FORM 5

QUARTERLY LISTING STATEMENT

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

Trading Symbol: **XBR**

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement 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 quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the CNQ.ca website.

General Instructions

(a) Prepare this Quarterly Listing Statement 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 following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the CNQ 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.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

The interim financial statements for the three month period ended August 31, 2008 are attached hereto a Schedule "A".

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

See Schedule "A" attached hereto.

2. Summary of securities issued and options granted during the period.

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
July 14, 2008	Common shares	Private Placement	400,000	$0.05	$20,000	Cash	Related Party	Nil
July 14, 2008	Common shares	Private Placement	400,000	$0.05	$20,000	Cash	Not a related party	Nil
July 29, 2008	Common shares	Finder's fees	300,000	$0.05	$15,000	Services provided	Not a related party	Nil

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
July 4, 2008	300,000	N/A	Consultant	$0.05	July 4, 2013	$0.03

3. Summary of securities as at the end of the reporting period.

Authorized - 100,000,000 common shares without par value
Issued - common shares

	Number of Shares	Value
Balance, August 31, 2008	**65,506,696**	**$8,542,402**

Stock Options

The Company maintains a Stock Option Plan (the "Plan") for the benefit of directors, officers, employees and consultants. The maximum number of common shares reserved for issuance with respect to the Plan cannot exceed 10% of the issued and outstanding common shares of the Company at the date of grant. Stock options granted generally vest immediately.

The following summarizes the stock option activities:

	Aug 31, 2008		May 31, 2008	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Beginning balance	**4,463,000**	**$ 0.07**	4,463,000	$ 0.10
Granted	**300,000**	**$ 0.05**	250,000	$ 0.05
Cancelled/expired	**-**		-	$ 0.10
Outstanding at period-end	**5,013,000**	**$ 0.07**	4,463,000	$ 0.07
Exercisable at period-end	**5,013,000**	**$ 0.07**	4,463,000	$ 0.07

The Company had the following options outstanding at August 31, 2008:

Number of Options	Exercise Price	Expiry Date
1,468,000	$0.10	December 23, 2009
50,000	$0.10	March 1, 2010
2,145,000	$0.05	February 20, 2012
400,000	$0.065	March 26, 2012
400,000	$0.05	May 16, 2012
200,000	$0.09	October 29, 2012
50,000	$0.05	April 3, 2013
300,000	$0.05	July 4, 2013

5,013,000	

Warrants

The Company had the following share purchase warrants outstanding as at August 31, 2008:

Number of Warrants	Exercise Price	Expiry Date
9,083,759	$0.14 (2)	November 9, 2008
7,350,000	$0.14 (2)	November 30, 2008
800,000	$0.05	January 14, 2010
17,233,759		

(i) The warrants have a fair value of $472,531 (2007 - $273,155) and was estimated using the Black-Scholes pricing model with the following weighted-average assumptions: (a) dividend yield of 0% (2007 - 0%); (b) expected volatility of 151% (2007 - 189%); (c) risk-free interest rate of 3.91% (2007 - 4.05%) and; (d) expected life of 1 year (2007 - 1 year).

(ii) These warrants contain an accelerated exercise clause that will provide that in the event that the ten day weighted average trading price of the Company's common shares on the CNQ for any ten consecutive trading days is $0.25 or more (the tenth such trading day being the "Determination"), then the expiry date of the Warrants will be accelerated to the 30th calendar day following the Determination (the "Accelerated Expiry Date").

There are no shares held in escrow or subject to a pooling agreement.

4. The directors and officers as at the date this report is signed and filed are as follows:

Edwin Bergsteinsson	-	Chairman and Director
Anthony Garson	-	President and Director
Dianne Szigety	-	Corporate Secretary and Director
Ian Klassen	-	Director
Bob Morgan	-	Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion & Analysis for the three month period ended August 31, 2008 is attached as Schedule "C".

Certificate Of Compliance

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 Quarterly Listing Statement.

2. As of the date hereof there 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 5 Quarterly Listing Statement is true.

Dated October 30, 2008.

Dianne Szigety
Name of Director or Senior Officer

"D. Szigety"
Signature

Corporate Secretary
Official Capacity

For Quarter Ended: ***August 31, 2008***

Issuer Details:
Excalibur Resources Ltd.
Suite 2300, 1066 West Hastings Street, Vancouver, BC V6E 3X2
Tel No. (604) 681-2961 Fax No. (604) 684-3451
Website Address: www.excaliburresources.ca

Contact Name:
Dianne Szigety
Corporate Secretary
Contact Tel No.: (604) 681-2961
Contact Email Address: info@excaliburresources.ca

SCHEDULE "A"

EXCALIBUR
RESOURCES LTD.

Consolidated Financial Statements
For The Three Months Ended August 31, 2008
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the company have been prepared by and are the responsibility of the company's management.

The company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Excalibur Resources Ltd.
Balance Sheet for the three month period
Ended August 31, 2008

	Note	Aug 31, 2008	May 31, 2008
Assets			
Current			
Cash		**$ 5,177**	$ 100,279
Prepaids and sundry receivables		**45,148**	63,450
		50,325	163,729
Capital assets	4	**3,914**	4,118
Mineral properties and deferred exploration costs	5	**1,060,740**	867,722
		$ 1,114,979	$ 1,035,569
Liabilities			
Current			
Accounts payable and accrued liabilities		**$ 217,349**	$ 135,044
Note payable		**20,000**	**-**
		237,349	135,044
Shareholders' Equity			
Capital stock	6	**8,542,402**	8,487,402
Warrants	7(ii)	**745,686**	745,686
Contributed surplus	9	**286,955**	286,955
Deficit		**(8,697,413)**	(8,619,518)
		877,630	900,525
		$ 1,114,979	**$** 1,035,569

Nature of Operations (Note 1)

Litigation (Note 11)
Subsequent Events (Note 14)

Approved by the Board *"Anthony Garson"* Director *"Jack Besmargian"* Director
(signed) (signed)

Excalibur Resources Ltd.
Consolidated Statements of Operations and Deficit
for the three month period ended August 31,

	2008	2007
Expenses		
Amortization of capital assets	**$ 204**	$ 217
Consulting fees	**15,000**	13,500
Management and administrative fees	**27,000**	28,500
Office and administrative	**11,115**	7,259
Professional fees	**9,500**	8,125
Regulatory, transfer agent fees and investor relations	**12,128**	22,213
Stock-based compensation	**-**	-
Trade shows and promotional expenses	**-**	-
Travel	**2,948**	2,927
	77,895	82,741
Net loss for the period	**(77,895)**	(82,741)
Deficit at beginning of period	**(8,619,518)**	(8,226,754)
Deficit at end of period	**$(8,697,413)**	$(8,309,495)
Basic and diluted loss per share	**$ (.001)**	$ (0.002)
Basic and diluted weighted average shares outstanding	**64,937,465**	47,482,358

Excalibur Resources Ltd.
Consolidated Statements of Cash Flows
For the three month period ended August 31,

	2007	2008
Cash flows from (used in) operating activities		
Net loss for the period	**$ (77,895)**	$ (82,741)
Add items not affecting cash		
Amortization of capital assets	**204**	217
Stock-based compensation	**-**	-
Accrued interest on notes payable	**-**	-
	(77,691)	(82,524)
Changes in non-cash working capital items		
Prepaids and sundry receivables	**18,302**	7,173
Accounts payable and accrued liabilities	**82,305**	(12,159)
	22,916	(87,510)
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	**-**	-
Mineral properties and deferred exploration costs	**(193,018)**	(63,822)
	(193,018)	(63,822)
Cash flows from financing activity		
Share capital issued	**55,000**	-
Due to related parties	**20,000**	15,625
	75,000	15,625
Increase (decrease) in cash during the period	**(95,102)**	(135,707)
Cash at beginning of period	**100,279**	209,401
Cash at end of period	**$ 5,177**	$ 73,694

Supplemental Disclosure for Non-Cash Financing Activities:

2007: NIL
2008: NIL

1. NATURE OF OPERATIONS

The financial statements of Excalibur Resources Ltd. have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

The Company has incurred significant losses for several years and has had a history of a negative working capital. For the quarter ended September 30, 2008 the Company has a working capital deficiency of $167,024.

The Company's ability to continue as a going concern depends on its ability to finance its cash requirements through equity or other financing.

2. SIGNIFICANT ACCOUNTING POLICIES

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles. The disclosures contained in these unaudited interim financial statements do not include all requirements of Canadian generally accepted accounting principles for annual financial statements. The unaudited interim financial statements follow the same accounting policies and methods of application as the audited financial statements for the year ended May 31, 2008. The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended May 31, 2008.

Accounting measurements at interim dates inherently involve greater reliance on estimates than at year-end. In the opinion of management, the accompanying unaudited interim financial statements include all adjustments of a normal recurring nature to present fairly the position of the Company as at August 31, 2008. These financial statements reflect the results of operations for the nine month period ended August 31, 2008.

Future Accounting Pronouncements Issued And Not Yet Adopted

(a) The new Section 1535, “Capital Disclosures”, requires that an entity disclose information that enables users of its financial statements to evaluate an entity’s objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. The new standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically June 1, 2008 for the Company. This standard will impact the Company’s disclosures provided, but will not affect the Company’s results or financial position.

(b) The new Sections 3862 and 3863 replace Handbook Section 3861 “Financial Instruments – Disclosure and Presentation”, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The new standards apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically June 1, 2008 for the Company. This standard will impact the Company’s disclosures provided, but will not affect the Company’s results or financial position.

(c) The CICA plans to converge Canadian Generally Accepted Accounting Principles with International Financial Reporting Standards (“IFRS”) over a transition period expected to end in 2011. The impact of the transition to IFRS on the Company’s financial statements is not yet determinable.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net August 31 2008	May 31 2008
Furniture and equipment	**$ 17,118**	**$ 13,204**	**$ 3,914**	$ 4,118

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

	Needles[i]	Delamar[ii]	Silver King[iii]	Cariboo Claims[iv]	Sturgeon Lake[v]	Total
Acquisition costs						
May 31, 2007	$ 150,000	$ 51,954	$ -	$ -	$ -	$ 201,954
Shares issued	-	-	6,000	1,250	-	7,250
Cash payments	-	60,374	71,500	10,000	-	141,874
Staking costs	-	-	-	-	53,000	53,000
May 31, 2008	150,000	112,328	77,500	11,250	53,000	404,078
Deferred exploration costs						
May 31, 2007	-	263	-	-	-	263
Additions	393,699	11,347	55,572	-	2,763	463,381
May 31, 2008	393,699	11,610	55,572	-	2,763	463,644
Total as of May 31, 2008	**$ 543,699**	**$ 123,938**	**$ 133,072**	**$ 11,250**	**$ 55,763**	**$ 867,722**
Acquisition costs						
Shares issued	-	-	-	-	15,000	15,000
Cash	-	-	-	-	25,332	25,332
Aug 31, 2008	-	-	-	-	40,332	40,332
Deferred exploration costs						
Additions	653	-	112,029	-	8,982	121,664
Aug 31, 2008	653	-	112,029	-	8,982	161,996
Exploration Advances at Aug 31, 2008	-	-	31,022	-	-	31,022
Total as of Aug 31, 2008	**$ 544,352**	**$ 123,938**	**$276,123**	**$11,250**	**$105,077**	**$1,060,740**

(i) Needles Property

The Company issued 2,000,000 common shares at $0.05 per share and paid $50,000 to Taranis Resources Inc. (Taranis) in consideration for the Needles silver and gold property located in the Arrowhead Mining District, Nye County, Nevada. The property consists of 104 contiguous mining claims covering approximately 861 hectares (2,128 acres).

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (Cont'd)

The property is subject to a 2% NSR. In the event the Company completes any other business deal on the Property, Taranis' 2% NSR will not be affected and shall remain in effect on the Property. The NSR on the Property can be purchased by the Company for $1,000,000 per NSR point.

The Company has assumed all land payments to Nye County and Bureau of Land Management to keep the Property in good standing and has assumed a bond for environmental reclamation currently filed with the Bureau of Land Management in the amount of US$5,471.

(ii) **Delamar Property**

The Company acquired 53 mining claims known as the "Stinger Claims" located in the Delamar Mining District in the state of Nevada. The total purchase price payable for the mining claims consists of (a) US$20,000 cash on the Closing Date (paid); (b) US$55,000 upon closing of the Company's next financing (paid); and (c) 600,000 non-assessable common shares at $0.05 per share (issued).

Seven of the above claims may be subject to a claim by a third party which has double staked these claims. In the event that this affects the title of the mining claims the Company shall be reimbursed a portion of the purchase price in the amount proportionate to the number of affected mining claims.

The property is subject to a 2% NSR which can be purchased by the Company for US$50,000 per NSR point.

(iii) **Silver King Property**

The Company entered into an option to earn a 100% interest in the Silver King Property located in the Kootenay District of British Columbia, by issuing common shares and making cash payments over four years as follows:

a. $30,000, plus a $1,500 reimbursement of 2007 paid taxes (paid), upon the execution of this letter agreement and the issuance of 70,000 shares (issued);

b. $40,000 on or before June 1, 2008 (paid) and the issuance of 90,000 shares (issued);

c. $55,000 on or before June 1, 2009 and the issuance of 140,000 shares;

d. $70,000 on or before June 1, 2010 and the issuance of 190,000 shares; and

e. on or before June 1, 2011 $90,000 plus the greater of:

   i. 125% of the 2011 assessed value of the surface rights issued by the British Columbia Assessment Authority in late 2010: or

   ii. $250,000 and the issuance of 250,000 shares.

The Company is required to issue an additional 200,000 shares to the Optionor on receipt by the Company of a positive feasibility study, either in the form of a preliminary feasibility study or a bankable study, or upon commencement of commercial production.

5. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (Cont'd)

In addition, the Optionor is entitled to receive 3% Net Smelter Return on the Silver King Property (the "NSR"), which shall be in an amount not be less than $50,000, adjusted by the Statistics Canada Consumer Price Index for British Columbia using 2006 as a base year. The Optionor is also entitled to receive an advanced royalty in the base amount of $50,000, adjusted by the Statistics Canada Consumer Price Index for British Columbia using 2006 as a base year, due on December 31 in each year that the Silver King Property is not in commercial production for a full 12 months, starting in the year in which the option is exercised by the Company. The NSR will be reduced by the total of any advance royalty paid. Upon commencement of commercial production, the Company will have the right to purchase 50% of the NSR for $1,500,000.

(iv) Cariboo Claims

On December 12, 2007 the Company entered into an option to acquire a 100% interest in the Cariboo Group claims and the Princess and Cleopatra claims (collectively the "Cariboo Claims"), representing a total of five claim units near the City of Nelson, in the Kootenay District of British Columbia, by making the following option payments in cash and shares:

- $10,000 (paid) and 25,000 shares at a price of $0.05 per share (issued) upon signing of the Letter of Intent;
- $15,000 and 40,000 shares on or before December 11, 2008;
- $20,000 and 50,000 shares on or before December 11, 2009;
- $25,000 and 100,000 shares on or before December 11, 2010.

In addition, the Company is required to issue 200,000 shares to the Optionor on receipt by the Company of a positive feasibility study, either in the form of a preliminary feasibility study or a bankable study, or upon commencement of commercial production. The Optionor is entitled to receive a 2% Net Smelter Return royalty on each of the mineral tenures. Upon commencement of commercial production the Company will have the right to purchase 50% of the NSR for $500,000.

(v) Sturgeon Lake

The Company has undergone a staking program in the Sturgeon Lake area of Ontario and has 38 claims registered as of August 31, 2008.

6. CAPITAL STOCK

Authorized
100,000,000 common shares without par value

Issued - common shares

	Number of Shares	Value
Balance, August 31, 2006	**27,672,231**	**$7,344,603**
Shares issued in settlement of debt (i)	6,999,040	349,952
Shares issued in connection with a private placement(ii)	10,170,000	508,500
Share issuance costs	-	(48,350)
Less value allocated to warrants (Note 7(ii))	-	(273,155)
Shares issued for property acquisitions (iii)	2,600,000	130,000
Balance, May 31, 2007	**47,441,271**	**$8,011,550**
Shares issued for property acquisitions	185,000	7,205
Shares issued in settlement of debt (iv)	346,666	20,780
Share issued in connection with private placements (v)	16,433,759	986,026
Share issuance costs	-	(65,673)
Less value allocated to warrants (Note 7(ii)	-	(472,531)
Balance, May 31, 2008	**64,406,696**	**$8,487,402**
Shares issued in connection with private placement (vi)	800,000	40,000
Shares issued in payment of finder's fees (vii)	300,000	15,000
Balance, August 31, 2008	**65,506,696**	**$8,542,402**

(i) 6,999,040 common shares were issued on February 20, 2007 to settle $349,952 of notes payable.

(ii) 10,170,000 common share units were issued pursuant to a private placement completed on February 20, 2007 at a price of $0.05 per share. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the purchaser to acquire one common share at an exercise price of $0.10 per common share for one year from issuance (see Note 7(ii)).

(iii) 600,000 common shares were issued at a price of $0.05 per share on May 17, 2007 to two directors and officers for the Stinger Claims. In addition, 2,000,000 common shares were issued at a price of $0.05 per share on February 20, 2007 to Taranis Resources for the Needles property.

(iv) 346,666 common shares were issued to settle $20,780 of accounts payable.

(v) During the year ended May 31, 2008 the Company issued 16,433,759 units for gross proceeds of $986,026. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the purchaser to acquire one common share at an exercise price of $0.14 per common share for one year from issuance (see Note 7(ii)).

(vi) On July 14, 2008 the Company issued 800,000 units at $0.05 per unit for gross proceeds of $40,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the purchaser to acquire one common share at an exercise price of $0.05 per common share for 18 months from issuance (see Note 7(ii)).

(vii) On July 29, 2008 the Company issued 300,000 shares at a price of $0.05 per share in payment of finder's fees.

7. STOCK OPTIONS AND WARRANTS

(i) Stock Options

The Company maintains a Stock Option Plan (the "Plan") for the benefit of directors, officers, employees and consultants. The maximum number of common shares reserved for issuance with respect to the Plan cannot exceed 10% of the issued and outstanding common shares of the Company at the date of grant. Stock options granted generally vest immediately.

The following summarizes the stock option activities:

	Aug 31, 2008		May 31, 2008	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Beginning balance	**4,463,000**	**$ 0.07**	4,463,000	$ 0.10
Granted	**300,000**	**$ 0.05**	250,000	$ 0.05
Cancelled/expired	**-**		-	$ 0.10
Outstanding at period-end	**5,013,000**	**$ 0.07**	4,463,000	$ 0.07
Exercisable at period-end	**5,013,000**	**$ 0.07**	4,463,000	$ 0.07

The Company had the following options outstanding at August 31, 2008:

Number of Options	**Exercise Price**	**Expiry Date**
1,468,000	$0.10	December 23, 2009
50,000	$0.10	March 1, 2010
2,145,000	$0.05	February 20, 2012
400,000	$0.065	March 26, 2012
400,000	$0.05	May 16, 2012
200,000	$0.09	October 29, 2012
50,000	$0.05	April 3, 2013
300,000	$0.05	July 4, 2013
5,013,000		

7. STOCK OPTIONS AND WARRANTS (Cont'd)

(ii) Warrants

The Company had the following share purchase warrants outstanding as at August 31, 2008:

Number of Warrants	Exercise Price	Expiry Date
9,083,759	$0.14 (2)	November 9, 2008
7,350,000	$0.14 (2)	November 30, 2008
800,000	$0.05	January 14, 2010
17,233,759		

(i) The warrants have a fair value of $472,531 (2007 - $273,155) and was estimated using the Black-Scholes pricing model with the following weighted-average assumptions: (a) dividend yield of 0% (2007 - 0%); (b) expected volatility of 151% (2007 - 189%); (c) risk-free interest rate of 3.91% (2007 - 4.05%) and; (d) expected life of 1 year (2007 - 1 year).

(ii) These warrants contain an accelerated exercise clause that will provide that in the event that the ten day weighted average trading price of the Company's common shares on the CNQ for any ten consecutive trading days is $0.25 or more (the tenth such trading day being the "Determination"), then the expiry date of the Warrants will be accelerated to the 30th calendar day following the Determination (the "Accelerated Expiry Date").

8. LITIGATION

A statement of claim has been filed in the Ontario Superior Court against the Company by a former director and officer of the Company. The suit alleges that the Company owes the former director and officer an aggregate amount of approximately $227,000 for services rendered and expenses, provision and implementation of the Company's current business model and for funds invested in the Company.

The Company has retained legal counsel and, based upon a preliminary review of the statement of claim and its charges, the Company believes that while certain aspects of the claim have merit, the quantum of damages sought is excessive and the real exposure is in the range of $25,000 to $75,000 should the Plaintiff succeed in overcoming the liability arguments asserted by the Company in its statement of defence. In the prior year, the action lapsed into dormancy and no steps have been taken by the plaintiff for several years. The Company has accrued $57,575 with respect to this matter in these financial statements.

9. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount, which is the consideration established and agreed to by the respective parties.

(i) During the reporting period, management and administrative fees of $27,000 (2007 - $28,500) and $15,000 (2007 - $13,500) of consulting fees were paid or accrued to directors and officers of the Company and a company controlled by a director and officer of the Company.

(ii) Notes payable for the current period ended August 31, 2008 of $20,000 (2007 - NIL) were due to a director and officer of the Company.

(iii) On May 17, 2007, the Company acquired 53 mining claims known as the "Stinger Claims"

(see Note 5(ii)) from two directors of the Company.

14. SUBSEQUENT EVENTS

There are no subsequent events.

SCHEDULE “B”

EXCALIBUR
RESOURCES LTD.

Management Discussion & Analysis
For the three month period ended August 31, 2008

The following discussion and analysis of the operations, results, and financial position of the Corporation for the three month period ended August 31, 2008 should be read in conjunction with the May 31, 2008 Audited Financial Statements and the related Notes. The effective date of this report is October 30, 2008. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional regulatory filings for the Corporation can be found on the SEDAR website at **www.sedar.com**.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Corporation or its management, are intended to identify forward-looking statements. Such statements reflect the Corporation's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Corporation does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or development.

Excalibur Resources Ltd. (the "Corporation") was incorporated on May 11, 1983 pursuant to the Corporation *Act* (British Columbia) under the name Cactus West Explorations Ltd. The Corporation's name was changed to Cimarron Minerals Ltd. and its share capital was consolidated on a five (old) for one (new) basis on April 29, 1996. On May 1, 2000 the Corporation's name was changed to DiscFactories Corporation, its share capital was consolidated on a two (old) for one (new) basis and the Corporation was continued into the federal jurisdiction under the *Canada Business Corporations Act.* The Corporation was extra-provincially registered in the Province of British Columbia on May 30, 2000. On February 20, 2007 the Corporation completed a change of business transaction (the "Transaction"), pursuant to which it changed its name from DiscFactories Corporation to Excalibur Resources Ltd.

Business Description

Excalibur Resources Ltd. is a junior exploration mining company focused on the discovery, development and mining of economically viable precious and base metal mineral resources. The Corporation is a reporting issuer in British Columbia, Alberta and Ontario and trades on the Canadian Trading and Quotation System ("CNQ") under the symbol XBR and on the Frankfurt Stock Exchange under the security code WKN: A0MMDH. The Corporation maintains an office at Suite 2300, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X2. The Corporation's registered and records office is located at the same address. The Corporation has one subsidiary, Excalibur Resources (US) Inc., incorporated under laws of the State of Nevada on April 24, 2007.

Results of Operations

Needles Property, Nevada, USA

In February, 2007, the Corporation issued 2,000,000 common shares and paid $50,000 to Taranis Resources Inc. ("Taranis") in consideration for the Needles silver/gold property located in the Arrowhead Mining District, Nye County, Nevada. The property is the subject of a technical report dated July 31, 2006 and entitled "NI 43-101 Technical Report Prepared for DiscFactories Corp. Concerning the Needles Au-Ag Property, Nye County, Nevada, USA", which was prepared by Peter C. Hubacheck, P. Geo. APGO, P. Geol. APEGGA of W. A. Hubacheck Consultants Ltd. in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*. Mr. Hubacheck is a qualified person as defined in NI 43-101 and is independent of the Corporation. The report has been filed and is available under the Corporation's profile on SEDAR at www.sedar.com.

The property consists of 104 contiguous mining claims covering approximately 861 hectares (2,128 acres) in the Arrowhead Mining District, Nye County, Nevada. Taranis acquired the property by staking a 100% interest in certain Gordo, Tomahawk, Sidewinder, Stealth and Cruise claims covering the entire Arrowhead Mining District. The Property encompasses an epithermal, volcanic hosted district that was explored and mined in the early 1900's. The Arrowhead Deposit occurs in the center of the property, and Taranis has found encouraging gold and silver values in this and several other areas of the property.

Encouraging gold and silver mineralization has been encountered on the property over a 2.8 km long north-northwest trending structure (Arrowhead Lineament Fault), and includes the Whopper Junior Zone, Ridge Line Area, and the Arrowhead Mine. Core drilling in the Arrowhead Mine area conducted by Taranis identified gold and silver mineralization within highly-altered volcanic rocks. Based on review and interpretation of the Taranis drilling, this zone plunges shallowly to the southeast and remains open along strike.

Hole No.	Au (g/tonne)	Ag (g/tonne)	Thickness (meters)*	Includes
N-7	1.45	414.2	6.10 (+1.8 m)	3.97 g/t Au + 1,248.5 g/t Ag / 0.70 m
N-11	2.14	304.8	3.10 (+> 3 m)	8.64 g/t Au + 1,369.5 g/t Ag / 0.60 m
N-25	1.01	243.1	1.80 (+1.8 m)	2.46 g/t Au + 603.5 g/t Ag / 1.13 m
N-27	1.75	540.8	1.40	1.75 g/t Au + 653.0 g/t Ag / 1.13 m
N-28	1.25	323.7	4.82 (+1.8 m)	7.67 g/t Au + 2,053.0 g/t Ag / 0.55 m
N-63	2.34	721.69	4.30	7.38 g/t Au + 1,350 g/t Ag / 0.61 m 3.386 g/t Au + 1,320 g/t Ag / 0.61m

** - intercepts are true thickness – the bracketed intervals are mined-out areas of high-grade material of unknown grade.*

Nature Of Gold And Silver Mineralization (Arrowhead Mine):
The host rocks for gold and silver mineralization are porphyritic rocks of dacitic to rhyolitic composition, and show pervasive clay alteration accompanied by minimal veining or sulfide. The following table of analyses is fairly typical of gold and silver mineralization encountered at the Arrowhead Mine.

Sample Number and Hole	From (m)	To (m)	Length (m)	Gold (ppb)	Silver (ppm)	Selenium (ppm)
64697-N-28	26.2	26.7	0.5	7,666	2,053	14.7
64698-N-28	26.7	27.3	0.6	860	225	1.8
64699-N-28	27.3	27.7	0.4	1,862	408	3.9
64700-N-28	27.7	28.3	0.6	286	41	0.5

Taranis shall retain a 2% net smelter return royalty ("NSR"). In the event the Corporation completes any other business deal on the Property, Taranis' 2% net smelter return royalty will not be affected and shall remain in effect on the Property. The NSR on the Property can be purchased by the Corporation for C$1,000,000 per NSR point.

In March, 2008 the Corporation completed a 22 diamond drill-hole program representing approximately 1,535.9 meters on its Needles Property in Nye County, Nevada. The drill program targeted the entire Arrowhead Lineament Fault which extends for over 3.0 km on the property. Drilling was primarily conducted along the NNW-trending Arrowhead Lineament Fault in three zones that are designated (from south to north) the Gladius, Arrowhead and Whopper Junior Zones.

Arrowhead Lineament Fault and its Relationship to Precious Metal Enrichment
The Arrowhead Lineament is a NNW-trending fault structure that is traceable on the property for over 3 km, the bulk of which lies on the Needles Property. Although alteration and historic workings can be found along the entire +3 km strike length, interesting gold/silver mineralization to-date have only been found along the structure from an area several hundred meters south of the Arrowhead Mine, the Arrowhead Mine, and the WJZ itself. A large area between the Arrowhead Mine and the WJZ remains largely

unexplored, and should be the focus of further activity on the project.

The recent drilling has emphatically demonstrated that the major ore control in the Arrowhead District is the NNW-trending Arrowhead Lineament Fault. This contrasts with earlier interpretation that indicated an important East-Northeast trending control on the gold/silver mineralization (this bias resulting in Taranis drilling most of their holes north-south). Precious metal enrichment is more prone to forming along the NNW-trending Arrowhead Lineament Fault where it is cross-cut by east-northeast trending structures, but still the primary ore host is the NNW-trending lineament. This observation was clearly demonstrated by the winter drilling in the WJZ. This is an important observation since it means that all future drilling in area between the WJZ and Arrowhead Mine should be directed to the northeast so as to intersect the Arrowhead Lineament Fault perpendicular to its strike.

There are several compelling reasons to believe that the Arrowhead Lineament hosts a sizeable gold/silver deposit that remains undiscovered.

1. The WJZ is highly enriched in arsenic relative to the Arrowhead Zone; in fact the enrichment is approximately 4.1 times that of the Arrowhead Mine. Enrichment in arsenic usually is found close to the hydrothermal center of deposits. WJZ has a direct connection somewhere to the arsenic-rich source of all of the Arrowhead mineralization, unlike the Arrowhead Mine which seems to be more distal although much higher grade manifestation of the hydrothermal system.

2. The gold (ppb)/silver (ppm) ratio is 46:1 in the WJZ, and is only 7:1 in the Arrowhead Mine area. Clearly, the gold content relative to silver is much higher in the WJZ. Gold content is typically much higher near the core of hydrothermal deposits, and silver is typically found near the edges. This data directly supports the arsenic observation noted above, and suggests that WJZ has a connection to the gold-rich source of the mineralization at Needles.

3. The apparent lack of any gold or silver mineralization in the Gladius Zone can also be rationalized in this model, since the source of gold/silver is much further to the north of this area, and the alteration, etc. seen in the Gladius Zone is the extreme distal manifestation of hydrothermal activity along the Arrowhead Lineament Fault. This area warrants no further exploration unless extremely deep drill holes were drilled – and this is unrealistic at this time.

4. The wide zones of anomalous alteration and mineralization seen at Whopper Junior (on average they are 21.5 m thick) as compared with the narrow intercepts seen at the Arrowhead Mine (4.4 m), are also strongly indicative that the WJZ lies in close proximity to the hydrothermal source that remains undiscovered, and in the opinion of John J. Gardiner, P. Geol, is located down-plunge south-south east of this area. It is difficult to say how far the WJZ lies from a prospective target, but certainly not more than 300-800 m.

Geological Model
The geological model presented in this report is vastly advanced over old models used on the property, and is based on the important observations seen in the WJZ and the Arrowhead Mine. WJZ is totally intact and has not been affected by any mining, and seems to present the most complete geological model – while that of the Arrowhead Mine presents a somewhat fragmented geologic picture owing to the early 1900 mining of the highest grade ore, and the inaccessibility of the underground workings to geological mapping. Both zones are hosted within/adjacent the Arrowhead Lineament Fault, and are of similar geologic origin; although they exhibit some important differences on a local scale.

Recommendations
Based on the most recent work, it is highly recommended that a grid be installed on the area between the Arrowhead Mine and Whopper Junior on 100 meter line spacing and that soil sampling, and geophysics be undertaken. Diamond drilling should be undertaken on any of the targets in this area. Due to present market conditions, the Company has delayed further work programs on this property.

Delamar Property, Nevada, USA

On May 16, 2007, the Corporation acquired 53 mining claims known as the Stinger Claims located in the Delamar Mining District, Lincoln County, Nevada in consideration of: (i) US$20,000 paid to the vendors of the mining claims on closing; (ii) 600,000 common shares of the Corporation issued to the vendors on closing at a deemed price of C$0.05 per share; and (iii) US$55,000 payable to the vendors upon closing of the Corporation's next financing. The Stinger Claims are subject to a 2% net smelter return royalty in favour of a third party which can be purchased for US$100,000. The common shares issued to the vendors of the mining claims are subject to a four month hold period under applicable securities laws expiring September 18, 2007.

The acquisition of the Stinger Claims constituted a related party transaction as the claims were purchased from Edwin Bergsteinsson, Chairman and a director of the Corporation and Dianne Szigety, the Corporate Secretary and a director of the Corporation.

The Delamar Mining District is known to have produced 668,000 oz of gold and about 1,000,000 oz of silver with a value of $14.9 million. The dominant producer was the Delamar Mine which produced $13.7 million of gold and silver between 1894 and 1940 and is located approximately four miles to the southeast of the Stinger claims. The Stinger Claims cover approximately 1.7 square miles (440 hectares) in the historic Delamar Mining District. The claims are situated on a predominantly brecciated quartz vein system in the Caliente Caldera Complex. The depth of the structure ranges from at surface to under 100 feet of alluvial overburden. The vein structure is a typical attribute associated with Nevada gold deposits. The claims are believed to be in close proximity to a northwest trending fault line that intersects the former well known, and historically important, Delamar gold mining operation.

Little work has been done on the Stinger Claims in recent times other than a cursory grab sample undertaking in which 10 surface samples were assayed from a shaft and other prospects on the property. The Corporation conducted further surface sampling on the Stinger Claims during the summer of 2007. The chip samples are located on a north-west trending fault/vein system that has been traced for more than 240 meters (787 feet) on the 440 hectare (1087 acre) property.

Fifteen samples were selected primarily from the shaft area, a dump near the main shaft, visible quartz vein outcrops and two prospect pits aligned with the north-west trending vein system and located 240 meters north of the main shaft. Significant results of the sampling program are shown in the table below.

Sample #	Silver (g/t) / (oz/t)	Gold (g/t)	Copper (%)
1	138 g/t(4.4 oz/t)	-	-
2	-	0.593 g/t	-
SG-4	36.5 g/t (1.17 oz/t)	0.22 g/t	0.0137 %
SG-5	135.0 g/t (4.3 oz/t)	0.03 g/t	0.0589 %
SG-6	222.0 g/t (7.1 oz/t)	0.25 g/t	0.6650 %
SG-7	122.0 g/t (3.9 oz/t)	0.116 g/t	0.0810 %
SG-8	150.0 g/t (4.8 oz/t)	0.29 g/t	0.0425 %
SG-9	163.0 g/t (5.2 oz/t)	0.15 g/t	0.2400 %
SG-11	179.0 g/t (5.8 oz/t)	0.19 g/t	0.2300 %

Available historic documentation shows that a main shaft was developed on the property in the early 1900's. Production of gold and silver from this shaft is unknown. Results from the sampling program indicate that economic ore grade material may exist in the main shaft area. Due to present market conditions, the Company has delayed further work programs on this property.

Analytical work for the Delamar North Property was completed by American Assay Labs in Sparks,

Nevada. Exploration activities on the Delamar North Property were overseen by Jim Helgeson (P.Geo.) who is a qualified person under the meaning of Canadian National Instrument 43-101.

Silver King Property, British Columbia

On July 5, 2007 the Corporation entered into a binding letter of intent with Arbutus Resources Ltd. ("Arbutus"), a private British Columbia company, for an option to acquire 100% of Arbutus' interest in the Silver King Mine property, comprised of 24 Crown grants and six claims in the Kootenay District of British Columbia. Under the terms of the letter agreement, the Corporation can acquire Arbutus' 100% interest in the Silver King Property by making the following option payments in cash and shares:

- $30,000 (plus a $1,500 reimbursement of 2007 taxes) (paid) and 70,000 shares (issued) upon signing of the letter of intent;
- $40,000 (paid) and 90,000 shares (issued) on or before June 1, 2008;
- $55,000 and 140,000 shares on or before June 1, 2009;
- $70,000 and 190,000 shares on or before June 1, 2010; and
- $90,000 plus the greater of $250,000 or 125% of the 2011 assessed value of each of the surface rights of certain lots comprising the Silver King Property and 250,000 shares on or before June 1, 2011.

Under the terms of the letter of intent, the Corporation is required to issue an additional 200,000 shares to Arbutus on receipt by the Corporation of a positive feasibility study, either in the form of a preliminary feasibility study or a bankable study, or upon commencement of commercial production.

In addition, Arbutus is entitled to receive a 3% net smelter return royalty on the Silver King Property (the "NSR"), which shall be in an amount not be less than $50,000, adjusted by the Statistics Canada Consumer Price Index for British Columbia using 2006 as a base year. Arbutus is also entitled to receive an advanced royalty in the base amount of $50,000, adjusted by the Statistics Canada Consumer Price Index for British Columbia using 2006 as a base year, due on December 31 in each year that the Silver King Property is not in commercial production for a full 12 months, starting in the year in which the option is exercised by the Corporation. The NSR will be reduced by the total of any advance royalty paid. Upon commencement of commercial production, the Corporation will have the right to purchase 50% of the NSR for $1,500,000.

The Silver King Property is a former producer of silver and copper, located on Toad Mountain about 4½ miles south of Nelson, British Columbia at an average elevation of 6,000 feet above sea level. It is readily accessible from Nelson, with a road distance of approximately 8 miles, and is located in proximity to several existing gold discoveries in the area. The claims were originally staked in 1885. In 1895, Hall Mines Co. Ltd. of London, England began large scale development of the mine and construction of a smelter at Nelson to treat the Silver King ores and ores from other mines in the district. Between 1889 and 1958, over 15 million lbs. of copper and 4 million oz. of silver were produced from an estimated production of 222,721 tons. Most of this was produced before 1915 and was mined from the upper 100 meters of the Silver King veins. Development at this time included three portals, ten levels, an internal and an external shaft. The main Silver King vein, one of several quartz-filled shears on the property, has been responsible for nearly all the tonnage mined to-date. No National Instrument 43-101 compliant technical reports have yet been completed on the Silver King Property.

The Corporation commissioned an independent consultant to digitize a Pre-NI43-101 Report on the Silver King Property which was prepared by Robert Longe, P.Eng and dated May, 1998. The Report can be accessed from the Corporation's website, along with updated claim changes made since the Longe Report was produced.

During September, 2007 the Corporation made arrangements with independent geological consultants to delineate a maximum 12 hole diamond drill program in order to confirm the exploration and economic potential of the Silver King Property.

During the summer 2008 exploration season, the Corporation completed the first phase of a field work

program at the Silver King Property. The geological team under the guidance of Dr. Hamid Mumin has completed the first phase of detailed property mapping. The work included sampling all mineralized areas encountered at surface including pits, trenches and outcrops. In addition, the team sampled the Company's adjacent Cariboo gold showing located immediately east of the Silver King property.

140 samples have been analyzed by Acme Analytical Laboratories of Vancouver, B.C. Canada for geochemical values by four-acid digestion, ICP-MS analysis. To date, Excalibur has received results from 104 samples. All samples greater than 10,000 ppm (>1.0%) base metal content or greater than 200 ppm (200 g/mt) silver have been re-assayed to determine final values. Samples of visually mineralized material or immediately adjacent wall rocks, as well as unmineralized country rock samples and areas not associated with the main Silver King shear can be viewed on the company's web site at www.excaliburresources.ca. Excalibur has released the results of all over-limit assays in an October 3, 2008 news release. The results of the remaining 35 samples are pending.

As a result of the summer work program, a number of property observations have been identified.

- Excalibur geologists have observed mineralization exposed at or near surface over a distance of more than one kilometre with multiple parallel to sub-parallel mineralized zones occurring in at least two areas on the property (main pit area and Bonanza area). At surface, the width of the mineralized zone varies from approximately 1 to 25+ meters.

- Due to prevailing market conditions, Excalibur has delayed a drill program to test the suitability of the near surface mineralization for a modest open pit operation. Mineralization at surface is strongly weathered, oxidized and leached, varying from complete removal of all sulphides and metals to minor leaching in portions of the deeper pits and trenches. Consequently, assays of the surface material are not expected to report full values, and in many cases much of the metals may be removed by the weathering. Consequently, drilling below the weathered zone is required to attain accurate metal values. Depth of weathering is variable on the property, but total leaching rarely exceeds ~1 to 2 meters.

- The best mineralized areas occur where other structures (faults) cross-cut the main Silver King Shear zone. In these areas, the mineralized zone widens, intensifies and splits into multiple mineralized lenses of varying orientations.

- The northwest end of the system is relatively richer in zinc-lead-silver, while the southeast side is relatively richer in copper-silver.

- A heavily pyritic volcanic schist was discovered on the Cariboo option ground. The zone is at least 100 meters wide (full width and length unknown). The economic implications of this zone are being examined by surface sampling, and drilling if warranted.

Further Recommended Work

- Drilling is strongly recommended because the possibility of delineating additional resources is very high, including both potential near surface lower-grade open pit resources and higher grade underground resources at depth along the Silver King Shear. Systematic drilling is required to delineate the potential resource at Silver King. Immediate drill targets include: 1) the near-surface mineralization found to occur across most of the property, 2) the down plunge rake of mineralization at the intersections of cross-cutting structures, and 3) zones of known and projected mineralization at depth. Pending encouraging assays, the newly discovered pyritic volcanic schist may also represent a good drill target. Complete a full grid on the property, and extend the geological mapping.

- Update the 3D model of the mine and mineralization as presented in earlier reports, as further information becomes available.

- Complete a walking magnetometer survey and possible IP survey pending further review of existing geophysics.

The Company intended to carry out a trenching program to better define the mineralized zones at surface prior to diamond drilling. Due to present market conditions, the Company has delayed further work programs on this property. Maps and additional information, and the full set of assay information are available on the Excalibur web site, www.excaliburresources.ca

Cariboo Claims, British Columbia

On December 12, 2007 the Corporation announced that it had entered into a binding Letter of Intent with Tom E. Cherry for an option to acquire 100% of his interests in the Cariboo Group claims and the Princess and Cleopatra claims (the "Cariboo Claims"), representing a total of five claim units near the City of Nelson, in the Kootenay District of British Columbia.

Under the terms of the Letter of Intent, the Corporation can acquire Mr. Cherry's 100% interest in the claims by making the following option payments in cash and shares:

- $10,000 (paid) and 25,000 shares (issued) upon signing of the Letter of Intent;
- $15,000 and 40,000 shares on or before December 11, 2008;
- $20,000 and 50,000 shares on or before December 11, 2009;
- $25,000 and 100,000 shares on or before December 11, 2010.

In addition, the Corporation is required to issue 200,000 shares to Mr. Cherry on receipt of a positive feasibility study, either in the form of a preliminary feasibility study or a bankable study, or upon commencement of commercial production. Mr. Cherry is entitled to receive a 2% Net Smelter Return royalty on each of the mineral tenures. Upon commencement of commercial production the Corporation will have the right to purchase 50% of the NSR for $500,000.

The Cariboo Group claims comprise approximately 58 hectares (143 acres). The Princess and Cleopatra claims represent 17.7 hectares (43.7 acres) and 11.2 hectares (27.7 acres) respectively. The Cariboo Group claims lie mainly contiguous to the south-east of the Silver King Mine property boundary with some small gaps. The Cleopatra and Princess claims are located north-east of and approximately 2.5 km from the Silver King boundary. During the Company's summer 2008 Silver King field program, samples were collected from the Cariboo Group claims, the results of which were reported upon in the Company's October 3, 2008 news release.

Sturgeon Lake Claims, Ontario

During the summer of 2008 the Corporation announced the completion of an 8,956 hectare (38 claims) staking program located in Northwestern Ontario. The western boundary of the staked property is located approximately 25 km east of Sturgeon Lake. The Corporation began staking the property after recognizing that the majority of significant geophysical conductors identified in the Sturgeon Lake camp in a 1990's government survey are located on the property being staked and that the area was never thoroughly explored. Past drilling is minimal to non-existent over most of the property. The Corporation has determined from historical data that surveys undertaken on the west side of the property confirm that identified geophysical conductors are sulphide rich, including the presence of massive sulphide lenses. The Corporation's property contains numerous extensive zones of multiple sub-parallel and stacked sulphide-bearing conductors that cumulatively exceed 100 km of strike length.

In addition, the identified geophysical conductors are located along strike of six mined VMS (Volcanogenic Massive Sulphide) deposits in this mineral belt. The most notable former mines in the area included operations containing high-grade zinc-copper-silver with associated lead and gold. The well-known Mattabi, Lyon Lake and Sturgeon Lake mines operated in proximity and along strike of the Corporation's current property location. Due to a cyclical downturn in metal prices, the mines terminated production in the 1980's and early 1990's.

The Corporation intends to conduct a high-resolution VTEM ("Versatile Time-Domain Electromagnetic") survey at 100 meter line spacing, for a total of up to 1000 line kilometers.
VTEM will be used to isolate zones of maximum sulphide accumulation along an approximately 27 kilometer belt within the new property. The best VTEM targets will be followed up with detailed ground

geological work and state-of-the-art geochemical surveys. The Corporation will review the results of exploration and drill the optimum targets.

The Corporation recognizes that this region of the historic Sturgeon Lake mining district is ideally suited to modern geophysical and geochemical techniques, and was likely overlooked in the past due to minimal outcrop exposure, and absence of modern highly effective geophysical and geochemical survey techniques.

The Sturgeon Lake region has good road access and infrastructure as a result of being a former mining district. Sturgeon Lake is reached from Trans Canada Hwy #17 and is approximately 60 km north of Ignace, Ontario.

Due to present market conditions, the Company has delayed further work programs on this property.

Overall Performance during the period ended August 31, 2008

The Corporation's loss of $77,895 for the three month period ended August 31, 2008 decreased by $4,846 from the previous three month period ended August 31, 2007. The increases (decreases) for the period were as follows:

Net Increases (Decreases) for the Period	
Amortization of Capital Assets	(13)
Consulting	1,500
Management and Administrative fees	(1,500)
Office and administrative expenses	3,856
Professional fees	1,375
Regulatory, transfer agent and investor relations	(10,085)
Travel and related costs	21

Consulting fees of $15,000 for the current reporting period are slightly higher than the comparative three months for August 31, 2007. Management and administrative fees for the current reporting period are $1,500 higher than the comparative period.

Professional fees of $9,500 increased during the reporting period by $1,375 (Aug 31, 2007: $8,125).. Regulatory, transfer agent, and investor relations fees of $12,128 decreased during the reporting period (Aug 31, 2007: $22,213), mainly due to increased transfer agent fees. Office and administrative fees for the reporting period are $11,115 (Aug 31, 2007: $7,259). The increase in office and administrative fees of $3,856 is mainly due to increased rent, telecommunication costs and insurance costs.

The amortization for the reporting period is $204 (Aug 31, 2007: $217).

Continued operations of the Corporation are dependent on the Corporation's ability to receive continued financial support from related parties, to complete public equity financing, or to generate profitable operations in the future.

Liquidity and Capital Resources

At August 31, 2008 the Corporation had a working capital deficiency of $167,024 compared to working capital of $28,685 at May 31, 2008.

As at August 31, 2008, the Corporation had 17,233,759 outstanding share purchase warrants which, if exercised, would increase the Corporation's available cash by $2,340,726. In addition, the Corporation had 5,013,000 outstanding stock options which, if exercised, would increase the Corporation's available cash by an additional $340,550.

At this time, the Corporation has no operating revenue, and does not anticipate any operating revenues

until the Corporation is able to find, acquire, place in production and operate a resource property. Historically the Corporation has raised funds through equity financing to fund its operations. The Corporation feels it can meet its future obligations and will either raise funds through equity financing, the exercise of options and warrants, or enter into other financing arrangements if deemed necessary.

Investor Relations

Effective March 1, 2007 the Corporation retained the services of Buchalter Consulting Inc. to act as investor relations consultant in North America. Buchalter Consulting Inc. is paid, or accrues, the amount of $2,500 per month. In addition, Buchalter Consulting Inc. was granted an option to purchase 200,000 common shares at $0.065 for a five year period.

Summary of Quarterly Results

The following table sets out selected consolidated quarterly information for the last eight quarters.

Three Months Ended	Aug 31, 2008 $	May 31, 2008 $	Feb. 29, 2008 $	Nov 30, 2007 $
Net sales or revenue	Nil	Nil	Nil	Nil
Loss before extraordinary items	77,895	120,834	85,959	103,230
Extraordinary items	Nil	Nil	Nil	Nil
Net Loss (Profit)	77,895	120,834	85,959	103,230
Basic & Diluted Loss per common share	.001	0.002	0.001	0.002

Three Months Ended	Aug 31, 2007 $	May 31, 2007 $	Feb 28, 2007 $	Nov 30, 2006 $
Net sales or revenue	Nil	Nil	Nil	Nil
Loss before extraordinary items	82,741	117,358	224,769	53,782
Extraordinary items	Nil	Nil	Nil	Nil
Net Loss (Profit)	82,741	117,358	224,769	53,782
Basic & Diluted Loss per common share	0.002	0.003	0.008	0.002

Related Party Transactions

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount, which is the consideration established and agreed to by the respective parties.

(i) During the reporting period, management and administrative fees of $27,000 (2007 - $28,500) and $15,000 (2007 - $13,500) of consulting fees were paid or accrued to directors and officers of the Company and a company controlled by a director and officer of the Company.

(ii) Notes payable for the current period ended August 31, 2008 of $20,000 (2007 - NIL) were due to a director and officer of the Company.

(iii) On May 17, 2007, the Company acquired 53 mining claims known as the "Stinger Claims" (see Note 5(ii)) from two directors of the Company.

Commitments

The Corporation has agreed to pay fees in the aggregate of $9,000 per month for management and administrative services provided by officers of the Corporation. In addition, the Corporation has agreed to pay fees in the amount of $4,000 for consulting services provided by an officer of the Corporation.

Litigation

In September, 2002 a statement of claim was filed in the Ontario Superior Court against the Corporation by a former director and officer of the Corporation. The suit alleges that the Corporation owes the former director and officer an aggregate amount of approximately $227,000 for services rendered and expenses, provision and implementation of the Corporation's now former business model and for funds invested in the Corporation. The Corporation retained legal counsel and, based upon a preliminary review of the statement of claim and its charges, the Corporation believes that while certain aspects of the claim have merit, the quantum of damages sought is excessive and the real exposure is in the range of $25,000 to $75,000 should the Plaintiff succeed in overcoming the liability arguments asserted by DiscFactories Corporation in its statement of defence. As at November 30, 2004, the action had lapsed into dormancy and no steps have been taken by the plaintiff for several years. The Corporation has accrued $57,575, as a contingent liability, with respect to this matter in its financial statements.

Off Sheet Balance Sheet Arrangements

The Corporation has not entered into any off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities, and revenue and expenses are translated at rates of exchange at each transaction date. Gains or losses on translation are included in income.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial

statements and the reported amount of revenue and expenses during the year. Actual results could differ from those estimates.

Earnings (Loss) Per Share

The Corporation follows the treasury stock method in determining the dilutive effect of options and warrants. Previously, the imputed earnings approach was used. For the period presented, the calculation of diluted earnings (loss) per share proved to be anti-dilutive.

Stock-Based Compensation

The Corporation has adopted CICA Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments which establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services provided by employees and non-employees. The standard requires that a fair value based method of accounting be applied to all stock-based payments to non-employees and to employee awards that are direct awards of stock that call for settlement in cash and other assets or are stock appreciation rights that call for settlement by the issuance of equity instruments. The new standard permits the Corporation to continue its existing policy of recording no compensation cost on the grant of stock options to employees but to disclose on a pro forma basis net earnings and earnings per share had the Corporation adopted the fair value method for accounting for options granted to employees. No restatement of prior periods will be required as a result of the adoption of the new standard.

Financial Instruments

Fair value

The Corporation's financial instruments include cash and accounts payable and accrued liabilities. The carrying value of these financial instruments approximates fair value due to their short-term to maturity and the normal market conditions they entail.

Risks and Uncertainties

The Corporation is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties in the United States and Canada. Due to the nature of the Corporation's business and the present stage of exploration of its mineral properties (which are primarily early stage exploration properties with no known resources or reserves that have not been explored by modern methods), the following risk factors, among others, will apply:

The mining industry is intensely competitive. The Corporation is in the business of acquiring, exploring and developing mineral properties. The mining industry is intensely competitive and the Corporation will compete with other companies that have far greater resources.

Resource exploration and development is generally a speculative business. Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Corporation will be affected by numerous factors beyond the control of the Corporation. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Corporation not receiving an adequate return on invested capital. The great majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.

Fluctuation of Metal Prices*.* Even if commercial quantities of mineral deposits are discovered by the Corporation, there is no guarantee that a profitable market will exist for the sale of the metals produced. Factors beyond the control of the Corporation may affect the marketability of any substances discovered.

The prices of various metals have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Corporation, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any mineral deposit will be such that any of its mineral properties could be mined at a profit.

Permits and Licenses. The operations of the Corporation will require licenses and permits from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

There is no assurance of profitability. The Corporation has no history of earnings and, due to the nature of its proposed business, there can be no assurance that the Corporation will ever be profitable. The Corporation has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Corporation is from the sale of its common shares or, possibly, the sale or optioning of a portion of its interest in its mineral properties. Even if the results of exploration are encouraging, the Corporation may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Corporation may generate additional working capital through further equity offerings or through the sale or possible syndication of its properties, there can be no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Corporation at risk.

Uninsured or Uninsurable Risks. The Corporation may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Corporation's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Government Regulation. Any exploration, development or mining operations carried on by the Corporation will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of any mining prospect is affected by the market for precious and/or base metals which is influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

Environmental Matters. Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Corporation, the extent of which cannot be predicted and which may well be beyond the capacity of the Corporation to fund. The Corporation's right to exploit any mining properties will be subject to various reporting requirements and to obtaining certain government approvals and there can be no assurance that such approvals, including environment approvals, will be obtained without inordinate delay or at all.

Insufficient Financial Resources. The Corporation does not presently have sufficient financial resources to undertake by itself the exploration and development of all of its planned exploration and development programs. The development of the Corporation's properties will therefore depend upon the Corporation's ability to obtain financing through the joint venturing of projects, private placement financing, public financing or other means. There can be no assurance that the Corporation will be successful in obtaining the required financing. Failure to raise the required funds could result in the

Corporation losing, or being required to dispose of, its interest in its properties. In particular, failure by the Corporation to raise the funding necessary to maintain its properties in good standing could result in the loss of its rights to such properties.

Foreign Counties and Regulatory Requirements. At present all of the mineral properties in which the Corporation has an interest, or the right to acquire an interest, are located the United States and Canada. Any changes in regulations or shifts in political conditions are beyond the control of the Corporation and may adversely affect its business. Operations may be affected, to varying degrees, by changes in federal or state legislation and regulations and the affects of any changes cannot be accurately predicted. The Corporation identifies changes and potential changes in environmental legislation, regulations, and "best practices guidelines" as one source of potential risk in this regard.

Dependence Upon Others and Key Personnel. The success of the Corporation's operations will depend upon numerous factors, many of which are beyond the Corporation's control, including (i) the ability to design and carry out appropriate exploration programs on its mineral properties; (ii) the ability to produce minerals from any mineral deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Corporation. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Corporation and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Corporation's operations will depend, or that the Corporation will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities. This is especially true as the competition for qualified geological, technical and mining personnel and consultants is particularly intense in the current marketplace.

Currency Fluctuations*.* The Corporation presently maintains its accounts in Canadian dollars. The Corporation's operations in the United States and its payment commitments and exploration expenditures under the various agreements governing its rights to its mineral properties are denominated in U.S. dollars, making it subject to foreign currency fluctuations. Such fluctuations are out of its control and may materially adversely affect the Corporation's financial position and results.

Price Fluctuations and Share Price Volatility*.* In recent years, global securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration and development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual and extreme fluctuations in price will not occur.

Surface Rights and Access*.* Although the Corporation acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, in some cases it may not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. However, in areas where there are local populations or land owners, it is necessary, as a practical matter, to negotiate surface access. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Corporation will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Corporation may need to rely on the assistance of local officials or the courts in such jurisdiction

Title. Although the Corporation has taken steps to verify the title to the mineral properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Corporation or of any underlying vendor(s) from whom the Corporation may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

Management's Report on Internal Control over Financial Reporting

In connection with Exemption Orders issued in November, 2007 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Corporation will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificate under Multilateral Instrument 52-109 ("MI 52-109") (Certificate of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in MI 52-109.

Outstanding Share Data

The Corporation has one class of common shares and is authorized to issued 100,000,000 common shares without par value. As at October 30, 2008 there were 65,506,696 common shares issued and outstanding. As at October 30, 2008 the Corporation had granted the following incentive stock options pursuant to its Stock Option Plan:

Stock Options	Exercise Price	Expiry Date
1,468,000	$0.10	Dec 23, 2009
50,000	$0.10	Mar 1, 2010
2,145,000	$0.05	Feb 20, 2012
400,000	$0.065	Mar 26 2012
400,000	$0.05	May 16, 2012
200,000	$0.09	Oct 29, 2012
50,000	$0.05	Apr 3, 2013
300,000	$0.05	Jul 13, 2013
5,013,000		

As at October 30, 2008 the following share purchase warrants were outstanding:

Warrants	Exercise Price	Expiry Date
9,083	$0.14 (2)	Nov 9, 2008
7,350	$0.14 (2)	Nov 30, 2008
800	$0.05	Jan 14, 2010 (3)
17,233		

(1) Each Warrant entitles the holder to acquire one common share at a price of $0.10 per share for a period of one year from issuance, subject to an accelerated exercise clause which provides that if the 10 day weighted average trading price of the Corporation's common shares for any 10 consecutive trading days is $0.25 or more the expiry date of the Warrants will be accelerated to the

30th calendar day following.

(2) Each Warrant entitles the holder to acquire one common share at a price of $0.14 per share for a period of one year from issuance, subject to an accelerated exercise clause which provides that if the 10 day weighted average trading price of the Corporation's common shares for any 10 consecutive trading days is $0.25 or more the expiry date of the Warrants will be accelerated to the 30th calendar day following.

(3) Each Warrant entitles the holder to acquire one common share at a price of $0.05 per share for a period of 18 months from issuance.

Subsequent Events

The Company continues to receive over-limit assay results from Acme Analytical Labs in connection with its summer 2008 Silver King exploration program.