IRVING RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the Period From Incorporation on August 28, 2015 to February 29, 2016

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Irving Resources Inc.

We have audited the accompanying consolidated financial statements of Irving Resources Inc., which comprise the consolidated statement of financial position as at February 29, 2016, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the period from incorporation as at August 28, 2015 to February 29, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Irving Resources Inc. as at February 29, 2016 and its financial performance and its cash flows for the period from incorporation on August 28, 2015 to February 29, 2016 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Irving Resources Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

June 22, 2016

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IRVING RESOURCES INC.
Consolidated Statement of Financial Position
(Expressed in Canadian Dollars)
AS AT

	February 29, 2016
ASSETS	
Current assets	
Cash	$ 698,124
Receivables (Note 6)	38,464
Prepaids	16,681
	753,269
Equipment (Note 7)	7,026
Exploration and evaluation assets (Note 8)	1,580,598
	$ 2,340,893
LIABILITIES & SHAREHOLDERS' EQUITY	
Current liabilities	
Accounts payable and accrued liabilities	$ 47,624
	47,624
Shareholders' equity	
Share Capital (Note 10)	$ 2,395,669
Reserves (Note 10)	67,846
Deficit	(170,246)
	2,293,269
	$ 2,340,893

Nature and Continuance of Operations (Note 1)
Commitments (Note 16)
Subsequent Event (Note 18)

On behalf of the Board:

"Akiko Levinson" Director *"Quinton Hennigh"* Director

The accompanying notes are an integral part of these consolidated financial statements.

IRVING RESOURCES INC.
Consolidated Statement of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
PERIOD FROM INCORPORATION ON AUGUST 28, 2015 to FEBRUARY 29, 2016

EXPENSES	
Consulting fees	$ 16,745
Depreciation	486
Directors fees	7,000
Foreign exchange loss	30,235
Insurance	1,448
Investor relations	4,532
Management fees	14,000
Office and miscellaneous	8,651
Professional fees	49,870
Regulatory fees	14,763
Salaries and benefits	18,176
Share-based compensation	2,746
Shareholder costs	425
Telephone	1,623
Transfer agent	2,467
Travel and promotion	5,890
Operating expenses	(179,057)
OTHER ITEMS	
Interest income	121
Management fee income	8,690
	8,811
Loss and comprehensive loss for the period	$ (170,246)
Basic and diluted loss per common share	$ (0.05)
Weighted average number of common shares outstanding	3,557,162

The accompanying notes are an integral part of these consolidated financial statements.

IRVING RESOURCES INC.
Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
PERIOD FROM INCORPORATION ON AUGUST 28, 2015 to FEBRUARY 29, 2016

	Number of Shares	Share Capital	Share Based Payment Reserves	Warrant Reserve	Deficit	Total Equity
Balance, August 28, 2015	-	$ -	$ -	$ -	$ -	$ -
Issuance of common share	1	1	-	-	-	1
Cancellation of incorporation share	(1)	(1)	-	-	-	(1)
Issuance of capital stock under the Arrangement	5,372,752	2,011,993	-	-	-	2,011,993
Private placement	3,255,000	390,600	-	65,100	-	455,700
Share issue costs	-	(6,924)	-	-	-	(6,924)
Share-based compensation	-	-	2,746		-	2,746
Net loss for the period	-	-	-		(170,246)	(170,246)
Balance, February 29, 2016	**8,627,752**	**$ 2,395,669**	**$ 2,746**	**$ 65,100**	**$ (170,246)**	**$ 2,293,269**

The accompanying notes are an integral part of these consolidated financial statements.

IRVING RESOURCES INC.
Consolidated Statement of Cash Flows
(Expressed in Canadian Dollars)
PERIOD FROM INCORPORATION ON AUGUST 28, 2015 to FEBRUARY 29, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Loss for the period	$ (170,246)
Adjustments	
Depreciation	486
Share-based compensation	2,746
	(167,014)
Change in non-cash working capital items:	
Receivables	(8,202)
Prepaids	(16,681)
Accounts payables and accrued liabilities	(22,015)
Net cash used in operating activities	(213,912)
CASH FLOWS FROM FINANCING ACTIVITIES	
Common shares issued	455,700
Share issue costs	(6,924)
Net cash provided by financing activities	448,776
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash received from the Arrangement	501,779
Advance in connection with the Arrangement	(350,000)
Advance repayment in in connection with the Arrangement	350,000
Exploration and evaluation assets, net of recoveries	(38,519)
Net cash provided by investing activities	463,260
Change in cash during the period	698,124
Cash, beginning of the period	-
Cash, end of the period	$ 698,124

Supplemental disclosure with respect to cash flows (Note 12)

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Irving Resources Inc. (the "Company" or "Irving") was incorporated under the Business Corporations Act (British Columbia) on August 28, 2015 under the name 1047431 B.C. Ltd. and changed its name on September 23, 2015 to Irving Resources Inc. For the period from incorporation to November 13, 2015, the Company was a wholly-owned subsidiary of Gold Canyon Resources Inc. ("Gold Canyon"). On December 23, 2015, the Company commenced trading on the Canadian Securities Exchange ("CSE") under the trading symbol "IRV". The Company's corporate office is located at Suite 810 – 609 Granville Street, Vancouver, BC V7Y 1G5. (See Note 3)

These consolidated financial statements have been prepared on a going concern basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern and meet its commitments as they become due, including completion of the acquisition, exploration and evaluation of its mineral properties, is dependent on the Company's ability to obtain the necessary financing. The financial statements do not include any adjustments to assets and liabilities should the Company be unable to continue as a going concern.

During the period ended February 29, 2016, the Company incurred an operating loss of $170,246. As at February 29, 2016, working capital was $705,645. As the Company is in the exploration stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and there is no assurance it will be able to do so in the future. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position. Adverse financial market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to both manage expenditures and to raise additional funds. Accordingly, there is material uncertainty that exists that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PREPARATION

a) Statement of Compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), applicable to the preparation of annual financial statement. The IFRS are issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies applied in these financial statements are based on IFRS issued and in effect as at year end.

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

c) Approval of the consolidated financial statements

These financial statements were reviewed by the Audit Committee and authorized for issue by the Board of Directors on June 22, 2016.

3. PLAN OF ARRANGEMENT

On November 13, 2015, Irving, Gold Canyon and First Mining Finance Corp. ("First Mining) completed a Plan of Arrangement (the "Arrangement") under the Business Corporation Act (British Columbia) that resulted in Irving holding title to various exploration properties located in Africa.

Under the Arrangement, shareholders of Gold Canyon received one common share of First Mining for each Gold Canyon share held and each Gold Canyon shareholder also received 0.03333 common shares of the Company and 0.03333 warrants of the Company for each unexercised Gold Canyon warrant held.

This resulted in the issuance of 5,372,752 common shares and 376,958 warrants of the Company. The warrants are exercisable at $0.30 until February 5, 2018. As part of the Arrangement, Gold Canyon transferred its non-gold exploration properties together with $500,000 in cash and certain other net assets owned by Gold Canyon to the Company.

(Expressed in Canadian Dollars)

3. PLAN OF ARRANGEMENT (cont'd)

In connection with the Arrangement, the Company advanced $350,000 to First Mining pursuant to the terms of the Arrangement. This amount was repaid during the period ended February 29, 2016.

The following table summarizes the recognizable consolidated assets and liabilities acquired and assumed by the Company as a result of the Arrangement:

	As at November 13, 2015
Assets	
Cash	$ 501,779
Receivables	30,262
Exploration and evaluation assets	1,525,173
Equipment	7,512
Total assets assumed	**2,064,726**
Accounts payable and accrued liabilities	**(52,733)**
Net assets assumed	**$ 2,011,993**

4. SIGNIFICANT ACCOUNTNG POLICIES

Principles of consolidation

The consolidated financial statements include the financial statements of the parent company, Irving Resources Inc., and its subsidiaries listed below:

	Jurisdiction	Nature of Operation	Equity Interest
Gold Canyon Kratz Spring, LLC ("Kratz Spring LLC") (See Note 8)	Colorado, USA	Exploration	100%
River Stone Limited ("RSL")	Malawi, Africa	Exploration	100%
Spring Stone Limited ("SSL")	Malawi, Africa	Exploration	100%
Spring Take Limited ("STL")	Tanzania, Africa	Exploration	100%
Spring Stone Mining Corporation ("SSM")	BC, Canada	Holding	100%
Spring Stone Exploration Inc.("SSE")	BC, Canada	Holding	100%

All inter-company balances and transactions have been eliminated on consolidation.

4. SIGNIFICANT ACCOUNTNG POLICIES (cont'd)

Financial instruments

Financial Assets

Financial assets are classified into one of the following categories: fair value through profit or loss, loans and receivables, available-for-sale, or held-to-maturity investments. The classification depends on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. Management determines the classification of its financial assets at initial recognition. The Company's accounting policy for each category is as follows:

(i) *Financial assets at fair value through profit or loss*
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term and are classified as current assets. Derivatives are also categorized as held for trading unless they are designated as hedges.

(ii) Loans and Receivables
These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

(iii) Available-For-Sale Investments
Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally of the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchase and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss.

4. SIGNIFICANT ACCOUNTNG POLICIES (cont'd)

Financial instruments (cont'd)

(iv) Held-to-maturity investments
The held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs.

The Company has classified its cash as fair value through profit and loss. The Company's receivables are classified as loans and receivables.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified into one of two categories:

- Fair value through profit or loss;
- Other financial liabilities.

Fair value through profit or loss

This category comprises derivatives, or liabilities, acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities

This category includes amounts accounts payable, all of which are recognized at amortized cost.

The Company classified its financial liabilities which consisted of accounts payable as other financial liabilities.

4. SIGNIFICANT ACCOUNTNG POLICIES (cont'd)

Exploration and evaluation assets – mineral properties

Pre-exploration costs
Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures
Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to acquisition costs. These direct expenditures include such costs as material used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, mineral property expenditures in respect of that project are deemed to be impaired. As a result, those mineral property expenditures, in excess of estimated recoveries, are written off to the statement of loss and comprehensive loss.

The Company assesses mineral properties for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine under construction". Mineral property assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Income taxes
Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

4. SIGNIFICANT ACCOUNTNG POLICIES (cont'd)

Income taxes (cont'd)

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a private placement to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

Share-based payment transactions

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date using the Black-Scholes option pricing model. They are recognized as an expense over the vesting periods of the options using the graded vesting model. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to share-based payment reserves for share-based compensation recorded.

When stock options are exercised, the cash proceeds along with the amount previously recorded as share-based payment reserves are recorded as share capital.

4. SIGNIFICANT ACCOUNTNG POLICIES (cont'd)

Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability-specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period which they occur.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Earning / loss per share

Basic earnings / loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of "in-the-money" stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period.

In periods that the Company reports a net loss, per share amounts are not presented on a diluted basis as the result would be anti-dilutive.

4. SIGNIFICANT ACCOUNTNG POLICIES (cont'd)

Foreign currencies

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Foreign currencies (cont'd)

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss.

Equipment

Recognition and Measurement

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable costs of acquisition required to bring the asset to the location and condition necessary to be capable of operating in a manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not amortized.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent Costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Major Maintenance and Repairs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

4. SIGNIFICANT ACCOUNTNG POLICIES (cont'd)

Equipment (cont'd…)

Gains and Losses

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

Depreciation

Depreciation is recognized in profit or loss and equipment is depreciated over their estimated useful lives using the following methods:

Computer equipment	30% declining balance
Office furniture and fixtures	20% declining balance

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

4. SIGNIFICANT ACCOUNTNG POLICIES (cont'd)

New Accounting Standards and Amendments Issued for Adoption in Future Periods

The Company is in the process of evaluating accounting standards:

Effective for periods beginning on or before January 1, 2016:

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations ("IFRS 11") has been amended to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business.

IFRS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization ("IFRS 16 and IAS 38") have been amended to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriate, and (ii) provide a rebuttable presumption for intangible assets.

Effective for annual periods beginning on or after January 1, 2017

IAS 12, ***Income Taxes***

Amendments to IAS 12 to clarify the recognition of a deferred tax asset for unrealized losses.

Effective for annual periods beginning on or after January 1, 2018:

IFRS 9, Financial Instruments – Classification and Measurement. IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 15, Revenue from Contracts with Customers: IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service.

4. SIGNIFICANT ACCOUNTNG POLICIES (cont'd)

Effective for annual periods beginning on or after January 1, 2019

IFRS 16, *Leases*

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

b) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

c) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are discussed in Note 10.

d) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

6. RECEIVABLES

The Company's receivables arise mainly from goods and services tax due from Canadian government taxation authorities and amounts recoverable from joint venture partner.

(Expressed in Canadian Dollars)

7. EQUIPMENT

	Computer equipment	Office furniture and fixtures	Total
Cost			
Balance, August 28, 2015	$ -	$ -	$ -
Additions	1,400	6,112	7,512
Balance, February 29, 2016	$ 1,400	$ 6,112	$ 7,512
Accumulated depreciation			
Balance, August 28, 2015	$ -	$ -	$ -
Additions	124	362	486
Balance, February 29, 2016	$ 124	$ 362	$ 486
Carrying amounts			
At February 29, 2016	$ 1,276	$ 5,750	$ 7,026

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

The following expenditures were incurred on the Company's exploration and evaluation assets:

Opening balance, August 28, 2015	$	-
Contributions from spinout assets November 13, 2015 (Note 3)		1,525,173
Additions		
Assays and sampling		28,607
Consulting, management and administration		62,928
Staking and claims registration		3,026
Travel and transportation		13,377
		107,938
Less: recoveries		(52,513)
		55,425
Total, exploration and evaluation assets, February 29, 2016	$	1,580,598

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and to the best of its knowledge, title to all of the assets is in good standing.

a) Tanzania Property

The Company, through its wholly owned Tanzanian subsidiary, Spring Take Limited ("STL"), was granted two Prospecting Licences ("PLs") by the Ministry of Energy and Minerals in the United Republic of Tanzania, Africa. The PLs cover certain areas in the Mpwapwa District. This project is also part of a Joint Exploration Agreement ("JEA") with Japan Oil, Gas and Metals National Corporation ("JOGMEC"). Under the JEA, the participating interest and contributions of each of the joint venture partners is 67% JOGMEC and 33% the Company.

b) Malawi Property

The Company has a Rare Earth Element ("REE") exploration project in Malawi, Africa through its wholly-owned Malawian subsidiaries and the JEA, with its joint venture participant, JOGMEC. The REE exploration is being operated by the Company's wholly-owned subsidiary, SSL. Under the JEA, the participating interest and contributions of each of the joint venture partners is 67% JOGMEC and 33% the Company.

8. EXPLORATION AND EVALUATION ASSETS (cont'd…)

The Company has an Exclusive Prospecting Licence ("EPL") granted to the joint venture by the Malawi Ministry of Natural Resources, Energy Environment for the Mulanje Project. Exploration work on the Mulanje Project has been carried out by the Company's wholly owned subsidiary, SSL, pursuant to the terms of the JEA with JOGMEC; however, the Company is not currently conducting any exploration on this property.

c) Kratz Spring Property

In December 2008, Gold Canyon acquired 53 mineral property rights located in Franklin County, Missouri, USA by paying delinquent taxes and other costs.

Gold Canyon entered into a JEA with JOGMEC on January 22, 2009, which was assigned to the Company as part of the Arrangement. Under the terms of the agreement, JOGMEC earned an 80% interest in the Kratz Spring Project by making an initial contribution of US$75,000 and reimbursed Gold Canyon for all property expenses incurred before March 31, 2009. As a result of the recovery from JOGMEC, the carrying value of the Kratz Spring property was $nil.

During the period, the Kratz Spring Property was quit claimed to a third party and the Company elected to legally dissolve Kratz Spring LLC in the State of Colorado, USA.

9. JOINT EXPLORATION ALLIANCE

The Company holds a JEA, entered into on January 22, 2009 by Gold Canyon, and assigned to Irving under the Arrangement, under which JOGMEC contributes 67% of the funding and holds a 67% option to all of the JEA projects.

The Company, as operator of the JEA, conducts REE project identification and exploration. The objective of the JEA is to identify, analyze and perform metallurgical evaluation leading to production of REEs. All the property investigation costs will be expensed as incurred until the Company assesses whether there is any future benefit of REEs and acquires the rights to the property.

(Expressed in Canadian Dollars)

10. SHAREHOLDERS' EQUITY

Authorized

Unlimited number of common shares without par value:

During the period from incorporation on August 28, 2015 to February 29, 2016, the Company:

a) Issued one (1) common share on incorporation and cancelled this one (1) common share upon completion of the Arrangement.

b) Issued 5,372,752 common shares with a value of $2,011,993 pursuant to the Arrangement (Note 3).

c) Completed a private placement offering on February 4, 2016, issuing 3,255,000 units at $0.14 per unit for gross proceeds of $455,700 pursuant to a private placement. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share until February 4, 2018 at an exercise price of $0.20 per share.

Stock options

The Company, in accordance with its stock option plan, is authorized to grant options to directors, employees and consultants, to acquire up to 10% of its issued and outstanding common stock. The exercise price of each option shall not be less than the market price of the Company's stock on the date of grant. The options can be granted for a maximum term of ten years with vesting period determined by the board of directors.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Opening balance, August 28, 2015	-	$	-
Granted	475,000		0.14
Outstanding, February 29, 2016	475,000	$	0.14

(Expressed in Canadian Dollars)

10. SHAREHOLDERS' EQUITY (cont'd…)

Stock options (cont'd…)

Stock options outstanding at February 29, 2016 are as follows:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date
475,000	-	$ 0.14	February 9, 2019

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Opening balance, August 28, 2015	-	$ -
Issued as part of the Arrangement (Note 3)	376,958	0.30
Granted	3,255,000	0.20
Outstanding, February 29, 2016	3,631,958	$ 0.21

Warrants outstanding at February 29, 2016 are as follows:

Number of Warrants	Exercise Price	Expiry Date
376,958	$ 0.30	February 5, 2018
3,255,000	0.20	February 4, 2018
3,631,958		

(Expressed in Canadian Dollars)

10. SHAREHOLDERS' EQUITY (cont'd…)

Share-based compensation

During the period from incorporation on August 28, 2015 to February 29, 2016, the Company granted 475,000 stock options to employees, directors, officers and consultants. The estimated weighted average fair value of these options is $0.08. The total amount of fair value of vested stock options amortized during the period is $2,746. This amount has been expensed as share-based compensation in the statement of loss and comprehensive loss.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the period:

Risk-free interest rate	0.34%
Expected life of options	3.0 years
Annualized volatility	100.00%
Dividend rate	0.00%
Forfeiture rate	0.00%

11. RELATED PARTY TRANSACTIONS

	Period from August 28, 2015 to February 29, 2016
Management fees	$ 26,435
Consulting fees	16,225
Directors' fees	7,000
	$ 49,660

a) Included in the management fees were fees for services provided by the President and Chief Executive Officer and Chief Financial Officer.

b) Included in consulting fees are amounts paid to independent directors for services other than their role as directors.

c) Directors' fees for services provided by the independent directors.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTION (cont'd…)

d) During the period from incorporation on August 28, 2015 to February 29, 2016, 425,000 stock options were granted to directors and officers. The total vested share-based compensation allocated to directors and officers is $2,457.

Key Management Compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

Other than disclosed above, there was no other compensation paid to key management during the period from incorporation on August 28, 2015 to February 29, 2016.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the period ended February 29, 2016:

a) Included in accounts payable and accrued liabilities are $16,906 related to deferred exploration costs.

13. SEGMENTED INFORMATION

The Company has mineral properties located geographically as follows:

As at August 28, 2015	Equipment	Exploration and evaluation assets
Canada	$ -	$ -
Africa	-	-
Total	$ -	$ -

As at February 29, 2016	Equipment	Exploration and evaluation assets
Canada	$ 7,026	$ -
Africa	-	1,580,598
Total	$ 7,026	$ 1,580,598

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at February 29, 2016, the Company's financial instruments are comprised of cash, receivables, and accounts payable and accrued liabilities. The carrying value of receivables, accounts payable and accrued liabilities approximates their fair values due to the relatively short periods to maturity of these financial instruments.

Financial instruments measured at fair value on the statement of financial position are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 698,124	-	-	$ 698,124
Total	$ 698,124	$ -	$ -	$ 698,124

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk. Management and the Board of Directors monitor risk management activities and review the adequacy of such activities.

Credit risk

Credit risk is the risk of potential loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash and receivables.

The Company's cash is held with high-credit quality financial institutions. Receivables mainly consist of goods and services tax due from the Federal Government of Canada and amounts due from joint venture partner.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations, and anticipating investing and financing activities. As at February 29, 2016, the Company had cash of $698,124 to settle current liabilities of $47,624 which have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market prices, such as interest rates and foreign exchange rates.

i) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term certificates of deposits issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks.

ii) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its mineral properties and future profitability of the Company are directly related to the market price of rare earth elements and other non-gold minerals. The Company monitors commodity prices to determine appropriate actions to be undertaken.

iii) Foreign exchange rate risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the United States by using US dollars converted from its Canadian bank accounts. Management is aware of the possibility of foreign exchange risk derived from currency conversions. The Company has not entered into any agreements or purchased any instruments to hedge possible foreign exchange rate risk at this time.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be affected by credit risk, liquidity risk or market risk.

(Expressed in Canadian Dollars)

15. CAPITAL MANAGEMENT

The Company's capital management objectives are to safeguard its ability to continue as a going concern and to have sufficient capital to be able to meet the Company's property exploration plans and to ensure the growth of activities.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is in the exploration stage; as such the Company will rely on the equity markets to fund its activities. The Company will continue to assess new sources of financing available and to manage its expenditures to reflect current financial resources in the interest of sustaining long term viability.

16. COMMITMENTS

The Company has a five year office lease agreement expiring August 31, 2020. The lease payments will be as follows:

2016	$	29,154
2017		29,486
2018		30,149
2019		30,481
2020		15,241
	$	134,511

17. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2016
Loss for the year	$	(170,426)
Expected income tax (recovery)	$	(44,000)
Change in statutory, foreign tax, foreign exchange rates and other		(1,000)
Permanent difference		1,000
Share issue cost		(2,000)
Change in unrecognized deductible temporary differences		46,000
Total income tax expense (recovery)	$	-

(Expressed in Canadian Dollars)

17. INCOME TAXES (cont'd…)

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

		2016
Deferred Tax Assets		
Share issue costs	$	2,000
Non-capital losses available for future period		44,000
		46,000
Unrecognized deferred tax assets		(46,000)
Net deferred tax assets	$	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

		2016		2015	Expiry Dates
Temporary Differences					
Share issue costs	$	6,000	$	-	2017 - 2021
Non-capital losses available for future period		169,000		-	2022 - 2036
Canada		163,000		-	2036
Malawi		6,000		-	2022

Tax attributes are subject to review, and potential adjustment, by tax authorities.

18. SUBSEQUENT EVENT

On June 21, 2016, the Company completed a private placement issuing 5,830,000 units at a price of $0.14 per unit for gross proceeds of $816,200. Each unit consists of one common share and one share purchase warrant with each warrant exercisable into one common share at a price of $0.20 expiring two years from the date of closing.