

EARL RESOURCES LIMITED

Management's Discussion and Analysis of Financial Condition and Results of Operations For the Year Ended December 31, 2017 (Prepared by Management)

Date: April 10, 2018

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, 2017. 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 10, 2018.

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 was incorporated under the British Columbia “*Companies Act*” as a Specialty Limited Company on November 21, 1963. In July 1998, the Company continued to the Cayman Islands. In February 2018, the Company continued back to British Columbia. The Company is currently inactive with limited operations.

The Company’s common shares are listed on the NEX Board of the TSX Venture Exchange (the “Exchange”). In March 2018, the Company consolidated its share capital on a 3 to 1 basis. All share and per share amounts have been retroactively restated to reflect the consolidation.

Management is 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,	2017	2016	2015
	\$	\$	\$
Total assets	332,638	32,521	22,796
Deficit	(1,910,808)	(1,805,528)	(1,730,924)
Working Capital (deficiency)	149,872	(1,211,448)	(1,136,844)
Net income (loss)	(105,280)	(74,604)	(97,019)
Per share – (basic and diluted)	(0.05)	(0.03)	(0.03)

Total assets were \$332,638 at December 31, 2017 (December 31, 2016 - \$32,521).

During the year ended December 31, 2017, the Company recorded a net loss of \$105,280 and \$0.05 per share (2016 - net loss \$74,604, \$0.03 per share). The increase in net loss is primarily due to increased legal fees related to the change in management, private placements, debt settlement and continuation from the Caymans to BC.

General and administrative expenses for the year ended December 31, 2017 were \$105,280 (2016 - \$74,604). 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 table sets forth selected (unaudited) quarterly financial information for each of the last eight most recently completed quarters.

	For the three months ending			
	Dec 31/17	Sep 30/17	Jun 30/17	Mar 31/17
	\$	\$	\$	\$
Total Assets	332,638	7,647	12,546	18,889
Deficit	(1,910,808)	(1,864,384)	(1,849,785)	(1,832,068)
Working Capital (deficiency)	149,872	(1,270,304)	(1,255,705)	(1,237,988)
Net income (loss)	(46,424)	(14,599)	(17,717)	(26,540)
Per share – (basic and diluted)	(0.02)	(0.006)	(0.008)	(0.012)

	For the three months ending			
	Dec 31/16	Sep 30/16	Jun 30/16	Mar 31/16
	\$	\$	\$	\$
Total Assets	35,521	9,695	14,577	27,477
Deficit	(1,805,528)	(1,791,586)	(1,772,908)	(1,746,873)
Working Capital (deficiency)	(1,211,448)	(1,197,506)	(1,178,828)	(1,152,793)
Net income (loss)	(13,942)	(18,678)	(26,035)	(15,949)
Per share – (basic and diluted)	(0.006)	(0.008)	(0.011)	(0.007)

The increase in net loss for the fourth quarter ended December 31, 2017 to \$46,424 (2016 - \$13,942) is primarily due to increased legal fees related to the change in management, private placement, debt settlement and continuation from the Caymans to BC.

General and administrative expenses for the three months ended December 31, 2017 were \$46,424 (2016 - \$13,942). 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.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of these condensed interim 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 condensed interim 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.

Share Capital

(a) Authorized: Unlimited common shares without par value.

(b) Issued and Outstanding:

	No. of Shares	Amount
Balance, December 31, 2017 and 2016	2,308,610	\$ 532,580

All share and per share amounts have been retroactively restated to reflect the consolidation in March 2018 on a 3 to 1 basis.

(c) Stock Options

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.

During the year ended December 31, 2017, 230,000 stock options with a weighted average exercise price of \$0.30 were cancelled in connection with the resignation of the former directors.

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:

	Year Ended December 31	
	2017	2016
Management fees	\$ 22,500	\$ 30,000
Accounting fees	13,500	18,000
Administration fees	8,400	-
Rent	2,100	-
	<u>\$ 46,500</u>	<u>\$ 48,000</u>

Related party payables	December 31, 2017	December 31, 2016
Vincent Theng Gek Cheng [i]	\$ -	\$ 746,647
Yi-Lin Wong [i]	-	357,212
Paul Larkin [ii]	151,126	-
Total	\$ 151,126	\$ 1,103,859

[i] The amounts payable to directors of the Company as of December 31, 2016 represent non-interest bearing loans the Company borrowed from the directors. The loans are uncollateralized and are repayable on demand;

[ii] The amount due to Paul Larkin includes \$150,670 due to New Dawn Holdings Ltd., a private company wholly-owned by Mr. Larkin.

Liquidity and Capital Resources

At December 31, 2017 the Company had a deficit of \$1,910,808. 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.

At December 31, 2017, the Company had cash of \$332,638 and working capital of \$149,872.

Future IFRS Standards and Interpretations Issued But Not Yet Effective

There are no new accounting pronouncements adopted during the year that are applicable to the Company and 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 2 – Share-based Payment, effective for periods beginning on or after January 1, 2018

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

IFRS 15 — Revenue from Contracts with Customers, effective for periods beginning on or after January 1, 2018

IFRS 16 — Leases, effective for periods beginning on or after January 1, 2019.

The Company is in the process of evaluating the effect of the proposed standards and does not anticipate any material changes upon adoption of these new and reused accounting pronouncements.

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.

Subsequent Events

Subsequent to December 31, 2017, following the 1:3 consolidation of its Common Shares, the Company closed the previously announced 30,000,000 Unit non-brokered private placement financing at \$0.05 per Unit for gross proceeds of \$1,500,000 on March 2, 2018. Each Unit consisted of a Share and a whole Warrant, each Warrant entitling the holder to purchase an additional Share for an exercise price of \$0.10 per Share up to one year from issuance. The issued securities are subject to a prescribed four month restricted trading period. The proceeds, after payment of outstanding liabilities, have been allocated to working capital.

In February 2018, the Company completed its incorporate continuation from Cayman Islands to British Columbia, Canada. Before the continuation to BC, the Company had authorized common shares of 100,000,000 without par value. After the continuation, the Company is authorized to have unlimited number of shares without par value.

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 – at April 10, 2018

	Number	Weighted Average Price	Life in Years
Issued shares	32,308,610		
Share purchase warrants	30,000,000	\$0.10	0.90
Fully Diluted	<u>62,308,610</u>		