EXCALIBUR
RESOURCES LTD.

Condensed Consolidated Interim Financial Statements
THIRD QUARTER REPORT
Nine Months Ended February 28, 2015
(Unaudited – in Canadian dollars)

INDEX

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING and NOTICE TO READER

The accompanying Condensed Consolidated Interim Financial Statements (unaudited) of Excalibur Resources Ltd. (the "Company") for the nine months ended February 28, 2015 (the "Interim Financial Statements") are the responsibility of the Company's management and have been prepared by Management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these Interim Financial Statements in accordance with International Financial Reporting Standards for Interim Financial Statements.

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the Interim Financial Statements, they must be accompanied by a notice indicating that the Interim Financial Statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these Interim Financial Statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of Interim Financial Statements by an entity's auditor.

Excalibur Resources Ltd.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited – in Canadian dollars)

As at	February 28, 2015	May 31, 2014
Assets		
Current		
Cash	**$2,841**	$13,452
Prepaid expenses and sundry receivables	**47,886**	102,993
IVA and HST receivables *(Note 4)*	**131,675**	109,490
	182,402	225,935
Non-current		
IVA receivable *(Note 4)*	**244,036**	211,697
Exploration and evaluation assets *(Note 5)*	**5,074,046**	4,363,038
Reclamation bonds and guarantee deposits *(Note 6)*	**13,896**	24,062
Property, plant and equipment *(Note 7)*	**230,475**	313,260
	$5,744,855	$5,137,992
Liabilities		
Current		
Trade and other payables	**$81,958**	$188,587
Subscription receipts	**100,000**	
Note payable	**50,000**	
	231,958	188,587
Non-current		
Notes payable	**817,917**	-
Rehabilitation provision *(Note 6)*	**-**	10,000
	1,049,875	198,587
Shareholders' Equity		
Capital stock (*Note 9*)	**16,719,348**	16,719,348
Warrants *(Note 10)*	**156,053**	156,053
Contributed surplus	**3,516,123**	3,516,123
Deficit	**(15,696,544)**	(15,452,119)
	4,694,980	4,939,405
	$5,744,855	$5,137,992

Nature of Operations and Going Concern (Note 1)

APPROVED BY THE BOARD:

Signed *"Andrew Robertson"* Director

Signed *"Tim Gallagher"* Director

The accompanying notes are an integral part of these Interim Financial Statements.

Excalibur Resources Ltd.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited – in Canadian dollars)

	Three Months Ended February 28,		**Nine Months Ended February 28,**	
	2015	2014	**2015**	2014
Corporate administrative expenses				
Depreciation	**$24,062**	$-	**$85,567**	$60,780
Management fees	**34,000**	11,225	**96,000**	125,474
Office and general expenses	**674**	6,295	**8,749**	37,323
Professional and consulting fees	**-**	18.273	**20,560**	26,363
Promotional and investor relations	**16,722**	25,530	**62,437**	128,797
Regulatory and transfer agent fees	**17,775**	8,305	**28,817**	23,101
Stock-based compensation *(Note 11)*	**-**	341,500	**-**	351,986
	93,233	430,243	**302,130**	753,824
Sale of concentrate	**-**	-	**(55,595)**	-
Interest expense	**2,993**	(1,434)	**17,547**	(25,338)
Exchange (gain) loss	**(12,320)**	(9,100)	**(19,657)**	(28,710)
Net loss and comprehensive loss	**$83,906**	$419,079	**$244,425**	$699,776
Loss per share – basic and diluted	**$0.000**	$0.005	**$0.003**	$0.009
Weighted average number of common shares outstanding – basic and diluted	**82,924,831**	78,508,164	**82,924,831**	78,452,304

The accompanying notes are an integral part of these Interim Financial Statements.

Excalibur Resources Ltd.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – in Canadian dollars)

Nine months ended	February 28, 2015	February 28, 2014
Cash provided by (used in):		
Operations		
Net (loss)	**$(244,425)**	**$(699,776)**
Items not affecting cash		
Depreciation *(Note 7)*	**85,567**	**60,780**
Stock-based compensation *(Note11)*	**-**	**351,986**
Net changes in non-cash working capital		
Sales tax receivable	**(54,524)**	**(84,466)**
Prepaid expenses	**55,274**	**(64,837)**
Trade and other payables	**43,370**	**(14,337)**
	(114,738)	**(450,650)**
Investing		
Property, plant and equipment costs	**(2,782)**	**(101,725)**
Exploration and evaluation assets costs	**(711,008)**	**(1,328,563)**
	(713,790)	**(1,430,288)**
Financing		
Notes payable	**817,917**	
Shares issued for private placements	**-**	**203,859**
Warrants issued for private placement units	**-**	**96,141**
	817,917	**300,000**
Net change in cash	**(10,611)**	**(1,580,938)**
Cash, beginning of period	**13,452**	**1,695,545**
Cash, end of period	**$2,841**	**$114,607**

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Excalibur Resources Ltd.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Unaudited – in Canadian dollars)

		Issued Capital	Equity Reserves			
	Number of Shares	Capital Stock($)	Warrants($)	Contributed Surplus($)	Deficit($)	Total($)
Balance - May 31, 2013 *(Notes 9,10,11)*	**78,424,831**	**16,375,401**	**619,358**	**2,592,375**	**(12,782,762)**	**6,804,372**
Share units issued for private placements *(Note 9)*	2,500,000	203,859	96,141	-	-	300,000
Expired warrants *(Notes 10(a))*	-	-	(619,358)	619,358	-	-
Stock-based compensation *(Note11)*	-	-	-	304,390	-	304,390
Net (loss) for the period	-	-	-	-	(699,776)	(699,776)
Balance – February 28, 2014	**80,924,831**	**16,579,260**	**96,141**	**3,516,123**	**(13,482,538)**	**6,708,986**
Share units issued for private placements *(Note9)*	2,000,000	140,088	59,912	-	-	200,000
Net (loss) for the period	-	-	-	-	(1,969,581)	(1,969,581)
Balance - May 31, 2014	**82,924,831**	**16,719,348**	**156,053**	**3,516,123**	**(15,452,119)**	**4,939,405**
Net (loss) for the period	-	-	-	-	(244,425)	(244,425)
Balance – February 28, 2015	**82,924,831**	**16,719,348**	**156,053**	**3,516,123**	**(15,696,544)**	**4,694,980**

The accompanying notes are an integral part of these Interim Financial Statements.

1. NATURE OF OPERATIONS

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

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

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

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

The Company's condensed consolidated interim financial statements were authorized for issue by the Board of Directors on April 29, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, Excalibur Resources (US) Inc., which was inactive during the year, and a 49% interest in Minera Catanava S.A. de C.V., ("MCSA"), incorporated under the laws of Mexico. The other 51% is owned by Minera Apolo S.A. de C.V., ("MASA"). On consolidation, all intercompany transactions and balances have been eliminated.

2.2 Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34 *International Financial Reporting* using the accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board . These condensed consolidated interim financial statements have been prepared on the basis of and using accounting policies, methods of computation and presentation consistent with those applied in Excalibur's 2014 consolidated annual financial statements. The accounting policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as of April 29, 2015, the date the Audit Committee approved these statements. Any subsequent changes to IFRS that are given effect in the Company's consolidated annual financial statements for the year ending May 31, 2015 could result in the restatement of these condensed consolidated interim financial statements, including the transition adjustments recognized on changeover to IFRS.

The preparation of interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. See Note 2.3.

2.3 Basis of Presentation

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

Use of Estimates and Judgments

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

3. CHANGES IN ACCOUNTING POLICIES

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2015 or later periods. The nature and effect of the changes are explained below.

IFRS 8 - Operating Segments ("IFRS 8") was amended to require an entity to disclose the judgments made by management in aggregating segments. IFRS 8 was also amended to clarify that an entity needs to present reconciliation between the total reporting segment's assets to the entities' total assets if this information is usually provided to the chief operating decision maker. The amendments are effective for annual periods beginning on or after July 1, 2014.

The Company conducted a review of the amendment to this standard and determined that it did not result in any material change to the condensed consolidated interim financial statements.

(In Canadian dollars)

IFRS 13 - Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014.

The Company conducted a review of the amendment to this standard and determined that it did not result in any material change to the condensed consolidated interim financial statements.

IAS 24 - Related Party Disclosures ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.

The Company conducted a review of the amendment to this standard and determined that it did not result in any material change to the condensed consolidated interim financial statements.

4. VALUE-ADDED TAXES RECEIVABLES

The Company's value-added taxes receivable arise from two main sources – harmonized services tax ("HST") recoverable from the Canadian government taxation authority ("CRA") and value-added taxes ("IVA") recoverable from the Mexican government taxation authority ("SAT"). HST is readily recoverable from the CRA and the Company files the standard HST forms, quarterly. Although the Company has also filed the required forms to apply for IVA refunds, the Company has yet to receive a cash refund from SAT. However, the Company is permitted to apply IVA credits in lieu of submitting certain payroll source deductions. To date the Company has applied approximately 25% of the IVA owing to the Company, to reduce payroll taxes payable.

Value-added taxes receivable, at February 28, 2015 and May 31, 2014 is as follows:

	February 28, 2015	May 31, 2014
HST receivable	**5,959**	15,402
IVA receivable – current	**125,716**	94,088
IVA receivable - non-current	**314,601**	282,262
	446,276	391,752
Less Allowance for IVA receivable	**(70,565)**	(70,565)
TOTAL	**375,711**	321,187

At February 28, 2015, the Company anticipates full recovery of these amounts, either in cash or as credits to offset other taxes payable, and therefore no impairment has been recorded against these receivables. However, the Company has no control over the timing of the recoveries, especially in Mexico and has reclassified a portion of the IVA receivable as non-current as it does not anticipate full recovery of this receivable before twelve months.

5. EXPLORATION AND EVALUATION ASSETS

a) Minera Catanava

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

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

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

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

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

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

b) Other projects

i) On June 25, 2014, the Company announced that it had signed a letter of intent with Carbocol Peru S.A.C. ("Carbocol") to purchase a 900 hectare gold concession held in the state of Piura in northern Peru, for one million shares of Excalibur. Carbocol is controlled by German Castaño, a director of the Company. To date, the Company has advanced a total of $60,447 for mineral concession acquisition and working capital.

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

c) Canadian projects (inactive)

Cariboo Claims

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

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

(In Canadian dollars)

In order to focus its resources on its projects in Mexico and Peru, the Company has elected not to conduct any future exploration programs on the Cariboo Claims and at May 31, 2014, wrote down the carrying amount of $360,520 to nil.

Sturgeon Lake Claims

The Company has 52 active claims registered in the Sturgeon Lake area of Ontario. Subsequent to May 31, 2014, the Company allowed 24 claims to lapse. Between March 2008 and November 2010, the Company conducted exploration on these claims.

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

The Company's capitalized expenditures at November 30, 2014 are as follows:

	May 31, 2014	Additions/ Adjustments	Impairment/ Write-downs	February 28, 2015
	$	$	$	$
Minera Catanava [a]				
Acquisition	-	-	-	-
Exploration & Evaluation	4,288,362	669,837	-	4,958,199
Total	**4,288,362**	**669,837**	**-**	**4,958,199**
Other [b]				
Exploration & Evaluation	**74,676**	**41,171**	**-**	**115,847**
Cariboo Claims and Sturgeon Lake [c]				
Acquisition, Exploration & Evaluation	-	-	-	-
Total	-	-	-	-
Total E&E Assets	**4,363,038**	**711,008**	-	**5,074,046**

	May 31, 2013	Additions/ Adjustments	Impairment/ Write-downs	May 31, 2014
	$	$	$	$
Minera Catanava [a]				
Acquisition	-	-	-	-
Exploration & Evaluation	2,736,081	1,552,281	-	4,288,362
Total	2,736,081	1,552,281	-	**4,288,362**

(In Canadian dollars)

Other (b)				
Exploration & Evaluation	-	74,676	**-**	**74,676**
Cariboo Claims (c)				
Acquisition	77,006	-	(77,006)	-
Exploration & Evaluation	283,514	-	(283,514)	-
Total	360,520	-	(360,520)	**-**
Sturgeon Lake (c)				
Acquisition	93,331	-	(93,331)	-
Exploration & Evaluation	1,541,968	(5,328)	(1,536,640)	-
Total	1,635,299	(5,328)	(1,629,971)	**-**
Total E&E Assets	**4,731,900**	**1,621,629**	**(1,990,491)**	**4,363,038**

6. RECLAMATION BONDS, REHABILITATION PROVISION AND GUARANTEE DEPOSITS

As at February 28, 2015 and May 31, 2014, Management has recorded a $nil (May 31, 2014 - $10,000) rehabilitation provision to their exploration program on the Company's mining claims relating to the Silver King Property. This provision was estimated by Management and approved by the Ministry of Energy, Mines and Petroleum Resources in the Province of British Columbia ("MEMP"). On October 22, 2014, MEMP confirmed that the Company had satisfied its rehabilitation obligations and the Company was able to recover the $10,000 previously lodged bond and was released from any and all further restoration obligations for this property.

At February 28, 2015 and May 31, 2014, the equivalent of $13,895 continues to be lodged as a guarantee deposit with the Federal Electricity Authority in Mexico.

(In Canadian dollars)

7. PROPERTY, PLANT AND EQUIPMENT

Cost	Tools $	Furniture and Fixtures $	Equipment $	Computers and Software $	Total $
At June 1, 2013	10,509	5,966	433,165	18,157	467,797
Additions	8,538	116	177,992	-	186,646
At May 31, 2014	19,047	6,082	611,157	18,157	654,443
Additions	-	-	2,782	-	2,782
At February 28, 2015	**19,047**	**6,082**	**613,939**	**18,157**	**657,225**

Accumulated Depreciation	Tools $	Furniture and Fixtures $	Equipment $	Computers and Software $	Total $
At June 1, 2013	5,031	1,638	196,344	17,184	220,197
Additions	6,108	1,104	113,241	533	120,986
At May 31, 2014	11,139	2,742	309,585	17,717	341,183
Additions	2,650	430	82,079	408	85,567
At February 28, 2015	**13,789**	**3,172**	**391,664**	**18,125**	**426,750**

Net Book Value	Tools $	Furniture and Fixtures $	Equipment $	Computers and Software $	Total $
At May 31, 2014	7,908	3,340	301,572	440	313,260
At February 28, 2015	**5,258**	**2,910**	**222,225**	**32**	**230,475**

8. SUBSCRIPTION RECEIPTS and NOTES PAYABLE

a) Subscription Receipts –

i) On June 25, 2014 a shareholder advanced $100,000 to the Company, for working capital, as part of a future private placement.

b) Notes payable –

i) During the nine months ended February 28, 2015**,** Minera Catanava S.A., through the Company's 51% Mexico partner Minera Apolo S.A., ("MASA") borrowed a total of $760,417 from private investors, in Mexico. These advances were used for working capital at the Minera Catanava project.

ii) On September 12, 2014 a shareholder advanced $50,000 to the Company as a one-year 12% bridge loan.

iii) On November 6, 2014 a shareholder advanced $57,500 to the Company in the form of a royalty note on production from San Pedro.

(In Canadian dollars)

9. CAPITAL STOCK

Authorized: an unlimited number of common shares without par value

Issued and outstanding common shares:

	Number of Shares	Value
Balance - June 1, 2013	**78,424,831**	**$16,375,401**
Shares issued for private placements (Note 9(a))	2,500,000	300,000
Less fair value of warrants (Note 10)		(96,141)
Balance – February 28, 2014	**80,924,831**	**$16,579,260**
Shares issued for private placements (Note 9 (b))	2,000,000	200,000
Less fair value of warrants (Note 10)		(59,912)
Balance - May 31, 2014 and February 28, 2015	**82,924,831**	**$16,719,348**

a) On February 25, 2014 the Company completed a non-brokered private placement financing for $300,000 through the sale of 2,500,000 units at $0.12 per unit, each unit consisting of one common share and one share purchase warrant exercisable at $0.15 for a period of two years. The warrants were assigned a fair value of $96,141 using the relative fair value method. Under this method the proceeds were allocated to the warrants based on the estimated value of the warrants using the Black-Scholes option pricing model, as a percentage of this Black-Scholes value plus the value of the common stocks based on the market closing price on February 25, 2014. The original Black-Scholes option pricing model used the following assumptions: share price $0.12, forfeiture rate 0%, dividend yield 0%, expected volatility 100%, a risk-free interest rate of 1.02% and an expected life of 2 years.

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

10. 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. *See Note 9(a) - Capital Stock.*

On May 22, 2014 a total of 2,000,000 share purchase warrants were issued in connection with a private placement. *See Note 9(b) - Capital Stock.*

The weighted average contractual life remaining for warrants outstanding at February 28, 2015 is 1.10 (2014 – 0.99) years.

(In Canadian dollars)

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

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

Changes in the underlying assumptions described in Notes 9 and 10 can materially affect the fair value estimates.

The following summarizes the warrants activity and outstanding warrants for the 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 (Note 10(a))	(4,730,000)	(0.20)	(158,167)
Balance – February 28, 2014	11,790,264	0.20	461,191
Issued (Note 10(b))	4,500,000	0.15	156,053
Expired (Note 10(a))	(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		

11. SHARE-BASED PAYMENTS

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. The options issued to non-employees were valued using the fair value of the equity instrument granted in the absence of a reliable estimate of the fair value of the goods or services received.

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.

(In Canadian dollars)

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 (Note 11(b)(c))	600,000	$0.12
Expired or cancelled (Note 11(d))	(1,037,500)	$0.17
Balance – May 31, 2014	**6,972,250**	**$0.13**
Expired – (Notes 11(e)(f)	(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: 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			

The weighted average contractual life remaining for stock options at February 28, 2015 is 3.21 years (2014 - 2.24)

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

(In Canadian dollars)

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

12. 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.

b) 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 (2013 - $nil). These advances were non-interest bearing, due on demand and were fully repaid by the Company before period end.

13. CAPITAL DISCLOSURES

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

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

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

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk Management strategy during the nine months ended February 28, 2015.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

a) Interest Rate Risk

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

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior Management reviews and approves all expenditures.

At February 28, 2015, the Company had $2,841 of cash to settle current liabilities of $231,958 and long term notes payable of $817,917 (compared to $13,452 of cash to settle current liabilities of $188,587 at May 31, 2014). Trade payables are short-term, due within 12 months, and non-interest bearing. The majority of all liabilities are related to the costs of operations at Catanava.

Historically the Company has been totally dependent on external financing to fund its activities; however Management’s current budgeting also includes additional sources of financing including related party and third party loans, recovery of IVA and potential stock option and warrant exercises.

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

c) Credit Risk

The Company is not exposed to any credit risks attributable to customers and does not engage in any sales activities. The Company’s cash is held in major Canadian and International financial institutions and the Company has no investment in non-bank asset-backed commercial paper.

d) Commodity Price Risk

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

e) Currency Risk

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

f) Fair Value

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

Changes in assumptions could significantly affect estimates.

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

15. COMMITMENTS AND CONTINGENCIES

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

ii) See Item 5 regarding potential commitments related to 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.

(In Canadian dollars)

16. 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)**