

LOMIKO METALS INC.
Form 51-102
Management Discussion and Analysis
Interim First Quarter ended October 31, 2015



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The following management's discussion and analysis ("MD&A") of the financial position and results of the operations of Lomiko Metals Inc. (the "Issuer" or the "Company"), constitutes management's review of the factors that affect the Company's financial and operation performance for the first financial quarter, ended October 31, 2015 compared to the same period last year ended October 31, 2014.

This MD&A should be read in conjunction with the Company's financial statements for the year ended July 31, 2015 and the related notes (the "Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting standards ("IFRS").

The MD&A is prepared in conformity with 51-102F1 and has been approved by the Board prior to its release.

All amounts are stated in Canadian dollars unless otherwise indicated.

Forward Looking Statements

Certain sections of this Management Discussion and Analysis may contain forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from actual future results. The risks, uncertainties and other factors that could influence actual results are described in the "Risk and Uncertainties" section of this report. The forward-looking statements contained herein are based on information available as of December 21, 2015. Readers are cautioned not to put undue reliance on forward-looking statements.

Cautionary statement regarding 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. Such factors include, among others: general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations; fluctuations in currency exchange rates; changes in project parameters as plans continue to be defined; changes in labour costs or other costs of production; future prices of graphite or other industrial mineral prices; possible variations of mineral grade or recovery rates; failure of equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavourable operating conditions and losses; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; actual results of reclamation activities, and the factors discussed in the section entitled "Risk Factors" in this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as may be required by applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance of forward-looking statements.

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Nature of Operations

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 Unit 439 - 7184 120th Street, Surrey, BC. The Company was incorporated on July 3, 1987, under the British Columbia Company Act. The Company is listed on the TSX-Venture Exchange having the symbol LMR.V as a Tier 2 mining issuer and on the Over the Counter Exchange in the United States having the symbol LMRMF.

The Company is considered to be in the exploration stage as it has not placed any of its mineral properties into production. As such, the Company has not generated revenue from its operations. The Company had an operating loss of (\$ 272,987) before other comprehensive income items totaling (\$43,970) for the three month period and has a cash balance of \$468,028 as at October 31, 2015. Lomiko has no source of operating cash flow, has not yet achieved profitable operations and has accumulated losses to October 31, 2015 of (\$18,237,125) since its inception and expects to incur further losses in the development of its business.

Intercorporate Relationships

On May 1, 2014, the Company incorporated a wholly owned subsidiary, Lomiko Technologies Inc., pursuant to laws of British Columbia.

The Company previously had a subsidiary, namely Lomiko Metals, USA LLC. Lomiko Metals USA LLC was formed and registered on October 1, 2009 under the laws of Colorado and ceased to exist on October 1, 2012. The consolidated financial statements have been prepared on a going concern basis, which assumes the realization of asset and liquidation of liabilities in the normal course of business. While these consolidated financial statements have been prepared on the assumption that the Company is a going concern and will be able to realize its assets and meet its obligations in the normal course of operations, there are conditions and events that cast significant doubt on the validity of that assumption. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise debt or equity financings and the attainment of profitable operations. 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 he Company be unable to continue as a going concern. Such adjustments could be material.

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 – President and CEO, Jacqueline Michael -CFO, Julius Galik - Director and Brian Gusko - Director. The directors that compose the audit committee are Jacqueline Michael, Julius Galik and Brian Gusko.

General

Lomiko is a Vancouver, Canada based mining and exploration Company focused on advancing its principal assets: (i) Vines Lake property in the Cassiar region of British Columbia, (ii) Quatre-Milles East and West (Graphite), Quebec and (iii) the La Loutre and Lac-des-Iles properties, Quebec. In addition, the Company has a business relationship and invested with Graphene 3D Labs Inc. ("Graphene 3D") and Graphene Energy Storage Devices (Graphene ESD Corp.). Further, the Company entered into an agreement with Megahertz Power Systems Ltd. to manufacture and sell three (3) power converter system designs, acquire a pending supply contract with a Canadian LED system integrator and support the research and development of new products.

Below is an overview of the Company's mining and exploration properties.

Exploration

Vines Lake Property

On April 10, 2006, the Company acquired a 100% interest, subject to a 2% NSR, in the Vines Lake property, consisting of three contiguous claim units totaling 1,209.84 in the Cassiar region of BC. The property is located approximately 10 kilometers southeast of the town of Cassiar, BC. 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

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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. Paul Gill, an insider, \$10,000 in cash and issued 600,000 common shares (480,000 post 1:4 share split basis, Oct. 7, 2008) at a deemed value of \$60,000.

The Company retained Canadian Mining Geophysics to complete an airborne survey of its Vines Lake Property which was mobilized on June 30, 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.

In 2011, an exploration program conducted by the Company which comprised a soil geochemical survey, reconnaissance geological mapping and litho-geochemical sampling programs. A total of 1,366 soil samples were collected from a total of 1,447 sample sites. An anomalous zone of zinc in soil presented an interesting target and required further investigation. A total of 74 rock samples were taken either for ICP analysis or for future lithological referencing.

One litho-geochemical sample of quartz vein in slatey argillite located proximal to the Road River/Rosella Formation contact and within the anomalous Zinc in soil zone returned 1,170 ppm Zinc. In this quartz vein sample, 0.5% very fine grained metallic mineral disseminated throughout and within hairline fractures. The mineral was most likely sphalerite. The granodiorite rocks of the batholith were locally weakly to moderately magnetic which would explain the geophysical magnetic anomalies seen in the 2008 survey.

The 2012 Vines Lake exploration program comprised a two phase program of a soil geochemical survey and secondly a geological mapping, prospecting and litho-geochemical sampling program. The program was designed to infill sample the zinc in soil anomaly discovered in 2011 and to investigate the potential source of the anomalous zinc in soil values.

A total of seven hundred and fifty-two B horizon soil samples were taken and analyzed. No geochemical results were of economic interest. A total of fifty one rock samples were collected on the west side of Vines Lakes during the 2012 work program. No mineralization of economic significance was encountered during 2012 mapping and prospecting traverses. Minor sphalerite and trace of copper sulphides were found in pyritic zones near the contact between Road River Argillites and Tapioca Sandstone formation. The disseminated and semi-massive pyrite is exhibiting mixed syngenetic and epigenetic character. Of interest is the fact, that graphitic argillites are present at the above contact.

The rocks containing the highest amounts of pyrite and/or pyrrhotite returned the highest contents of metals of interest during laboratory analyses. However, the overall content of zinc, copper and precious metals in western part of Vines Lake property is too low to be of economic interest at present time.

In 2011, one (1) NQ diamond drill hole totaling 294.5 m was drilled on the Vines Lake property. The purpose of this drill hole was to test a geophysical anomaly, discovered during the 2008 Helicopter Magnetic Gradiometer & VLF-EM Survey and to explore for any mineralization along the McDame Group limestones contact with the metasediments (argillaceous limestones and graptolitic shales) of the Road River Group. No significant mineralization was noted in the drill hole.

Should the forecasted market price for zinc increase substantially, further geochemical research has been recommended to establish the significance of the zinc-in-soil anomaly. This research should be focused on the comparison to SEDEX deposit models from Selwyn Basin and mineral occurrences from Cassiar Platform including the Silvertip deposit situated 85 km to the north.

To date, the Company has spent a total of \$524,640.51 on exploration, technical reports and claim renewals and \$72,884.42 on acquisition costs (cash payment and shares issuance) on this property. The Company has recovered approximately 20% of the non-flow-through exploration costs through BC Mineral Exploration Tax Credits (METC), which equates to \$8,037 in tax credits.

The Vines Lake property currently has six active tenures comprising 3,299.55 Ha.

The Company has filed an Updated Technical Report dated February 24, 2014 in accordance with NI 43-101 compiled by Kirkham Geosystems Ltd.

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Quatre-Milles (East) and Quatre Milles (West) – Quebec

Quatre-Milles (East)

The Company entered into a letter of intent dated November 11, 2011 and further definitive agreement dated December 28, 2011 to acquire a 100% interest in the Quatre-Milles Graphite Property located in southwestern Quebec from Zimtu Capital Corp. and Michel Robert, subject to a 2% NSR. The Quatre-Milles Graphite Property is located in southwestern Quebec 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 1,600 hectares. The terms of the agreement are:

- the Company paid \$25,000 cash upon signing;
- the Company issued 1,000,000 common shares at a deemed value \$0.035 per share;
- the Company paid \$25,000 cash and issued 500,000 common shares at deemed value of \$0.035 per share ;
- the Company issued 1,000,000 common shares at deemed value of \$0.35 per share;
- the Company issued 1,500,000 common shares at a deemed value of \$0.035; and
- the Company completed a minimum of \$200,000 of exploration on the property.

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 regulation.

Quatre-Milles (West)

By letter agreement dated May 7, 2012 and Mineral Property Purchase Agreement dated May 25, 2012 the Company acquired a 100% interest in 2,180 hectare Quatre-Milles West Property located in southern Quebec from Zimtu Capital Corp., Michel Robert and Jean-Sebastien Lavallee, subject to a 2% NSR. The agreement provides that the Company may acquire the property by paying \$3,000 and issue an aggregate of 1,800,000 common shares.

The Company has filed a NI 43-101 technical report prepared by Jean Lafleur, M.Sc., P.Geo of PJLEXPL Mineral Exploration Consultancy dated February 14, 2014.

La Loutre and Lac-des-Iles Crystalline Flake Graphite Property - Quebec

On September 22, 2014, the Company entered into a property option agreement with Canada Strategic Metals Inc. for the right to acquire a 40% interest in the La Loutre crystalline flake graphite property located in Quebec. The Company acquired a 40% interest in the property by issuing an aggregate of 1,250,000 common shares, at a deemed price of \$0.07 per share (issued), paid \$12,500 cash; and incurred \$500,000 in exploration expenditures.

On February 6, , 2015, the Company signed a second option agreement with Canada Strategic Metals Inc. to earn a further undivided 40% interest in the La Loutre, Quebec property (for a accumulated total of 80% interest in the property) and an undivided 80% interest in the Lac des Isles, Quebec, property by completing the following terms:

- pay \$1,010,000 in cash (\$10,000 paid) (of which \$1,000,000 will be applied toward exploration expenditures on a property known as the Sakami property which Canada Strategic Metals Inc. has an interest (of which \$700,000 must be funded by no later than December 31, 2015 and \$300,000 by no later than December 31, 2016) and the Company will retain no interest;
- issue an aggregate of \$3,000,000 common shares at a deemed price of \$0.07 per share (issued)
- incur exploration expenditures aggregating not less than \$1,500,000 on the La Loutre Property, of which an amount of \$950,000 must be incurred or funded before December 31, 2015 and an amount of \$550,000 before December 31, 2016; and
- incur exploration expenditures aggregating not less than \$250,000 on the Lac des Isles West Crystalline Flake Graphite Properties, of which an amount of \$150,000 must be spent no later than December 31, 2015 and an amount of \$100,000 before December 31, 2016.

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The La Loutre property consists of contiguous claim blocks totalling approximately 2,500 hectares (25 km²) situated approximately 53 km east of Imerys Carbon and Graphite, formerly known as the Timcal Graphite Mine, North America's only operating graphite mine, and 117 km northwest of Montreal. The property consists of 1 large contiguous block of 42 mineral claims totaling 2,508.97 hectares (25.09 km²) located approximately 53 km east of Timcal's Lac des Iles graphite mine, 117 km northwest of Montréal in southern Québec.

The La Loutre Property was originally explored for base and precious metals by Soquem in 1989. Based on the results of a helicopter-borne electromagnetic (EM) survey, prospecting and reconnaissance geological mapping, their work identified several zones of parallel conductors each measuring as much as 2 kilometers long. Ground exploration followed in 1990, and according to historical reports by Levesque and Marchand, graphite is present in different lithologies on the property. The geology is consistent with the Central Metasedimentary Belt of the Grenville Province and includes quartzofeldspathic rocks, quartzite, biotite gneiss, marble and locally pegmatitic quartzofeldspathic rocks. Graphite is locally present in quartzite and biotite gneiss and in shear zones where the graphite content usually ranges from 1-10% graphite on surface, including visible flakes, with the showings indicating an apparent strike length of approximately 5 kilometers, giving a large prospective area to explore for a graphite resource.

Graphite grab sample assay results derived from the Company's recent sampling and mapping program on the La Loutre property. The sampling program has confirmed a graphite bearing structure covering an area approximately 7 kilometers by 1 kilometer with results of up to 22.04% graphite in multiple parallel zones of 30-50 meters wide. Another area has also been identified covering approximately 2 kilometers by 1 kilometer in multiple parallel zones of 20-50 meters wide which includes results up to 18% graphite.

On October 6, 2014, the Company announced that a drilling permit for the La Loutre Crystalline Flake Graphite Property was issued which allows for up to 29 drill holes. The goal of the exploration program is to identify high-grade, near-surface graphite mineralization suitable for conversion to battery-grade graphite. The graphite industry could see exponential growth based on new demand for lithium-ion batteries, which use 10 to 15 times as much graphite as lithium.

On October 29, 2014 the Company announced that drilling was underway at the property.

Between December 2, 2014 and January 14, 2015, the Company announced that Canada Strategic Metals Inc. had successfully completed 26 drill holes with results as follows:

- 1st 5 drill holes - discovery of a wide near surface rich graphite-bearing zone with an intercept of 4.72% graphite over 128.35 metres, including 8.42 % graphite ("Gp") over 26.40 metres;
- 2nd 5 drill holes - near surface wide Graphite-bearing zones with an intercept of 2.74% Gp over 98.10 metres, including 6.34% Gp over 6.50 metres and 8.88% Gp over 2.95 metres;
- 3rd 5 drill holes – near surface wide graphite-bearing zones with an intercept of 4.98% Gp over 44.80 metres including 9.02% Gp over 14.70 metres and 4.40% Gp over 53.25 metres including 7.46% Gp over 15.35 metres;
- 4th 5 drill holes - near surface wide graphite intersections with 3.06% Gp over 21.00 metres from hole LL-14-16; 6.52% Gp over 14.20 metres and 2.24% Gp over 35.00 metres from hole LL-14-17; 3.79% Gp over 20.90 metres from hole LL-14-18; 5.36% Gp over 12.40 metres including 15.65% Gp over 2.40 metres, 6.64% Gp over 22.70 metres including 11.18% Gp over 10.65 metres and 4.55% Gp over 9.65 metres from hole LL-14-19 and 5.14% Gp over 3.70 metres and 6.04% Gp over 35.15 metres from hole LL-14-20;
- 5th 5 drill holes – near surface wide graphite intersection with 8.01% Gp over 20.3 metres and 5.91% Gp over 15.5 metres from hole LL-14-21; 2.78% Gp over 66 metres from hole LL-14-22; 3.48% Gp over 136.5 metres including 6.43% Gp over 4.65 metres, 11.23% Gp over 10.7 metres and 10.30% Gp over 7 metres from hole LL 14-23; 7.73% Gp over 18.15 metres including 13.15% Gp over 5.3 metres and 2.74% Gp over 99.75 metres including 8.68% Gp over 3.1 metres and 11.99% Gp over 4.5 metres from hole LL-14-24 and 3.13% Gp over 83.25 metres including 10.94% Gp over 3.75 metres from hole LL-14-25.

Refer to the Company's press releases dated December 2, 2014, December 10, 2014, December 17, 2014, January 7, 2015 and January 14, 2015 filed on SEDAR at www.sedar.com under the Company's profile for more detailed information on the above results.

The Company has filed a NI 43-101 technical report and a further revised technical report, both prepared by Jean Laffleur, M.Sc., P.Geo of PJLEXPL Mineral Exploration Consultancy dated February 12, 2015 and March 22, 2015, respectively.

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Investment in Associates

Technology

Graphene 3D Labs Inc. (“Graphene3D”) (TSX.V:GGG)

By letter agreement on November 22, 2013 the Company invested \$50,000 in the start-up of Graphene 3D and received 250,000 preferred shares. Graphene 3D was a private Delaware corporation which was organized on September 3, 2013. Graphene 3D is the business of developing, manufacturing and marketing proprietary polymer nanocomposite graphene-based materials for various types of 3-D printing, including fused filament fabrication, as well as the design, manufacture and marketing of three-dimensional printers and products for worldwide customers, including in the aerospace and automotive industries, manufacturers of medical prosthetics, and the military. Graphene 3D currently hold two U.S. patent applications pending for its technology.

The Company also agreed to complete a minimum of \$300,000 financing and to participate in a series of graphene-related ventures in addition to work on a graphite resource at the Company’s projects in Quebec. Effective March 23, 2014, the 250,000 preferred shares were converted into 250,000 (pre-split) common shares of Graphene 3D. Effective June 6, 2014, the 250,000 (pre-split) common shares were split into 3,196,970 common shares. These shares are held in escrow and are being released on the following terms;

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

In May, 2014, the Company entered into an agreement to invest \$300,000 in MatNic Resources Inc. and received 1,200,000 common shares. At the time of the entering into the agreement, MatNic was public company listed on the TSX-V and was in the process of a reverse take-over with Graphene 3D. This transaction has completed and effective August 11, 2014, common shares of Graphene 3D commenced trading on TSX-V and the common shares of MatNic Resources Inc. were delisted.

The Company now holds 4,396,970 common shares in the capital of Graphene 3D.

The following table summarizes the Company’s holdings in 3D Labs Inc.

	<u>Percentage of voting shares owned</u>	<u>Cost</u>	<u>Fair Value</u>
<i>July 31, 2015</i>			
Graphene 3D Labs Inc.	10.13%	<u>\$350,000</u>	<u>\$2,770,091</u>
<i>October 31, 2015</i>	10.13%	<u>\$350,000</u>	<u>\$2,814,061</u>

The common shares are classified as Level 1 in the fair value hierarchy and as available for sale financial assets. The fair value of available for sale investments is determined based on a market approach reflecting the closing price of the security at the reporting date.

Megahertz Power Systems Ltd.

By agreement dated October 20, 2014 the Company, through its subsidiary Lomiko Technologies Inc., entered into a letter agreement with Megahertz Power Systems Ltd. (“Megahertz”) wherein the Company will (i) license from Megahertz non-exclusive rights to manufacture and sell three power converter system designs (the “Licensed Power Supplies”); (ii) acquire a pending supply contract (the “Customer Contract”) with a Canadian LED system integrator (the “LED Customer”); (iii) finance the Company’s future manufacture and sales of the Licensed Power Supplies; and (iv) finance to the amount of \$250,000 the business set-up costs of the

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Company's manufacture and sales of the Licensed Power Supplies. In addition, Megahertz agreed to assign and transfer the pending revenue-generating Customer Contract for an existing OEM 120VAC 60 Watt LED Driver design (the "Custom LED Driver") with the LED Customer and the Company advanced the sum of \$250,000 (the "Start-up Funds") as follows:

- a non-refundable payment of \$25,000 upon signing the agreement (paid);
- \$125,000 within thirty (30) days after signing the agreement (paid); and
- \$100,000 within sixty (60) days after signing the agreement (paid).

Megahertz shall utilize the Start-up Funds to:

- organize and set up contract manufacturing of Licensed Power Supplies;
- develop an e-commerce web-site for sales of certain Licensed Power Supplies;
- establish a local office in support of the Company's sales of Licensed Power Supplies; and
- manage initial contract manufacturing, sales, customer relations, general business administration and technical support for customers and contract manufacturers (the "Project Management Services") for the initial year of operations.

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

The non-exclusive license expires on December 31, 2015, as long as the Company continues to finance the production and sale of the products. On December 3, 2014, Lomiko Metals Inc. and its 100% owned subsidiary, Lomiko Technologies Inc. ("Lomiko Tech") signed a license agreement with Megahertz Power Systems Ltd. ("MegaHertz") for the rights to manufacture and sell three (3) power converter system designs ("Licensed Power Systems"), acquire a pending supply contract ("Customer Contract") with a Canadian LED system integrator and support the research and development of new products.

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

It is estimated that Lomiko will be able to establish cash-flow under the Customer Contract within six months which is based on proven and in-demand devices designed by MegaHertz. The creation of an e-commerce site in three to four months will increase the customer base for the Licensed Power Systems over the estimated five year product cycle.

In addition, Lomiko Tech plans to initiate an e-commerce business through its website with the sale of the following products manufactured by MegaHertz:

Lomiko in wall USB Charger receptacle

The Lomiko USB charger receptacle combines a standard electrical wall outlet with a high powered USB charger in a contemporary and aesthetically appealing design. The receptacle exhibits 6 USB ports for simultaneously

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charging multiple USB powered devices. Strategically placed USB Ports allow up to 6 USB power devices to be charged while leaving the standard outlets free from obstruction to power any other electrical equipment. This new product eliminates unsightly clutter and allows users to maximize receptacle usage at common locations such as hotels, airports, coffee shops, kitchen counter tops, desktops or wherever you choose to charge your device. The outlet charger is compatible with any USB powered electronic equipment such as tablets, smartphones, gaming devices, e-readers, digital cameras and many others.

90+ Efficiency 60 Watt LED Driver

The high efficiency 60 watt LED driver is a "green" industrial power supply for LED lights used in various industrial signage applications and is suitable for indoor or outdoor usage where there is exposure to dry, damp and wet conditions. The product is designed to be extremely efficient with the ability to operate in an ultra wide range of temperature from as low as -40 C to upwards of 50C. The 90+ LED power supply exhibits high efficiency, high reliability and good quality at a low price.

The costs associated with the license are as follows:

Initial payments	\$250,000
Legal fees	<u>9,893</u>
July 31, 2015	\$259,893
Project Management fees	64,000
Parts, supplies and testing	40,000
Kickstarter Campaign	<u>121</u>
October 31, 2015	<u>\$364,902</u>

Graphene Energy Storage Devices (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 (the "Original Issue Price") for total consideration of \$182,281 US. Dividends, at the rate per annum of \$4.05 per share, will accrue on each preferred share and shall be cumulative. Each share of Series A Preferred Stock held by the Company shall be convertible, at the option of the Company, at any time and from time to time after May 6, 2015, and without the payment of additional consideration by the Company, by dividing the Series A Original Issue Price by the Series A Conversion Price in effect at the time of the conversion. The Series 'A' Conversion Price shall initially be equal to \$101.27US. The Series A Conversion Price and the rate at which shares of Series A Preferred Stock may be converted into shares of Graphene Common Stock, will be subject to adjustment in the event of a subdivision of Graphene's outstanding Common Stock or if Graphene makes or issues a dividend or other distribution payable on the Common Stock in additional shares of Common Stock.

Graphene ESD Corp. a Delaware company incorporated November 5, 2014 is a private US company that was formed to commercialize Graphene Supercapacitors. Payment for the subscription was made on December 12, 2014. Upon issuance of the preferred shares the Company will own 40% of the outstanding equity. On matters presented to the stockholders of Graphene, the Company's holdings of Series 'A' Preferred Stock will entitle the Company to cast the number of votes equal to the number of whole shares of Common Stock of Graphene resulting from a conversion. As a holder of Series 'A' Preferred Stock, the Company will vote together with the holders of Common Stock of Graphene as a single class. On February 23, 2015, Paul Gill, President of Lomiko was appointed as a board member of Graphene.

The Company exercised significant influence over Graphene ESD Corp. as it owns 40% of the voting shares and through a common director.

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The following table summarizes the Company's equity holdings:

	<u>Percentage of ownership</u>	<u>Number of Shares held</u>	<u>\$ Cost</u>
July 31, 2014			
Acquisition of preferred shares	40.0%	1,800	\$213,251
Costs relate3d to acquisition			\$ 10,824
Shares of equity loss for the year ended July 31, 2015		-	(32,397)
July 31, 2015		1,800	\$191,678
Shares of loss for this reporting period			(461)
October 31, 2015	40.0%	1,800	\$191,217

MINERAL PROPERTIES ACQUISITIONS AND DEFERRED 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 July 31, 2015 a total of \$1,480,986.33 was recorded for acquisitions and \$2,154,410.11 for exploration expenditures.

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

Vines Lake – Cassiar District, BC Acquisition Cost				
Date	Cash	Shares	Price	Amount \$
05-15-2006	10,000.00			10,000.00
05-15-2006		120,000	\$0.50	60,000.00
08-09-2011	2,884.42			2,884.42
Total Acquisition		120,000		\$72,884.42

Vines Lake – Cassiar District, BC Exploration Expenditures			
		YTD July 31, 2014	July 31, 2015
Mineral Rights		15,971.17	-
Airborne Mag-Em Survey		50,000.00	-
Geological Sampling & Mapping		124,089.09	-
Assays		54,437.49	-
Camp		102,173.41	-
Geological Consulting & Reports		132,778.65	-
Drilling		53,207.70	-
Sub Total		532,677.51	-
<i>Mineral Exploration Tax Credits</i>		(8,037.00)	-
Total YTD Vines Lake Exploration Expenditures		\$ 524,640.51	\$ 524,640.51

Quatre-Mille (East) Graphite Property, Quebec - Acquisition Costs				
Date	Cash	Shares	Price	Amount \$
11-12-2011	25,000.00			25,000.00
03-27-2012		1,000,000	\$0.035	35,000.00
09-27-2012	25,000.00	500,000	\$0.035	42,500.00
03-26-2013		1,000,000	\$0.035	35,000.00
03-17-2014		1,500,000	\$0.035	52,500.00
Total Acquisition		4,000,000		\$190,000.00

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Quatre-Mille (East) Graphite Property, Quebec - Exploration Expenditures			
		YTD July 31, 2015	Oct. 31, 2015
Mineral Rights		534.70	1,215.50
Airborne Mag-Em Survey		130,364.37	-
Geological Sampling & Mapping		154,684.25	-
Geochemical Analysis		32,785.50	-
Consulting, Site Visits & Reports		21,144.48	-
Drilling		236,167.87	-
Transportation		3,589.58	-
43-101 report		40,694.60	
Data processing		39,353.73	
Sub Total		659,319.08	1,215.50
<i>Mineral Exploration Tax Credits</i>		(129,458.00)	-
Total YTD Quatre-Mille (East) Expenditures		\$529,861.08	\$531,076.58

Quatre-Mille (West) Graphite Property, Quebec - Acquisition Costs				
Date	Cash	Shares	Price	Amount \$
03-25-2014	3,000.00	1,800,000	\$0.10	183,000.00
Total Acquisition	3,000.00	1,800,000		183,000.00

Quatre-Mille (West) Graphite Property, Quebec - Exploration Expenditures			
		YTD July 31, 2014	July 31, 2015
Geological Consulting & Reports		11,079.99	-
Airborne Survey		30,880.98	-
Sub Total		41,960.97	-
Total YTD Quatre-Mille (West) Expenditures		41,960.97	41,960.97

La Loutre Graphite Property, Quebec - Acquisition Costs & Exploration assigned to acquisition				
Date	Cash	Shares	Price	Amount \$
09-25-2014	12,500.00			12,500.00
09-25-2014		1,250,000	\$0.07	87,500.00
04-15-2015		1,000,000	\$0.07	70,000.00
04-15-2015	3,333.33			3,333.00
07-31-2015				238,367.30
10-31-2015				-
Total Acquisition	15,833.33	2,250,000		411,700.30

La Loutre Graphite Property, Quebec - Exploration Expenditures			
		YTD July 31, 2015	Oct. 31, 2015
Drilling		754,492.28	551,484.82
Project supervision and management		38,534.80	29,134.19
Geological sampling & mapping, environmental		120,506.25	31,199.00
Consulting, site visits & reports		4,948.88	-
Miscellaneous charges		61,484.79	71,527.99
Sub Total		979,967.00	683,346
YTD Total exploration expenditures			1,663,313

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Lac des Isles Crystalline Flake Property, QC – Acquisition Cost and exploration assigned to acquisition				
Date	Cash	Shares	Price	Amount \$
02-06-2015	6,666.67			6,667.00
04-15-2015		2,000,000	\$0.07	140,000.00
07-31-2015				476,734.61
Total Acquisition	6,666.67	2,000,000		623,401.61

Lac des Isles Crystalline Flake Property, Quebec – Exploration Expenditures			
		YTD July 31, 2015	Oct. 31, 2015
Mineral Property site visits & assessment		4,948.88	1,408.25
Drilling		-	-
Project supervision		6,291.26	445.42
Geological sampling & mapping		128,225.00	7,500.00
Miscellaneous expenses		22,674.44	21,932.33
Sub Total		162,139.58	31,286
YTD Total exploration expenditures			193,425.58

Canada Strategic Metals Other Properties, Quebec – Exploration Expenditures			
		YTD July 31, 2015	Oct. 31, 2015
Geological sampling & mapping		217,475.97	25,140.11
Drilling		355,956.85	-
Geophysics		74,158.00	1,282.50
Geochemical analysis		20,000.00	855.00
Project supervision		13,999.76	1,363.98
Miscellaneous expenses		33,511.33	2,856.99
Sub Total		715,101.91	31,498.58
Exploration expenditures allocated to La Loutre & Lac des Isles acquisition		(715,101.91)	

Basis of preparation

These condensed consolidated financial statements of the Company, for the period ending October 31, 2015, have been prepared in accordance with AIS 34 International Financial Reporting. They do not include all the information and disclosures required in full annual financial statements and should be read in conjunction with the Company's annual financial statements as at July 31, 2015 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The condensed consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars which is the Company's functional currency.

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The Management Discussion and Analysis was approved by the Board of Directors on December 22 2015.

Going Concern

These condensed consolidated interim 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 (\$272,987) before other comprehensive income items totaling \$43,970 during the period ended October 31, 2015 and has a cash balance of \$401,318 as at October 31, 2015. The Company has no source of operating cash flows, has not yet achieved profitable operations, has accumulated losses to October 31, 2015 of (\$18,237,125) since its inception and expects to incur further losses in the development of its business.

The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent on the continued support of the creditors and the shareholders. In the past the Company has relied on sales of equity securities to meet its cash requirements. There can be no assurance that funding from this or other sources will be sufficient in the future to continue and develop its mineral properties and provide additional funding for the Megahertz Power Systems Inc. licensing agreement dated February 10, 2015 and the Canada Strategic Metals Inc. agreement dated February 23, 2015. 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 condensed consolidated interim 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.

Basis of Measurement

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

These condensed consolidated interim 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.

Significant accounting policies

The significant accounting policies that have been applied, on a consistent basis, in the preparation of these condensed consolidated interim financial statements are included in the Company's audited consolidated financial statements for the year ended July 31, 2015. Those accounting policies have been used throughout all periods presented in the condensed consolidated interim financial statements.

Significant accounting judgments and estimates

The preparation of the Group's consolidated interim financial statements in accordance with IFRS requires management to make certain judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results are likely to differ from these estimates. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses in these condensed consolidated interim financial statements are discussed below.

Judgments

Exploration and evaluation assets: The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that such acquisition costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable resources exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period when the new information becomes available. The carrying value of these assets is detailed at Note 9.

Title to Mineral Property Interests: Although the Company has taken steps to verify title to mineral properties in

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which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Estimates and assumptions

Share-based payments: The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of stock options granted to directors, officers and employees. The use of Black-Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the share-based payment calculation value.

Deferred tax assets: The assessment of the probability of future taxable income against which deferred tax assets can be utilized is based on the Company's future planned activities, supported by budgets that have been approved by the Board of Directors. Management also considers the tax rules of the various jurisdictions in which the Company operates. Should there not be a forecast of taxable income that indicates the probable utilization of a deferred tax asset or any portion thereof, the Company does not recognize the deferred tax asset.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of authorization of these condensed consolidated interim financial statements are disclosed below. Management anticipates that all of the pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's consolidated interim financial statements.

IFRS 15 – Revenue from Contracts with Customers: The IASB issued IFRS 15 in May 2014. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively with early adoption permitted. Management is currently evaluating the impact the final standard is expected to have on the Company's consolidated interim financial statements; however, as the Company currently has no operating revenues, this is not anticipated to be significant.

IFRS 9 – Financial Instruments: The IASB published the final version of IFRS 9 in July 2014. The final standard brings together the classification, measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes a loss impairment model, amends the classification and measurement model for financial assets and provides additional guidance on how to apply the business model and contractual characteristics test. This final version of IFRS 9 supersedes all previous versions of IFRS 9 and is effective for annual periods commencing on or after January 1, 2018, with early adoption permitted. Management is currently evaluating the impact the final standard is expected to have on the Company's consolidated interim financial statements.

Cash and cash equivalents

Cash and cash equivalents on the statement of financial position comprise cash at bank, held in trust, on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

	October 31, 2015	October 31, 2014
Cash and bank balances	\$ 98,318	\$ 157,931
Cash equivalents	<u>303,000</u>	<u>1,203,000</u>
	<u>\$ 401,318</u>	<u>\$ 1,360,931</u>

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Other Receivables

	October 31, 2015	October 31, 2014
Goods and services tax recoverable	\$ 61,673	\$ 54,538
Accrued interest receivable	<u>5,037</u>	<u>4,311</u>
	<u>\$ 58,849</u>	<u>\$ 57,881</u>

Prepaid Expenses

Included in prepaid expenses are legal fees paid to organize Lomiko Technologies SpA Chile in the amount of \$29,109. Lomiko Technologies SpA Chile was incorporated on June 30, 2015. The Company has no ownership in this company. The Company plans on acquiring a 40% interest in this company. Lomiko Technologies SpA Chile was formed to conduct research and development activities with The University of Chile and to work in conjunction with incentive programs for research and development offered by the Government of Chile.

SHARE CAPITAL AND RESERVES

(a) Share Capital

Authorized

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

Issued

Year ended July 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.

On March 24, 2015 the Company, completed a non-brokered private placement, consisting of the issue and sale of 9,799,000 common share units of the Company at a price of \$.06 per common share unit for gross proceeds of \$587,900. Each common share unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.125 per share for a period of 18 months after the closing of the offering. The warrants had a fair value of \$273,108, measured using the Black-Scholes valuation model. A finder's fee of \$24,000 and legal fees of \$3,950 were paid. Additionally, 350,000 broker common share units were offered, at a price of \$0.06 per unit, but have not yet been executed. The expiry date for the units offer is August 20, 2016. .

On April, 13 2015 the Company, completed a non-brokered private placement, consisting of the issue and sale of 4,861,100 common share units of the Company at a price of \$.05 per common share unit for gross proceeds of \$243,055. Each common share unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.08 per share for a period of 2 years after the closing of the offering. A finder's fee of \$13,434 and legal fees of \$2,250 were paid. In addition, 230,466 broker warrants were issued. The warrants had a fair value of \$149,135, measured using the Black-Scholes valuation model.

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

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Three month period ended October 31, 2015

No shares were issued during the three month period ended October 31, 2015.

b) Share purchase warrants

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

	<u>Number of Warrants</u>	<u>Weighted Average Exercise Price</u>
<i>Balance, July 31, 2014</i>	30,498,202	\$ 0.16
Issued for financing	9,799,000	\$ 0.11
Issued for financing	5,091,566	\$ 0.08
Expired	<u>(1,667,000)</u>	<u>\$ 0.10</u>
Balance, July 31, 2015	43,721,768	\$ 0.15
Expired	<u>(28,831,202)</u>	<u>(0.13)</u>
Balance, October 31, 2015	<u>14,890,566</u>	<u>\$ 0.11</u>

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

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

<u>Number of Warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
9,799,000	\$0.125	September 24, 2016
<u>5,091,566</u>	\$0.08	April 15, 2017
<u>14,890,566</u>		

The weighted average remaining contractual life of the warrants as at October 31, 2015 was 1.09 years (July 31, 2015 – .83 years).

	<u>October 31, 2015</u>	<u>October 31, 2014</u>
Risk free interest rate	-	1.18%
Expected Life of options	-	2.0 years
Annualized stock price volatility	-	151 %
Expected dividend yield	-	0 %

During the three month period ended October 31, 2015, no additional warrants were issued.

(c) Share-based payments

Plan Details

The Company has established a stock option plan for directors, senior officers, employees, management, company employees and consultants (collectively "Eligible Persons") for the Company and its subsidiaries. The purpose of the plan is to give to Eligible Persons, as additional compensation, the opportunity to

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participate in the success of the Company by granting to such individuals Options to buy shares of the Company at a price not less than the market price prevailing on the grant date less applicable discount, if any, permitted by TSX Policies and approved by the Board.

The expiry date for each option shall be set by the board at the time of issuance and shall not be more than ten years after grant date. Options shall not be assignable (or transferable) by the optionee. The maximum number of shares reserved for issuance under the share option plan in aggregate shall not exceed 10% of the total number of the Company's issued and outstanding common shares on a non-diluted basis prior to the issuance. The number of shares which may be issuable under the plan within a twelve month period to one optionee shall not exceed five percent of the total number of issued and outstanding shares on a non-diluted basis. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position. Pursuant to the stock option plan, options granted in respect of investor relations activities are subject to vesting in stages over a twelve month period with 20% vesting on the date of grant and 20% each three months thereafter. Vesting restrictions may also be applied to other options grants, at the discretion of the Board of Directors.

Stock options are summarized as follows:

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

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

	<u>October 31, 2015</u>	<u>October 31, 2014</u>
Risk free interest rate	-	1.58%
Expected life of options	-	5 years
Annualized stock price volatility	-	148.3%
Expected dividend yield	-	0%

The following table summarizes the stock options outstanding and exercisable as at July 31, 2015 and October 31, 2015:

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

On September 5, 2014 the Company granted 2,000,000 stock options to directors and consultants with a total fair value of \$152,766 or \$0.08 per option.

No options were granted during the three month period ended October 31, 2015.

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The weighted average remaining contractual life of options outstanding at October 31, 2015 is 2.91 years (July 31, 2015 - 3.17 years).

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 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 monthly reports from the Company's Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Foreign Currency Risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The company does not have significant exposure to foreign exchange rate fluctuation.

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

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Credit risk is the risk of financial loss to the Company if a customer or a 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. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at April 30, 2015 relating to cash of \$1,929,009 and other receivables of \$81,046. All cash, cash equivalents and short term deposits are held at the Bank of Montreal.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that it has sufficient cash on demand to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and is available on demand. Funding risk is the risk that the Company may not be able to raise equity financing in a timely manner and on terms acceptable to management. There are no assurances that equity financing will be available when, and if, the Company requires additional financing.

The following table summarizes the Company's significant remaining contractual maturities for financial liabilities at July 31, 2015 and October 31, 2015.

	Less than 3 months	3 – 12 months	Total
<u>July 31, 2014</u>			
Trade payables and other liabilities	\$ 189,957	\$ -	\$ 189,957
<u>October 31, 2015</u>			
Trade payables and other liabilities	\$ 407,919	\$ -	\$ 407,919

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:

<u>July 31, 2014</u>	Level 1	Level 2	Level 3	Total
Investment in equity	\$ 2,770,091	\$ -	\$ -	\$ 2,770,091
Cash and Cash equivalents	\$ 1,360,931	\$ -	\$ -	\$ 1,360,931
<u>October 31, 2015</u>				
Investment in equity	\$ 2,814,061	\$ -	\$ -	\$ 2,814,061
Cash and Cash equivalents	\$ 401,318	\$ -	\$ -	\$ 401,318

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 (1.e., as prices or indirectly (i.e., derived from prices); and

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

Capital Risk Management

It is the Company's objective when managing capital to safeguard its ability to continue as a going concern in order that it may continue to explore and develop its mineral properties and continue its operations for the benefit of its shareholders. The Company's objectives when managing capital are to:

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- a. continue the exploration and development of its mineral properties;
- b. support any expansion plans; and
- c. maintain a capital structure which optimizes the cost of capital at acceptable risk

The Company manages its equity (which includes common shares, share-based payment reserve and accumulated deficit) as capital. The Company intends to expend existing working capital by carrying out its planned acquisition, exploration and development activities on mineral properties and continuing to pay administrative costs.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure the Company may issue new shares. In order to facilitate analysis and management of its capital requirements, the Group prepares and updates annual budgets (as needed) to ensure that its acquisition and exploration operations can continue to progress. Budgets, once finalized, are approved by the Board of Directors.

There have not been any changes to the Company's capital management objective, policies and processes compared to the prior year. The Company is not subject to any externally imposed capital requirements.

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 extremely imposed capital requirements.

Management Remuneration

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation comprised:

	<u>October 31,</u> <u>2015</u>	<u>October 31,</u> <u>2014</u>
Management fees paid to companies related to directors	\$ 45,000	\$ 40,000
Share-based compensation	-	76,383
	\$ <u>45,000</u>	\$ <u>116,383</u>

- (a) During the year ended July 31, 2014, a director and a company controlled by a director submitted expense reports to the Company in the amount of \$96,230. These transactions were entered into to settle debt obligations with unrelated companies. The director and a Company related to the director, transferred personal shares of the company to settle the debt and were reimbursed by the Company. The market value of the shares on the day the services were rendered was \$84,167.

Related Party Transactions

During the period, directors were awarded 0 (2014 - 2,000,000 options) exercisable at 0 (2014 - \$0.10) per share for a period of 0 years (2014 - 5 years). The value of the share based compensation attributed to directors was \$0 (2014 - \$53,467).

Included in consulting fees are \$12,000 (2014 - \$0) paid to two directors, for board advisory services.

Included in accounts payable is \$4,306 (2014 - \$8,136) owing to directors.

Commitments

Shareholders Rights Plan

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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. The plan was confirmed at the annual general meeting of holders of Voting Shares held on October 30, 2014.

Reconfirmation

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

Flow through expenditures

In March 2014 the Company entered into flow-through share subscription agreements whereby it is committed to incur on or before January 31, 2016, a total of \$2,596,520 of qualifying Canadian Exploration Expenses as described in the Income Tax Act. As at October 31, 2015, 2,317,983 has been incurred, leaving a balance of \$278,537.

The Company will be able to continue to incur exploration expenses beyond the deadlines. However it could 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.

Right to acquire shares

Included in the finder's fee associated with the March 24, 2015 private placement is an option to purchase 350,000 common shares units at a price of \$0.06 per unit. Each unit entitles the holder to purchase one additional common share of the Company at a price of \$0.125 per share. This right expires on August 20, 2016.

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 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.

Selected Annual Information

Revenue, net loss, diluted loss per common share, total assets and total long-term liabilities for the year ended July 31, 2015, with the year ended July 31, 2014 and with the year ended July 31, 2013 were as follows (in thousands of Canadian dollars except for shares):

	IFRS 2015	IFRS 2014	IFRS 2013

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	\$	\$	\$
Total Revenue	0	0	0
Total Assets	8,605	6,300	1,536
Total Long Term Liabilities	0	0	0
Total Operating Loss	(1,125)	(817)	(602)
Net Income and comprehensive (loss)	1,177	(817)	(602)
Net Income (loss) per share basis	(0.01)	(0.01)	(0.01)
Net Income (loss) per share diluted	(0.01)	(0.01)	(0.01)

Stated in thousands of Canadian dollars except for shares:

Results of Operation – Three-month period ended October 31, 2014 and 2015

	October 31, 2015 \$	October 31, 2014 \$
General administrative expense		
Office & sundry	4,336	8,206
Advertising & Promotions	96,290	165,435
Management	45,000	40,000
Professional fees	63,214	71,045
Consulting	14,400	18,717
Regulatory & Transfer Agent fees	5,961	13,887
Shareholders' communications	39,799	18,039
Travel	8,214	6,914
Research & development	-	-
Share-based compensation	-	76,383
Total	277,214	418,626
Other Income		
Interest income	4,688	8,744
Associate share of loss	(461)	-
Total Other Income	4,227	8,744
Loss from operations before taxes	(272,987)	(409,882)
Loss & comprehensive loss for the period	(272,987)	(409,882)
Unrealized gain on re-measurement of equity investments	43,970	7,344,698
Comprehensive (loss)/Income for the period	(229,017)	6,934,816
Basic and Diluted Loss Per Share	(0.00)	(0.00)
Basic & Diluted Weighted Average Common Shares	155,463,267	136,602,080

Statement of Operations and Comprehensive Loss Data	Oct. 31, 2015	Oct. 31, 2014
Total Revenue	NIL	NIL

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Total Expenses	1,515,466	(418,626)
Net Income/(Loss) from operations	(1,124,564)	(409,882)
Unrealized gain on re-measurement of equity investment	2,420,527	7,344,698
Deferred tax expense	(118,560)	-
Comprehensive (Loss)/Income for the period	1,176,967	6,934,816

The following selected financial data is derived from the audited condensed annual financial statements prepared in accordance with IFRS:

Statement of Financial Position Data	October 31, 2015	Oct. 31, 2014
Total Assets	8,561,078	13,432,084
Total Long-Term Debt	NIL	NIL
Total Liabilities	526,475	484,359
Shareholders' Equity: Share Capital Equity	23,040,559	22,465,441

During the three month period, ended October 31, 2015, operational expenses decreased significantly by 34 % from the same period last year as the Company spent cut back on promotions and travel. Regulatory and Transfer Agent fees were less for this period as the Company was not engaged in any new financings or share issuance.

Professional fees related to setting up new business ventures and for costs relating to a current lawsuit whereby 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 Company intends to rigorously defend itself with regards to this dispute.

Consultation expenses related to advisory fees and market support fees.

Shareholder communications expenses related to the Company's Annual General Meeting held on October 30, 2015, investor relations and market making services.

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

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

The Company's 4,396,970 common shares in Graphene 3D Corp. (V.GGG) ("Graphene 3D") increased slightly to \$2,814,061 compared to \$2,770,091 in the last reporting period. Of these shares, 1,519,696 are free-trading and 2,877,274 are held in escrowed on a time-release schedule. The value of the above shares are subject to changes in market conditions and prices.

The Company had a total net loss from operations of (\$299,017) for the three-month period as compared to a gain of 6,934,816 for the same period last year. The loss per share, basic and diluted was (\$0.00) for this period (2014 - (\$0.00)).

The Company had assets of \$8,561,078 of which \$3,013,448 came from investments; \$363,902 from the license agreement with Megahertz Power Systems Inc. and website development; 401,318 from cash; \$66,710 from receivables; \$280,296 from prepaid expenses and \$4,435,404 from its mineral property investments and deferred exploration costs. The Company had \$240,409 in working capital as at October 31, 2015.

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The Company's mineral property acquisition assets comprise of \$72,884 for the 100% acquisition of the Vines Lake Mineral Property in the Cassiar district of British Columbia; \$373,000 in cash payments and shares issuance for 100% equity interest in the Quatre Milles, QC (Graphite) east/west properties; \$100,000 in cash and share payments to Canada Strategic Metals Inc. ("Canada Strategic") for a 40% interest in the La Loutre (Graphite) Quebec property and a further \$115,000 in cash and share payments for a second option agreement with Canada Strategic to acquire an additional 40% interest in the La Loutre property (for a total of 80%) and 80% in the Lac des Isles, QC property. The Company has completed all the terms of the first property option agreement with Canada Strategic Metals regarding the La Loutre property, QC. The terms of the second option agreement are subject to two-year exploration expenditures – a total of \$1.8 M in 2015 and a total of \$950,000 in 2016.

Results of Operations - Use of Proceeds from previous Private Placements as at October 31, 2015

Proceeds of Private Placements	Financing Feb 20, 2015 \$587,940	Financing April 13, 2015 \$230,466	Jun. 27, 2013 (Flow-Through) \$500,000	March 13, 2014 (Flow-Through) \$2,596,520
Balance forward	353,282	494,636		(279,520)
Cost of financing	(31,340)	(15,684)		
Advance Payments	(117,989)	(76,508)		
Exploration & Technical reports	-	-	(779,520)	(2,038,464)
Investments & intercompany transactions	-	(76,404)		
Legal/Consulting/Professional	(67,003)	(146,013)		
TSX & Filing fees	(14,369)	(23,111)		
Transfer Agent	(7,137)	(4,676)		
Office & sundries	(11,920)	(15,350)		
Promotions & travel	(117,768)	(293,775)		
Audit/Accounting	(8,760)	(60,374)		
Shareholders' communications	-	(18,817)		
Management	(30,000)	(105,000)		
Research & Development	-	-		
Investor Relations	(40,300)	(73,762)		
GIC transfers		359,786		
Balance of proceeds remaining	494,636	55,052	(279,520)	\$278,537

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

The summary of quarterly results has been prepared in accordance with IFRS

	Oct. 15	Jul 15	Apr 15	Jan 15	Oct 14	Jul 14	Apr 14	Jan 14
Revenue	0	0	0	0	0	0	0	0
Net Income (Loss)	(229)	1,180	2,091	3,945	(103)	(817)	(579)	(342)
Loss per Share	(0.00)	(0.01)	0.02	(0.01)	(0.00)	(0.01)	(0.01)	(0.00)

Other MD&A Requirements

As at October 31, 2015, the Company had a total of 155,463,267 shares on a fully diluted basis. If the Company were to issue 20,565,566 shares upon the conversion of all of its outstanding warrants and options, it would raise a total of \$2,199,700.

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As at October 31, 2015, the Company has sufficient funds to pay for approximately 1.5 months of on-going operational expenses and will need to secure new financing in order to continue its operations and meet its commitments.

Off Balance Sheet Arrangements

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

Subsequent Events

On November 3, 2015, the Company announced that its wholly owned subsidiary, Lomiko Technologies Inc. had appointed Ron Merten, to the Advisory Board. Mr. Merten is the owner and chief editor of Graphene-Info and a market analyst. Also announced was that Lomiko Technologies' two key patents on the USB Spider device have been filed and that the products prototype would soon be ready for preview on Kickstarter.

On November 4, 2015, the Company along with Canada Strategic Metals Inc. that they had agreed to carry out a flake Graphite Resource Estimate at the La Loutre property based on the drill results of 25 holes drilled in 2014 and the first infill holes drilled in 2015 on the Graphene-Battery zones.

On November 5, 2015, the Company announced that its wholly owned subsidiary, Lomiko Technologies Inc. had received a loan of US \$110,000 from Graphene ESD Corp., a company in which Lomiko Technologies has a 40% interest. The loan bears 1% interest per annum and is payable on demand, but not on or before May 6, 2016. No bonus shares or finder's fee will be payable. The money will be utilized to fund the manufacturing and marketing of the Spider USB Charger and LED Driver electronic products, both of which are licensed from Megahertz Power Systems, and for general working capital.

On December 2, 2015, the Company and its wholly owned subsidiary, Lomiko Technologies Inc., commenced a Kickstarter campaign to fund safety certification of the "Spider Charger", an in-wall USB charging device that sets a new standard for energy efficiency and convenience for today's connected consumer. Lomiko has already begun a 250-unit production run for the Spider Charger based on initial interest, to showcase the device to distributors and potential commercial users. Lomiko's initial market focus is North America, with residential and commercial developers and builders; schools; airport, train and bus terminals; green office buildings; and businesses such as coffee shops with a clientele that's always looking to recharge digital devices. The Spider Charger is able to safely charge up to eight devices, six with USB connections and two with standard plugs. It works with any type of cellphone, computer, camera or other electronic device.

Disclosure of Internal Controls

Management has established processes to provide sufficient knowledge to support representations that reasonable due diligence has been exercised to ensure that

(i) the audited condensed annual financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited condensed annual financial statements, and

(ii) the audited condensed annual financial statements fairly present in all material respects, the financial condition, results of operations and cash flow of the Company, as of the date of and for the period presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

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(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge or support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation

On behalf of the Board,

"Paul Gill"

Paul Gill, President & CEO