



MANAGEMENT'S DISCUSSION AND ANALYSIS

Nine months ended February 29, 2016

Excalibur Resources Ltd.

Management's Discussion & Analysis Nine months ended February 29, 2016

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 nine months ended February 29, 2016. This MD&A has been prepared as at April 28, 2016 unless otherwise indicated. This MD&A should be read in conjunction with our condensed consolidated interim financial statements and notes thereto for the nine months ended February 29, 2016. ("Interim Financial Statements"), and our consolidated annual financial statements and notes related thereto for the year ended May 31, 2015 (the "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) was incorporated on May 11, 1983 pursuant to the Company Act (British Columbia) under the name Cactus West Explorations Ltd. The Company was extra-provincially registered in the Province of British Columbia on May 30, 2000 and on February 20, 2007 the Company completed a change of business transaction pursuant to which it changed its name to Excalibur Resources Ltd. The Company was registered in the Province of Ontario on January 24, 2011 and its head office and principal address is located at 8 King St. East, Ste. 1010, Toronto, Ontario, M5C 1B5.

Strategy and Objectives

- Excalibur continues to identify and evaluate new cash flow generating opportunities with the goal of investing in gold and silver streaming contracts and royalties
- The Company continues to monitor its healthcare and medical tourism projects for a potential corporate spinoff opportunity
- Raise additional funds to acquire cash flow projects and for corporate overhead

Challenges in Achieving Objectives

- Identification, evaluation and negotiation for viable projects is time consuming and costly
- Management must continue to pursue financing in order to execute on the new strategy
- Equity and debt financing for smaller projects is still in short supply

Recent activities:

Finance:

- In October 2015 an investor advanced \$40,000 as part of a proposed \$0.02 private placement
- Management expects to close the balance of the proposed \$200,000 private placement, with the issuance of 10,000,000 common shares @ \$0.02 per share in May 2016
- Management optioned out its interests at Sturgeon Lake for \$7,000

Projects:

- Management continues to focus in one or more areas of investment: mining based businesses such as ore trading and precious metals streaming and royalties as well as non-mining sectors including the burgeoning healthcare industry to evaluate other potential opportunities to diversify the Company's asset base and attract investors
- On March 7, 2016, Excalibur signed a non-binding LOI to purchase 5% of the production of a private Peru gold mine for US\$5 million

OVERALL PERFORMANCE – Financial position, operating results and cash flows

Effective May 27, 2015, the Company sold its 49% interest in Minera Catanava S.A. ("Mexico E&E") to its 51% partner Minera Apolo S.A., for US\$75,000 (the "Sale Transaction"). Financial results for the Mexico E&E have been reclassified as Discontinued Operations.

Financial Position

At February 29, 2016, ("period end"), the Company had \$860 cash (May 31, 2015 - \$119,198) to service total liabilities of \$433,872 (May 31, 2015 - \$388,929), which includes subscription receipts. The Company has no long term debt. Similar to other junior mining companies, Excalibur currently lacks sufficient funds to continue operating in the normal course; this low cash position contributed to the Company selling its interest in Minera Catanava to its operating partner (May 2015) and discontinuing exploration at its Canadian projects in 2014. In July 2015, Management realized on an ore trading opportunity in Peru and purchased 70 tons of copper ore for resale which yielded approximately \$15,040 in profit. Management also optioned its property at Sturgeon Lake to another junior mining company for consideration of \$7,000 cash. See *Project Review*. Post period end, the Company expects to complete a \$200,000 private placement with the issuance of 10,000,000 shares at \$0.02 per share. A loan of \$57,500 will be converted into shares as part of this equity financing. The Company continues to rely on short-term loans and equity private placements to meet its financial obligations. See *Cash Flows*.

Management is actively identifying and evaluating other business opportunities in order to generate positive cash flow for working capital and debt repayment. However 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 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.

Operating Results – Continuing operations for nine months ended February 29, 2016 and 2015

The Company is basically operating on a 'care and maintenance' basis, while it tries to identify and finance new projects. For the nine months ended February 29, 2016, the day-to-day general and administrative costs decreased 35% to \$135,429 (2015 \$206,813). The largest contributors to the reduction of spending

Excalibur Resources Ltd.

Management's Discussion & Analysis Nine months ended February 29, 2016

were i) lower regulatory and transfer agent fees from prior renegotiation of agency fees and less trading activity, ii) decreased investor relations costs as this activity has been performed by management, in-house, and iii) reduced accounting (tax and audit) fees, also renegotiated. A total of \$32,342 of exploration expenses (E&E) (2015 - \$712,029 of E&E was capitalized) represents the funds advanced to a) Peru projects (to cover concession costs, travel and other costs of German Castaño, director and representative, as he continued to identify and evaluate potential revenue opportunities for ore trading activities) and b) Mexico – for mining, laboratory, plant and security and general and administration costs at Catanava. Two of the Company's short-term loans are denominated in US dollars and a foreign exchange loss was recorded during the period of \$11,596 (2015 - \$326) to reflect the current obligations, at a higher exchange rate, at period end. Interest on the short-term loans was accrued in the amount of \$9,194 (2015 - \$nil). All terms of the loans are detailed in Note 6 of the Interim Financial Statements.

For the three months ended February 29, 2016 there were no exploration expenses recorded. Management has been focusing on evaluating new opportunities. A total of \$1,427 (2015 – \$nil) was recorded as interest expense for the three outstanding short term loans, and no loan repayments were made during the period.

During the same reporting periods in 2015, Management had engaged an investor relations firm and listed its shares on the OTCQX Exchange to garner and build a broader investor base. This strategy was not successful and neither contract was renewed at its conclusion. Through its partner in Mexico, the Company was able to arrange local short term financing to continue its operations at the Minera Catanava project in Mexico. A total of \$670,858 was expended for mining, lab and project costs. Less 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. During the period a \$10,000 reclamation bond was returned to the Company.

Cash Flows

Working capital for the Company's period's corporate costs in the reporting period were met from i) HST refunds ii) \$40,000 of private placement subscription proceeds and iii) net \$15,040 copper ore trade profits. In the same periods of 2015, investing activities included \$100,000 private placement proceeds and \$107,500 short term loan proceeds. These sources of capital reduced outstanding trade payables and met the Company's ongoing public company corporate costs. Management continues to look at additional financing options including loans, equity financings and ore trading activities.

Discontinued Operations (“Minera Catanava” or MCSA)

During the three and nine months ended February 29, 2016 the Company recorded nil financial transactions as it sold its 49% interest in the project effective May 27, 2015. Despite the sizable financial and time investment put into the Catanava project, Management determined it was no longer justified in providing additional funding to MCSA due to an ongoing lack of positive results from the Catanava operations; hence, the decision to sell the Company's investment in MCSA.

During the nine months ended February 28, 2015, MCSA completed a sale of gold concentrate which resulted in recognizing \$55,595 of revenue. Additionally, MCSA, through Minera Apolo S.A. (“MASA”) was able to secure a bridge loan facility from which MCSA drew down approximately \$817,917 to meet its corporate and operations financial obligations during the period. A total of \$670,858 was expended for the salaries and benefits, sampling and testing, roads and other maintenance and utilities for the plant and lab situated on the MCSA site. A breakdown of these expenses can be found in Note 10 of the Interim Financial Statements for the period. A translation gain of \$19,983 reduced the net loss realized by MCSA and has not advanced any funds to prior projects such as the Peru ore trading. See *Project Review*.

Excalibur Resources Ltd.

**Management's Discussion & Analysis
Nine months ended February 29, 2016**

SELECTED PERIOD INFORMATION

Financial Position	February 29, 2016 (\$)	May 31, 2015 (\$)
Cash	860	119,198
Prepaid expenses and sundry receivables	3,101	7,279
HST receivable	6,673	7,282
Property, plant & equipment	207	660
Total assets	10,841	134,419
Total liabilities	433,872	388,929
Shareholders' equity	(423,031)	(254,510)
Deficit	(20,814,555)	(20,646,034)

Operating Results	Three months ended February 29, 2016 (\$)	Three months ended February 28, 2015 (\$)
Exploration expenses	-	-
General and administrative expenses	(45,742)	(59,326)
Loss from operating activities	(45,742)	(59,326)
Interest expense	(1,427)	-
Foreign exchange gain	1,212	-
<i>Net loss for continuing operations</i>	(45,957)	(59,326)
<i>Net loss for discontinued operations</i>	-	(24,580)
Net loss for the period	(45,957)	(83,906)
Loss (gain) per share – basic and diluted	\$0.000	\$0.000
Weighted average number of common Shares outstanding – basic and diluted	82,924,831	82,924,831
Operating Results	Nine months ended February 29, 2016 (\$)	Nine months ended February 28, 2015 (\$)
Exploration expenses	32,342	
General and administrative expenses	135,429	
Loss from operating activities	(167,771)	(157,487)
Mining ore sales (net)	15,040	-
Other income (expense)	5,000	10,000
Interest income (expense)	(9,194)	145
Foreign exchange loss	(11,596)	(326)
Net loss for continuing operations	(168,521)	(147,668)
Net loss for discontinued operations	-	(12,851)

Excalibur Resources Ltd.**Management's Discussion & Analysis**
Nine months ended February 29, 2016

Net gain (loss) for the period	(168,521)	(160,519)
Loss (gain) per share – basic and diluted	\$0.002	\$0.002
Weighted average number of common Shares outstanding – basic and diluted	82,924,831	82,924,831

RESULTS OF OPERATIONS**Project Review****NewStreaming and Royalty Opportunities**

Through the Company's efforts in Peru, it connected with a private producing gold mine looking for expansion capital. With the assistance of a metal streaming consultant, this mine accepted Excalibur's non-binding letter of intent to purchase 5% of its gold production for US\$5 million subject to financing. This consultant has offered to work together on a pipeline of similar streaming deals. As a result, Excalibur has embarked on a path to fund these cash flow investments through term debt.

Peru – Ore Trading

Strategy - In 2014, in order to develop a second potential cash flow stream, Management decided to act on an alternative business strategy that would move the Company's focus from active producer to financing ore trading with informal miners, in Peru.

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 second 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 continued to be to work with and provide equipment to local informal miners to increase production and sell the ore to local processing plants and metal buyers.

Results –

To date, these initiatives have been hampered by: plant closures by the Peruvian government and increased minimum tonnage requirements which resulted in lower per tonnage payments. In addition, mining had largely been stopped by an unprecedented rainfall (El Niño).

Subsequent Action -

Excalibur Resources Ltd.**Management's Discussion & Analysis**
Nine months ended February 29, 2016

As a result of the failed initiatives hereinbefore described and in order to simplify and increase volumes in the Company's high grade ore purchasing strategy, the Company has been identifying and evaluating new possible source of gold and copper ore. Management was able to act on one such source of ore and announced its first purchase of high grade 16.8% copper ore of 70 tons, in July 2015. This purchase and resale resulted in net proceeds of \$15,040 to the Company.

Catanava – Mexico – Discontinued Operations

On June 3, 2015, the Company announced that it had sold its 49% interest in Catanava to its 51% partner, Minera Apolo S.A. ("MASA") for US \$75,000. Over a period of 5 years, the Catanava plant was unable to generate positive cash flow due to: lower than expected average grades, recoveries and concentrate sales prices. In addition, there were ongoing equipment breakdowns, low volumes, and water shortages. Management believed no further investment was justified.

EXPENDITURES UPDATE**Additional Disclosure for Venture Companies without significant revenue**

- See Note 10 – Interim Financial Statements

SEGMENTED INFORMATION

At February 29, 2016, the Company has one operating and reporting segment being its exploration operations.

At February 28, 2015, the Company had four geographical segments, being Canada, Mexico, USA and Peru. The Company's information about its assets and net loss by geographic location is:

	Property, plant and equipment (\$)	Mining Interests (\$)	Total Assets (\$)	Net Income (Loss) (\$)
February 29, 2016				
Canada	207	-	10,841	(168,521)
	207	-	10,841	(168,521)

	Property, plant and equipment (\$)	Mining Interests (\$)	Total Assets (\$)	Net Income (Loss) (\$)
February 28, 2015				
Mexico	229,649	4,958,199	5,598,587	(37,351)
Canada	806	-	30,421	(207,074)
Peru, USA	-	115,847	115,847	-
	230,475	4,876,962	5,744,856	(244,425)

SUMMARY OF QUARTERLY RESULTS

Selected Period Information	Q3-2016	Q2-2016	Q1-2016	Q4-2015
Mining ore sales	\$-	\$-	\$15,040	\$-
Other income	1,212	5,000	-	-
Interest income (expense)	(1,427)	(3,960)	(3,807)	-
Expenses	45,957	43,187	78,831	4,942,063

Excalibur Resources Ltd.**Management's Discussion & Analysis**
Nine months ended February 29, 2016

Net loss	(45,957)	(55,170)	(67,383)	(4,949,490)
Deficit, end of Quarter	(20,814,555)	(20,768,598)	(20,713,428)	(20,646,034)
Loss per share ⁽¹⁾	\$0.00	\$0.00	\$0.00	\$0.06

Selected Period Information	Q3-2015	Q2-2015	Q1-2015	Q4-2014
Sales revenue	\$-	\$-	\$56,479	\$-
Other income	-	10,000	-	-
Interest income	2,993	-	110	37,000
Expenses	93,233	98,334	110,443	2,053,543
Net (loss) gain	(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⁾	\$0.00	\$0.00	\$0.00	\$0.03

(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 meet its working capital needs. Historically, the Company has been successful in meeting this objective by completing private placements and as a result of the exercise of warrants. During the reporting period, Management relied on cash inflows from HST refunds, ore trading profits, and private placement subscription receipts. During the same period in 2015, an investment of \$100,000 on account of a future financing and short-term loan proceeds of \$107,500 financed the Company's ongoing financial activities. Two of the Company's existing loans are interest-bearing and all of the loans are repayable with terms of one to two years.

These financings have allowed 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 corporate costs, debt repayments and evaluating other potential opportunities to generate revenue.

At February 29, 2016, the Company had current assets of \$10,634 (May 31, 2015 - \$133,759) to settle trade payables of \$99,777 (May 31, 2015 - \$113,151) and service short-term debts of \$234,095 (May 31, 2015 - \$175,778). The Company will continue to be financing-dependent until achieving positive cash flow from operations. Management is hopeful 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, and short term-loans, but there is no assurance of this.

Commitments and Contingencies

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.

CAPITAL STOCK, WARRANTS AND STOCK OPTIONS

Capital Stock - There were no share issuances during the nine months ended February 29, 2016.

The Company is authorized to issue an unlimited number of common shares without par value and the current share capital is as follows:

	Number of Shares	Fair Value
Balance - May 31, 2014 and 2015 and February 29, 2016	82,924,831	\$16,719,348

Excalibur Resources Ltd.**Management's Discussion & Analysis**
Nine months ended February 29, 2016

Warrants - During the nine months ended February 29, 2016, there were no issuances of warrants however 2,500,000 warrants expired on February 25, 2016.

The following summarizes the warrant activity for the nine months ended February 29, 2016:

	Number of Warrants and Broker Warrants	Weighted Average Exercise Price (\$)	Estimated Fair Value at Date of Grant (\$)
Balance – May 31, 2015	4,500,000	0.15	156,053
Less warrants expired	(2,500,000)	0.15	(96,141)
Balance – February 29, 2016	2,000,000	0.15	59,912
Number of Warrants Outstanding	Exercise Price (\$)	Expiry Date	
2,000,000	0.15	May 22, 2016	

The weighted average contractual life remaining for warrants outstanding at February 29, 2016 is 0.23 (2015 - 1.10) 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 above can materially affect the fair value estimates.

Stock Options - There were no stock options granted during the nine months ended February 29, 2016.

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 (8,292,483) at the date of grant. Stock options granted generally vest immediately.

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

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

(c) Effective March 31, 2015, a total of 350,000 stock options previously granted to directors, consultants, and employees were cancelled.

(d) Effective August 26, 2015 a total of 200,000 stock options previously granted to officers of MCSA were cancelled.

(e) On December 5, 2015 a total of 300,000 stock options previously granted to a director, expired.

Excalibur Resources Ltd.**Management's Discussion & Analysis**
Nine months ended February 29, 2016

The following summarizes the stock option activity during the nine months ended February 29, 2016 and 2015:

	Number of Options	Weighted Average Exercise Price (\$)
Balance - May 31, 2014	6,972,250	0.15
Expired or cancelled	(2,022,250)	0.15
Balance – February 28, 2015	4,950,000	0.14
Expired or cancelled	(350,000)	0.14
Balance – May 31, 2016	4,600,000	0.14
Expire or cancelled	(500,000)	0.14
Options outstanding at February 29, 2016	4,100,000	0.14

The following summarizes the exercisable stock options outstanding at February 29, 2016:

Number of Exercisable Options	Exercise Price	Expiry Date	Estimated Fair Value (\$) At the date of grant
200,000	\$0.25	March 15, 2016	31,008
900,000	\$0.12	February 1, 2017	86,500
200,000	\$0.25	March 15, 2018	92,996
2,200,000	\$0.12	February 28, 2019	197,209
300,000	\$0.12	May 22, 2019	21,663
300,000	\$0.12	May 30, 2019	20,380
4,100,000			

The weighted average contractual life remaining for stock options at November 30, 2015 is 2.33 (2015 – 3.21 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 above 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.

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 RECOVERABLE

The carrying amount of GST and HST 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. Transactions with related parties are incurred in the normal course of business.

During the nine months ended February 29, 2016

(i) Management fees of \$96,000 (2015 - \$96,000) plus applicable taxes were paid or accrued to officers of the Company for consulting services rendered. Included in accounts payable and accrued liabilities at February 29, 2016 is \$29,778 (2015 - \$32,770) owed to the above related parties.

(ii) Two directors and one officer of the Company advanced \$1,700 (2015 - \$11,876) to the Company, to be used as working capital. These advances were non-interest bearing and were repaid during the following period.

During the three months ended February 29, 2016:

(iii) Management fees of \$32,000 (2015 - \$32,000) plus applicable taxes were paid or accrued to officers of the Company for consulting services rendered.

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

Excalibur Resources Ltd.

Management's Discussion & Analysis Nine months ended February 29, 2016

liquidity to discharge its liabilities as they come due. The Company does not have sufficient cash on hand to meet its current financial obligations and therefore must arrange additional financing to advance its strategy and attain its objectives. Management is considering several financing options including equity placements, additional short term loans and the acquisition of financeable assets.

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. As the Company is currently funding exploration and administrative expenditures in Canadian dollars, Management believes the Company has minimal currency risk exposure.

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.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

[put in Note 3 from interim financial statements]

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's Consolidated Financial Statements under 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 – see Note 2.4 Annual Financial Statements.

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 and British Columbia. 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 ore trading operations in Peru to achieve a predictable and producing 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.

Management mitigates government regulation and foreign country risk by a) sharing information with other junior mining company managements regarding Peru's economic and political climate and by b) engaging local professionals to advise the Company and by relying on German Castano, director, 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

Excalibur Resources Ltd.**Management's Discussion & Analysis**
Nine months ended February 29, 2016

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	February 28 , 2016	May 31, 2015
Issued shares outstanding	82,924,831	82,924,831
Stock options outstanding	4,100,000	4,600,000
Warrants outstanding	2,000,000	4,500,000
Total Share Capital – Common Shares - Fully Diluted	89,024,831	92,024,831