work for Excalibur will include a high level scoping study to consider potential development options, including a high level assessment of the likely costs of developing both projects and the magnitude of the resources required to underpin such a development:

- Establish a outline development strategy for Juno and Nobles Nob

- Undertake a first pass review to test the applicability of the strategy
- Establish critical assumptions necessary, including minimum tonnages and grade to underpin a commercially and technically feasible development.
- Consider options to progress the project.

MCM is a mining engineering group that has been involved in 50 development projects worldwide over the last 35 years. It has significant experience in relation to underground mining and in particular high grade underground gold mines. This is highly pertinent to Excalibur's assets at Tennant Creek.

A site visit by both SRK and MCM was completed in the quarter.

1.2. Browns Range

On the Company's Browns Range project in the Tanami region of the Northern Territory, analysis of drilling results from the previous drilling program was undertaken. This included gold, base metals and rare earth elements and modeling of the consistency of results with XRF readings taken in the field.

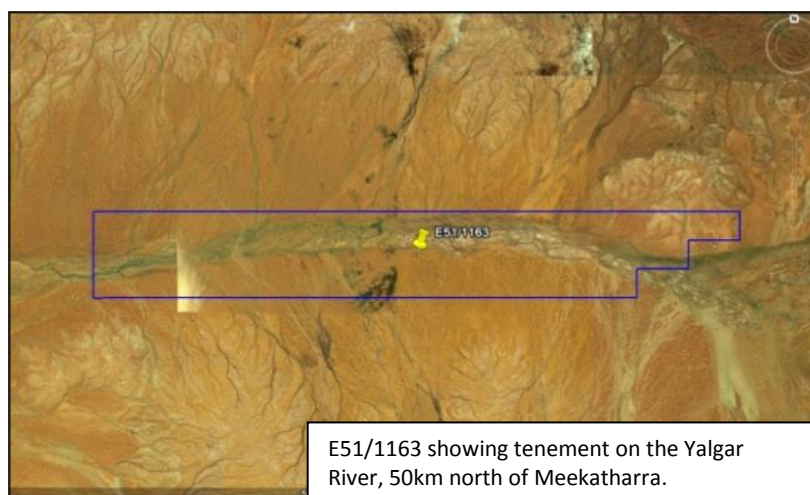
Results from the assays from the wide spaced drilling did not indicate any obvious anomalous results. However, further analysis and review is required to consider the potential of the area and any appropriate follow up field work.

1.3. WA Uranium

A first pass visit by Excalibur's geologists to the WA projects in the Northern Yilgarn and Geenough River areas was undertaken during the quarter. The tenements are prospective for Yeellerie style uranium deposits. Scintillometer readings were taken and rock chip samples were assayed.

The tenements contain surface calcrete accumulations in ancient creek beds with adjacent granitic intrusions. The scintillometer readings were elevated, particularly at a gravel pit on E51/1163 which permitted access to fresh sub-surface material. The assays of the chip samples gave results consistent with the expected marker elements for the geological model, particularly vanadium.

The most appropriate next step for testing the tenements is a broad spaced program of shallow drilling with a focus on E51/1163 in the first instance. However no commitment has been made at this stage.



E51/1163 showing tenement on the Yalgar River, 50km north of Meekatharra.

2. Corporate Activity

At the end of the reporting period, Excalibur had a cash position of \$2.15 million.

During the quarter the Company undertook exploration and drilling activities with associated expenditure of \$0.255m. Exploration expenditure over the next quarter is estimated at \$0.120 m. The next quarter's exploration expenditure reflects the work by MCM and SRK together with meeting reporting requirements to various NT Government Departments.

At the Company AGM in November, shareholders supported the resolution to permit variation of the Performance Shares granted to Directors in October 2009 to allow the scheme to be cancelled. Directors also agreed to the cancellation of the Options granted in 2009. A replacement Equity Incentive package will be considered following the development and communication of a new business plan for the Company's assets.

For further information, please contact:

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Managing Director
Ph: +61 8 9322 8000

Information in this report pertaining to Browns Range and WA Uranium exploration results was compiled by Mr Peter Thomas who is a member of AusIMM. Mr. Thomas 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. Thomas consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Name of entity

EXCALIBUR MINING CORPORATION LIMITED

ABN

91 008 021 118

Quarter ended ("current quarter")

31 DECEMBER 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(255) - - (378)	(962) - - (1,003)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	24	61
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	45	56
Net Operating Cash Flows	(564)	(1,848)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(564)	(1,848)
1.13 Total operating and investing cash flows (brought forward)	(564)	(1848)

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		-	-
Net increase (decrease) in cash held		(564)	(1,848)
1.20	Cash at beginning of quarter/year to date	2,717	4,001
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,153	2,153

**Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(114)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	(120)
4.2	Development	-
4.3	Production	-
4.4	Administration	(375)
Total		(495)

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Curent quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	490	567
5.2	Deposits at call	1,663	2,150
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		2,153	2,717

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Performance +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	2,611,679,546	2,611,679,546		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	214,580,265	214,580,265	<i>Exercise price</i> \$0.0600	<i>Expiry date</i> 31/12/2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 28 January 2011 .
(Director/Company secretary)

MARK SMITH
Print name: