LOMIKO METALS INC.

(An exploration stage company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period ended October 31, 2014

LOMIKO METALS INC.
(An exploration stage company)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		October 31, 2014		July 31, 2014
ASSETS				
Current				
Cash and cash equivalents (Note 4)	$	**3,849,371**	$	4,533,483
Other receivables (Note 5)		**101,931**		68,706
Prepaid expenses		**85,357**		112,312
		4,036,659		4,714,501
Non-current assets				
Investment in equity securities (Note 6)		**7,694,697**		50,000
Exploration and evaluation advances (Note 7)		**100,000**		100,000
Exploration and evaluation assets (Note 7)		**1,600,728**		1,432,446
	$	**13,432,084**	$	6,296,947
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$	**84,894**	$	48,455
Other liabilities				
Liability on flow-through share issuance (Note 8)		**399,465**		399,465
		484,359		447,920
EQUITY				
Share capital (Note 9)		**22,465,441**		22,377,941
Warrants (Note 9)		**842,909**		842,909
Share based payment reserve (Note 9)		**370,507**		408,654
Deficit		**(10,731,132)**		(17,780,477)
		12,947,725		5,849,027
	$	**13,432,084**	$	6,296,947

Nature of Operations (Note 1)
Commitments and contingencies (Note 18 & 19)
Subsequent Events (Note 20)

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 condensed consolidated financial statements

LOMIKO METALS INC.

(An exploration stage company)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE INCOME

(unaudited)

		Three months ending October 31, 2014		Three months ending October 31, 2013
Expenses				
Advertising and promotion	**$**	**165,435**	$	24,805
Consulting fees		**18,717**		-
Management fees (Note 14)		**40,000**		30,000
Office and miscellaneous		**8,206**		4,991
Professional fees		**71,045**		15,509
Regulatory and filing fees		**13,887**		10,525
Research and development		**-**		4,036
Shareholder communications		**18,039**		10,742
Share-based compensation (Note 10)		**76,383**		-
Travel		**6,914**		1,900
Total expenses		**418,626**		102,508
Interest income		**8,744**		7
Net loss for the period		**(409,882)**		(102,501)
Other Comprehensive Income				
Items that may subsequently be reclassified to income				
Unrealized gain on re-measurement of equity investment (Note 7)		**7,344,698**		-
Comprehensive income for the period		**6,934,816**		(102,501)
Basic And Diluted Loss Per Share	$	**(0.00)**	$	(0.00)
Basic And Diluted Weighted Average Common Shares		**136,602,080**		78,588,597

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

LOMIKO METALS INC.

(An exploration stage company)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited)

	Common Shares Without Par Value		Warrants Reserve	Share based Payment Reserve	Accumulated Deficit	Total Equity (Deficiency)
	Shares	Amount				
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
Share issue costs		(1,850)	-	-		(1,850)
Warrants issued		(52,996)	52,996	-		-
Comprehensive loss for the period			-	-	(102,501)	(102,501)
Balance, October 31, 2013	**82,008,756**	**$ 17,964,824**	**$ 226,685**	**$ 360,970**	**$ (17,219,761)**	**$ 1,332,718**
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	87,500	-	-	-	87,500
Share based compensation	-	-	-	76,382	-	76,382
Options expired	-	-	-	(114,529)	114,529	-
Comprehensive loss for the period	-	-	-	-	6,934,816	6,934,816
Balance, October 31, 2014	**137,803,167**	**$ 22,465,441**	**$ 842,909**	**$ 370,507**	**$ (10,731,132)**	**$12,947,725**

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

LOMIKO METALS INC.
(An exploration stage company)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

		Three months ending October 31, 2014		Three months ending October 31, 2013
Cash flows from (used in) operating activities				
Net loss for the period	**$**	**(409,882)**	$	(102,501)
Items not involving cash and cash equivalents:				
Share-based compensation		**76,383**		-
		(333,499)		(102,501)
Changes in non-cash working capital items:				
Other receivables		**(33,226)**		6,837
Advances		**-**		(185,000)
Prepaid expenses		**26,956**		15,146
Accounts payable and accrued liabilities		**36,438**		29,180
		(303,331)		(236,338)
Cash flows from (used in) investing activities				
Investment in mineral properties		**(80,781)**		-
Investment in equity securities		**(300,000)**		-
		(380,781)		-
Decrease in cash		**(684,112)**		(236,338)
Cash and cash equivalents, beginning of period		**4,533,483**		394,022
Cash and cash equivalents, end of period	**$**	**3,849,371**	$	157,684

Supplemental information:

Resource property acquired by issuance of shares	**$**	**87,500**	$	-
Shares issued in settlement of debt	**$**	**-**	$	264,054
Unrealized gain on re-measurement of equity investments	**$**	**7,344,698**	$	-

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

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.

Lomiko has no source of operating cash flows, has not yet achieved profitable operations, has accumulated losses to October 31, 2014 of $10,731,133 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 period ending October 31, 2014, 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 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 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.

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 condensed 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 consolidated financial statements have been prepared on a going concern basis. Management believes there are no uncertainties that lead to significant doubt the entity can continue as a going concern for at least the next twelve months, including continuity of operations, realization of assets and the satisfaction of liabilities in the ordinary course of business.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These condensed 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 from January 1, 2014, have not been adopted as they would not have a material impact on these condensed 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.

	October 31,2014	July 31, 2014
Cash and bank balances	$ 1,046,371	$ 1,330,483
Cash equivalents	2,803,000	2,903,000
Cash held in trust	-	300,000
	$ 3,849,371	$ 4,533,483

5 OTHER RECEIVABLES

	October 31, 2014	July 31, 2014
Goods and services tax recoverable	$ 47,531	$ 30,166
Accrued interest receivable	20,950	12,965
Other receivable	10,825	10,825
Advance	7,875	-
Quebec Mining Exploration Tax Credit receivable	14,750	14,750
	$ 101,931	$ 68,706

6 INVESTMENT IN EQUITY SECURITIES

On November 22, 2013 the Company paid $50,000 to acquire 250,000 common shares of Graphene 3D Lab Inc. (Graphene).

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 subject to a reverse-take-over by Graphene 3D Lab Inc. 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%	6 months thereafter
10%	12 months thereafter
10%	18 months thereafter
15%	24 months thereafter
15%	30 months thereafter
40%	36 months thereafter

	October 31, 2014	July 31, 2014
Common shares	409,848	250,000
Common shares – held in escrow	3,037,122	-
Total common shares	3,446,970	250,000

	October 31, 2014	July 31, 2014
Common shares - at cost	$ 350,000	$ 50,000
Unrealized gain on re-measurement	7,344,697	-
	$ 7,694,697	$ 50,000

The common shares are classified as Level 1 in the fair value hierarchy (see note 12) 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.

7 EXPLORATION AND EVALUATION ASSETS

The following table shows the exploration and evaluation assets:

	Vines Lake	Quatre-Milles	Quatre-Milles West	La Loutre Crystaline	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		68,282			68,282
Acquisition of property				100,000	100,000
Balance, October 31, 2014	**$ 597,525**	**$ 709,123**	**$ 194,080**	**$ 100,000**	**$ 1,600,728**

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 Quebec.
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)

The company advanced $100,000 for upcoming exploration work to Its Quatre-Milles property.

La Loutre Crystalline – 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 0 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

7 EXPLORATION AND EVALUATION ASSETS - continued

Once the terms of the option agreement have been fulfilled, the Company will form a joint venture on the property with Canada Strategic Metals Inc. on a 40%/60% basis. 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

8 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
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 and October 31, 2014	$ -	$ 399,465	$ 399,465

9 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, 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.

9 SHARE CAPITAL AND RESERVES - continued

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 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.

October 31, 2014

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.

10 SHARE CAPITAL AND RESERVES - continued

b) Share purchase warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2014 and October 31, 2014	30,498,202	$ 0.16

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

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 October 31, 2014 was .83 years (2013 – 1.03 years).

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

	October 31, 2014	October 31, 2013
Risk free interest rate	-	1.10%
Expected life of warrants	-	2.0 years
Annualized stock price volatility	-	151%
Expected dividend yield	-	0%
Forfeiture rate	-	50%

During the period ended October 31, 2014, the company granted 0 (2013 – 2,759,052) warrants with a total fair value of $0 (July 31, 2014- $52,996) or $0.00 (July 31, 2014- $0.02) per warrant.

10 SHARE CAPITAL AND RESERVES - continued

(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 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
Balance, July 31, 2014	5,525,000	$ 0.11
Issued for services	2,000,000	0.10
Expired	(525,000)	0.12
Balance, October 31, 2014	6,225,000	$ 0.10

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

Number of options outstanding	Exercise Price	Expiry date
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
2,000,000	.10	September 5, 2019
6,225,000		

10 SHARE CAPITAL AND RESERVES - continued

The weighted average remaining contractual life of options outstanding at October 31, 2014 is 3.62 years (2013 - 2.00 years).

On September 5, 2014 the Company granted 2,000,000 stock options to directors and consultants with a total fair value of $76,382 or $0.04 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:

	October 31, 2014	October 31, 2013
Risk free interest rate	1.58%	-
Expected life of options	5 years	-
Annualized stock price volatility	148.3%	-
Expected dividend yield	0%	-
Forfeiture rate	50%	-

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, except as noted under equity risk. Its objectives, polices 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.

12 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

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.

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 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 October 31, 2014 relating to cash of $3,849,371 and other receivables of $101,931. 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.

12 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

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

	Less than 3 months	3 – 12 months	Total
July 31, 2014			
Trade payables and other payables	$ 48,455	$ -	$ 48,455
Liability incurred on flow-through shares issued	$ -	$ 399,465	$ 399,465
October 31, 2014			
Trade payables and other liabilities	$ 84,900	$ -	$ 84,900
Liability incurred on flow-through shares issued	$ -	$ 399,465	$ 399,465

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:

October 31, 2014	Level 1	Level 2	Level 3	Total
Investment in equity	$ 7,694,697	$ -	$ -	$ 7,694,697
Cash and Cash equivalents	$ 3,849,371	$ -	$ -	$ 3,849,371
October 31, 2013				
Investment in equity	$ -	$ -	$ -	$ -
Cash and Cash equivalents	$ 157,683	$ -	$ -	$ 157,683

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)

13 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.

14 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:

		October 31, 2014		October 31, 2013
Management fees paid to companies related to directors	$	40,000	$	30,000
Share-based compensation		38,191		-
	$	78,191	$	30,000

15 RELATED PARTY TRANSACTIONS

On September 5, 2014, directors were awarded 2,000,000 stock options exercisable at $0.10 per share for a period of 5 years from the date of the grant. The value of the share based compensation attributed to directors was $53,467 The options are subject to a 4 month hold period.

Included in accounts payable is $8,136 (2013 - $0) owing to directors.

Included in accounts receivable is $7,875 (2013 - $0) in a management fee advance.

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 period by the weighted average number of ordinary shares outstanding during the period.

		October 31, 2014		October 31, 2013
Income (loss) attributed to ordinary shareholders	$	(409,880)		(102,501)
Weighted average number of common shares		136,602,080		78,588,597
Basic and diluted loss per share	$	(0.00)	$	(0.00)

There was a loss for the period ended October 31, 2014, therefore the effect on diluted loss per share is anti-dilutive and the diluted loss per share remains $0.00 (2013 – $0.00).

18 COMMITMENTS

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 converter system designs;
- acquire a pending supply contract with a Canadian LED system integrator;
- finance the Company's future manufacture and sales of the licensed power supplies; and
- finance to the amount of $250,000, the business set-up costs of the Company's manufacture and sales of the licensed power supplies

It is anticipated that within 45 days of the signing of the letter agreement, both parties will negotiate and execute for each licensed power supply a written license agreement.

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

The funds will be used by Megahertz to organize and setup the manufacturing of licensed power converter systems, develop an e-commerce website for sales of the products, open and maintain an office to support the sales and manage the initial manufacturing, technical, and administrative support of the product for the initial year of operations.

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

The non-exclusive license expires on December 31, 2015, as long as the Company continues to finance the production and sale of the products.

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.

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

18 COMMITMENTS - continued

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 from and after October 31, 2014. The Company shall request confirmation of this Plan at the first annual or special meeting of holders of Voting Shares to be held on or prior to April 30, 2015. If this plan is not confirmed by resolution passed by a majority of the votes cast by holders of Voting Shares of the Company, then this Plan and all outstanding Rights shall terminate and be void.

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.

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 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.

20 SUBSEQUENT EVENTS

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. 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 $101.27US. 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. Upon issuance of the preferred shares the Company will own 40% of

20 SUBSEQUENT EVENTS - continued

the outstanding equity. 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.