



LOMIKO METALS INC.

(An exploration stage company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended April 30, 2015

LOMIKO METALS INC.

(An exploration stage company)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited)

	April 30, 2015	July 31, 2014
ASSETS		
Current		
Cash and cash equivalents (Note 4)	\$ 1,929,009	\$ 4,533,483
Other receivables (Note 5)	81,046	68,706
Prepaid expenses	217,947	112,312
	2,228,002	4,714,501
Non-current assets		
Investment in equity securities (Note 6)	3,433,863	50,000
License (Note 7)	250,000	-
Exploration and evaluation advances (Note 8)	500,000	100,000
Exploration and evaluation assets (Note 8)	2,790,072	1,432,446
	6,973,935	1,582,446
	\$ 9,201,937	\$ 6,296,947
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 24,726	\$ 48,455
Other liability		
Liability on flow-through share issuance (Note 9)	-	399,465
	24,726	447,920
EQUITY		
Share capital (Note 10)	23,040,560	22,377,941
Warrants (Note 10)	1,242,413	842,909
Share based payment reserve (Note 10)	410,430	408,654
Deficit	(15,516,192)	(17,780,477)
	9,177,211	5,849,027
	\$ 9,201,937	\$ 6,296,947

Nature of Operations (Note 1)

Commitments and contingencies (Note 17 & 18)

Approved on behalf of the Board:

"Paul Gill"

Paul Gill - President and Chief Executive Officer

"Jacqueline Michael"

Jacqueline Michael - Chief Financial Officer

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

LOMIKO METALS INC.

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE INCOME

(unaudited)

	Three Months Ended April 30		Nine Months Ended April 30	
	2015	2014	2015	2014
Expenses				
Advertising and promotion	\$ 162,258	\$ 94,755	\$ 416,841	\$ 135,538
Consulting (Note 14)	29,996	17,258	77,046	17,258
Management fees (Note 14)	45,000	30,000	130,000	90,000
Office and miscellaneous	10,172	11,979	27,408	22,065
Professional fees	78,621	11,175	171,019	48,167
Regulatory and filing fees	31,544	58,616	79,881	87,981
Research and development	-	5,168	-	13,167
Shareholder communications	62,536	5,711	100,319	16,462
Share-based compensation (Note 10)	-	-	152,765	139,885
Travel	20,076	7,139	33,784	12,881
Total expenses	440,203	241,801	1,189,063	583,404
Interest income	4,373	4,233	20,367	4,247
Net loss for the period	\$ (435,830)	\$ (237,568)	\$ (1,168,696)	\$ (579,157)
Other Comprehensive (loss)/income Items that may subsequently be reclassified to (loss)/income				
Flow-through share premium (Note 9)	119,945	-	399,465	-
Unrealized (loss)/gain on re- measurement of equity investments (Note 7)	(1,538,939)	-	2,859,788	-
Comprehensive (loss)/income for the period	(1,854,824)	(237,568)	2,090,557	(579,157)
Basic And Diluted (loss)/income Per Share	\$ (0.01)	\$ (0.00)	\$ 0.02	\$ (0.01)
Basic And Diluted Weighted Average Common Shares	142,805,433	109,899,040	139,177,532	90,942,058

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LOMIKO METALS INC.

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited)

	Common Shares Without Par Value		Warrants Reserve	Share based Payment Reserve	Accumulated Deficit	Total Equity
	Shares	Amount				
Balance, July 31, 2013	77,577,001	\$17,825,194	\$ 173,690	\$ 360,970	\$ (17,117,260)	\$ 1,242,594
Issuance of shares in settlement of debt	4,431,750	265,905	-	-	-	265,905
Issuance of shares for cash	28,251,180	3,024,280	-	-	-	3,024,280
Issuance of shares for resource property	3,300,000	232,500	-	-	-	232,500
Issuance of flow through shares for cash	19,973,231	2,596,520	-	-	-	2,596,520
Share issue costs	-	(666,497)	-	-	-	(666,497)
Warrants issued	-	(1,689,491)	1,689,491	-	-	-
Warrants exercised	2,020,000	202,000	-	-	-	202,000
Valuation allocation on exercise of warrants	-	61,319	(61,319)	-	-	-
Options exercised	-	100,000	-	-	-	100,000
Valuation allocation on exercise of options	-	67,172	-	(67,172)	-	-
Options issued	-	-	-	139,874	-	139,874
Options expired	1,000,000	-	-	(41,031)	41,031	-
Comprehensive loss for the period	-	-	-	-	(579,157)	(579,157)
Balance, April 30, 2014	136,553,162	\$ 22,018,902	\$ 1,801,862	\$ 392,641	\$ (17,655,386)	\$ 6,558,019
Balance, July 31, 2014	136,553,167	\$ 22,377,941	\$ 842,909	\$ 408,654	\$ (17,780,477)	\$ 5,849,027
Issuance of shares for resource property	1,250,000	297,500	-	-	-	297,500
Issuance of shares for cash	14,660,100	830,995	-	-	-	830,995
Share issue costs	-	(43,633)	-	-	-	(43,633)
Warrants issued	-	(422,243)	422,243	-	-	-
Share based compensation	-	-	-	152,765	-	152,765
Options expired	-	-	-	(143,885)	143,885	-
Options cancelled	-	-	-	(7,104)	7,104	-
Warrants expired	-	-	(22,739)	-	22,739	-
Comprehensive income for the period	-	-	-	-	2,090,557	2,090,557
Balance, April 30, 2015	152,463,267	\$ 23,040,560	\$ 1,242,413	410,430	\$ (15,516,192)	\$ 9,177,211

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

LOMIKO METALS INC.

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	THREE ENDED April 30 2015	MONTHS 2014	NINE MONTHS ENDED April 30	
			2015	2014
Cash flows from (used in) operating activities				
Comprehensive income /(loss) for the period	\$ (1,854,824)	\$ (237,568)	\$ 2,090,557	\$ (579,157)
Items not involving cash:				
Share-based compensation	-	-	152,765	139,884
Flow-through premium	(119,945)	-	(399,465)	-
Unrealized loss/(gain) on re-measurement of equity investments	1,538,939	-	(2,859,788)	-
	(435,830)	(237,568)	(1,015,931)	(439,283)
Changes in non-cash working capital items:				
Other receivables	(5,457)	105,788	(12,341)	(24,406)
Advances	-	(10,500)	-	(195,500)
Prepaid expenses	(111,634)	(105,287)	(105,634)	(81,459)
Accounts payable	5,954	(257,894)	(23,728)	(289,464)
Deposit for share issue	-	-	-	-
	(546,967)	(505,461)	(1,157,634)	(1,030,112)
Cash flows from (used in) financing activities				
Common shares and warrants	830,995	5,338,633	830,995	5,754,708
Share issue costs	(43,634)	-	(43,634)	-
	787,361	5,338,633	787,361	5,754,708
Cash flows from (used in) investing activities				
Exploration and evaluation advances	(500,000)	-	(400,000)	-
Investment in mineral properties	(405,975)	(258,909)	(1,060,126)	(206,292)
Investment in equities	-	-	(524,075)	(50,000)
License	(100,000)	-	(250,000)	-
	(1,005,975)	(258,909)	(2,234,201)	(256,292)
Increase (decrease) in cash and cash equivalents	(765,581)	4,574,263	(2,604,474)	4,468,304
Cash, beginning of period	2,694,590	288,063	4,533,483	394,022
Cash and cash equivalents, end of period	\$ 1,929,009	\$ 4,862,326	1,929,009	\$ 4,862,326
Supplemental information:				
Shares issued for resource property	\$ 210,000	\$ 232,500	\$ 297,500	\$ 232,500
Shares issued in settlement of debt	\$ -	\$ -	\$ -	\$ 264,055

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LOMIKO METALS INC.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2015

(unaudited)

1 NATURE OF BUSINESS

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.

The Company has no source of operating cash flows, has not yet achieved profitable operations, has accumulated losses to April 30, 2015 of \$15,516,192 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 condensed consolidated financial statements of the Company, for the nine month period ending April 30, 2015, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), Interim Financial Reporting Standard ("IAS") 34 as issued by the International Accounting Standards Board ("IASB").

Basis of Measurement

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard, *Interim Financial Reporting* ("IAS 34"), and follow the same accounting policies and methods of application as the annual consolidated financial statements of the Company for the year ended July 31, 2014. The Company's most significant estimates and judgments are consistent with those disclosed in the annual consolidated financial statements for the year ended July 31, 2014. These condensed interim consolidated financial statements do not contain all disclosures required by IFRS, and accordingly, should be read in conjunction with the 2014 annual consolidated financial statements and the notes thereto.

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency, unless otherwise indicated.

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, consistent with the Company's significant accounting policies. These condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company incurred a net loss of \$1,168,696 before other comprehensive income items totaling \$3,259,253 during the nine months ended April 30, 2015 and has a cash balance of \$1,929,009 as at April 30, 2015. The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent on the continued support of the creditors and the shareholders. In the past the Company has relied on sales of equity securities to meet its cash requirements. There can be no assurance that funding from this or other sources will be sufficient in the future to continue and develop its mineral properties and provide additional funding for the Megahertz Power Systems Inc. licensing agreement dated February 10, 2015 and the Canada Strategic Metals Inc. agreement dated February 23, 2015.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2015

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2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE - continued

These condensed consolidated financial statements were approved and authorized for issue by Board of Directors on June 29, 2015.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of Lomiko as at and for the year ended July 31, 2014. Certain amendments to accounting standards or new interpretations issued by the IASB, which were applicable for annual periods commencing January 1, 2014, have been adopted. They do not have a material impact on these condensed interim consolidated financial statements.

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, 2018. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

4 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.

	April 30, 2015	July 31, 2014
Cash and bank balances	\$ 426,009	\$ 1,330,483
Cash equivalents	1,503,000	2,903,000
Cash held in trust	-	300,000
	<u>\$ 1,929,009</u>	<u>\$ 4,533,483</u>

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5 OTHER RECEIVABLES

	April 30, 2015	July 31, 2014
Goods and services tax recoverable	\$ 56,754	\$ 30,166
Accrued interest receivable	1,627	12,965
Other receivable	40	10,825
Advance (Note 14)	7,875	-
Quebec Mining Exploration Tax Credit receivable	<u>14,750</u>	<u>14,750</u>
	<u>\$ 81,046</u>	<u>\$ 68,706</u>

6 INVESTMENT IN EQUITY SECURITIES

GRAPHENE 3D LAB INC.

On November 22, 2013 the Company paid \$50,000 to acquire 250,000 common shares of Graphene 3D Lab Inc. On August 8, 2014, Graphene 3D Lab Inc. completed a reverse takeover of Matnic Resources Inc. (a publicly listed company) and a forward split converted the number of shares to 3,196,970. The shares are held in escrow and are being released on the following terms:

5%	August 8, 2014
5%	February 8, 2015
10%	12 months thereafter
10%	18 months thereafter
15%	24 months thereafter
15%	30 months thereafter
40%	36 months thereafter

On May 8, 2014 the Company entered into a subscription agreement to purchase 1,200,000 common shares of Matnic Resources Inc., (Matnic) for \$300,000. On August 8, 2014, Matnic was taken over by Graphene 3D Lab Inc.

The following table summarizes the total common shares owned:

	April 30, 2015	July 31, 2014
Common shares	1,519,697	250,000
Common shares – held in escrow	<u>2,877,273</u>	<u>-</u>
Total common shares	<u>4,396,970</u>	<u>250,000</u>

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6 INVESTMENT IN EQUITY SECURITIES - continued

The following table summarizes the cost and fair value of the shares held:

	April 30, 2015	July 31, 2014
Common shares - at cost	\$ 350,000	\$ 50,000
Unrealized gain on re-measurement	<u>2,859,788</u>	<u>-</u>
	<u>\$ 3,209,788</u>	<u>\$ 50,000</u>

The common shares are classified as Level 1 in the fair value hierarchy (see note 11) and as available for sale financial assets. The fair value of available for sale investments are determined based on a market approach reflecting the closing price of the security at the reporting date. The closing price is a quoted price obtained from the exchange that is the principal active market for the security.

The Company controls 11.23% of the voting shares of Graphene 3D Lab Inc.

GRAPHENE ESD CORP.

On December 3, 2014, the Company signed a preferred stock subscription agreement with Graphene ESD Corp. ("Graphene"). Under the agreement the Company subscribed to purchase 1,800 shares of Graphene's Series A Preferred Stock, representing 100% of the authorized preferred shares of Graphene, at a purchase price of \$101.27 US per share ("Original Issue Price") for total consideration of \$182,281 US. Dividends, at the rate per annum of \$4.05 per share, will accrue on each preferred share and shall be cumulative. Payment of dividends is at the discretion of the board. Each share of Series A Preferred Stock held by the Company shall be convertible, at the option of the Company, at any time and from time to time after May 6, 2015, and without the payment of additional consideration by the Company, by dividing the Series A Original Issue Price by the Series A Conversion Price in effect at the time of the conversion. The Series A Conversion Price shall initially be equal to \$101.27 US. The Series A Conversion Price and the rate at which shares of Series A Preferred Stock may be converted into shares of Graphene Common Stock, will be subject to adjustment in the event of a subdivision of Graphene's outstanding Common Stock or if Graphene makes or issues a dividend or other distribution payable on the Common Stock in additional shares of Common Stock.

Graphene ESD Corp. a Delaware company incorporated November 5, 2014 is a private US company that was formed to commercialize Graphene Supercapacitors. Payment for the subscription was made on December 12, 2014. On matters presented to the stockholders of Graphene, the Company's holdings of Series A Preferred Stock will entitle the Company to cast the number of votes equal to the number of whole shares of Common Stock of Graphene resulting from a conversion. As a holder of Series A Preferred Stock, the Company will vote together with the holders of Common Stock of Graphene as a single class. On February 23, 2015, Paul Gill, President of Lomiko was appointed as a board member of Graphene.

The investment in preferred shares of Graphene ESD Corp. is classified as available for sale and is measured at cost, as fair value cannot be reliability measured as they have do not have a quoted market price in an active market. The shares are classified as level 3 in the fair value hierarchy (see note 11).

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6 INVESTMENT IN EQUITY SECURITIES - continued

The following table summarizes the Company's equity holdings:

	April 30, 2015	July 31, 2014
Graphene 3D Lab Inc., at fair value	\$ 3,209,788	\$ -
Graphene 3D Lab Inc., at cost	-	50,000
Graphene ESD Corp., at cost	<u>224,075</u>	<u>-</u>
Total	<u>\$ 3,433,863</u>	<u>\$ 50,000</u>

7 LICENSE

Megahertz Power Systems Inc.

On October 20, 2014, the Company, through its wholly owned subsidiary Lomiko Technologies, Inc., signed a letter agreement with Megahertz Power Systems (Megahertz) to:

- license from Megahertz, non-exclusive rights to manufacture and sell three power supply products for the Canadian and United States markets;
- acquire a pending supply contract with a Canadian LED system integrator;
- finance to the amount of \$250,000, the business set-up costs of the Company's manufacture and sales of the licensed power products;
- finance the future manufacture and sales of the licensed power products;

Under the terms of the letter agreement, Megahertz agreed to assign and transfer a pending revenue-generating customer contract to the Company upon the Company advancing the sum of \$250,000 as Start-up funds as follows:

- A non-refundable deposit of \$25,000 upon signing of the letter agreement (paid November 1, 2014)
- \$125,000 within 30 days of signing the letter agreement (paid December 1, 2014)
- \$100,000 within 60 days of signing the letter agreement (paid February 18, 2015)

The Company will further finance the manufacturing and distribution of the licensed power supply products. The Company will also pay Megahertz a project management fee to manage the manufacturing, distribution, marketing and sales of the licensed power supply products.

The Company is required to pay Megahertz a 7.5 - 15% royalty on the Company's net sales of the licensed power supply products.

On February 10, 2015 the Company executed a non-exclusive license agreement with Megahertz Power Systems Ltd. ("Megahertz") for the production and sale of three licensed power supply products for sale in Canada and the United States. On February 18, 2015 the Company also executed three separate statements of work agreements ("SOW") for the licensed products, outlining the terms and conditions for each product. Each SOW specifies the roles and responsibilities of each party with respect to development, sales, marketing and distribution of each product to the targeted

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7 LICENSE - continued

customers. Megahertz will provide project management services to the Company for each SOW. Such services will include supporting the Company's manufacturing, distribution, sales and marketing of the licensed products. For each SOW, the initial monthly advance payment for project management services has been estimated at \$7,000. The first payment of \$21,000 is due December 2015. Further project management fees will be based on estimated costs for each quarter for each licensed product and will be payable in advance.

The term of the license agreement is based on the later of the expiration of the patents associated with the licensed products, any patents which may arise on related patent applications or any patents which may issue on any patent applications filed in respect of the design of the licensed products, unless otherwise terminated by law or the acts of the parties.

Megahertz shall not itself nor permit any other party to grant to others the right to, make use, offer to sell, sell or import any licensed product within Canada or the United States, until December 31, 2015, so long as the Company is not in breach of the license and SOW agreements.

8 EXPLORATION AND EVALUATION ASSETS

The following table shows the exploration and evaluation assets:

	Vines Lake	Quatre-Milles	Quatre-Milles West	La Loutre Crystalline	Lac des Iles	Total
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
Exploration costs	-	-	-	525,255	4,958	658,477
Acquisition of property	-	-	-	299,716	404,381	699,149
Balance, April 30, 2015	\$ 597,525	\$ 718,234	\$ 224,961	\$ 844,971	\$ 404,381	\$ 2,790,072

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

The Company owns 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.

Quatre-Milles West – Quebec

On May 25, 2014, the Company acquired a 100% interest in the Quatre-Milles West located in southern

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8 EXPLORATION AND EVALUATION ASSETS - continued

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 \$3,000 in cash (paid)
- Issue 1,800,000 shares at \$0.10 per share (issued)

La Loutre Crystalline and Lac de Ilse – Quebec

On September 23, 2014 the Company obtained an option to purchase a 40% interest in the La Loutre Crystalline Flake Graphite Property located in Quebec.

The terms of the option to purchase agreement are as follows:

- Pay to the Optioner \$12,500 in cash (paid)
- Issue 1,250,000 shares at a deemed price of \$0.07 per share (issued)
- Incur or fund Exploration Expenditures aggregating not less than \$500,000 on an exploration program not later than the first anniversary of the effective date of the agreement (completed).

On February 23, 2015 the Company signed an agreement with Canada Strategic Metals Inc. to acquire an additional 40% interest in the La Loutre property and an 80% interest in the Lac Des Iles property. Both properties are located in Southern Quebec. The terms of the acquisition, are as follows:

- Payment of \$10,000 cash on signing (paid)
- Issuance of 3,000,000 common shares at a deemed price of \$.07 per share, within five days of regulatory approval. The shares will have a hold period of 4 months and 1 day from the date of issue, however Canada Strategic Metals Inc. has agreed to a voluntary 10 month hold period on 1,500,000 common shares (issued)
- Fund \$2,750,000 of exploration expenditures under the following terms:
 - \$950,000 no later than December 31, 2015, on the Lac Loutre property
 - \$700,000 no later than December 31, 2015, on other mining rights of Canada Strategic Metals Inc.
 - \$150,000 no later than December 31, 2015, on the Lac Des Iles property
 - \$550,000 no later than December 31, 2016, on the Lac Loutre property
 - \$300,000 no later than December 31, 2016, on other mining rights of Canada Strategic Metals Inc.
 - \$100,000 no later than December 31, 2016, on the Lac Des Iles property
- Canada Strategic remains the operator at both properties until the terms are fully met.

Included in the Exploration Expenditures, will be a management fee payable to Canada Strategic Metals Inc. (the "Operator") equal to 10% of expenditures incurred. For contracts having a value greater than \$50,000, the management fee will be reduced to 5% of expenditures incurred.

As at April 30, 2015, the company advanced \$500,000 (2014-\$0) for upcoming work on its La Loutre and Lac dec Iles properties.

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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	Issued on March 13, 2014	Total
Balance at July 31, 2013	\$ 71,429	\$ -	\$ 71,429
Settlement of flow-through share liability on incurring expenditures	(71,429)	-	(71,429)
Liability incurred on flow-through shares issued	<u>-</u>	<u>399,465</u>	<u>399,465</u>
Balance at July 31, 2014	-	399,465	399,465
Settlement of flow-through share liability on incurring expenditures	<u>-</u>	<u>(399,465)</u>	<u>(399,465)</u>
Balance, April 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

10 SHARE CAPITAL AND RESERVES

(a) Share Capital

Authorized

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

Issued

April 30, 2015

On September 25, 2014 the Company issued 1,250,000 common shares at \$0.07 in accordance with an agreement to acquire a 40% interest in the La Loutre Crystalline property.

On March 24, 2015 the Company, completed a non-brokered private placement, consisting of the issue and sale of 9,799,000 common share units of the Company at a price of \$.06 per common share unit for gross proceeds of \$587,900. 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 \$0.125 per share for a period of 18 months after the closing of the offering. A finder's fee of \$24,000 and legal fees of \$3,950 were paid. Additionally, 350,000 broker common share units were offered, at a price of \$0.06 per unit, but have not yet been executed. The warrants had a fair value of \$273,108, measured using the Black-Scholes valuation model.

On April, 13 2015 the Company, completed a non-brokered private placement, consisting of the issue and sale of 4,861,100 common share units of the Company at a price of \$.05 per common share unit for gross proceeds of \$243,055. Each common share unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional

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10 SHARE CAPITAL AND RESERVES - continued

common share of the Company at a price of \$0.08 per share for a period of 2 years after the closing of the offering. A finder's fee of \$13,434 and legal fees of \$2,250 were paid. In addition, 230,466 broker warrants were issued. The warrants had a fair value of \$149,135, measured using the Black-Scholes valuation model.

On April 15, 2015 the Company issued 3,000,000 common shares at \$0.07 in accordance with an agreement to acquire a further 40% interest in the La Loutre Crystalline property and an 80% interest in the Las des Iles property.

b) Share purchase warrants

A summary of the Company's outstanding share purchase warrants at April 30, 2015 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2014	30,498,202	\$ 0.16
Issued, February 23, 2015	14,890,566	\$ 0.11
Expired	<u>(1,667,000)</u>	<u>\$ 0.10</u>
Balance, April 30, 2015	<u>43,721,768</u>	<u>\$ 0.15</u>

The following table summarizes information relating to share purchase warrants outstanding and exercisable at April 30, 2015.

Number of Warrants	Exercise Price	Expiry Date
2,759,052	\$0.10	October 10, 2015
13,292,090	\$0.15	September 13, 2015
2,313,500	\$0.20	September 13, 2015
1,872,671	\$0.11	September 13, 2015
920,774	\$0.13	September 13, 2015
7,673,115	\$0.20	September 13, 2015
9,799,000	\$0.125	September 24, 2016
<u>5,091,566</u>	\$0.08	April 15, 2017
<u>43,721,768</u>		

The weighted average remaining contractual life of the warrants as at April 30, 2015 was .79 years (2014 – 1.19 years).

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10 SHARE CAPITAL AND RESERVES – continued

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

	<u>April 30, 2015</u>	<u>April 30, 2014</u>
Risk free interest rate	0.51%	1.06%
Expected life of options	1.7 years	5 years
Annualized stock price volatility	139.43%	157.50%
Expected dividend yield	0%	0%

(c) Share-based payments

Stock options are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2014	5,525,000	\$ 0.11
Issued for services	2,000,000	0.10
Cancelled	100,000	0.10
Expired	<u>(1,750,000)</u>	<u>0.11</u>
Balance, April 30, 2015	<u>5,675,000</u>	<u>\$ 0.10</u>

The following table summarizes the stock options outstanding and exercisable as at April 30, 2015.

Number of options outstanding	Exercise price	Expiry date
425,000	\$0.10	February 8, 2016
350,000	\$0.10	August 8, 2016
675,000	\$0.10	February 1, 2018
400,000	\$0.10	April 30, 2018
1,825,000	\$0.10	January 31, 2019
<u>2,000,000</u>	\$0.10	September 5, 2019
<u>5,675,000</u>		

On September 5, 2014 the Company granted 2,000,000 (2014 – 1,825,000) stock options to directors and consultants with a total fair value of \$152,766 or \$0.08 per option (2014 – \$155,894 or \$0.08 per option). Directors were granted 1,400,000 options with a value of \$106,934.

The weighted average remaining contractual life of options outstanding at April 30, 2015 is 3.42 years (2014 - 2.79 years).

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10 SHARE CAPITAL AND RESERVES – continued

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

	<u>April 30, 2015</u>	<u>April 30, 2014</u>
Risk free interest rate	1.58%	1.31%
Expected life of options	5 years	5 years
Annualized stock price volatility	148.3%	196.9%
Expected dividend yield	0%	0%

11 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, except as noted under equity risk. Its objectives, policies and processes for managing those risks or the methods used to measure them from previous year have not changed.

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 quarterly reports from the Company's Chief Financial Officer 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.

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.

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11 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

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. The investment in Graphene 3D Lab Inc equity is measured at fair value and is subject to re-measurement. Although the current unrealized gain is substantial at the date of the report, fluctuations in price may materially change the fair value, resulting in changes in the unrealized gain/loss.

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 April 30, 2015 relating to cash of \$1,929,009 and other receivables of \$81,046. 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 April 30, 2015 and July 31, 2014.

	Less than 3months	3 – 12 months	Total
<u>July 31, 2014</u>			
Trade payables and other payables	\$ 48,455	\$ -	\$ 48,455
Liability incurred on flow-through shares issued	\$ -	\$ 399,465	\$ 399,465
<u>April 30, 2015</u>			
Trade payables and other liabilities	\$ 24,726	\$ -	\$ 24,726
Liability incurred on flow-through shares issued	\$ -	\$ -	\$ -

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11 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

d) Fair value of financial instruments

The company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate fair value:

	Level 1	Level 2	Level 3	Total
<u>July 31, 2014</u>				
Investment in equity	\$ -	\$ -	\$ 50,000	\$ 50,000
Cash and Cash equivalents	\$ 4,533,483	\$ -	\$ -	\$ 4,533,483
<u>April 30, 2015</u>				
Investment in equity	\$ 3,209,788	\$ -	\$ 224,075	\$ 3,434,863
Cash and Cash equivalents	\$ 1,929,009	\$ -	\$ -	\$ 1,929,009

Level 1 - quoted prices (unadjusted) in active markets

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie., derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

12 CAPITAL MANAGEMENT

The Company capital consists of 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.

13 MANAGEMENT REMUNERATION

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:

	<u>April 30,</u> <u>2015</u>	<u>April 30,</u> <u>2014</u>
Management fees paid to companies related to directors	\$ 130,000	\$ 90,000
Share-based compensation	\$ <u>76,382</u>	\$ <u>139,885</u>
	\$ <u>206,382</u>	\$ <u>148,147</u>

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14 RELATED PARTY TRANSACTIONS

Included in consulting fees are \$36,000 paid to two directors, for board advisory services.

Included in accounts payable is \$3,737 (2014 - \$384) owing to directors.

Included in accounts receivable is \$7,875 (2014 - \$10,500) for an advance to a company related to a director

15 SEGMENTED REPORTING

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

16 EARNINGS PER SHARE

Loss per share

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

	April 30, 2015	April 30, 2014
Income (loss) attributed to ordinary shareholders	\$ (1,168,696)	\$ (579,157)
Weighted average number of common shares	139,177,532	90,942,058
Basic and diluted loss per share	\$ (0.02)	\$ (0.01)

There was a loss for the period ended April 30, 2015, therefore the effect on diluted loss per share is anti-dilutive and the diluted loss per share remains \$0.02 (2014 – \$0.01).

17 COMMITMENTS

Shareholders Rights Plan

On October 30, 2014 the Board of Directors adopted a Shareholder Rights Plan (the "Plan") to ensure, that all shareholders of the Company are treated fairly in connection with any take-over bid for the Company. In order to implement the adoption of the Shareholder Rights Plan, the Board of Directors has authorized and declared a distribution of one Right effective the close of business on October 30, 2014 in respect of each Common Share outstanding at the Record Time and has further authorized the issuance of one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time as defined in the Plan.

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Each Right entitles the holder thereof, to purchase securities of the Company pursuant to the terms and subject to the conditions set forth pursuant to the Plan. The Company appointed the rights agent, Computer Share Trust Company of Canada to act on behalf of the Company and the holders of Rights, and the Rights Agent is willing to so act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates (as hereinafter defined), the exercise of Rights and other matters referred to in the Plan;

Effective Date and Confirmation

This Plan is effective and in full force and effect in accordance with its terms. The plan was confirmed at the annual general meeting of holders of Voting Shares held on October 30, 2014.

Reconfirmation

This Plan must be reconfirmed by a resolution passed by a majority of the voting shareholders at the annual meeting of the Company to be held in 2017 and at every third annual meeting of the Company thereafter. If this Plan is not reconfirmed or is not presented for reconfirmation at any such annual meeting, this Plan and all outstanding Rights shall terminate and be void.

18 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 unspecified 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 and is actively in negotiations.

Included in the finder's fee associated with the March 24, 2015 private placement is an option to purchase 350,000 common shares units at a price of \$0.06 per unit. Each unit entitles the holder to purchase one additional common share of the Company at a price of \$0.125 per share.

18 COMPARATIVES

Certain comparative information has been reclassified to conform with the presentation adopted in the current reporting period.