

**NAVY RESOURCES CORP.**  
MANAGEMENT DISCUSSION & ANALYSIS  
For the year ended December 31, 2019

**March 23, 2020**

This Management Discussion and Analysis (“MD&A”) of Navy Resources Corp. (“Navy” or the “Company”) has been prepared by management as of March 23, 2020.

This MD&A may contain “forward-looking statements” which reflect the Company’s current expectations regarding the future results of operations, performance and achievements of the Issuer. The Issuer has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as “anticipate,” “believe,” “estimate,” “expect” and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Issuer to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

**Over-all Performance**

The Company was incorporated in the Province of British Columbia on May 5, 2011.

The Company is domiciled in Canada and its office is at Suite 1740 – 1177 West Hastings Street, Vancouver, BC. The Company is an exploration stage company.

On February 29, 2016, the Company issued 100,000 common shares with a fair value of \$20,000 as consideration for the Fae Property.

On September 18, 2019, the Company issued 7,350,000 common shares for proceeds of \$735,000 and issued 2,480,080 common shares to settle promissory notes payable and interest in the amount of \$248,080.

On March 6, 2020, the Company announced that it had entered into an option agreement under which the Company may earn a 100% interest in 168 unpatented mining claims covering approximately 1,375 hectares, located in Humboldt County, Nevada. Under the terms of the agreement, the Company has up to five years to make cumulative cash payments of USD \$136,140 and cumulative share payments of 1,650,000 common shares in the capital of the Company, followed by a \$1,500,000 payment payable in cash or common shares at the option of the Company, subject to TSXV acceptance. The vendor retains a net smelter royalty of 2% which the Company may purchase in 0.1% increments for USD\$100,000 for each increment up to maximum of 1%. The acquisition is subject to TSXV approval.

Fae Property

On February 29, 2016, the Company acquired a 100% interest in the Fae Property which is composed of two contiguous mineral claims totalling 374.25 hectares and located in the Altin Mining Division of northwestern British Columbia. In consideration for the purchase, the Company paid \$15,000 and issued 100,000 shares, with a fair market value of \$20,000.

During the year-ended December 31, 2018, the Company abandoned the property and, as such, recorded an impairment allowance on the property in the amount of \$45,000 (represented by \$35,000 acquisition costs and \$10,000 in capitalized exploration costs incurred in 2015) resulting in a carrying value of \$Nil.



**NAVY RESOURCES CORP.**  
MANAGEMENT DISCUSSION & ANALYSIS  
For the year ended December 31, 2019

**Liquidity and Capital Resources**

The Company reported a working capital of \$676,048 at December 31, 2019 compared to working capital deficiency of \$218,155 as at December 31, 2018. As at December 31, 2019, the Company had net cash on hand of \$697,769 (2018 - \$1,163).

Current assets excluding cash at December 31, 2019 consisted of receivables of \$2,071 which consists of GST receivable (2018 - \$758).

Current liabilities as at December 31, 2019 consist of accounts payable of \$23,792 (2018 - \$105,076) and a promissory note payable of \$Nil (2018 - \$115,000).

There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

On November 22, 2016, the Company entered into an agreement for a promissory note in the amount of \$50,000 which was received on November 23, 2016. The promissory note is unsecured and accrues interest at 5% per annum on the unpaid principal balance. The note is payable on or before November 22, 2017. On November 22, 2017, the loan was extended to November 22, 2018. On November 22, 2018, the loan was extended to November 22, 2019. On September 18, 2019, this promissory note and accrued interest related to it was settled for common shares.

On September 5, 2017, the Company entered into an agreement for a promissory note in the amount of \$50,000 which was received on September 5, 2017. The promissory note is unsecured and accrues interest at 5% per annum on the unpaid principal balance. On September 5, 2018, the loan was extended to September 5, 2019. On September 18, 2019, this promissory note and accrued interest related to it was settled for common shares.

On August 27, 2018, the Company entered into an agreement for a promissory note in the amount of \$15,000 which was received on August 27, 2018. The promissory note is unsecured and accrues interest at 5% per annum on the unpaid principal balance. On September 18, 2019, this promissory note and accrued interest related to it was settled for common shares.

On January 11, 2019, the Company entered into an agreement for a promissory note in the amount of \$93,000 which was received on January 11, 2019. The promissory note is unsecured and accrues interest at 5% per annum on the unpaid principal balance. On September 18, 2019, this promissory note and accrued interest related to it was settled for common shares.

On May 15, 2019, the Company entered into an agreement for a promissory note in the amount of \$25,000 which was received on May 15, 2019. The promissory note is unsecured and accrues interest at 5% per annum on the unpaid principal balance. On September 18, 2019, this promissory note and accrued interest related to it was settled for common shares.

During the year ended December 31, 2019, the Company completed a shares-for-debt transaction whereby it settled all the promissory notes inclusive of accrued interest of \$248,080 through the issuance of 2,480,800 common shares.

**Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.

**Transactions with Related Parties**

During the year end December 31, 2019, the Company paid an officer and director \$15,000 (2018 - \$7,000) for consulting services and \$24,000 (2018 - \$31,500) for rent.

Included in accounts payable is \$7,475 (2018 - \$14,825) owing to a director and an officer of the Company.

**NAVY RESOURCES CORP.**  
MANAGEMENT DISCUSSION & ANALYSIS  
For the year ended December 31, 2019

**Fourth Quarter**

During the fourth quarter, the Company incurred expenses as outlined below:

	2019	2018
General and administrative	\$ 4,628	\$ 9,102
Interest expense	-	1,450
Professional fees	14,322	6,000
Consulting fees	10,500	1,500
Transfer agent and filing fees	(3,621)	3,973
Write off of exploration and evaluation asset	-	45,000
Net loss before income taxes	\$ 25,829	\$ 67,025

**Proposed Transactions**

At the time of this report, the Company is not contemplating any proposed transactions.

**Critical Accounting Estimates**

Not applicable to Venture Issuers.

**Changes in Accounting Policies including Initial Adoption**

There were no changes in accounting policies during the year. Refer to Note 2 of the financial statements for the Company's significant accounting policies and future changes to accounting standards.

**Risk Factors**

Exploration-stage mineral exploration companies face a variety of risks and, while unable to eliminate all of them, Navy aims at managing and reducing such risks as much as possible. Few exploration projects successfully achieve development stage, due to factors that cannot be predicted or anticipated, and even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. Navy closely monitors its activities and those factors that could impact them, and employs experienced consultants to assist in its risk management and to make timely adequate decisions. Environmental laws and regulations could also impact the viability of a project. Navy has ensured that it has complied with these regulations, but there can be changes in legislation outside Navy's control that could also add a risk factor to a project.

**Financial Instruments and Other Instruments**

The carrying amounts of cash, receivables, and accounts payable approximate fair value because of the short-term maturity of these items.

**NAVY RESOURCES CORP.**  
MANAGEMENT DISCUSSION & ANALYSIS  
For the year ended December 31, 2019

**Other Requirements**

Summary of Outstanding Share Data as at March 23, 2020:

Authorized: Unlimited number of common shares without par value.

Issued and outstanding: 25,030,800 common shares.

Options and Warrants

The Company has no options or warrants outstanding.

Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).