



**MANAGEMENT INFORMATION CIRCULAR**  
Containing information as at the Record Date, October 29, 2013  
(unless otherwise noted)

**PERSONS MAKING THE SOLICITATION**

This Information Circular is furnished in connection with the solicitation of proxies by Management of Excalibur Resources Ltd. (the "Company") for use at the Annual General and Special Meeting of Shareholders (the "Meeting") to be held on **December 5, 2013** at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Company. All costs of this solicitation will be borne by the Company. The contents and the sending of this Information Circular have been approved by the Directors of the Company.

**Mailing of Information Circular**

This Information Circular is being mailed together with a Notice of Meeting, Request Card and Proxy or Voting Instruction Form (collectively, the "**Meeting Materials**"), in accordance with applicable laws, except to those shareholders who requested the information to be delivered by electronic mail. If you are a shareholder and you wish to receive the Company's annual financial statements and/or interim financial statements and the accompanying management discussion and analysis thereon, please complete and return the Request Card included in the Meeting Materials.

**Appointment of Proxyholder**

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder's behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or Directors of the Company (the "**Management Proxyholders**").

A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.

**Voting By Proxy**

Common shares of the Company (the "**Shares**") represented by properly executed proxies in the accompanying form will be voted or withheld from voting on each respective matter in accordance with the instructions of the shareholder on any ballot that may be called for.

If no choice is specified and one of the Management Proxyholders is appointed by a shareholder as proxyholder, such person will vote in favour of the matters proposed at the Meeting and for all other matters proposed by Management at the Meeting.

The enclosed form of proxy also confers discretionary authority upon the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of Annual General and Special Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, Management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

### **Completion and Return of Proxy**

A proxy will not be valid unless completed, signed, dated and delivered to the office of the Company's registrar and transfer agent, Valiant Trust Company, by mail in the enclosed self-addressed envelope or failing that, by mail or by hand at Valiant Trust Company, Suite 600, 750 Cambie Street, Vancouver, B.C. V6B 0A2 or by fax to 604.681.3067, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

### **Registered and Non-Registered Holders**

Only shareholders whose names appear on the records of the Company as the registered holders of Shares or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are 'non-registered' shareholders because the Shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the Shares; bank, trust company, trustee or administrator of self-administered RRSPs, RRIFs, TFSAs, RESPs and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (a 'Nominee'). If you purchased your Shares through a broker, you are likely an unregistered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your Shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form, as your vote will be taken at the Meeting.

In addition, Canadian securities legislation now permits the Company to forward meeting materials directly to 'non objecting beneficial owners'. If the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

### **Voting Securities, Record Date and Principal Holders of Voting Securities**

As at October 29, 2013 the Company had outstanding 78,424,831 fully paid and non-assessable Shares without par value, each Share carrying the right to one vote. The Company has no other classes of voting securities. At a general meeting of the Company, on a show of hands, every Shareholder present in person shall have one vote and, on a poll, every Shareholder shall have one vote for each Share of which he is the holder.

The Board of Directors has fixed October 29, 2013 as the record date for the Meeting. Any Shareholder of record at the close of business on October 29, 2013 who either personally attends the Meeting or who has completed and delivered a Proxy in the manner specified, subject to the provisions described above, shall be entitled to vote or to have such Shareholder's Shares voted at the Meeting.

To the best of the knowledge of the directors and senior officers of the Company, there are no persons who, or corporations which, beneficially own, directly or indirectly, or exercise control or direction over Shares carrying more than 10% of the voting rights attached to all outstanding Shares of the Company.

## EXECUTIVE COMPENSATION

Unless otherwise noted the following information is for the Company's last completed financial year ended May 31, 2013.

### Compensation Discussion and Analysis

The Company's compensation structure is designed to be competitive with the compensation arrangements of other Canadian resource companies of similar size and scope of operations. The Company recognizes the need to offer a compensation package that will attract and retain experienced and qualified executives, as well as align the compensation level of each executive to that executive's level of responsibility.

The Board considers a variety of factors when determining both compensation policies and programs and individual compensation levels. These factors include the long-term interests of the Company and its shareholders, overall financial and operating performance of the Company and the board's assessment of each officer's individual performance, contribution towards meeting corporate objectives, responsibilities, length of service and levels of compensation provided by industry competitors.

The Company does not have a compensation program other than base salaries and participation in the Company's stock option plan. The objectives of base salary are to recognize market pay, and acknowledge the competencies and proficiencies of individuals. The Board may from time to time grant stock options to executive officers under the Company's stock option plan. Grants of stock options are intended to emphasize the executive officers' commitment to the growth of the Company and to recognize corporate and individual performances for executive officers. The objectives of stock option awards are to reward achievement of long-term financial and operating performance and focus on key activities and achievements critical to the ongoing success of the Company. The Company places strong reliance on stock options in terms of the total compensation of its executive officers in keeping with overall compensation trends in the Canadian industry and in order to conserve the Company's cash. The Company's directors do not presently receive compensation, other than incentive stock options which may be granted from time to time, for their services as directors.

Although the Board has not formally evaluated the risks associated with the Company's compensation policies and practices, the Board has no reason to believe that any risks that arise from the Company's compensation policies and practices are reasonably likely to have a material impact on the Company.

### Option-Based Awards

The Company's Stock Option Plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Board takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the Canadian National Stock Exchange, and closely align the interests of the executive officers with the interests of shareholders.

The Board of Directors as a whole has the responsibility to administer the compensation policies related to the executive management of the Company, including option-based awards.

### Summary Compensation Table

For the purposes of this Circular, a Named Executive Officer ("NEO") of the Company means each of the following individuals:

- (a) a chief executive officer ("CEO") of the Company;
- (b) a chief financial officer ("CFO") of the Company; and
- (c) each of the Company's three most highly compensated executive officers, or individuals acting in a similar capacity, other than the CEO and CFO, at the end of, or during, the most

recently completed financial year if their individual total compensation was more than \$150,000 for that financial year, including individuals who would be an NEO under this paragraph but for the fact that he or she was not acting in such capacity at the end of the financial year.

The following table sets forth information concerning all awards outstanding at the end of the most recently completed financial year end, namely May 31, 2013, for the Company's Named Executive Officers (NEOs").

NEO Name and Principal Position	Year	Salary (\$)	Share Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Timothy Gallagher, Chairman & CEO; former CFO <sup>(1)</sup>	2013	120,000	Nil	Nil	Nil	Nil	Nil	Nil	120,000
	2012	78,000	Nil	25,950 <sup>(3)</sup>	Nil	Nil	Nil	Nil	103,950
	2011	72,000	Nil	Nil	Nil	Nil	Nil	Nil	72,000
Donna McLean CFO <sup>(2)</sup>	2013	10,250	Nil	Nil	Nil	Nil	Nil	Nil	10,250
	2012	6,950	Nil	8,650 <sup>(3)</sup>	Nil	Nil	Nil	Nil	15,600
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

- (1) Mr. Gallagher received compensation for services rendered on a month-to-month basis for executive management services. Mr. Gallagher resigned as CFO of the Company on July 10, 2012.
- (2) Ms. McLean was appointed Chief Financial Officer on July 10, 2012.
- (3) The Company used the Black-Scholes pricing model under the following assumptions: (i) risk free interest rate of 1.33%; (ii) expected dividend yield of nil; (iii) forfeiture rate nil (iv) average expected volatility of 95%; and (iv) an expected term of five years. The Black Scholes pricing model was used to estimate the fair value as it is the most accepted methodology.

#### Outstanding Share-Based Awards and Option-Based Awards

The following table sets out, for the NEOs, all outstanding incentive stock options to purchase Shares (option-based awards) held as of May 31, 2013 including awards granted to the NEOs in prior years:

	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date (m/d/y)	Value of unexercised 'in-the-money' options (\$) <sup>(1)</sup>	Number of Shares or units of Shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Timothy Gallagher, Chairman, & CEO; former CFO	400,000	0.16	01/12/15	Nil	N/A	N/A	N/A
	300,000	0.12	02/01/17	12,000	N/A	N/A	N/A
Donna McLean CFO <sup>(2)</sup>	100,000	0.12	02/01/17	4,000	N/A	N/A	N/A

- (1) The closing price of the Company's Shares on the Canadian National Stock Exchange on May 31, 2013 was \$0.16.
- (2) Ms. McLean was appointed Chief Financial Officer on July 10, 2012.

### Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by the NEOs:

<i>Name</i>	<i>Option-based awards - Value vested during the year (\$) <sup>(1)</sup></i>	<i>Share-based awards - Value vested during the year (\$)</i>	<i>Non-equity incentive plan compensation - Value earned during the year (\$)</i>
Timothy Gallagher, Chairman & CEO; former CFO	Nil	N/A	N/A
Donna McLean, CFO	Nil	N/A	N/A

(1) The closing price of the Company's Shares on the Canadian National Stock Exchange on May 31, 2013 was \$0.16.

### Employment Agreements

There are currently no employment agreements in place.

### Pension and/or Deferred Compensation Plan

The Company does not have a pension plan or deferred compensation plan.

### Termination and Change of Control Benefits

The Company has no contract, agreement, plan or arrangement that provides for payment to a NEO at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or a change in the NEO's responsibilities.

## DIRECTOR COMPENSATION

The following table describes total compensation paid or payable to Directors who are not also NEOs for the year ended May 31, 2013:

<i>Name</i>	<i>Fees earned (\$)</i>	<i>Share-based Awards (\$)</i>	<i>Option-based awards (\$)</i>	<i>Non-Equity Incentive Plan Compensation (\$)</i>	<i>Pension value (\$)</i>	<i>All other Compensation (\$)</i>	<i>Total (\$)</i>
Andrew Robertson <sup>(1)</sup>	80,000	Nil	Nil	Nil	Nil	Nil	80,000
Dianne Szigety <sup>(2)</sup>	42,000	Nil	Nil	Nil	Nil	Nil	42,000
David Libby	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Charles Beaudry <sup>(3)</sup>	30,200	Nil	Nil	Nil	Nil	Nil	30,200

- (1) Mr. Robertson received compensation for services rendered on an as-needed basis for corporate development services.
- (2) Ms. Szigety received compensation for services rendered on a month-to-month basis for corporate secretarial, regulatory and compliance services.
- (3) Mr. Beaudry received compensation for services rendered on an as-needed basis for technical project review services.

There are no management functions of the Company or its subsidiaries which are to any substantial degree performed by a person or company other than the directors or senior officers (or private companies controlled by them, either directly or indirectly) of the Company.

### Stock Option Plan

The Company has a Stock Option Plan for the granting of incentive stock options to the Directors, employees and consultants. The purpose of granting such options is to assist the Company in compensating, attracting,

retaining and motivating the Directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

### Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The Company does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to the Directors.

The following table sets out for each Director who is not also a NEO, all outstanding incentive stock options (option-based awards) to purchase Shares of the Company held as of May 31, 2013 including awards granted to the Directors in prior years:

<i>Name</i>	<i>Option-based Awards</i>				<i>Share-based Awards</i>		
	<i>Number of securities underlying unexercised options (#)</i>	<i>Option exercise price (\$)</i>	<i>Option expiration date (m/d/y)</i>	<i>Value of unexercised in-the-money options (\$)<sup>(1)</sup></i>	<i>Number of Shares or units of Shares that have not vested (#)</i>	<i>Market or payout value of share-based awards that have not vested (\$)</i>	<i>Market or payout value of vested share-based awards not paid out or distributed (\$)</i>
Andrew Robertson	300,000	0.16	01/12/15	Nil	N/A	N/A	N/A
	300,000	0.12	02/01/17	12,000			
Dianne Szigety	300,000	0.16	01/12/15	Nil	N/A	N/A	N/A
	250,000	0.12	02/01/17	10,000			
David Libby	150,000	0.16	01/12/15	Nil	N/A	N/A	N/A
	200,000	0.12	02/01/17	8,000			
Charles Beaudry	300,000	0.16	12/05/15	Nil	N/A	N/A	N/A
	200,000	0.12	02/01/17	8,000			

(1) The closing price of the Company's Shares on the Canadian National Stock Exchange on May 31, 2013 was \$0.16.

### Incentive Plan Awards - Value of Vested or Earned During the Year

The following table sets forth, for each director who is not also a NEO, the attributed values of all incentive plan awards which vested or were earned during the year ended May 31, 2013:

<i>Name</i>	<i>Option-based awards - Value vested during the year (\$)</i>	<i>Share-based awards - Value vested during the year (\$)</i>	<i>Non-equity incentive plan compensation - Value earned during the year (\$)</i>
Andrew Robertson	Nil	N/A	N/A
Dianne Szigety	Nil	N/A	N/A
David Libby	Nil	N/A	N/A
Charles Beaudry	Nil	N/A	N/A

### Securities Authorized for Issuance under Equity Compensation Plans

The only compensation plan under which equity securities are authorized for issuance as at the fiscal year ended May 31, 2013 is the Company's stock option plan. The following table summarizes information in relation to the Company's stock option plan as at May 31, 2013.

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights</i>	<i>Weighted-average exercise price of outstanding options, warrants and rights</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</i>
Equity compensation plans approved by security holders	4,609,750	\$0.17	3,232,733
Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>Total</b>	<b>4,609,750</b>	<b>\$0.17</b>	<b>3,232,733</b>

### INDEBTEDNESS TO COMPANY OF DIRECTORS AND EXECUTIVE OFFICERS

As at May 31, 2013, there was no indebtedness outstanding of any current or former Director, executive officer or employee of the Company or any of its subsidiaries which is owing to the Company or any of its subsidiaries or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a Director or executive officer of the Company, no proposed nominee for election as a Director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries; or
- (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, in relation to a securities purchase program or other program.

### INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as set out herein, no Director or executive officer of the Company nor any proposed nominee of Management of the Company for election as a Director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

An informed person is one who generally speaking is a director or executive officer or is a 10% shareholder of the Company. To the knowledge of Management of the Company, no informed person or nominee for election as a director of the Company or associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's last completed financial year or in any proposed transaction which in either such case has materially affected or will materially affect the Company, except as set out herein.

## CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”) requires issuers to disclose the corporate governance practices that they have adopted according to guidance provided pursuant to National Policy 58-201 *Corporate Governance Guidelines* (“NP 58-201”). The Company has reviewed its own corporate governance practices in light of these guidelines. The Board believes that good corporate governance improves corporate performance and benefits all shareholders. The Canadian Securities Administrators (the “CSA”) have adopted NI 58-101, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. NI 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

### **Independence of Members of Board**

Directors are considered to be “independent” if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Company’s Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. However, an individual who accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, is considered to have a material relationship with the issuer.

The Company's Board consists of five Directors, one of which is independent based upon the tests for independence set forth in NI 52-110. David Libby is an independent director. In accordance with section 1.4 National Instrument 52-110 *Audit Committees* (“NI 52-110”), Timothy Gallagher is not independent as he is the Chairman and CEO of the Company. Andrew Robertson is not independent as he has received consulting fees from time to time for management and administrative services. Charles Beaudry is not independent as he has received consulting fees for geological services.

### **Management Supervision by Board**

The operations of the Company do not support a large Board of Directors and the Board has determined that the current constitution of the Board is appropriate for the Company's current stage of development. The Board facilitates its independent supervision over Management by choosing Management who demonstrate a high level of integrity and ability and having strong independent Board members. The independent Directors are, however, able to meet at any time without any members of Management, including the non-independent Directors, being present. The independent Directors also have access to the Company's legal counsel and its auditors.

### **Directorships**

Certain of the directors of the Company, or nominees as a director of the Company if applicable, are also directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

<u>Name of director</u>	<u>Other reporting Issuers</u>
Timothy Gallagher	Xtierra Inc.
Charles Beaudry	Xmet Inc., Vantex Resources Ltd.

### **Board of Directors Attendance**

The Board’s decisions during the year ended May 31, 2013 were passed by way of written resolution following informal discussions among the Directors and Management. There were also a number of informal meetings of the Board members.

### **Board Practices**

The experience of the Board is important for providing the Company with effective governance in the mining industry. The Board’s mandate and responsibilities can be effectively and efficiently administered at its proposed size. The Board has functioned, and is of the view that it can continue to function, independently of Management as required.

Procedures are in place to allow the Board to function independently and to facilitate open and candid discussion among its independent members. At the present time, the Board has experienced directors that have made a significant contribution to the Company's success and is satisfied that the Board has the ability to satisfy the mandate established by law to supervise the business and affairs of the Company.

#### **Mandate of the Board of Directors, its Audit Committee and Management**

The mandate of the Board is to oversee the conduct of the Company's business, to manage or supervise the business and affairs of the Company and to act with a view to the best interests of the Company. Management is, among other matters, responsible for the Company's day-to-day operations, including proposing its strategic direction, presenting budgets and business plans to the Board for consideration and approval, reviewing and approving the annual corporate budget and forecast, reviewing major strategic initiatives to ensure that the Company's proposed actions accord with shareholder objectives and assessing Management's performance against approved business plans and industry standards.

The Board assesses how effectively the Company communicates with shareholders, but has not adopted a formal communications policy.

Through the Audit Committee, and in conjunction with its auditors, the Board assesses the adequacy of the Company's internal control and management information systems. The Board looks to Management to keep it informed of all significant developments relating to or effecting the Company's operations. A formal mandate for the Board, the Chief Executive Officer and the Chief Financial Officer has not been considered necessary since the relative allocation of responsibility is well understood by both Management and the Board.

#### **Position Descriptions**

The Board has one (1) committee: the Audit Committee. The chair of the Audit Committee is required to ensure that the committee performs its duties as set forth in the charter, and to report to the Board on the activities of the committee. The Board has not yet developed written position descriptions for the Chair of the Audit Committee because the size and nature of the Company's business allows each director to understand his role in progressing the Company's operations,

The Board has not developed a written position description for the Chairman of the Board; however, the role of the Chairman of the Board is well established. The responsibilities of the Chairman include the efficient operation of the Board, ensuring that the Board is alert to its obligations to the Company and providing leadership to the Board.

The Board has not developed a written position description for the Chief Executive Officer, however the established role of the Chief Executive Officer is to provide leadership for the Company, to oversee the executive management of the Company, to develop long term and short term strategic plans, financial and operating plans and to report to the Board and Shareholders.

#### **Risk Management**

The Board of Directors is responsible for adoption of a strategic planning process, identification of principal risks and implementing risk management systems, succession planning and the continuous disclosure requirements of the Company under applicable securities laws and regulations. The Audit Committee is responsible for the risk management items set out in the Audit Committee Charter.

#### **Orientation and Continuing Education**

Given the Company's size and stage of development, the Company has not yet developed an official orientation or training program for new directors. However, when new directors are appointed, the Board ensures they are provided with access to relevant corporate and business information on the Company's properties and on director responsibilities. As required, new directors have the opportunity to become familiar with the Company by meeting with the other directors and with officers who are experienced in corporate governance and have a good understanding of the Company's business. Orientation activities are tailored to the particular needs and experience of each director and the overall needs of the Board.

### **Ethical Business Conduct**

The Board monitors the ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of Management and in the best interests of the Company.

### **Nomination of Directors**

The Board of Directors has responsibility for identifying potential Board candidates. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members. Members of the Board and representatives of the mineral exploration industry are consulted for possible candidates.

The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors.

### **Compensation**

The Board of Directors is responsible for determining all forms of compensation, including long-term incentive in the form of stock options to be granted to the executive officers of the Company and the directors, and for reviewing the Chief Executive Officer's recommendations respecting compensation of the other officers of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its officers, the Board considers: i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; ii) providing fair and competitive compensation; iii) balancing the interests of Management and the Company's shareholders; and iv) rewarding performance, both on an individual basis and with respect to operations in general.

### **Board Committees**

As the Directors are actively involved in the operations of the Company, the Board has determined that the standing committee at this stage of the Company's development shall be the Audit Committee.

### **Assessments**

The Board has not, as yet, adopted formal procedures for assessing the effectiveness of the Board, its Audit Committee or individual directors. The Board monitors the adequacy of information given to directors, communication between the Board and Management, and the strategic direction and processes of the Board and the Audit Committee.

### **Audit Committee**

The Board has adopted an Audit Committee Charter which is reviewed annually and sets out the role and oversight responsibilities of the Audit Committee.

#### *Audit Committee Charter*

#### **1. Purpose**

1.1 The Audit Committee is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Audit Committee's role is to:

- (a) support the Board of Directors in meeting its responsibilities to shareholders;
- (b) enhance the independence of the external auditor;

- (c) facilitate effective communications between Management and the external auditor and provide a link between the external auditor and the Board of Directors;
- (d) increase the credibility and objectivity of the Company's financial reports and public disclosure.

1.2. The Audit Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee's responsibilities as described herein.

1.3. The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribe.

## **2. Membership**

2.1. Each member of the Audit Committee must be a director of the Company.

2.2. The Audit Committee will consist of at least three members, the majority of whom are neither officers nor employees of the Company or any of its affiliates.

2.3. The members of the Audit Committee will be appointed annually by and will serve at the discretion of the Board of Directors.

## **3. Authority**

3.1. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:

- (a) engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities;
- (b) communicate directly with Management and any internal auditor, and with the external auditor without Management involvement; and
- (c) approve interim financial statements and interim MD&A on behalf of the Board of Directors.

## **4. Duties and Responsibilities**

4.1. The duties and responsibilities of the Audit Committee include:

- (a) recommending to the Board of Directors the external auditor to be nominated by the Board of Directors;
- (b) recommending to the Board of Directors the compensation of the external auditor;
- (c) reviewing the external auditor's audit plan, fee schedule and any related services proposals;
- (d) overseeing the work of the external auditor;
- (e) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board and will enquire if there are any sanctions imposed by the CPAB on the external auditor;
- (f) ensuring that the external auditor meets the rotation requirements for partners and staff on the Company's audits;

- (g) reviewing and discussing with Management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communications to the Committee and to Management;
- (h) reviewing the external auditor's report, audit results and financial statements prior to approval by the Board of Directors;
- (i) reporting on and recommending to the Board of Directors the annual financial statements and the external auditor's report on those financial statements, prior to Board approval and dissemination of financial statements to shareholders and the public;
- (j) reviewing financial statements, MD&A and annual and interim earnings press releases prior to public disclosure of this information;
- (k) ensuring adequate procedures are in place for review of all public disclosure of financial information by the Company, prior to its dissemination to the public;
- (l) overseeing the adequacy of the Company's system of internal accounting controls and internal audit process obtaining from the external auditor summaries and recommendations for improvement of such internal accounting controls;
- (m) ensuring the integrity of disclosure controls and internal controls over financial reporting;
- (n) resolving disputes between Management and the external auditor regarding financial reporting;
- (o) establishing procedures to deal with complaints and concerns, from employees and others, regarding questionable accounting, internal accounting controls or auditing practices;
- (p) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;
- (q) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor;
- (r) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities.

4.2. The Audit Committee will report, at least annually, to the Board regarding the Committee's examinations and recommendations.

## **5. Meetings**

5.1. The quorum for a meeting of the Audit Committee is a majority of the members of the Committee who are not officers or employees of the Company or of an affiliate of the Company.

5.2. The members of the Audit Committee must elect a chair from among their number and may determine their own procedures.

5.3. The Audit Committee may establish its own schedule that it will provide to the Board of Directors in advance.

5.4. The external auditor is entitled to receive reasonable notice of every meeting of the Audit Committee and to attend and be heard thereat.

5.5. A member of the Audit Committee or the external auditor may call a meeting of the Audit Committee.

5.6. The Audit Committee will meet separately with the President, or such other Executive Officer, and separately with the Chief Financial Officer of the Company at least annually to review the financial affairs of the Company.

5.7. The Audit Committee will meet with the external auditor of the Company at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.

5.8. The chair of the Audit Committee must convene a meeting of the Audit Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board of Directors or the shareholders.

## **6. Reports**

6.1. The Audit Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board of Directors' meeting at which those recommendations are presented.

## **7. Minutes**

7.1. The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

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### **Audit Committee and Relationship with Auditors**

National Instrument 52-110 ("NI 52-110") requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditors, as set forth in the following.

#### **Composition**

During the year ended May 31, 2013, Timothy Gallagher, Andrew Robertson and Charles Beaudry were members of the Company's Audit Committee. All of the members are "financially literate" as defined in NI 52-110, and Mr. Beaudry is considered an "independent" member of the Audit Committee. For the purposes of NI 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

The Audit Committee assists the Board in fulfilling its financial oversight responsibilities, including the Company's consolidated financial statements and other related public disclosures, the Company's compliance with legal and regulatory requirements relating to financial reporting, the external auditors, qualifications and independence and the performance of the internal audit function and the external auditors. The Audit Committee has direct communications channels with the Company's auditors. The Audit Committee reviews the Company's financial statements and related management's discussion and analysis of financial and operating results. The Audit Committee can retain legal, accounting or other advisors.

#### **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee made to the Board of Directors to nominate or compensate an external auditor.

### **Reliance on Certain Exemptions**

Since the effective date of NI 52-110, the Company has not relied on the exemptions contained in Sections 2.4 or Part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditors, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditors in the financial year in which the non-audit services were provided. Part 8 permits a corporation to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

### **Pre-Approval Policies and Procedures**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Company's Board of Directors, and where applicable the Audit Committee, on a case-by-case basis.

### **External Auditor Service Fees**

The following table, "audit fees" are fees billed by the Company's external auditors for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditors for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax fees" are fees billed by the auditors for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditors for products and services not included in the foregoing categories.

The fees paid by the Company to its auditors in each of the last two financial years, by category, are as follows:

<i>Financial Year Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i> <sup>(1)</sup>	<i>All Other Fees</i>
May 31, 2013	\$25,000	Nil	\$15,500	Nil
May 31, 2012	\$25,000	Nil	\$3,000	Nil

(1) Fees related to federal and provincial income tax return preparation.

The Company is relying on the exemption provided by Section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **A. Election of Directors**

The Directors of the Company are elected at each Annual General Meeting and hold office until the next Annual General Meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Management of the Company proposes to nominate each of the following persons for election as a Director. Information concerning such persons, as furnished by the individual nominees, is as follows:

<i>Name and Jurisdiction of Residence</i>	<i>Principal Occupation or employment and, if not previously elected Director, occupation during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Shares beneficially owned, controlled or directed (directly/indirectly) <sup>(1)</sup></i>
<b>TIMOTHY GALLAGHER, MBA, CFA</b> <sup>(2)</sup> Ontario, Canada	Chairman of the Company since Sept 2009 and CEO since July 2012, formerly CFO Nov 2009 to July 2012; President, Inflection Capital Inc., a private investment company since Mar 2005; Businessman focused on taking companies public on the TSX Venture Exchange since 1997. Director, Xtierra Inc. since Mar 2007. Director of Xmet Inc. Mar 2010 to June 2012.	Since Sep 24, 2009. Previously from Oct 1999 to Feb 2001.	7,341,125 <sup>(3)</sup>
<b>ANDREW ROBERTSON, MBA</b> <sup>(2)</sup> Ontario, Canada	Vice-President, Inflection Capital Inc., Nov 2008 to present; Senior Vice-President, GE Capital Solutions, Nov 2007 to Oct 2008.	Since December 2009	3,272,500
<b>DAVID LIBBY, P.ENG.</b> Ontario, Canada	Retired Professional Engineer; Consultant and Senior Associate, Behre Dolbear & Company Ltd. Director, Duran Ventures Inc. Oct 2008 to June 2009. Executive Vice-President, Mining, Aur Resources Inc. 2005 to 2007.	Since December 2009	125,000
<b>CHARLES BEAUDRY, M.Sc., P. Geo.</b> <sup>(2)</sup> Ontario, Canada	Geological Consultant since May, 2013; Director, Xmet, Inc, since June, 2010; former President and Chief Operating Officer, Xmet Inc. June 2010 to April 2013. Chairman and Director, Vantex Resources since May, 2012; Director, Minsud Resources Corp., May 2011 to October 2011; General Manager, IAMGOLD Corporation from 2008 to 2009; Consultant, Scott-Wilson Roscoe Postle Associates 2006 to 2008.	Since December 2010	260,000
<b>OSCAR FITCH GOMEZ, B.A.</b> Mexico	Founder, Fitch y Asociados, a private Mexico corporation, advising companies and organizations within the food, energy, technology, financial, and services industries in the design and execution of public affairs and communication strategies since April 2000; CEO, Mexican Tourism Board Apr 2007 to Mar 2010; Director, Cimarron Mining Company since Oct 2011.	Nominee	103,448

- (1) Shares beneficially owned, controlled or directed, directly or indirectly, as at October 29, 2013, based upon information furnished to the Company by individual Directors. Unless otherwise indicated, such Shares are held directly.
- (2) Members of the Audit Committee.
- (3) Of these Shares, 3,763,625 are held indirectly by Inflection Capital Inc., a private company controlled by Mr. Gallagher.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the company acting solely in such capacity.

Except as provided herein, to the knowledge of the Company, no proposed director:

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a director, chief executive officer (“CEO”) or chief financial officer (“CFO”) of any company (including the Company) that:
  - (i) was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
  - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company, except as noted below; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

## **B. Appointment and Remuneration of Auditors**

Shareholders will be asked to vote for the re-appointment of Collins Barrow Toronto LLP, Chartered Accountants, as the auditors of the Company to hold office until the next annual meeting of the Shareholders, at a remuneration to be fixed by the board of directors. Collins Barrows Toronto LLP has served as auditor since July, 2003.

### **C. Approval of 2014 Stock Option Plan**

The Company implemented a stock option plan (the "Plan") which has been approved by the Company's Shareholders at its annual meetings since February 2004. The number of common shares which may be issued under the Plan is a maximum of 10% of the issued and outstanding common shares at the time of the grant. In addition, the number of common shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities, or, is a consultant.

The Plan was established to ensure that the Company is able to continue to provide an incentive program to directors, officers, employees and persons providing services to the Company ("Eligible Persons") that provides flexibility in the structuring of incentive benefits to allow the Company to remain competitive in the recruitment and retention of key personnel. The Named Executive Officers are eligible to participate in the Plan.

The Plan is in the form of a rolling stock option plan reserving an aggregate of 10% of the issued and outstanding common shares of the Company for issuance upon the exercise of options granted pursuant to the Plan. The exercise price of any option granted under the Plan is to be determined from time to time by the Board but in any event shall not be lower than the closing price of the Company's shares as traded on an Exchange on the trading day immediately preceding the date of grant of such option. The Board, or a committee appointed for such purposes, also has the authority under the Plan to determine other terms and conditions relating to the grant of options, including any applicable vesting provisions. Each option is exercisable in such manner as may be determined by the Board at the time of grant and options will be for terms not exceeding five years. All options granted under the Plan are not transferable other than by will or the laws of dissent and distribution. If an optionee ceases to be an Eligible Person for any reason whatsoever, other than death, then (a) each option held by a director or officer will cease to be exercisable 90 days following the termination date and (b) each option held by employees and consultants will cease to be exercisable 30 days following the termination date. If an optionee dies, the legal representative of the optionee may exercise the optionee's options within one year after the date of the optionee's death but only up to and including the original option expiry date.

The Company does not provide any financial assistance to participants in order to facilitate the purchase of common Shares under the Plan. There were options outstanding under the Plan to acquire 4,609,750 common Shares, representing approximately 5.9% of the Company's current issued and outstanding Shares at May 31, 2013. There are no stock appreciation rights outstanding and it is currently intended that none be issued.

A copy of the full text of the proposed Plan will be made available for inspection at the Company's head office located at Suite 400, 20 Adelaide Street, Toronto, ON M5C 2T6 during regular business hours prior to the date of the Meeting and at the Meeting itself.

The following ordinary resolution will be proposed at the Meeting:

*"RESOLVED THAT the Company's 2014 Stock Option Plan pursuant to which the Directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company, to a maximum of 10% of the issued and outstanding common shares at the time of the grant, with a maximum of 5% of the Company's issued and outstanding shares being reserved to any one person on a yearly basis, be and it is hereby approved."*

### **D. Other Business**

As of the date of this Information Circular, Management knows of no matters to come before the meeting other than as set forth in the Notice of Meeting and this Management Information Circular. However, should any other matters properly come before the meeting, the Shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Shares represented by the proxy, exercising discretionary authority.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available under the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). Financial information relating to the Company is provided in the Company's consolidated financial statements and management discussion and analysis ("MD&A") for the financial year ended May 31, 2013 which are filed on [www.sedar.com](http://www.sedar.com). Shareholders may request copies of financial statements and MD&As by contacting the Company at Suite 400, 20 Adelaide Street East, Toronto, ON M5C 2T6 Tel: (416) 987-0298 or by email at [info@excaliburresources.ca](mailto:info@excaliburresources.ca).

## **OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

Dated this 29<sup>th</sup> day of October, 2013.

*"Timothy Gallagher"*

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Chairman & CEO