



**LOMIKO METALS INC.**

(An exploration stage company)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended January 31, 2015

# LOMIKO METALS INC.

(An exploration stage company)

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited)

	January 31, 2015	July 31, 2014
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (Note 4)	\$ 2,694,589	\$ 4,533,483
Other receivables (Note 5)	75,589	68,706
Prepaid expenses	106,312	112,312
	2,876,490	4,714,501
<b>Non-current assets</b>		
Investment in equity securities (Note 6)	4,972,802	50,000
License (Note 7)	150,000	-
Exploration and evaluation advances (Note 8)	-	100,000
Exploration and evaluation assets (Note 8)	2,174,097	1,432,446
	7,296,899	1,582,446
	\$ 10,173,389	\$ 6,296,947
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 18,771	\$ 48,455
<b>Other liability</b>		
Liability on flow-through share issuance (Note 9)	119,945	399,465
	138,716	447,920
<b>EQUITY</b>		
Share capital (Note 10)	22,465,441	22,377,941
Warrants (Note 10)	820,170	842,909
Share based payment reserve (Note 10)	417,534	408,654
Deficit	(13,668,472)	(17,780,477)
	10,034,673	5,849,027
	\$ 10,173,389	\$ 6,296,947

Nature of Operations (Note 1)  
Commitments and contingencies (Note 17 & 18)  
Subsequent Events (Note 19)

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.**

(An exploration stage company)

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE INCOME**

(unaudited)

	<b>Three Months Ended January 31</b>		<b>Six Months Ended January 31</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
<b>Expenses</b>				
Advertising and promotion	\$ 89,147	\$ 15,977	\$ 254,582	\$ 40,782
Consulting	28,333	-	47,051	-
Management fees (Note 14)	45,000	30,000	85,000	60,000
Office and miscellaneous	9,029	5,094	17,236	10,085
Professional fees	21,353	21,484	92,398	36,993
Regulatory and filing fees	34,450	18,840	48,337	29,365
Research and development	-	3,963	-	7,999
Shareholder communications	19,745	9	37,783	10,751
Share-based compensation	76,383	139,884	152,766	139,884
Travel	6,794	3,842	13,708	5,742
<b>Total expenses</b>	<b>330,234</b>	<b>239,093</b>	<b>748,861</b>	<b>341,601</b>
Interest income	7,249	6	15,993	13
<b>Net loss for the period</b>	<b>\$ (322,985)</b>	<b>\$ (239,087)</b>	<b>\$ (732,868)</b>	<b>\$ (341,588)</b>
<b>Other Comprehensive (loss)/income</b>				
<b>Items that may subsequently be reclassified to (loss)/income</b>				
Flow-through share premium (Note 9)	279,520	-	279,520	-
Unrealized (loss) gain on re-measurement of equity investments (Note 7)	(2,945,970)	-	4,398,728	-
<b>Comprehensive (loss)/income for the period</b>	<b>(2,989,435)</b>	<b>(239,087)</b>	<b>3,945,380</b>	<b>(341,588)</b>
<b>Basic And Diluted Loss Per Share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>
<b>Basic And Diluted Weighted Average Common Shares</b>	<b>137,803,167</b>	<b>82,890,254</b>	<b>137,422,732</b>	<b>80,739,425</b>

*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
	Shares	Amount				
<b>Balance, July 31, 2013</b>	77,577,001	\$17,753,765	\$ 173,689	\$ 360,970	\$ (17,117,260)	\$ 1,171,164
Issuance of shares in settlement of debt, net of issue costs	4,431,755	264,055	-	-	-	264,055
Warrants issued	-	(155,143)	155,143	-	-	-
Private placement, net of issue costs	-	97,020	-	-	-	97,020
Warrants exercised	-	40,000	-	-	-	40,000
Valuation allocation on exercise of warrants	-	12,143	(12,143)	-	-	-
Options exercised	-	15,000	-	-	-	15,000
Valuation allocation on exercise of options	-	9,842	-	(9,842)	-	-
Options issued	-	-	-	139,884	-	139,884
Comprehensive loss for the period	-	-	-	-	(341,588)	(341,588)
<b>Balance, January 31, 2014</b>	<b>82,008,756</b>	<b>\$ 18,036,682</b>	<b>\$ 316,689</b>	<b>\$ 491,012</b>	<b>\$ (17,458,848)</b>	<b>\$ 1,385,535</b>
<b>Balance, July 31, 2014</b>	<b>136,553,167</b>	<b>\$ 22,377,941</b>	<b>\$ 842,909</b>	<b>\$ 408,654</b>	<b>\$ (17,780,477)</b>	<b>\$ 5,849,027</b>
Issuance of shares for resource property	1,250,000	87,500	-	-	-	87,500
Share based compensation	-	-	-	152,766	-	152,766
Options expired	-	-	-	(143,886)	143,886	-
Warrants expired	-	-	(22,739)	-	22,739	-
Comprehensive income for the period	-	-	-	-	3,945,380	3,945,380
<b>Balance, January 31, 2015</b>	<b>137,803,167</b>	<b>\$ 22,465,441</b>	<b>\$ 820,170</b>	<b>\$ 417,534</b>	<b>\$ (13,668,472)</b>	<b>\$10,034,673</b>

*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 ENDED January 31		SIX MONTHS ENDED January 31	
	2015	2014	2015	2014
<b>Cash flows from (used in) operating activities</b>				
Comprehensive income /(loss) for the period	\$ (2,989,435)	\$ (239,087)	\$ 3,945,380	\$ (341,588)
Items not involving cash:				
Share-based compensation	76,383	139,884	152,766	139,884
Flow-through premium	(279,520)	-	(279,520)	-
Unrealized loss/(gain) on re-measurement of equity investments	2,945,970	-	(4,398,728)	-
	(246,602)	(99,203)	(580,102)	(201,704)
<b>Changes in non-cash working capital items:</b>				
Other receivables	26,342	(137,031)	(4,884)	(130,194)
Advances	100,000	-	98,000	(185,000)
Prepaid expenses	(20,956)	8,682	6,000	23,828
Accounts payable	(66,124)	(7,103)	(29,682)	(278,579)
Deposit for share issue	-	210,400	-	247,000
	(207,340)	(24,255)	(510,668)	(524,649)
<b>Cash flows from (used in) financing activities</b>				
Common shares and warrants	-	155,020	-	420,925
Share issue costs	-	(3,000)	-	(4,850)
	-	152,026	-	416,075
<b>Cash flows from (used in) investing activities</b>				
Investment in mineral properties	(573,369)	52,617	(654,151)	52,617
Investment	(224,075)	(50,000)	(524,075)	(50,000)
License	(150,000)	-	(150,000)	-
	(947,444)	2,617	(1,328,226)	2,617
<b>Increase (decrease) in cash and cash equivalents</b>	(1,154,784)	130,382	(1,838,894)	(105,957)
<b>Cash, beginning of period</b>	3,849,373	157,683	4,533,483	394,022
<b>Cash and cash equivalents, end of period</b>	\$ 2,694,589	\$ 288,065	\$ 2,694,589	\$ 288,065
<b>Supplemental information:</b>				
Shares issued for resource property	\$ 87,500	\$ -	\$ 87,500	\$ -
Shares issued in settlement of debt	\$ -	\$ -	\$ -	\$ 265,905

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

# LOMIKO METALS INC.

(An exploration stage company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 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.

Lomiko has no source of operating cash flows, has not yet achieved profitable operations, has accumulated losses to January 31, 2015 of \$13,668,472 since its inception and expects to incur further losses in the development of its business.

The Company's registered office is unit 439-7184 120<sup>th</sup> 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 January 31, 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.

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

The 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 \$732,868 during the six months ended January 31, 2015 and has a cash balance of \$2,694,589 as at January 31, 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 funding for the Megahertz Power Systems Inc. licensing agreement dated February 10, 2015 and the Canada Strategic Metals Inc. agreement signed February 23, 2015, as described in Note 19.

# LOMIKO METALS INC.

(An exploration stage company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2015

(unaudited)

---

### 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 March 25, 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 from 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.

	January 31, 2015	July 31, 2014
Cash and bank balances	\$ 591,589	\$ 1,330,483
Cash equivalents	2,103,000	2,903,000
Cash held in trust	-	300,000
	<u>\$ 2,694,589</u>	<u>\$ 4,533,483</u>

# LOMIKO METALS INC.

(An exploration stage company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2015

(unaudited)

---

### 5 OTHER RECEIVABLES

---

	January 31, 2015	July 31, 2014
Goods and services tax recoverable	\$ 36,998	\$ 30,166
Accrued interest receivable	21,842	12,965
Other receivable	-	10,825
Advance (Note 15)	2,000	-
Quebec Mining Exploration Tax Credit receivable	<u>14,750</u>	<u>14,750</u>
	<u>\$ 75,589</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 Matric 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%	6 months thereafter
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 Matric Resources Inc., (Matric) for \$300,000. On August 8, 2014, Matric was taken over by Graphene 3D Lab Inc.

The following table summarizes the total shares owned:

	January 31, 2015	July 31, 2014
Common shares	1,359,848	250,000
Common shares – held in escrow	<u>3,037,122</u>	<u>-</u>
Total common shares	<u>4,396,970</u>	<u>250,000</u>



# LOMIKO METALS INC.

(An exploration stage company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2015

(unaudited)

---

### 6 INVESTMENT IN EQUITY SECURITIES - continued

---

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

	January 31, 2015	July 31, 2014
Common shares - at cost	\$ 350,000	\$ 50,000
Unrealized gain on re-measurement	<u>4,398,728</u>	<u>-</u>
	<u>\$ 4,748,728</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 \$101.27US. 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. . 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).

# LOMIKO METALS INC.

(An exploration stage company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2015

(unaudited)

---

### 6 INVESTMENT IN EQUITY SECURITIES - continued

---

The following table summarizes the Company's equity holdings:

	January 31, 2015	July 31, 2014
Graphene 3D Lab Inc., at fair value	\$ 4,748,728	\$ -
Graphene 3D Lab Inc., at cost	-	50,000
Graphene ESD Corp., at cost	<u>224,075</u>	<u>-</u>
Total	<u>\$ 4,972,803</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.

See note 19 for subsequent event related to this agreement.

# LOMIKO METALS INC.

(An exploration stage company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2015

(unaudited)

### 8 EXPLORATION AND EVALUATION ASSETS

The following table shows the exploration and evaluation assets:

	Vines Lake	Quatre-Milles	Quatre-Milles West	La Loutre Crystalline	Total
<b>Balance, July 31, 2013</b>	<b>\$ 579,065</b>	<b>\$ 495,857</b>	<b>\$ 11,080</b>	<b>\$ -</b>	<b>\$ 1,086,002</b>
Exploration costs	18,460	223,034			241,494
Acquisition of property	-	52,500	183,000		235,500
Less: Quebec METC		(130,550)	-		(130,550)
<b>Balance, July 31, 2014</b>	<b>\$ 597,525</b>	<b>\$ 640,841</b>	<b>\$ 194,080</b>	<b>\$ -</b>	<b>\$ 1,432,446</b>
Exploration costs		70,465	30,881	540,305	641,651
Acquisition of property				100,000	100,000
<b>Balance, January 31, 2015</b>	<b>\$ 597,525</b>	<b>\$ 711,306</b>	<b>\$ 224,961</b>	<b>\$ 640,305</b>	<b>\$ 2,174,097</b>

#### 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).

#### 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 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).

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. See subsequent event note 19.

# LOMIKO METALS INC.

(An exploration stage company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2015

(unaudited)

---

### 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>(279,520)</u>	<u>(279,520)</u>
Balance, January 31, 2015	<u>\$ -</u>	<u>\$ 119,945</u>	<u>\$ 119,945</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

January 31, 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.

#### b) Share purchase warrants

A summary of the Company's outstanding share purchase warrants at January 31, 2015 is as follows:

	Number of Warrant s	Weighted Average Exercise Price
Balance, July 31, 2014	30,498,202	\$ 0.16
Expired	<u>(1,667,000)</u>	<u>0.10</u>
Balance, January 31, 2015	<u>28,831,203</u>	<u>\$ 0.17</u>

No warrants were issued granted during the six month period ended January 31, 2015.

# LOMIKO METALS INC.

(An exploration stage company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2015

(unaudited)

---

### 10 SHARE CAPITAL AND RESERVES - continued

---

The following table summarizes information relating to share purchase warrants outstanding and exercisable at January 31, 2015.

Number of Warrants	Exercise Price	Expiry Date
2,759,052	.10	October 10, 2015
13,292,090	.15	September 13, 2015
2,313,500	.20	September 13, 2015
1,872,671	.11	September 13, 2015
920,774	.13	September 13, 2015
<u>7,673,115</u>	.20	September 13, 2015
<u>28,831,202</u>		

The weighted average remaining contractual life of the warrants as at January 31, 2015 was .62 years (2014 – .67 years).

#### (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
Expired	<u>(1,700,000)</u>	<u>0.11</u>
Balance, January 31, 2015	<u>5,825,000</u>	<u>\$ 0.10</u>

The following table summarizes the stock options outstanding and exercisable as at January 31, 2015.

Number of options outstanding	Exercise price	Expiry date
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
<u>2,000,000</u>	.10	September 5, 2019
<u>5,825,000</u>		

# LOMIKO METALS INC.

(An exploration stage company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2015

(unaudited)

---

### 10 SHARE CAPITAL AND RESERVES - continued

---

The weighted average remaining contractual life of options outstanding at January 31, 2015 is 3.61 years (2014 - 2.63 years).

**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 \$0.04 per option (2014 – \$155,894 or \$0.08 per option). Directors were granted 1,000,000 options with a value of \$76,383, and management were granted 1,000,000 options with a value of \$76,383.**

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

	January 31, 2015	January 31, 2014
Risk free interest rate	1.58%	1.60%
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.

# LOMIKO METALS INC.

(An exploration stage company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2015

(unaudited)

---

### 11 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 January 31, 2015 relating to cash of \$2,694,589 and other receivables of \$75,589. 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.

# LOMIKO METALS INC.

(An exploration stage company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2015

(unaudited)

---

### 11 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

---

The following table summarizes the Company's significant remaining contractual maturities for financial liabilities at January 31, 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>January 31, 2015</u>			
Trade payables and other liabilities	\$ 18,711	\$ -	\$ 18,711
Liability incurred on flow-through shares issued	\$ -	\$ 119,945	\$ 119,945

#### 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>January 31, 2015</u>				
Investment in equity	\$ 4,747,827	\$ -	\$ 224,975	\$ 4,972,802
Cash and Cash equivalents	\$ 3,849,371	\$ -	\$ -	\$ 3,849,371
<u>January 31, 2014</u>				
Investment in equity	\$ -	\$ -	\$ 50,000	\$ 50,000
Cash and Cash equivalents	\$ 288,065	\$ -	\$ -	\$ 288,065

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.



# LOMIKO METALS INC.

(An exploration stage company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2015

(unaudited)

---

### 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:

	January 31, 2015	January 31, 2014
Management fees paid to companies related to directors	\$ 85,000	\$ 60,000
Share-based compensation	<u>76,383</u>	<u>88,147</u>
	\$ <u>161,383</u>	\$ <u>148,147</u>

---

### 14 RELATED PARTY TRANSACTIONS

---

Included in consulting fees are \$10,000 paid to two directors, for board advisory services

Included in accounts payable is \$10,008 (2014 - \$0) owing to directors.

Included in accounts receivable is \$2,000 (2014 - \$0) for an advance to a director for consulting services.

---

### 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.

	January 31, 2015	January 31, 2014
Income (loss) attributed to ordinary shareholders	\$ (732,868)	(341,588)
Weighted average number of common shares	137,803,167	80,739,425
Basic and diluted loss per share	\$ <u>(0.01)</u>	\$ <u>(0.00)</u>

There was a loss for the period ended January 31, 2015, therefore the effect on diluted loss per share is anti-dilutive and the diluted loss per share remains \$0.00 (2014 - \$0.00).

# LOMIKO METALS INC.

(An exploration stage company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2015

(unaudited)

---

### 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.

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 from and after January 31, 2015. 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.

---

### 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.**

---

### 19 SUBSEQUENT EVENTS

---

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

# LOMIKO METALS INC.

(An exploration stage company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2015

(unaudited)

---

### 20 SUBSEQUENT EVENTS - continued

---

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 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.

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 Illes property. Both properties are located in Southern Quebec. The terms of the acquisition, subject to regulatory approval, are as follows:

- Payment of \$100,000 cash on signing
- 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 has agreed to a voluntary 10 month hold period on 1,500,000 common shares
- 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 Illes 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 Illes property
- Canada Strategic remains the operator at both properties until the terms are fully met.

On February 23, 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 \$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 \$0.125 per share for a period of 18 months after the closing of the offering. Share issuance costs relating to the placement totaled \$24,000. There is a hold period expiring June 21, 2015.