



MANAGEMENT'S DISCUSSION AND ANALYSIS

Three Months Ended August 31, 2016

Excalibur Resources Ltd.

Management's Discussion & Analysis Three months ended August 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 three months ended August 31, 2016. This MD&A should be read in conjunction with our unaudited condensed consolidated interim financial statements and notes related thereto for the three months ended August 31, 2016 (the "Interim Financial Statements") which have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), and 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. This MD&A has been prepared as at October 28, 2016 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 2017 STRATEGY AND OBJECTIVES:

- Identify, evaluate and acquire new production-based cash flow generating projects
- Raise funds to acquire cash flow generating projects in order to become growing cash flow positive royalty and streaming business

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HIGHLIGHTS:

Operations

- Acquired a secured 2% Royalty Interest from Orefinders Resources Inc. ("Orefinders") Phase One project, capped at \$1,000,000 for providing a \$450,000 one year loan— see *Royalty Interests*
- Acquired an unsecured Royalty Interest from Orefinders, capped at \$105,000 plus One Million Orefinders common shares for a \$50,000 investment – see *Royalty Interests*
- Acquired the right to buy a 2% Royalty Interest on the Orefinders Phase Two project for \$2 million – see *Royalty Interests*

Finance

- In August 2016, two shareholders advanced a total of \$550,000 to the Company, as short-term loans, to fund the acquisition of the above-described Royalty Interests
- During the reporting period, the Company granted a total of 5,300,000, five-year options with an exercise price of \$.07 per common share – see *Financial Position*

Corporate Development

- Subsequent to period end, the Company acquired High Stream Corp., a specialty streaming and royalty finance company ("High Stream"), for 10 million common shares of Company stock
- Brett Heath, Managing Director of High Stream became President and a director of Excalibur
- Excalibur's Management and Board of Directors have scheduled the next Annual and Special Meeting of Shareholders, for Tuesday, November 22, 2016. Matters to be acted on include a consolidation of shares (one new for up to three old), change of Company name to Metalla Royalty and Streaming Ltd., and approval of the issuance of shares representing up to 100% of shares outstanding

OVERALL PERFORMANCE – Financial position, operating results and cash flows

Financial Position

At period end, the Company had \$5,770 (May 31, 2016 - \$4,101) cash to service total liabilities of \$844,878 (May 31, 2016 - \$296,837) and had accumulated losses of \$21,357,740 (May 31, 2016 - \$20,853,292). The Company has no long-term debt. In August 2016, the Company expended \$500,000 to acquire certain Royalty Interests on the Mirado Mine located in Kirkland Lake. In order to finance these acquisitions, Management borrowed a total of \$500,000 from a shareholder. See *Liquidity and Capital Resources*.

In May 2016, Excalibur completed a non-brokered private placement for the issuance of 7,125,000 shares at \$.02 per share. An additional 2,875,000 shares were issued as part of the private placement when a Lender converted \$57,500 of short-term loans to equity. Subsequent to period end, on September 20, 2016, the Company arranged a \$200,000 convertible loan with 8% interest for one year as a lead order to a proposed \$0.10 per common share private placement, for which the investor received 1 million warrants exercisable at \$0.15 for 2 years.

In July 2016, the Company granted a total of 5,300,000 five-year stock options to purchase common shares of the Company at \$0.07. Management views this granting as a tool to recruit and retain key employees and consultants and as a viable means of raising capital from their future exercise. This granting resulted in a stock-based compensation expense of \$274,803 being recorded in the interim statement of loss and comprehensive loss and in the interim statement of financial position as an addition to contributed surplus. This fair value was calculated based on a Black-Scholes pricing model. See *Warrants, Share Capital and Stock Options*.

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

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price of the Company's common shares has 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 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 – Q1_F2017 compared to Q1_F2016

For the three months ended August 31, 2016, corporate costs, including management and administrative fees, professional fees, regulatory and transfer agent fees, year-over-year, remained constant, however increased efforts to raise capital for potential acquisitions resulted in increased spending of almost \$15,000 for consulting fees associated with prospective investor introductions, booth costs or attendee fees at investor-related events and selective newsletter and media coverage. A 90 day consulting arrangement terminated in August 2016. Interest expense also remained constant as one lender converted his debt into equity in May 2016 and the US dollar remained unchanged against the Canadian dollar (one of the remaining loans is US dollar-based).

On the revenue side, a copper ore trade netted the company \$15,040 in Q1 of the prior year, whereas this year management is focusing on realizing cash flow from one or more royalty-based income streams. Management was successful in negotiating two short-term loans (which facilitated the Company's first royalty interest acquisitions), which are non-interest bearing.

Cash Flows

Cash flows for Q1, year-over-year differ significantly. A total of \$550,000 was raised through the issuance of a one-year, non-interest bearing loan, and a 30-day note payable. The \$50,000 note payable was repaid, after period end and management anticipates the \$500,000 loan will be repaid well ahead of the maturity date. A small ore trade was the only financing activity transacted in the same quarter, in the prior year.

Management continues to look for additional sources of financing for the Company's ongoing operations and investments through loans and equity financings.

SELECTED PERIOD INFORMATION

Financial Position	August 31, 2016 \$	May 31, 2016 (\$)
Cash	5,770	4,101
Prepaid expenses and sundry receivables	3,810	19,194
HST receivable	6,574	11,774
Royalty interests	500,000	-
Total assets	516,154	35,069
Total liabilities	844,878	296,837
Deficit	(21,357,740)	(20,853,292)
Shareholders' equity	(328,724)	(261,768)

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Operating Results	Three months ended August 31, 2016 \$	Three months ended August 31, 2015 \$
General and administrative	62,997	42,462
Evaluation expenses	-	36,369
Stock-based compensation expense	274,803	-
Warrants expense	162,689	-
Loss from operations before other items	500,487	387,782
Mining ore sales	-	(50,640)
Less purchase cost	-	35,600
Interest expense	3,926	3,807
Foreign exchange (gain) loss	34	(215)
Cash flows	Three months ended August 31, 2016 \$	Three months ended August 31, 2015 \$
Net loss from continuing operations	(504,447)	(67,383)
Item not affecting cash and net changes in non-cash working capital – includes adding back \$437,493 (\$nil) share-based compensation expense	456,116	(46,733)
Cash used in operating activities	(48,331)	(114,116)
Royalty interests acquisitions	(500,000)	-
Cash used in investing activities	(500,000)	-
Short-term loans	550,000	-
Cash provided by financing activities	550,000	-
Net change in cash	1,669	(114,116)
Cash, beginning of year	4,101	119,198
Cash, end of year	5,770	5,082

RESULTS OF OPERATIONS

Quarter Financial Review

During the three months ended August 31, 2016, (the "Reporting Period"), 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. 3,000,000 shares were issued on closing. 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 Liquidity and Capital Resources*

During Q1, a total of 5,300,000 five-year stock options were granted by the Company to directors, officers and consultants. Each option is exercisable to acquire one common share at a price of \$0.07. Options outstanding at August 31, 2016 is 9,200,000, with a weighted average exercise price of \$0.09. The

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Company also issued 2,750,000 five-year warrants to Lenders as a term of securing bridge loans. See *Capital Stock, Warrants and Stock Options*.

Management and administration fees of \$33,000 (2015 - \$32,000) remained virtually unchanged, however promotional and investor relations was significantly higher (\$15,904 compared to \$1,008 in 2015) primarily due to \$5,626 paid as consulting fees to a public relations consultant and \$9,214 expended for travel and other costs related to securing potential financing for future royalty interest and streaming acquisitions. Professional fees were slightly higher at \$5,601 (2015 - \$2,748) due to an under accrual for the 2016 audit and tax return preparation.

There was \$35,369 of exploration expenses recorded in Q1 2016 and \$nil expended in Q1 2017 as the Company continued to transition away from exploration to becoming a royalty and streaming focused mining financing company.

Quarter Operations 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 loan 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 loan, 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.

As part of the same transaction, 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 Mirado for an additional \$2,000,000 after Orefinders attains commercial production 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 terms consistent with industry standards. Orefinders may elect, at its option, to buy out 1% of the prior net smelter royalty for the sum of \$1,000,000.

Excalibur is funding these investments through a one-year, \$500,000 loan plus a \$250,000 financing fee, 1 million Orefinders shares and 2.5 million five-year Excalibur warrants at \$0.15. The Company also borrowed \$50,000 from a shareholder for one month, (which was repaid on September 30, 2016) for 250,000 warrants for 5 years at \$.015. 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.

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ADDITIONAL DISCLOSURE FOR VENTURE COMPANIES WITHOUT SIGNIFICANT REVENUE

For the three months ended August 31, 2015 the Company expended \$17,774 on expenses related to geological and other consulting services and \$17,595 on expenses related to travel and out-of-pocket costs, to source out and identify potential ore trading sales opportunities.

For the three months ended August 31, 2016, no expenses were incurred for evaluation expenses related to potential exploration-based opportunities.

SEGMENTED INFORMATION

At August 31, 2016, the Company has one operating and reporting segment being the acquisition and management of precious metal royalties, streams and similar production-based interests.

At August 31, 2015, the Company had one operating and reporting segment being its exploration operations.

	Property, Plant and Equipment	Royalty/Mining Interests	Total Assets	Net Income (Loss)
August 31, 2016	\$	\$	\$	\$
Canada	-	500,000	516,154	(504,447)
	-	500,000	516,154	(504,447)

	Property, Plant and Equipment	Royalty/Mining Interests	Total Assets	Net Income (Loss)
August 31, 2015	\$	\$	\$	\$
Canada	509	-	21,303	(67,383)
	509	-	21,303	(67,383)

SUMMARY OF QUARTERLY RESULTS

Selected Period Information	Q1-2017	Q4-2016	Q3-2016	Q2-2016
	\$	\$	\$	\$
Profit on sale of copper ore	-	-	-	-
Other income	-	2,000	-	5,000
Interest income (expense)	(3,926)	(6,719)	(1,427)	(3,960)
Expenses	(500,487)	(34,033)	(45,957)	(43,187)
Net loss	(504,447)	(38,748)	(45,957)	(55,170)
Deficit, end of Quarter	(21,357,740)	(20,853,292)	(20,814,555)	(20,768,598)
Loss per share ⁽¹⁾	\$0.01	\$0.00	\$0.00	\$0.00
	Q1-2016	Q4-2015	Q3-2015	Q2-2015
Selected Period Information	\$	\$	\$	\$
Profit on sale of copper ore	15,040	-	-	-
Other income	-	-	-	-
Interest income (expense)	(3,807)	-	-	-
Expenses	(88,655)	4,942,063	93,233	98,337
Net (loss) gain	(67,383)	(4,949,490)	(83,906)	(148,854)
Deficit, end of Quarter	(20,713,428)	(20,646,034)	(15,696,544)	(15,612,638)
Loss per share ⁽¹⁾	\$0.00	\$0.06	\$0.00	\$0.00

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(1) Basic and diluted loss per share are equal

LIQUIDITY AND CAPITAL RESOURCES

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. Just prior to year end, 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 \$137,297 of short-term loans with interest accruing at rates of 12% and 15%. During the Reporting Period, two shareholders provided short-term loans totaling \$550,000, to fund the Company's first royalty acquisition.

These financings have allowed the Company to continue on an "essentials only" basis. 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) See Interim Financial Statements – note 4 Royalty Interests and note 5 Subscription Receipts and Other Loans

CAPITAL STOCK, WARRANTS AND STOCK OPTIONS

Capital Stock -

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. In May 2016, the Company issued 10,000,000 shares for a private placement financing and conversion of a loan.

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As at August 31, 2016, the Company's 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, and August 31, 2016	92,924,831	\$16,919,348

Subsequent to period end, the Company acquired a royalty and streaming financing company for the issuance of 10,000,000 Excalibur shares to be delivered in three tranches with defined milestones. To date a total of 3,000,000 of those shares have been delivered to the acquired company owners.

Warrants –

- i) During the year ended May 31, 2015 there were no warrants issued.
- ii) During the year ended May 31, 2016, there were no warrants issued and a total of 4,500,000 warrants expired, unexercised.
- iii) On August 17, 2016, the Company issued 2,500,000 warrants to a shareholder who loaned the Company \$500,000 in the form of an unsecured, non-interest bearing, one-year loan.

Using a Black-Scholes pricing model, the assumptions used to calculate the fair value of these warrants were:

Share price	\$0.09
strike price	\$0.15
Risk-free interest rate	0.66%
Expected life (years)	5
Expected volatility	100%
Expected dividend yield	Nil
Fair value of warrants	150,656

- iv) On August 30, 2016, the Company issued 250,000 warrants to a shareholder who loaned the Company \$50,000, in the form of a one month short-term note payable.

Using a Black-Scholes pricing model, the assumptions used to calculate the fair value of these warrants were:

Share price	\$0.08
Strike price	\$0.15
Risk-free interest rate	0.60%
Expected life (years)	5
Expected volatility	100%
Expected dividend yield	Nil
Fair value of warrants	12,033

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The following summarizes the outstanding warrants for the three months ended August 31, 2015 and 2016:

	Number of warrants	Weighted average exercise price \$	Estimated fair value at the date of issuance \$
Balance – May 31, 2015 and August 31, 2015	4,500,000	0.15	156,053
Expired	(4,500,000)	(0.15)	(156,053)
Balance - May 31, 2016	-	-	-
Issued	2,750,000	0.15	162,689
Balance - August 31, 2016	2,750,000		
<u>Number of Warrants Outstanding</u>	<u>Exercise Price (\$)</u>		<u>Expiry Date</u>
2,500,000	0.15		August 16, 2021
250,000	0.15		August 30, 2021
2,750,000	0.15		

The weighted average contractual life remaining for warrants outstanding at August 31, 2016 is 4.96 (2015 - .59) years.

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 generally vest immediately.

- (a) Effective August 31, 2015 a total of 200,000 stock options previously granted to employees were cancelled.
- (b) On December 5, 2015 a total of 300,000 stock options previously granted to a director, expired.
- (c) On March 15, 2016, a total of 200,000 stock options previously granted to a consultant, expired.
- (d) On July 15, 2016 the Company granted a total of 5,300,000 stock options to directors, officers and consultants. Each option is exercisable to acquire one common share at a price of \$0.07. These options vest immediately and mature on July 15, 2021. Using a Black-Scholes pricing model, a total fair value of \$274,803 was calculated and recording in the interim financial statement of loss and comprehensive loss, using the following assumptions:

Share price	\$0.07
Strike price	\$0.07
Risk-free interest rate	0.65
Expected life (years)	5
Expected volatility	100%
Expected dividend yield	Nil
Fair price of warrants	274,803

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The following summarizes the stock option activities during the three months ended August 31, 2015 and 2016:

	Number of options	Weighted average exercise price \$
Balance - May 31, 2015	4,600,000	0.15
Expired	(200,000)	(0.15)
Balance – August 31, 2015	4,400,000	0.14
Expired	(500,000)	(0.14)
Balance – May 31, 2016	3,900,000	0.14
Granted	5,300,000	0.07
Options outstanding at August 31, 2016	9,200,000	0.09

The following summarizes the exercisable stock options outstanding at August 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
5,300,000	0.07	July 15, 2021	274,803
9,200,000			

The weighted average contractual life remaining for stock options at August 31, 2016 is 3.87 (2015 – 2.67 years).

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

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 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.

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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

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 three months ended August 31, 2016:

(i) Management fees of \$33,000 (2015 - \$32,000) plus applicable taxes were paid or accrued to officers of the Company for consulting services rendered. Included in accounts payable and accrued liabilities at August 31, 2016 is \$10,994 (2015 - \$7,986) owed to the above related parties.

(ii) During the three months ended August 31, 2016, the Chairman and President paid \$12,420 owing to the Company for the issuance of 621,000 common shares as a participant of the private placement that closed on May 6, 2016. At May 31, 2016, this amount was recorded as a sundry receivable.

KEY EXECUTIVE COMPENSATION

The Company has identified its directors and officers as its key management personnel. Directors receive no directors' fees compensation.

The Compensation cost for key management personnel during the three months ended August 31, 2016 and 2015 is as follows:

	2016 (\$)	2015 (\$)
Management consulting fees	33,000	32,000
Stock-based compensation	261,842	-
	294,842	32,000

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 fund the acquisition and management of precious metal royalties, streams and similar production-based interests. To secure the additional capital necessary to pursue these plans, the Company will 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 three months ended August 31, 2016.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

(a) Interest Rate Risk

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

(b) Liquidity Risk

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

At August 31, 2016, the Company had \$5,770 (May 31, 2016 - \$4,101) of cash to settle current trade and other payables of \$844,878 (May 31, 2016 - \$296,837). These liabilities are short-term and due within 12 months. Certain loans are interest bearing – See note 5 *Subscription Receipts and Other Loans*. These trade payables and loans have been used as working capital.

Historically the Company has relied on equity financings, loans and ore sales to fund its activities. Management's current budgeting also includes additional sources of financing including cash flows from royalty and streaming investments, potential stock options exercises and debt financing.

Excalibur's future success is highly dependent on viable production results of potential royalty and streaming partners 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 significant revenue activities. The Company's cash is held in a major Canadian financial institution.

(d) Commodity Price Risk

The future profitability of the Company is directly related to the market price of gold, silver and copper.

(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 has funded in the past, and may fund in the future, certain operations, including corporate and administrative expenses in US dollars or other foreign currencies. The Company has been subject to gains and losses due to fluctuations in certain foreign currencies including

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US dollars and Mexican pesos against the Canadian dollar. Management believes the sensitivity of fluctuations in foreign currencies to be immaterial to the net loss.

(f) Fair Value

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

Changes in assumptions could significantly affect estimates.

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's Interim Financial Statements under IAS 34 and IFRS requires Management to make certain estimates and assumptions that affect the amounts reported in the Interim Financial Statements. The accounting estimates considered to be significant are the valuation of the Company's assets and equity instruments. While Management believes that these estimates and assumptions are reasonable, actual results could vary significantly. *See note 2.4 in the Interim 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.

a) Capital Requirements

Excalibur will require significant capital in order to fund its operating costs, future indebtedness and to invest in any production-based project. The Company has not generated any significant revenues to date 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.

b) No Control Over Mining Operations of Royalty and Stream Producers

The Company has no contractual rights relating to the operation or development of the mining operations of the companies providing the royalties and streams to the Company (the "Producers"). Excalibur will not be entitled to any material compensation if the Producers do not meet their forecasted productions targets in any specified period or if their mines shut down or discontinue their operations on a temporary or permanent basis. There is a risk that the mines of the Producers could shut down due to lack of financial capital, floods, fire, mechanical malfunctions, social unrest, expropriation and other risks. There are no guarantees the Producers will achieve commercial production, ramp-up targets or complete expansion plans.

Management is aware of these issues which are common in the mining industry and relies on the rigorous technical and financial due diligence performed prior to entering into any fiscal arrangement with the Producers. Management will also be carefully monitoring the progress and status of the producing operations through various means including site visits and technical and financial reporting scrutiny.

Excalibur Resources Ltd.

Management's Discussion & Analysis Three months ended August 31, 2016

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 operations of the mines of the Producers to the extent of which cannot be predicted and which may well be beyond the capacity of the Producers to fund. The Producers 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 the current Producers operations.

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. These 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.

Management is aware that the Company has no protection from declines in mineral resource prices and therefore cannot predict the potential negative impact on the future probability of the Producer(s) in time or times of declining commodity prices.

OUTSTANDING SHARE DATA

As at	August 31 , 2016	May 31, 2016
Issued shares outstanding	95,924,831	92,924,831
Stock options outstanding	9,200,000	3,900,000
Warrants outstanding	2,750,000	-
Total Share Capital – Common Shares - Fully Diluted	107,874,831	96,824,831

Excalibur Resources Ltd.

**Management's Discussion & Analysis
Three months ended August 31, 2016**

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