Earl Resources Limited

Condensed Interim Financial Statements

(Expressed in Canadian Dollars)

For the Six Months Ended June 30, 2016

(Unaudited – Prepared by Management)

To the Reader:

These unaudited condensed interim financial statements of Earl Resources Limited have been prepared by management of the Company, and have been approved and authorized for issue by the Board of Directors of the Company on August 12, 2016. In accordance with National Instrument 51-102, the Company discloses that its external auditors have not reviewed these condensed interim financial statements and the related quarterly Management Discussion and Analysis.

Earl Resources Limited

Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

As at	June 30, 2016	December 31, 2015
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**9,594**	**13,967**
Prepaid expenses	**4,983**	**8,829**
Total assets	**14,577**	**22,796**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**145,140**	**145,140**
Due to related parties (Note 6)	**1,048,266**	**1,014,500**
Total current liabilities	**1,193,406**	**1,159,640**
SHAREHOLDERS' EQUITY		
Share capital (Note 3)	**532,580**	**532,580**
Reserves	**61,500**	**61,500**
Deficit	**(1,772,908)**	**(1,730,924)**
Total shareholders' equity	**(1,178,828)**	**(1,136,844)**
Total liabilities and shareholders' equity	**14,578**	**22,796**

These condensed interim financial statements were approved and authorized for issuance by the Board of Directors on August 12, 2016.

They are signed on the Company's behalf by:

"Vincent Cheng" Director *"Yi-Lin Wong"* Director

See accompanying notes to condensed interim financial statements.

Earl Resources Limited

Condensed Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
	$	$	$	$
EXPENSES				
Accounting and audit (Note 6)	11,480	5,300	18,980	20,510
Filing fees	2,911	2,686	7,501	7,052
Legal	2,034	1,814	2,034	1,814
Management fees (Note 6)	7,500	7,500	15,000	15,000
Office and miscellaneous	1,485	3,281	2,199	4,683
Transfer agent	740	730	1,627	1,693
Foreign exchange	(115)	(1,794)	(5,357)	4,537
Loss and comprehensive loss for the period (Note 5)	26,035	19,517	41,984	55,289
Loss per share – basic and diluted	0.004	0.003	0.006	0.008
Weighted average number of common shares outstanding – basic and diluted	6,925,823	6,925,823	6,925,823	6,925,823

See accompanying notes to condensed interim financial statements.

Earl Resources Limited

Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

For the six months period ended	June 30, 2016	June 30, 2015
	$	$
Operating activities		
Net loss for the period	(41,984)	(55,289)
Adjustments for item not involving cash:		
- management fee and accounting fee	24,000	24,000
	(17,984)	(30,067)
Change in non-cash working capital items:		
- prepaid expenses	3,846	1,222
	(14,138)	(30,067)
Financing activities		
Advances from related parties	9,765	27,676
Decrease in cash and cash equivalents	(4,373)	(2,391)
Cash and cash equivalents, beginning of period	13,967	11,591
Cash and cash equivalents, end of period	9,594	9,200

See accompanying notes to condensed interim financial statements.

Earl Resources Limited

Condensed Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Share Capital				
	Number of Shares	Amount	Reserves	Deficit	Total
Balance at January 1, 2015	6,925,823	$532,580	$61,500	($1,633,905)	($1,039,825)
Net loss for the period	-	-	-	($55,289)	($55,289)
Balance at June 30, 2015	6,925,823	$532,580	$61,500	($1,689,194)	($1,095,114)
Net loss for the period	-	-	-	($61,247)	($61,247)
Balance at December 31, 2015	6,925,823	$532,580	$61,500	($1,730,924)	($1,136,844)
Net loss for the period	-	-	-	($41,984)	($41,984)
Balance at June 30, 2016	6,925,823	$532,580	$61,500	($1,772,908)	($1,178,828)

See accompanying notes to condensed interim financial statements.

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. 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 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.

The Company has a cumulative deficit of $1,772,908 (December 31, 2015 - $1,730,924) and a working capital deficiency of $1,178,828 (December 31, 2015 - $1,136,844). 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. Basis of Preparation and Significant Accounting Policies

a) Basis of Preparation

The unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, "Interim Financial Reporting". The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS as issued by the IASB, since they do not contain all disclosures required by IFRS for annual financial statements.

b) Significant Accounting Policies

Except for changes to accounting policies resulting from new or amended IFRS pronouncements, these condensed interim financial statements have been prepared using the same accounting policies and are subject to the same estimates, judgments and measurement uncertainties as those described in Note 2 of its audited financial statements for the year ended December 31, 2015. Recent accounting pronouncements and amendments effective January 1, 2016 have no impact on the Company's condensed interim financial statements. The Company has reviewed new and revised accounting pronouncements that have been issued but are not effective for the year beginning January 1, 2016, and has determined that there is no impact on the Company's condensed interim financial statements.

c) New Accounting Pronouncements Issued But Not Yet Effective

The Company has not yet applied the following new standards, interpretations or amendments to standards that have been issued but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations.

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 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 July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 (2014) as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets.

IFRS (2014) is effective for reporting periods beginning on or after January 1, 2018 with early adoption permitted (subject to local endorsement requirements). The Company is in the process of evaluating the effect of the proposed standards, if any.

3. Share Capital

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

(b) Issued Share Capital

As at June 30, 2016, the issued share capital comprised of 6,925,823 common shares (December 31, 2015 – 6,925,823 common shares). During the three and six month period ended June 30, 2016, the Company did not issue any common shares.

(Expressed in Canadian Dollars)

4. Share-Based Payments

The Company has a share option plan approved by the shareholders on November 10, 2010 that allows it to grant options, subject to regulatory terms and approval, to its officers, directors, employees, and service providers. The share option plan (the "2010 Rolling Option 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 2010 Rolling Option 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:

	June 30, 2016		December 31, 2015	
	No. of Options	**Exercise Price**	**No. of Options**	**Exercise Price**
Balance, beginning and end of period	690,000	$0.10	690,000	$0.10
Weighted Average Exercise Price		$0.10		$0.10

During the three and six month period ended June 30, 2016, the Company did not grant any stock options.

The following table summarizes information about stock options outstanding and exercisable at June 30, 2016.

	June 30, 2016			December 31, 2015		
Expiring in	Number Outstanding	Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Outstanding	Remaining Contractual Life (years)	Weighted Average Exercise Price
Dec 17, 2020	690,000	4,46	$ 0.10	690,000	4.97	$ 0.10

5. Basic and Diluted Earnings (Loss) Per Share

The calculation of basic and diluted loss per share for the three and six months ended June 30, 2016 was $0.004 and $0.006 (2015 – $0.003 and $0.008) based on the loss attributable to common shareholders of $26,035 and $41,984 (2015 – $19,517 and $55,289) and a weighted average number of common shares outstanding of 6,925,823 (2015 – 6,925,823).

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

(Expressed in Canadian Dollars)

6. 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 favourable 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:

	Three months ended June 30,		Six months ended June 30,	
Transactions	**2016**	**2015**	**2016**	**2015**
Vincent Theng Gek Cheng - Management Fees [(a)]	$ 7,500	$ 7,500	$ 15,000	$ 15,000
Yi-Lin Wong – Accounting Fees [(b)]	4,500	4,500	9,000	9,000
Total	$ 12,000	$ 12,000	$ 24,000	$ 24,000

(a) Vincent Theng Gek Cheng, the CEO and CFO of the Company provided management services throughout the period.
(b) Yi-Lin Wong, a director of the Company provided accounting services throughout the period.

Related party loans repayable	**June 30, 2016**	**December 31, 2015**
Vincent Theng Gek Cheng	$ 703,987	$ 679,661
Yi-Lin Wong	344,279	334,839
Total	$ 1,048,266	$ 1,014,500

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.

7. 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.

8. 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 three and six months ended June 30, 2016.

9. 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 June 30, 2016, the Company had a cash balance of $9,594 (December 31, 2015 - $13,967) to settle current liabilities of $1,193,406 (December 31, 2015 - $1,159,640). 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.