

MANAGEMENT'S DISCUSSION AND ANALYSIS

Nine Months ended February 28, 2015

April 29, 2015

The following is Management's Discussion and Analysis ("MD&A") of the activities, financial condition and results of operations of Excalibur Resources Ltd. ("Excalibur", or the "Company") to enable a reader to assess the financial condition and results of operations of the Company for the ninemonths ended February 28, 2015 and 2014. This MD&A has been prepared as at April 29, 2015 unless otherwise indicated. This MD&A should be read in conjunction with our condensed consolidated interim financial statements for the ninemonths ended February 28, 2015 (the "Interim Financial Statements"), and our Consolidated Financial Statements and related notes for the year ended May 31, 2014("Annual Financial Statements") which have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.All monies are expressed in Canadian dollars unless otherwise indicated. Additional information relevant to the activities of the Company, including press releases has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

CAUTIONARY NOTE

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or other conditions, and is based on current expectations that involve a number of business risks, uncertainties and assumptions. Factors that could cause the Company's actual results to differ materially from any forward-looking statements include, but are not limited to: exploration and development costs varying significantly from estimates; inflation; fluctuations in commodity prices; delays in development of any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; failure to raise additional funds required to finance the completion of a project and other factors. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.

COMPANY OVERVIEW

Excalibur (Toronto CSE:XBR, Frankfurt:X9CN, and OTCQB:EXCFF)was incorporated on May 11, 1983 pursuant to the Company Act (British Columbia) under the name Cactus West Explorations Ltd. The Company's name was changed to Cimarron Minerals Ltd. and its share capital was consolidated on a five (old) for one (new) basis, on April 29, 1996. On May 1, 2000 the Company's name was changed to DiscFactories Corporation, and its share capital was consolidated on a two (old) for one (new) basis and the Company was continued into the federal jurisdiction under the Canada Business Corporations Act. The Company was extra-provincially registered in the Province of British Columbia on May 30, 2000. On February 20, 2007 the Company completed a change of business transaction pursuant to which it changed its name from DiscFactories Corporation to Excalibur Resources Ltd. On January 11, 2010, share capital was consolidated on an eight (old) for one (new) basis.The Company was registered in the Province of Ontario on January 24, 2011.

The Company holds a 49% interest in a Mexico corporation, "Minera Catanava S.A. de CV."("MCSA" or "Minera Catanava") and an inactive US subsidiary, "Excalibur Resources (US) Inc.", incorporated under laws of the State of Nevada on April 24, 2007.

Excalibur's head office and principal address is located at 8 King St. East, Ste. 1010, Toronto, Ontario, M5C 1B5.

Excalibur is a junior exploration mining company focused on the discovery, development and mining of economically viable precious metal mineral resources.

The Company's current portfolio of properties includes:

- ***Catanava Project***,Mexico – 49% interest in Mexican subsidiary with near-term production located in the Pinos Gold District (one of three bonanza gold districts mined by the Spanish since 1546) ("Catanava")

- ***San Pedro, Peru –*** investment in local miners project supplying equipment in order to increase production and facilitate the processing and sale ore to local plants and metal buys

- ***Cariboo Project***, BC, Canada – 100% interest in claims which are contiguous to the Silver King Mine(the carrying value has been written off)

- ***Sturgeon Lake Project***, ON, Canada – 100% interest in claims located 10 to 15 kilometres east of Sturgeon Lake Mining Camp, the former site of six VMS deposit mines (the carrying value has been written off)

UPDATE FISCAL 2015:

Finance:

- In June 2014 an investor advanced the Company $100,000 to reduce payables, fund the Mexico operation and to fund more miners at the San Pedro, Peru operation, as part of a future private placement
- During the reporting period, our Mexico subsidiary Mineral Catanava S.A. secured a total of $470,924 of loans through our 51% partner Minera Apolo S.A., to provide working capital at the Catanava project
- In September and November 2014, two shareholders provided a total of $107,500 of one-year loans to the Company to fund operations
- In October 2014 the Company was released from any further restoration obligations at the Company's inactive Silver King project. This resulted in the return of a $10,000 bond to treasury
- Management continues to seek out potential sources of capital to sustain the Company's ongoing operations
- Subsequent to period end an investor loaned the Company $50,000 USD to ramp up Peruvian project prospects

Projects:

- On October 24, 2014 the Company announced the acquisition of a 900 hectares mineral concession from the Peru government, called San Pedro II, adjacent to San Pedro I, a gold concession held in the state of Piura in northern Peru, on the border of Ecuador. The goal is to work with and provide equipment to local informal miners to increase production and sell the ore to local processing plants and metal buyers
- *Minera Catanava Project – see Project Review*

OVERALL PERFORMANCE – Financial position, operating results and cash flows

Financial Position

At period end, the Company had $2,841 cash (May 31, 2014 - $13,452) and accumulated losses of $15,696,544(May 31, 2014 - $15,452,119). Although the Company sold some concentrate from its Mexico operation during the period, Excalibur will continue to incur losses until achieving 'commercial' quantities of production.

Similar to other junior mining companies, Excalibur does not currently have sufficient funds to continue operating in the normal course; however Management is pursuing several means of raising additional funds needed to meet ongoing obligations, including the recovery of more than $446,276 of sales taxes, short-term loans and further equity raisings. To date the Company has been able to pay all its mining licenses in order to keep its entitlements in good standing.

During the period, the Company, through its Mexico partner, was able to secure loans totaling $760,417 from private investors in order to continue advancing the Catanava project. This financing resulted in the outlay and deferral of $669,837 (February 28, 2014 - $1,376,548) on exploration and development expenditures. Catanava has reduced operating costs by temporarily stopping mine costs including the rental of equipment, explosives and personnel. *(See Expenditures Update).*

In Canada, operating costs have been significantly reduced until the mining sector recovers.

Trade and other payables decreased to $81,958 (May 31, 2014 - $188,587) during the period. The majority of these expenses are short-term and relate to the Mexico operations. All expenditures directly related to the projects are capitalized in accordance with stated accounting policies.

Operating Results

For the nine months ended February 28, 2015, overall operating costs decreased 13% to $302,130 (2014 –$401,838 (result of $753,824 less $351,986 stock-based compensation expense). Since late 2013, the Corporate Secretary function has been completed in-house thereby realizing a savings of approximately $3,500 per month. Limited share trading activity and a renegotiated agreement with the Company's transfer agent resulted in lower transfer agent fees incurred. No rent was paid during the period which also contributed to the lower overhead costs. On the revenue side, a total of $55,595 was realized from the sale of concentrate. The Company recorded a modest foreign exchange gain of $19,657 (2014 – $28,710); this reflects the slight movement in the Mexico peso against the Canadian dollar during the period. The Company received a small amount of interest which has been included as an offset in the general and office expense item.

For the three months ended February 28, 2015 overall operating results decreased 21% to $98,334 (2014 - $88,743 (result of $430,243 - $341,500 stock-based compensation expense). These decreases resulted from the elimination of rent expense, minimal communication and IT charges, lower fees for management, professional and consultants. There were no concentrate sales in Q3. The Company recorded a translation foreign exchange gain of $19,657 (2014 – $28,710) due to a small increase movement of the Mexico peso against the Canada dollar during the period. The Company does not undertake currency hedging activities to mitigate its foreign currency risk due to the infrequency and size of regular transactions.

Cash Flows

Working capital for the Company's projects in Mexico and Peru was raised through private investor loans in Mexico and through subscription receipts and private shareholder loans in Canada. A total of $760,417 was raised in Mexico and $207,500 was raised in Canada. Management continues to look for additional sources of financing the Company's ongoing operations through loans, equity financings and the recovery of sales taxes.

SELECTED PERIOD INFORMATION

Financial Position	**February 28, 2015 ($)**	May 31, 2014 ($)
Cash	**2,841**	**13,452**
Prepaid expenses and sundry receivables	**47,886**	**102,993**
IVA and HST receivables	**375,711**	**321,187**
Exploration and evaluation assets	**5,074,046**	**4,363,038**
Property, plant & equipment, reclamation bonds and guarantee deposits	**244,371**	**337,322**
Total assets	**5,744,855**	**5,137,992**
Total liabilities	**1,049,875**	**198,587**
Shareholders' equity	**4,694,980**	**4,939,405**
Deficit	**(15,696,544)**	**(15,452,119)**
Operating Results	**Three months ended February 28, 2015($)**	**Three months ended February 28, 2014($)**
Loss before other items	**93,233**	430,243
Sales of concentrates	**-**	-
Foreign exchange loss (gain)	**(12,320)**	(9,100)
Interest expense (income)	**2,993**	(1,434)
Net loss and comprehensive loss	**83,906**	419,079
Loss per share – basic and diluted	**$0.000**	$0.005
Weighted average number of common Shares outstanding – basic and diluted	**82,924,831**	78,508,164

	Nine months ended February 28, 2015($)	**Nine months ended November 30, 2014($)**
Loss before other items	**302,130**	**753,824**
Sales of concentrates	**(55,595)**	**-**
Foreign exchange loss (gain)	**(19,657)**	**(28,710)**
Interest expense (income)	**17,547**	**(25,338)**
Net loss and comprehensive loss	**244,425**	**699,776**
Loss per share – basic and diluted	**$0.003**	**$0.009**
Weighted average number of common Shares outstanding – basic and diluted	**82,924,831**	**78,452,304**

Cash flows	Nine months ended February 28, 2015($)	Nine months ended February 28, 2014($)
Operations	**(244,425)**	(699,776)
Purchase of equipment	**(2,782)**	(101,725)
Exploration and evaluation assets purchases	**(711,008)**	(1,328,563)
Notes payable	**817,917**	-
Shares issued for private placements	**-**	300,000
Net change in cash	**(10,611)**	(1,580,938)

RESULTS OF OPERATIONS

Financial Review -

During the nine months ended February 28, 2015 and 2014 –

- the Company sold 8 tons of concentrates in Mexico and recorded sales revenue of $55,595 (2014 - $nil).There were no other 'commercial' quantities of production sales and thus the Company continues to incur losses
- management and administration fees of $96,000(2014 - $125,474) were 13% lower due to lower compensation paid to the CFO and no additional management services were engaged as in the prior year
- investor relations expense of $62,437 (2014 - $128,797) decreased 52% as Management has eliminated mining and investment conferences attendances, broker and investor presentation opportunities (both domestically and abroad) other than the Frontier Capital IR arrangement
- general office costs of $8,629 (2014 - $37,323) decreased 77%, due to lower telephone, website and IT costs and no rent obligations. The largest general office cost is the insurance premium for Directors and Officers Liability insurance.

Project Review –

Catanava – Mexico

History and description of mining at Catanava – *see Annual Financial Statements at May 31, 2013 for description, history of prior exploration etc.*

OPERATIONS UPDATE –

During the reporting period**,** the plant was shut down due to poor metal recoveries and all operating personnel were terminated other than a minimal crew.

Other projects – Peru and USA

Piura, Peru

In order to develop a second potential cash flow stream, on June 25, 2014, the Company announced that it had signed a letter of intent with Carbocol Peru S.A.C. ("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 one million shares of Excalibur. Carbocol is controlled by German Castaño, director of the Company. Through a modest investment in better equipment, ore production from the informal miners should increase on the San Pedro property, which is sold to a local toll mill or metal buyers.

On October 24, 2014, the Company announced the acquisition of a 900 hectare mineral concession from the Peru government, called San Pedro II, adjacent to San Pedro I. It is the intent of the Company to incorporate a Peru subsidiary for its Peruvian operations. Currently there is no local community and are no miners operating on San Pedro II, however, the outcrop and the vein systems where miners are working only 300 meters distance from the eastern border on San Pedro I, are projected to extend onto the San Pedro II concession.

Arizona, USA

To date, the Company has expended $55,400 on due diligence and other costs associated with project evaluation of tailings projects in Arizona. No subsequent expenditures were made during this reporting period but Management continues to evaluate the project.

Other Projects -Cariboo and Sturgeon Lake Claims - Canada

In order to focus potential cash generating projects in Mexico and Peru, the Company elected not to conduct any further exploration on its Canadian mineral claims and at May 31, 2014 recorded an impairment loss of $360,520 on Cariboo and $1,629,971on Sturgeon Lake, bringing the carrying amounts of the Claims, to nil. However the Claims are active and in good standing.

EXPENDITURES UPDATE

ADDITIONAL DISCLOSURE FOR VENTURE COMPANIES WITHOUT SIGNIFICANT REVENUE

EXPLORATION AND EVALUATION EXPENDITURES ("E&E")

During the period, the majority of the $669,837 (2014 - $1,376,548) of deferred exploration and evaluation expenditures were related to the Catanava project. These costs are categorized as related to security, plant, general mining, laboratory costs and general overhead.

In each category, the costs include salaries and benefits, technical assessment, geology, sampling and testing, roads and other maintenance, utilities, and environment studies, where applicable.

The following summarizes the E&E costs for the nine months ended February 28, 2015 and 2014:

	Catanava		Other		TOTAL	
	2015	2014	**2015**	2014	**2015**	2014
Operations:						
- mining	$97,544	$320,052	$41,171	$ -	**$138,715**	$320,052
- lab	36,178	113,669		-	**36,178**	113,669
- plant	320,483	438,695	-	-	**320,483**	438,695
- security	37,137	46,855	-	-	**37,137**	46,855
Assays	-	16,520	-	-	**-**	16,520
Geology consulting	-	99,335	-	-	**-**	99,335
G&A expenses	235,111	341,422	-	-	**235,111**	341,422
Less concentrate sales	(55,595)	-	-	-	**(55,595)**	-
Period Expenditures	$670,858	$1,376,548	$41,171	$-	**$712,029**	$1,376,548

SEGMENTED INFORMATION

At February 28, 2015, the Company has one operating and reporting segment and two geographical segments, being the Mexican mining operations (Minera Catanava) and exploration activity in Peru and the US. The Company's information about its assets and net loss by geographic location is detailed below.

28-Feb-15	Property, Plant and Equipment ($)	Mining Interests ($)	Total Assets($)	Net Income (Loss) ($)
Mexico	229,669	4,958,199	5,598,587	(37,351)
Canada	806	-	30,421	(207,074)
USA, Peru	-	115,847	115,847	-
	230,475	**5,074,046**	**5,744,855**	**(244,425)**

28-Feb-14	Property, Plant and Equipment ($)	Mining Interests ($)	Total Assets ($)	Net Income (Loss) ($)
Mexico	348,549	4,112,629	4,882,714	12,143
Canada	1,357	1,995,819	2,202,291	(292,210)
USA, Peru	-	-	-	**-**
	346,906	**6,108,448**	**7,085,005**	**(280,067)**

SUMMARY OF QUARTERLY RESULTS

Selected Period Information	Q3-2015	Q2-2015	Q1-2015	Q4-2014
Sales revenue	$-	$-	$56,479	$-
Interest expense (income)	2,993	-	-	37,000
Expenses	93,233	98,334	110,443	2,053,543
Net loss	83,906	(148,852)	(11,667)	(2,002,597)
Deficit, end of Quarter	15,696,544	15,612,638	15,463,786	15,452,119
Loss per share (1)	$0.000	$0.002	$0.000	$0.026

Selected Period Information	Q3-2014	Q2-2014	Q1-2014	Q4-2013
Sales revenue	$-			
Interest income	1,434	$11,821	$12,083	$(4,864)
Expenses	435,301	130,978	192,603	425,819
Net loss	(386,693)	(87,329)	(192,738)	(377,260)
Deficit, end of Quarter	13,373,191	13,062,829	12,975,500	12,782,427
Loss per share(1)	$0.005	$0.001	$0.002	$0.005

(1) Basic and diluted loss per share are equal

LIQUIDITY, CAPITAL RESOURCES AND BUSINESS PROSPECTS

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further exploration on its properties, advance production at Catanava and San Pedro and meet its working capital needs in Canada, Peru and Mexico. Historically the Company has been successful in meeting the objective by completing private placements and the exercise of warrants; however during the reporting period, Management was unable to secure additional financing from these methods despite a diligent and focused effort. The stagnation of capital markets for junior mining entitles continues.

At February 28, 2015, the Company had current assets of $182,402 (May 31,2014 - $225,935) to settle current liabilities of $231,958 (May 31, 2014 - $188,587). In addition the Company has recorded an additional receivable for Mexico sale tax refunds of $244,036 which is noted as a long-term item because Management has no expectation of its recovery within 12 months.

In order to fund the operations of the Company during the reporting period, the Company was successful in securing loans totaling $817,917 from private sources in Mexico and Canada. These are repayable with terms of one to two years. These financings are allowing the Company to continue on an "essentials only" basis however the Company's ability to continue as a going concern is dependent on raising additional capital for i) purchasing equipment, ii) funding mining operations in both Mexico and Peru and iii) repayment of the loans.

The Company will continue to be financing-dependent until achieving positive cash flow from operations. Management anticipates that it will be able to raise sufficient cash to fund its operations in the future through positive cash flow from operations, equity financing, the exercise of options and warrants, joint venture arrangements, equipment or other asset-based loans or the disposition of non-core assets.

Management continues to identify and evaluate potential investments or acquisitions to add to the Company's asset base in order to develop a second cash flow stream.

Commitments and Contingencies

i) The Company's exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and becoming more restrictive.

ii) See Note 5 of the Interim Financial Statements regarding commitments for the Minera Catanava project.

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.

As of February 28, 2015, the Company has met all its ongoing obligations to maintain its rights and interests in the Company's mineral properties.

Business Prospects

San Pedro, Peru Project –

Management maintains positive expectations that it can expand operations at San Pedro in order to achieve positive cash flow.

Minera Catanava, Mexico Project -

Management is reviewing Catanava's economic viability as to date it has not achieved commercial production due to mining dilution and poor metal recoveries.

CAPITAL STOCK, WARRANTS AND STOCK OPTIONS

Capital Stock -

The Company is authorized to issue and unlimited number of common shares without par value. There were no share issuances during the nine months ended February 28, 2015 and 2014.

	Number of Shares	Value
Balance - June 1, 2013	**78,424,831**	**$16,375,401**
Shares issued for private placements	2,500,000	300,000
Less fair value of warrants		(96,141)
Balance – February 28, 2014	**80,924,831**	**$16,579,260**
Shares issued for private placements	2,000,000	200,000
Less fair value of warrants		(59,912)
Balance - May 31, 2014 and February 28, 2015	**82,924,831**	**$16,719,348**

Warrants -

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

b) On February 25, 2014 a total of 2,500,000 share purchase warrants were issued in connection with a private placement.

c) On May 22, 2014 a total of 2,000,000 share purchase warrants were issued in connection with a private placement.

The following summarizes the warrants activity and outstanding warrants for the nine months ended February 28, 2015 and 2014:

	Number of Warrants and Broker Warrants	Weighted Average Exercise Price ($)	Estimated Fair Value at Date of Grant ($)
Balance - June 1, 2013	16,520,264	0.20	619,358
Expired	(4,730,000)	(0.20)	(158,167)
Balance – February 28, 2014	11,790,264	0.20	461,191
Issued	4,500,000	0.15	156,053
Expired	(11,790,264)	(0.20)	(461,191)
Balance – May 31, 2014 and February 28, 2015	**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		

Share-based Payments - Stock Options

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

a) 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.

b) 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.

c) 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.

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

e) Effective August 31, 2014 a total of 1,130,000 stock options previously granted to directors and consultants were cancelled.

f) On January 12, 2015 a total of 892,250 stock options previously granted to consultants and directors expired, unexercised.

The following summarizes the stock options activity during the six months ended February 28. 2015 and 2014:

	Number of Options	Weighted Average Exercise Price
Balance –June 1, 2013	**4,609,750**	**$0.14**
Granted Note 11(a)	2,800,000	$0.12
Balance – February 28, 2014	**7,409,750**	**$0.13**
Granted	600,000	$0.12
Expired or cancelled	(1,037,500)	$0.17
Balance – May 31, 2014	**6,972,250**	**$0.13**
Expired –	(2,022,250)	$0.18
Options outstanding at February 28, 2015	**4,950,000**	**$0.13**

The following summarizes the exercisable stock options outstanding at February 28,2015 and 2014:

Number of Exercisable Options	Exercise Price	Expiry Date	Estimated Fair Value($) At the date of grant
300,000	$0.16	December 5, 2015	40,683
200,000	$0.25	March 15, 2016	31,008
1,050,000	$0.12	February 1, 2017	90,825
300,000	$0.25	March 15, 2018	92,996
2,500,000	$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
4,950,000			

Management does not know when and how much will be collected from the exercise of such securities as it is dependent on the determination and investment pursuits of the warrant holders.

OFF BALANCE SHEET ARRANGEMENTS

The Company currently has no off balance sheet arrangements or obligations other than mineral property option payments and exploration expenditures commitments.

PROPOSED TRANSACTIONS

The Company has no immediate intent to acquire any additional, or dispose of, any asset of the Company, however, from time to time the Company may acquire or dispose of property assets as exploration results, opportunities, competitive nature of the business, venture-capital and management may determine.

ASSESSMENT OF RECOVERABILITY OF MINERAL PROPERTY COSTS

The Company's recorded value of its exploration properties is based on historic costs that expect to be recovered in the future. The Company's recoverability evaluation is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale.

ASSESSMENT OF RECOVERABILITY OF DEFERRED INCOME TAX ASSETS

In preparing its Consolidated Financial Statements, the Company is required to estimate its income tax obligations. The process involves estimating the actual tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. The Company assesses, based on all available evidence, the likelihood that the future income tax assets will be recovered from deferred taxable income and, to the extent that recovery cannot be considered "more likely than not", a valuation allowance is changed in a period, an expense or benefit must be included within the tax provision on the income statement.

ASSESSMENT OF RECOVERABILITY OF GST/HST/IVA RECOVERABLE

The carrying amount of GST/HST/IVA recoverable is considered representative of its respective value. The Company assesses the likelihood that these receivables will be recovered and, to the extent that recovery is considered doubtful a provision for doubtful accounts is considered.

RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The Company entered into the following transactions with related parties:

a) Related party transactions for services provided -

During the nine months ended February 28, 2015, total management fees of $90,000 (2014 -$90,000) was paid to the Chief Executive Officer and $6,000 (2014 - $12,590) was paid to the Chief Financial Officer. Further, a total of $nil (2014 - $20,000) was paid to a director providing business development services. Included in accounts payable at period end is $25,000 (2014 - $nil) owed to the Chief Executive Officer and $4,000 (2014 - $2,000) is owed to the Chief Financial Officer.

b) Key management compensation -

	February 28, 2015	February 28, 2014
	$	$
Management fees (CEO in 2015 and one other director in 2014)	**90,000**	110,000
Accounting fees (CFO)	**6,000**	12,590
	96,000	122,590

Transactions with related parties are incurred in the normal course of business and are measured at fair value. Directors of the Company receive no compensation for their services.

c) Related party advances –

During the nine months ended February 28, 2015, two directors and one officer made cash advances to the Company totaling $11,876 (2014 - $nil). These advances were non-interest bearing, due on demand and were fully repaid by the Company before period end.

The Company currently has no full-time employees and engages consultants to provide management, administrative and technical services to the Company. Certain consultants are also directors and officers of the Company.

FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company manages capital and its exposure to financial risks by ensuring it has sufficient financial capacity to support its exploration development plans and long-term growth strategy.

The Company is subject to various financial risks that could have a significant impact on financial conditions and the Company's ability to advance its exploration projects. These risks include liquidity risk, credit risk, fair value of financial instruments, currency risk and global financial market conditions relating to interest rates and mineral commodity prices.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in realizing assets, discharging liabilities or otherwise raising funds to meet commitments associated with financial instruments. As it has no guaranteed source of income, the Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to discharge its liabilities as they come due. As previously noted, there can be no assurance that it will be successful in its efforts to arrange additional financing, in amounts required to satisfy the Company's operational needs, on terms satisfactory to the Company.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company is not exposed to credit risk attributable to customers. Additionally, the Company's cash is lodged with highly-rated Canadian financial institutions. Management has assessed the risk of loss due to credit risk as remote.

Fair Value of Financial Instruments

The carrying value of the Company's financial instruments approximates their fair values due to the relatively short periods to maturity of these instruments. Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Currency Risk

Currency risk is the risk that the fair value of, or future cash flows from the Company's financial assets, will fluctuate because of changes in foreign exchange rates. The Company continues to fund exploration and administrative expenditures in Mexico, on a cash call basis, using Mexico pesos converted from Canadian dollar wire transfers. The Company is therefore subject to gains and losses that may arise due to fluctuations in the Mexico peso against the Canadian dollar which is the Company's functional currency. As at period end, the Company had minimal currency risk exposure but Management is cognizant that the Company could be subject to increased currency risk from its operations, which could be significant.

Global Financial Market Conditions

Events and conditions in the global financial markets, particularly over the last two years continue to impact commodity prices, interest rates and currency rates. These conditions, as well as market volatilities, may have a positive or negative impact on the Company's operating costs, project exploration and development expenditures, and planning the Company's projects.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's ConsolidatedFinancial Statementsunder IFRS requires Management to make certain estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements. The accounting estimates considered to be significant are the valuation of the Company's resource assets and equity instruments. While Management believes that these estimates and assumptions are reasonable, actual results could vary significantly.

RISKS AND UNCERTAINTIES ASSOCIATED WITH MINING

The Company's common shares should be considered highly speculative due to the nature of its business and the present stage of its development and the location of its properties in Ontario, British Columbia and Mexico. The business of the Company is subject to a variety of risks and uncertainties including those listed below. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations and any of these risk elements could have a material adverse effect on the business of the Company.

Capital Requirements

Excalibur will require significant capital in order to fund its operating costs, future indebtedness and to explore and develop any project. The Company has no significant revenues and is wholly reliant upon outside sources to fund all of its capital requirements.

Management remains optimistic about identifying and securing sufficient funding to continue operating as a going concern but there can be no assurance of this.

Exploration Development and Operating Risk

Mineral exploration and development involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration and development, any of which could result in work stoppages, damage to the property, and possible environmental damage. None of the properties in which Excalibur has an interest have a known body of commercial ore. Mining involves a high degree of risk and few properties that are explored are ultimately developed into producing mines.

Management is focusing its efforts on the projects it believes are closest to being cash flow positive but there is no guarantee that the Company will be profitable in the future.

Title

Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

Management believes it has taken the steps necessary to verify the title to the mineral properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration and development of such properties,however these procedures do not guarantee title.

Government Regulation and Foreign Country Risk

Management is currently focusing on developing its project in Mexico due to the short-term timeline to achieve production (and its resulting revenue stream). By its very nature, development in a foreign jurisdiction bears certain risks such as potential economic and political instability. Other changes that can occur include a change of government that may void or change the laws and regulations that the Company is relying upon. Additionally, currently there are no restrictions on the repatriation from Mexico of earnings to foreign entities. However there can be no assurance that restrictions on repatriation of earnings will not be imposed in the future.

Management mitigates government regulation and foreign country risk by a) sharing information with other junior mining company managements regarding Mexico's economic and political climate and by b) engaging local professionals to advise the Company and by relying on the Project's country manager, to inform Management of any proposed change to the laws and regulations that could significantly impact the financial results of the Company.

Environmental Matters

Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit any mining properties will be subject to various reporting requirements and to obtaining certain government approvals and there can be no assurance that such approvals, including environment approvals, will be obtained without inordinate delay or at all.

Management is unaware of any current environmental issues related to any of its projects.

Commodity Prices

The price of the Company's common shares, its financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in the price of gold and/or other metals. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control. The effect of these factors on the price of precious and base metals, and therefore the economic viability of the Company's exploration projects, cannot accurately be predicted.

As Excalibur does not have a hedging policy and has no present intention to establish one, the Company has no protection from declines in mineral resource prices.

OUTSTANDING SHARE DATA

As at	April 29 , 2015	May 31, 2014
Issued shares outstanding	**82,924,831**	**82,924,831**
Stock options outstanding	**4,950,000**	**6,972,250**
Warrants outstanding	**4,500,000**	**4,500,000**
Total Share Capital – Common Shares - Fully Diluted	**92,374,831**	**94,397,081**

OUTLOOK

Excalibur's Strengths:

- seasoned management and exploration team
- near-term producing project in Peru, a low cost, high grade jurisdiction
- favourable mining and exploration logistics- prior resources reported, good infrastructure, approved permits

Excalibur's Challenges:

- raising capital for programs in stagnant capital markets
- achieving positive exploration and production results
- dependent on buoyant commodity price to attract and maintain investor support
- identifying, financing and procuring additional projects to expand asset base