Tantalex Resources Corporation

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended August 31, 2016 and August 31, 2015

(Expressed in Canadian dollars)

Ressources TANTALEX

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated 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 financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

Tantalex Resources Corporation

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(expressed in Canadian dollars)

	As at August 31, 2016	As at February 29, 2016
ASSETS		
CURRENT ASSETS		
Cash	$ 316,629	$ 26,059
Deposit	36,680	12,171
Sales tax receivable	16,901	6,008
	370,210	44,238
EQUIPMENT	6,547	1,168
EXPLORATION AND EVALUATION ASSETS (Note 6)	-	-
TOTAL ASSETS	$ 376,757	$ 45,406
LIABILITIES		
CURRENT LIABILITIES		
Trade payable and accrued liabilities	$ 821,437	$ 1,400,778
Loan (Note 9)	132,687	131,949
Note payable (Note 10)	105,257	166,066
Promissory notes (Note 11)	-	65,000
Due to related companies (Note 12)	74,996	242,467
Due to directors (Note 13)	94,166	171,327
Convertible debentures (Note 14)	301,340	272,728
Balance of sale (Note 7)	200,000	200,000
	$ 1,729,883	$ 2,650,315
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 15)	4,250,178	2,532,203
Contributed surplus	627,492	528,119
Warrants (Note 15)	398,110	240,805
Equity component of convertible debentures (Note 14)	31,183	31,183
Shares to be issued	-	129,000
Deficit	(6,641,418)	(6,064,401)
Accumulated other comprehensive income	532	1,282
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	$ (1,333,923)	$ (2,601,809)
Non-controlling interests	(19,203)	(3,100.00)
TOTAL EQUITY	$ (1,353,126)	$ (2,604,909)
TOTAL LIABILITIES AND EQUITY	$ 376,757	$ 45,406

GOING CONCERN (Note 2)

SUBSEQUENT EVENTS (Note 23)

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

Tantalex Resources Corporation

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

For the three and six months ended August 31, 2016 and August 31, 2015

(expressed in Canadian dollars)

	Three months ended August 31,		Six months ended August 31,	
	2016	2015	2016	2015
EXPENSES				
General and administrative (Note 22)	$ 603,876	$ 102,704	$ 766,120	$ 238,482
LOSS BEFORE OTHER ITEMS	(603,876)	(102,704)	(766,120)	(238,482)
Gain on settlement of debt (note 15(ii))	218,725	-	218,725	-
Loss on change in fair value adjustment of shares owing to Reydev (Note 6)	(39,193)	-	(45,725)	-
NET LOSS FOR THE PERIOD	$ (424,344)	$ (102,704)	$ (593,120)	$ (238,482)
NET LOSS ATTRIBUTABLE TO:				
Equity holders of the Company	$ (416,977)	$ (102,704)	$ (577,017)	$ (238,482)
Non-contolling interests	(7,367)	-	(16,103)	-
	$ (424,344)	$ (102,704)	$ (593,120)	$ (238,482)
BASIC AND DILUTED LOSS PER SHARE (Note 16)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the three and six months ended August 31, 2016 and August 31, 2015

(expressed in Canadian dollars)

	2016	2015	2016	2015
NET LOSS FOR THE PERIOD	$ (424,344)	$ (102,704)	$ (593,120)	$ (238,482)
Item of other comprehensive income to be subsequently reclassified to net loss				
Foreign currency translation	1,278	(4,796)	(750)	22,179
COMPREHENSIVE LOSS	$ (423,066)	$ (107,500)	$ (593,870)	$ (216,303)
NET COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Equity holders of the Company	$ (430,433)	$ (107,500)	$ (609,973)	$ (216,303)
Non-contolling interests	7,367	-	16,103	-
	$ (423,066)	$ (107,500)	$ (593,870)	$ (216,303)

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

Tantalex Resources Corporation

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended August 31, 2016 and August 31, 2015

(expressed in Canadian dollars)

	Number of issued and outstanding common shares	Share Capital	Shares to be issued	Equity component of convertible debenture	Warrants	Contributed Surplus	Accumulated other comprehensive income	Deficit	Non-controlling interest	Total Equity
Balance as at February 28, 2015	39,828,443	$ 2,429,244	$ 129,000	$ 31,183	$ 342,846	$ 354,037	$ 1,183	$ (4,824,804)	$ -	$ (1,537,311)
Shares issued by private placement	1,000,000	50,000	-	-	-	-	-	-	-	50,000
Valuation of warrants	-	(20,000)	-	-	20,000	-	-	-	-	-
Expiry of warrants	-	-	-	-	(1,961)	1,961	-	-	-	-
Net loss for the period	-	-	-	-	-	-	-	(238,482)	-	(238,482)
Exchange differences on translating foreign operations	-	-	-	-	-	-	22,179	-	-	22,179
Balance as at August 31, 2015	$ 40,828,443	$ 2,459,244	$ 129,000	$ 31,183	$ 360,885	$ 355,998	$ 23,362	$ (5,063,286)	$ -	$ (1,703,614)
Balance as at February 28, 2016	43,328,443	$ 2,532,203	$ 129,000	$ 31,183	$ 240,805	$ 528,119	$ 1,282	$ (6,064,401)	$ (3,100)	$ (2,604,909)
Shares issued by private placement	11,240,000	604,000	(84,000)	-	-	-	-	-	-	520,000
Valuation of warrants on private placement	-	(267,086)	-	-	267,086	-	-	-		-
Shares issued on conversion of debt	31,237,553	1,343,153	-	-	-	-	-	-		1,343,153
Shares issued on exercise of warrants	500,000	37,908	-	-	(10,408)	-	-	-		27,500
Expiry of warrants	-	-	-	-	(99,373)	99,373	-	-	-	-
Reclassified as advance	-	-	(45,000)	-	-	-	-	-	-	(45,000)
Net loss for the year	-	-	-	-	-	-	-	(577,017)	(16,103)	(593,120)
Exchange differences on translating foreign operations	-	-	-	-	-	-	(750)	-	-	(750)
Balance as at August 31, 2016	86,305,996	$ 4,250,178	$ -	$ 31,183	$ 398,110	$ 627,492	$ 532	$ (6,641,418)	$ (19,203)	$ (1,353,126)

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

Tantalex Resources Corporation

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

For the six months ended August 31, 2016 and August 31, 2015

(expressed in Canadian dollars)

	2016	2015
OPERATING ACTIVITIES		
Net loss before income taxes	$ (593,120)	$ (238,482)
Operating items not involving cash		
Accretion expense (Note 14)	12,320	9,706
Interest on convertible debentures (Note 14)	16,292	14,710
Amortization of equipment	-	294
Gain on fair value adjustment of shares owing to Reydev	45,725	-
Gain on settlement of debt	(218,725)	-
Changes in working capital items		
Deposit	(24,509)	-
Sales tax and other receivable	(10,893)	(14,488)
Prepaid expenses	-	1,306
Trade payables and accrued liabilities	387,921	97,082
Due to directors	86,730	37,566
Cash flows from operating activities	(298,259)	(92,306)
INVESTING ACTIVITIES		
Additional to equipment	(5,379)	-
Cash flows used in investing activities	(5,379)	-
FINANCING ACTIVITIES		
Due to a related party	(17,471)	(4,947)
Promissory notes receivable	64,929	-
Issuance of common shares and warrants	547,500	50,000
Loan	-	43,636
Cash flows from financing activities	594,959	88,689
NET DECREASE IN CASH	291,320	(3,617)
Effect of exchange rate fluctuations	(750)	22,087
CASH, BEGINNING OF PERIOD	26,059	4,309
CASH, END OF PERIOD	$ 316,629	$ 22,779

Note 17 provides additional information on the consolidated statements of cash flows.

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

1. NATURE OF OPERATIONS

Tantalex Resources Corporation ("Tantalex" or "the Company") was incorporated under the Business Corporations Act (British Columbia) on September 28, 2009. The Company is listed on the Canadian Securities Exchange (“CSE”) under the symbol TTX, as well as on the Frankfurt Stock exchange under the symbol 1TO, and is primarily engaged in exploration and acquisition of Tantalum ore and other strategic metals in Central Africa.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, native land claims, and non-compliance with regulatory and environmental requirements.

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 October 30, 2016.

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 six months ended August 31, 2016 the Company reported a net loss of $577,017 (February 29, 2016 - $1,245,797) and has an accumulated deficit of $6,641,418 at August 31, 2016 ($6,064,401 at February 29, 2016). 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 August 31, 2016, the Company had a working capital deficiency of $1,359,673 ($2,606,078 at February 29, 2016). These conditions indicate the existence of a material uncertainty that 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. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

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 financial 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 29, 2016.

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 subsidiaries Tantalex Resources Inc., Sandstone Worldwide Ltd., United Materials Congo/UMC, Tantalex Namibia (PTY) Ltd., Kum Kum Mining and Exploration (PTY) Ltd., Kohero Mining and Exploration (PTY) 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 (with the exception of United Materials Congo/UMC which is 80% owned). 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 29.

4. SUMMARY OF ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements reflect the accounting policies described in Note 4 to the Company’s Audited Consolidated Financial Statements for the years ended February 28, 2016 and 2015 (“2016 Audited Consolidated Financial Statements”) (with the exception of any changes set out below) and accordingly, should be read in conjunction with those financial statements and the notes thereto.

Recent accounting pronouncements
Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 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 adoption of these amendments is not expected to have an impact on the Company’s consolidated financial statements.

5. 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.

Estimation of 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.

Impairment of 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.

A full impairment loss of the exploration and evaluation assets and equipment was recognized for the reporting period ended February 29, 2016.

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.

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.

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.

5. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (continued)

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.

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 (Note 2).

6. SIGNIGICANT AGREEMENTS

In June 2016, the Company (through its wholly owned subsidiary United Materials Congo SRL ("UMC")) signed a definitive agreement ("Agreement") with a local mining cooperative, namely La Coopérative Minière pour le Développement Intégré du Congo ("CMDIC"), whereby CMDIC will become a sub-contractor to UMC, and as such, will supply UMC exclusively to the entirety of the Tantalum Pentoxide concentrate (Ta205) produced by local entities. In return, UMC will provide CMDIC with technical manpower, equipment and other resources in order to contribute to the sustainability of the region's small mining sites.

In July 2016, the Company (through UMC) signed additional definitive agreements with local mining cooperatives, namely La Cooperative Minière LUBI ("CML") and La COMIPAK ("COMIPAK"), whereby CML and COMIPAK will also become a sub-contractors to UMC, for the exclusive supply of the Tantalum concentrate it produces.

In September 2016, The Company (through UMC) signed a definitive joint-venture agreement with La Congolaise d'Exploitation Minière SA ("COMINIÈRE SA"), a private company in which 90% of the share capital is state-owned by the Democratic Republic of Congo ("DRC"), and 10% is owned by L'Institut National de Sécurité Sociale du Congo, DRC's largest Social Security and Pension fund.

The joint-venture entity will be named United Cominière sas ("UNITED COMINIÈRE"). The purpose of this union is to explore for, develop, and to put into production high-tech mineral deposits that exist on the properties belonging to UNITED COMINIÈRE. The Company will own 70% of this joint venture. The four properties, which are fully permitted for exploration and production, cover a total area of 1,343 square kilometers, and are located in the mining-friendly region of Katanga (city of Manono), in the DRC. There is also accessibility to nearby infrastructure such as roads, dams and aircraft runways, to which the Corporation has guaranteed access through the joint-venture partnership with the State.

(expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

	February 28, 2015	Additions	Write downs	February 29, 2016
	$	$	$	$
Republic of Congo				
Mining rights (1)	348,669	-	(348,669)	-
Exploration and evaluation expenses (2)	185,328	-	(185,328)	-
	533,997	-	(533,997)	-
Namibia				
Joint venture payment	65,322	-	(65,322)	-
Exploration and evaluation expenses (3)	20,805	-	(20,805)	-
	86,127	-	(86,127)	-
Total	620,124	-	(620,124)	-

(1) The mining rights were related to the acquisition of Sadem Congo S.A.R.L. (see Note 7)

(2) The exploration and evaluation expenses for 2015 include payment to the Better Sourcing Program to assist the Company with conflict free compliance with its operations in the Republic of Congo, as well as tents for the camp and other camp related costs. In 2014 expenses consisted of geologist fees that were assumed by the Company to explore the awarded concession area in the Republic of Congo.

(3) Exploration costs for 2015 consisted of geological work.

Republic of Congo

The Company had four Tantalum/Niobium prospecting mining concessions in the Republic of Congo, located in the Matsanga Marala zone, in the Niari department. The four exclusive concessions were awarded in June 2012 and expired on July 15, 2015. As at February 29, 2016, the licenses had not been renewed and as such the Company wrote down the asset.

Namibia

On May 27, 2014 the Company entered in to an agreement with Reydev Mining (Proprietary) Limited, for the development of the exclusive prospecting licenses held by Reydev in Namibia. In accordance with the agreement, the Company will issue Reydev 653,220 common shares of the Company. As at May 31, 2016 the market value of these shares was $26,128 ($0.03 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.

7. EXPLORATION AND EVALUATION ASSETS (continued)

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 was subject to all necessary regulatory approvals, including the approval of the CSE and approval by the Ministry of Mines and Energy of Namibia.

As at May 31, 2016, the Company is in Phase 1, and the 653,220 shares have not been issued, and therefore $26,128 is included in accounts payable (fair market value of the shares at May 31, 2016) and accrued liabilities and $6,532 recorded as a loss on the change in fair value adjustment in the statement of comprehensive loss.

Due to the lack of cash resources, and uncertainty regarding the future work and uncertainty on recoverability of costs, the Company wrote down the asset to nil as at February 29, 2016.

8. 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:

(i) A payment of $200,000 was due when SADEM converted its current prospecting permit into four explorations mining permits.

(ii) 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 August 31, 2016 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 was 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 February 29, 2016.

9. LOAN

The Company entered in a factoring contract with FinexCorp Inc. (“Finex”) 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 de-recognition of the underlying assets. Accordingly, an amount of $132,687 ($127,424 as at February 28, 2015) 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.

10. NOTE PAYABLE

These advances are non-interest bearing with no specific terms of repayment.

11. PROMISSORY NOTES

On September 25, 2014, the Company closed a $65,000 debt financing in the form of three promissory notes. The promissory notes were unsecured, accrued 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 and became due December 20th, 2014. On June 1, 2016, the principal and interest were settled with the issuance of 1,679,820 common shares at a deemed price of $0.05 (this settlement is part of the group of settlement agreement described in note 15(ii))

12. DUE TO RELATED COMPANIES

As at August 31, 2016, $47,895 (February 29, 2016- $47,895) was due to Charbone Petroleum (formerly Charbone Potash Mining), a related company by virtue of Dave Gagnon, the CEO and a director of the Company, being a common significant shareholder. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

As at August 31, 2016, $27,101 (February 29, 2016- $225,043) was due to Charbone Buckell, a related company by virtue of Dave Gagnon, the CEO and a director of the Company, being a common director. These amounts are unsecured, non-interest bearing and have no specific terms of repayment. $150,000 owing to Charbone Buckell was partially settled through the issuance of 3,000,000 common shares at a deemed price of $0.05 (this settlement is part of the group of settlement agreements described further in note 15(ii))

13. DUE TO DIRECTORS

As at August 31, 2016, $nil (February 29, 2016 – $74,217) was payable to Dave Gagnon, the CEO and a director of the Company, for outstanding management fees and expenses paid on behalf of the Company. During the six months ended August 31, 2016, $150,000 of debt was settled through the issuance of 3,000,000 common shares at a deemed price of $0.05 (this settlement is part of the group of settlement agreement described further in note 15(ii)).

As at August 31, 2016, $106,005 (February 29, 2016 – $97,110) was payable to Sylvain Giffard, a director (effective November 15, 2015), for outstanding management fees and advances. During the six months ended August 31, 2016, $32,953 of the amount owing for settled through the issuance of 659,071 common shares at a deemed price of $0.05 (this settlement is part of the group of settlement agreements described further in note 15(ii)).

(expressed in Canadian dollars)

14. CONVERTIBLE DEBENTURES

	August 31, 2016	February 28, 2016
	$	$
Convertible debenture liability component:		
Balance, at beginning of the year	272,728	222,891
Accretion expense	12,320	20,080
Accrued interest	16,292	29,758
Balance, at the end of the period	**301,340**	**272,728**
Balance of the equity component at the end of the period	**31,183**	**31,183**

The $100,000 debenture, issued on December 22, 2011, bears interest at the rate of 10% per annum, discounted at 23% and matures in December 2016. The debenture holder has the option to convert the principal and accrued interests at any time into Common Shares at price of $0.05 ($0.10 prior to share split made on July 1, 2012) per share.

The $100,000 debenture, issued on March 14, 2012, bears interest at a rate of 10% per annum, discounted at 23% and matures in March 2017. The debenture holder has the option to convert the principal and accrued interests at any time into Common Shares at price of $0.05 ($0.10 prior to share split made on July 1, 2012) per share.

The $50,000 debenture, issued on May 17, 2012, bears interest at a rate of 10% per annum, discounted at 23%, and matures in May 2017. The debenture holder has the option to convert the principal and accrued interests at any time into Common Shares at price of $0.05 ($0.10 prior to share split made on July 1, 2012) per share.

15. EQUITY

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 shares		Amount
Total shares issued and fully paid at February 28, 2015	**39,828,443**	**$**	**2,429,244**
Shares issued by private placement (i)	3,500,000		175,000
Valuation of warrants issued on private placement (i)	-		(72,041)
Total shares issued and fully paid at February 29, 2016 and May 31, 2016	**43,328,443**	**$**	**2,532,203**
Shares issued on conversion of debt (ii)	31,237,553		1,343,153
Shares issued by private placement (iii)	840,000		84,000
Shares issued by private placement (iv)	10,400,000		520,000
Valuation of warrants issued on private placement (iv)	-		(234,286)
Valuation of broker warrants issued on private placement (iv)	-		(32,800)
Shares issued on exercise of warrants (v)	500,000		27,500
Valuation of warrants exercised (v)	-		10,408
Total shares issued and fully paid at August 31, 2016	**86,305,996**	**$**	**4,250,178**

15. EQUITY (continued)

(i) On August 19 and October 13, 2015 the Company completed two private placement financings by issuing a total of 3,500,000 common share units ("Units") at a price of $0.05 per Unit for gross proceeds of $175,000. Each Unit consisted of one common share in the capital of Tantalex (a "Common Share") and 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 $0.055 per Common Share up to the date that is eighteen (18) months from closing. All securities issued pursuant to the financing are subject to a four-month hold period. These warrants were assigned a value of $72,041 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.07%; expected volatility of 180%; expected dividend yield of 0% and an expected life of one and a half years. Expected volatility was based on the historical volatility of other comparable listed companies.

(ii) On June 1, 2016, the Company entered into settlement agreements (the "Settlement Agreements") with various creditors whereby Tantalex issued common shares at a deemed price of $0.05 per common share (the "Shares for Debt Settlement"). Pursuant to the Settlement Agreements, CDN$1,483,836 was settled and a total of 29,676,713 common shares were issued to the creditors. Four of the creditors are insiders of the Corporation (or related to insiders of the Corporation). Dave Gagnon (CEO and director of the Corporation), Kyle Appleby (CFO of the Corporation), Sylvain Giffard (director of the Corporation), and Briere & Lebeuf Inc. (a law firm in which Michel Lebeuf, a director and corporate secretary of the Corporation was a former shareholder), have settled a total of $352,953 for 7,059,071 common shares. On June 1, 2016, the fair market value of the Tantalex shares was $1,187,069. This resulted in a gain on the settlement in the amount of $296,767.

On July 5, 2016, the Company settled debt in the amount of $78,043 with two additional creditors. These debts were settled with the issuance of 1,560,840 common shares at a deemed price of $0.05. The fair market value of the shares at the date of issuance was $156,084. This resulted in a loss on the settlement in the amount of $78,042.

(iii) During 2014 the Company received $84,000 in advance of closing a private placement. The shares related to this private placement had initially not been issued due to a cease trade order on the securities of the company. On June 1, 2016 the Company issued 840,000 common shares at the agreed price of $0.10 per share.

(iv) On July 5, 2016 the Company completed a private placement financing by issuing a total of 10,400,000 common share units ("Units") at a price of $0.05 per Unit for gross proceeds of $520,000. Each Unit consisted of one common share in the capital of Tantalex (a "Common Share") and 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 $0.055 per Common Share up to the date that is eighteen (18) months from closing. All securities issued pursuant to the financing are subject to a four-month hold period. These warrants were assigned a value of $234,286 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.49%; expected volatility of 218%; expected dividend yield of 0% and an expected life of one and a half years. Expected volatility was based on the historical volatility of other comparable listed companies.

A finder's fee in the amount of 800,000 compensation warrants. These warrants were assigned a value of $32,800 using the Black Scholes option pricing model with the same assumptions used for the Warrants.

(v) On August 19, 2016, the Company issued 250,000 common shares as a result of the exercise of 250,000 warrants issued on October 15, 2015. The cash proceeds from the warrant exercises of $13,750 and the grant date fair value of $5,204 (recorded as broker warrants) was transferred to common shares upon exercise.

On August 23, 2016, the Company issued 250,000 common shares as a result of the exercise of 250,000 warrants issued on October 15, 2015. The cash proceeds from the warrant exercises of $13,750 and the grant date fair value of $5,204 (recorded as broker warrants) was transferred to common shares upon exercise.

(expressed in Canadian dollars)

15. EQUITY (continued)

Warrants
The following summarizes the activity during the six months ended August 31, 2016 and the year ended February 29, 2016:

	Number of warrants	Amount
Balance at February 28, 2015	10,156,963	$ 342,846
Expired	(4,416,125)	(174,082)
Issued August 19, 2015	1,000,000	20,000
Issued October 13, 2015	2,500,000	52,041
Balance at February 29, 2016	9,240,838	240,805
Expired	(1,970,000)	(99,373)
Issued July 5, 2016	11,200,000	267,086
Exercised	(500,000)	(10,408)
Balance at August 31, 2016	17,970,838	$ 398,110

Summary of warrants outstanding as at August 31, 2016:

Grant Date	Expiry date	# of Warrants	Exercise price
10/21/2013	1/19/2017	666,668	0.075
10/21/2013	3/14/2017	666,668	0.075
10/21/2013	12/22/2016	666,668	0.075
10/21/2013	5/17/2017	333,334	0.075
10/21/2013	10/22/2016	1,437,500	0.350
8/24/2015	2/24/2017	1,000,000	0.06
10/15/2015	4/15/2017	2,000,000	0.06
7/5/2016	1/5/2018	11,200,000	0.06
		17,970,838	

The weighted average expiry date is 1.48 years
The weighted average exercise price is $0.08

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.

No options were granted during the six months ended August 31, 2016 and the year ended February 29, 2016.

(expressed in Canadian dollars)

15. EQUITY (continued)

The following options are outstanding as at August 31, 2016:

Grant Date	Expiry date	# of Options	Exercise price
21-Oct-13	1-Jan-17	75,000	0.08
21-Oct-13	1-Jan-17	150,000	0.08
		225,000	

The weighted average expiry date is 0.82 years
The weighted average exercise price is $0.08

16. LOSS PER SHARE

The weighted average number of common shares outstanding used for the calculation for the three and six months ended August 31, 2016 and August 31, 2015 were 80,269,418 (2015 – 39,867,117) and 61,900,978 (2015 - 39,906,221), respectively.

Excluded from the calculation of the diluted loss per share are warrants, convertible debentures and stock options because to include them would be anti-dilutive as they would have the effect of decreasing the loss per share.

17. ADDITIONAL 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 statements of cash flows:

For the six months ended	August 31, 2016	August 31, 2015
Shares issued for settlement of debt	$ 1,343,153	$ -

18. 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 due to related companies, trade payable and accrued liabilities, promissory notes, loan, note payable, due to directors, 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 initial approximates the interest rate at year end for similar instruments. The fair value of balance of sale payable and the convertible debentures has been determinate using the present value of cash flows method.

(expressed in Canadian dollars)

19. RELATED PARTY TRANSACTIONS

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:

	August 31, 2016	August 31, 2015
Management and consulting fees	$ 138,000	$ 88,000

As at August 31, 2016, $34,250 of the fees is outstanding are to CFO Advantage Inc., a company owned by the Chief Financial Officer of the Company (February 29, 2016 - $136,300).During the six months ended August 31, 2016, $125,000 of fees were settled with the issuance of 2,500,000 common shares at a deemed price of $0.05. The settlement is part of the group of settlement agreements as further described in note 15(ii)).

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

20. 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 six months ended August 31, 2016. The Company is not subject to any externally imposed capital requirements as at August 31, 2016. When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration activities or may slow its activities until conditions improve.

21. 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 or are at a fixed interest rate. The Company does not use financial derivatives to decrease its exposure to interest risk.

(expressed in Canadian dollars)

21. FINANCIAL INSTRUMENT RISKS (continued)

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.

As at August 31, 2016, management estimates that funds available will not be sufficient to meet the Company's obligations through February 28, 2017. 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 United States dollar will affect the Company's operations and financial results. At August 31, 2016, the Canadian equivalent value of assets and liabilities denominated in a foreign currency consisted of cash and deposits of $43,159 and deposits of $36,680. 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 August 31, 2016 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.

22. GENERAL AND ADMINISTRATIVE

A breakdown of the general and administrative expenses for the three and six months ended August 31, 2016 and August 31, 2015 is as follows:

	Three months ended August 31,		Six months ended August 31,	
	2016	2015	2016	2015
Insurance	19,420	9,867	19,420	12,159
Transfer agent and shareholder registration	3,012	-	4,419	1,025
Management fees	69,000	39,000	138,000	88,000
Professional and consulting fees	434,838	23,327	453,460	68,791
Financial costs	15,611	12,435	32,718	24,417
Rent	7,182	-	7,182	-
Office and general	13,770	3,190	21,234	6,109
Travel fees	41,043	14,885	89,687	37,687
Amortization of property, plant and equipment	-	-	-	294
	$ 603,876	$ 102,704	$ 766,120	$ 238,482

23. SUBSEQUENT EVENTS

On September 7, 2016, the Company granted 4,250,000 options to purchase common shares of the Corporation to Directors and Officers of the Corporation, all exercisable at a price of $0.12 for a period of five (5) years, subject to the Corporation's stock option plan.

On October 5, 2016, the Company completed a non-brokered private placement financing (the “Offering”) raising gross proceeds of $1,515,000 through the issuance of 15,150,000 units (“Units”) at $0.10 per Unit. Each Unit consisted of one common share in the capital of Tantalex (a “Common Share”) and one common share purchase warrant (a “Warrant”) of Tantalex. Each 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 eighteen (18) months from closing. A finder’s fee will be paid on the private placement to an Exempt Market Dealer. The finder’s fee will consist of 8% of the gross proceed of the private placement paid in cash and 8% in compensation warrants.