EXCALIBUR RESOURCES LTD.

CANADIAN TRADING & QUOTATION SYSTEM INC.
FORM 2A - LISTING STATEMENT

DATED

FEBRUARY 20, 2007

Suite 2300, 1066 West Hastings Street
Vancouver, British Columbia V6E 3X2
Tel: (604) 681-2961
Fax: (604) 488-9101
email: excaliburinfo@uniserve.com

TABLE OF CONTENTS

Corporate Structure

2.1 Corporate Name

Excalibur Resources Ltd. (the "Issuer" or the "Corporation") has a head office and registered and records office located at Suite 2300, 1066 West Hastings Street, Vancouver, British Columbia V6E 3X2.

2.2 Statute of Incorporation

The Corporation was incorporated on May 11, 1983 pursuant to the *Company 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. Cactus West Explorations Ltd. and Cimarron Minerals Ltd. carried on the business of mineral exploration. 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.* On February 20, 2007 the Corporation's name was changed to Excalibur Resources Ltd.

2.3 Intercorporate Relationships

The Issuer has no subsidiaries.

2.4 Requalification

The Issuer is not requalifying following a fundamental change and is not proposing an acquisition, amalgamation, merger, reorganization or arrangement.

2.1 Issuers Incorporated Outside Canada

The Issuer is not incorporated outside of Canada.

3. General Development of the Business

3.1 General Business

Since becoming DiscFactories Corporation in 2000, the Corporation's corporate mission was to create a North American network of fully automated and robotic production facilities providing real-time, on demand duplication of digital content onto recordable optical discs, in both CD and DVD formats.

During the fourth quarter ended August 31, 2005 the Company completed the registration of a partnership and formed a joint venture with Tumbleweed Publishing Corp. to publish personal finance, investment, tax and business newsletters and a "Living Will Kit" under the name "Twin Rivers Media". The general partnership was formed in British Columbia effective June 23, 2005. The production of Tumbleweed's content and the additional business services were intended to incorporate the Corporation's existing robotic CD and DVD disc duplication services. In conjunction with the joint venture, the Corporation announced a non-brokered private placement for gross proceeds of up to $250,000, the proceeds of which were to be used for the purposes of the joint venture. This financing was not completed due to regulatory delays, and eventually the joint venture was abandoned.

In March 2006, the Corporation was notified by the TSX Venture Exchange ("TSXVE") that it no longer complied with the minimum listing requirements of the TSXVE and that the listing of its common shares ("Common Shares") would be transferred from the TSXVE to the "NEX" board of the TSXVE in June 2006. Subsequently, the Corporation announced reorganization efforts and the Corporation's transfer to NEX was halted pending TSXVE review and approval for the completion of the Corporation's proposed reorganization.

In order to finance a portion of the costs of its reorganization, the Corporation completed a non-brokered private placement on May ~~8,~~3, 2006 of 1,000,000 units of the Corporation at a price of $0.05 per unit for gross proceeds of $50,000. Each unit consisted of one Common Share and one Common Share purchase warrant. Each warrant entitles the holder thereof to acquire one Common Share at a price of $0.10 for a period of two years.

Further to its reorganization efforts, on May 29, 2006 the Corporation announced that it proposed to complete a change of business transaction (the "Transaction") with Taranis Resources Inc. ("Taranis

Resources"), as described below, which would result in the Corporation acquiring certain mining claims from Taranis Resources US Inc. ("Taranis US"), a wholly-owned subsidiary of Taranis Resources. In connection with the acquisition, the Corporation would also complete a financing and a shares for debt settlement. Following completion of the Transaction, the Corporation would sell the assets used in its former disc duplication business. Shareholder approval to the Transaction was received at a special meeting of the Corporation's shareholders held on October 16, 2006. Subsequently, the Corporation determined that it would not complete the Transaction in a manner to meet the minimum listing requirements of the TSXVE and the directors of the Corporation determined to complete the Transaction and list on the CNQ.

Concurrent with its listing on the CNQ, the Corporation has completed the Transaction, and has completed an equity financing sufficient to satisfy the working capital requirements of the CNQ, to acquire the mining claims and to carry out a Phase I drilling program on the mining claims, as described below (see "Narrative Description of the Business"). In addition, the Corporation has changed its name to Excalibur Resources Ltd., and settled current liabilities owing to Edwin Bergsteinsson, Chairman of the Corporation, and PubliCo Services Ltd., a corporation controlled by Dianne Szigety, the Corporate Secretary and a director of the Corporation, for outstanding loans made to the Corporation and services provided by Mr. Bergsteinsson, and for services rendered to the Corporation by PubliCo Services Ltd. which have been accrued on the books of the Corporation but remain unpaid, together with accrued interest on all such amounts (the **"**Debt Settlement**"**). In consideration of settling such debt, the Corporation has issued to Edwin Bergsteinsson and PubliCo Services Ltd. an aggregate of 6,999,040 Common Shares at a deemed price of $0.05 per Common Share.

During the financial year ended August 31, 2006, the Issuer raised $92,000 privately by the sale of securities and exercise of incentive stock options and had a working capital deficiency of $371,107. For the year ended August 31, 2006, the Corporation had no revenue, expenses of $207,575, and incurred a net loss of $218,288. As at the date of this Listing Statement and after giving effect to the Debt Settlement and the equity financing completed concurrently with the completion of the Transaction, the Corporation has working capital of approximately $426,928.

3.2 Significant Acquisitions

There are no significant acquisitions, no significant probable acquisitions proposed by the Issuer nor dispositions completed by the Issuer, for which financial statements would be required under Part 6, 7 or 8 of OSC Rule 41-501 if this Listing Statement were a prospectus.

3.3 Trends

There are no current trends in the Issuer's business that are likely to impact on the Issuer's performance.

4. Narrative Description of the Business

4.1 General

The principal business carried on and intended to be carried on by the Issuer is the acquisition, exploration and development of natural resource properties. The Issuer intends on expending existing working capital to pay the balance of the estimated costs of the Transaction, to carry out exploration on its mining claims, to pay for administrative costs for the next twelve months and for working capital. The Issuer's current properties are in the exploration stage. The Issuer may decide to acquire other properties in addition to the property described below.

Change of Business Transaction with Taranis Resources

The Corporation entered into a letter agreement with Taranis Resources, a TSXVE listed company incorporated under the laws of British Columbia, dated May 19, 2006 (the "Taranis Letter Agreement ") to complete the Transaction, consisting of the acquisition of certain mining claims from Taranis Resources, and which would constitute a "change of business" for the Corporation. Pursuant to the Transaction, which was negotiated at arm's length, the Corporation would, subject to regulatory and shareholder approval, acquire all right, title and interest in and to certain mining claims located in Nye County, Nevada (collectively, the "Property"). The Property was owned by Taranis US. The Corporation and Taranis US subsequently negotiated and entered into a formal purchase agreement dated August 22, 2006 (the

"Taranis Purchase Agreement"), the provisions of which supersede the Taranis Letter Agreement.

As consideration for the Property, the Corporation agreed to pay Taranis $50,000 in cash and issue 2,000,000 Common Shares to Taranis US. The Common Shares to be issued to Taranis US would be subject to a four month hold period under applicable Canadian securities laws.

In addition, the Corporation agreed to assume all land payments to Nye County and the Nevada Bureau of Land Management to keep the Property in good standing and to assume a bond for environmental reclamation currently filed with the Bureau of Land Management. All drill sites by Taranis Resources on the Property have been reclaimed, with the exception of hole N-51, for which reclamation costs would be assumed by the Corporation.

Under the terms of the Transaction, Taranis US would retain a 2.0% net smelter return royalty to be calculated and paid pursuant to provisions of the Taranis Purchase Agreement in respect of the Transaction. In the event the Corporation completes any other business deal on the Property, Taranis US' 2% net smelter return royalty ("NSR") would not be affected and would remain in effect on the Property. The NSR on the Property could be purchased by the Corporation for $1,000,000 per point of the NSR.

The directors, officers, affiliates and associates of Taranis Resources currently own an aggregate of 450,000 Common Shares of the Corporation.

The Corporation and Taranis US completed the Transaction on the terms described above on February 20, 2007.

Private Placement Financing

In connection with the completion of the Transaction, the Corporation completed an equity financing (the "Private Placement") consisting of a non-brokered private placement of 10,170,000 units of the Corporation (the "Units") at a price of $0.05 per unit for gross proceeds of $508,500. Each Unit consists of one Common Share and one Common Share purchase warrant (a "Warrant") of the Corporation. 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. The Warrants contain an accelerated exercise clause that provides that in the event that the ten (10) day weighted average trading price of the Corporation's Common Shares on the CNQ for any ten (10) consecutive trading days is $0.25 or more (the tenth such trading day being the "Determination"), the expiry date of the Warrants will be accelerated to the 30th calendar day following the Determination (the "Accelerated Expiry Date"). The Corporation will on the Determination immediately notify the holders of the Warrants of the Accelerated Expiry Date, and all Warrants not exercised by the expiration of the Accelerated Expiry Date shall be deemed cancelled without further notice to the holders. The proceeds from the Private Placement were used in part to complete the Transaction and the balance of the proceeds will be used to conduct $100,000 of a recommended Phase 1 drilling program on the Property and for transaction expenses and working capital purposes. Finder's fees of up to 10% may be payable by the Corporation on a portion of the proceeds raised in connection with the Private Placement.

Shares for Debt Settlement

In connection with the completion of the Transaction, the Corporation has settled $349,953 in current liabilities, being amounts owing to Edwin Bergsteinsson, Chairman of the Corporation, and PubliCo Services Ltd., a corporation controlled by Dianne Szigety, the Corporate Secretary and a director of the Corporation, for outstanding loans made to the Corporation and services provided by Mr. Bergsteinsson, and for services rendered to the Corporation by PubliCo Services Ltd. which have been accrued on the books of the Corporation but remain unpaid, together with accrued interest on all such amounts (the "Debt Settlement"). In consideration of settling such debt, the Corporation has issued to Edwin Bergsteinsson and PubliCo Services Ltd. an aggregate of 6,999,040 Common Shares at a deemed price of $0.05 per Common Share.

Business Objectives

The Corporation's business objectives for the next 12 months are to conduct a detailed drilling and exploration program on the Property. The Corporation will also continue to assess new properties and will seek to acquire interests in additional properties if the Corporation feels that they have sufficient potential. Initially, the Corporation is planning a Phase 1 drilling program which is estimated to cost approximately $100,000.

Working Capital

The Corporation's working capital deficit was approximately $371,107 as at August 31, 2006 and $431,525 as at February 19, 2007. Upon completion of the Private Placement for proceeds of $508,500 and the Debt Settlement for settlement of $349,953 in current liabilities, the Corporation has approximately $426,928 in working capital. The working capital will be, or will have been, used for the following principal purposes:

Purpose	Amount
Payment to Taranis US in connection with the Transaction	$ 50,000
To pay costs of the CNQ Listing (including legal, regulatory, audit expenses and finder's fees)	$ 90,000
Exploration program on the Property	$100,000
Property payments	$ 15,000
For general working capital to fund ongoing operations	$171,928
TOTAL	**$426,928**

Notes:

(1) See the description section under heading "Proposed Exploration Budget" for a summary of the work to be undertaken in the exploration program and a breakdown of the estimated costs.

(2) The Corporation intends to carry out additional equity financing as the working capital available to fund ongoing operations will not be sufficient for twelve months. In the event that the Corporation completes additional equity financings, the additional proceeds will be allocated to general working capital to fund ongoing operations.

The Issuer intends to spend the funds available to it as stated in this Listing Statement. There may be circumstances, however, where, for sound business reasons, a reallocation of funds may be necessary.

4.2 Asset Backed Securities

The Issuer does not have asset backed securities outstanding.

4.3 Issuers with Mineral Projects

The Property consists of 104 contiguous mining claims covering 861 hectares in the Arrowhead Mining District, Nye County, Nevada. Taranis US acquired the Property by staking a 100% interest in certain Gordo, Tomahawk, Sidewinder, Stealth and Cruise claims covering the entire Arrowhead Mining District.

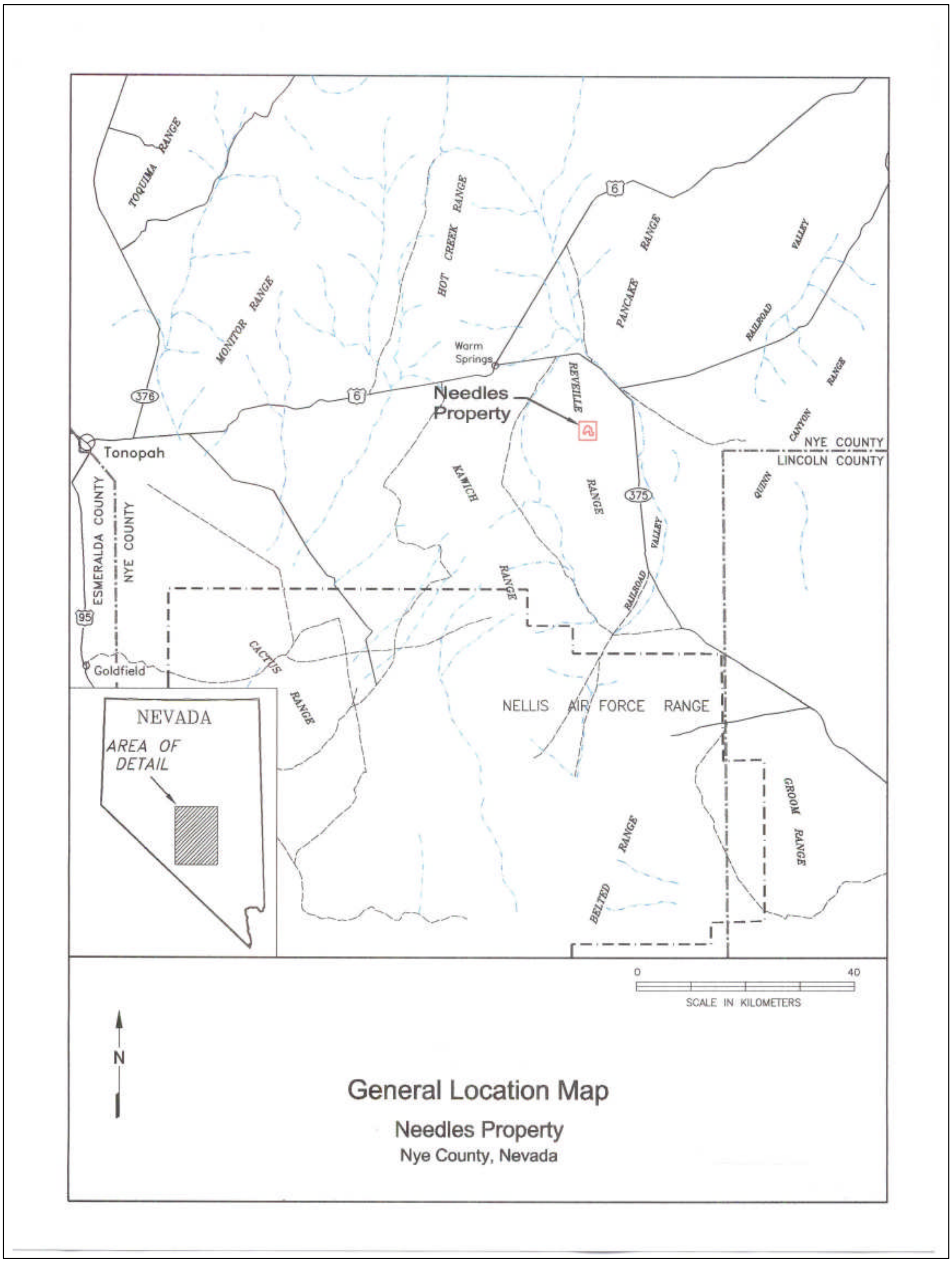
The Property is the subject of a technical report which has been prepared in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101"). The technical report, dated July 31, 2006 and entitled "NI 43-101 Technical Report Prepared for DiscFactories Corp. Concerning the Needles Au-Ag Property, Nye County, Nevada, USA", (the "Technical Report") was prepared by Peter C. Hubacheck, P. Geo. APGO, P. Geol. APEGGA of W.A. Hubacheck Consultants Ltd. and has been filed and is available under the Corporation's profile on SEDAR at www.sedar.com Mr. Hubacheck is a qualified person as defined in NI 43-101 and is independent of the Corporation. The following information has been taken from the Technical Report.

Property Description and Location

The Needles property consists of a contiguous land block of 104 unpatented mining lode claims that are located in surveyed Township 3 North, Range S1 1/2 East, portions of Sections 24 and 25 and Township 3N, Range 52 East, portions of Section 3 (Mount Diablo Meridian), Arrowhead Mining District, Nye County, Nevada. Taranis Resources' current land position covers an area of approximately 2,128 acres (~ 861 hectares). The property can be divided into several claim blocks that were acquired as Taranis Resources completed exploration on the property. These include the Gordo claim block that constitutes the center portion of the property (23 claims covering 471 acres [190 hectares], the Tomahawk block on the west side of the property (11 claims covering 225 acres [91 hectares]), the Cruise Claims that cover the north end of the property (17 Claims covering 348 acres [141 hectares], the Stealth Claims on the east side of the property (30 claims covering 614 acres [248 hectares]), and the Electrum Claim (1 claim covering 20 acres [8 hectares]). See Table 6-1 from the Technical Report, which is reproduced in Schedule "B" to this Listing Statement.

The Gordo claim block controls the area surrounding the dominant mine sites in the area that include the Arrowhead, Arrowhead Extension and Gladius Mines. The Tomahawk, and Cruise Claims incorporate the Whopper Junior Target on the north and west side of the property, and the Stealth Claims form a large area east of the Arrowhead Mine that has received little exploration attention. The Stealth Claims were originally part of a property that was controlled by Newcrest Mining Co. ("Newcrest"), but after they dropped the property, Taranis Resources re-staked the property.

The location of the Needles property is illustrated in the following diagram (Figure 6-1 from the Technical Report):



Property Interests, Title, Taxes and Other Legal Obligations

Taranis Resources controls 100% interest in all 104 of the BLM mining claims which has been verified with the Quick Claim Registry records held by the Nye County Recorder in Tonopah, Nevada. There are no other underlying agreements or obligations encumbering the property that can be determined by the author. Because the claims are unpatented, no local or County-based property taxes have been assessed against them.

Taranis Resources' unpatented claims are located on Federal public domain lands that are managed (both surface and mineral estates) by the BLM. This ground was open to mining claim location with no significant restrictions on any of the claim blocks. During staking, Taranis Resources utilized Global Positioning Systems ("GPS") surveying to locate claim corners and discovery monuments in the field, and the boundaries of the claims have not been legally surveyed.

Holding costs for the claims are estimated at US$15,754 dollars/year. This includes a payment to the BLM due by September 1, 2006 for US$14,560 and a payment to the County for US$1,194.00 due by November 1, 2006. [Note: Taranis has made payment to the BLM to keep the claims in good standing, which the Corporation will reimburse to Taranis upon completion of the Transaction.] On July 31st, 2006, J. Gardiner, qualified person for Taranis Resources, requested the Nye County Recorder to copy and forward to the author a complete assessment the land status of the project. Copies of these BLM (MASS) serial registries were reviewed by the author and verified that the land status for all 104 claims are active with all land maintenance fees current for 2006 and the property is deemed to be in good standing as of the date of the Technical Report.

Exploration Permits

Taranis Resources was granted a Permit of Operations (N-77877) to undertake drilling on the Needles property on March 30, 2004. Consequently, Taranis Resources has posted a bond with Wells Fargo Bank in Reno, Nevada in the amount of US$5,471.00. This bond is still in-place as of the date of the Technical Report and the Notice of Operations on the property was extended to March 2008 for another 2 years.

Environmental Liabilities

A number of small prospecting pits and short exploration adits are found throughout the property. All adit portals observed by the author have not been fenced off according to state specifications. The Nevada Bureau of Mines may require fencing in the future. Minor oxidized waste rock and dumps occur down slope below several adit portals. It is estimated that these dumps contain less than several short tons of material. Sulfides are present in the dumps but there is no evidence of any acid generation.

Taranis Resources has a bond posted with the BLM as per Federal Regulations (N-77877) in the amount of US$5,471 as a retainer that it will reclaim all surface disturbance on the property. Taranis Resources has routinely informed the BLM in writing of its activities on the property, and has reclaimed all surface disturbance completed to date with the exception of drill pad N-51 which is currently being reclaimed.

Accessibility, Local Resources, Physiography and Infrastructure

The property is located in the Reveille Range (Reveille 7.5' quadrangle) in northeastern Nye County, approximately 75 miles east of the town of Tonopah (Figure 6-1 from the Technical Report, reproduced above). Travel east along State Highway 6 to access the Needles property.

The property lies at elevations of approximately 5,100 feet (1,555 m) above sea level ("ASL") on the canyon floor to 7,400 feet (2,256 m) ASL along the highest ranges. Local relief is from 500 to 1,000 feet (150 – 305 m). It is interesting to note the presence of numerous and needle-like erosional spires developed on knobs peripheral to the area (hence the name "Needles"). The property is covered by sagebrush with juniper and fir at higher elevations and some cottonwood along creek banks; the climate is semiarid.

District and Property History

Past Producers

The Arrowhead District (known as the Needles District early on) was organized in 1919 around its dominant mines, which were the Arrowhead and Arrowhead Extension. There is little documentation regarding the discovery of the orebodies on which they were developed. It is likely they were discovered shortly after first mineral discovery in the Old Reveille camp in the late 1860's. Total production was small; only 335 tons of silver-antimony-gold ores have been reported from 1920 to 1939 for a total value of $13,449. Production data after 1939 is not available but believed to be minor (Kleinhampl and Ziony, 1984).

At the Arrowhead mine, two ore shoots 3 to 8 feet wide in a 'replacement vein' were developed. The vein hosted silver-bearing sulfide mineralization that graded $24 to $50/ton. Four levels of drifts exploited the orebody from a 345-foot deep inclined shaft.

To the south the Arrowhead extension developed a vein (at a depth of 55 feet) from a two-compartment shaft 150 feet deep. Vein material is reported to have assayed from $1.20 to $71.55/ton when the mine was operating in 1920 (Kleinhampl and Ziony, 1984).

Exploration History

Other active properties in the area at the time were the Arrowhead Signal Mines; the Arrowhead Syndicate Mines, which tapped quartz veins from a 200-foot shaft; the Arrowhead Wonder Mines Company that developed two rich veins (one assaying $110/ton) that were believed to be extensions from the main Arrowhead Mine; the South Arrowhead and West Arrowhead Companies (Kleinhampl and Ziony, 1984).

There is no known documentation regarding recent development activity after 1939 to 1979. However, the property was restaked and prospected (prospect pits and short exploration adits) during this time period; the former owners of the claims are not known. Inspection of the property by Taranis Resources revealed some recent (1970 vintage) exploration activity. At least two vertically drilled Reverse Circulation ("R.C.") holes were observed on the south end of the claim block; it is not known who drilled this hole. Other work includes minor trenching on the north end of the property that failed to penetrate alluvium and reach bedrock.

In October 2002, Newcrest located 30 unpatented claims (Stealth claims) along the eastern margin of the Gordo claim block. This ground controls the Eastern shaft area, and Newcrest drilled several RC holes in this area. The results of this drilling are not known, but since the property was dropped in August 2004, it is assumed that they encountered no significant values in their drilling.

Geology Setting

Regional Geology

Geologic studies of the Arrowhead District have been completed by Ekren, Rogers and Dixon (1973) and Martin and Naumann (1995). These studies have established a general stratigraphic and structural framework within which Taranis Resources has conducted its exploration program. This complex geologic framework includes a dominantly Tertiary-age (Miocene to Oligocene) intermediate to felsic volcanic sequence that has been segmented and disrupted by strike slip and block (normal) faulting. Paleozoic basement sedimentary rocks are exposed and in fault contact with the Tertiary section at the south end of the district. Miocene-age intrusive rhyolite, dacite and quartz latite dikes, sills and plugs were emplaced into the section. Pliocene basalt volcanoes are peripheral to the area and associated extensive flows locally cover older rocks.

Specific Tertiary volcanic rock units recognized on the property and surrounding prospect area include the following.

(1) Tuff of Arrowhead (Tta) – Miocene in age and up to 800 feet thick, this unit consists generally of red-brown, densely welded, pumice-rich rhyolitic tuffs (ash-flow) with 10% - 20% phenocrysts. At

the Arrowhead mine site alternating biotite -rich and biotite -poor, densely welded tuffs are present. The units at the mine site are van-colored and van-textured due to hydrothermal alteration and oxidation of fine-grained pyrite. Relict textures are preserved. A stratigraphically lower unit in the Tuff of Arrowhead is characterized by up to 300 feet of white to buff colored, highly altered, and partially welded to densely welded tuff

(2) Monotony Tuff— Oligocene in age, this formation, which is up to 5,000 feet thick, has been subdivided into several subunits that include the Tuff of Goblin Knobs (Tmi; densely welded, coarsely devitrified quartz latitic to rhyolitic welded tufO and a quartz- latitic welded tuff unit (Tm). Both subunits have been observed at least locally hydrothermally altered.

(3) Rhyodacite Sills and Dikes (Miocene) – These subvolcanic bodies intrude both the Tta and Tmi tuff formations. They are characterized by massive brown- weathering; intense propylitic alteration and impregnation of disseminated fine-grained pyrite in the Arrowhead Mine area.

Mapping by Ekren, Rogers and Dixon (1973) in the area, suggest a thrust fault contact separate the younger Tuff of Arrowhead from older Tuff of Goblin Knobs (*Tmi* thrust over *Tta*). Their mapping also indicates high-angle, north-northwest trending normal and strike-slip faults that disrupt the volcanic stratigraphy (i.e. Arrowhead Lineament Fault). Normal faults also penetrate unconsolidated alluvium (Kleinhampl and Ziony, 1984).

Surface mapping (Ekren, Rogers and Dixon, 1973) coupled with Taranis Resources' geophysical exploration work have defined further the structural framework within the Needles Property. Included are a significant North-Northwest-trending structural zone (Arrowhead Lineament Fault), several northeast-trending faults of which the largest is the Arrowhead Fault, and a series of en echelon, east-west trending cross faults that have been delineated.

According to Kleinhampl and Ziony (1984), the two main mines, the Arrowhead and Arrowhead Extension, as well as the other mines and prospects are confined to a narrow (1/2 mile wide), North-Northwest-trending alteration zone developed within the *Tta* and *Trd* units and to a lesser extent *Tmi* unit. Structural margins of the zone are believed bounded to the east and west by arcuate sub parallel faults and shear zones. The Oligocene and Miocene rocks within the zone (rhyolitic to quartz latitic welded tuffs, tuffaceous sedimentary strata, rhyodacite intrusions) are variably bleached, argillized, propyilitized and silicified (Kleinhampl and Ziony, 1984). This alteration may be centered along a northwest-trending structural zone and has considerable strike length. Taranis Resources's Gordo claim block now controls the majority of the structural zone that includes the Whopper Junior Zone, Arrowhead and Arrowhead Extension mine workings.

A few prospects controlled by the Tomahawk claim block occur outside the zone in structurally higher Monotony Tuff units that include the weakly pyritized andesite unit (Ta) and quartz-latite tuff (Tm). However, strong alteration is exhibited at several mine sites (Tomahawk and Eastern Shaft) developed within these units outside the claim blocks.

The Paleozoic strata (*Pzs*) in the southern end of the district hosts minor prospects and mines developed by adits as much as several hundred feet long and shallow shafts. Workings are associated with jasperoid zones in faulted carbonate strata and others with intermediate dikes along steep faults (Kleinhampl and Ziony, 1984).

Property Geology

There is little documentation describing in detail the metaliferous deposits in the district and property. Available information indicates that structurally controlled, silver-antimony-gold-bearing epithermal quartz veins are the main deposit type. Areas of high-grade gold-silver mineralization are reported to be characterized by quartz stockwork replacement veins containing silver and arsenic-bearing sulfides-sulfosalts (argentite, pyrargyrite and proustite); some mineralization is antimonial and contains significant stibnite. Highly anomalous levels of mercury, arsenic and antimony accompany most of the mineralization.

The quartz vein deposits are controlled by the fault-fracture structural intersections developed within the area (this clearly demonstrated by structural data generated by Taranis Resources). It is reported that pyritic (2 - 8% disseminated pyrite) alteration (bleaching, argillization, propylitic alteration and silicification) zones commonly overlie and envelope productive veins in the area; pyritization accompanies virtually all known gold/silver mineralization.

Productive quartz veins developed in the past appear to have been small. Ore shoots that hosted the silver-bearing sulfide-sulfosalt mineralization were typically 3 to 8 feet wide (as at the Arrowhead Mine) and ran values ranging from $24 to $110/ton. The deposits have been extensively oxidized at surface. Outcroppings and shallow pits are observed to contain large amounts of limonite related to oxidation of the primary pyrite. Mine records indicate the depth of this oxidation extends perhaps from surface to 120 feet below surface.

Other minor deposits are hosted in less altered intermediate Tertiary rocks including volcanic flows and dikes associated with steep faults (Kleinhampl and Ziony, 1984). Genetically, precious metal mineralization may be associated with the emplacement of commonly pyritized rhyodacite subvolcanic sills and plugs that have been mapped in the area. These intrusions are undated but crosscut early to middle Miocene volcanic rocks. The Needles Property includes a complex sequence of Tertiary-age volcanic rocks that have been subjected to east-west extension. There are three principal target areas on the property that have widespread gold and silver mineralization. To the north end of the property, the Whopper Junior Target has widespread anomalous gold mineralization (geochemical levels) and has been tested by one drill hole N-51. In the central portion of the property is the Main Arrowhead district where Taranis has drilled a number of ore-grade drill holes around the Arrowhead Mine, and found high-grade gold north of the Arrowhead Fault. To the west of the Arrowhead Mine is the Blanca Zone, which is the westward extension of the old Arrowhead Mine.

Exploration

Taranis Resources Exploration Activity

Taranis Resources has secured a large land position within the Needles District. There are numerous gold and silver occurrences on the property, including the Arrowhead Mine, Whopper Junior Zone, Blanca Zone, Gladius, Arrowhead Extension, Eastern Shaft Area and a number of other un-named occurrences. Taranis Resources has completed a number of geochemical, geophysical surveys and diamond drilling on the Needles property. The results of the Taranis Resources work on the property are indicated below:

TABLE 12-1- SUMMARY OF WORK COMPLETED BY TARANIS RESOURCES ON THE NEEDLES PROPERTY

Exploration Activity	Meters/ Number
Staking	103 Claims
Gridding	68,790 m
Magnetics	46,800 m
VLF	46,800m
Induced Polarization	21,990 m
Stream Sediments	124 samples
Soil Samples	297 samples
Rock Sampling	128 samples
Drilling	3,042.2 m
Drilling Samples	1,718 samples
Major Oxide Samples	662 samples

There was also a limited amount of mapping completed on the project, and also some digital air photographs and Pan-Chromatic satellite images were obtained.

Exploration Program Planning Parameters

Based on the epithermal deposit model described above and preceding discussion, the author would interpret the structurally controlled silver-antimony-gold-bearing quartz veins and associated alteration zones documented in the Arrowhead mine area as characteristic of upper levels in a modest to relatively large-size Tertiary-age intermediate sulfidation epithermal system. This system appears to overprint the Tuff of Arrowhead, an associated rhyodacite plug and extends to some degree into structurally higher (stratigraphically lower) Monotony Tuff and vertically down into Paleozoic basement rock units.

Known surface alteration zones (dominantly stream-heated advanced argillic, see *Section 11)* defined by Kleinhampl and Ziony (1984) likely represent acid-leached, vapor phase-altered rock (steam-heated overprint) above, peripheral and possibly overprinting the zone of boiling (zone of bonanza vein development) in the epithermal system. Bonanza vein development at depth is suggested by the presence of mineralized epithermal quartz vein material found on several mine dumps. There is geologic evidence that implies productive quartz veins are directly associated with silicification and enveloped by propylitic and possibly argillic alteration (inferred from geophysical data). However, primary alteration zoning patterns are complicated whereby early alteration assemblages and possibly the quartz veins are overprinted by zones of late pyritic advanced argillic alteration. The overprint could be interpreted as deeper (below the main alteration blanket and palco water table) pyritic advanced argillic alteration focused along feeder conduit structures.

These interpretations provide a premise and an initial working exploration model for a future exploration program on the property. Further, preliminary geologic and geophysical data collected to date coupled with the epithermal model would suggest that further exploration on the property has a reasonable chance for discovery of potentially economic bonanza veins deposits.

Taranis Resources Exploration Program (2003-2006)

During 2003-2006, Taranis Resources completed a number of surveys on the property that were useful in identifying drill targets. These surveys have included stream sediment sampling, soil geochemistry in 3 areas, Induced Polarization/Resistivity Surveys, ground magnetic and VLF surveys.

Previous Expenditures (2003-2005)

The following table lists the expenditures incurred exploring the Needles Property by Taranis Resources during the past three years. This table is summarized from the Taranis Resources audited financial statements for 2003-2005 (Davidson & Co.)

Table 19-1 – Previous Expenditures to End of 2005, Needles Property (Taranis Resources)

Year	2003 (CS)	2004 (CS)	2005 (CS)
Assaying	3218	57,142	23,604
Drafting	-	1,248	-
Engineering	65	18,996	-
Geological Fees	36,530	7,180	726
Reclamation	740	7,112	-
Supplies	3,332	260	142
Surveying	366	39	30,730
Drilling	-	340,477	162,116
Total	76,567	509,179	791,630

It should be noted that this does not include some costs incurred in 2006 for drilling that total approximately C$21,000.

Mineralization

Precious metal mineralization and associated alteration is best observed at the Arrowhead mine site workings within the Gordo claim block. Two samples were sent for petrographic analysis (Schandl, 2004) and these samples provide some valuable insight into the alteration and mineralogy of the rock type at Needles. Volcanic rocks and the major rock forming mineral feldspars are extensively altered to clay (sericite and illite), and zircons are usually present indicating that the rocks were originally dacites and rhyodacites. The protolith of the rock units are porphyritic, and the rock samples are very typical of an epithermal precious metal deposit hosted in felsic volcanic rocks. The cherty, quartz-rich matrix of the rocks is fragmented and contains sulfides, including pyrite, sphalerite and minor galena and rarely chalcopyrite. The Argentite was micoprobed and it indicated significant selenium content which explains the presence of selenium frequently seen in close association with the gold/silver rich zones at Needles – in some cases it also contained some Copper. Quartz is frequently euhedral and lines small vugs and cavities, and frequently argentite and galena form rims on the euhedral quartz grains lining the vugs. The pyrite is frequently rimmed by galena and argentite much the same as the quartz crystals indicative of pyrite's early paragenesis. In one of the samples, electrum was identified, and is always in close association with argentite. The Electrum was microprobed and was found to contain roughly 50-70% Ag and 30-50% Au - it is always found in close association with galena and argentite in the thin sections examined.

Representative samples of quartz vein material were found on the mine dumps. Samples are characterized by limonite-stained (hematite-jarosite? dominant), vuggy (quartz druse-lined vugs), light gray to white-colored, aphanitic to fine-grained quartz veins – vein (veinlets $\leq$ 1" thick) stockworks containing disseminated ($\leq$ 3%) fine-grained, subhedral to euhedral pyrite/oxidized pyrite casts with argentite. Chalcedonic veinlets with argillic alteration is also commonly present on the rock dumps. However, local dark gray to black streaks in some samples may represent submicroscopic sulfide-sulfosalt minerals.

Seven samples of vein material were collected by the author from the Arrowhead Mine dump and Arrowhead Lineament locales and returned the following analyses:

TABLE 11-1 - PARTIAL ASSAY RESULTS FOR ARROWHEAD MINE DUMP AND ARROWHEAD LINEAMENT SAMPLESTABLE

Sample Location	*Gold (ppb)*	*Silver (ppm)*	*Arsenic (ppm)*	*Molybdenum (ppm)*	*Lead (ppm)*	*Selenium (ppm)*	*Zinc (ppm)*
43151-Arrowhead 1	784	145	84	5	57	5	25
43152-Arrowhead2	277	29	176	6	212	5	27
43153-Arrowhead3	11718	3670	131	8	1949	115	1296
43154-East Shaft	123	4	81	348	284	5	1
43155-Whopper S	22	15	84	13	10	5	1
43156-Whopper Jun	41	2	31	4	1	5	1
43157- Whopper Ext	22	2	1577	8	1	5	1

Sample 43153 (3 hand specimens crushed & pulverized) returned to 11.72 g/t (0.34 opt) Au and 3670 (107 opt) Ag. However, anomalous gold values in vein material were confirmed by assays from several showings collected along the interpreted Arrowhead Lineament Fault by the author during his visit to the property.

TABLE 11-2 PARTIAL ASSAY RESULTS FROM DIAMOND DRILLHOLE N- 28

Sample Location	*From (m)*	*To (m)*	*Length (ppm)*	*Gold (ppb)*	*Silver (ppm)*	*Selenium (ppm)*
64697-N-28	26.2	26.7	0.5	7666	2053	14.7
64698-N-28	26.7	27.3	0.6	860	225	1.8
64699-N-28	27.3	27.7	0.4	1862	408	3.9
64700-N-28	27.7	28.3	0.6	286	41	0.5

Needles Prime Exploration Target

The Arrowhead Au/Ag deposit occurs entirely within Type II volcanic rocks, that are intensely altered to sericite and other clay minerals typical of epithermal systems in Nevada. Located immediately west of the deposit is the Arrowhead Lineament Fault. This is a normal fault with the west side down dropped, faulting Type I volcanics against Type II volcanics in the immediate vicinity of the mine. This fault is related to SSW extensional tectonic activity in the area, and can be traced for several km NNW through the district.

Type I volcanics are largely tuffaceous rocks of dacitic to rhyolitic composition, and formed an impervious caprock to ascending hydrothermal fluids along the Arrowhead Lineament Fault. Type II volcanic rocks are felsic/intermediate pyroclastic rocks and consist of lapilli tuff, agglomerate and sub-volcanic porphyritic dikes.

The Type I/II contact is preserved on the west side of the fault, and has been down-dropped approximately 100 m in this area. The Type I volcanics exposed immediately west of the Arrowhead Mine are intensely altered, and suggest the presence of a much larger area of hydrothermal alteration at depth. The Type I/Type II contact is exposed at surface several hundred m west of this area, and the volcanic flows have a shallow (18^{o}) easterly dip making the depth of this contact quite well known. This target will be tested in the next phase of diamond drilling by several deep core holes that will penetrate the Type I/II contact on the west side of the Arrowhead Lineament Fault.

Other Gold Zones

Assays from samples of quartz-alunite (7)-clay -pyrite alteration generally exhibit low precious metal values. However, similar alteration extending into the structurally higher Monotony Tuff (Tmi) and containing cross cutting quartz veins was sampled by Taranis Resources at the “Eastern” shaft dump immediately east of the Arrowhead mine workings. One assay, collected by John Gardiner (qualified person for Taranis Resources) demonstrates that ore-grade gold values can occur in this type of alteration if quartz veining is present.

TABLE 11-3 . PARTIAL ASSAY RESULTS FOR EASTERN MINE DUMP

Sample Number	*Gold (ppb)*	*Silver (ppm)*	*Arsenic (ppm)*	*Mercury (ppm)*	*Antimony (ppm)*
AW-4	6,420	101	692	<1	22

It should be noted that the alteration mineral assemblage of quartz-alunite -clay-pyrite is characteristic of steam-heated, advanced argillic alteration within the intermediate sulfidation system. As previously mentioned, this type of alteration typically forms a blanket above the palco water table over the system but can also overprint (vertically downward below the blanket and palco water table along structures) early alteration and the zone of bonanza vein development. The Needles Property appears to be an analagous situation i.e. primary propylitic alteration, silicification and possibly quartz veining are overprinted by steam-heated pyritic advance argillic alteration along feeder conduits and other structures. There is no supporting evidence thus far that the stratigraphic top of the system (and steam-heated alteration blanket) is preserved. It is likely that much of the steam-heated blanket is eroded off above the palco water table.

Drilling

Diamond drilling was completed on the property during a number of smaller campaigns ranging from November 2003 through January 2006. All of the drilling on the project was completed by Marcus and Marcus Exploration, Inc. of Cocur d’Alene, Idaho and the core size was NQ.

All of the drilling data has been integrated into Oasis Target® and Surpac®. Oasis Target® is used for drill hole targeting and also for understanding the features found in drilling to the surface geophysics. Surpac® is particularly useful around the Arrowhead Mine where it can be used to see the relationship of the gold-silver bearing intercepts to the mind-out potions of the deposit.

Arrowhead Mine Area

The first two drill holes that were completed on the property were drilled due north and were drilled under the Arrowhead Mine workings. Since there was no information to guide the drilling, the holes were positioned to test a number of east-west trending VLF anomalies that were present around the mine. Both of these drill holes failed to intersect any mineralization, although the rocks in the mine area were heavily altered. It was decided to move the drill to other areas of the property at this point, and drilling only resumed in the immediate area of the mine with drill hole N-7 that was drilled parallel to the shaft and intersected ore-grade values. Previous mining in the area was restricted to the East side of the

Arrowhead Lineament Fault in the early 1920's, as was all of the previous Taranis Resources drilling. Taranis resources drill results to date show the high-grade nature of the AD (all within 100' of surface):

TABLE 12-5 SUMMARY OF ARROWHEAD MINE INTERCEPTS

Hole No.	Au (g/tonne)	Ag (g/tonne)	Thickness (m) *	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(+1.8m)	2.46g/tAu + 603.Sg/tAg/1.13m
N-27	1.75	540.8	1.40	1.75 g/tAu + 653.0 g/tAg/ 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

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

Taranis Resources has important findings about the precious metal mineralization at the Arrowhead Mine, and most of this is from drilling. The main gold/silver bearing lode at the mine strikes northwest parallel to the Arrowhead Lineament, and has a dip to the west that is generally shallow at its top, and gets progressively steeper at depth. At no place does this mineralization outcrop at surface, and it is still a mystery as to how the original deposit was discovered in the early 1900's.

Modeling of the drill hole data indicates that the gold/silver-bearing lode also plunges at a 30° angle to the south, becoming progressively deeper moving to the south. This becomes apparent when the mineralized Taranis Resources zones are viewed in conjunction with the stopes that were encountered in the drilling. Assuming that the old mining activity extracted ore-grade material (it was probably very high grade), the body then can be clearly seen to plunge to the south-south east and current drilling has not explored this down-plunge part of the deposit at all.

Major oxide analyses also provides interesting insight into the mineralization found at the Arrowhead Mine. The gold/silver-bearing lode is enveloped within Type II volcanics that are characterized by abnormally high levels of $Ti0_2$. Generally, this type of elevated $Ti0_2$ may be related to alteration of the volcanic rocks, or conversely it could be primary. Whatever the cause for the envelope, it provides a very large footprint that can be followed out using geochemistry. It also shows a widening to the south-southeast indicating that the Arrowhead Deposit possibly plunges deeper in this direction and it remains unexplored.

Blanca Zone

The Blanca Zone is located on the west side of Fox Mountain, and was deemed a geologically highly significant exploration target since it connected the Main Arrowhead Mine located approximately 600 m to the east to the Tomahawk Mine located approximately 750 m to the west.

The area is also characterized by intense clay alteration, and number of old shafts and pits that were completed by prospectors in the early 1900's. Stream sediment sampling surveys also revealed that this area is a strong source of pathfinder elements, despite the fact that there is little evidence for ore-grade gold or silver mineralization at surface.

The first drill hole that was completed in the area (N-8) was designed to test an I.P. anomaly that occurred in an area covered by thin colluvium. This drill intersected interesting gold and silver values.

Blanca Zone — Conclusions

Drill Hole N-8 intersected interesting gold and silver values within an area of intense alteration.

Whopper Junior Zone

Drill hole N-5 was targeted on a large I.P anomaly that occurred in an area of extensive colluvium cover, and occurred along the Arrowhead Lineament. Since this area is concealed under colluvium, there had been absolutely no prospector activity in the area, and the discovery of this zone was deemed highly important. This drill hole intersected heavily altered volcanic rocks that were enriched in gold, antimony, arsenic and sulfur, and also exhibited prolific fine-grained quartz veining. In this area, the Arrowhead Lineament is marked by the presence of a large epithermal quartz vein that weathers to form a hill that trends Northwesterly under the pediment.

Drill hole N-5 intersected a zone at depth that was highly anomalous in gold, silver and other pathfinders that accompany gold and silver mineralization at Needles. Geologically, this anomalous zone occurs in volcanics that have fine quartz vein stockworks, and fine-grained disseminated pyrite. The zone is very homogeneous and is related to broad- scale hydrothermal flooding of the volcanic unit.

TABLE 12-6 GEOCHEMICAL PATHFINDERS IN DRILL HOLE N-5

From	To	Gold (ppb)	Ag (ppm)	As (ppm)	Sb (ppm)	S (ppm)	Se (ppm)
82.50	106.00	118	Max 2.7	3,875	Max 64	19,987	Max 2.4

Drill Holes N-45, N-46 and N-47 were also drilled in this area and all of these holes failed to intersect ore-grade mineralization. Drill Hole N-45 intersected anomalous gold values from 74.68 meters to 95.77 meters (end of sampling – (EOH was at 99.97)) up to a maximum of 391 ppb Au (from 75.19 – 75.74 m) and also had highly anomalous Arsenic (maximum of 3680 ppm As (from 86.72 – 87.26 m) and 20,000 ppm S in the same interval. This geochemically enriched area is also typified by higher levels of antimony, cadmium and selenium typical of other areas on the property that have ore-grade gold and silver values. Geologically, the anomalous zone occurs within altered volcanics that has minor pyrite disseminations, and a quartz vein with sulfides from 86.72 to 87.26 m downhole.

TABLE 12-7 GEOCHEMICAL PATHFINDERS IN DRILL HOLE N-45

From	To	Gold (ppb)	Ag (ppm)	As (ppm)	Sb (ppm)	S (ppm)	Se (ppm)
74.68	90.07	33	Max 2.7	210	Max 55	5,528	Max 1.2

Drill hole N-46 was drilled to the west of N-5, and this drill hole also intersected a very wide, but geochemical zone of gold mineralization (from 76.72 to 159.44 meters). Generally, all of the samples in this interval are anomalous in gold, but the maximum gold content is 157 ppb gold. This area is also characterized by highly anomalous areas of arsenic, antimony, sulfur and selenium, and geologically the anomalous zone sits in volcanics with locally abundant quartz stockworks and pyrite disseminations.

TABLE 12-8 GEOCHEMICAL PATHFINDERS IN DRILL HOLE N-46

From	To	Gold (ppb)	Ag (ppm)	As (ppm)	Sb (ppm)	S (ppm)	Se (ppm)
76.72	158.04	32	Max 4.8	654	Max 45	7,133	Max 2.1

Drill hole N-47 was drilled under N-5, and this drill hole intersected a very wide, geochemical zone of gold mineralization (from 87.08 to 130.55 meters). This area is also characterized by highly anomalous areas of arsenic, antimony, sulfur and selenium, and geologically the anomalous zone sits in volcanics with locally abundant quartz stockworks and pyrite disseminations.

TABLE 12-9 GEOCHEMICAL PATHFINDERS IN DRILL HOLE N-47

From	To	Gold (ppb)	Ag (ppm)	As (ppm)	Sb (ppm)	S (ppm)	Se (ppm)
87.08	130.55	76	Max 14.3	3,335	Max 173	11,686	Max 3.5

Drill hole N-48 was drilled to the north of N-5, and this drill hole intersected several thin, but geochemically anomalous areas of gold mineralization. The most well defined interval occurs from 43.43 to 53.04 m, although there are other very thin intervals located up-hole that have up to 46 ppb Au. Geologically, the anomalous sits around a quartz vein (44.35 - 44.81 m) within quartz/pyrite stockworks.

TABLE 12-10 GEOCHEMICAL PATHFINDERS IN DRILL HOLE N-48

From	To	Gold (ppb)	Ag (ppm)	As (ppm)	Sb (ppm)	S (ppm)	Se (ppm)
43.43	53.04	85	Max 5.3	808	Max 12	19,143	< 0.5

Whopper Junior Zone - Conclusions

Based on the above discussion of the 6 drill holes that have been drilled in the Whopper Junior Zone, several interesting conclusions can be drawn from the data. The first is that there is clearly a very widespread area of anomalous gold and silver mineralization that is found under both colluvium and volcanics in this area. This mineralization is accompanied by highly anomalous levels of arsenic, sulfur and to a certain extent, antimony and selenium. The presence of arsenic seems to indicate some kind of intrusive source, and there are also weakly anomalous levels of molybdenum that accompany the zones (particularly N-48).

The most obvious source of the enriched geochemistry in this zone is the Arrowhead Lineament Fault, but this is somewhat tentative because the single drill hole that intersected the Whopper Junior Epithermal Vein intersected geochemical levels of Au/Ag mineralization much less than those encountered in the Whopper Junior Zone itself.

Sample Preparation, Analyses, Security

Sample Preparation and Analysis

Sample preparation at Needles is broken down into two main types. Drill core and rock samples are prepped at American Assay Labs in Reno, and in the case of drill core the analyses for gold, silver and trace element analyses are typically done at the same lab. In the case of rock chip samples, the samples are prepped at American Assay labs and then sent to Chemex Labs in Reno after being crushed for analytical work. Major oxide geochemistry on drill core and rock chip samples are prepped at the American Assay Lab, and then sent to Acme Labs in Vancouver, British Columbia where they are analyzed.

Soil samples and stream sediment samples require ultra-low detection limits (ICP-MS) in order to provide meaningful data. These samples are sent to American Assay Labs in Reno where they are prepped and riffled, and then the smaller samples are sent via courier to Acme Labs in Vancouver, British Columbia where they are analyzed. Major oxide geochemistry is also prepped at American Assay Labs and then sent to Acme for analyses since this type of analyses is not routinely done at any of the Nevada-based labs.

Sample Preparation (Drill Core and Rock Samples)

The drill core was logged on-site and the complete core boxes marked with samples were then sent to American Assay Labs in Reno by truck. At the laboratory, each sample was sawed in half by rock saw, and one-half of the drill core was prepared for analytical work, and was dried at 70°C. The other half of the core was replaced in the core box, and was retained for geologic reference, as well as for further analytical work if required and has been stored by Taranis Resources.

In the case of major oxide geochemistry, the samples were collected in the field and were sent to American Assay Labs in bags marked with the sample interval. These were then crushed and riffled, and then sent via courier to Acme Labs in Vancouver.

Sample Preparation (Soil and Stream Sediment Sampling)

Stream sediment samples and soil samples were collected in essentially the same fashion, and were put into cotton bags and numbered with the sample number. The samples were then sent to Reno via truck to American Assay Labs, where they were dried, riffled and sent to Vancouver for ICP-MS analyses at Acme Labs, or to Chemex Labs Inc. in Reno for analyses using the same method.

Crushing & Riffling (Drill Core and Rock Samples)

Rock Samples as received by American Assay Labs were put through a primary jaw crusher with compressed air cleaning of the jaws between samples. The material was then split with a riffle to 100-150 g. The sub-sample was then pulverized in a hardened steel bowl, with quartzite cleaning after every sample.

Screening & Riffling (Soil and Stream Sediment Sampling)

Soil and stream sediment samples were screened to minus 180 microns, and then were riffled to a 30 gram sample.

Sample Analysis (Drill Core and Rock Samples)

Analyses at American Assay Labs was completed using the multi-element ICP-2A package which produced analytical data for 70 elements, and importantly for gold using fire assay on a 30 gram sample with an atomic absorption finish. In the case of silver where the ICP value exceeded 100 g/t Ag, the sample was also re-assayed and a gravimetric determination was made of the silver content. Analytical results were delivered to TRO electronically and also in hard format.

Sample Analysis (Soil and Stream Sediment Sampling)

Analyses at Chemex was completed on the samples using 50 element aqua regia ICP-MS (Method ME-MS41) for all elements except gold, which was analyzed using Au 30g Fire Assay (Method Au-AA23).

At Acme, the samples were analyzed in much the same method, (Group 1DX), where a 15 gram sample was leached with 90 milliliters of Aqua Regia at 95^{o}C for one hour, diluted to 300 milliliters, and then analyzed by ICP-MS. Analytical results were delivered to TRO electronically and also in hard format.

Security

Samples collected in the field were transported directly to the lab in Reno (American Assay) by the TRO personnel or by American Assay Labs personnel. Further, the author has discussed with representatives of American Assay Labs and Chemex the security protocol and is satisfied that they meet reasonable stands for protection of sample integrity.

Assay Quality Control and Quality Assurance

In the author's opinion, sampling techniques, sample quality, sample preparation, and security were adequate for early stage exploration purposes. Sampling procedures preformed by TRO employed standard and acceptable methods currently in use by the mining-exploration industry. Analytical procedures utilized on Taranis Resources' samples by American Assay Labs, Chemex, and Acme are considered standard for the industry.

All of the labs use internal checks in order to maintain strict quality controls in the laboratories. On two separate occasions, Taranis Resources has complete "check" samples to monitor the quality of results within the labs. DeMatties (2003) collected 8 represented grab samples of mineralized material previously sampled by Taranis Resources. These samples were submitted to Chemex for assay, and these showed very close results to the original analytical work (DeMatties, 2003). Taranis Resources has also requested "check" analyses of drill core analyses, and these new results are summarized under the data verifications section of this report.

Rock specimens collected on the property are composite "grab" samples that could introduce some inherent bias to assay values. This is not considered a problem at this stage of exploration since the purpose of the sampling was to confirm or determine the presence of precious metal mineralization.

In the author's opinion, sampling techniques, sample quality, sample preparation, and security were adequate for exploration purposes. Sampling procedures preformed by Taranis Resources employed standard and acceptable methods currently in use by the mining-exploration industry. Analytical procedures utilized on Taranis Resources samples by the American Assay Labs, Chemex Labs, and Acme are considered standard for the industry.

Data Verification

In addition, Taranis Resources (under the supervision of John Gardiner, qualified person) undertook check assaying of some of the high-grade material that was found in the Arrowhead Mine drilling, and the results of this are tabulated below. It should be noted that the original assaying was completed by American Assay Labs of Reno, and the check assaying was completed by Chemex Labs, Inc. of Reno. Based on these results, the gold and silver assaying compare very well, and the assaying can be deemed to be representative of the original assaying.

Data has been verified on separate occasions on the Needles Property. A 43-101 technical report was completed on the property (January 9, 2003) that Taranis Resources used to undertake an initial public offering. Seven samples were collected from outcrops that were sampled by Taranis Resources (samples 43151 through 43157) and this report concludes that the results were similar to those of Taranis Resources (DeMatties, 2003). The check assaying was performed by Accurassay Labs of Thunder Bay, Ontario.

Mineral Resources and Mineral Reserves

There is no other relevant information.

Recommendations

In the opinion of the author, the Property's overall geoscientific quality is of more than sufficient merit to justify continuation of a multi-disciplined exploration program. The following recommendations concerning two phases of exploration work include the following:

(1) Renewed priority should be given to exploration in and around a series of caldera fractures located east and south-southeast of the Arrowhead Mine (Arrowhead Extension, Zippo Zone and Eastern Shaft). This feature may represent the origin of much of the gold/silver mineralization seen in the area (excluding the Whopper Junior Zone). This area has prolific argillic alteration at surface, and was not explored by Taranis Resources since the land at one time straddled the Taranis Resources/Newcrest property. Taranis Resources now controls all of this land position, and the areas can be explored unabated. Establishment of a grid in this area and completion of the geophysics in conjunction with ICP-MS soil sampling will also provide additional targeting information.

(2) Detailed drilling around the Arrowhead Mine shows that the Arrowhead Deposit is a lenticular body that strikes north-northwest and plunges to the southeast at approximately 30 degrees. An attempt should be made to connect the Whopper Junior Zone to the Arrowhead Mine area using ICP-MS soil sampling where the Ridge Line Target now exists. It is known that in the intervening area there are rock samples that have highly anomalous gold and silver in rock sampling (100-300 ppb Au, 99 g/t Ag) and this was never followed-up with any drilling. It is highly likely that the Arrowhead Lineament cuts through this area, and is an important control to precious metal mineralization. This target will be tested in the phase 1 reverse circulation drilling program by several shallow holes (100m to 150m lengths) requiring a budget of $CAD 223,000.

(3) Newcrest should be contacted to see if they will provide information about some of the drilling that was completed on the Stealth Claims in 2004. The results of this drilling are unknown, and may provide additional targeting information in this area.

(4) Several drill holes should be completed adjacent to old shafts on the southeast extension of the Arrowhead Lineament from the Arrowhead Mine. These areas remain untested by any modern drill holes. There are several old vertical holes located in the area, and these should be explored further.

(5) An attempt should be made to option the Tomahawk Mine Claim under suitable business terms on the west side of Fox Mountain from the landholders in Idaho. Previous attempts

to option this property were not aggressive, and the area is known to have gold and silver mineralization.

(6) Located immediately west of the Arrowhead Occurrence is the Arrowhead Lineament Fault). This is a normal fault with the west side down dropped, faulting Type I volcanics against Type II volcanics in the immediate vicinity of the mine. The Type I/II contact is preserved on the west side of the fault, and has been down-dropped approximately 100 m in this area. The Type I volcanics exposed immediately west of the Arrowhead Mine are intensely altered, and suggest the presence of a much larger area of hydrothermal alteration at depth. The Type I/Type II contact is exposed at surface several hundred m west of this area, and the volcanic flows have a shallow (185 easterly dip making the depth of this contact quite well known. This target will be tested in the phase 2 diamond drilling program by several deep core holes (150m to 400m) that will penetrate the Type I/II contact on the west side of the Arrowhead Lineament Fault. The phase 2 exploration budget is estimated to cost $CAD226,000.

Proposed Exploration Budget

The following proposed budget is intended for an exploration program that includes the further testing of shallow and deep drill targets on the Needles Property.

Table 21-1 Proposed Budget – Needles 2006/2007 Exploration Program

Description of Budgeted Exploration Item	**Amount (US$)**
Personnel Facilities	
Room and Board – 2 months	4,000
Food	1,000
Telephone, Fax, etc.	500
Vehicle (Rented 4X4)	
2 months	4,000
Diesel, gasoline	1,000
RC Drilling (Phase 1)	
Exploration Drilling – 1,200 m at US$64/m	76,800
Core Sawing (US$55/hour)	
Core sawing at American Assay Labs	5,000
Analytical Costs	
500 samples for Au Fire Assay (C$25/sample)	12,500
500 samples for ICP geochemistry (C$9/sample)	4.500
Drill Storage Costs (2006/2007)	
One year of drill core storage	1,000
Personnel (including data collection and reports)	
One Geologist @ 10,000/month – 2 months	20,000
Induced Polarization Survey	
Line Cutting	5,000
Surveying	15,000

Land Holding Costs	18,000
Payment to Land Holders, etc.	10,000
Sub-Total	**178,200**
Contingency @ 10%	17,800
PHASE 1 SUB-TOTAL $USD to $CAD = 1.14	**$196,000** **C$223,000**

Phase 2 Diamond Drilling : 1,500m @ $US85/m	127,500
Geological Project Management (logging, assaying, lodging, transportation etc.: 1,500m @ $35/m)	52,500
Contingency @ 10%	18,000
PHASE 2 SUB-TOTAL	**$198,000** **C$226,000**

The Corporation intends to carry out $100,000 of the recommended Phase 1 drill program with the balance of the drill program to be completed as additional financing is raised.

4.4 Issuers with Oil and Gas Operations

The Issuer does not have oil and gas operations.

5. Selected Consolidated Financial Information

5.1 Annual Information

The following table summarizes financial information of the Issuer for the last three completed financial years and any period subsequent to the most recent financial year end for which financial statements have been prepared. This summary financial information should only be read in conjunction with the Issuer's financial statements, including the notes thereto, included elsewhere in this Listing Application.

	For the Year Ended August 31		
	2006	**2005**	**2004**
Net sales/total revenues	Nil	Nil	Nil
Net loss	$218,288	$352,434	$ 26,024
Net loss per share (basic & diluted)	$ 0.008	$ 0.014	$ 0.00
Total assets	$ 79,648	$ 66,105	$130,268
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividends declared	Nil	Nil	Nil

5.2 Quarterly Information

The following table sets out selected consolidated quarterly information for the last eight quarters. This summary financial information should only be read in conjunction with the Issuer's financial statements, including the notes thereto, included elsewhere in this Listing Application.

Three Months Ended	Aug 31, 2006 $	May 31, 2006 $	Feb 28, 2006 $	Nov 30, 2005 $
Net sales or revenue	Nil	Nil	Nil	Nil
Loss before extraordinary items	96,289	40,986	39,509	41,504
Extraordinary items	Nil	Nil	Nil	Nil
Net Loss (Profit)	96,289	40,986	39,509	41,504
Basic & Diluted Loss per Common Share ($)	(0.002)	(0.002)	(0.002)	(0.002)
Three Months Ended	**Aug 31, 2005 $**	**May 31, 2005 $**	**Feb 28, 2005 $**	**Nov 30, 2004 $**
Net sales or revenue	Nil	Nil	Nil	Nil
Loss before extraordinary items	77,120	59,637	175,971	39,706
Extraordinary items	Nil	Nil	Nil	Nil
Net Loss (Profit)	77,120	59,637	175,971	39,706
Basic & Diluted Loss per Common Share ($)	(0.003)	(0.005)	(0.007)	(0.002)

5.3 Dividends

There are no restrictions that could prevent the Issuer from paying dividends. The Issuer has neither declared nor paid any dividends on its Common Shares. The Issuer intends to retain its earnings to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

5.4 Foreign GAAP

The Issuer is not presenting consolidated financial information on the basis of foreign GAAP.

6. Management's Discussion and Analysis

Annual MD&A – 6.1 – 6.14

The following discussion and analysis of the operations, results, and financial position of the Company for the year ended August 31, 2006 should be read in conjunction with the August 31, 2006 Audited Financial Statements and the related Notes. The effective date of this report is December 14, 2006. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional regulatory filings for the Company 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 Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company'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 Company 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 developments.

DiscFactories Corporation (the "Company") was incorporated on May 11, 1983 pursuant to the *Company Act* (British Columbia) under the name Cactus West Explorations Ltd. The Company'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 Company's name was changed to DiscFactories Corporation, its share capital was consolidated on a two (old) for one (new) basis and the Company was continued into the federal jurisdiction under the *Canada Business Corporations Act.* The Company was extra-provincially registered in the Province of British Columbia on May 30, 2000.

The Company maintains an office at Suite 2300, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X2. The Company's registered and records office is located at the same address.

Business Description
The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol DSK.

Development of Business
In June, 2005 the Company announced that it had entered into the Twin Rivers Media joint venture with Tumbleweed Publishing Corp. On January 27, 2006 due to delays in raising funds necessary to launch the joint venture, both companies agreed to terminate the joint venture. The Company also cancelled its non-brokered private placement of 5,000,000 shares at $0.05 per share with SIS Investments Inc. originally announced on March 1, 2005, as amended on May 5, 2005, and the settlement of up to $50,000 in secured debt announced on March 4, 2005.

On March 28, 2006 Mr. Gary Freeman was appointed President and a director of the Company. Mr. Freeman replaced Mr. Fulvio Ciano, who had resigned as President and a director of the Company due to other business commitments. Mr. Anthony Ziolkowski also resigned as Chief Technical Officer.

The appointment of Mr. Freeman coincided with a decision by the Company's board of directors to launch a reorganization initiative. The Company had been notified by the TSX Venture Exchange that unless certain tier maintenance deficiencies by the Company were not resolved by June, 2006, the Company would be transferred to NEX. The directors determined that it would be in the best interests of the Company to pursue a reorganization whereby it would eventually divest its current business and acquire an alternative business with better prospects for the Company's shareholders.

On May 8, 2006 the Company completed a non-brokered private placement of 1,000,000 units at a price of $0.05 per unit for gross proceeds of $50,000. Each unit consisted of one common share and one common share purchase warrant, exercisable for a two-year period at $0.10 per share. The common shares and warrants comprising the units and the common shares issuable upon exercise of the warrants are subject to a four-month statutory hold period expiring on September 4, 2006. Proceeds from this financing were used to fund the Company's previously announced reorganization.

Taranis Resources Inc. Property Transaction
On May 19, 2006 the Company entered into an agreement to complete a change of business transaction (the "Transaction"). Pursuant to the Transaction, which has been negotiated at arm's length, the Company will, subject to regulatory and shareholder approval, acquire certain mineral claims located in Nye County, Nevada (collectively, the "Property") from Taranis Resources Inc. ("Taranis"), a TSX Venture Exchange listed company incorporated under the laws of British Columbia. As consideration for the Property, the Company will pay Taranis C$50,000 in cash and issue 2,000,000 common shares to Taranis. The common shares to be issued to Taranis will be subject to a four month hold period under

applicable Canadian securities laws. Completion of the Transaction was subject to the successful completion of approximately C$750,000 in equity financing by the Company (the "Financing") pursuant to the policies of the TSX Venture Exchange.

The Property consists of 104 contiguous mining claims covering 861 hectares 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

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

Under the terms of the proposed Transaction, Taranis shall retain a 2.0% net smelter return royalty to be calculated and paid pursuant to provisions of a definitive purchase agreement in respect of the Transaction. In the event the Company 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 directors, officers, affiliates and associates of Taranis currently own an aggregate of 450,000 common shares of the Company.

In addition, the Company will assume all land payments to Nye County and Bureau of Land Management to keep the Property in good standing and will assume a bond for environmental reclamation currently filed with the Bureau of Land Management in the amount of US$5,471. All drill sites by Taranis on the Property have been reclaimed, with the exception of hole N-51, for which reclamation costs will be assumed by the Company.

On June 30, 2006 Mr. Brian Fagan was appointed as an independent director of the Company and Chair of the Company's Audit Committee. Mr. Fagan resigned as a director of the Company on October 25, 2006.

In November, 2006 the Company determined to apply to list its shares on the Canadian Trading and Quotation System Inc. ("CNQ") and to delist its shares from the TSX Venture Exchange. Subject to the approval of the CNQ, the Company intends to complete its change of business transaction concurrent with its listing on the CNQ, which will be subject to the Company meeting the listing requirements of the CNQ.

The Company intends to complete its previously announced private placement for a lesser amount sufficient to satisfy the working capital requirements of the CNQ. All other terms of the change of business transaction will remain as previously announced, including a proposed shares for debt settlement and a change of name of the Company to Excalibur Resources Ltd. Shareholder approval to the change of business was received at a special meeting of the Company's shareholders held on October 16, 2006. In connection with the Transaction, the Company also proposes to discontinue its current business and sell all of the assets used to operate its current business.

The completion of the Transaction is also subject to additional conditions precedent, including the completion of the Financing, as amended, and execution by the Company and Taranis of a definitive purchase agreement. The Company has filed a current technical report on the Property prepared in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects.*

Mr. Edwin Bergsteinsson, the Chairman and a director of the Company, and PubliCo Services Ltd., a company controlled by Dianne Szigety, the Secretary and a director of the Company, have agreed to settle outstanding debt of $349,953 with the Company, as at November 30, 2006, in connection with the completion of the Transaction, by the issuance of 6,999,040 common shares of the Company at a deemed value of $0.05 per share.

Mr. Freeman resigned as a director and President of the Company on November 6, 2006. On December 1, 2006 Mr. Anthony Garson, a director of the Company, was appointed President and Chief Executive Officer.

Results of Operations

The following discussion of the financial condition, changes in financial condition and results of operations of the Company for the years ended August 31, 2006 and 2005 should be read in conjunction with the audited financial statements of the Company and notes thereto as at and for the years ended August 2006 and 2005. There have been no major changes in accounting policies during these years.

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

Financial Results of 2006 compared to 2005

The Company's loss for the fiscal year ended August 31, 2006 decreased by $134,146 from the same period in the previous year (2006: $218,288; 2005: $352,434). The increases (decreases) were as follows:

Management & Administrative Fees	$	Nil
Office & Administrative		(3,809)
Professional Fees		18,030
Regulatory, transfer agent & investor relations		4,687
Stock Based Compensation		(160,550)
Write-Down of Equipment		8,093
Amortization of Capital Assets		(597)

Professional fees increased due to additional legal and accounting fees in regards to the preparation and review of the change of business transaction (2006: $49,779; 2005: $31,749). In addition there was a minor increase in regulatory, transfer agent and investor relations fees (2006: $24,349; 2005: $19,662) This increase was in regards to the extra costs incurred for filing fees related to the change of business.

As there were no stock options granted during the fiscal year ended August 31, 2006 there was no stock based compensation recorded (2006: Nil; 2005: $160,550).

During the year ended August 31, 2006 the Company wrote down the Production Equipment which had a net book value of $8,093. This equipment has been unused for several years and with the change of business it was determined that it would not be used in the near future. If the Company sells the equipment in the future, a net gain will be recorded in future financial statements.

Liquidity and Capital Resources

At August 31, 2006, the Company had a working capital deficiency of $371,107 (August 31, 2005: $329,603 deficiency).

During the year ended August 31, 2006 the Company completed a non-brokered private placement of 1,000,000 units at a price of $0.05 per unit for gross proceeds of $50,000 and issued 420,000 common shares upon the exercise of stock options at $0.10 per share for proceeds of $42,000. An additional 300,000 incentive stock options to purchase common shares at $0.10 per share expired, unexercised.

At this time, the Company has no operating revenue, and does not anticipate any operating revenues until the Company is able to find, acquire, place in production and operate a resource property. Historically the Company has raised funds through equity financing to fund its operations. The Company 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

The Company has not retained an outside party to assist with its investor relations' services. Management has performed these duties and will do so until further notice.

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.

During the reporting period, the Company had the following transactions with related parties:

Management and administrative fees of $72,000 (2005: $72,000) were paid or accrued to Edwin Bergsteinsson, the Chairman and a director, and PubliCo Services Ltd., a company controlled by Dianne Szigety, a director and Corporate Secretary of the Company;

Accounting fees of $975 (2005: $1,175) were paid to Jack Besmargian, the acting Chief Financial Officer and a director of the Company; and

Notes payable (Note 4 of the audited financial statements for the year ended August 31, 2006) in the amount of $322,226 (2005: $290,109) are due to Edwin Bergsteinsson, the Chairman and a director of the company and PubliCo Services Ltd., a company controlled by Dianne Szigety, the Corporate Secretary and a director of the company. Included in office and administrative costs are interest on these notes payable of $29,268 (2005: $23,629).

The above transactions were in the normal course of operations and were recorded at the exchange value which was the amount of consideration established and agreed to by the related parties.

At August 31, 2006 the amounts due to related parties currently included in the Company's notes payable on the balance sheet is as follows:

	August 31, 2006	August 31, 2005
Due to secured creditors	**$ 58,979**	$128,289
Due to unsecured creditors	**263,247**	161,820
	$322,226	$290,109

The balance due to related parties is interest bearing, a portion is secured and will be repaid in the normal course of operations.

Litigation
In September, 2002 a statement of claim was 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 DiscFactories Company 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 Company has accrued $57,575, as a contingent liability, with respect to this matter in its financial statements.

Off Sheet Balance Sheet Arrangements
The Company 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 Company follows the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") with respect to the computation of basic and diluted earnings (loss) per common share. Under the new standards, the treasury stock method is used 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
In the prior year, the Company 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 Company 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 Company 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 Company's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and advances from shareholders. The carrying value of these financial instruments approximates fair value due to their short-term to maturity and the normal market conditions they entail.

Financial risk
Financial risk is risk arising from changes in interest rates and foreign currency exchange rates. The Company does not use any derivative instruments to reduce its exposure to fluctuations in interest rates and foreign currency exchange rates.

Credit risk
The Company does not have any credit risk.

Risks and Uncertainties

Investment Risk
It is not expected that the Company’s business will create positive cash flow for the Company in the near future, if at all.

Issuer Risk
The Company does not have an established record of earnings and financial performance against which its operations can be easily evaluated.

The Company intends to retain any future earnings to finance growth and expand its operations and does not anticipate payment of dividends in the foreseeable future.

The success of the Company will depend on management and key personnel. Loss of such individuals could adversely affect the success of the business operations and success of the Company. The Company currently does not have any key man insurance in place. In addition, all directors and officers of the Company have either full time employment or other business or time restrictions placed on them and, accordingly, these directors and officers will only be able to devote part of their time to the affairs of the Company.

Controls and Procedures
Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, is made known to the Company's certifying officers. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and have concluded that these controls and procedures are effective in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

Outstanding Share Data
The Company has one class of common shares. As at August 31, 2006 there were 27,672,231 common shares issued and outstanding.

As at August 31, 2006 the Company has granted a total of 1,718,000 incentive stock options under its Stock Option Plan to its directors, officers and consultants to purchase common shares at $0.10 per share expiring between December, 2006 and March, 2010.

As at August 31, 2006 there are 1,000,000 share purchase warrants outstanding. Each share purchase warrant entitles the holder to acquire an additional common share in the capital of the Company at a price of $0.10 per share until May 8, 2008.

Subsequent Events
In November, 2006 the Company determined to apply to list its shares on the Canadian Trading and Quotation System Inc. ("CNQ") and to delist its shares from the TSX Venture Exchange. Subject to the approval of the CNQ, the Company intends to complete its change of business transaction concurrent with its listing on the CNQ, which will be subject to the Company meeting the listing requirements of the CNQ.

The Company intends to complete its previously announced private placement for a lesser amount sufficient to satisfy the working capital requirements of the CNQ. All other terms of the change of business transaction will remain as previously announced, including the proposed shares for debt settlement and name change of the Company to Excalibur Resources Ltd. Shareholder approval to the change of business was received at a special meeting of the Company's shareholders held on October 16, 2006.

7. Market for Securities

The Issuer's Common Shares are listed for trading on the CNQ.

8. Consolidated Capitalization

8.1 Consolidated Capitalization

There have been no material changes in the share and loan capital of the Issuer since the date of the Issuer's most recently completed financial year contained in this Listing Statement other than as described in this Listing Statement. Pursuant to the Transaction, the Private Placement and the Debt Settlement, the Corporation has issued an aggregate of 19,169,040 Common Shares and, as of the date of this Listing Statement, has 46,841,271 Common Shares issued and outstanding.

9. Options to Purchase Securities

9.1 Options to Purchase Securities

The Corporation has adopted a stock option plan. All the options are non-transferable and expire on the earlier of the dates indicated below and the date which is 90 days from the date the holder ceases to be an officer, director, employee or consultant of the Corporation.

The following table summarizes the options of the Issuer outstanding as of the date of this Listing Statement.

Group	No. of Options	Securities Under Option	Grant Date	Expiry Date	Exercise Price per Common Share	Market Value of the Common Shares on the Grant Date	Market Value of the Common Shares as of Feb. 19, 2007
Executive Officers (3 persons)	804,000	Common Shares	Dec 23, 2004	Dec 23, 2009	$0.10	$0.10	$0.08
	1,670,000	Common Shares	Feb 20, 2007	Feb 20, 2012	$0.05	$0.08	$0.08
Directors and Officers (not Executive Officers) (1 person)	664,000	Common Shares	Dec 23, 2004	Dec 23, 2009	$0.10	$0.10	$0.08
	450,000	Common Shares	Feb 20, 2007	Feb 20, 2012	$0.05	$0.08	$0.08
Consultants (1 person)	50,000	Common Shares	Mar 1, 2005	Mar 1, 2010	$0.10	(1)	$0.08
	25,000	Common Shares	Feb 20, 2007	Feb 20, 2012	$0.05	$0.08	$0.08

(1) The Corporation's shares did not trade on the date of grant. The closing price on February 25, 2005, the last previously traded price before the date of grant, was $0.075.

10.1 Prior Sales

The Corporation is authorized to issue an unlimited number of Common Shares. As at the date hereof, 46,841,271 Common Shares are issued and outstanding. Each Common Share entitles the holder to dividends if, as and when declared by the directors, to one vote at all meetings of holders of Common Shares and to participate rateably in any distribution of the assets of the Company upon liquidation, dissolution or winding up, subject to the prior rights of holders of any shares ranking in priority to the Common Shares. No shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provision for redemption, purchase for cancellation, surrender or sinking or purchase funds.

Pursuant to the Transaction and related matters, the Corporation issued 2,000,000 shares to Taranis US, 10,170,000 Common Shares pursuant to the Private Placement, and 6,999,040 Common Shares pursuant to the Debt Settlement.

The following table sets out the prior sales of securities by the Corporation during the past 12 months:

Date and Description	Number of Securities	Price per Security	Total Consideration
February 20, 2007 – Debt Settlement (1)	6,999,040 Common Shares	$0.05	$349,953
February 20, 2007 – Private Placement	10,170,000 Common Shares	$0.05	$508,500
February 20, 2007 – Transaction	2,000,000 Common Shares	$0.05	$100,000
June 19, 2006 — Exercise of Stock Options	420,000 Common Shares	$0.10	$42,000
May 3, 2006 - Private Placement	1,000,000 Common Shares	$0.05	$50,000
January 27, 2006 - Debt Settlement (2)	740,710 Common Shares	$0.10	$74,071
June 22, 2005- Debt Settlement	130,000 Common Shares	$0.10	$13,000

(1) 4,628,520 of these shares were issued to Edwin Bergsteinsson, the Chairman and a director of the Corporation, and 2,370,520 of these Common Shares were issued to PubliCo Services Ltd., a corporation controlled by Dianne Szigety, the Corporate Secretary and a director of the Corporation.

(2) 321,000 of these shares were issued to Edwin Bergsteinsson, the Chairman and a director of the Corporation, and 419,710 of these Common Shares were issued to PubliCo Services Ltd., a corporation controlled by Dianne Szigety, the Corporate Secretary and a director of the Corporation.

Share Purchase Warrants

As at the date hereof, the Corporation also has the following share purchase warrants outstanding:

Details of Issuance	Quantity	Exercise P rice	Expiry Date
Private Placement, February 20, 2007	10,170,000	$0.10	February 20, 2008(1)
Private placement, May 3, 2006	1,000,000	$0.10	May 3, 2008

(1) Each Warrant issued pursuant to the Private Placement entitles the holder thereof to acquire one Common Share of the Company (a "Warrant Share") at an exercise price of $0.10 per share for a period of one year from the date of issuance. The Warrants contain an accelerated exercise clause that provides that in the event that the ten (10) day weighted average trading price of the Company's Common Shares on the CNQ for any 10 consecutive trading days is $0.25 or more (the tenth such trading day being the "Determination"), the expiry date of the Warrants will be accelerated to the 30th calendar day following the Determination.

Stock Exchange Price

Prior to January 19, 2007, the Common Shares were listed on the TSXVE under the trading symbol "DSK". On January 19, 2007 the listing of the Common Shares was transferred to NEX and the shares commenced trading under the symbol, "DSK.H". On February 19, 2007, the Common Shares were de-listed from trading on the NEX. The following table sets forth the range of high and low closing prices and trading volume information for the Common Shares as reported on the TSXVE and NEX for the periods indicated.

	Price Range and Trading Volume		
	High	**Low**	**Volume**
2007			
February (1-19)	0.12	0.055	1,424,240
January	0.07	0.035	618,550
2006			
December	0.055	0.035	543,800
November	0.10	0.03	1,946,200
October	0.10	0.065	266,920
September	0.12	.085	249,764
August	0.12	0.07	893,625
July	0.14	0.07	146,600
June	0.18	0.12	830,700
Third Quarter	0.135	0.04	4,583,512
Second Quarter	0.08	0.025	1,815,517
First Quarter	0.07	0.03	1,347,110
2005			
Fourth quarter	0.095	0.03	684,812
Third quarter	0.175	0.07	4,438,748
Second quarter	0.17	0.01	3,291,252
First quarter	0.04	0.01	980,139

11. Escrowed Securities

There are no securities of the Issuer which are subject to escrow requirements.

12. Principal Shareholders

To the knowledge of the directors and officers of the Issuer, as of the date of this Listing Statement the only persons who beneficially own or exercise control or direction over Common Shares carrying more than 10% of the votes attached to Common Shares are as follows:

Name	Number of Common Shares Beneficially Owned Directly or Indirectly	Percentage of Common Shares Held
Edwin Bergsteinsson	7,926,595	16.9%

13. Directors and Officers

The current directors and officers of the Corporation, the number of shares of the Corporation beneficially owned, directly or indirectly, by them or over which they exercise control or direction, and their occupations in the previous five years are as follows:

Name, Residence and Position Held	No. of Shares Owned or Controlled	Chief Occupation in the Previous Five Years
EDWIN G. BERGSTEINSSON Toronto, Ontario *Chairman and Director*	7,925,595	Chairman of the Corporation since July 26, 2001; Previously, President of the Corporation from Oct. 22, 1999 to July 26, 2001. Self-employed consultant and independent investor.
DIANNE M. SZIGETY Vancouver, British Columbia *Secretary and Director*	4,613,220[(1)]	Director and Corporate Secretary of the Corporation since Feb. 1996. President, PubliCo Services Ltd., Oct. 1994 to present; Corporate Secretary, Valkyries Petroleum Corp., Sep. 2005 to Aug. 2006; Corporate Secretary, PMI Gold Corporation, Mar. 2005 to present; Corporate Secretary,

		GridSense Systems Inc., Dec. 2003 to Dec. 2005; Corporate Secretary, MDX Medical Inc. Jun. 2002 to Oct. 2004; Director and Corporate Secretary, Armada Mercantile Ltd., 1997 to Jan. 2004.
ANTHONY W. GARSON Toronto, Ontario *Director*	408,036	President and CEO of the Corporation since Dec. 1, 2006 and a director of the Corporation since May, 2000; Vice-Chairman, President and Director, Great China Mining Inc., July 2003 to Dec. 15, 2006; Director, Colibri Resource Corp., Aug. 2005 to May 2006; Director, Grayd Resource Corp., Jan. 2002 to Jan. 2006; former President and Director, International Arimex Resources Inc., June 2003 to May, 2004.
JACK BESMARGIAN Vancouver, British Columbia *Chief Financial Officer* *and Director*	Nil	Self-employed accountant; Chief Financial Officer of the Corporation since June, 2006. Director, Armada Mercantile Ltd. since June, 2001.

Notes:

(1) Of these shares, 3,499,910 are held in the name of PubliCo Services Ltd., a private corporation controlled by Dianne Szigety, the Corporate Secretary and a director of the Corporation.

The term of office of the directors expires annually at the time of the Issuer's annual general meeting. The term of office of the officers expires at the discretion of the Issuer's directors.

Audit Committee

The Corporation has an Audit Committee comprised of Edwin Bergsteinsson, Jack Besmargian and Dianne Szigety. None of the audit committee members are considered "independent" as that term is defined in applicable securities legislation. As defined in Multilateral Instrument 52-110, Mr. Besmargian is "financially literate".

13.6 Cease Trade Orders, Bankruptcies, Penalties and Sanctions

Except as disclosed herein, none of the current or proposed directors or officers of the Corporation, within the last ten years, has been a director, officer or promoter of any issuer that, while that person was acting in such capacity, was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities laws, for a period of more than 30 consecutive days.

13.7 None of the current or proposed directors or officers of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body including a self-regulatory body that would be likely to be considered important to a reasonable securityholder making a decision about the Corporation.

13.8 None of the current or proposed directors or officers of the Corporation, within the last ten years, has been a director, officer or promoter of any issuer that, while that person was acting in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold assets.

13.9 To the best of the Corporation's knowledge, there are no known existing or potential conflicts of interest among the Corporation and its current and proposed directors, officers or other members of management as a result of their outside business interests, except that certain of the current or proposed directors, officers and other members of management may serve as directors and officers of other public companies and therefore it is possible that a conflict may arise between their duties as a director or officer of the Corporation and their duties as a director or officer of such other companies.

The current and proposed directors and officers of the Corporation are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest and the Corporation will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with the Business Corporations Act (Ontario) and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

13.10 Management

Anthony Garson, *President, Chief Executive Officer and a director of the Corporation,* obtained a B.Sc. in Earth Science in 1969 from University of Waterloo, Ontario. He received an MBA from University of Toronto, Ontario in 1983. He began his career with the Ontario Department of Mines and subsequently with Derry, Michener and Booth, a geological consulting firm in Toronto. For the past 30 years, Mr. Garson has been extensively involved in the brokerage industry having served as a Mines & Metals Analyst. Previous positions include: Mines and Metals analyst, Equities Investment Division of Bank of Nova Scotia, Toronto (1975-80); Vice President and Senior Mining Analyst for Canadian operations of Dean Witter Reynolds (Canada) Ltd. (1981-85); and Vice-President and Senior Mining Analyst of Canaccord Capital (1990-1993); London, England. Mr. Garson was a principal and founding partner of Union Capital Markets (U.K.) Ltd, licensed under the Securities and Futures Authority of London, England (1993-95); He has previously acted as a director of several public companies that include Chairman and director of Global Pacific Minerals, a director of Colibri Resource Corp. and President, CEO and a director of Great China Mining Inc., an American mineral exploration company with substantial copper-gold resources in the People's Republic of China.

Jack Besmargian, *acting Chief Financial Officer and a director of the Corporation,* is an accountant who for the past 13 years has been involved in accounting and reporting for public companies, most of which have been in the mineral and/or oil and gas exploration business. Mr. Besmargian, who has previously established satellite offices in the Philippines and Argentina, is currently semi-retired and focuses his work on five companies, including the Corporation, four of which are in the mineral exploration business. It is anticipated that Mr. Besmargian will devote approximately 30% of his time to the Corporation.

Edwin Bergsteinsson, *Chairman and a director of the Corporation*, has over 30 years of international investment experience. A consultant since 1996, he has provided corporate development, investor relations and financial advice to several junior Canadian public companies. Prior to 1996, Mr. Bergsteinsson was President of European Fine Furniture of San Francisco, California. He has been a director and officer of several public companies.

Dianne Szigety, *Corporate Secretary and director of the Corporation,* has over 20 years experience in the securities industry and is the President of PubliCo Services Ltd., a private company offering management, regulatory and legal assistant services to public companies since 1994. Previously, Ms. Szigety was a senior legal assistant in the corporate securities department of Campney & Murphy in Vancouver, BC. Ms. Szigety has been a Director and Corporate Secretary of the Company since 1996, during which time she has managed the Vancouver office of the Corporation. Ms. Szigety has been and is currently a director and officer of several other TSX Venture Exchange-listed companies.

14. Capitalization

14.1 Issued Capital

Public Float	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Total outstanding (A)	46,841,271	61,674,271	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	16,499,851	20,087,851	35%	33%
Total Public Float (A-B)	30,341,420	41,856,420	65%	67%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	19,169,040	29,339,040	41%	48%
Total Tradeable Float (A-C)	27,672,231	32,335,231	59%	52%

Public Securityholders (Registered)

Common Shares

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	8	350
100 – 499 securities	26	5,363
500 – 999 securities	16	9,400
1,000 – 1,999 securities	17	21,282
2,000 – 2,999 securities	12	27,277
3,000 – 3,999 securities	4	14,082
4,000 – 4,999 securities	2	8,683
5,000 or more securities	31	10,786,897

Note: Data on security holders has been obtained from the Issuer's transfer agent, Pacific Corporate Trust Company.

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line. (Excludes Options)

Common Shares

Size of Holding	Number of holders*	Total number of securities
1 – 99 securities	22	999
100 – 499 securities	152	32,373
500 – 999 securities	106	66,762
1,000 – 1,999 securities	103	129,329
2,000 – 2,999 securities	65	144,605
3,000 – 3,999 securities	33	117,160
4,000 – 4,999 securities	28	113,987
5,000 or more securities	437	34,315,024
Undisclosed		356,273
Total:		34,671,297

Non-Public Securityholders (Registered)

Instruction: For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart. (Excludes Options)

Common Shares

Size of Holding	Number of holders	Total number of securities
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		
3,000 – 3,999 securities		
4,000 – 4,999 securities		
5,000 or more securities	4	16,499,851

14.2 The following table details securities convertible or exchangeable into any class of listed securities:

Description of Security (include conversion / exercise terms, including conversion / exercise price)	**Number of convertible / exchangeable securities outstanding**	**Number of listed securities issuable upon conversion / exercise**
Incentive Stock Options Exercise Price: $0.10 Expiry Date: Dec 23, 2009	1,468,000	1,468,000

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Incentive Stock Options Exercise Price: $0.10 Expiry Date: March 1, 2010	50,000	50,000
Share Purchase Warrants Exercise Price: $0.10 Expiry Date: May 3, 2008	1,000,000	1,000,000
Share Purchase Warrants Exercise Price: $0.10 Expiry Date: February 20, 2008 (subject to acceleration)	10,170,000	10,170,000
Incentive Stock Options Exercise Price: $0.05 Expiry Date: February 20, 2012	2,145,000	2,145,000

14.3 There are no other listed securities reserved for issuance that are not included in section 14.2 above.

15. Executive Compensation

The following table sets forth all compensation earned from the Corporation during the fiscal years ended August 31, 2006, August 31, 2005 and August 31, 2004 by Edwin G. Bergsteinsson, the Chairman of the Corporation, Fulvio Ciano, the former Chief Executive Officer of the Corporation, and Jack Besmargian, the acting Chief Financial Officer of the Corporation (the **"Named Executive Officers").** The Corporation had no individuals other than the Named Executive Officers whose total salary and bonus during the most recent fiscal year was $100,000 or more.

Name and Principal Position	Fiscal Year	Annual Compensation			Long Term Compensation			All Other Compen-sation
		Salary ($)	Bonus ($)	Other Annual Compensation ($)	Securities Under Option (#)	Restricted Shares ($)	LTIP Payments ($)	($)
Edwin G. Bergsteinsson, Chairman	2006 2005 2004	$30,000 $30,000 $30,000	Nil Nil Nil	Nil Nil Nil	Nil Nil 544,000	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil
Gary Freeman (1) President	2006	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Fulvio Ciano (2) President	2006 2005 2004	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil 100,000	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil
Jack Besmargian Acting Chief Financial Officer	2006 2005 2004	$975 $1175 Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil 100,000	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil

Notes:

(1) Mr. Freeman was appointed President and a director of the Corporation on March 28, 2006 and resigned both positions on November 7, 2006. Mr. Anthony Garson was appointed President and Chief Executive Officer of the Corporation on December 1, 2006.

(2) Mr. Ciano resigned as Chief Executive Officer of the Corporation on March 28, 2006.

16. Indebtedness of Directors and Executive Officers

No director or executive officer of the Issuer are, or have been, indebted to the Company during the most completed financial year.

16.1 Plans and Share Options

The Corporation does not have a long-term incentive plan or pension plan, and has never granted stock appreciation rights to any of its directors, officers or employees. The Corporation has adopted an incentive option plan for share ownership in the Corporation by directors, officers and employees of, and consultants to, the Corporation (the "Option Plan"). The Option Plan is administered by the Board of Directors of the Corporation. The Option Plan is a "rolling plan" and the maximum number of Common Shares which are planned to be reserved and set aside under options to eligible persons pursuant to the Option Plan is 10% of the number of issued and outstanding Common Shares at the date of grant. Pursuant to the Option Plan, the option exercise price is fixed by the Board of Directors of the Corporation at the fair market value of the Common Shares at the time the options are granted.

Options Granted During the Most Recently Completed Financial Year

No incentive stock options were granted to the Named Executive Officers during the most recently completed financial year ended August 31, 2006. The following incentive stock options granted to the Named Executive Officers were outstanding as at August 31, 2006:

Name	Securities Units or Other Rights	% of Total Options SARs Granted to Employees in Financial Year	Exercise Price ($/Security)	Market Value of Securities Underlying Options! SARs on Date of Grant ($/Security)	Expiration Date
Edwin Bergsteinsson	200,000 554,000	100% 32.3%	$0.10 $0.10	$0.14 $0.02	Dec 21, 2006 Dec 23, 2009
Gary Freeman	Nil	N/A	N/A	N/A	N/A

Options Exercised During the Most Recently Completed Financial Year

During the most recently completed financial year ended August 31, 2006, the following incentive stock options were exercised by a Named Executive Officer. The following table also sets forth the financial year-end value of unexercised options on an aggregate basis:

Name	Securities Acquired (1) on Exercise (#)	Aggregate Value Realized (2)	Unexercised Options at fiscal Year end (#) (3)	Value of Unexercised In-the –Money Options (3)
Edwin Bergsteinsson	220,000	$22,000	554,000	$5,540

(1) Number of Common Shares of the Corporation acquired on the exercise of stock options.
(2) Calculated using the difference between the exercise price and the market value on the date of exercise.
(3) The Corporation's shares did not trade on the TSXVE on August 31, 2006, being the financial year-end of the Corporation. The closing price of the Corporation's shares on August 29, 2006 was $0.11 per share.

Management and Employment Contracts

The Corporation entered into a consulting agreement dated December 1, 2006 with Anthony Garson & Associates Inc., a private company controlled by Anthony Garson, the President, Chief Executive Officer and a director of the Corporation to perform certain management services to the Corporation. Pursuant to the terms of the agreement, the Corporation has agreed to pay Mr. Garson a fee ("Base Salary") of:

(a) $6,000 per month so long as the Corporation has under $500,000 in its treasury; or

(b) $8,000 per month so long as the Corporation has between $500,000 and $1,500,000 in its treasury; or

(c) $10,000 per month so long as the Corporation has in excess of $1,500,000 in its treasury.

The Corporation is party to a Management Services Agreement dated November 1, 1999 with Edwin G. Bergsteinsson, of Toronto, Ontario, the Chairman and a director of the Corporation, whereby Mr. Bergsteinsson is engaged to perform management services at a cost of $2,500 per month.

The Corporation is party to a Consulting agreement dated April 1, 1996 with PubliCo Services Ltd., a private company controlled by Dianne Szigety, the Corporate Secretary and a director of the Corporation, whereby Dianne Szigety is engaged to perform general administrative and paralegal services to the Corporation. Pursuant to the terms of the agreement, the Corporation has agreed to pay PubliCo Services Ltd. a fee of $3,500 per month.

There are no management functions of the Corporation or its subsidiaries which are to any substantial degree performed by a person or a company other than the directors or senior officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

Compensation of Directors

There were no arrangements, standard or otherwise, pursuant to which directors of the Corporation were compensated by the Corporation for their services in their capacity as directors, or for committee participation, involvement in special assignments of for services as consultants or experts during the financial year ended August 31, 2006, other than as disclosed below. Directors are eligible to participate in the Corporation's Stock Option Plan. Directors are entitled to be reimbursed for expenses incurred by them in their capacity as directors. Directors who are also officers or employees of the Corporation were not paid any amount as a result of their serving as directors of the Corporation.

Directors' and Officers' Liability Insurance

The Corporation does not maintain any insurance for the benefit of its directors and officers against liability in their respective capacities as directors and officers.

Non Arm's Length Party Transactions

The Transaction is an arm's length transaction. No insider, promoter or control person of the Corporation has any interest in the Property or the Transaction other than as a shareholder of the Corporation.

To the knowledge of management of the Corporation, no insider or nominee for election as a director of the Corporation had any direct or indirect interest in any material transaction during the year ended August 31, 2006, or has any direct or indirect interest in any material transaction or proposed material transaction in the current year, except as disclosed herein. In connection with the Transaction, the Corporation has completed the Debt Settlement with Edwin Bergsteinsson, Chairman and a director of the Corporation, and PubliCo Services Ltd., a corporation controlled by Dianne Szigety, the Corporate Secretary and a director of the Corporation, as more fully described in this Listing Statement.

Edwin Bergsteinsson, the Chairman and a director of the Corporation, had loaned to the Corporation an aggregate principal and interest amount of $231,416 at November 30, 2006, in order to assist it in meeting its financial obligations. As security for such loans, the Corporation granted to Mr. Bergsteinsson a security interest in all of the present and after acquired personal property of the Corporation pursuant to a General Security Agreement between him and the Corporation dated December 5, 2002. On February 20, 2007 the Corporation issued 4,628,520 shares in full settlement of all debts owing to Mr. Bergsteinsson pursuant to the Debt Settlement and the parties have agreed to terminate the General Security Agreement.

17. Risk Factors

General

The Corporation will dispose of its previous optical disc technology business as part of the reorganization. Effective upon the filing of this Listing Statement the Corporation will be in the business of exploring and developing mineral properties, which is a highly speculative endeavor. An investment in the securities of the Corporation involves a high degree of risk, should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment and should not constitute a major portion of an individual's investment portfolio. Prospective investors should evaluate carefully the following risk factors associated with the Corporation's securities.

Limited Operating History

The Property has no history of earnings. There are no known commercial quantities of mineral reserves on the Property. There is no guarantee that economic quantities of mineral reserves will be discovered on the Property.

Exploration and Development Risks

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Few properties that are explored are ultimately developed into producing mines. The marketability of minerals acquired or discovered by the Corporation may be affected by numerous factors which are beyond the control of the Corporation and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Corporation not receiving an adequate return of investment capital.

There is no assurance that the Corporation's mineral exploration activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Corporation's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Acquisition of Additional Mineral Properties

If the Corporation loses or abandons its interest in the Property, there is no assurance that it will be able to acquire another mineral property of merit.

Commercial Ore Deposits

The Property is in the exploration stage only and without a known body of commercial ore. Development of the Property would follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Corporation may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Corporation.

Permits and Government Regulations

The future operations of the Corporation may require permits from various federal, provincial and local governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that the Corporation will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on the Property.

Environmental and Safety Regulations and Risks

Environmental laws and regulations may affect the operations of the Corporation. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Corporation for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations. In all major developments, the Corporation will generally rely on recognized designers and development contractors from which the Corporation will, in the first instance, seek indemnities. The Corporation intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards. There is a risk that environmental laws and regulations may become more onerous, making the Corporation’s operations more expensive.

Mineral Titles

Taranis Resources has provided the Corporation with evidence of title respecting ownership of the Property. Taranis Resources is not aware of any competing ownership claims or encumbrances respecting title to the Property. There can be no guarantee, however, that there are no competing ownership claims or encumbrances respecting the Property or that challenges to title will not be made in the future.

The Corporation’s ability to maintain its interest in the Property may be dependent on its ability to raise additional funds by equity financing. Failure to obtain additional financing may result in a delay or postponement of further exploration and the partial or total loss of the Corporation’s interest in the Property.

Fluctuating Mineral Prices

The Corporation’s revenues, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Corporation including, but not limited to, international economic and political trends, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends, speculative activities and changes in the supply of precious and base minerals and metals due to new mine developments, mine closures as well as advances in various production and use technologies may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Corporation's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices.

Competition

The mining industry is intensely competitive in all its phases. The Corporation will compete for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees with many companies possessing greater financial resources and technical facilities than the Corporation. The competition in the mineral exploration and development business could have an adverse effect on the Corporation's ability to acquire suitable properties or prospects for mineral exploration in the future.

Management

The success of the Corporation will be largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Corporation's business and prospects. There is no assurance the Corporation can maintain the services of its directors, officers or other qualified personnel required to operate its business.

Financing Risks

The Property is not a producing property and the Corporation will not have any earnings for the foreseeable future and, due to the nature of its business a mining exploration company, there can be no assurance that the Corporation will be profitable. The Corporation does not anticipate paying dividends on its shares in the foreseeable future. The only present source of funds available to the Corporation is through the sale of its equity shares. 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 on the Property. While the Corporation may generate additional working capital through further equity offerings or through the sale or possible syndication of its properties, there is no assurance that any such funds will be available. If available, future equity financing may result in substantial dilution to existing shareholders of the Corporation. At present it is impossible to determine what amounts of additional funds, if any, may be required.

Resale of Shares

The continued operation of the Corporation will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Corporation is unable to generate such revenues or obtain such additional financing, any investment in the Corporation may be lost. In such event, the probability of resale of the shares purchased would be diminished.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many 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 fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Corporation in creating revenues, cash flows or earnings. The value of the Corporation's Common Shares will be affected by such volatility.

18. Promoters

There are no promoters. The Issuer has not retained an outside party to assist with its investor relations' services. Management has performed these duties and will do so until further notice.

19. Legal Proceedings

Except as disclosed herein, there are no actual or pending legal proceedings to which the Corporation is or is likely to be a party or of which the Property is or is likely to be the subject.

A statement of claim has been 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 current business model and for funds invested in the Corporation. The Corporation has 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 the Corporation in its statement of defence. At present, the action has 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 these financial statements.

20. Interests Of Management and Others in Material Transactions

To the knowledge of management of the Corporation, no insider of the Corporation had any interest in any material transaction during the year ended August 31, 2006, or has any interest in any material transaction in the current year, except as disclosed herein.

Edwin Bergsteinsson, the Chairman and a director of the Corporation, had loaned to the Corporation an aggregate principal and interest amount of $231,416 at November 30, 2006, in order to assist it in meeting its financial obligations. As security for such loans, the Corporation has granted to Mr. Bergsteinsson a security interest in all of the present and after acquired personal property of the Corporation pursuant to a General Security Agreement between him and the Corporation dated December 5, 2002. On February 20, 2007 the Corporation issued 4,628,520 Common Shares to Mr. Bergsteinsson at a deemed price of $0.05 per Common Share pursuant to the Debt Settlement in settlement of all debts owing to Mr. Bergsteinsson and the parties have agreed to terminate the General Security Agreement.

PubliCo Services Ltd., a corporation controlled by Dianne Szigety, the Corporate Secretary and a director of the Corporation, was owed an aggregate principal and interest amount of $118,526 as at November 30, 2006 for loans and services provided to the Corporation by PubliCo Services Ltd. which have been accrued on the books of the Corporation but remain unpaid. On February 20, 2007 the Corporation issued 2,370,520 Common Shares to PubliCo Services Ltd. at a deemed price of $0.05 per Common Share pursuant to the Debt Settlement in settlement of all debts owing to PubliCo Services Ltd..

Any decision made by the directors of the Corporation involving the Corporation will be made in accordance with their duties and obligations to act honestly and in good faith with a view to the best interests of the Corporation.

21. Auditors, Transfer Agent and Registrar

The auditors of the Corporation are DMCT, LLP, 20 Eglinton Avenue West, Suite 2100, Toronto, Ontario. M4R 1K8.

The registrar and transfer agent of the Corporation is Pacific Corporate Trust Company, at its principal office in the City of Vancouver, British Columbia located at 510 Burrard Street, 3rd floor, Vancouver, British Columbia, V6C 3B9.

22. Material Contracts

The only contract which is currently material to the Corporation is the Taranis Purchase Agreement. A copy of the Taranis Purchase Agreement may be examined during normal business hours at the principal office of the Corporation and is also available on SEDAR at www.sedar.com.

23. Interest of Experts

There is no beneficial interest, direct or indirect, in any securities in excess of one percent of the Issuer's issued capital or property of the Issuer or of an associate or affiliate of the Issuer, held by a professional person as referred to in section 106(2) of the Rules under the Securities Act (British Columbia), a responsible solicitor or any partner of a responsible solicitor's firm or by any person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Listing Statement or prepared or certified a report or valuation described or included in this Listing Statement. No such person is or is expected to be elected, appointed or employed as a director or employee of the Issuer.

24. Other Material Facts

There are no other material facts other than as disclosed herein.

25. Financial Statements

Attached to and forming a part of this Listing Statement are audited financial statements of the Issuer for the year ended August 31, 2006.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Excalibur Resources Ltd. hereby applies for the listing of the above mentioned securities on CNQ. The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the Issuer). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated: February 20, 2007

(signed) "*Anthony Garson*"
Anthony Garson,
President and Chief Executive Officer

(signed) "*Jack Besmargian*"
Jack Besmargian
Chief Financial Officer

(signed) "*Edwin Bergsteinsson*"
Edwin Bergsteinsson
Director

(signed) "*Dianne Szigety*"
Dianne Szigety
Director

SCHEDULE "A"

DiscFactories Corporation

Financial Statements

August 31, 2006 and 2005

DMCT LLP
Chartered Accountants
20 Eglinton Avenue West
Suite 2100, P.O. Box 2014
Toronto, ON M4R 1K8
Tel: 416-480-0160
Fax: 416-480-2646
Website: www.dmct.com

AUDITORS' REPORT

To the Shareholders of
DiscFactories Corporation

We have audited the balance sheets of **DiscFactories Corporation** as at **August 31, 2006** and **2005** and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at **August 31, 2006** and **2005** and the results of its operations and its cash flows for the years then ended, in accordance with Canadian generally accepted accounting principles.

DMCT, LLP

DMCT, LLP

November 17, 2006

DiscFactories Corporation
Balance Sheets
As at August 31

	Note	2006	2005
Assets			
Current			
Cash		**$ 65,685**	$ 40,309
Prepaids and sundry receivables		**10,548**	11,668
		76,233	51,977
Capital assets	3	**3,415**	14,128
		$ 79,648	$ 66,105
Liabilities			
Current			
Accounts payable and accrued liabilities		**$ 125,114**	$ 91,471
Notes payable	4	**322,226**	290,109
		447,340	381,580
Shareholders' Deficiency			
Capital stock	6	**7,344,603**	7,136,532
Contributed surplus	9	**118,550**	160,550
Deficit		**(7,830,845)**	(7,612,557)
		(367,692)	(315,475)
		$ 79,648	$ 66,105

Going Concern (Note 1)

Litigation (Note 11)

Commitments and Subsequent Events (Note 13)

Approved by the Board **"Dianne Szigety"** Director **"Jack Besmargian"** Director
(signed) **(signed)**

See accompanying notes.

DiscFactories Corporation

Statements of Operations and Deficit
For the Years Ended August 31

	Note	2006	2005
Expenses			
Management and administrative fees		**$ 72,000**	$ 72,000
Office and administrative		**61,447**	65,256
Professional fees		**49,779**	31,749
Regulatory, transfer agent and investor relations fees		**24,349**	19,662
Stock-based compensation		**-**	160,550
Write-down of equipment		**8,093**	-
Amortization of capital assets		**2,620**	3,217
		218,288	352,434
Loss for the year		**(218,288)**	(352,434)
Deficit at beginning of year		**(7,612,557)**	(7,260,123)
Deficit at end of year		**$(7,830,845)**	$(7,612,557)
Basic and diluted loss per share		**$ (0.008)**	$ (0.014)
Weighted average shares outstanding		**26,353,316**	25,436,237

See accompanying notes.

DiscFactories Corporation

Statements of Cash Flows
For the Years Ended August 31

		2006		2005
Cash flows from operating activities				
Loss for the year	**$**	**(218,288)**	$	(352,434)
Add (deduct) items not affecting cash				
Amortization		**2,620**		3,217
Write-down of equipment		**8,093**		-
Stock-based compensation		**-**		160,550
		(207,575)		(188,667)
Changes in non-cash working capital items				
Prepaids and sundry receivables		**1,120**		(8,402)
Accounts payable and accrued liabilities		**33,643**		12,712
		(172,812)		(184,357)
Cash flows from financing activities				
Notes payable		**106,188**		115,009
Common shares issued pursuant to a private placement		**50,000**		-
Common shares issued upon exercise of stock options		**42,000**		-
		198,188		115,009
Increase (decrease) in cash during the year		**25,376**		(69,348)
Cash at beginning of year		**40,309**		109,657
Cash at end of year	**$**	**65,685**	$	40,309

See accompanying notes.

1. GOING CONCERN

The financial statements of DiscFactories Corporation 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 negative working capital.

The company's ability to continue as a going concern depends on its ability to finance its cash requirements through equity or other financing. As disclosed in Note 13, the Company intends to complete a private placement.

2. SIGNIFICANT ACCOUNTING POLICIES

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.

Capital assets

Capital assets are recorded at cost and amortized on a declining basis at 20% per annum.

Loss Per Share

Basic loss per share is calculated based on the weighted average number of shares outstanding. The treasury stock method is used to compute the dilutive effect of options, warrants and similar instruments.

Income Taxes

The company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes. Future income tax assets and liabilities are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. Future income tax assets are recorded in the financial statements if realization is considered more likely than not.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Stock-Based Compensation

The company applies a fair value based method of accounting for all stock-based payments, as set out in the CICA Handbook section 3870 "Stock-Based Compensation and Other Stock-Based Payments".

Accordingly, stock-based payments are measured at the fair value of the consideration received or the fair value of the equity instruments issued or liabilities incurred, whichever is more reliably measurable. Employee stock-based compensation is charged to operations over the vesting period. The offset is credited to contributed surplus. Consideration received upon the exercise of stock options is credited to share capital and the related contributed surplus is transferred to share capital.

Financial Instruments

Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from financial instruments and that the fair value of the financial instruments approximate their carrying values due to the relatively short terms to maturity.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2006	Net 2005
Furniture and equipment	**$ 36,473**	**$ 33,058**	**$ 3,415**	$ 14,128

During the year the company wrote-off production equipment in the amount of $8,093 which is not in use.

4. NOTES PAYABLE

	2006	2005
Secured amounts (i)	**$ 58,979**	$ 128,289
Unsecured amounts (ii)	**263,247**	161,820
	$ 322,226	$ 290,109

(i) Amounts bear interest at 12% per annum compounded monthly and are due on demand. These amounts are payable to a director of the company and are secured by a general security agreement covering all assets.

(ii) Amounts bear interest at 10% per annum compounded monthly and are due on demand. These amounts are payable to a director of the company and a company controlled by a director of the company.

5. DEFICIENCY IN INVESTEE CORPORATION

In 2003, management approved a plan to dispose of its 51% interest in DiscFactories.com. The company completed the sale of 10% of its interest in the subsidiary and relinquished its control of the board of DiscFactories.com Inc. At year-end, the company has no Board representation in the subsidiary and does not have access to the subsidiary's bank accounts and records. The company no longer controls or has significant influence over DiscFactories.com Inc. Accordingly, these financial statements no longer reflect the net liabilities of the subsidiary held for sale and the company's share of the subsidiary's losses. The investment in the subsidiary is now recorded at cost, and the cost has been fully written down.

6. CAPITAL STOCK

Authorized
100,000,000 common shares without par value

Issued

	Number of Shares	Value
Common shares		
Balance, September 1, 2004	25,381,521	**7,120,111**
Shares issued in settlement of debt (i)	130,000	**22,972**
Treasury stock (ii)	-	**(6,551)**
Balance, August 31, 2005	25,511,521	**7,136,532**
Shares issued in settlement of debt (iii)	740,710	**74,071**
Shares issued in connection with a private placement (iv)	1,000,000	**50,000**
Shares issued upon the exercise of options	420,000	**84,000**
Balance, August 31, 2006	**27,672,231**	**$ 7,344,603**

(i) 130,000 common shares were issued on March 4, 2005 to settle outstanding debt.

(ii) 9,750 common shares are held in treasury.

(iii) 740,710 common shares were issued on January 27, 2006 to settle $74,071 of notes payable.

(iv) 1,000,000 common share units were issued pursuant to a private placement completed on May 3, 2006 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 two years from the date of completion.

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.

The following summarizes the stock option activities:

	2006		2005	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Beginning balance	**2,438,000**	**$0.10**	820,000	$0.10
Granted	**-**	**-**	1,803,000	0.10
Exercised	**(420,000)**	**$0.10**	-	-
Cancelled/expired	**(300,000)**	**$0.10**	(185,000)	$0.10
Outstanding at year-end	**1,718,000**	**$0.10**	2,438,000	$0.10
Exercisable at year-end	**1,718,000**		2,438,000	

The company had the following options outstanding at August 31, 2006:

Number of Options	**Price**	**Expiry Date**
200,000	$0.10	December 21, 2006
554,000	$0.10	December 23, 2009
664,000	$0.10	December 23, 2009
100,000	$0.10	December 23, 2009
150,000	$0.10	December 23, 2009
50,000	$0.10	March 1, 2010
1,718,000		

(ii) Warrants

The company had the following warrants outstanding at August 31, 2006.

Number of Warrants	**Exercise Price Terms**	**Expiry Date**
1,000,000	$0.10	May 8, 2008

8. STOCK-BASED COMPENSATION

The total stock compensation expense relating to options recognized in the prior year was $160,550. No options were granted in the current year. The fair value of each option granted in the prior year was estimated at the date of grant or the date when it became measurable using the Black-Scholes option pricing model with the following weighted-average assumptions: (i) dividend yield of 0%; (ii) expected volatility of 586%; (iii) risk-free interest rate of 3.63% and; (iv) expected life of 5 years. The company has assumed no forfeiture rate as adjustments for actual forfeitures are made in the period they occur. The weighted-average grant date fair values of options issued in the prior year was $0.09.

9. CONTRIBUTED SURPLUS

	2006	2005
Contributed surplus beginning of year	**$ 160,550**	$ -
Stock-based compensation expense (Note 8)	**-**	160,550
Exercise of stock options	**(42,000)**	-
	$ 118,550	$ 160,550

10. INCOME TAXES

(i) Income Tax Expense

The following table reconciles income taxes calculated at combined Canadian federal/ provincial tax rates with the income tax expense in the financial statements:

	2006	2005
Loss before income taxes	**$ (218,288)**	$ (352,434)
Statutory rate	**36.1 %**	36.1 %
Expected income tax recovery	**$ (78,802)**	$ (127,229)
Write-down and amortization of capital assets	**3,867**	1,161
Stock-based compensation	**-**	57,959
Unutilized tax losses	**74,935**	68,109
	$ -	$ -

10. INCOME TAXES (Cont'd)

(ii) Future Income Taxes

The temporary differences that give rise to future income tax assets and future income tax liabilities are presented below:

	2006	2005
Amounts related to tax loss and credit carry forwards	**$ 735,300**	$ 728,480
Capital assets	**7,886**	4,020
Exploration expenditures	**315,296**	315,296
Net future tax asset	**1,058,482**	1,047,796
Valuation allowance	**(1,058,482)**	(1,047,796)
	$ -	$ -

(iii) Loss and Tax Credit Carryforwards

The company has non-capital losses of $2,036,840 available to apply against future taxable income. If not utilized, the non-capital losses will expire as follows:

2007	$ 292,500
2008	368,500
2009	434,200
2010	337,700
2014	207,700
2015	188,670
2026	207,570
	$ 2,036,840

The potential tax benefit relating to these losses has not been reflected in these financial statements.

11. 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 DiscFactories Corporation in its statement of defence. At year-end, the action has 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.

12. 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 $72,000 (2005 - $72,000) were paid or accrued to a director and officer and a company controlled by a director and officer of the company.

(ii) Notes payable (Note 4) are due to a director of the company and a company controlled by a director of the company. Included in office and administrative costs is interest on these notes payable of $29,268 (2005 - $23,629).

(iii) Included in office and administrative costs are accounting fees of $975 (2005 - $1,175) to a director of the company.

13. COMMITMENTS AND SUBSEQUENT EVENTS

On September 21, 2006 the Company announced that it had received conditional approval of the TSX Venture Exchange (the "Exchange") to complete its previously announced reorganization and Change of Business, pursuant to which it will acquire certain mining claims located in Nye County, Nevada from Taranis Resources U.S. Inc. ("Taranis"), complete its previously announced private placement and shares for debt transactions and carry on business under the proposed name "Excalibur Resources" (the "Transactions"), subject to satisfaction of certain conditions imposed by the Exchange.

Under the terms of the agreement to acquire certain mining claims from Taranis, the Company will pay $50,000 and issue 2,000,000 common shares to Taranis. Taranis will retain a 2% net smelter return royalty. Directors, officers and associates of Taranis currently own 450,000 shares of the Company.

The special meeting of shareholders on October 16, 2006 resolved the following:

(i) Proposed Change of Business transaction involving the acquisition by the Company of certain mining claims from Taranis Resources Inc.

(ii) Change of name of the Company from "DiscFactories Corporation" to "Excalibur Resources Ltd." or such other name that the Board of Directors in its sole discretion determines is appropriate and which any regulatory body having jurisdiction may accept;

(iii) Sale of all or substantially all of the assets used by the Company in its current optical disc technology business

(iv) Amending its Articles of Continuance by increasing the authorized capital of the Company to an unlimited number of Common Shares without par value.

On November 8th, the Company announced that due to unforeseen difficulties in completing its previously announced private placement, it would be unable to complete the Transaction to satisfy the minimum financial listing requirements on the Exchange. As a result, the Company made the decision to apply to list its shares on the Canadian Trading and Quotation System Inc. ("CNQ"). In the event that the Company is approved for listing on the CNQ, the Company will complete its change of business transaction concurrent with its listing on the CNQ and will delist its shares from the Exchange. Listing on the CNQ will be subject to the Company meeting the listing requirements of the CNQ.

The Company intends to complete its previously announced private placement for a lesser amount sufficient to satisfy the working capital requirements of the CNQ. All other terms of the change of business transactions will remain as previously announced, including the proposed 6,999,660 shares to be issued to settle $349,983 in debt and the name change of the Company to Excalibur Resources Ltd. Shareholder approval to the change of business was received at a special meeting of the shareholders held October 16, 2006.

SCHEDULE “B”

TABLE 6-1 BUREAU OF LAND MANAGEMENT CLAIMS FORMING NEEDLES PROPERTY

Claim Name	Acquisition Date	Legal Description	Federal Number NMC	County Number
Gordo No. 1	9/8/2002	T3N R52E, Section 31 SW $^{1}/_{4}$ east of MDBM	NMC834070	542743
Gordo No. 2	9/8/2002	T3N R52E, Section 31 SW $^{1}/_{4}$ east of MDBM	NMC834071	542744
Gordo No. 3	9/8/2002	T3N R52E, Section 31 SW $^{1}/_{4}$ east of MDBM	NMC834072	542745
Gordo No. 4	9/8/2002	T3N R52E, Section 31 SW $^{1}/_{4}$ east of MDBM	NMC834073	542746
Gordo No. 5	9/8/2002	T3N R52E, Section 31 NW $^{1}/_{4}$ east of MDBM	NMC834074	542747
Gordo No. 6	9/8/2002	T3N R52E, Section 31 NW $^{1}/_{4}$ east of MDBM	NMC834075	542748
Gordo No. 7	9/8/2002	T3N R52E, Section 31 NW $^{1}/_{4}$ east of MDBM	NMC834076	542749
Gordo No. 8	9/8/2002	T3N R52E, Section 31 NW $^{1}/_{4}$ east of MDBM	NMC834077	542750
Gordo No. 9	9/8/2002	T3N R52E, Section 31 NW $^{1}/_{4}$ east of MDBM	NMC834078	542751
Gordo No. 10	9/8/2002	T3N R52E, Section 31 NW $^{1}/_{4}$ east of MDBM	NMC834079	542752
Gordo No. 11	9/8/2002	T3N R51 1/2E, Section 25 NE $^{1}/_{4}$ east of MDBM	NMC834080	542753
Gordo No. 12	9/8/2002	T3N R52E, Section 30 SW $^{1}/_{4}$ east of MDBM	NMC834081	542754
Gordo No. 13	9/8/2002	T3N R51 1/2E, Section 24 SE $^{1}/_{4}$ east of MDBM	NMC834082	542755
Gordo No. 14	9/8/2002	T3N R51 1/2E, Section 24 SE $^{1}/_{4}$ east of MDBM	NMC834083	542756
Tomahawk No. 1	11/17/2002	T3N R51 1/2E, Section 25 SE & SW $^{1}/_{4}$ east of MDBM	NMC842948	553397
Tomahawk No. 2	11/17/2002	T3N R51 1/2E, Section 25 NE, NW, SE & SW $^{1}/_{4}$ east of MDBM	NMC842949	553398
Tomahawk No. 3	11/17/2002	T3N R51 1/2E, Section 25 NW, NE & SE $^{1}/_{4}$ east of MDBM	NMC842950	553399
Tomahawk No. 4	11/17/2002	T3N R51 1/2E, Section 25 NE & NW $^{1}/_{4}$ east of MDBM	NMC842951	553400
Tomahawk No. 5	12/12/2002	T3N R51 1/2E, Section 25 NE $^{1}/_{4}$ east of MDBM	NMC842952	553402
Tomahawk No. 6	12/12/2002	T3N R51 1/2E, Section 25 NE $^{1}/_{4}$, Section 24, SE 1/4, east of MDBM	NMC842953	553403
Tomahawk No. 7	12/12/2002	T3N R51 1/2E, Section 25 NE $^{1}/_{4}$, Section 24, SE 1/4, east of MDBM	NMC842954	553404

Tomahawk No. 8	12/12/2002	T3N R51 1/2E, Section 25 NE $^{1}/_{4}$, Section 24, SE 1/4, east of MDBM	NMC842955	553405
Tomahawk No. 9	12/12/2002	T3N R51 1/2E, Section 25 NE $^{1}/_{4}$ east of MDBM	NMC842956	553406
Tomahawk No. 10	9/2/2003	T3N R51 1/2E, Section 24 SW & SE $^{1}/_{4}$ east of MDBM	NMC853612	570992
Tomahawk No. 11	9/2/2003	T3N R51 1/2E, Section 25 NE $^{1}/_{4}$ east of MDBM	NMC853613	570993
Cruise No. 1	9/2/2003	T3N R51 1/2E, Section 24 SE $^{1}/_{4}$ east of MDBM	NMC853614	570995
Cruise No. 2	9/2/2003	T3N R51 1/2E, Section 24 SE $^{1}/_{4}$ east of MDBM	NMC853615	570996
Cruise No. 3	9/2/2003	T3N R51 1/2E, Section 24 SE $^{1}/_{4}$ east of MDBM	NMC853616	570997
Cruise No. 4	9/2/2003	T3N R51 1/2E, Section 24 SE $^{1}/_{4}$ east of MDBM	NMC853617	570998
Cruise No. 5	9/2/2003	T3N R51 1/2E, Section 24 SE $^{1}/_{4}$ east of MDBM	NMC853618	570999
Cruise No. 6	9/2/2003	T3N R51 1/2E, Section 30 SW $^{1}/_{4}$ east of MDBM	NMC853619	571000
Cruise No. 7	9/2/2003	T3N R51 1/2E, Section 24 NW $^{1}/_{4}$ east of MDBM	NMC853620	571001
Cruise No. 8	9/2/2003	T3N R51 1/2E, Section 24 NE $^{1}/_{4}$ east of MDBM	NMC853621	571002
Cruise No. 9	9/2/2003	T3N R51 1/2E, Section 24 NE $^{1}/_{4}$ east of MDBM	NMC853622	571003
Cruise No. 10	9/2/2003	T3N R51 1/2E, Section 24 NE $^{1}/_{4}$ east of MDBM	NMC853623	571004
Cruise No. 11	9/2/2003	T3N R51 1/2E, Section 24 NE $^{1}/_{4}$ east of MDBM	NMC853624	571005
Cruise No. 12	9/2/2003	T3N R52E, Section 30 SW $^{1}/_{4}$ east of MDBM	NMC853625	571006
Sidewinder No. 1	10/11/2003	T3N R51 1/2E, Section 25 SE $^{1}/_{4}$ east of MDBM	NMC 858554	575867, 597031
Sidewinder No. 2	10/11/2003	T3N R51 1/2E, Section 25 SE $^{1}/_{4}$ east of MDBM	NMC 858555	575868, 597032
Sidewinder No. 3	10/11/2003	T3N R51 1/2E, Section 25 SE $^{1}/_{4}$ east of MDBM	NMC 858556	575869, 597033
Sidewinder No. 4	10/11/2003	T3N R51 1/2E, Section 25 SE $^{1}/_{4}$ east of MDBM	NMC 858557	575870, 597034
Sidewinder No. 5	9/13/2004	T3N R51 1/2E, Section 25 SE $^{1}/_{4}$ east of MDBM	NMC 881534	603631

Sidewinder No. 6	9/13/2004	T3N R51 1/2E, Section 35 SE $^{1}/_{4}$ east of MDBM	NMC 881535	603632
Sidewinder No. 7	9/13/2004	T3N R51 1/2E, Section 36 NE $^{1}/_{4}$, Section 25 SE 1/4 east of MDBM	NMC 881536	603633
Sidewinder No. 8	9/13/2004	T3N R51 1/2E, Section 36 NE $^{1}/_{4}$ east of MDBM	NMC 881537	603634
Sidewinder No. 9	9/13/2004	T3N R51 1/2E, Section 36 NE $^{1}/_{4}$ & NW 1/4 east of MDBM	NMC 881538	603635
Sidewinder No. 10	9/13/2004	T3N R51 1/2E, Section 36 NW $^{1}/_{4}$ east of MDBM	NMC 881539	603636
Sidewinder No. 11	9/13/2004	T3N R51 1/2E, Section 36 SW $^{1}/_{4}$ east of MDBM	NMC 881540	603637
Sidewinder No. 12	9/13/2004	T3N R51 1/2E, Section 25 SW $^{1}/_{4}$ east of MDBM	NMC 881541	603638
Sidewinder No. 13	9/13/2004	T3N R51 1/2E, Section 25 SW $^{1}/_{4}$ east of MDBM	NMC 881542	603639
Sidewinder No. 14	9/13/2004	T3N R51 1/2E, Section 36 NW $^{1}/_{4}$, Section 25 SW 1/4 east of MDBM	NMC 881543	603640
Sidewinder No. 15	9/13/2004	T3N R51 1/2E, Section 36 NW $^{1}/_{4}$, Section 25 SW 1/4 east of MDBM	NMC 881544	603641
Sidewinder No. 16	9/13/2004	T3N R51 1/2E, Section 36 NW $^{1}/_{4}$ east of MDBM	NMC 881545	603642
Sidewinder No. 17	9/13/2004	T3N R51 1/2E, Section 36 NW $^{1}/_{4}$ east of MDBM	NMC 881546	603643
Sidewinder No. 18	9/13/2004	T3N R51 1/2E, Section 36 NW $^{1}/_{4}$ east of MDBM	NMC 881547	603644
Sidewinder No. 19	9/13/2004	T3N R51 1/2E, Section 25 SW $^{1}/_{4}$ east of MDBM	NMC 881548	603645
Sidewinder No. 20	9/13/2004	T3N R51 1/2E, Section 25 SW $^{1}/_{4}$, Section 26 SE 1/4 east of MDBM	NMC 881549	603646
Sidewinder No. 21	9/13/2004	T3N R51 1/2E, Section 26 SE $^{1}/_{4}$, Section 25 SW $^{1}/_{4}$, Section 26 SW $^{1}/_{4}$ east of MDBM	NMC 881550	603647
Sidewinder No. 22	9/13/2004	T3N R51 1/2E, Section 26 SE $^{1}/_{4}$, Section 25 SW $^{1}/_{4}$, east of MDBM	NMC 881551	603648
Stealth 1	9/19/2004	T3N R 52E, Section 30 NW 1/4 east of MDBM	NMC 881553	603650
Stealth 2	9/19/2004	T3N R 52E, Section 30 NE 1/4 east of MDBM	NMC 881554	603651

Stealth 3	9/19/2004	T3N R 52E, Section 30 SW 1/4 east of MDBM	NMC 881555	603652
Stealth 4	9/19/2004	T3N R 52E, Section 30 SE 1/4 east of MDBM	NMC 881556	603653
Stealth 5	9/19/2004	T3N R 52E, Section 30 SW 1/4 east of MDBM	NMC 881557	603654
Stealth 6	9/19/2004	T3N R 52E, Section 30 SE 1/4 east of MDBM	NMC 881558	603655
Stealth 7	9/19/2004	T3N R 52E, Section 30 SW 1/4 east of MDBM	NMC 881559	603656
Stealth 8	9/19/2004	T3N R 52E, Section 30 SE 1/4 east of MDBM	NMC 881560	603657
Stealth 9	9/19/2004	T3N R 52E, Section 30 SW 1/4 east of MDBM	NMC 881561	603658
Stealth 10	9/19/2004	T3N R 52E, Section 30 SE 1/4 east of MDBM	NMC 881562	603659
Stealth 11	9/19/2004	T3N R 52E, Section 30 SW 1/4, Section 31 NW 1/4 east of MDBM	NMC 881563	603660
Stealth 12	9/19/2004	T3N R 52E, Section 31 NE 1/4, Section 30 SE 1/4 east of MDBM	NMC 881564	603661
Stealth 13	9/19/2004	T3N R 52E, Section 31 NW 1/4 east of MDBM	NMC 881565	603662
Stealth 14	9/19/2004	T3N R 52E, Section 31 NE 1/4 east of MDBM	NMC 881566	603663
Stealth 15	9/19/2004	T3N R 52E, Section 31 NW 1/4 east of MDBM	NMC 881567	603664
Stealth 16	9/19/2004	T3N R 52E, Section 31 NE 1/4 east of MDBM	881568	603665
Stealth 17	9/19/2004	T3N R 52E, Section 31 NW 1/4 east of MDBM	NMC 881569	603666
Stealth 18	9/19/2004	T3N R 52E, Section 31 NE 1/4 east of MDBM	NMC 881570	603667
Stealth 19	9/19/2004	T3N R 52E, Section 31 NW 1/4 east of MDBM	NMC 881571	603668
Stealth 20	9/19/2004	T3N R 52E, Section 31 SE 1/4 east of MDBM	NMC 881572	603669
Stealth 21	9/19/2004	T3N R 52E, Section 30 NE 1/4, Section 29 NW 1/4 east of MDBM	NMC 881573	603670
Stealth 22	9/19/2004	T3N R 52E, Section 30 SE 1/4, Section 29 SW 1/4 east of MDBM	NMC 881574	603671
Stealth 23	9/19/2004	T3N R 52E, Section 30 SE 1/4, Section 29 SW 1/4 east of MDBM	NMC 881575	603672

Stealth 24	9/19/2004	T3N R 52E, Section 30 SE 1/4, Section 29 SW 1/4 east of MDBM	NMC 881576	603673
Stealth 25	9/19/2004	T3N R 52E, Section 30 SE 1/4, Section 29 SW 1/4 east of MDBM	NMC 881577	603674
Stealth 26	9/19/2004	T3N R 52E, Section 30 SE 1/4, Section 31 NE 1/4, Section 32 NW 1/4, Section 29 SW 1/4 east of MDBM	NMC 881578	603675
Stealth 27	9/19/2004	T3N R 52E, Section 31 NE 1/4, Section 32 NW 1/4 east of MDBM	NMC 881579	603676
Stealth 28	9/19/2004	T3N R 52E, Section 31 NE 1/4, Section 32 NW 1/4 east of MDBM	NMC 881580	603677
Stealth 29	9/19/2004	T3N R 52E, Section 31 NE 1/4, Section 32 NW 1/4 east of MDBM	NMC 881581	603678
Stealth 30	9/19/2004	T3N R 52E, Section 31 NE 1/4, Section 32 NW 1/4 east of MDBM	NMC 881582	603679
Electrum No. 1	9/20/2004	T3N R52E, Section 31 NW $^1/_4$ east of MDBM	NMC 881552	603629
Cruise No. 13	9/28/2004	T3N R51 1/2 E, Section 13 SW $^1/_4$, Section 24 NW $^1/_4$ east of MDBM	NMC 881583	605182
Cruise No. 14	9/28/2004	T3N R51 1/2 E, Section 13 SW $^1/_4$, Section 24 NW $^1/_4$ east of MDBM	NMC 881584	605183
Cruise No. 15	9/28/2004	T3N R51 1/2 E, Section 13 SE & SW$^1/_4$, Section 24 NE & NW $^1/_4$ east of MDBM	NMC 881585	605184
Cruise No. 16	9/28/2004	T3N R51 1/2 E, Section 36 NE $^1/_4$, Section 25 SE $^1/_4$ east of MDBM	NMC 881586	605185
Cruise No. 17	9/28/2004	T3N R51 1/2 E, Section 24 NW $^1/_4$ east of MDBM	NMC 881587	605186
Gordo No. 15	9/28/2004	T3N R51 1/2E, Section 25 SE $^1/_4$ east of MDBM	NMC 881588	605188
Gordo No. 16	9/28/2004	T3N R5 11/2E, Section 36 NE 1/4, Section 25 SE 1/4 east of MDBM	NMC 881589	605189
Gordo No. 17	9/28/2004	T3N R5 11/2E, Section 36 NE 1/4, Section 25 SE 1/4; T2 1/2N, R52E, Section 31 NW 1/4, T3N, R52E, Section 31 SW 1/4 east of MDBM	NMC 881590	605190
Gordo No. 18	9/28/2004	T2 1/2N, R 52E, Section 31 NW 1/4, T3N R52E, Section 31 SW 1/4 east of MDBM	NMC 881591	605191

Gordo No. 19	9/28/2004	T2 1/2N, R 52E, Section 31 NW 1/4, T3N R52E, Section 31 SW 1/4 east of MDBM	NMC 881592	605192
Gordo No. 20	9/28/2004	T2 1/2N, R 52E, Section 31 NW 1/4, T3N R52E, Section 31 SW 1/4 east of MDBM	NMC 881593	605193
Gordo No. 21	9/28/2004	T2 1/2N, R 52E, Section 31 NW 1/4, T3N R52E, Section 31 SW 1/4 east of MDBM	NMC 881594	605194
Gordo No. 22	9/28/2004	T2 1/2N, R 52E, Section 31 SE 1/4 east of MDBM	NMC 881595	605196
Gordo No. 23	9/28/2004	T2 1/2N, R 52E, Section 30 SE 1/4 east of MDBM	NMC 881596	604791

The Gordo claim block controls the area surrounding the dominant mine sites in the area that include the Arrowhead, Arrowhead Extension and Gladius Mines. The Tomahawk, and Cruise Claims incorporate the Whopper Junior Target on the north and west side of the property, and the Stealth Claims form a large area east of the Arrowhead Mine that has received little exploration attention. The Stealth Claims were originally part of a property that was controlled by Newcrest Mining Co. (“Newcrest”), but after they dropped the property, TRO re-staked the property.