IRVING RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED NOVEMBER 30, 2016

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financials of Irving Resources Inc. 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

	November 30, 2016	February 29, 2016
ASSETS		
Current assets		
Cash	$ 7,145,178	$ 698,124
Receivables (Note 6)	18,274	38,464
Prepaids	2,441	16,681
	7,165,893	753,269
Equipment (Note 7)	5,871	7,026
Exploration and evaluation assets (Note 8)	2,047,172	1,580,598
	$ 9,218,936	$ 2,340,893
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 101,291	$ 47,624
	101,291	47,624
Shareholders' equity		
Share Capital (Note 10)	$ 9,623,016	$ 2,395,669
Reserves (Note 10)	99,683	67,846
Deficit	(605,054)	(170,246)
	9,117,645	2,293,269
	$ 9,218,936	$ 2,340,893

Nature and Continuance of Operations (Note 1)
Commitments (Note 16)

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 November 30, 2016	Three Months Ended November 30, 2015	Nine Months Ended November 30, 2016	Period from Incorporation on August 28, 2015 to November 30, 2015
EXPENSES				
Consulting fees	$ 26,379	$ 2,155	$ 49,967	$ 2,155
Depreciation	382	-	1,155	-
Directors fees	-	1,000	-	1,000
Foreign exchange (gain)loss	(18,342)	245	1,283	245
Insurance	3,475	-	11,873	-
Investor relations	7,472	-	12,156	-
Management fees	12,000	2,000	36,000	2,000
Office and miscellaneous	10,094	265	29,621	265
Professional fees	14,108	-	51,286	-
Property investigation	1,666	-	1,666	-
Regulatory fees	1,670	-	9,669	-
Salaries and benefits	27,809	3,445	81,347	3,445
Shareholder costs	701	-	18,153	-
Share-based compensation	61,199	-	84,810	-
Telephone	1,473	188	3,731	188
Transfer agent	2,028	-	4,897	-
Travel and promotion	14,750	-	48,387	-
Operating expenses	(166,864)	9,298	(446,001)	9,298
OTHER ITEMS				
Interest income	1,756	-	3,350	-
Management fee income	2,104	-	7,843	-
	3,863	-	11,193	-
Loss and comprehensive loss for the period	$ (163,001)	$ 9,298	$ (434,808)	$ 9,298
Basic and diluted loss per common share	$ (0.01)	$ (0.00)	$ (0.03)	$ (0.00)
Weighted average number of common shares outstanding	19,793,775	1,003,701	14,004,545	961,440

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, August 28, 2015	-	$ -	**$** -	$ -	$ -	$ -
Issuance of common share	1	1	-	-	-	1
Cancellation of incorporation share	(1)	(1)	-	-	-	(1)
Contribution from Gold Canyon (Note 3)	5,372,752	1,985,049	-	-	-	1,985,049
Net loss from the period	-	-	-	-	(9,298)	(9,298)
Balance, November 30, 2015	5,372,752	$ 1,985,049	**$** -	$ -	$ (9,298)	$ 2,029,492
Balance, February 29, 2016	**8,627,752**	**$ 2,395,669**	**$ 2,746**	**$ 65,100**	**$ (170,246)**	**$ 2,293,269**
Private placements	20,470,988	6,672,595	-	-	-	6,672,595
Share issue costs	-	(27,888)	-	-	-	(27,888)
Exercise of warrants	2,625,000	575,100	-	(50,100)	-	525,000
Exercise of stock options	33,333	7,540	(2,873)	-	-	4,667
Share-based compensation	-	-	84,810	-	-	84,810
Net loss for the period	-	-	-	-	(434,808)	(434,808)
Balance, November 30, 2016	**31,757,073**	**$ 9,623,016**	**$ 84,683**	**$ 15,000**	**$ (605,054)**	**$ 9,117,645**

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)

	Nine Months Ended November 30, 2016	Period From Incorporation on August 28, 2015 to November 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (434,808)	$ (9,298)
Adjustments		
Depreciation	1,155	-
Share-based compensation	84,810	-
	(348,843)	(9,298)
Change in non-cash working capital items:		
Receivables	20,190	(334,604)
Prepaids	14,240	(17,00)
Accounts payable and accrued liabilities	56,917	(4,155)
Amounts due to related parties	-	1,000
Net cash used in operating activities	(247,496)	(364,057)
CASH FLOWS FROM FINANCING ACTIVITIES		
Common shares issued	7,202,262	-
Share issue costs	(27,888)	-
Net cash provided by financing activities	7,174,374	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Contribution from Gold Ganyon	-	500,000
Exploration and evaluation assets, net of recoveries	(469,824)	6,241
Net cash provided by investing activities	(469,824)	506,241
Change in cash during the period	6,447,054	142,184
Cash, beginning of the period	698,124	-
Cash, end of the period	$ 7,145,178	$ 142,184

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 nine months ended November 30, 2016, the Company incurred an operating loss of $434,808. As at November 30, 2016, working capital was $7,064,602. 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 January 27, 2017.

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%
New River Stone Limited ("NRSL")	Madagascar	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, 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, August 28, 2015	$ -	$ -	$ -
Additions	1,400	6,112	7,512
Balance, February 29, 2016	$ 1,400	$ 6,112	$ 7,512
Additions	-	-	-
Balance, November 30, 2016	$ 1,400	$ 6,112	$ 7,512
Accumulated depreciation			
Balance, August 28, 2015	$ -	$ -	$ -
Additions	124	362	486
Balance, February 29, 2016	$ 124	$ 362	$ 486
Additions	288	867	1,155
Balance, November 30, 2016	$ 412	$ 1,229	$ 1,641
Carrying amounts			
At February 29, 2016	$ 1,276	$ 5,750	$ 7,026
At November 30, 2016	$ 988	$ 4,883	$ 5,871

(Expressed in Canadian Dollars - Unaudited)

8. EXPLORATION AND EVALUATION ASSETS

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

Nine months ended November 30, 2016	Africa Properties	Japan Properties	Total
Opening balance, February 29, 2016	$ 1,580,598	$ -	$ 1,580,598
Additions:			
Acquisition costs	-	246,400	246,400
Assays and sampling	-	9,801	9,801
Consulting, management and administration	59,468	63,011	122,479
Materials and supplies	-	6,595	6,595
Staking and claims registration	25,864	69,317	95,181
Travel and transportation	19,335	39,483	58,818
	104,667	434,607	539,274
Less: recoveries	(72,700)	-	(72,700)
	31,997	434,607	466,574
Total, exploration and evaluation assets, November 30, 2016	$ 1,612,565	$ 434,607	$ 2,047,172

Period from incorporation on August 28, 2015 to February 29, 2016	Africa Properties	Japan Properties	Total
Opening balance, August 28, 2015	$ -	$ -	$ -
Contributions from spinout assets November 13, 2015 (Note 3)	1,525,173	-	1,525,173
Additions:			
Assays and sampling	28,607	-	28,607
Consulting, management and administration	62,928	-	62,928
Staking and claims registration	3,026	-	3,026
Travel and transportation	13,377	-	13,377
	107,938	-	107,938
Less: recoveries	(52,513)	-	(52,513)
	55,425	-	55,425
Total, exploration and evaluation assets, February 29, 2016	$ 1,580,598	$ -	$ 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"), has been granted four 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. Effective April 1, 2016, the Company elected to dilute its participation by not contributing further funds to the project.

c) Japan Properties

Rubeshibe Property

The Company filed for mineral prospecting licenses for 56 contiguous claims to explore for gold and other metals in an area called Rubeshibe in Hokkaido, Japan. The claims, known as the Rubeshibe Property, cover an area of 188.8 sq km.

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

Omui Property

The Company entered into an agreement to purchase a 100% interest in a mining right for the Omui Property located in Hokkaido, Japan. The mining right encompasses an area of approximately 298 hectares. The total purchase price for the mining right is JPY40,000,000 cash (approximately CAD $514,000) and JPY10,000,000 (approximately CAD $128,500) worth of the Company's common shares. During the period, the Company paid JPY20,000,000 cash (CAD 246,400) towards the acquisition of this agreement. The balance will be due upon completion of the registration of transfer of the Mining Right.

The Company has also filed 17 prospecting licenses covering an additional 58.20 sq km of prospective ground in the vicinity of the Omui mine.

9. JOINT VENTURES

a) 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.

b) Project Venture Agreement

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".

10. SHAREHOLDERS' EQUITY

Authorized

Unlimited number of common shares without par value:

During the nine months ended November 30, 2016, the Company:

a) Completed a private placement offering on November 22, 2016, issuing 1,350,000 units at $0.40 per unit for gross proceeds of $540,000. Each unit consists of one common share and one-half of a share purchase warrant. Each whole warrant is exercisable for one common share until November 22, 2019 at a price of $0.55 per share.

b) Completed a private placement offering on November 10, 2016, issuing 13,290,988 units at $0.40 per unit for gross proceeds of $5,316,395. Each unit consists of one common share and one-half of a share purchase warrant. Each whole warrant is exercisable for one common share until November 10, 2019 at a price of $0.55 per share.

c) Completed a private placement offering on June 21, 2016, issuing 5,830,000 units at $0.14 per unit for gross proceeds of $816,200. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share until June 21, 2018 at an exercise price of $0.20 per share.

d) Issued 2,625,000 common shares for gross proceeds of $525,000 pursuant to the exercise of warrants at $0.20 per share. The Company reallocated the residual value of these warrants previously recorded in the amount of $50,100 from reserves to share capital.

e) Issued 33,333 common shares for gross proceeds of $4,667 pursuant to the exercise of stock options at $0.14 per share. The Company reallocated the fair value of these stock options previously recorded in the amount of $2,873 from reserves to share capital.

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.

(Expressed in Canadian Dollars - Unaudited)

10. SHAREHOLDERS' EQUITY (cont'd…)

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
Granted	1,330,000	0.41
Exercised	(33,333)	0.14
Outstanding, November 30, 2016	1,771,667	$ 0.34

Stock options outstanding at November 30, 2016 are as follows:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date
441,667	125,000	$ 0.14	February 9, 2019
1,130,000	-	0.40	October 3, 2019
200,000	-	0.45	November 23, 2019
1,771,667	125,000		

(Expressed in Canadian Dollars - Unaudited)

10. SHAREHOLDERS' EQUITY (cont'd…)

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
Granted	13,150,494	0.39
Exercised	(2,625,000)	0.20
Outstanding, November 30, 2016	14,157,452	$ 0.38

Warrants outstanding at November 30, 2016 are as follows:

Number of Warrants	Exercise Price	Expiry Date
750,000	$ 0.20	February 4, 2018
376,958	0.30	February 5, 2018
5,710,000	0.20	June 21, 2018
6,645,494	0.55	November 10, 2019 (A)
675,000	0.55	November 22, 2019 (A)
14,157,452		

(A) The warrants are subject to an accelerated exercise provision in event that the daily high trading price exceeds $1.00 for a period of 20 days.

(Expressed in Canadian Dollars - Unaudited)

10. SHAREHOLDERS' EQUITY (cont'd…)

Share-based compensation

The Company granted 1,330,000 (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 $0.25 (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 $84,810 (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:

	Nine Months Ended November 30, 2016	Period from Incorporation on August 28, 2015 to February 29, 2016
Risk-free interest rate	0.53% ~ 0.74%	0.34%
Expected life of options	3.0 years	3.0 years
Annualized volatility	100.00%	100.00%
Dividend rate	0.00%	0.00%
Forfeiture rate	0.00%	0.00%

11. RELATED PARTY TRANSACTIONS

	Nine Months Ended November 30, 2016	Period from August 28, 2015 to November 30, 2015
Management fees	$ 96,690	$ 4,565
Consulting fees	26,000	1,975
Director fees	-	1,000
	$ 122,690	**$ 7,540**

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 700,000 (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 $59,786 (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 nine months ended November 30, 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 November 30, 2016:

a) Included in accounts payable and accrued liabilities are $13,656 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 November 30, 2016		Cash		Equipment		Exploration and evaluation assets
Canada	$	5,931,606	$	5,871	$	-
Africa		3,538		-		1,612,565
Japan		1,210,034		-		434,607
Total	$	7,145,178	$	5,871	$	2,047,172

As at February 29, 2016		Cash		Equipment		Exploration and evaluation assets
Canada	$	696,555	$	7,026	$	-
Africa		1,569		-		1,580,598
Japan		-		-		-
Total	$	698,124	$	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 November 30, 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.

(Expressed in Canadian Dollars - Unaudited)

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

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	$ 7,145,178	-	-	$ 7,145,178
Total	$ 7,145,178	$ -	$ -	$ 7,1451,78

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 November 30, 2016, the Company had cash of $7,145,178 to settle current liabilities of $101,291 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.

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

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 by using US Dollars and Japanese Yen 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.

(Expressed in Canadian Dollars - Unaudited)

16. COMMITMENTS

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

2016	$	7,288
2017		29,486
2018		30,149
2019		30,481
2020		15,241
	$	112,645