IRVING RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MAY 31, 2018

(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)
AS AT

	May 31, 2018	February 28, 2018
ASSETS		
Current assets		
Cash	$ 4,506,310	$ 4,389,894
Receivables (Note 6)	17,394	12,963
Prepaids	21,955	28,219
	4,545,659	4,431,076
Equipment (Note 7)	578	625
Exploration and evaluation assets (Note 8)	4,238,071	4,199,273
Prepaids	23,853	23,654
	$ 8,808,161	$ 8,654,628
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 111,321	$ 179,680
	111,321	179,680
Shareholders' equity		
Share Capital (Note 10)	10,677,855	10,278,457
Reserves (Note 10)	853,868	737,508
Deficit	(2,834,883)	(2,541,017)
	8,696,840	8,474,948
	$ 8,808,161	$ 8,654,628

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)

	Three months May 31, 2018	Three months May 31, 2017
EXPENSES		
Consulting fees	$ 21,246	$ 15,338
Depreciation	47	299
Foreign exchange loss(gain)	(13,555)	(28,496)
Insurance	3,500	3,575
Investor relations	12,712	10,281
Management fees	18,000	12,000
Office and miscellaneous	21,004	16,138
Professional fees	33,880	27,013
Property investigation	7,744	28,759
Regulatory fees	1,950	1,500
Salaries and benefits	27,934	28,823
Share-based compensation	124,695	75,086
Telephone	1,558	950
Transfer agent	1,865	1,554
Travel and promotion	50,870	36,588
Operating expenses	(313,450)	(229,408)
Interest income	8,050	9,324
Management fee income	11,534	8,721
Loss on sale of asset	-	(4,368)
	(19,584)	13,677
Loss and comprehensive loss for the period	$ (293,866)	$ (215,731)
Basic and diluted loss per common share	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	34,171,280	31,871,565

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)

	Number of Shares	Share Capital	Share Based Payment Reserves	Warrant Reserves	Deficit	Total Equity
Balance, February 29, 2017	**31,840,406**	**$ 9,640,555**	**$ 187,643**	**$ 15,000**	**$ (918,416)**	**$ 8,924,782**
Exercise of stock options	50,000	32,332	(12,332)	-	-	20,000
Share-based compensation	-	-	75,086	-	-	75,086
Net loss for the period	-	-	-	-	(215,731)	(215,731)
Balance, May 31, 2017	**31,890,406**	**$ 9,672,887**	**$ 250,397**	**$ 15,000**	**$ (1,134,147)**	**$ 8,804,137**
Balance, February 28, 2018	**33,511,878**	**$ 10,278,457**	**$ 737,508**	**$ -**	**$ (2,541,017)**	**$ 8,474,948**
Exercise of warrants	1,808,750	377,063	-	-	-	377,063
Exercise of stock options	100,000	22,335	(8,335)	-	-	14,000
Share-based compensation	-	-	124,695	-	-	124,695
Net loss for the period	-	-	-	-	(293,866)	(293,866)
Balance, May 31, 2018	**35,420,628**	**$ 10,677,855**	**$ 853,868**	**$ -**	**$ (2,834,883)**	**$ 8,696,840**

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)

	Three months ended May 31, 2018	Three months ended May 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (293,866)	$ (215,731)
Adjustments		
Depreciation	47	299
Share-based compensation	124,695	75,086
Loss on sale of asset	-	4,368
Change in non-cash working capital items:		
Receivables	(4,431)	(7,699)
Prepaids	6,065	(3,910)
Accounts payable and accrued liabilities	1,156	(4,217)
Net cash used in operating activities	(166,334)	(151,804)
CASH FLOWS FROM FINANCING ACTIVITIES		
Common shares issued	391,063	20,000
Net cash provided by financing activities	391,063	20,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets, net of recoveries	(108,813)	(101,044)
Net cash used in investing activities	(108,813)	(101,044)
Change in cash during the period	116,416	(232,848)
Cash, beginning of the year	4,389,894	6,591,461
Cash, end of the period	$ 4,506,310	$ 6,358,613

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 999 Canada Place, Suite 404, Vancouver, BC V6C 3E2.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As at May 31, 2018, the Company had working capital of $4,434,338 (February 28, 2018 – $4,251,396). Management estimates these funds are sufficient to meet its immediate liquidity requirements as well as those for the next twelve months.

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 28, 2018.

b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost 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 consolidated financial statements were reviewed by the Audit Committee and authorized for issue by the Board of Directors on July 25, 2018.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING 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. During the year ended February 28, 2018, RSL was dissolved.

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.

4. RECENT ACCOUNTING PRONOUCEMENTS

New Accounting Standards

The following new standards, amendments to standards and interpretations have been issued. The Company anticipates that the application of these standards, amendments and interpretations will not have a material impact on the results and financial position of the Company:

4. RECENT ACCOUNTNG PRONOUNCEMENTS (cont'd)

IFRS 9*, Financial Instruments – Classification and Measurement.*

IFRS 9 is a new standard on financial instruments that replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 retains, but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption still permitted. The Company has adopted the standard and accordingly, the new standard had no impact on its consolidated financial statements.

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. The Company has not yet completed the process of assessing the impact that IFRS 16 will have on its consolidated financial statements or whether to early adopt this new requirement.

There are no other IRFS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

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:

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

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.

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.

(Expressed in Canadian Dollars)

6. RECEIVABLES

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

7. EQUIPMENT

	Computer equipment	Office furniture and fixtures	Total
Cost			
Balance, February 29, 2017	$ 1,400	$ 6,112	$ 7,512
Additions	-	-	-
Disposals	-	(6,112)	(6,112)
Balance, February 28, 2018	$ 1,400	$ -	$ 1,400
Additions	-	-	-
Balance, May 31, 2018	$ 1,400	$ -	$ 1,400
Accumulated depreciation			
Balance, February 29, 2017	$ 507	$ 1 ,512	$ 2,019
Additions	268	232	500
Disposals	-	(1,744)	(1,744)
Balance, February 28, 2018	$ 775	$ -	$ 775
Additions	47	-	47
Balance, May 31, 2018	$ 822	$ -	$ 822
Carrying amounts			
At February 28, 2018	$ 625	$ -	$ 625
At May 31, 2018	$ 578	$ -	$ 578

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

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

Period ended May 31, 2018	Africa Properties	Japan Properties	Total
Opening balance, February 28, 2018	$ 1,514,751	$ 2,684,522	$ 4,199,273
Additions:			
Acquisition costs	-	893	893
Consulting, management and administration	-	26,652	26,652
Materials and supplies	9,944	8,055	17,998
Staking and claims registration	2,305	1,545	3,850
Travel and transportation	-	1,641	1,641
	12,248	38,786	51,034
Less: recoveries	(12,236)	-	(12,236)
Total deferred exploration costs	12	38,786	38,798
Total, exploration and evaluation assets, May 31, 2018	$ 1,514,764	$ 2,723,308	$ 4,238,071

Year ended February 28, 2018	Africa Properties	Japan Properties	Total
Opening balance, February 29, 2017	$ 1,760,488	$ 712,707	$ 2,473,195
Additions:			
Acquisition costs	-	605,555	605,555
Assays and sampling	31,329	144,573	175,902
Consulting, management and administration	57,424	1,091,472	1,148,896
Materials and supplies	-	8,088	8,088
Staking and claims registration	9,803	93,719	103,522
Travel and transportation	4,718	28,408	33,126
	103,274	1,971,815	2,075,089
Less: recoveries	(103,142)	-	(103,142)
Total deferred exploration costs	132	1,971,815	1,971,947
Less: write-off of deferred exploration costs	(245,869)	-	(245,869)
Total, exploration and evaluation assets, February 28, 2018	$ 1,514,751	$ 2,684,522	$ 4,199,273

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) Japan Properties

Omu 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 2.98 sq km. The total purchase price for the mining right is JPY40,000,000 cash (CAD $477,000) and JPY10,000,000 (CAD $118,100) worth of the Company's common shares. During the year ended February 28, 2017, the Company paid JPY20,000,000 cash (CAD $245,000) towards the acquisition of this agreement. During the year ended February 28, 2018, the balance of JPY20,000,000 cash (CAD $232,000) was paid upon commencement of the definitive registration procedure of the transfer of the mining right and 135,747 common shares of the Company were issued at a value of $118,100 upon completion of the registration of the transfer of the mining right.

The Company has also filed at total of 50 prospecting licenses covering additional prospective ground in the vicinity of the Omui Property.

The Company purchased a total of 0.80 sq km of surface rights covering an area over the Omui Property for the total purchase price of JPY28,569,734 (CAD$339,821).

The Company entered into long-term leases of surface rights covering a total area of 1.19 sq km in an area over the Omui Property. The total costs for the initial five-year period is JPY10,302,140 (CAD$124,796). The leases are for a five-year term and can be extended for up to three additional five-year periods. Included in long-term prepaids are the refundable deposits associated with these long-term leases.

Utanobori Property

The Company filed for 38 mineral prospecting licenses at the Utanobori mining centre.

Sado Island Property

The Company filed for 25 mineral prospecting licenses covering a prospective area on Sado Island, Japan.

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

Rubeshibe Property

The Company filed for 56 mineral prospecting licenses covering a prospective area of gold and other metals in an area called Rubeshibe in Hokkaido, Japan.

Eniwa Property

The Company filed for 20 mineral prospecting licenses covering a prospective area in Hokkaido, Japan.

b) Tanzania Property

The Company, through its wholly-owned Tanzanian subsidiary, Spring Take Limited ("STL"), was granted four Prospecting Licences ("PLs") by the Ministry of Energy and Minerals in the United Republic of Tanzania, Africa. The PLs covered 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"). During the period, the Company elected to surrender the final PLs. During the year ended February 28, 2018, the Company wrote-off the deferred exploration costs related to these PLs.

c) 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 initial 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.

9. JOINT VENTURES

a) Joint Exploration Alliance

The Company holds a JEA 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 May 9, 2016 and amended on October 31, 2016, the Company entered into a 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 period ended May 31, 2018, the Company:

a) Issued 100,000 common shares for gross proceeds of $14,000 pursuant to the exercise of stock options. The Company reallocated the fair value of these stock options previously recorded in the amount of $8,335 from reserves to share capital.

b) Issued 1,808,750 common shares for gross proceeds of $377,063 pursuant to the exercise of warrants. The Company reallocated the fair value of these warrants previously recorded in the amount of $Nil from reserves to share capital.

(Expressed in Canadian Dollars)

10. SHAREHOLDERS' EQUITY (cont'd…)

During the year ended February 28, 2018, the Company:

a) Issued 321,667 common shares for gross proceeds of $97,333 pursuant to the exercise of stock options. The Company reallocated the fair value of these stock options previously recorded in the amount of $57,939 from reserves to share capital.

b) Issued 1,214,058 common shares for gross proceeds of $349,530 pursuant to the exercise of warrants. The Company reallocated the fair value of these warrants previously recorded in the amount of $15,000 from reserves to share capital.

c) Issued 135,747 common shares valued at $118,100 to an individual pursuant to the terms of a mineral property agreement on the Omui Property. See Note 8.

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, February 28, 2017	1,738,334	$	0.34
Granted	1,225,000		0.99
Exercised	(321,667)		0.30
Outstanding, February 28, 2018	2,641,667		0.65
Exercised	(100,000)		0.14
Outstanding, May 31, 2018	2,541,667	$	0.67

(Expressed in Canadian Dollars)

10. SHAREHOLDERS' EQUITY (cont'd…)

Stock options (cont'd…)

Stock options outstanding at May 31, 2018 are as follows:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date
175,000	175,000	$ 0.14	February 9, 2019
1,008,334	1,008,334	0.40	October 3, 2019
133,333	133,333	0.45	November 23, 2019
1,175,000	391,666	1.00	September 6, 2020
50,000	16,666	0.83	November 6, 2020
2,541,667	1,724,999		

Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Opening balance, February 28, 2017	14,107,452	$ 0.38
Exercised	(1,214,058)	0.29
Expired	(154,150)	0.30
Outstanding, February 28, 2018	12,739,244	0.39
Exercised	(1,808,750)	0.21
Outstanding, May 31, 2018	10,930,494	$ 0.43

(Expressed in Canadian Dollars)

10. SHAREHOLDERS' EQUITY (cont'd…)

Warrants (cont'd…)

Warrants outstanding at May 31, 2018 are as follows:

Number of Warrants	Exercise Price	Expiry Date
3,895,000	$ 0.20	June 21, 2018*
6,454,244	0.55	November 10, 2019
581,250	0.55	November 22, 2019
10,930,494		

* Subsequent to May 31, 2018, these warrants were fully exercised

Share-based compensation

During the period, the Company did not grant any stock options to employees, directors, officers and consultants (2017 – Nil). The estimated weighted average fair value of these options is Nil (2017 - Nil). The total amount of fair value of vested stock options amortized during the period is $124,695 (2017 - $75,086). 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, 2018	Year ended February 28, 2018
Risk-free interest rate	-	1.51%
Expected life of options	-	3.0 years
Annualized volatility	-	100.00%
Dividend rate	-	0.00%
Forfeiture rate	-	0.00%

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

	Three months ended May 31, 2018	Three months ended May 31, 2017
Management fees	$ 42,900	$ 35,190
Consulting fees	21,104	12,614
Property investigation	257	-
	$ 64,261	**$ 47,804**

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) Included in office and miscellaneous is $Nil (2017 - $8,215) paid for rent to a company of which a former director is the president.

d) During the period, $Nil (2017 - nil) stock options were granted to directors and officers. The total vested share-based compensation allocated to directors and officers is $63,942 (2017 - $34,935).

e) Included in property investigations is $257 (2017 - $614) paid to a consultant who is a director of a subsidiary of the Company.

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 periods ended May 31, 2018 and 2017.

(Expressed in Canadian Dollars)

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the period ended May 31, 2018:

a) Included in accounts payable and accrued liabilities are $78,714 related to deferred exploration costs.

The significant non-cash transactions for the year ended February 28, 2018:

a) Included in accounts payable and accrued liabilities are $148,229 related to deferred exploration costs.

13. SEGMENTED INFORMATION

The Company has mineral properties and equipment located geographically as follows:

As at May 31, 2018	Equipment	Exploration and evaluation assets
Canada	$ 578	$ -
Africa	-	1,514,764
Japan	-	2,723,307
Total	$ 578	$ 4,238,071

As at February 28, 2018	Equipment	Exploration and evaluation assets
Canada	$ 625	$ -
Africa	-	1,514,751
Japan	-	2,684,522
Total	$ 625	$ 4,199,273

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

IFRS 7 establishes a fair value hierarchy that prioritizes the inputs 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, 2018, 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 the fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash	$ 4,506,310	-	-	$ 4,506,310
Total	$ 4,506,310	$ -	$ -	$ 4,506,310

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 May 31, 2018, the Company had cash of $4,506,310 to settle current liabilities of $111,321 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 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. Based on the net US dollar and Japanese Yen asset and liability exposure as at May 31, 2018, a 10% fluctuation in the CAD/US and CAD/YEN exchange rates would impact the Company's earnings by approximately $139,000. The Company has not entered into any agreements or purchased any instruments to hedge possible foreign exchange rate risk at this time.

(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 two year office lease agreement expiring May 31, 2019. The lease payments will be as follows:

2019	$ 13,066
2020	4,355
	$ 17,422

17. SUBSEQUENT EVENTS

a) Subsequent to May 31, 2018, 58,334 stock options were exercised for gross proceeds of $24,584.

b) Subsequent to May 31, 2018, 4,095,000 warrants were exercised for gross proceeds of $889,000.