



Tantalex Resources Corporation
CONSOLIDATED FINANCIAL STATEMENTS
Years ended February 28, 2021 and February 29, 2020
(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 statement of financial position as at February 28, 2021, and the consolidated statement of loss, consolidated statement of comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year 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, 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit 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 audit of the consolidated financial statements in Canada. 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.

Other matter

The consolidated financial statements of the Company for the year ended February 28, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on November 5, 2020.

We have audited the restatement to the consolidated financial statements as at February 29, 2020, as described in note 20 to the consolidated financial statements. In our opinion, such restatement is appropriate and has been properly applied. We were not engaged to audit, review or apply any procedures to the 2020 consolidated financial statements (restated) of the Company other than with respect to the restatement described above and accordingly, we do not express an opinion or any other form or assurance on the 2020 consolidated financial statements (restated) taken as a whole.

Material uncertainty related to going concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended February 28, 2021 and, as of that date, the Company's current liabilities exceeded its current assets. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that material uncertainties exist that 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, which we obtained prior to the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 IFRS, 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 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.

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 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 judgement 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 risks 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 of the audit resulting in this independent auditor's report is Glen McFarland.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
June 28, 2021

Tantalex Resources Corporation

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in Canadian dollars)

	As at February 28, 2021	As at February 29, 2020 (Note 20)	As at February 28, 2019 (Note 20)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 400,970	\$ 54,718	\$ 110,762
Prepaid expenses and deposits (Note 7)	6,868	162,587	165,410
Sales tax receivable	87,327	182,909	259,138
	495,165	400,214	535,310
Equipment (Note 8)	-	230,891	325,878
TOTAL ASSETS	\$ 495,165	\$ 631,105	\$ 861,188
LIABILITIES			
CURRENT LIABILITIES			
Trade payables and accrued liabilities (note 10)	\$ 2,012,120	\$3,750,073	\$ 1,067,892
Loans payable (Note 9)	-	1,332,173	
Due to directors	-	-	222,219
Derivative liability (Note 11)	2,796,914	-	3,362,705
Convertible debentures (Note 11)	4,425,989	4,983,323	1,691,499
	9,235,023	10,065,569	6,344,315
TOTAL LIABILITIES	\$ 9,235,023	\$10,065,569	6,344,315
SHAREHOLDERS' DEFICIENCY			
Share capital (Note 12)	13,846,452	10,631,246	10,631,246
Contributed surplus	6,813,681	3,671,592	3,941,957
Warrants (Note 12)	639,814	2,858,965	2,888,600
Equity component of convertible debentures	236,585	-	-
Deficit	(29,517,204)	(24,831,404)	(22,272,956)
Accumulated other comprehensive income	(147,227)	70,151	83,776
TOTAL DEFICIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	(8,127,901)	(7,599,450)	(5,027,377)
Non-controlling interests	(611,959)	(1,835,014)	(455,750)
TOTAL DEFICIT	(8,739,860)	(9,434,464)	(5,483,127)
TOTAL LIABILITIES AND DEFICIT	\$ 495,165	\$ 631,105	\$ 861,188

GOING CONCERN (Note 2)

CONTINGENCIES (Note 21)

SUBSEQUENT EVENTS (Note 22)

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

Tantalex Resources Corporation

CONSOLIDATED STATEMENTS OF LOSS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

	2021	2020 (Note 20)
EXPENSES		
General and administrative (Note 17)	\$ 738,411	\$ 1,314,279
Exploration expenses (Note 6)	-	3,025,278
Stock based compensation (Note 12)	696,860	-
LOSS BEFORE OTHER ITEMS	(1,435,271)	(4,339,557)
Gain on disposal of subsidiaries (Note 6)	697,083	-
Loss on settlement of debt (Note 9,10 &12)	(775,594)	265,099
Gain on modification of debt	270,350	-
Change in fair value of derivative liability (Note 9)	(1,724,814)	3,379,867
Gain on foreign exchange	356,407	-
Interest and accretion	(1,082,299)	(3,243,121)
NET LOSS FOR THE YEAR	\$(3,694,138)	\$(3,937,712)
NET LOSS ATTRIBUTABLE TO:		
Equity holders of the Company	\$(3,686,720)	\$(3,248,863)
Non-controlling interests	(7,418)	(688,849)
	\$(3,694,138)	\$(3,937,712)
BASIC AND DILUTED LOSS PER SHARE (Note 13)	\$ (0.02)	\$ (0.02)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

	2021	2020
NET LOSS FOR THE YEAR	\$(3,694,138)	(3,937,712)
Item of other comprehensive income to be subsequently reclassified to net loss		
Foreign currency translation	52,737	(13,625)
Accumulated foreign currency translation reclassified to net loss on subsidiaries disposed	(164,641)	-
COMPREHENSIVE LOSS	(3,806,042)	(3,951,337)
NET COMPREHENSIVE LOSS ATTRIBUTABLE TO:		
Equity holders of the Company	\$(3,798,624)	\$(3,262,488)
Non-controlling interests	(7,418)	(688,849)
	\$(3,806,042)	\$(3,951,337)

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, 2021 and February 29, 2020

(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, 2019	194,882,623	\$ 10,631,246	\$ -	\$ 2,888,600	\$ 3,641,957	\$ 83,776	\$ (15,808,461)	\$ (455,750)	\$ 981,368
Expiry of warrants	-	-	-	(29,635)	29,635	-	-	-	-
Net loss for the period	-	-	-	-	-	-	(3,195,489)	(675,506)	(3,870,995)
Exchange differences on translating foreign operati	-	-	-	-	-	107,500	-	-	107,500
Balance as at February 29, 2020	194,882,623	\$ 10,631,246	\$ -	\$ 2,858,965	\$ 3,671,592	\$ 191,276	\$ (19,003,950)	\$ (1,131,256)	\$ (2,782,127)
Balance as at February 29, 2020	194,882,623	\$ 10,631,246	\$ -	\$ 2,858,965	\$ 3,671,592	\$ 191,276	\$ (19,003,950)	\$ (1,131,256)	\$ (2,782,127)
Effect of policy change	-	-	-	-	-	(121,125)	(5,827,454)	(703,758)	(6,652,337)
Balance as at February 29, 2020 (restated)	194,882,623	10,631,246	-	2,858,965	3,671,592	70,151	(24,831,404)	(1,835,014)	(9,434,464)
Units issued on private placement	65,000,000	374,200	-	275,800	-	-	-	-	650,000
Conversion of convertible debentures	55,294,276	1,686,344	-	-	-	-	14,015	-	1,700,359
Settlement of debt	41,020,248	871,940	-	-	-	-	-	-	871,940
Share based payments	6,100,000	183,000	-	-	696,860	-	-	-	879,860
Exercise of stock options	5,000,000	99,722	-	-	(49,722)	-	-	-	50,000
Issuance of convertible debenture	-	-	236,585	-	-	-	-	-	236,585
Disposal of subsidiaries	-	-	-	-	-	(164,641)	(1,050,996)	1,215,637	-
Expiry of warrants	-	-	-	(2,494,951)	2,494,951	-	-	-	-
Net loss for the period	-	-	-	-	-	-	(3,701,556)	7,418	(3,694,138)
Exchange differences on translating foreign operati	-	-	-	-	-	(52,737)	52,737	-	-
Balance as at February 28, 2021	367,297,147	\$ 13,846,452	\$ 236,585	\$ 639,814	\$ 6,813,681	\$ (147,227)	\$ (29,517,204)	\$ (611,959)	\$ (8,739,858)

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

Tantalex Resources Corporation

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

	2021	2020
OPERATING ACTIVITIES		(Note 20)
Net loss	\$ (3,694,135)	\$ (3,937,712)
Operating items not involving cash		
Accrued interest and accretion	1,082,299	3,243,121
Depreciation of equipment	-	101,060
Change in fair value of derivative liability	1,724,814	(3,379,867)
Disposal of subsidiary	(694,515)	-
Loss (gain) on settlement of debt	775,594	(265,099)
Gain on modification of debt	(270,350)	-
Stock based compensation	696,860	-
Financing costs	183,000	-
Unrealized foreign exchange (gain) loss	(356,407)	232,711
Changes in working capital items		
Prepaid expenses and deposits	(2,318)	2,823
Sales tax and other receivable	95,582	76,229
Trade payables and accrued liabilities	69,256	2,672,615
Cash flows from operating activities	(390,320)	(1,375,246)
FINANCING ACTIVITIES		
Proceeds from loans	220,000	1,319,200
Proceeds from exercise of stock options	50,000	-
Repayments of loans and debentures outstanding	(183,428)	-
Proceeds from issuance of common shares	650,000	-
Cash flows from financing activities	736,572	1,319,200
NET DECREASE IN CASH	346,252	(56,046)
CASH, BEGINNING OF YEAR	54,718	110,762
CASH, END OF YEAR	\$ 400,970	\$ 54,716

Note 14 provides additional information on the consolidated statements of cash flows.

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

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

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 ITO, 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 5 Hazelton Avenue, Suite 300, Toronto, ON Canada M5R 2E1.

The Board of Directors approved and authorized for issue these consolidated financial statements on June 28, 2021.

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 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, 2021 the Company reported a net loss of \$3,694,138 (February 29, 2020 - \$3,937,712) and has an accumulated deficit of \$29,517,204 (February 29, 2020 – deficit of \$24,831,404). 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, 2021, the Company had a working capital deficit of \$8,739,858 (February 29, 2020 – working capital deficit of \$9,665,355). 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").

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

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., Buckell SAS, 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 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 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

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.

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.

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

4. SUMMARY OF ACCOUNTING POLICIES (continued)

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets 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 income in the consolidated statements of loss. Cash and 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 loss. 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

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company’s financial statements. The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

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, loans payable, 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.

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

4. SUMMARY OF ACCOUNTING POLICIES (continued)

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 interest and accretion in the statements of loss.

Subsequent measurement – Financial liabilities at FVPL

Financial liabilities measured at FVPL include financial liabilities 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 liabilities measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of loss.

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 and comprehensive loss.

Financial assets:	Classification IFRS 9
Cash	Amortized cost
Financial liabilities:	Classification IFRS 9
Trade payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost
Convertible debentures	Amortized cost
Derivative liability	Fair value through profit/loss

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 carrying amount and fair value of financial instruments are considered to be a reasonable approximation of fair value because of their short-term maturities.

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.

The carrying amount and fair value of financial instruments are considered to be a reasonable approximation of fair value because of their short-term maturities.

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.

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

4. SUMMARY OF ACCOUNTING POLICIES (continued)

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

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.

Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential, including acquisition costs. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. All exploration expenditures are expensed as incurred.

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures incurred subsequent to this date related to development and construction are capitalized as construction-in-process and classified as a component of property, plant and equipment.

Mining properties and process facility assets are amortized upon commencement of commercial production either on a unit-of-production basis over measured and indicated resources included in the mine plan or the life of mine.

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.

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 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. Depreciation is recognized 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 the statement of loss and comprehensive loss. 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.

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. SUMMARY OF ACCOUNTING POLICIES (continued)

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 the statement of loss and comprehensive loss when the item is derecognized.

Impairment of non-financial assets

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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss.

Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event and a probable outflow of economic resources from the Company that can be estimated reliably. 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.

As at February 28, 2021 and February 29, 2020, 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.

Leases and Right-of-use assets

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to comprehensive loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed lease payments.

Tantalex Resources Corporation

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4. SUMMARY OF ACCOUNTING POLICIES (continued)

The lease payments over the lease term are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or comprehensive loss if the right-of-use asset is already reduced to zero.

In determining the lease term, management considers all the facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension option is only included in the lease term if the lease is reasonably certain to be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within management's control.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Any restoration costs

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.

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.

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(expressed in Canadian dollars)

4. SUMMARY OF ACCOUNTING POLICIES (continued)

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 or derivative liability.

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.

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 statement of loss and comprehensive loss 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.

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

4. SUMMARY OF ACCOUNTING POLICIES (continued)

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.

Recent accounting pronouncements

During the year ended February 28, 2021, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company's financial statements.

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

IFRS 3 – Business Combinations (“IFRS 3”) was amended in October 2018 to clarify the definition of a business. This amended definition states that a business must include inputs and a process and clarified that the process must be substantive and the inputs and process must together significantly contribute to operating outputs. In addition it narrows the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

Future accounting policies

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after March 1, 2021 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however early adoption is permitted.

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.

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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.

Share-based payments and warrants

The fair value of share-based payments and warrants 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.

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.

Estimation of decommissioning and reclamation costs and the timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. Cost estimates are updated annually to reflect known developments and are subject to review at regular intervals.

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

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

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Contingencies

Refer to Note 21.

The amounts recognized in the consolidated financial statements are derived from the Company's best estimation and judgement as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Company's financial position and its financial performance and cash flows.

Derivative Liabilities

The Company values derivative liabilities by reference to their fair value at the date at which the instrument is granted and each reporting period. Estimating fair value requires determining the most appropriate valuation model. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life and volatility and making assumptions about them. Changes in the input assumptions can materially affect the fair value estimate.

6. EXPLORATION AND EVALUATION

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 years ended February 28, 2021 and February 29, 2020:

	2021	2020	Cumulative
Manono Tailings project	\$ -	\$ 3,025,278	\$ 6,652,337

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

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6. EXPLORATION AND EVALUATION (continued)

The joint-venture entity was named United Cominière sas (“UNITED COMINIÈRE”). The purpose of this joint venture was to explore for, develop, and to put into production high-tech mineral deposits that exist on the properties belonging to UNITED COMINIÈRE. The Company owned 70% of this joint venture. In September 2019, the Joint venture was terminated.

On March 17, 2020, the Company ceded its interest in UC and UMC. The acquirors retained the rights and titles and assumed all liabilities that remained in these entities, for a nominal amount.

7. PREPAID EXPENSES AND DEPOSITS

	2021	2020
Short Term		
Deposit on equipment	\$ -	\$ 158,798
Other	6,868	3,789
	\$ 6,868	\$ 162,587

8. EQUIPMENT	Storage containers	Office furniture and equipment	Computer equipment	Field equipment	Vehicle	Total
	\$	\$	\$	\$	\$	\$
Cost						
February 28, 2019	56,129	10,783	5,000	77,007	331,431	480,350
Foreign currency adjustment	1,108	213	-	1,520	6,544	9,385
February 29, 2020	57,237	10,996	5,000	78,527	337,975	489,735
Disposals (note 6)	(57,237)	(10,996)	(5,000)	(78,527)	(337,975)	(489,735)
February 28, 2021	-	-	-	-	-	-
Accumulated Depreciation						
February 28, 2019	11,226	3,367	2,918	23,102	113,859	154,472
Depreciation	9,158	1,512	2,082	22,068	66,240	101,060
Foreign currency adjustment	221	67	-	456	2,568	3,312
February 29, 2020	20,605	4,946	5,000	45,626	182,667	258,844
Disposals (note 6)	(20,605)	(4,946)	(5,000)	(45,626)	(182,667)	(258,844)
February 28, 2021	-	-	-	-	-	-
Carrying amounts						
February 29, 2020	36,632	6,050	-	32,901	155,308	230,891
February 28, 2021	-	-	-	-	-	-

Tantalex Resources Corporation

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9. LOANS

On April 24, 2019, June 5, 2019, and October 9, 2019, the Company entered into loan agreements of USD \$500,000, USD\$250,000 and \$100,000 respectively (the “Unsecured Loans”). The Unsecured Loans are non-interest bearing and had a maturity date one year from the date of issuance.

On July 28, 2020, the Unsecured Loans issued to the Company by International Cobalt Corp. were converted into unsecured convertible debentures (the “ICC Convertible Debentures”) in the aggregate principal amount of USD \$750,000 and \$100,000. The Convertible Debentures will mature on July 28, 2021 (the “Maturity Date”) and the principal amounts will bear interest at the rate of 12% per annum (the “Interest”), payable on the Maturity Date in cash or common shares at the option of the Company. If the payment of interest is made in common shares, the common shares will be based on a price equal to the current trading price of the common shares on the Canadian Securities Exchange on the Maturity Date or on the early conversion date to which shall be applied a 25% discount (the “Conversion Price”). The ICC Convertible Debentures will be convertible at the option of the Holder at any time starting after the closing date and prior to the close of business on the last day prior to the Maturity Date for common shares equal to the principal amount of the ICC Convertible Debentures plus any and all and unpaid interest, divided by the Conversion Price. The conversion amount shall include principal and accrued and unpaid interest (if any) as of the conversion date. The principal amount of the ICC Convertible Debentures is subject to a warrant coverage of up to 50% of the principal amount of the ICC Convertible Debentures, pursuant to a warrant indenture to be entered between the Company and Dunton Rainville LLP acting as warrant agent (the “Warrant Agent”). Under the warrant indenture, the holder of the ICC Convertible Debentures will be entitled to receive up to 50% of the principal amount of the ICC Convertible Debentures issued in warrants in the share capital of the Company with each Warrant entitling its holder to acquire one common share in the share capital of the Company at a price of \$0.10 per Common Share for a period of 24 months from the date of issuance.

November 10, 2020, the Company entered into an amended agreement whereby the maturity dates of the ICC Convertible Debentures were extended to May 10, 2022, and the conversion price was changed to \$0.05 per common share. All other terms of the convertible debentures remain unchanged.

The conversion feature of the USD \$750,000 debenture meets the definition of a derivative liability instrument because the conversion rate is variable based on the exchange rate and therefore does not meet the “fixed-for-fixed” criteria outlined under IFRS. As a result, the conversion feature 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.

The amendment was accounted for as an extinguishment to the original debenture. The USD \$750,000 debenture was separated into a convertible debt component and a derivative liability, which included the conversion option and the warrants. The derivative liability was valued first and the residual of the proceeds was allocated to the debt. The derivative liability was assigned a value of \$996,475 calculated using the Black-Scholes option pricing model. The \$100,000 debenture was separated into a convertible debt component and an equity component, which included the conversion option and the warrants. The equity component was valued first and the residual of the proceeds was allocated to the debt. The equity component was assigned a value of \$142,543 calculated using the Black-Scholes option pricing model.

In October 2019, the Company entered into two loan agreements for a total of \$200,000 (one for \$150,000, the other \$50,000). The loans bore annual interest of 12% and had a maturity date of one year. On August 18, 2020 the principal balance of the \$150,000 loan was repaid in full. On November 30, 2020, the \$50,000 loan (plus accrued interest of \$6,608) was settled with the issuance of 1,886,941 common shares of the Company (at \$0.03 per share, being the market value of the common shares on the date of settlement).

In April 2019, the Company received a loan advance of \$25,000. The loan bore annual interest of 12% and had a maturity date of one year. On December 11, 2020, the loan of \$25,000 plus accrued interest of \$8,428 was repaid in full.

Tantalex Resources Corporation

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9. LOANS (continued)

On December 8, 2020, the Company received a loan in the amount of \$220,000. The loan is non-interest bearing is due and payable on or before December 3, 2021. On December 16, 2020, the loan was settled with the issuance of 9,366,667 common shares (at \$0.03 per share, being the market value of the common shares on the date of settlement).

	February 28, 2021	February, 29, 2020
	\$	\$
Opening balance	1,332,173	-
Loans received during the year	220,000	1,319,200
Repayments - cash	(183,428)	-
Repayments - shares	(270,000)	-
Conversion to debenture	(1,102,976)	-
Interest accrued	8,429	9,566
Foreign exchange	(4,198)	3,407
Balance end of year	-	1,332,173

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 VPs, is as follows:

	2021	2020
Management and consulting fees	\$ 156,000	\$ 216,000
Share-based payments	696,860	-
	\$ 852,860	\$ 216,000

During the year ended February 28, 2021, \$72,000 (2020 - \$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, 2021, \$31,640 of the fees are outstanding (February 29, 2020 - \$140,016) and are included in trade payables and accrued liabilities on the statement of financial position. On December 16, 2020, the Company settled \$129,736 of debt with CFO Advantage Inc. with the issuance of 6,486,815 common shares.

During the year ended February 28, 2021, \$84,000 (2020- \$64,000) of fees were charged by 3IM Technologies, a Company owned by the CEO (and former VP) of the Company. As at February 28, 2021, \$4,842 of the fees and expenses are outstanding (February 28, 2020 - \$42,000) and are included in trade payables and accrued liabilities on the statement of financial position. On December 16, 2020, the Company settled \$152,912 of debt with 3IM Technologies Inc. with the issuance of 7,645,575 common shares.

During the year ended February 28, 2021, the Company was charged \$67,931 (February 29, 2020 - \$81,186) by Dunton Rainville LLP for legal services and disbursements. Michel Lebeuf is a partner of Dunton Rainville LLP, and former Interim CEO and a director and corporate secretary of the Company. As at February 28, 2021, \$49,047 (February 29, 2020 - \$49,047) 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, 2020, \$25,000 of debt owing to Michel Lebeuf, was settled through the issuance of 1,250,000 common shares of the Company.

Amounts included in trade payable are accrued liabilities are unsecured, non-interest bearing and have no fixed terms of repayment.

Tantalex Resources Corporation

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10. RELATED PARTY TRANSACTIONS (continued)

During the year ended February 28, 2021, the Company had the following transaction with Afrimet Resources (“Afrimet”), a Company controlled by Hadley Nautus, a director of the Company.

- On December 8, 2020, Afrimet loaned the Company \$220,000. The loan was non-interest bearing is due and payable on or before December 3, 2021. On December 16, 2020, the loan was settled with the issuance of 9,366,667 common shares. In return for structuring the loan, Afrimet received 6,100,000 common shares of the Company at \$0.03 per share.
- In November 2020, Afrimet acquired 50,000,000 shares of the Company at \$0.01 per share, for proceeds of \$500,000.
- On December 4, 2020, the Company settled face value \$300,000 of convertible debt (which was acquired by Afrimet in November 2020) with the issuance of 10,000,000 common shares.

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

11. CONVERTIBLE DEBENTURES

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 (the “Maturity Date”). Each Debenture was 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 was subject to a warrant coverage of up to 50% of the principal amount (1,787,500 warrants) to which the holder of the Debenture was 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. On the Maturity Date, the conversion feature expired and the debt was accreted up to its face value.

On July 28, 2020, the Company entered into an amending agreement whereby the terms of certain debentures (dated as of July 27, 2018 in the principal amount of USD \$1,350,000 and an unsecured convertible debenture dated as of November 9, 2018 in the principal amount of \$1,000,000 (the “Amended Debentures”), were amended and replaced with the following terms:

- The principal amounts bear interest at an annual rate of 12% per annum, payable on the maturity date.
- Interest shall be payable in cash or common shares, at the option of the Company.
- If the payment is made in common shares, the common shares will be issued at a price of \$0.05 per common share.
- The maturity date was extended to July 28, 2021.

On November 10, 2020, the Company entered into a second amended agreement whereby the maturity dates were extended to May 10, 2022. All other terms of the convertible debentures remain unchanged.

Tantalex Resources Corporation

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(expressed in Canadian dollars)

11. CONVERTIBLE DEBENTURES (continued)

The first amendment was accounted for as an extinguishment to the original debenture while the second amendment was accounted for as a modification to the first amendment. The fair value of the liability component of the USD \$1,350,000 debenture at the time of amendment was calculated as the discounted cash flows for the Amended Debentures assuming a market interest rate of 20.22%, which was the estimated rate for the Amended Debentures without the liability component of the conversion feature. The residual of the principal less the present value of the liability component was allocated to the conversion option based on their relative fair value calculated using the Black-Scholes option pricing model, resulting in an allocation of \$227,039 to the conversion option. The conversion option is recorded as derivative liability and revalued at year end.

The first amendment was accounted for as an extinguishment to the original debenture while the second amendment was accounted for as a modification to the first amendment. The fair value of the liability component of the \$1,000,000 debenture at the time of amendment was calculated as the discounted cash flows for the Amended Debentures assuming a market interest rate of 20.41%, which was the estimated rate for the Amended Debentures without the equity component of the conversion feature. The residual of the principal less the present value of the liability component was allocated to the conversion option based on their relative fair value calculated using the Black-Scholes option pricing model, resulting in an allocation of \$123,042 to the conversion option. The conversion option is reported as Equity component of debt in the shareholders' equity.

On November 3, 2020, the Company entered into an amending agreement whereby the terms of a debenture dated as of August 9, 2018 in the principal amount of USD \$100,000 was amended and replaced with the following terms:

- The principal amounts bear interest at an annual rate of 12% per annum, payable on the maturity date.
- Interest shall be payable in cash or common shares, at the option of the Company.
- If the payment is made in common shares, the common shares will be issued at a price of \$0.05 per common share.
- The maturity date was extended to May 14, 2021.

The amendment was accounted for as a modification to the original debenture. The fair value of the liability component of the USD \$100,000 debenture at the time of amendment was calculated assuming an interest rate of 12%, which was the original coupon rate. The residual of the principal less the present value of the liability component was allocated to the conversion option based on their relative fair value calculated using the Black-Scholes option pricing model, resulting in an allocation of \$0 to the conversion option. The conversion option is recorded as derivative liability and revalued at year end.

Accretion expense on all amended debentures during the year amounted to \$262,280.

See note 9, ICC Convertible Debentures.

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

11. CONVERTIBLE DEBENTURES (continued)

The following table discloses the components associated with convertible debenture:

	February 28, 2021	February 29, 2020
	\$	\$
Convertible debenture liability component:		
Balance, at beginning of the year	4,983,323	1,691,499
Convertible debenture issued on conversion of loans	1,102,975	-
Converted to shares	(1,657,343)	-
Derivative liability	(1,193,514)	-
Equity component	(265,585)	-
Gain on modification	(270,350)	-
Loss on extinguishment	895,135	-
Foreign exchange adjustments	(231,058)	57,939
Accretion and interest	1,062,406	3,233,885
Balance, at the end of the period	4,425,989	4,983,323

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

	February 28, 2021	February 29, 2020
	\$	\$
Opening balance	-	3,362,705
Additions (note 9)	1,193,514	-
Change in fair value of derivative liability	1,724,814	(3,379,867)
Foreign exchange adjustment	(121,414)	17,162
Balance end of year	2,796,914	-

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 consists only of fully paid common shares.

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

12. EQUITY (continued)

	Number of shares	Amount
Total shares issued at February 28, 2019 and February 29, 2020	194,882,623	\$ 10,631,246
Units issued on private placement (i)	65,000,000	650,000
Valuation of warrants issued with units (i)	-	(275,800)
Conversion of debt (ii)	55,294,276	1,686,344
Settlement of debt (iii)	41,020,248	871,940
Shares issued for services (Note 10)	6,100,000	183,000
Exercise of stock options (iv)	5,000,000	99,722
Total shares issued at February 28, 2021	367,297,147	\$ 13,846,452

- (i) On November 20, 2020 the Company closed a private placement financing for gross proceeds of \$650,000. The Company issued a total of 65,000,000 units (each a "Unit") at \$0.01 per Unit for total gross proceeds of \$650,000. Each Unit consisted of one common share in the share capital of the Company (a "Common Share") and one common share purchase warrant of the Company. Each warrant is exercisable to acquire one Common Share at an exercise price of \$0.05 for a period of thirty-six (18) months after issuance. The warrants were assigned a value of \$275,800 using the black scholes model using the following assumptions: risk free interest rate 0.28%; expected volatility of 230%; expected dividend yield of 0% and an expected life of three years. See Note 10.
- (ii) During fiscal 2021, \$1,686,344 of convertible debentures (principal and interest) (note 11) were converted into 55,294,276 common shares of the Company. \$1,603,315 of the debt was converted at \$0.03 and \$83,029 was converted at \$0.06 being the market value of the common shares on the dates of conversion. \$29,000 of the debenture amount converted was a reclassification from the equity component of the convertible debenture.
- (iii) During December 2020, 41,020,248 common shares were issued to settle \$871,940 of debt. \$717,332 of the debt was converted at \$0.02 and \$154,608 was converted at \$0.03, based on the quoted market price of the Company's shares at issuance.
- (iv) During fiscal 2021, 5,000,000 common shares were issued upon the exercise of 5,000,000 stock options for proceeds of \$50,000. The value of the options in the amount of \$49,722 was allocated to share capital and removed from contributed surplus. 4,000,000 of the options were exercised by directors of the Company. 1,000,000 of the options was exercised by a former director (the options were issued during the time, he was a director).

Warrants

The following summarizes the activity during the year ended February 28, 2021 and the year ended February 29, 2020:

	Number of warrants	Amount
Balance at February 28, 2019	57,133,677	\$ 2,888,600
Expired	(1,787,500)	(29,635)
Balance February 29, 2020	55,346,177	2,858,965
Issued	65,000,000	275,800
Expired	(50,062,000)	(2,494,951)
Balance February 28, 2021	70,284,177	639,814

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

12. EQUITY (continued)

Summary of warrants outstanding as at February 28, 2021:

Grant Date	Expiry date	Remaining life	Weighted average expiry date	# of Warrants	Exercise price
07/11/2018	07/11/2021	0.36	0.36	5,284,177	0.18
12/02/2020	06/03/2022	1.26	1.26	65,000,000	0.05
			1.19	70,284,177	0.05

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 April 1, 2021, the Company approved an amendment to the stock option plan, lowering the minimum exercise price to \$0.01 per share, the exercise price of an option being no less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the CSE.

On May 22, 2020 the Company granted 17,800,000 options to purchase common shares of the Company to the current Directors, Officers and Consultants of the Company, all exercisable at a price of \$0.01 for a period of 5 years. The options were assigned a value of \$177,008 using the black scholes model using the following assumptions: risk free interest rate 1.99%; expected volatility of 170%; expected dividend yield of 0% and an expected life of five years. The options vested one month from the date of grant. 12,000,000 of the options were granted to officers and directors of the Company.

On December 15, 2020 the Company granted 13,000,000 options to purchase common shares of the Company to the current Directors, Officers and Consultants of the Company, all exercisable at a price of \$0.03 for a period of 5 years. The options were assigned a value of \$390,000 using the black scholes model using the following assumptions: risk free interest rate 1.99%; expected volatility of 170%; expected dividend yield of 0% and an expected life of five years. The options vested one month from the date of grant. 9,000,000 of the options were granted to directors of the Company.

On February 18, 2021, the Company granted 5,200,000 options to purchase common shares of the Company to a director and consultants of the Company, all exercisable at a price of \$0.07 for a period of 3 years. The options were assigned a value of \$364,000 using the black scholes model using the following assumptions: risk free interest rate 1.99%; expected volatility of 170%; expected dividend yield of 0% and an expected life of five years. The options vested one month from the date of grant. 2,000,000 of the options were granted to a director of the Company. As of February 28, 2021, 1,857,143 of said options were vested.

For the year ended February 28, 2021, \$696,860 (2020 - \$nil) is included in the statement of loss representing the value of the options that vested during the year.

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

12. EQUITY (continued)

The following summarizes the activity during the year ended February 28, 2021 and the year ended February 29, 2020:

	Number of options	Exercise price
Balance at February 28, 2019	15,200,000	\$ 0.156
Forfeited	(7,650,000)	(0.16)
Balance at February 29, 2020	7,550,000	0.155
Granted	36,000,000	0.025
Exercised	(5,000,000)	0.010
Expired	(7,550,000)	(0.155)
Balance at February 28, 2021	31,000,000	\$ 0.024

The following options are outstanding and exercisable as at February 28, 2021:

Grant Date	Expiry date	# of Options	Exercise price
22-May-20	22-May-25	12,800,000	\$ 0.01
15-Dec-20	15-Dec-25	13,000,000	\$ 0.03
18-Feb-21	18-Feb 24	5,200,000	\$ 0.07

The weighted average expiry date is 4.34 years

The weighted average exercise price is \$0.024

13. LOSS PER SHARE

The weighted average number of common shares outstanding used for the calculation for 2021 was 235,021,190 (2020 - 194,882,623). 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, 2021	February 29, 2020
Shares issued for services	\$ 183,000	\$ -
Shares issued on conversion and settlement of debt	\$ 871,940	\$ -

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

15. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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

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

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

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financing liabilities. The Company manages the capital structure and makes adjustment to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debt. There were no changes in the Company's approach to capital management during the years ended February 29, 2020 and February 28, 2021. The Company is not subject to any externally imposed capital requirements as at February 28, 2021. 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.

16. 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, 2021, 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, 2021, the Company has assets of \$24,024 (2020 –

16. FINANCIAL INSTRUMENT RISKS (continued)

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

\$38,377) denominated in a foreign currency. The impact to equity of a 10% increase or decrease in foreign currencies to the Canadian dollar exchange rate at February 28, 2021 would be \$2,400 (2020 - \$3,800).

Credit risk

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

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date. The Company has no trade accounts. The 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.

17. GENERAL AND ADMINISTRATIVE

A breakdown of the general and administrative expenses for the year ended February 28, 2021 and February 29, 2020:

	2021	2020
Insurance	\$ -	\$ 30,528
Transfer agent and shareholder registration	6,107	22,963
Legal and audit	154,143	254,641
Consulting fees	232,241	90,603
Management fees	158,749	174,000
Office and general	170,931	483,905
Travel and costs of working abroad	16,240	156,579
Depreciation of equipment	-	101,060
	\$ 738,411	\$ 1,314,279

18. INCOME TAXES

The reconciliation of the combined Canadian federal and provincial statutory income tax rate for 2021 and 2020 of 27% (2019 - 26.8%) to the effective tax rates is as follows:

	February 28, 2021	February 29, 2020
Net loss before recovery of income taxes	\$ (3,694,138)	\$ (3,937,712)
Expected income tax recovery	(979,000)	(1,043,000)
Non-deductible expenses and other	496,000	(63,000)
Change in tax benefits not recognized	483,000	1,106,000
	\$ -	\$ -

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.

18. INCOME TAXES (continued)

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	February 28, 2021	February 29, 2020
Share issuance costs	\$ 228,000	\$ 495,600
Non-capital losses carried forward - Canada	13,046,000	10,244,000
	<u>\$ 13,274,000</u>	<u>\$ 10,772,600</u>

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
2031	75,000
2032	1,124,000
2033	653,000
2034	702,000
2035	1,352,000
2036	1,035,000
2037	1,074,000
2038	1,848,000
2039	2,375,000
2040	985,000
2041	1,823,000
	<u>13,046,000</u>

19. SEGMENT INFORMATION

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

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	2021	2020
Canada	\$ 471,141	\$ 592,728
Democratic Republic of Congo	24,024	38,377
	\$ 495,165	\$ 631,105

Net Loss	2021	2020
Canada	\$ (4,522,589)	\$ (654,375)
Democratic Republic of Congo	828,451	(3,283,337)
	\$ (3,694,138)	\$ (3,937,712)

20. CHANGE IN ACCOUNTING POLICY

During the year ended February 28, 2021, the Company changed its accounting policy of capitalizing exploration and evaluation expenditures. The Company believes that expensing such costs as incurred provides more reliable and relevant financial information. Cost of exploration properties, including the cost of acquiring prospective properties and exploration rights and exploration and evaluation costs, are expensed until it has been established that a mineral property is technically feasible and commercially viable. Previously, the Company capitalized these amounts. The financial statements for the comparable periods have been restated to reflect adjustments made as a result of this change in accounting policy.

The following is a reconciliation of the Company's financial statements as at February 29, 2020 and for the year ended February 29, 2020:

20. CHANGE IN ACCOUNTING POLICY (continued)

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

Statements of Financial Position:

	As at February 29, 2020 as previously reported	Adjustments	As at February 29, 2020 as restated	As at February 28, 2019 as previously reported	Adjustments	As at February 28, 2019 as restated
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 54,718	-	\$ 54,718	\$ 110,762	-	\$ 110,762
Prepaid expenses and deposits	162,587	-	162,587	165,410	-	165,410
Sales tax receivable	182,909	-	182,909	259,138	-	259,138
	400,214	-	400,214	535,310	-	535,310
Equipment	230,891	-	230,891	325,878	-	325,878
Exploration and Evaluation Assets	6,652,337	(6,652,337)	-	6,464,495	(6,464,495)	-
TOTAL ASSETS	\$ 7,283,442	(6,652,337)	\$ 631,105	\$ 7,325,683	(6,464,495)	\$ 861,188
LIABILITIES						
CURRENT LIABILITIES						
Trade payables and accrued liabilities	\$ 3,750,073	-	\$ 3,750,073	\$ 1,067,892	-	\$ 1,067,892
Loans payable	1,332,173	-	1,332,173	-	-	-
Due to directors	-	-	-	222,219	-	222,219
Derivative liability	-	-	-	3,362,705	-	3,362,705
Convertible debentures	4,983,323	-	4,983,323	1,691,499	-	1,691,499
TOTAL LIABILITIES	10,065,569	-	10,065,569	6,344,315	-	6,344,315
SHAREHOLDERS' DEFICIENCY						
Share capital	10,631,246	-	10,631,246	10,631,246	-	10,631,246
Contributed surplus	3,671,592	-	3,671,592	3,641,957	-	3,641,957
Warrants	2,858,965	-	2,858,965	2,888,600	-	2,888,600
Deficit	(19,003,950)	(5,827,454)	(24,831,404)	(15,808,461)	(6,464,495)	(22,272,956)
Accumulated other comprehensive income	191,276	(121,125)	70,151	83,776	-	83,776
TOTAL DEFICIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE	(1,650,871)	(5,978,579)	(7,599,450)	1,437,118	(6,464,495)	(5,027,377)
Non-controlling interests	(1,131,256)	(703,758)	(1,835,014)	(455,750)	-	(455,750)
TOTAL DEFICIT	(2,782,127)	(6,652,337)	(9,434,464)	981,368	(6,464,495)	(5,483,127)
TOTAL LIABILITIES AND DEFICIT	\$ 7,283,442	(\$6,652,337)	\$ 631,105	\$ 7,325,683	(6,464,495)	\$ 861,188

20. CHANGE IN ACCOUNTING POLICY (continued)

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

Statement of Loss and Comprehensive Loss:

	2020 as previously reported	Adjustments	2020 as amended
EXPENSES			
General and administrative	\$ 1,314,279	-	\$ 1,314,279
Exploration expenses	-	3,025,278	3,025,278
LOSS BEFORE OTHER ITEMS	(1,314,279)	(3,025,278)	(4,339,557)
Gain on settlement of debt	265,099	-	265,099
Impairment of exploration and evaluation assets	(2,958,561)	2,958,561	-
Change in fair value of derivative liability	3,379,867	-	3,379,867
Interest and accretion	(3,243,121)	-	(3,243,121)
NET LOSS FOR THE YEAR	\$ (3,870,995)	\$ (66,717)	\$ (3,937,712)
NET LOSS ATTRIBUTABLE TO:			
Equity holders of the Company	\$ (3,195,489)	\$ (53,374)	\$ (3,248,863)
Non-controlling interests	(675,506)	(13,343)	(688,849)
	\$ (3,870,995)	\$ (66,717)	\$ (3,937,712)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.02)	-	\$ (0.02)

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the year ended February 29, 2020

(expressed in Canadian dollars)

	2020 as previously reported	Adjustments	2020 as amended
NET LOSS FOR THE YEAR	\$ (3,870,995)	\$ (66,717)	\$ (3,937,712)
Item of other comprehensive income			
to be subsequently reclassified to net loss			
Foreign currency translation	107,500	(121,125)	(13,625)
COMPREHENSIVE LOSS	\$ (3,763,495)	\$ (187,842)	\$ (3,951,337)
NET COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Equity holders of the Company	\$ (3,087,989)	\$ (174,499)	\$ (3,262,488)
Non-controlling interests	(675,506)	(13,343)	(688,849)
	\$ (3,763,495)	\$	\$ (3,951,337)

20. CHANGE IN ACCOUNTING POLICY (continued)

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

Statement of Cash Flows:

	2020 as previously reported	Adjustments	2020 as amended
OPERATING ACTIVITIES			
Net loss before income taxes	\$(3,870,995)	\$ (66,717)	\$(3,937,712)
Operating items not involving cash			
Accrued interest and accretion	3,243,121	-	3,243,121
Depreciation of equipment	101,060	-	101,060
Change in fair value of derivative liability	(3,379,867)	-	(3,379,867)
Impairment of exploration and evaluation assets	2,958,561	(2,958,561)	-
Gain on settlement of debt	(265,099)	-	(265,099)
Unrealized foreign exchange gain (loss)	111,586	-	111,586
Changes in working capital items			
Prepaid expenses and deposits	2,823	-	2,823
Sales tax and other receivable	76,229	-	76,229
Trade payables and accrued liabilities	2,672,615	-	2,672,615
Cash flows from operating activities	1,650,034	(3,025,278)	(1,375,244)
INVESTING ACTIVITIES			
Additions to exploration and evaluation assets	(3,025,278)	3,025,278	-
Cash flows used in investing activities	(3,025,278)	3,025,278	-
FINANCING ACTIVITIES			
Proceeds from loans	1,319,200	-	1,319,200
Cash flows from financing activities	1,319,200	-	1,319,200
NET DECREASE IN CASH	(56,044)	-	(56,044)
CASH, BEGINNING OF YEAR	110,762	-	110,762
CASH, END OF YEAR	\$ 54,718	-	\$ 54,718

21. CONTINGENCIES AND COMMITMENTS

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory, environmental and social requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the achievement of profitable operations, or the ability of the

Tantalex Resources Corporation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended February 28, 2021 and February 29, 2020

(expressed in Canadian dollars)

Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company is party to certain management contracts. These contracts contain minimum commitments totaling \$310,000 due within the next year. The contracts also propose that up to 5,000,000 performance options to be granted when certain milestones are achieved, including completion of a prefeasibility study. The issuance of the performance options require shareholder approval, which has not yet been obtained

22. SUBSEQUENT EVENTS

On June 4, 2021, the Company announced that Afrimet has given notice that they expect to exercise 50 million of its previously held common share purchase warrants, exercisable at \$0.05 per share. As of June 26, 2021, the exercise had not been completed