LOMIKO METALS INC.
Form 51-102
Management Discussion and analysis
First Quarter 2014 ended October 31, 2013

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The following discussion and analysis of Lomiko Metals Inc. (the "*Issuer*" or the *"Company*"), is prepared as of December 19, 2013 and should be read together with the annual consolidated financial statements and the corresponding notes thereto for the year ended July 31st, 2013. The financial statements have been prepared in accordance with International Financial Reporting Standards.

The reader should also refer to the interim financial statements for the period ended October 31st, 2012 and the Management Discussion and Analysis for that year.

All amounts are stated in Canadian dollars unless otherwise indicated.

Forward Looking Statements

Statements in this report that are not historical facts and are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Some of the information contained in this discussion may constitute forward-looking statements. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", plan", "intend", "estimate" "may" and "will" or similar words suggesting future outcomes, or other expectations, objectives or statements about future events or performance. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied.

Overview

Lomiko Metals Inc, (formerly Lomiko Resources Inc.) ("Lomiko" or "the Company') was incorporated under the Company Act of the Province of British Columbia on July 3rd, 1987. These consolidated financial statements of the Company have been prepared on the basis of accounting principles applicable to a going concern, which assume the realization of assets and discharge of liabilities in the normal course of business.

The Company is a reporting issuer in British Columbia and Alberta and is listed on the TSX Ventures Exchange under the symbol "LMR".

The Company is engaged in the acquisition, exploration and development of natural resource properties.

Board of Directors

Lomiko Metals Inc. depends on the business and technical expertise of its management. The current Board of Directors is comprised of A. Paul Gill, Jacqueline Michael, Julius Galik and Brian Gusko. The directors that compose the audit committee are Jacqueline Michael, Julius Galik and Brian Gusko. The Advisory Board comprises of Dr. Dietmar Siebholz, Mr. Kumara Rachamalla, Dr. Elena Polyakova and Dr. Daniel Stolyarov.

Outlook

The Company currently has two viable mineral properties. Its Vines Lake property is located in the Cassiar region of British Columbia and the Quatre-Milles property is situated North-West of Montreal near Sainte Veronique, Quebec.

The Company completed its exploration programs on both the above mentioned properties with good results.

The Company is currently focused on exploring Graphite from its Quatre-Mille property and, to that end, has spent approximately $360,000 on exploration work in 2012 – 2013. The results indicate high grade graphite near surface. Further exploration is required to define the resource. Graphite samples from drill core were tested for Carbon content and indicated Carbon purity of some samples were greater than the 94% carbon purity and two tests indicated 100.00 % carbon content.

The encouraging results from the Quebec exploration program have opened up significant opportunities for Lomiko. Lomiko is focused on finding and developing markets for its graphite. In February 2013, the Company entered into an Strategic Alliance Agreement ("SAA") with Graphene Laboratories Inc., NY ("Graphene Labs"). Graphene Labs specializes in the manufacture and sale of research materials to R&D markets, with the world's largest selection of advanced 2D materials. This opened up an opportunity to participate in the research and development of new products which would represent a high value end use for Quatre Milles graphite.

The team at Graphene Labs are recognized as experts in graphene materials by the scientific and industrial community and also specialize in custom projects involving materials. The SAA between Lomiko and Graphene Labs focuses on:

1) Developing a vertical integrated supply chain for graphene products.

2) A secure supply of high-quality graphite from the Quatre-Milles property for cost-effective and scalable processing and high quality control.

3) Developing an understanding of key market opportunities for graphene products

To that end, Lomiko and Graphene Labs have collaborated with the Research Foundation of Stony Brook University, NY, ("Stony Brook") to investigate novel, energy-focused applications for graphene. Under this collaboration, Grapehne Labs will process graphite samples from Lomiko's Quatre Mille property into graphene and Stony Brook will then examine the most efficient methods of using this graphene for energy storage applications.

Graphene Labs has grown exponentially and globally in the past eight months and now has over 5000 clients and is a profitable enterprise. Because of its spectacular growth, Graphene Labs has decided to spin-off the Graphene Inks department into a brand new business entity, 3D Graphene

Labs (“3D Labs”), incorporated in Delaware with operations in NY. The patent process has been initiated for the use of graphene oxide in 3D printing. 3D Labs will focus on the development, manufacturing and marketing of 3D Inks for 3D printing

Lomiko and Graphene Labs have developed a unique business relationship and the potential for growth and value to both companies is enormous. Graphene is fast becoming the “miracle” commodity of the 21st century. Lomiko would like to take advantage of this relationship and opportunity by investing $50,000 for a13% equity in 3D Labs. Lomiko will also be able to provide 3D Labs with high-carbon content graphite from its Quatre-Mille property for the production of 3D inks. Graphene Labs has already confirmed the ability to convert graphite from Quatre Milles into graphene oxide and reduced graphene oxide for use in the supercapacitor project and in the creation of Graphene Inks specifically for 3D investing. The investment has potential for future revenue streams for Lomiko and will give the Company an exposure to the significant technological upside this opportunity represents. Management also believes that involvement in this new venture at the early stage will enhance Lomiko’s ability to raise future financings for growth and opportunities.

MINERAL PROPERTIES

The Company is engaged in the acquisition, exploration and development of the following mineral properties:

Vines Lake

On April, 10th, 2006, the Company purchased 100% interest in the Vines Lake property, consisting of three contiguous claim units totaling 1,196.4 Ha in the Cassiar region of B.C. The property is located approximately 10 kilometers southeast of the town of Cassiar, B.C. The claims cover rocks of the Sylvester group which are known to contain productive zones of gold mineralization in the area. The claim group is located approximately 2 kilometers north-east of the former Erickson Gold Mine. Highway 37 intersects the property and there are excellent service facilities nearby. The area is on the Arctic slope with elevations ranging from 1,000 to 2,150 meters. There are no extraordinary environmental problems known as of this date.

The Company paid the vendor, a director in the Company, $10,000 in cash and issued 480,000 common shares (post 1:4 share split basis, Oct. 7, 2008) at a deemed value of $60,000 for a total acquisition cost of $70,000 and a 2% NSR.

The nearby Table Mountain Gold Property operated by Hawthorne Gold (HGC) comprises a number of past-producing, high-grade underground gold mines and placer workings in the Cassiar District of British Columbia. Total gold production to date from the Cassiar District is about 423,500 oz (13,172 kg) of gold.

The Company retained Canadian Mining Geophysics (“CMG”) to complete an airborne survey of its Vines Lake Property located near Cassiar, B.C. which was mobilized on June 30th, 2008. The aerial survey was conducted with a magnetic gradiometer with VLF-EM on 100 metre line spacing, fly 302 line km and will assist in defining exploration targets. The CMG airborne survey contract was completed in October 2008 and cost $50,000.

The Company has completed a NI 43-101 technical report compiled by Kirkham Geosystems Ltd.

On June 27th, 2011, the Company announced that it has staked an additional 414 Ha directly west of its Vines Lake claims in the Cassiar District of British Columbia and on August 3rd, 2011, the Company added another 3,684 Ha claims directly south of the Vines Lake, BC property.

On August 3rd, 2011, the Company staked a further 3,684 Ha directly south of the Vines Lake, BC claims. Lomiko now holds the rights to mineral tenures totaling 5407 Ha located in the southwestern corner of the Cassiar District of BC.

On July 21st 2011, the Company reported that it has completed Phase 1 of the 2011 exploration program at Vines Lake, BC. The exploration team completed soil geochemistry survey at 50m spaced sample sites on 200m spaced lines. The soil grid covers a total of 74.7 line kilometers including the claim lines. A total of 1,358 soil samples were taken, bagged and sent to Stewart Group – Eco Tech Division, in Kamloops, BC for analysis and further assaying. The exploration program was designed to target both potentially high-grade gold vein systems, as seen at the adjacent Table Mountain Mine, in addition to the prospect of intrusion related mineralization. Phase 2 of the 2011 exploration program includes geological mapping and diamond drilling.

The results of the 2011 exploration program show that Zinc values in soil on the Western side of Vines Lake were by far the most anomalous on the property with values reported up to 2,429 ppm. One anomalous zone on the west side of the property measures roughly 122 hectares with an average Zinc value of 425 ppm.

In July/August/September 2012, the Company embarked upon phase 2 of its exploration program with further mapping and soil sampling.

To date, the Company has spent a total of $514,217.51 on exploration and claim renewals and $72,884.42 on acquisition costs for this property. The Company has applied for British Columbia Mining Exploration Tax Credit in the amount of $40,184 which pertains to 2012/2013 non flow-through expenditures incurred on the Vines Lake property. The Company hopes to recover approximately 20% of the above mentioned costs which equates to $8,037 in tax credits.

As of the current reporting period, the Vines Lake property has six active tenures comprising 3,299.55 Ha.

Karolina Chile Lithium Claims (Salar de Aguas Calientes)
The Salar de Aguas Clientes is located in the northern part of the "Altiplano" in the second region of Chile, close to the border of Argentian and Bolivia. The international road to Salta using the "Paso Jama" passes next to it. Three other salars are located nearby, Salar de Tara, Salar de Pujsa and Salar de Quisquiro. The salar is a beach type Salar with superficial lagoons of variable size and the brine can be found on decimetres depth of the salt crust.

The Company entered into an acquisition agreement to purchase 100% ownership in 8 of 9 claims that make up the Chilean Salar ("Karolina Claims") encompassing 1900 Ha. The Company approved the purchase of the said property based on certain criteria:

- The Karolina Claims are in an excellent location adjacent to the main sealed highway
- The Salar has significant surface brines known to contain Lithium
- The claims purchased surround a mining concession held by Sociedad Quimica y Minera de Chile S.A. (NYSE:SQM) at Salar de Aguas Calientes
- The demand for Lithium is anticipated to grow 25% per year to meet or increase global production requirements

The purchase of the Karolina Claims was done through two separate transactions:

The Company completed the purchase of 50 % ownership in the Karolina Claims with Jeff Adams for which it paid Mr. Adams a total of CAD $30,000 in cash, on June 15th, 2009.

The Company completed the purchase of the remaining 50% ownership in the Karolina Claims with Brian Gusko. Upon Exchange approval, Mr. Gusko received a total of $50,000 in cash (from which $10,000 was credited towards legal fees) and was issued 1 million of the Company's common shares at a deemed value of $0.065 per share equalling $65,000 on November 11th, 2009.

The total acquisition cost for the Karolina Lithium Claims in Chile was CAD $145,000 and $30,647.19 in initial exploration analysis and claim renewal fees.

In June 2012, the Company chose not to renew the claims on this property, thus abandoning it due to environmental restrictions on the property. To that end, a total of $175,647 has been written off for this property.

Quatre Milles East (Graphite), Quebec

On November 12th, 2011, the Company announced that it had signed an Option Agreement (the "Agreement") with Zimtu Capital Corp. and one of their prospecting partners (the "Vendors") to acquire 100% interest in the Quatre Milles (Graphite) Property in Quebec (the "Property").

The Quatre Milles Property is road accessible and is located approximately 175 km northwest of Montreal and 17 km due north of the village of Sainte-Veronique, Quebec. The property consists of 28 contiguous claims totaling approximately 1,641 hectares.

The property was originally staked and explored by Graphicor Resources Inc. ("Graphicor") in the summer of 1989 based on the results of a regional helicopter-borne EM survey. The underlying geology consists of intercalated biotite gneiss, biotite feldspar gneiss, marble, quartzite and calcsilicate lithologies of the Central Metasedimentary Belt of the Grenville Province.

The terms of the Agreement between the Company and the Vendors is as follows:

- In November 2011, the Company paid $25,000 in cash upon signing the Agreement and issued 1 million common shares upon the TSX Venture Exchange (TSX-V) acceptance of the Agreement on March 26th, 2012
- On September 26th, 2012, the Company paid a further $25,000 in cash and issued 500,000 common shares to the Vendors (six months from Exchange acceptance).
- The Company issued 1 million common shares to the Vendors on March 26th, 2013
- The Company must issue a further 1.5 million shares to the Vendors on March 26th, 2014
- Between April 2012 – October 2012, the Company completed $316,717 in exploration work on the property, thus satisfying the terms of the agreement, being a minimum of CAD $200,000 in exploration work required on the Property within the first 12-month period.
- The Vendors will retain a 2% net smelter royalty on the Property, of which the Company can purchase 1% for CAD$1 million.

The Company completed a 43-101 technical report on the Quatre-Milles property in March 2012 which was conducted by Consul-Teck Exploration Services.

From April 2012 – September 2012, the Company completed Phase 1 of its exploration program on the property with mapping/sampling and drilled a total of 23 holes over 1600 metres. The analysis results of this project done by Acme Metallurgical Limited of BC had encouraging results indicating moderate to high grade graphite content. The 2012 drilling program intercepted wider zones of graphite than were found historically with some holes containing visible large flake graphite.

The graphite characterization testing based on composites of seven (7) graphite drill samples from the Quatre Milles East property has reported 75.3% of material tested was >200 mesh and classified as graphite flake with 38.36% in the >80 mesh, large flake category. 85.3% of test results higher than the 94% carbon purity considered high carbon content, with the median test result being 98.35%.

The highlight of testing was the nine (9) sieve samples which captured flakes of varying sizes which tested 100% carbon. In addition, two (2) tests of -200 fine material also tested 100% carbon content. This characterization testing provides a clear indication of the size distribution of the graphite flakes present in the samples. Complete metallurgical studies are warranted upon completion of a resource on the property. The company had submitted 7 composites for testing to Global Mineral Resources (GMR) Laboratories of Vancouver for this evaluation. The composites provide a non-representative yet wide-ranging sample of the property's graphite distribution by mesh size, industry classification and carbon purity. To date, the Company has spent a total of $358,356.32 on exploration expenses and $137,500 in acquisition costs on this property.

MINERAL PROPERTIES ACQUISITIONS AND DEFFERED EXPENDITURES

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. As at October 31, 2013 a total of $1,094,038.24 was recorded for acquisition and exploration expenses on its mineral properties. All of these costs were deferred.

A summary of capitalized acquisition and exploration expenditures on the Company's properties is as follows:

Vines Lake – Cassiar District, BC					
Date	**Description**	**Cash**	**Shares**	**Price**	**Amount**
05/15/2006	Acquisition Cost	10,000.00			10,000.00
05/15/2006	Acquisition Cost		120,000	0.50	60,000.00
08/09/2011	Acquisition Cost/claims	2,884.42			2,884.42
	Total acquisition costs				**72,884.42**
02/20/2007	Property claim renewal	5,323.28			5,323.28
01/28/2008	Property claim renewal	5,324.61			5,324.61
06/23/2008	Geophysical aerial survey	25,000.00			25,000.00
07/29/2008	Geophysical aerial survey	20,000.00			20,000.00
10/23/2008	Geophysical aerial survey	5,000.00			5,000.00
01/16/2009	Property claim renewal	5,323.28			5,323.28
5/31/2011	Initial exploration costs	5,850.00			5,850.00
06/30/2011	Exploration expenses	83,719.25			83,719.25
07/30/2011	Exploration expenses	85,841.74			85,841.74
08/31/2011	Exploration expenses	43,693.33			43,693.33
09/30/2011	Exploration expenses	101,645.87			101,645.87
10/31/2011	Exploration expenses	9,123.77			9,123.77
11/12/2012	Exploration expenses	560.47			560.47
12/31/2011	Exploration expenses	6,522.99			6,522.99
01/31/2012	Exploration expenses	10,255.29			10,255.29
03/31/2012	Exploration expenses	2,800.00			2,800.00
04/30/2012	Exploration expenses	9,363.11			9,363.11
07/31/2012	Exploration expenses	38,212.83			38,212.83
08/31/2012	Exploration expenses	15,200.64			15,200.64
09/30/2012	Exploration expenses	11,875.00			11,875.00
10/31/2012	Exploration expenses	2,043.98			2,043.98
12/31/2012	Exploration expenses	6,360.48			6,360.48
04/30/2013	Exploration expenses	2,200.00			2,200.00
07/31/2013	Exploration expenses	12,977.59			12,977.59

07/31/2013	Exploration tax credits	(8,037.00)			(8,037.00)
	Total exploration expenses	**506,090.51**	**120,000**		**506,180.51**
	Total Vines Lake	**518,974.93**	**120,000**		**579,064.93**

Karolina Chile Lithium Property (Salar de Aquas Calientes)					
Date	**Description**	**Cash**	**Shares**	**Price**	**Amount**
06/11/2009	Acquisition cost	30,000.00			30,000.00
06/19/2009	Acquisition cost	10,000.00			10,000.00
08/02/2009	Acquisition cost	10,000.00			10,000.00
11/11/2009	Acquisition cost	30,000.00			30,000.00
11/11/2009	Acquisition cost		1,000,000	0.065	65,000.00
03/19/2010	Mining concession fee	3,165.70			3,165.70
04/09/2010	Baseline project exploration cost	24,481.49			24,481.49
04/05/2011	Property claim renewal	3,000.00			3,000.00
06/30/2012	Property abandoned	-110,647.19			-175,647.19
	Total Karolina	**0.00**	**1,000,000**		**0.00**
Quatre Milles East (Graphite) QC					
11/12/2011	Acquisition cost	25,000.00			25,000.00
03/27/2012	Acquisition cost		1,000,000	0.035	35,000.00
09/27/2012	Acquisition cost	25,000.00			25,000.00
09/27/2012	Acquisition cost		500,000	0.035	17,500.00
03/26/2013	Acquisition cost		1,000,000	0.035	35,000.00
	Total acquisition costs	**50,000.00**	**2,500,000**		**137,500.00**
03/31/2012	43-101 Report	27,497.59			27,497.59
06/30/2012	Exploration expenses	45,639.38			45,639.38
09/30/2012	Exploration expenses	216,044.66			216,044.66
10/31/2012	Exploration expenses	51,248.29			51,248.29
04/30/2013	Exploration expenses	5,250.00			5,250.00
07/31/2013	Exploration expenses	12,676.40			12,676.40
	Total exploration expenses	**358,356.32**			**358,356.32**
	Total Quatre Milles E	**408,356.32**	**2,500,000**		**495,856.32**
Quatre Milles West (Graphite) QC					
09/30/2012	43-101 Report	5,498.75			5,498.75
10/31/2012	43-101 Report	5,581.24			5,581.24
	Total Quatre Milles W	**11,079.99**			**11,079.99**
	Total Acquisition costs				**210,384.42**
	Total Deferred expenses				**875,616.82**
	Grand Total	**938,501.24**	**3,820,000**		**1,086,001.24**

First Quarter 2014 Financial Activities

The following events took place in the Company during the first financial quarter of 2014.

On August 2012, the Company made a total of $185,000 in advance payments to contractors for exploration work to be completed at the Quatre-Milles property in the 2014 fiscal year.

On September 27, 2013, the Company informed the shareholders that, further to the Strategic Alliance that it had signed with Graphene Laboratories, NY on Februrary 12, 2013, Lomiko would not be pursuing its option to take an equity position in Graphene Labs by funding it for $2 million over an 18-month period. Instead, Lomiko Metals and Graphene Labs will use available resources to pursue commercialization f the technology developed together.

On October 10, 2013, the TSX Venture Exchange approved the settlement of the Company's debts in the aggregate of $265,905 owed to consultants, through the issuance of 4,431,750 common shares at a deemed value of $0.06 each and 2,759,052 warrants exercisable for up to two years at $0.10 each. The securities have a hold period expiring February 14, 2014.

On October 18th, 2013 the Company held its 2013 Annual General Meeting whereby the shareholders re-elected to the Board of Directors, A. Paul Gill, Jacqueline Michael, Julius Galik and Brian Gusko. In addition, the shareholders approved and ratified the other matters put before the Meeting, including the re-appointment of Galloway Botteselle & Company, CGA as the Company's auditor; the re-approval of the Company's Stock Option Plan and the Adoption of New Articles.

At the first meeting of the newly constituted Board of Directors held immediately after the Meeting, A. Paul Gill was elected to serve as President and Chief Executive Officer and Jacqueline Michael as Chief Financial Officer until the next annual general meeting of the Company. The Board also elected Julius Galik, Brian Gusko and Jacqueline Michael to serve as the Company's Audit Committee until the next annual general meeting of the Company.

Subsequent events

On November 22, 2013, the Company announced the formation of Graphene 3D Labs Inc. to focus on the development of high-performance graphene-enhanced materials for 3D Printing. Dr. Daniel Stolyarov of Graphene Laboratories Inc. ("Grapehne Labs") was appointed CEO and Dr. Michael Gouzman, a leading expert in 3D Printing, was appointed VP of Engineering and Technology.

The Company had entered into a Strategic Alliance Agreement ("SAA") with Graphene Labs. on February 12, 2013 The creation of Graphene 3D Labs, a spin-out of Graphene Labs, is a result of R&D efforts during the duration of the SAA.

3D Printing is a new and promising manufacturing technology that has garnered much interest, growing from uses in prototyping to everyday products. Today, it is a billion dollar industry growing at a brisk pace. New developments in 3D printing will allow products with different components such as printed electronic circuits, sensors or batteries to be manufactured.

High quality graphite is a base material for producing graphene. Lomiko will provide graphite to Graphene 3D Labs as the exclusive supplier to Graphene 3D Labs and invest $ 50,000 in the start-up for 250,000 preferred shares which are entitled to dividends. Lomiko will require a minimum of $ 300,000 financing by May 1, 2014 to participate in the venture and further financings to participate in a series of graphene-related ventures in addition to work on a graphite resource at the Quatre Milles Project. The transaction is arm's length and subject to the approval of the TSX.

On December 4, 2013, Lomiko and Graphene Laboratories Inc. ("Graphene Labs") announced that they have reached a significant milestone by receiving a prototype graphene supercapacitor and a report from Stony Brook University and New York State's Center for Advanced Sensor Technology ("Sensor CAT"). The prototype of the supercapacitor was made using grapene composite material prepared using a proprietary technology developed at Graphene Labs. The measured specific capacitance of the prototype was found to be around 500 Farad per gram of the material. The value is comparable with the best values reported in the literature for a supercapacitor of this type.

The exceptional quality of the Reduced Graphene Oxide ("RGO") electrodes allows expansion of the operating voltage window up to 4 Volts. This allows the density of the energy stored in the supercapcitor to be increased. The device has shown this significant performance due to the high specific surface area as well as high electrical conductivity of the Graphene produced from graphite material from Lomiko's Quatre-Milles Graphite Project in Quebec. The achievement paves the way for future commercialization efforts by Lomiko and Graphene Labs under the goals of their Strategic Alliance Agreement.

On December 18, 2013, the Company completed a non-brokered private placement. The Company raised $100,020 through the sale of 1,667,000 units ("Units") at a price of $0.06 per Unit. Each Unit will consist of one non- transferable share purchase warrant, each full warrant being exercisable at a price of $0.10 for a period of twelve months from the closing date. The Units are subject to a four month hold period expiring April 18th, 2014. The net proceeds of the offering will be used for working capital purposes

<u>Nature of Business and Going Concern</u>

Lomiko Metals Inc. (the "Company") was incorporated under the laws of the Province of British Columbia and is engaged in the acquisition, exploration and development of resource properties. It is located at 439 - 7184 120th Street, Surrey, BC.

The Company is in the exploration stage and has not yet determined whether its properties contain enough mineral reserves such that their recovery would be economically viable. Its exploration and development operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order to carry out exploration and mining activities, the Company is required to hold certain permits. There is no assurance that the Company's existing permits will be renewed or that new permits that have been applied for will be granted.

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern which contemplates the realization of assets and discharge of liabilities in the normal course of operations as they become due. The Company has incurred losses since its inception and had an accumulated deficit of $17,219,761 at October 31, 2013, which has been funded primarily by issuance of shares. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. The consolidated financial statements do not reflect any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

.**<u>Basis of preparation</u>**

a) Statement of compliance and basis of measurement
These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. They have been prepared on a historical cost basis as set out in the accounting policies below. Certain items, including derivative financial instruments, are stated at fair value.

b) Use of estimates and judgments
The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements is included in the notes to the financial statements where applicable.

a) Basis of consolidation
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, The Conac Group Inc., incorporated in British Columbia, and Conac Software (USA) Inc., incorporated in Washington, USA., and Lomiko Metals LLC, which was incorporated on October 1, 2009 in Colorado, USA. All inter-company accounts and transactions have been eliminated.

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

c) Mineral exploration and evaluation expenditures
The Company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition or staking costs and exploration and development expenditures, net of any recoveries. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed or the Company's mineral rights are allowed to lapse. Costs are reduced by tax credits related to the assets, if applicable.
All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, provision is made for the impairment in value.
The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the property interests are abandoned or the claims are allowed to lapse.

d) Impairment of non-financial assets
Exploration and evaluation assets are regularly tested for recoverability or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Impairment of exploration and evaluation assets is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near expiry with no expectation of renewal, no further substantive expenditures are planned, exploration and evaluation work is discontinued in an area for which commercially viably quantities have not been discovered, indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or by sale.

The recoverable amount is the higher of an asset's fair value less the cost to sell or its value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Value in use is determined using the discounted estimated future cash flows of the relevant amount. For purposes of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are cash-generating units.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

e) Financial instruments
The Company classifies its financial assets into one of the following categories depending on the purpose for which the instruments were acquired.

Financial assets and liabilities at fair value through profit or loss A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. Cash and cash equivalents, and marketable securities are included in this category. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of operations. Gains and losses arising from changes in fair value are presented in the statement of operations in the period in which they arise.

Available-for-sale
Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company does not have any instruments classified in this category. Available-for-sale investments are recognized initially at fair value plus transactions costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of operations and are included in other gains and losses.

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

Financial liabilities at amortized cost
Financial liabilities at amortized cost include accounts payable and accrued liabilities. Accounts payable and accrued liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payable are measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise they are presented as non-current liabilities.

f) Functional and presentation currencies
The functional and reporting currency of the Company is the Canadian dollar. Transactions in foreign currencies are translated into the currency of measurement at the exchange rates in effect on the transaction date. Monetary balance sheet items expressed in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the balance sheet date. The resulting exchange gains and losses are recognized in operations.

g) Share capital
The Company records proceeds from the share issuance net of issue costs. Shares issued for

consideration other than cash are valued at the quoted price on the TSX-V on the date the shares are issued unless the fair value of goods or services received is determined.

h) Flow-through shares
The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. When the common shares are offered, the difference ("premium") between the amount recognized in common shares and the amount the investor pay for the shares is recognized as a flow-through share related liability, which is reversed into the statement of operations within other income when the eligible expenditures are incurred.

i) Stock based compensation
Equity-based payments to employees and others providing similar services are measured at fair value of the equity instruments at the grant date. The Company records compensation cost based on the fair value method of accounting for share-based payments. The fair value of stock options is determined using the Black-Scholes option pricing model and is recognized over the vesting period as compensation expense and share-based payment reserve. When options are exercised, the proceeds received, together with any related amount in share-based payment reserve, will be credited to capital stock.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payments exceeds the fair value of the equity instruments granted, measured at the repurchase date. Any such excess is recognized as an expense.

j) Operating loss
Operating loss is comprised of general administrative costs incurred by the Company, which are not specific to evaluation and exploration projects and all impairment charges relating to intangible assets and financial assets during the year. Operating loss is stated before finance income, finance costs and other gains and losses.

k) Comprehensive income or loss
Comprehensive income or loss is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit such as unrealised gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to self-sustaining operations. The Company's comprehensive income or loss, components of other comprehensive income, and cumulative translation adjustments are presented in the consolidated statements of comprehensive income or loss and the consolidated statements of changes in equity.

l) Earnings or loss per share
Basic and fully diluted earnings or loss per share is calculated on the weighted average number of shares outstanding during the year.

The treasury stock method is used to determine the dilutive effect of stock options and warrants. In order to determine diluted earnings or loss per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted earnings or loss per share calculation. In the Company's case, diluted loss per share presented is the same as basic loss per share as the effect of outstanding share options and warrants in the loss per share calculation would be anti-dilutive.

m) Income taxes
The Company uses the liability method of tax allocation. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities, and are measured using enacted or substantially enacted tax rates expected to apply when these differences reverse. Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized.

New standards and interpretations not yet adopted
Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning on or after January 1, 2013. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective January 1, 2013
In May 2011, the IASB issued the following standards which have not yet been adopted by the Company:

IFRS 10, *Consolidated Financial Statements ("IFRS 10")*
IFRS 10 builds on existing principles and standards and identifies the concept of control as the determining factor in which an entity should be included within the consolidated financial statements of the parent company. In addition, the consolidated procedures are carried forward substantially unmodified from IAS 27 Consolidated and Separate Financial Statements.

IFRS 11, *Joint Agreements ("IFRS 11")*
IFRS 11 requires a venturer to classify its interest in a joint agreement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interest in joint ventures. IFRS 11 supersedes IAS 31 Interest in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Venturers.

IFRS 12, Disclosure of Interest in Other Entities ("IFRS 12")
IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an association or an unconsolidated structured entity.

IFRS 13, *Fair Value Measurements ("IFRS 13")*
IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. This IFRS applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements, except in specified circumstances.

Amendments to IAS 27 and IAS 28
IAS 27 addresses accounting for subsidiaries , jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

Each of the new standards, IFRS 10 to 13 and the amendments to other standards, is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.
New accounting standards effective January 1, 2015

IFRS 9 *Financial Instruments*
IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments – Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit or loss would generally be recorded in other comprehensive income.

Critical accounting estimates and judgments
Information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described below. The effect of a change in an accounting estimate is recognized prospectively by including it in total comprehensive loss/income in the period of change, if the change affects that period only, or in the period of the change and future periods, if the change affect both.

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

Contingencies
By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Share-based payments
The fair value of the employee share options is measured using the Black-Scholes option pricing model. The Company has made estimates as to the expected volatility (based on weighted average historical volatility adjusted for changes expected due to publicly available information), expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends and the risk-free interest rate (based on government bonds).

Warrants
The fair value of the warrants is estimated at the issue date using the Black-Scholes option pricing model with estimates of the volatility based on the Company's historical common share trading prices, expected dividend yield and risk-free interest rates.

Income taxes

The Company uses the balance sheet method of accounting for income taxes. Under the balance sheet method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

	October 31, 2013	July 31, 2013
Cash	$ 154,674	$ 391,018
Guaranteed investment certificate	3,009	3,004
Total cash	$ 157,683	$ 394,022
Accounts receivable	12,016	18,853
Total Cash and cash equivalents	$ 169,699	$ 412,875

As at October 31, 2013, the company had pledged $3,000 cash held in a Guaranteed Investment Certificate as a bond to the Ministry of Mining for the Vines Lake, BC exploration site.

Income Tax

a) The reconciliation of the income tax recovery, calculated using the combined Canadian federal and British Columbia provincial statutory income tax rate of 25.63% (2012 - 25.63%)

	2013	2012
Loss before income taxes	$ (601,737)	(878,287)
Expected income tax recovery	(150,434)	(225,105)
Adjustments to benefits resulting from:		
Share-based compensation	15,314	19,684
Exploration costs	-	51,170
Change in tax rate	-	4,117
Other	(15,455)	(13,235)
Tax benefits not recognized	150,575	163,369
Deferred income recovery	$ -	-

b) The Company has incurred losses for Canadian income tax purposes that may be carried forward to reduce income of future years that would otherwise be subject to income tax. The aggregate amount of the losses is $4,174,219.

The losses expire as follows:

2014	$ 802,097
2015	12,827
2027	110,806
2028	130,858
2029	462,824
2030	679,076
2031	719,946
2032	653,482
2033	602,303
	$ 4,174.219

The potential tax benefits of the losses have not been recognized in the financial statements, as it is considered to be more likely than not, that future tax assets will not be realized.

c) The Company has Canadian development and exploration expenditure pools for tax purposes of approximately $156,825 as at July 31st, 2013 that may, in certain situation be applied to reduce taxable income in subsequent years.

d) The unamortized balance of share issue costs amount to approximately $156,825 as of July 31st, 2012.

e) The significant components of the Company's deferred income tax assets which have not been recognized are as follows:

	2013	**2012**
Non-capital losses	$ 1,043,555	892,979
Share issue costs	35,812	39,206
Exploration properties	339,369	263,955
Tax assets not recognized	$ 1,418,736	1,196,140

Other Requirements

Additional disclosure relating to the Company's material change reports, news releases and other information is available on SEDAR at www.sedar.com. The Company's website can be found on: www.lomiko.com.

Financial instruments
As at July 31, 2013, the Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The carrying value of these financial instruments approximate their fair values.

Fair Value
The Company classifies its fair value measurements in accordance with an established hierarchy that priorities the inputs in valuation techniques used to measure fair value as follows:
Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices that are observable for the assets or liabilities either directly or indirectly, and
Level 3 - Inputs that are not based on observable market date

The following table sets for the Company's financial assets measured at fair value by level within the fair value hierarchy:
Level 1
Cash and cash equivalents = $157,683
Level 2
Accounts receivable = $12,016
At October 31, 2013, the Company had cash and cash equivalents of $157,683 to settle accounts payable and accrued liabilities of $58,640.

Credit Risk
Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. Cash deposits and term deposits are maintained with a financial institution of reputable credit and are redeemable on demand. Amounts receivable consists primarily of input tax credits owed to the Company by the Government of Canada. Accordingly, the Company's opinion is that credit risk is minimal.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2013, the Company had cash and cash equivalents of $8,118 to settle accounts payable and accrued liabilities of $251,413.

Market Risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk).

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash and cash equivalents bear interest at market rates. Other current financial assets and liabilities are not exposed to interest rate risk because of their short-term nature or being non-interest bearing.

Foreign currency risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company conducted property examinations in other countries outside of Canada in prior years, and is now focused on explorations in Canada. Management believes that the foreign exchange risk derived from currency conversions for property examinations incurred in other countries outside of Canada is not significant and therefore does not hedge its foreign exchange risk.

Price risk
The Company is exposed to price risk with respect to commodity prices. Commodity price risk is the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as it relates to minerals to determine the appropriate course of action to be taken by the Company.

Capital risk management
The Company’s primary objective for managing its capital structure is to maintain financial capacity for the purpose of sustaining the future development of the business and maintaining investor, creditor and market confidence. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain future development of the business. The Company considers its capital structure to consist of shareholders’ equity.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's share capital is not subject to any external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any currently contemplated. There have been no changes to the Company's approach to capital management during the year.

Segmental reporting

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of mineral property acquisition and exploration and evaluation activities

Environmental regulations

The current and future operations of the Company that are conducted in Canada are subject to environmental regulations promulgated by the Governments of Chile and Canada. Current environmental legislation in Canada and Chile provides for restoration of mine sites and safe disposal of any chemicals extracted or used in the mine development. In addition, certain types of operations may require the submission and approval of environmental impact assessments. The existing operations of the Company are subject to such environmental policies and legislation. Environmental legislation and policy is periodically amended. Such amendments may result in stricter standards and enforcement and in more stringent fines and penalties for non-compliance. Environmental assessments of existing and proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The costs of compliance associated with changes in environmental regulations could require significant expenditures, and breaches of such regulations may result in the imposition of material fines and penalties. In an extreme case, such regulations may result in temporary or permanent suspension of production operations. There can be no assurance that these environmental costs or effects will not have a material adverse effect on the future financial condition or results of the operations of the Company.

The Company is subject to a number of risk factors due to the nature of the mining business in which it is engaged. The risks and uncertainties not presently known to the Company may impact the Company's financial results in the future. The current economic and market conditions represent circumstances that may affect the carrying amount of the Company's assets.

Regulatory Risk

The operations of all mineral explorers and producers are subject to extensive controls and regulations imposed by various levels of government. The Company monitors and adheres to all regulations which could affect its operations and has established standards of operating practice which are designed to minimize risk to our employees, the community and the environment. Changes to regulations could have an adverse effect on the Company's results of operations and financial condition.

Officers & Directors

Directors and officers have a duty to exercise due diligence in overseeing the activities of the Company. They are required to act in "good faith" and in the best interest of the Company.

Expenses

The Company incurred $102,508.14 in total operational expenses for the three-month period ended October 31, 2013, as compared to $135,286.82 for the same period last year.

The period ended October 31, 2013 shows a net loss of $102,501 and working capital of $147,659. During the three-month period ended October 31, 2013, total operating expense decreased by $32,760.68 compared to the same period last year. Legal, Exchange fees and Transfer Agent fees pertained to expenses relating to shares for debt settlement with four consultants of the Company and costs relating to the Company's 2013 Annual General Shareholders' Meeting held on October 18th, 2013. Research and Development relates to the Company's collaboration with Research Foundation of Stony Brook University and Graphene Laboratories, NY to investigate novel energy-focused application for graphene.

All other expenses were incurred in the normal course of business operations.

Three-month operational expenses	**October 2013**	**October 2012**
Office and sundry expenses	3,202.81	4,241.56
Telephone/Fax	1,787.76	583.40
Travel	1,900.01	6,976.05
Advertising & Promotion	24,805.39	65,058.94
Management & Subcontract Fees	30,000.00	30,000.00
Legal	13,309.12	9,369.75
Consulting/Professional	-	3,077.35
Accounting/Audit	2,200.00	2,000.00
Exchange & Transfer Agent Fees	10,524.81	8,174.03
Shareholder Communications	10,742.22	5,787.74
Research & development	4,036.02	-
Total	**102,508.14**	**135,268.82**

Revenue

The Company has no producing properties, and consequently no sales or revenues to report.

Net Income/Loss

The Company recorded a net loss of ($102,501) and (0.002) loss per share for the three-month period ended October 31, 2013, as compared to a net loss of ($139,449) and (0.002) loss per share for the same period last year.

Summary of Quarterly Results
(expressed in thousands of Canadian dollars, except per share amounts)

	Oct 13 IFRS	**Jul 13 IFRS**	**April 13 IFRS**	**Jan 13 IFRS**	**Oct 12 IFRS**	**Jul 12 IFRS**	**Apr 12 IFRS**	**Jan 12 IFRS**
Revenue	0	0	0	0	0	0	0	0
Net Loss	(103)	(602)	(451)	(259)	(135)	(878)	(511)	(232)
Loss per Share	(.002)	(0.009)	(0.01)	(0.00)	(.002)	(0.015)	(0.01)	(0.00)

Selected Annual Information

Revenue, net loss, diluted loss per common share, total assets and total long-term liabilities for the year ended July 31, 2013, with the year ended July 31, 2012 and with the year ended July 31, 2011 were as follows (in thousands of Canadian dollars except for shares):

	IFRS 2013 $	**IFRS 2012 $**	**IFRS 2011 $**
Total Revenue	0	0	0
Total Assets	1,536	1,201	1,036
Total Long Term Liabilities	0	0	0
Net Income and comprehensive (loss)	(601)	(878)	(577)
Net Income (loss) per share basis	(0.009)	(0.015)	(0.016)
Net Income (loss) per share diluted	(0.009)	(0.015)	(0.016)

The Company had no producing properties, and consequently no sales or revenues to report.

The Company incurred a total net loss of ($102,501) for this reporting period. The loss per share, basic and diluted was (0.002). The Company had assets of $1,462,787 of which $169,699 came from cash, receivables, and $185,000 from pre-paid expenses. The Company's mineral property acquisition assets comprise of $72,884.42 for the 100% acquisition of the Vines Lake Mineral Property in the Cassiar district of British Columbia and $137,500 in cash payments and shares issuance on the Quatre Milles (Graphite) Quebec Property. There was also a total of $1,094,038.24 in deferred exploration costs, $514,101.93 of which pertained to work done on the Vines Lake BC property; $358,356.32 incurred for the 43-101 technical report, mapping/sampling and drilling exploration done on the Quatre-Milles east Quebec property and $11,079.99 for the 43-101 report done on the Quatre-Milles west Quebec property, which is currently on hold and pending approval from the TSX Venture Exchange.

SHARE CAPITAL

Disclosure of outstanding shares data

During the current fiscal year, the Company completed the following issuances:

a) Authorized - Unlimited number of common shares without par value
b) Issued and outstanding:

Share Capital

As at October 31, 2013, the Company had 82,008,756 common shares outstanding and 96,444,950 shares on a fully diluted basis.

Category	**Shares**
Common shares without par value	82,008,756
Share Options	5,325,000
Share Warrants	9,111,194
Balance, October 31, 2013	**96,444,950**

Description			**October 31, 2013**
	Number of Shares	**Issuance Price**	**Amount $**
Issued shares			
Balance, beginning of period (July 31, 2013)	**77,577,001**		**17,825,194.00**
Shares issued for debt settlement	4,431,755	$0.06	265,905.30
Share issue cost			(1,850.00)
Warrants issued			(109,665.00)
Balance, October 31, 2013	**82,008,756**		**17,979,583**

On October 10, 2013 the company completed a non-brokered private placement of 4,431,755 units of the Company (the "units") at $.06 per unit to settle debt of $265,905. Each unit is comprised of one common share and one-half share purchase warrant. Each warrant is exercisable into one common share for a period of 24 months from the date of issuance at an exercise price of $0.10 per share. Share issue costs of $1,850 were paid. The warrants were valued using the Black-Scholes pricing model using the following assumptions: risk free interest rate – 1.10%; a volatility factor of 156.7% and an expected life of 2 years. The value allocated to the warrants was $109,665 or $.04 per share.

Share Purchase Warrants

A summary of the Company's outstanding share purchase warrants at July 31, 2013 and October 31, 2013 is presented below:

Date Issued	**Number Issued**	**Weighted Average**
Bal. July 31, 2013	6,352,142	$0.13
Warrants issued	2,759,052	$0.10
Bal. October 31, 2013	**9,111,194**	**$0.12**

Number of Warrants	**Grant date Fair Value**	**Exercisable Price**	**Expiry Date**
2,495,000	**75,739**	**.10**	**June 12, 2014**
3,857,142	**97,951**	**.14**	**June 27, 2014**
2,759,052	**109,665**	**.10**	**Oct. 10, 2015**

The weighed average remaining contractual life of the warrants as at October 31, 2013 is 1.03 years.

Liquidity and Capital Resources

As at October 31, 2013, the Company's cash and accounts receivable position was $169,699 compared to $412,875 for the same period last year. The Company's working capital is $147,659.

Financing Activities

On March 1, 2012, the Company completed a private placement of $823,280 (net of share issue costs of ($80,040) by issuing 9,033,200 common shares and warrants in the capital of the Company. The common shares were issued at $0.10 per share. Each warrant is exercisable at a price of $0.15 for a period of one year. The proceeds of the offering are for exploration purposes and for general operational expenses. On May 11th, 2013, 9,033,200 of these warrants expired.

On June 12th, 2013, the Company completed a private placement financing through the sale of 2,495,000 units of the Company (the “Units”) at a price of $0.06 per Unit for total gross proceeds of $149,700. Each Unit consists of one common share of the Company and one common share purchase warrant (a “Warrant”). Each Warrant is exercisable into one common share of the Company for a period of 12 months from the closing date at an exercise price of $0.10. The shares are subject to a four-month hold period. The funds raised from the issuance of the securities shall be used for general working capital.

On June 27, 2013, the Company completed a brokered private placement of 7,142,856 flow-through units (the “Units”) at a price of $0.07 per Unit. Each flow-through Unit consisted on one flow-through common share and one-half of one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share of the Company at a price of $0.14 per share for a period of 12 months from the date of issuance. A finder’s fee of $45,000 was paid as well as $10,650 in legal fees.

On October 10, 2013, the Company completed a settlement of debts in the aggregate of $265,905 owed to consultants of the Company through the issuance of 4,431,750 common shares at a deemed value of $0.06 per share and 2,759,052 warrants exercisable for two years at $0.10 per share issuance.

The Company has a total of 82,008,756 issued and outstanding shares, 5,325,000 options and 9,111,194 warrants outstanding as at October 31, 2013.

Subsequent to this financial period, on December 18, 2013, the Company completed a non-brokered private placement. The Company raised $100,020 through the sale of 1,667,000 units (“Units”) at a price of $0.06 per Unit. Each Unit will consist of one non- transferable share purchase warrant, each full warrant being exercisable at a price of $0.10 for a period of twelve months from the closing date. The Units are subject to a four month hold period expiring April 18th, 2014. The net proceeds of the offering will be used for working capital purposes

Stock Options

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 option price under each option shall not be less than the discounted market price on the grant date. 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 stock 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.

The following table summarizes the stock options outstanding and exercisable as at October 31, 2013

The Company granted 200,000 incentive stock options priced at $0.10 each to directors and a consultant on July 2nd, 2008, exercisable until July 2nd, 2013. These options have now expired without being exercised.

The Company granted 1.3 million incentive stock options priced at $0.12 each to directors and a consultant on September 3rd, 2009, exercisable until September 3rd, 2014.

The Company granted 700,000 incentive stock options priced at $0.10 each to directors on November 30th, 2009, exercisable until November 30th, 2014.

The Company granted 400,000 incentive stock options priced at $0.12 each to consultants and a director on February 17th, 2010 of which 150,000 options were exercised on April 3rd, 2012 and 200,000 expired on November 17th, 2012. The remaining 50,000 options are exercisable until February 17th, 2015.

The Company granted 950,000 incentive stock options priced at $0.10 each to directors and a consultant on February 8th, 2011 of which 125,000 expired on November 17th, 2012 and the remaining 825,000 options are exercisable until February 8th, 2016.

On August 8th, 2011, 350,000 incentive stock options were granted to the crew of the Vines Lakes exploration crew at an exercise price of $0.10. They are fully vested and expire on August 7th, 2016.

On February 13th, 2012, 775,000 incentive stock options priced at $0.10 each were granted to consultants and exercisable until February 13, 2014.

On June 1st, 2012, 100,000 incentive stock options priced at $0.10 each were granted to a consultant and exercisable until June 1st, 2017.

On February 1st, 2013, the Company granted 825,000 incentive stock options priced at $0.10 each to Directors and consultants exercisable until February 1st, 2018.

On April 30th, 2013, the Company granted 400,000 incentive stock options priced at $0.10 each to consultants exercisable until April 30th, 2018
The Options were granted under the Company's Stock Option Plan.

Number of Options	Exercise Price	Expiry Date
1,300,000	0.12	September 3, 2014
700,000	0.10	November 30, 2014
50,000	0.12	February 17, 2015
825,000	0.10	February 8, 2016
350,000	0.10	August 8, 2016
775,000	0.10	February 13, 2014
100,000	0.10	June 1, 2017
825,000	0.10	February 1, 2018
400,000	0.10	April 30, 2018
5,3250,000	**0.11**	**Balance, Oct. 31, 2013**

The weighted average remaining contractual life of options outstanding at October 31, 2013 is 1.97 years.

Share option transactions for the period ended October 31, 2013 were as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding,		
Balance as of July 31, 2013	5,325,000	$ 0.11
Balance – Oct. 31, 2013	**5,325,000**	**$ 0.11**

Other MD&A Requirements

As at October 31, 2013, the Company had a total of 96,444,950 shares on a fully diluted basis. If the Company were to issue 14,436,194 shares upon the conversion of all of its outstanding warrants and options, it would raise a total of $ 1,624,905.

As of this period, the Company requires new financing in order to pay for its on-going operational expenses and to meet its commitments.

Off Balance Sheet Arrangements

The Company is not a party to any off balance sheet arrangements or transactions.

Related Party Transactions

During the three-month period ended October 31, 2013, the Company entered into the following transactions with related parties:

The Company paid $15,000 in management fees to a company controlled by Paul Gill, President and CEO.

The Company paid $15,000 in management fees to a company controlled by Jacqueline Michael, CFO.

The above fees were in the normal course of operations and measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Commitments and Contingencies

On December 28, 2011, the Company signed a property acquisition agreement with Zimtu Capital Corp. and one of their prospecting partners (the "Vendors") to acquire 100% interest in the Quatre-Milles Property in Quebec. In addition to the cash paid and share capital issued as at January 31, 2013 as outlined in the agreement, the Company is also required to:

- Pay the sum of $25,000 upon the signing of the letter agreement between the Vendors and the Purchaser, dated November 11, 2011. **Paid**

- Pay the sum of $25,000 on that day which is six months from the date of acceptance from the TSX to the Agreement. **Paid**

- Issue 1,000,000 common shares at a price of $0.035 per share pro rata to the Vendors twelve months from TSX-V acceptance of the Agreement. **Completed**

- Issue 1,500,000 common shares at a price of $0.035 per share pro rata to the Vendors twenty-four months from TSX-V acceptance of the Agreement. (Due March 26, 2014)

- Retain Consul-Teck Mineral Exploration Consultants, of Val d'Or, Quebec as consultants with respect to exploration on the property during the period which is twelve months from TSX-V acceptance (March 26, 2013). **Completed**.

- Complete a minimum of $200,000 of exploration on the Property during the period which is twelve months from the TSX-V acceptance (March 26, 2013). **Completed**

As at October 31, 2013, the Company has spent a total of $358,356.32 in exploration work on this property. In the event the Company does not complete any of above conditions, at the option of the Vendors the Company will forfeit its right to acquire the Property.

On May 25, 2012, the Company signed a letter agreement with three vendors to acquire a 100% interest in an additional 2,180 hectares in the Quatre-Milles West Property in Quebec. The acquisition has currently been put on hold until the Company has the necessary funds to complete the purchase as well as do exploration on this site. The acquisition of this property is pending final approval from the TSX-V.

On June 27, 2013, the Company entered into flow-through share subscription agreements whereby it is committed to incur on or before January 31, 2015, a total of $500,000 of qualifying Canadian Exploration Expenses as described in the Income Tax Act. As at July 31, 2013, the Company had not incurred any qualifying expenditures. The Company is able to continue to incur exploration expenses beyond February 2015. However it will be subject to a penalty of 4-5% per annum on the balance required to be spent on its exploration work. The Company intends to fulfill its flow-through commitments within the given time constraints.

The Company's mining and exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations.

Internal disclosure controls and procedures

Management is responsible for establishing and maintaining disclosure controls and procedures for the Company. Due to its small size of operations, there is lack of segregation of duties within the Company's internal control systems. It is unlikely that segregation of duties can be properly addressed until the Company grows to a significant size. In order to compensate for the weaknesses in its internal control systems, the management has hired experienced consultants in assisting with the financial reporting and disclosures process. With the implementation of these compensating controls, the management has evaluated and believed that its disclosure controls and procedures are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

On behalf of the Board,

"Paul Gill"
Paul Gill, President & CEO