IRVING RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS NOVEMBER 30, 2019

(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

	November 30, 2019	February 28, 2019
ASSETS		
Current assets		
Cash	$ 11,366,070	$ 6,607,331
Receivables (Note 6)	91,548	14,435
Prepaids	214,755	32,048
	11,672,373	6,653,814
Advances (Note 8)	403,044	324,460
Equipment (Note 4 and 7)	223,277	438
Exploration and evaluation assets (Note 8)	11,698,017	4,052,121
	$ 23,996,711	$ 11,030,833
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,618,197	$ 248,478
Lease liabilities (Note 4 and 7)	47,916	-
	2,666,113	248,478
Non-current liabilities		
Lease liabilities (Note 4 and 7)	49,847	-
Total liabilities	2,715,960	248,478
Shareholders' equity		
Share Capital (Note 10)	26,370,947	14,916,092
Reserves (Note 10)	2,294,318	1,292,071
Deficit	(7,384,514)	(5,425,808)
	21,280,751	10,782,355
	$ 23,996,711	$ 11,030,833

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 ended		Nine months ended	
	Nov 30, 2019	**Nov 30, 2018**	**Nov 30, 2019**	**Nov 30, 2018**
EXPENSES				
Consulting fees (Note 11)	$ 123,004	$ 41,593	$ 196,408	$ 81,323
Depreciation (Note 7)	18,032	47	47,252	141
Foreign exchange loss (gain)	202,417	(36,869)	(101,157)	(41,088)
Insurance	3,434	3,497	11,943	10,646
Interest expense on lease liability (Note 4 and 7)	1,897	-	7,550	-
Investor relations	19,935	11,819	48,915	36,590
Management fees (Note 11)	18,000	18,000	54,000	54,000
Office and miscellaneous	42,015	14,803	72,201	54,157
Professional fees	16,444	18,709	111,326	79,130
Property investigation	2,894	22,359	29,124	40,006
Regulatory fees	3,481	2,050	20,009	12,778
Salaries and benefits	29,900	25,259	95,719	80,216
Shareholder Costs	64	2,209	17,294	15,595
Share-based compensation (Note 10)	847,241	112,873	1,296,252	342,336
Telephone	3,446	1,625	10,331	5,061
Transfer agent	940	1,680	5,891	5,842
Travel and promotion	31,763	30,911	171,452	125,655
Operating expenses	(1,364,907)	(270,565)	(2,094,510)	(902,388)
Interest income	37,543	2,274	120,521	17,923
Management fee income	5,021	11,155	15,283	34,879
Write-off of exploration and evaluation asset	-	(1,514,763)	-	(1,514,763)
	(42,564)	(1,501,334)	(135,804)	(1,461,961)
Loss and comprehensive loss for the period	$ (1,322,343)	$ (1,771,899)	$ (1,958,706)	$ (2,364,349)
Basic and diluted loss per common share	$ (0.03)	$ (0.04)	$ (0.04)	$ (0.06)
Weighted average number of common shares outstanding	50,507,855	40,402,056	48,274,503	37,770,828

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	Deficit	Total Equity
Balance, February 28, 2018	**33,511,878**	**10,278,457**	**737,508**	**(2,541,017)**	**8,474,948**
Private placement	1,894,365	2,083,802	-	-	2,083,802
Share issue costs	-	(12,428)	-	-	(12,428)
Exercise of warrants	7,016,250	1,877,938	-	-	1,877,938
Exercise of stock options	250,000	186,286	(71,036)	-	115,250
Share-based compensation	-	-	342,336	-	342,336
Net loss for the period	-	-	-	(2,364,349)	(2,364,349)
Balance, November 30, 2018	**42,672,493**	**$ 14,414,054**	**$ 1,008,808**	**$ (4,905,366)**	**$ 10,517,496**
Balance, February 28, 2019	**43,688,327**	**14,916,092**	**1,292,071**	**(5,425,808)**	**10,782,355**
Private placement	3,715,630	8,014,800	-	-	8,014,800
Share issue costs	-	(12,888)	-	-	(12,888)
Exercise of warrants	4,882,160	2,685,188	-	-	2,685,188
Exercise of stock options	1,103,333	767,755	(294,005)	-	473,750
Share-based compensation	-	-	1,296,252	-	1,296,252
Net loss for the period	-	-	-	(1,958,706)	(1,958,706)
Balance, November 30, 2019	**53,389,450**	**$ 26,370,947**	**$ 2,294,318**	**$ (7,384,514)**	**$ 21,280,751**

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)

	Nine months ended November 30, 2019	Nine months ended November 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (1,958,706)	$ (2,364,349)
Adjustments		
Depreciation	8,479	141
Depreciation on RoU asset	38,773	-
Interest expense on RoU asset	7,550	-
Share-based compensation	1,296,252	342,336
Write-down of mineral property	-	1,514,763
Change in non-cash working capital items:		
Receivables	(77,113)	8,837
Prepaids	55,377	(308,262)
Accounts payable and accrued liabilities	19,730	(16,167)
Net cash used in operating activities	(609,658)	(790,367)
CASH FLOWS FROM FINANCING ACTIVITIES		
Common shares issued	11,173,738	4,076,990
Share issue costs	(12,888)	(12,428)
Payment of lease obligations	(42,120)	-
Net cash provided by financing activities	11,118,730	4,064,562
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets, net of recoveries	(5,295,907)	(717,776)
Exploration and evaluation assets, advances	(316,668)	-
Acquisition of equipment	(137,758)	-
Net cash used in investing activities	(5,750,333)	(717,776)
Change in cash during the period	4,758,739	2,556,419
Cash, beginning of the year	6,607,331	4,389,894
Cash, end of the period	$ 11,366,070	$ 6,946,313

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. 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 November 30, 2019, the Company had working capital of $9,006,260 (February 28, 2019 – $6,405,336). 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, 2019.

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 consolidated financial statements

These consolidated financial statements were reviewed by the Audit Committee and authorized for issue by the Board of Directors on January 29, 2020.

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%
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.

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, 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.

(Expressed in Canadian Dollars)

4. RECENT ACCOUNTING PRONOUCEMENTS

New Accounting Standards

IFRS 16, *Leases*

The Company has adopted new accounting standard *IFRS 16 – Leases*, effective March 1, 2019. IFRS 16 replaces IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (ie. Leases of 12 months or less), leases with certain variable lease payments and leases of low-value assets.

The Company applied IFRS 16 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under accounting standards in effect for those periods. The Company will recognize lease liabilities related to its lease commitments for its office lease, other leased buildings, and an equipment lease. The lease liabilities will be measured at present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate as at March 1, 2019, the date of initial application, resulting in no adjustment to the opening balance of deficit. The associated right-of-use assets ("RoU asset") will be measured at the lease liabilities amounts.

The Company has made use of the following practical expedients available on transition to IFRS 16:

- Measure the right-of-use assets equal to the lease liability calculated for each lease;
- Leases of low dollar value will continue to be expensed as incurred.

As of March 1, 2019, the Company recognized $119,588 in right-of-use assets and $119,588 in lease liabilities as summarized below. The lease liabilities were discounted at a discount rate of 10% as at March 1, 2019.

Minimum lease payments under operating leases as of February 28, 2019	$	136,132
Effect from discounting at the incremental borrowing rate as of March 1, 2019		(16,544)
Lease liabilities recognized as of March 1, 2019		119,588
Right-of-use assets recognized as of March 1, 2019	$	119,588

4. RECENT ACCOUNTING PRONOUCEMENTS (cont'd)

New accounting policy for leases under IFRS 16

The Company assesses whether a contract is or contains a lease at the inception of a contract. The Company recognizes a RoU asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee at the commencement of the lease, with the following exceptions: (i) the Company has elected not to recognize RoU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (ii) for leases of a low value. The Company will continue to record these as operating leases.

The RoU asset is initially measured based on the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives and any variable lease payments. When the lease contains an extension or purchase options that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

RoU assets are included in Equipment, and the lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is measured at amortized cost using the effective interest method. The related payments are recognized as an expense in the period in which the payment occurs and are included in the consolidated statement of comprehensive loss.

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

	Right of Use Assets	Machinery and equipment	Computer equipment	Office furniture and fixtures	Total
Cost					
Balance, February 29, 2018	$ -	$ -	$ 1,400	$ -	$ 1,400
Additions	-	-	-	-	-
Balance, February 28, 2019	$ -	$ -	$ 1,400	$ -	$ 1,400
Additions	132,478	115,561	14,347	7,656	270,042
Balance, November 30, 2019	$ 132,478	$ 115,561	$ 15,747	$ 7,656	$ 271,442
Accumulated depreciation					
Balance, February 29, 2018	$ -	$ -	$ 775	$ -	$ 775
Additions	-	-	187	-	187
Balance, February 28, 2019	$ -	$ -	$ 962	$ -	$ 962
Additions	38,772	6,537	1,320	574	47,203
Balance, November 30, 2019	$ 38,772	$ 6,537	$ 2,282	$ 574	$ 48,165
Carrying amounts					
At February 28, 2019	$ -	$ -	$ 438	$ -	$ 438
At November 30, 2019	$ 93,706	$ 109,024	$ 13,465	$ 7,082	$ 223,277

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

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

Period ended November 30, 2019	Japan Properties	Total
Opening balance, February 28, 2019	$ 4,052,121	$ 4,052,121
Additions:		
Acquisition costs	37,813	37,813
Assays and sampling	577,424	577,424
Consulting, management and administration	1,540,902	1,540,902
Drilling related	3,677,530	3,677,530
Geophysics and other engineering studies	395,811	395,811
Materials, equipment and supplies	905,831	905,831
Staking and claims registration	40,238	40,238
Travel and transportation	470,348	470,348
Total deferred exploration costs	$ 7,645,897	$ 7,645,897
Total, exploration and evaluation assets, November 30, 2019	$ 11,698,017	$ 11,698,017

Year ended February 28, 2019	Africa Properties	Japan Properties	Total
Opening balance, February 29, 2018	$1,514,751	$ 2,684,522	$ 4,199,273
Additions:			
Acquisition costs	-	20,511	20,511
Assays and sampling	-	29,471	29,471
Consulting, management and administration	-	1,053,494	1,053,494
Drilling related	-	73,429	73,429
Materials and supplies	15,633	52,805	68,438
Staking and claims registration	2,328	116,029	118,357
Travel and transportation	-	21,860	21,860
	17,961	1,367,599	1,385,560
Less: recoveries	(17,949)	-	(17,949)
Total deferred exploration costs	12	1,367,599	1,367,611
Less: write-off of deferred exploration costs	(1,514,763)	-	(1,514,763)
Total, exploration and evaluation assets, February 28, 2019	$ -	$ 4,052,121	$ 4,052,121

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 a total of 55 prospecting licenses covering additional prospective ground in the vicinity of the Omui Property.

The Company purchased a total of 0.97 sq km of surface rights covering an area over the Omu Property for total purchase price of JPY32,027,974 (CAD$382,089).

The Company entered into long-term leases of surface rights covering a total area of 1.21 sq km in an area over the Omu Property. The total costs for the initial five-year period is JPY10,617,140 (CAD$129,369). 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.

During the year ended February 28, 2019, the Company entered into an agreement for drilling services and advanced $300,000 to the contractor for work yet to be completed on the Omu Property. During the period, the Company made a further deposit of $380,000. As of November 30, 2019, these advances have been reduced to $376,730.

Utanobori Property

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

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

Sado Island Property

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

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.

Shimokawa Property

The Company file for 15 mineral prospecting licenses covering a prospective area in the Shimokawa area.

Engaru Property

The Company filed for 25 mineral prospecting licenses covering a prospective area in the Engaru area.

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 year ended February 28, 2018, the Company wrote-off the deferred exploration costs related to these PLs and during year ended February 28, 2019, the Company elected to surrender the final 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.

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

The Company has an Exclusive Prospecting Licence ("EPL") granted to the joint venture by the Malawi Ministry of Natural Resources, Energy Environment for the Mulanje Project. Exploration work on the Mulanje Project has been carried out by the Company's wholly owned subsidiary, SSL, pursuant to the terms of the JEA with JOGMEC; however, the Company is not currently conducting any exploration on this property. Effective April 1, 2016, the Company elected to dilute its participation by not contributing further funds to the project. During the year ended February 28, 2019, the Company elected to write-down the deferred exploration costs.

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 November 30, 2019, the Company:

a) Completed a private placement on April 24, 2019, issuing 3,715,630 common shares for gross proceeds of US6,000,000 at a price of CDN$2.16 per common share.

b) Issued 4,882,160 common shares for gross proceeds of $2,685,188 pursuant to the exercise of warrants.

(Expressed in Canadian Dollars)

10. SHAREHOLDERS' EQUITY (cont'd…)

c) Issued 1,103,333 common shares for gross proceeds of $473,750 pursuant to the exercise of stock options. The Company reallocated the fair value of these stock options previously recorded in the amount of $294,005 from reserves to share capital.

During the year ended February 28, 2019, the Company:

a) Completed a private placement offering on November 26, 2018, issuing 1,894,365 units at $1.10 per unit for gross proceeds of $2,083,802. 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 26, 2020 at a price of $1.75 per share.

b) Issued 7,857,084 common shares for gross proceeds of $2,340,397 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.

c) Issued 425,000 common shares for gross proceeds of $139,750 pursuant to the exercise of stock options. The Company reallocated the fair value of these stock options previously recorded in the amount of $86,115 from reserves to share capital.

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, 2018	2,641,667	$	0.65
Granted	1,025,000		1.40
Exercised	(425,000)		0.33
Outstanding, February 28, 2019	3,241,667		0.93
Granted	1,810,000		2.66
Exercised	(1,103,333)		0.43
Outstanding, November 30, 2019	3,948,334	$	1.87

(Expressed in Canadian Dollars)

10. SHAREHOLDERS' EQUITY (cont'd…)

Stock options outstanding at November 30, 2019 are as follows:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date
1,063,334	1,063,334	$ 1.00	September 6, 2020
50,000	50,000	0.83	November 9, 2020
1,025,000	683,333	1.40	November 7, 2021
140,000	46,667	2.15	April 26, 2022
100,000	-	2.87	August 2, 2022
1,370,000	-	2.70	September 9, 2022
200,000	-	2.77	November 5, 2022
3,948,334	1,843,334		

Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Opening balance, February 28, 2018	12,739,224	$ 0.39
Granted	947,183	1.75
Exercised	(7,857,084)	0.30
Outstanding, February 28, 2019	5,829,343	0.74
Exercised	(4,882,160)	0.55
Outstanding, November 30, 2019	947,183	$ 1.75

Warrants outstanding at November 30, 2019 are as follows:

Number of Warrants	Exercise Price	Expiry Date
947,183	$ 1.75	November 26, 2020
947,183		

(Expressed in Canadian Dollars)

10. SHAREHOLDERS' EQUITY (cont'd…)

Share-based compensation

During the period ended November 30, 2019, the Company granted 1,810,000 stock options to directors, officers, employees and consultants (2018 – 1,025,000). The estimated weighted average fair value of these options is $1.63 (2018 - $0.83). The total amount of fair value of vested stock options amortized during the period is $1,296,252 (2018 - $342,336). 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, 2019	Year ended February 28, 2019
Risk-free interest rate	1.50%	2.36%
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, 2019	Nine months ended November 30, 2018
Management fees	$ 143,840	$ 128,580
Consulting fees	77,799	60,226
Property investigation	930	1,064
	$ 276,569	**$ 189,870**

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 the period, 750,000 (2018 – 625,000) stock options were granted to directors and officers. The total vested share-based compensation allocated to directors and officers is $610,227 (2018 - $184,350).

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (cont'd…)

d) Included in property investigations is $930 (2018 - $1,064) 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 November 30, 2019 and 2018.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the period ended November 30, 2019:

a) Included in accounts payable and accrued liabilities are $2,554,785 related to deferred exploration costs.

The significant non-cash transactions for the year ended February 28, 2019:

a) Included in accounts payable and accrued liabilities are $204,796 related to deferred exploration costs.

13. SEGMENTED INFORMATION

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

As at November 30, 2019		Equipment		Exploration and evaluation assets
Canada	$	42,079	$	-
Japan		181,198		12,300,717
Total	$	223,277	$	12,300,717

(Expressed in Canadian Dollars)

13. SEGMENTED INFORMATION (cont'd…)

As at February 28, 2019	Equipment	Exploration and evaluation assets
Canada	$ 438	$ -
Japan	-	4,052,121
Total	$ 438	$ 4,052,121

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 November 30, 2019, 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	$ 11,366,070	-	-	$ 11,366,070
Total	$ 11,366,070	$ -	$ -	$ 11,366,070

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.

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

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, 2019, the Company had cash of $11,366,070 to settle current liabilities of $2,666,113.

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 (cont'd…)

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 November 30, 2019 a 10% fluctuation in the CAD/US and CAD/YEN exchange rates would impact the Company's earnings by approximately $789,000. The Company has not entered into any agreements or purchased any instruments to hedge possible foreign exchange rate risk at this time.

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, 2021. The lease payments will be as follows:

2020	$ 5,415
2021	21,659
2022	5,415
	$ 32,489

17. SUBSEQUENT EVENTS

a) Subsequent to November 30, 2019, 4,544 warrants were exercised for gross proceeds of $7,952.

b) Subsequent to November 30, 2019, 10,000 stock options were granted to an employee at an exercise price of $2.96.