

Consolidated Financial Statements
Years Ended May 31, 2014 and 2013
(In Canadian dollars)

INDEX

Independent Auditors' Report	1
Consolidated Statements of Financial Position	2
Consolidated Statements of Loss and Comprehensive Loss	3
Consolidated Statements of Cash Flows	4
Consolidated Statements of Changes in Shareholders' Equity	5
Notes to the Consolidated Financial Statements	6-25

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Excalibur Resources Ltd.

We have audited the accompanying consolidated financial statements of Excalibur Resources Ltd. and its subsidiaries, which comprise the consolidated statements of financial position as at May 31, 2014 and May 31, 2013 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years ended May 31, 2014 and May 31, 2013 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Excalibur Resources Ltd. and its subsidiaries as at May 31, 2014 and May 31, 2013 and its financial performance and its cash flows for the years ended May 31, 2014 and May 31, 2013 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of material uncertainties that may cast significant doubt about the company's ability to continue as a going concern.

Collins Barrow Toronto LLP

Collins Barrow Toronto LLP
Licensed Public Accountants
Chartered Accountants
September 29, 2014

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Excalibur Resources Ltd.

Consolidated Statements of Financial Position
(In Canadian dollars)

As at	May 31, 2014	May 31, 2013
	$	$
Assets		
Current		
Cash	**13,452**	**1,695,545**
Prepaid expenses and sundry receivables	**102,993**	**50,568**
VAT and HST receivables *(Note 4)*	**109,490**	**289,294**
	225,935	**2,035,408**
Non-current		
VAT receivable	**211,697**	**-**
Exploration and evaluation assets *(Note 5)*	**4,363,038**	**4,731,900**
Reclamation bonds and guarantee deposits *(Note 6)*	**24,062**	**22,879**
Property, plant and equipment *(Note 7)*	**313,260**	**247,599**
	5,137,992	**7,037,786**
Liabilities		
Current		
Trade and other payables	**188,587**	**223,414**
	188,587	**223,414**
Non-current		
Rehabilitation provision *(Note 6)*	**10,000**	**10,000**
	198,587	**233,414**
Shareholders' Equity		
Capital stock (*Note 8*)	**16,719,348**	**16,375,401**
Warrants *(Note 9)*	**156,053**	**619,358**
Contributed surplus	**3,516,123**	**2,592,375**
Deficit	**(15,452,119)**	**(12,782,762)**
	4,939,405	**6,804,372**
	5,137,992	**7,037,786**

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 17)

APPROVED BY THE BOARD:

Signed "Andrew Robertson", Director

Signed "Tim Gallagher", Director

See accompanying notes to the consolidated financial statements

Excalibur Resources Ltd.

Consolidated Statements of Loss and Comprehensive Loss
(In Canadian dollars)

Years Ended May 31	**2014**	2013
	$	$
Corporate administrative expenses		
Impairment loss *(Note 5)*	**1,990,491**	-
Share-based compensation *(Note 10)*	**304,388**	203,894
Management and administrative fees	**155,474**	229,040
Promotional and investor relations	**139,255**	335,237
Depreciation	**120,986**	116,098
Office and general expenses	**41,777**	52,601
Professional and consulting fees	**30,073**	42,292
Regulatory and transfer agent	**29,982**	60,415
Total expenses	**(2,812,426)**	(1,039,577)
Other items		
Interest income	**62,338**	15,230
Gain on foreign exchange	**151,296**	13,970
Allowance for VAT	**(70,565)**	-
Net loss and comprehensive loss for the period	**(2,669,357)**	(1,010,377)
Loss per share – basic and diluted	**$0.034**	$0.014
Weighted average number of common shares outstanding – basic and diluted	**79,128,941**	71,996,397

See accompanying notes to the consolidated financial statements

Excalibur Resources Ltd.

Consolidated Statements of Cash Flows
(In Canadian dollars)

Years Ended May 31	**2014**	2013
	$	$
Operating activities		
Net (loss)	**(2,669,357)**	(1,010,377)
Items not affecting cash:		
Depreciation	**120,986**	116,098
Share-based compensation	**304,388**	203,894
Impairment loss	**1,990,491**	-
Allowance for VAT	**70,565**	
Reclamation bonds and guarantee deposits	**(1,183)**	-
Net changes in non-cash working capital		
Prepaid and VAT and HST receivables	**(154,883)**	(77,950)
Accounts payable and accrued liabilities	**(34,827)**	41,454
Cash used in operating activities	**(373,818)**	(726,881)
Investing activities		
Purchase of capital assets	**(186,646)**	(29,256)
Exploration and evaluation asset expenditures	**(1,621,629)**	(1,686,338)
Cash used in investing activities	**(1,808,275)**	(1,715,594)
Financing		
Shares issued pursuant to private placement	**500,000**	1,450,000
Shares issued for exercise of warrants	**-**	1,426,179
Cash provided by financing activities	**500,000**	2,876,179
Net change in cash	**(1,682,093)**	433,704
Cash, beginning of year	**1,695,545**	1,261,841
Cash, end of year	**13,452**	1,695,545

See accompanying notes to the consolidated financial statements

Excalibur Resources Ltd.

Consolidated Statements of Changes in Shareholders' Equity
(In Canadian dollars)

	Issued Capital		Equity Reserves			
	Number of Shares	Capital Stock $	Warrants $	Contributed Surplus $	Accumulated Deficit $	Total $
Balance – May 31, 2012	**64,166,500**	**13,253,793**	**1,218,924**	**1,904,876**	**(11,642,917)**	**4,734,676**
Shares issued for private placements, net of issue costs (Notes 8*(a)(b)*)	4,833,331	1,450,000	-	-	-	1,450,000
Shares issued upon exercise of warrants *(Note 8(c))*	9,425,000	1,671,608	(245,429)	-	-	1,426,179
Expired warrants *(Note 9)*	-	-	(483,605)	483,605	-	-
Extension of warrants *(Note 9(d)*	-	-	129,468	-	(129,468)	(129,468)
Share-based compensation *(Note 10)*	-	-	-	203,894		203,894
Net loss for the period	-	-	-	-	(1,010,377)	(1,010,377)
Balance – May 31, 2013	**78,424,831**	**16,375,401**	**619,358**	**2,592,375**	**(12,782,762)**	**6,804,372**
Share units issued for private placements *(Note 8)*	4,500,000	343,947	156,053	-	-	500,000
Expired warrants *(Note 9)*	-	-	(619,358)	619,358	-	-
Stock-based compensation *(Note 10)*	-	-	-	304,390	-	304,390
Net loss for the period	-	-	-	-	(2,669,357)	(2,669,357)
Balance – May 31, 2014	**82,924,831**	**16,719,348**	**156,053**	**3,516,123**	**(15,452,119)**	**4,939,405**

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Excalibur Resources Ltd. (“Excalibur” or the "Company") was incorporated under the laws of Canada on May 11, 1983. The Company's principal assets are 49% owned subsidiary Minera Catanava S.A. de C.V. and mining claims and exploration and evaluation expenditures made on properties which are not in commercial production. The Company is in the process of exploring its mining claims and has not yet determined whether or not the properties will contain economically recoverable reserves. The Company is listed on The Canadian Stock Exchange. The Company’s head office and principal address are located at 8 King St East, Suite 1010, Toronto, Ontario, Canada, M5C 3B5.

The current financial equity market conditions and the low price of the Company’s common shares make it difficult to raise funds by private placements of shares, making the success of any alternative financing ventures uncertain. This uncertainty, in conjunction with the Company’s inability to generate cash from operations, casts significant doubt upon the Company’s ability to continue as a going concern. In addition to obtaining funding through private placements, management is examining other strategic alternatives to address the uncertainties discussed above, including reorganizations, mergers, sales of assets, and other forms of debt and equity financing. There is no assurance that any of these endeavours will be successful.

These consolidated financial statements do not reflect any adjustments to the carrying values and classification of assets, or the amounts of, and classification of liabilities that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

The amounts shown in note 5 represent costs to date for property acquisition and exploration (including mineral claims and permits), less amounts written off, and do not necessarily reflect fair values. The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, securing financing to complete development, and ultimately upon future profitable production or proceeds from disposition of the mineral properties.

The Company’s consolidated financial statements were authorized for issue by the Board of Directors on September 29, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Excalibur Resources (US) Inc., which was inactive during the year, and a 49% interest in Minera Catanava S.A. de C.V., (“MCSA”), incorporated under the laws of Mexico. The other 51% is owned by Minera Apolo S.A. de C.V., (“MASA”). Both the Company and MASA can nominate two members to the board of directors of MCSA. After achieving commercial production, each party will participate based upon their pro rata share of MCSA. Until then, the Company has agreed to finance the continued exploration and development of the Catanava property. Excalibur’s interest in MCSA is considered a joint operation and the Company has accounted for its share of expenditures in MCSA.

2.2 Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2.3 Basis of Presentation

The consolidated financial statements are prepared on a historical cost basis using the accrual basis of accounting except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair values. The accounting policies have been applied consistently throughout all periods presented in these consolidated financial statements.

2.4 Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reported periods. The most significant estimates are the recoverability of exploration and evaluation assets, valuation of stock options and warrants, amortization of property, plant and equipment and income tax accounts. Significant judgments by management include the Company's ability to continue as a going concern and the determination of functional currencies. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

2.5 Income Taxes

The Company follows the deferred tax method of accounting for income taxes. Deferred assets and liabilities are recognized for the future tax consequences attributable to the difference between consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to be recovered or settled. Deferred tax assets are recognized to the extent that realization of such benefits is probable.

2.6 Foreign Currency Translation

The functional currency of the Company and its subsidiaries Excalibur Resources (US) Inc. and Minera Catanava S.A. de C.V. is the Canadian dollar.

Foreign currency transactions are initially recorded in the functional currencies of the Company and its subsidiaries at the transaction date exchange rate. At closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate. All foreign currency adjustments are expensed, apart from adjustments on borrowing in foreign currencies, constituting a hedge for the net investment in a foreign entity. These adjustments are allocated directly to equity until the divestiture of the net investment.

2.7 Share Issuance Costs

Costs incurred in connection with the issuance of capital stock are netted against the proceeds received.

2.8 Property, Plant and Equipment

Property, plant and equipment are valued and recorded at cost less accumulated amortization. Amortization is recorded over the following estimated useful lives of the capitalized assets, on a straight-line basis:

Tools	5 years
Furniture and fixtures	5 years
Equipment	5 years
Computer equipment and software	3 years

2.9 Exploration and Evaluation Assets

Pre-exploration and evaluation expenditures

Exploration and evaluation costs incurred prior to acquiring the right to explore mining interests are capitalized as exploration and evaluation assets on a project-by-project basis. If the costs incurred cannot be directly attributed to a project that is going to be pursued beyond the pre-exploration and evaluation stage they are expensed.

Exploration and evaluation assets include mining interests

Exploration and evaluation costs, including the cost of acquiring licenses, are capitalized as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and the commercial viability of the project. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a license is relinquished or a project is abandoned, the related costs are expensed.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the property. Upon determination of proven reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to a separate category within tangible or intangible assets. Expenditures deemed to be unsuccessful are recognized in net income immediately.

Title
Ownership in mineral properties involves certain risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company

has investigated the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

2.10 Provisions and Decommissioning Liabilities (Asset Retirement Obligations)

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions, including asset retirement obligations, are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.11 Loss Per Share

Basic loss per share is calculated based on the weighted average number of shares outstanding. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods if the effects were not anti-dilutive.

The effect on the diluted loss per share on the exercise of the stock options and warrants described in Notes 9 and 10 would be anti-dilutive.

2.12 Share-Based Compensation

The Company has a share-based compensation plan as described in Note 10. The Company uses the fair-value based method to account for all share-based payments to employees granted after January 1, 2004 by measuring the compensation cost of the share-based payments using the Black-Scholes option-pricing model. For employee-related payments, the fair value of the share-based compensation is recorded as a charge to operations over the vesting period with a credit to contributed surplus. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

For equity-settled share-based compensation transactions, the Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case, the Company measures their fair value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instrument granted.

2.13 Financial Instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held-to-maturity, loans and receivables, FVTPL, available-for-sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income during the period. Held-to-maturity assets, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available-for-sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income, except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	FVTPL
Sundry receivables	Loans and receivables
Trade and other payables	Other liabilities
Rehabilitation provision	Other liabilities

The Company's financial instruments measured at fair value on the statement of financial position consist of cash. Cash is measured at level 1 of the fair value hierarchy. There are three levels of the fair value hierarchy as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

2.14 Impairment

(i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if i) the carrying amount of a cash-generating unit exceeds its estimated recoverable amount ii) substantive expenditure on further exploration in a specific area is neither budgeted nor planned, iii) exploration in an area has not led to the discovery of commercially viable quantities of mineral resources, or the results are not compelling enough to warrant further exploration, and the Company has decided to discontinue activities in the area; or (iv) sufficient data exists to indicate that, although exploration or development in an area is likely to proceed, the carrying amount of the mineral property is unlikely to be recovered in full from successful development or by sale.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income. Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income.

2.15 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

a) The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions. The nature and effect of the changes are explained below.

IAS 32 – ***Financial Instruments: Presentation*** ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Company conducted a review of the amendments to this standard and determined that the adoption of IAS 32 did not result in any material change to the consolidated financial statements.

IAS 39 – ***Financial Instruments: Recognition and Measurement*** ("IAS 39") was amended by the IASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting.

The Company conducted a review of the amendments to this standard and determined that the adoption of IAS 39 did not result in any material change to the consolidated financial statements.

IFRIC 21 - *Levies* ("IFRIC 21") sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognized.

The Company conducted a review of this new interpretation and determined that the adoption of IFRIC 21 did not result in any material change to the consolidated financial statements.

b) The following has not yet been adopted and is still being evaluated to determine the impact, in any, on the Company's consolidated financial statements:

IFRS 9 - Financial Instruments ("IFRS 9") introduces new requirements for the classification, measurement and derecognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. The IASB has issued an amendment to IFRS 9 Financial Instruments ("IFRS 9"), which changes the effective date of IFRS 9 (2009) and IFRS 9 (2011), so that IFRS 9 is required to be applied for annual periods beginning on or after January 1, 2018, with early application permitted. This amendment was released in connection with IFRS 7 Financial Instruments: Disclosures – Transition Disclosures ("IFRS 7") which outlines that, with the amendments to IFRS 9, entities applying IFRS 9 do not need to restate prior periods but are required to apply modified disclosures.

4. VALUE-ADDED TAXES RECEIVABLES

The Company's value-added taxes receivable arise from two main sources – harmonized services tax ("HST") recoverable from the Canadian government taxation authority ("CRA") and value-added taxes ("VAT") recoverable from the Mexican government taxation authority ("SAT").

HST is readily recoverable from the CRA and the Company files the standard HST forms, quarterly. Although the Company has also filed the required forms to apply for VAT refunds, the Company has yet to receive a cash refund from SAT. However, the Company is permitted to apply VAT credits in lieu of submitting certain payroll source deductions. To date the Company has applied approximately 33% of the VAT owing to the Company, to reduce payroll taxes payable.

Value-added taxes receivable, at May 31, is as follows:

	2014	2013
HST receivable	15,402	19,474
VAT receivable - current	94,088	269,820
VAT receivable - non-current	282,262	-
Total	391,752	289,294
Allowance for VAT receivable	(70,565)	-
Net	321,187	289,294

At May 31, 2014, the Company anticipates full recovery of these amounts, either in cash or as credits to offset other taxes payable, and therefore no impairment has been recorded against these receivables. However, the Company has no control over the timing of the recoveries, especially in Mexico and has reclassified a portion of the VAT receivable as non-current as it does not anticipate full recovery of this receivable before year end 2015.

5. EXPLORATION AND EVALUATION ASSETS

(a) Minera Catanava

On September 22, 2010 the Company signed an agreement (the "Agreement") with Minera Apolo S.A. de C.V. ("MASA") under which the Companies agreed to form a company called Minera Catanava S.A. de C.V ("MCSA"). MCSA is focused on the completion of a 150 tonne-per-day ("tpd") gold-silver operation on its 143 hectare Catanava property within the Municipality of Pinos, State of Zacatecas, Mexico.

Pursuant to the terms of the agreement, MASA would provide the Catanava property to MCSA and the Company would provide the financing for the exploration and development of the Catanava mining operations including construction of the plant, for a 49% interest. After achieving commercial production, each party would participate based upon their pro rata share of MCSA.

On September 19, 2013 Excalibur signed an Addendum to the Agreement to which Catanava can acquire an additional approximately 3,157 hectares held by its 51% partner MASA within the Municipality of Pinos State of Zacatecas, Mexico, in exchange for the forgiveness of the $2,000,000 of loans that the Company had advanced to finance the construction and operations of the plant. In addition, MASA will receive 2,000,000 shares of Excalibur upon completion of the transfer of the mining claims, when signed, notarized and registered in the Public Mines Registry in Mexico City. Further commitments of the Company include:

i) Payment of US$8,000 per month for rent on the old tailings pond area for which the surface land title is held by MASA, after MCSA begins to generate US$100,000 per month in positive cash flow; and

ii) MCSA agrees to increase the production output in the existing plant to 600 tpd over the next three years.

On September 19, 2013 Excalibur signed a second Addendum to the Agreement whereby it will increase its ownership in the 49% owned MCSA subsidiary, by acquiring an 11% stake from the 51% of the common shares held by its partner MASA, for US$1,000,000 and a 2% Net Smelter Return (NSR) royalty on anything produced in the Pinos District, excluding production from the existing Catanava area with the following condition: the Company will make the cash payments in four installments of US$250,000 over 4 years after Catanava reaches full production of three shifts per day or after reaching production of at least 100 tpd, whichever comes first.

The Company continues to finance the ongoing exploration and development of the Catanava property.

(b) Cariboo Claims

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

From 2007 to 2012 (the "Acquisition Period") the Company renegotiated the original terms of the agreement and in July 2012, the Company acquired a 100% interest in the Cariboo Claims. Total consideration paid during the Acquisition Period, for the Claims' interest, which included cash, tax payments and the issuance of common shares, was $77,006. A total of $283,514 has been

expended to explore the property.

In order to focus its resources on its projects in Mexico and Peru, the Company has elected not to conduct any future exploration programs on the Cariboo Claims and has written down its carrying amount of $360,520 to nil.

(c) Sturgeon Lake Claims

The Company has 52 active claims registered in the Sturgeon Lake area of Ontario. Subsequent to year end the Company allowed 24 claims to lapse. Between March 2008 and November 2010, the Company conducted exploration on the claims.

After due consideration, and in order to focus its resources on its projects in Mexico and Peru, the Company has elected not to conduct any future exploration programs on the Sturgeon Lake Claims and has written down its carrying amount of $1,629,971 to nil.

(d) Other Projects

i) During the year the Company expended $19,276 on account of geological consulting fees and travel and other costs associated with project evaluation of several properties in Peru. Subsequent to year end the Company signed a letter of intent with Carbocol Peru S.A.C. ("Carbocol"), to purchase a 900 hectare gold concession held in the state of Piura in northern Peru, for shares. *See Subsequent Events – Note 18.*

ii) Additionally during the year, the Company expended $55,400 on due diligence and other costs associated with project evaluation of tailings projects in Arizona.

	June 1 , 2013	Additions/ Adjustments	Impairment/ Write-downs	May 31, 2014
	$	$	$	**$**
Minera Catanava [(a)]				
Acquisition	-	-	-	-
Exploration & Evaluation	2,736,081	1,552,281	-	**4,288,362**
Total	2,736,081	1,552,281	-	**4,288,362**
Cariboo Claims [(b)]				
Acquisition	77,006	-	(77,006)	-
Exploration & Evaluation	283,514	-	(283,514)	-
Total	360,520	-	(360,520)	-
Sturgeon Lake [(c)]				
Acquisition	93,331	-	(93,331)	-
Exploration & Evaluation	1,541,968	(5,328)	(1,536,640)	-
Total	1,635,299	(5,328)	(1,629,971)	-
Other [(d)]	-	74,676	**-**	**74,676**
Total E&E Assets	**4,731,900**	**1,621,629**	**(1,990,491)**	**4,363,038**

	June 1 , 2012	Additions/ Adjustments	Impairment/ Write-downs	May 31, 2013
	$	$	$	$
Minera Catanava [(a)]				
Exploration & Evaluation	1,331,814	1,404,267	-	2,736,081
Total Minera Catanava	1,331,814	1,404,267	-	2,736,081
Cariboo Claims [(b)]				
Acquisition	52,006	25,000	-	77,006
Exploration & Evaluation	25,713	257,801	-	283,514
Total Cariboo Claims	77,719	282,801	-	360,520
Sturgeon Lake [(c)]				
Acquisition	93,331	-	-	93,331
Exploration & Evaluation	1,542,698	(730)	-	1,541,968
Total Sturgeon Lake	1,636,029	(730)	-	1,635,299
Other [(d)]	-	-	-	**-**
Total E&E Assets	**3,045,562**	**1,686,338**	**-**	**4,731,900**

6. RECLAMATION BONDS, REHABILITATION PROVISION AND GUARANTEE DEPOSITS

At May 31, 2014, the Company has recorded a $10,000 (2013 - $10,000) rehabilitation provision to cover the estimated restoration costs for the Company's mining claims relating to the Silver King Property located in the Kootenay District of British Columbia and was fully written down in fiscal 2012. The Company has applied to Ministry of Energy, Mines and Petroleum Resources to be released from any and all restoration obligations.

As at May 31, 2014 the Company through its Mexico subsidiary, has on deposit the CAD equivalent of $14,062 (2013 - $12,879) with the Federal Electricity Authority in Mexico.

7. PROPERTY, PLANT AND EQUIPMENT

Cost	**Tools $**	**Furniture and Fixtures $**	**Equipment $**	**Computers and Software $**	**Total $**
At May 31, 2013	10,509	5,966	433,165	18,157	467,797
Additions	8,538	116	177,992	-	186,646
At May 31, 2014	**19,047**	**6,082**	**611,157**	**18,157**	**654,443**

Accumulated Depreciation	**Tools $**	**Furniture and Fixtures $**	**Equipment $**	**Computers and Software $**	**Total $**
At May 31, 2013	5,031	1,638	196,344	17,184	220,197
Additions	6,108	1,104	113,241	533	120,986
At May 31, 2014	**11,139**	**2,742**	**309,585**	**17,717**	**341,183**

Net Book Value	**Tools $**	**Furniture and Fixtures $**	**Equipment $**	**Computers and Software $**	**Total $**
At May 31, 2014	**7,908**	**3,340**	**301,572**	**440**	**313,260**

Cost	Tools $	Furniture and Fixtures $	Equipment $	Computers and Software $	Total $
As at May 31, 2012	9,519	1,177	410,191	17,654	438,541
Additions	990	4,789	22,974	503	29,256
As at May 31, 2013	10,509	5,966	433,165	18,157	467,797

Accumulated Depreciation	Tools $	Furniture and Fixtures $	Equipment $	Computers and Software $	Total $
As at May 31, 2012	964	1,177	85,201	16,758	104,100
Additions	4,067	461	111,143	426	116,098
As at May 31, 2013	5,031	1,638	196,344	17,184	220,198

Net Book Value	Tools $	Furniture and Fixtures $	Equipment $	Computers and Software $	Total $
As at May 31, 2013	5,478	4,328	236,821	973	247,599

8. CAPITAL STOCK

Authorized: an unlimited number of common shares
without par value

Issued and outstanding common shares:

	Number of Shares	Value
Balance – May 31, 2012	**64,166,500**	**$13,253,793**
Shares issued for private placements (Notes 8(a))	4,833,331	1,450,000
Shares issued upon exercise of warrants (Note 9(b))	9,425,000	1,671,608
Balance - May 31, 2013	**78,424,831**	**$16,375,401**
Shares issued for private placements (Notes 8(c)(d))	4,500,000	500,000
Less fair value of warrants (Notes 8(c)(d))		(156,053)
Balance - May 31, 2014	**82,924,831**	**$16,719,348**

a) On December 19, 2012, the Company completed a non-brokered private placement financing for proceeds of $1,450,000 through the sale of 4,833,331 common shares at $0.30 per share.

b) From June 11, 2012 to March 28, 2013, a total of 9,425,000 common shares were issued for the exercise of 9,425,000 warrants for proceeds of $1,426,179. A fair value of $245,429 attributed to the warrants was reclassified from warrants to capital stock.

c) On February 25, 2014 the Company completed a non-brokered private placement financing for $300,000 through the sale of 2,500,000 units at $0.12 per unit, each unit

consisting of one common share and one share purchase warrant exercisable at $0.15 for a period of two years. The warrants were assigned a fair value of $96,141 using the relative fair value method. Under this method the proceeds were allocated to the warrants based on the estimated value of the warrants using the Black-Scholes option pricing model, as a percentage of this Black-Scholes value plus the value of the common stocks based on the market closing price on February 25, 2014. The original Black-Scholes option pricing model used the following assumptions: share price $0.12, forfeiture rate 0%, dividend yield 0%, expected volatility 100%, a risk-free interest rate of 1.02% and an expected life of 2 years.

d) On May 22, 2014 the Company completed a non-brokered private placement financing for $200,000 through the sale of 2,000,000 units at $0.10 per unit, each unit consisting of one common share and one share purchase warrant exercisable at $0.15 for a period of two years. The warrants were assigned a fair value of $59,912 using the relative fair value method. Under this method the proceeds were allocated to the warrants based on the estimated value of the warrants using the Black-Scholes option pricing model, as a percentage of this Black-Scholes value plus the value of the common stocks based on the market closing price on May 22, 2014. The original Black-Scholes option pricing model used the following assumptions: share price $0.10, forfeiture rate 0%, dividend yield 0%, expected volatility 100%, a risk-free interest rate of 1.04% and an expected life of 2 years.

9. WARRANTS

On May 17, 2013, the Company announced that it had extended the expiry date of 4,030,267 share purchase warrants from May 23, 2013 to December 23, 2013. The warrants are exercisable to acquire an additional common share at a price of $0.20 per share. The Company recorded the incremental difference of $129,468 as a capital transaction to warrants and deficit based on the fair value of these warrants immediately prior to and after the modification. These warrants were valued prior to extension using the following Black-Scholes option pricing model parameters; a risk-free interest rate of 1.05%, a dividend yield of 0%, expected volatility of 100%, an exercise price of $0.20, a share price of $0.15 and an expected life of 0.02 years. These warrants were valued at the time of extension using the following Black-Scholes option pricing model parameters; a risk-free interest rate of 1.05%, a dividend yield of 0%, expected volatility of 100%, an exercise price of $0.20, a share price of $0.15 and an expected life of 0.58 years.

Between June 1, 2013 and February 24, 2014, a total of 16,520,264 warrants expired, unexercised.

On February 25, 2014 a total of 2,500,000 share purchase warrants were issued in connection with a private placement*. See Note 8(c) – Capital Stock.*

On May 22, 2014 a total of 2,000,000 share purchase warrants were issued in connection with a private placement*. See Note 8(d) – Capital Stock.*

The weighted average contractual life remaining for warrants outstanding at May 31, 2014 is 1.85 (2013 – 0.48) years.

The above warrants have not been included in the computation of diluted net loss per share as they are anti-dilutive.

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Volatility is based on the historical volatility of comparable companies. Changes in the underlying assumptions described in Notes 9 and

10 can materially affect the fair value estimates.

The following summarizes the warrants activity and outstanding warrants for the years ended May 31, 2014 and 2013:

	Number of Warrants and Broker Warrants	Weighted Average Exercise Price ($)	Estimated Fair Value at Date of Grant ($)
Balance – May 31, 2012	34,188,239	0.20	1,218,924
Expired	(8,258,972)	0.33	(483,605)
Exercised	(9,425,000)	0.15	(245,429)
Extended			129,468
Balance - May 31, 2013	16,520,264	0.16	619,358
Issued	4,500,000	0.15	156,053
Expired	(16,520,264)	(0.16)	(619,358)
Balance – May 31, 2014	**4,500,000**	**0.15**	**156,053**

Number of Warrants Outstanding	Exercise Price ($)	Expiry Date
2,500,000	0.15	February 25, 2016
2,000,000	0.15	May 22, 2016
4,500,000		

10. SHARE-BASED COMPENSATION

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

(i) On July 13, 2012 the Company granted a total of 80,000 stock options to a technical consultant. Each option is exercisable to acquire one common share at a price of $0.18. These options mature on July 13, 2017. The value of $10,741 assigned to the options was calculated using the Black-Scholes option pricing model using the following assumptions: share price of $0.18, expected forfeiture rate 0%, Dividend yield 0%, expected volatility 95%, a risk-free interest rate of 1.33% and an expected life of 5 years.

(ii) On December 19, 2012 the Company granted a total of 400,000 stock options to a consultant. Each option is exercisable to acquire one common share at a price of $0.27. These options mature on December 19, 2017. The value of $80,502 assigned to the options was calculated using the Black-Scholes option pricing model using the following assumptions: share price of $0.27, expected forfeiture rate 0%, dividend yield 0%, and expected volatility 95%, a risk-free interest rate of 1.33% and an expected life of 5 years.

(iii) On March 15, 2013 the Company granted a total of 500,000 stock options to consultants. Each option is exercisable to acquire one common share at a price of $0.25. These options mature on March 13, 2018. The value of $92,996 assigned to the options was calculated using the Black-Scholes option pricing model using the following assumptions: share price of $0.25, expected forfeiture rate 0%, dividend yield 0%, expected volatility 95%,

a risk-free interest rate of 1.33%, an expected life of 5 years and a share price of $0.25.

(iv) On March 15, 2013 the Company granted a total of 200,000 stock options to Torrey Hills Inc., an investor relations firm. Each option is exercisable to acquire one common share at a price of $0.25. These options mature on March 13, 2016. These options vest at the rate of 25% each quarter, commencing June 15, 2013. A total fair value of $31,008 was calculated using the Black-Scholes option pricing model using the following assumptions: share price of $0.25, expected forfeiture rate 0%, dividend yield 0%, and expected volatility 95%, a risk-free interest rate of 1.10% and an expected life of 3 years. The balance of $11,354 was expensed in the 2014 fiscal year.

(v) On April 15, 2013, 50,000 stock options granted to a consultant on February 1, 2012, were cancelled.

(vi) On April 19, 2013 a total of 6,250 stock options granted to a consultant, expired, unexercised.

(vii) On February 28, 2014 the Company granted 2,800,000 stock options to directors, officers and consultants. Each option is exercisable to acquire one common share at a price of $0.12. These options mature on February 28, 2019. The value of $250,993 assigned to the options was calculated using the Black-Scholes option pricing model using the following assumptions: share price of $0.11, expected forfeiture rate 0%, Dividend yield 0%, expected volatility 100%, a risk-free interest rate of 1.62% and an expected life of 5 years.

(viii) On May 22, 2014 the Company granted 300,000 stock options to Frontier Capital Inc., an investor relations consulting firm. Each option is exercisable to acquire one common share at a price of $0.12. These options mature on May 22, 2019. The value of $21,663 assigned to the options was calculated using the Black-Scholes option pricing model using the following assumptions: share price of $0.10, expected forfeiture rate 0%, Dividend yield 0%, expected volatility 100%, a risk-free interest rate of 1.50% and an expected life of 5 years.

(ix) On May 30, 2014 the Company granted 300,000 stock options to a newly appointed director. Each option is exercisable to acquire one common share at a price of $0.12. These options mature on May 30, 2019. The value of $20,380 assigned to the options was calculated using the Black-Scholes option pricing model using the following assumptions: share price of $0.10, expected forfeiture rate 0%, Dividend yield 0%, expected volatility 100%, a risk-free interest rate of 1.62 and an expected life of 5 years.

(x) On March 31, 2014 a total of 1,037,500 stock options previously granted to consultants and a director, were cancelled, unexercised.

The following summarizes the stock option activities during the years ended May 31, 2014 and 2013:

	Number of Options	Weighted Average Exercise Price $
Balance - May 31, 2012	**3,486,000**	**0.14**
Granted (Note 10(i)-(iv))	1,180,000	0.25
Expired or cancelled (Note 10(v)-(vi))	(56,250)	0.15
Balance - May 31, 2013	**4,609,750**	**$0.17**
Granted (Notes 10(vii)-(ix))	3,400,000	$0.12
Expired or cancelled (Note 10(x))	(1,037,500)	$0.17
Options outstanding at May 31, 2014	**6,972,250**	**$0.15**

(xii) The following summarizes the exercisable stock options outstanding at May 31, 2014:

Number of Exercisable Options	Exercise Price	Expiry Date	Estimated Fair Value($) At the date of grant
1,042,250	$0.16	January 12, 2015	112,105
300,000	$0.16	December 5, 2015	40,683
1,250,000	$0.12	February 1, 2017	108,125
80,000	$0.18	July 13, 2017	10,741
400,000	$0.27	December 19, 2017	80,502
200,000	$0.25	March 15, 2016	31,008
300,000	$0.25	March 15, 2018	92,996
2,800,000	$0.12	February 28, 2019	250,993
300,000	$0.12	May 22, 2019	21,663
300,000	$0.12	May 30, 2019	20,380
6,972,250			

The weighted average contractual life remaining for stock options at May 31, 2014 is 3.22 (2013 - 3.08) years.

The above options were not included in the computation of diluted net loss per share as they are anti-dilutive.

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Volatility is based on the historical volatility of comparable companies. Changes in the underlying assumptions described in Note 10 can materially affect the fair value estimates.

The Company has valued the options granted to non-employees based on the fair value of the equity instruments granted in the absence of a reliable estimate of the fair value of the goods and services received.

11. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business.

(i) During the year, management and administration fees of $159,114 (2013 - $229,040) and accounting consulting fees of $15,590 (2013 - $10,250) plus applicable taxes were paid or accrued to directors and/or officers of the Company for services rendered. Included in accounts payable and accrued liabilities at May 31, 2014 and 2013 $nil owed to the above related parties.

(ii) During the year an officer of the Company advanced $13,000 to the Company, to be used as working capital. This advance was non-interest bearing and was repaid on June 22, 2014.

12. KEY EXECUTIVE COMPENSATION

The Company has identified its directors and certain senior officers as its key management personnel. The Compensation cost for key management personnel is as follows:

	2014	2013
	$	$
Management fees	**140,000**	187,040
Administration fees	**19,114**	42,000
Accounting fees	**15,590**	10,250
Share-based compensation	**217,589**	-
	392,293	239,290

13. CAPITAL DISCLOSURES

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued capital stock, warrants, contributed surplus and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to advance exploration on its properties. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and warrants, debt or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk Management strategy during the year ended May 31, 2014.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company may be exposed to a variety of financial risks by virtue of its activities, in particular: interest rate risk, credit risk, commodity price risk, currency risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by Management under policies approved by the Board of Directors. Management is charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the approved policies.

(a) Interest Rate Risk

Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company's cash earns interest at market rates. The Company does not use derivative instruments to reduce its exposure to interest rate risk.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior Management is also actively involved in the review and approval of planned expenditures.

At May 31, 2014, the Company had $13,452 to settle current trade and other payables of $188,587 (2013 - $1,695,545 of cash to settle trade and other payables of $223,414). These liabilities are short-term, due within 12 months, and non-interest bearing. The majority of these liabilities are related to the costs of completion of the construction and start-up of the production plant and mining operations at Catanava.

Historically the Company has been totally dependent on external financing to fund its activities; however Management's current budgeting also includes additional sources of financing including positive cash flow from Catanava, recovery of VAT, potential stock option and warrant exercises and bridge loans.

Excalibur's future success is highly dependent on viable production results and securing adequate financing through the above mentioned sources, to advance its projects and meet its ongoing obligations.

(c) Credit Risk

The Company is not exposed to any credit risks attributable to customers and does not engage in any sales activities. The Company's cash is held in major Canadian and International financial institutions.

(d) Commodity Price Risk

The ability of the Company to develop its mineral properties and the future profitability of the Company is directly related to the market price of gold.

(e) Currency Risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar. The Company funds certain operations, exploration and administrative expenses in Mexico using US dollars and Mexican Pesos. The Company is subject to gains and losses due to fluctuations in the US dollar and Mexican Peso against the Canadian dollar. Management believes the sensitivity of

fluctuations in foreign currencies to be immaterial to the net loss.

(f) Fair Value

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision.

Changes in assumptions could significantly affect estimates.

The carrying values of cash, sundry receivables and trade and other payables approximate fair values due to the relatively short term maturities of these instruments.

15. COMMITMENTS AND CONTINGENCIES

(i) The Company's exploration activities are subject to various federal, and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive.

(ii) See Note 5 regarding potential commitments to the 51% co-owner of Minera Catanava S.A.

(iii) The 2014 Mexican Tax Reform Bill was published by the Official Gazette on December 11, 2013. This enacted legislation included the imposition of a tax deductible 7.5% mining tax royalty based on earnings before the deduction of interest, taxes, depreciation and amortization. The legislation also included an additional 0.5% on precious metals revenue as well as maintaining the corporate tax rate at 30% as opposed to reducing it to 28% as originally planned.

16. SEGMENTED INFORMATION

At May 31, 2014, the Company has one operating and reporting segment being its exploration operations. It has four geographical segments, being Canada, Mexico, USA and Peru. The Company's information about its assets and net loss by geographic location is detailed below:

May 31, 2014	Property, Plant and Equipment $	Mining Interests $	Total Assets $	Net Income (Loss) $
Mexico	312,002	4,288,362	4,954,196	81,904
Canada	1,258	-	109,120	(2,751,261)
USA, Peru	-	74,676	74,676	-
	313,260	**4,363,038**	**5,137,992**	**(2,669,357)**

May 31, 2013	Property, Plant and Equipment $	Mining Interests $	Total Assets $	Net Loss $
Canada	1,723	1,995,819	3,697,346	(975,311)
Mexico	245,877	2,736,080	3,340,441	(35,066)
	247,600	4,731,900	7,037,786	(1,010,377)

17. INCOME TAXES

(a) Income Tax Income

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

	2014 $	2013 $
Loss before income taxes	**(2,669,357)**	(1,010,377)
Statutory rate	**26.5%**	26.5%
Expected income tax recovery	**(707,379)**	(267,750)
Share-based compensation and other non-deductible expenses	**80,663**	54,153
Change in valuation allowance	**633,332**	651,045
Change in tax rates and other	**(6,616)**	(634,447)
	-	-

(b) Deferred Income Taxes

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

	2014 $	2013 $
Amounts related to tax loss and credit carry-forwards	**1,700,548**	1,590,665
Capital assets	**6,978**	5,093
Share issue costs	**4,075**	11,595
Exploration expenditures	**697,785**	168,699
Net deferred tax asset	**2,409,386**	1,776,052
Less: deferred taxes not recognized	**(2,409,386)**	(1,776,052)
	-	-

(c) Loss Carry Forwards

The Company has non-capital tax loss carry forwards in Canadian dollars expiring as follows:

	Canada	Mexico
	$	$
2014	161,900	
2015	188,700	-
2021	-	296,443
2022	-	902,702
2023	-	1,392,391
2024	-	-
Thereafter	3,378,100	-
	3,728,700	**2,591,536**

18. SUBSEQUENT EVENTS

(i) On June 25, 2014, the Company announced that it had signed a letter of intent with Carbocol to acquire 100% of San Pedro, a 900 hectare gold concession held in the state of Piura in northern Peru, on the border of Ecuador, for 1 million shares of Excalibur. Carbocol is controlled by German Castaño, a newly appointed (May 30, 2014) director of the Company.

(ii) On September 11, 2014, the Company received a $50,000 bridge loan with a 12% interest rate, to be repaid on the earlier of a) completion of a financing or b) September 11, 2015.

(iii) In July 2014, Excalibur's 51% Mexico partner Minera Apolo S.A. borrowed $200,000 USD for a two-year term, at a 15% interest rate, from a private investor which was then loaned to Minera Catanava, on the same terms.