

NAVY RESOURCES CORP.
MANAGEMENT DISCUSSION & ANALYSIS
For the nine months ended September 30, 2018

November 26, 2018

This Management Discussion and Analysis (“MD&A”) of Navy Resources Corp. (“Navy” or the “Company”) has been prepared by management as of November 26, 2018.

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.

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.

Selected Annual Information

	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
<i>Selected operations data</i>			
Loss for the year	\$ 100,576	\$ 146,623	\$ 136,750
Weighted number of shares outstanding	15,200,000	15,183,836	12,180,548
Loss per share	0.01	0.01	0.01
<i>Selected balance sheet data</i>			
Net working capital (deficiency)	\$ (149,566)	\$ (48,990)	\$ 97,633
Total assets	\$ 85,270	\$ 78,935	\$ 138,618
Total long-term liabilities	\$ -	\$ -	\$ -
Net shareholders’ equity (deficiency)	\$ (104,566)	\$ (3,990)	\$ 122,633

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Results of Operations

For the three and nine months ended September 30, 2018, the Company reported net losses of \$15,052 and \$46,564, respectively (2017: \$24,746 and \$94,664).

The net loss before income taxes during the three months ended September 30, 2018 and 2017 are summarized below.

	2018	2017
General and administrative	\$ 10,432	\$ 2,437
Professional fees	1,147	950
Consulting fees	1,500	19,500
Transfer agent and filing fees	1,973	1,859
Net loss before income taxes	\$ 15,052	\$ 24,746

General and administrative costs increased as the Company paid rent in the current period whereas there was no such obligation in the comparative period. Professional fees remained consistent between periods. Consulting fees have been reduced as a result of the Company's cost reduction efforts. Transfer agent and filing fees are consistent from period to period.

The net loss before income taxes during the nine months ended September 30, 2018 and 2017 are summarized below.

	2018	2017
General and administrative	\$ 26,951	\$ 21,807
Professional fees	5,824	2,756
Consulting fees	5,500	58,500
Transfer agent and filing fees	8,289	11,601
Net loss before income taxes	\$ 46,564	\$ 94,664

General and administrative costs are consistent from period to period. Professional fees have increased due to the timing of the receipt of the annual audit invoice combined with fees incurred in relation to the annual general meeting. Consulting fees have been reduced as a result of the Company's cost reduction efforts. Transfer agent and filing fees are consistent from period to period.

Summary of Quarterly Results

	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Net Income (Loss) for the period	\$(15,052)	\$(19,035)	\$(12,477)	\$ (5,912)	\$(24,746)	\$(33,421)	\$(36,497)	\$(38,983)
Income (Loss) per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

Liquidity and Capital Resources

The Company reported a working capital deficiency of \$196,130 at September 30, 2018 compared to working capital deficiency of \$149,566 as at December 31, 2017. As at September 30, 2018, the Company had net cash on hand of \$11,219 (2017 - \$40,270).

Current assets excluding cash at September 30, 2018 consisted of receivables of \$1,672 which consists of GST receivable (2017 - \$0) and prepaid expenses of \$1,300 (2017 - \$0).

Current liabilities as at September 30, 2018 consist of accounts payable of \$95,321 (2017 - \$89,836) and promissory notes payable of \$115,000 (2017 - \$100,000).

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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 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 and on November 22, 2018, the loan was extended to November 22, 2019.

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. The note is payable on or before September 5, 2018. On November 22, 2017, the loan was extended to September 5, 2019.

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. The note is payable on or before August 27, 2019.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Transactions with Related Parties

During the three and nine months ended September 30, 2018 the Company paid an officer and director \$1,500 and \$5,500 (2017 - \$4,500 and \$13,500) for financial services, respectively.

During the three and nine months ended September 30, 2018 the Company paid a former director \$0 and \$0 (2017 - \$15,000 and \$45,000) for consulting fees, respectively.

Included in accounts payable is \$70,875 owing to former and current officers and directors (December 31, 2017 - \$70,875).

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.

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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.

Other Requirements

Summary of Outstanding Share Data as at November 26, 2018:

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.