

X-CAL RESOURCES LTD.

Annual Information Form

as at June 8, 2009

for the year ended March 31, 2009

In this Annual Information Form (“AIF”), the “Company” or “X-Cal” refers to X-Cal Resources Ltd. Unless otherwise indicated, the information in this Annual Information Form is given as of March 31, 2009. All sums of money in this Annual Information Form are expressed in Canadian dollars, unless otherwise specified.

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X-CAL RESOURCES LTD.

ANNUAL INFORMATION FORM

CORPORATE STRUCTURE

Name and Incorporation

X-Calibre Resources Ltd. was incorporated in the Province of British Columbia pursuant to the *Company Act* (British Columbia) on April 8, 1981. On December 24, 1984 the Company changed its name to X-Cal Resources Ltd. (the “Company”) and was listed on the Toronto Stock Exchange (Trading Symbol “XCL”) in 1985. Its fiscal year ends on March 31 of each year.

The Company’s registered office is located at 10th Floor - 595 Howe Street, Vancouver, British Columbia V6C 2T5. The Company’s administrative offices are located at Suite 780 – 650 West Georgia Street, Vancouver, British Columbia, V6B 4N8 and at Suite 550 – 141 Adelaide Street West, Toronto, Ontario, M5H 3L5. (Website: www.x-cal.com ; E-mail: invrel@x-cal.com)

The Company received shareholder approval to increase its authorized capital from 200,000,000 common shares to an unlimited number of common shares on November 30, 2004.

The *Company Act* (British Columbia) was replaced by the *Business Corporations Act* (British Columbia) (the “New Act”), a more modern corporations statute. Each British Columbia company was required to file a transition application containing a Notice of Articles with the Registrar of Companies for British Columbia in order to change its constitutional documents into the forms required by the New Act. Once the transition application had been filed, the Company was able to adopt a new form of Articles in order to reflect and take advantage of various provisions of the New Act. The Company filed its transition application and at the Annual Meeting of Shareholders held on November 30, 2004, the shareholders passed a special resolution whereby the Company altered the Notice of Articles to remove the application of certain provisions described in the New Act as “Pre-existing Company Provisions”; thereby adopting a new form of Articles. The Notice of Articles was altered to change the authorized share structure of the Company from 200,000,000 common shares to an unlimited number of common shares.

The new Articles made various other minor changes to update the Company’s Articles to make them consistent with the terminology and provisions of the New Act. The only other significant changes are as follows:

- (1) the Company will be permitted to have unlimited authorized capital, which is consistent with other Canadian corporate statutes; and
- (2) the auditors’ remuneration will be set by the directors, without the necessity of a resolution of the shareholders each year to approve that arrangement.
- (3) the required majority for a special resolution has been reduced from three-quarters to two-thirds of the votes cast, which is consistent with other Canadian corporate statutes.

Intercorporate Relationships

The Company has a wholly owned subsidiary, X-Cal U.S.A. Inc., which was incorporated in the State of Nevada, and a 100% interest in New Sleeper Gold, LLC, a Nevada Limited Liability Company. X-Cal also has 100% interest of the Sleeper Mining Co. LLC, a Delaware Corp.

GENERAL DEVELOPMENT OF THE BUSINESS

The Company is a junior resource exploration company, engaged in the acquisition and exploration of mineral properties. The Company presently holds interests in four gold prospects; the Sleeper Gold Property, located in Humboldt County, Nevada, the Mill Creek Property and the Reese River Property both located in Lander County, Nevada, and WR Claims in the Spring Valley Area located in Pershing County, Nevada, United States. The Company also holds a capped retained royalty interest in a gold property near Fort St. James, British Columbia, Canada. The Company's current focus is exploration activities of the Sleeper Gold Property located in Humboldt County, Nevada.

Over the three most recently completed financial years, the Company advanced the exploration of the Sleeper Gold Property by entering into a joint venture, New Sleeper Gold, LLC, a Nevada Limited Liability Company, with New Sleeper Gold Corporation and conducted a series of drill programs during the calendar years 2004 and 2005. Upon completion of the 2005 exploration program (August 2005), the Company hired a team of independent professionals to review the data collected by the joint venture's exploration activities. Based on the findings of the reports "Exploration Potential of the Sleeper Project, Nevada by Dr. Richard H. Sillitoe and Dr. Jeffery Hedenquist" and the NI-43-101 Technical Report (March 2006) authored by Mr. Robert E. Thomason, M.Sc., L.Geol., and co-authored by Larry Kornze, B.Sc., P.Eng. and Mr. Winthrop A. Rowe, M.Sc., C.P.G. (filed to SEDAR and are incorporated herein by reference) the Company determined it was in the best interests of the Company and its shareholders to reach an agreement to acquire the remaining 50% interest in the joint venture and continue as the sole operator of the project.

The Company is currently focusing the majority of its efforts and resources on the advanced exploration potential of the Sleeper Gold Property. A preliminary economic assessment is in progress.

A US\$1,600,000 exploration work program that included drilling, mapping, sampling and geophysics has also been completed by X-Cal on its Mill Creek Gold Property. The Company completed an extensive permitting process for the Mill Creek (Goat Window) Property which has resulted in approval of a Plan of Operations Permit. The permit will facilitate the continued testing of the targets described in the technical report. The Company will seek a farm-in joint venture to advance this project, in keeping with the above mentioned priorities.

Significant Acquisitions and Significant Dispositions

Sleeper Gold Property

The Company acquired 100% interest and operatorship of the Sleeper Gold Project in 2006.

Title of the York Leased Lands, which are part of the Sleeper Gold Project, has been signed over to the Company concurrent with a buy out agreement between the Company and York Mines. The buyout was initiated with a payment to York Mines consisting of US \$150,000 and 50,000 common shares. The remaining balance to complete this buyout is \$400,000.

The Company sold a 1% NSR production royalty on the Sleeper Gold Project to the Dr. Snyder Gold Syndicate for US\$1.5 million on May 7, 2007.

Reese River

The Company entered into a formal agreement with Placer Dome U.S. Inc. (“Placer Dome”) a subsidiary of Barrick Gold U.S. Inc. (“Barrick Gold”) to jointly explore three claim blocks totaling 3,000 acres in the Reese River Pediment, Lander County, Nevada. Title of the claims was transferred from Placer Dome to the Company. The Company agreed to carry out and fully fund a minimum US \$200,000 drilling program, developed by both parties, within Year One but prior to December 16, 2006. This deadline was extended by Placer Dome to March 16, 2007. Under the terms of the agreement, Placer Dome was granted a one time right to expend triple the Company’s expenditures in Years Two and Three to earn back a 51% interest in the properties. X-Cal’s expenditures for the above work exceeded the minimum required and were made within the time allotted, under the agreement. Placer Dome did not make the election to go forward under the agreement and therefore, has forfeited the right to acquire a 51% interest in the property. Placer Dome’s interest (now owned by Royal Gold, Inc.) has now reverted to a 2% net smelter returns royalty.

DESCRIPTION OF THE BUSINESS

General

The Company is a junior resource exploration company whose principal activities include mineral exploration and development. The Company is currently focused on the gold sector in Nevada. Its operations in Nevada include the Sleeper Gold Project located in Humboldt County, the Mill Creek Property and the Reese River Property located in Lander County, and the Spring Valley Area located in Pershing County, USA.

Sleeper Gold Project

In December 1993 the Company acquired the rights to explore, develop and mine the Sleeper Extension (York Leased Lands) claim group located in Humboldt County, Nevada from Leland L. York (“York”). In order to earn a 100% interest in the Sleeper Extension, the Company issued 225,000 shares and is required to make annual advance royalty payments totalling US\$3,000,000. Any commercial production from the York Leased Lands is subject to a 3% net smelter return royalty, which may be offset in full to the extent of royalties paid in advance. When US\$3,000,000 has been paid, the royalty will be reduced to 0.5%. The Company has the right of first refusal to purchase the remaining 0.5%. Subsequently, 100% title to the York Leased Lands has been signed over to the Company with no royalties pursuant to a buy out agreement in December 2006. See “Significant Acquisitions and Significant Dispositions” above.

In April 1996 the Company agreed to form a joint venture with Amax Gold Inc. to explore and develop the Sleeper Extension and the adjacent Sleeper property (the “Sleeper Property”) owned and operated by Amax Gold Inc. (“Amax”) and its subsidiary, Nevada Gold Mining, Inc. In June 1998, Amax amalgamated with Kinross Gold Corporation (“Kinross”). In March 1999, the Company signed an agreement (the “Option Agreement”) with Kinross, under which Kinross granted to the Company an option to purchase all of its interest in the Joint Venture. In January 2004, the Company exercised its option on the Kinross portion of the Sleeper Gold Project, which resulted in 100% consolidation of the mineral lands in the Sleeper Gold District, and established a 50/50 joint venture with New Sleeper Gold Corp. to explore the District. The Company contributed all of its Sleeper-area lands to the joint venture while New Sleeper Gold Corp. contributed US\$20million. New Sleeper Gold Corp. became manager of the joint venture. The Sleeper Joint Venture was capitalized independent of both companies. The project was managed by New Sleeper Gold Corp. On May 16, 2006 the Company completed the acquisition of the 50% interest in the joint venture held by New Sleeper Gold Corp and now is the sole owner and operator of the project through New Sleeper Gold, LLC.

Detailed information on the Sleeper Gold Project is available from the NI-43-101 report dated December 2, 2003, prepared by Richard R. Redfern, M.Sc., C.P.G. and Winthrop A. Rowe, M.Sc., C.P.G. (the “Sleeper Report”) and later reports “Exploration Potential of the Sleeper Project, Nevada” by Dr. Richard H. Sillitoe, the Technical Report (March 2006) authored by Mr. Robert E. Thomason, M.Sc., L.Geo, and co-authored by Larry Kornze, B.Sc., P.E. and Mr. Winthrop A. Rowe, M.Sc., C.P.G. (the “Technical Report (March 2006)”), and the most recent NI-43-101 report dated September 26, 2008, prepared by Gary Giroux, M.A.Sc., P.E., Larry Kornze, B.Sc., P.E., and Larry Martin, B.Sc., CPG. The Technical Report (September 2008) and the Sleeper Report were prepared in accordance with National Instrument Policy 43-101 *Standards of Disclosure for Mineral Projects* and filed to SEDAR and are incorporated herein by reference. Readers are encouraged to view these Sleeper Reports, a copy of which can be obtained from the Company’s website at www.x-cal.com or on the SEDAR website located at www.sedar.com. Such information is supplemented and updated with the disclosure contained herein. The following is the writers’ Summary excerpted from the Technical Report (September 2008):

Summary – Technical Report (September 2008)

The Sleeper Gold Property includes a historic open pit mine operated by AMAX Gold from 1986 until 1996, which produced 1.66 million ounces of gold, and 2.3 million ounces of silver. The property has been the subject of several exploration programs. These programs have produced an extensive database for current exploration targeting and continuing studies.

The Sleeper Gold Property located in Humboldt County, Nevada has been consolidated 100% into X-Cal Resources Ltd. via a buyout of New Sleeper Gold Corporation’s 50% interest in May of 2006. In December 2006, title to the York Leased Lands, which are part of the Sleeper Gold Project, were signed over to X-Cal concurrent with a buy out agreement between X-Cal and York Mines. X-Cal now completely controls the Sleeper Gold Property totalling approximately 30 square miles.

The Sleeper Gold Property area is situated within the western, apparently older, part of the Northern Nevada Rift geologic province of Miocene age, along the western flank of the Slumbering Hills. Drilling completed in 2007 has led to a new geologic interpretation of mineralization at Sleeper. Meticulous logging of the drill holes identified cobbles and occasional boulders of altered vesicular basalt supported by a matrix of cryptocrystalline volcanic ash. Further inspection identified other volcanic clasts of various lithologies supported by the ash matrix. A “block in ash” texture had been identified and the wide spread occurrence of the volcanic breccia throughout the Facilities area was referred to as a volcanic unit given the name “debris flow”. The debris flow is the primary host lithology for precious metals mineralization identified at the Facilities area. Thickness of the debris flow ranges from 100 feet (30 m) to 500 feet (150 m). Ash layers that are interbedded within the debris flow are not mineralized but do exhibit advanced argillic alteration. The ash units range in thickness from 5 feet (1.5 m) to 20 feet (6m). The debris flow dips westerly towards the existing open pit and has been identified in core at Westwood. The banded veins with visible gold (electrum) and the higher grade sulphide breccias of Westwood are developed within the debris flow. The lower grade mineralization of Westwood favors the debris flow and is similar to mineralization found at the Facilities area.

A resource estimate was commissioned by X-Cal in 2008 to determine the resource contained within the Facilities area east of the Sleeper pit and the West Wood area south west of the pit. This estimate used all available drill hole information and the current revised geologic interpretation. The Facilities area was subdivided into three geologic domains: a debris flow, tuff units and Mesozoic basement. The West Wood area was subdivided into a debris flow, tuff units and West Wood breccia unit. Examination of gold and silver grade distributions within these domains indicated a higher grade vein population in each unit and a background mineralization. Thresholds were established in each domain to separate these different styles of mineralization. Capping levels were established for each style of mineralization in each

domain. Semivariograms were used to establish directions and distances of grade continuity within each domain. Grades were estimated, for blocks 10 x 10 x 5 m in dimension, by a combination of indicator and ordinary kriging.

Cross sections Figure 1.0A and Figure 1.0B show the interpreted geology and estimated block grades respectively, within the Facilities Area while cross sections Figure 1.0C and Figure 1.0D show the interpreted geology and estimated block grades for the West Wood Area. Estimated blocks were classified as indicated or inferred based on continuity. (Figures not included in AIF)

The in-ground resource present at Sleeper is summarized at a 0.40 g/t cutoff below.

Table 1.0A Summary of In-Ground Resource

SUMMARY OF IN-GROUND RESOURCE – SLEEPER PROJECT						
<i>Classification</i>	<i>Au Cutoff (g/t)</i>	<i>Tonnes</i>	<i>Au (g/t)</i>	<i>Ag(g/t)</i>	<i>Ozs Au</i>	<i>Ozs Ag</i>
Indicated	0.40	26,960,000	0.87	5.80	750,000	5,030,000
Inferred	0.40	20,000,000	0.59	6.60	380,000	4,240,000

A report by E. K. Zoutomou PhD., Consulting Metallurgist has been recently completed which reconciled metals in the leach pads and mill tailings to quantify potential recoverable resources. The report indicated approximately 725,000 ounces of gold and 3,194,000 ounces of silver are currently in inventory in the mill tailings and in the heap leach pads. The report by Zoutomou in its entirety is shown as Appendix 2. The report reviewed the previous metallurgical sampling and test work and suggested methods and additional work required to maximize precious metal recovery from these potential resources. Details pertaining to the reconciliation of production and recovery units are included in the text of that report.

In the authors opinion the above ground inventory of 44.3 million tonnes averaging 0.41 g/t Au and 0.88 g/t Ag contained in Leach Pads 1 to 4 and Run of Mine pads north and south and the 6 million tonnes averaging 0.68 g/t Au and 7.67 g/t Ag in the Mill Tailings would total a combined 0.714 million ounces of Au and 2.7 million ounces of Ag in above ground inventory. As this material's volume and as a result tonnage is well defined and the grades through trench and sonic drill sampling match well with those estimated from production reconciliation, this material can be classified as an inferred resource. Refer to Table 1.0B.

Table 1.0B Above-Ground Inferred Resource Located in the Heaps and Tails

ABOVE-GROUND INFERRED RESOURCE LOCATED IN THE HEAPS AND TAILS – SLEEPER PROJECT								
<i>AREA</i>	<i>Tons Placed</i>	<i>Tonnes</i>	<i>Average Grade Au</i>		<i>Au Ounces</i>	<i>Average Grade Ag</i>		<i>Ag Ounces Remaining</i>
			<i>AU (oz/t)</i>	<i>Au (g/t)</i>		<i>Ag (oz/t)</i>	<i>Ag (g/t)</i>	
Pad 1	7,595,860	6,890,919	0.015	0.501	110,935			
Pad 2	5,981,701	5,426,564	0.012	0.411	71,646			
Pad 3	12,581,794	11,414,129	0.012	0.417	152,932			
Pad 4	9,084,620	8,241,513	0.012	0.419	111,046			
ROM S.	4,127,400	3,744,353	0.010	0.337	40,584			
ROM N.	9,484,900	8,604,645	0.010	0.347	96,110			
Total	48,856,275	44,322,122	0.012	0.409	583,254	0.026	0.877	1,249,983
Mill Tailings	6,600,000	5,987,481	0.020	0.679	130,666	0.224	7.761	1,476,748
Total	55,456,275	50,309,603	0.013	0.441	713,920	0.049	1.686	2,726,731

The authors recommend continuation of a substantial delineation and development program at the Sleeper Gold Project. The results from this current resource model should be used to develop a preliminary economic assessment (previously known as a scoping study), the results of which should determine the most cost effective path for future exploration and development. Positive results, that show the current resource can be mined at a profit would require infill drilling in both open pit and underground mineable areas to bring the in-ground resource to higher classification categories. Further evaluation of metal inventory in the mill tailings and heap leach pads would be required. Metallurgical testing should be initiated to determine the optimal processes to recover these potential metal resources. An on-site pilot heap pad or off-site bulk testing should be investigated.

The significant exploration opportunities along the west side of the Sleeper pit and to the north should also be investigated with exploration. The conclusion of the authors is that the Sleeper Gold Project is well prepared for a substantial exploration and development program. Historically, multi-million ounce gold deposits occur in multiples. Recommendations are in part based on knowledge of successful exploration programs in similar geologic environments. The proposed program is designed to: (A) explore for new bonanza grade deposits near the historic Sleeper Mine, (B) develop and delineate known areas of mineralization and (C) to combine the results with current potential metal inventory in the mill tailings and heap leach pads.

X-Cal plans to focus on drilling priority mine scale exploration targets defined by current and ongoing studies. The objective of the proposed drilling is to test the targets for Sleeper type gold deposits and alteration signatures that warrant follow up drilling for discoveries that can be mined by open pits or underground workings. A drilling program to better determine the controls of mineralization, aid in resource delineation and expand the known mineralized areas was successfully completed in 2007.

Present Exploration

A preliminary economic assessment is in progress to evaluate known resources of mineralization at Sleeper. An independent NI-43-101 confirmed gold and silver resources at the site in various resource categories. This should facilitate a calculation of base value to be compared to the company's market capitalization. The focus will shift from development to exploration when the data necessary to achieve this initial goal has been collected and delivered to qualified independents. Current work has also included encouragement from the NW exploration target which is described in the Sillitoe Report. New geologic understandings which have resulted from current drilling are expected to assist the exploration of other targets located on the property as described above.

Future Exploration

Exploration priorities for the Sleeper Gold Property are expected to focus on five priority mine scale targets located near the Sleeper Mine. All five of the priority targets occur along three structural corridors parallel to the Sleeper Mine historic mineralization. None of the five targets have been adequately tested in prior drill programs. Current and ongoing three-dimensional modeling of geochemical data, additional geophysical interpretations and refinements and detailed compilation on Gemcom and Gocad will help set drilling priorities. However, the targets are well defined at present. Drill testing is to involve angled drill hole fences with overlap at bedrock depths. Drill orientation of these current targets is to be east-west to optimize crossing of key structural trends. Each target should have 2 to 4 drill fences to test the target concepts.

The Company is committed to the success of the Sleeper Gold Project. A realistic exploration budget to address the targets in Dr. Sillitoe's paper with the objective of break-through discovery is estimated at US \$15 million. The minimum next phase budget is estimated at US \$5 million.

Mill Creek Property

The Mill Creek claims were acquired by staking in 1992. The company owns a 100% interest in this 720 acre group of 36 lode mineral claims. In April 2004, the company received all necessary approvals to commence a drill program on the property and has completed its Phase 1 drill exploration program.

The Company has completed an extensive permitting process for the Mill Creek (Goat Window) Property which has resulted in approval of a Plan of Operations Permit. The permit will facilitate the testing of the targets described in the technical report.

Detailed information on the Mill Property is available from a report dated February 18, 2005 prepared by Richard R. Redfern, M.Sc., C.P.G. (the "Mill Report"). The Mill Report, which was prepared in accordance with National Instrument Policy 43-101 Standards of Disclosure for Mineral Projects and filed to SEDAR, is incorporated herein by reference. Readers are encouraged to read the detailed Mill Report, a copy of which can be viewed on the Company's website (www.x-cal.com) or on the SEDAR website www.sedar.com. The following is Richard R. Redfern's "Summary" excerpted from the Mill Report:

Summary – Mill Report

At the request of X-Cal Resources Inc. (“X-Cal”), this technical report has been made on the Mill Creek property (the “Property”), Lander County, Nevada, U.S.A., following up on work that was conducted by the company on the property during 2004. The report incorporates a summary of previous work and gives an appraisal of and recommendations on how to test the exploration potential of the Property. This report is based on a compilation and analysis of published and unpublished geological reports prepared by cited persons, field data collected by X-Cal Resources and its contractors in 2004, and field examinations by the writer, a “qualified person” within the meaning of National Instrument 43-101 of the Canadian Securities Administrators.

The Mill Creek property comprises a contiguous block of 36 unpatented lode mining claims. All claims have been filed and recorded with Lander County and the U.S. Bureau of Land Management, and are valid until September 1, 2005. The claims total approximately 720 acres and are located in the NW part of the Shoshone Range, 33 kilometres south of Battle Mountain. Access from Battle Mountain is south by paved Highway 305 for 33 Km., then eastward on the graded dirt Mill Creek Road for 10 Km., and then northeast for 3 Km. on a secondary dirt road to the Property. Mill Creek is located 22 Km. northwest of the Pipeline Mine complex of the Cortez Joint Venture (Placer Dome and Kennecott).

The Property is in hilly, grass, sagebrush, juniper and pinyon-covered mountain brush high desert terrain, on the lower western slopes of the Shoshone Range. The climate is favorable for year-round mining, with all supplies and services needed for an exploration program available in the Battle Mountain – Elko area.

The Mill Creek property is situated along the Battle Mountain – Cortez –Eureka Trend geologic terrane, a northwest-trending structural zone of Eocene-age that hosts numerous current and past producing gold mines, including several major gold exploration and development projects. The largest of these is the Cortez-Pipeline mine complex owned by the Cortez Joint Venture (“CJV”, Placer Dome and Kennecott), which currently is producing gold and has several major gold deposits under exploration and development such as “Pediment” and the +5,000,000 ounce “Cortez Hills” sediment-hosted, Carlin-style gold deposit.

The Mill Creek property is an early-stage gold exploration prospect that has no published resources or Mineral Reserves. Exploration has been limited to surface prospecting for barite and gold-silver deposits, geological mapping, geophysical surveys, soil sampling, geochemical rock chip sampling of altered, fractured and veined bedrock, and twenty-six exploration drillholes, eleven of which were drilled by X-Cal in 2004. The observed surface and subsurface indications at Mill Creek are similar to features found above structurally controlled high-grade sedimentary-host disseminated gold systems in the Cortez District of the Battle Mountain – Cortez –Eureka Trend. Geophysical surveys conducted on the property are interpreted to be permissive of the property being situated in a favorable structural, plutonic, alteration and mineralization regime in which large, economic sedimentary host gold deposits could occur. In the writer’s opinion, additional drilling exploration of the Mill Creek property is fully warranted by X-Cal Resources Ltd.

The main exploration target on the Mill Creek Property is *Carlin-Style* gold-silver ores found in altered, metamorphosed, and locally skarnified Lower Plate carbonate and limy to dolomitic clastic sedimentary rocks of the Devonian Wenban Limestone, Silurian Roberts Mountain Formation, and the Ordovician Hanson Creek Formations. A secondary target host rock type is mafic volcanic rocks of the Upper Plate rock sequence, similar to at Newmont’s Twin Creeks Mine. The economic Battle Mountain – Cortez – Eureka Trend gold deposits were deposited as mineralized hydrothermal sedimentary-host replacement horizons and breccia zones along major fault structural zones where alteration and anomalous gold-silver-arsenic-antimony-thallium mineralization are present. Marbles in metamorphic aureoles and iron-rich skarns appear to be favored sites for gold mineralization in these deposits, perhaps due to the rheological character, permeability after fracturing, and chemical reactivity of those rocks to alteration by hydrothermal fluids.

The Mill Creek property is located on the northwest flank of the Goat Ridge structural window, in which Lower Plate eastern faces rocks of the Wenban Limestone, Roberts Mountain, Hanson Creek, and possibly Comus Formations form the core of the window. Thrusted-in Upper Plate western facies cherty,

silty, and mafic volcanic strata of the Valmy (aka Vinini) Formations form a cap that overlies this core of Lower Plate rocks. All these strata were disrupted by low-angle thrusts and possible detachment faults of the Roberts Mountain Thrust system (et.al.) of Mississippian and younger ages. Felsic to dioritic dikes and stocks of Tertiary and Mesozoic ages likely were intruded into all these rock units, and preferentially along fault contacts. Contact metamorphic aureoles were formed in the Goat Ridge Window area and in the Property, with sulfidic skarn lithologies locally present. Renewed faulting took place in Eocene time, forming west-side-down NW- to NNW-trending normal-stepping high angle faults on the west flank of the Goat Ridge Window horst. A further episode of intrusion of felsic plutonic stocks and dikes occurred preceding and during this latter time interval throughout parts of the northern Shoshone Range and elsewhere along the "Trend". Certain of these intrusive systems, such as the Copper Canyon intrusions south of Battle Mountain, carry syn-intrusion, quasi- "*Porphyry*" - *Style* gold-silver-(copper) mineralization.

Carlin-Style acid-leach alteration (decalcification), arsenic-antimony-thallium metasomatism and gold mineralization also locally impacted certain fractured Upper Plate and Lower Plate rocks present during this time interval, including those on the Mill Creek Property, as deduced from surface outcrops and drilling data. Subsequent post-mineral, down-to-the-west normal faulting related to Basin-and-Range extension reactivated some of the faults in the Property in Miocene time, concurrent with the formation of the Northern Nevada Rift and subsequent thereto. It is possible that the earlier low-angle thrusts and possible detachment faults could have been reactivated during tectonism of Tertiary age, but concrete evidence for this has not yet been demonstrated by the work conducted on the Property. Certain of the high angle faults along the "Trend" are associated with volcanic-related vein-type gold-silver mineralization, as is present at the Buckhorn Mine in the eastern part of the Cortez Joint Venture area, east of Pipeline, but no such mineralization has as yet been demonstrated to be present on the Mill Creek Property.

The Mill Creek property is an early-stage prospect. Exploration has been limited to surface prospecting and geologic mapping, rock and soil geochemical sampling of soil cover and altered and mineralized bedrock, and 26 holes of reverse-circulation and core drilling by five different exploration companies, including the current program by X-Cal Resources Ltd. A number of soil and rock geochemical anomalies of gold, arsenic, and antimony were delineated by BHP's program in 1993, as described in the report below. One reverse-circulation drill hole by BHP in 1993, number BMC-93-1A, encountered a 3-metre intercept of gold mineralization in dike-transected Upper Plate blackish, altered quartzite that assayed 0.51 ounces per ton (oz/t) Au (17.45 g/t Au), including a 1.5 metre interval of fault gouge that assayed 0.92 oz/t Au (31.7 g/t Au). X-Cal drilled 11 holes and encountered gold values up to 1.045 grams per tonne Au over 1.5 metres of core length, as described below. All of the 2004 X-Cal drill holes carried alteration and low-grade gold mineralization to some extent. The true widths of these intervals are not known. Certain mineralized intervals in the X-Cal drilled intervals also had no return of drill core. X-Cal's drilling verified the geophysical interpretation of one of its consultants that hidden intrusive bodies were present on the property at depth, finding pyrrhotitic sulfide-rich skarns adjacent to dioritic dikes of probable Jurassic age, similar to those present at Goldstrike. Such skarns would likely be excellent host rocks for Carlin-style replacement gold mineralization. The observed surface and subsurface geologic and geophysical indications at Mill Creek are similar to subtle features found above and peripheral to high-grade sediment-hosted gold systems in the Cortez district and additional exploration is fully warranted.

Recommendations are to drill an additional thirty exploration holes to continue testing of the Mill Creek Gold Property. The approved Plan of Operations Permit, that is now in place, will allow exploration of this property to resume. The company will seek a farm-in joint venture partner for this project.

Reese River Property

See “Significant Acquisitions and Significant Dispositions” above.

This early stage project was conceived and staked by Placer Dome. The project area is composed of three claim blocks totaling approximately 2,960 acres, located on the western side of the Shoshone Range, near the Horse Mountain Window.

A detailed Reese River agreement with the Company and Placer Dome has been completed. The Company agreed to carry out and fully fund a minimum US \$200,000 drilling program, developed by both parties, within Year One but prior to December 16, 2006. This deadline was extended, by Placer Dome, to March 16, 2007. Under the terms of the agreement, Placer Dome was granted a one time right to expend triple the Company’s expenditures in Years Two and Three to earn back a 51% interest in the properties. X-Cal’s expenditures for the above work exceeded the minimum required, and within the time allotted, under the agreement. Placer Dome did not make the election to go forward under the agreement and therefore, has forfeited the right to acquire a 51% interest in the property. Placer Dome’s interest has now reverted to a 2% net smelter returns royalty.

Detailed information on the Reese River Property is available from a report dated November 14, 2006 prepared by Mr. Robert E. Thomason, M.Sc., L.Geol (the “Reese Report”). The Reese Report, which was prepared in accordance with National Policy 43-101 Standards of Disclosure for Mineral Projects and filed to SEDAR, is incorporated herein by reference. Readers are encouraged to read the detailed Reese Report, a copy of which can be viewed on the Company’s website (www.x-cal.com) or on the SEDAR website www.sedar.com. The following is the writer’s “Summary” excerpted from the Reese Report:

Summary – Reese Report

This report provides a summary of the mining and exploration history, land tenure, geology, and gold discovery potential of the Reese River/Horse Mountain Window Project. The Reese River/Horse Mountain Window Project (the Property) is located in Lander County, north-central Nevada, approximately 25 miles south of Battle Mountain. The Property lies on the west flank of the Shoshone Range in the Basin and Range Province.

The Property consists of 148 unpatented lode mining claims that cover an area of approximately 2960 acres. These claims are administered by the US Department of Interior, Bureau of Land Management (“BLM”) on federally owned lands. The area is characterized by rolling north and northwest-trending ridges dissected by incised drainages and mostly covered by alluvial deposits on the flank and pediment of the Shoshone range.

The Property was explored by several companies in the past, first for barite to supply the adjacent mine, then for gold by Placer Dome in the 1980’s to 90s and 2000’s. This historical exploration consisted of geologic mapping, rock-chip and soil sampling, and drilling. A small number of drill holes have been drilled in and around the property by previous operators primarily in search of barite with little if any consideration for gold.

A compilation of historic and new data generated by X-Cal led to the delineation of several large alteration and mineralization zones. Each of these zones is incompletely explored and potential occurs to discover potentially economic gold mineralization along strike and down-dip of the multiple structures observed.

The Reese River/Horse Mountain Window Project is an area of merit and additional exploration is warranted. Drilling should be focused along the structural controls, mineralization and alteration zones that have been identified by the property-wide compilation of the geochemical, geophysical data, and geologic mapping.

Spring Valley Property

X-Cal has one hundred percent of thirty-eight lode mineral claims in the Spring Valley Area, Pershing County, Nevada. Dr. Ken Snyder provided land research to the Company which facilitated the staking. An agreement on compensation for Dr. Snyder has resulted in a 1% Net Smelter Return being lodged in the name of Dr. Ken Snyder over this area

The project is located approximately 2.5 km northwest of the Rochester mine in the Humboldt Range, 30 km northeast of Lovelock, Nevada. The property covers rocks folded into a broad anticline broken into large blocks by major north-trending faults. Midway Gold Corporation is currently actively drilling approximately 2 km to the northeast.

Employees

As at the date of this AIF, the Company has two full-time employees and a number of contracted employees who devote a significant amount of their time to the Company.

Risks and Uncertainties

The Company is a gold exploration company and is exposed to a number of risks and uncertainties, including, but not limited to, those listed below, that are common to other companies in the mineral exploration business. The exploration for, and of, mineral deposits involves significant financial risks over an extended period of time. There is no guarantee that even with careful geological evaluation, experience and knowledge, that the Company will be successful in its search and that the expenditure of funds will result in the discovery of an economic mineral deposit.

Financial Statements Prepared on a Going Concern Basis

The Company's consolidated financial statements have been prepared on the going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's operations to date have been primarily financed by equity financings. The Company's future operations are dependent upon the identification and successful completion of additional equity or debt financings or the achievement of profitable operations. There can be no assurances that the Company will be successful in completing additional financings or achieving profitability. The consolidated financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

Market Prices and Exchange Rate Fluctuations

The profitability of the gold mining projects is dependent upon the market price of gold, silver and other concentrates produced and changes in currency exchange rates and the Canadian and United States dollars. The prices of precious and base metals and currency exchange rates have fluctuated significantly and are affected by numerous factors beyond the Company's control, including but not limited to, international economic and political conditions, global and regional consumption patterns, speculative trading activities, levels of supply and demand, availability and costs of metal substitutes, metal stock levels maintained by producers and others, inventory carrying costs and inflation and interest rates. These

factors affect the price of precious and base metals, and therefore the economic viability of the Company's mining interests, and they cannot accurately be predicted.

Operating Hazards and Risks

The development and operation of a mine or mineral property involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include, among other things, ground fall, flooding, environmental hazards and the discharge of toxic chemicals, explosions and other accidents. Such occurrences may result in work stoppages, delays in production, increased production costs, damage to or destruction of mines and other producing facilities, injury or loss of life, damage to property, environmental damage and possible legal liability for such damages. As well, although the Company maintains liability coverage in an amount which it considers adequate for its operations, such occurrences, against which the Company may not be able, or may elect not to insure, may result in a material adverse change in the Company's financial position. The nature of these risks is such that liabilities may exceed policy limits, in which event the Company would incur substantial uninsured losses.

Environmental and Other Regulatory Requirements

The Sleeper Project is subject to reclamation and remediation obligations under the terms of permits granted by the U.S. Bureau of Land Management and the Nevada Division of Environmental Protection in connection with past operations at the Sleeper Project. These obligations include long-term reclamation obligations relating to the supervision and maintenance of the lined drainage ponds that capture and evaporate liquid effluent from the leach pads at the Sleeper Project and long-term remediation obligations associated with the lake in the Sleeper Pit and the pH of the lake water.

All phases of mining and exploration operations are subject to governmental regulation including environmental regulation. Environmental legislation is becoming stricter, with increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and heightened responsibility for companies and their officers, directors and employees. There can be no assurance that possible future charges in environmental regulation will not adversely affect the Company's operations. As well, environmental hazards may exist on a property in which the Company holds an interest that were caused by previous or existing owners or operators of the properties and of which the Company is not aware at present. There are significant environmental reclamation obligations associated with the Sleeper Gold Project, which are offset by an insurance policy. The insurance policy includes sufficient cash which has been set aside for reclamation to be drawn upon by the Company as reclamation work occurs.

Government approvals and permits are required to be maintained in connection with the Company's mining and exploration activities. Although the Company currently has all required permits for its operations as currently conducted, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits for the existing operations or additional permits for any possible future changes to the Company's operations, including any proposed capital improvement programs. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on the Company resulting in increased capital expenditures or production costs, reduced levels of production at producing properties or abandonment or delays in development of properties.

Exploration and Development

The Sleeper Gold Project, the Mill Creek Gold Property, the Reese River Property, and the Spring Valley Project are in the exploration stages only and are without known bodies of commercial ore. Development of these properties will follow only upon obtaining satisfactory exploration results. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration and development programs. Mineral exploration and development are highly speculative businesses, involving a high degree of risk. Few properties which are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial quantities of ore. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production. Discovery of mineral deposits is dependent upon a number of factors, not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, many of which are beyond the Company's control, such as the particular attributes of the deposit (such as size, grade and proximity to infrastructure), metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection.

Requirement for Further Capital

The Company is dependent upon equity financing to continue to fund its exploration activities and general operations. The Company's funding needs may vary depending upon results obtained from current exploration activities. The Company's ability to raise future capital will be in part affected by capital markets and market prices for gold. There is no assurance that such additional financing will be available.

Uninsurable Risks

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

No Assurance of Titles or Boundaries

Although the Company has investigated the right to explore and exploit its properties and obtained records from government offices with respect to all of the mineral claims comprising its properties, this should not be construed as a guarantee of title. Other parties may dispute the title to any of the Company's property or the property may be subject to prior unregistered agreements and transfers or land claims by aboriginal, native, or indigenous peoples. The title may be affected by undetected encumbrances or defects or governmental actions. The Company has not conducted surveys of all of its properties and the precise area and location of claims or the properties may be challenged.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges and power and water supplies are important determinants that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage or government or other interference in the maintenance or provision of such infrastructure could adversely affect the activities and profitability of the Company.

Dividend Policy

The Company has paid no dividends on its common shares since incorporation and does not anticipate doing so in the foreseeable future.

Dilution

There are a number of outstanding securities and agreements pursuant to which common shares of the Company may be issued in the future which could result in further dilution to the Company's shareholders.

Dependence on Management

The Company currently has a small executive management group, which is sufficient for its present stage of development. The Company has relied, and will continue to rely, upon a large number of consultants and others for operating expertise. Although the Company's development to date has largely depended and in the future will continue to depend upon the efforts of current executive management, the loss of a member of this group could have a material adverse effect on the Company.

DIVIDENDS

The Company has not paid any dividends on its common shares since its incorporation, nor has it any present intention of paying dividends, as it anticipates that all available funds will be used to undertake exploration and development programs on its mineral properties as well as the possible acquisition of additional mineral properties.

DESCRIPTION OF CAPITAL STRUCTURE

Shares

The authorized capital of the Company consists of an unlimited number of common shares of no par value, of which 166,948,439 shares are issued and outstanding as of the date of this AIF (as at March 31, 2008 – 127,763,823). The Company has only one class of shares.

The holders of common shares are entitled to one vote per common share at all meetings of shareholders of the Company, to receive dividends as and when declared by the directors, and to receive a pro rata share of the remaining property and assets of the Company in the event of liquidation, dissolution or winding up of the Company. The common shares have no pre-emptive, redemption, purchase or conversion rights. There are no sinking fund provisions in relation to the common shares and they are not liable to further calls or to assessment by the Company.

Options to Purchase Common Shares

The Company's 10% Rolling incentive stock option plan (the "Stock Option Plan") permits the Company to grant to directors, officers, employees, and consultants of the Company and its subsidiary companies, incentive stock options to purchase from the Company a designated number of authorized but unissued common shares up to but not exceeding 10% of the issued and outstanding common shares. A total of 12,370,000 stock options granted by the Company to its directors, officers, employees and consultants are outstanding as of the date of this AIF.

Warrants to Purchase Common Shares

As at the year end date, the Company had 16,824,039 share purchase warrants outstanding.

MARKET FOR SECURITIES

The common shares of the Company are listed and posted for trading on the Toronto Stock Exchange under the symbol “XCL”. The following table sets for the high and low sales prices and volume of trading of the common shares of the Company on the TSE for the most recently completed financial year.

<u>Monthly</u>	<u>High*</u>	<u>Low*</u>	<u>Average Volume*</u>
April, 2008	\$0.15	\$0.10	57,800
May, 2008	\$0.11	\$0.08	270,000
June, 2008	\$0.10	\$0.07	246,400
July, 2008	\$0.09	\$0.06	144,600
August, 2008	\$0.08	\$0.05	79,200
September, 2008	\$0.09	\$0.04	172,300
October, 2008	\$0.06	\$0.02	241,300
November, 2008	\$0.05	\$0.02	132,600
December, 2008	\$0.07	\$0.02	158,000
January, 2009	\$0.09	\$0.05	66,200
February, 2009	\$0.09	\$0.06	84,600
March, 2009	\$0.10	\$0.04	750,000

*Source -Yahoo Finance

DIRECTORS AND OFFICERS

Name, Address, Occupation and Security Holding

The table below states the name, municipality of residence, positions held by them with the Company and principal occupations in which each of the current directors and executive officers of the Company have been engaged during the preceding five years.

Name, residence and current position(s) held in the Company	Principal occupation for last five years	Served as director or officer since
Shawn M. Kennedy Smithers, British Columbia, Canada <i>President, Chief Executive Officer and Director</i>	President, X-Cal Resources Ltd. since incorporation.	1981
John M. Arnold Guelph, Ontario, Canada <i>Chief Financial Officer and Director</i>	Mining Executive.	1983
William E. Bateman ⁽²⁾ Toronto, Ontario, Canada <i>Corporate Secretary and Director</i>	Barrister and Solicitor in private practice in Toronto.	1989
Derek Bartlett ⁽¹⁾⁽²⁾ Mississauga, Ontario, Canada <i>Director</i>	Natural Resource Executive	November 2003
Robert Preston ⁽¹⁾⁽²⁾ Toronto, Ontario, Canada <i>Director</i>	Managing Partner, Ricketts Harris LLP, a legal firm.	March 2004
Larry Kornze ⁽¹⁾ Middleton, Idaho, U.S.A. <i>Director</i>	General Manager Exploration, Mexico & Central America Barrick Gold Corporation until retirement in June, 2001. Natural Resource Consultant since July 2001.	March 2004

Notes:

(1) Member of audit committee.

(2) Member of compensation and corporate governance committee.

With the exception of Mr. Kennedy who devotes all of his time to the affairs of the Company, the other directors and executive officers of the Company have other business interests and do not devote all of their time to the affairs of the Company. See “Conflicts of Interest” below. The Company’s directors will hold office until the next annual general meeting of the Company.

The directors and executive officers of the Company hold beneficially, as a group, 5,185,266 common shares, representing 3.19% of the number of common shares of the Company issued and outstanding as of March 31, 2009. Directors are paid an annual fee of \$3,000 by the Company in their capacity as directors and committee members receive \$2,000 annually for their participation.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, is, or within the ten years before the date of

this AIF, has been a director or officer of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order, or an order that denied the other issuer access to any statutory exemption under Canadian securities legislation for a period of more than 30 consecutive days, or was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets of that issuer.

No director or officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has within the past ten years, been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanction imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

No director or officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, or a personal holding company of any such persons has, within the ten years before the date of this AIF, become bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that individual.

Conflicts of Interest

Certain directors and officers of the Company are directors, officers and/or shareholders of other private and publicly listed companies, including companies that compete with the Company. To the extent that such other companies may participate in or be affected by ventures involving the Company, these directors and officers of the Company may have conflicting interests in negotiating and settling terms of such ventures. While there is potential for such conflicts to arise, the Board of Directors of the Company has not received notice from any director or officer of the Company indicating that such a conflict currently exists. Conflicts of interest affecting the directors and officers of the Company will be governed by the *Business Corporations Act* (British Columbia) and other applicable laws. In the event that such a conflict of interest arises at a meeting of the Board of Directors of the Company, a director who has such a conflict must disclose the nature and extent of his interest and abstain from voting for or against matters concerning the venture.

The directors and officers of the Company are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosures by the directors of conflicts of interest and X-Cal 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 and officers. All such conflicts will be disclosed by such directors or officers in accordance with the Business Corporation Act (British Columbia) and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. The directors and officers of X-Cal are not aware of any such conflicts of interest.

Audit Committee

The audit committee consists of William Bateman, LL.B; Robert D. Preston, LL.B; and Derek Bartlett, P.Eng. The board has determined that the relevant business experience, education and professional standings of all three gentlemen make them suitable to adequately perform their duties as audit committee members.

Audit Committee Charter

The text of the audit committee's charter is attached as an Exhibit.

Independence

Multilateral Instrument 52-110 "Audit Committees" ("MI 52-110") provides that a member of an audit committee is independent if the member has no direct or indirect material relationship with the issuer, which could, in the view of the issuer's board of directors, reasonably interfere with the exercise of the member's independent judgment. All of the members of the audit committee of the Company are "independent" as that term is defined.

Financial Literacy

MI 52-110 provides that an individual is "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements. All of the directors of the Company are financially literate as that term is defined. The Company considers that, due to academic training and/or experience in the public Company area, all members of the audit committee have an understanding of the accounting principals used by the Company to prepare its financial statements, the ability to assess the general application of such accounting principals and the understanding of internal controls and procedures for financial reporting.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

In March 2004, the Company sold the Snowbird Group mineral property interests to Omineca Gold Ltd. As a director and officer of the Company has an interest in Omineca Gold Ltd., the offer was subjected to a fairness opinion and also to shareholder approval. Total consideration for the sale is \$1,600,000. The Company received the initial purchase payment of \$50,000 in 2004, in 2005 and in 2006 the Company received the minimum annual advance royalty of \$12,000. The minimum advance royalty was increased to \$24,000 on November 24, 2007 and will be increased to \$50,000 on November 24, 2009. The Company thereafter retains a 2% net smelter return royalty on the property until it has received a total of \$1,600,000 comprising the total of the initial cash payment, all advance royalty and net smelter return royalty payments. The Company has a right of first refusal to reacquire any portions of the property that Omineca may intend to abandon and that were previously owned by the Company. This right does not extend to any new claims staked by Omineca.

During the year ended March 31, 2008, the Company and Omineca Gold Ltd. reached an agreement for Omineca to deliver a new core drill and related equipment to the Sleeper Gold Property, located in Nevada, and also make a private placement into the Company in return for common shares at \$0.35 per share. The estimated value of the drill and related equipment is \$350,000. Omineca's private placement into the Company was \$150,000. The total transaction was valued at \$500,000 in return for 1,428,571 common shares of the Company. A principal of Omineca is also a Company director and officer.

Also during the year ended March 31, 2008, the drill was subsequently sold for \$350,000 on a vendor take back arrangement with a term of 15 months and an 8% interest rate. Total interest and principal payments expected after 15 months is \$368,342. X-Cal retains a 2 year "first-call" on the drill which will be operated by Black Hawk Drilling Inc. for X-Cal.

Except as set out herein, no informed person or proposed director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction

since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or its subsidiary.

TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for the common shares of the Company is Computershare Investor Services Inc. at its principal offices in Toronto at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1.

MATERIAL CONTRACTS

The Company entered into a formal agreement with Placer Dome to jointly explore three claim blocks totaling 3,000 acres in the Reese River Pediment, Lander County, Nevada. Title of the claims was transferred from Placer Dome to the Company. The Company agreed to carry out and fully fund a minimum US \$200,000 drilling program, developed by both parties, within Year One but prior to December 16, 2006. This deadline was extended, by Placer Dome, to March 16, 2007. Under the terms of the agreement, Placer Dome was granted a one time right to expend triple the Company's expenditures in Years Two and Three to earn back a 51% interest in the properties. X-Cal's expenditures for the above work exceeded the minimum required, and within the time allotted, under the agreement. Placer Dome did not make the election to go forward under the agreement and therefore, has forfeited the right to acquire a 51% interest in the property. Placer Dome's interest has now reverted to a 2% net returns royalty.

Title to the York Leased Lands, which are part of the Sleeper Gold Project, has been signed over to the Company concurrent with a buy out agreement between the Company and York Mines. A payment of US\$ 150,000 and 50,000 common shares of the Company has initiated the buy out agreement. The remaining balance to complete this buyout is \$400,000.

Except for contracts entered into in the ordinary course of business, the Company has not entered into any material contracts during the most recently completed financial year other than those disclosed herein.

INTERESTS OF EXPERTS

Mr. Robert E. Thomason, M.Sc., L.Geo, prepared a National Instrument 43-101 technical report on the Reese River Project during the most recently completed financial year. As of the date hereof, the aforementioned person beneficially owns, respectively, directly or indirectly, less than 1% of the securities of the Company. Mr. Robert E. Thomason, M.Sc., L.Geo, was previously employed by the Company as the US Project Manager.

ADDITIONAL INFORMATION

This report has been reviewed by Larry Kornze, P.Eng, a "qualified person" within the meaning of National Instrument 43-101 of the Canadian Securities Administrators.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, securities authorized for issuance under equity compensation plans and interests of insiders in material transactions, where applicable, is contained in the Company's

Management Information Circular in respect of its most recent annual meeting of shareholders that involves the election of directors. Additional financial information is available in the Company's comparative audited consolidated financial statements, together with the auditors' report thereon, and the Company's management discussion and analysis for its most recently completed financial year.

A copy of this Annual Information Form, the Company's Information Circular for its most recent annual and special meeting and the financial statements (including any interim statements from the past financial year) may be obtained upon request made to the Secretary of the Company. A reasonable fee for copying may be charged if the request is made by a person who is not a registered security holder of the Company. These documents are also available free of charge from the Internet on the SEDAR website at www.sedar.com under the Company's name.

FORWARD LOOKING STATEMENTS

Certain statements contained in this AIF of the Company or any document filed with the Canadian regulatory authorities, or in any other written or oral communication by or on behalf of the Company that do not directly and exclusively relate to historical facts, may constitute forward-looking statements which reflect management's expectations regarding the Company's future growth, results of operations, performance and business prospects and opportunities. Investors are cautioned that all forward-looking statements involve risks and uncertainties, including, without limitation, changes in market and competition, technological and competitive developments, cooperation and performance of strategic partners, and potential downturns in economic conditions generally. Forward-looking statements are based on management's estimates, beliefs and opinions on the date the statements are made. The Company assumes no obligation to update forward-looking statements if circumstances of management's estimates, beliefs or opinions should change. Additional information on these and other potential factors that could affect the Company's financial results are detailed in documents filed from time to time with the British Columbia, Alberta and Ontario Securities Commissions.

EXHIBIT

Audit Committee Charter

The audit committee is a committee of the board of directors to which the board delegates its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits.

The audit committee will:

- (a) review and report to the board of directors of the Company on the following before they are published:
 - (i) the financial statements and MD&A (management discussion and analysis) (as defined in National Instrument 51-102) of the Company;
 - (ii) the auditors report, if any, prepared in relation to those financial statements,
- (b) review the Company's annual and interim earnings press releases before the Company publicly discloses this information,
- (c) satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures,
- (d) recommend to the board of directors:
 - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
 - (ii) the compensation of the external auditor
- (e) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting,
- (f) monitor, evaluate and report to the board of directors on the integrity of the financial reporting process and the system of internal controls that management and the board of directors have established,
- (g) monitor the management of the principal risks that could impact the financial reporting of the Company,
- (h) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters,
- (i) pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor,
- (j) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company, and

- (k) with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and the Chief Financial Officer to comply with Multilateral Instrument 52-109.

Composition of the Committee

The committee will be composed of 3 directors from the Company's board of directors, a majority of whom will be independent. Independence of the board members will be as defined by applicable legislation and as a minimum each committee member will have no direct or indirect relationship with the company which, in the view of the board of directors, could reasonably interfere with the exercise of a member's independent judgment. All members of the committee will be financially literate as defined by applicable legislation. If, upon appointment, a member of the committee is not financially literate as required, the person will be provided a three month period in which to achieve the required level of literacy.

Authority

The committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the committee will set the compensation for such advisors. The committee has the authority to communicate directly with and to meet with the external auditors and the internal auditor, without management involvement. This extends to requiring the external auditor to report directly to the committee.

Reporting

The reporting obligations of the committee will include:

1. reporting to the board of directors on the proceedings of each committee meeting and on the committee's recommendations at the next regularly scheduled directors meeting; and
2. reviewing, and reporting to the board of directors on its concurrence with, the disclosure required by Form 52-110F1 in any annual information form prepared by the Company.