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Tantalex Resources Corporation

(Formerly Lynnwood Capital Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MAY 31, 2014 AND MAY 31, 2013
(Expressed in Canadian dollars)

3, Place du Commerce, bureau 500, Montreal (Québec) H3E 1H7 / Telephone : (514) 394-7476 / Fax : (514) 761-7859
www.tantalex.com

Tantalex Resources Corporation

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CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS (unaudited)

(expressed in Canadian dollars)

	$	$
	May 31, 2014	**February 28, 2014**
ASSETS		
CURRENT ASSETS		
Cash	-	14,827
Accounts receivable and other receivable	1,725	1,725
Sales taxes receivable	50,713	47,100
Prepaid expenses	7,705	12,628
Advances receivable (Note 11)	8,618	7,095
	68,761	83,375
EQUIPMENT (Note 9)	3,331	3,745
EXPLORATION AND EVALUATION ASSETS (Note 8)	544,509	468,149
	616,601	555,269
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft	17,805	-
Trade payable and accrued liabilities	340,314	338,575
Loan (Note 12)	31,719	71,775
Due to a related company (Note 18)	20,228	21,821
Due to directors	119,889	116,124
Due to consultants	150,384	142,938
Balance of sale (Note 10)	200,000	200,000
	880,339	891,233
BALANCE OF SALE (Note 10)	148,419	148,419
CONVERTIBLE DEBENTURES (Note 13)	188,960	178,030
	1,217,718	1,217,682
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 14)	2,532,657	2,046,817
Contributed surplus	354,037	354,037
Warrants (Note 14)	314,955	243,473
Equity component of convertible debentures (Note 13)	31,183	31,183
Deficit	(3,840,707)	(3,344,595)
Accumulated other comprehensive income	6,758	6,672
	(601,117)	(662,413)
	616,601	555,269

GOING CONCERN (Note 2)

COMMITMENTS (Note 21)

The accompanying notes form an integral part of these consolidated financial statements

ON BEHALF OF THE BOARD OF DIRECTORS

(s) ______________________________, Director

(s) ______________________________, Director

Tantalex Resources Corporation

(Formerly Lynnwood Capital Inc.)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (unaudited)

(expressed in Canadian dollars)

	$ 3 Months ended May 31, 2014	$ 3 Months ended May 31, 2013
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and fringe benefits	19,180	-
Lodging fees	16,194	-
Insurance	4,923	-
Bank charges	2,792	430
Trustee fees and registration	5,627	-
Management fees	120,682	121,504
Professional fees	186,571	52,536
Financial costs	10,926	24,791
Reporting to shareholders	24,830	-
Rent	6,970	-
Office fees	8,144	9,437
Telecommunication	4,776	4,327
Travel fees	84,984	19,628
Business development	70	7,379
Amortization of equipment	307	268
Gain on exchange rate	(864)	-
	496,112	240,300
LOSS BEFORE INCOME TAXES	(496,112)	(240,300)
INCOME TAXES		
Deferred income taxes (recovery)	-	-
NET LOSS FOR THE PERIOD	(496,112)	(240,300)
OTHER COMPREHENSIVE LOSS		
Item that will be reclassified subsequently to net loss:		
Exchange differences on translating foreign operations	86	62
COMPREHENSIVE LOSS FOR THE PERIOD	(496,026)	(240,238)
LOSS PER SHARE		
Basic and diluted loss per share (Note 15)	0.01 -	0.04 -

The accompanying notes form an integral part of these consolidated financial statements

Tantalex Resources Corporation
(Formerly Lynnwood Capital Inc.)

Condensed Interim Consolidated Statements of changes in Equity (unaudited)
(expressed in Canadian dollars)

	Number of issued and outstanding common shares	Share Capital	Equity component of convertible debenture	Warrants	Contributed Surplus	Accumulated other comprehensive income	Deficit	Total Equity
		$	$	$	$	$		
Balance as at February 28, 2013	5,650,000	339,621	47,607	56,915	329,575	1,069	(1,922,663)	(1,147,876)
Shares issued by private placement		44,262	-	22,738	-	-	-	67,000
Conversion of convertible debenture		28,789	(656)	21,211	-	-	5,919	55,263
	5,650,000	412,672	46,951	100,864	329,575	1,069	(1,916,744)	(1,025,613)
Net loss for the period	-	-	-	-	-	-	(240,300)	(240,300)
Other Comprehensive loss	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations		-	-	-	-	62	-	62
Total comprehensive loss						62	(240,300)	(240,238)
Balance as at May 31, 2013	5,650,000	412,672	46,951	100,864	329,575	1,131	(2,157,044)	(1,265,851)
Balance as at February 28, 2014	34,900,564	2,046,817	31,183	243,473	354,037	6,672	(3,344,595)	(662,413)
Shares issued by private placement	3,700,000	304,818	-	65,182	-	-	-	370,000
Share issue costs on financings	-	(23,300)	-	6,300	-	-	-	(17,000)
Shares issued on settlement of debt	840,000	84,000	-	-	-	-	-	84,000
Shares issued in accordance with consulting services	100,000	10,000	-	-	-	-	-	10,000
Shares issued in accordance with joint venture agreement	653,220	65,322	-	-	-	-	-	65,322
Shares issued in accordance with consulting agreement (Note 3)	287,879	45,000	-	-	-	-	-	45,000
	40,481,663	2,532,657	31,183	314,955	354,037	6,672	(3,344,595)	(105,091)
Net loss for the period	-	-	-	-	-	-	(496,112)	(496,112)
Other Comprehensive loss	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	-	86	-	86
Other Comprehensive loss						86	(496,112)	(496,026)
Balance as at May 31, 2014	40,481,663	2,532,657	31,183	314,955	354,037	6,758	(3,840,707)	(601,117)

The accompanying notes form an integral part of these consolidated financial statements

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(expressed in Canadian dollars)

	$	$
	3 Months ended May 31, 2014	**3 Months ended May 31, 2013**
OPERATING ACTIVITIES		
Net loss before income taxes	(496,112)	(240,300)
Operating items not involving cash		
Effective interest cost	3,790	4,763
Interest on convertible debentures	7,140	10,197
Amortization of equipment	307	268
Shares issued in accordance with consulting agreements	139,000	-
Changes in working capital items		
Accounts receivable and other receivable	-	-
Sales taxes receivable	(3,613)	(9,129)
Prepaid expenses	4,923	-
Trade payables and accrued liliabilities	1,739	(20,142)
Due to directors	3,765	6,975
Due to consultants	7,446	17,506
Cash flows from operating activities	(331,615)	(229,862)
INVESTING ACTIVITIES		
Advances receivable	(1,523)	36,922
Exploration and evaluation assets	(11,038)	-
Cash flows from investing activities	(12,561)	36,922
FINANCING ACTIVITIES		
Due to a related party	(1,593)	(89)
Repayment of loans (net)	(40,056)	-
Repayment of debt	-	33,000
Subscritpions received in advance	-	145,000
Issuance of share capital	353,000	67,000
Cash flows from financing activities	311,351	244,911
NET INCREASE (DECREASE) IN CASH	(32,825)	51,971
Effect of exchange rate fluctuations	193	123
CASH, BEGINNING OF PERIOD	14,827	99,481
CASH, END OF PERIOD	(17,805)	151,575

Note 16 provide additional information on the consolidated statements of cash flows.

The accompanying notes form an integral part of these consolidated financial statements.

(expressed in Canadian dollars)

1- NATURE OF OPERATIONS

Tantalex Resources Corporation ("Tantalex" or "the Company") (formerly, Lynnwood Capital Inc. ("Lynnwood")) was incorporated under the Business Corporations Act (British Columbia) on September 28, 2009 as a Capital Pool Company as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. On October 21, 2013, Lynnwood completed its Qualifying Transaction by acquiring all of the issued and outstanding shares of Tantalex (the “Transaction”) and changed its name from Lynnwood Capital Inc., to Tantalex Resources Corporation. As a result of the transaction, the former shareholders of Tantalex acquired approximately 96% of the Company. Accordingly, from an accounting standpoint, the transaction constitutes a reverse takeover. Tantalex has been treated as the accounting parent (legal subsidiary) and Lynnwood has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As Tantalex was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these consolidated financial statements at their historical carrying value. Lynnwood's results have been included from the date of the reverse takeover ("RTO"). The legal share capital of the entity continues to be that of Lynnwood, the legal parent. The Company is listed on the Canadian Securities Exchange under the symbol TTX , as well as on the Frankfurt Stock exchange under the symbol 1TO beginning May 2014, and is primarily engaged in exploration for Tantalum ore in Central Africa and owns mining rights for Tantalum in the Republic of Congo. To date, the Company has not earned significant revenues and is considered to be in exploration stage.

The head office of the Company is located 1055 West Georgia Street, Suite 1500, P.O Box 11117, Vancouver, British Columbia V6E 4N7.

The Board of Directors approved and authorized for issue these consolidated financial statements on September 25, 2014.

2- GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described in the following paragraph, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, expenses and financial position classification that would be necessary if the going concern assumption was not appropriate. These adjustments could be material.

For the three months ended May 31, 2014 the Company reported a net loss of $496,112 ($240,300 for the three months ended May 31, 2013) and has an accumulated deficit of $3,840,707 at May 31, 2014 ($3,344,595 at February 28, 2014). In addition to ongoing working capital requirements, the Company must secure sufficient funding to further develop the Company’s properties and pay for general and administration expenses. At May 31, 2014, the Company had a negative working capital of $811,578 ($807,858 at February 28, 2014). These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. Any funding shortfall may be met in the future in a number of ways including but not limited to, the issuance of new equity, debt financing or a corporate transaction. To this effect, the Company is currently evaluating different financing options. While management has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future or that these sources of funding will be available to the Company or that they will be available on terms which are acceptable to the Company. If management is unable to obtain new funding, the Company may be unable to continue its operations, and amounts realized for assets might be less than amounts reflected in these consolidated financial statements

3- REVERSE TAKEOVER TRANSACTION ("RTO")

The Company entered into a letter agreement (the "Letter Agreement") dated October 16, 2013 with Lynnwood Capital Inc. ("Lynnwood"), and its subsidiary (8482373 Canada Inc.) pursuant to which it was agreed to combine their businesses by way of a triangular amalgamation. The amalgamation was effective on October 21, 2013 (the "Amalgamation date"). The amalgamation (the "Amalgamation") provided for the acquisition of all of the outstanding equity interests of Tantalex by Lynnwood. The agreement set out the terms of the transaction as follows:

(i) Lynwood issued 19,810,199 common shares to Tantalex shareholders, being one (1) exchange share for each Tantelex shares that was issued and outstanding as at the date of the agreement;

(ii) Lynnwood issued 12,496,634 common shares to Tantalex shareholders and suppliers party to Tantelex escrow agreements, and pursuant to the conversion of an aggregate of $125,000 of convertible debentures, being one (1) exchange share for each Tantalex share to be issued pursuant to the escrow agreements or upon the conversion of an aggregate of $125,000 of convertible debentures at $0.05 per Tantalex share;

(iii) In accordance with the amalgamation agreement, each option and warrant providing for the acquisition of shares of Tantalex were converted into the same number of options or warrants providing for the acquisition of shares of the Company, at the same exercise prices and expiry dates. In addition, the Company assumed the obligations of the Tantalex Convertible Debentures.

The determination and allocation of the deemed acquisition cost is summarized below:		$	
Deemed acquisition cost		290 199	(i)
Net assets acquired			
Cash	224 691		
Sales tax receivable	2 351		
Liabilities	(16 421)		
Total net assets		210 900	(ii)
Cost of listing		79 299	(iii)

(i) The deemed acquisition cost is based of the fair value of the number of equity interests the legal subsidiary would have had to issue to provide the owners of the legal parent the same percentage of equity interest in the combined entity that results from the RTO.

(ii) Represents the fair value of the net identifiable assets of Lynnwood as at October 21, 2013.

(iii) The excess of the deemed acquisition cost over the net assets acquired has been charged to operations, and is presented as cost of listing.

Concurrent with the closing of the Transaction, the Company entered into a consulting agreement with a company owned and controlled by former directors and officers of Lynnwood, for mining, financial and capital markets consulting services pursuant to the following terms:

(i) a $15,000 engagement fee payable by the issuance of 75,000 common shares at a deemed price of $0.20
(ii) $15,000 per month payable by the issuance of common shares at the end of each month at a deemed price equal to the greater of (i) $0.10, and (ii) the market price of the common shares on the Canadian Securities Exchange on the last trading day of each month.

This agreement shall enter into effect as of the date hereof and shall continue in effect until the later of (i) 20 months from commencement of the agreement and (ii) the issuance of 2,200,000 shares.

Fees related with this agreement, $45,000 for the three months ended May 31, 2014, are classified under professional fees in the consolidated statement of loss and comprehensive loss. For the three months ended May 31, 2014, 287,879 common
Pursuant to the Letter Agreement, prior to the Amalgamation, Lynnwood was required to consolidate the 2,050,000 issued

4- BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE WITH IFRS

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financials statements, including IAS 34, Interim Financial Reporting. The interim condensed consolidated financial statements do not included all the information and disclosures required in the Company's annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended February 28, 2014.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and those of its wholly-owned subsidiaries Tantalex Resources Inc., Sandstone Worldwide Ltd., and Sadem Congo S.A.R.L. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company's subsidiaries are all 100% owned by the parent company. All transactions and balances between companies are eliminated upon consolidation, including unrealized gains and losses on transactions between the companies. All subsidiaries have a reporting date of February 28.

5- CORRECTION OF ERRORS

The consolidated financial statements for the comparative period have been adjusted to correct three transactions that were inadequately accounted for the 14 months period ended February 28, 2013.

First, the gain on conversion of debt of $13,870 was reversed, with a corresponding increase in share capital, as the principles of IFRCI 19, extinguishing financial liabilities with equity instruments, were applied. However, IFRS 19 shall not apply to transactions of extinguishing of a financial liability by issuing equity shares when such conversion is in accordance with the original terms of the financial liability.

Secondly, an amount of $52,627 of stock-based compensation was reversed, with a corresponding decrease in equity component of convertible debentures. This relates to the options issued to debentures holders for which principles of IFRS 2, share-based payment, were applied. However, these options were not issued in consideration of services rendered and as such, no stock-based compensation should have been accounted for. An amount of $14,347 of stock-based compensation from periods prior to the 14 months period ended February 28, 2013 was reversed from deficit with a corresponding decrease in equity component of convertible debentures.

Finally, management fees for the 14 months period ended February 28, 2014 were adjusted related to a cut-off error.

The total impact of these threes corrections are a decrease in the net loss and comprehensive loss of $25,700, an increase in the share capital of $13,870, a decrease in equity component of convertible debentures of $66,974 and an increase in deficit of $40,046.

In terms of presentation, advances receivable were reclassified as current assets as given their nature, these amounts are short-term.

6- SUMMARY OF ACCOUNTING POLICIES

6.1- Foreign currency translation

The consolidated financial statements are presented in Canadian (CDN) currency, which is also the functional currency of the parent company. The principal subsidiary (Sadem Congo) is using the Central African Franc (CFA) as its functional currency.

Foreign currency transactions are translated into the functional currency of each entity of the group, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Exchange differences resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates are recognized in profit or loss. Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Upon consolidation, assets and liabilities of entities with a functional currency other than the Canadian currency have been translated into Canadian currency at the closing rate at the reporting date. Income and expenses have been translated into Canadian currency at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognized in the accumulated other comprehensive income in equity. On disposal of a foreign operation, the cumulative translation differences recognized in equity are reclassified to profit or loss and recognized as part of the gain or loss on disposal.

6.2- Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held-to-maturity investments; and
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income. All income and expenses relating to financial assets that are recognized in profit or loss are presented within financial costs or financial income, if applicable.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash, accounts receivable and other receivables and advances receivable fall into this category of financial instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. The Company has no financial assets in this category.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company has no financial assets in this category.

Held-to-maturity investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either assigned to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company has no financial assets in this category.

Available-for-sale financial assets are measured at fair value. Net change in fair value is recognized in other comprehensive income and reported within the available-for-sale reserve within equity. When the asset is derecognized, the cumulative gain or loss recognized in other comprehensive loss is reclassified to profit or loss in Financial income or Financial costs, if applicable, and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognized in profit or loss within Financial income.

Reversals of impairment losses are recognized in other comprehensive income.

Impairment of financial assets

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Objective evidence of impairment could include :

- Significant financial difficulty of the issues or counterparty;
- Default or delinquency in interest or principal payments;
- It becoming probable that the borrower will enter bankruptcy or financial reorganization.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of receivables are presented in profit or loss within Other operating expenses, if applicable.

Financial liabilities

The Company’s financial liabilities include trade payables and accrued liabilities, loan, due to a related company, due to directors, due to consultants, balance of sale payable and convertible debentures.

All interest related charges are reported in profit or loss in financial costs, if applicable.

Compound financial instruments

The component parts of compound financial instruments (convertible debentures) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. The conversion option that will be settled by the exchange of a fixed amount of cash for a fixed number of the Company's own equity instruments is classified as an equity instrument.

At the date of issue, the liability component is recognized at fair value, which is estimated using the prevailing market interest rate for similar non convertible instruments. Subsequently, the liability component is measured at amortized cost using the effective interest method until extinguished upon conversion or at maturity.

The value of the conversion option classified as equity is determined at the date of issue by deducing the amount of the liability component from the fair value of the compounded instrument as a whole. This amount is recognized in equity, net of income tax effects, and is not subsequently remeasured. When and if the conversion option is exercised, the equity component of convertible debenture is transferred to the contributed surplus. No gain or loss is recognized upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible debentures are allocated to the liability and equity components in proportion to the initial carrying amounts. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the maturity of the convertible debentures using the effective interest method.

Fair value hierarchy

The fair value hierarchy that applies in determining fair value requires that observable market data be used if such data exist. An asset or liability is classified at the lowest hierarchical level when significant unobservable market data has been used in the fair value measurement.
The Company uses the following hierarchy for the fair value determination of financial and non-financial items:

Level 1: the fair value is determined directly by reference to unadjusted quoted prices in an active market for identical assets or liabilities.

Level 2: the fair value is estimated using a valuation technique based on observable market data, either directly or indirectly.

Level 3: the fair value is estimated using a valuation technique based on unobservable data.

6.3 - Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to common equity holders of the parent company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting loss attributable to common equity holders of the parent company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include options, warrants and convertible debentures. Dilutive potential common shares shall be deemed to have been converted into common shares at the beginning of the period or, if later, at the date of issue of the potential common shares.

For the purpose of calculating diluted loss per share, the Company shall assume the exercise of dilutive options and warrants of the Company. The assumed proceeds from these instruments shall be regarded as having been received from the issue of common shares at the average market price of common shares during the period. The convertible debenture is anti-dilutive whenever its interest (net of tax and other change in income or expense) per common share obtainable on conversion , exceeds basic earnings per share at the end of the reporting period. The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding options and the convertible debenture.

6.4- Exploration and evaluation expenditures, and exploration and evaluation assets

Exploration and evaluation expenditures are costs incurred in the course of the initial search for mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights, expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, if applicable, are recognized as exploration and evaluation assets. Expenses related to exploration and evaluation include topographical, geological, geochemical and geophysical studies, exploration drilling, trenching, sampling and other costs related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. The various costs are capitalized on a property-by-property basis pending determination of the technical feasibility and commercial viability of extracting a mineral resource. These assets are recognized as intangible assets and are carried at cost less any accumulated impairment losses. No depreciation expenses are recognized for these assets during the exploration and evaluation phase.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

To date neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

6.5- Property, plant and equipment

Property, plant and equipment are held at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes all costs incurred initially to acquire or construct an item of property, plant and equipment, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and costs incurred subsequently to add to or replace part thereof. Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Upon the transfer of exploration and evaluation assets to property, plant and equipment under Mining assets under construction, all subsequent expenditures on the construction, installation or completion of equipment and infrastructure facilities are capitalized within Mining assets under construction. When development stage is completed, all assets included in the Mining assets under construction category are then transferred to Mining assets.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Depreciation is recognized on a straight-line basis to write down the cost to its estimated residual value, with a constant charge over the useful life of the asset. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The periods generally applicable are as follows:

	Useful life
Office furniture	5 years

The depreciation expense for each period is recognized in profit or loss except for certain items of property, plant and equipment related to exploration and evaluation activities where the depreciation expense is included in the carrying amount of an exploration and evaluation asset when it relates to a specific exploration and evaluation project, if applicable. Depreciation of an asset ceases when it is classified as held for sale (or included in a disposal group that is classified as held for sale) or when it is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

The residual value, depreciation method and useful life of each asset are reviewed at least at each financial year-end.

The carrying amount of an item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognized.

6.6- Operating lease agreements

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under an operating lease are charged to the consolidated statement of earning (loss) and comprehensive income (loss) on a straight-line basis over the period of the lease. Related expenses, such as maintenance and insurance expenses, are charged as incurred.

6.7- Impairment of exploration and evaluation assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment. Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:
– the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
– no further exploration or evaluation expenditures in the area are planned or budgeted;
– no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
– sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property, plant and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use. To determine the value in use, management estimates expected future cash flows from each asset or cash-generating unit, and then determines an appropriate interest rate for the calculation of the expected present value of the cash flows.

The impairment loss reduces the asset or is charged pro rata on the basis of the carrying amount of each asset in the cash-generating unit. All the assets are assessed whether there is any indication that an impairment loss recognized in prior periods may no longer exist. An impairment charge is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

6.8- Provisions and contingent liabilities

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes, decommissioning, restoration and similar liabilities, or onerous contracts. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted when the time value of money is significant.

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

In those case where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

As at May 31, 2014 and February 28, 2014, there are no provision in the consolidated statement of financial position relates to claims.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate, if applicable.

6.9- Income taxes

Generally, the tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

However, since the Company is in exploration phase and has no taxable income, tax expense recognized in profit or loss is currently comprised only of deferred tax.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

6.10- Equity

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. If shares are issued when options are exercised, the share capital account also comprises the compensation costs previously recorded in equity under « contributed surplus ». If shares are issued on conversion of the convertible debentures, the share capital account also comprises the equity component of convertible debentures.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued based on the relative fair values of each instrument. The fair value of the common shares is calculated by using the CSE share price on the date of the issuance and is accounted for in share capital and the fair value of the share purchase warrants is determined using the Black-Scholes valuation model and is accounted for in warrants.

6.11- Other elements of equity

Contributed surplus includes charges related to share options. When share options are exercised, the related compensation cost is transferred to share capital.

Warrants includes amounts allocated to warrants issued as part of unit placements. When warrants are exercised, the related amount is transferred to share capital.

Deficit includes all current and prior periods accumulated profits or losses.

Accumulated other comprehensive income includes the cumulative currency translation adjustment which includes all foreign currency differences obtained from the translation of the financial statement of subsidiaries.

6.12- Equity-settled stock-based payments

The Company uses equity-settled share-based compensation for its eligible directors, officers, employees and consultants. As at May 31, 2014, the Company does not intend to use options for cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measured the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except warrants to brokers) are ultimately recognized as an expense in the profit or loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to Contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to warrants in equity, if applicable.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if the number of share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs, as well as the related compensation cost previously recorded as contributed surplus, are credited to share capital.

6.13- Segment reporting

The Company presents and discloses segment information based on information that is regularly reviewed by the Officers and the Board of Directors.

The Company has determined that there was only one operating segment being the sector of exploration and evaluation of mineral resources.

6.14- Current accounting changes

During the three months ended May 31, 2014, the Company adopted new IFRS standards and amendments to existing standards that became mandatory. These new standards and amendments did not have any material impact on the Company's consolidated financial statements.

IAS 36 – Impairments of Assets ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014. Management does not anticipate impact on the consolidated financial statements of the Company.

6.15- Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's consolidated financial statements.

Accounting standards issued but not yet applied

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010, May 2013 and July 2014 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, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. 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, 2018. Earlier adoption is permitted. The Company has yet to assess the impact of this new standard on its consolidated financial statements.

7- CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

7.1- Estimation uncertainty

Information about the significant estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

7.1.1- Impairment of property plant and equipment and exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. In assessing impairment of exploration and evaluation assets, the Company must make some estimates and assumptions regarding future circumstance, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recover from either future exploitation or sale when the activities have not reached a stage that permits reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next period.

No impairment loss of the exploration and evaluation assets and property, plant and equipment , and no reversal of impairment losses has been recognized for the reporting periods.

7.1.2- Share-based payments

The fair value of share-based payment costs is determined using the Black-Scholes valuation model taking into account the features of the plan and market data as at the grant date and on the basis of the Company management assumptions. They made estimates as to the volatility of its own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants.

7.1.3- Fair value of the balance of sale

On initial recognition, management estimated the fair value of the balance of sale. Estimation uncertainty relates to assumptions about the timing of the expected outflows of this liability and the discounting rate used.

7.2 Significant management judgment

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the consolidated financial statements.

7.2.1 Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

7.2.2- Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

(expressed in Canadian dollars)

8 - EXPLORATION AND EVALUATION ASSETS

	Balance as at February 28, 2014	Additions	Balance as at May 31, 2014
	$	$	$
Republic of Congo			
Mining rights (1)	348,669	-	348,669
Exploration and evaluation expenses (2)	119,480	11,038	130,518
	468,149	11,038	479,187
Namibia			
Joint venture payment	-	65,322	65,322
Total	468,149	76,360	544,509

	Balance as at February 28, 2013	Additions	Balance as at February 28, 2014
	$	$	$
Republic of Congo			
Mining rights (1)	348,669	-	348,669
Exploration and evaluation expenses (2)	86,441	33,039	119,480
	435,110	33,039	468,149

(1) The mining rights are related to the acquisition of Sadem Congo S.A.R.L. (see Note 11)
(2) The exploration and evaluation expenses for Q1 2015 include payment to the better sourcing program to assist the company with conflict free compliance with its operations in the Republic of Congo. In 2014 expenses consisted of geologist fees that were assumed by the Company to explore the awarded concession area in the Republic of Congo.

Africa

Republic of Congo

As at February 28, 2014 and 2013, the Company had four Tantalum/Niobium prospecting mining concessions in the Republic of Congo totaling 4,050km2, located in the Matsanga Marala zone, in the Niari department. The four exclusive concessions were awarded in June 2012 and expire on July 15, 2015.

Namibia

On May 27, 2014 the Company entered in to a joint venture agreement with Reydev Mining (Proprietry) Limited, for the development of the exclusive prospecting licenses held by Reydev in Namibia. In accordance with the joint venture, the Company will pay Reydev $US60,000 by issuing 653,220 common shares of the Company at a deemed price of $0.10 per share. The Agreement will be implemented in three phases, as follows:
Phase 1: The Approval Phase
Reydev will establish three (3) Namibian companies incorporated under the Namibia Companies Act, 2004 (the "Newcos"). The first of the Newcos ("Tantalex Namibia") will entirely hold the issued share capital of the other two Newcos (the "Newcos Subs") who will hold the two (2) prospecting Licenses acquired under the Agreement. Tantalex Namibia will issue twenty percent (20%) of its issued share capital to Reydev and eighty percent (80%) of its issued share capital to Tantalex. In the event that the parties are unable to secure the transfer of the Licenses to the Newco Subs within a period of three (3) months following the submission of the application, either party will be entitled to terminate the Agreement, in which case the common shares of Tantalex issued to Reydev will be cancelled.
Phase 2: The Exploration Phase
The conduct of prospecting on one or more of the Licenses will commence following the establishment or acquisition of the Newcos and the completion of the transfer of the Licenses from Reydev to the Newco Subs. During the exploration phase, and in respect of each Newco Sub, prospecting operations will be funded fully by Tantalex.
Phase 3: The Mining Phase
Following the successful grant of a mining license, the Newcos' administrative expenditures and all mine establishment, development and operational expenditures will be funded by Tantalex and Reydev in proportion to their shareholdings in Tantalex Namibia.
The Agreement is subject to all necessary regulatory approvals, including the approval of the CSE and approval by the Ministry of Mines and Energy of Namibia.

(expressed in Canadian dollars)

9 - EQUIPMENT

	Office furniture
	$
Gross carrying amount	
Balance at February 28, 2014	6,172
Additions	-
Foreign exchange variation	(188)
Balance at May 31, 2014	5,984
Accumulated depreciation and impairment	
Balance at February 28, 2014	2,427
Additions	307
	(81)
Balance at May 31, 2014	2,653
Balance at May 31, 2014	3,331
Foreign exchange variation	
Gross carrying amount	
Balance at February 28, 2013	5,693
Additions	-
Foreign exchange variation	479
Balance at February 28, 2014	6,172
Accumulated depreciation and impairment	
Balance at February 28, 2013	1,312
Additions	1,123
Foreign exchange variation	(8)
Balance at February 28, 2014	2,427
Carrying amount at February 28, 2014	**3,745**

(expressed in Canadian dollars)

10 - ASSET ACQUISITION

On October 20, 2011, the Company acquired 100% of the outstanding common shares of SADEM Congo S.A.R.L. ("SADEM"), a mining exploration company which owns a mineral property in the Republic of Congo, for a total consideration of $348,419 comprised of 25% of the outstanding common shares of the Company and a deferred balance of sale of $400,000. The terms of payments of the balance of sale are as follows:

- A payment of $200,000 was due when SADEM converted its current prospecting permit into four explorations mining permits.
- A payment of $200,000 is due when the Company will successfully file a National Instrument 43-101 technical report stating inferred resources with the Canadian securities authorities.

As at May 31, 2014 and February 28, 2014 only the first condition was met.

The acquisition was classified as an asset acquisition as it did not have the mineral reserve and other inputs, nor any significant processes that would make it capable of producing outputs, and consequently of being considered a business.

At acquisition date, the asset is recognized at cost. The cost is the fair value of the total consideration given. The fair value of the balance of sale was calculated by using the best estimates of when the payments would occur, using an effective rate of 22%.

The estimated maturity of the second condition was initially made with the best estimate possible at the time of the transaction. Since then, new information was made available which changed the past estimates and the Company revalued the fair value of total consideration as at year end. The difference of $32,652 ($38,754 in 2013) were recognized in profit or loss as financial cost at year end.

11 - ADVANCES RECEIVABLE

	May 31, 2014	February 28, 2014
	$	$
Advances to related companies by virtue of common directors	8,618	7,095
	8,618	**7,095**

These advances receivable are without interest, without repayment terms. Unless otherwise stated, none of the transactions provided for special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

12 - LOAN

During the year ended February 28, 2014, the Company entered in a factoring contract with FinexCorp Inc. under which the Company has the possibility to effect the factoring of its accounts receivable against a fee as a percentage of the receivables transferred. The maximal amount of receivables that could be transferred to FinexCorp Inc. amounts to $500,000. The transaction has been accounted for under the principles of IAS 39 - Financial instruments: recognition and measurement and does not meet the criteria for derecognition of the underlying assets. Accordingly, an amount of $31,719 ($71,775 as at February 28, 2014) is recognized as a short-term liability. The loan is secured by a $750,000 mortgage, 25% per annum, on the universality of the Company's moveable tangible and intangible assets.

13 - CONVERTIBLE DEBENTURES

	May 31, 2014	February 28, 2014
	$	$
Convertible debenture debt component:		
Balance, at beginning of the period	178,030	337,722
Additions	-	-
Conversion of debentures	-	(168,613)
Conversion of accrued interests	-	(44,593)
Accretion	3,790	19,793
Accrued interest	7,140	33,721
Discount on debt component	-	-
Balance, at the end of the period	**188,960**	**178,030**
Balance of the equity component at the end of the period	**31,183**	**31,183**

(expressed in Canadian dollars)

The Debenture, issued on December 22, 2011, bears interest at the rate of 10% per annum, and matures in December 2016. The Debenture holder has the option to convert the principal and accrued interests at all time into Common Shares at price of $0.05 ($0.10 prior to share split made on July 1, 2012) per share. The accrued interests as at January 18, 2013 and as at July 16, 2013 have been converted into shares at the price of $0.20 effective at the Amalgamation date.

The Debenture, issued on January 19, 2012, bears interest at a rate of 10% per annum, and matures in January 2017. The Debenture holder has the option to convert the principal and accrued interests at all time into Common Shares at price of $0.05 ($0.10 prior to share split made on July 1, 2012) per share. As at the Amalgamation date, the total amount of the debenture has been converted into shares. The accrued interests as at July 16, 2013 have been converted into shares at the price of $0.20.

The Debenture, issued on March 14, 2012, bears interest at a rate of 10% per annum, and matures in March 2017. The Debenture holder has the option to convert the principal and accrued interests at all time into Common Shares at price of $0.05 ($0.10 prior to share split made on July 1, 2012) per share. 25% of the debenture has been converted at the Amalgamation date. The accrued interests as at January 18, 2013 and as at July 16, 2013 have been converted into shares at the price of $0.20 effective at the Amalgamation date.

The Debenture, issued on May 17, 2012, bears interest at a rate of 10% per annum, and matures in May 2017. The Debenture holder has the option to convert the principal and accrued interests at all time into Common Shares at price of $0.05 ($0.10 prior to share split made on July 1, 2012) per share. The accrued interests as at January 18, 2013 and as at July 16, 2013 have been converted into shares at the price of $0.20 effective at the Amalgamation date.

The Debenture, issued on May 17, 2012, bears interest at a rate of 10% per annum, and matures in May 2017. Upon the closing of a going public transaction whereby the Common Shares of the Corporation are listed on a Canadian exchange, the principal amount of the Debenture, plus accrued and unpaid interest thereon, shall be automatically converted into Common Shares at a price equal to a twenty percent (20%) discount of the price of any concurrent distribution of the Common Shares upon the closing of the going public transaction. As at the Amalgamation date, the total amount of the debenture has been converted into shares at the price of $0.128.

14 - EQUITY

14.1 - Share capital

Authorized

Unlimited number of shares without par value. All shares are equally admissible to receive dividends and the repayment of capital, and represent one vote each at the shareholders' meeting of the Company.

The share capital of Tantalex Resources Corporation consists only of fully paid common shares.

	Number of	Amount
		$
Total shares issued and fully paid at December 31, 2011	9,250,000	1,000
Shares cancelled (i)	(3,600,000)	-
Private placement (ii)	-	255,120
Exercise of stock options	-	9,030
Conversion of debt and payables (iii), (iv)	-	79,000
Issuance of seed shares (v)	-	91,289
Buy-back shares (vi)	-	(275)
Issuance cost (net of deferred tax of $18,156)	-	(95,543)
Total shares issued and fully paid at February 28, 2013	**5,650,000**	**339,621**
Shares cancelled (vii)	(3,600,000)	-
Share consolidation (Note 3)	(931,269)	-
Operations before RTO:		
Shares issued by private placement (viii), (ix)	-	391,382
Share issue expenses (net of income tax of $7,747)(ix)	-	(43,949)
Debenture conversion (x), (xi)	-	166,421
Shares issued for debt conversion (xii), (xiii)	-	628,450
Stock options exercised for settlement of debt (xiv)	-	130,484
	1,118,731	**1,612,409**
Shares of company issued on RTO (note 3)	32,306,833	290,199
Shares issued by private placement (xv)	1,050,000	84,209
Shares issued in accordance with consulting agreement (note 3)	425,000	60,000
Total shares issued and fully paid at February 28, 2014	**34,900,564**	**2,046,817**
Shares issued by private placement (xvi) (xvii)	3,700,000	304,818
Share issue expenses (xvi)	-	(23,300)
Shares issued on settlement of debt (xviii)	840,000	84,000
Shares issued in accordance with consulting services (xix)	100,000	10,000
Shares issued in accordance with joint venture agreement (xx)	653,220	65,322
Shares issued in accordance with consulting agreement (note 3)	287,879	45,000
Total shares issued and fully paid at May 31, 2014	**40,481,663**	**2,532,657**

(i) On September 27, 2012, 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 were cancelled.

(ii) On December 28, 2012, the Company issued 1,956,250 units at a price of $0,16 for a total gross proceeds of $313,000. Each unit consists of one common share and one warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $0.35 for a period of 24 months following the listing of the Company. A sum of $255,120 was allocated to share capital while $57,880 was allocated to the warrants. Issuance cost of $5,219 were recorded as a reduction of share capital and warrants on a prorata basis.

(iii) On January 18, 2013, the Company converted $75,000 of debt into 468,750 shares at a conversion price of $0.16 per common share. The estimated fair value of the share capital component is $0,16 which represent the fair value used for the share capital of the private placement issued on December 28, 2012.

(iv) On February 28, 2013, the Company converted $4,000 of trade payable into 25,000 shares at a conversion price of $0,16 per common share.

(v) On January 18, 2013, the Company issued 700,000 seed shares for investor relations fee in relation to introductions to Canadian mining sector institutional funds for the purpose of current and future private placement.

(vi) On January 18, 2013, the Company bought-back 6,700,000 seed shares as part of a corporate reorganization.

(vii) Pursuant to the terms of the Letter Agreement, prior to the Amalgamation Lynnwood is required to complete the TSXV Delisting resulting in the delisting of the 5,650,000 Lynnwood Shares issued and outstanding from the TSXV and the cancellation of 3,600,000 Lynnwood Shares pursuant to the policies of the TSXV.

(viii) On April 1, 2013, the Company issued 418,750 units at a price of $0,16 for a total gross proceeds of $67,000. Each unit consists of one common share and one warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $0.35 for a period of 24 months following the listing of the company. A sum of $50,024 was allocated to share capital while $16,976 was allocated to the warrants.

(ix) On July 16, 2013, the Company issued 2,375,000 units at a price of $0,20 for a total gross proceeds of $475,000. Each unit consists of one common share and one warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $0.35 for a period of 24 months following the listing of the company. A sum of $341,358 was allocated to share capital while $133,642 was allocated to the warrants. The Company paid agents fees of $28,800 and issued 144,000 broker warrants allowing them to acquire one common share of the Company at a price of $0.20 for a period of 24 months following the listing of the Company.

(x) On April 1, 2013, the Company converted $50,000 of debentures into 390,625 shares at a conversion price of $0.128 per common share which represent a discount of 20% of the fair value used for the share capital of the private placement issued on April 1, 2013.
A sum of $65,741 was allocated to share capital.

(xi) On October 21, 2013, the Company converted $125,000 of debentures into 2,500,000 shares at a conversion price of $0.05 per common share which represents the conversion price of the debenture. A sum of $102,872 was allocated to share capital while $16,424 was allocated to decrease the equity component of convertible debentures net of income tax of $9,999.

(xii) On October 21, 2013, the Company converted a total of $264,165 including trade payables, due to director and due to consultants into 1,651,034 shares at a conversion price of $0.16 per common share, following an agreement that was signed on January 18, 2013 that was conditional to the completion of the Amalgamation.

(xiii) On October 21, 2013, the Company converted a total of $364,285 including trade payables, due to directors, due to consultants and accrued interest related to debentures into 1,821,424 shares at a conversion price of $0.20 per common share, following an agreement that was signed on July 16, 2013 that was conditional to the completion of the Amalgamation.

(xiv) On October 21, 2013 6,524,176 stock options were exercised for a total consideration of $130,484 in consideration for trade payables, due to directors and accrued interests related to debentures following an agreement signed on January 18, 2013 that was conditional to the completion of the Amalgamation.

(xv) On February 21, 2014 completed the first closing of a non-brokered private placement financing by issuing 1,050,000 common share units ("Units") at a price of $0.10 per Unit for gross proceeds of $105,000. Each Unit consisted of one common share (a "Common Share") and one-half of one common share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder thereof to acquire one Common Share at an exercise price of $0.15 per Common Share for twenty-four months from closing. In connection with the financing, the Company paid cash commissions of $4,400, and issued compensation warrants to purchase 44,000 Common Shares at an exercise price of $0.10 per Common Share exercisable for a period of twenty-four months from closing. A sum of $86,519 was allocated to share capital while $18,481 was allocated to the warrants.

(xvi) On March 11, 2014, the Company completed the second closing of a non-brokered private placement financing b issuing 1,500,000 common share units ("Units") at a price of $0.10 per Unit for gross proceeds of $150,000. Eac Unit consisted of one common share (a "Common Share") and one-half of one common share purchase warrant "Warrant"). Each whole Warrant entitles the holder thereof to acquire one Common Share at an exercise price $0.15 per Common Share for twenty-four months from closing. In connection with the financing, the Company pa cash commissions of $12,000, and issued compensation warrants to purchase 120,000 Common Shares at a exercise price of $0.10 per Common Share exercisable for a period of twenty-four months from closing.

(xvii) On May 2, 2014 the Company completed the final closing of its non-brokered private placement financing by issuing 2,200,000 common share units ("Units") at a price of $0.10 per Unit for gross proceeds of $220,000. Each Unit consisted of one common share in the capital of Tantalex (a "Common Share") and one-half of one common share purchase warrant (a "Warrant") of Tantalex. Each whole Warrant entitles the holder thereof to acquire one Common Share at an exercise price of $0.15 per Common Share up to the date that is twenty-four (24) months from closing. All securities issued pursuant to the financing are subject to a four-month hold period.

(xviii) On May 2, 2014 the Company entered into an agreement with an arm's length service provider, pursuant to whic the Company will settle $84,000 of debt through the issuance of 840,000 Common Shares based on an agree issue price of $0.10 per share. The Company determined to satisfy the indebtedness with common shares in ord to preserve its cash. The Common Shares issued in satisfaction of the indebtedness will be subject to a four mon statutory hold period from the date of issuance.

(xix) On May 2, 2014 the Company issued 100,000 Common Shares to an arm's length consultant in consideration f fiscal advisory services provided pursuant to the terms of a consulting agreement. The Common Shares issued the consultant will be subject to a four month statutory hold period from the date of issuance.

(xx) On May 27, 2014 the Company entered into a joint venture agreement (the "Agreement") with Reydev Mining (Proprietary) Limited ("Reydev"), for the development of the exclusive prospecting licenses (the "Licenses") held by Reydev for tantalum properties located in the tantalite valley in Namibia. The Company has agreed to pay Reydev consideration of US$60,000 by issuing 653,220 common shares to Reydev, at a deemed price of

(expressed in Canadian dollars)

14.2 - Warrants

	Number of warrants	Amount	Weighted average exercised price
		$	$
Balance at February 28, 2012	-	-	0
Issued	1,956,250	56,915	0.35
Exercised	-	-	-
Balance at February 28, 2013	1,956,250	56,915	0.35
Issued	3,506,750	186,558	0.31
Exercised	-	-	-
Balance at February 28, 2014	5,463,000	243,473	0.32
Issued	1,970,000	71,482	0.15
Balance at May 31, 2014	7,433,000	314,955	0.27

Expiration date	Number of warrants	Weighted average exercised price
		$
December 2014	1,956,250	0.35
February 2015	569,000	0.15
March 2015	418,750	0.35
June 2015	2,519,000	0.34
March 2016	1,850,000	0.15
March 2016	120,000	0.10

The weight average fair value of warrants issued was estimated at the grant date based on the Black-Scholes options pricing model using the following weighted average assumptions.

	May 31, 2014	February 28, 2014
Average share price at date of grant	0	$0,18
Expected dividends yield	0	0
Expected weighted volatility	100%	100%
Risk-free interest average rate	1.04%	1.14%
Expected average life	2 years	2 years
Average exercise price at date of grant	0.15	$0,31

14.3 - Share options

The Company has established a share option plan whereby the Board of Directors may from time to time grant options to purchase common shares to employees, officers, directors and consultants, for such terms and at such exercise prices as may be determined by the Board.

The Group's share options are as follows for the reporting periods presented:

	Number of options	Amount	Weighted average exercised price
		$	$
Balance at December 31, 2011	666,668	14,347	0.08
Granted (1)	10,366,670	330,464	0.04
Exercised	(175,824)	(5,512)	0.02
Balance at February 28, 2013	10,857,514	339,299	0.04
Exercised	(6,524,176)	(130,484)	0.02
Balance at February 28, 2014 and May 31, 2014	4,333,338	208,815	0.08

(i) The Company has made a share split on July 1, 2012 of all the issued and outstanding common shares on basis of two (2) common shares for every one (1) existing common share held. The number of share option outstanding has been adjusted retrospectively to reflect the effect of the share split.

(i) On January 1, 2012, the Company issued 3,350,000 share options at a price of $0.04 per options which expiry date is March 1, 2013.

(i) On January 1, 2012, the Company issued 1,000,000 share options at a price of $0.15 per options which expiry date is January 1, 2016.

(i) On January 19, 2012, the Company issued 333,334 share options at a price of $0.15 per options which expiry date is January 19, 2017. Those share options were issued in addition to the convertible debentures issued on the same date.

(i) On March 14, 2012, the Company issued 333,334 share options at a price of $0.15 per options which expiry date is March 14, 2017. Those share options were issued in addition to the convertible debentures issued on the same date.

(i) On May 17, 2012, the Company issued 166,667 share options at a price of $0.15 per options which expiry date is May 17, 2017. Those share options were issued in addition to the convertible debentures issued on the same date.

(expressed in Canadian dollars)

The following table summaries information about the common share options outstanding as at February 28, 2014:

Expiry Date	Weighted average exercise price($)	Number of options outstanding	Weighted average remaining contractual life (years)
December 21, 2016	0.08	2,000,000	2.6
December 22, 2016	0.08	666,668	2.6
January 19, 2017	0.08	666,668	2.6
March 14, 2017	0.08	666,668	2.8
May 17, 2017	0.08	333,334	3.0

The amount recorded for share based compensation was as follows:

	May 31, 2014	February 28, 2014
	$	$
Stock-based compensation recorded in the consolidated statement of earnings (loss) and comprehensive income loss	-	-

15 - LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended May 31, 2014 was based on the loss attributable to common shareholders of $496,112 (three months ended May 31, 2013 - $240,300) and the weighted average number of common shares outstanding of 37,396,844 (5,650,000 for the 3 months ended May 31, 2013).

Excluded from the calculation of the diluted loss per share for the three months ended May 31, 2014 and May 31, 2013 are warrants, and stock options because to include them would be anti-dilutive as they would have the effect of decreasing the loss per share.

(expressed in Canadian dollars)

16 - ADDITIONNAL INFORMATION ON CONSOLIDATED STATEMENT OF CASH FLOWS

Certain investing and financing activities do not require the use of cash and, accordingly, have been excluded from the consolidated

	For the 3 months ended May 31, 2014	For the 3 months period ended May 31,
Changes in exploration and evaluation assets included in trade payables		
Shares issued for advisory services	139,000	-
Shares issued as per joint venture agreement	65,322	-

17 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions and maturities.

The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, fair value is determined by management using available market information or other valuation methodologies.

The Company's financial instruments include cash, due to a related company, accounts receivable and other receivables, advances receivable, trade payables and accrued liabilities, loan, due to directors, due to consultants, balance of sale and the convertible debentures.

The carrying amount and fair value of financial instruments, with the exception of the balance of sale and the convertible debentures, are considered to be a reasonable approximation of fair value because of their short-term maturities. The carrying values of the balance of sale and the liability component of the convertible debentures (level 2 of the fair value hierarchy) are considered to be a reasonable approximation of fair value, since the interest rate used initially approximates the interest rate at year end for similar instruments. The fair value of balance of sale payable and the convertible debentures has been determined using the present value of cash flows method.

18 - RELATED PARTY TRANSACTIONS

As at May 31, 2014, there is an amount of $20,228 due to Charbone Potash Mining, a related party by virtue of common significant shareholders ($21,821 as at February 28, 2014).

No guarantees were given or received. Outstanding balances are usually settled in cash.

Remuneration of key management personnel of the Company

The remuneration awarded to key management personnel, including directors, the Chief Executive Officer, the Chief Financial Officer and the Director of Congo's operations, is as follows:

	3 month period ended May 31 2014	3 month period ended May 31, 2013
Management and consulting fees	54,682	96,000
Share-based remuneration	-	-
Total	54,682	96,000

Unless otherwise stated, none of the transactions provided for special terms and conditions.

(expressed in Canadian dollars)

19 - CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company defines capital as shareholders' equity. The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern;
- to increase the value of the assets of the business; and
- to provide an adequate return to shareholder of the Company.

These objectives will be achieved by acquiring the right exploration projects, implementing appropriate work programs to assess resources and by identifying and executing the optimal corporate strategy in terms of cash flow or sale.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financing liabilities. The Company manages the capital structure and makes adjustment to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order, to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debt. There were no changes in the Company's approach to capital management during the three months ended May 31, 2014. The Company is not subject to any externally imposed capital requirements as at May 31, 2014.

When financing conditions are not optimal, the Company may enter into option agreements or others solutions to continue its exploration activities or may slow its activities until conditions improve.

20 - FINANCIAL INSTRUMENT RISKS

Objectives and policies concerning financial risk management

The Company is exposed to different financial risks resulting from its operations as well as investing and financing activities. The following analysis enables users to evaluate the nature and extent of the risks at the end of the year.

Financial risks

The principal financial risks to which the Company is exposed as well as its policies concerning the management of the financial risks are detailed as follow:

Interest rate risk

The convertible debentures provide for a fixed annual interest rate and therefore expose the Company to the risk of fair value variation due to interest rate variation because this financial asset is recognized at amortized cost. The other financial assets and liabilities of the Company do not represent interest risk because they do not bear interest. The Company does not use financial derivatives to decrease its exposure to interest risk.

Liquidity risk

Management's objective is to maintain sufficient levels of cash and to ensure that the Company has at its disposal sufficient sources of financing, such as private financing and capital markets. Obtaining additional funds make it possible for the Company to continue its operations .

The following table presents contractual maturities (including interest payments where applicable) of the Company's financial liabilities :

	May 31, 2014		February 28, 2014	
	Current	Non current	Current	Non current
	Within 1 year	1 to 5 years	Within 1 year	1 to 5 years
	$	$	$	$
Trade payables and accrued liabilities	340,314		338,575	
Loan	31,719		71,775	
Due to a related company	20,228		21,821	
Due to directors	119,889		116,124	
Due to consultants	150,384		142,938	
Balance of safe	200,000	148,419	200,000	200,000
Convertible debentures	-	188,960	0	247,500
	862,534	337,379	891,233	447,500

As at May 31, 2014, management estimates that funds available will not be sufficient to meet the Company's obligations through February 28, 2015. The Company is evaluating different financing options to continue the exploration and development of its projects, which may include the issuance of securities, entering into partnership, joint venture or other arrangements. There can be no assurance that additional funds will be available or available on terms acceptable to the Company. If management is unable to obtain new funding, the Company may be required to delay, reduce the scope of, or eliminate its current or future exploration activities or relinquish rights to certain of its interests.

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and Central African Franc will affect the Company's operations and financial results. At May 31, 2014, the Canadian equivalent value of assets and liabilities denominated in a foreign currency consisted of cash of $4,193 (February 28, 2014 - $15,014), accounts payable and accrued liabilities of $nil (February 28, 2014 - $4,381) and due to directors of $nil (February 28, 2014 - $4,947). The impact on operations and comprehensive income and equity of a 10% increase or decrease in foreign currencies to the Canadian dollar exchange rate on the Company's financial instruments based on balances at May 31, 2014 would be insignificant.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date.

The Company has no trade accounts. The exposure to credit risk for the Company's receivables is considered immaterial. No impairment loss has been recognized in the periods presented.

The Company's management considered that all the above financial assets that are not impaired or past due are of good credit quality.

The credit risk for cash is considered negligible since the counter parties are reputable banks with high quality external credit ratings and that cash held in Congo is not subject to any restrictions.

21 - COMMITMENTS

As part of the acquisition of Sadem Congo, the Company shall pay a royalty of 10% of the gross income on the sales of minerals. The royalty should be paid until a total of 2 000 000 USD has been paid to the sellers of Sadem Congo. In addition to the initial royalty commitments, the Company shall pay the sellers, 15 % of gross income on the sales of minerals coming from a stock pile of minerals gathered by "La compagnie Avoine" estimated at approximatively 20 metric tons.

On May 15, 2012, the Company signed a supply agreement with Kemet Corporation (the Buyer) for the supply of Tantalite ore concentrate. The initial terms included the delivery of a minimum of 5,000lbs of 25% contained Ta_2O_5 up to a maximum of 20,000lbs per month, for the duration of the 5 years agreement. The Company could be exposed to penalties in the event where a specific monthly purchase order issued by the Buyer is accepted by the Company but not fulfill according to the terms of this purchase order. Such penalties, if any, would be limited to the difference between the agreed upon price for the purchase order and the actual price paid by the Buyer for the order when filled by a third party. An addendum to the supply agreement was signed on August 2, 2013 to amend the initial term of the contract that is now from May 15, 2013 to May 14, 2018.

On December 5, 2013, the Company signed a three-year agreement with Better Sourcing Program for the Mayoko supply chain due diligence assurance including due diligence setup services prior to export commencement and on-going services for export validation. The agreement includes minimum annual payment for export validation amounting to USD 70,000 per annum calculated from the date of first export.

22 - POST-REPORTING DATE EVENTS

On July 8, 2014 a cease trade order (the "Cease Trade Order") was issued by the British Columbia Securities Commission due to the Company failing to file comparative financial statements for its financial year ended February 28, 2014, and management's discussion and analysis for the period ended February 28, 2014, as required under Part 5 of National Instrument 51-102. Under the terms of the Cease Trade Order, all trading in the Company's securities has ceased and the shares of the Company have been halted by the Canadian Securities Exchange.
On September 25th, 2014, the Company closed a $65,000 debt financing in the form of three promissory notes. The promissory notes accrue interest at a rate of 20% per annum (calculated on the basis of the 360 day per year method). The promissory notes and accrued interest are due December 20th, 2014.