

EARL RESOURCES LIMITED

Management's Discussion and Analysis of Financial Condition and Results of Operations For the Year Ended December 31, 2015 (Prepared by Management)

Date: April 14, 2016

General

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements of Earl Resources Limited (the "Company") for the year ended December 31, 2015. The audited financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and include the operating results of the Company. The date of this Management Discussion and Analysis is April 14, 2016.

Additional information relating to the Company can be found on the SEDAR website at www.sedar.com

All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

Forward-Looking Statements

This MD&A may contain forward-looking information and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ from those projected in the forward-looking statements. Readers can identify many of these statements by looking for words such as "believes", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof.

Forward-looking information is based on the opinions and estimates of management and its consultants at the date the information is given. It is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. The information is based on reasonable assumptions which include but are not limited to expectations with respect to new business opportunities and expectations regarding the ability to raise capital (see "Liquidity and Capital Resources" below).

Factors that could cause actual results to differ materially from those in forward-looking statements include competition, escalating costs and professional fees, stock market volatility, unanticipated operating events, liabilities inherent in industry and the lack of availability of necessary capital, which may not be available to the Company on terms acceptable to it or at all.

Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements. There can be no assurance that the plan, intentions or expectations upon which these forward looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements should not be in any way construed as guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

Readers are cautioned not to put undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

Overview

Earl Resources Limited (the “Company”) is an inactive company with limited operations. Management is in the process of seeking business opportunities for the Company. 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 had options to explore and develop five mineral properties in the People’s Republic of China but in 2001, due to its inability to secure the necessary funding with which to finance the projects, the Company elected not to exercise its options with respect to the properties. In September 2002, the Company entered into two asset purchase agreements to acquire two Cambodian lottery licenses through a Reverse Takeover Transaction (“RTO”), however, the RTO was not completed by December 31, 2003 and the transaction was terminated per the terms of the asset purchase agreements. The Company has had no substantive operations since. During the year ended December 31, 2015, the Company confirmed that its wholly owned subsidiary, East Asia Resources Limited, has been removed from the corporate registry of Western Samoa. As a result, the Company has deconsolidated its subsidiary on December 31, 2015.

The Company was subject to a Cease Trade Order issued by the British Columbia Securities Commission (“BCSC”) on June 2, 2004 and subject to a Cease Trade Order issued by the Alberta Securities Commission (“ASC”) on June 30, 2004 for failure to file financial statements (collectively, the “Orders”). The Order’s were revoked by both the BCSC and ASC on August 13, 2010.

The Company has its common shares listed on the NEX Board of the TSX Venture Exchange (the “Exchange”). Arising from the issuance of the Orders, the Exchange suspended trading in the Company’s common shares. With the revocation of the Orders on August 13, 2010, the Exchange reinstated the trading of the Company’s common shares on the NEX Board effective September 16, 2010.

Management is also in the process of seeking business opportunities for the Company. The Company’s ability to continue as a going concern is dependent upon its ability to identify new business opportunities, generate future profitable operations, obtaining the necessary financing to meet its obligations, receive the continued financial support from its officers and directors and repay any liabilities arising from normal business operations as they come due.

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.

In the opinion of management, all adjustments consisting of normal recurring adjustments, considered necessary for a fair presentation of the Company’s financial position, results of operations and cash flows, have been included.

Selected Annual Information and Results of Operations

As at December 31,	2015	2014	2013
	\$	\$	\$
Total assets	22,796	18,937	20,711
Deficit	(1,730,924)	(1,633,905)	(1,544,006)
Working Capital (deficiency)	(1,136,844)	(1,039,825)	(949,926)
Net income (loss)	(97,019)	(89,899)	(84,172)
Per share – (basic and diluted)	(0.01)	(0.01)	(0.01)

Total assets were \$22,796 at December 31, 2015 (2014 - \$18,936). The total assets remains fairly consistent with that of the prior year. The fluctuation in total assets from 2013 to 2015 is attributed to an increase in cash advances to the Company from related parties during the years ended December 31, 2013 and 2015.

During the year ended December 31, 2015, the Company recorded a net loss of \$97,019 and \$0.01 per share (2014 - net loss \$89,899, \$0.01 per share). The increase in net loss is primarily due to foreign exchange difference as well as slightly higher general and administrative expenses.

General and administrative expenses for the year ended December 31, 2015 were \$97,019 (2014 - \$89,899). The Company's expenses are comprised mainly of management, accounting, legal, filing, and transfer agent fees. While the Company remains inactive, filing fees continue to incur for the Company's quarterly listing fees and the annual maintenance fees. Expenses have remained relatively low as a result of minimal corporate and operational activity.

Summary of Quarterly Results

The following quarterly information is prepared in accordance with IFRS.

	For the three months ending			
	Dec 31/15	Sep 30/15	Jun 30/15	Mar 31/15
	\$	\$	\$	\$
Total Assets	22,796	12,659	15,323	23,286
Deficit	(1,730,924)	(1,711,687)	(1,689,194)	(1,669,677)
Working Capital (deficiency)	(1,136,844)	(1,117,607)	(1,095,114)	(1,075,597)
Net income (loss)	(19,237)	(22,493)	(19,517)	(35,772)
Per share – (basic and diluted)	(0.003)	(0.003)	(0.003)	(0.005)

	For the three months ending			
	Dec 31/14	Sep 30/14	Jun 30/14	Mar 31/14
	\$	\$	\$	\$
Total Assets	18,936	15,734	18,935	22,333
Deficit	(1,633,905)	(1,614,499)	(1,594,961)	(1,567,450)
Working Capital (deficiency)	(1,039,825)	(1,020,419)	(1,000,881)	(973,371)
Net income (loss)	(19,406)	(19,536)	(27,511)	(23,444)
Per share – (basic and diluted)	(0.003)	(0.003)	(0.004)	(0.003)

The quarterly rate of expenses during the three months ended December 31, 2015 is fairly consistent with that of the prior year. The increase in total assets during the three months ended December 31, 2015 is attributed to an increase in cash advances to the Company from related parties during that period. The net loss for the three months ended June 30, 2014 and March 31, 2015 are higher than the other quarters due to payments made during this period for professional services in connection with the Company's annual audit and for costs incurred in connection with the Company's annual meeting, including transfer agent, legal, printing, mailing and meeting venue.

The Company's expenses are comprised mainly of management, accounting, filing and transfer agent fees. While the Company remains inactive, filing fees continue to incur for the Company's quarterly listing fees and the annual maintenance fees. Expenses have remained relatively low as a result of minimal corporate and operational activity. Some amounts due to the directors of the Company are denominated in United States Dollars and the fluctuation in net loss between the periods is partly due to fluctuations in the Canadian Dollar against United States Dollar foreign exchange rates.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of these 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 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 financial statements for the years ended December 31, 2015 and 2014. 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 are 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.

Share Capital

(a) Authorized: 100,000,000 common shares without par value.

(b) Issued and Outstanding:

	No. of Shares	Amount
Balance, December 31, 2015 and 2014	6,925,823	\$ 532,580

(c) 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, 2015		December 31, 2014	
	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, 2015 and 2014, the Company did not grant any stock options.

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

Expiring in	December 31, 2015			December 31, 2014		
	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	4.97	\$ 0.10	690,000	5.97	\$ 0.10

Contractual Obligations

The Company has no outstanding contractual obligations.

Related Party Transactions

The following directors and/or senior officers transacted with the Company in the reporting period. The terms and conditions of the transactions with key management personnel and their related 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,	
	2015	2014
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,	
	2015	2014
Vincent Theng Gek Cheng	\$ 679,661	\$ 605,606

Yi-Lin Wong	334,839	308,015
Total	\$ 1,014,500	\$ 913,621

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.

Liquidity and Capital Resources

The Company has been financing its operations primarily from advances from the Company's directors and related parties and its ability to continue as a going concern and meet its working capital deficiency is dependent on obtaining additional financing. Based on the Company's existing working capital deficiency of \$1,136,844 at December 31, 2015, the Company does not have sufficient capital to meet its ongoing corporate obligations and initiate any business acquisition programs going forward. While the Company's cash consumption from operations is relatively low given the lack of operations, without the continued support of its directors and related parties, the Company will not have sufficient cash to pursue and fund future operations, including the operational and administrative expenses that will result. In the short term, the Company intends to raise additional funds through debt or equity financing as well as advances from the Company's directors and related parties to meet its working capital and expenditure requirements. The Company expects to continue to utilize these modes of financing until it develops cash flow from its future operations. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders.

New Accounting Pronouncements Adopted During the Year and Future IFRS Standards and Interpretations Issued But Not Yet Effective

Given that there are no new accounting pronouncements adopted during the year that is applicable the Company, none of them have been included in these financial statements.

The Company has not yet adopted certain new standards, amendments and interpretations to existing standards, which have been published but are not yet effective:

- IFRS 9 – Financial Instruments: Classification and Measurement, effective for periods beginning on or after January 1, 2018

The Company is in the process of evaluating the effect of the proposed standards, if any.

Off-Balance Sheet Arrangements

The Company has not entered into any off balance sheet arrangements, other than previously disclosed, that have, or are reasonably likely to have, an impact on the current or future results of operations or the financial condition of our Company.

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.

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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.

There have been no changes between levels during the year.

(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, 2015, the Company had a cash balance of \$13,967 (2014 - \$11,591) to settle current liabilities of \$1,159,640 (2014 - \$1,058,761). 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.

Subsequent Events

No significant events or transactions have occurred during the time from the date of the financial statements up to the date of this report.

Risks and Uncertainties

Other than the working capital deficiency and the going concern risk, the Company's current activities do not present any other material risks such as political, environmental, foreign exchange or mining activities.

Outstanding Share Data

The Company has one class of common shares. As at December 31, 2015 and April 14, 2016, there were 6,925,823 common shares outstanding.

The Company has a stock option plan. As at April 14, 2016, there were 690,000 stock options outstanding.

The Company has no warrants outstanding as at April 14, 2016.