

**EARNY RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED APRIL 30, 2017**

**The effective date of this report is August 28, 2017**

**Management Discussion & Analysis:**

Management's discussion and analysis ("MD&A") provides a detailed analysis of the results and financial condition of Earny Resources Ltd. (the "Company" or "Earny") for the year ended April 30, 2017. The following management discussion and analysis, prepared as of August 28, 2017, should be read together with the audited financial statements for the year ended April 30, 2017 with the related notes attached thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A supplements, but does not form part of the financial statements. Management is responsible for the preparation of the financial statements and the MD&A for the year ended April 30, 2017. News releases and previous filings may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**Description of Business:**

Earny Resources Ltd. (the "Company") was listed as a Capital Pool Company ("CPC") as defined in TSX Venture Exchange (the "Exchange") Policy 2.4, on September 26, 2011 and received regulatory approval of the required Qualifying Transaction on August 27, 2012. The Company's shares commenced trading on September 26, 2011 under the symbol ERN.P. The principal business of the Company is the acquisition, exploration and development of mineral property interests in British Columbia. 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. On June 2, 2016, the Company's listing was transferred to NEX and the trading symbol changed from ERN to ERN.H.

**Forward Looking Statements:**

This Management Discussion and Analysis contains certain forward-looking statements and information relating to Earny that is based on the beliefs of the Company, or management, as well as assumptions made by and information currently available to the Company or management. When used in this document, the words "anticipate", "believe", "estimate", "expect", "implied", "intend" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the current view of the Company regarding future events and are subject to certain risks, uncertainties and assumptions, including the risks and uncertainties noted. Should one or more of these risks materialize, or should under-lying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, implied, expected or intended. In each instance, forward-looking information should be considered in the light of the accompanying meaningful cautionary statements herein. Earny cautions that forward-looking statements involve risk and uncertainty.

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**Overall Performance**

- The Company's loss for the year ended April 30, 2017 was \$307,878 (2016: \$93,593).
- Working capital at April 30, 2017 was in a deficit balance of \$273,515 (\$172,572 deficit at April 30, 2016).

Management has determined to diversify the Company's mineral property holdings and is in discussions with property owners respecting the acquisition of varying interests in an assortment of properties; however, due to confidentiality issues, the exact location and geological characteristics of the properties of interest may not be disclosed until an acquisition is finalized and details are announced. The Company has also had discussions as to other business investment opportunities.

On July 14, 2017, the Company consolidated its shares on a basis of one (1) post-consolidated share for three (3) pre-consolidated shares. 2,378,333 post-consolidated shares were issued and outstanding at April 30, 2017, as disclosed on a retroactive basis on the Company's audited financial statements.

**Qualifying Transaction**

On August 27, 2012, the Company completed its Qualifying Transaction and has a 100% interest in certain mineral claims (the "PC Property") located in the Spences Bridge Gold Belt of British Columbia. The Optionors have retained a 2.0% net smelter return royalty on the production from the PC Property. The Company has the option of purchasing the royalty from the Optionors for \$500,000 for each 0.5%.

During the year ended April 30, 2017, the Company wrote down the carrying value of the PC Property by \$199,122, due to a lack of exploration activity and as a result of management's intention to pursue other business opportunities.

**Private Placements**

Share purchase warrants to purchase 399,167 post-consolidated shares expired August 12, 2017 without being exercised.

**Critical accounting policies and estimates**

The preparation of the annual financial statements in accordance with International Financial Reporting Standards requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

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**Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements**

The Company has applied the amendments to IFRS included in the Annual Improvements to IFRS 2012-2014 Cycle which were effective for annual periods beginning on or after January 1, 2016. The amendments did not have an impact on the Company's financial statements. The Company has not early adopted any amendment, standard or interpretation that has been issued by the IASB but is not yet effective.

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2017. The following has not yet been adopted by the Company and is being evaluated to determine its impact:

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.
- IFRS 16: Leases - this standard specifies how an issuer will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has an insignificant value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019.

**Selected Annual Information**

The following table sets out certain audited financial information for the Company for each of the last three fiscal years.

<b>Fiscal year ended April 30</b>	2017	2016	2015
Loss and comprehensive loss	\$307,878	\$93,593	\$111,569
Exploration & evaluation assets	1	199,123	198,773
Total assets	8,033	204,028	209,458
Deficit	951,918	644,040	550,447

**Discussion of Operations for the year ended April 30, 2017**

The review of operations should be read in conjunction with the audited financial statements of the Company for the years ended April 30, 2017 and 2016.

Loss and comprehensive loss for the current year was \$307,878 (\$93,593 for the comparative year ended April 30, 2016). The 2017 loss included a write down of \$199,122 of the PC Property costs and a charge of \$7,813 to share-based payments to record the fair value of stock

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options granted on April 26, 2017. Administration fees of \$48,000 (2016: \$48,000) were paid or accrued by the Company to a private company (N.K.V. Engineering and Consulting Ltd.) which has an executive officer (Navin Varshney, President) in common with the Company. Rent of \$6,000 was paid or accrued in both years 2017 and 2016 to N.K.V. Engineering and Consulting Ltd. Professional fees (legal, audit and accounting) of \$31,240 increased compared to the 2016 amount of \$24,181, as the Company increased its search for new business opportunities and commenced the process of consolidating its share capital.

**Summary of Quarterly Results & Results of Operations**

The table below provides, for each of the last eight quarterly periods, a summary of both property acquisition and exploration costs and of corporate expenses and is derived from unaudited quarterly financial statements prepared by management. The Company's condensed interim financial statements are prepared in accordance with IFRS applicable to interim financial statements and are expressed in Canadian dollars.

	<b>Loss per quarter</b>	<b>Fully diluted loss per share</b>	<b>Interest income</b>	<b>General and administrative expenses</b>	<b>Property costs</b>
May 1, 2015– July 31, 2015	\$21,149	\$0.01	-	\$21,149	-
Aug. 1, 2015 – Oct. 31, 2015	26,783	0.01	-	26,783	500
Nov. 1, 2015 – Jan. 31, 2016	16,904	0.01	-	16,904	-
Feb. 1, 2016 – April 30, 2016	28,757	0.01	-	28,757	(150)
May 1, 2016 - July 31, 2016	20,082	0.01	-	20,082	-
Aug. 1, 2016 – Oct. 31, 2016	22,992	0.01	-	22,992	-
Nov. 1, 2016 – Jan. 31, 2017	24,476	0.01	-	24,476	-
Feb. 1, 2017 – April 30, 2017	240,328	0.10	-	240,328	-

**Discussion of Operations for the three months ended April 30, 2017**

Loss and comprehensive loss for the period was \$240,328 compared to \$28,757 for the comparative period ended April 30, 2016. The 2017 loss included a write down of \$199,122 of the PC Property costs and a charge of \$7,813 to share-based payments to record the fair value of stock options granted on April 26, 2017. Administration fees of \$12,000 (2016: \$12,000) were paid or accrued by the Company to a private company (N.K.V. Engineering and Consulting Ltd.) which has an executive officer (Navin Varshney, President) in common with the Company. Rent of \$1,500 was paid or accrued in both interim periods 2017 and 2016 to N.K.V. Engineering and

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Consulting Ltd. Professional fees (legal, audit and accounting) of \$16,329 increased by \$3,325 compared to the 2016 amount.

### **Liquidity, Capital Resources and Capital Expenditures**

At April 30, 2017, the Company's working capital, defined as current assets less current liabilities, was in a deficit balance of \$273,515 (\$172,572 deficit at April 30, 2016). No new financing has been raised since the fiscal year ended April 30, 2013 and operating expenses have been funded largely from advances received from related parties. In order to meet its obligations as they become due, the Company will need to access further funding. The Company cannot offer any assurance that expenses will not exceed management's expectations. The Company will require additional funds to meet the requirements of any additional mineral resource or other project acquired and will be dependent upon its ability to secure equity and/or debt financing, the availability of which cannot be assured.

The Company's working capital is held in cash in Canadian dollars, and so is highly liquid, and is not subject to exchange rate fluctuations relative to the reporting currency.

The Company has not made any commitments for capital expenditures, exploration and development expenses or mineral property option payments. The Company has not made any arrangements for sources of financing that it has not yet used.

### **Contractual obligations**

Earny has no long-term debt outstanding or contractual obligations.

### **Off-balance sheet arrangements**

The Company has no off-balance sheet arrangements.

### **Financial instruments**

The Company's financial instruments consist of cash, receivables, accounts payable, accrued liabilities and short-term related party loan. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted, due to their demand nature and their short term to maturity.

### **Financial risk factors**

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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 April 30, 2017, the Company's cash and receivables were exceeded by current liabilities. As well, the funding of operations during the year was largely provided by related parties. 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.

*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 April 30, 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.

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**Outstanding Share Data**

Authorized Capital

Unlimited common shares without par value.

Issued and Outstanding Capital

2,378,333 common shares were issued and outstanding at April 30, 2017 and August 28, 2017.

Stock Options Outstanding

	Number of options	Exercise Price	Expiry Date
Directors' Stock Options	133,333	\$0.30	April 26, 2018

Share Purchase Warrants Outstanding

Expiry Date	Exercise Price	Number of Warrants
August 12 , 2017	\$ 0.54	100,000
August 12 , 2017	\$ 0.54	299,167
		<u>399,167</u>

The share purchase warrants expired on August 12, 2017 without being exercised.

**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 year ended April 30, 2017 was comprised of the following:

	2017	2016
Administrative fees and rent	\$ 54,000	\$ 54,000

For a summary of the payments to related parties, refer to the previously described "Discussion of Operations for the year ended April 30, 2017".

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**Uncertainties and Risk Factors**

No source of revenue

The Company had obtained a listing on the TSX Venture Exchange as a Tier 2 junior exploration company and has no source of revenue (on June 2, 2016, the Company's share listing was transferred to NEX). All of the Company's short to medium-term operating expenses must be derived from its existing cash position, from exercise of stock options or from external financing.

**Additional Disclosure for Venture Issuers without Significant Revenue**

Significant components of general and administrative expenses are shown separately on the *Statements of Operations and Comprehensive Loss*, part of the audited financial statements for the year ended April 30, 2017.