Tantalex Resources Corporation
CONSOLIDATED FINANCIAL STATEMENTS
Years ended February 28, 2019 and February 28, 2018
(Expressed in Canadian dollars)

Independent Auditor's Report

To the Shareholders of Tantalex Resources Corporation:

Opinion

We have audited the consolidated financial statements of Tantalex Resources Corporation and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at February 28, 2019 and February 28, 2018, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at February 28, 2019 and February 28, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company reported a net loss of $5,651,563 and has an accumulated deficit of $15,808,461 as at February 28, 2019. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is William Edward Keith Avery.

MNP LLP

Toronto, Ontario
June 28, 2019

Chartered Professional Accountants
Licensed Public Accountants

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Tantalex Resources Corporation

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in Canadian dollars)

	As at February 28, 2019	As at February 28, 2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 110,762	$2,650,348
Prepaid expenses and deposits (Note 7)	165,410	168,153
Sales tax receivable	259,138	177,209
	535,310	2,995,710
Equipment (Note 8)	325,878	256,739
Deposits (note 7)	-	704,490
Exploration and Evaluation Assets (Note 6)	6,464,495	931,791
TOTAL ASSETS	$7,325,683	$4,888,730
LIABILITIES		
CURRENT LIABILITIES		
Trade payables and accrued liabilities (note 10)	$1,067,892	$899,922
Loan (Note 9)	-	258,739
Due to related companies (Note 10)	-	65,896
Due to directors (Note 10)	222,219	289,487
Derivative liability (note 11)	3,362,705	-
Convertible debentures (Note 11)	1,691,499	402,952
	6,344,315	1,916,996
TOTAL LIABILITIES	$6,344,315	$1,916,996
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 12)	10,631,246	9,105,428
Contributed surplus	3,641,957	1,331,268
Warrants (Note 12)	2,888,600	3,129,437
Equity component of convertible debentures (Note 11)	-	17,739
Deficit	(15,808,461)	(10,390,766)
Accumulated other comprehensive income	83,776	510
TOTAL DEFICIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	1,437,118	3,193,616
Non-controlling interests	(455,750)	(221,882)
TOTAL DEFICIT	981,368	2,971,734
TOTAL LIABILITIES AND DEFICIT	$ 7,325,683	$ 4,888,730

GOING CONCERN (Note 2)

SUBSEQUENT EVENTS (Note 21)

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

Tantalex Resources Corporation

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the years ended February 28, 2019 and February 28, 2018

(expressed in Canadian dollars)

	2019	2018
EXPENSES		
General and administrative (Note 18)	$ 2,862,510	$ 2,420,010
Stock based compensation (Note 12)	1,839,600	-
LOSS BEFORE OTHER ITEMS	(4,702,110)	(2,420,010)
Gain on settlement of debt (Note 9 &12)	77,616	90,649
Issue costs related to derivative liability (Note 11)	(307,737)	-
Change in fair value of derivative liability	462,253	-
Interest and accretion	(1,177,320)	(209,133)
NET LOSS FOR THE YEAR BEFORE TAX	$(5,647,298)	$(2,538,494)
Deferred tax (expense) recovery	(4,265)	(552)
NET LOSS FOR THE YEAR	$(5,651,563)	$(2,539,046)
NET LOSS ATTRIBUTABLE TO:		
Equity holders of the Company	$(5,417,695)	$(2,389,559)
Non-controlling interests	(233,868)	(149,487)
	$(5,651,563)	$(2,539,046)
BASIC AND DILUTED LOSS PER SHARE (Note 13)	$ (0.03)	$ (0.02)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the years ended February 28, 2019 and February 29, 2018

(expressed in Canadian dollars)

	2019	2018
NET LOSS FOR THE YEAR	$(5,651,563)	$(2,539,046)
Item of other comprehensive income		
to be subsequently reclassified to net loss		
Foreign currency translation	83,266	10,420
COMPREHENSIVE LOSS	(5,568,297)	(2,528,626)
NET COMPREHENSIVE LOSS ATTRIBUTABLE TO:		
Equity holders of the Company	$(5,334,429)	$(2,379,139)
Non-controlling interests	(233,868)	(149,487)
	$(5,568,297)	$(2,528,626)

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

Tantalex Resources Corporation

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended February 28, 2019 and 2018

(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	Non-controlling interest	Total Equity
Balance as at February 28, 2017	104,455,996	$ 5,025,622	$ 46,972	$ 1,154,572	$ 1,113,396	$ (9,910)	$ (8,001,207)	$ (72,395)	$ (742,950)
Shares issued on conversion of debt	7,198,020	413,467	(40,881)	-	5,278	-	-	-	377,864
Shares issued on exercise of warrants	11,620,000	1,151,944	-	(396,944)	-	-	-	-	755,000
Shares issued on private placement	57,984,440	4,980,000	-	-	-	-	-	-	4,980,000
Valuation of warrants on private placement	-	(2,471,750)	-	2,471,750	-	-	-	-	-
Share issue costs	-	(229,018)	-	22,403	-	-	-	-	(206,615)
Shares issued for services	2,000,000	140,000	-	-	-	-	-	-	140,000
Expiry of warrants	-	-	-	(212,594)	212,594	-	-	-	-
Settlement of debt for shares	951,630	95,163	11,648	90,250	-	-	-	-	197,061
Net loss for the year	-	-	-	-	-	-	(2,389,559)	(149,487)	(2,539,046)
Exchange differences on translating foreign operations	-	-	-	-	-	10,420	-	-	10,420
Balance as at February 28, 2018	184,210,086	$ 9,105,428	$ 17,739	$ 3,129,437	$ 1,331,268	$ 510	$ (10,390,766)	$ (221,882)	$ 2,971,734
Balance as at February 28, 2018	184,210,086	$ 9,105,428	$ 17,739	$ 3,129,437	$ 1,331,268	$ 510	$ (10,390,766)	$ (221,882)	$ 2,971,734
Shares issued on conversion and settlement of debt	12,784,177	796,609	(17,739)	363,911	-	-	-	-	1,142,781
Shares issued on exercise of warrants	5,156,800	683,409	-	(135,549)	-	-	-	-	547,860
Shares issued for services	916,000	45,800	-	-	-	-	-	-	45,800
Return of shares to treasury	(8,184,440)	-	-	-	-	-	-	-	-
Warrants issued on convertible debenture	-	-	-	1,890	-	-	-	-	1,890
Share based payments	-	-	-	-	1,839,600	-	-	-	1,839,600
Expiry of warrants	-	-	-	(471,089)	471,089	-	-	-	-
Net loss for the period	-	-	-	-	-	-	(5,417,695)	(233,868)	(5,651,563)
Exchange differences on translating foreign operations	-	-	-	-	-	83,266	-	-	83,266
Balance as at February 28, 2019	194,882,623	$ 10,631,246	$ -	$ 2,888,600	$ 3,641,957	$ 83,776	$ (15,808,461)	$ (455,750)	$ 981,368

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

Tantalex Resources Corporation

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended February 28, 2019 and February 28, 2018

(expressed in Canadian dollars)

	2019	2018
OPERATING ACTIVITIES		
Net loss before income taxes	$(5,651,563)	$ (2,539,046)
Operating items not involving cash		
Accrued interest and accretion	1,170,306	208,859
Depreciation of equipment	128,043	16,316
Change in fair value of derivative liability	(462,253)	-
Gain on settlement of debt	(77,616)	(90,650)
Stock based compensation	1,839,600	-
Shares issued for services	45,800	-
Deferred tax recovery	4,265	-
Impairment of HST	17,542	-
Unrealized foreign exchange gain	64,968	18,023
Changes in working capital items		
Prepaid expenses and deposits	2,743	61,172
Deposits	-	(704,490)
Sales tax and other receivable	(99,471)	(81,908)
Trade payables and accrued liabilities	668,872	334,033
Due to directors	132,732	131,662
Due to related companies	-	(3,200)
Cash flows from operating activities	(2,216,032)	(2,649,229)
INVESTING ACTIVITIES		
Additions to equipment	(190,058)	(217,259)
Additions to exploration and evaluation assets	(4,762,784)	(888,325)
Cash flows used in investing activities	(4,952,842)	(1,105,584)
FINANCING ACTIVITIES		
Proceeds from loans	4,305,662	212,998
Repayments of loans outstanding	(224,234)	(169,483)
Proceeds from the exercise of warrants	547,860	755,000
Issuance of common shares and warrants	-	4,773,385
Proceeds from issuance of debentures	-	300,000
Cash flows from financing activities	4,629,288	5,871,900
NET DECREASE IN CASH	(2,539,586)	2,117,087
CASH, BEGINNING OF YEAR	2,650,348	533,261
CASH, END OF YEAR	$110,762	$2,650,348

Note 14 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 Lithium and Tantalum ore and other strategic metals in the Democratic Republic of Congo.

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 at 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 June 28, 2019.

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 date of the issuance of these financial statements. Management is aware, in making its assessment, of material uncertainties related to events and conditions that 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 year ended February 28, 2019 the Company reported a net loss of $5,651,563 (February 28, 2018 - $2,359,046) and has an accumulated deficit of $15,808,461 (February 28, 2018 - $10,390,766). 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 February 28, 2019, the Company had a working capital deficit of $5,809,005 (February 28, 2018 – working capital of $1,078,714). These conditions indicate the existence of a material uncertainty that casts 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
The consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (”IFRS”), as issued by the International Accounting Standards Board (“IASB”).

3. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE (continued)

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 TTX Metals Inc., Sandstone Worldwide Ltd., United Materials Congo ("UMC"), United Cominiere ("UC"), Buckell SAS, Tantalex Namibia (PTY) Ltd. Societe De Tailings De Manono ("STM") and Sadem Congo S.A.R.L ("Sadem"). 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, and United Cominiere which is 70% owned, Buckell SAS 90% owned and STM 65% owned by Buckell SAS. 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 with the exception of STM which has a reporting date of December 31.

4. SUMMARY OF ACCOUNTING POLICIES

Foreign currency translation
Within each entity, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting year, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in the consolidated statements of loss. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

The accounts of the Company are presented in Canadian dollars which is also the functional currency of the Company. The financial statements of foreign subsidiaries for which the functional currency is not the Canadian dollar are translated into Canadian dollars using the exchange rate in effect at the end of the reporting year for assets and liabilities and the average exchange rates for the year for revenue, expenses and cash flows. Functional currency of the foreign subsidiaries (inclusive of UMC, UC, Tantalex Namibia (PTY) Ltd, Buckell SAS, STM and Sadem) is the U.S Dollar. Foreign exchange differences arising on translation are recognized in other comprehensive income and in accumulated other comprehensive income in shareholders' equity.

Financial instruments
The Company adopted IFRS 9 retrospectively without restating comparatives and therefore the comparative information in respect of financial instruments for the year ended February 28, 2018 was accounted for in accordance with the Company's previous accounting policy under IAS 39.

Accounting policy under IFRS 9 applicable from March 1, 2018

Financial assets

Initial recognition and measurement
Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit and loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – Financial assets at FVPL
Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statements of income. The Company does not measure any financial assets at FVPL.

Subsequent measurement – Financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Dividends from such investments are recognized in other income in the statements of income when the right to receive payments is established.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company's only financial assets subject to impairment is cash, which is measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include trade payable and accrued liabilities, due to directors, due to related companies, loans, convertible debentures, and derivative liability, all of which are each measured at amortized cost with the exception of the derivative liability measured at fair value through profit and loss. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of loss.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of loss.

There was no material impact on the implementation of changes in the Company’s financial statements.

Financial assets:	**Classification IAS 39**	**Classification IFRS 9**
Cash	Loans and receivables	Amortized cost

Financial liabilities:	**Classification IAS 39**	**Classification IFRS 9**
Trade payable and accrued liabilities	Other financial liabilities	Amortized cost
Due to directors	Other financial liabilities	Amortized cost
Due to related companies	Other financial liabilities	Amortized cost
Loan	Other financial liabilities	Amortized cost
Convertible debentures	Other financial liabilities	Amortized cost
Derivative liability	Fair value through profit/loss	Fair value through profit/loss

Accounting policy under IAS 39 applicable prior to January 1, 2018
Financial assets
The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the consolidated statements of loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. 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.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured 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 and other relevant indicators, 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 the consolidated statements of loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for- sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the consolidated statements of loss.

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. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Financial liabilities
The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the consolidated statements of loss.

Other financial liabilities: This category trade payable and accrued liabilities, due to directors, due to related companies, loans, and convertible debentures, all of which are recognized at amortized cost.

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. A 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 deducting 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 re-measured. 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. Derivative liability is level 3.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

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 year. Diluted loss 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 year 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 year. 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 year. 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, warrants and the convertible debenture.

Exploration and evaluation expenditures and 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. Any pre-production revenue is netted against the cost of exploration and evaluation assets until the property is in commercial production.

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.

Equipment

Equipment is 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 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 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.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Upon the transfer of exploration and evaluation assets to 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 the 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 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:

Storage containers	20% declining balance
Office furniture and equipment	20% declining balance
Computer equipment	30% declining balance
Field equipment	30% declining balance
Vehicle	30% declining balance

The depreciation expense for each year is recognized in profit or loss except for certain items of 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 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 equipment is included in profit or loss when the item is derecognized.

Impairment of exploration and evaluation assets, 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 equipment.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

An impairment loss is recognized in profit or loss for the amount by which the asset 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 assets are assessed for whether there is any indication that an impairment loss recognized in prior years may no longer exist. An impairment charge is reversed if the asset or cash-generating unit's recoverable amount exceeds its carrying amount.

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 cases 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 February 28, 2019 and February 28, 2018, there are no provisions in the consolidated statements of financial position relating to claims.

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

Income taxes
Income tax on the profit or loss for the year end presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Deferred tax is recorded using the asset and liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not-deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, the tax asset is not recognized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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.

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 are determined using the Black-Scholes valuation model and accounted for in warrants.

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 include amounts allocated to warrants issued as part of unit placements. When warrants are exercised, the related amount is transferred to share capital. When warrants expire, the related value is transferred to contributed surplus.

Deficit includes all current and prior year end accumulated profits or losses.

Non-controlling interest represents the company’s foreign subsidiaries minority ownership’s share of loss.

Equity component of convertible debenture represents the value of a 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.

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.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Equity-settled share-based payments

The Company uses equity-settled share-based compensation for its eligible directors, officers, employees and consultants.

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 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 years or other vesting conditions apply, the expense is allocated as the vesting terms are met, 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 year. No adjustment is made to any expense recognized in prior year 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.

Segment reporting

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

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

Adoption of other new standards

IFRS 15 - Revenue from Contracts with Customers. The standard became effective for annual periods beginning on or after January 1, 2018. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 - Revenue, IAS 11 - Construction Contracts, and a number of revenue related interpretations. The new standard applies to nearly all contracts with customers; the main exceptions are leases, financial instruments and insurance contracts. The adoption had no impact on the financial statements.

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2019 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.

4. SUMMARY OF ACCOUNTING POLICIES (continued)

IFRS 16 - Leases ("IFRS 16") was issued on January 13, 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied. The Company does not expect adoption to have any material impact.

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 recovered 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 year.

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. Estimates are made as to the volatility of its own share price, the probable life of share options and warrants granted and the time of exercise of those share options and warrants.

(expressed in Canadian dollars)

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

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.

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, meet 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).

Functional currency
In concluding on the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences costs of operating in each jurisdiction in which the Company operates. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated, the currency in which funds are retained and whether the activities of the subsidiaries are carried out as an extension of the Company or if they are carried out with a degree of autonomy.

6. EXPLORATION AND EVALUATION ASSETS

In September 2016, The Company 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 is named United Cominière sas ("UNITED COMINIÈRE"). The purpose of this joint venture 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 owns 70% of this joint venture. The four properties, which are fully permitted for exploration and production, are located in Katanga (city of Manono), in the DRC. Under the terms of the agreement, the Company paid USD$50,000 for entering into the joint venture agreement. Included in the permits is payment for mining claim PR 13634, KASEKA Cobalt Property.

On August 23, 2018 the Company, through Buckell SAS, entered into an agreement to acquire a 65% control (at a cost of USD$3,000,000) of Société des Tailings de Manono ("STM"), which owns the PER 13698 (Permis Exploitation Rejets) ("PER 13698"). PER 13698 grants the exclusive rights to mine the tailings of the historical Manono-Kitotolo mine of lithium, tin and tantalum.

The following expenses related to the mining/exploration permits for the year ended February 28, 2019 and 2018:

	2019	2018
Beginning balance	$ 931,791	$ 44,749
Acquisition costs	4,178,635	293,566
Project expenses	1,333,489	594,759
Foreign currency adjustment	20,580	(1,283)
Closing balance	$ 6,464,495	$ 931,791

(expressed in Canadian dollars)

7. PREPAID EXPENSES AND DEPOSITS

	2019	2018
Long Term		
Deposit on property acquisition	$ -	$ 704,490
Short Term		
Deposit on equipment	$ 155,723	$ -
Deposit on drill program	-	64,050
Prepaid consulting contract	-	99,534
Other	9,687	4,569
	$ 165,410	$ 168,153

8. EQUIPMENT	**Storage containers**	**Office furniture and equipment**	**Computer equipment**	**Field equipment**	**Vehicle**	**Total**
Cost						
February 28, 2017	$ -	$ 5,414	$ 5,000	$ -	$ 56,598	$ 67,012
Additions	21,901	-	-	-	195,358	217,259
Foreign currency adjustment	-	(156)	-	-	(1,622)	(1,778)
February 28, 2018	21,901	5,258	5,000	-	250,334	282,493
Additions	33,613	5,377	-	77,007	74,061	190,058
Foreign currency adjustment	615	148	-	-	7,036	7,799
February 28, 2019	**$ 56,129**	**$ 10,783**	**$ 5,000**	**$ 77,007**	**$ 331,431**	**$ 480,350**
Accumulated Depreciation						
February 28, 2017	$ -	$ 541	$ 750	$ -	$ 8,489	$ 9,780
Depreciation	-	947	1,275	-	14,019	16,241
Foreign currency adjustment	-	(15)	-	-	(250)	(265)
February 28, 2018	-	1,473	2,025	-	22,258	25,756
Depreciation	11,226	1,854	893	23,102	90,968	128,043
Foreign currency adjustment	-	40	-	-	633	673
February 28, 2019	**$ 11,226**	**$ 3,367**	**$ 2,918**	**$ 23,102**	**$ 113,859**	**$ 154,472**
Carrying amounts						
February 28, 2018	$ 21,901	$ 3,785	$ 2,975	$ -	$ 228,076	$ 256,737
February 28, 2019	**$ 44,903**	**$ 7,416**	**$ 2,082**	**$ 53,905**	**$ 217,572**	**$ 325,878**

(expressed in Canadian dollars)

9. LOAN

The Company was party to a factoring contract with FinexCorp Inc. (“Finex”) under which the Company was able to factor its accounts receivable in exchange for a fee calculated as a percentage of the receivables transferred. The maximum amount of receivables that could be transferred to FinexCorp Inc. was $500,000. The loan was secured by a $750,000 mortgage on the universality of the Company's transferable tangible and intangible assets. The mortgage bore interest at a rate of 25% per annum.

On October 20, 2016, the Company entered into an agreement to settle $157,500 of debt through the issuance of 1,500,000 common shares based on an agreed issue price of $0.105 per share. The fair market value of the shares at the date of issuance was $210,000 ($0.14 per share). This resulted in a loss on the settlement in the amount of $52,500. The remaining balance of the advances carries an annual interest rate of 6% and has no specific terms of repayment. During the year ended February 28, 2018, the Company repaid $150,035 of the loan and accrued $10,057 of interest. No interest was accrued in the current year. On July 27, 2018, the Company settled the remaining balance of $37,112 through the issuance of 247,413 units. Each unit was issued at $0.22 per unit and comprised of one common share and one common share purchase warrant exercisable at $0.18 for a period of 36 months following the date of issuance. The Company recorded a loss on settlement of $16,552.

On August 22, 2017. the Company completed a non-brokered private placement financing raising gross proceeds of $213,000 (USD$170,000) through the issuance of a debenture bearing interest of 10% per annum and having an expiry date that is six months following its issuance. The debenture holder was also entitled to receive 2,500,000 common share purchase warrants entitling the holder to purchase common shares of the Company at a price of $0.055 per share for a period of 18 months. The proceeds of $213,000 were allocated between the debenture and warrants. These warrants were assigned a value of $90,250 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.25%; expected volatility of 219%; expected dividend yield of 0% and an expected life of one and a half years. On May 24, 2018, the Company repaid USD$170,000 (CAD$219,334) to settle the debt.

10. 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 senior VP, is as follows:

	2019	2018
Management and consulting fees	**$ 518,856**	**$ 276,000**
Share-based payments	**1,192,800**	**-**
	$ 1,711,656	**$ 276,000**

During the year ended February 28, 2019, $72,000 (2018 - $72,000) of fees were charged by CFO Advantage Inc., a company owned by the Chief Financial Officer of the Company. As at February 28, 2019, $57,300 of the fees are outstanding (February 28, 2018 - $145,300) and are included in trade payables and accrued liabilities on the statement of financial position. On July 11, 2018, the Company settled $150,000 of amounts owing through the issuance of 1,000,000 units. Each unit was issued at $0.13 per unit and comprised of one common share and one common share purchase warrant exercisable at $0.18 for a period of 36 months following the date of issuance. The Company recorded a gain on settlement of $18,000.

As at February 28, 2019, $nil (February 28, 2018- $47,894) 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 and are included in amounts Due to Related Companies on the statement of financial position. On July 11, 2018, the Company settled $47,894 through the issuance of 319,293 units. Each unit was issued at $0.13 per unit and comprised of one common share and one common share purchase warrant exercisable at $0.18 for a period of 36 months following the date of issuance. The Company recorded a gain on settlement of $5,747.

10. RELATED PARTY TRANSACTIONS (continued)

As at February 28, 2019, $nil (February 28, 2018- $18,202) 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 and are included in amounts Due to Related Companies on the statement of financial position. On July 11, 2018, the Company settled $20,000 through the issuance of 133,333 units. Each unit was issued at $0.13 per unit and comprised of one common share and one common share purchase warrant exercisable at $0.18 for a period of 36 months following the date of issuance. The Company recorded a gain on settlement of $2,400. During the year, the Company acquired a 90% interest in Buckell SAS. 80% was acquired from Charbone Buckell at a cost of USD$1,600.

As at February 28, 2019, $16,463 (February 28, 2018 – $84,330) 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 and are included in amounts Due to Directors on the statement of financial position. On July 11, 2018, the Company settled $150,000 through the issuance of 1,000,000 units. Each unit was issued at $0.13 per unit and comprised of one common share and one common share purchase warrant exercisable at $0.18 for a period of 36 months following the date of issuance. The Company recorded a gain on settlement of $18,000.

As at February 28, 2019, $205,756 (February 28, 2018 – $205,157) was payable to Sylvain Giffard, a director, for outstanding management fees and advances, and are included in amounts Due to Directors on the statement of financial position. On July 11, 2018, the Company settled $50,000 through the issuance of 333,333 units. Each unit was issued at $0.13 per unit and comprised of one common share and one common share purchase warrant exercisable at $0.18 for a period of 36 months following the date of issuance. The Company recorded a gain on settlement of $6,000.

During the year ended February 28, 2019, the Company was charged $196,726 (February 28, 2018 - $288,141) by Dunton Rainville LLP for legal services and disbursements. Michel Lebeuf is a partner of Dunton Rainville LLP and a director and corporate secretary of the Company. As at February 28, 2019, $64,000 (February 28, 2018 - $72,810) was payable to Dunton Rainville and are included in trade payables and accrued liabilities on the statement of financial position.

During the year ended February 28, 2018, 2,000,000 shares were issued to a director and corporate secretary for strategic consulting and business development services. During the current year, the Company also paid rent to this director in the amount of $5,000.

During the year ended February 28, 2019, $90,000 of debt was settled through the issuance of 600,000 units. Each unit was issued at $0.13 per unit and comprised of one common share and one common share purchase warrant exercisable at $0.18 for a period of 36 months following the date of issuance. The Company recorded a gain on settlement of $10,800.

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

11. CONVERTIBLE DEBENTURES

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

On March 24, 2017, the December 22, 2011 and May 17, 2012 debentures (plus interest) were converted to 4,163,580 common shares, at $0.05 per share, and resulted in a gain on settlement of debt in the amount of $24,283.

11. CONVERTIBLE DEBENTURES (continued)

The $75,000 debenture, issued on March 14, 2012, bore interest at a rate of 10% per annum, discounted at 23% and matured in March 2017. The debenture holder and the Company agreed to an extension of the maturity date. The debenture holder had 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. On February 28, 2018, the principal and accrued interest were converted at the option of the holder into 2,684,440 common shares.

On December 20, 2016, the Company converted $125,000 of debt in to a convertible debenture bearing interest at 6% per annum, convertible into common shares at $0.10 maturing December 20, 2018. For accounting purposes, the $125,000 has been allocated based on the relative fair values of the debt. The fair value of the debentures was determined to be $92,014 using a discount rate of 20%. The residual value of $32,986 was allocated to the equity component of the convertible Debentures. During the year ended February 28, 2018, the Company repaid $20,000 of this debenture in cash (resulting in a loss on repayment in the amount of $2,487). In February 2018 the holder of the debenture converted $35,000 of the debenture in to 350,000 common shares. During the year ended February 28, 2019; the Company repaid $4,900 (year ended February 28, 2018 - $20,000) of this debenture in cash. During the year ended February 28, 2019, the holder of the debenture converted $90,000 of the debenture in to 900,000 common shares (year ended February 28, 2018 - $35,000 of the debenture in to 350,000 common shares) (note 12), and recognized a $10,278 loss on the settlement of debt.

On May 16, 2017. the Company completed a non-brokered private placement financing raising gross proceeds of $300,000 through the issuance of a convertible debenture in the amount of $300,000 bearing interest of 10% per annum and having an expiry date that is three months following its issuance. The fair value of the debentures was determined to be $284,087 using a discount rate of 22%. The residual value of $15,913 was allocated between an equity component ($11,648) of the convertible Debentures and a deferred tax recovery of $4,265. The debenture can be converted to common shares at a conversion price of $0.05 per share. On May 16, 2018, the holder of the debenture converted $330,000 (being principal and interest) into 6,600,000 common shares (note 12) and recognized a gain on settlement of debt of $13,785.

In July, 2018, the Company completed a non-brokered private placement financing raising gross proceeds of $3,188,250 (USD$2,450,000, the “First Tranche”)), completed a further $1,153,720 in November 2018 ($1,025,000, the “Second Tranche”) and USD$100,000, the “Third Tranche”)), through the issuance of convertible debentures (the “Debentures”) in the amount of $4,341,970 bearing interest of 12% per annum and having an expiry date that is one year following their issuance. Each Debenture is convertible at the option of the holder into Common Shares of the Issuer at any time starting after the closing date and prior to the close of business on the last business day prior to the Maturity Date at the Conversion Price (based on a price equal to the current trading price of the Common Shares on the Canadian Securities Exchange on the maturity date or at 25% discount to such price if converted early). The principal amount of the Debentures is subject to a warrant coverage of up to 50% of the principal amount (1,787,500 warrants) to which the holder of the Debenture is entitled to receive up to 50% of the principal amount of the Debenture issued in warrants in the share capital of the Company (the “Warrants”), each Warrant entitling its holder to acquire one Common Share in the share capital of the Company at a price of $0.13 per Common Share for a period of 12 months from the date of issuance. The Company paid $349,280 in cash issue costs, and issued 30,000 broker warrants, entitling the holder to acquire one Common Share in the share capital of the Company at a price of $0.14 per Common Share for a period of 24 months from the date of issuance. These warrants were assigned a value of $1,890 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 2.00%; expected volatility of 175%; expected dividend yield of 0% and an expected life of one year.

The total issue costs of $351,170, were allocated between the Debentures ($43,433) and the derivative liability on a pro-rata basis, with the portion allocated to the derivative liability being expensed ($307,737).

(expressed in Canadian dollars)

11. CONVERTIBLE DEBENTURES (continued)

The conversion feature of the Debentures meets the definition of a derivative liability instrument because the conversion rate is variable and therefore does not meet the "fixed-for-fixed" criteria outlined under IFRS. As a result, the conversion feature of is required to be recorded as a derivative liability recorded at fair value and marked-to-market each period with the changes in fair value each period being charged or credited to income. During the year, the Company recorded a gain on the change in fair value of the derivative liability in the amount of $462,253.

The Debentures were separated into a convertible debt component and a derivative liability. The derivative liability was valued first and the residual of the proceeds was allocated to the debt. The convertible debt is classified as measured at amortized cost using the effective interest method. The effective interest rate of the Debentures was approximately between 183-278% (for the three tranches). The warrants issued were considered equity and have been assigned a nil value using the residual method after valuing the debt and derivative components.

The following table discloses the components associated with convertible debenture:

	February 28, 2019	February, 28, 2018
	$	$
Convertible debenture liability component:		
Balance, at beginning of the year	**402,952**	423,023
Convertible debenture issued	**4,303,772**	300,000
Less equity component of debentures issued	**-**	(15,912)
Derivative liability	**(3,792,641)**	-
Gain on settlement of debt	**(3,057)**	(8,905)
Converted to equity	**(420,000)**	(373,047)
Repayments	**(4,900)**	(20,000)
Foreign exchange adjustments	**20,578**	-
Accretion and interest	**1,184,795**	97,793
Balance, at the end of the year	**1,691,499**	**402,952**

The following table discloses the components associated with the derivative liability:

	February 28, 2019	February, 28, 2018
Opening balance	**3,792,641**	**-**
Change in fair value of derivative liability	**(462,253)**	**-**
Foreign exchange adjustment	**32,317**	**-**
Balance February 28, 2019	**3,362,705**	**-**

12. 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.

(expressed in Canadian dollars)

12. EQUITY (continued)

	Number of shares	Amount
Total shares issued and fully paid at February 28, 2017	**104,455,996**	**$ 5,025,622**
Shares issued on exercise of warrants (i)	11,620,000	755,000
Valuation of warrants exercised (i)	-	396,944
Shares issued on private placement (ii)	57,984,440	4,980,000
Valuation of warrants issued on private placement (ii)	-	(2,471,750)
Share issue expenses (ii)	-	(229,018)
Shares issued for services (iii)	2,000,000	140,000
Shares issued on conversion of debt (iv)	7,198,020	413,467
Shares issued on settlement of debt (v)	951,630	95,163
Total shares issued and fully paid at February 28, 2018	**184,210,086**	**$ 9,105,428**
Shares issued on exercise of warrants (vi)	5,156,800	547,860
Valuation of warrants exercised (vi)	-	135,549
Shares returned to treasury (ii)	(8,184,440)	-
Shares issued on conversion of convertible debt (vii)	7,500,000	442,004
Shares issued on settlement of debt (viii)	5,284,177	354,605
Shares issued for services (ix)	916,000	45,800
Total shares issued and fully paid at February 28, 2019	**194,882,623**	**$ 10,631,246**

(i) During the year ended February 28, 2018, the Company issued 11,620,000 common shares as a result of the exercise of 11,620,000 warrants. The cash proceeds from the warrant exercises of $755,000 and the grant date fair value of $396,944 (recorded as broker warrants) were transferred to common shares upon exercise.

(ii) On December 21, 2017, the Company completed a non-brokered private placement financing raising gross proceeds of $2,480,000 through the issuance of 24,800,000 units (“Units”) at $0.10 per Unit. Each Unit consisted of one common share and one common share purchase warrant (a “Warrant”). Each Warrant entitles its holder thereof to acquire one common share at an exercise price of $0.12 per Common Share up to the date that is thirty-six (36) months from closing. These warrants were assigned a value of $1,229,815 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.72%; expected volatility of 274%; expected dividend yield of 0% and an expected life of three years. Finders fees in the amount of 254,000 compensation warrants were issued. These warrants were assigned a value of $22,403 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.48-1.50%; expected volatility of 274%; expected dividend yield of 0% and an expected life of three years. The Company also paid cash compensation cost of $140,500, plus legal and other fee for total cash issue costs of $206,615.

On February 9, 2018, the Company completed a non-brokered private placement financing raising gross proceeds of $2,500,000 through the issuance of 25,000,000 units (“Units”) at $0.10 per Unit. Each Unit consisted of one common share and one common share purchase warrant (a “Warrant”). Each Warrant entitles its holder thereof to acquire one common share at an exercise price of $0.12 per Common Share up to the date that is thirty-six (36) months from closing. These warrants were assigned a value of $1,241,935 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.92%; expected volatility of 276%; expected dividend yield of 0% and an expected life of three years.

(expressed in Canadian dollars)

12. EQUITY (continued)

During the year ended February 28, 2018, the Company issued 8,184,440 commons shares in error as no consideration was received. These shares were included in the consolidated financial statements as at February 28, 2018 and the Company cancelled the shares during the year ended February 28, 2019. Upon cancellation of the shares in July 2018, the Company reduced the number of shares outstanding in the Company as disclosed in these consolidated financial statements.

(iii) During the year ended February 28, 2018, 2,000,000 shares were issued to a director and corporate secretary for strategic consulting and business development services (note 10).

(iv) During the year ended February 28, 2018, the Company issued 7,198,020 common shares as a result of the conversion of debentures (note 11).

(v) On March 24, 2017, the Company issued 951,630 common shares to settle debt in the amount of $47,581. At the date of issuance, the shares had a fair market value of $95,163 resulting in a loss on settlement of debt in the amount of $47,582.

(vi) During the year ended February 28, 2019, the Company issued 5,156,800 common shares as a result of the exercise of 5,156,800 warrants. The cash proceeds from the warrant exercises of $547,860 and the grant date fair value of $135,549 were transferred to common shares upon exercise. The Company issued 1,500,000 shares on the exercise of warrants in error, and the Company is in the process of cancelling these shares.

(vii) See note 11 for shares issued on conversion of debentures.

(viii) In July 2018, the Company issued 5,284,177 units to settle debt in the amount of $778,876. Each unit was issued at $0.15 per unit and comprised of one common share and one common share purchase warrant exercisable at $0.18 for a period of 36 months following the date of issuance. The fair value of the shares at the date of issuance was $354,605. The warrants were assigned a value of $363,912 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.79%; expected volatility of 255%; expected dividend yield of 0% and an expected three years. The Company recognized a gain on $70,905 on the settlement of the debt.

(ix) During the year the Company issued 916,000 with a value of $45,800 for services rendered to a non-related party.

Warrants

The following summarizes the activity during the year ended February 28, 2018 and the year ended February 28, 2017:

	Number of warrants	**Amount**
Balance at February 28, 2017	31,362,002	$ 1,154,572
Expired	(5,812,002)	(212,594)
Issued	52,554,000	2,584,403
Exercised	(11,620,000)	(396,944)
Balance at February 28, 2018	66,484,000	$ 3,129,437
Expired	(12,795,200)	(471,090)
Issued	7,101,677	365,802
Exercised	(3,656,800)	(135,549)
Balance at February 28, 2019	57,133,677	$ 2,888,600

(expressed in Canadian dollars)

12. EQUITY (continued)

Summary of warrants outstanding as at February 28, 2019:

Grant Date	Expiry date	Remaining life	Weighted ave expiry date	# of Warrants	Weighted ave exercise price	Exercise price
11/22/2017	11/22/2020	1.73	0.00	154,000	0.00	0.12
11/30/2017	11/30/2020	1.76	0.00	100,000	0.00	012
12/20/2017	12/20/2020	1.81	0.79	24,778,000	0.05	0.12
02/09/2018	02/09/2021	1.95	0.85	25,000,000	0.05	0.12
07/11/2018	07/11/2021	2.36	0.22	5,284,177	0.02	0.18
07/27/2018	07/27/2020	1.41	0.00	30,000	0.00	0.14
08/20/2018	08/20/2019	0.47	0.01	1,225,000	0.00	0.13
11/09/2018	11/09/2019	0.69	0.01	550,000	0.00	0.13
10/13/2018	10/13/2019	0.62	0.00	12,500	0.00	0.13
			1.88	57,133,677	0.13	

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.

On March 1, 2018 the Company granted 10,950,000 options to purchase common shares of the Corporation to the current Directors, Officers and Consultants of the Corporation, all exercisable at a price of $0.17 for a period of 5 years. The options were assigned a value of $1,839,600 using the black scholes model using the following assumptions: risk free interest rate 1.99%; expected volatility of 225%; expected dividend yield of 0% and an expected life of five years. The options vested immediately and $1,839,600 is included in the statement of loss during the year (2018 - $nil)

The following summarizes the activity during the year ended February 28, 2019 and the year ended February 28, 2018:

	Number of options	Exercise price
Balance at February 28, 2018	4,250,000	$ 0.12
Issued	10,950,000	$ 0.17
Balance at February 28, 2019	**15,200,000**	**$ 0.156**

The following options are outstanding and exercisable as at February 28, 2019:

Grant Date	Expiry date	# of Options	Exercise price
7-Sept-16	31-Aug-21	4,250,000	0.12
1-March-18	28-Feb-23	10,950,000	0.17

The weighted average expiry date is 3.58 years
The weighted average exercise price is $0.156

(expressed in Canadian dollars)

13. LOSS PER SHARE

The weighted average number of common shares outstanding used for the calculation for 2019 was 192,709,975 (2018 - 121,518,485).

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.

14. 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:

	February 28, 2019	February 28, 2018
Shares issued for services	**$ 45,800**	$140,000
Shares issued on conversion and settlement of debt	**$796,609**	$508,630

15. 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 related companies, trade payables and accrued liabilities, loan, due to directors, convertible debentures and the derivative liabilities.

The carrying amount and fair value of financial instruments, with the exception of 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 the liability component of the convertible debentures are considered to be a reasonable approximation of fair value, since the discount rate used initial approximates the interest rate at year end for similar instruments. The fair value of the convertible debentures has been determined using the present value of cash flows method.

16. 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.

16. CAPITAL MANAGEMENT POLICIES AND PROCEDURES (continued)

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 year ended February 28, 2019. The Company is not subject to any externally imposed capital requirements as at February 28, 2019. 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.

17. 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.

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 (Note 2).

As at February 28, 2019, management estimates that funds available will not be sufficient to meet the Company's obligations through the next twelve months. 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 February 28, 2019, the Company has assets of $4,978,989 (2018 - $2,014,774) denominated in a foreign currency. 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 February 28, 2019 would be $444,414 (2018 - $175,076). The Company also has an impact of $393,894 on the statement of profit and loss from a 10% increase or decrease change in foreign exchange on the convertible debentures and derivative liability.

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.

(expressed in Canadian dollars)

17. FINANCIAL INSTRUMENT RISKS (continued)

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 years 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.

18. GENERAL AND ADMINISTRATIVE

A breakdown of the general and administrative expenses for the year ended February 28, 2019 and February 28, 2018:

		2019		2018
Insurance	**$**	**33,978**	$	22,104
Transfer agent and shareholder registration		**21,548**		17,694
Legal and audit		**361,615**		371,517
Conference		**13,194**		27,113
Consulting fees		**659,804**		712,945
Management fees		**329,322**		276,000
Office and general		**600,570**		363,821
Travel and costs of working abroad		**714,436**		612,575
Depreciation of equipment		**128,043**		16,241
	$	**2,862,510**	**$**	2,420,010

19. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate for 2018 and 2019 of 26.8% to the effective tax rates is as follows:

		February 28, 2019		**February 28, 2018**
Net loss before recovery of income taxes	$	(5,647,298)	$	(2,539,046)
Expected income tax recovery		(1,513,480)		(680,460)
Difference in foreign tax rates		(28,480)		(23,920)
Difference in tax rate from prior year		-		-
Non-deductible expenses		614,720		(97,980)
Non-deductible expenses (prior years)		(162,960)		89,250
True-up of non-capital losses		-		-
Change in tax benefits not recognized		1,090,200		517,700
	$	-	$	-

(expressed in Canadian dollars)

19. INCOME TAXES (continued)

The following table summarizes the components of deferred tax:

	February 28, 2019	February 28, 2018
Deferred Tax Assets		
Non-capital losses carried forward	**$ -**	**$ 4,260**
Deferred Tax Liabilities		
Convertible debenture	-	(4,260)
Net deferred income tax assets (liabilities)	-	-

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences	February 28, 2019	February 28, 2018
Share issuance costs	$ 495,800	$ 169,100
Non-capital losses carried forward - Canada	10,244,230	7,524,770
Non-capital losses carried forward - Congo	-	1,438,020
Other temporary differences	33,360	12,970
	$ 10,773,390	$ 9,144,860

Congolese losses may be carried forward for an unlimited period, but may offset a maximum of 70% of the profit before tax in any year. Share issue costs will be fully amortized in 2019. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

Non-capital losses expiry	Canada
2030	-
2031	74,680
2032	1,124,430
2033	652,640
2034	715,660
2035	1,351,590
2036	1,034,890
2037	1,074,170
2038	1,847,800
2039	2,368,380
	10,244,240

(expressed in Canadian dollars)

20. SEGMENT INFORMATION

The Company's business consists of a single reportable segment being mineral exploration and development. Details on a geographic basis are as follows:

Total Assets	2019	2018
Canada	$ 789,689	$ 2,952,413
Democratic Republic of Congo	6,535,994	1,936,317
	$ 7,325,683	$ 4,888,730

Net Loss	2019	2018
Canada	$ (4,761,761)	$ (1,791,612)
Democratic Republic of Congo	(889,802)	(747,434)
	$ (5,651,563)	$ 2,539,046

21. SUBSEQUENT EVENTS

Subsequent to year end the company entered into loan agreements totaling USD$750,000. The loans are non-interest bearing and mature one year from the date of issuance.

At the Company's annual meeting, held on March 15, 2019, shareholders approved a proposed amalgamation agreement between the Company and International Cobalt Corp ("ICC"). Completion of the amalgamation is subject, amongst other conditions, to ICC obtaining approval from its shareholders.