LOMIKO METALS INC.

(An exploration stage company)

CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2014

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Lomiko Metals Inc.

We have audited the accompanying consolidated financial statements of Lomiko Metals Inc., which comprise the consolidated statements of financial position as at July 31, 2014 and July 31, 2013, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended July 31, 2014 and 2013, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which indicates that the Company is still in exploration stage and, as such, no revenue has been yet generated from its operating activities. Accordingly, the Company depends on its ability to raise financing in order to discharge its commitments and liabilities in the normal course of business. These conditions, along with other matters as set forth in note 1, indicate the existence of an uncertainty that may cast doubt about the Company's ability to continue as a going concern.

Galloway Botteselle & Company

CERTIFIED GENERAL ACCOUNTANTS
Vancouver, BC
November 26, 2014

LOMIKO METALS INC.

(An exploration stage company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – restated – Note 20 and 21

		July 31, 2014		July 31, 2013 (restated)
ASSETS				
Current				
Cash and cash equivalents (Note 5)	**$**	**4,533,483**	$	394,022
Other receivables (Note 6)		**68,706**		18,853
Prepaid expenses		**112,312**		37,232
		4,714,501		450,107
Non-current assets				
Investment in equity securities (Note 7)		**50,000**		-
Exploration and evaluation advances (Note 8)		**100,000**		-
Exploration and evaluation assets (Note 8)		**1,432,446**		1,086,002
	$	**6,296,947**	$	1,536,109
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**48,455**	$	293,516
Other liabilities				
Liability on flow-through share issuance (Note 9)		**399,465**		71,429
		447,920		364,945
Equity				
Share capital (Note 10)		**22,377,941**		17,753,765
Warrants (Note 10)		**842,909**		173,689
Share based payment reserve (Note 10)		**408,654**		360,970
Deficit		**(17,780,477)**		(17,117,260)
		5,849,027		1,171,164
	$	**6,296,947**	$	1,536,109

Nature of Operations (Note 1)
Commitments and contingencies (Note 18 & 19)
Subsequent Events (Note 22)

Approved on behalf of the Board:

"Paul Gill"	"Jacqueline Michael"
Paul Gill - President and Chief Executive Officer	Jacqueline Michael - Chief Financial Officer

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

LOMIKO METALS INC.

(An exploration stage company)

CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

For the years ending July 31,

		2014		2013 (Note 21)
Expenses				
Advertising and promotion	**$**	**293,214**	$	219,243
Consulting fees		**37,815**		3,077
Management fees (Note 14)		**120,000**		120,000
Office and miscellaneous		**29,664**		20,370
Professional fees		**107,699**		50,200
Regulatory and filing fees		**98,647**		31,915
Research and development		**13,167**		47,955
Shareholder communications		**17,215**		17,519
Share-based compensation (Note 10)		**155,895**		61,254
Travel		**27,785**		30,204
Total expenses		**901,101**		601,737
Interest income		**13,045**		-
Flow-through share premium (Note 9)		**71,429**		-
Total loss and comprehensive loss for the year	**$**	**(816,627)**	$	(601,737)
Basic And Diluted Loss Per Share	**$**	**(0.01)**	$	(0.01)
Basic And Diluted Weighted Average Common Shares		**102,438,559**		68,209,315

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

LOMIKO METALS INC.

(An exploration stage company)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY – restated – Note 20, 21

For the year ended July 31, 2014 and 2013

	Common Shares (restated) Without Par Value		Warrants Reserve	Share based Payment Reserve	Accumulated Deficit	Total Equity (restated) (Deficiency)
	Shares	Amount				
Balance, July 31, 2012	**66,439,145**	**$17,352,740**	**$ 515,536**	**$ 322,002**	**$ (17,053,346)**	**$ 1,136,932**
Issuance of shares for cash	2,495,000	149,700	-	-	-	149,700
Issuance of flow through shares for cash	7,142,856	428,571	-	-	-	428,571
Shares issued for resource property	1,500,000	52,500	-	-	-	52,500
Warrants issued	-	(173,690)	173,690	-	-	-
Stock options granted	-		-	61,254	-	61,254
Share issuance costs	-	(56,056)	-		-	(56,056)
Stock options cancelled	-	-	-	(22,286)	22,286	-
Warrants expired	-	-	(515,537)	-	515,537	-
Comprehensive loss for the year	-	-	-	-	(601,737)	(601,737)
Balance, July 31, 2013	**77,577,001**	**$ 17,753,765**	**$ 173,689**	**$ 360,970**	**$ (17,117,260)**	**$1,171,164**
Issuance of shares in settlement of debt	4,431,755	265,905	-	-	-	265,905
Issuance of shares for cash	28,251,180	3,024,280	-	-	-	3,024,280
Issuance of flow through shares for cash	19,973,231	2,197,055	-	-	-	2,197,055
Issuance of shares for resource property	3,300,000	232,500	-	-	-	232,500
Share issuance costs	-	(683,145)	-	-	-	(683,145)
Warrants issued	-	(752,426)	752,426	-	-	-
Broker warrants	-	(90,484)	90,484	-	-	-
Warrants exercised	2,020,000	263,319	(61,319)	-	-	202,000
Options exercised	1,000,000	167,172	-	(67,172)	-	100,000
Share based compensation	-	-	-	155,895	-	155,895
Options expired	-	-	-	(41,039)	41,039	-
Warrants expired	-	-	(112,371)	-	112,371	-
Comprehensive loss for the year	-	-	-	-	(816,627)	(816,627)
Balance, July 31, 2014	**136,553,167**	**$ 22,377,941**	**$ 842,909**	**$ 408,654**	**$ (17,780,477)**	**$ 5,849,027**

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

LOMIKO METALS INC.
(An exploration stage company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended July 31,

		2014		2013 (Note 21)
Cash flows from (used in) operating activities				
Net loss for the year	**$**	**(816,627)**	$	(601,737)
Items not involving cash and cash equivalents:				
Share-based compensation		**155,895**		61,254
Flow-through premium		**(71,429)**		-
		(732,160)		(540,483)
Changes in non-cash working capital items:				
Other receivables		**(49,853)**		(1,274)
Prepaid expenses		**(75,081)**		62,840
Accounts payable and accrued liabilities		**20,855**		229,420
		(836,239)		(249,497)
Cash flows from (used in) financing activities				
Issuance of shares for cash		**5,620,790**		649,700
Proceeds from exercise of options and warrants		**302,000**		-
Share issue cost		**(683,146)**		(56,056)
		5,239,644		593,644
Cash flows from (used in) investing activities				
Exploration and evaluation advances		**(100,000)**		-
Investment in mineral properties		**(113,944)**		(363,921)
Investment in equity securities		**(50,000)**		-
		(263,944)		(363,921)
Increase (decrease) in cash		**4,139,461**		(19,774)
Cash and cash equivalents, beginning of year		**394,022**		413,796
Cash and cash equivalents, end of year	**$**	**4,533,483**	$	394,022

Supplemental information:

Resource property acquired by issuance of shares	**$**	**232,500**	$	52,500
Shares issued in settlement of debt	**$**	**265,905**	$	-
Premium liability on flow-through shares	**$**	**399,465**	$	71,429

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

1 NATURE OF BUSINESS AND GOING CONCERN

Lomiko Metals Inc's. (the "Company") is engaged in the acquisition, exploration and development of resource properties. The Company was incorporated on July 3, 1987, under the British Columbia Company Act. The Company is listed on the TSX-Venture Exchange having the symbol LMR.V as a Tier 2 mining issuer and on the Over the Counter Exchange in the United States having the symbol LMRMF.

Lomiko has no source of operating cash flows, has not yet achieved profitable operation, has accumulated losses to July 31, 2014 of $17,780,477 since its inception and expects to incur further losses in the development of its business.

The Company's registered office is unit 439-7184 120th Street, Surrey, British Columbia, Canada.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Statement of Compliance
These consolidated financial statements of the Company for the year ending July 31, 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 26, 2014.

Basis of Measurement
These consolidated financial statements have been prepared on a historical cost basis, except where otherwise noted.

The consolidated financial statements comprise the accounts of the parent and its wholly owned subsidiaries (the "Group") for the year ended July 31, 2014.

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency, and all values are rounded to the nearest dollar, unless otherwise indicated.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statement are disclosed in Note 4.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements unless otherwise indicated.

a) Basis of Consolidation
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, The Conac Group Inc., and Conac Software (USA) Inc., Lomiko Metals LLC and the

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

newly formed wholly owned subsidiary Lomiko Technologies Inc. which was incorporated on May 1, 2014 under the Business Corporation Act of British Columbia (the “Group”). The subsidiaries have been fully consolidated and will continue to do so until control ceases. All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

b) Cash and Cash Equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and/or trust accounts, and other short-term, highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

c) Exploration and Evaluation Expenditures
Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluations (“E&E”) are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

When a project is deemed no longer to have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries are written off to the statement of loss and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset’s fair market value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction”. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

d) Financial Instruments

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. Cash and cash equivalents, and marketable securities are included in this category. Financial instruments in this category are recognized initially and subsequently at fair value.

Transaction costs are expensed in the statement of operations. Gains and losses arising from changes in fair value are presented in the statement of operations in the period in which they arise.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Available-for-sale

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company's investment in equity securities is included in this category. Available-for-sale investments are recognized initially at fair value plus transactions costs and are subsequently carried at fair value except for equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which shall be measured at cost. Gains or losses arising from changes in fair value are recognized in other comprehensive income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of operations and are included in other gains and losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise amounts receivable due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities in accounts payable and accrued liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and are comprise of trade payables and accrued liabilities. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

e) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

As at July 31, 2014 and 2013, the Company had no site restoration obligations.

f) Income Taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

g) Flow-through Shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The proceeds received and the corresponding obligation to incur qualified expenditures at the end of the Company's reporting year is disclosed in Note 18.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

h) Earnings/Loss per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

i) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income. The value of the options and warrants granted, related to the issuance of shares, are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in share based payment reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share based payment reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

j) Standards, Amendments and Interpretations Not Yet Effective

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Company's future financial statements:

(i)IFRS 9 Financial Instruments
IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

(ii)IFRS 10, Consolidated Financial Statements Financial Instruments
IFRS 10, *Consolidated Financial Statements* ("IFRS 10") was amended by the IASB in October 2012. The amendments introduce an exception for investment entities to the principle that all subsidiaries are consolidated. The amendments define an investment entity and require an investment entity to measure subsidiaries at fair value through profit or loss in accordance with IFRS 9, *Financial Instruments* or IAS 39, *Financial Instruments: Recognition and Measurement*. The amendments to IFRS 10 are effective for annual periods beginning on or after January 1, 2014.

(iii) IFRS 12, *Disclosure of Interests in Other Entities*
IFRS 12, *Disclosure of interests in other entities* ("IFRS 12") was amended by the IASB in October 2012.The amendments add disclosure requirements for investment entities as defined in IFRS 10, *Consolidated Financial Statements*. The amendments to IFRS 12 are effective for annual periods beginning on or after January 1, 2014.

(iv) IAS 27, *Separate Financial Statements*
IAS 27, *Separate Financial Statements* ("IAS 27") was amended by the IASB in October 2012. The amendments require an investment entity to measure its investments in subsidiaries at fair value through profit or loss when it presents separate financial statements. The amendments to IAS 27 are effective for annual periods beginning on or after January 1, 2014.

(v) IAS 32, *Financial Instruments: Presentation*
IAS 32, *Financial Instruments: Presentation* ("IAS 32") was amended by the IASB in December 2011. The amendment clarifies that an entity has a legally enforceable right to offset financial assets and financial liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(vi) IAS 36, *Impairment of Assets*
IAS 36, *Impairment of Assets* ("IAS 36") was amended by the IASB in May 2013. The amendments require the disclosure of the recoverable amount of impaired assets when an impairment loss has been recognized or reversed during the period and additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Title to Mineral Property Interests
The Company has taken steps to verify title to mineral properties in which it has an interest; these procedures do not guarantee the Company's title. Such properties may be subject to aboriginal interests arising from treaty rights. Title may also be affected by undetected prior agreements, transfers and other defects.

Exploration and Evaluation Expenditure
The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

If, after exploration and evaluation expenditure is capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation expenditure asset may exceed its recoverable amount, the Company carries out an impairment test at the cash generating unit or group of cash generating units level in the year the new information becomes available. The Company has determined that there are currently no indicators of impairment.

Income taxes
The Company does not recognize a deferred tax asset as management believes that it is not probable that taxable income will be available against which a deductible temporary difference can be utilized.

Share based payments
The fair value of share-based payments is determined using the Black-Scholes valuation model. Such valuation models require the input of subjective assumptions including expected price volatility, option life, dividend yield, risk-free rate and forfeitures at the initial grant.

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents on the statement of financial position comprise cash at bank, held in trust, on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

	2014	2013
Cash and bank balances	**$ 1,330,483**	$ 391,022
Cash equivalents	**2,903,000**	3,000
Cash held in trust (Note 22)	**300,000**	-
	$ 4,533,483	$ 394,022

On May 8, 2014 the Company entered into a conditional subscription agreement for 1,200,000 common shares for a total of $300,000 investment in Matnic Resources Inc. ("Matnic"), subject to the approval of the TSX Venture Exchange and the completion of Matnic's reverse-take-over by Graphene 3D Lab Inc. The Company had $300,000 cash held at a lawyer's trust account as at July 31, 2014.

6 OTHER RECEIVABLES

	2014	2013
Goods and services tax recoverable	**$ 30,166**	$ 10,816
Accrued interest receivable	**12,965**	-
Other receivable	**10,825**	-
BC Mining Exploration Tax Credit ("METC") receivable	**-**	8,037
Quebec Mining Exploration Tax Credit receivable ("METC") (1)	**14,750**	-
	$ 68,706	$ 18,853

(1) The amount represents the balance owing at year end from 2012 and 2013 claims made in the amount of $130,550, less amounts received at July 31, 2014.

7 INVESTMENT IN EQUITY SECURITIES

During the 2014 fiscal year the Company paid $50,000 and acquired 250,000 common shares of Graphene 3D Lab Inc ("Graphene 3D"). Graphene 3D was a private company at July 31, 2014. The equity securities are classified as available-for-sale and were carried at cost at July 31, 2014.

On August 8, 2014 a forward split converted the number of shares to 3,196,970 (Note 22).

8 EXPLORATION AND EVALUATION ASSETS

The following table shows the exploration and evaluation assets:

	Vines Lake	Quatre-Milles	Quatre-Milles West	Total
Balance, July 31, 2012	**$ 536,444**	**$ 133,137**	**$ -**	**$ 669,581**
Exploration costs	50,658	285,220	11,080	346,958
Acquisition of property	-	77,500	-	77,500
Less: BC METC	(8,037)	-	-	(8,037)
Balance, July 31, 2013	**$ 579,065**	**$ 495,857**	**$ 11,080**	**$ 1,086,002**
Exploration costs	18,460	223,034	-	241,494
Acquisition of property	-	52,500	183,000	235,500
Less: Quebec METC	-	(130,550)	-	(130,550)
Balance, July 31, 2014	**$ 597,525**	**$ 640,841**	**$ 194,080**	**$ 1,432,446**

Vines Lake Property - Liard Mining District, BC
In March 2006, the Company acquired 100% interest in 3 claims comprising approximately 1,169 hectares ("Ha") in Liard Mining District of British Columbia, subject to a 2% net smelter return ("NSR") in favor of Mr. Amrit P.S. Gill, a director of the Company.

Quatre-Milles – Quebec
During the period December 28, 2011 to March 26, 2014, the Company acquired a 100% interest in the Quatre-Milles property located north of Sainte-Veronique, Quebec. The property is subject to a 2% net smelter royalty ("NSR") of which one half or (1% "NSR") can be repurchased by the Company for $1,000,000. The terms of the purchase were as follows:

- Pay $50,000 in cash
- Issue 3,000,000 common shares at $0.035 per share
- Retain Consul-Teck Mineral Exploration Consultants, of Val d'Or, Quebec as consultants with respect to exploration on the property
- Complete a minimum of $200,000 of exploration on the Property

Quatre-Milles West – Quebec
On May 25, 2014, the Company acquired a 100% interest in the Quatre-Milles West located in southern Quebec**.**
The terms of the purchase were as follows:
- Pay $3,000 in cash
- Issue 1,800,000 shares at $0.10 per share

As at July 31, 2014, the company, advanced $100,000 (2013 - $0) for upcoming exploration work to Its Quatre-Milles property.

9 OTHER LIABILITIES

Other liabilities consist of the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through shares issuances:

	Issued on June 23, 2013 (restated – note 20)	Issued on March 13, 2014	**Total**
Balance at July31, 2012	$ -	$ -	**$ -**
Liability incurred on flow-through shares issued	71,429	-	**71,429**
Settlement of flow-through share liability on incurring expenditures	-	-	**-**
Balance at July 31, 2013	$ 71,429	$ -	**$ 71,429**
Liability incurred on flow-through shares issued	-	399,465	**399,465**
Settlement of flow-through share liability on incurring expenditures	(71,429)	-	**-**
Balance at July 31, 2014	$ -	$ 399,465	**$ 399,465**

10 SHARE CAPITAL AND RESERVES

(a) Share Capital

Authorized
The Company's authorized share capital consists of unlimited common shares without par value.

Issued
Year ended July 31, 2013

During the year ended July 31, 2013, the Company issued the following common shares:

On September 1, 2012, the Company issued 500,000 common shares, at $.035 per share, in accordance with a purchase agreement, to acquire the Quarte-Milles exploration asset.

On March 1, 2013, the Company issued 1,000,000 common shares, at $.035 per share, in accordance with a purchase agreement, to acquire the Quarte-Milles exploration asset.

On June 12, 2013, the Company completed a non-brokered private placement, consisting of the issue and sale of 2,495,000 common share units at a price of $.06 per unit, for gross proceeds of $149,700. Each unit is comprised of one common share and one transferable common share warrant. Each common share warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 per share for a period of 12 months after the closing of the offering. A Company director and a company related to the director, participated in the private placement by purchasing 1,020,000 units. Legal fees of $406 were paid. The warrants had a fair value of $75,739, measured using the Black-Scholes valuation model.

10 SHARE CAPITAL AND RESERVES - continued

On June 27, 2013, the Company completed a brokered private placement, consisting of the issue and sale of 7,142,856 flow-through units at a price of $.07 per unit, for gross proceeds of $500,000. Each flow through unit consisted of one flow-through common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one additional common share of the company at a price of $0.14 per share for a period of 12 months after the closing of the offering. A finder's fee of $45,000 was paid as well as $10,650 in legal fees. The Company recorded a liability on the flow-through premium of $71,429 for the difference between the fair market value of its common shares and the issuance price issuance price of its flow through shares. This has been recorded as a flow-through common share issuance liability. The warrants had a fair value of $97,951 measured using the Black-Scholes valuation model.

Year ended July 31, 2014

During the year ended July 31, 2014, the Company issued the following common shares:

On October 10, 2013, the Company completed a non-brokered private placement, consisting of the issue of 4,431,755 common share units at a price of $.06 per unit, to settle debt of $265,905. Each common share unit consisted of one common share and .62 of one common share non-transferable purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the company at a price of $0.10 for a period of 24 months after closing of the offering. The warrants had a fair value of $52,996, measured using the Black-Scholes valuation model.

On December 18, 2013, the Company, completed a non-brokered private placement, consisting of the issue and sale of 1,667,000 common share units of the Company at a price of $.06 per common share unit for gross proceeds of $100,020. Each common share unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 per share for a period of 12 months after the closing of the offering. Share issuance costs relating to the placement totaled $3,000. The warrants had a fair value of $22,739, measured using the Black-Scholes valuation model. A Company director and a company related to a director, participated in the private placement by purchasing 1,057,000 units.

On March 13, 2014, the Company, completed a public offering, consisting of the issue and sale of 26,584,180 common share units of the Company at a price of $ 0.11 per unit and 4,627,000 units of flow-through units at $0.13 per unit for aggregate gross proceeds of $3,525,770. Each common share unit is comprised of one common share and one-half of one common share purchase warrant; each whole common share purchase warrant entitles the holder to purchase one additional common share of the Company at a price of $0.15 per share for a period of 18 months after the closing of the offering. Each flow-through unit is comprised of one flow-through common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share for a period of 18 months at an exercise price of $0.20 per common share after the closing of the offering. The warrants had a fair value of $465,012, measured using the Black-Scholes valuation model. The Company recorded a liability on the flow-through premium of $92,540, for the difference between the fair market value of its common shares and the issuance price of its flow-through shares. This has been recorded as a flow-through common share issuance liability.

On March 13, 2014, the Company, completed a non-brokered private placement, consisting of the issue and sale of 15,346,231 flow-though units of the Company at a price of $0.13 per unit for gross proceeds of $1,995,010. Each flow-through unit is comprised of one flow-through common share, and

10 SHARE CAPITAL AND RESERVES - continued

one-half of one common share warrant. Each whole common share warrant is exercisable into one common share at an exercise price of $0.20 per share for a period of 18 months after closing of the offer. The warrants had a fair value of $211,679, measured using the Black-Scholes valuation model. Additionally, 1,872,671 broker warrants were issued with a fair value of $61,538, measured using the Black-Scholes valuation model. The Company recorded a liability on the flow-through premium of $306,925 for the difference between the fair market value of its common shares and the issuance price of its flow through shares. This has been recorded as a flow-through common share issuance liability.

The company paid commission and settlement fees of $541,662 and legal fees of $83,238 in relation to the March 13, 2014 placements.

On March 17, 2014 the Company issued 1,500,000 common shares at $0.035 in accordance with a purchase agreement, to acquire the Quarte-Milles exploration asset.

. On March 25, 2014, the Company issued 1,800,000 common shares at $0.10 in accordance with a purchase agreement, to acquire the Quarte-Milles West exploration asset.

b) Share purchase warrants

A summary of the Company's outstanding share purchase warrants at July 31, 2013 and July 31, 2014

	Number of Warrants	Weighted Average Exercise Price
Balance as at July 31, 2012	**10,833,200**	**$ 0.17**
Issued for financing	6,352,142	0.13
Expired	(10,033,200)	0.15
Balance, July 31, 2013	**6,352,142**	**$ 0.13**
Issued for financing	30,498,202	0.15
Issued to settle debt	2,759,052	0.10
Exercised	(2,020,000)	0.10
Expired	(4,332,142)	0.14
Balance at July 31, 2014	**30,498,202**	**$ 0.16**

The following table summarizes information relating to share purchase warrants outstanding and exercisable at July 31, 2014.

10 SHARE CAPITAL AND RESERVES - continued

Number of Warrants	Grant Date Fair Value	Exercise Price	Expiry Date
2,759,052	$52,996	.10	October 10, 2015
1,667,000	$22,739	.10	December 31, 2014
13,292,090	$401,189	.15	September 13, 2015
2,313,500	$63,823	.20	September 13, 2015
1,872,671	$61,538	.11	September 13, 2015
920,774	$28,946	.13	September 13, 2015
7,673,115	$211,678	.20	September 13, 2015
30,498,202			

The weighted average remaining contractual life of the warrants as at July 31, 2014 was 1.09 years (2013 - .89 years)

The following weighted average assumptions were used for the Black-Scholes valuation of warrants:

	July 31, 2014	July 31, 2013
Risk free interest rate	**1.05%**	1.10%
Expected life of warrants	**1.53 years**	.98 years
Annualized stock price volatility	**156.79%**	156.20%
Expected dividend yield	**0%**	0%
Forfeiture rate	**50%**	0%

During the year ended July 31, 2014, the company granted 30,498,202 (2013 – 6,352,142) warrants with a total fair value of $842,909 (2013- $173,690) or $0.03 (2013- $0.03) per warrant.

(c) Share-based payments

Plan Details

The Company has established a stock option plan for directors, senior officers, employees, management, company employees and consultants (collectively "Eligible Persons") for the Company and its subsidiaries. The purpose of the plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals Options to buy shares of the Company at a price not less than the market price prevailing on the grant date less applicable discount, if any, permitted by TSX Policies and approved by the Board.

The expiry date for each option shall be set by the board at the time of issuance and shall not be more than ten years after grant date. Options shall not be assignable (or transferable) by the optionee. The maximum number of shares reserved for issuance under the share option plan in aggregate shall not exceed 10% of the total number of the Company's issued and outstanding

10 SHARE CAPITAL AND RESERVES - continued

common shares on a non-diluted basis prior to the issuance. The number of shares which may be issuable under the plan within a twelve month period to one optionee shall not exceed five percent of the total number of issued and outstanding shares on a non-diluted basis. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position. Pursuant to the stock option plan, options granted in respect of investor relations activities are subject to vesting in stages over a twelve month period with 20% vesting on the date of grant and 20% each three months thereafter. Vesting restrictions may also be applied to other options grants, at the discretion of the Board of Directors.

Stock options are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at July 31, 2012	**4,625,000**	**$ 0.11**
Issued for services	1,225,000	0.10
Expired	(525,000)	0.11
Balance, July 31, 2013	**5,325,000**	**$ 0.11**
Issued for services	1,825,000	0.10
Exercised	(1,000,000)	0.10
Expired	(625,000)	0.10
Balance at July 31, 2014	**5,525,000**	**$ 0.11**

The following table summarizes the stock options outstanding and exercisable as at July 31, 2014.

Number of options outstanding	Exercise price	Expiry date
1,300,000	.12	September 3, 2014
400,000	.10	November 30, 2014
50,000	.12	February 17, 2015
425,000	.10	February 8, 2016
350,000	.10	August 8,2016
100,000	.10	June 1, 2017
675,000	.10	February 1, 2018
400,000	.10	April 30, 2018
1,825,000	.10	January 31, 2019
5,525,000		

10 SHARE CAPITAL AND RESERVES - continued

The weighted average remaining contractual life of options outstanding at July 31, 2014 is 2.54 years (2013 - 2.79 years).

During the year ended July 31, 2014 the Company granted 1,825,000 (2013 – 1,225,000) stock options to directors and consultants with a total fair value of $155,895 (2013 – $61,254) or $0.09 (2013 - $0.05) per option. There is a 4 month hold period on these options.

The following weighted average assumptions were used for the Black-Scholes option valuation of stock options granted:

	July 31, 2014	July 31, 2013
Risk free interest rate	**1.60%**	1.10%
Expected life of warrants	**5 years**	1.69 years
Annualized stock price volatility	**196.9%**	210.8%
Expected dividend yield	**0%**	0%
Forfeiture rate	**30%**	0%

11 INCOME TAXES

	July 31, 2014	July 31, 2013 (restated)
Loss before income taxes	**$ (816,627)**	$ (601,737)
Tax recovery based on statutory rate of 26%	**(212,323)**	(150,434)
Non- deductible expenses	**42,070**	15,314
Impact of flow through share		
Share issue cost	**(52,694)**	(17,408)
Tax benefits not recognized	**241,519**	150,575
Other	**(18,572)**	1,953
	$ -	$ -

As at July 31, 2014, the Company has estimated non-capital losses for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. A summary of these tax losses is provided below:

11 INCOME TAXES - continued

The losses expire as follows:

2015	$ 12,827
2027	110,806
2028	130,858
2029	462,824
2030	679,076
2031	719,946
2032	653,482
2033	602,303
2034	928,898
	$ 4,301,020

12 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note

General Objectives, Policies and Processes:
The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive monthly reports from the Company's Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

a) Market Risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

12 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

Foreign Currency Risk:
Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The company does not have significant exposure to foreign exchange rate fluctuation.

Interest Rate Risk:
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial

Equity Price Risk:
Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets.

b) Credit Risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. The majority of Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand. The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at July 31, 2014 relating to cash of $4,533,483 of which $300,000 is held in trust, and other receivables of $68,706. All cash, cash equivalents and short term deposits are held at the Bank of Montreal.

c) Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that it has sufficient cash on demand to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and is available on demand. Funding risk is the risk that the Company may not be able to raise equity financing in a timely manner and on terms acceptable to management. There are no assurances that equity financing will be available when, and if, the Company requires additional financing.

The following table summarizes the Company's significant remaining contractual maturities for financial liabilities at July 31, 2014 and 2013.

	Less than 3 months	3 – 12 months	Total
July 31, 2013			
Trade payables and other payables	$ 293,516	$ -	$ 293,516
Liability incurred on flow-through shares issued	$ -	$ 71,429	$ 71,429
July 31, 2014			
Trade payables and other liabilities	$ 48,455	$ -	$ 48,455
Liability incurred on flow-through shares issued	$ -	$ 399,465	$ 399,465

13 CAPITAL MANAGEMENT

The Company capital consists of monitors its cash, common shares, and warrants. The Company's objectives when maintaining capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investors' confidence in the Company's ability required to sustain future development and operation of the business.

The company is not exposed to any externally imposed capital requirements.

14 KEY MANAGEMENT PERSONNEL

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation comprised:

		July 31, 2014		July 31, 2013
Management fees paid to companies related to directors	$	**120,000**	$	120,000
Share-based compensation		**72,609**		9,531
Excess expense re-imbursement (a)		**12,063**		-
	$	**204,672**	$	129,531

(a) During the year, a director and a company controlled by a director submitted expense reports to the Company in the amount of $96,230. These transactions were entered into to settle debt obligations with unrelated companies. The director and a company related to the director transferred personal shares of the Company to settle the debt and were reimbursed by the Company. The market value of the shares on the day the services were rendered was $84,167.

15 RELATED PARTY TRANSACTIONS

During the year, directors were awarded 1,150,000 options (2013-550,000) stock options exercisable at $0.10 per share for a period of 5 years. The value of the share based compensation attributed to directors was $98,235 (2013 – $28,270).

On December 18, 2013, a director and a company related to the director participated in the private placement by purchasing a total of 1,057,000 units at $0.06 per unit for gross proceeds of $63,420 (2013 – $61,200). Each unit is comprised of one common share and one transferable share purchase warrant. The value allocated to the warrant was $14,418 (2013 - $30,964).

Included in accounts payable is $2,962 (2013- $ 5,433) owing to directors.

16 SEGMENTAL REPORTING

The company is organized into business units based on mineral properties and has one reporting segment, being that of acquisition and exploration activities.

17 EARNINGS PER SHARE

Loss per share

Basic losses per share amounts are calculated by dividing the net loss for the year by the weighted average number of ordinary shares outstanding during the period.

		July 31, 2014		July 31, 2013
Income (loss) attributed to ordinary shareholders	$	(816,627)		(601,737)
Weighted average number of common shares		102,438,559		68,209,315
Basic and diluted loss per share	$	(0.01)	$	(0.01)

There was a loss for the year ended July 31, 2014, therefore the effect is anti-dilutive and the diluted loss per share remains $0.01 (diluted loss per share for the year ended July 31, 2013 – $0.01).

18 COMMITMENTS

In June 2013 the Company entered into flow-through share subscription agreements whereby it is committed to incur on or before January 31, 2015, a total of $500,000 of qualifying Canadian Exploration Expenses as described in the Income Tax Act. As at July 31, 2014, $218,086 of the expenditures had been incurred, leaving a balance of $281,914 to be incurred on or before January 31, 2015.

In March 2014 the Company entered into flow-through share subscription agreements whereby it is committed to incur on or before January 31, 2016, a total of $2,596,520 of qualifying Canadian Exploration Expenses as described in the Income Tax Act. No qualified expenditures had been incurred on this flow-through share subscription as at July 31, 2014.

The Company will be able to continue to incur exploration expenses beyond the deadlines. However it will be subject to a penalty of 4-5% per annum on the balance required to be spent on its exploration work. The Company intends to fulfill its flow-through commitments within the given time constraints.

19 CONTINGENCIES

On August 6, 2014 the Company received legal notice that a plaintiff is seeking damages in relation to a contract dispute arising out of a subscription agreement and alleged ratchet agreement between the company and the plaintiff. The plaintiff is seeking damages or alternatively the issuance of 3,333,333 common shares and a reduction in the warrant exercise price for a further 5,000,000 common shares to $.06 per share as well as other ancillary relief. The Company disputes the claims and has not made any provisions in the accounts.

20 PRIOR PERIOD ADJUSTMENT

In 2013 the company did not record the liability of $71,429 relating to the premium of flow through shares. The 2013 comparative figures for 2013 have been restated to record other liability with a corresponding reduction in share capital. The net comprehensive loss for the year did not change.

21 COMPARATIVE FIGURES

Certain figures have been changed to conform with the current year's presentation.

22 SUBSEQUENT EVENTS

On August 7, 2014 the board of directors approved the adoption of a shareholders rights plan. The plan still must be ratified by the shareholders and be approved by the TSX Venture Exchange.

On August 8, 2014, the Company was issued in escrow, 3,196,970 common shares of Graphene 3D Lab Inc ("Graphene 3D"). The shares will be released from escrow on the following terms:

5%	August 8, 2014
5%	6 months thereafter
10%	12 months thereafter
10%	18 months thereafter
15%	24 months thereafter
15%	30 months thereafter
40%	36 months thereafter

On August 8, 2014, the subscription for 1,200,000 common shares of Matnic for a total of $300,000 was approved by the TSX Venture Exchange. Matnic's reverse-take-over by Graphene 3D was completed on the same day. The Company holds 4,396,970 common shares in the capital of Graphene 3D representing approximately 11.23% of the outstanding shares of Graphene 3D.

On September 1, 2014 the Company signed consulting agreements with two directors, to provide management, financial and advisory services to the Company. At the time of signing the fee per director amounted to $7,500 per month. The term of the agreements are twenty four months and are automatically renewed for consecutive 24 months periods, unless terminated earlier by either party. The Company may terminate the agreements by giving the consultants written notice and is required to pay each consultant 14 times the monthly fee within 15 days of the notice of termination, unless certain events occur relating to the Company and/or the consultant.

On September 5, 2014, 2,000,000 options were granted to directors and consultants. Each option is exercisable at $0.10 for up to sixty months from the date of the grant. The options are subject to a four-month hold period.

On September 23, 2014 the Company entered into a option agreement with Canada Strategic Metals Inc. to acquire a 40% interest in the La Loutre Crystalline Flake Property in Quebec. The terms of the acquisition are as follows:

22 SUBSEQUENT EVENTS - continued

- Pay $12,5000 upon the signing of this contract
- Issuance of 1,250,000 common shares within 10 days of the TSX approval
- Incurring at least $500,000 on exploration expenditures from the first anniversary of the effective date

On October 15, 2014 the Company retained Integral Capital Markets to provide market-making services. The agreement is for an open-ended term of at least six months at $5,500 per month. The agreement can be terminated with 30 day's notice.

On October 27, 2014, the Company announced it had signed an agreement with Megahertz Power Systems to license rights to manufacture and sell three power converter system designs, acquire a pending supply contract with a Canadian LED system integrator and support the research and development of new products. Megahertz shall grant non-exclusive licenses to the Company to manufacture and sell three power converter system designs as the Licensed Power Supplies. The Company will pay Megahertz a fifteen percent (15%) royalty on the Company's net sales of Licensed Power Supplies. The Company will also advance $250,000 as start up funds to organize and set up contract manufacturing, develop an e-commerce web site for sales, establish a local office to support sales and provide project management services for the initial year of operations relating to the manufacturing, sales and support of Licensed Power Supplies.

On November 14, 2014, the Company announced a non-brokered private placement financing to raise up to $1,125,000 from eligible participants through the sale of up to 15,000,000 units of the Company at a price of $0.075 per unit, subject to regulatory approval.