

TANTALEX RESOURCES CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

Three months ended May 31, 2020 and May 31, 2019

(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

Tantalex Resources Corporation

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in Canadian dollars)

	As at May 31, 2020	As at February 29, 2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 25,909	\$ 54,718
Prepaid expenses and deposits (Note 7)	1,630	162,587
Sales tax receivable	187,636	182,909
	215,175	400,214
Equipment (Note 8)	-	230,891
Exploration and Evaluation Assets (Note 6)	6,652,337	6,652,337
TOTAL ASSETS	\$6,867,512	\$7,283,442
LIABILITIES		
CURRENT LIABILITIES		
Trade payables and accrued liabilities (note 10)	\$2,641,646	\$3,750,073
Loans payable (Note 9)	1,338,173	1,332,173
Convertible debentures (Note 11)	5,149,463	4,983,323
	9,129,282	10,065,569
TOTAL LIABILITIES	\$9,129,282	\$10,065,569
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 12)	10,631,246	10,631,246
Contributed surplus	3,831,792	3,671,592
Warrants (Note 12)	2,858,965	2,858,965
Deficit	(19,545,223)	(19,003,950)
Accumulated other comprehensive income	11,013	191,276
TOTAL DEFICIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	(2,212,207)	(1,650,871)
Non-controlling interests	(49,563)	(1,131,256)
TOTAL DEFICIT	(2,261,770)	(2,782,127)
TOTAL LIABILITIES AND DEFICIT	\$ 6,867,512	\$ 7,283,442

GOING CONCERN (Note 2)

SUBSEQUENT EVENTS (Note 19)

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

Tantalex Resources Corporation

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS

For the three months ended May 31 2020 and May 31, 2019

(expressed in Canadian dollars)

	2020	2019
EXPENSES		
General and administrative (Note 17)	\$ 4,449	\$ 324,564
Stock based compensation (Note 12)	160,200	-
LOSS BEFORE OTHER ITEMS	(164,649)	(324,564)
Gain on disposal of subsidiaries (Note 14)	(205,544)	-
Change in fair value of derivative liability (Note 11)	-	1,600,669
Interest and accretion	(172,140)	(1,368,540)
NET LOSS FOR THE YEAR BEFORE TAX	\$(542,333)	\$ (92,435)
Deferred tax (expense) recovery	-	-
NET LOSS FOR THE PERIOD	\$(542,333)	\$ (92,435)
NET LOSS ATTRIBUTABLE TO:		
Equity holders of the Company	\$(541,273)	\$ (80,782)
Non-controlling interests	(1,060)	(11,653)
	\$(542,333)	\$ (92,435)
BASIC AND DILUTED LOSS PER SHARE (Note 13)	\$ (0.00)	\$ (0.00)

UNAUDITED CONDENSED ITERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

For the three months ended May 31, 2020 and May 31, 2019

(expressed in Canadian dollars)

	2020	2019
NET LOSS FOR THE PERIOD	\$(542,333)	\$ (92,435)
Item of other comprehensive income to be subsequently reclassified to net loss		
Foreign currency translation	(180,263)	132,963
COMPREHENSIVE LOSS	\$ (722,596)	\$ 40,528
NET COMPREHENSIVE LOSS ATTRIBUTABLE TO:		
Equity holders of the Company	\$(721,536)	\$ 52,181
Non-controlling interests	(1,080)	(11,653)
	\$(722,596)	\$ 40,528

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

Tantalex Resources Corporation

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended May 31, 2020 and May 31, 2019

(expressed in Canadian dollars)

	Number of issued and outstanding common shares	Share Capital	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
Net loss for the period	-	-	-	-	-	(80,782)	(11,653)	(92,435)
Exchange differences on translating foreign operations	-	-	-	-	132,963	-	-	132,963
Balance as at May 31, 2019	194,882,623	\$ 10,631,246	\$ 2,888,600	\$ 3,641,957	\$ 216,739	\$ (15,889,243)	\$ (467,403)	\$ 1,021,896
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)
Disposal of subsidiaries	-	-	-	-	-	-	1,082,753	1,082,753
Net loss for the year	-	-	-	-	-	(541,273)	(1,060)	(542,333)
Exchange differences on translating foreign operations	-	-	-	-	(180,263)	-	-	(180,263)
Balance as at May 31, 2020	194,882,623	\$ 10,631,246	\$ 2,858,965	\$ 3,831,792	\$ 11,013	\$ (19,545,223)	\$ (49,563)	\$ (2,261,770)

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

Tantalex Resources Corporation

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended May 31, 2020 and May 31, 2019

(expressed in Canadian dollars)

	2020	2019
OPERATING ACTIVITIES		
Net loss before income taxes	\$(542,333)	\$(92,435)
Operating items not involving cash		
Accrued interest and accretion	172,140	1,368,540
Depreciation of equipment	1,460	16,203
Change in fair value of derivative liability	-	(1,600,669)
Gain on disposition of subsidiaries (Note 14)	205,543	-
Stock based compensation	160,200	-
Unrealized foreign exchange gain (loss)	(139)	(31,540)
Changes in working capital items		
Prepaid expenses and deposits	3,211	(9,499)
Sales tax and other receivable	(4,727)	21,933
Trade payables and accrued liabilities	(24,164)	(23,171)
Due to former directors	-	13,306
Cash flows from operating activities	(28,809)	(337,332)
INVESTING ACTIVITIES		
Additions to exploration and evaluation assets	-	(260,434)
Cash flows used in investing activities	-	(260,434)
FINANCING ACTIVITIES		
Proceeds from loans	-	697,076
Cash flows from financing activities	-	697,076
NET DECREASE IN CASH	(28,809)	99,310
CASH, BEGINNING OF PERIOD	54,718	110,762
CASH, END OF PERIOD	\$ 25,909	\$210,072

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

Tantalex Resources Corporation

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended May 31, 2020 and May 31, 2019

(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 60, Waverley Road Toronto, Ontario, M4L 3T1.

The Board of Directors approved and authorized for issue these consolidated financial statements on November 9, 2020.

2. GOING CONCERN

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

For the three months ended May 31, 2020 the Company reported a net loss of \$541,273 (three months ended May 31, 2019 - \$80,782) and has an accumulated deficit of \$19,545,223 (February 29, 2020 - \$19,003,950). In addition to ongoing working capital requirements, the Company must secure sufficient funding to further develop the Company's properties and pay for general and administration expenses. At May 31, 2020, the Company had a working capital deficit of \$8,914,107 (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

These condensed interim consolidated financial statements have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the Company's annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended February 29, 2020.

Tantalex Resources Corporation

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended May 31, 2020 and May 31, 2019

(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, Tantalex Namibia (PTY) Ltd. Societe De Tailings De Manono (“STM”) and Sadem Congo S.A.R.L (“Sadem”). The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company's subsidiaries are all 100% owned by the parent company (with the exception of 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 29 with the exception of STM which has a reporting date of December 31.

4. SUMMARY OF ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements reflect the accounting policies described in Note 4 to the Company's Audited Consolidated Financial Statements for the years ended February 29, 2020 and February 28, 2019 (“2020 Audited Consolidated Financial Statements”) (with the exception of any changes set out below) and accordingly, should be read in conjunction with the 2020 Audited Consolidated Financial Statements and the notes thereto.

5. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Estimation of uncertainty

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

Impairment of equipment and exploration and evaluation assets

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

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit.

This requires management to make several assumptions as to future events or circumstances. In assessing impairment of exploration and evaluation assets, the Company must make some estimates and assumptions regarding future circumstance, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either future exploitation or sale when the activities have not reached a stage that permits reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next year.

Tantalex Resources Corporation

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended May 31, 2020 and May 31, 2019

(expressed in Canadian dollars)

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

Share-based payments

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

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.

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 ASSETS

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

The joint-venture entity 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. As such, as at February 29, 2020, all expenditures related to this joint venture (in the amount of \$2,958,561) were considered impaired (as recorded on the statement of loss and comprehensive loss for the year ended February 29, 2020).

Tantalex Resources Corporation

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended May 31, 2020 and May 31, 2019

(expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

On March 17, 2020, the Company disposed of its interest in United Materials Congo SARL (“UMC”) and United Cominiere SAS (“UC”) (Note 14).

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 three months ended May 31, 2020 and the year ended February 29, 2020:

	May 31, 2020	February 29, 2020
Beginning balance	\$ 6,652,337	\$ 6,464,495
Acquisition costs	-	225,352
Project expenses	-	2,799,926
Impairment	-	(2,958,561)
Foreign currency adjustment	-	121,125
Closing balance	\$ 6,652,337	\$ 6,652,337

7. PREPAID EXPENSES AND DEPOSITS

	May 31, 2020	February 29, 2020
Short Term		
Deposit on equipment	\$ -	\$ 158,798
Other	1,630	3,789
	\$ 1,630	\$ 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	\$ 7,007	\$ 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 14)	(57,237)	(10,996)	(5,000)	(78,527)	(337,975)	(489,735)
May 31, 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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 14)	(20,605)	(4,946)	(5,000)	(45,626)	(182,667)	(258,844)
May 31, 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Carrying amounts						
February 29, 2020	\$ 36,632	\$ 6,050	\$ -	\$ 32,901	\$155,308	\$ 230,891
May 31, 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Tantalex Resources Corporation

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended May 31, 2020 and May 31, 2019

(expressed in Canadian dollars)

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 USD\$100,000 respectively. The loans are non-interest bearing and mature one year from the date of issuance. Subsequent to May 31, 2020, the terms of these loans were amended (See Note 19).

In October 2019, the Company entered into two loan agreements for a total of \$200,000. The loans bear annual interest of 12% and have a maturity date of one year.

In April 2019, the Company received a loan advance of \$25,000. The loan bears annual interest of 12% and has a maturity date of one year.

	May 31, 2020	February, 29, 2020
	\$	\$
Opening balance	1,332,173	-
Loans received during the period	-	1,319,200
Interest accrued	6,000	9,566
Foreign exchange	-	3,407
Balance end of period	1,338,173	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:

	2020	2019
Management and consulting fees	\$ 39,000	\$ 69,000
Share-based payments	108,000	-
	\$ 147,000	\$ 69,000

During the three months ended May 31, 2020, \$18,000 (three months ended May 31, 2019 - \$18,000) of fees were charged by CFO Advantage Inc., a company owned by the Chief Financial Officer of the Company. As at May 31, 2020, \$160,356 of the fees are outstanding (February 28, 2020 - \$140,016) and are included in trade payables and accrued liabilities on the statement of financial position.

During the three months ended May 31, 2020, \$21,000 (three months ended May 31, 2019 - \$nil) of fees were charged by the VP of the Company. As at May 31, 2020, \$63,000 of the fees are outstanding (February 28, 2020 - \$42,000) and are included in trade payables and accrued liabilities on the statement of financial position.

Tantalex Resources Corporation

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended May 31, 2020 and May 31, 2019

(expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS (continued)

During the three months ended May 31, 2020, the Company was charged \$11,896 (three months ended May 31, 2019 - \$23,568) by Dunton Rainville LLP for legal services and disbursements. Michel Lebeuf is a partner of Dunton Rainville LLP, Interim CEO and a director and corporate secretary of the Company. As at May 31, 2020, \$60,217 (February 28, 2019 - \$49,047) was payable to Dunton Rainville and are included in trade payables and accrued liabilities on the statement of financial position.

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. Each Debenture is convertible at the option of the holder into Common Shares of the Issuer at any time starting after the closing date and prior to the close of business on the last business day prior to the Maturity Date at the Conversion Price (based on a price equal to the current trading price of the Common Shares on the Canadian Securities Exchange on the maturity date or at 25% discount to such price if converted early). The principal amount of the Debentures is subject to a warrant coverage of up to 50% of the principal amount (1,787,500 warrants) to which the holder of the Debenture is entitled to receive up to 50% of the principal amount of the Debenture issued in warrants in the share capital of the Company (the "Warrants"), each Warrant entitling its holder to acquire one Common Share in the share capital of the Company at a price of \$0.13 per Common Share for a period of 12 months from the date of issuance. The Company paid \$349,280 in cash issue costs, and issued 30,000 broker warrants, entitling the holder to acquire one Common Share in the share capital of the Company at a price of \$0.14 per Common Share for a period of 24 months from the date of issuance. These warrants were assigned a value of \$1,890 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 2.00%; expected volatility of 175%; expected dividend yield of 0% and an expected life of one year.

The total issue costs of \$351,170, were allocated between the Debentures (\$43,433) and the derivative liability on a pro-rata basis, with the portion allocated to the derivative liability being expensed (\$307,737) in 2019.

The conversion feature of the Debentures meets the definition of a derivative liability instrument because the conversion rate is variable and therefore does not meet the "fixed-for-fixed" criteria outlined under IFRS. As a result, the conversion feature of is required to be recorded as a derivative liability recorded at fair value and marked-to-market each period with the changes in fair value each period being charged or credited to income. During the year ended February 29, 2020, the Company recorded a gain on the change in fair value of the derivative liability in the amount of \$3,379,867 (2019 - \$462,253) using the binomial pricing model.

The Debentures were separated into a convertible debt component and a derivative liability. The derivative liability was valued first and the residual of the proceeds was allocated to the debt. The convertible debt is classified as measured at amortized cost using the effective interest method. The effective interest rate of the Debentures was approximately between 183-278% (for the three tranches). The warrants issued were considered equity and have been assigned a nil value using the residual method after valuing the debt and derivative components. On the date of maturity, the conversion feature expired and the debt was accrued up to its face value. Subsequent to maturity, the holders were given an option to convert the principal and interest of the loan outstanding at the current stock price of the Company on the date of conversion. As a result the debt and conversion feature were recognized as a combined financial instrument measured at FVPL. As at May 31, 2020, the value of the convertible debt was \$4,983,323

The Company recorded change in the fair value of the derivative in the amount of \$3,379,867, as recorded on the statement of loss and comprehensive loss for the year ended February 29, 2020.

Tantalex Resources Corporation

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended May 31, 2020 and May 31, 2019

(expressed in Canadian dollars)

11. CONVERTIBLE DEBENTURES (continued)

The following table discloses the components associated with convertible debenture:

	May 31, 2020	February, 29, 2020
	\$	\$
Convertible debenture liability component:		
Balance, at beginning of the year	4,983,323	1,691,499
Foreign exchange adjustments	-	57,939
Accretion and interest	166,140	3,233,885
Balance, at the end of the period	5,149,463	4,983,323

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

	May 31, 2020	February, 29, 2020
	\$	\$
Opening balance	-	3,362,705
Change in fair value of derivative liability	-	(3,379,867)
Foreign exchange adjustment	-	17,162
Balance end of year	-	-

12. EQUITY

Share capital

Authorized

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

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

	Number of shares	Amount
Total shares issued and fully paid at February 29, 2020 and May 31, 2020	194,882,623	\$ 10,631,246

Tantalex Resources Corporation

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended May 31, 2020 and May 31, 2019

(expressed in Canadian dollars)

12. EQUITY (continued)

Warrants

The following summarizes the activity during the three months ended May 31, 2020 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 and May 31, 2020	55,346,177	2,858,965

Summary of warrants outstanding as at May 31, 2020:

Grant Date	Expiry date	Remaining life	Weighted average expiry date	# of Warrants	Exercise price
11/22/2017	11/22/2020	0.48	0.00	154,000	0.12
11/30/2017	11/30/2020	0.51	0.00	100,000	0.12
12/20/2017	12/20/2020	0.56	0.27	24,778,000	0.12
02/09/2018	02/09/2021	0.70	0.31	25,000,000	0.12
07/27/2018	07/27/2020	0.16	0.00	30,000	0.14
07/11/2018	07/11/2021	1.11	0.11	5,284,177	0.18
			0.69	55,346,177	0.126

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, 2018 the Company granted 17,800,000 options to purchase common shares of the Corporation to the current Directors, Officers and Consultants of the Corporation, all exercisable at a price of \$0.01 for a period of 5 years. The options were assigned a value of \$160,200 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 and \$160,200 is included in the statement of loss for the three months ended May 31, 2020.

The following summarizes the activity during the three months ended May 31, 2020 and the year ended February 29, 2020 :

	Number of options	Exercise price
Balance at February 28, 2018	15,200,000	\$ 0.156
Forfeited	(7,650,000)	(0.16)
Balance at February 28, 2019	7,550,000	0.155
Granted	17,800,000	0.010
Forfeited	(6,050,000)	(0.16)
Balance at May 31, 2020	19,300,000	\$ 0.022

Tantalex Resources Corporation

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended May 31, 2020 and May 31, 2019

(expressed in Canadian dollars)

12. EQUITY (continued)

The following options are outstanding and exercisable as at May 31, 2020:

Grant Date	Expiry date	# of Options	Exercise price
1-Apr-20	1-Apr-20	17,800,000	0.01
1-March-18	28-Feb-23	1,500,000	0.17

The weighted average expiry date is 4.67 years

The weighted average exercise price is \$0.022

13. LOSS PER SHARE

The weighted average number of common shares outstanding used for the calculation for 2020 was 194,882,623 (2019 - 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. SALE OF SUBSIDIARIES

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.

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 three months ended May 31, 2020. The Company is not subject to any externally imposed capital requirements as at May 31, 2020. 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.

Tantalex Resources Corporation

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended May 31, 2020 and May 31, 2019

(expressed in Canadian dollars)

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 May 31, 2020, 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 May 31, 2020, the Company has assets of \$6,303,000 (February 29, 2020 - \$6,690,714) 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 May 31, 2020 would be \$630,000 (2019 - \$391,855).

The impact to the statement of loss and comprehensive loss of a 10% increase or decrease in in foreign currencies to the Canadian dollar exchange rate at May 31, 2020, related to the convertible debentures and derivative liabilities, would be \$490,000 (2019 - \$483,309)

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.

Tantalex Resources Corporation

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended May 31, 2020 and May 31, 2019

(expressed in Canadian dollars)

17. GENERAL AND ADMINISTRATIVE

A breakdown of the general and administrative expenses for the three months ended May 31, 2020 and May 31, 2019:

	2020	2019
Insurance	\$ 6,149	\$ 8,485
Transfer agent and shareholder registration	3,199	4,397
Legal and audit	22,228	38,068
Consulting fees	(79,100)	41,692
Management fees	39,000	69,000
Office and general	12,973	57,257
Travel and costs of working abroad	-	80,671
Depreciation of equipment	-	24,994
	\$ 4,449	\$ 324,564

18. SEGMENT INFORMATION

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

	As at May 31, 2020	As at February 29, 2020
Total Assets		
Canada	\$ 564,074	\$ 592,728
Democratic Republic of Congo	6,303,438	6,690,714
	\$ 6,867,512	\$ 7,283,442
Net Loss		
Canada	\$ (531,729)	\$ (5,563)
Democratic Republic of Congo	(10,604)	(86,872)
	\$ (542,333)	\$ (92,435)

19. SUBSEQUENT EVENTS

On July 28, 2020, the unsecured loans issued to the Corporation by International Cobalt Corp. on April 24, 2019, June 5, 2019 and October 8, 2019 to finance ongoing business operations in the aggregate amounts of USD \$750,000 and CAD \$100,000 have been converted into unsecured convertible debentures (the "Convertible Debentures") in the aggregate principal amount of USD \$850,000. The Convertible Debentures will mature on July 24, 2021 (the "Maturity Date") and the principal amount 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 Corporation. 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 Debenture 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 Debenture plus any and all 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 Convertible Debenture is subject to a warrant coverage of up to 50% of the principal amount of the Convertible Debenture, pursuant to a warrant indenture to be entered between the Corporation and Dunton Rainville LLP acting as warrant agent (the "Warrant Agent"). Under the warrant indenture, the holder of the Convertible Debenture will be entitled to receive up to 50% of the principal amount of the Convertible Debenture issued in warrants in the share capital of the Corporation (the "Warrants"), each Warrant entitling its holder to acquire one common share in the share capital of the Corporation at a price of \$0.10 per Common Share for a period of 24 months from the date of issuance.

Tantalex Resources Corporation

NOTES TO THE UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended May 31, 2020 and May 31, 2019

(expressed in Canadian dollars)

19. SUBSEQUENT EVENTS (continued)

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, see note 11), 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.

20. COVID-19

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. This outbreak may increase difficulties in financing, access to properties and increased government regulations, all of which may adversely impact the Company's business and financial condition.

During the three months ended May 31, 2020, the Company was not able to access its property site in the DRC due to travel and in-country restrictions. The COVID lockdown in the DRC was lifted September 2020.