

FORM 7
MONTHLY PROGRESS REPORT

Name of CNSX Issuer: **EXCALIBUR RESOURCES LTD.** (the "Issuer").

Trading Symbol: **XBR**

Number of Outstanding Listed Securities: **82,924,831**

Date: **October 7, 2014**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNSX.ca website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CNSX Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

The Company is a junior exploration mining company focused on the discovery, development and mining of economically viable precious metal mineral resources in North America and Peru. The Company has a 49% interest in a permitted 150 tpd plant gold and silver production project on the 143 hectare Catanava property within the Municipality of Pinos, State of Zacatecas, Mexico.

On June 25, 2014, in order to develop a second potential cash flow stream, the Company announced a Letter of Intent for the acquisition, through the issuance of 1 million shares to a Director, of a 900 hectare high grade gold concession being worked by local informal miners called San Pedro in the State of Piura in northern Peru.

The Company holds the Sturgeon Lake claims, with volcanogenic massive sulphide targets in NW Ontario, just east of the old Noranda Mattabi mines, now owned by Xstrata.

The Company holds the Cariboo, Princess and Cleopatra Claims (the "Cariboo Group Claims") near Nelson, British Columbia, a 58 hectare gold property.



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2. Provide a general overview and discussion of the activities of management.

In Mexico, our 51% partner, Minera Apolo borrowed US\$200,000 for a 2 year term at a 15% interest rate from a private lender, which has been advanced to Minera Catanava on the same terms in July 2014. The focus has been on building a water recycling system and flotation units in order to improve recoveries. Catanava sold its first concentrate in July.

In Peru, roughly 3 tons of ore with an average value of US\$500 per ton is picked up each week from a few informal miners and sent to a local toll mill. This is lower than anticipated in June because the Company is not collecting the 5% royalty from the one larger miner operating at San Pedro who is not permitted by the Mining Department because he is using explosives. In order to increase other informal miners' production and the Company's share to 50% of production, the Company invested US\$5000 in a 2nd mining team of 3 people to buy proper equipment (hammer drill, generator, winch, etc), which should increase their production to 1 ton per day or 20 tons per month. With a value of \$4-500 per ton Revenue should be approximately US\$8-10,000 per team. The Company plans to invest US\$25,000 in another 5 miners in the next month or so with the goal of generating an incremental US\$25,000 per month in Revenue for Excalibur.

Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

Not applicable.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

As part of the yearend audit, the Company wrote off the carrying value of its Canadian exploration projects at Sturgeon Lake and Cariboo, given the Company's focus on cash flow projects and the current lack of interest in financing exploration projects.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

Not applicable.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

Not applicable.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

Not applicable.



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8. Describe the acquisition of new customers or loss of customers.
Not applicable.
9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.
Not applicable.
10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.
In order to adjust to the weak financing environment, the company has cut costs as much as practicable retaining only key employees and/or consultants as needed.
11. Report on any labour disputes and resolutions of those disputes if applicable.
Not applicable.
12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.
Not applicable.
13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.
On September 11, 2014, the Company received a \$50,000 bridge loan with a 12% interest rate, to be repaid on the earlier of the completion of a financing or September 11, 2015.
14. Provide details of any securities issued and options or warrants granted.
Not applicable.
15. Provide details of any loans to or by Related Persons.
Not applicable.
16. Provide details of any changes in directors, officers or committee members.
Not applicable.
17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.
Not applicable.

Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: October 7, 2014

"Tim Gallagher"

Chief Executive Officer

For Month Ended: September 2014

Issuer Details:

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