



MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended May 31, 2016

Excalibur Resources Ltd.

Management's Discussion & Analysis Year ended May 31, 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 year ended May 31, 2016. This MD&A has been prepared as at September 27, 2016 unless otherwise indicated. This MD&A should be read in conjunction with our consolidated annual financial statements and notes related thereto for the year ended May 31, 2016 (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, and OTC:EXCFF) 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.

Excalibur is a precious metals royalty and streaming company engaged in the acquisition and management of precious metal royalties, streams and similar production-based interests. Previously, the Company was focused on the discovery, development, mining and ore trading of economically viable precious and base metal mineral resources.

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

Fiscal 2016 STRATEGY AND OBJECTIVES:

- identify and evaluate new cash flow generating projects including ore trading in Peru
- review healthcare and medical tourism projects for a potential corporate spinoff opportunity
- raise additional funds to acquire cash flow projects and meet corporate overhead financial obligations

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Fiscal 2016 RESULTS:

- Generated \$15,000 in profit on a copper ore trade in Peru
- Identified a Peru gold mine producing 5000 ounces per month and signed a non-binding letter of intent to purchase 5% of production for US\$5 million
- Management was successful in raising \$142,500 through a private placement
- The Company did not complete any transactions in the healthcare industry, but identified 2 deals of merit, which were not pursued given the rebound in the gold price and mining sector
- Subsequent to year-end, the Company acquired High Stream Corp., a specialty streaming and royalty finance company ("High Stream"), for 10 million common shares of Company stock
- Subsequent to year-end, the Company completed its first royalty transaction – see *Project Review*

Finance:

- In July 2015, the Company completed the purchase of 70 tons of high grade, 16.8% copper ore in Peru for \$35,600, which was resold in August for \$50,640, generating the first profit on an ore trade
- In October 2015, the Company optioned and in April 2016 sold its interest in 12 claims at Sturgeon Lake for proceeds of \$7,000.
- In May 2016, the Company completed a non-brokered private placement with the issuance of 7,125,000 common shares at \$0.02 per share, for proceeds of \$142,500 (the "Private Placement")
- \$57,500 of short-term debt was converted to 2,875,000 common shares as part of the Private Placement
- In August 2016, two shareholders advanced a total of \$550,000 to the Company, as short-term loans, to fund the acquisition of Excalibur's first royalty interest

Projects:

- With the rebound in the mining sector, the Company has focused on becoming a streaming and royalty finance company
- The Company advanced \$35,102 for consulting, assay and travel costs to evaluate potential mining investment opportunities including ore trading in Peru
- Management continued to identify and evaluate potential opportunities in the global burgeoning healthcare industry, in order to potentially diversify the Company's cash generating asset base

OVERALL PERFORMANCE – Financial position, operating results and cash flows

Financial Position

At period end, the Company has \$4,101 (2015 - \$119,198) cash to service total liabilities of \$296,837 (2015- \$388,929) and accumulated losses of \$20,853,292 (2015 - \$20,646,034). 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 resulted in the Company selling its interest in Minera Catanava to its operating partner (May 2015). In July 2015, Management realized on an opportunity by purchasing 70 tons of copper ore and selling it for a net profit of \$15,040. During the year, the Company received \$7,000 cash for the transference of 12 claims at its Sturgeon Lake project to another junior mining company. Finally, in May 2016 the Company issued 10,000,000 common shares for \$142,500 in cash and \$57,500 short-term debt was swapped out for equity. See *Cash Flows*.

Management is actively identifying and evaluating royalty and streaming transactions in order to generate positive cash flow for working capital and debt repayment. The 5 year resource bear market and the low price of the Company's common shares made it difficult to raise funds by private placements of shares. This uncertainty, in conjunction with the Company's inability to generate cash from operations, cast

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significant doubt upon the Company's ability to continue as a going concern. However, with the higher gold price, there has been a rebound in mining shares and with the new focus on the proven model of royalty and streaming, the Company expects to be able to finance these transactions on the strength of the underlying cash flow, although there is no assurance that any of these endeavours will be successful.

Operating Results - F2016 compared to F2015

For the year ended May 31, 2016, operating costs decreased 45% from \$387,782 to \$211,832 year-over-year. Management costs were consistent with that expended in the prior year while investor relations costs decreased 93% from \$76,260 to a modest \$5,631 primarily due to a substantial savings realized by not renewing the \$60,000 contract of a professional investor relations group originally engaged in fiscal 2015. Professional fees decreased 78% from \$27,132 to \$6,078 partially due to negotiated lower audit and tax return preparation fees and higher accounting fees for 2014 which weren't recorded until 2015.

On the revenue side, a copper ore trade netted the company \$15,040 and a transfer of Canadian claims added \$7,000 to the Company treasury. These revenue items were partially offset by the accrual of interest expense of \$15,913 for short-term loans.

Cash Flows

Cash used in operating activities decreased 47% from \$481,742 to \$257,597 and exploration and evaluation expenses decreased 100% year-over-year from \$36,293 to nil as less resources were available. The Company completed the purchase of copper ore in Peru for \$35,600, which was resold for \$50,640, generating \$15,040 in gross profit. A \$142,500 private placement was completed in the 4th quarter which helped pay down some aged payables while \$100,000 subscription receipts and \$175,779 short-term loans raised in the prior year funded the Company's ongoing corporate costs for that prior period. Management continues to look for additional sources of financing for the Company's ongoing operations and investments through loans and equity financings and ore trading sales.

Discontinued Operations

On May 27, 2015, the Company completed the sale of its 49% interest in Minera Catanava S.A. ("MCSA") to its 51% partner Minera Apolo S.A. ("MASA") by transferring all the shares of MCSA to MASA for US\$75,000.

For the period ended May 31, 2015, the Company has presented the i) disposal of the shares of MCSA and the income and cash flow related to the 49% interest in MCSA as discontinued operations. The following tables shows the effect of the sale on the Company's consolidated financial statements:

	May 31, 2015 (\$)
Concentrate sales	(56,003)
Professional fees	35,000
Depreciation	63,304
Interest (income) expense	17,667
VAT receivable	-
Foreign exchange (gain) loss	(68,876)
Loss (income) from discontinued operations before the Sale Transaction	(8,908)
Loss on the Sale Transaction	4,767,111
Total (gain) loss from discontinued operations	4,758,203

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The net cash flows provided by (used in) discontinued operations during the year ended May 31, 2015 was \$348,003.

The breakdown of the net cash flows used in discontinued operations loss for the year ended May 31, 2015 as follows:

	May 31, 2015 (\$)
Net cash flows provided by operating activities	138,153
Net cash flows used in investing activities	(659,564)
Net cash flows provided by financing activities	869,414
Net cash flows provided by (used in) discontinued operations	348,003

SELECTED PERIOD INFORMATION

Financial Position	May 31, 2016 (\$)	May 31, 2015 (\$)
Cash	4,101	119,198
Prepaid expenses and sundry receivables	19,194	7,279
HST receivable	11,774	7,282
Property, plant & equipment	-	660
Total assets	35,069	134,419
Total liabilities	296,837	388,929
Shareholders' equity	(261,768)	(254,510)
Deficit	(20,853,292)	(20,646,034)
Operating Results	Year ended May 31, 2016 (\$)	Year ended May 31, 2015 (\$)
General and administrative	176,730	276,813
Evaluation expenses	35,102	-
Impairment loss	-	110,969
Loss from continuing operations before other items	211,832	387,782
Ore revenue	(50,640)	-
Less purchase cost	35,600	-
Interest expense	15,913	5,384
Foreign exchange loss	1,553	42,546
Loss from continuing operations	207,258	435,712
Loss (gain) from discontinued operations	-	4,758,203
Net loss and comprehensive loss	207,258	5,193,915
Loss per share – basic and diluted		
Continuing operations	\$0.00	\$0.00
Discontinued operations	\$0.00	\$0.06

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Weighted average number of common Shares outstanding – basic and diluted	83,635,214	82,924,831
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Cash flows – Continuing operations	Year ended May 31, 2016 (\$)	Year ended May 31, 2015 (\$)
Net loss from continuing operations	(207,258)	(435,712)
Operating activities including depreciation, impairment loss and return of deposits	(50,339)	(46,030)
Cash used in operating activities	(257,597)	(481,742)
Exploration and evaluation assets expenditures	-	(36,293)
Cash used in investing activities	-	(36,293)
Private placement proceeds	142,500	-
Subscription receipts and short term loans	-	275,779
Cash provided by financing activities	142,500	275,779
Net cash flows for continuing operations	(115,097)	(242,256)
Net cash flows for discontinued operations	-	348,003
Net change in cash	(115,097)	105,746
Cash, beginning of year	119,198	13,452
Cash, end of year	4,101	119,198

RESULTS OF OPERATIONS**Annual Financial Review**

Management focused its efforts this year moving away from ore trading in Peru to becoming an active streaming and royalty finance company, announcing non-binding letters of intent on a Peru gold streaming transaction in March 2016 and a potential investment in a company with royalties in Timmins, Ontario. In August 2016, the Company completed its first royalty deal on a property in Kirkland Lake, Ontario. In September 2016, the Company completed the purchase of High Stream Corp., ("High Stream"), a private US-domiciled company for 10,000,000 common shares of Excalibur to be issued in three tranches according to specified milestones. Terms of the transaction included the engagement of Brett Heath, Managing Director of High Stream, to serve as President of the combined entity and to be responsible for sourcing public and private gold and silver companies that could generate annual cash flow for Excalibur, either through royalties or streaming financings. *See Business Prospects*

No stock options were granted in fiscal 2016 and 700,000 stock options were either cancelled or expired, leaving 3,900,000 stock options outstanding with an average exercise price of \$0.13. The Company's 4,500,000 outstanding warrants expired during the reporting period.

Management and administration fees of \$130,000 and office and general expenses of \$11,501 remained virtually unchanged. Regulatory and transfer agent fees were substantially lower (28%) to \$22,860 in 2016, primarily due to not renewing the OTCQB US listing of Excalibur common shares, thereby saving

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approximately US \$10,000. Investor relations were reduced by 93% to \$5,631 and professional fees were reduced 78% to \$6,078.

Project Review –

New Streaming and Royalty Opportunities

Canada

On August 23, 2016, the Company acquired a 2% royalty on the Mirado mine project ("Mirado") located in Kirkland Lake, Ontario, from Orefinders Resources Inc. ("Orefinders"). A \$450,000 secured, one-year debenture was provided in return for a financing bonus of \$180,000 plus 1.5 million common shares of Orefinders', valued at \$90,000. In addition to the debenture, the Company made an investment of \$50,000 in return for an unsecured royalty capped at a maximum of \$105,000, payable out of Orefinders' profits from processing the stockpile, after paying all processing costs and repayment of the Loan. The acquisition proceeds will be used primarily as deposits on the trucking and milling contracts for the project.

In addition, the Company also acquired i) a 2% net smelter royalty with total proceeds to be capped at \$1,000,000 on revenues from Orefinders' potential future production called Phase Two, ii) the right to acquire a 1% net smelter royalty during the life of the Mirado mine for an additional \$2,000,000 and iii) a right of first refusal to provide any future stream financing component to Orefinders on its possible future Phase Two production from expansion of the open pit once a PEA has been completed and provided the financing is on reasonable and competitive commercial term consistent with industry standards.

Excalibur funded these investments through a 1 year \$500,000 loan plus a \$250,000 financing fee, 1 million in Orefinders shares and 2.5 million 5 year Excalibur warrants at \$0.15. The Company also borrowed \$50,000 from a shareholder for 1 month due on September 30, 2016 for 250,000 warrants for 5 years at \$0.15. See *Capital Resources*

Peru

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 offered to work together on a pipeline of similar streaming deals, hence, the acquisition of his company, High Stream Corp. on September 1, 2016.

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.

Canada – Sturgeon Lake Claims

In fiscal 2016, the Company transferred 12 claims at its Sturgeon Lake project to Gossan Resources Inc., for \$7,000 cash. In 2014, Management made the decision to focus its efforts on projects in Mexico and Peru and discontinue operations in Canada.

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ADDITIONAL DISCLOSURE FOR VENTURE COMPANIES WITHOUT SIGNIFICANT REVENUE

OTHER MINING ACTIVITIES

During the year ended May 31, 2016, the Company incurred \$35,102 in consulting fees and travel expenses for German Castano, director, to examine potential ore trading opportunities in Peru.

EXPLORATION AND EVALUATION EXPENDITURES ("E&E")

The following summarizes the E&E costs for the years ended May 31, 2016 and 2015:

	Catanava		Peru		Canada/USA		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015
Operations:								
- lab/mine	-	103,566			-	-	-	103,566
- plant	-	254,637	-	-	-	-	-	254,637
- security	-	34,022	-	-	-	-	-	34,022
Geology consulting and travel expenses	-	-	-	41,171	-	5,000	-	46,171
G&A expenses	-	320,153	-	-	-	(9,878)	-	310,275
Less concentrate sales	-	(56,614)	-	-	-	-	-	(56,614)
Period Expenditures	-	\$655,764	-	\$41,171	-	\$(4,878)	-	\$692,057

SEGMENTED INFORMATION

At May 31, 2016, the Company's operations comprised a single reporting operating segment engaged acquisition and management of precious metal royalties, streams and similar production based interests. Cash of \$4,101 (2015 - \$119,198) is held in Canadian chartered banks.

The Company's information about its assets and net loss by geographic location is detailed below:

May 31, 2016	Property, Plant and Equipment (\$)	Mining Interests/ Writedowns (\$)	Total Assets (\$)	Net Income (Loss) (\$)
Canada	-	-	35,069	(207,258)

At May 31, 2015, the Company had one operating and reporting segment being its exploration operations. It had four geographical segments, being Canada, Mexico, USA and Peru.

May 31, 2015	Property, Plant and Equipment (\$)	Mining Interests/ Writedowns (\$)	Total Assets (\$)	Net Income (Loss) (\$)
Canada	660	-	134,419	(314,865)
Mexico	-	(4,758,203)	-	(4,758,203)
Peru, USA	-	(120,847)	-	(120,847)
	660	(4,879,050)	134,419	(5,193,915)

Excalibur Resources Ltd.**Management's Discussion & Analysis**
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Selected Period Information	Q4-2016	Q3-2016	Q2-2016	Q1-2016
Profit on sale of copper ore	\$-	\$-	\$-	\$15,040
Other income	2,000	-	5,000	-
Interest income (expense)	(6,719)	(1,427)	(3,960)	(3,807)
Expenses	(34,033)	(45,957)	(43,187)	(88,655)
Net loss	(38,748)	(45,957)	(55,170)	(67,383)
Deficit, end of Quarter	(20,853,292)	(20,814,555)	(20,768,598)	(20,713,428)
Loss per share ⁽¹⁾	\$0.00	\$0.00	\$0.00	\$0.00

Selected Period Information	Q4-2015	Q3-2015	Q2-2015	Q1-2015
Sales revenue	\$-	\$-	\$-	\$-
Other income	-	-	-	10,000
Interest income	-	-	-	-
Expenses	4,942,063	93,233	98,337	110,473
Net (loss) gain	(4,949,490)	(83,906)	(148,854)	(11,667)
Deficit, end of Quarter	(20,646,034)	(15,696,544)	(15,612,638)	(15,413,786)
Loss per share ⁽¹⁾	\$0.06	\$0.00	\$0.00	\$0.00

(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 and ultimately become cash flow positive. Historically the Company has been successful in meeting this objective by completing private placements and through the exercise of warrants. During the reporting period, the Company completed a \$200,000 equity financing with the issuance of 10,000,000 common shares at \$0.02 per share. This included cash proceeds of \$142,500 and the conversion of \$57,500 of short-term debt into 2,875,000 common shares. The Company is still carrying \$133,412 of short-term loans with interest accruing at rates of 12% and 15%. Subsequent to year end, two shareholders advanced further short-term loans totaling \$550,000, to fund a royalty acquisition.

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, evaluating other potential opportunities to generate revenue from royalty and streaming investments.

The Company will continue to be financing-dependent until achieving positive cash flow from operations. Management is hopeful that it will continue to be able to raise sufficient cash to fund its operations in the future through positive cash flow from operations, equity financings, the exercise of options and warrants, and debt, but there is no assurance of successful financing efforts.

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 Annual Financial Statements – Subscription Receipts and Other Loans

CAPITAL STOCK, WARRANTS AND STOCK OPTIONS**Capital Stock -**

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The Company is authorized to issue an unlimited number of common shares without par value. There were no share issuances during the year ended May 31, 2015 and 10,000,000 shares were issued in fiscal 2016.

The Company's current share capital is as follows:

	Number of Shares	Value
Balance - May 31, 2014 and 2015	82,924,831	\$16,719,348
Shares issued for private placement	7,125,000	142,500
Shares issued on conversion of loan	2,875,000	57,500
Balance - May 31, 2016	92,924,831	\$16,919,348

Warrants –

During the year ended May 31, 2016, there were no new warrants issued and all 4,500,000 outstanding warrants, expired.

The following summarizes the warrants activity and outstanding warrants for the years ended May 31, 2015 and 2016:

	Number of Warrants and Broker Warrants	Weighted Average Exercise Price (\$)	Estimated Fair Value at Date of Grant (\$)
Balance – May 31, 2014 and 2015	4,500,000	0.15	156,053
Expired	(4,500,000)	(0.15)	(156,053)
Balance – May 31, 2016	-	-	-

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. Stock options granted generally vest immediately.

There were no stock options granted during the year ended May 31, 2016.

- (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 31, 2015, a total of 200,000 stock options previously granted to employees, were cancelled.
- (e) On December 5, 2015, a total of 300,000 previously granted to a director, expired.

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- (f) On March 15, 2016, a total of 200,000 stock options previously granted to a consultant, expired.

The following summarizes the stock option activities during the years ended May 31, 2015 and 2016:

	Number of Options	Weighted Average Exercise Price (\$)
Balance - May 31, 2014	6,972,250	0.15
Expired or cancelled	(2,372,250)	0.16
Balance - May 31, 2015	4,600,000	\$0.14
Expired or cancelled	(700,000)	\$0.19
Options outstanding at May 31, 2016	3,900,000	\$0.13

The following summarizes the exercisable stock options outstanding at May 31, 2016:

Number of Exercisable Options	Exercise Price	Expiry Date	Estimated Fair Value (\$) At the date of grant
900,000	\$0.12	February 1, 2017	77,850
200,000	\$0.25	March 15, 2018	61,997
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
3,900,000			

The weighted average contractual life remaining for stock options at May 31, 2016 is 2.26 years (2015 –2.93 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 the Company. Changes in the underlying assumptions described in Note 11 of the annual Consolidated Financial Statements 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.

Subsequent to year end, the Company granted stock options to certain officers, directors and a consultant. These stock options are exercisable for an aggregate of 5,300,000 common shares, at an exercise price of \$0.07 per common share, for a period of five years from the date of grant. The options vest immediately.

OFF BALANCE SHEET ARRANGEMENTS

The Company currently has no off balance sheet arrangements or obligations.

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 assets depending on results, opportunities, the competitive nature of the business and the ability to finance.

ASSESSMENT OF RECOVERABILITY OF MINERAL PROPERTY COSTS

The Company's historically recorded value of its exploration properties based on historic costs that expect to be recovered in the future, but now expenses such costs. The Company's recoverability evaluation was 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/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

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

- (i) During the year ended May 31, 2016, management fees of \$120,000 (2015 - \$120,000) and accounting consulting fees of \$10,000 (2015 - \$9,000) plus applicable taxes were paid or accrued to officers of the Company for services rendered. Included in accounts payable and accrued liabilities at May 31, 2016 is \$4,520 (2015 - \$41,540) owed to the above-related parties.
- (ii) During the year ended May 31, 2016, an officer of the Company advanced \$1,700 (2015 – two officers and one Director advanced \$12,800) to the Company, to be used as working capital. This advance was non-interest bearing and repaid prior to yearend respectively.
- (iii) In May 2016, a director and officer of the Company purchased 621,000 common shares through a private placement for proceeds of \$12,420. This amount was recorded as a sundry receivable at May 31, 2016 and the proceeds were received in June 2016.

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:

	2016 (\$)	2015 (\$)
Management fees	130,000	129,000
Share-based compensation	-	-
	130,000	129,000

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 short-term activities and long-term growth strategy.

The Company is subject to various financial risks that could have a significant impact on its financial condition and the Company's ability to advance its 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 held at highly-rated Canadian financial institutions. Management considers 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 expenditures in US dollars converted from Canadian dollar wire transfers. The Company is therefore subject to gains and losses that may arise due to fluctuations in US dollar against the Canadian dollar which is the Company's functional currency. As at period end, the Company had minimal currency risk exposure.

Global Financial Market Conditions

Events and conditions in the global financial markets will 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, expenditures and investments.

CRITICAL ACCOUNTING ESTIMATES – See *Discontinued Operations*

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 4 in the 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, the present stage of its development and the location of its operations. 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 invest in 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. 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 generating cash flow and those 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 royalty and streaming transactions in order to achieve a predictable and self-sustaining cash flow. 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) collecting and sharing information with other junior mining company managements regarding various economic and political climates and by b) engaging local professionals to advise the Company 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, investment 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 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	May 31 , 2016	May 31, 2015
Issued shares outstanding	92,924,831	82,924,831
Stock options outstanding	3,900,000	4,600,000
Warrants outstanding	-	4,500,000
Total Share Capital – Common Shares - Fully Diluted	96,824,831	92,024,831

OUTLOOK

Excalibur's Strengths:

- seasoned management team to identify, evaluate, manage and finance royalty and streaming transactions

Excalibur's Challenges:

- raising capital in volatile capital markets from investors averse to risk and to junior mining sector
- achieving positive results from diverse royalty and streaming financing activities
- dependent on buoyant gold and silver prices to attract and maintain investor support
- identifying and financing additional projects to expand its asset base