FORM 5

QUARTERLY LISTING STATEMENT

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

Trading Symbol: **XBR**

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement 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 quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the CNSX.ca website.

General Instructions

(a) Prepare this Quarterly Listing Statement 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 following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the CNSX 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.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
(b) A description of the transaction(s), including those for which no amount has been recorded.
(c) The recorded amount of the transactions classified by financial statement category.
(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
(e) Contractual obligations with Related Persons, separate from other contractual obligations.
(f) Contingencies involving Related Persons, separate from other contingencies.

See "Related Parties" in Schedule "A"

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible deben-tures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price ($)	Total Proceeds ($)	Type of Considera-tion (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
Aug 12, 2011	Common Shares	Private Placement	1,275,000	0.10	127,500	Cash	Related Party	N/A
Aug 12, 2011	Common Shares	Private Placement	1,225,000	0.10	122,500	Cash	Related Party	N/A
Aug 12, 2011	Common Shares	Private Placement	2,730,000	0.10	273,000	Cash	Related Party	N/A
Aug 12, 2011	Common Shares	Private Placement	200,000	0.10	20,000	Cash	Related Party	N/A
Aug 12, 2011	Common Shares	Private Placement	200,000	0.10	20,000	Cash	N/A	N/A
Aug 12, 2011	Common Shares	Private Placement	50,000	0.10	5,000	Cash	N/A	N/A
Aug 12, 2011	Common Shares	Private Placement	50,000	0.10	5,000	Cash	N/A	N/A
Aug 12, 2011	Common Shares	Private Placement	50,000	0.10	5,000	Cash	N/A	N/A
Aug 12, 2011	Common Shares	Option Payment	12,500	0.10	1,250	Property	N/A	N/A
			5,792,500					

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price ($)	Expiry Date	Market Price on date of Grant ($)
Aug 12, 2011	300,000	Bay Street Connect	Investor Relations Consultant	0.10	Aug 11, 2012	0.085

3. Summary of securities as at the end of the reporting period.

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

The Company is authorized to issue an unlimited number of Common shares.

(b) number and recorded value for shares issued and outstanding,

	Number of Shares	Value
Balance, May 31, 2011	**32,588,465**	**$ 10,157,146**
Shares issued for private placements (Note 7(d))	5,780,000	578,000
Shares issued for property payment (Note 7(e))	12,500	1,250
Shares to be issued (Note 7(f))	-	285,000
Less: Fair value of warrants (Note 7(d))	-	(207,893)
Balance, August 31, 2011	**38,380,965**	**$ 10,812,303**

* See Financial Statements for abovenoted references to Notes to Financial Statements

4. Summary of securities as at the end of the reporting period.

The following summarizes outstanding stock options at August 31, 2011:

Number of Options	Exercise Price	Expiry Date	Estimated Fair Value($)
56,250	$0.40	February 20, 2012	2,754
6,250	$0.40	April 3, 2013	2,550
37,500	$0.40	July 4, 2013	1,875
1,492,250	$0.16	January 12, 2015	160,508
300,000	$0.16	December 5, 2015	40,683
1,892,250			

The following summarizes the warrants activity for the three months ended August 31, 2011:

	Number of Warrants and Broker Warrants	Weighted Average Exercise Price ($)	Estimated Fair Value ($)
Balance, May 31, 2011	14,649,970	**0.25**	941,901
Issued	5,780,000	**0.175**	207,893
Balance August 31, 2011	**20,429,970**	**0.22**	**1,149,194**

Number of Warrants and Broker Warrants Outstanding	Exercise Price ($)	Expiry Date
500,000	0.16	March 12, 2012
1,999,999	0.30	April 30, 2012
199,999	0.175	April 30, 2012
1,500,000	0.30	April 30, 2012
877,000	0.30	May 26, 2012
1,300,000	0.30	May 26, 2012
2,702,702	0.40	July 12,2012
270,270	0.185	July 12, 2012
2,670,000	0.20/0.30	Nov.26, 2012
2,630,000	0.20/0.30	Dec. 17-31, 2012
5,780,000	0.15/0.20	August 12, 2013
20,429,970		

(c) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer. **Not applicable.**

5. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Tim Gallagher	-	Chairman, CFO and Director
Dianne Szigety	-	Corporate Secretary and Director
Andrew Robertson	-	Director
David Libby	-	Director
Charles Beaudry	-	Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Interim MD&A is attached.

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 Quarterly Listing Statement.
2. As of the date hereof there 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 5 Quarterly Listing Statement is true.

Dated **November 29, 2011**.

"Dianne Szigety"

Corporate Secretary
Official Capacity

Issuer Details Name of Issuer EXCALIBUR RESOURCES LTD.	For Quarter Ended 2011/08/31	Date of Report YY/MM/D 2011/11/29
Issuer Address Suite 400, 20 Adelaide Street East		
City/Province/Postal Code Toronto, ON M5H 2T6	Issuer Fax No. (604) 637-5624	Issuer Telephone No. (416) 987-0298
Contact Name Dianne Szigety	Contact Position Corporate Secretary	Contact Telephone No. (604) 608-1118
Contact Email Address dianne@excaliburesources.ca	Web Site Address www.excaliburesources.ca	

EXCALIBUR
RESOURCES LTD.

Condensed Interim Financial Statements
FIRST QUARTER REPORT
Three Months Ended August 31, 2011
(Unaudited – in Canadian dollars)

INDEX

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING and NOTICE TO READER

The accompanying interim unaudited financial statements of the Company for the three months ended August 31, 2011 are the responsibility of the Company's management and have been prepared by Management and include the selection of appropriate accounting principles, ~~judgements~~judgments and estimates necessary to prepare these financial statements in accordance with International Financial Reporting Standards for condensed 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 unaudited financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these 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 Interim Statements of Financial Position
(Unaudited – in Canadian dollars)

As at	August 31, 2011	May 31, 2011 *(Note 15)*	June 1, 2010 *(Note 15)*
Assets			
Current			
Cash	**$ 270,780**	$ 69,898	$ 644,053
Sales taxes receivable	**110,416**	107,529	15,695
Prepaid expenses	**64,392**	90,525	83,624
	445,588	267,952	743,372
Non-current			
Exploration and evaluation assets *(Note 4)*	**3,052,714**	2,864,225	1,182,100
Reclamation bonds *(Note 5)*	**10,000**	10,000	10,000
Property, plant and equipment *(Note 6)*	**267,813**	258,420	-
	$3,776,115	$ 3,400,597	$1,935,472
Liabilities			
Current			
Trade and other payables	**$ 373,095**	$ 363,669	$ 147,795
Advances from related parties *(Notes 7(d),10))*	**-**	393,563	-
Deferred premium on flow-through shares *(Notes 3.4,15(a))*	**-**	-	50,000
	373,095	757,232	197,795
Non-current			
Rehabilitation provision *(Note 5)*	**10,000**	10,000	10,000
	383,095	767,232	207,795
Shareholders' Equity			
Capital stock (*Note 7*)	**10,812,303**	10,157,146	9,706,571
Warrants *(Note 8)*	**1,149,794**	941,601	456,721
Contributed surplus *(Note 8.3)*	**1,305,430**	1,305,430	1,254,462
Deficit	**(9,874,505)**	(9,771,111)	(9,690,057)
	3,393,020	2,633,366	1,727,697
	$ 3,776,115	$ 3,400,597	$ 1,935,492

Nature of Operations and Going Concern (Note 1)

Subsequent Event (*Note 13*)

APPROVED BY THE BOARD:

Signed *"Andrew Robertson"* , Director

Signed *"Tim Gallagher"* , Director

The accompanying notes are an integral part of these condensed interim financial statements.

Excalibur Resources Ltd.

Condensed Interim Statements of Operations and Deficit
(Unaudited – in Canadian dollars)

Three months ended	**August 31, 2011**	August 31, 2010
Corporate administrative expenses		
Consulting fees	**$ -**	$ 1 ,640
Management and administrative fees	**28,500**	45,080
Office and administrative expenses	**7,806**	7,450
Professional fees	**16,509**	3,000
Regulatory, transfer agent fees and investor relations	**45,599**	11,785
Share-based payment *(Notes 9,15.1(b))*	**-**	10,285
Trade shows and promotional expenses	**4,980**	7,036
	103,394	86,276
Loss before the undernoted item		
Other income		
Deferred flow-through share premium *(Note 15.1(e))*	**-**	-
Net loss	**$ 103,394**	$ 86,276
Loss per share – basic and diluted	**$(0.003)**	$(0.003)
Weighted average number of shares outstanding	**29,360,546**	28,084,000

The accompanying notes are an integral part of these condensed interim financial statements.

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

Three months ended	**August 31, 2011**	August 31, 2010
Cash provided by (used for)		
Operating activities		
Net loss	$ (103,394)	$ (86,276)
Items not affecting cash		
Shares issued for property *(Note 4(d))*	1,250	-
Share-based payment *(Note 14(a))*	-	10,285
Net changes in non-cash working capital		
Sales tax receivable	(2,887)	(6,458)
Prepaid expenses	26,132	23,044
Trade and other payables	9,426	78,469
Advances from related parties *(Notes 7(d),10(b))*	(393,563)	-
Net cash provided by (used for) operating activities	(463,036)	19,064
Investing activity		
Property, plant and equipment costs	(9,393)	-
Exploration and evaluation assets costs	(188,489)	(430,131)
Net cash provided by (used for) investing activities	(197,882)	(430,131)
Financing activity		
Issuance of capital stock for cash (net proceeds)	576,800	450,000
Shares to be issued	285,000	-
Net cash provided by financing activities	861,800	450,000
Net change in cash	200,882	38,933
Cash, beginning of period	69,898	644,053
Cash, end of period	$ 270,780	$ 682,986

The accompanying notes are an integral part of these condensed interim financial statements.

Excalibur Resources Ltd.

Condensed 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 – June 1, 2010 *(Notes 7,8,9,15)*	**24,585,763**	**9,706,571**	**456,721**	**1,254,462**	(9,690,057)	1,727,697
Shares issued for private placement, net of issue costs	2,702,702	450,000	-	-	-	450,000
Warrants issued on private placement	-	(172,854)	172,854		-	-
Broker warrants issued on private placement	-	(36,303)	36,303	-	-	-
Shares to be issued	-	17,500	-	-	-	17,500
Share based payments	-	-	-	10,285	-	10,285
Net (loss) for the period	-	-	-	-	(86,276)	(86,276)
Balance – August 31, 2010 *(Notes 7,8,9,15)*	**27,288,465**	**9,964,914**	**665,878**	**1,264,747**	**(9,776,333)**	**2,119,206**
Shares issued for private placements, net of issue costs	5,300,000	785,874	-	-	-	785,874
Warrants issued on private placements	-	(276,023)	276,023	-	-	-
Share based payments	-	-	-	40,683	-	40,683
Renunciation of flow-through expenditures	-	(317,619)	-	-	-	(317,619)
Deferred flow-through share premium	-	-	-	-	50,000	50,000
Net (loss) for the period	-	-	-	-	(44,778)	(44,778)
Balance - May 31, 2011 *(Notes 7,8,9,15)*	32,588,465	10,157,146	941,901	1,305,430	(9,771,111)	2,633,366
Shares issued for private placements, net of issue costs (Notes)	5,780,000	576,800	-	-	-	576,800
Shares issued for property payment *(Note 4(c))*	12,500	1,250	-	-	-	1,250
Shares to be issued *(Note 7(e))*	-	285,000	-	-	-	285,000
Warrants issued on private placements *(Note 6)*	-	(207,893)	207,893	-	-	-
Net (loss) for the period	-	-	-	-	(103,396)	(103,396)
Balance - August 31, 2011 *(Notes 7,8,9,15)*	**38,380,965**	**10,812,303**	**1,149,794**	**1,305,430**	**(9,874,507)**	3,393,020

The accompanying notes are an integral part of these condensed interim financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Excalibur Resources Ltd. ("Excalibur" or the "Company") was incorporated under the laws of the Canada on May 11, 1983. The Company's principal assets are 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 National Stock Exchange.

The business of mining and exploration involves a high degree of risk and there can be no assurance that the Company's exploration programs will result in profitable mining operations. Until it is determined that the Company's principal assets contain mineral reserves or resources that can be economically mined, it is classified as an exploration resource. The Company's continued existence is dependent upon the discovery of economically recoverable reserves and resources, the ability to obtain the necessary financing to complete exploration and development and obtaining certain government approvals and attaining profitable production. There can be no assurance that the Company will be able to raise sufficient funds as and when required. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favorable to the Company.

At August 31, 2011, the Company had not yet achieved profitable production, had accumulated losses of $9,874,505 and expects to incur further losses in the development of its business, all of which casts doubt about the Corporation's ability of continue as a going concern. These financial statements have been prepared on a going concern basis that assumes the Company will be able to continue to realize its assets and discharge its liabilities in the normal course of business. In the event the Company is not able to obtain adequate funding, there is uncertainty as to whether the Company will be able to maintain or complete the exploration of its property interests. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

2.1 Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Excalibur Resources (US) Inc. On consolidation all intercompany transactions and balances have been eliminated.

2.2 Statement of Compliance

To date, the Company has prepared its financial statements in accordance with Canadian generally accepted accounting principles ("CGAAP")as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"), on a historical cost basis. In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in its fiscal 2012 unaudited interim financial statements. In these financial statements, the term "CGAAP" refers to CGAAP before adoption of IFRS.

These condensed interim financial statements were prepared in accordance with IAS 34, Interim Financial Reporting "IAS 34") and IFRS 1, First-time Adoption of IFRS.

The accounting policies applied in these condensed interim financial statements are based on IFRS effective issued and outstanding as of November 25, 2011, the date the Audit Committee of the Board of Directors approved the condensed interim financial statements. Any subsequent changes to IFRS that

2. BASIS OF PRESENTATION (continued)

are given effect in the Company's annual financial statements for the year ended May 31, 2012 could result in restatement of these condensed financial statements, including the transition adjustments recognized on changeover to IFRS.

These condensed interim financial statements should be read in conjunction with the Company's CGAAP annual financial statements for the year ended May 31, 2011. Note 14 discloses the impact of the transition to IFRS on the Company's reported equity as at August 31, 2010 and results of operations and comprehensive loss for the three months ended August 31, 2010, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended May 31, 2011. As these condensed interim financial statements are the Company's first financial statements prepared using IFRS, certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS that were not included in the Company's most recent annual financial statements prepared in accordance with CGAAP have been included in these financial statements for the comparative annual period. However, these condensed interim financial statements do not include all of the information required for full annual financial statements.

2.3 Basis of Measurement

These condensed interim financial statements have been prepared on a historical cost basis except for non-current assets and financial assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3. The comparative figures presented in these condensed interim financial statements are in accordance with IFRS and have not been audited. The Company engages principally in the acquisition, exploration and development of its mineral properties in Canada and Mexico.

2.4 First-time Adoption of IFRS

These are the Company's first condensed interim financial statements for part of the period covered by the Company's first IFRS annual financial statements. IFRS represents standards and interpretations approved by the International Accounting Standards ("IASB") and are comprised of IFRS, International Accounting Standards ("IAS") and the interpretations issued by the IFRS Interpretations Committee ("IFRICs) or the former Standing Interpretations Committee ("SIC").

An explanation of how the transition to IFRS with a transition date of June 1, 2010 has affected the reported financial position and financial performance of the Company is provided in Note 15. Note 15 includes reconciliations of the Company's condensed statements of financial position and statements of operation and deficit for comparative periods prepared in accordance with CGAAP and as previously reported to those prepared and reported in these condensed interim financial statements in accordance with IFRS.

2.5 Use of estimates

The preparation of condensed 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 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 share-based compensation, warrants, amortization of capital assets and income tax accounts. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are those policies considered particularly significant. These policies are expected to be adopted for the year ended May 31, 2012 and have been applied consistently to all periods presented in these condensed interim financial statements and in preparing the opening IFRS statements of financial position at June 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

3.1 Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, as well as for the benefit of losses available to be carried forward to future years for tax purposes. Future income tax assets and liabilities are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. Future income tax assets are recorded in the financial statements if realization is considered more likely than not.

3.2 Foreign Currency

The functional and reporting currency of the Company is the Canadian dollar. In preparation of the condensed interim financial statements monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at rates of exchange at each transaction date. Revenue and expenses are translated at the rate of exchange at each transaction date. Gains or losses on translation are included in income.

3.3 Share Issuance Costs

Costs incurred in connection with the issuance of capital stock are netted against the proceeds received.

3.4 Flow-Through Common Shares

The Company finances a portion of its exploration activities through the issuance of flow-through shares issued pursuant to the Income Tax Act (Canada) (“the Act”). Accordingly the resource expenditures related to exploration activities funded by such flow-through share arrangements are renounced to investors in accordance with the Act. The Company records a future income tax liability and a reduction in share capital for the estimated tax benefits transferred to the shareholders. When the Company renounces flow-through expenditures, a portion of the Company’s future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, will be recognized as a recovery of future income in the statement of operations and deficit.

If the investors pay a premium for the flow-through shares, in excess of the market share price, then the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium which is recognized as a liability and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a future tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related future tax is recognized as a tax provision.

3.5 Property, Plant and Equipment

On initial recognition, property, plant and equipment are valued and recorded at cost less accumulated amortization. Amortization is recorded over the following estimated useful lives of the capitalized assets, on a straight-line basis:

Machinery and equipment	5 years
Computer equipment and software	3 years

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Exploration and Evaluation Assets

All direct costs related to the acquisition and exploration of specific properties, are capitalized as incurred. Discretionary option payments arising on the acquisition of mining properties are only recognized when paid. Amounts received from other parties to earn an interest in the Company's mining properties are applied as a reduction of the mining property and exploration and evaluation costs, except for administrative reimbursements which are included in operations.

Management reviews the carrying values of mining property acquisition and exploration and evaluation expenditures to assess whether there has been any impairment in value. In the event that management determines the carrying values of any mining property, to be permanently impaired, the carrying value will be written down or written off, as appropriate. If a property is brought into production, the carrying value will be amortized against the income generated from the property.

The amounts shown for mining claims and related deferred costs represent costs incurred to date, less write-offs and reimbursements, and do not necessarily reflect present or future values of the particular properties. The recoverability of amounts shown for mining properties is dependent upon discovery of economically recoverable reserves and future production or proceeds from the disposition thereof.

Although the Company has taken steps to verify title to mining properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

3.7 Decommissioning Liabilities (Asset Retirement Obligations)

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or production. The Company’s exploration activities are subject to various governmental laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive. The Company will record liabilities for the estimated future costs of decommissioning liabilities that will be based on geologists’ estimates of the costs to comply with the regulations. However, these estimates will be subject to change based on possible changes in circumstances and any new information that may become available.

3.8 Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding for the period. The treasury stock method is used to compute the dilutive effect of options, warrants and similar instruments.

3.9 Accounting for Share-Based Compensation

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Accordingly, the fair value at the grant date of the equity-settled share-based payments is determined using the Black-Scholes option pricing model and expensed on a graded vesting method of amortization over the period during which the employee becomes unconditionally entitled to exercise these equity instruments, based on the Company’s estimate of equity instruments that will eventually vest. All equity-based share-based payments are reflected in contributed surplus, until exercised. Net proceeds received on the exercise of stock options are credited to share capital.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the good or the counterparty renders the service.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Warrants

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value. The fair value of the share as determined using the Black-Scholes option pricing model is credited to share capital and the value of the warrant component is credited to warrants reserve. Upon exercise of the warrants, consideration paid by the warrant holder together with the amount previously recognized in the warrant reserve is recorded as an increase to share capital. The fair value of broker warrants are also determined using the Black-Scholes option pricing model and the warrant component is expensed on the statement of operations and deficit and credited to warrant reserve.

3.11 Financial Instruments

a) Financial assets

All financial instruments are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash and cash equivalents are classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company's value-added taxes receivable are classified as loans-and-receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. At August 31, 2011 the Company has no items classified as financial assets as available-for-sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transactions costs associated with all other financial assets are included in the initial carrying amount of the asset.

b) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or , where appropriate, a shorter period. The Company's trade and other payables are classified as other-financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of operations and deficit. At August 31, 2011 the Company has not classified any financial liabilities as FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

a) Assets carried at amortized cost
If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

b) Available-for-sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

Financial instrument disclosures require the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and;
Level 3 Inputs that are not based on observable market data.

The Company has classified its cash and cash equivalents as Level 1.

3.13 Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pretax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

3.14 Related party transactions
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchanged amount.

(Unaudited – in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Comprehensive income

Comprehensive income is the change in the net assets of the Company that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in the statement of operations such as unrealized gains or losses on available-for-sale investments. For the period ended August 31, 2011, the Company did not have other comprehensive income or loss; therefore comprehensive loss for the period was equal to loss for the period.

3.16 Fair Value Hierarchy and Liquidity Risk Disclosure

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where measurement is required. The fair value of financial instruments approximates their carrying amounts due to the relatively short period to maturity. These include cash and reclamation bonds. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy included in GAAP.

August 31, 2010	Level One	Level Two	Level Three
Cash	$662,943	-	-
Reclamation bonds	$ 10,000	-	-
Sales taxes receivable	-	$ 52,200	-
Trade and other payables	-	$226,264	-
August 31, 2011			
Cash	$270,780	-	-
Reclamation bonds	$ 10,000	-	-
Sales taxes receivable	-	$110,416	-
Trade and other payables	-	$373,095	-

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 New accounting standards and Interpretations

Certain new standards, interpretations, and amendments to existing standards have been issued by the International Accounting Standards Board ("IASB") or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2011, or later periods. Updates that are not applicable or are not consequential to the Company have been excluded from the list below.

IFRS 9, *Financial Instruments: Classification and Measurement* - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's annual financial statements for the period beginning June 1, 2013, and has not yet considered the potential impact of the adoption of IFRS 9.

IFRS 10 *Consolidated Financial Statements* – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. Management may adopt this standard in the Company's annual financial statements for the period beginning June 1, 2013, and has not yet considered the potential impact of the adoption of IFRS 9

IFRS 11*, Joint Arrangements*, effective for annual periods beginning or after January 1, 2013, replaces the guidance in IAS 13: Interests in Joint Ventures. Under this standard, arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures stripped of the free choice of equity accounting or proportionate consolidation, these entities must now use the equity method. . Management anticipates that this standard will be adopted in the Company's annual financial statements for the period beginning June 1, 2013, and has not yet considered the potential impact of the adoption of IFRS 13.

FRS 13, *Fair Value Measurement*: effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, sets out in a single IFRS a framework for measuring fair value and new required disclosures about fair value measurements. Management anticipates that this standard will be adopted in the Company's annual financial statements for the period beginning June 1, 2013, and has not yet considered the potential impact of the adoption of IFRS 13.

(Unaudited – in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

(unaudited)	May 31, 2011	Earn-in/ Additions	Impairment/ Write-down	**August 31, 2011**
	$	$	$	**$**
Silver King [(a)]				
Acquisition	120,038	22,428	-	**142,466**
E&E costs	639,964	5,584	-	**645,548**
Total Silver King	760,002	28,012	-	**788,014**
Cariboo Claims [(b)]				
Acquisition	30,756	21,250	-	**52,006**
E&E	-	-	-	**-**
Total Cariboo Claims	30,756	21,250	-	**52,006**
Sturgeon Lake [(c)]				
Acquisition	93,331	-		**93,331**
E&E	1,542,411	1,094	-	**1,543,505**
Total Sturgeon Lake	1,635,742	1,094	-	**1,636,836**
Minera Catanava [(d)]				
Acquisition	-	-	-	-
E&E	437,725	138,133	-	**575,858**
Total Minera Catanava	437,725	138,133	-	**575,858**
Total	2,864,225	188,489	**-**	**3,052,714**

(unaudited)	May 31, 2010	Earn-in/ Additions	Impairment/ Write-down	May 31, 2011
	$	$	$	**$**
Silver King [(a)]				
Acquisition	120,038	-	-	120,038
E&E costs	606,625	33,339	-	639,964
Total Silver King	726,663	33,339	-	760,002
Cariboo Claims [(b)]				
Acquisition	30,756	-	-	30,756
E&E	-	-	-	-
Total Cariboo Claims	30,756	-	-	30,756
Sturgeon Lake [(c)]				
Acquisition	93,331	-	-	93,331
E&E	331,370	1,211,041	-	1,542,411
Total Sturgeon Lake	424,701	1,211,041	-	1,635,742
Minera Catanava [(d)]				
Acquisition	-	-	-	-
E&E	-	437,725	-	437,725
Total Minera Catanava	-	-	-	437,725
Total	1,182,120	1,682,105	-	2,864,225

(Unaudited – in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

(a) Silver King Property

The Company entered into an option to earn a 100% interest in the Silver King Property located in the Kootenay District of British Columbia, by issuing common shares and making cash payments over four years as follows:

(i) $30,000, plus a $1,500 reimbursement of 2007 paid taxes (paid), upon the execution of the letter of agreement and the issuance of 70,000 pre-consolidation common shares (8,750 post-consolidation) at a price of $0.06 per share (issued);

(ii) $40,000 on or before June 1, 2008 (paid) and the issuance of 90,000 pre-consolidation common shares (11,250 post-consolidation) at a price of $0.02 per share (issued);

On August 11, 2009 the Company renegotiated the terms of the option agreement. The amended terms require the Company to issue common shares and make the following cash payments:

(i) $40,000 on or before June 1, 2010 (paid) and the issuance of 140,000 pre-consolidation common shares (17,500 post-consolidation) at a price of $0.145 per share (issued);

(ii) On June 24, 2011 the Company further renegotiated the terms of the option agreement. The newly-amended terms provide an option to acquire both the mineral and surface land rights simultaneously by the issuance of common shares, making cash payments and the completion of other requirements as follows:

- a total of $192,428 over the next three years; and
- issuance of an aggregate of 140,000 common shares as outlined below:

Date	Cash Payment ($)	Share Issuances
June 24, 2011 (paid in June 2011)	20,000	-
August 5, 2011 (paid in August 2011)	2,428	-
June 1, 2012	40,000	40,000
June 1, 2013	130,000	100,000
	192,428	140,000

(iii) The option to acquire the surface land rights provided that the Company pay $250,000 plus applicable taxes on or before June 1, 2013; and

(iv) Upon receipt of all option payments being made by June 1, 2013, the Company is then committed to:

- a one-time issuance of shares equal to 1% of the then outstanding shares in the capital of the Company upon receipt of a positive feasibility study; and
- an Advance Royalty to be paid annually, starting on June 1, 2014. The Advance Royalty shall be a base amount of $5,000, adjusted upwards by the Statistics Canada Consumer Price Index for British Columbia, using 2011 as the base year, and shall be deducted from a 2.5% Net Smelter Royalty ("NSR") payment. The NSR payment shall be reduced by the total of the Advance Royalty paid, but the NSR payment shall not be so reduced to be less than $5,000 plus the index payment; and
- Upon commencement of commercial production the Company shall have the right to purchase 50% of the NSR for $1,000,000, at which time the minimum NSR payment will

4. EXPLORATION AND EVALUATION ASSETS (continued)

be reduced to $2,500 (adjusted by the Statistics Canada Consumer Price Index for British Columbia using 2011 as a base year).

(vii) In addition, there are other standard requirements contained in the amending agreement such as payment of taxes and the filing of assessment work.

(b) Cariboo Claims

On December 12, 2007 the Company entered into an option to acquire a 100% interest in the Cariboo Group claims and the 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, by making the following option payments in cash and shares:

- $10,000 (paid) and 25,000 pre-consolidation common shares (3,125 post-consolidation) at a price of $0.05 per share (issued) upon signing of the Letter of Intent;

On August 17, 2009 the Company was able to renegotiate the terms of the option agreement for 80,000 pre-consolidation common shares (10,000 post-consolidation) (issued). The amended terms require the Company to issue common shares and make the following cash payments:

- $15,000 on or before June 1, 2010 (paid in June 2010) and the issuance of 50,000 pre-consolidation common shares (6,250 post-consolidation shares) at a price of $0.145 per share (issued in May 2010);
- $20,000 (paid in August 2011) and the issuance of 100,000 pre-consolidation common shares (12,500 post-consolidation shares) (issued in August 2011); and
- $25,000 on or before June 1, 2012;

In addition, the Company is required to issue 200,000 pre-consolidation common shares (25,000 post-consolidation shares) to the Optionor on receipt by the Company of a positive feasibility study, either in the form of a preliminary feasibility study or a bankable study, or upon commencement of commercial production. The Optionor is entitled to receive a 2% Net Smelter Return royalty on each of the mineral tenures. Upon commencement of commercial production the Company will have the right to purchase 50% of the NSR for $500,000.

(c) Sturgeon Lake Claims

The Company has undergone a staking program in the Sturgeon Lake area of Ontario and has 52 claims registered. In order to maintain these claims, the Company must spend between $1,200 – $6,400 per claim. This must be spent within two years from the date the claim was staked which is between September 2010 and June 2012.

(d) Minera Catanava

On September 24, 2010 the Company signed an agreement with Minera Apolo S.A. de C.V. under which the companies agreed to form a company called Minera Catanava S.A. de C.V ("MCSA"). Excalibur retains a 49% interest in MCSA which is focused on the development of a 250 ton-per-day gold-silver operation on its 143 hectare Catanava property within the Municipality of Pinos, State of Zacatecas, Mexico.

(Unaudited – in Canadian dollars)

Pursuant to the terms of the agreement, Minera Apolo provided the Catanava property to MCSA and the Company is providing the financing for the plant. Commencing two months after achieving commercial production, each party will participate based upon their pro-rata share of MCSA.

5. REHABILITATION PROVISION

As at August 31, 2011, management has recorded a $10,000 rehabilitation provision relating to their exploration program on their mining claims relating to the Silver King Property $10,000. This provision was estimated by management and approved by the Ministry of Energy, Mines and Petroleum Resources in the Province of British Columbia ("MEMP"). The Company was required to issue reclamation bonds to cover these estimated restoration costs. The reclamation bonds will be returned to the Company upon the MEMP being satisfied with the site restoration.

6. PROPERTY, PLANT AND EQUIPMENT

	Cost ($)	**Accumulated Amortization ($)**	**NBV August 31, 2011**	NBV May 31, 2011
Property, plant and equipment				
Canada -	**-**	**-**	**-**	-
Mexico -	**267,660**	**874**	**266,786**	257,300
Computer equipment				
Canada -	**500**	**106**	**394**	500
Mexico -	**1,268**	**635**	**633**	620
	269,428	**1,615**	**267,813**	258,420

7. CAPITAL STOCK

Authorized:
100,000,000 common shares without par value
Issued - common shares

	Number of Shares	**Value**
Balance, June 1, 2010	**24,585,763**	**$ 9,706,571**
Shares issued for private placements (Note 7 (a)(b))	8,002,702	1,312,500
Share issue costs (Note 7 (a))	-	(59,126)
Less: Fair value of warrants and broker warrants (Note (a)(b))	-	(485,180)
Renunciation of flow-through expenditures (Note 7 (c))	-	(317,619)
Balance, May 31, 2011	**32,588,465**	**$ 10,157,146**
Shares issued for private placements (Note 7(d))	5,780,000	578,000
Shares issued for property payment (Note 7(e))	12,500	1,250
Shares to be issued (Note 7(f))	-	285,000
Less: Fair value of warrants (Note 7(d))	-	(207,893)
Balance, August 31, 2011	**38,380,965**	**$ 10,812,303**

7. CAPITAL STOCK (continued)

(a) On July 12, 2010, the Company closed a $500,000 financing through the sale of 2,702,702 flow-through Units at $0.185 per Unit, each Unit consisting of one flow-through common share and one non-flow-through share purchase warrant exercisable at $0.30 per share in the first year and $0.40 per share in the second year. The warrants were assigned a fair value of $172,854 using the Black-Scholes option pricing model, as a percentage of the Black-Scholes value plus the value of the common stocks based on the market closing price on July 12, 2010. (Original assumptions were: Dividend yield 0%, expected volatility 153%, a risk-free interest rate of 1.6% and an expected life of 2 years). In connection with this offering, the Company issued 270,270 Broker warrants as a finder's fee. The Broker warrants were assigned a fair value of $36,303 using the Black-Scholes option pricing model with the following assumptions: Dividend yield 0%, expected volatility 153%, a risk-free interest rate of 1.6% and expected life of 2 years. Total costs of issue for this offering included cash payments of $50,000.

(b) On November 26, 2010 the Company closed a $400,500 financing through the sale of 2,670,000 non-flow-through units at $0.15 per unit, each unit consisting of one non-flow-through common share and one share purchase warrant exercisable at $0.25 per share in the first year and $0.30 per share in the second year. No finders' fees were paid in connection with this private placement. The warrants were assigned a fair value of $137,961 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 November 26, 2010. (Original assumptions were: Dividend yield 0%, expected volatility 144%, a risk-free interest rate of 1.7% and an expected life of 2 years).

(c) On December 17, 2010, the Company closed a private placement financing for $127,500 through the sale of 850,000 units at $0.15 per unit, each unit consisting of one non-flow-through common share and one non-flow-through share purchase warrant exercisable at $0.25 per share in the first year and $0.30 per share in the second year. On December 31, 2010, the Company closed a second private placement financing for gross proceeds of $267,000 for the sale of 1,780,000 flow-through units; each unit consisted of one flow-through common share and one share purchase warrant exercisable at $0.25 per share in the first year and $0.30 per share in the second year. A finder's fee of $3,150 was paid in connection with this financing. The warrants were assigned a fair value of $138,662 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 December 31, 2010. (Original assumptions were: Dividend yield 0%, expected volatility 144%, a risk-free interest rate of 1.7% and an expected life of 2 years).

(c) Upon renunciation of exploration expenditures under the terms of the flow-through common shares issuance in 2010 for aggregate consideration of $1,270,476, a future income liability of $317,619 was recognized during the year which was allocated as a cost of issuing the flow-through shares at the time of renunciation.

(d) On August 12, 2011, the Company closed a private placement financing for $578,000 through the sale of 5,780,000 units at $0.10 per unit, each unit consisting of one non-flow-through common share and one non-flow-through share purchase warrant exercisable at $0.15 per share in the first year and $0.20 per share in the second year. Two directors of the Company had previously advanced $523,000 to the Company to fund working capital for the Company's Minera Catanava project; these advances were exchanged for 5,230,000 units of this financing. See Note 10 *Related Party Transaction.* No finder's fee was paid in connection with this financing. The warrants were assigned a fair value of $207,893 using the using the Black-Scholes option pricing model. The following assumptions were

(Unaudited – in Canadian dollars)

7. CAPITAL STOCK (continued)

applied: Dividend yield 0%, expected volatility 100%, a risk-free interest rate of 1.08% and an expected life of 2 years.

(e) On August 12, 2011 the Company issued 12,500 common shares for property acquisition, Cariboo Claims. See Note 4 *Exploration and Evaluation Assets*.

(f) During August 2011 a total of $285,000 was received by the Company, on account of private placement proceeds, for the sale of 2,850,000 units at $0.10 per unit, as part of a $718,000 financing that closed in September 2011. See Note 13 *Subsequent Event*.

8. WARRANTS AND CONTRIBUTED SURPLUS

8.1 Warrants

The following summarizes the warrants activity for the three months ended August 31, 2011:

	Number of Warrants and Broker Warrants	Weighted Average Exercise Price ($)	Estimated Fair Value ($)
Balance June 1, 2010	6,376,998	**0.25**	456,721
Issued	2,702,702	**0.30**	172,854
	270,270	**0.185**	36,303
	2,670,000	**0.25**	137,961
	2,630,000	**0.25**	138,062
Balance, May 31, 2011	14,649,970	**0.25**	941,901
Issued	5,780,000	**0.175**	207,893
Balance August 31, 2011	**20,429,970**	**0.22**	**1,149,194**

Number of Warrants and Broker Warrants Outstanding	Exercise Price ($)	Expiry Date
500,000	0.16	March 12, 2012
1,999,999	0.30	April 30, 2012
199,999	0.175	April 30, 2012
1,500,000	0.30	April 30, 2012
877,000	0.30	May 26, 2012
1,300,000	0.30	May 26, 2012
2,702,702	0.40	July 12,2012
270,270	0.185	July 12, 2012
2,670,000	0.20/0.30	Nov.26, 2012
2,630,000	0.20/0.30	Dec. 17-31, 2012
5,780,000	0.15/0.20	August 12, 2013
20,429,970		

(Unaudited – in Canadian dollars)

8. WARRANTS AND CONTRIBUTED SURPLUS (continued)

8.2 Broker Warrants

The following lists the warrants issued to brokers during the respective periods:

(a) On April 21, 2010 the Company issued 199,999 options to a broker as finder's fee. Each option is exercisable to acquire a unit at $0.175 into units consisting of a common share and one share purchase warrant. Each warrant entitles the holder to acquire a common share at $0.25 for the period of 12 months from issuance and thereafter at $0.30 for a period of 12 months.

(b) On July 12, 2010 the Company issued 270,270 options to a broker as finder's fee. Each option is exercisable to acquire a unit at $0.185 into units consisting of a common share and one share purchase warrant. Each warrant entitles the holder to acquire a common share at $0.30 for the period of 12 months from issuance and thereafter at $0.40 for a further twelve month period.

8.3 Contributed Surplus

Balance, June 1, 2010	$1,254,462
Share-based payment	10,285
Balance, August 1, 2010	$1,264,747
Share-based payment	40,683
Balance, May 31, 2011 and August 31, 2011	**$1,305,430**

9. SHARE-BASED PAYMENTS

9.1 Stock Option Grants

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.

(i) On June 26, 2010, the Company granted 100,000 options to an Investor Relations consultant as compensation. Each option was exercisable to acquire one common share at a price of $0.15. These options matured on December 25, 2010 unexercised.

(ii) On December 5, 2010 the Company granted stock options to a new director to acquire 300,000 common shares at $0.16 per share for a five-year period.

(iii) In July 2010 and January 2011, pursuant to terms of the Plan, 346,250 stock options originally granted to former directors were terminated and/or expired, unexercised.

(iv) The following summarizes the stock options outstanding at August 31, 2011:

(Unaudited – in Canadian dollars)

9.1 Stock Option Grants (continued)

	Number of Options	**Weighted Average Exercise Price**
Balance May 31, 2009	**4,638,000**	**$0.56**
Granted	**1,642,500**	**$0.16**
Cancelled/expired	**(3,068,000)**	**$0.56**
Consolidation 8:1	**(1,374,000)**	**$0.56**
Balance May 31, 2010	**1,838,500**	**$0.18**
Granted	**400,000**	**$0.16**
Cancelled/expired	**(346,250)**	**$0.22**
Outstanding and Exercisable at May 31 and August 31, 2011	**1,892,250**	**$0.17**

Number of Options	**Exercise Price**	**Expiry Date**	**Estimated Fair Value($)**
56,250	$0.40	February 20, 2012	2,754
6,250	$0.40	April 3, 2013	2,550
37,500	$0.40	July 4, 2013	1,875
1,492,250	$0.16	January 12, 2015	160,508
300,000	$0.16	December 5, 2015	40,683
1,892,250			

(a) On June 26, 2010, the Company granted 100,000 stock options to a consultant for providing investor relations following weighted-average assumptions: (i) dividend yield of 0%; (ii) expected volatility of 142%; a risk-free interest rate of 0.01% and; (iii) expected life of six months.

(b) On December 5, 2010, the Company granted 300,000 stock options to new director at $0.16 per share for a five-year period. The options were assigned a fair value of $40,683 at the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions: (i) dividend yield of 0%; (ii) expected volatility of 125%; a risk-free interest rate of 2.44% and; (iii) expected life of five years.

10. RELATED PARTY TRANSACTIONS

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount, which is the consideration established and agreed to by the respective parties.

(a) During the period, management and administration fees of $28,050 (2010 - $45,080) were paid or accrued to directors and officers of the Company and a company controlled by a director and officer of the Company. Included in accounts payable and accrued liabilities is $51,141 (2010-$8,753) owed to the above related parties.

(b) For the three months ended August, 2011, two directors of the Company advanced a total of $129,437 (2010-$26,115) to the Company to provide working capital and funding for exploration expenditures on the Company's Catanava, Mexico project. These advances were exchanged for common shares as part of the Company's $578,000 equity financing that closed on August 12, 2011. See Note 7 (d) *Share Capital*.

11. 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, warrant, 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 period ended August 31, 2011.

12. 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.

(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, 2011, the Company has trade and other payables and accrued liabilities of $373,095 (2010-$226,224) due within 12 months and cash of $270,780 (2010-$662,943) to meet its current obligations.

13. SUBSEQUENT EVENT

On September 26, 2011, the Company closed a private placement financing for $718,000 through the sale of 7,180,000 units at $0.10 per unit, each unit consisting of one non-flow-through common share and one non-flow-through share purchase warrant exercisable at $0.15 per share in the first year and $0.20 per share in the second year. A finder's fee of $1,200 was paid in connection with this financing.

(Unaudited – in Canadian dollars)

14. SEGMENTED INFORMATION

August 31, 2011	**Canada ($)**	**Mexico ($)**	**Total ($)**
Cash and reclamation bond	**177,109**	**103,671**	**280,780**
Prepaids and receivables	**73,075**	**101,733**	**174,808**
Exploration and evaluation assets	**2,476,856**	**575,858**	**3,052,714**
Property, plant and equipment	**394**	**267,479**	**267,813**
Total	**2,717,434**	**1,048,541**	**3,776.115**

May 31, 2011	Canada ($)	Mexico ($)	Total ($)
Cash and reclamation bond	47,229	32,669	79,898
Prepaids and receivables	107,255	90,799	198,054
Exploration and evaluation assets	2,426,500	437,725	2,864,225
Property, plant and equipment	500	257,920	258,420
Total	2,581,484	819,113	3,400.597

June 1, 2010	Canada ($)	Mexico ($)	Total ($)
Cash and reclamation bond	654,053	-	654,053
Prepaids and receivables	99,319	-	-99,319
Exploration and evaluation assets	1,182,100	-	1,182,100
Property, plant and equipment	-	-	-
Total	1,935,472	-	1,935,472

15. TRANSITION TO IFRS

The Company's financial statements for the year ended May 31, 2012 will be the first annual financial statements that comply with IFRS and these condensed interim financial statements were prepared as described in Note 2.4, including the application of IAS 34 and IFRS 1. IFRS 1 requires an entity to adopt IFRS in its first annual financial statements prepared under IFRS by making an explicit and unreserved statement in those financial statements of compliance with IFRS. The Company will make this statement when it issues its Fiscal 2012 annual financial statements.

IFRS 1 also requires that comparative financial information be provided. As a result, the first date at which the Company applied IFRS was June 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be May 31, 2012. However, it also provides for certain optional exemptions and certain mandatory exceptions for first-time IFRS adopters.

15.1 Initial elections upon adoption

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from CGAAP to IFRS:

15. TRANSITION TO IFRS (continued)

IFRS Exemption Options

(a) ***Business combinations*** - IFRS 1 provides the option to apply IFRS 3, Business Combinations, retrospectively or prospectively. The Company elected to apply IFRS 3 prospectively. The retrospective basis would require restatement of all business combinations that occurred prior to the Transition Date. The Company did not apply IFRS 3 retrospectively to business combinations that occurred prior to its Transition Date and such business combinations have not been restated.

(b) ***Share-based payments*** - IFRS 1 encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. The Company elected to avail itself of the exemption provided under IFRS 1 and applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by its Transition Date.

(c) ***Deemed cost*** – IFRS 1, First time adoption provides a choice between measuring items of property, plant and equipment and mining interests at their fair value at the date of transition an using those amounts as deemed cost or using the historical valuation under the prior GAAP. The Company has decided to continue to apply the cost model for its capital assets and mining interests and has not re-measured them to fair value under IFRS. The historical basis under CGAAP has been designated as the deemed cost under IFRS at Transition Date.

(d) ***Property, Plant and Equipment***
IAS 16 Property, plant and equipment allows for property, plant and equipment to continue to be carried at cost less depreciation, which is the same as under CGAAP.

IFRS Mandatory Exceptions

Estimates - Hindsight is not used to create or revise estimates. The estimates previously made by the Company under CGAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

Changes in accounting policies-

The Company has changed certain accounting policies to be consistent with IFRS as is expected to be effective or available for adoption on May 31, 2012, the Company's first annual IFRS reporting date. However, these changes to its accounting policies have not resulted in any significant change to the recognition and measurement of assets, liabilities, equity, revenue, and expenses within its condensed interim financial statements.

The following summarizes the significant changes to the Company's accounting policies upon adoption of IFRS:

e) Flow-through shares

Under CGAAP, the Company would record the gross proceeds relating to flow-through shares to share capital at the time of issuance. The Company would then record a charge (reduction) to share capital at the time the tax benefits of the flow-through shares were renounced to the subscribers. The charge was calculated by multiplying the amount of the renounced tax benefits (which are equal to the gross proceeds of the flow-through share issuance) by the effective tax rate at the time. The offset would be recorded as a deferred tax liability to reflect the fact that the Company could no longer use the tax attributes for its benefit.

Under IFRS the proceeds from issuing flow-through shares are allocated between the offering of shares and the sale of tax benefits. The allocation is based on the difference ("premium") between the quoted

15. TRANSITION TO IFRS (continued)

price of the Company's existing shares, at the date of closing, and the amount the investor pays for the actual flow-through shares. A liability is recognized for the premium, and is extinguished on renunciation. Alternatively, the difference between the liability and the value of the tax assets renounced may also be recorded as a deferred tax expense. There is no subsequent reduction in share capital. If the flow-through shares are not issued at a premium, a liability is not established and on renunciation the full value of the tax assets renounced is recorded as a deferred tax expense.

(f) Presentation

The presentation in accordance with IFRS differs from the presentation in accordance with CGAAP. Please refer to the condensed statements of financial position and condensed statements of operations and comprehensive loss for the impact of the specific IFRS changes noted above.

(Unaudited – in Canadian dollars)

15. TRANSITION TO IFRS (continued)

Reconciliation of Statement of Financial Position between IFRS and CGAAP
As at June 1, 2010

CGAAP accounts		CGAAP Balances	IFRS Adjustments	IFRS Balances	IFRS accounts
		$	$	$	
Assets					**Assets**
Current assets					**Current assets**
Cash		644,053	-	644,053	Cash
Sales taxes receivable		15,695	-	15,695	Sales taxes receivable
Prepaid expenses		83,624	-	83,624	Prepaid expenses
Long-term assets (f)					**Non-current assets**
Mineral properties and deferred exploration assets (c)(f)		1,182,120	-	1,182,120	Exploration & evaluation assets
Reclamation bonds		10,000	-	10,000	Reclamation bonds
Capital assets (c)(d)(f)		-	-	-	Property, plant and equipment
Total assets		**1,935,492**	**-**	**1,935,472**	**Total assets**
Liabilities					**Liabilities**
Current liabilities					**Current liabilities**
Accounts payable and accrued liabilities	(f)	147,795	-	147,795	Trade and other payables
	(e)	-	50,000	50,000	Deferred flow-through share premium
Advances from related parties		-	-	-	Advances from related parties
Long-term liabilities (f)					**Non-current liabilities**
Restoration liability(f)		10,000	-	10,000	Rehabilitation provision
Total liabilities		157,795	50,000	207,795	**Total liabilities**
Equity					**Equity**
Capital stock (e)		9,756,571	(50,000)	9,706,571	Capital stock
Warrants		456,721	-	456,721	Warrants
Contributed surplus		1,254,462	-	1,254,462	Contributed surplus
Deficit		(9,690,057)	-	(9,690,057)	Deficit
Total equity (e)		1,777,697	(50,000)	1,727,697	Total equity
Total liabilities & equity		**1,935,492**	**-**	**1,935,492**	**Total liabilities & equity**

(Unaudited – in Canadian dollars)

15. TRANSITION TO IFRS (continued)

Reconciliation of Statement of Financial Position between IFRS and CGAAP
As at August 31, 2010

CGAAP accounts	CGAAP Balances	IFRS Adjustments	IFRS Balances	IFRS accounts
	$	$	$	
Assets				**Assets**
Current assets				**Current assets**
Cash	662,943	-	662,943	Cash
Sales taxes receivable	52,190	-	52,190	Sales taxes receivable
Prepaid expenses	23,331	-	23,331	Prepaid expenses
Long-term assets				**Non-current assets**
Mineral properties and deferred exploration assets (c)(f)	1,641,234	-	1,641,234	Exploration & evaluation assets
Reclamation bonds	10,000	-	10,000	Reclamation bonds
Capital assets (c)(d)(f)	-	-	-	Property, plant and equipment
Total assets	**2,389,698**	**-**	**2,389,698**	**Total assets**
Liabilities				**Liabilities**
Current liabilities				**Current liabilities**
Accounts payable and accrued liabilities (f)	210,717	-	226,264	Trade and other payables
(e)		50,000	50,000	Deferred flow-through share premium
Advances from related parties	-	-	-	Advances from related parties
Long-term liabilities (f)				**Non-current liabilities**
Restoration liability (f)	10,000	-	10,000	Rehabilitation provision
Total liabilities (f)	220,717	50,000	270,717	**Total liabilities**
Equity				**Equity**
Capital stock (e)	10,014,914	(50,000)	9,964,914	Capital stock
Warrants	665,878	-	665,878	Warrants
Contributed surplus	1,264,747	-	1,264,747	Contributed surplus
Deficit	(9,776,333)	-	(9,776,333)	Deficit
Total equity (e)	2,169,206	(50,000)	2,119,206	Total equity
Total liabilities & equity	**2,389,923**	**-**	**2,389,923**	**Total liabilities & equity**

(Unaudited – in Canadian dollars)

15. TRANSITION TO IFRS (continued)

Reconciliation of Statement of Financial Position between IFRS and CGAAP
As at May 31, 2011

CGAAP accounts	CGAAP Balances	IFRS Adjustments	IFRS Balances	IFRS accounts
	$	$	$	
Assets				**Assets**
Current assets				**Current assets**
Cash	69,898	-	69,898	Cash
Sales taxes receivable	90,525	-	90,525	Sales taxes receivable
Prepaid expenses	107,529	-	107,529	Prepaid expenses
Long-term assets				**Non-current assets**
Mineral properties and deferred exploration assets (c)(h)	2,864,225	-	2,864,225	Exploration & evaluation assets
Reclamation bonds	10,000	-	10,000	Reclamation bonds
Capital assets (c)(d)(f)	258,420	-	258,420	Property, plant and equipment
Total assets	**3,400,597**	**-**	**3,400,597**	**Total assets**
Liabilities				**Liabilities**
Current liabilities				**Current liabilities**
Accounts payable and accrued liabilities (f)	363,669	-	363,669	Trade and other payables
Deferred flow-through share premium (e)	-	-	-	Deferred flow-through share premium
Advances from related parties	393,563	-	393,563	Advances from related parties
Long-term liabilities (f)				**Non-current liabilities**
Restoration liability	10,000	-	10,000	Rehabilitation provision
Total liabilities	767,232	-	767,232	**Total liabilities**
Equity				**Equity**
Capital stock (e)	10,207,146	(50,000)	10,157,146	Capital stock
Warrants	941,901	-	941,901	Warrants
Contributed surplus	1,305,429	-	1,305,429	Contributed surplus
Deficit (e)	(9,821,111)	50,000	(9,771,111)	Deficit
Total equity	2,633,366	-	2,633,365	Total equity
Total liabilities & equity	**3,400,597**	**-**	**3,400,597**	**Total liabilities & equity**

(Unaudited – in Canadian dollars)

15. TRANSITION TO IFRS (continued)

Reconciliation of Statement of Operations and Comprehensive Loss for the three months ended August 31, 2010:

CGAAP accounts	CGAAP Balances	IFRS Adjustments	IFRS Balances	IFRS accounts
	$	$	$	
EXPENSES				
Consulting fees	1,640	-	1,640	Consulting fees
Management and administrative fees	45,080	-	45,080	Management and administrative fees
Office and administrative expenses	7,450	-	7,450	Office and administrative expenses
Professional fees	3,000	-	3,000	Professional fees
Regulatory, transfer agent fees and investor relations	11,785	-	11,785	Regulatory, transfer agent fees and investor relations
Trade shows and promotional expenses	7,036	-	7,036	Trade shows and promotional expenses
Stock-based compensation (b)(e)	10,285	-	10,285	Share-based payments
	86,276	-	86,276	
Loss before undernoted items and income taxes	86,276	-	86,276	Operating loss
Impairment loss	-	-	-	Impairment loss
Loss before income taxes	86,276	-	86,276	**Loss before income taxes**
Income taxes				**Income taxes**
Future income tax recovery	-	-	-	Future income tax recovery
	86,276	-	86,276	
Other income – premium on flow-through shares (a)(e)	-	-	-	**Other income – premium on flow-through shares**
	86,276	-	86,276	
Net loss and comprehensive loss for the period	**86,276**	**-**	**86,276**	**Net loss and comprehensive loss for the period**
	-		-	
Loss per common share, basic and diluted	**$0.003**		**$0.003**	**Loss per common share, basic and diluted**

(Unaudited – in Canadian dollars)

15. TRANSITION TO IFRS (continued)

Reconciliation of statement of operations and comprehensive income (loss) for the year ended ended May 31, 2011:

CGAAP accounts	CGAAP Balances	IFRS Adjustments	IFRS Balances	IFRS accounts
	$	$	$	
EXPENSES				
Consulting fees	4,000	-	4,000	Consulting fees
Management and administrative fees	139,262	-	139,262	Management and administrative fees
Office and administrative expenses	32,759	-	32,759	Office and administrative expenses
Professional fees	42,056	-	42,056	Professional fees
Regulatory, transfer agent fees and investor relations	156,328	-	156,328	Regulatory, transfer agent fees and investor relations
Trade shows and promotional expenses	50,967	-	50,967	Trade shows and promotional expenses
Stock-based compensation (b)(e)	17,416	-	17,416	Share-based payments
	442,788	-	442,788	
Loss before undernoted items and income taxes	(442,788)	-	(442,788)	Operating loss
Impairment loss	(5,885)	-	(5,885)	Impairment loss
Loss before income taxes	(448,673)	-	(448,673)	**Loss before income taxes**
Income taxes				**Income taxes**
Future income tax recovery	(317,619)	-	(317,619)	Future income tax recovery
	(131,054)	-	(131,054)	
Other income – premium on flow-through shares (a)(e)	-	50,000	50,000	**Other income – premium on flow-through shares**
Net loss and comprehensive loss for the year	**(131,054)**	**50,000**	**(81,054)**	**Net loss and comprehensive loss for the year**
	-		-	
Loss per common share, basic and diluted	**$0.004**		**$0.003**	**Loss per common share, basic and diluted**

EXCALIBUR
RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three Months Ended August 31, 2011

November 29, 2011

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, 2011. This MD&A has been prepared as at November 29, 2011 unless otherwise indicated. This MD&A should be read in conjunction with our Audited Consolidated Financial Statements and Related Notes for the Year ended May 31, 2011 which have been prepared in accordance with Canadian generally accepted accounting principles ("CGAAP") and our Condensed Interim Financial Statements for the three months ended August 31, 2011 ("Financial Statements") which were prepared under International Financial Reporting Standards ("IFRS). The Financial Statements have been prepared under IFRS with comparative information for 2010 restated under IFRS (refer to Note 15 in the Financial Statements for reconciliations from CGAAP to IFRS). 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 Corporation'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 Resources Ltd. (Toronto CNSX:XBR and Frankfurt WKN:A0MMDH) was incorporated on May 11, 1983 pursuant to the Company Act (British Columbia) under the name Cactus West Explorations Ltd. The Corporation's name was changed to Cimarron Minerals Ltd. and its share capital was consolidated on a five (old) for one (new) basis, on April 29, 1996. On May 1, 2000 the Corporation's name was changed to DiscFactories Corporation, and its share capital was consolidated on a two (old) for one (new) basis and the Corporation was continued into the federal jurisdiction under the Canada Business Corporations Act. The Corporation was extra-provincially registered in the Province of British Columbia on May 30, 2000. On February 20, 2007 the Corporation completed a change of business transaction pursuant to which it changed its name from DiscFactories Corporation to Excalibur Resources Ltd. The Company was registered in the Province of Ontario on January 24, 2011.

The Company has an inactive US subsidiary, "Excalibur Resources (US) Inc.", incorporated under laws of the State of Nevada on April 24, 2007 and holds a 49% interest in a Mexico corporation, "Minera Catanava S.A. de CV". ("MCSA"). Excalibur's corporate office is located at 20 Adelaide East, Ste. 400, Toronto, Ontario, M5C 2T6.

Excalibur is a junior exploration mining company focused on the discovery, development and mining of economically viable precious and base metal mineral resources. The Company's current portfolio of properties includes:

- ***Silver King Project***, BC, Canada – former site of producing silver-copper mine; Excalibur has an option to acquire a 100% interest in the mineral and surface land rights, title and interest in 24 crown grants and 8 claims located 7 km south of Nelson, B.C.

- **Cariboo Project**, BC, Canada - Excalibur has an option to acquire a 100% interest in these claims which are contiguous to the Silver King Mine comprising 58 hectares.
- ***Sturgeon Lake Project***, ON., Canada; Excalibur is exploring on 107 sq. km or 41 sq. miles located 10 to 15 km east of Sturgeon Lake Mining Camp (former site of 6 VMS deposit mines).
- ***Catanava Project***, Mexico; joint venture with near-term production located in Pinos Gold District (one of three bonanza gold districts mined by the Spanish since 1546).

HIGHLIGHTS TO NOVEMBER 29, 2011

- ***Completed equity financings through private placements: $950,500, for 9,505,000 Non-Flow-Through Units at $0.10 per Unit and $345,500 for 3,455,000 Flow-Through Units at $0.10 per Unit***
- ***Significant progress at Catanava: Change in Land Use Permit, Water Permit and SEMARNAT Permit approved. Plant foundation almost completed. – see Project Review***
- ***Completion of the Fall exploration field work on Cariboo Property. 188 samples sent to lab for geochemical and fire assay analysis. – see Project Review***

SUMMARIZED FINANCIAL RESULTS

Financial Position	**August 31, 2011 $**	May 31, 2011 $
Cash	**270,780**	69,898
Mineral properties and deferred exploration costs	**3,052,714**	2,864,225
Total Assets	**3,776,115**	3,400,597
Shareholders' Equity	**3,393,020**	2,633,366
Operating Results	**Three months ended August 31, 2011**	Three months ended August 31, 2010
Revenue	**Nil**	Nil
Expenses	**103,394**	86,276
Net Loss	**103,394**	86,276
Cash Flow		
Investment in mineral properties	**188,849**	430,131
Cash flows from financing activities	**861,800**	450,000
Net cash flow	**200,882**	38,933

The Company's total assets as at August 31, 2011 including cash increased to $3,393,020 from $2,633,366 mainly attributable to $861,800 raised through private placement financings.

RESULTS OF OPERATIONS – PROJECT REVIEW

Silver King Property – British Columbia

Description and History

The Silver King Property is a former producer of silver and copper, located on Toad Mountain about 4½ miles south of Nelson, British Columbia at an average elevation of 6,000 feet above sea level. It is readily accessible from Nelson, with a road distance of approximately 8 miles, and is located in proximity to several existing gold discoveries in the area. The claims were originally staked in 1885. In 1895, Hall Mines Co. Ltd. of London, England began large scale development of the mine and construction of a smelter at Nelson to treat the Silver King ores and ores from other mines in the district. Between 1889 and 1958, over 15 million lbs. of copper and 4 million oz. of silver were produced from an estimated production of 222,721 tons. Most of this was produced before 1915 and was mined from the upper 100 meters of the Silver King veins. Development at this time included three portals, ten levels, an internal and an external shaft. The main Silver King vein, one of several quartz-filled shears on the property, has been responsible for nearly all the tonnage mined to-date.

The Corporation commissioned an independent consultant to digitize a Pre-NI43-101 Report on the Silver King Property which was prepared by Robert Longe, P.Eng and dated May 1998. The Report can be accessed from the Corporation's website www.excaliburresources.ca, along with updated claim changes made since the Longe Report was produced.

During the 2008 summer exploration season, the Corporation's geological team, under the guidance of Dr. Hamid Mumin, completed the first phase of a field work program at the Silver King Property. The work included detailed property mapping and sampling all mineralized areas encountered at surface including pits, trenches and outcrops. In addition, the team sampled the Corporation's adjacent Cariboo gold showing located immediately east of the Silver King property.

140 samples were analyzed by Acme Analytical Laboratories of Vancouver, B.C. Canada for geochemical values by four-acid digestion, ICP-MS analysis. All samples greater than 10,000 ppm (>1.0%) base metal content or greater than 200 ppm (200 g/tonne) silver have been re-assayed to determine final values. Samples of visually mineralized material or immediately adjacent wall rocks, as well as unmineralized country rock samples and areas not associated with the main Silver King shear can be viewed on the Corporation's web site at www.excaliburresources.ca. Excalibur released the results of all over-limit assays in an October 3, 2008 news release.

In October 2009 the Corporation carried out a 2,100 meter Phase One diamond drilling program on the Silver King Property. Mineralization was intersected in 24 of 25 drill holes. Drill hole XB-09-04 intersected 3.95 meters of 14.13 oz/t Ag, 0.70 g/t Au, 3.18% Cu, 0.36% Zn and 0.10% Pb near surface between 13.45 meters and 17.40 meters. Drill hole XB-09-03 intersected 1.68 meters of 21.1 oz/t Ag, 0.20 g/t Au, 3.60% Cu, 0.19% Zn and 0.03% Pb near surface between 12.54 meters and 14.22 meters.
Most of the diamond drilling was carried out within 50 meters of surface, with the exception of four deeper holes in the Dandy area, which tested the zone to a maximum depth of approximately 150 meters below surface. The Silver King shear zone was tested across roughly 1.1 km, with mineralization still open along strike in both directions and at depth.

Commitments to Acquire 100% Interest

The Company has an option with J.D. Graham & Associates Inc. ("Graham") to earn a 100% interest in the Silver King Property located in the Kootenay District of British Columbia, by making certain cash payments and by issuing common shares as follows:

(a) In 2007, the Company paid $30,000, plus a $1,500 reimbursement of 2007 paid taxes and issued 70,000 shares;

(b) In 2008, the Company paid $40,000 and issued 90,000 shares;

(c) On August 11, 2009 the Company further negotiated the terms of the option agreement. The amended terms required the Company to pay $40,000 (paid June 1, 2010) and the issuance of 17,500 common shares at a price of $0.145 per share (issued);

(d) On June 24, 2011, the Company further renegotiated the terms of the option agreement. The newly-amended terms provide an option to acquire both the mineral and surface land rights simultaneously by the issuance of common shares, making cash payments and the completion of other requirements as follows:

(i) a total of $192,428 over the next three years; and
(ii) issuance of an aggregate of 140,000 common shares as outlined below:

Date	Cash Payment ($)	Share Issuances
June 24, 2011 (Paid)	20,000	-
August 5, 2011 (Paid)	2,428	-
June 1, 2012	40,000	40,000
June 1, 2013	130,000	100,000
	192,428	140,000

(iii) The option to acquire the surface land rights provides that the Company pay $250,000 plus applicable taxes on or before June 1, 2013; and

(iv) Upon receipt of all option payments being made by June 1, 2013, the Company is then committed to:

- a one-time issuance of shares equal to 1% of the then outstanding shares in the capital of the Company upon receipt of a positive feasibility study; and

- an Advance Royalty to be paid annually, starting on June 1, 2014. The Advance Royalty shall be a base amount of $5,000, adjusted upwards by the Statistics Canada Consumer Price Index for British Columbia, using 2011 as the base year, and shall be deducted from a 2.5% Net Smelter Royalty ("NSR") payment. The NSR payment shall be reduced by the total of the Advance Royalty paid, but the NSR payment shall not be so reduced to be less than $5,000 plus the index payment; and

- after two months of achieving commercial production, the Company shall have the right to purchase 50% of the NSR for $1,000,000, at which time the minimum NSR payment will be reduced to $2,500 (adjusted by the Statistics Canada Consumer Price Index for British Columbia using 2011 as a base year.)

(v) In addition, there are other standard requirements contained in the amending agreement such as payment of taxes and the filing of assessment work.

Cariboo Claims, British Columbia

Description

On December 12, 2007 the Corporation announced that it had entered into a binding Letter of Intent with Tom E. Cherry (the "Optionor") for an option to acquire 100% of his interests in the Cariboo Group claims and the Princess and Cleopatra claims (the "Cariboo Claims"), representing a total of five claim units near the City of Nelson, in the Kootenay District of British Columbia.

The Cariboo Group claims comprise approximately 58 hectares (143 acres). The Princess and Cleopatra claims represent 17.7 hectares (43.7 acres) and 11.2 hectares (27.7 acres) respectively. The Cariboo Group claims lie mainly contiguous to the south-east of the Silver King Mine property boundary with some small gaps. The Cleopatra and Princess claims are located north-east of and approximately 2.5 km from the Silver King boundary. During the Corporation's summer 2008 Silver King field program, samples were collected from the Cariboo Group claims, the results of which were reported upon in the Corporation's October 3, 2008 news release.

Assays from grab samples from the Cariboo Group claims returned gold grades up to 12 g/tonne and silver grades up to 200 g/tonne.

Commitments

Under the terms of the above mentioned Letter of Intent, the Corporation can acquire the Optionor's 100% interest in the claims by making the following option payments in cash and shares:

(a) $10,000 (paid) and 25,000 shares (issued) upon signing of the Letter of Intent;
(b) $15,000 (paid) and 40,000 shares (issued) on or before December 1, 2008;
(c) $20,000 and 50,000 pre-consolidation common shares (6,250 post-consolidation shares were issued) on or before December 1, 2009;
(d) $25,000 and 100,000 pre-consolidation common shares (12,500 post-consolidation shares) on or before December 1, 2010.

On August 17, 2009 the Company was able to renegotiate the terms of the option agreement for 80,000 pre-consolidation common shares (10,000 post-consolidation) (issued). The amended terms require the Company to issue common shares and make the following cash payments:

(a) $15,000 on or before June 1, 2010 (paid in June 2010) and the issuance of 6,250 at a price of $0.145 per share (issued in May 2010)
(b) $20,000 (paid in August 2011) and the issuance of 12,500 common shares (issued in August 2011); and
(c) $25,000 on or before June 1, 2012.

In addition, the Company is required to issue 200,000 pre-consolidation common shares (25,000 post-consolidation shares) to the Optionor on receipt by the Company of a positive feasibility study, either in the form of a preliminary feasibility study or a bankable study, or upon commencement of commercial production. The Optionor is entitled to receive a 2% Net Smelter Return royalty on each of the mineral tenures. Upon commencement of commercial production the Company will have the right to purchase 50% of the NSR for $500,000.

Results of 2011 Field Work

During the 2011 field exploration program, eight (8) trenches were excavated and chip and channel samples representing true thickness were collected over 1 metre intervals within the trenches. Further grab sampling was also conducted within mineralized intervals and zones of interest both in the trenches and also in other locations on the property. In total, 188 samples have been sent to ACME Laboratory Ltd, in Vancouver, BC for geochemical and fire assay analysis. QA/QC samples were inserted as part of the due diligence procedures. This exploration program consisted of approximately 123 metres of trenching, mapping, and chip sampling along the 980 metre strike length between the Cariboo workings and the eastern-most adit of the Silver King Mine, the Grizzly Adit. Assay results will be released when available.

The extent of additional work to be done on the property will be determined once the results of the Fall program have been reviewed.

Sturgeon Lake Claims, Ontario

Description and History

In the summer of 2008, the Excalibur completed an 88 square kilometer (38 claims) staking program (the "Property") in Northwestern Ontario. The western boundary of the staked property is located approximately 10 km east of the past-producing Sturgeon Lake Mining Camp. This camp was active from 1970-1990, producing approximately 19 million tons of high-grade Zn-Cu-BP-Ag-Au bearing ores.

The Company staked the Property to cover the majority of significant geophysical conductors identified in a 1990's Sturgeon Lake government survey which have never been thoroughly explored. There has been minimal drilling on the Property in the past. The Company has determined from historical data that surveys undertaken on the west side of the Property confirm that identified geophysical conductors are sulphide-rich, including the presence of massive sulphide lenses. The Property also boasts numerous extensive zones of multiple sub-parallel and stacked sulphide-bearing conductors that cumulatively exceed 100 km of strike length.

In addition, the identified geophysical conductors are located along strike of six previously-mined Volcanogenic Massive Sulphide (VMS)) deposits in this mineral belt. The most notable former mines in the area included operations containing high-grade zinc-copper-silver with associated lead and gold. The well-known Mattapan, Lyon Lake and Sturgeon Lake mines operated in proximity and along strike of the current Property location. Due to a cyclical downturn in metal prices, the mines ceased production in 1991.

In November 2009, the Company commenced a major exploration program to isolate zones of maximum sulphide accumulation. Geotech Ltd. of Aurora, Ontario was contracted to execute a VTEM geophysical survey on 100 meter line spacing's across the entire property. The survey shows a series of strong and laterally extensive conductors, across the 27 km strike length of the property, comparable to those hosting VMS and nickel deposits in other mining camps. Previous fieldwork confirms that the VTEM conductors are sulphide-bearing horizons with anomalous Cu, Zn, Ag, and Au.

On June 1, 2010, the Company commenced its exploration program of the Sturgeon Lake property, consisting of line cutting, geological mapping, and geochemistry which, along with the Maxwell Modeling, was used to define the drill program. Also on June 1, 2010 the Company staked a former mining lease of approximately 2 square kilometers north of the central part of its existing Sturgeon Lake Claims. This claim contains an iron formation that will be explored for its gold and copper potential. With the addition of the new claim, the total size of the Sturgeon Lake property increased to 90 square kilometers.

In July 2010, the Company announced the first set of results from geochemical surveys including both Enzyme Leach (inorganic geochemistry) and Soil Gas Hydrocarbon (organic geochemistry) in order to discriminate which geophysical targets are associated with VMS deposits. SGH results showed strong coincident apical and halo anomalies typical of signatures from known VMS deposits. Enzyme Leach results also confirmed the presence of metals that are characteristic of VMS deposits. The geochemistry and strong geophysical conductors and magnetic signatures in volcanic terrain along strike of six past producing deposits provided a compelling reason for drill-testing the identified targets.

On July 2, 2010, the Company staked a claim of approximately 1 square kilometer south of the central part of its existing Sturgeon Lake property. This claim provides more land near SGH soil geochemistry results that indicate the possibility of a VMS deposit. With the addition of the new claim, the total size of the Sturgeon Lake property was 91 square kilometers.

On August 9, 2010, the Company signed a contract with Distinctive Drilling Services Inc. of Westbank, B.C. for a drill program at the Sturgeon Lake Property, which commenced on August 16, 2010. Approximately 3700m of drilling in a 21 hole program was completed. Disseminated to massive sulphides including pyrrhotite, pyrite with various amounts of chalcopyrite and sphalerite were observed in most of the drill core. In hole SL-10-02, all 142m of the core contained from trace to massive sulphides and intersected anomalous gold over 26.12 meters with values of up to 0.42 g/t gold over 1.28 meters. Narrow intervals of anomalous zinc (up to 0.2%) and copper (up to 0.09%) were also reported.

Assays of grab samples received yielded values up to 0.5 g/tonne gold, 0.34% zinc and 0.1% copper. In addition, Excalibur geologists found boulders containing stockwork to massive sulphides in a hydrothermal structural breccia.

On August 30, 2010, the Company staked a further 15.68 square kilometers east of, and contiguous with, its existing Sturgeon Lake property. Examination of the 2009 VTEM survey results performed by Geotech of Aurora, Ontario, and the results of the 1990 HEM/Magnetic survey performed by Aerodat of Toronto, Ontario, show that these claims contain a short strike length bedrock conductor with an associated 7,000 nanoTesla magnetic high; and, a bend or "nose" in the magnetic anomaly that can be associated with concentrations of mineralization. The Sturgeon Lake Property now covers 107 square kilometers.

The Company received more results from the Soil Gas Hydrocarbon (SGH) survey in October, 2010. The results were given the highest possible rating (6.0 out of 6.0) for each of three closely spaced targets by ActLabs of Ancaster, Ontario for their indication of the presence of Volcanogenic Massive Sulphide (VMS) type mineralization. These SGH anomalies are coincident with previously indentified high-priority VTEM geophysical and magnetic anomalies, and are also coincident with recently completed Enzyme Leach zinc and copper anomalies. The SGH and Enzyme Leach (EL) geochemistry were processed by Actlabs of Ancaster, Ontario from soil samples taken every 50 meters in five 100 to 200 meter spaced lines across the target area. The SGH results are obtained from organic chemistry on soil samples and reflect the interaction of bacteria with VMS type sulphides; the Enzyme Leach (EL) results are obtained from analysis of the upper most B-horizon soils.

The Sturgeon Lake region has good road access and infrastructure as a result of being a former mining district and due to logging in the area. Sturgeon Lake is reached from Trans Canada Hwy #17 and is approximately 60 km north of Ignace, Ontario.

Commitments

In order to maintain these claims, the Company must spend between $1,200 - $6,400 per claim. These expenditures must be completed within two years from the date the claim was staked which is between September 2010 and August 2012. Based on the program spending in 2010, the claims are mostly in good standing for at least another 2 years.

49% owned Minera Catanava S.A. de C.V. - Mexico

In September 2010, the Company entered into an agreement with Minera Apolo S.A. de C.V. ("Minera Apolo") under which the two companies would form a company called Minera Catanava S.A. de C.V. ("MCSA"). (Minera Apolo 51% / 549% Excalibur) The purpose of MCSA is to develop and commence gold production on the 143 hectare Catanava property within the Municipality of Pinos, State of Zacatecas, Mexico.

Under the terms of the agreement, Minera Apolo provided the Catanava property to MCSA and Excalibur is providing the financing for a 250 tonne-per-day ball mill. After two months of commercial production each party will participate based upon its pro-rata share in MCSA.

The Pinos Gold District is approximately 3,000 hectares in size and hosts four known high grade gold vein systems with consistent strike lengths of over 4 km each. The Pinos District was discovered by the Spanish in 1546 and mined until 1810. The Cornish mined the property from 1860 until the Mexican revolution in 1910. The only modern day mining occurred from 1935 to 1941 by a small individual miner. Most historic gold production was within the first 100 meters from surface down to the water table.

Catanava is a step-out area at the northern end of the Pinos Gold District that was largely not mined previously. It occurs where three of the four vein systems come together and also includes the richest of the bonanzas which was only mined to the water table. Based on the previous exploration work of Bethlehem Steel, Hecla and Romarco and the erratic nature of the gold and silver grades, the logical approach to evaluating the potential of the area is to process extensive bulk samples which led to the production decision.

As at November 29, progress to production was as follows:

Excalibur's 49% subsidiary has received all the necessary permits required to build the 250 tpd plant and to go into production. The construction process is proceeding well with nine buildings now erected (security, fuse, explosive, first aid, assay laboratory, sample storage, office weighing room, and the sample preparation building). Roads and tailings have been excavated, fences have been put up and electrical poles, wiring and a 500 kva transformer have been installed providing power to the mine. In addition the foundation of the plant is almost complete. The bulk of equipment has been delivered to the site and installation is imminent.

RESULTS OF OPERATIONS - FINANCIAL PERFORMANCE

Three months ended August 31		**2011**	2010
Net loss		**$103,394**	86,276
Loss per share (basic and diluted)		**$0.003**	$0.003

At August 31, 2011, the Company had not yet achieved profitable production, had accumulated losses of $9,874,505 and expects to incur further losses in the development of its mining operations.

For the three months ended August 31, 2011 the Company posted a net loss of $103,394 compared to $86,276 for the same period in 2010. The higher net loss, period-over-period was primarily from increased spending of $33,800 for regulatory, transfer agent and investor relations - expenses incurred to strategically focus on communication with shareholders (through the internet and press releases), and potential investors, in order to attract and maintain investor support. There were no stock option grants awarded during the period.

All other corporate administration costs were level period over period. Management continues to manage its capital to ensure that it has sufficient cash resources to further exploration on its properties and therefore purposefully economizes on general and administrative costs whenever possible.

SUMMARY OF QUARTERLY RESULTS

Selected Period Information	**Q1-2012** **$**	Q4 -2011 $	Q3-2011 $	Q2-2011 $
Revenues	**NIL**	NIL	NIL	NIL
Expenses	**103,394**	135,434	127,908	103,455
Net loss (gain) (1)	**103,394**	(176,265)	127,873	103,455
Deficit, end of Quarter	**9,874,505**	9,821,111	9,997,375	9,869,502
Loss (gain) per share (2)	**0.003**	(0.008)	0.005	0.004

	Q1-2011 $	Q4 -2010 $	Q3-2010(3) $	Q2-2010 $
Revenues	NIL	NIL	NIL	
Expenses	86,276	259,121	46,723	84,087
Net loss	86,276	85,316	46,723	62,487
Deficit, end of Quarter	9,766,048	9,690,057	9,605,141	9,558,418
Loss per share (2)	0.003	0.010	0.001	0.0007

(1) Future income tax of $317,619 as a result of flow-through financings contributed to a positive net gain for Q4

(2) Basic and diluted loss (gain) per share are equal

(3) On January 11, 2010, the issued and outstanding common shares of the Company were consolidated on an 8:1 basis.

Cash Flow Items

Operating Activities

Negative cash flow from operating activity of $463,036 in fourth quarter 2011 (compared to positive cash flow in the same period in 2010 of $19,064), resulted mainly from the recording of the exchange of $393,563 advances from related parties into common shares, as a part of the Company's $578,000 private placement financing that closed in August 2011. Other than costs from heightened investor relations activities, general and administrative expenses for the quarter were level with those of fourth quarter 2011.

Investing and Financing Activities

The Company continued to invest $138,000 (Q1-2010-$26,115) in general working capital, machinery, equipment, and construction components for a 250 ton-per-day ball mill plant at its Minera Catanava, Mexico, project during the quarter. This project is currently requiring approximately $100,000 USD per month for working capital and construction costs. The Company expended approximately $50,000 during the quarter towards maintaining in good standing, its claims at the Silver King and Cariboo projects. The Company recently completed a trenching program at Cariboo and is awaiting the sampling results. See *Project Review*.

The Company's primary source of funding is the issuance of equity-based securities for cash. In Q1 2012 the Company raised a total of $578,000 (Q1-2010-$450,000) through private placement issuances of 5,780,000 non-flow-through units at $0.10 per unit. A finder's fee of $1,200 was paid in connection with this financing. An additional $285,000 was received by the Company and a further 2,850,000 units issued at $0.10 which closed post period end.

Cash

Cash balances increased quarter-over-quarter as a result of the above-described financings. Canadian exploration is seasonal and should require minimal expenditures until the next field season program. Plant construction continues at the Mexico project and requires monthly cash injections. At August 31, 2011 the Company had positive working capital of $72,493 (Q4-2011-($489,280) (which included $393,563 advances from related parties which were prepayments for shares as part of the $578,000 financing that closed in August 2011). Approximately 25% of the period end working capital is attributable to the accrued recovery of Canadian HST and Mexican VAT (federal sales tax). The Company is currently in the process of applying for these refunds and while there can no ultimate assurance of its recovery until it is actually received, management believes it will be successful in this process. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company.

Commitments

The only material commitments of the Company relate to:

a) the Mineral Properties for work commitments, cash payments and share issuances required to earn an interest in the property, for claim maintenance or to retain the 49% interest in the Mineral Catanava project. See *Project Review; and*

b) Investor relations services contracts. See *Contractual Obligations and Investor Relations.*

As of August 31, 2011, the Company has met all its ongoing obligations to maintain its rights and interests in the Company's mineral properties.

Contingencies

The Company's exploration and development planning 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. As of August 31, 2011 the Company does not believe that there are any significant environmental obligations requiring capital outlays in the near-term however management expects to make expenditures to comply with such laws and regulations, in the future.

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 further exploration on its properties and meet its working capital needs. 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.

Historically, the Company's sole source of funding has been the issuance of equity-based securities for cash. During the quarter ended August 31, 2011 the following equity transaction was completed:

- On August 15, 2011 the Company completed a first tranche of a private placement of 5,780,000 units at $0.10 per unit for total proceeds of $578,000. Each unit consists of one common share and one share purchase warrant, exercisable to acquire an additional common at $0.15 per share until August 12, 2012 and at $0.20 per share until August 12, 2013. A finder's fee of $1,200 was paid in connection with this financing.

- A further $285,000 was received by the Company on account of the completion on September 23, 2011 of private placements for a total issuance of 3,455,000 flow-through units at $0.10 per unit and 3,725,000 non-flow-through units at $0.10 per unit for proceeds of $718,000. Exercise terms of the units are identical to the first tranche units sold on August 15, 2011 except for the flow-through tax benefits to the investor.

The Company continues to have no non-current debt and its credit and interest rate risks are minimal. Trade payables and accrued liabilities are short-term and non-interest bearing. The majority of these liabilities are related to the costs of constructing the production plant at Minera Catanava.

The Company will continue to be illiquid until achieving positive cash flow from operations. Therefore its ability to continue its operations and to realize assets at their carrying values is highly dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. This is typical for exploration companies of similar size. The Company has no regular cash flow however management anticipates that it will be able to raise sufficient cash to fund its acquisition and exploration programs and operations in the future. This may include equity financing, the exercise of options and warrants, joint venture engagements or the disposition of assets. Management notes that the exercise of its outstanding stock options and warrants would yield approximately almost $5,000,000 to the Company, however there can be no assurance of this raising or other future financings being successful.

Management of Capital and Business Prospects

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, warrant, contributed surplus and deficit, in the definition of capital. Management adjusts the capital structure as necessary in order to support the discovery, acquisition, development and mining of economically-viable precious and base metal mineral resources. 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 quarter ended August 31, 2011. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

The properties in which the Company currently has an interest are in the exploration stage. As such the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration programs and pay for management and administrative costs, the Company will spend its ongoing working capital and raise additional amounts as needed.

SHARE CAPITAL

As at	**August 31, 2011**	**May 31, 2011**
Issued shares outstanding	38,380,965	32,588,465
Stock options outstanding	1,892,250	1,892,250
Warrants and broker options outstanding	20,429,970	14,649,970
Total Share Capital – Common Shares - Fully Diluted	**60,703,185**	**49,130,685**

Share-based Payments - 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. As at August 31, 2011 (and May 31, 2011) the Company had 1,892,250 outstanding stock options to purchase common shares of the Company. These options, if exercised, would raise $ 326,760 of cash proceeds.

Warrants and Broker Options

As at August 31, 2011 (May 31, 2011) there were 20,429,970 (14,649,970) respectively, of warrants and broker options, issued and outstanding. The exercise of these securities would raise approximately $5,000,000 of cash proceeds.

Management does not know when and how much will be collected from the exercise of such securities as it is dependent on the determination and investment pursuits of the Warrant Holders.

OFF SHEET BALANCE ARRANGEMENTS

The Company currently has no off-balance sheet arrangements or obligations other than mineral property option payments and exploration expenditures commitments.

PROPOSED TRANSACTIONS

The Company has no immediate intent to acquire any additional, or dispose of, any asset of the Company, however, from time to time the Company may acquire or dispose of property assets as exploration results, opportunities, competitive nature of the business, venture-capital and management may determine.

ASSESSMENT OF RECOVERABILITY OF MINERAL PROPERTY COSTS

The Company's recorded value of its exploration properties is based on historic costs that expect to be recovered in the future. The Company's recoverability evaluation is based on market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale.

ASSESSMENT OF RECOVERABILITY OF FUTURE INCOME TAX ASSETS

In preparing the 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 future 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/VAT RECOVERABLE

The carrying amount of GST/HST/VAT 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 and are measured at the exchange amount, which is the consideration established and agreed to by the respective parties.

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount, which is the consideration established and agreed to by the respective parties.

(a) During the period, management and administration fees of $28,050 (2010 - $45,080) were paid or accrued to directors and officers of the Company and a company controlled by a director and officer of the Company. Included in accounts payable and accrued liabilities is $51,141 (2010-$8,753) owed to the above related parties.

(b) For the three months ended August, 2011, two directors of the Company advanced a total of $129,437 (2010-$26,115) to the Company to provide working capital and funding for exploration expenditures on the Company's Catanava, Mexico project. These advances were exchanged for common shares as part of the Company's $578,000 equity financing that closed on August 12, 2011.

CONTRACTUAL OBLIGATIONS and INVESTOR RELATIONS

The Company currently has a contract with one Investor Relations firm as follows:

(a) Effective January 1, 2011, the Company engaged the services of Stockhouse Investor Relations, a provider of investor relations services. Terms of the engagement included compensation of $10,000 monthly for twelve months, ending December 31, 2011.

(b) Effective August 16, 2011, the Company had agreed to engage the services of Bay Street Connect, a provider of investor relations services. Terms of the engagement included compensation of $7,500 monthly for a minimum of six months and a granting of options to acquire 300,000 common shares at $0.10 per share, with vesting of 75,000 options each quarter. However, subsequent to period end, the parties mutually agreed to terminate the contract; no stock options were granted.

FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company manages capital and its exposure to financial risks by ensuring it has sufficient financial capacity to support its exploration development plans and long-term growth strategy.

The Company is subject to various financial risks that could have a significant impact on financial conditions and the Company's ability to advance its exploration projects. These risks include liquidity risk, credit risk, currency risk and 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 lodged with highly-rated Canadian financial institutions. Management has assessed the risk of loss due to credit risk as remote.

Fair value of Financial Instruments

The carrying value of the Company's financial instruments approximates their fair values due to the relatively short periods to maturity of these instruments. Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Currency Risk

Currency risk is the risk that the fair value of, or future cash flows from the Company's financial assets, will fluctuate because of changes in foreign exchange rates. Commencing this fiscal year, the Company has been funding certain exploration and administrative expenditures in Mexico, on a cash call basis. using Mexico pesos converted from U.S. dollar wire transfers generated from Canadian accounts. The Company is therefore subject to gains and losses that may arise due to fluctuations in the Mexico peso and U.S. dollar against the Canadian dollar which is the Company's functional currency. As at May 31, 2011 the Company had minimal currency risk exposure but assuming the Company will continue to fund its Mexico project, the Company would be subject to increased currency risk which could be significant.

Global Financial Market Conditions

Events and conditions in the global financial markets, particularly over the last two years continue to impact commodity prices, interest rates and currency rates. These conditions, as well as market volatilities, may have a positive or negative impact on the Company's operating costs, project exploration and development expenditures, and planning the Company's projects.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's audited financial statements with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the amounts reported in the 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.

Income Tax

The Company accounts for income taxes in accordance with the asset and liability method. Under this method, future income tax assets and liabilities are determined based on temporary differences between financial reporting and income tax bases of assets and liabilities, using substantively enacted tax rates in effect for the period in which the differences are expected to reverse. Future income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is more likely than not that they will be realized.

Mineral Properties and Deferred Expenditures

Excalibur's mineral property acquisition and exploration costs are capitalized and carried until production commences. If a project is successful, the related mineral properties are to be amortized over the estimated economic life of the project. These deferred charges will be expensed if it is determined that the mineral property has no future economic value. Management of the Company will review the carrying value of each mineral property periodically, and whenever events or changes in circumstances indicate that the carrying value may not be recoverable, reductions in the carrying value of a property would be recorded to the extent that the total carrying value of the mineral property exceeds its estimated fair value. Evaluation expenditures on properties in which the Company does not retain a contingent ownership interest or legal title to are expensed as incurred.

Loss per share

Basic loss per share is determined by dividing the net loss by the weighted average number of common shares outstanding during the financial period. Diluted loss per share is the same as basic loss per share as the effect of potential issues of shares under option or from warrant exercises would be anti-dilutive.

Share Issue Costs

Costs directly identifiable with the raising of capital are charged against the related capital stock.

International Financial Reporting Standards

In February 2008, the CICA Accounting Standards Board ("AcSB") confirmed that the use of International Financial Reporting Standards ("IFRS") will be required in 2011 for public companies in Canada (IFRS will replace Canadian GAAP for public companies.) The Company has adopted IFRS for its 2012 fiscal year with comparative information for fiscal 2011 restated under IFRS as required by the AcSB. Note 15 of the condensed interim financial statements for the three months ended August 31, 2011 contains a detailed description of the conversion to IFRS, including a line-by-line reconciliation of financial statements previously prepared under Canadian GAAP to those under IFRS.

RISKS AND UNCERTAINTIES ASSOCIATED WITH MINING

The Company's Shares should be considered highly speculative due to the nature of its business and the present stage of its development and the location of its properties in Ontario, British Columbia and Mexico. 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.

Exploration Development and Operating Risk

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration and development, any of which could result in work stoppages, damage to the property, and possible environmental damage. None of the properties in which Excalibur has an interest have a known body of commercial ore. Mining involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that any of Excalibur's mineral exploration and development activities will result in discoveries of commercially viable bodies of ore.

Management of Excalibur attempts to mitigate the risks associated with mining and minimize their effect on the Company's financial performance, but there is no guarantee that the Company will be profitable in the future and the Company's common shares should be considered speculative.

Title

Although the Corporation has taken steps 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 of such properties, these procedures do not guarantee title (whether of the Corporation or of any underlying vendor(s) from whom the Corporation may be acquiring its interest). 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.

Foreign Country Risk

Management is currently focusing on developing its project in Mexico due to the short-term timeline to achieve production (and its resulting revenue stream). By its very nature, development in a foreign jurisdiction bears certain risks such as potential economic and political instability. Other changes that can occur include a change of government that may void or change the laws and regulations that the Company is relying upon. Additionally, currently there are no restrictions on the repatriation from Mexico of earnings to foreign entities. However there can be no assurance that restrictions on repatriation of earnings will not be imposed in the future. Further it is desirable to be operating within a foreign jurisdiction experiencing economic stability but Mexico's financial health is heavily intertwined with that of the U.S. and that economy is struggling due to the recent mortgage and real estate housing crisis, chronic unemployment and crippling debt load from Wars in the Middle East. Management mitigates foreign country risk by keeping apprised of Mexico's economic and political climate and by relying on the Project's country manager to inform Management of any proposed change to the laws and regulations that could significantly impact the financial results of the Company.

Environmental Matters

Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Corporation, the extent of which cannot be predicted and which may well be beyond the capacity of the Corporation to fund. The Corporation'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.

Commodity Prices

The price of the Company's common shares, its financial results, exploration and development activities have been, or may in the future be, adversely affected by declines in the price of gold and/or other metals. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control. The effect of these factors on the price of precious and base metals, and therefore the economic viability of the Company's exploration projects, cannot accurately be predicted. Excalibur does not have a hedging policy and has no present intention to establish one. Accordingly, Excalibur has no protection from declines in mineral resource prices.

OUTSTANDING SHARE DATA

The Corporation has one class of common shares and is authorized to issue 100,000,000 common shares without par value.

As at November 29, 2011 the Corporation had the following share data outstanding:

- 45,560,965 common shares
- 27,609,970 common share purchase warrants with an average exercise price of $0.22
- 1,892,250 stock options with an average exercise price of $0.17

OUTLOOK AND STRATEGY

Excalibur's Strengths:

- seasoned management and exploration team
- near-term producing project in Mexico
- favourable mining and exploration logistics- historic camps, prior resources reported, good roads, approved permits

Excalibur's Challenges:

- raising capital for programs in volatile capital markets
- achieving positive exploration and production results
- dependent on buoyant commodity price to attract and maintain investor support