Excaliber Enterprises, Ltd.
Form 10-K
March 17, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Fiscal Year Ended December 31, 2009

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Transition Period from __________ to _________

Commission File Number: 333-145977

EXCALIBER ENTERPRISES, LTD.
(Name of small business issuer in its charter)

| | |
|---|---|
| Nevada<br>(State or other jurisdiction of incorporation or organization) | 20-5093315<br>(I.R.S. employer identification number) |
| 13834 W. Hoyt Road<br>Rathdrum, Idaho<br>(Address of principal executive offices) | 83858<br>(Zip code) |

Issuer's telephone number: (208) 640-9633

Securities Registered Pursuant to Section 12(b) of the Act:

| Title of each class | Name of each exchange on which registered |
|---|---|
| None | None |

Securities Registered Pursuant to Section 12(g) of the Act:

None
(Title of class)

______

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [X] No [ ]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.:

| | | | |
|---|---|---|---|
| Large accelerated filer | [ ] | Accelerated filer | [ ] |
| Non-accelerated filer (Do not check if a smaller reporting company) | [ ] | Smaller reporting company | [X] |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes [X] No [ ]

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the most recent price at which the common equity was sold: $37,435 as of March 17, 2010.

The number of shares outstanding of each of the issuer's classes of common equity, as of March 17, 2010 was 5,848,707.

DOCUMENTS INCORPORATED BY REFERENCE

If the following documents are incorporated by reference, briefly describe them and identify the part of the Form 10-KSB (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy or information statement; and (3) any prospectus filed pursuant to Rule 424(b) or (c) of the Securities Act of 1933 ("Securities Act"). The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1990).

None.

Transitional Small Business Disclosure Format (Check one): Yes [ ] No [X]

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EXCALIBER ENTERPRISES, LTD.
FORM 10-K
For the year ended December 31, 2009

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## FORWARD LOOKING STATEMENTS

This Annual Report contains forward-looking statements about our business, financial condition and prospects that reflect our management's assumptions and beliefs based on information currently available. We can give no assurance that the expectations indicated by such forward-looking statements will be realized. If any of our assumptions should prove incorrect, or if any of the risks and uncertainties underlying such expectations should materialize, our actual results may differ materially from those indicated by the forward-looking statements.

The key factors that are not within our control and that may have a direct bearing on operating results include, but are not limited to, acceptance of our services, our ability to expand its customer base, managements' ability to raise capital in the future, the retention of key employees and changes in the regulation of our industry.

There may be other risks and circumstances that management may be unable to predict. When used in this Report, words such as, "believes," "expects," "intends," "plans," "anticipates," "estimates" and similar expressions are intended to identify and qualify forward-looking statements, although there may be certain forward-looking statements not accompanied by such expressions.

## PART I

## DESCRIPTION OF BUSINESS

### Business Development and Summary

Excaliber Enterprises, Ltd. was incorporated in the State of Nevada on October 6, 2005.

Our administrative office is located at 13834 W. Hoyt Road, Rathdrum, ID 83858.

Our fiscal year end is December 31.

### Business of Issuer

### Principal Products and Principal Markets

Our business purpose is to market specialty gift baskets to real estate and health care professionals and organizations through the Internet. We plan to offer potential customers the ability to choose from a variety of gift baskets that will be pre-designed by Stephanie Jones, our President. Our proposed gift baskets can be given as thank yous, gifts or rewards to clients, patients, employees or associates. For example, a realtor, whose client just purchased a new home, can order either a home essentials basket containing household cleaners and supplies or a housewarming basket with gourmet foods. In targeting the medical community, a sample get-well basket could include activity books and aspirin. We have not yet designed any gift basket ideas and thus do not currently have any catalog of items to sell.

We are developing a website at www.ExcaliberStore.com, which serves as our base of operations and the sole method through which we will generate sales. The site is our singular storefront, through which we will market, sell, and distribute gift baskets. To date, we have not identified or contacted any manufacturers or suppliers.

The baskets and products we plan to place in the baskets will purchased from outside sources. We are in the process of identifying suppliers and manufacturers, and have not made any determination which, if any we will contact. We will not manufacture or produce any item. Instead, we will seek to purchase these items from outside sources and assemble them in the pre-designed format. Assembly of baskets is intended to be done in-house by our management. In the event we are unable to handle assembly and fulfillment in-house, we may seek to outsource these functions to independent third parties. We will not manufacture or produce any item ourselves. We are still in the development stage, and we do not have any saleable inventory and have not yet identified any specific products, suppliers or fulfillment companies.

Additionally, our management believes that we may be able to acquire good and services from existing third-party specialty gift companies. We are in the process of identifying companies with merchandising programs that will allow us to either list and sell their existing inventory of baskets or earn commissions based upon sales affected by us. We have not identified any such third-party companies from which to purchase pre-manufactured baskets and cannot guarantee that we will be able to obtain such baskets at a preferred or reasonable price.

Distribution Methods of the Products and Services

We expect to use general parcel and postal services as our distribution methods to fulfill customer orders. Such services include, without limitation, United Parcel Service, DHL, Federal Express and the United States Postal Service.

Industry Background and Competition

The market for gift baskets is very competitive and highly fragmented. There are numerous existing and potential competitors selling gift baskets. Our management believes that national chains that offer a large selection of merchandise compete directly, yet co-exist, with smaller companies that have either a regional presence, single locations or are strictly Internet-based. We expect to compete with many online and physical gift basket retailers, which we believe can be divided into several groups:

1. National chains and franchises, such as Harry & David and Hickory Farms;
2. Catalog retailers and Internet-based companies, such as Red Envelope and Blue Nile; and
3. Local and regional companies that cater to a limited geographic area and/or a niche market; and

Our management believes there exists a significant number of competitors selling relatively similar and competitively priced merchandise. In addition, convenience and reliability, as well as quality of customer service and the breadth and depth of product selection characterize the market for gift baskets. We are a start-up company without a base of operations and lacking an ability to generate sales. As such, our competitive position is unfavorable in the general marketplace. Unless we implement our planned operations and begin to generate revenues, we will not be able to maintain our operations.

Significantly, all of our current and potential traditional competitors have longer operating histories, larger customer or user bases, greater brand recognition and significantly greater financial, marketing and other resources than we do. Our competitors may be able to secure products from vendors on terms that are more favorable, fulfill customer orders more efficiently and adopt more aggressive pricing or inventory availability policies than we can. Traditional store-based retailers also enable customers to see and feel products in a manner that is not possible over the Internet. Many of these current and potential competitors can devote substantially more resources to Web site and systems development than we can. In addition, larger, more well-established and financed entities may acquire, invest in or form joint ventures with online competitors or gift basket companies as the use of the Internet and other online services increases.

Need for Government Approval of Principal Products

While we believe we are and will be in substantial compliance with the laws and regulations which regulate our business, and that we possess all the licenses required in the conduct of our business, the failure to comply with any of those laws or regulations, or the imposition of new laws or regulations could negatively impact our proposed business.

Number of total employees and number of full time employees

We are currently in the development stage. During the development stage, we plan to rely exclusively on the services of Stephanie Jones, President and director, and Matthew Jones, our Secretary, Treasurer and director, to set up our business operations. Both Mr. and Mrs. Jones currently work for us on a part-time basis and each expect to devote approximately 10-20 hours per week to our business, or as needed. There are no other full- or part-time employees. We believe that our operations are currently on a small scale that is manageable by these individuals.

Reports to Security Holders

1. We will furnish shareholders with annual financial reports certified by our independent registered public accountants.

2. We are a reporting issuer with the Securities and Exchange Commission. We file periodic reports, which are required in accordance with Section 15(d) of the Securities Act of 1933, with the Securities and Exchange Commission to maintain the fully reporting status.

3. The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20002. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings will be available on the SEC Internet site, located at http://www.sec.gov.

## RISK FACTORS

Our officers and directors work for us on a part-time basis. As a result, we may be unable to develop our business and manage our public reporting requirements.

Our operations depend on the efforts of Stephanie Jones, our President and director, and Matthew Jones, our Secretary, Treasurer and director. Neither Mr. nor Mrs. Jones has experience related to public company management, nor as a principal accounting officer. Because of this, we may be unable to offer and sell the shares in this offering and develop and manage our business. We cannot guarantee you that we will overcome any such obstacle.

Both Mr. and Mrs. Jones are involved in other business opportunities and may face a conflict in selecting between Excaliber and their other business interests. We have not formulated a policy for the resolution of such conflicts. If we lose either or both Mr. and Mrs. Jones to other pursuits without a sufficient warning we may, consequently, go out of business.

Investors may lose their entire investment if we fail to implement our business plan.

Excaliber Enterprises, Ltd. was formed in October 2005. We have no demonstrable operations record, on which you can evaluate our business and prospects. Our prospects must be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by companies in their early stages of development. These risks include, without limitation, competition, the absence of ongoing revenue streams, inexperienced management and lack of brand recognition. Excaliber Enterprises cannot guarantee that we will be successful in executing our proposed gift basket business and accomplishing our objectives. To date, we have not generated any revenues and may incur losses in the foreseeable future. If we fail to implement and create a base of operations for our proposed business, we may be forced to cease operations, in which case investors may lose their entire investment.

If we are unable to continue as a going concern, investors may face a complete loss of their investment.

We have yet to commence our planned merchandising operations. As of the date of this annual report, we have had only limited start-up operations and generated no revenues. Taking these facts into account, our independent registered public accounting firm has expressed substantial doubt about our ability to continue as a going concern in the independent registered public accounting firm’s report to the financial statements included in the registration statement, of which this prospectus is a part. If our business fails, the investors in this offering may face a complete loss of their investment.

Investors will have limited control over decision-making because principal stockholders, officers and directors of Excaliber Enterprises control the majority of our issued and outstanding common stock.

Stephanie Jones, an executive officer, employee and director, beneficially owns 98% of our issued and outstanding common stock. As a result of such ownership, investors will have limited control over matters requiring approval by our security holders, including the election of directors. Such concentrated control may also make it difficult for our stockholders to receive a premium for their shares of our common stock in the event we enter into transactions which require stockholder approval. In addition, certain provisions of Nevada law could have the effect of making it more difficult or more expensive for a third party to acquire, or of discouraging a third party from attempting to acquire, control of us. For example, Nevada law provides that not less than two-thirds vote of the stockholders is required to remove a director, which could make it more difficult for a third party to gain control of our Board of Directors. This concentration of ownership limits the power to exercise control by the minority shareholders.

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Excaliber Enterprises may not be able to attain profitability without additional funding, which may be unavailable.

We have limited capital resources. To date, we have not generated cash from our operations. Unless we begin to generate sufficient revenues from our proposed business objective of selling gift baskets to finance operations as a going concern, we may experience liquidity and solvency problems. Such liquidity and solvency problems may force us to go out of business if additional financing is not available. We have no intention of liquidating. In the event our cash resources are insufficient to continue operations, we intend to raise addition capital through offerings and sales of equity or debt securities. In the event we are unable to raise sufficient funds, we will be forced to go out of business and will be forced to liquidate. A possibility of such outcome presents a risk of complete loss of investment in our common stock.

Because of competitive pressures from competitors with more resources, Excaliber Enterprises may fail to implement its business model profitably.

The market for customers is intensely competitive and such competition is expected to continue to increase. We expect to compete with many online and physical companies specialized in selling gift products, such as Harry and David and Wine Country Gifts. Generally, our actual and potential competitors have longer operating histories, greater financial and marketing resources, greater name recognition and an entrenched client base. Therefore, many of these competitors may be able to devote greater resources to attracting customers and preferred vendor pricing. There can be no assurance that our current or potential competitors will not stock comparable or superior products to those to we expect to offer. Increased competition could result in lower than expected operating margins or loss of market share, any of which would materially and adversely affect our business, results of operation and financial condition.

We may be unable to generate sales without sales, marketing or distribution capabilities.

We have not commenced our planned business of selling pre-designed specialty gift baskets via the Internet and do not have any sales, marketing or distribution capabilities. We cannot guarantee that we will be able to develop a sales and marketing plan or to develop an effective chain of distribution. In the event we are unable to successfully implement these objectives, we may be unable to generate sales and operate as a going concern.

We may not be able to generate sales because consumers may choose not to shop online.

We may not be able to attract potential customers who shop in traditional retail stores to shop on our proposed web site. Furthermore, we may incur significantly higher and more sustained advertising and promotional expenditures than anticipated to attract online shoppers and to convert those shoppers into purchasing customers. As a result, we may not be able to achieve profitability, and even if we are successful at attracting online customers, we expect it could take several years to build a substantial customer base.

Failure by us to respond to changes in consumer preferences could result in lack of sales revenues and may force us out of business.

Any change in the preferences of our potential customers, or in the gift products industry in general, that we fail to anticipate and adapt to could reduce the demand for our proposed specialty gift baskets that we intend to sell. Decisions about our focus and the specific products we plan to offer will often be made in advance of entering the marketplace. Failure to anticipate and respond to changes in consumer preferences and demands could lead to, among other things, customer dissatisfaction, failure to attract demand for our proposed products and lower profit margins.

We may be unable to obtain sufficient quantities of quality merchandise on acceptable commercial terms because we do not have long-term distribution and manufacturing agreements.

We have not yet commenced our planned business of selling pre-designed specialty gift baskets via the Internet and do not have any sales, marketing or distribution capabilities. We cannot guarantee that we will be able to develop a sales and marketing plan or to develop an effective chain of distribution. In the event we are unable to successfully implement these objectives, we may be unable to generate sales and operate as a going concern.

Our revenue and gross margin could suffer if we fail to manage our inventory properly.

Our business depends on our ability to anticipate our needs for our as yet unidentified products and suppliers' ability to deliver sufficient quantities of products at reasonable prices on a timely basis. Given that we are in the development stage, we may be unable to accurately anticipate demand and manage inventory levels that could seriously harm us. If predicted demand is substantially greater than consumer purchases, there will be excess inventory. In order to secure inventory, we may make advance payments to suppliers, or we may enter into non-cancelable commitments with vendors. If we fail to anticipate customer demand properly, a temporary oversupply could result in excess or obsolete inventory, which could adversely affect our gross margin.

Excaliber Enterprises may lose its top management without employment agreements.

Our operations depend substantially on the skills and experience of Stephanie Jones, our President and director, and Matthew Jones, our Secretary, Treasurer and director. We have no other full- or part-time employees besides these individuals. Furthermore, we do not maintain key man life insurance on either of these two individuals. Without employment contracts, we may lose either or both of our officers and directors to other pursuits without a sufficient warning and, consequently, go out of business.

Both of our officers and directors are involved in other business opportunities and may face a conflict in selecting between our company and their other business interests. In the future, either Mr. or Mrs. Jones may also become involved in other business opportunities. We have not formulated a policy for the resolution of such conflicts. If we lose either or both of Mr. or Mrs. Jones to other pursuits without a sufficient warning we may, consequently, go out of business.

Our internal controls may be inadequate, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Exchange Act Rule 13a-15(f), internal control over financial reporting is a process designed by, or under the supervision of, the principal executive and principal financial officer and effected by the board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements. Our internal controls may be inadequate or ineffective, which could cause our financial reporting to be unreliable and lead to misinformation being disseminated to the public. Investors relying upon this misinformation may make an uninformed investment decision.

The costs and expenses of SEC reporting and compliance may inhibit our operations.

After the effectiveness of this registration statement, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended. The costs of complying with such requirements may be substantial. In the event we are unable to establish a base of operations that generates sufficient cash flows or cannot obtain additional equity or debt financing, the costs of maintaining our status as a reporting entity may inhibit out ability to continue our operations.

Because our common stock is deemed a low-priced "Penny" stock, an investment in our common stock should be considered high risk and subject to marketability restrictions.

Since our common stock is a penny stock, as defined in Rule 3a51-1 under the Securities Exchange Act, it will be more difficult for investors to liquidate their investment even if and when a market develops for the common stock. Until the trading price of the common stock rises above $5.00 per share, if ever, trading in the common stock is subject to the penny stock rules of the Securities Exchange Act specified in rules 15g-1 through 15g-10. Those rules require broker-dealers, before effecting transactions in any penny stock, to:

1. Deliver to the customer, and obtain a written receipt for, a disclosure document;

2. Disclose certain price information about the stock;

3. Disclose the amount of compensation received by the broker-dealer or any associated person of the broker-dealer;

4. Send monthly statements to customers with market and price information about the penny stock; and

5. In some circumstances, approve the purchaser's account under certain standards and deliver written statements to the customer with information specified in the rules.

Consequently, the penny stock rules may restrict the ability or willingness of broker-dealers to sell the common stock and may affect the ability of holders to sell their common stock in the secondary market and the price at which such holders can sell any such securities. These additional procedures could also limit our ability to raise additional capital in the future.

FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, the Financial Industry Regulatory Authority (FINRA) has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability! to buy and sell our stock and have an adverse effect on the market for our shares.

## UNRESOLVED STAFF COMMENTS

None.

## PROPERTIES

Excaliber Enterprises, Ltd. uses office space at 13834 W. Hoyt Road, Rathdrum, ID 83858. Mr. and Mrs. Jones, the directors and officers, are providing the office space, located their primary residence, at no charge to us. We believe that this arrangement is suitable given that our current operations are primarily administrative. We also believe that we will not need to lease additional administrative offices for at least the next 12 months. There are currently no proposed programs for the renovation, improvement or development of the facilities we currently use.

Our management does not currently have policies regarding the acquisition or sale of real estate assets primarily for possible capital gain or primarily for income. We do not presently hold any investments or interests in real estate, investments in real estate mortgages or securities of or interests in persons primarily engaged in real estate activities.

## LEGAL PROCEEDINGS

No Director, officer, significant employee, or consultant of Excaliber Enterprises, Ltd. has been convicted in a criminal proceeding, exclusive of traffic violations.

No Director, officer, significant employee, or consultant of Excaliber Enterprises, Ltd. has been permanently or temporarily enjoined, barred, suspended, or otherwise limited from involvement in any type of business, securities or banking activities.

No Director, officer, significant employee, or consultant of Excaliber Enterprises, Ltd. has been convicted of violating a federal or state securities or commodities law.

Excaliber Enterprises, Ltd. is not a party to any pending legal proceedings.

No director, officer, significant employee or consultant of Excaliber Enterprises, Ltd. has had any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

# PART II

## MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS MARKET INFORMATION FOR COMMON STOCK

Market information

There is no established public trading market for our securities and a regular trading market may not develop, or if developed, may not be sustained. A shareholder in all likelihood, therefore, will not be able to resell his or her securities should he or she desire to do so when eligible for public resale. Furthermore, it is unlikely that a lending institution will accept our securities as pledged collateral for loans unless a regular trading market develops. We have no plans, proposals, arrangements or understandings with any person with regard to the development of a trading market in any of our securities.

Holders

As of the date of this prospectus, Excaliber Enterprises, Ltd. has 5,848,707 shares of $0.001 par value common stock issued and outstanding held by 24 shareholders of record. Our Transfer Agent is Holliday Stock Transfer, Inc., 2939 N. 67th Place, Suite C, Scottsdale, Arizona 85251, phone (480) 481-3940.

Dividends

Excaliber Enterprises, Ltd. has never declared or paid any cash dividends on its common stock. For the foreseeable future, Excaliber Enterprises intends to retain any earnings to finance the development and expansion of its business, and it does not anticipate paying any cash dividends on its common stock. Any future determination to pay dividends will be at the discretion of the Board of Directors and will be dependent upon then existing conditions, including Excaliber Enterprises' financial condition and results of operations, capital requirements, contractual restrictions, business prospects and other factors that the board of directors considers relevant.

Recent Sales of Unregistered Securities

In June 2006, we issued 5,000,000 shares of our common stock to Stephanie Jones, our founding shareholder and an officer and director. This sale of stock did not involve any public offering, general advertising or solicitation. The shares were issued in exchange for services performed by the founding shareholder on our behalf in the amount of $5,000. Mrs. Jones received compensation in the form of common stock for performing services related to the formation and organization of our Company, including, but not limited to, designing and implementing a business plan and providing administrative office space for use by the Company; thus, these shares are considered to have been provided as founder's shares. Additionally, the services are considered to have been donated, and have resultantly been expensed and recorded as a contribution to capital. At the time of the issuance, Mrs. Jones had fair access to and was in possession of all available material information about our company, as she is an officer and director of Excaliber Enterprises, Ltd. The shares bear a restrictive transfer legend. Based on these facts, we claim that the issuance of stock to our founding shareholder qualifies for the exemption from registration contained in Section 4(2) of the Securities Act of 1933.

On September 25, 2006, we sold 100,000 shares of our common stock to Nicole Jones, sister of Matthew Jones and sister-in-law of Stephanie Jones, officers and directors of the company. The shares were issued at a price of $0.05 per share for total cash in the amount of $5,000. This September 2006 transaction involved no general solicitation and the shares bear a restrictive transfer legend. Ms. Nicole Jones was provided fair access to our corporate books and records and was given the opportunity to ask questions of us. Based on these facts, we claim that the issuance of stock to Ms.

Nicole Jones qualifies for the exemption from registration contained in Section 4(2) of the Securities Act of 1933.

## MANAGEMENT'S DISCUSSION AND PLAN OF OPERATIONS

### Forward-Looking Statements

The statements contained in all parts of this document that are not historical facts are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements include, but are not limited to, those relating to the following: the Company's ability to secure necessary financing; expected growth; future operating expenses; future margins; fluctuations in interest rates; ability to continue to grow and implement growth, and regarding future growth, cash needs, operations, business plans and financial results and any other statements that are not historical facts.

When used in this document, the words "anticipate," "estimate," "expect," "may," "plans," "project," and similar expressions are intended to be among the statements that identify forward-looking statements. Excaliber Enterprises, Ltd.'s results may differ significantly from the results discussed in the forward-looking statements. Such statements involve risks and uncertainties, including, but not limited to, those relating to costs, delays and difficulties related to the Company's dependence on its ability to attract and retain skilled managers and other personnel; intense competition; the uncertainty of the Company's ability to manage and continue its growth and implement its business strategy; its vulnerability to general economic conditions; accuracy of accounting and other estimates; the Company's future financial and operating results, cash needs and demand for services; and the Company's ability to maintain and comply with permits and licenses; as well as other risk factors described in this Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those projected.

Management's Discussion and Results of Operations

We were incorporated in the State of Nevada on October 6, 2005. Since our inception on October 6, 2005 to December 31, 2009, we did not generate any revenues and have incurred various general and administrative costs related to the costs of start-up operations and the execution of our business. In prior periods, the state of the economy has impeded our ability to develop our operations. However, during the third quarter of 2009, our officers and directors received informal interest in our gift baskets from prior personal contacts. As a result, we have attempted to restructure our operational approach, infrastructure and financing requirements, as discussed herein.

Operating Expenses

During the year ended December 31, 2009, total expenses were $21,968, consisting of depreciation expense of $428, related specifically to our computer equipment, and general and administrative costs in the amount of $21,540. General and administrative expense was comprised primarily of $16,345 in professional fees and $5,000 in accounting fees. In the comparable year ended December 31, 2008, expenses were $16,386, of which $36 was attributable to depreciation expense and $16,350 in general and administrative expenses. During this period, general and administrative expenses included $12,208 in professional fees and $4,000 in accounting fees.

Since our inception, we have incurred aggregate operating expenses in the amount of $48,569, of which $464 is due to depreciation expense, $5,000 in executive compensation, related specifically to the issuance of 5,000,000 shares of common stock to Stephanie Jones, an officer and director, for services rendered in June 2006, and general and administrative expenses in the amount of $43,105. No development related expenses have been or will be paid to our affiliates. We expect to continue to incur general and administrative expenses for the foreseeable future. Although we cannot estimate the extent of these costs, we do anticipate expenses rising during the fourth quarter of 2009 and the first half of 2010, related to our renewed pursuit of our business objectives.

Provision of Income Taxes

Although we are incorporated in the State of Nevada, we do business in the State of Idaho, which charges a minimum tax payable for $30. In the years ended December 31, 2009 and 2008, we recorded a provision for income taxes of $30 and $30, respectively. Since our inception to December 31, 2009, we recorded total provisions for income taxes of $90.

Net Loss

As a result of our lack of revenues and incurring ongoing expenses related to the implementation of our business, we have experienced net losses in all periods since our inception. In the year ended December 31, 2009, our net loss totaled $21,998, compared to a net loss of $16,416 in the year ended December 31, 2008. Since our inception, we have accumulated a deficit in the amount of $48,659.

Liquidity

Our management believes that our cash on hand as of December 31, 2009 in the amount of $556 is not sufficient to maintain our current minimal level of operations and to execute our planned objectives for the next approximately 12 months. As of December 31, 2009, we owed $1,000 in accounts payable to vendors and service providers. Additionally, we have a note payable of $500, owed to a related party that bears no interest and is due on demand. We may be unable to satisfy any of our financial obligations. Our ability to fund our operating expenses are in doubt, and we cannot guarantee that we will be able to satisfy such. As a result, our independent auditors have expressed substantial doubt about our ability to continue as a going concern in the independent auditors' report to the financial statements included in our 10-K. If our business fails, our investors may face a complete loss of their investment.

In an effort to obtain working capital and funds in anticipation of pursuing our plan to establish our brand, which is set forth herein, on August 19, 2009, we entered into a Revolving Line of Credit with a non-related, third party entity for a total of $20,000. Any principal balance borrowed against the Note accrues interest at a rate of 10% per year. The entire unpaid balance and interest accrued thereupon are due on September 1, 2010. As December 31, 2009, we have not drawn any funds on this line of credit and our balance owed is $0.

Unfortunately, despite having secured a line of credit for $20,000, there can be guarantee that we can implement our new strategy or that our strategy will lead to revenues and positive cash flows. If we are unable to generate cash flows with which to repay the line of credit, as well as our other existing liabilities, or if we require additional capital to maintain or expand our operations, we may need to sell additional equity or debt securities, which may be on terms unfavorable to us.

Plan of Operation

During the year ended December 31, 2009, our officers and directors received inquiries about our products and services. Our management believes that, while inquiries do not directly equal sales, these are signs of a resurgent market for corporate and personal gifts and could potentially lead to sales. Our management attributes this resurrected interest to the recovery of the stock market and various segments of the economy stabilizing. For instance, the real estate activity has shown a pickup in activity and an easing of price declines. Our management believes this turn around in the general business climate has led to a slight recovery in discretionary spending, as well as an availability of investment capital and business credit.

In anticipation of the improving market for gift baskets and increased consumer and business spending, we have secured a revolving line of credit in the amount of $20,000. We intend to use the funds from this line of credit to implement the following objectives:

Improve our website: We have a website located at www.ExcaliberStore.com to serve as our primary method of attracting customers and generating sales. The website is merely functional without e-commerce capability at this time. We are in the process of improving our website through adding e-commerce functionality and improving the user interface. There are options we are evaluating in terms of software for and outsourcing the processing of payments. We have budgeted up to $6,000 to the redesign of our site and for the purchase of software.

We are also contemplating creating accounts with websites that already have e-commerce functionality enabled, whereby we would pay either a nominal fee or commission for sales and payment processing. This option would allow us to conserve capital in that: (a) we would not have to hire a web developer to redesign the site; (b) we would not have to purchase special software; and (c) we would not have to set-up a merchant account.

Implement marketing and advertising: Once we determine our approach to e-commerce, we will implement a web advertising campaign using services provided by Google, Bing and Yahoo. The amount we budget to undertake web advertising activities will depend substantially upon whether we invest in developing an e-commerce website or enter into partnerships with other websites. At this time, we have allocated up to $10,000 of our line of credit, if necessary, toward web advertising.

In addition to web marketing, we also plan to take a direct sales approach, whereby our officers will attempt to generate interest and awareness of our brand. Direct sales is not expected to require a material outlay of funds, other than for business cards, brochures and other print materials. As such, we have allotted up to $2,000 to use for direct sales materials.

Our management does not anticipate the need to hire additional full- or part- time employees over the next 12 months, as the services provided by our current officers and directors appear sufficient at this time. Our officers and directors work for us on a part-time basis, and are prepared to devote additional time, as necessary. We do not expect to hire any additional employees over the next 12 months.

Our management does not expect to incur research and development costs.

We do not have any off-balance sheet arrangements.

We currently do not own any significant plant or equipment that we would seek to sell in the near future.

We have not paid for expenses on behalf of our directors. Additionally, we believe that this fact shall not materially change.

We currently do not have any material contracts and or affiliations with third parties.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on our revenues from continuing operations.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following documents (pages F-1 to F-12) form part of the report on the Financial Statements

Excaliber Enterprises, Ltd.
(A Development Stage Company)
Audited Financial Statements
December 31, 2009

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WEAVER & MARTIN

To the Board of Directors and Stockholders
Excaliber Enterprises, Ltd.
Rathdrum, ID

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have audited the accompanying balance sheet of Excaliber Enterprises, Ltd. (A Development Stage Company) as of December 31, 2009 and 2008 and the related statements of operations, stockholders' deficit, and cash flows for the years then ended, and the period of October 6, 2005 (Inception) to December 31, 2009. Excaliber Enterprises, Ltd.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. Our audit of the financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Excaliber Enterprises, Ltd. as of December 31, 2009 and 2008 and the results of its operations, stockholders' deficit, and cash flows for the years then ended and the period of October 6, 2005 (Inception) to December 31, 2009 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company has suffered recurring losses from operations and is dependent upon the continued sale of its securities or obtaining debt financing for funds to meet its cash requirements. These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Weaver & Martin, LLC

Weaver & Martin, LLC
Kansas City, Missouri
March 17, 2010

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Excaliber Enterprises, Ltd.
(a Development Stage Company)
Balance Sheets

| | December 31, 2009 | 2008 |
|---|---|---|
| Assets | | |
| Current assets: | | |
| Cash | $556 | $21,812 |
| Total current assets | 556 | 21,812 |
| | | |
| Fixed assets, net of accumulated depreciation of $464 and $36 as of 12/31/09 and 12/31/08, respectively | 820 | 1,248 |
| | | |
| Total assets | $1,376 | $23,060 |
| | | |
| Liabilities and Stockholders' Equity (Deficit) | | |
| | | |
| Current liabilities: | | |
| Accounts payable | $1,000 | $2,186 |
| Notes payable – related party | 500 | 500 |
| Total current liabilities | 1,500 | 2,686 |
| | | |
| Stockholders' equity | | |
| Common stock, $0.001 par value, 200,000,000 shares authorized, 5,848,700 and 5,100,000 shares issued and outstanding as of 12/31/08 and 12/31/07 | 5,849 | 5,849 |
| Additional paid-in capital | 42,686 | 41,186 |
| (Deficit) accumulated during development stage | (48,659) | (26,661) |
| Total stockholders' equity (deficit) | (124) | 20,374 |
| | | |
| Total liabilities and stockholders' equity (deficit) | $1,376 | $23,060 |

The accompanying notes are an integral part of these financial statements.

Excaliber Enterprises, Ltd.
(a Development Stage Company)
Statements of Operations

| | For the years ended December 31, 2009 | 2008 | October 6, 2005 (Inception) to December 31, 2009 |
|---|---|---|---|
| Revenue | $ - | $ - | $ - |
| | | | |
| Expenses: | | | |
| Depreciation expense | 428 | 36 | 464 |
| Executive compensation | - | - | 5,000 |
| General and administrative expenses | 21,540 | 16,350 | 43,105 |
| Total expenses | 21,968 | 16,386 | 48,569 |
| | | | |
| (Loss) before provision for income taxes | (21,968) | (16,386) | (48,569) |
| | | | |
| Provision for income taxes | (30) | (30) | (90) |
| | | | |
| Net (loss) | $ (21,998) | $ (16,416) | $ (48,659) |
| | | | |
| Weighted average number of common shares outstanding - basic and fully diluted | 5,848,707 | 5,202,282 | |
| | | | |
| Net (loss) per share-basic and fully diluted | $ (0.00) | $ (0.00) | |

The accompanying notes are an integral part of these financial statements.

Excaliber Enterprises, Ltd.
(a Development Stage Company)
Statements of Stockholders' Equity (Deficit)

| | Common Stock | | Additional | (Deficit) Accumulated During | Total |
|---|---|---|---|---|---|
| | Shares | Amount | Paid-in Capital | Development Stage | Stockholders' Equity |
| Balance, December 31, 2006 | | | | | |