15 October 2012

**Excalibur to acquire Gold Mine and Prospecting Licenses in Zambia**

**Highlights**

- Excalibur executes Heads of Agreement for the acquisition of 100% of Giratina Pty Ltd, an Australian company which holds rights to earn a 64% interest in the historic Jessie Gold Mine and 80% of three Large Gold Prospecting Licenses currently under application in Zambia.
- The Prospecting Licenses include 766km² in large prospecting licenses in the Chongwe area to the south of Lusaka
- Excalibur will continue to carry out its two previously announced stages of drilling at Tennant Creek

Excalibur Mining Corporation Ltd (**Excalibur** or **Company**) is pleased to announce that it has executed a Heads of Agreement (Agreement) to acquire 100% of Giratina Pty Ltd (**Giratina**). The Agreement is subject to due diligence and the satisfaction of a number of conditions, including shareholder approval and the granting of the licenses currently under application.

Giratina has executed Option Agreements to acquire a 64% interest in the small mining license which contains the historic Jessie Mine and 80% of three large gold prospecting licenses that are currently under application at the Department of Mines in the Republic of Zambia.

Excalibur intends to issue a new prospectus to raise $2m to fund the completion of Stages 1 and 2 at Tennant Creek and to carry out an exploration programmes at the Jessie Mine and Zambian prospecting licenses.
Project Location

All of the Licenses are located in the southern part of Zambia within 2 hours of the capital, Lusaka.

Figure 1: Location of Gold Licenses in Zambia

Figure 2: Location of Jessie Mine and Large Prospecting Licenses (17821, 17822 and 17823)
Description of the Licenses

The Licenses are summarised in the table below:

**Table 1: Interests in Licenses to be acquired by Excalibur**

<table>
<thead>
<tr>
<th>License No</th>
<th>Interest Earned</th>
<th>Region</th>
<th>Status*</th>
<th>Area</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>8030-HQ-SML</td>
<td>64%</td>
<td>Rufunsa-Chongwe</td>
<td>Granted</td>
<td>4 km²</td>
<td>Gold</td>
</tr>
<tr>
<td>17821-HQ-LPL</td>
<td>80%</td>
<td>Lusaka/Chongwe</td>
<td>Pending</td>
<td>152 km²</td>
<td>Gold</td>
</tr>
<tr>
<td>17822-HQ-LPL</td>
<td>80%</td>
<td>Lusaka/Chongwe</td>
<td>Pending</td>
<td>285 km²</td>
<td>Gold</td>
</tr>
<tr>
<td>17823-HQ-LPL</td>
<td>80%</td>
<td>Lusaka/Chongwe</td>
<td>Pending</td>
<td>329 km²</td>
<td>Gold</td>
</tr>
</tbody>
</table>

**Jessie Mine**

The Jessie Mine is approximately 175km west of Lusaka along the Great East Road and a further 25km north along a recently refurbished gravel road that can accommodate heavy equipment 12 months a year. It can therefore be reached in less than 2 hours by road and serviced by Lusaka-based personnel. The gold occurrences in and around the Jessie Mine are hosted by a thick sequence of Muva-age muscovite schists, graphite schists and quartzites. The gold and copper mineralisation is mostly associated with graphite schists and shear zones. Within the Jessie Mine, the ore comprises quartz veins and veinlets striking NNW and ranging in thickness up to 1.2m. Ore shoots consist of closely spaced veins forming lens-shaped bodies which plunge 45°N. Ore grade averaged 3.1 g/t gold and past production appears to have come largely from the oxide zone.

The Jessie Mine is one of the oldest gold mines in Zambia and was discovered in 1913. Between then and 1945, the claim area was worked intermittently producing 15,231 ounces of gold at an average grade of 3.1 g/t before the mine was closed in 1945.

A large area to the south and east of Lusaka was pegged by AIM-listed Zambezi Resources Ltd in the early 2000s and the Company had over 16,000km² of licenses when it was admitted to ASX in 2007. Its primary focus was exploration for Iron Oxide Copper Gold (IOCG) mineralisations and, with such large holdings, it was required to relinquish a significant proportion of these licenses without undertaking extensive exploration for gold.

For example, the Chakwenga gold mine approximately 150km east of Lusaka comprised an anomalous gold zone extending over 6km strike length and further gold-in-soil anomaly at the adjacent Moiya and Kangaluwi Prospects.

**Gold Prospecting Licenses**

Excalibur is also acquiring three Large Prospecting Licenses that have been applied for and are currently under consideration by the Zambian Mines Advisory Committee. The three
Prospecting Licenses cover an area of 766km² and sit astride the principal T2 Highway that runs between Lusaka and Harare in Zimbabwe.

While copper mineralisation and exploration has been concentrated in the Northwestern and Copperbelt Provinces of Zambia, the south of the country has been the principal production area for gold. The Chumbwe gold mine area, approximately 60km southeast of Lusaka comprises several open pits and underground workings that were carried out between 1939 and 1853 and again between 1977 and 1981.

About Zambia and its economy

Zambia is a landlocked country in Southern Africa with a total area of 752,614km² and a population of 12 million people. Zambia boasts a stable, multi-party democracy with English language and law as well as a modern mining act. The country is endowed with mineral resources and since 1930s the mining industry has been the economic backbone of Zambia.

The Zambian economy is one of the strongest in the developing world with the Zambian Government stating in its October 2012 budget that it expected GDP growth of above 7% in 2013. Furthermore, in September 2012, the Zambian Government offered its first ever bond issue to investors selling US$750 million in Eurobonds, 50% more than was originally planned, at a yield of only 5.4% - approximately the current yield of Spain’s debt.

Zambia’s history of gold production began in 1902 when it was first discovered and continued on a relatively small scale until; the 1930s when copper and cobalt became the major exploration and production focus.

Several of the World’s largest miners, including Barrick Gold, First Quantum Minerals and Vale operate mines in the country as well as a large number of Chinese companies. In the south of the country, gold exploration is being undertaken by ASX-listed companies Blackthorn Resources, Zambezi Resources and Luiri Gold Ltd.

Terms of the Acquisition

Giratina, a company incorporated in Australia, has the right to earn, by acquisition, interests in three Large Prospecting Licenses that are currently under application in the Republic of Zambia and the small scale mining license which hosts the historic Jessie Mine (together, the Zambian Licenses).

Excalibur will issue a combination of cash, shares and performance securities to acquire 100% of the issued capital in Giratina. The shares will be issued pro rata to the shareholders of Giratina, while the cash will be used to reimburse costs incurred in acquiring and undertaking preliminary geological information on the licenses.

<table>
<thead>
<tr>
<th>Consideration for the acquisition of Giratina</th>
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<tbody>
<tr>
<td><strong>Class</strong></td>
</tr>
<tr>
<td>Consideration Shares</td>
</tr>
<tr>
<td>Performance Shares *</td>
</tr>
</tbody>
</table>

* Excalibur will apply to ASX for approval of the performance securities.
Conditions Precedent to the Excalibur Transaction

Completion of the Transaction is subject to satisfaction of the following conditions precedent:

- the granting of the Prospecting Licenses by the Minister for Mines;
- Confirmation of the good standing and title of the Jessie Mine license;
- the Company completing due diligence investigations and being satisfied with the outcome of such investigations (in its absolute discretion);
- the Company obtaining all necessary regulatory and shareholder approvals required to complete the Transaction; and
- the Company securing letters of acceptance from all Giratina shareholders for its proposed offer to acquire their shares in Giratina.

Capital Raising

Subject to completion of the Acquisition, the Company plans to undertake a placement to raise up to $2,000,000 before costs. It is proposed that the Placement would be at an issue price of no less than $0.001 and would therefore involve the offer of 2,000,000,000 shares.

Work Program

Excalibur intends to farm out the third stage of its previously announced work program for its Tennant Creek projects thereby reducing the forecast exploration expenditure. It is in the process of developing a work program that will assess the potential resources of the Jessie Mine and the potential to recommence production. Excalibur will also undertake both desktop and geophysical surveys on the large prospecting licenses with a view to delineating drill targets.

Management Team

The proposed project management team has extensive project management experience at some of the largest mines in Zambia and elsewhere in Africa. The in-country team, which comprises experienced geologists, mining professionals and engineers from Zambia and other southern African countries, has developed excellent relationships with the Mines Department and other key stakeholders.

Sound Mining Solutions

As part of its due diligence, Excalibur has engaged South African-based Sound Mining Solutions to undertake a review of the available technical information and to undertake a site visit to the Jessie Mine. Sound Mining Solutions provides a range of mineral evaluation and mine planning services, including concept, pre-feasibility and feasibility studies. The company has a staff of over 30 specialists including geologists, design engineers, mining engineers and metallurgists.
Adam Clode B Eng MPM

Excalibur has also engaged Mr Adam Clode to provide project management services for both its Zambian and Tennant Creek projects. Mr Clode is a Project Management specialist with a background in engineering and experience with some of the largest mining projects in Africa, including the Lumwana Copper Project and the Tonkolili Iron Ore Project in Sierra Leone. Mr Clode has also worked on major resources projects in Southern and West Africa as a permanent employee of GRD Minproc, Ausenco and Lycopodium.

FOR FURTHER INFORMATION PLEASE CONTACT:

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