

LOMIKO METALS INC.
Form 51-102
Management Discussion and Analysis
Interim Fourth Quarter ended July 31, 2017

Going Concern

These 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 has incurred cumulative losses of \$19,079,705 and has reported a net loss from operations of \$959,734 before other comprehensive loss items totaling \$289,617 for a net comprehensive loss of \$1,249,351 for the twelve-month period ended July 31, 2017. The ability of the Company to continue as a going concern is dependent upon successfully obtaining additional financing entering into a joint venture, a merger or other business combination transaction involving a third party, sale of all or a portion of the Company's assets, the outright sale of the Company, the successful development of the Company's mineral property interests, or a combination thereof. There can be no assurance that funding from this will be sufficient in the future to continue and develop its mineral properties, and provide additional funding for the development of the power supply products. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company be unable to continue as a going concern. Such adjustments could be material.

a) Statement of Compliance

These unaudited interim financial statements of the Company, for the period ended October 31, 2016, have been prepared in accordance with International Financial Reporting Standards ("IAS 34"). The Company's significant estimates and judgments are consistent with those disclosed in the annual audited consolidated financial statements for the year ended July 31, 2016. These unaudited condensed interim consolidated financial statements do not contain all disclosures required by IFRS and accordingly, should be read in conjunction with the 2016 annual consolidated financial statements and the notes thereto. These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 27, 2017 and reviewed and approved again by the Board on March 3, 2018.

b) Basis of Presentation and Consolidation

The consolidated financial statements of the Company incorporate the financial statements of the Company and its wholly owned subsidiaries, The Conac Company Inc., Conac Software (USA) Inc., Lomiko Metals LLC and Lomiko Technologies Inc. from the day the Company gains control over the subsidiaries and ceases when the Company loses control of the subsidiary. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect the investee's returns.

The Company reassesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three above mentioned elements.

All significant intercompany transactions, balances, income and expenses are eliminated on consolidation.

(c) New Accounting pronouncements

The Company adopted the following new or amended accounting standards on August 1, 2016.

IAS 1 Presentation of Financial Statements – In December 2014, the IASB issued amendments to IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial statements by clarifying that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements and even when a standard requires a specific disclosure, materiality considerations do apply. The amendments also clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below. These accounting policies have been used throughout all periods presented in the consolidated financial statements.