

EARNY RESOURCES LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

JANUARY 31, 2017

(UNAUDITED)

(The accompanying condensed interim financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors. The Company's independent auditors have not performed a review of these condensed interim financial statements)

EARNY RESOURCES LTD.
(An exploration stage company)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

	January 31, 2017	April 30, 2016
ASSETS		
Current		
Cash	\$ -	\$ 214
Receivables	2,289	1,224
Prepaid expenses	<u>-</u>	<u>3,467</u>
	2,289	4,905
Exploration and evaluation assets (Note 3)	<u>199,123</u>	<u>199,123</u>
	<u>\$ 201,412</u>	<u>\$ 204,028</u>

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)

Current		
Cheques issued in excess of deposits	\$ 308	\$ -
Accounts payable and accrued liabilities	232,103	177,477
Short-term related party loan (Note 5)	<u>10,000</u>	<u>-</u>
	<u>242,411</u>	<u>177,477</u>
Shareholders' equity (deficiency)		
Capital stock (Note 4)	628,789	628,789
Reserves (Note 4)	41,802	41,802
Deficit	<u>(711,590)</u>	<u>(644,040)</u>
	<u>(40,999)</u>	<u>26,551</u>
	<u>\$ 201,412</u>	<u>\$ 204,028</u>

Nature and continuance of operations (Note 1)

Approved and authorized for issue by the Board of Directors on March 31, 2017:

<u>"Navin Varshney"</u>	Director	<u>"Leif Smither"</u>	Director
Navin Varshney		Leif Smither	

The accompanying notes are an integral part of these condensed interim financial statements.

EARNY RESOURCES LTD.

(An exploration stage company)

CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended January 31, 2017	Three months ended January 31, 2016	Nine months ended January 31, 2017	Nine months ended January 31, 2016
EXPENSES				
Administration fees (Note 5)	\$ 12,000	\$ 12,000	\$ 36,000	\$ 36,000
Investor communication	78	-	629	608
Office and miscellaneous	1,468	370	2,188	1,167
Professional fees	5,173	921	14,911	11,177
Regulatory and filing fees	1,250	1,300	4,962	6,279
Rent (Note 5)	1,500	1,500	4,500	4,500
Transfer agent fees	<u>3,007</u>	<u>813</u>	<u>4,360</u>	<u>5,105</u>
Loss and comprehensive loss	\$ 24,476	\$ 16,904	\$ 67,550	\$ 64,836
Basic and diluted loss per common share	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.01
Weighted average number of common shares outstanding	7,135,000	7,135,000	7,135,000	7,135,000

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EARNY RESOURCES LTD.

(An exploration stage company)

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

(Unaudited)

	Capital Stock (Note 4)					Total Shareholders' Equity (Deficiency)
	Shares	Amount	Reserves	Deficit		
Balance, April 30, 2015	7,135,000	\$ 628,789	\$ 41,802	\$ (550,447)	\$	120,144
Loss and comprehensive loss for the period	-	-	-	(64,836)		(64,836)
Balance, January 31, 2016	7,135,000	\$ 628,789	\$ 41,802	\$ (615,283)	\$	55,308
Balance, April 30, 2016	7,135,000	\$ 628,789	\$ 41,802	\$ (644,040)	\$	26,551
Loss and comprehensive loss for the period	-	-	-	(67,550)		(67,550)
Balance, January 31, 2017	7,135,000	\$ 628,789	\$ 41,802	\$ (711,590)	\$	(40,999)

The accompanying notes are an integral part of these condensed interim financial statements.

EARNY RESOURCES LTD.
(An exploration stage company)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended January 31, 2017	Three months ended January 31, 2016	Nine months ended January 31, 2017	Nine months ended January 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss and comprehensive loss for the period	\$ (24,476)	\$ (16,904)	\$ (67,550)	\$ (64,836)
Changes in non-cash working capital items:				
(Increase) decrease in accounts receivable	763	(1,053)	(1,065)	(1,313)
Decrease in prepaid expenses	833	867	3,467	3,467
Increase in accounts payable and accruals	<u>17,597</u>	<u>17,155</u>	<u>54,626</u>	<u>57,654</u>
Net cash used in operating activities	<u>(5,283)</u>	<u>65</u>	<u>(10,522)</u>	<u>(5,028)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Short-term related party loan	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Exploration and evaluation assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500)</u>
Increase (decrease) in cash for the period	(5,283)	65	(522)	(5,528)
Cash, beginning of period	<u>4,975</u>	<u>331</u>	<u>214</u>	<u>5,924</u>
Cash (deficiency), end of period	\$ (308)	\$ 396	\$ (308)	\$ 396
Cash paid during the period for interest	\$ -	\$ -	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -	\$ -	\$ -

There were no significant non-cash investing or financing transactions during the nine-month periods ended January 31, 2017 or January 31, 2016.

The accompanying notes are an integral part of these condensed interim financial statements.

EARNY RESOURCES LTD.

(An exploration stage company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED JANUARY 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Earny Resources Ltd. (the "Company") was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *British Columbia Business Corporations Act* on February 9, 2011. The shares of the Company were listed on the TSX Venture Exchange ("TSX-V") on September 26, 2011. The Company's share listing was transferred from the TSX-V to NEX on June 2, 2016. The Company's head office address is 1575 Kamloops Street, Vancouver BC, V5K 3W1, Canada. The registered and records office address is 1400 – 1125 Howe Street, Vancouver BC, V6Z 2K8, Canada.

The Company's principal business activity is the acquisition, exploration and evaluation of mineral property interests in British Columbia. The Company is considered to be in the exploration stage and substantially all of the Company's efforts are devoted to financing and evaluating this property interest. There has been no determination whether the Company's interest in this unproven mineral property contains mineral reserves that are economically recoverable.

The Company continues to be dependent upon its ability to finance its operations and exploration programs through financing activities that may include issuances of additional debt or equity securities. The recoverability of the carrying value of exploration projects, and ultimately, the Company's ability to continue as a going concern, is dependent upon the existence and economic recovery of reserves, the ability to raise financing to complete the development of the properties and upon future profitable production, or alternatively, upon the Company's ability to dispose of its interest on an advantageous basis, all of which are uncertain. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These condensed interim financial statements, presented in Canadian dollars unless otherwise stated, should be read in conjunction with the Company's audited annual financial statements for the year ended April 30, 2016.

i) Basis of Measurement

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. Critical estimates and judgements are discussed more fully in the Company's audited annual financial statements for the year ended April 30, 2016.

EARNY RESOURCES LTD.

(An exploration stage company)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED JANUARY 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

2. BASIS OF PREPARATION (cont'd...)

ii) Significant Accounting Policies

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The accounting policies and methods of computation followed in preparing these condensed interim financial statements are substantially the same as those followed in preparing the most recent audited annual financial statements. Changes to accounting policies adopted on May 1, 2016 as a result of changes to standards resulted in no material impact to the financial statements. For a summary of significant accounting policies, changes to accounting standards adopted at May 1, 2015 and expected changes to accounting standards that have been announced but are not yet effective, please refer to the Company’s audited annual financial statements for the year ended April 30, 2016.

3. EXPLORATION AND EVALUATION ASSETS

The Company entered into an option agreement dated February 27, 2012 (the “Option Agreement”) with Qualitas Holdings Corp. and Novus Gold Corp. (collectively the “Optionors”) to earn up to a 100% interest in certain mining claims (the “PC Property”), located in the Spences Bridge Gold Belt of British Columbia.

Option agreement

Pursuant to the Option Agreement, the Company can earn a 100% interest in the PC Property by paying cash and issuing shares to the Optionors as follows: a) \$10,000 upon execution of the Option Agreement (paid); b) \$10,000 (paid) and 100,000 common shares (issued at a fair value of \$17,000) upon regulatory approval; c) 100,000 shares on the first anniversary of TSX-V approval (issued at a fair value of \$10,000) and d) 600,000 shares on the second anniversary of TSX-V approval. The Company has also expended the minimum required amount of \$100,000 in exploration expenditures on the Property by the first anniversary of TSX-V approval.

Pursuant to an Amending Agreement dated July 23, 2014, the requirement to issue 600,000 shares on the second anniversary of TSX-V approval was replaced with a requirement to issue 300,000 shares on the second anniversary of TSX-V approval. 300,000 shares were issued during the year ended April 30, 2015 at a fair value of \$30,000.

The Optionors have retained a 2.0% net smelter return royalty on the production from the Property. The Company has the option of purchasing the royalty from the Optionors for \$500,000 for each 0.5%.

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3. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Option Agreement (cont'd...)

The Company has incurred expenditures on the property as follows:

Acquisition Costs

Balance, April 30, 2014	\$ 47,000
Fair value of 300,000 shares issued	<u>30,000</u>
Balance, April 30, 2015, April 30, 2016 and January 31, 2017	<u>77,000</u>

Exploration Expenditures

Balance, April 30, 2014	122,023
Free miner's certificate	500
B.C. exploration tax credit	<u>(750)</u>
Balance, April 30, 2015	121,773
Free miner's certificate	500
B.C. exploration tax credit	<u>(150)</u>
Balance, April 30, 2016 and January 31, 2017	<u>122,123</u>
Exploration and evaluation assets, April 30, 2016 and January 31, 2017	<u>\$ 199,123</u>

Cumulative Totals

Acquisition costs	\$ 77,000
Magnetometer survey	29,700
Soil survey	16,000
Prospecting	6,225
IP survey	20,000
Reports and maps	21,000
Assays	12,598
Property examination	13,500
Structural analysis	4,000
B.C. exploration tax credit	<u>(900)</u>
Balance, April 30, 2016 and January 31, 2017	<u>\$ 199,123</u>

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4. CAPITAL STOCK AND RESERVES

(a) **Authorized:**

Unlimited common shares with no par value

(b) **Issuances:**

No shares were issued during the nine-month period ended January 31, 2017 or the year ended April 30, 2016. During the year ended April 30, 2015, the Company extended the term and amended the price of share purchase warrants issued pursuant to a private placement completed during the year ended April 30, 2013. Warrants to purchase 300,000 common shares will expire on August 12, 2017 (extended from August 12, 2014) at an amended exercise price of \$0.18 (reduced from \$0.25). Warrants to purchase 897,500 common shares will expire on August 12, 2017 (extended from August 12, 2014) at an amended exercise price of \$0.18 (reduced from \$0.22).

(c) **Stock options**

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors. Stock options were outstanding to directors and officers of the Company to purchase 424,000 common shares at a price of \$0.10 per share, expiring on June 6, 2016. These stock options expired without being exercised on June 6, 2016.

(d) **Share purchase warrants**

Share purchase warrants outstanding are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding as at April 30, 2015 and 2016 and January 31, 2017	1,197,500	\$ 0.18

As at January 31, 2017, the outstanding share purchase warrants were as follows:

Number of Warrants	Exercise Price	Expiry Date
300,000	\$ 0.18	August 12, 2017
<u>897,500</u>	<u>\$ 0.18</u>	<u>August 12, 2017</u>
1,197,500		

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5. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Compensation of the Company's key management for the nine months ended January 31, 2017 is comprised of the following:

	2017	2016
Administrative and rent	\$ 40,500	\$ 40,500

Included in accounts payable and accrued liabilities as at January 31, 2017 is \$189,110 (April 30, 2016 - \$136,865) due to related parties, of which \$146,475 was payable for administrative services and rent (April 30, 2016 - \$103,950) and the balance payable for operating expenses incurred on behalf of the Company.

A company controlled by a director of the Company provided a short-term loan to the Company of \$10,000 during the nine-month period ended January 31, 2017. The loan is non-interest bearing and due on demand.

6. FINANCIAL INSTRUMENTS

Fair value

Cash is carried at fair value using a level 1 fair value measurement. The recorded value of receivables and accounts payable and accrued liabilities approximate their fair values due to their demand nature and their short term to maturity.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and receivables. The Company limits its exposure to credit loss by placing its cash with major financial institutions. Receivables comprised primarily of GST receivable from the Canadian Government are a low credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2017, the Company's cash and receivables were exceeded by accounts payable and short-term loan. In order to meet its obligations as they become due, the Company will need to access funding from the issuance of equity securities, the exercise of stock options or through other sources. The Company's access to financing is uncertain and there is no assurance of continued access to equity funding.

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6. FINANCIAL INSTRUMENTS (cont'd...)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in a foreign currency. As at January 31, 2017, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

c) Price risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

7. CAPITAL MANAGEMENT

Capital is comprised of all the components of the Company's shareholders' equity. As at January 31, 2017 and April 30, 2016, the Company's shareholders' equity (deficiency) was \$(40,999) and \$26,551 respectively and there was no long term debt outstanding. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended January 31, 2017.

8. SEGMENT INFORMATION

The Company operates in one reportable segment, being the acquisition and exploration of exploration and evaluation assets in Canada.