LOMIKO METALS INC.
Form 51-102
Management Discussion and Analysis
Interim First Quarter ended October 31, 2016

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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, 2016 compared to the same period last year ended October 31, 2015.

This MD&A should be read in conjunction with the Company's financial statements for the period ended October 31, 2016 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 November 26, 2016. 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.

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's registered office is #439, 7184 120th Street, Surrey, BC V3W 0M6 Canada.

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, which 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 Metals Inc. 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 (Graphite) and the Bourier property, Quebec (Lithium). 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 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 lithogeochemical 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 $525,240.51 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.

On June 24, 2016, the Company announced that it was seeking a partner to explore the eastern portion of the Vines Lake Project for gold and silver. Refer to the Company's press release dated June 24, 2016 filed on SEDAR at www.sedar.com for complete highlights.

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 following terms of the agreement have all been met:

-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.

To date, the Company has spent a total of $531,076.58 on exploration expenditures and $190,000 paid in cash and shares for this property.

Quatre-Milles (West) (QMW)

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 Company acquired the property by paying $3,000 and issue an aggregate of 1,800,000 common shares. The terms of the agreement have all been met.

The QMW property is located in the Laurentians Region of Quebec, approximately 30 kilometers northeast of Mont-Laurier. The property is comprised of 37 claims over an area of 2,183.97 Ha.

Lomiko Metals has filed a NI 43-101 technical report for the Quatre Mille properties (East and West) prepared by Jean Lafleur, M.Sc., P.Geo of PJLEXPL Mineral Exploration Consultancy dated February 14, 2014.

To date, the Company has spent a total of $45,539.54 in exploration and technical reports and $183,000 was paid with cash and shares for this property.

La Loutre 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 and of which $1,000,000 will be applied toward exploration expenditures on "Other Properties" that include Sakami, Apple and New Gold properties owned by Canada Strategic Metals Inc. With regards to the "Other Properties", $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 Iles 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.

On May 13, 2016, the Company signed a third amending agreement with Canada Strategic Metals Inc. to increase its undivided interest in and to the La Loutre, Quebec property and the Lac des Iles Property from 80% to 100% by paying to Canada Strategic and additional amount of $10,000, issuing an additional 7,500,000 common shares and by funding exploration expenditures for an additional amount of $1,125,000. Previous to this option, Lomiko owned 40% of the La Loutre Property and Lac des Iles Property and had an option to increase ownership to 80% based on completing work and issuing shares.

The La Loutre property consists of 42 continuous mineral claims totalling approximately 2,867.29 hectares (28.67 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 Lafleur, M.Sc., P.Geo of PJLEXPL Mineral Exploration Consultancy dated February 12, 2015 and March 22, 2015, respectively. The fulltext of the report is filed on SEDAR at www.sedar.cm.

In the second half of 2015, a 259 meter, 7 hole drill program was completed. The focus of the program was on vertical depth of less than 150 meters to target resources conducive to an open pit operation.

On February 9, 2016, the Company announced resource estimates on the property of 18.4 Mt at 3.19% indicated and 16.7 Mt at 3.75% inferred with an official cut-off grade of 1.5%. The resource was estimated by InnovExplo. For sensitivity purpose, the resource was 4.1 Mt at 6.5% indicated and 6.2Mt at 6.1% inferred with a cut-off grade of 3%. The resource estimate, which is constrained in a pit shell of 1,100m x 350m x 100m accounts for the Graphene-Battery Zone. Three zones have been identified to date on the property, namely the Graphene, Battery and Refractory zones.

On March 24, 2016, The Company, together with Canada Strategic Metals, announced that further to the above resource estimate report on the property, they have filed their NI 43-101 technical report titled "Technical Report and Mineral Resouce Estimate for the La Loutre Property" with is available on SEDAR at www.sedar.com.

Further to this reporting period, on December 9, 2016, the Company announced that a 1550 M drill program of 10 holes was completed in the new Refractory Zone at the La Loutre Flake Graphite Property which intercepted multiple zones of graphite mineralization.

To date, the Company has spent a total of 1,996,616.03 in exploration expenses and $411,700.30 in acquisition costs

La des Isles, Quebec

The Lac-des-Iles Property consists of one large contiguous block of 104 mineral claims totaling 5,601.30 hectares (56 km^2) in the Laurentian Region of Quebec, bordering the western limit of the Imerys Carbon and Graphite Mine and Processing Facility (the "Timcal Graphite Mine"). The Property is located 20 km south of Mont-Laurier, 150 km northwest of Montreal. The center of the Lac-des-Iles Property is located at Universal Transverse Mercator ("UTM") coordinates 453539 East, 5138502 North, in the North American Datum (NAD) 83 Zone 18 coordinate system.

All claims comprising the Lac-des-Iles Property are in good standing and 100% owned by Canada Strategic Metals Inc.

To date, the Company has spent a total of 195,702.78 in exploration expenses and $623,401.61 in acquisition costs on the Lac des Iles Property.

The Company is required to spend an additional $578,993 in total on the La Loutre, Lac des Isles and “Other Properties” (owned by Canada Strategic Metals) by December 31, 2016 to earn an additional 40% on the La Loutre and Lac des Isles Properties.

Bourier Lithium Property, Quebec

On April 27, 2016, the Company entered into a property option agreement with Critical Elements Corporation (TSX.V-CRV) (“Critical Elements”) to earn up to a 705 interest in and to the property known as the Bourier Property location in the James Bay area, Province of Quebec (the “Bourier Property”). The certain mining rights on the Bourier Property is the subject of a 1.4% NSR royalty in favour of Mr. Alain Champagne. The Company shall grant Critical Elements a 2% NSR royalty. In order to earn up to a 49% interest (the “First Option”), the Company:

(a) paying to Critical Elements $10,000 cash upon Exchange approval;
(b) issuing to Critical Elements 2,500,000 common shares upon Exchange approval.
(c) Will issue an additional 2,500,000 common shares on or before December 31, 2016; and
(d) Incur or fund exploration expenditures aggregating not less than $750,000 on the Bourier Property, of which an amount of $350,000 must be incurred or funded before December 31, 2016 and an amount of $400,000 before December 31, 2017.

In addition, after the First Option is exercised, the Company may earn an additional 21% for a total of 70% interest in and to the Bourier Property by:

(a) Paying to Critical Elements an amount of $250,000, in cash or in common shares of the Company at the sole discretion of the Company;
(b) On or before December 31, 2018, incurring or funding additional exploration expenditures for an amount of $1,250,000; and
(c) On or before December 31, 2018, delivering a NI 43-101 compliant estimate on the Bourier Property.

To date, the Company has paid $135,000 in cash and shares as to this property option.

2018 MILESTONE PAYMENTS

Subject to the Company’s right to withdraw from and terminate the First Option, the Company agrees to pay the following milestones payments to Critical Elements, payable at any time following the exercise of the First Option upon the occurrence of the following:

- On the estimation of a drilled defined resource (NI 43-101 compliant) of 5,000,000 tonnes at a cut-off grade of 0.6% Li2O (all categories) a payment of Cad $500,000, payable in cash or in common shares of the Company at the sole discretion of the Company;

- On the estimation of a drilled defined resource (NI 43-101 compliant) of 10,000,000 tonnes at a cut-off grade of 0.6% Li2O (all categories) a payment of Cad $750,000, payable in cash or in common shares of the Company at the sole discretion of the Company;

- On the estimation of a drilled defined resource (Ni 43-101 compliant) of 15,000,000 tonnes at a cut-off grade of 0.6% Li2O (all categories) a payment of Cad $1,000,000, payable in cash or in common shares of the Company at the sole discretion of the Company; and

- On the estimation of a drilled defined resource (NI 43-101 compliant) of 20,000,000 tonnes at a cut-off grade of 0.6% Li2O (all categories) a payment of Cad $1,500,000, payable in cash or in common shares of the Company at the sole discretion of the Company.

ROYALTY

Following the exercise of the First Option by the Company, and in addition to the amounts paid, common shares issued and Exploration Expenditures incurred or funded by the Company under the First Option and thereafter under the Second Option, as applicable, Critical Elements shall receive a royalty equal to 2% net smelter returns resulting from the extraction and production of any Minerals on the Property.

The Royalty including the right of the Company to purchase a portion thereof (1%).

OPERATORSHIP

During the currency of this Agreement, Critical Elements shall act as the operator and as such, shall be responsible for carrying out and administering the Exploration Expenditures on the Property, in accordance with a work programs approved by the Parties regarding the Property.

The Bourier project consists of 228 claims for a total ground position of 11,579.28 hectares (116 km^2) in a region of Quebec that boasts other lithium deposits and known lithium mineralization, as shown in the maps and table below. The Bourier project is potentially a new lithium field in an established lithium district. The property is located within the Opinaca Subprovince. Metagraywacke, derived migmatite, and granite characterize this subprovince. Poly-deformed schists occur at the belt margins, whereas the interior portions are metamorphosed to amphibolite and granulite facies (Percival, 2007). Mineralization in the Opinaca subprovince includes rare-metal occurrences within peraluminous granites and associated pegmatites.

The property is adjacent to the North-East to the Lemarre Lithium property option by Critical Elements to Lepedico in February 2016.

A Technical Report has been performed by InnovExplo in 2012 Technical Report on the Bourier Property (according to Regulation 43-101 and Form 43-101F1) for Monarques Resources.

Investment in Associates

Technology

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

On November 22, 2013, the Company paid $50,000 to acquire 250,000 common shares of Graphene 3D Lab Inc. On August 8, 2014, Graphene 3D Lab Inc. completed a reverse takeover of Matnic Resources Inc. (a publicly traded company) and a forward split converted the number of shares to 3,196,970. The shares are held in escrow and are being released on the following terms:

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

On May 8, 2014, the Company entered into a subscription agreement to purchase 1,200,000 common shares of Matnic Resources Inc., (Matnic) for $300,000. On August 8, 2014, Matnic was taken over by Graphene 3D Lab Inc.

The following is a summary the shares available for sale and held in escrow:

	Available for sale	Held in escrow	Total
July 31, 2016	479,545	2,237,880	2,717,425
October 31, 2016	79,545	1,758,335	2,717,425

The following table summarizes the Company's holdings in Graphene 3D Labs Inc.:

	Percentage of voting shares owned	Cost	Fair Value
July 31, 2016			
Graphene 3D Labs Inc.	5.5%	$216,308	$ 611,421
October 31, 2016	3.96%	$178,135	$ 447,576

During the period, the Company sold 479,545 shares for net proceeds of $98,175 and a gain of $60,004.

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. The closing price is a quoted price obtained from the exchange that is the principal active market for the security.

SHD Smart Home Devices Ltd.

On March 15, 2016, the Company issued 16,129,743 Common Shares at $0.035 per share for a deemed value of $564,541, in exchange for 778,890 of SHD Smart Home Devices Ltd. (Smart Home), a private company incorporated in British Columbia on March 15, 2016. The Company owns 11.478% of the total equity of Smart Homes (SHD), a private company incorporated in British Columbia on March 15, 2016. The Company owns 11.47% of the total equity of SMD and SMD owns 9.4% of the share capital of Lomiko Metals Inc.

The common shares are classified as Level 3 in the fair value hierarchy inputs for the asset or liability that are not based on observable market date (unobservable inputs).

Summary of investment in securities:

	October 31, 2016	**July 31, 2016**
Graphene 3D Labs Inc.	$ 447,576	$ 661,421
SHD Smart Home Devices Ltd.	564,541	564,541
	$ 1,012,117	$ 1,175,962

LICENSE

Megahertz Power Systems Ltd.

On October 20, 2014 the Company, signed a letter agreement with Megahertz Power Systems Ltd. (“Megahertz”) to:

- license from Megahertz non-exclusive rights to manufacture and sell three power converter system products for the Canadian and US markets;
- acquire a pending supply contract with a Canadian LED system integrator;
- finance the Company’s future manufacture and sales of the Licensed Power Supplies; and (iv) finance to the amount of $250,000 the business set-up costs of the Company’s manufacture and sales of the Licensed Power Products;
- Finance the future manufacture and sales of the licensed power products;

Under the terms of the letter agreement, Megahertz agreed to assign and transfer a pending revenue-generating customer contract to the Company upon the Company advancing the sum of $250,000 as start-up funds as follows:

- a non-refundable payment of $25,000 upon signing of the letter agreement (paid November 1, 2014);
- $125,000 within thirty (30) days after signing the letter agreement (paid December 1, 2014) and
- $100,000 within sixty (60) days after signing the letter agreement (paid February 18, 2015).

The letter agreement called for the Company to further finance the manufacturing and distribution of the licensed power supply products and pay Megahertz a project management fee to manage the manufacturing, distribution, marketing and sales of the licensed power supply products.

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

On February 10, 2015 the Company executed a non-exclusive license agreement with Megahertz for the production and sale of three licensed power supply products (Spider Charger, Allanson LED Driver and 60 and 90 LED Driver 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. Prior to a January 29, 2016 amendment, the first payment of $21,000 was due December 2015. On January 29, 2016 the payment terms associated with project management fees for each "SOW" were changed to coincide with the rendering of invoices by Megahertz. As well, project management fees for the period January 31, 2016 to December 31, 2016 were eliminated. Management fees incurred from August 31, 2015 to January 31, 2016 are due within 30 days receipt of the invoice.

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.

On February 23, 2016, Megahertz amalgamated a number of its concept designs, technology licenses, patent applications and intellectual property into a company named Smart Home Devices Ltd.("SHD"). SHD is a private Company incorporated under the laws of British Columbia, formed to penetrate the smart home market for Internet of Things (IOT). As part of this amalgamation, the property patent rights to one licensed product the Spider Charger, was transferred to SHD by Megahertz. The Company continues to own the trademark for the Spider Charger. The royalty fees tied to the sale of the Spider Charger by the Company will remain in effect for the product and will be payable to SHD.

On March 15, 2016 the Company acquired 778,890 shares of Smart Home Devices Ltd ("SHD"), a private company incorporated under the laws of British Columbia. SHD was formed with engineering partner, Megahertz Power Systems Ltd., which Company through its wholly owned subsidiary Lomiko Technologies, Inc., had previously acquired a license. The acquisition represents an 11.478% ownership of SHD. In consideration for the shares, the Company issued 16,129,743 common shares from treasury at $0.035 per share for a deemed value of $564,541. The shares issued are subject to a hold period which expires July 4, 2016.

Management fees for the USB6 charger will remain with Megahertz.

The costs expended for the license and SOWs relating to the Spider Charger and USB6 LED are as follows:

Licenses	$ 250,000
Legal fees	9,893
July 31, 2015	$ 259,893
Project Management Fees	126,000
Parts, supplies and tooling	112,866
Trademark	5,417
Write off of costs relating to Allanson	(45,928)
October 31, 2016	$ 458,878

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 ("Original Issue Price") for total consideration of $182,281 US. Dividends, at the rate per annum of $4.05 per share, will accrue on each preferred share and shall be cumulative. Payment of dividends is at the discretion of the board. Each share of Series A Preferred Stock held by the Company shall be convertible, at the option of the Company, at any time and from time to time after May 6, 2015, and without the payment of additional consideration by the Company, by dividing the Series A Original Issue Price by the Series A Conversion Price in effect at the time of the conversion. The Series A Conversion Price shall initially be equal to $101.27 US. 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**.**

The following table summarizes the Company's equity holdings:

.	Number of Shares held	$ Cost
Acquisition of preferred shares	1,800	$ 213,251
Costs related to acquisition		$ 10,824
Shares of equity loss for the year		(32,397)
July 31, 2015	1,800	$191,678
Shares of Equity loss		(1,727)
July 31, 2016	1,800	$189,893
Share of equity loss		(10)
October 31, 2016	1,800	**$189,883**

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.

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, 2015	Oct. 31, 2016	
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	133,378.65	-	
Drilling	53,207.70	-	
Mineral Exploration Tax Credits	(8,037.00)	-	
Total YTD Vines Lake Exploration Expenditures	**$525,240.51**	**-**	**$ 525,240.51**

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**

Quatre-Mille (East) Graphite Property, Quebec - Exploration Expenditures			
	YTD July 31,2016	Oct. 31, 2016	
Mineral Rights	1,749.70	-	
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	-	
Mineral Exploration Tax Credits	(129,458.00)	-	
Total YTD Quatre-Mille (East) Expenditures	**$531,076.58**	**-**	**$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, 2015	Oct.31,,2016	
Geological Consulting & Reports	11,079.99	-	
Airborne Survey	30,880.98	-	
Claims Renewal	**3,578.57**	**-**	
Total YTD Quatre-Mille (West) Expenditures	**45,539.54**	**-**	**45,539,54**

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			
	Balance Forward July 31, 2016	**Oct. 31, 2016**	
Drilling	1,517,838.81	-	
Project supervision and management	81,373.80	-	
Geological sampling & mapping, environmental	151,506.25	-	
Consulting, site visits & reports	7,063.88	-	
Miscellaneous charges	133,611.52	-	
Mineral Resource Estimate	93,584.97	-	
Technical Reports	6,641.67	-	
Claims renewal	2,552.55	-	
Management fees	15,843.06	-	
YTD Total exploration expenditure	**1,996,616.70**	**-**	**1,996,616.70**

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**		**623,401.81**

Lac des Isles Crystalline Flake Property, Quebec – Exploration Expenditures			
	Balance Forward July 31, 2016	**Oct. 31, 2016**	
Mineral Property site visits & assessment	6,357.13	-	
Drilling	-	-	
Project supervision	6,736.68	-	
Geological sampling & mapping	135,725300	-	
Miscellaneous expenses	44,905.60	-	
Claims renewal	1.884.03	-	
Management fees	94.20	-	
YTD Total exploration expenditures	**195,702.58**		**195,702.58**

Demand Loan

On November 5, 2015, the Company received a US $110,000 loan from Graphene ESD Corp., a company in which the Company has a 40% ownership interest. The loan bears interest at the rate of 1% per annum and is payable on demand,

Other Liabilities

Other liabilities consist of the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through shares issuances:

	Issued Sept. 7, 2016	Issued on June 21, 2016	Total
Balance July 31, 2015			
Liability incurred on flow-through shares issued	$ -	$ 50,000	$ 50,000
Balance at July 31, 2016			
Liability incurred on flow-through shares issued	$ 2,634	-	-
Balance, October 31, 2016	**$ 2,634**	**$ 50,000**	**$ 52,634**

Statement of Compliance

These unaudited interim financial statements of the Company, for the period ended October 31, 2016, have been prepared in accordance with International Financial Reporting Standards ("IAS 34"), The Company's significant estimates and judgments are consistent with those disclosed in the annual audited consolidated financial statements for the year ended July 31, 2016. These unaudited condensed interim consolidated financial statements do not contain all disclosures required by IFRS and accordingly, should be read in conjunction with the 2016 annual consolidated financial statements and the notes thereto.. These consolidated financial statements were approved and authorized for issue by the Board of Directors on December 29, 2016.

Going Concern

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company has incurred cumulative losses of $18,430,307 and has reported a net loss from operations of ($206,836) before other comprehensive loss items totaling $125,673 for a net comprehensive loss of $322,509 for the three-month period ended October 31, 2016). The ability of the Company to continue as a going concern is dependent upon successfully obtaining additional financing entering into a joint venture, a merger or other business combination transaction involving a third party, sale of all or a portion of the Company's assets, the outright sale of the Company, the successful development of the Company's mineral property interests, or a combination thereof. There can be no assurance that funding from this will be sufficient in the future to continue and develop its mineral properties, and provide additional funding for the development of the power supply products. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company be unable to continue as a going concern. Such adjustments could be material.

Basis of Measurement

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.

These unaudited condensed interim consolidated financial statements have been prepared using the same accounting policies and method of computation as the annual consolidated of Lomiko as at and for the year ended July 31, 2016. The adoption of these amendments did not have a material impact on the accounting policies, methods of computation or presentation applied by the Company.

a) Basis of Consolidation

These consolidated financial statements include the financial statements of Lomiko Metals Inc. and its wholly-owned subsidiaries, which are controlled by the Company. Control is achieved when Lomiko (as the parent company) is exposed, or has rights, to variable returns from its involvement with the investees and has the ability to affect those returns through its power over the investee. Specifically, the Company controls the investee if, and only if, the Company has all the following: (i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee): (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect its returns.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions, balances, income and expenses are eliminated on consolidation. The consolidated financial statements of the Company include its wholly owned subsidiaries, The Conac Company Inc., Conac Software (USA) Inc., Lomiko Metals LLC and Lomiko Technologies Inc.

b. Investment in Associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method from the date on which the investee becomes an associate. Under the equity method, investments in associates are carried in the statement of financial position at cost adjusted for post-acquisition changes in the Company's share of net assets of the associates, less any impairment losses.

The requirements of IAS 39 *Financial Instruments: Recognition and Measurement (IAS 39)* are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 *Impairment of Assets (IAS 36)* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment.

Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Losses in an associate in excess of the Company's interest in that associate are recognized only to the extent that the company has incurred a legal or constructive obligation to make payments on behalf of the associate.

c) Presentation currency and foreign currency translation

The consolidated financial statements are presented in Canadian dollars which is the functional currency of each company in the Company.

Foreign currency transactions are translated into functionary currency of each entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from re-measurement of foreign currency denominated monetary items at reporting period and exchange rates are recognized in profit or loss.

Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rates in effect at the time of the initial transaction and are not subsequently re-measured at reporting period ends.

d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less and which are subject to an insignificant risk of changes in values insignificant risk of change in values.

e) Licenses

All costs related to the acquisition and development of licenses are capitalized as intangible assets. Licenses costs will be written off against income generated from licensed product sales. The expected useful life of the licenses is based on the life of the patent.

f) Website

All costs related to the development of the Company's website are capitalized into intangible assets. Website costs will be written off at 20% per year when income is generated from the licensed product sales.

g) Exploration and Evaluation Expenditures

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are charged to profit or loss. Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within equipment. Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

h) Interest Income

Interest income is recorded on an accrual basis using the effective interest method.

i) Decommissioning, restoration and similar liabilities ("asset retirement obligation" or "ARO")

The Company recognizes provisions for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral interests and decommissioning of equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for an ARO is recognized at its present value in the period in which it arises. Upon initial recognition of the liability, the corresponding ARO is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset. Following the initial recognition of the ARO, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation.

j) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires. Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are subsequently measured as described below.

Financial Assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held-to-maturity investments; and

- available-for-sale financial assets.

The category determines how the asset is subsequently measured and whether any resulting income or expense is recognized in profit or loss or in other comprehensive income. All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are considered impaired when there is objective evidence that a financial asset or a Company of financial assets has been impaired. Different criteria to determine impairment are applied for each category of financial assets which are described below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method. Loans and receivables comprise cash and cash equivalents and receivables (other than goods and services tax (GST") from Canadian government taxation authorities).

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The Company currently does not have any financial assets in this category.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined for example by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss. The Company currently does not have any financial assets in this category.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Available-for-sale financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognized in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method is recognized in profit or loss. Reversals of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

Financial Liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains and losses recognized in profit or loss. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's financial liabilities measured at amortized cost include accounts payable and accrued liabilities, bank indebtedness and loans payable.

k) Impairment of Assets

Financial Assets

A financial asset that is not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The amount of the impairment loss is recognized in profit or loss. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the profit or loss, except for equity instruments classified as available-for-sale where the reversal is recorded in other comprehensive income.

Non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that the assets are impaired. For exploration and evaluation assets the Company considers the following indicators of impairment: (i) whether the period for which the Company has the right to explore has expired in the period or will expire in the near future, and is not expected to be renewed; (ii) substantive expenditures on further exploration for and evaluation of mineral resources is neither budgeted nor planned; (iii) exploration and evaluation have not led to the discovery of commercially viable mineral resources and activities are to be discontinued; (iv) sufficient data exists to indicate that, although a development in the area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development of by sale; and (v) other factors that may be applicable such as a significant drop in metal prices or deterioration in the availability of equity financing. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate largely independent cash inflows, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable Company of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Recoverable amount is the higher of fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in profit or loss.

An impairment loss recognized in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets in the cash-generating unit on a pro-rata basis.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

l) Taxes

Tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current taxes

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred taxes

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not recognized on the initial recognition of goodwill, on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction, and on temporary differences relating to investments in subsidiaries and jointly controlled entities where the reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured, without discounting, at the tax rates that are expected to apply when the assets are recovered and the liabilities settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for 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 sufficient taxable profit will be available to allow the related tax benefit to be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.

Sales tax

Expenses and assets are recognized net of the amount of sales tax except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- When receivables and payables are stated with an amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

m) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

n) Earnings/Loss per Share

Basic earnings (loss) per common share is computed by dividing the net income (loss) available to common shareholders of the Company by the weighted average number of shares outstanding or committed to issue for the relevant year.

Diluted earnings (loss) per common share is computed by dividing the net income (loss) applicable to common shareholders by the sum of the weighted average number of common shares issued and outstanding or committed and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

o) Share-based Payments

The Company has a stock option plan under which it grants stock options to directors, employees, consultants and service providers.

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income. The value of the options and warrants granted, related to the issuance of shares, are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in share based payment reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share based payment reserve is credited to share capital, adjusted for any consideration paid.

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 payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

p) Flow-through Shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

q) Significant Accounting Judgments and Estimates

The preparation of the Company's consolidated financial statements in accordance with IFRS requires Company's 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 consolidated financial statements are discussed below.

Going concern: The assessment of the Company's ability to continue as a going concern requires significant judgment. The Company considers the factors outlined in Note 1 when making its going concern assessment.

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 8.

Title to Mineral Property Interests: Although 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 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.

r) Changes in Accounting Policies–New and Amended Standards and interpretations.

The standards and interpretations that are issued, but not yet effective, up to the date of authorization of these consolidated financial statements are disclosed below. Management anticipates that all of the pronouncements will be adopted in the Group'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 financial statements.

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 Group's consolidated 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, 2017 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 financial statements; however, as the Company currently has no operating revenues, this is not anticipated to be significant.

Amendments to IAS 1 Presentation of Financial Statements. The amendments are designed to encourage companies to apply professional judgment to determine what information to disclose in the financial statements. In addition, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. The amendment is effective for annual periods beginning on or after January 1, 2016.

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, 2016	**July 31, 2016**
Cash and bank balances	$ 271,408	$ 323,031
Cash equivalents	3,000	3.000
	$ 274,408	$ 326,031

Other Receivables

	October 31, 2016	**July 31, 2016**
Goods and services tax recoverable	$ 12,229	$ 9,824

Prepaid Expenses

Included in prepaid expenses are $ 69,483 expenditures paid for promotions and advertising.

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

Period ended October 31, 2016

On September 7, 2016 the Company completed a non-brokered private placement, by issuing 263,400 flow through units of the Company at $0.05 per unit for total gross proceeds of $13,170. Each flow-through unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.075 per share for a period of 36 months after closing. In addition, the Company issued 4,817,500 units of the Company at $0.04 per unit. Each unit comprises of one common share and one common share purchase warrant. Each warrant is exercisable into common share at an exercise price of

$0.05 per share for a period of 18 months after closing. Legal fees of $4,763 were incurred. There is a hold period expiring January 8, 2017.

Year ended July 31, 2016

On February 16, 2016 the Company issued 16,129,743 common shares at $.035 per share, for a deemed value of $564,541, to acquire 778,890 common shares of Smart Home Devices Ltd. In addition, $1,200 of share issue costs were incurred.

On May 3, 2016 the Company issued 2,500,000 shares at $.05 per share, for a deemed value of $125,000, pursuant to a property option agreement to acquire a 49% interest in the Bourier Property exploration
On June 21, 2016 the Company completed a brokered private placement, by issuing of 5,000,000 flow through units of the Company at $0.05 per unit for total gross proceeds of $250,000. Each flow-through unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into common share at an exercise price of $0.075 per share for a period of 36 months after closing. The warrants had a fair value of $13,483, measured using the Black-Scholes valuation model. Additionally 400,000 broker warrants were issued with a fair value of $1,079, measured using the Black-Scholes valuation model. The company recorded a liability on the flow through premium of $50,000, for the difference between the fair value of its common shares and the issuance price of its flow-through shares. This has been recorded as a flow-through common share issuance liability. In addition, the Company paid commission of $20,000 and legal expenses of $13,900. There is a hold period expiring October 23, 2016.

b) Share purchase warrants

A summary of the Company's outstanding share purchase warrants at October 31, 2016 is as follows:

	Number Of Warrants	Weighted Average Exercise Price
Balance, July 31, 2016	**43,721,768**	**$ 0.15**
Issued for financing	7,900,000	0.07
Expired	(28,831,202)	(0.15)
Balance, July 31, 2016	**22,790,566**	**$ 0.10**
Issued for financing	5,080,000	0.05
Expired	(9,799,000)	(0.125)
Balance, October 31, 2016	**18,072,466**	**$ 0.07**

The following table summarizes information relating to share purchase warrants outstanding and exercisable at October 31, 2016.

Number of Warrants	Exercise Price	Expiry Date
4,861,100	$0.08	April 13, 2017
230,466	$0.08	April 13, 2017
5,000,000	$0.075	June 21, 2019
400,000	$0.075	June 21, 2019
2,500,000	$0.05	January 19, 2016
4,817,500	$0.05	March 7, 2018
263,400	$0.05	September 7, 2019
18,072,466		

The weighted average remaining contractual life of the warrants as at October 31, 2016 was 1.48 years.

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

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

	September 7, 2016
Risk free interest rate	1.56%
Expected life of options	2.50 years
Annualized stock price volatility	135.7%
Expected dividend yield	0%
Forfeiture rate	95%

The following table summarized the stock options outstanding and exercisable as at October 31, 2016:

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2015	**5,675,000**	**$0.10**
Expired	(425,000)	0.10
Balance, July 31, 2016	**5,250,000**	**$0.10**
Expired	(350,000)	0.10
Balance, October 31, 2016	**4,900,000**	**$0.10**

The following table summarizes the stock options outstanding and exercisable as at July 31, 2016:

Number of options outstanding	Exercise price	Expiry date
675,000	$0.10	February 1, 2018
400,000	$0.10	April 30, 2018
1,825,000	$0.10	January 31, 2019
2,000,000	$0.10	September 5, 2019
4,900,000		

During the year ended October 31, 2016 the Company issued $nil stock options to directors and consultants.

The weighted average remaining contractual life of options outstanding at October 31, 2016 was 2.29 years.

Other Requirements

Additional disclosure relating to the Company's material change reports, news releases and other information are 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, polices and processes for managing those risks or the methods used to measure them from previous year have not changed.

General Objectives, Policies and Processes:
The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive 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 Graphene 3D Lab Inc. equity is measured at fair value and is subject to re-measurement. Although the current unrealized gain is substantial at the date of the report, fluctuations in price may materially change the fair value, resulting in changes in the unrealized gain/loss.

b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. The majority of cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand. The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at October 31, 2016 relating to cash of $274,408 and other receivables of $12,229. 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 October 31, 2016 and July 31, 2016.

	Less than 3months	3 – 12 months	Total
July 31, 2016			
Trade payables and other liabilities	$ 333,506	$ -	$ 333,506
October 31, 2016			
Trade payable and other liabilities	$ 355,833		$ 355,833

d) Fair value of financial instruments

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate fair value:

	Level 1	Level 2	Level 3	Total
July 31, 2016				
Investment in equity	$ 611,421	$ -	$ -	$ 611,421
Cash and Cash Equivalents	$ 326,031	$ -	$ -	$ 326,031
October 31, 2016				
Investment in equity	$ 447,576	$ -	$ 564,541	$ 1,012,117
Cash and cash equivalents	$ 274,408	$ -	$ -	$ 274,408

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 (i.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:

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.

Related Party Transactions

Key management personnel include the Board of Directors, CEO and Chief Financial Officer ("CFO') of the Company. The remuneration of key management personnel was as follows:

		October 31, 2016		October 31, 2015
Fees paid to companies related to directors or directors	$	**45,000**	$	45,000
Share-based compensation		**-**		-
	$	**45,000**	$	45,000

During the period, a directors was reimbursed $50,000 relating to the settlement of operating expenses. As part of this transaction, personal shares of the director were used to extinguish this debt. The market value of the shares of the Company on the day of transfer was $43,750.

Included in accounts payable is $4,819 (July 31, 2016 - $1,015) owing to directors.

Segmented Reporting

During the years ended October 31, 216 and July 31, 2016, the Company operated in two industry segments: acquisition, exploration and development of resource properties and the manufacture and sale of power supply products. The Company's non-current assets by industry segments for the years ended October 31, 2016 and July 31, 2016 are as follows:

October 31, 2016	Exploration and Evaluation	Power Supply Products
Non-current assets		
Exploration and evaluation assets	$ 4,910,163	$ -
Investment in associate	189,893	-
Investment in equity securities	447,576	564,541
License	-	460,894
Website	-	13,738
	$ 5,547,632	$ 1,039,173

July 31, 2016	Exploration and Evaluation	Power Supply Products
Non-current assets		
Exploration and evaluation assets	$ 4,910,163	$ -
Investment in associate	189,893	-
Investment in equity securities	611,421	564,541
License	-	458,878
Website	-	8,170
	$ 5,711,477	$ 1,031,589

Loss Per Share

	October 31 2016	October 31, 2015
Loss attributed to ordinary shareholders	$ (206,836)	$ (272,987)
Weighted average number of common shares	186,673,910	155,463,267
Basic and diluted loss per share	$ (0.00)	$ (0.01)

Basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options, in the weighted average number of common shares outstanding during the period, if dilutive.

Commitments

Shareholders Rights Plan

On October 30, 2014 the Board of Directors adopted a Shareholder Rights Plan (the “Plan”) to ensure, that all shareholders of the Company are treated fairly in connection with any take-over bid for the Company. In order to implement the adoption of the Shareholder Rights Plan, the Board of Directors has authorized and declared a distribution of one Right effective the close of business on October 30, 2014 in respect of each Common Share outstanding at the Record Time and has further authorized the issuance of one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time as defined in the Plan.

Each Right entitles the holder thereof, to purchase securities of the Company pursuant to the terms and subject to the conditions set forth pursuant to the Plan. The Company appointed the rights agent, Computer Share Trust Company of Canada to act on behalf of the Company and the holders of Rights, and the Rights Agent is willing to so act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates (as hereinafter defined), the exercise of Rights and other matters referred to in the Plan.

Effective Date and Confirmation
This Plan is effective and in full force and effect in accordance with its terms. 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.

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, 2016, with the year ended July 31, 2015 and with the year ended July 31, 2014 were as follows (**in thousands of Canadian dollars except for shares**):

	IFRS 2016 $	**IFRS 2015 $**	**IFRS 2014 $**
Total Revenue	0	0	0
Total Assets	7, 117	8,572	6,297
Total Long Term Liabilities	0	0	0
Total Operating Loss	(634)	(1,125)	(817)
Net Income and comprehensive (loss)	(2,617)	1,177	(817)
Net Income (loss) per share basis	(0.00)	(0.01)	(0.01)
Net Income (loss) per share diluted	(0.00)	(0.01)	(0.01)

Results of Operation – Three-month period ended October 31, 2015 and 2016

	2016 $	2015 $
General administrative expense		
Office & sundry	**7,044**	4,336
Advertising & Promotions	**117,928**	96,290
Management	**45,000**	45,000
Professional fees	**58,670**	63,214
Consulting	**900**	14,400
Regulatory & Transfer Agent fees	**5,647**	5,961
Shareholders' communications	**8,283**	31,725
Travel	**8,996**	8,214
Research & development	**-**	39,799
Total	**(252,468)**	(277,214)

Other Income Interest income Financing costs Share of associate loss Gain of sale of marketable securities	**4** **(366)** **(10)** **60,004**	4,688 - (461) -
	59,633	4,227
Income/(Loss) before income tax Income Tax expense	**(192,836)** **(14,000)**	(272,987) -
Net loss from continuing operations	**(206,836)**	(272,987)
Unrealized gain on re-measurement of equity investments	**125,673**	43,970
	125,673	43,970
Comprehensive (loss) for the period	**(332,509)**	(229,017)
Basic and Diluted Loss Per Share	**(0.00)**	(0.01)
Basic & Diluted Weighted Average Common Shares	**185,673,910**	155,463,267

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

Statement of Financial Position Data	**Oct. 31, 2016**	**Oct. 31, 2015**
Total Assets	6,942,916	8,561,078
Total Long-Term Debt	NIL	NIL
Total Liabilities	485,197	526,475
Shareholders' Equity: Share Capital Equity	24,157,152	23,040,559

During the three month period, ended October 31, 2016, overall operational expenses decreased by 24% from the same period last year. Advertising and promotions increased by 22% from the same period last year and consulting fees decreased substantially by approximately 94% as the Company cut back on costs. There were no research and development costs which decreased the overall costs for this period and shareholder communications decreased by approximately 74%. 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 currently owns a total of 2,717,425 shares in Graphene 3D Labs of which 2,237,880 are held in escrow on a time release basis and 479,545 are free trading. The value of the shares are subject to changes in market conditions and prices.

The Company had a total net loss from operations of (332,509) for the three-month period as compared 229,017 for the same period last year. The loss per share, basic and diluted was ($0.00) for this period (2015 - ($0.01).

The Company had assets of $6,942,916 of which $1,202,000 came from investments; $474,633 from the license agreement with Megahertz Power Systems Inc. and website development; $274,408 from cash; $12,229 from receivables; $69,483 from prepaid expenses and $4,910,163 from mineral property investments and deferred exploration costs.

As at October 31, 2016, the Company had ($129,077) in working capital.

Results of Operations - Use of Proceeds from previous financings as at October 31, 2016

Proceeds of Private Placements	**Financing Sep. 9, 2016** **$292,700**	**Flow-Through Financing** **$263,170**
Balance forward		
Cost of financing		(30,500)
Advance Payments for market making	(135,200)	
Advance payment for drilling		(200,000)
Legal/Consulting/Professional	(27,875)	
TSX & Filing fees	(11,620)	
Transfer Agent	(5,429)	
Office & sundries	(12,554)	
Promotions & travel	(72,242)	
Audit/Accounting	(14,627)	
Shareholders' communications	(8,263)	
Management	-	
Travel	(10,171)	
Investor Relations	-	
Balance of proceeds remaining	**(5,281)**	**32,670**

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 16	**Jul 16**	**Apr 16**	**Jan.16**	**Oct. 15**	**Jul 15**	**Apr 15**	**Jan 15**
Revenue	0	0	0	0	0	0	0	0
Net Income (Loss)	(333)	(2,617)	(2,022)	(2,091)	(229)	1,177	2,091	2,091
Loss per Share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)

Other MD&A Requirements

As at October 31, 2016, the Company had a total of 186,673,910 issued and outstanding shares, 4,900,000 outstanding options and 18,072,466 outstanding warrants. If the Company were to issue 28,040,566 shares upon the conversion of all of its outstanding warrants and options, it would raise a total of $1,687,955.

On September 6, 2016, the Company closed the 3rd and final tranche of the private placement originally announced June 20, 2016 for (i) 263,400 flow-through units at a price of $0.05 per FT Unit, each FT Unit consists of one flow-through common share and one warrant exercisable for 36 months at $0.075; and (ii) 4,817,500 Units at a price of $0.04 per Unit, each Unit consists of one common share and one warrant exercisable for a period of 18 months from closing at an exercise price of $0.05. The securities will be issued having a hold period of four months and one day from issuance.

As of this reporting period, the Company has insufficient funds to support its operations and has been relying on cash from the sale of its Graphene 3D investment shares to meet its commitments. It will need to continue to fund its operations through sale of the said shares until it is able to secure new financing to meet its commitments.

Off Balance Sheet Arrangements

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

Company activities for this reporting period

On September 6, 2016, the Company announced it has received regulatory approval and closed the 3rd and final tranche of the private placement originally announced June 20, 2016 for (i) 263,400 flow-through units at a price of $0.05 per FT Unit, each FT Unit consists of one flow-through common share and one warrant exercisable for 36 months at $0.075; and (ii) 4,817,500 Units at a price of $0.04 per Unit, each Unit consists of one common share and one warrant exercisable for a period of 18 months from closing at an exercise price of $0.05. The securities will be issued having a hold period of four months and one day from issuance. The net proceeds of $205,870 will be $15,000 audit fees; $10,000 transfer agent fees; $15,000 annual general meeting fees; $7,700 filing fees, $15,000 legal fees; $120,000 market making; $10,000 repayment of loan; and $13,170 unallocated working capital. A. Paul Gill, the President and a director of the Company participated as to 1,250,000 Units.

On October 31, 2016, the Company announced the results of its October 28th, 2016 Annual General Meeting of Shareholders (the “Meeting”). A total of 22,323,002 common shares (11.96% of the outstanding common shares) were represented at the Meeting in person or proxy.

1. Election of Directors - Each of the following individuals were elected as directors of the Company as approved by a vote by ballot, for a term expiring at the conclusion of the next annual meeting of shareholders of the Company or until their successors are elected or appointed: Paul Gill, Jacqueline Michael, Julius Galik, Brian Gusko.

2. Appointment of Auditor - Galloway, Botteselle & Company, CGA was appointed as the auditor of the Company, to hold office until the next annual meeting of shareholders of the Company.

3. Ratification of Stock Option Plan - The Stock Option Incentive Plan was approved by a resolution passed by a vote by ballot.

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

On November 18, 2016, the Company announced exploration had started at Canada Strategic Metals La Loutre Flake Graphite Property in Quebec. 1500-2000 metres of drilling for a total of 10-12 drill holes is planned. The work will focus on the new Refractory Zone discovered in December, 2015. Although the zone has had high grade results, not enough drill holes were completed to add the zone to the 43-101 Resource Calculation released February 9th, 2016.

Highlights from the Refractory Zone 28.5 Metres of 16.53% Cg 21.5 Metres of 11.53% Cg 90.7 Metres of 9.00% Cg

Subsequent events

On November 18, 2016, the Company announced that exploration had started at the La Loutre Flake Graphite Property in Quebec. 1500-2000 metres of drilling for a total of 10-12 drill holes is planned. The work will focus on the new Refractory Zone discovered in December, 2015. Although the zone has had high grade results, not enough drill holes were completed to add the zone to the 43-101 Resource Calculation released February 9th, 2016.

On December 9, 2016, the Company announced a 1550 M drill program of 10 holes was completed in the new Refractory Zone at the la Loutre Flake Graphite Property. On February 9th, 2016, Lomiko Metals and Canada Strategic announced a resource for the La Loutre Flake Graphite Property of 18.4 M Tonnes of 3.19% Indicated and 16.7 M Tonnes at 3.75% Flake Graphite Inferred with a cut-off of 1.5%. The sensitivity table also features 4.1 M Tonnes of 6.5% Indicated and 6.2 M Tonnes at 6.1% Flake Graphite Inferred with a cut-off of 3%. The Resource is calculated on the GrapheneBattery Zone only and does not include any previous or current holes in the new Refractory Zone.

On December 12, 2016 the Company advised its shareholders that it would be immediately filing for, and seeking approval of, documents relating to the consolidation of the Company's issued and outstanding share capital with the TSX Venture Exchange. The intended consolidation will be on a basis of one post-consolidation common share for every ten (10) pre-consolidation common shares. This consolidation will reduce the issued and outstanding shares of the Company from 186,673,910 to 18,667,391 shares, assuming no other change in the issued capital. The Company's outstanding options and warrants will also be adjusted on the same basis (1 new for 10 old) as the common shares, with proportionate adjustments being made to exercise prices. No fractional common shares will be issued, and no cash will be paid in lieu of fractional post-consolidation common shares. The number of post-consolidation common shares to be received by a shareholder will be rounded down to the nearest whole common share. A letter of transmittal will be mailed to shareholders advising that: (i) the consolidation has taken effect; and (ii) shareholders should surrender their existing share certificates (representing pre-consolidation common shares) for replacement share certificates (representing post-consolidation common shares). Until surrendered, each existing share certificate will be deemed, for all purposes, to represent the number of common shares to which the holder thereof is entitled as a result of the consolidation. The board of directors believes that the proposed share consolidation was necessary to facilitate new equity investment in the Company to finance continuing business activities and to investigate new opportunities. The Company's articles of incorporation authorize the board of directors to approve certain changes to the Company's capital structure, including the consolidation. As such, shareholder approval is not required. The consolidation is subject to approval by the TSX Venture Exchange. The Company does not intend to change its name or its current trading symbol in connection with the proposed share consolidation. The effective date of the consolidation will be disclosed in a subsequent news release. Notwithstanding the foregoing, the board of directors may, at its discretion, determine not to effect the consolidation.

On December 16, 2016, the Company announced that effective December 19, 2016 at market open, it had consolidated its common shares on the basis of one (1) new post-consolidation common share for every ten (10) pre-consolidated common shares. The Company's common shares began trading on a post consolidated basis on the TSX Venture Exchange on December 19, 2016. As a result of the consolidation, the Company's outstanding 186,673,910 common shares were reduced to 18,667,391 common shares. No fractional shares will be issued. Any fractions of a share will be rounded to the nearest whole number of common shares. The Company's name and trading symbol will remain unchanged. The consolidation was approved by the directors of the Company on December 9, 2016 and accepted by the TSX Venture Exchange on December 16, 2016. Registered shareholders will be required to exchange their share certificates representing pre-consolidation common shares for new share certificates representing post-consolidation common shares. Registered shareholders will be sent a transmittal letter from the Company's transfer agent, Computershare Investor Services Inc., as soon as practicable after the effective date of the consolidation. The letter of transmittal will contain instructions on how certificate(s) representing pre-consolidation shares may be surrendered to Computershare Investor Services Inc. The transfer agent will forward to each registered shareholder who has provided the required documents a new share certificate representing the number of post-consolidation common shares to which the shareholder is entitled. Until surrendered, each certificate representing pre-consolidation common shares of the Company will be deemed for all purposes to represent the number of whole post-consolidation common shares to which the holder is entitled as a result of the consolidation. It is the opinion of the Board of Directors of the Company that the consolidation will facilitate any new equity investment in the Company.

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

(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