

Earl Resources Limited

Consolidated Financial Statements

(Expressed in Canadian Dollars)

December 31, 2014

Management's Responsibility for Financial Reporting

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board of Directors and the Audit Committee is composed primarily of Directors who are neither management nor employees of Earl Resources Limited. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of Earl Resources Limited external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the shareholders to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

March 26, 2015

(signed)

Vincent Cheng

Director

(signed)

Yi-Lin Wong

Director

To the shareholders of Earl Resources Limited:

We have audited the consolidated statements of Earl Resources Limited and its subsidiaries, which comprise the statements of financial positions as at December 31, 2014 and 2013, the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or misstatement.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or misstatement. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Earl Resources Limited as at December 31, 2014 and 2013, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which discloses matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Earl Resources Limited's ability to continue as a going concern.

Vancouver, British Columbia
March 26, 2015



Chartered Accountants

Earl Resources Limited

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at	December 31, 2014	December 31, 2013
	\$	\$
ASSETS		
Current assets		
Cash and Cash Equivalents	11,591	13,678
Prepaid expenses	7,345	7,033
Total assets	18,936	20,711
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	145,140	145,140
Due to related parties (Note 7)	913,621	825,497
Total current liabilities	1,058,761	970,637
SHAREHOLDERS' (DEFICIT) EQUITY		
Share capital (Note 4)	532,580	532,580
Reserves	61,500	61,500
Deficit	(1,633,905)	(1,544,006)
Total shareholders' (deficit) equity	(1,039,825)	(949,926)
Total liabilities and shareholders' (deficit) equity	18,936	20,711

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 26, 2015.

They are signed on the Company's behalf by:

"Vincent Cheng"

Director

"Yi-Lin Wong"

Director

See accompanying notes to consolidated financial statements.

Earl Resources Limited

Consolidated Statements of Operations and Comprehensive Loss

For the years ended December 31,

(Expressed in Canadian Dollars)

	2014	2013
	\$	\$
EXPENSES		
Accounting and audit (Note 7)	31,670	29,300
Filing fees	11,872	12,135
Legal	1,821	1,405
Management fees (Note 7)	30,000	30,000
Office and miscellaneous	5,393	3,842
Transfer agent	3,327	2,987
Foreign exchange loss	5,816	4,503
Net loss and comprehensive loss for the year	89,899	84,172
Loss per share – basic and diluted (Note 6)	0.01	0.01
Weighted average number of common shares outstanding – basic and diluted	6,925,823	6,925,823

See accompanying notes to consolidated financial statements.

Earl Resources Limited

Consolidated Statements of Cash Flows
For the years ended December 31,
(Expressed in Canadian Dollars)

	2014	2013
	\$	\$
Cash Flows from Operating Activities		
Net loss for the year	(89,899)	(84,172)
Adjustments for item not involving cash:		
- management fee and accounting fee	48,000	48,000
Changes in non-cash working capital items:		
- prepaid expenses	(313)	98
Net cash provided by (used in) operating activities	(42,211)	(36,074)
Cash Flows from Financing Activities		
Advances from related parties	40,124	46,969
Net cash provided by (used in) financing activities	40,124	46,969
Net increase (decrease) in cash during the year	(2,086)	10,895
Cash and Cash Equivalents, beginning of the year	13,678	2,783
Cash and Cash Equivalents, end of the year	11,591	13,678

There were no significant investing activities during the years ended December 31, 2014 and 2013.

See accompanying notes to consolidated financial statements.

Earl Resources Limited

Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Share Capital		Reserves	Deficit	Total
	Number of Shares	Amount			
Balance at December 31, 2012	6,925,823	\$532,580	\$61,500	\$(1,459,834)	\$(865,754)
Net loss for the year	-	-	-	(84,172)	(84,172)
Balance at December 31, 2013	6,925,823	532,580	61,500	(1,544,006)	(949,926)
Net loss for the year	-	-	-	(89,899)	(89,899)
Balance at December 31, 2014	6,925,823	\$532,580	\$61,500	\$(1,633,905)	\$(1,039,825)

See accompanying notes to consolidated financial statements.

Earl Resources Limited

Notes to Consolidated Financial Statements

For the year ended December 31, 2014

(Expressed in Canadian Dollars)

1. Nature of Operations and Continuance of Operations

Earl Resources Limited (the "Company") was incorporated under the British Columbia "Companies Act" as a Specialty Limited Company on November 21, 1963 under the name Aspen Grove Copper Mines Ltd. (N.P.L), changed its name to Aspen Grove Mines Ltd (N.P.L.) on July 7, 1965, converted to Aspen Grove Mines Ltd, a limited company on February 7, 1984, changed its name to Legion Resources Ltd on March 25, 1986, and on July 17, 1998 changed its name to Earl Resources Limited and continued to the Cayman Islands. The Company is currently inactive with limited operations and is in the process of seeking business opportunities.

The head office and principal address of the Company is located at Marine Parade P.O. Box 516, Singapore 914401, Singapore.

The Company's ability to continue as a going concern is dependent upon its ability to continue raising equity financing, to identify, evaluate and negotiate an acquisition of, a participation in, or an investment of an interest. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the statement of operations and comprehensive loss and financial position classifications that would be necessary were the going concern assumption not appropriate.

As at December 31, 2014, the Company has a cumulative deficit of \$1,633,905 (2013 - \$1,544,006) and a working capital deficiency of \$1,039,825 (2013 - \$949,926). There can be no assurance that a viable business opportunity that can be adequately financed will be identified and available to the Company. Additional equity and/or debt financing is subject to the global financial markets and prevailing economic conditions, which have recently been volatile and distressed. These factors will likely make it more challenging to obtain financing for the Company going forward. These matters and conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as going concern.

2. Significant Accounting Policies

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Accounting Standard ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements of the Company for the year ended December 31, 2014 were authorized for issue in accordance with a resolution of the directors on March 26, 2015.

b) Basis of preparation

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention and using the accrual basis of accounting, except for cash flow information.

Earl Resources Limited

Notes to Consolidated Financial Statements

For the year ended December 31, 2014

(Expressed in Canadian Dollars)

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and all subsidiaries as explained in Note 8. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany accounts and transactions have been eliminated upon consolidation.

d) Significant Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements in conformity of IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements is described below:

Share-based payment

The Company uses the Black-Scholes option pricing model to calculate the fair value of share purchase options at the date of grant. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. Changes in these assumptions can materially affect the fair value estimate.

Significant areas of critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the statements of financial position are:

Going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the years ended December 31, 2014 and 2013. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing. As a result of the assessment, management concluded there is significant doubt as to the ability of the Company to meet its obligations as they fall due and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern.

Earl Resources Limited

Notes to Consolidated Financial Statements

For the year ended December 31, 2014

(Expressed in Canadian Dollars)

e) Foreign Currencies

The Company and its subsidiary's functional and presentation currency is the Canadian dollar as this is the principal currency of the economic environment in which they operate. Transactions in foreign currencies (currencies other than Canadian dollars) are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

f) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid instruments which are readily convertible into cash with maturities of three months or less when purchased. There were no cash equivalents as at December 31, 2014 (2013 - \$nil).

g) Equipment

Equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item of equipments consists of its purchase price. Depreciation is provided at rates calculated to write off the cost of equipment, less their estimated residual value, using the declining balance method at various rates ranging from 20%-30% per annum.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

h) Financial Instruments

Financial assets:

Financial assets are classified into one of four categories:

- i. Fair value through profit or loss;
- ii. Held-to-maturity;
- iii. Available-for-sale; and
- iv. Loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset. The Company has classified cash and cash equivalents as fair value through profit or loss.

i. Fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL, if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Attributable transaction costs are recognized in profit or loss when incurred. Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

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ii. Held-to-maturity

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. Subsequent to initial recognition, these assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations and comprehensive loss.

iii. Available-for-sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes therein, other than impairment losses, interest calculated using the effective interest method and foreign currency differences on AFS monetary items, recognized in other comprehensive income or loss. When an investment is derecognized or is determined to be impaired, the cumulative gain or loss previously recognized in equity is transferred to profit or loss for the period.

iv. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

v. Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

vi. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as an objective evidence of impairment could include the following:

- Significant financial difficulty of the issue or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial reorganization.

For marketable securities classified as AFS, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

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For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, 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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of AFS equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

vii. Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

Financial liabilities and Equity:

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

i. Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

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The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs 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) to the net carrying amount on initial recognition.

The Company has classified accounts payable and accrued liabilities and due to related parties as other financial liabilities.

ii. De-recognition of financial liabilities

The Company derecognizes financial liabilities when the obligations are discharged, cancelled or expire.

The Company does not have any derivative financial instruments as at December 31, 2014.

i) Share-based Compensation

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to ten (10) years, with vesting periods determined at its sole discretion and at prices equal to the Discounted Market Price, as calculated pursuant to the policies of the TSX Venture Exchange (the "Exchange"), or such other minimum price as may be required by the Exchange.

The fair value is measured at grant date and each tranche is recognized on a graded basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

j) Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, measured using substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

As the Company is now located in the Cayman Islands and its subsidiary is located in the Independent State of Samoa, both of which are tax havens, the Company is exempt from corporate income tax.

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For the year ended December 31, 2014

(Expressed in Canadian Dollars)

k) Earnings (Loss) Per Share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings/loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

l) Comprehensive Income (Loss)

Comprehensive income (loss) is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income (loss) and other comprehensive income (loss). The historical make up of net income (loss) has not changed. Other comprehensive income (loss) includes gains or losses, which generally accepted accounting principles requires be recognizing in a period, but excluding from net income for that period.

m) 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, 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.

3. Accounting Pronouncements Adopted and Future IFRS Standards and Interpretations Issued But Not Yet Effective

The Company has adopted the following new standards and their consequential amendments effective January 1, 2014: IAS 36, 'Impairment of Assets', and IFRIC 21, 'Levies'. The adopted standards and amendments have not had any impact on the Company's consolidated financial statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2014 or later periods. Many are not applicable to the Company and have been excluded from the list below. The following list is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the consolidated financial statements to be material.

IFRS 2 Share-based payment

The amendments to IFRS 2, issued in December 2013 clarify the definition of "vesting conditions", and separately define a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014. The Company does not expect this amendment to have material impact on its consolidated financial statements.

IFRS 9 Financial instruments

IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 Financial instruments: Recognition and measurement. The standard requires the

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For the year ended December 31, 2014

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classification of financial assets into two measurement categories based on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The classification and measurement of financial liabilities is primarily unchanged from IAS 39. However, for financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity's "own credit risk" is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 Financial instruments: disclosures.

In November 2013, the IASB amended IFRS 9 for the significant changes to hedge accounting. In addition, an entity can now apply the "own credit requirement" in isolation without the need to change any other accounting for financial instruments. The mandatory effective date of January 1, 2015 has been removed to provide sufficient time for preparers of financial statements to make the transition to the new requirements. The Company does not expect this amendment to have a material impact on its consolidated financial statements.

IAS 16 Property, plant and equipment and IAS 38 Intangible assets

The amendments to IAS 16 and IAS 38, issued in December 2013, clarify how an entity calculates the gross carrying amount and accumulated depreciation when a revaluation is performed. The amendments are effective for annual periods beginning on or after July 1, 2014. The Company does not expect this amendment to have a material impact on its consolidated financial statements.

IAS 24 Related party disclosures

The amendments to IAS 24, issued in December 2013, clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. The Company does not expect this amendment to have a material impact on its consolidated financial statements.

IAS 36 Impairment of assets

The amendments to IAS 36, issued in May 2013, require disclosure of the recoverable amount of impaired assets; and additional disclosures about the measurement of the recoverable amount when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014. The Company does not expect this amendment to have a material impact on its consolidated financial statements.

4. Share Capital

- (a) Authorized: 100,000,000 common shares without par value.
- (b) Issued Share Capital

As at December 31, 2014, the issued share capital comprised of 6,925,823 common shares (2013 – 6,925,823 common shares). The Company did not issue any common shares during the years ended December 31, 2014 and 2013.

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5. Share-Based Payments

The Company has a Stock Option Plan (the "Plan") which was approved by shareholders on November 10, 2010 and accepted for filing by the Exchange that allows it to grant options, subject to regulatory terms and approval, to its officers, directors, employees, and service providers. The Plan is based on the maximum number of eligible shares equaling a rolling percentage of up to 10% of the Company's outstanding common shares, calculated from time to time.

Pursuant to the Plan, if outstanding options are exercised, or expire, and/or the number of issued and outstanding common shares of the Company increases, then the options available to grant under the plan increase proportionately. The exercise price of each option is set by the Board of Directors at the time of grant but cannot be less than the Discounted Market Price, as calculated pursuant to the policies of the Exchange, or such other minimum price as may be required by the Exchange.

Options can have a maximum term of ten (10) years and typically terminate 90 days following the termination of the optionee's employment or engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

The following is a summary of option transactions under the Company's stock option plan for the relevant periods:

	December 31, 2014		December 31, 2013	
	No. of Options	Exercise Price	No. of Options	Exercise Price
Balance	690,000	\$0.10	690,000	\$0.10
Weighted Average Exercise Price		\$0.10		\$0.10

During the years ended December 31, 2014 and 2013, the Company did not grant any stock options.

The following table summarizes information about stock options outstanding and exercisable:

	December 31, 2014			December 31, 2013		
Expiring in	Number Outstanding	Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Outstanding	Remaining Contractual Life (years)	Weighted Average Exercise Price
December 17, 2020	690,000	5.97	\$ 0.10	690,000	6.97	\$ 0.10

6. Basic and Diluted Earnings (Loss) Per Share

The calculation of basic and diluted loss per share for the year ended December 31, 2014, was \$0.01 (2013 – \$0.01) based on the loss attributable to common shareholders of \$89,899 (2013 – \$84,172) and a weighted average number of common shares outstanding of 6,925,823 (2013 – 6,925,823).

Diluted loss per share did not include the effect of 690,000 share purchase options as they are anti-dilutive.

7. Related Party Transactions

The following directors and/or senior officers transacted with the Company in the reporting periods. The terms and conditions of the transactions with key management personnel and their related

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parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel were as follows:

Transactions	For the years ended December 31,	
	2014	2013
Vincent Theng Gek Cheng - Management Fees	\$ 30,000	\$ 30,000
Yi-Lin Wong – Accounting Fees	18,000	18,000
Total	\$ 48,000	\$ 48,000

Related party loans repayable	For the years ended December 31,	
	2014	2013
Vincent Theng Gek Cheng	\$ 605,606	\$ 538,371
Yi-Lin Wong	308,015	287,125
Total	\$ 913,621	\$ 825,496

The amounts payable to directors of the Company represent non-interest bearing loans the Company borrowed from the directors. The loans are uncollateralized and are repayable on demand.

8. Subsidiaries

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
East Asia Resources Limited	Western Samoa	100%	Inactive

9. Income Taxes

As the Company is under the jurisdiction of the Cayman Islands, which is a tax haven, the Company is exempt from corporate income tax.

10. Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of any identified business opportunities and to maintain a flexible capital structure for the benefit of its stakeholders. The Company includes equity, comprised of issued share capital, reserves and deficit, in the definition of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture arrangements, acquire or dispose of assets or adjust the amount of cash.

The Board of Directors does not establish quantitative return on capital criteria for management; but rather promotes year over year sustainable growth. The Company is not subject to externally imposed capital requirements. There has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2014.

Earl Resources Limited

Notes to Consolidated Financial Statements

For the year ended December 31, 2014

(Expressed in Canadian Dollars)

11. Financial Instruments and Risk Factors

a) Fair Value

The fair value of cash and cash equivalents, accounts payable and accrued liabilities and due to related parties approximate their carrying values due to the short-term nature of these instruments.

The Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements as defined in IFRS 7 – Financial Instruments – Disclosures:

- Level 1 - Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets. The Company's cash and cash equivalent are measured as level 1 inputs.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs which are supported by little or no market activity.

b) Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents which are held in large Canadian financial institutions. The Company believes this credit risk is insignificant.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2014, the Company had a cash balance of \$11,591 (2013 - \$13,678) to settle current liabilities of \$1,058,761 (2013 - \$970,637). In general, the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances and no interest-bearing debt. The Company believes it has no significant interest rate risk.