IRVING RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MAY 31, 2025

(Unaudited)

(Expressed in Canadian Dollars)

IRVING RESOURCES INC.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited)
(Expressed in Canadian Dollars)
AS AT

	May 31, 2025	February 28, 2025
ASSETS		
Current assets		
Cash	$ 3,216,656	$ 3,087,356
Receivables (Notes 5 & 9)	606,109	762,606
Prepaids	98,439	165,138
	3,921,204	4,015,100
Prepaids	48,330	52,272
Property and equipment (Note 7)	1,889,610	1,965,330
Investment in associate (Note 9)	1,096,834	714,892
Exploration and evaluation assets (Note 8)	40,252,974	40,050,138
	$ 47,208,952	$ 46,797,732
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 326,255	$ 208,118
Advance from option partner (Note 8)	533,602	592,726
Lease liabilities (Note 6)	100,024	110,944
	959,881	911,788
Non-current liabilities		
Lease liabilities (Note 6)	48,634	46,527
Total liabilities	1,008,515	958,315
Shareholders' equity		
Share capital (Note 10)	61,402,773	61,402,773
Subscription receipts (Note 16)	628,000	-
Reserves (Note 10)	10,082,102	10,077,948
Accumulated deficit	(25,912,438)	(25,641,304)
	46,200,437	45,839,417
	$ 47,208,952	$ 46,797,732

Nature and Continuance of Operations (Note 1)
Subsequent Event (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, 2025	**May 31, 2024**
EXPENSES		
Consulting fees (Note 11)	$ 147,709	$ 89,386
Depreciation (Note 7)	44,004	38,706
Foreign exchange loss (gain)	77,219	112,067
Insurance	8,423	7,218
Interest expense on lease liabilities (Note 6)	4,016	4,082
Investor relations	27,179	8,155
Management fees (Note 11)	18,000	18,000
Office and miscellaneous	10,677	13,197
Professional fees	91,244	73,175
Regulatory fees	21,694	13,770
Salaries and benefits	1,413	2,017
Share-based compensation (Note 10)	4,154	111,537
Telephone	2,508	6,114
Transfer agent	6,397	3,369
Travel and promotion	42,239	21,700
Operating expenses	(506,876)	(522,493)
Interest income	1,414	16,350
Loss on disposal of assets	(7,885)	-
Other income	213,646	35,747
Recovery of exploration and evaluation assets (Note 8)	28,567	-
	235,742	52,097
Loss and comprehensive loss for the period	$ (271,134)	$ (470,396)
Basic and diluted loss per common share	$ (0.00)	$ (0.01)
Basic and diluted weighted average number of common shares outstanding	76,690,640	73,950,640

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

IRVING RESOURCES INC.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Subscription Receipts	Share Based Payment Reserves	Accumulated Deficit	Total Shareholders' Equity
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**
Balance, February 28, 2025	**76,690,640**	**$ 61,402,773**	**$ -**	**$ 10,077,948**	**$ (25,641,304)**	**$ 45,839,417**
Subscription receipts	-	-	628,000	-	-	628,000
Share-based compensation	-	-	-	4,154	-	4,154
Net loss for the period	-	-	-	-	(271,134)	(271,134)
Balance, May 31, 2025	**76,690,640**	**$ 61,402,773**	**$ 628,000**	**$ 10,082,102**	**$ (25,912,438)**	**$ 46,200,437**

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, 2025	Three Months Ended May 31, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (271,134)	$ (470,396)
Adjustments		
Depreciation	44,004	38,706
Interest expense on lease liabilities	4,016	4,082
Share-based compensation	4,154	111,537
Recovery of exploration and evaluation assets	(28,567)	-
Foreign exchange	33,435	30,118
Change in non-cash working capital items:		
Receivables	156,497	(4,961)
Prepaids	70,641	29,181
Accounts payable and accrued liabilities	(44,217)	31,979
Net cash used in operating activities	(31,171)	(229,754)
CASH FLOWS FROM FINANCING ACTIVITIES		
Subscription receipts	628,000	-
Payment of lease liabilities	(37,144)	(33,232)
Net cash provided by (used in) financing activities	590,856	(33,232)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets, net of recoveries	(10,365)	(992,828)
Acquisition of equipment	(12,527)	-
Investment in associate	(381,942)	-
Net cash used in investing activities	(404,834)	(992,828)
Effect of foreign exchange on cash	(25,551)	19,102
Change in cash during the period	129,300	(1,236,712)
Cash, beginning of the period	3,087,356	4,734,900
Cash, end of the period	$ 3,216,656	$ 3,498,188

Supplemental disclosure with respect to cash flows (Note 12)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Irving Resources Inc. (the "Company" or "Irving") was incorporated under the Business Corporations Act (British Columbia) on August 28, 2015 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, 2025, the Company had working capital of $2,961,323 (February 28, 2025 – $3,103,312), had not yet achieved profitable operations and had accumulated a deficit of $25,912,438 since its inception and will require additional funding to maintain its operations. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

a) Statement of Compliance

These condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting under International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements but do not contain all of the information required for full annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's annual financial statements for the year ended February 28, 2025.

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, 2025.

(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

IFRS 18 Presentation and Disclosure in Financial Statements, which will replace IAS 1, Presentation of Financial Statements aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from 1 January 2027. Companies are permitted to apply IFRS 18 before that date. The Company is currently assessing the impact the new standard will have on its consolidated 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:

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

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

a) Exploration and evaluation expenditures (cont'd)

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) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

d) Significant influence over associate

Management deems the Company to have significant influence over an associate when the Company is able to influence the financial and operating decisions of the associate. The Company has determined that its investment in a joint venture company as outlined in Note 9 is an investment in associate.

e) 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.

(Expressed in Canadian Dollars)

5. RECEIVABLES

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

	Three months ended May 31, 2025	Year ended February 28, 2025
GST receivable	$ 9,861	$ 4,012
Receivable from investment in associate (Note 9)	596,248	758,594
Total	**606,109**	**762,606**

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 condensed interim 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 condensed interim consolidated statements of loss and comprehensive loss.

	Three months ended May 31, 2025	Year ended February 28, 2025
Opening balance	$ 157,471	$ 215,936
Additions	24,315	112,557
Lease payments made	(37,144)	(119,993)
Interest expense on lease liabilities	4,016	15,393
Foreign exchange adjustment	-	(66,422)
	148,658	157,471
Less: current portion	(100,024)	(110,944)
Long-term portion	$ 48,634	$ 46,527

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

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

	$
Fiscal 2026	141,604
Fiscal 2027	119,993
Fiscal 2028	48,634

(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 29, 2024	$ 343,907	$ 2,581,562	$ 45,277	$ 16,007	$ 2,986,753
Disposals	(175,788)	(72,035)	-	(513)	(248,336)
Additions	112,339	-	3,452	-	115,791
Balance, February 28, 2025	$ 280,458	$ 2,509,527	$ 48,729	$ 15,494	$ 2,854,208
Disposals	(8,444)	(19,851)	(23,900)	-	(52,195)
Additions	24,316	12,527	-	-	36,843
Balance, May 31, 2025	$ 296,330	$ 2,502,203	$ 24,829	$ 15,494	$ 2,838,856
Accumulated depreciation					
Balance, February 29, 2024	$ 163,088	$ 567,019	$ 25,694	$ 7,328	$ 763,129
Disposals	(148,801)	-	-	-	(148,801)
Additions	115,612	149,651	8,647	640	274,550
Balance, February 28, 2025	$ 129,899	$ 716,670	$ 34,341	$ 7,968	$ 888,878
Disposals	(8,444)	(11,966)	(23,900)	-	(44,310)
Additions	33,215	67,279	3,864	320	104,678
Balance, May 31, 2025	$ 154,670	$ 771,983	$ 14,305	$ 8,288	$ 949,246
Carrying amounts					
At February 28, 2025	$ 150,559	$ 1,792,857	$ 14,388	$ 7,526	$ 1,965,330
At May 31, 2025	$ 141,660	$ 1,730,220	$ 10,524	$ 7,206	$ 1,889,610

(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, 2025	**Omu Property**	**Other Properties**	**Total**
Opening balance, February 28, 2025	$ 39,709,001	$ 341,137	$ 40,050,138
Additions:			
Assays and sampling	18,172	-	18,172
Consulting/management/administration	56,451	-	66,893
Drilling related	122,730	-	122,730
Geophysics/other engineering studies	14,537	-	14,537
Materials and supplies	36,816	-	36,816
Staking and claims registration	10,333	10,442	10,333
Travel and transportation	-	-	-
Recovery	(95,212)	-	(95,212)
	163,827	10,442	174,269
Less: recovery of deferred exploration costs	-	28,567	28,567
Total, exploration and evaluation assets, May 31, 2025	39,872,828	380,146	40,252,974

Year ended February 28, 2025	**Omu Property**	**Other Properties**	**Total**
Opening balance, February 29, 2024	$ 39,173,779	$ 3,838,806	$ 43,012,585
Additions:			
Assays and sampling	30,948	29,662	60,610
Consulting/management/administration	422,105	342,489	764,594
Drilling related	327,661	87,806	415,467
Geophysics/other engineering studies	4,743	3,690	8,433
Materials and supplies	60,560	193,200	253,760
Staking and claims registration	55,379	33,849	89,228
Travel and transportation	40,230	79,613	119,843
Recovery	(406,404)	-	(406,404)
	535,222	770,309	1,305,531
Less: write-down of deferred exploration costs	-	(4,267,978)	(4,267,978)
Total, exploration and evaluation assets, February 28, 2025	**$ 39,709,001**	**$ 341,137**	**$ 40,050,138**

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 Property

The Company entered into an agreement to purchase a 100% interest in a mining right for the Omui Property located in Hokkaido, Japan. The mining right encompasses an area of approximately 2.98 sq km. The total purchase price for the mining right is JPY40,000,000 cash (CAD $477,000; paid) and 135,747 common shares of the Company issued at a value of $118,100.

The Company has also filed a total of 57 prospecting licenses covering additional prospective ground in the vicinity of the Omui Property.

The Company purchased a total of 1.35 sq km of surface rights covering an area over the Omui Property for total purchase price JPY38,145,974 (CAD$458,279).

The Company entered into long-term leases of surface rights covering a total area of 1.06 sq km in an area over the Omui Property. The total costs for the initial five-year period is JPY10,637,140 (CAD$129,613). The leases are for a five-year term and can be extended for up to three additional five-year periods. Included in long-term prepaids are the refundable deposits associated with these long-term leases.

Farm-in Agreement

In October 2024, the Company entered into a farm-in agreement (the "Farm-in Agreement") with JX Advance Metals Corporation ("JX Metals") whereby JX Metals may earn an interest in certain of the Company's properties in Omu, Hokkaido, Japan.

Under the Farm-in Agreement, JX Metals may earn a 75% interest in certain claims at Omu Sinter Pit and may earn up to a 75% interest at Omuisenbu area. In order to exercise the option, subject to extension in the event of certain circumstances, JX Metals must incur at least JPY 300,000,000 in exploration and property related expenditures over three years as followings:

(a) pay the Company JPY 30,000,000 (paid) as non-refundable operating expenses upon the execution of the Farm-in Agreement;
(b) pay the Company JPY 70,000,000 (paid) as exploration expenses for the first year;
(c) pay the Company JPY 30,000,000 as non-refundable operating expenses for the second year;
(d) pay the Company JPY 70,000,000 as exploration expenses for the second year;
(e) pay the Company JPY 30,000,000 as non-refundable operating expenses for the third year; and
(f) pay the Company JPY 70,000,000 as exploration expenses for the third year.

8. EXPLORATION AND EVALUATIONS ASSETS (cont'd)

As of May 31, 2025, the Company recorded exploration and evaluation expenditures recovery of $95,212 (February 28, 2025 - $406,404) and advance from joint venture partner of $533,602 (February 28, 2025 - $592,726) for the JX Mental Farm-in Agreement.

b) Other Properties

The Company has filed mineral prospecting licenses with the Ministry of Economy, Trade and Industry (METI) in various other areas (Prefectures) within Japan. These mineral prospecting licenses are in various stages of early exploration. The Company will conduct exploration and if a property does not warrant further exploration, the Company will surrender or withdraw their applications from the METI.

During the year ended February 28, 2021, the Company signed a binding option agreement to acquire the 5.2 sq km Yamagano mining license. The option is exercisable for a period of ten years from the date of the agreement, September 26, 2020. In order to exercise the option, the Company must issue a total of 350,000 common shares over four years, with the initial 87,500 common shares issued during the year ended February 28, 2021 with a value of $253,750, and 87,500 common shares due on each of the first, second and third anniversaries of the date of the agreement and incur, within three years after the date of the agreement, aggregate property expenditures of US$250,000 on the property and on properties controlled by the Company within 10 km of the outer boundaries of the property. The Company also holds 21 mineral prospecting licenses in areas near the Yamagano mining license.

During the year ended February 28, 2022, the Company issued 87,500 common shares with a value of $99,750 as part of the share issuance due on the first anniversary of the option agreement and 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. 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 year ended February 28, 2025, the Company wrote-down the carrying value on certain claims totalling $34,398 as it withdrew its application for these prospecting licenses.

As further outlined in Note 9, the Company entered into a joint venture agreement with certain partners and agreed to transfer certain claims in the Yamagano property and Noto property to the joint venture company upon its formation with no additional consideration. As the transfer of these claims will not increase the Company's contributed capital into the joint venture company, the carrying value of these claims totaling $4,233,580 was written off to profit or loss during the year ended February 28, 2025.

c) Tanzania Property

The Company, through its wholly-owned Tanzanian subsidiary, and with its joint venture participant, JOGMEC, had exploration prospecting licenses in Tanzania, Africa. During the year ended February 28, 2019, the Company elected to surrender the final license and as at May 31, 2025, the Company is in the process of winding up the subsidiary in Tanzania. The carrying value of properties in Tanzania is $Nil (February 28, 2025 - $Nil).

(Expressed in Canadian Dollars)

9. INVESTMENT IN ASSOCIATE

In October 2024, the Company entered into an agreement with Newmont Overseas Exploration Limited ("Newmont"), a wholly-owned subsidiary of Newmont Corporation, and Sumitomo Corporation ("Sumitomo") in respect of the formation of a joint venture company ("JV Co") to further explore certain of the Company's Yamagano and Noto properties. The initial interests of the parties in the joint venture company are Newmont as to 60%, Irving as to 27.5% and Sumitomo as to 12.5%. Irving GK is the initial manager of the JV. Newmont has the right to assume the responsibilities of manager at any time. Due to the significant influence the Company has over the JV Co's financial and operating decisions, the Company determined that its investment in the JV Co is an investment in associate.

As at May 31, 2025 and February 28, 2025, the JV Co had yet to be incorporated. As a result, as of May 31, 2025, Newmont and Sumitomo advanced ¥308,646,852 ($2,950,664) (February 28, 2025 - ¥205,391,721 ($1,918,359)) in aggregate to Irving GK, and Irving contributed ¥113,993,756 ($1,096,834) (February 28, 2025 - ¥74,912,883 ($714,892)) in order to fund JV exploration. The Company's advance is recorded as an investment in associate. During the three months ended May 31, 2025, the Company has a receivable of $596,248 (February 28, 2025 - $758,594) due from the JV Co which represents amounts that were paid by the Company on the JV Co's behalf and the outstanding management fees from March 2025 to May 2025.

During the three months ended May 31, 2025, Irving GK earned management fees of ¥12,067,522 ($116,283) (May 31, 2024 - $nil) as the JV manager and expense reimbursement of ¥10,027,142 ($96,622) (May 31, 2024 - $nil) which are recognized as other income.

Subsequent to the three months ended May 31, 2025, the JV Co known as Yamagano JV GK was incorporated on June 3, 2025.

Supplemental financial information regarding the Company's investment in associate is presented below:

Summarized Statements of Financial Position		May 31, 2025
Current assets	$	618,374
Non-current assets		3,618,387
Current liabilities		(596,248)
Net assets	$	3,640,513

During the three months ended May 31, 2025, JV Co had minimal net and comprehensive loss.

10. SHAREHOLDERS' EQUITY

Authorized

Unlimited number of common shares without par value.

During the period ended May 31, 2025, the Company had no share capital transactions.

(Expressed in Canadian Dollars)

10. SHAREHOLDERS' EQUITY (cont'd…)

During the year ended February 28, 2025, the Company completed a non-brokered private placement by issuing 2,740,000 units at a price of $0.40 per unit to raise gross proceeds of $1,096,000. Each unit consists of one common share and one-half of a share purchase warrant. Each whole warrant is exercisable into one common share for a period of three years at a price of $0.55 per share.

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 29, 2024	5,518,333	$1.03
Granted	50,000	$0.91
Expired / Cancelled	(2,453,333)	$1.11
Outstanding, February 28, 2025	3,115,000	$0.97
Expired / Cancelled	(310,000)	$0.91
Outstanding, May 31, 2025	2,805,000	$0.98

Stock options outstanding at May 31, 2025 are as follows:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date
		$	
1,170,000	1,170,000	1.00	September 12, 2025
200,000	200,000	1.30	April 10, 2026
1,335,000	1,335,000	0.91	September 7, 2026
50,000	33,333	0.91	December 12, 2026
50,000	16,667	0.91	July 9, 2027
2,805,000	2,755,000		

(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
Outstanding, February 28, 2023 and February 29, 2024	1,487,270	$1.60
Granted	1,370,000	$0.55
Outstanding, February 28, 2025 and May 31, 2025	2,857,270	$1.10

Warrants outstanding at May 31, 2025 are as follows:

Number of Warrants	Exercise Price	Expiry Date
1,487,270	$ 1.60	July 12, 2025
1,370,000	$ 0.55	June 25, 2027
2,857,270		

Share-based compensation

During the period ended May 31, 2025, the Company did not grant any stock options to directors, officers, employees and consultants (2024 – Nil). The total amount of fair value of vested stock options amortized during the period is $4,154 (2024 - $111,537). This amount has been expensed as share-based compensation in the statement of loss and comprehensive loss.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

	Three months ended May 31, 2025	Three months ended May 31, 2024
Management fees	$ 53,000	$ 48,000
Consulting fees	25,500	78,479
	$ 78,500	**$ 126,479**

a) Included in the management fees were fees for services provided by the President and Chief Executive Officer and Chief Financial Officer.

b) Included in consulting fees are amounts paid to independent directors for services other than their role as directors.

c) During the period, nil (2024 – nil) stock options were granted to directors and officers. The total vested share-based compensation allocated to directors and officers is $1,367 (2024 - $53,324).

d) As at May 31, 2025, $nil (February 28, 2025 - $19,590) was included in accounts payable and accrued liabilities owing to a director and an officer of the Company.

Key Management Compensation

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

Other than disclosed above, there was no other compensation paid to key management during the periods ended May 31, 2025 and May 31, 2024.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the period ended May 31, 2025:

a) Included in accounts payable and accrued liabilities are $81,908 related to deferred exploration costs.

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

b) Included in accounts payable and accrued liabilities are $40,328 related to deferred exploration costs.

(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, 2025	Property and equipment	Exploration and evaluation assets	Investment in associate
Canada	$ 12,454	$ -	$ -
Japan	1,877,156	40,252,974	1,096,834
Total	$ 1,889,610	$ 40,252,974	$ 1,096,834

As at February 28, 2025	Property and equipment	Exploration and evaluation assets	Investment in associate
Canada	$ 21,705	$ -	$ -
Japan	1,943,625	40,050,138	714,892
Total	$ 1,965,330	$ 40,050,138	$ 714,892

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, 2025, the Company's financial instruments are comprised of cash, receivables, 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.

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

Credit risk (cont'd)

The Company's cash is held with high-credit quality financial institutions. Receivables mainly consist of receivables from associate and 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, 2025, the Company had cash of $3,216,656 to settle current liabilities of $959,881 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.

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, 2025.

16. SUBSEQUENT EVENTS

Subsequent to the period ended May 31, 2025, the Company completed a non-brokered private placement by issuing 6,665,000 units at a price of $0.20 per unit to raise gross proceeds of $1,333,000. Each unit consists of one common share and a share purchase warrant. Each whole warrant is exercisable into one common share for a period of three years at a price of $0.40 per share. As at May 31, 2025, the Company received $628,000 subscription receipts from this financing.

Subsequent to the period ended May 31, 2025, 1,487,270 warrants exercisable at $1.60 expired unexercised.