IRVING RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MAY 31, 2016

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim consolidated financial statements of the Company for the period ended May 31, 2016 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards.

These condensed interim unaudited interim consolidated financial statements have been prepared by and are the responsibility of the Company's management and approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these financial statements.

IRVING RESOURCES INC.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars - Unaudited)
AS AT

	May 31, 2016	February 29, 2016
ASSETS		
Current assets		
Cash	$ 673,451	$ 698,124
Receivables (Note 6)	5,842	38,464
Prepaids	23,720	16,681
	703,013	753,269
Equipment (Note 7)	6,640	7,026
Exploration and evaluation assets (Note 8)	1,607,353	1,580,598
	$ 2,317,006	$ 2,340,893
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 114,013	$ 47,624
	114,013	47,624
Shareholders' equity		
Share Capital (Note 10)	$ 2,395,669	$ 2,395,669
Reserves (Note 10)	80,476	67,846
Deficit	(273,152)	(170,246)
	2,202,993	2,293,269
	$ 2,317,006	$ 2,340,893

Nature and Continuance of Operations (Note 1)
Commitments (Note 16)
Subsequent Events (Note 17)

On behalf of the Board:

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

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

IRVING RESOURCES INC.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars – Unaudited)

	Three Months Ended May 31, 2016	Three Months Ended May 31, 2015
EXPENSES		
Consulting fees	$ 6,815	$ -
Depreciation	386	-
Foreign exchange loss	8,884	-
Insurance	4,923	-
Investor relations	1,781	-
Management fees	12,000	-
Office and miscellaneous	10,362	-
Professional fees	9,123	-
Regulatory fees	1,792	-
Salaries and benefits	23,922	-
Share-based compensation	12,630	-
Telephone	1,265	-
Transfer agent	1,835	-
Travel and promotion	12,412	-
Operating expenses	(108,130)	-
OTHER ITEMS		
Interest income	735	-
Management fee income	4,489	-
	5,224	-
Loss and comprehensive loss for the period	$ (102,906)	$ -
Basic and diluted loss per common share	$ (0.03)	$ -
Weighted average number of common shares outstanding	3,557,162	-

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

IRVING RESOURCES INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars - Unaudited)

	Number of Shares	Share Capital	Share Based Payment Reserves	Warrant Reserve	Deficit	Total Equity
Balance, February 29, 2015	-	$ -	**$** -	$ -	$ -	$ -
	-	-	-	-	-	-
Balance, May 31, 2015	-	$ -	**$** -	$ -	$ -	$ -
Balance, February 29, 2016	**8,627,752**	**$ 2,395,669**	**$ 2,746**	**$ 65,100**	**$ (170,246)**	**$ 2,293,269**
Share-based compensation	-	-	12,630	-	-	12,630
Net loss for the period	-	-	-	-	(102,906)	(102,906)
Balance, May 31, 2016	**8,627,752**	**$ 2,395,669**	**$ 15,376**	**$ 65,100**	**$ (273,152)**	**$ 2,202,993**

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

IRVING RESOURCES INC.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

	Three Months Ended May 31, 2016	Three Months Ended May 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (102,906)	$ -
Adjustments		
Depreciation	386	-
Share-based compensation	12,630	-
	(89,890)	-
Change in non-cash working capital items:		
Receivables	32,622	-
Prepaids	(7,039)	-
Accounts payables and accrued liabilities	55,771	-
Net cash used in operating activities	(8,536)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets, net of recoveries	(16,137)	-
Net cash provided by investing activities	(16,137)	-
Change in cash during the period	(24,673)	-
Cash, beginning of the period	698,124	-
Cash, end of the period	$ 673,451	$ -

Supplemental disclosure with respect to cash flows (Note 12)

The accompanying notes are an integral part of these interim 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 condensed interim 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 three months ended May 31, 2016, the Company incurred an operating loss of $102,906. As at May 31, 2016, working capital was $589,000. 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 condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting under International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements but do not contain all of the information required for full annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's annual financial statements for the year ended February 29, 2016.

b) Basis of Measurement

These condensed interim 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 condensed interim consolidated financial statements

These condensed interim financial statements were reviewed by the Audit Committee and authorized for issue by the Board of Directors on August 2, 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 - Unaudited)

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 condensed interim 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
Irving Resources Japan GK ("Irving GK")	Japan	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)

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*.

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.

New Accounting Standards and Amendments Issued for Adoption in Future Periods

The Company is in the process of evaluating accounting standards:

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 - Unaudited)

7. EQUIPMENT

	Computer equipment	Office furniture and fixtures	Total
Cost			
Balance, February 29, 2016	$ 1,400	$ 6,112	$ 7,512
Additions	-	-	-
Balance, May 31, 2016	$ 1,400	$ 6,112	$ 7,512
Accumulated depreciation			
Balance, February 29, 2016	$ 124	$ 362	$ 486
Additions	96	290	386
Balance, May 31, 2016	$ 220	$ 652	$ 872
Carrying amounts			
At February 29, 2016	$ 1,276	$ 5,750	$ 7,026
At May 31, 2016	$ 1,180	$ 5,460	$ 6,640

(Expressed in Canadian Dollars - Unaudited)

8. EXPLORATION AND EVALUATION ASSETS

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

Three months ended May 31, 2016		
Opening balance, February 29, 2016	$	1,580,598
Additions		
Consulting, management and administration		39,728
Staking and claims registration		25,665
Travel and transportation		19,215
		84,608
Less: recoveries		(57,853)
		26,755
Total, exploration and evaluation assets, May 31, 2016	$	1,607,353

Period from incorporation on August 28, 2015 to February 29, 2016		
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

8. EXPLORATION AND EVALUATIONS ASSETS (cont'd)

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.

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.

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 - Unaudited)

10. SHAREHOLDERS' EQUITY

Authorized

Unlimited number of common shares without par value:

The Company did not issue any common shares during the three months ended May 31, 2016.

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
Balance, February 29, 2016 and May 31, 2016	475,000	$	0.14

(Expressed in Canadian Dollars - Unaudited)

10. SHAREHOLDERS' EQUITY (cont'd…)

Stock options (cont'd…)

Stock options outstanding at May 31, 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 and May 31, 2016	3,631,958	$ 0.21

Warrants outstanding at May 31, 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 - Unaudited)

10. SHAREHOLDERS' EQUITY (cont'd…)

Share-based compensation

The Company granted nil (period from incorporation on August 28, 2015 to February 29, 2016 – 475,000) stock options to employees, directors, officers and consultants. The estimated weighted average fair value of these options is $Nil (period from incorporation on August 28, 2015 to February 29, 20165 - $0.08). The total amount of fair value of vested stock options amortized during the period is $12,630 (period from incorporation of August 28, 2015 to February 29, 2016 - $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:

	Three Months Ended May 31, 2016	Period from Incorporation on August 28, 2015 to February 29, 2016
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

	Three Months Ended May 31, 2016	Three Months Ended May 31, 2015
Management fees	$ 33,561	$ -
Consulting fees	6,000	-
	$ 39,561	**$ -**

11. RELATED PARTY TRANSACTION (cont'd…)

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) During current period nil (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 $11,301 (period from incorporation on August 28, 2015 to February 29, 2016 - $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 three months ended May 31, 2016 and 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 May 31, 2016:

a) Included in accounts payable and accrued liabilities are $27,524 related to deferred exploration costs.

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.

(Expressed in Canadian Dollars - Unaudited)

13. SEGMENTED INFORMATION

The Company has mineral properties located geographically as follows:

As at May 31, 2016		Equipment		Exploration and evaluation assets
Canada	$	6,640	$	-
Africa		-		1,607,353
Total	$	6,640	$	1,607,353

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 May 31, 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	$ 673,451	-	-	$ 673,451
Total	$ 673,451	$ -	$ -	$ 673,451

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

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.

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 May 31, 2016, the Company had cash of $673,451 to settle current liabilities of $114,013 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.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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.

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	$ 21,865
2017	29,486
2018	30,149
2019	30,481
2020	15,241
	$ 127,222

17. SUBSEQUENT EVENTS

a) 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 per share expiring June 21, 2018.

b) On July 5, 2016, the Company announced it entered into a new Project Venture Agreement ("PVA") with JOGMEC in the Republic of Madagascar. The participating interest and contributions of each of the joint venture partners are 90% JOGMEC and 10% the Company, with the Company having an option to increase its participating interest up to 33% with the reimbursement to JOGMEC of a corresponding percentage of the costs incurred on the project. In conjunction with the PVA, the Company has incorporated a joint venture subsidiary in Madagascar named, "New River Stone Ltd".