

## **IRVING RESOURCES INC.**

Management Discussions and Analysis

For the Three Months Ended May 31, 2016

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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 three months ended May 31, 2016. The MD&A is prepared as of August 2, 2016 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended May 31, 2016. The reader should also refer to the Company’s audited consolidated financial statements for the period from incorporation on August 28, 2015 to February 29, 2016. 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 an early exploration stage company currently focused on exploration for copper and precious metals in Tanzania and for rare earth elements (“REE”) in Malawi, Africa. In addition, the Company has recently incorporated subsidiaries in Japan and the Republic of Madagascar to pursue other potential mineral acquisitions.

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 are exercisable at \$0.30 until February 5, 2018. As part of the Arrangement, Gold Canyon transferred its non-gold exploration properties together with \$500,000 in cash and certain other net assets owned by Gold Canyon to the Company.

In connection with the Arrangement, the Company advanced \$350,000 to First Mining pursuant to the terms of the Arrangement. This amount was repaid during the period ended February 29, 2016.

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The following table summarizes the recognizable consolidated assets and liabilities acquired and assumed by the Company as a result of the Arrangement:

	As at November 13, 2015
<b>Assets</b>	
Cash	\$ 501,779
Receivables	30,262
Exploration and evaluation assets	1,525,173
Equipment	7,512
<b>Total assets assumed</b>	<b>2,064,726</b>
<b>Accounts payable and accrued liabilities</b>	<b>(52,733)</b>
<b>Net assets assumed</b>	<b>\$ 2,011,993</b>

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

### 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.

### Overall Performance

During the three months ended May 31, 2016, the Company had a comprehensive loss of \$102,906. As at May 31, 2016, the Company’s working capital was \$589,000.

### Projects Update

#### Tanzania Project

In 2015, the Company, through its wholly-owned subsidiary, STL, was granted two Prospecting Licences (“PLs”) by the Ministry of Energy and Minerals in the United Republic of Tanzania, Africa. The two PLs, Kimagai and Mlali, are 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 participating interest and contributions of each of the joint venture partners is 67% Japan Oil, Gas and Metals National Corporation (“JOGMEC”) and 33% the Company.

The Mpwapwa Joint Venture was formed to explore for copper and precious metal mineralization in a poorly explored part of Tanzania. Artisanal miners currently exploit high-grade oxide copper resources in small pits scattered across the region. Several artisanal gold prospects have also been identified. Copper, gold and platinum

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group metals are hosted by high rank metamorphic rocks including amphibolites and localized meta-calcareous rock horizons. The exact origin of mineralization is poorly understood, but it may be derived from early stage syngenetic or magmatic deposits that have subsequently been metamorphosed or epigenetic deposits related to nearby intrusions. Observed mineralization takes the form of veins, vein breccias and stratabound lenses.

In November and December, 2015, 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.

The Tanzanian Ministry of Energy and Metals approved two new prospecting applications during April and May 2016. The two new prospecting licenses, PL10815/2016 and PL10800/2016, are in the same area as the existing Kimagai and Mlali licenses and bring the total number of concessions subject to the Mpwapwa Joint Venture to four for a total land area of approximately 198 square km. Similar reconnaissance level exploration work is being planned on these two new concessions in 2016.

### **Malawi Property**

The Company has an interest in a 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.

### **Results of Operations**

#### **For the three months ended May 31, 2016**

During the three months ended May 31, 2016, the Company's general and administrative expenses were \$108,130 before other items of interest income in the amount of \$735 and management fee income in the amount of \$4,489 for a total comprehensive loss of \$102,906.

Key items included \$6,815 in consulting fees, \$8,884 in foreign exchange loss, \$4,923 in insurance expense, \$12,000 in management fee, \$10,362 in office expenses, \$9,123 in professional fees, \$23,922 in salaries and benefits, share-based compensation expense of \$12,630 and \$12,412 in travel and promotion.

#### **Events and transactions during the period ended May 31, 2016**

- a) The Tanzanian Ministry of Energy and Metals approved two new prospecting licenses, PL10815/2016 and PL10800/2016. These are in the same area as the existing Kimagai and Mlali Tanzanian licenses.
- b) Announced that its Annual General Meeting will take place on August 10, 2016 at the offices of Owen Bird

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Law Corp., 595 Burrard Street, Vancouver, BC.

- c) Incorporated a wholly-owned subsidiary in Japan named, Irving Resources Japan GK (“Irving Japan”). Irving Japan will enable Irving to acquire and hold exploration projects in Japan. In conjunction with the formation of Irving Japan, the Company entered into a consulting agreement with Mitsui Mineral Development Engineering Co. Ltd. (MINDECO) in Japan to assist in evaluating opportunities to explore for precious and other metals in Japan.

### Events subsequent to the reporting period

- a) On June 21, 2016, the Company completed a private placement on June 21, 2016, issuing 5,830,000 units at a price of \$0.14 per unit for gross proceeds of \$816,200. Each unit consists of one common share and one share purchase warrant with each warrant exercisable into one common share at a price of \$0.20 per share until June 21, 2018.
- b) On July 5, 2016, the Company announced it entered into a new Project Venture Agreement (“PVA”) with JOGMEC in the Republic of Madagascar. The participating interest and contributions of each of the joint venture partners are 90% JOGMEC and 10% the Company, with the Company having an option to increase its participating interest up to 33% with the reimbursement to JOGMEC of a corresponding percentage of the costs incurred on the project. In conjunction with the PVA, the Company has incorporated a joint venture subsidiary in Madagascar named, “New River Stone Ltd”.
- c) Appointed Mr. Kevin Box to the board of directors.

### Summary of Quarterly Results

The following financial information is for the most recently completed quarters of the Company. As this is the Company’s third complete quarter, there are limited comparative quarters to report.

	May 31, 2016	February 29, 2016	November 30, 2015
Total assets	\$ 2,317,006	\$ 2,340,893	\$ 2,015,094
Mineral property costs	1,607,353	1,580,598	1,525,173
Working capital	589,000	705,645	454,445
Equity in net assets	2,202,993	2,293,269	2,002,695
Total comprehensive loss	(102,906)	(170,246)	(9,298)
Loss per share	(0.03)	(0.05)	(0.00)

During the quarter ended May 31, 2016, the Company has minimal activity. The Company incurred minimal exploration and evaluation expenditures on its mineral properties in Tanzania and Malawi, Africa. During the quarter ended February 29, 2016, the Company completed a private placement of 3,255,000 units at \$0.14 per unit for gross proceeds of \$455,700. The Company had minimal activity during the quarter ended November 30, 2015 since the Arrangement closed on November 13, 2015. Costs presented are primarily the spin-out assets which are

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a result of the Arrangement with Gold Canyon and First Mining.

### **Liquidity and Capital Resources**

As at May 31, 2016, the Company had working capital of \$589,000. This consists of \$673,451 in cash, \$5,842 in accounts receivable, \$23,720 in prepaid expenses and \$114,013 in accounts payable and current liabilities.

The unaudited 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>Three Months Ended May 31, 2016</b>	<b>Three Months Ended May 31, 2015</b>
Management fees	\$ 33,561	\$ -
Consulting fees	6,000	-
	<b>\$ 39,561</b>	<b>\$ -</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.
- c) During the current period nil (period from incorporation on August 28, 2015 to February 29, 2016 - 425,000) stock options were granted to directors and officers. The total vested share-based compensation allocated to directors and officers is \$11,301 (period from incorporation on August 28, 2015 to February 29, 2016 - \$2,457).

### **Key Management Compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

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Other than disclosed above, there was no other compensation paid to key management during the three month period ended May 31, 2016 and during the period from incorporation on August 28, 2015 to February 29, 2016.

### **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 May 31, 2016, the Company had cash of \$673,451 to settle current liabilities of \$114,013 which have contractual maturities of less than 30 days and are subject to normal trade terms.

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market prices, such as interest rates and foreign exchange rates.

##### i) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term certificates of deposits issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks.

##### ii) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its mineral properties and future profitability of the Company are directly related to the market price of rare earth elements and other non-gold minerals. The Company monitors commodity prices to determine appropriate actions to be undertaken.

##### iii) Foreign exchange rate risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian

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dollars. The Company funds certain operations, exploration and administrative expenses in the United States by using US dollars converted from its Canadian bank accounts. Management is aware of the possibility of foreign exchange risk derived from currency conversions. The Company has not entered into any agreements or purchased any instruments to hedge possible foreign exchange rate risk at this time.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be affected by credit risk, liquidity risk or market risk.

**Commitments**

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

2016	\$ 21,865
2017	29,486
2018	30,149
2019	30,481
2020	<u>15,241</u>
	<u>\$ 127,222</u>

**Contingency**

Not applicable.

**Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements as at May 31, 2016.

**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	14,457,752
Stock options	475,000
Warrants	9,461,958

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

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### **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 for Adoption in Future Periods**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective as of May 31, 2016. The Company has not early adopted any of these standards. The Company is in the process of evaluating these standards however, they are expected to have minimal or no impact on the Company's financial statements.

For complete details of the new accounting standards, refer to Note 4 of the unaudited condensed interim consolidated financial statements for the period ended May 31, 2016:

IAS 12, Income Taxes

IFRS 9, Financial Instruments – Classification and Measurement

IFRS 15, Revenue from Contracts with Customers

IFRS 16, Leases

### **Outlook**

The Company is optimistic that results from the exploration on its two new Tanzanian holdings will merit additional exploration that may lead to possible Phase II activities in the future. Near term work will be tightly budgeted and managed to minimize cash outflows. The Company continues to monitor its REE project in Malawi with its partner, JOGMEC. The Company will pursue additional opportunities with JOGMEC in the Republic of Madagascar. The Company will also examine new, high quality opportunities in Japan.

### **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.

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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.

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 of the Company has approved the disclosure contained in this MD&A.