

## **IRVING RESOURCES INC.**

Management's Discussion and Analysis  
For the nine months ended November 30, 2018

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The following Management Discussion and Analysis ("MD&A") is an overview of the activities of Irving Resources Inc. ("Irving" or the "Company"), for the nine months ended November 30, 2018. The MD&A is prepared as of January 25, 2019 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the nine months ended November 30, 2018. The reader should also refer to the Company's audited consolidated financial statements for the year ended February 28, 2018. Unless otherwise cited, references to dollar amounts are Canadian Dollars and financial data has been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company recommends that readers consult the "**Cautionary Statement and Forward Looking Statement Disclaimer**" on the last page of this report.

Additional information related to the Company is available on its website at [www.IRVresources.com](http://www.IRVresources.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Description of Business**

Irving is a junior exploration company with a focus on gold in Japan. Irving also holds, through a subsidiary, Project Venture Agreements with Japan Oil, Gas and Metals National Corporation for joint regional exploration programs in the United Republic of Tanzania, the Republic of Malawi and the Republic of Madagascar.

The Company was incorporated under the Business Corporation Act (British Columbia) on August 28, 2015 under the name 1047431 B.C. Ltd. and was a privately held company and wholly-owned subsidiary of Gold Canyon Resources Inc. ("Gold Canyon"). On September 23, 2015, 1047431 B.C. Ltd. changed its name to Irving Resources Inc.

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 were exercisable at \$0.30 until February 5, 2018.

As of the date of this report, the Company has six wholly-owned subsidiaries: Irving Resources GK ("Irving GK") in Japan; New River Stone Ltd. ("NRS") in the Republic of Madagascar; Spring Stone Mining Corporation, ("SSM") and Spring Stone Exploration Inc., ("SSE") in the Province of British Columbia; Spring Stone Limited, ("SSL") in Malawi; and Spring Take Limited, ("STL") in Tanzania.

### **Technical Disclosure in the Management Discussion and Analysis**

Dr. Quinton Hennigh, Ph.D., P.Geo., a Qualified Person pursuant to NI 43-101 who is acting as a technical adviser to, and a director of, Irving, is responsible for reviewing and approving the technical information in this MD&A.

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### **Overall Performance**

During the nine months ended November 30, 2018, the Company recorded a comprehensive loss of \$2,364,349. As at November 30, 2018, the Company has total assets of \$10,698,164 and working capital of \$7,105,694. During the period, there were 250,000 stock options exercised for proceeds of \$115,250 and 7,016,250 warrants exercised for proceeds of \$1,877,938. In addition, the Company completed a private placement raising gross proceeds of \$2,083,802 by the issuance of 1,894,365 units at a price of \$1.10 per unit.

### **Projects Update**

#### **Japan Properties**

##### *Omu Gold-Silver Project*

The Company, through its wholly-owned Japan subsidiary, Irving GK, entered into an agreement to purchase a 100% interest in a mining right for the Omui Property located in Hokkaido, Japan. 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 2016, the Company paid JPY20,000,000 cash (CAD \$245,000) towards the acquisition of this agreement. In August, 2017, the Company paid the balance of JPY20,000,000 cash (CAD \$232,000) as the definitive registration procedure of the transfer of the mining right was completed. In February, 2018, the Company completed the acquisition when it issued 135,747 common shares upon completion of the registration of the transfer of the mining right. The mining right encompasses an area of roughly 2.98 sq km covering a young, Miocene-aged hot spring center hosted by Tertiary-aged intermediate and felsic volcanic rocks.

To augment this land position, Irving GK has filed a total of 55 prospecting licenses covering an additional 168.29 sq km of prospective ground in the vicinity of the Omui mine and including another past producing Au-Ag mine, Hokuryu, situated about seven km west of Omui. Acceptance of all prospecting and alluvial applications was granted by the Ministry of Economy, Trade and Industry ("METI") and a multi-step review started for final approval. Mitsui Mineral Development Engineering Co, Ltd ("MINDECO") is assisting the Company throughout the process. In May, 2018, the Company announced it received approval of nine of these 55 prospecting licenses. These nine licenses had been submitted for expedited approval and cover critical areas around the Omui Mining Right and Omu sinter.

In October, 2016, the Company completed reconnaissance rock chip sampling and mapping at the Omu Project. Most of the work focused on areas around the historic Omui and Hokuryu mines where high-grade epithermal Au-Ag veins were exploited prior to World War II. Irving staff, with assistance from personnel from MINDECO, collected 130 rock chip samples. Field observations confirm the Omu area hosts classic epithermal Au-Ag vein mineralization. Many samples collected were of banded quartz veins that likely formed within the boiling zone of a hot spring system. Vein breccias and siliceous sinter were also sampled. Textures and mineralogy of such rocks suggest they formed in a near-surface environment. Multiple parallel east-west trending veins were identified and sampled near the Omui mine and areas within 2 km to the south. Veins range from a few centimeters to a few meters in width and are up to 400 m long.

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In December, 2016, the Company announced that it received high-grade assays from these surface samples around various areas of the Omui mine. At the Honpi ("Main Vein" in English) occurrence, rock chip samples collected from float boulders of vein material returned high-grade assays including 480 gpt gold ("Au") and 9,660 gpt silver ("Ag"), 143.5 gpt Au and 2,090 gpt Ag, 67.6 gpt Au and 1,060 gpt Ag, 55.6 gpt Au and 290 gpt Ag, and 48.2 gpt Au and 1,030 gpt Ag. A further 14 samples assayed >10 gpt Au and 13 samples assayed >200 gpt Ag.

Many high-grade samples originate from areas north of the Main Vein. The Main Vein is an E-W trending epithermal quartz vein that was exploited during the 1920's by a 70 m deep shaft and four working levels including several stopes, now collapsed to surface. Approximately 0.4 tonne of Au and 9 tonnes of Ag were mined at Omui during that time. Irving believes the boulders it sampled originate from subcropping veins that were neither recognized nor exploited during that early period of mining. Further work including drilling is needed to evaluate this possibility.

At Nanko, approximately one km south of Honpi, Irving collected float and subcrop samples of siliceous material thought to be sinter, a hard material deposited from hydrothermal fluids in shallow hot spring pools. Sinter typically contains low level gold whereas fractures, or feeders, below hot springs can host high grade gold, deposited there by boiling fluids. Most samples of sinter from Nanko are anomalous in Au up to 1 gpt. Two samples of breccia contain notable high grades, 29.6 gpt Au and 73.8 gpt Ag, and 21.2 gpt Au and 154 gpt Ag, respectively. These high-grade samples appear to originate from subcropping feeder structures that may indicate the presence of high grades at depth. Further work including drilling is needed to test this potential.

Four select samples of vein material collected from a mine dump adjacent to the uppermost workings of the Hokuryu mine returned 58.9 gpt Au and 495 gpt Ag, 51.4 gpt Au and 637 gpt Ag, 37.0 gpt Au and 378 gpt Ag, and 22.8 gpt Au and 321 gpt Ag. Another two select samples of vein material from the main Hokuryu mine dump assayed 31.4 gpt Au and 201 gpt Ag, and 11.4 gpt Au and 38.2 gpt Ag. One sample of silicified and pyritized rhyolite wallrock taken from the main dump assayed 2.2 gpt Au and 245 gpt Ag.

Hokuryu mine produced approximately 2.8 tonnes Au and 11.5 tonnes Ag prior to 1943 when it was abruptly closed due to the Gold Mine Closure Act near the end of World War II (MMIJ. 1990. Japanese Gold Mines Vol. 2 Hokkaido. The Mining and Materials Processing Institute of Japan (MMIJ)). Irving believes exploration potential around Hokuryu is very good, particularly along a major NE-trending graben-bounding fault that extends about 12 km to the coast. Irving has also discovered new, extensive sinter deposits along this structure. Such sinter indicates this fault was a focus for hydrothermal activity.

High-grade samples from Omui and Hokuryu are predominantly comprised of silica with less than 100 ppm arsenic ("As") and antimony ("Sb") and less than 0.02% sulfur ("S"). Because of the clean, high-silica nature of this material, it could potentially be used as smelter flux in many of the base metal smelters throughout Japan. In smelters, recovery of precious metals occurs during the smelting and refining process. As an example, Sumitomo Metal Mining Co., Ltd. treats ores from its high grade Hishikari epithermal vein deposit by utilizing them as smelter flux in its copper smelter. Irving is focused on identifying similar high-silica, high-grade epithermal vein deposits in Japan.

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Late in 2016, Irving personnel discovered a large terrace of laminated silica sinter, remnants of a fossil hot spring, approximately 10 km north of Omui mine. The Company has named this new discovery, the Omu sinter. In a news release dated December 15, 2016, Irving discussed the significance of one sample of sulfide-bearing silica (3.8 gpt Au and 14 gpt Ag) collected near the base of the terrace.

In August, 2017 the Company provided an update on the summer exploration program at the Omu property. Detailed geologic data and mineralized rock chip samples have been collected along with soil samples. A close spaced gravity survey was undertaken to help better evaluate the position of potential mineralized faults. Upon completion of the gravity survey, a magnetic survey was undertaken to identify areas of hydrothermal alteration that is potentially associated with mineralization. Data collected during the 2017 summer program will be used to develop a drill program at Omu gold-silver project for 2018.

Across the greater Omu gold-silver project area, stream sediment sampling was also completed. A total of 100 bulk leach extractable gold ("BLEG") samples, specialized samples consisting of fine silt and clay, were collected and shipped to ALS Global in Vancouver, BC for analysis. Gold and pathfinder elements are analyzed by ultra-high sensitivity means allowing for effective evaluation of stream catchments for potential outcropping mineralization. Upon receipt of BLEG data, the Company is planning follow-up prospecting activities to identify mineralized outcrops in prospective stream catchments.

Also in August, 2017, the Company opened an office in the town of Omu in Hokkaido. The office will serve as a permanent base from which Irving plans to explore and develop the Omu Gold-Silver Project and its other gold projects in the region.

In September, 2017, the Company announced it has received high grade gold and silver grade assays from surface samples from its summary exploration program.

At the Honpi ("Main Vein" in English) prospect, rock float samples have returned 186.5 gpt Au and 353 gpt Ag, 11.75 gpt Au and 71.1 gpt Ag, 6.77 gpt Au and 33.3 gpt Ag, and 5.27 gpt Au and 177 gpt Ag. In addition, a new vein was encountered in a hand dug trench and a chip channel sample returned 203 gpt Au and 5,310 gpt Ag over a true width of 0.8 m. Irving believes mineralized float material is derived from underlying weathered bedrock and that these new results indicate potential for multiple sub-parallel east-west trending veins across a 200-meter wide corridor surrounding Honpi.

At the Nanko prospect, rock float samples have greatly expanded the area of known mineralization. Notable samples include 691 gpt Au and 515 gpt Ag, 42.5 gpt Au and 539 gpt Ag, 3.98 gpt Au and 3.92 gpt Ag in areas south of Nanko. Northeast of Nanko, notable samples include 39.3 gpt Au and 20.2 gpt Ag, 16.55 gpt Au and 40.9 gpt Ag and 7.09 gpt Au and 10 gpt Ag. Like Honpi, Irving believes mineralized float material is derived from underlying weathered bedrock and that these results indicate potential for multiple sub-parallel east-west trending veins across a 350-meter wide corridor at Nanko.

At the Omu sinter, a second sample of similar sulfide-bearing sinter was collected from the base of the terrace approximately 300 meters northeast of the first sample collected in 2016. This new sample grades 14.6 gpt Au and 50.8 gpt Ag along with strongly elevated arsenic (676 ppm), mercury (>100 ppm), antimony (1,675 ppm) and selenium (93 ppm), all elements indicative of hot spring mineralization. Irving considers results encouraging and may indicate the structural feeder system for

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this hot spring may contain appreciable precious metals. Given this sinter terrace is at least 1 km along strike, very large for such a deposit, Irving considers the Omu sinter terrace a very important target.

In December, 2017, the Company announced it received a final report on gravity data collected at its 100%-controlled Omu high-grade gold-silver project, Hokkaido, Japan. Property-wide gravity data was collected at Omu over a two-month period earlier in the year. Gravity data help discern changes in sub-surface rock density and are particularly helpful in highlighting the structural framework of the subsurface. There is a north-northeast trending corridor of anomalously low density transecting the property. Irving interpreted this to reflect a structural graben, or rift, likely related to tectonism that accompanied volcanism and mineralization in this area. Similar oriented structural features are associated with other Au-Ag vein systems in the region including Konomai mine, the largest historic producer on Hokkaido (*Sumitomo Metal Mining Corp. Ltd., 1915-1973, 2.35 Moz Au, 38.6 Moz Ag*). Also evident was discrete areas of higher density underlying each of the three main mineralized occurrences, Omui Mine, Hokuryu Mine and the recently discovered Omu Sinter. In each case, these gravity highs may reflect areas where higher density basement sedimentary rocks are in closer proximity to surface. Identifying shallow basement highs was a critical component of exploration at the Hishikari Mine, Kyushu (*Sumitomo Metal Mining Corp. Ltd., 1981-present, over 7 Moz Au*), where veining focuses around basement domes.

In January, 2018, the Company announced it received final BLEG analyses from stream sediment samples collected during its 2017 field program. About 100 stream sediment sites were sampled across the Omu project between June and October, 2017. Very fine clay sediment was collected from each location and subjected to ultralow gold and trace element analyses.

Au anomalism around the historic Omui mine area is far more extensive than previously recognized. Irving anticipates expanding its exploration efforts eastward and southeastward from Omui in 2018.

Stream catchments north and south of the historic Hokuryu mine area are strongly anomalous in Au indicating a substantially larger mineralized system is present than previously thought. Interestingly, stream catchments northwest of the catchment in which Hokuryu mine is situated return higher Ag, As, Sb and Hg responses than that at Hokuryu suggesting significant potential for new discovery away from the historic mine. These areas are dominated by steep terrain and heavy vegetation and little is known about the region. Irving anticipates prospecting these new areas further in 2018.

Subtle but significant Hg and As anomalism is evident in stream catchments between Omui mine and the Omu sinter. Such response may indicate preservation of high-level parts of a mineralizing system in this area. At least two catchments are also slightly elevated in Au providing further intrigue for undiscovered potential.

In January, 2018, the Company announced it has received a full report on drone-based magnetic data. At the Omu Sinter, a new hot spring gold target first identified by Irving in late 2016, magnetic data reveals a robust anomaly defined by notably diminished levels of magnetism. Hydrothermally altered volcanic rocks and silica sinter, the remains of an extinct hot spring system, underlie the area around this anomaly. Irving interprets diminished magnetism to reflect intense hydrothermal alteration associated with hot spring activity. Hot, potentially mineralizing, groundwater tends to destroy small particles of magnetite in volcanic rocks that otherwise give them a strong magnetic signature. Irving believes the pronounced 2 km long north-south trending magnetic low defined by this survey reflects an

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important fault structure along which potentially mineralizing fluids were focused. This anomaly closely matches a north-south gradient seen in gravity data that Irving interprets to be a major fault. Combined, magnetic and gravity data define a compelling, large drill target.

At the historic Omui mine, magnetic data reveals a complex network of features indicating a complex structural architecture. A distinct 1 km long zone of anomalously low magnetism extends southeastward from the high-grade Honpi vein to the Nanko target reflecting a possible link between the two systems.

In February, 2018, the Company announced that it had received the final approval and registration of the Omui Mining Right from METI, Hokkaido Bureau, at which time the Company issued 135,747 common shares completing the acquisition. This registration of the Omui Mining Right allows the Company to submit plans for trial mining and exploration activities within the Mining Right area. Irving plans to undertake trenching and bulk sample extraction and diamond core drilling as part of exploration and evaluation of high-grade veins discovered at surface at Honpi, Nanko and other recently identified target areas.

In February, 2018, the Company announced that it had received final soil geochemical analyses from its Omui Mining Right. Between June and October, 2017, MINDECO collected 1,722 soil samples on a 50 m staggered grid across the Omui Mining Right and surrounding exploration applications. Contoured plots of gold, silver and pathfinder elements in soil show a complex, highly evolved mineralizing system at Omui. Precious metal anomalism, defined by +30 ppb Au and +0.35 ppm Ag, is widespread across the Omui Mining Right and is clearly open onto Irving controlled exploration applications to the east. Trends in pathfinder geochemistry mimic underlying geophysical patterns at Omui, further evidence that a network of graben-related faults likely controls distribution of epithermal mineralization.

In June, 2018, the Company announced that its expanded drone-based magnetic survey covering areas between the historic high-grade Omui Au-Ag mine and the recently discovered Omu sinter has greatly expanded the targeted area for high-grade epithermal vein mineralization. Data highlights a well-defined zone of anomalously low magnetism extending from the coast near the Omu sinter southward for nearly 10 km to the Omui mine. The northernmost 4.5 km of the residual magnetic intensity anomaly displays profoundly low magnetism which possibly suggests prolonged hydrothermal fluid activity once affected the area deeply altering surrounding volcanic host rocks and potentially generating high-grade vein mineralization.

In October, 2018, the Company announced that while following up stream sediment anomalies, its geologists identified banded quartz vein and other pieces of mineralized float along recently constructed logging roads in areas around the historic Hokuryu mine. Logging roads often provide the only geologic exposure in this heavily vegetated terrain. Inquiries made by Irving with the Hokkaido prefectural forestry agency and local logging road constructors confirm no exotic material was placed on these roads and all road base material is locally derived. Therefore, Irving believes the quartz vein float material is derived from nearby bedrock.

Samples of quartz vein float collected along a one-kilometer long west-northwesterly trend beginning approximately 700 meters west of Hokuryu mine are particularly noteworthy. Results include:

### **Quartz vein float samples from Hokuryu West**

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Sample ID	Au (gpt)	Ag (gpt)	Au (opt)	Ag (opt)
OM-HT003	35.2	568	1.13	18.26
OM-HT004	3.5	102	0.11	3.28
OM-HT005	59.8	1245	1.92	40.03
OM-HT006	36.3	1000	1.17	32.15
OM-HT007	155	617	4.98	19.84
OM-HT009	138.5	500	4.45	16.08
OM-HT010	2.9	180	0.09	5.79
OM-HT011	8.5	53	0.27	1.7
OM-RH028	39.7	708	1.28	22.77
OM-RH030	20.3	342	0.65	11
OM-RH032	39.5	671	1.27	21.58
OM-RH044	8.2	47	0.26	1.51
OM-RH046	21.6	457	0.69	14.69

*31.1 gpt = 1 opt*

*Samples in this table are of select float and not necessarily representative of mineralization at Hokuryu West*

Irving is conducting further prospecting in vicinities around Hokuryu mine and to the north where there are historic reports of high-grade veins. Follow-up soil sampling and geophysical work is also being planned at Hokuryu West.

Also in October, 2018, the Company received approval from METI of its Omui Mine Plan covering mining and exploration related activities at its Omui Mining Licence. With this approval, the Company must submit the Omui Mine Safety Regulation for acceptance.

In November, 2018, the Company voluntarily filed a technical report prepared pursuant to NI 43-101 for the Omu gold-silver project. The independent technical report, entitled "Independent Technical Report on the Omu Property, Hokkaido, Japan" (the "**Omu Technical Report**"), with an effective date of November 6, 2018, was prepared for the Company by Christopher Mark Barrett, (MSc., CGeol) of SRK Exploration Services Ltd, in London, UK, and others. Mr. Barrett is a "qualified person" as defined under NI 43-101.

In January, 2019, the Company announced it received approval from METI of its Otoineppu Prospecting Plan covering drilling activities at the Omu Sinter. Approval of this Prospecting Plan allows the Company to conduct diamond drilling and other advanced exploration activities at Omu Sinter. With this approval, Irving must submit a Otoineppu Mine Safety Regulation for acceptance.

Over the past two years, the Company has purchased a total of 0.84 sq km of surface rights covering an area over the Omui Property for the total purchase price of JPY29,369,734 (CAD\$349,189).

In addition, the Company entered into long-term leases of surface rights covering a total area of 1.21 sq km in an area over the Omui Property. The total costs for the initial five-year period is JPY10,617,140,

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(CAD\$129,369). The leases are for a five-year term and can be extended for up to three additional five-year periods.

Securing ownership and long-term lease agreements of these key properties puts the Company in a strong position to advance the Omu gold-silver project. These surface rights are considered critical for Irving to proceed with mining work.

### *Shimokawa Property*

During the period, the Company filed 15 mineral prospecting licenses covering 48.50 sq km of the Shimokawa area. The mineral prospecting licenses have been accepted by the METI and a multi-step review has started for the final approval. At Shimokawa, multiple hot spring silica sinter terraces have recently been identified by Irving geologists. Follow up prospecting and mapping are being planned.

### *Utanobori Property*

In December, 2016, the Company filed 26 mineral prospecting licenses covering 88.14 sq km of the Utanobori mining centre and in February, 2017, a further 12 prospecting licenses covering 33.41 sq km were filed. A total of 38 mineral prospecting licenses totaling 121.55 sq km have been accepted by the METI and a multi-step review has started for the final approval.

Utanobori is approximately 30 km northwest of the Omui project. Geologically, Utanobori is similar to Omui, a classic volcanic rock-hosted epithermal vein system. Irving is particularly interested in a remote area near the town of Utanobori where historic surface samples taken from veins reportedly contain very high-grade silver and lesser gold. Irving geologists also collected one vein sample from this area that carries 231 gpt Ag and 0.4 gpt Au. Irving conducted reconnaissance work including sampling in 2017.

### *Rubeshibe Property*

In 2016, the Company filed 56 mineral prospecting licenses to explore for gold and other metals in an area called Rubeshibe on the island of Hokkaido, Japan. All 56 applications totaling 188.8 sq km have been accepted by the METI and a multi-step review has started for the final approval.

The Rubeshibe Property covers parts of a broad Tertiary-aged graben filled with intermediate to felsic volcanic rocks overlying a thick sequence of Mesozoic-aged sedimentary rocks. Hot spring alteration and silicification are evident in multiple areas and may be related to late-stage rhyolitic domes that have emerged along graben faults. Several small epithermal Au-Ag veins were mined in the region, mostly prior to the middle of the last century.

### *Sado Island Gold Project*

In May, 2017, the Company announced that Irving GK filed applications for 25 mineral prospecting licenses totaling 86.53 sq km (8,653 hectares) covering a prospective area on Sado Island, a small island west of Honshu Island, Japan. All applications have been accepted by the METI and a multi-step review started for the final approval.

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In April, 2018, the Company announced that it had received approval of all 25 prospecting licenses from METI, Kanto Bureau. Sado Island is host to the Sado Kinzan gold mine (Mitsubishi Materials Corporation) and around 30 smaller mines. Gold was discovered at Sado Kinzan in 1601 and was mined continuously for 388 years making it one of the longest lived gold mines on earth. Recorded production totals 2.51 million oz Au (average grade 5.2 gpt) and 74 million oz Ag (average grade 153 gpt). Veins at Sado Kinzan are classed as epithermal but are unusual because they were productive over vertical distances of several hundred meters. Such vertical continuity is typical of some alkaline gold deposits. Extensive potassic alteration in the form of adularia, potassium-rich feldspar, is common at Sado Kinzan, and gold and silver telluride minerals are present. Adularia and tellurides are common to alkaline gold deposits. Such attributes form Irving's view that Sado Kinzan is a hybrid epithermal-alkaline gold deposit. Irving plans to collect BLEG samples at Sado in 2018.

### *Eniwa Gold Project*

In May, 2017, the Company announced that Irving GK filed applications for 20 mineral prospecting licenses totaling 56.15 sq km (5,615 hectares) covering a prospective area approximately 20 km south of Sapporo, Hokkaido, Japan. All applications have been accepted by the METI and a multi-step review has started for the final approval.

The Eniwa Gold Project encompasses areas in or around the historic Koryu and Eniwa mines, both of which exploited high-grade epithermal Au-Ag veins on a limited basis. Both mines closed abruptly due to the Gold Mine Closure Act in 1943. Koryu mine saw brief periods of mining and exploration activity in the 1950's, 1960's and 1970-80's, but Eniwa mine remained closed. Veins at both mines are hosted by Miocene and Neogene volcanic and sedimentary rocks and are associated with local structural doming believed related to underlying magmatic intrusions, a possible source of mineralization. Banded quartz-adularia veins with ginguuro, a Japanese term for dark grey bands of fine-grained silver and gold-rich minerals, characterize mineralization. Precious metal-rich, silica-rich veins are the focus of Irving's exploration strategy in Japan where such material is routinely utilized as smelter flux by the numerous base metals smelters throughout the country.

### **Tanzania Project**

During 2015 and 2016, the Company, through its wholly-owned subsidiary, STL, was granted a total of four Prospecting Licences ("PLs") by the Ministry of Energy and Minerals in the United Republic of Tanzania, Africa. The PLs were located in the Mpwapwa District of the Dodoma Region in east-central Tanzania, approximately 300 km WNW of Dar es Salaam and 100 km ESE of Dodoma. Under the Joint Exploration Agreement ("JEA"), the initial participating interest and contributions of each of the joint venture partners was 67% Japan Oil, Gas and Metals National Corporation ("JOGMEC") and 33% for the Company. In April 2017, the Company elected to not participate in the 2017 exploration program and chose to dilute its 33% interest as further costs were incurred.

JOGMEC undertook systematic laterite soil sampling, rock chip sampling and reconnaissance scale mapping at Kimagai and Mlali. Soil samples from Kimagai define a copper anomaly covering about three sq km with values ranging from 70-577 ppm. Through 2016 and 2017, the Company and JOGMEC conducted geological mapping and magnetic surveys in these PL areas. During the year ended February 28, 2018, the Company wrote down the carrying value of these Tanzanian PLs and during the period ended November 30, 2018, the Company surrendered all PLs.

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### **Malawi Property**

The Company has an interest in a Rare Earth Element ("REE") Property in Malawi, Africa through its JEA with its joint venture participant, JOGMEC. The Company's wholly-owned subsidiary, SSL, currently holds one Exclusive Prospecting Licences ("EPL") granted by the Malawi Ministry of Natural Resources, Energy Environment for the Mulanje Project. Under the JEA, the participating interest and contributions of each of the joint venture partners is 67% JOGMEC and 33% the Company.

Exploration work was completed across the Chambe Basin of the Mulanje Project in 2012. The Company and JOGMEC evaluated the metallurgy of clay samples and determined high leachability of REE's and the quality and composition of resulting REE carbonate concentrates. Although the leaching tests proved highly successful, data from drilling indicated that a potential resource at the Chambe Basin is too small to be considered economic. No further exploration is anticipated at this time; however, the Company is keeping the license in good standing. Effective April 1, 2016, the Company elected to dilute its participation by not contributing further funds to the project. During the period ended November 30, 2018, the Company elected to write-down the deferred exploration costs; however, the EPL remains in good standing.

### **Results of Operations**

#### **For the nine months ended November 30, 2018**

During the nine months ended November 30, 2018, the Company's general and administration expenses were \$902,388 before other items of interest income of \$17,923, management fee income of \$34,879 less the write-down of a mineral property in the amount of \$1,514,763, for a total comprehensive loss of \$2,364,349.

Key items included \$81,323 in consulting fees, \$10,646 in insurance expense, \$36,590 in investor relations, \$54,000 in management fees, \$54,157 in office expenses, \$79,130 in professional fees, \$40,006 in property investigation, \$12,778 in regulatory fees, \$80,216 in salaries and benefits, \$15,595 in shareholder costs, \$342,336 in share-based compensation expense, \$125,655 in travel and promotion offset with a gain of \$41,088 in foreign exchange.

The Company's comparative year's general and administrative costs have remained relatively constant, with a few increases, some of the prior year costs include: consulting fees of \$58,528, foreign exchange loss of \$110,199, insurance of \$10,866, investor relations of \$48,559, management fees of \$48,000, office and miscellaneous of \$60,201, professional fees of \$75,642, property investigation of \$42,526, salaries and benefits of \$79,582, shareholder costs of \$14,094, share-based compensation of \$363,101, travel and promotion of \$90,603, offset by interest income of \$25,851 and management income of \$34,062 resulting in a total comprehensive loss of \$966,172.

Additional costs have been incurred for consulting fees, management fees, professional fees, share-based compensation and travel and most of these costs have been incurred as a result of the growth in Japan and a general increase in the overall affairs of the business. Without the significant variance of the share-based compensation, the write-down on a mineral property and the loss in foreign exchange

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in the prior year, the variance for the comparative period is \$49,980. Otherwise, with these costs include, the year over year variance is a \$1,636,835 increase in costs.

### **For the three months ended November 30, 2018**

During the three months ended November 30, 2018, the Company's general and administration expenses were \$270,565 before other items of interest income of \$2,274, management fee income of \$11,155 and a write-down on a mineral property in the amount of \$1,514,763, for a total comprehensive loss of \$1,771,899.

Key items included \$41,593 in consulting fees, \$3,497 in insurance expense, \$11,819 in investor relations, \$18,000 in management fees, \$14,803 in office expenses, \$18,709 in professional fees, \$22,359 in property investigation, \$2,050 in regulatory fees, \$25,259 in salaries and benefits, \$2,209 in shareholder costs, \$112,873 in share-based compensation expense and \$30,911 in travel and promotion, all offset by a gain in foreign exchange of \$36,869.

The Company's comparative year's general and administrative costs are relatively constant and other have increased. Some of these prior year's costs include: consulting fees of \$23,373, foreign exchange gain of \$45,725, insurance of \$3,497, investor relations of \$11,819, management fees of \$18,000, office and miscellaneous of \$23,287, professional fees of \$10,255, salaries and benefits of \$23,242, share-based compensation of \$239,434, travel and promotion of \$22,627, offset by interest income of \$8,749 and management income of \$11,238 resulting in a total comprehensive loss of \$318,290.

Without the significant variances in the write-down on a mineral property and share-based compensation, the total comprehensive loss would be lower by \$65,407 for the 3 months ended November 30, 2018 as compared to the three months ended November 30, 2017.

### **Events and transactions during the nine months ended November 30, 2018**

- a) There were 250,000 stock options exercised for gross proceeds of \$115,250 and 7,016,250 warrants were exercised for gross proceeds of \$1,877,938.
- b) The Company announced that its presentation, "One of the largest silica Sinter in Japan and hot spring type Au-Ag deposit in the Omu area, Hokkaido", was chosen as the best poster presentation at the annual symposium of the Society of Resource Geology (the "**Society**") held June 27-29, 2018, in Tokyo, Japan.
- c) The Company held the Annual General Meeting of shareholders was held on August 29, 2018. All the incumbent directors of the Company standing for re-election, being Akiko Levinson, Quinton Hennigh, Kevin Box and Dr. Kuang Ine Lu were all re-elected as directors of Irving for the coming year.
- d) On November 26, 2018, the Company completed a private placement issuing 1,894,365 units at a price of \$1.10 per unit for gross proceeds of \$2,083,802. Each unit consisted of one common share and one-half share purchase warrant with each whole warrant exercisable into one common share at price of \$1.75 per share for a period of two years.

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- e) The Company received approval from METI of its Omui Mine Plan covering mining and exploration related activities at its Omui Mining License.
- f) The Company voluntarily filed a technical report prepared pursuant to NI 43-101 for its Omu gold-silver project in Hokkaido, Japan. The independent technical report, entitled "Independent Technical Report on the Omu Property, Hokkaido, Japan" (the "**Omu Technical Report**"), with an effective date of November 6, 2018, was prepared for Irving by Christopher Mark Barrett, (MSc., CGeol) of London, UK, and others. Mr. Barrett is a "qualified person" as defined under NI 43-101.

**Subsequent Events**

- a) Subsequent to November 30, 2018, 659,584 warrants were exercised for gross proceeds of \$362,771 and 150,000 stock options exercised for gross proceeds of \$21,000.
- b) Subsequent to November 30, 2018, the Company announced it received approval from METI of its Otoineppu Prospecting Plan covering drilling activities at the Omu Sinter.

**Summary of Quarterly Results**

The following financial information is for the eight most recently completed quarters of the Company.

	<b>November 30, 2018</b>	<b>August 31, 2018</b>	<b>May 31, 2018</b>	<b>February 28, 2018</b>
Total assets	\$ 10,698,164	\$ 10,131,427	\$ 8,808,161	\$ 8,654,628
Mineral property costs	3,387,106	4,776,569	4,238,071	4,199,273
Working capital	7,105,694	4,692,601	4,434,338	4,251,396
Equity in net assets	10,517,496	9,493,274	8,696,840	8,474,948
Total comprehensive loss	(1,771,899)	(298,584)	(293,866)	(656,429)
Loss per share	(0.04)	(0.01)	(0.01)	(0.02)
	<b>November 30, 2017</b>	<b>August 31, 2017</b>	<b>May 31, 2017</b>	<b>February 28, 2017</b>
Total assets	\$ 8,688,244	\$ 8,724,621	\$ 9,093,438	\$ 9,099,233
Mineral property costs	4,126,860	3,118,595	2,693,307	2,473,195
Working capital	4,415,043	5,477,464	6,110,005	6,446,094
Equity in net assets	8,545,294	8,596,817	8,804,137	8,924,782
Total comprehensive loss	(318,290)	(432,151)	(215,731)	(313,362)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)

The Company has experienced a substantial amount of growth since inception in August, 2015. During the current year, the Company completed a private placement raising gross proceeds of \$2,083,802 and also received \$1,993,188 from the exercise of warrants and options, increasing the total assets to over \$10 million. Working capital also increased in the current quarter as a result of the private placement and exercising of warrants. During the current quarter ended November 30, 2018, the Company wrote down the deferred exploration costs of its rare earth property in Malawi, resulting in a

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decrease in mineral property costs to \$3.387M and substantial increase in this quarter's total comprehensive loss. The remaining value of mineral property costs is now all attributable to the Company's Japan properties. The Company's general and administration costs have been increasing with increased activity, primarily as a result of the growth in Japan also as well as the issuance of incentive stock options. Some of the key costs that have increased as a result of the growth in Japan include property investigations, consulting fees, office and miscellaneous, professional fees and travel. Foreign exchange has also fluctuated over the last year two years, contributing to a larger than normal comprehensive loss in recent years. In Q4-2018, there was a one-time write-down of a deferred mineral property cost associated with the Company's Joint Venture in Tanzania, Africa. Share-based compensation has also increased in the February 2018 year end with the issuance of stock options at the Company's current market value, which is greater than what it had been with past issuances.

### Liquidity and Capital Resources

As at November 30, 2018, the Company had working capital of \$7,105,694. This consists of \$6,946,313 in cash, \$4,126 in accounts receivable, \$335,923 in prepaid expenses and \$180,668 in accounts payable and current liabilities.

The condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated revenues from operations. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing in the future. The Company will seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

### Related Party Transactions

The Company has recorded the following amounts in related party transactions:

	<b>Nine months ended November 30, 2018</b>	<b>Nine months ended November 30, 2017</b>
Management fees	\$ 128,580	\$ 118,680
Consulting fees	60,226	51,560
Property investigation	1,064	1,821
	<b>\$ 189,870</b>	<b>\$ 172,061</b>

- 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.

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- c) Included in office and miscellaneous is \$Nil (2017 - \$8,528) paid for rent and associated costs to a company of which a former director is the president.
- d) During the period, 625,000 (2017 – 650,000) stock options were granted to directors and officers. The total vested share-based compensation allocated to directors and officers is \$184,350 (2017 - \$188,076).
- e) Included in property investigations is \$1,064 (2017 - \$1,821) 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, 2018 and 2017.

### **Financial Instruments**

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, 2018, the Company had cash of \$6,946,313 to settle current liabilities of \$180,668 which have contractual maturities of less than 30 days and are subject to normal trade terms.

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### *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 November 30, 2018, a 10% fluctuation in the CAD/US and CAD/YEN exchange rates would impact the Company's earnings by approximately \$380,000. The Company has not entered into any agreements or purchased any instruments to hedge possible foreign exchange rate risk at this time.

### **Commitments**

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

2019	\$	4,355
2020		4,355
		<u>\$ 8,710</u>

### **Contingency**

Not applicable.

### **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements as at November 30, 2018.

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### **Outstanding Share Data**

The following table summarizes the Company's outstanding share data as of the date of this Management Discussion and Analysis:

	<b>Number of shares issued or reserved for issuance</b>
Common shares	43,482,077
Stock options	3,266,667
Warrants	6,010,593

As at the date of this Management Discussion and Analysis, there are no common shares held in escrow.

### **Critical Accounting Policies**

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and form the basis for the following discussion and analysis of critical accounting policies and estimates. The Company makes estimates and assumptions that affect the reported amounts of assets, liabilities and expenses and related disclosure of contingent assets and liabilities during the course of preparing these financial statements. On a regular basis, the Company evaluates estimates and assumptions including those related to the recognition of share-based compensation.

Estimates are based on historical experience and on various other assumptions that the Company believes to be reasonable. These estimates form the basis of judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

### **New Accounting Pronouncements**

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:

For complete details of the new accounting standards, refer to Note 4 of the interim consolidated financial statements for the period ended November 30, 2018:

IFRS 9, Financial Instruments – Classification and Measurement  
IFRS 16, Leases

### **Outlook**

The Company is optimistic that its newly acquired mining and drilling permits at the Omui Property in Japan, as well as the multiple prospecting licenses acquired at the Utanobori Property, the Rubeshibe

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Property, the Sado Island Property, the Eniwa Gold Property and more recently Shimokawa Property, will merit positive results as the Company moves towards drilling and bulk sampling in the upcoming year. The Company is maintaining a watchful eye on the markets, its budgets and managing to minimize cash outflows.

### **Business Risks**

The Company is engaged in the exploration and evaluation of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.

The Company has no profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to new and developing enterprises, including under capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has no source of operating cash flow and there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and evaluation of its properties.

The Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties.

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

The Company competes with other junior mineral exploration companies, some of which have greater financial resources and technical facilities. The business of mineral exploration and extraction involves a high degree of risks and few properties that are explored are ultimately developed into production. In addition to specific risks disclosed throughout this discussion, other risks facing the Company include reliance on third parties, environmental and insurance risks, statutory and regulatory requirements, metal prices and foreign currency fluctuations, share price volatility and title risks.

### **Cautionary Statement and Forward Looking Statement Disclaimer**

Certain information included in this discussion may constitute forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements are based on a number of assumptions which may prove to be incorrect.

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Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the ability of obtaining sufficient financial support.

**Approval**

The Company's Board of Directors have approved the disclosure contained in this MD&A.