

NAVY RESOURCES CORP.
MANAGEMENT DISCUSSION & ANALYSIS
For the year ended December 31, 2016

April 27, 2017

This Management Discussion and Analysis (“MD&A”) of Navy Resources Corp. (“Navy” or the “Company”) has been prepared by management as of April 27, 2017.

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 October 19, 2012, the Company completed its initial public offering to issue 3,300,000 common shares at \$0.15 per share to raise gross proceeds of \$495,000.

On September 10, 2015, 100,000 stock options were exercisable at \$0.15 per share until October 19, 2017 cancelled.

On October 15, 2015, the Company issued 3,700,000 common shares at \$0.06 per share for gross proceeds of \$222,000.

On October 21, 2015, the Company cancelled 700,000 stock options exercisable at \$0.15 per share until October 19, 2017.

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

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.

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Selected Annual Information

	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
<i>Selected operations data</i>			
Loss for the year	\$ 146,623	\$ 136,750	\$ 201,040
Weighted number of shares outstanding	15,183,836	12,180,548	11,400,000
Loss per share	0.01	0.01	0.02
<i>Selected balance sheet data</i>			
Net working capital (deficiency)	\$ (48,990)	\$ 97,633	\$ 37,383
Total assets	\$ 78,935	\$ 138,618	\$ 50,056
Total long-term liabilities	\$ -	\$ -	\$ -
Net shareholders' equity (deficiency)	\$ (3,990)	\$ 122,633	\$ 37,383

Results of Operations

For the years ended December 31, 2016 and 2015, the Company reported net losses of \$146,623 and \$136,750, respectively.

The net loss before income taxes during the years ended December 31, 2016 and 2015 are summarized below.

	2016	2015
General and administrative	\$ 37,263	\$ 21,179
Professional fees	18,794	20,569
Consulting fees	78,000	78,500
Transfer agent and filing fees	12,566	16,502
Net loss before income taxes	\$ 146,623	\$ 136,750

Summary of Quarterly Results

	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Net Income (Loss) for the period	\$(38,983)	\$(32,832)	\$(34,653)	\$(40,155)	\$(45,606)	\$(35,234)	\$(29,547)	\$(26,363)
Income (Loss) per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)

Liquidity and Capital Resources

The Company reported a working capital deficiency of \$48,990 at December 31, 2016 compared to working capital of \$97,633 as at December 31, 2015. As at December 31, 2015, the Company had net cash on hand of \$30,742 (2015 - \$111,343).

Current assets excluding cash at December 31, 2016 consisted of receivables of \$3,193 which consists of GST receivable (2015 - \$2,275).

Current liabilities as at December 31, 2016 consist of accounts payable of \$32,925 (2015 - \$15,985) and a promissory note payable of \$50,000 (2015 - Nil).

The Company expects to have capital requirements in excess of its currently available resources and therefore will be required to seek additional financing. There can be no assurance that the Company will have sufficient financing

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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.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Transactions with Related Parties

During the year end December 31, 2016 the Company paid an officer and director \$18,000 (2015 - \$18,500) for consulting services and \$36,000 (2015 - \$15,000) for rent.

During the year end December 31, 2016 the Company paid a director \$60,000 (2015 - \$60,000) for consulting fees.

Key management compensation includes \$18,000 (2015 - \$18,500) for consulting services and \$60,000 (2015 - \$60,000) for consulting services paid to officers and directors of the Company.

Included in accounts payable is \$16,800 (2015 - \$Nil) owing to a director and an officer of the Company.

Fourth Quarter

Net loss in the fourth quarter was \$38,983 which represented a 19% increase from the quarter ended September 30, 2016 (\$32,832) and a 15% decrease from the quarter ended December 31, 2015 (\$45,606).

The decrease between fourth quarter results from 2015 to 2016 was a result of the Company incurring approximately \$4,000 in legal and filing fees in relation to the acquisition of the Fae Property. When normalized for the costs incurred during the fourth quarter of 2015, the period's net loss was \$41,606. As such, the Company's fourth quarter results increased 6% when compared to a normalized fourth quarter in 2015.

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.

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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.

Other Requirements

Summary of Outstanding Share Data as at April 27, 2017:

Authorized: Unlimited number of common shares without par value.

Issued and outstanding: 15,200,000 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.