LYNNWOOD CAPITAL INC.
(A Capital Pool Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE THREE AND SIX MONTHS ENDED AUGUST 31, 2012

(Unaudited- Prepared by Management)

LYNNWOOD CAPITAL INC

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Pursuant to National Instrument 51-102 Continuous Disclosure Obligations, financial statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

LYNNWOOD CAPITAL INC.
INTERIM STATEMENT OF FINANCIAL POSITION
(UNAUDITED)
AS AT

ASSETS	August 31, 2012	February 29, 2012
Current		
Cash	$ 285,151	$ 332,874
HST receivable	4,447	10,265
Prepaid	25,000	-
	$ 314,598	$ 343,139

LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 3,916	$ 17,350
Shareholders' equity		
Share capital (Note 4)	518,141	518,141
Reserves	76,988	76,988
Deficit	(284,447)	(269,340)
	310,682	325,789
	$ 314,598	$ 343,139

Continuance of operations (Note 2)

On behalf of the Board:

"Robert Lipsett"
Robert Lipsett, CEO & Director

"George Brazier"
George Brazier, Director

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

LYNNWOOD CAPITAL INC.
INTERIM STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED AUGUST 31, 2012 AND 2011
(UNAUDITED)

	Three Months Ended August 31		**Six Months Ended August 31**	
	2012	**2011**	**2012**	**2011**
	$	$	$	$
EXPENSES				
Accounting and audit	5,070	4,150	5,070	4,150
Filing and transfer agent fees	1,481	4,249	5,007	4,783
Legal	-	2,048	-	2,048
Office and administration	303	2,233	1,280	2,665
Rent	-	3,750	3,750	7,500
Stock-based compensation	-	-	-	-
	(6,854)	(16,430)	(15,107)	(21,146)
Loss and comprehensive loss for the period	(6,854)	(16,430)	(15,107)	(21,146)
Basic and diluted loss per common share	(0.00)	(0.01)	(0.01)	(0.01)
Weighted average number of common shares outstanding	2,050,000	2,050,000	2,050,000	2,031,319

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

LYNNWOOD CAPITAL INC.
INTERIM STATEMENT OF SHAREHOLDERS' EQUITY
FOR THE THREE AND SIX MONTHS ENDED AUGUST 31, 2012 AND 2011
(UNAUDITED)

	Share Capital				
	Shares	Amount	Reserves	Deficit	Total
		$	$	$	$
Balance, as at February 28, 2011	9,200,000	511,091	79,038	(198,772)	391,357
Shares issued for cash at a price of $0.10 per share	50,000	5,000	-	-	5,000
Agent's options exercised	-	2,050	(2,050)	-	-
Net loss and comprehensive loss for the period	-	-	-	(4,716)	(4,716)
Balance, as at May 31, 2011	9,250,000	518,141	76,988	(203,488)	391,641
Net loss and comprehensive loss for the period	-	-	-	(16,430)	(16,430)
Balance, as at August 31, 2011	9,200,000	511,091	79,038	(219,918)	375,211
Balance, as at February 28, 2012	9,250,000	518,141	76,988	(269,340)	325,789
Net loss and comprehensive loss for the period	-	-	-	(8,253)	(8,253)
Balance, as at May 31, 2012	9,250,000	518,141	76,988	(277,593)	317,536
Net loss and comprehensive loss for the period	-	-	-	(6,854)	(6,854)
Balance, as at August 31, 2012	9,250,000	518,141	76,988	(284,447)	310,682

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

LYNNWOOD CAPITAL INC.
INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED AUGUST 31, 2012 AND 2011
(UNAUDITED)

	Three Months Ended August 31		Six Months Ended August 31	
	2012	**2011**	**2012**	**2011**
	$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	(6,854)	(16,430)	(15,107)	(21,146)
Items not affecting cash				
Stock-based compensation	-	-	-	-
	(6,854)	(16,430)	(15,107)	(21,146)
Changes in non-cash working capital items:				
HST receivable	6,694	1,488	5,818	925
Prepaid	(25,000)	-	(25,000)	-
Decrease in accounts payable and accrued liabilities	(10,487)	(9,780)	(13,434)	(16,062)
Net cash used in operating activities	(35,647)	(24,722)	(47,723)	(36,283)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of shares for cash	-	-	-	5,000
Deferred financing costs	-	-	-	-
Net cash provided by financing activities	-	-	-	5,000
Change in cash for the period	(35,647)	(24,722)	(31,283)	(31,283)
Cash, beginning of period	320,798	395,318	332,874	401,879
Cash, end of period	285,151	370,596	285,151	370,596
Cash paid during the period for interest	-	-	-	-
Cash paid during the period for income taxes	-	-	-	-

There were no significant non-cash financing or investing activities during the three months period ended August 31, 2012 and 2011.

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

1. INCORPORATION

The Company was incorporated under the Business Corporations Act (British Columbia) on September 28, 2009 and is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The Company's primary office is located at 2060-777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1T7. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition of or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities.

2. CONTINUANCE OF OPERATIONS

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

These financial statements were authorized by the Audit Committee and the Board of Directors on October 23, 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared on the historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency.

Cash

Cash includes cash on hand with a Canadian chartered bank.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Stock based compensation

The Company accounts for stock based compensation using the fair value method of accounting. Accordingly, the fair value of stock options is determined using the Black Scholes option pricing model and stock based compensation is accrued and charged to operations, with an offsetting credit to reserves, on a graded vesting basis over the vesting periods. The amount recognized as an expense is adjusted to reflect the actual number of stock options for which the related service and non-market vesting conditions are met. If and when the stock options are exercised, the applicable amounts of reserves are transferred to share capital.

Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding during the year. Contingently issuable shares are not considered outstanding common shares and consequently not included in loss per share calculations. The Company uses the treasury stock method to compute the dilutive effect of options and similar instruments. Under this method, the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options and similar instruments. It assumes that proceeds would be used to purchase common shares at the average market price during the period. Outstanding options were not included in the computation of diluted loss per share as they are anti-dilutive.

Included in share capital are 7,200,000 common shares outstanding as of August 31, 2012 which are contingently cancellable and have been excluded from the weighted average number of shares outstanding.

Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of operations and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, as well as the benefit of losses available to be carried forward to future years for tax purposes. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are recorded in the financial statements if realization is considered probable.

Deferred financing costs

These costs relate directly to the proposed issuance of shares by the Company pursuant to the initial public offering described in Note 4. Upon completion of the initial public offering, the costs were charged against share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Use of estimates

The preparation of financial statements in conformity with IFRS principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. Actual results could differ from those estimates. Significant estimates made include estimates of the net recoveries of the HST receivable balance, stock based compensation and deferred tax provisions.

Financial instruments

All financial instruments are measured based on the classification adopted for the financial instrument: fair value through profit and loss ("FVTPL"), held to maturity, loans and receivables, available for sale or other liability.

Financial assets

All financial assets are recognized and derecognized on the trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL which are initially measured at fair value.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities including borrowings are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

The Company's financial instruments measured at fair value on the balance sheet consist of cash. Cash is measured at level 1 of the fair value hierarchy. There are three levels of the fair value hierarchy as follows:

• Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
• Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
• Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC but are not yet effective. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(a) IFRS 9 Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted.

(b) IFRS 10 'Consolidated Financial Statements' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

(c) IFRS 11 Joint arrangements ("IFRS 11") was issued by the IASB in May 2011 and will replace IAS 31 Interests in Joint ventures and SIC 13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 is effective for annual periods beginning on or after January 1, 2013.

(d) IFRS 12 'Disclosure of Interests in Other Entities' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

(e) IFRS 13 'Fair Value Measurement' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

f) IAS 27 'Consolidated and Separate Financial Statements' - as amended in May 2011, provides guidance on the accounting and disclosure requirements for subsidiaries, jointly controlled entities, and associates in separate, or unconsolidated, financial statements. It will have no impact on consolidated financial statements and is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Recent Accounting Pronouncements (cont'd…)

(g) IAS 28 'Investments in Associates' - as amended in May 2011, provides detailed guidance on the application of the equity method to associates, subsidiaries and joint ventures (previously excluded from this standard), and is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

4. SHARE CAPITAL

The Company issued 7,000,000 seed common shares during the period ended February 28, 2010 and an additional 200,000 common shares during the year ended February 28, 2011 at a price of $0.05 per share for total proceeds of $360,000. The 7,200,000 common shares will be held in escrow and released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of a Final Exchange Bulletin by the TSX-V and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. If a Final Exchange Bulletin is not issued the shares will not be released from escrow and if the Company is delisted, the shares will be cancelled.

Initial public offering ("IPO")

On June 30, 2010, the Company completed its IPO and issued 2,000,000 common shares at a price of $0.10 per common share for total proceeds of $200,000. Pursuant to an engagement letter between the Company and Bolder Investment Partners Ltd. (the "Agent"), the Agent received a cash commission of $20,000, a work fee of $10,000 plus taxes, reimbursement of its expenses and legal fees of $10,708, and was issued non-transferable Agent's options to acquire up to 200,000 common shares at $0.10 per share exercisable for a period of 24 months from the date the common shares of the Company are listed on the TSX-V. The agent's options were valued at $8,201 using the Black-Scholes option pricing model (using a risk-free interest rate of 1.00%, an expected life of 2 years, annualized volatility of 75% and a dividend rate of 0%).

During the year ended February 29, 2012

The Company issued 50,000 common shares from the exercise of agent's options at an exercise price of $0.10 for total proceeds of $5,000. The fair value of the agent's options exercised of $2,050 was transferred from reserves to share capital.

Stock options

The Company intends to adopt a stock option plan (the "Stock Option Plan") under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the TSX-V. The options can be granted for a maximum term of 10 years and vest at the discretion of the board of directors. Any common shares acquired pursuant to the exercise of options prior to the completion of the qualifying transaction must be deposited in escrow and will be subject to escrow until the final exchange bulletin is issued.

4. SHARE CAPITAL (cont'd…)

Stock options (cont'd…)

On June 30, 2010, the Company granted, at the closing of its IPO, 900,000 stock options to directors and officers. Each option is exercisable into one common share of the Company at a price of $0.10 per share for ten years from the date of grant.

Stock option transactions are summarized as follows:

	Number Of Options		Weighted Average Exercise Price
Balance, February 29, 2012	1,050,000	$	0.10
Incentive options granted	-		
Agent's options expired	(50,000)		0.10
Agent's options exercised	-		
Balance, August 31, 2012	900,000	$	0.10
Number of options exercisable August 31, 2012	900,000	$	0.10

As at August 31, 2012, the following stock options are outstanding:

	Number Of Options	Exercise Price	Expiry Date
Incentive stock options	900,000	$ 0.10	June 30, 2020

Stock-based compensation

The Company granted 900,000 stock options during the year ended February 28, 2011 resulting in stock-based compensation expense, using the Black-Scholes option-pricing model, of $70,838. The weighted average fair value of the stock options granted was $0.08 per option.

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

Risk-free interest rate:	2.00%
Expected life of options:	10 years
Annualized volatility:	75%
Dividend rate:	0%

5. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The capital for expansion was mostly from proceeds from the issuance of common shares. The net proceeds raised will only be sufficient to identify and evaluate a limited number of assets and businesses for the process of identifying and completing a Qualifying Transaction. Additional funds may be required to finance the Company's Qualifying Transaction.

6. FINANCIAL INSTRUMENTS AND RISK

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2011, the Company had a cash balance of $370,596 to settle current liabilities of $1,220. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

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

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. As of August 31, 2011, the Company has no interest bearing term deposits.

(b) Foreign currency risk

The Company does not have assets or liabilities in foreign currency.

6. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

7. RELATED PARTY TRANSACTIONS

During the three months ended August 31, 2012, the Company paid or accrued accounting fees of $4,400 (2011 - $4,500) to an accounting firm of which an Officer of the Company is a partner. As of August 31, 2012, $2,400 (2011 - $Nil) in accounts payable and accrued liabilities was due to the accounting firm. The transaction was in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. QUALIFYING TRANSACTION

On May 9, 2012, the Company entered into an agreement (the "Letter Agreement") with Tantalex Corporation, a private corporation existing under the laws of Canada ("Tantalex"). Pursuant to the terms of the Letter Agreement and subject to completion of satisfactory due diligence and receipt of all necessary regulatory, shareholder and TSX-V approvals, the Company and Tantalex will complete a triangular amalgamation or similar type of transaction (the "Transaction") by a federally incorporated wholly-owned subsidiary of the Company amalgamating with Tantalex to form a newly amalgamated entity which will become a wholly owned subsidiary of the Company (the "Subsidiary"). It is expected that the Transaction will qualify as the Company's "qualifying transaction" as defined in TSX-V Policy 2.4.

Tantalex is a mining exploration corporation active in central Africa which owns the Tantalum and Niobium properties in the Republic of Congo.

9. SUBSEQUENT EVENTS

As disclosed in the Company's press release dated July 9, 2012, the Company has received approval from the Exchange to transfer its listing to the NEX board of the Exchange, effective the opening of market, October 5, 2012, under the ticker symbol "LCI.H". The common shares of the Company continue to be suspended, pending completion of its proposed Qualifying Transaction with Tantalex Corporation. As part of the transfer to NEX, the Company received shareholder approval at its annual and special meeting held on August 23, 2012 to cancel 3,600,000 shares held by non-arm's length parties of the Company that were issued at a price below the initial public offering price. These shares were cancelled on September 27, 2012.