

IRVING RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MAY 31, 2024
(Unaudited)
(Expressed in Canadian Dollars)

IRVING RESOURCES INC.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

(Expressed in Canadian Dollars)

AS AT

	May 31, 2024	February 29, 2024
ASSETS		
Current assets		
Cash	\$ 3,498,188	\$ 4,734,900
Receivables (Note 5)	12,472	7,511
Prepays	<u>91,379</u>	<u>114,823</u>
	3,602,039	4,857,234
Prepays	58,559	64,296
Property and equipment (Note 7)	2,006,706	2,223,624
Exploration and evaluation assets (Note 8)	<u>43,888,598</u>	<u>43,012,585</u>
	<u>\$ 49,555,902</u>	<u>\$ 50,157,739</u>
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 237,993	\$ 393,005
Lease liabilities (Note 6)	<u>71,219</u>	<u>133,911</u>
	309,212	526,916
Non-current liabilities		
Lease liabilities (Note 6)	<u>56,751</u>	<u>82,025</u>
Total liabilities	<u>365,963</u>	<u>608,941</u>
Shareholders' equity		
Share Capital (Note 10)	60,329,147	60,329,147
Reserves (Note 10)	9,918,581	9,807,044
Accumulated Deficit	<u>(21,057,789)</u>	<u>(20,587,393)</u>
	<u>49,189,939</u>	<u>49,548,798</u>
	<u>\$ 49,555,902</u>	<u>\$ 50,157,739</u>

Nature and Continuance of Operations (Note 1)**Subsequent Events** (Note 16)**On behalf of the Board:**"Akiko Levinson"

Director

"Quinton Hennigh"

Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

IRVING RESOURCES INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited)

(Expressed in Canadian Dollars)

	Three months ended	
	May 31, 2024	May 31, 2023
EXPENSES		
Consulting fees (Note 11)	\$ 89,386	\$ 40,932
Depreciation (Note 7)	38,706	38,105
Foreign exchange loss (gain)	112,067	108,599
Insurance	7,218	7,572
Interest expense on lease liabilities (Note 6)	4,082	4,980
Investor relations	8,155	2,993
Management fees (Note 11)	18,000	18,000
Office and miscellaneous	13,197	14,064
Professional fees	73,175	46,249
Regulatory fees	13,770	12,176
Salaries and benefits	2,017	34,614
Share-based compensation (Note 10)	111,537	219,171
Telephone	6,114	5,822
Transfer agent	3,369	3,407
Travel and promotion	<u>21,700</u>	<u>59,079</u>
Operating expenses	<u>(522,493)</u>	<u>(615,763)</u>
Interest income	16,350	87,745
Other income	<u>35,747</u>	<u>-</u>
	<u>52,097</u>	<u>87,745</u>
Loss and comprehensive loss for the period	<u>\$ (470,396)</u>	<u>\$ (528,018)</u>
Basic and diluted loss per common share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Basic and diluted weighted average number of common shares outstanding	<u>73,950,640</u>	<u>72,426,321</u>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

IRVING RESOURCES INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited)

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Share Based Payment Reserves	Accumulated Deficit	Total Shareholders' Equity
Balance, February 28, 2023	72,366,900	\$ 58,701,039	\$ 8,961,644	\$ (18,382,928)	\$ 49,279,755
Exercise of stock options	66,667	96,085	(29,418)	-	66,667
Share-based compensation	-	-	219,171	-	219,171
Net loss for the period	-	-	-	(528,018)	(528,018)
Balance, May 31, 2023	72,433,567	\$ 58,797,124	\$ 9,151,397	\$ (18,910,946)	\$ 49,037,575
Balance, February 29, 2024	73,950,640	\$ 60,329,147	\$ 9,807,044	\$ (20,587,393)	\$ 49,548,798
Share-based compensation	-	-	111,537	-	111,537
Net loss for the period	-	-	-	(470,396)	(470,396)
Balance, May 31, 2024	73,950,640	\$ 60,329,147	\$ 9,918,581	\$ (21,057,789)	\$ 49,189,939

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

IRVING RESOURCES INC.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)
(Expressed in Canadian Dollars)

	Three months ended	
	May 31, 2024	May 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (470,396)	\$ (528,018)
Adjustments		
Depreciation	38,706	38,105
Interest expense on lease liabilities	4,082	4,980
Share-based compensation	111,537	219,171
Foreign exchange	30,118	(24,791)
Change in non-cash working capital items:		
Receivables	(4,961)	(823)
Prepays	29,181	64,495
Accounts payable and accrued liabilities	<u>31,979</u>	<u>(275,433)</u>
Net cash used in operating activities	<u>(229,754)</u>	<u>(502,314)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Common shares issued	-	66,667
Payment of lease liabilities	<u>(33,232)</u>	<u>(33,169)</u>
Net cash provided by (used in) by financing activities	<u>(33,232)</u>	<u>33,498</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets, net of recoveries	(992,828)	(1,576,913)
Acquisition of equipment	<u>-</u>	<u>(11,915)</u>
Net cash used in investing activities	<u>(992,828)</u>	<u>(1,588,828)</u>
Effect of foreign exchange on cash	<u>19,102</u>	<u>(2,024)</u>
Change in cash during the period	(1,236,712)	(2,059,668)
Cash, beginning of the period	<u>4,734,900</u>	<u>10,909,314</u>
Cash, end of the period	\$ 3,498,188	\$ 8,849,646

Supplemental disclosure with respect to cash flows (Note 12)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

IRVING RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2024

(Unaudited)

(Expressed in Canadian Dollars)

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, and is listed for trading on the Canadian Securities Exchange (“CSE”) under the symbol “IRV”. The Company is a junior resource exploration company that is involved in the acquisition and exploration of mineral properties. The Company’s corporate office is located at 999 Canada Place, Suite 404, Vancouver, BC V6C 3E2.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As at May 31, 2024, the Company had working capital of \$3,292,827 (February 29, 2024 – \$4,330,318). Management estimates these funds are sufficient to meet its immediate liquidity requirements as well as those for the next twelve months.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

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 IFRS Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company’s most recent annual financial statements but do not contain all of the information required for full annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company’s annual financial statements for the year ended February 29, 2024.

b) Basis of Measurement

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for financial instruments measured at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

c) Approval of the Condensed Interim Consolidated Financial Statements

These condensed interim consolidated financial statements were reviewed by the Audit Committee and authorized for issue by the Board of Directors on July 30, 2024.

IRVING RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2024

(Unaudited)

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (cont'd)

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%
NIRV Resources GK (“NIRV GK”)	Japan	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.

3. MATERIAL ACCOUNTING POLICY INFORMATION

New accounting standards not yet adopted

In April 2024, the IASB issued a new IFRS accounting standard to improve the reporting of financial performance. IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements. The standard will become effective January 1, 2027, with early adoption permitted. The Company is in the process of assessing the impact of this new standard on the Company's financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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:

IRVING RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2024

(Unaudited)

(Expressed in Canadian Dollars)

4. 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 profit or loss in the period the new information becomes available.

b) 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.

c) Going Concern

The Company's assessment of its ability to continue as a going concern requires significant judgments about whether there are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

5. RECEIVABLES

The Company's receivables arise mainly from goods and services tax due from Canadian government taxation authorities.

6. LEASES

The Company has various leases for equipment, housing and office space. The leases are treated as right-of-use assets and included in Property and Equipment. The lease liability is presented as a separate line in the consolidated statements of financial position. The related payments are recognized as an expense in the period in which the payment occurs and are included in the consolidated statements of loss and comprehensive loss.

IRVING RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2024

(Unaudited)

(Expressed in Canadian Dollars)

6. LEASES (cont'd)

	Three months ended	Year ended
	May 31, 2024	February 29, 2024
Opening balance	\$ 215,936	\$ 233,212
Additions	-	134,884
Lease payments made	(33,232)	(141,604)
Disposals	(22,338)	-
Interest expense on lease liabilities	4,082	18,851
Foreign exchange adjustment	(36,478)	(29,407)
	127,970	215,936
Less: current portion	(71,219)	(133,911)
Long-term portion	\$ 56,751	\$ 82,025

The present value of the monthly lease payments was calculated using the financing rate of 10%.

The remaining undiscounted minimum future lease payments, excluding estimated operating costs, for the term of the lease, including assumed renewal periods, are as follows:

	\$
Fiscal 2025	116,704
Fiscal 2026	46,098

IRVING RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2024

(Unaudited)

(Expressed in Canadian Dollars)

7. PROPERTY AND EQUIPMENT AND RIGHT OF USE ASSETS

	Right of Use Assets	Machinery and equipment	Computer equipment	Office furniture and fixtures	Total
Cost					
Balance, February 28, 2023	370,063	2,146,401	27,680	12,383	2,556,527
Disposals	(143,041)	-	-	-	(143,041)
Additions	116,885	435,161	17,597	3,624	573,267
Balance, February 29, 2024	\$ 343,907	\$ 2,581,562	\$ 45,277	\$ 16,007	\$ 2,986,753
Disposals	(31,977)	-	-	-	(31,977)
Balance, May 31, 2024	\$ 311,930	\$ 2,581,562	\$ 45,277	\$ 16,007	\$ 2,954,776
Accumulated depreciation					
Balance, February 28, 2023	171,245	189,541	18,569	5,130	384,485
Disposals	(143,041)	-	-	-	(143,041)
Additions	134,884	377,478	7,125	2,198	521,685
Balance, February 29, 2024	\$ 163,088	\$ 567,019	\$ 25,694	\$ 7,328	\$ 763,129
Disposals	(9,639)	-	-	-	(9,639)
Additions (including FX)	36,047	155,821	2,037	675	194,580
Balance, May 31, 2024	\$ 189,496	\$ 722,840	\$ 27,731	\$ 8,003	\$ 948,070
Carrying amounts					
At February 29, 2024	\$ 180,819	\$ 2,014,543	\$ 19,583	\$ 8,679	\$ 2,223,624
At May 31, 2024	\$ 122,434	\$ 1,858,722	\$ 17,546	\$ 8,004	\$ 2,006,706

IRVING RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2024

(Unaudited)

(Expressed in Canadian Dollars)

8. EXPLORATION AND EVALUATION ASSETS

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

Three months ended May 31, 2024	Omu Property	Other Properties	Total
Opening balance, February 29, 2024	\$ 39,173,779	\$ 3,838,806	\$ 43,012,585
Additions:			
Assays and sampling	23,755	24,694	48,449
Consulting/management/administration	167,636	243,901	411,537
Drilling related	91,495	97,747	189,242
Geophysics/other engineering studies	4,743	3,736	8,479
Materials and supplies	22,456	79,740	102,196
Staking and claims registration	38,072	2,167	40,239
Travel and transportation	<u>11,603</u>	<u>64,268</u>	<u>75,871</u>
	359,760	516,253	876,013
Total, exploration and evaluation assets, May 31, 2024	\$ 39,533,539	\$ 4,355,059	\$ 43,888,598

Year ended February 29, 2024	Omu Property	Other Properties	Total
Opening balance, February 28, 2023	\$ 34,439,511	\$ 2,142,922	\$ 36,582,433
Additions:			
Acquisition costs	-	55,688	55,688
Assays and sampling	434,936	14,257	449,193
Consulting/management/administration	1,566,222	540,097	2,106,319
Drilling related	1,439,046	338,577	1,777,623
Geophysics/other engineering studies	37,965	34,584	72,549
Materials and supplies	684,740	368,162	1,052,902
Staking and claims registration	44,574	(5,852)	38,722
Travel and transportation	<u>526,785</u>	<u>398,190</u>	<u>924,975</u>
	4,734,268	1,741,703	6,477,971
Less: write-down of deferred exploration costs	<u>-</u>	<u>(47,820)</u>	<u>(47,820)</u>
Total, exploration and evaluation assets, February 29, 2024	\$ 39,173,779	\$ 3,838,806	\$ 43,012,585

IRVING RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2024

(Unaudited)

(Expressed in Canadian Dollars)

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) Omu and other Properties

During the year ended February 28, 2023, the Company issued 87,500 common shares with a value of \$65,625 as part of the share issuance due on the second anniversary of a binding option agreement to acquire the 5.2km Yamagano mining licence. During the year ended February 29, 2024, the Company issued 87,500 common shares with a value of \$53,375 as part of the share issuance due on the third anniversary.

During the years ended February 28, 2023, and February 29, 2024, the Company wrote-down the carrying value on certain claims comprising the Eniwa and Shimokawa projects as it withdrew its application for these prospecting licenses.

b) Tanzania Property

As at February 29, 2024, the Company is in the process of winding up the subsidiary in Tanzania. The carrying value of properties in Tanzania is \$Nil (2024 - \$Nil).

9. JOINT VENTURES

During the year ended February 29, 2024, the Company terminated the joint exploration agreement with JOGMEC.

10. SHAREHOLDERS' EQUITY

Authorized

Unlimited number of common shares without par value.

During the period ended May 31, 2024, the Company did not issue any common shares.

During the year ended February 29, 2024, the Company:

- a) issued 66,667 shares for gross proceeds of \$66,667 pursuant to the exercise of stock options.
- b) completed a private placement on July 7, 2023, issuing 1,429,573 common shares for gross proceeds of \$1,479,751 at a price of \$1.04 per common share.

IRVING RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2024

(Unaudited)

(Expressed in Canadian Dollars)

10. SHAREHOLDERS' EQUITY (cont'd...)

- c) issued 87,500 common shares valued at \$0.61 per share pursuant to the terms of a mineral property agreement. See Note 8.

Stock options

The Company, in accordance with its stock option plan, is authorized to grant options to directors, employees and consultants, to acquire up to 10% of its issued and outstanding common stock. The exercise price of each option shall not be less than the market price of the Company's stock on the date of grant. The options can be granted for a maximum term of ten years with vesting period determined by the board of directors.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, February 28, 2023	5,190,000	1.82
Granted	2,105,000	0.95
Exercised	(66,667)	1.00
Expired / Cancelled	(1,710,000)	3.32
Outstanding, February 29, 2024	5,518,333	\$1.03
Expired / Cancelled	(578,333)	1.25
Outstanding, May 31, 2024	4,940,000	\$1.00

Stock options outstanding at May 31, 2024 are as follows:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date
		\$	
1,390,000	1,390,000	1.09	December 21, 2024
1,460,000	1,460,000	1.00	September 12, 2025
210,000	140,000	1.30	April 10, 2026
1,830,000	610,000	0.91	September 7, 2026
50,000	-	0.91	December 12, 2026
4,940,000	3,600,000		

IRVING RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2024

(Unaudited)

(Expressed in Canadian Dollars)

10. SHAREHOLDERS' EQUITY (cont'd...)**Warrants**

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

	Number of Warrants	Weighted Average Exercise Price
Opening balance, February 28, 2023 and February 29, 2024	-	\$ -
Granted	1,487,270	1.60
Outstanding, February 29, 2024 and May 31, 2024	1,487,270	\$ 1.60

Warrants outstanding at May 31, 2024 are as follows:

Number of Warrants	Exercise Price	Expiry Date
1,487,270	\$ 1.60	July 12, 2025

Share-based compensation

During the period ended May 31, 2024, the Company did not grant any stock options to directors, officers, employees and consultants (2023 – 220,000 with an estimated weighted average fair value of \$0.66). The total amount of fair value of vested stock options amortized during the period is \$111,537 (2023 - \$219,171). This amount has been expensed as share-based compensation in the statement of loss and comprehensive loss.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the period:

	Three months ended May 31, 2024	Three months ended May 31, 2023
Risk-free interest rate	-	3.53%
Expected life of options	-	3.0 years
Annualized volatility	-	75.15%
Dividend rate	-	0.00%
Forfeiture rate	-	0.00%

IRVING RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2024

(Unaudited)

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

	Three months ended May 31, 2024	Three months ended May 31, 2023
Management fees	\$ 48,000	\$ 48,205
Consulting fees	78,479	87,934
	\$ 126,479	\$ 136,139

- Included in the management fees were fees for services provided by the President and Chief Executive Officer and Chief Financial Officer.
- Included in consulting fees are amounts paid to independent directors for services other than their role as directors, including amounts capitalized to exploration and evaluation assets.
- During the period, nil (2023 – nil) stock options were granted to directors and officers. The total vested share-based compensation allocated to directors and officers is \$53,324 (2023 - \$97,215).

Key Management Compensation

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

Other than disclosed above, there was no other compensation paid to key management during the periods ended May 31, 2024 and 2023.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the period ended May 31, 2024:

- Included in accounts payable and accrued liabilities are \$40,328 related to deferred exploration costs.
- Capitalized depreciation of \$70,117

The significant non-cash transactions for the period ended May 31, 2023:

- Included in accounts payable and accrued liabilities are \$88,322 related to deferred exploration costs.

IRVING RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2024

(Unaudited)

(Expressed in Canadian Dollars)

13. SEGMENTED INFORMATION

The Company has one reportable segment being acquisition and exploration of mineral properties. The Company's mineral properties and property and equipment located geographically as follows:

As at May 31, 2024	Property and equipment	Exploration and evaluation assets
Canada	\$ 15,887	\$-
Japan	<u>1,990,819</u>	<u>43,888,598</u>
Total	\$ 2,006,706	\$ 43,888,598

As at February 29, 2024	Property and equipment	Exploration and evaluation assets
Canada	\$ 22,159	\$-
Japan	<u>2,201,465</u>	<u>43,012,585</u>
Total	\$ 2,223,624	\$ 43,012,585

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

IFRS 7 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at May 31, 2024, the Company's financial instruments are comprised of cash, accounts payable and accrued liabilities and lease liabilities. The carrying value of accounts payable and accrued liabilities approximate its fair value due to the relatively short period to maturity of this financial instrument. Lease liabilities are accreted over lease terms at market interest rates using the effective interest rate method.

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.

IRVING RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2024

(Unaudited)

(Expressed in Canadian Dollars)

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

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.

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, 2024, the Company had cash of \$3,498,188 to settle current liabilities of \$309,212 of which a significant amount has 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. The Company funds certain operations, exploration and administrative expenses by using US Dollars and Japanese Yen converted from its Canadian bank accounts. Management is aware of the possibility of foreign exchange risk derived from currency conversions. The Company has not entered into any agreements or purchased any instruments to hedge possible foreign exchange rate risk at this time.

15. CAPITAL MANAGEMENT

The Company considers items in its shareholders' equity as capital. 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.

IRVING RESOURCES INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended May 31, 2024

(Unaudited)

(Expressed in Canadian Dollars)

15. CAPITAL MANAGEMENT (cont'd)

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.

There were no changes to the Company's approach to capital management during the period ended May 31, 2024.

16. SUBSEQUENT EVENTS

(a) On June 25, 2024, the Company closed a non-brokered private placement (the "Private Placement"). Irving issued 2,740,000 units (each, a "Unit") under the Private Placement at a price of \$0.40 per Unit to raise gross proceeds of \$1,096,000. Each Unit is comprised of one common share of the Company (each, a "Share") and one-half of one transferable Share purchase warrant, with each whole Share purchase warrant entitling the holder to purchase one Share for a period of three years at a price of \$0.55 per Share. All securities issued under the Private Placement are subject to a hold period expiring on October 26, 2024.

(b) On July 8, 2024, the Company granted 50,000 incentive stock options to an employee. The options are exercisable at \$0.91 for a period of three years and are subject to vesting conditions.