

**LOMIKO METALS INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**

October 31, 2008  
(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim 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 the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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# LOMIKO METALS INC.

## CONSOLIDATED BALANCE SHEET

October 31, 2008

(unaudited)

	October 31, 2008 (unaudited)	July 31, 2008 (audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 575,966	362,403
Accounts receivable	202,753	51,286
	<u>778,719</u>	413,689
<b>Mineral Properties (Note 3)</b>	<b>496,713</b>	588,088
	<b>\$ 1,275,432</b>	1,001,777
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 14,552	12,692
	<u>14,552</u>	12,692
	14,552	12,692
<b>SHAREHOLDERS' DEFICIENCY</b>		
<b>Capital Stock (Note 4)</b>	<b>15,210,269</b>	14,747,069
<b>Contributed Surplus</b>	<b>36,000</b>	36,000
<b>Deficit</b>	<b>(13,985,388)</b>	(13,793,984)
	<u>1,260,880</u>	989,085
	<b>\$ 1,275,432</b>	1,001,777

### Nature of Operations (Note 1)

Approved on behalf of the Board:

"Ken Morgan"  
Ken Morgan - President

"Paul Gill"  
Paul Gill – Chief Financial Officer

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

# LOMIKO METALS INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

For the three months ended October 31, 2008

(unaudited)

	Three Months ended October 31,		Three Months ended October 31,	
	2008	2007	2008	2007
<b>Revenue</b>	\$ -	-	-	-
<b>Revenue</b>	-	-	-	-
<b>Expenses</b>				
Audit and Accounting	2,500	100	2,500	100
Advertising, promotion and investor relations	27,814	192	27,814	192
Filing & Transfer Fees	20,616	5,638	20,616	5,638
Finders Fees	17,960	-	17,960	-
Legal/Consulting Fees	55,338	6,383	55,338	6,383
Management Fees	37,500	7,500	37,500	7,500
Office and sundry	1,768	508	1,768	508
Investor Relations	22,500	-	22,500	-
Shareholder Communications	5,259	-	5,259	-
Telephone	149	199	149	199
<b>Operating Loss</b>	<b>191,404</b>	20,520	<b>191,404</b>	20,520
<b>Other Income</b>	-	3,334	-	3,334
<b>Net Loss</b>	<b>(191,404)</b>	(17,186)	<b>(191,404)</b>	(17,186)
<b>Deficit, Beginning of Period</b>	(13,793,984)	(13,664,095)	(13,793,984)	(13,664,095)
<b>Deficit, End of Period</b>	\$ (13,985,388)	(13,681,281)	(13,985,388)	(13,681,281)
<b>Basic and Diluted Income (Loss) Per Common Share</b>	<b><u>\$ (0.02)</u></b>		<b><u>(0.02)</u></b>	
Weighted Average Number of Shares Outstanding	<b><u>6,449,365</u></b>		<b><u>5,866,298</u></b>	

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

# LOMIKO METALS INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended October 31, 2008

(expressed in Canadian dollars – unaudited)

	Three months Ended October 31, <b>2008</b>		Three months ended October 31, <b>2008</b>		Three months ended October 31, 2007	
<b>Cash Flows from Operating Activities</b>						
Income (loss) for the period	<b>\$(191,404)</b>	(17,186)	<b>(191,404)</b>	(17,186)	<b>(191,404)</b>	(17,186)
	<b>(191,404)</b>	(17,186)	<b>(191,404)</b>	(17,186)	<b>(191,404)</b>	(17,186)
Changes in non-cash working capital items:						
Accounts receivable & prepaid expenses	<b>151,467</b>	207	<b>151,467</b>	207	<b>151,467</b>	207
Accounts payable	<b>1,860</b>	1,306	<b>1,860</b>	1,306	<b>1,860</b>	1,306
	<b>(38,077)</b>	(15,673)	<b>(38,077)</b>	(15,673)	<b>(38,077)</b>	(15,673)
<b>Cash Flows from Financing Activities</b>						
Share Subscriptions	<b>463,200</b>	815,000	<b>463,200</b>	815,000	<b>463,200</b>	815,000
	<b>463,200</b>	815,000	<b>463,200</b>	815,000	<b>463,200</b>	815,000
<b>Cash Flows from Investing Activities</b>						
Investment in mineral properties	(211,560)	-	(211,560)	-	(211,560)	-
	<b>251,640</b>	815,000	<b>251,640</b>	815,000	<b>251,640</b>	815,000
<b>Increase (Decrease) in Cash</b>	<b>213,563</b>	799,327	<b>213,563</b>	799,327	<b>213,563</b>	799,327
<b>Cash Beginning of Period</b>	<b>362,403</b>	68,968	<b>362,403</b>	68,968	<b>362,403</b>	68,968
<b>Cash End of Period</b>	<b>\$ 575,966</b>	868,295	<b>575,966</b>	868,295	<b>575,966</b>	868,295

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

# LOMIKO METALS INC.

## NOTES TO FINANCIAL STATEMENTS

October 31, 2008

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### 1. Nature of Operations

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The Company is incorporated under the laws of the Province of British Columbia. These consolidated financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern, which assume the realization of assets and discharge of liabilities in the normal course of business. The Company's ability to continue at a going concern is dependent upon successful completion of additional financing, continuing support of credits and upon its ability to attain profitable operations.

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### 2 Significant Accounting Policies

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#### **Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, The Conac Group Inc., incorporated in British Columbia, and Conac Software (USA) Inc., incorporated in Washington, U.S.A.

#### **Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimate as additional information becomes available in the future.

#### **Financial Instruments**

The Company's financial instruments consist of cash, accounts receivable, and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

#### **Stock Based Compensation**

Effective August 1, 2002, the Company adopted the new accounting recommendations for stock-based compensation issued by the Canadian Institute of Chartered Accountants, which require prospective application to all stock options granted on or after the date of adoption.

Under this standard, all stock options granted to non-employees are accounted for using the fair value-based method of accounting. In respect of stock options granted to employees and directors, the Company has elected to adopt the intrinsic value based method of accounting, which recognizes compensation expense only when the market price exceeds the exercise price at the date of grant, but which requires pro-forma disclosure of net loss as if these grants were accounted for using the fair value method. Consideration paid on the exercise of stock options is credited to share capital. Stock based compensation is credited to contributed surplus.

# LOMIKO METALS INC.

## NOTES TO FINANCIAL STATEMENTS

October 31, 2008

### 2. Significant Accounting Policies (Continued)

#### Profit per Share

Basic and fully diluted per share is calculated on the weighted average number of shares outstanding during the year.

The Company retroactively adopted a new standard for calculation and disclosure of earnings per share effective August 1, 2002. Under the new standard, the treasury stock method is used instead of the imputed earnings method to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method, only instruments with exercise amounts less than market prices impact the diluted calculations. In computing diluted loss per share, no shares were added to the weighted average number of common shares outstanding during the years ended July 31, 2006 and 2005 for dilutive effect of stock options and warrants as they were all anti-dilutive. No adjustments were required to report loss from operations in computing diluted per share amounts.

#### Translation of Foreign Currencies

Foreign currency denominated monetary assets and liabilities are translated at year-end exchange rates. Income and expense transactions denominated in foreign currencies are translated at exchange rates prevailing at the transaction dates. Gains or losses arising on foreign currency translation are recorded in the statement of income and deficit.

#### Income Taxes

Future income tax assets and liabilities are determined based upon differences between financial reporting and tax bases of assets and liabilities, measured using substantively enacted tax rates and laws expected to apply in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates is recognized in operations in the period that includes the substantive enactment date. A valuation allowance is recognized to the extent that, it is more likely than not, that future income tax assets will not be realized.

### 3. Mineral Properties

	<u>2009</u>	<u>2008</u>
Vines Lake Property - Cassiar Mining District	\$ 125,648	125,648
Joss'alun Copper Property Option - Cassiar Mining District`	176,971	94,971
Nak Property Option - Cassiar Mining District	194,094	186,429
Paleosands Petroleum – Saskatchewan coal leases	-	181,040
	<u>\$ 496,713</u>	<u>588,088</u>

# LOMIKO METALS INC.

## NOTES TO FINANCIAL STATEMENTS

October 31, 2008

### 4. Capital Stock

#### Common Shares

The maximum number of common shares that the company is authorized to issue is unlimited.

Description	2009		2008		2007	
	# of Shares	\$ Amount	# of Shares	\$ Amount	# of Shares	\$ Amount
<b>Issued and fully paid</b>						
<b>Balance Forward</b>	<b>6,362,028</b>	<b>14,747,069</b>	3,085,028	13,824,469	1,528,028	13,449,494
<b>Issued for cash</b>						
On exercise of warrants	<b>500,000</b>	<b>160,000</b>	1,077,000	323,100	92,000	27,600
Private Placements	<b>758,000</b>	<b>303,200</b>	2,000,000	500,000	1,400,000	315,000
<b>Issued for interest in Properties</b>			200,000	99,500	65,000	32,375
<b>Issued for options on Properties</b>						
<b>Sub Total</b>	<b>7,620,028</b>	<b>\$15,210,269</b>	6,362,028	\$14,747,069	3,085,028	\$13,824,469
<b>4 for 1 share split 10-07-2008</b>	<b>30,480,112</b>	<b>\$15,210,269</b>				
<b>Balance to 10-31-2008</b>	<b>30,480,112</b>	<b>\$15,210,269</b>	6,362,028	\$14,747,069	3,085,028	\$13,824,469

Of the common shares issued, 5,034,996 (post 4 for 1 share split) are held in escrow to be released on the basis of a time release schedule.

#### Shares Outstanding

The Company granted stock options to its directors and consultants on October 16<sup>th</sup>, 2006 to purchase up to an aggregate of 1,040,000 common shares (post 4 for 1 share split), exercisable at the price of \$0.12 per share until November 16, 2011.

The Company granted stock options to a director on December 12<sup>th</sup>, 2007 to purchase up to an aggregate of 60,000 common shares (post 4 for 1 share split), exercisable at the price of \$0.12 per share until December 18, 2012.

The Company granted stock options to its directors and consultants on July 2<sup>nd</sup>, 2008 to purchase up to an aggregate of 680,000 common shares (post 4 for 1 share split), exercisable at the price of \$0.10 per share until July 2, 2013.

The Company granted stock options to its investor relations company on August 25<sup>th</sup>, 2008 to purchase up to an aggregate of 400,000 common shares (post 4 for 1 share split), exercisable at the price of \$0.10 per share until October 1, 2009.

The Stock Options were granted under the Company's Stock Option Plan.

As at this reporting period, there are 1,516,000 warrants outstanding (post 4 for 1 share split), priced at \$0.12 per unit and valid until August 26, 2009.

# LOMIKO METALS INC.

## NOTES TO FINANCIAL STATEMENTS

October 31, 2008

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### 5. Contingent Liabilities

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A legal claim has been made against the Company for breach of contract, misrepresentation and negligence for \$78,624 plus general damages of \$100,000, punitive damages of \$50,000 plus interest and costs. The Company has filed a counter claim of \$78,195 plus interest and costs. The outcome of these claims is not determinable and no provision has been made in the financial statements.

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### 6. Income Taxes

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The Company has incurred losses for Canadian income tax purposes that may be carried forward to reduce income of future years that would otherwise be subject to income tax. The aggregate amount of the losses is \$4,692,093.

The losses expire as follows:

2009	1,659,825
2010	580,160
2014	802,097
2015	12,827
2027	110,806
2028	<u>130,856</u>
	<u>\$ 3,296,571</u>

The potential tax benefits of the losses items have not been recognized in the financial statements as it is considered to be, more likely than not, that future tax assets will not be realized.

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### 7. Related Party Transactions

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The Company paid a total sum of \$37,500 in management fees to 3 of its Directors.