



This Management Discussion and Analysis ("MD&A") is an overview of the activities of Alternative Earth Resources, ("the Company" or "Alternative Earth") and its subsidiaries (together, "the Group") for the three months ending March 31, 2015. In order to better understand the MD&A, it should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended June 30, 2014 and its unaudited consolidated interim financial statements for the three and nine months ended March 31, 2015.

All dollar amounts referred to in this MD&A are expressed in US dollars except where indicated otherwise. The effective date of this Management Discussion and Analysis is May 25, 2015. This MD&A contains statements that constitute "forward-looking statements" and other cautionary notices (Refer to "Forward Looking Statements and Estimates" on page 9).

DESCRIPTION OF BUSINESS

Alternative Earth Resources Inc. is an experienced Canadian mineral exploration company, with headquarters in Vancouver, BC. Alternative Earth trades on the Toronto Venture Exchange under the symbol AER. With \$1.98 million in cash as of March 2015, the Company is looking for opportunities in the mining sector with projects having indicated resources located in safe jurisdictions.

Alternative Earth was responsible for the discovery and development of the Blue Mountain geothermal resource and the construction of the Faulkner 1 geothermal power plant. The Company has sold its geothermal properties and has redirected its focus to mineral development.

TRANSACTIONS AND TRANSFERS

The Company was the project operator of the Blue Mountain power plant, and provided management and administrative services to EIG Global Energy Partners ("EIG") during a cooperative transition period. EIG opted not to purchase the operator, Nevada Geothermal Operating Company ("Opco"), instead replacing it with its own operator. This transition took place on January 31, 2014, ending the Company's involvement with this project.

On August 27, 2014, the Company closed a Purchase and Sale Agreement ("PSA") with Ormat, whereby Ormat purchased the Company's Crump Geyser (50% interest) and North Valley geothermal projects. This agreement also gave Ormat an option, exercisable over a four year period, to purchase certain Company leases from the New Truckhaven geothermal project. Ormat declined to exercise this option, and the leases expired on March 26, 2015.

The Company received \$1,490,000 upon closing of the transaction.

In the normal course of business, the Company is evaluating advanced stage mineral projects for potential acquisitions which, if appropriate, would be presented to the Board for consideration. The Company will continue to assess opportunities as they arise.

OVERALL PERFORMANCE

The Group manages its business in the following two segments: United States and Canada. Please refer to the Results of Operations and Financial Summary section (page 2) for details of segmental results.

United States

This segment represents the Company's former interest in other projects, namely, Blue Mountain, Pumpnickel, North Valley (all Nevada), New Truckhaven (in California's Imperial Valley), and Crump Geyser (Oregon).



Canada

The Group's corporate head office is located in Vancouver, Canada. The Company has completed a re-organization plan and increased the Company's financial stability. This plan involved the transfer of the Company's ownership interest, and debt, in the Blue Mountain project, and the sale of certain assets to Ormat, which reduced some of the Company's long-term liabilities. The plan involved a one for five share consolidation completed on April 2, 2013 and a name change, from Nevada Geothermal Power Inc., to Alternative Earth Resources Inc. The Group was compensated for work on behalf of the Blue Mountain project until January 31, 2014. Management will now focus on creating shareholder value by acquiring advanced stage mineral projects.

RESULTS OF OPERATIONS AND FINANCIAL SUMMARY

Results for the three months ended March 31, 2015

Three months ended	March 31, 2015	March 31, 2014	Variance	%
Revenue	\$ -	\$ -	\$ -	
Operating expenses	(114,854)	(256,407)	141,553	55%
Operating loss	(114,854)	(256,407)	141,553	55%
Net loss from continuing operations	(113,113)	(258,650)	145,537	56%
Profit/(loss) from discontinued operations	(10,000)	(16,793)	6,793	40%
Total net loss	(123,113)	(275,443)	152,330	55%
Net profit (loss) per share - (basic and diluted)	(0.01)	(0.01)	-	
Cash used in operating activities - continuing operations	(146,876)	(219,241)	72,365	33%
Cash from (used in) investing activities - continuing operations	125,000	-	125,000	100%
Cash from (used in) financing activities - continuing operations	2,930	2,946	(16)	(1%)

Operating expenses decreased from \$256,407 in the three months ended March 31, 2014 to \$114,854 for the three months ended March 31, 2015, a reduction of \$141,553. This is mainly due to decreases in overhead, including office rent expense being reduced by \$31,618. In addition, the quarter ended March 31, 2014, included an impairment of property and equipment in the amount of \$41,775.

The decrease in cash used in operating activities, compared to the three months ended March 31, 2014, was the result of the previously mentioned reductions in expenses.

The Company received \$125,000 from investing activities during the three months ended March 3, 2015, all of which pertained to the recovery of various state bonds.

Results of discontinued operations

Three months ended	March 31, 2015	March 31, 2014	Variance	%
Revenue	\$ -	\$ -	\$ -	
Operating loss	(10,000)	(30,578)	20,578	67%
Finance costs	-	(1,869)	1,869	100%
Effect of services provided	-	15,654	(15,654)	(100%)
Profit (loss) from discontinued operations	(10,000)	(16,793)	6,793	40%
Cash used in operating activities	-	(77)	77	100%
Cash from investing activities	-	-	-	
Cash used in financing activities	-	-	-	

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The results of the Blue Mountain power plant were included in Group results up to date of disposal, March 28, 2013. The Company continued to receive funds from providing operations, management, and administrative services for the Blue Mountain plant, during a cooperative transition period. The Company has since turned over operations at the Faulkner I geothermal power plant to a new operator designated by the project owner. This ended Alternative Earth's involvement in the project effective January 31, 2014.

The results of the Company's United States projects (page 4), which were sold to Ormat as part of the PSA, are included in discontinued operations.

Results for the nine months ended March 31, 2015

Nine months ended	March 31, 2015	March 31, 2014	Variance	%
Revenue	\$ -	\$ -	-	
Operating expenses	(360,824)	(969,318)	608,494	63%
Operating loss	(306,824)	(969,318)	608,494	63%
Net loss from continuing operations	(357,395)	(966,472)	609,077	63%
Profit from discontinued operations	1,144,423	125,641	1,018,782	811%
Total net profit (loss)	787,028	(840,831)	1,627,859	194%
Net profit (loss) per share - (basic and diluted)	0.03	(0.03)	0.06	194%
Cash used in operating activities - continuing operations	(459,686)	(762,739)	303,053	40%
Cash from (used in) investing activities - continuing operations	125,000	51,681	73,319	142%
Cash from (used in) financing activities - continuing operations	11,202	10,200	1,002	10%

Operating expenses decreased from \$969,318 in the nine months ended March 31, 2014 to \$360,824 for the nine months ended March 31, 2015, a reduction of \$608,494. This is mainly due to decreases in overhead, including staff reduction and the associated salaries and wages expense being reduced by \$81,354. In addition, accounting, audit, and tax fees were reduced by \$68,210, legal and consulting expenses were reduced by \$41,536, and rent expense was reduced by \$106,782.

The decrease in cash used in operating activities, compared to the nine months ended March 31, 2014, was the result of the previously mentioned reductions in expenses.

The Company received \$51,681 from investing activities during the nine months ended March 31, 2014, all of which pertained to the disposal of various assets. The \$125,000 received from investing activities during the nine months ended March 31, 2015 all pertained to the recovery of various state bonds.

Results of discontinued operations

Nine months ended	March 31, 2015	March 31, 2014	Variance	%
Revenue	\$ -	\$ -	-	
Operating loss	(73,345)	(94,041)	20,696	22%
Finance costs	-	(6,790)	6,790	100%
Effect of services provided	-	226,472	(226,472)	(100%)
Gain on disposal	1,217,768	-	1,217,768	100%
Profit from discontinued operations	1,144,423	125,641	1,018,782	811%
Cash used in operating activities	(94,413)	(233)	(94,180)	40,421%
Cash from investing activities	1,490,000	-	1,490,000	100%
Cash used in financing activities	(1,553)	-	(1,553)	(100%)



The results of the Blue Mountain power plant were included in Group results up to date of disposal, March 28, 2013. The Company continued to receive funds from providing operations, management, and administrative services for the Blue Mountain plant, during a cooperative transition period. The Company has since turned over operations at the Faulkner I geothermal power plant to a new operator designated by the project owner. This ended Alternative Earth's involvement in the project effective January 31, 2014.

The results of the Company's United States projects (page 4), which were sold to Ormat as part of the PSA, are included in discontinued operations.

Segment results

United States

Three months ended		March 31, 2015	March 31, 2014	Variance	%
Operating loss	\$	(10,822)	\$ (194,392)	\$ 183,570	94%
Profit (loss) from discontinued operations		(10,000)	(16,793)	6,793	40%
Net loss		(22,006)	(216,376)	194,370	90%
Nine months ended		March 31, 2015	March 31, 2014	Variance	%
Operating loss	\$	(53,743)	\$ (305,718)	\$ 251,975	82%
Profit (loss) from discontinued operations		1,144,423	49,076	1,095,347	2,232%
Net profit (loss)		1,083,570	(264,268)	1,347,838	510%
As at		March 31, 2015	June 30, 2014	Variance	%
Cash & cash equivalents	\$	204,066	\$ 157,956	\$ 46,110	29%
Property and equipment		96,412	96,643	(231)	(1%)
Current liabilities		-	(9,460)	(9,460)	100%
Assets held for sale		-	508,057	(508,057)	(108%)
Liabilities held for sale		-	(230,451)	230,451	100%

The United States segment includes the Company's resource development group in the United States (including the Pumpnickel Valley project) as well as the projects included in the PSA (Held for sale). All expenses relating to the held for sale assets have been disclosed as a part of discontinued operations.

A gain of \$1,217,768 was recognized upon the sale of the assets to Ormat, and is included in the results for the nine months ended March 31, 2015.

The United States segment also includes the results Opco to January 31, 2014. Opco earned a monthly operation and maintenance fee for the work it performed for the Blue Mountain power plant, and all costs incurred to perform its duties under the agreement with NGP I were passed on to the project. EIG had the option to acquire Opco, but chose not to, instead opting to replace Opco.

The Company closed its office in the United States during April 2013, and will continue project development work

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from its Vancouver office.
Canada

Three months ended		March 31, 2015		March 31, 2014	Variance	%
Operating loss	\$	(104,032)	\$	(62,015)	\$ (42,017)	(68%)
Gain from discontinued operations		-		-	-	
Net loss		(101,127)		(59,067)	(42,060)	(71%)

Nine months ended		March 31, 2015		March 31, 2014	Variance	%
Operating loss	\$	(306,182)	\$	(663,600)	\$ 357,418	54%
Gain from discontinued operations		-		76,565	(76,565)	(100%)
Net loss		(296,542)		(576,563)	280,021	49%

As at		March 31, 2015		June 30, 2014	Variance	%
Cash & cash equivalents	\$	1,782,178	\$	1,100,972	\$ 681,206	62%
Property and equipment		3,027		6,748	(3,721)	(55%)
Current liabilities		(61,232)		(116,350)	55,118	47%

The operating loss for the Canada segment was reduced from \$663,600 during the nine months ended March 31, 2014, to \$306,182 during the nine months ended March 31, 2015. This is a result of a reduction in a number of cost categories, especially salaries and wages.

SUMMARY OF QUARTERLY RESULTS

	Revenue		Net (loss) profit from continuing operations		Net (loss) profit per share from continuing operations (Basic and diluted)		Net profit (loss) including discontinued operations		Net profit (loss) per share (Basic and diluted)
Quarter ended									
March 31, 2015	\$	-	\$ (113,133)	\$	(0.00)	\$	(123,133)	\$	(0.01)
December 31, 2014		-	(40,609)		(0.00)		(99,280)		(0.00)
September 30, 2014		-	(203,653)		(0.01)		1,009,441		0.04
June 30, 2014		-	(239,072)		(0.01)		(1,288,758)		(0.05)
March 31, 2014		-	(258,651)		(0.01)		(275,444)		(0.01)
December 31, 2013		-	(345,695)		(0.01)		(262,929)		(0.01)
September 30, 2013		-	(362,123)		(0.02)		(302,458)		(0.01)
June 30, 2013		-	(298,885)		(0.01)		(112,733)		(0.01)
March 31, 2013		-	(483,122)		(0.02)		80,341,263		3.28



Continuing operations:

The quarter ended March 31, 2014, includes the effects of various cost cutting strategies. The quarters ended June 30, 2014 through to, and including, March 31, 2015 show the effects of further cost reductions.

Discontinued operations:

The Company's interest in the Blue Mountain project was transferred to EIG during the quarter ended March 31, 2013, resulting in the recognition of a large gain on disposal of the project's net liabilities. The quarter ended June 30, 2014 includes an impairment loss on the Truckhaven property of \$1,007,829. The quarter ended September 30, 2014 includes a \$1,213,094 gain on disposal of the assets included in the PSA.

CAPITAL RESOURCES AND LIQUIDITY

As at March 31, 2015, the Company had cash and cash equivalents of \$1.98 million, accounts receivable of \$5,910 and accounts payable and accrued liabilities of \$61,232.

As of January 31, 2014, the Company no longer provides services to, and receives revenues from, the Blue Mountain project. Accordingly, the Company's ability to continue as a going concern is dependent on its available cash and its ability to raise additional funds.

Contractual obligations	Payments due by period				
	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years*
Operating leases	\$ 215,537	\$ 189,523	\$ 26,014	\$ -	\$ -
Resource property leases	-	-	-	-	-
Work commitments	-	-	-	-	-
Total contractual obligations	\$ 215,537	\$ 189,523	\$ 26,014	\$ -	\$ -

* Includes information for two years. Geothermal leases can normally be cancelled at any time. Work commitments cease when production starts.

The Company expects to receive approximately \$265,000 from a sublease arrangement in respect of its Vancouver office over the period ending June 2016.

RISKS AND UNCERTAINTIES

Due to risks and uncertainties, including the risks and uncertainties identified below and elsewhere in this MD&A, actual events may differ materially from current expectations.

The Company depends on raising additional capital to fund ongoing operations. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such financing could result in a material adverse effect, delay or indefinite postponement of further exploration and development of our projects. Further, any additional financing by the Company may subject existing shareholders to substantial dilution.

The Company is at risk from changes in general economic conditions and financial markets, changes in the price of oil, gas and electricity, changes to favourable tax incentives, grants, loan guarantees and investment tax credits, changes in technology, and operational hazards in the Company's exploration, construction and development activities, uncertainties inherent in the resource development, the timing and availability of financing, governmental and other approvals, and other risk factors listed from time to time by the Company. The Company may have difficulty in attracting and retaining suitable employees. These factors may impact upon the Company's ability to finance its programs and to carry out operations.



RESOURCE PROPERTY INTERESTS

As at March 31, 2015 the Company's resource property interests were comprised of the following:

New Truckhaven Project – Imperial Valley - California

The New Truckhaven project is located in Imperial Valley, southeast of Salton City, California.

Certain geothermal leases were part of the Ormat PSA, and were subject to a 4-year option period. Ormat declined to exercise this option, and it expired on March 26, 2015.

The Company will be terminating any leases that were not of this option agreement. At this time, the Company is planning no further development work on this project.

Pumpnickel Geothermal Project – Humboldt County – Nevada

The Company held private and federal geothermal leases comprising a total holding of 11 square miles (6,942 acres), located approximately 48 km (30 miles) east of the town of Winnemucca. During the quarter ended March 31, 2014, the Company decided not to renew all but two of its leases on the Pumpnickel properties, resulting in an impairment.

The Company has plugged and abandoned the existing thermal gradient wells in order to discontinue interest in this project and has recovered its geothermal well bonds.

TRANSACTIONS WITH RELATED PARTIES

The Group's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of the Group and consist of the Board of Directors and the executive management team.

	For the three months ended		For the nine months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Key management compensation				
Short-term employee benefits & directors fees	\$ 90,866	\$ 64,288	\$ 195,724	\$ 206,985
Consulting fees (non-executive directors)	-	-	-	-

Short-term employee benefits & directors fees consist of salaries, short-term benefits and directors fees.

Balances owing to (by) related parties:

	March 31, 2015	June 30, 2014
Key management personnel	\$ 2,203	\$ 6,533

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. The most significant areas of estimation are the following:

Estimates of the useful lives and residual values of Property and equipment and intangible assets

The Group depreciates or amortizes its Property and equipment and intangible assets over their estimated useful lives. The actual lives of these assets can vary depending on a variety of factors, including geothermal resource characteristics and management, technological innovation and maintenance programs.

Residual values are estimated as the amount the Group would currently obtain from disposal of the asset if the asset were already of the age and condition expected at the end of its useful life.

Impairment of assets

Property and equipment, intangible assets and resource property interests are assessed for indicators of impairment at the end of each reporting period. The identification of impairment indicators as well as determination of assumptions used in impairment tests involves significant judgment.

The calculation of the fair value of the asset retirement obligation

The ultimate amount of the site restoration and reclamation costs that will have to be incurred is uncertain due to uncertainty regarding the extent of the liability and the costs that will have to be incurred to settle the liability. In addition, the timing of the settlement of the obligation is uncertain.

Determining the realizable amount of deferred income tax assets

The Company has not recognized a future income tax asset in respect of its non-capital losses carried forward for tax purposes, since it is not considered probable that these deferred income tax assets will be realized.

The calculation of the fair value of warrants

The amounts included in the financial statements in respect of the Share purchase warrants, Finders' warrants and EIG warrants were calculated using a Monte Carlo simulation. The value of the warrants was determined using a Monte Carlo simulation model rather than the Black-Scholes model due to the accelerated exercise of warrants based on price, which leads to uncertainty regarding the expected life of the warrants. The Monte Carlo simulation also included inputs such as the volatility of the Company's share price and the expected dividend yield. None of these can be determined with certainty.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The standards and amendments listed below were adopted by the Company, and are effective for periods beginning on or after January 1, 2013. The adoption of the above standards did not expected to have a material effect on the Company's consolidated financial statements.

IFRS 7, Disclosures: Disclosures – Offsetting Financial Assets and Financial Liabilities (amended 2011)
IFRS 10, Consolidated Financial Statements
IFRS 11, Joint Arrangements
IFRS 12, Disclosure of Interests in Other Entities
IFRS 13, Fair Value Measurement



IAS 19, Employee Benefits (amended 2011)
IAS 27, Separate Financial Statement (amended 2011)
IAS 28, Investments in Associates (amended 2011)
IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine

Future changes in accounting policies

IFRS 9, Financial Instruments

This standard is required to be applied in periods beginning on or after January 1, 2015. The adoption thereof is not expected to have a material effect on the Company's consolidated financial statements.

IAS 32, Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

This amendment is required to be applied for annual periods beginning on or after January 1, 2014. The adoption thereof is not expected to have a material effect on the Company's consolidated financial statements.

IFRIC 21, Levies

This interpretation is effective for annual periods beginning on or after January 1, 2014. The company is currently evaluating the impact of this standard.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial instruments carried on the balance sheet include cash and cash equivalents, restricted cash, accounts receivable, available for sale financial assets, accounts payable and accrued liabilities. The fair value of the remaining instruments approximates their carrying value.

Cash equivalents include money market based investments and term deposits where maturity at inception is less than ninety days or that may be liquidated at the Company's option without significant penalty. The amounts invested are in excess of amounts protected by the Canadian and US Government deposit insurance programs. The Group does not have any hedging activities.

OUTSTANDING SHARE DATA

The Company has authorized unlimited common shares without par value, 25,000,000 first preferred shares without par value, and 25,000,000 second preferred shares without par value. Refer to Note 12 of the Condensed Consolidated Interim Financial Statements for the quarter ended March 31, 2015 for more information.

At June 30, 2014, the Company has 24,482,115 common shares, 1,818,000 stock options, and 900,000 warrants outstanding. On September 24, 2013, 3,235,000 warrants expired unexercised. On June 24, 2014, 1,650,000 stock options were issued to company executives and directors.

At March 31, 2015, the Company has 24,482,115 common shares, 1,788,000 stock options, and 900,000 warrants outstanding.

At the effective date of this MD&A, the Company has 24,982,115 common shares, 1,288,000 stock options, and 900,000 warrants outstanding. If all of these options and warrants were exercised, a total of 27,170,115 common shares would be issued and outstanding.

FORWARD LOOKING STATEMENTS AND ESTIMATES

Except for statements of fact related to the Company, certain statements made herein may constitute "Forward-Looking Statements". These include, but are not limited to, statements respecting anticipated business activities, planned expenditures, corporate strategies, and investigation and acquisition of new projects. Forward-looking



statements are frequently characterized by words such as “plan,” “expect,” “project,” “intend,” “believe,” “anticipate,” and other similar words, or statements that certain events or conditions “may” or “will” occur. Although the Company believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements. Forward looking statements are based on the beliefs, opinions and estimates of management at the date the statements are made, current expectations at that date - and these by their inherent nature entail various risks, uncertainties and other unknown factors. Consequently, there can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Some important factors that could cause actual results to differ from these forward-looking statements include those described under the heading “Risks and Uncertainties” contained immediately before this section. Therefore the reader is cautioned not to place undue reliance on forward-looking statements. Further, the Company disclaims any obligation or intention to update or to revise any forward-looking statement, whether as a result of new information, of future events, or otherwise except as may be required under applicable securities legislation.

OTHER INFORMATION

The Company's web site address is www.alternative-earth.com. A copy of this management discussion and analysis, the unaudited interim financial statements for the three and nine months ended March 31, 2015, the audited financial statements for the year ended June 30, 2014, previously published management discussions and analyses, previously published financial statements, and other information, is available on the Company's web site or on the SEDAR website at www.sedar.com. The Company is listed on the TSX Venture Exchange with the trading symbol “AER”.

APPROVAL

The Audit Committee of the Company has approved the disclosure contained in this management discussion.

DISCLAIMER

The information contained within this discussion, by its very nature, is not a thorough summary of all matters and developments concerning Alternative Earth Resources Inc. This information should be considered with all of the disclosure documents of the Company. The information contained herein is not a substitute for a detailed investigation or an analysis of any issue related to the Company. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented. Further, certain data included in this document may be historical in nature. Consequently, it may not have been verified by the Company's technical staff, and therefore it should not be relied upon.