

FORM 7

**MONTHLY PROGRESS REPORT**

Name of CNQ Issuer: **EXCALIBUR RESOURCES LTD.** (the "Issuer").

Trading Symbol: **EXBR**

Number of Outstanding Listed Securities: **64,406,696**

Date: **June 2, 2008**

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This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNQ Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNQ.ca website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CNQ Policies. The discussion in this report must be factual, balanced and non-promotional.

**General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

**Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

**During the month of May, 2008 the Corporation reported assay results from a 22 diamond drill-hole program commenced in March, 2008, representing 1,535.9 meters on its Needles Property in Nye County, Nevada.**

2. Provide a general overview and discussion of the activities of management.

**See Item 1.**

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

***The Corporation reported that in late March 2008, it had completed a 22 diamond drill-hole program representing 1,535.9 meters on its Needles Property in Nye County, Nevada. The drill program targeted portions of the Arrowhead Lineament Fault which extends for over 3 km on the property. Drilling was primarily conducted along the NNW-trending Arrowhead Lineament Fault in four zones that are designated (from southwest to northeast) the Gladius, Arrowhead, Argenta and Whopper Junior Zones.***

## Arrowhead Mine Area

A total of five drill holes were completed around the Arrowhead Mine area (N-52, and N-61 through N-64). As reported in a previous News Release dated March 11, 2008, drill-hole N-61 reported a silver value of 721.69 g/t and a gold value of 2.34 g/t over a true width of 4.30 meters.

The results of the three additional holes N-52, N-62 and N-64 are reported below. Drill holes N-62 and N-64 were drilled on the same setup as N-63. N-62 intersected the following zone:

| Needles - 62   |        |              |            |              |
|----------------|--------|--------------|------------|--------------|
| From (m)       | To (m) | Interval (m) | Au (ppb)   | Ag (g/t)     |
| 19.23          | 20.82  | 1.59         | 14         | 6.3          |
| 20.82          | 22.01  | 1.19         | 218        | 57.8         |
| 22.01          | 23.53  | 1.52         | 51         | 17.5         |
| 23.53          | 24.78  | 1.25         | 7          | 1.6          |
| 24.78          | 26.15  | 1.37         | 143        | 25.2         |
| 26.15          | 27.01  | 0.86         | 624        | 228.0        |
| <b>Average</b> |        | <b>7.78</b>  | <b>142</b> | <b>43.45</b> |

N-63 (-75 degrees) entered a void at the bottom which is most likely a stope from the old Arrowhead Mine. N-64 (-90 degrees) drilled from the same setup intersected only geochemical levels of gold and silver mineralization.

N-52 (-60 degrees) was drilled 10 m south of the collars of drill holes N-61 through N-64, and intersected highly-altered volcanic rocks with 27.4 g/t Ag over 6.74 m.

| Needles - 52   |              |              |           |             |
|----------------|--------------|--------------|-----------|-------------|
| From (m)       | To (m)       | Interval (m) | Au (ppb)  | Ag (g/t)    |
| 31.70          | 32.58        | 0.88         | 76        | 40.9        |
| 32.58          | 33.41        | 0.83         | 18        | 4.3         |
| 33.41          | 34.59        | 1.18         | 8         | 5.2         |
| 34.59          | 35.20        | 0.61         | 3         | 34.0        |
| 35.20          | 36.64        | 1.44         | 32        | 48.7        |
| 36.64          | 37.31        | 0.67         | 135       | 25.8        |
| <b>37.31</b>   | <b>38.44</b> | <b>1.13</b>  | <b>27</b> | <b>27.3</b> |
| <b>Average</b> |              | <b>6.74</b>  | <b>39</b> | <b>27.4</b> |

## Whopper Junior Zone ("WJZ")

The WJZ is located on the Arrowhead Lineament Fault 1.3 km NNW from the Arrowhead Mine area. Four holes (N-71, N-72, N-72A, and N-73) were completed on the WJZ and intersected broad zones of disseminated pyrite and quartz stock-work that is highly anomalous in gold, silver and other geochemical pathfinders including arsenic, antimony and sulfur. The following table summarizes the average geochemical values for each of the drill holes:

| Drill Hole Number | From (m)  | To (m) | Interval (m) | Au (ppb) | Ag (ppm) | As (ppm) | Sb (ppm) | S (ppm) |
|-------------------|-----------|--------|--------------|----------|----------|----------|----------|---------|
| Needles-71        | 124.3     | 151.7  | 27.4         | 116      | 1.8      | 1991     | 27.6     | 10,528  |
| Needles-72*       | Hole Lost | -      |              | -        | -        | -        | -        | -       |
| Needles-72A (UL)  | 63.9      | 99.9   | 36.0         | 42       | 1.5      | 3505     | 60.1     | 12,018  |
| Needles-72A (LL)  | 126.9     | 148.7  | 21.8         | 22       | 1.0      | 1176     | 19.3     | 8,035   |
| Needles-73 (UL)   | 48.1      | 52.7   | 4.6          | 66       | 1.0      | 486      | 13.3     | 9,600   |
| Needles-73 (LL)   | 95.8      | 102.4  | 6.7          | 38       | 1.2      | 739      | 18.0     | 8,100   |

\* - Drill hole lost at 55.4 m due to bad ground conditions

UL = "Upper Lens"

LL = "Lower Lens"

#### **Area Southeast of Arrowhead Mine**

Five drill holes were drilled on two sections south of the Arrowhead Mine. One section was located 137 m south-southeast of the Arrowhead Mine (N-68 & N-70). The other section was located 280 m south-southeast of the Arrowhead Mine (N-54A, N-66 & N-67). Drill-hole N-66 (-45 degrees) intersected 2.0 g/t Au /1.92 m.

| <b>Needles - 66</b> |               |                     |                 |                 |
|---------------------|---------------|---------------------|-----------------|-----------------|
| <b>From (m)</b>     | <b>To (m)</b> | <b>Interval (m)</b> | <b>Au (g/t)</b> | <b>Ag (g/t)</b> |
| 29.93               | 31.85         | 1.92                | 2.0             | trace           |

Drill holes Needles-54A (-60 degrees) and Needles-67 (-90 degrees) drilled from the same setup intersected only trace levels of gold and silver.

#### **Area East of the Arrowhead Mine**

Drill hole (N-65) was completed on an induced polarization anomaly located 265 m east of the Arrowhead Mine. N-65 intersected a widespread zone of disseminated pyrite, but only trace levels of gold and silver accompanied the sulphide mineralization.

#### **Argenta Mine**

Drill Hole N-69 (-70 degrees) was completed adjacent to the Argenta Mine Shaft, and was terminated early (51.15 m) owing to intense clay alteration which caused difficult drilling conditions. N-69 potentially is a very important hole since it is the only hole drilled between the WJZ and the Arrowhead Mine, and intersected anomalous gold content in all 22 samples of the drill core.

| <b>Needles - 69</b> |               |                     |                 |                 |
|---------------------|---------------|---------------------|-----------------|-----------------|
| <b>From (m)</b>     | <b>To (m)</b> | <b>Interval (m)</b> | <b>Au (ppb)</b> | <b>Ag (g/t)</b> |
| 19.20               | 42.00         | 22.80               | 15              | trace           |

#### **Recommendation by Company Consultants**

The recent drilling program has demonstrated that epithermal precious metal deposits at Needles are hosted along the NNW-trending Arrowhead Lineament Fault ("ALF"); and occur in close proximity to epithermal quartz veins that have been emplaced along the ALF. The recent drilling program has also demonstrated that the ALF is a high-angle normal fault that dips steeply to the west and truncates 2 major, flat-lying volcanic cycles; a lower fragmental series of intermediate composition and an upper tuffaceous series of felsic composition. Wide zones of epithermal veining are more prone to formation at the contact between the two volcanic cycles where the ALF crosscuts the stratigraphy such as the Whopper Junior Zone.

The area between the Whopper Junior Zone and the Arrowhead Mine exposes 1.4 km of intense hydrothermal alteration that has only been tested by one drill hole to date (N-69) that intersected a wide zone of anomalous gold content before being abandoned. The area is covered by volcanic rocks of the upper cycle, and the prospective target horizon lies at relatively shallow depths below the surface (<250 m). Based on the intense hydrothermal alteration seen at surface, and persistent low levels of gold/silver mineralization seen at surface, this area could host a large epithermal precious metal deposit that is currently not exposed at surface.

It is highly recommended that a grid be installed on the area between the Arrowhead Mine and the Whopper Junior Zone on 100 m line spacing and that soil sampling, and geophysics be undertaken to identify quartz-veining and disseminated sulfide mineralization that frequently

**accompany precious metal mineralization at Needles. Targets generated in this area are considered a high-priority, and should be tested by diamond drilling. Please refer to a schematic longitudinal section of the Arrowhead Lineament Fault in the corporate presentation illustrating the above discussion that can be found on the Company's website, [www.excaliburresources.ca](http://www.excaliburresources.ca).**

#### **Qualifications**

**Analytical work was completed by American Assay Laboratories of Reno, Nevada that is accredited to ISO/IEC 17025, and also has a Certificate of Laboratory Proficiency PTP-MAL, accredited by the Standards Council of Canada. American Assay Laboratories also participates in the Society of mineral analysts-Round Robin testing. Drill core was logged and cut and in half prior to sampling with a rock saw, and one-half is retained for further investigations if required. Exploration activities on the Needles property were overseen by John Gardiner (P. Geol.) and Jim Helgeson (P. Geo.), both Qualified Persons under the meaning of Canadian National Instrument 43-101.**

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**No drilling, exploration or production programs have been amended or abandoned.**

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**Not applicable.**

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

**Not applicable.**

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

**Not applicable.**

8. Describe the acquisition of new customers or loss of customers.

**Not applicable.**

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

**Not applicable.**

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

**Not applicable.**

11. Report on any labour disputes and resolutions of those disputes if applicable.

**Not applicable.**

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of

the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**None.**

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**Not applicable.**

14. Provide details of any securities issued and options or warrants granted.

**No securities were issued, nor options or warrants granted.**

15. Provide details of any loans to or by Related Persons.

**Not applicable.**

16. Provide details of any changes in directors, officers or committee members.

**Not applicable.**

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**None.**

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNQ that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNQ Requirements (as defined in CNQ Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

**Dated June 2, 2008.**

*"Anthony Garson"*

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**President**

**For Month Ended: May, 2008**

**Issuer Details:**

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