LOMIKO METALS INC.
Form 51-102
Management Discussion and analysis
Second Quarter 2014 ended January 31, 2014

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The following discussion and analysis of Lomiko Metals Inc. (the "*Issuer*" or the *"Company*"), is prepared as of March 19, 2014 and should be read together with the audited annual consolidated financial statements and the corresponding notes thereto for the year ended July 31st, 2013. The financial statements have been prepared in accordance with International Financial Reporting Standards.

The reader should also refer to the interim financial statements for the period ended January 31st, 2013 and the Management Discussion and Analysis for that year.

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 March 19, 2014. Readers are cautioned not to put undue reliance on forward-looking statements.

Cautionary statement regarding Forward-Looking Statements

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

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 has not generated revenue from operations. The Company had an operating loss of $341,601 for the six months ended January 31, 2014, a history of prior year losses and, as of that date the Company's accumulated deficit was $17,458,848. The Company is considered to be in the exploration stage as it has not placed any of its mineral properties into production. These 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. Management has taken steps to reduce cash expenditures to a level that will enable operations to continue and meeting its minimum mineral commitments for a minimum of twelve months from the date of these financial statements. There can be no assurance that management's plans will be successful. 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.

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Reporting Standards ("IFRS") applicable to a going concern which contemplates the realization of assets and discharge of liabilities in the normal course of operations as they become due. These consolidated financial statements do not reflect any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue business

Board of Directors

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

Outlook

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

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

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

The encouraging results from the Quebec exploration program have opened up significant opportunities for Lomiko. Lomiko is focused on finding and developing markets for its graphite.

On February 11th 2013, the Company entered into a Strategic Alliance Agreement ("SAA") with Graphene Laboratories Inc., NY ("Graphene Labs"). Graphene Labs specializes in the manufacture and sale of research materials to R&D markets, with the world's largest selection of advanced 2D materials. This opened up an opportunity to participate in the research and development of new products which would represent a high value end use for Quatre Milles graphite.

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

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

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

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

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

Graphene Labs has grown exponentially and globally in the past eight months and now has over 5000 clients and is a profitable enterprise. Because of its spectacular growth, Graphene Labs has spun-off the Graphene Inks department into a brand new business entity, 3D Graphene Labs ("3D Labs"), incorporated in Delaware with operations in NY. The patent process has been initiated for the use of graphene oxide in 3D printing. 3D Labs will focus on the development, manufacturing and marketing of 3D Inks for 3D printing

On October 12, 2013, the Corporation entered into an agreement to acquire 250,000 preferred shares of Graphene 3D Labs Inc. for a total subscription price of $50,000 (paid) for a 15% interest. The preferred shares are entitled to dividends. Further terms of the agreement between Graphene 3D Labs and the Corporation require the Corporation to complete a minimum of $300,000 financing by May 1, 2014 and further financings to participate in a series of graphene-related ventures in addition to work on a graphite resource at the Corporation's Quatre-Milles Projects. The Corporation will provide graphite to Graphene 3D Labs as the exclusive supplier to Graphene 3D Labs. Graphene 3D Labs Inc. focus on the development of high performance grapheme enhanced materials for 3D Printing. The agreement provides no termination clause or buyback clause. If Graphene 3D Labs is purchased or conducts a public offering, the Corporation will convert their share position to the new entity.

MINERAL PROPERTIES

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

Vines Lake

On April, 10th, 2006, the Company purchased 100% interest in the Vines Lake property, consisting of three contiguous claim units totaling 1,196.4 Ha in the Cassiar region of B.C. The property is located approximately 10 kilometers southeast of the town of Cassiar, B.C. The claims cover rocks of the Sylvester group which are known to contain productive zones of gold mineralization in the area. The claim group is located approximately 2 kilometers north-east of the former Erickson Gold Mine. Highway 37 intersects the property and there are excellent service facilities nearby. The area is on the

Arctic slope with elevations ranging from 1,000 to 2,150 meters. There are no extraordinary environmental problems known as of this date.

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

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

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

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

In June and July 2011, an exploration program conducted by Lomiko which comprised a soil geochemical survey, reconnaissance geological mapping and litho-geochemical sampling programs.

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

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

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

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

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 conducted between July 4th and September 16th, 2012 by Lomiko Metals Inc. The program was designed to infill soil sample the zinc in soil anomaly discovered in 2011 and to investigate the potential source of the anomalous zinc in soil values.

The 2012 mapping and rock geochemistry surveys were successful in locating the bedrock sources of the prominent zinc-in-soil anomaly that was outlined on the west side of Vines Lake.
The rocks containing the highest amounts of pyrite and/or pyrrhotite returned the highest content of metals of interest from 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.
Risks are related to the likelihood of finding economic mineralization. As with any and every project, there is no guarantee on finding a deposit. However with logical, science based exploration programs, properties can be either determined to be viable, warranting further study and expenditure (or not). In

the case of the Vines Lake Property, there appears to be less likelihood of discovery based on the work programs to date.

Recommendations

Should the forecasted market price for zinc increase substantially, further geochemical research is 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.

The property immediately to the south of the zinc in soil anomaly is owned by China Minerals Mining Corp. and the author has research into past exploration by Cusac Gold Mines, Duke Minerals, Gulf Titanium and others. There appears to be enough recorded data although historical in nature to warrant acquiring some ground to explore for base metals.

If this property package could be put together, a possible exploration strategy could be to locate contact of Sylvester Allochthon lower thrust sheet with. Earn Group clastics and investigate lower Sylvester for possible massive sulfide potential. Testing for barite and base metals under Earn Group clastics should also be considered. The total cost for the evaluation and exploration program is $75,000.

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

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

<u>Karolina Chile Lithium Claims (Salar de Aguas Calientes)</u>

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

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

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

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

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

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

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

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

Quatre Milles East (Graphite), Quebec

By letter of intent dated November 11, 2011 and further definitive agreement dated December 28, 2011 the Corporation entered into an agreement to acquire a 100% interest in the Quatre-Milles Graphite Property (East) located in southwestern Quebec from Zimtu Capital Corp. and Michel Robert, subject to a 2% NSR. The Quatre-Milles Graphite Property East is located in southwestern Quebec approximately 175 km northwest of Montreal and 17 km due north of the village of Sainte-Veronique, Quebec. This property consists of 28 contiguous claims totaling approximately 1,600 hectares.

The terms of the agreement are as follows:

- paid $25,000 cash upon signing (paid);
- issued 1,000,000 common shares at a deemed value $0.035 per share (issued);
- paid $25,000 cash and issued 500,000 common shares at deemed value of $0.035 per share (paid/issued);
- issued 1,000,000 common shares at deemed value of $0.035 per share (paid/issued);
- is to issue 1,500,000 common shares at a deemed value of $0.035 due March 26, 2014; and
- complete a minimum of $200,000 of exploration on the property (completed).

The Corporation is entitled to conduct exploration work on the property; however the transfer of the legal title will not be completed until the Corporation fulfills all of the commitments and conditions above. On November 12th, 2011, the Company announced that it had signed an Option Agreement (the "Agreement") with Zimtu Capital Corp. and one of their prospecting partners (the "Vendors") to acquire 100% interest in the Quatre Milles (Graphite) Property in Quebec (the "Property").

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

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

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

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

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

The highlight of testing was the nine (9) sieve samples which captured flakes of varying sizes which tested 100% carbon. In addition, two (2) tests of -200 fine material also tested 100% carbon content. This characterization testing provides a clear indication of the size distribution of the graphite flakes present in the samples. Complete metallurgical studies are warranted upon completion of a resource on the property. The company had submitted 7 composites for testing to Global Mineral Resources (GMR)

Laboratories of Vancouver for this evaluation. The composites provide a non-representative yet wide-ranging sample of the property's graphite distribution by mesh size, industry classification and carbon purity. To date, the Company has spent a total of $358,356.32 on exploration expenses and $137,500 in acquisition costs on this property.

Quatre-Milles (Graphite) West Quebec Property
By letter agreement dated May 7, 2012 and Mineral Property Purchase Agreement dated May 25, 2012 the Corporation 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 Corporation may acquire, at any time, one half (1%) of the NSR for a total purchase price of $1,000,000. The agreement provides that the Corporation may acquire the property by paying $3,000 and issue an aggregate of 1,800,000 common shares. The acquisition is subject to the approval of the regulatory authorities and is pending subject to the Corporation satisfying the requirements of the TSXV to raise necessary funds funds for exploration and operational costs.

Lomiko retained Jean Lafleur, M. Sc., P. Geo. of PJLEXPL Inc. from St-Jérôme (Quebec) to prepare a technical report (the "Technical Report") on the Corporation's Quatre Milles East and West Property (the "QMEW Property") entitled National Instrument 43-101 Technical Report, Quatre Milles East-West Property, Grenville Province. The Technical Report was filed on February 28, 2014 under the Corporation's profile on the SEDAR website at www.sedar.com. As of the date of this report, the Corporation is of the opinion that there has been no material change in the information concerning the QMEW Property since the date of the Technical Report. The Technical Report was prepared in compliance with Form 43-101F1 and is subject to certain assumptions, qualifications and procedures described therein.

MINERAL PROPERTIES ACQUISITIONS AND DEFFERED EXPENDITURES

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. As at January 31, 2014 a total of $1,094,038.24 was recorded for acquisition and exploration expenses on its mineral properties. All of these costs were deferred.

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

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

12/31/2011	Exploration expenses	6,522.99			6,522.99
01/31/2012	Exploration expenses	10,255.29			10,255.29
03/31/2012	Exploration expenses	2,800.00			2,800.00
04/30/2012	Exploration expenses	9,363.11			9,363.11
07/31/2012	Exploration expenses	38,212.83			38,212.83
08/31/2012	Exploration expenses	15,200.64			15,200.64
09/30/2012	Exploration expenses	11,875.00			11,875.00
10/31/2012	Exploration expenses	2,043.98			2,043.98
12/31/2012	Exploration expenses	6,360.48			6,360.48
04/30/2013	Exploration expenses	2,200.00			2,200.00
07/31/2013	Exploration expenses	12,977.59			12,977.59
07/31/2013	Exploration tax credits	(8,037.00)			(8,037.00)
	Total exploration expenses	**506,090.51**	**120,000**		**506,180.51**
	Total Vines Lake	**518,974.93**	**120,000**		**579,064.93**

Karolina Chile Lithium Property (Salar de Aquas Calientes)					
Date	**Description**	**Cash**	**Shares**	**Price**	**Amount**
06/11/2009	Acquisition cost	30,000.00			30,000.00
06/19/2009	Acquisition cost	10,000.00			10,000.00
08/02/2009	Acquisition cost	10,000.00			10,000.00
11/11/2009	Acquisition cost	30,000.00			30,000.00
11/11/2009	Acquisition cost		1,000,000	0.065	65,000.00
03/19/2010	Mining concession fee	3,165.70			3,165.70
04/09/2010	Baseline project exploration cost	24,481.49			24,481.49
04/05/2011	Property claim renewal	3,000.00			3,000.00
06/30/2012	Property abandoned	-110,647.19			-175,647.19
	Total Karolina	**0.00**	**1,000,000**		**0.00**
Quatre Milles East (Graphite) QC					
11/12/2011	Acquisition cost	25,000.00			25,000.00
03/27/2012	Acquisition cost		1,000,000	0.035	35,000.00
09/27/2012	Acquisition cost	25,000.00			25,000.00
09/27/2012	Acquisition cost		500,000	0.035	17,500.00
03/26/2013	Acquisition cost		1,000,000	0.035	35,000.00
	Total acquisition costs	**50,000.00**	**2,500,000**		**137,500.00**
03/31/2012	43-101 Report	27,497.59			27,497.59
06/30/2012	Exploration expenses	45,639.38			45,639.38
09/30/2012	Exploration expenses	216,044.66			216,044.66
10/31/2012	Exploration expenses	51,248.29			51,248.29
04/30/2013	Exploration expenses	5,250.00			5,250.00
07/31/2013	Exploration expenses	12,676.40			12,676.40
11/31/2013	Exploration expenses	77,934.01			77,934.01
01/31/2014	Quebec Mining Tax Credits				(130,550.00)
	Total exploration expenses	**436,290.33**			**305,740.33**
	Total Quatre Milles E	**486,290.33**	**2,500,000**		**443,240.33**
Quatre Milles West (Graphite) QC					
09/30/2012	43-101 Report	5,498.75			5,498.75

10/31/2012	43-101 Report	5,581.24			5,581.24
	Total Quatre Milles W	**11,079.99**			**11,079.99**
	Total Acquisition costs				**210,384.42**
	Total Deferred expenses				**823,000.83**
	Grand Total	**938,501.24**	**3,820,000**		**1,033,385.25**

Second Quarter 2014 Activities

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

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

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

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

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

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

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

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

On January 20, 2013, the Company announced that Graphene 3D Lab Lab has reached a significant milestone by filing a provisional patent application for the use of graphene-enhanced material, along with other materials, in 3D Printing (Additive Manufacturing). This patent application opens up a clear path toward the commercialization of graphene.

On January 29th, 2014, the Company announced that it has filed a preliminary short form prospectus in each of the provinces of Alberta, British Columbia and Ontario, which qualifies the distribution (the "Public Offering") of (i) a minimum of 6,818,182 units (the "Units") and a maximum of 27,272,727 Units of the Company at a price of $0.11 per Unit, and (ii) a maximum of 7,692,308 flow-through units (the "Flow-Through Units") of the Company at a price of $0.13 per Flow-Through Unit, for minimum total gross proceeds of$750,000 and maximum total gross proceeds of $4,000,000. Each Unit consisting of one common share of the Company (the "Common Shares") and one-half of one common share purchase warrant (each whole warrant being a ("Unit Warrant"). Each Flow-Through Unit consisting of one Common Share to be issued on a "flow-through" basis within the meaning of the Income Tax Act (Canada) (each a "Flow-Through Share") and one-half of one common share purchase warrant (each whole warrant being a "Flow-Through Unit Warrant"). Each Unit Warrant entitles the holder thereof to purchase one common share of the Company (the "Unit Warrant Shares") at a price of $0.15 per Unit Warrant Share at any time before the date that is 18 months following the closing date of the Public Offering. Each Flow-Through Unit Warrant entitles the holder thereof to purchase one common share of the Company (the "Flow-Through Unit Warrant Shares") at a price of $0.20 per Flow-Through Unit Warrant Share at any time before the date that is 18 months following the closing date of the Public Offering.

The Company will grant an over-allotment option to the Agent, exercisable for a period of 30 days following the closing of the Public Offering, in whole or in part, to purchase additional Units and Flow-Through Units in a maximum number equal to 15% of the number of Units and Flow-Through Units sold pursuant to the Public Offering. In connection with the Public Offering, the Company will pay the Agent a cash commission equal to 8% of the gross proceeds of the Public Offering and grant compensation options to the Agent entitling it to purchase that number of Common Shares of the Company equal to 6% of the aggregate number of Units and Flow-Through Units issued and sold under the Public Offering (including the over-allotment option) for a period of 18 months following the closing date of the Public Offering, at a price of $0.11 per Common Share.

In conjunction with the Public Offering, the Company also announced a concurrent non-brokered offering of up to 7,692,307 flow-through units (the "Private Placement Units") for additional gross proceeds of $1,000,000 (the "Private Placement"), and subsequently increased the financing amount to $2,000,000 (announced on February 4th, 2014). The securities underlying the Private Placement Units are to be issued on the same terms as the securities underlying the Flow-Through Units to be issued under the Public Offering. The Private Placement will be carried on a private placement basis pursuant to prospectus exemptions of applicable securities law s. The securities to be issued under the Private Placement will be subject to a four-month hold period from the closing date of the Private Placement. A finder's fee in connection with the Private Placement is expected to be paid to an arm's length third party of Lomiko. Lomiko will allocate the financing to subscribers found by Secutor Capital Management Corporation.

The net proceeds from the Public Offering and the Private Placement will be used by Lomiko primarily in connection with the exploration program on the Quatre-Milles East and West mineral properties (Quebec), for business development and for working capital and general corporate purposes.

On January 31, 2014, the Company issued 1,825,000 options at $0.10 each to directors and consultants exercisable for up to 60 months from the date of grant. The options are subject to a four-month hold period commencing January 31, 2014.

Subsequent events

Further to the above news release of January 29, 2014, the Company announced on March 7, 2014, that it had obtained final receipt for its short form prospectus (the "Prospectus") in each of the provinces of British Columbia, Alberta and Ontario.

On March 13, 2014, the Company announced that it has successfully completed its previously announced public offering (the "Public Offering") in connection with the short form prospectus of the Company dated March 6, 2014 (the "Prospectus").

Under the Public Offering, 26,584,180 units of the Company (the "Units") were sold at a price of $ 0.11 per Unit and 4,627,000 units of the Company (the "Flow-Through Units") were sold at a price of $0.13 per Flow-Through Unit.

Each Unit consists of one common share of the Company (each, a "Common Share") and one-half of one common share purchase warrant (each whole warrant being a "Unit Warrant"). Each Flow-Through Unit consists of one Common Share to be issued on a "flow-through" basis within the meaning of the *Income Tax Act* (Canada) (each a "Flow-Through Share") and one-half of one common share purchase warrant (each whole warrant being a "Flow-Through Unit Warrant").

Each Unit Warrant entitles the holder thereof to purchase one common share of the Company (the "Unit Warrant Shares") at a price of $0.15 per Unit Warrant Share at at any time before the date that is 18 months following the closing date of the Public Offering. Each Flow-Through Unit Warrant entitles the holder thereof to purchase one common share of the Company (the "Flow-Through Unit Warrant Shares") at a price of $0.20 per Flow-Through Unit Warrant Share at at any time before the date that is 18 months following the closing date of the Public Offering.

In consideration for services rendered in connection with the Public Offering, the Company has paid a cash commission equal to 8% of the gross proceeds received from the sale of the Units and the Flow-Through Units and the Company granted 1,872,671 compensation options, with each compensation option being exercisable to purchase one common share of the Company for a period of 18 months following the closing date of the Public Offering, at a price of $0.11 per common share. Total commission and fees related to the Units and the Flow through Units under the Prospectus were $ 381,780.83.

An over allotment provision granted under the Prospectus was not utilized and has been extinguished.

The Company announced the closing of its previously announced concurrent non-brokered offering by issuing 15,346,231 flow-through units (the "Private Placement Units") for additional gross proceeds of $1,995,010.03 (the "Private Placement"). The securities underlying the Private Placement Units were issued on the same terms as the securities underlying the Flow-Through Units that were issued under the Public Offering. In connection with the Private Placement, the Company paid a finder's fee of 8% in cash and issued 920,774 compensation options, with each compensation option being exercisable to purchase one common share of the Company for a period of 18 months following the closing date of the Private Placement, at a price of $0.13 per common share. Total commission and fees related to Private Placement Units were $ 194,600.80

The net proceeds from the Public Offering of $ 3,143,988.97 and the Private Placement of $ 1,800,409.23 will be used by Lomiko primarily in connection with the exploration program on the Quatre-Milles East and West mineral properties (Quebec), for business development and for working capital and general corporate purposes. In particular, the proceeds of the flow-through shares under the Public Offering and the Private Placement will be used by the Company to incur eligible Canadian Exploration Expenses as defined by the *Income Tax Act* (Canada).

Basis of preparation

Statement of compliance

These condensed interim consolidated financial statements of the Company for the six months ending January 31, 2014 have been prepared in accordance with International Financial Reporting Standard 34 interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended July 31, 2013

The condensed interim consolidated financial statements of the Company as at January 31, 2014 were approved and authorized for issue by the Board of Directors on March 24, 2014.

Newly Adopted Standards

International Financial Reporting Standard 11 - Joint Arrangements ("IFRS 11")
IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers. The Company adopted the standard, effective August 1, 2013, and determined adoption required no changes to the existing Company practices.

International Financial Reporting Standard 12 - Disclosure of Interests in Other Entities ("IFRS 12")
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The Company adopted the standard, effective August 1, 2013, and determined adoption required no changes to the existing Company practices.

International Financial Reporting Standard 13 - Fair Value Measurement ("IFRS 13")
IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The Company adopted the standard, effective August 1, 2013, and determined adoption required no changes to the existing Company practices.

Standards, Amendments and Interpretations Not Yet Effective

IFRS 9 Financial Instruments("IFRS 9")
On November 12, 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace International Accounting Standard ("IAS") 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures including additional disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and de-recognition of financial 16 instruments. Although early adoption is permitted, in December 2011, the IASB issued an amendment that adjusted the mandatory effective date of IFRS 9 from January 1, 2013 to January 1, 2015. The Company is currently determining the impact of adopting IFRS 9.

The preparation of these condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carry amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

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

Exploration and evaluation expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

If after exploration and evaluation expenditure is capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation assets may exceed its recoverable amount the Company carries out an impairment test. The Company has determined there are currently no indicators of impairment.

Income taxes

The Company does not recognize a deferred tax asset as management believes that it is not probable that the taxable income will be available against which a deductible temporary difference can be utilized.

Share based payments

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

Warrants

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

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

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

	January 31, 2014	**July 31, 2013**
Cash	$ 285,048	$ 391,018
Guaranteed investment certificate	3,016	3,004
Total cash	$ 288,064	$ 394,022

As at January 31, 2014, the company had pledged $3,000 cash held in a Guaranteed Investment Certificate as a bond to the Ministry of Mining for the Vines Lake, BC exploration site.

Accounts Receivable

	January 31, 2014	July 31, 2013
Goods and services tax receivable	$ 10,461	$ 10,816
BC Mining tax credits receivable	8,037	8,037
Quebec Mining tax credit receivable	$ 130,550	$ -
Total receivable	**$ 149,048**	**$ 18,853**

Prepaid expenses

	January 31, 2014	July 31, 2013
Advances on exploration costs	$ 185,000	$ -
Promotions	$ 13,404	$ 37,232
Total prepaid expenses	**$ 198,404**	**$ 37,232**

Other Requirements

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

Financial instruments

As at January 31, 2014, the Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The carrying value of these financial instruments approximate their fair values.

Fair Value

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

The following table sets for the Company's financial assets measured at fair value by level within the fair value hierarchy:
Level 1
Cash and cash equivalents = $288,065
Level 2
Accounts receivable = $149,047
As at January 31, 2014, the Company had cash and receivables of $437,112 (January 31, 2013 - $78,800), to meet short-term business requirements and accrued liabilities of $261,936. The Company's accounts payable and accrued liabilities are subject to normal trade terms. The Company has no long term debt.

Liquidity and Capital Resources

As at January 31, 2014 the Company had $ 14,936 in accounts payable and $247,000 in accrued liabilities that pertain to deposits received for warrants and options share issuance. The accounts payable and accrued liabilities for January 31, 2013 were $215,247.

The Company had cash of $288,064 as at January 31, 2014 as compared to $ 78,800 for January 31, 2013.

The Company's working capital at January 31, 2014 is $ 423,580 as compared to working capital deficit of ($106,710) as at January 31, 2013.

On January 21, 2011 the Corporation closed a non-brokered private placement of 2,500,000 units at a price of $0.06 per unit. Each unit consisted of one Common Share and one-half share purchase warrant. One whole warrant entitles the purchaser to acquire an additional Common Share for twelve months at $0.10. Net proceeds of $150,000 were used for working capital. A cash commission of $2,400 was paid to Jared Slingerland and Adrian Sydenham (each as to 50%).

On June 27, 2013 the Corporation closed a private placement of 7,142,857 flow-through units at a price of $0.07 per unit. Each unit consisted of one flow-through Common Share and one-half common share purchase warrant. Each whole warrant is exercisable into one Common Share for a period of 12 months from closing at an exercise price of $0.14. Secutor Capital Management Corporation received a cash fee of $44,999.99, settlement fees of $5,650 and was issued a warrant for the right to purchase up to 285,714 Common Shares for one year at $0.14. The funds raised from the issuance of the flow-through Common Shares is to be expensed in 2014 as described in paragraphs (a) through (d) of the definition of "flow-through mining expenditures" in subsection 127(9) of the Income Tax Act (Canada) on the Corporation's Quatre-Milles Graphite property in Quebec.

On June 13, 2013 the Corporation closed private placement of 2,495,000 units at a price of $0.06 per unit. Each unit consisted of one Common Share and one common share purchase warrant. Each warrant is exercisable into one Common Share for a period of 12 months from closing at an exercise price of $0.10. The funds raised from the issuance of the securities were used for general working capital purposes.

<u>Results of Operations - Use of Proceeds from previous Private Placements</u>

Use of Proceeds from Flow-Through Private Placement	$499,999.92
Advances on 2014 exploration program	-185,000
Exploration work	-77,394
Balance remaining	$237,606

Proceeds of Private Placements	June 13, 2013 $149,700	January 21, 2014 $100,020
Balance forward (deficit)		-8,535
Legal	-22,514	-3,150
Filing fees	-12,982	-10,770
Transfer Agent	-4,587	-1,026
Office & sundries	-8,862	-1,278
Promotional & travel	-38,477	-16,679
Audit/Accounting	-6,026	-
Shareholders' communications	-10,751	-
Management	-50,000	-10,000
Research & Development	-4,036	-
Total	-8,535	48,582

Subsequent to this reporting period, the Company was successful in completing a public offering (the "Public Offering") in connection with the short form prospectus of the Company dated March 6, 2014 (the "Prospectus").

Under the Public Offering, 26,584,180 units of the Company (the "Units") were sold at a price of $ 0.11 per Unit and 4,627,000 units of the Company (the "Flow-Through Units") were sold at a price of $0.13 per Flow-Through Unit.

Each Unit consists of one common share of the Company (each, a "Common Share") and one-half of one common share purchase warrant (each whole warrant being a "Unit Warrant"). Each Flow-Through Unit consists of one Common Share to be issued on a "flow-through" basis within the meaning of the *Income Tax Act* (Canada) (each a "Flow-Through Share") and one-half of one common share purchase warrant (each whole warrant being a "Flow-Through Unit Warrant").
The Company also closed a concurrent non-brokered offering (announced January 29 and February 4, 2014) by issuing 15,346,231 Flow-Through units (the "Private Placement Units") for additional gross proceeds of $1,995,010.03 (the "Private Placement"). The securities underlying the Private Placement Units were issued on the same terms as the securities underlying the Flow-Through Units that were issued under the Public Offering. In connection with the Private Placement, the Company paid a finder's fee of 8% in cash and issued 920,774 compensation options, with each compensation option being exercisable to purchase one common share of the Company for a period of 18 months following the closing date of the Private Placement, at a price of $0.13 per common share.

The net proceeds from the Public Offering of $ 3,143,988.97 and the Private Placement of $ 1,800,409.23 will be used by Lomiko primarily in connection with the exploration program on the Quatre-Milles East and West mineral properties (Quebec), for business development and for working capital and general corporate purposes. In particular, the proceeds of the flow-through shares under the Public Offering and the Private Placement will be used by the Company to incur eligible Canadian Exploration Expenses as defined by the *Income Tax Act* (Canada).

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

	Jan 14	Oct 13	Jul 13	April 13	Jan 13	Oct 12	Jul 12	Apr 12
Revenue	0	0	0	0	0	0	0	0
Net Loss	(342)	(103)	(602)	(451)	(259)	(135)	(878)	(511)
Loss per Share	(.000)	(.002)	(0.009)	(0.01)	(0.00)	(.002)	(0.015)	(0.01)

<u>Selected Annual Information - six month period</u>

Stated in thousands of Canadian dollars except for shares:

The following selected financial data is derived from the unaudited condensed interim financial statements prepared in accordance with IFRS:		
	Six months ended January 31, 2014	**Six months ended January 31, 2013**
Statement of Operations and Comprehensive Loss Data		
Total Revenue	Nil	Nil
Total Expenses	(341,601)	(258,934)
Net Income/(Loss)	(341,588)	(258,920)
Net Income/(Loss) per share – basic and diluted	(0.00)	(0.00)
Statement of Financial Position Data	**As at January 31 2014**	**As at July 31 2013**

Total Assets	1,718,901	1,536,109
Total Long-Term Debt	Nil	Nil
Total Liabilities	261,936	293,515
Shareholders' Equity: Share Capital Equity	18,108,000	17,825,194

Results of Operation – three months ended January 31, 2014 and 2013

	Three months ended January		**Six months ended January**	
	2014 $	**2013 $**	**2014 $**	**2013 $**
General and administrative expense				
Office & sundry	**3,953**	5,460	**7157**	9,701
Telephone/Fax	**1,142**	861	**2,929**	1,444
Travel	**3,842**	5,226	**5,741**	12,202
Advertising & Promotions	**15,977**	59,391	**40,782**	124,450
Management /subcontract	**30,000**	30,000	**60,000**	60,000
Legal & consulting	**9,205**	3,600	**22,514**	16,047
Accounting/audit	**12,279**	4,829	**14,479**	6,829
Exchange & Transfer Agent	**18,840**	6,382	**29,365**	14,556
Shareholders' communications	**8**	7,917	**10,751**	13,705
Research & development	**3,963**	-	**7,999**	-
Share-based compensation	**139,884**	-	**139,884**	-
Total	**239,093**	123,666	**341,601**	258,934
Loss from operations	**(239,093)**	(123,666)	**(341,601)**	(258,934)
Interest income	**6**	8	**13**	14
Income before taxes	**(239,087)**	(123,658)	**(341,588)**	(258,920)
Tax expense				
Loss & comprehensive loss for the period	**(239,087)**	(123,658)	**(341,588)**	(258,920)
Loss per share for the period	**(0.00)**	(0.00)	**(0.00)**	(0.00)
Basic & Diluted Weighted Average Common Shares	**82,890,254**	66,393,145	**80,739,425**	66,786,140

During the six month period, office expenses decreased as well as travel and promotional expenses, as the Company endeavored to cut back on its advertising campaigns.
Legal costs and Exchange fees were significantly higher for this period and related mainly to the filing of the Company's 2013 AIF and partial costs for the preparation of a short form prospectus for financing purposes.
Research and development costs related to funding the STONY Brook University (NY) graphene super capacitor project.
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 incurred a total net loss of ($341,588) for this reporting period. The loss per share, basic and diluted was (0.00). The Company had assets of $1,718,901 of which $288,064 came from cash, $149,048 from receivables ($8,037 BC Mining Tax Credits, $130,550 from Quebec Mining Tax Credits and $10,461 from Good and Services Tax receivable), and $198,404 from advances and pre-paid expenses ($185,000 from mineral exploration costs and $13,404 for prepaid advertising).

The Company's mineral property acquisition assets comprise of $72,884.42 for the 100% acquisition of the Vines Lake Mineral Property in the Cassiar district of British Columbia and $137,500 in cash payments and shares issuance on the Quatre Milles (Graphite) Quebec Property. There was also a total of $1,171,972 in deferred exploration costs, from which $138,587 has been deducted for BC and Quebec Mining Tax Credits applied for in 2013, which equates to $1,033,385 in deferred exploration costs.

SHARE CAPITAL

Disclosure of outstanding shares data

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

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

Share Capital

As at January 31, 2014, the Company had 84,225,756 common shares outstanding and 17,378,194 shares on a fully diluted basis.

Category	Shares
Common shares without par value	84,225,756
Share Options	7,000,000
Share Warrants	10,378,194
Balance, January 31, 2014	**101,603,950**

Description	January 31, 2014		
	Number of **$**	**Issuance Shares**	**Amount Price**
Issued shares			
Balance, beginning of period (July 31, 2013)	**77,577,001**		**17,825,194.00**
Shares issued for debt settlement	4,431,750	$0.06	265,905.30
Issuance of shares on exercise of warrants	400,000	$0.10	54,542.00
Issuance of shares on exercise of options	150,000	$0.10	52,143.00
Less share issue costs			(4,850.00)
Balance, January 31, 2014	**84,225,751**		**18,108,110**

Financing Activities

An exploration and development company such as Lomiko requires continuous financing in order to sustain its business. Lomiko has recently completed the following financings which were essential to sustain its working capital needs and maintain exploration activities on its mining properties:

On December 18, 2013 the Corporation closed a private placement of 1,667,000 units at a price of $0.06 per unit. Each unit consisted of one Common Share and one common share purchase warrant. Each warrant is exercisable into one Common Share for a period of 12 months from closing at an exercise price of $0.10. The funds raised from the issuance of the securities were used for general working capital purposes.

On June 27, 2013 the Corporation closed a private placement of 7,142,857 flow-through units at a price of $0.07 per unit. Each unit consisted of one flow-through Common Share and one-half common share purchase warrant. Each whole warrant is exercisable into one Common Share for a period of 12 months from closing at an exercise price of $0.14. Secutor Capital Management Corporation received a cash fee of $44,999.99, settlement fees of $5,650 and was issued a warrant for the right to purchase up to 285,714 Common Shares for one year at $0.14. The funds raised from the issuance of the flow-through Common Shares is to be expensed in 2014 as described in paragraphs (a) through (d) of the definition of "flow-through mining expenditures" in subsection 127(9) of the Income Tax Act (Canada) on the Corporation's Quatre-Milles Graphite property in Quebec.

On June 13, 2013 the Corporation closed private placement of 2,495,000 units at a price of $0.06 per unit. Each unit consisted of one Common Share and one common share purchase warrant. Each warrant is exercisable into one Common Share for a period of 12 months from closing at an exercise price of $0.10. The funds raised from the issuance of the securities were used for general working capital purposes.

On March 1, 2012, the Corporation closed a private placement of 9,033,200 units at a price of $0.10 per unit. Each unit consisted of one Common Share and one share purchase warrant, exercisable at a price of $0.15 for a period of 12 months from closing. A cash commission of $75,000 was paid. The proceeds were used for exploration and general operational expenses.

On June 28, 2011 the Corporation closed the second tranche of a private placement of 850,000 units at a price of $0.08 per unit. Each unit consisted of one Common Share and one-half share purchase warrant. Two warrants entitled the purchaser to acquire an additional Common Share for two years at $0.12. Net proceeds of $68,000 were used for working capital.

On May 11, 2011, the Corporation closed a first tranche of a private placement financing and raised $232,000 through the sale of 2,900,000 units at a price of $0.08 per unit. Each unit consisted of one Common Share and one half share purchase warrant exercisable at a price of $0.12 for a period of two years from closing. The Corporation paid a cash commission of $16,400 for the financing.

On March 4, 2011 the Corporation closed a private placement of 5,000,000 units at a price of $0.08 per unit to MineralFields. Each unit consisted of one flow-through Common Share and one-half purchase warrant. Two warrants entitled MineralFields to purchase one additional Common Share for twelve months at $0.12. Net proceeds of $400,000 were used for exploration purposes on the Corporation's wholly owned Vines Lake property in the Cassiar region of British Columbia. The Corporation paid a cash commission of $17,500 to Limited Markets Dealer Inc. and issued 350,000 broker options to purchase units at a price of $0.08 per unit, each unit consisting of one non Common Share and a half warrant at $0.12 for one year.

On January 21, 2011 the Corporation closed a non-brokered private placement of 2,500,000 units at a price of $0.06 per unit. Each unit consisted of one Common Share and one-half share purchase warrant. One whole warrant entitles the purchaser to acquire an additional Common Share for twelve months at $0.10. Net proceeds of $150,000 were used for working capital. A cash commission of $2,400 was paid to Jared Slingerland and Adrian Sydenham (each as to 50%).

The only warrants exercised which were issued pursuant to the private placements indicated above were as follows:
- January 27, 2014, 200,000 warrants were exercised at a price of $0.10 per Common Share;
- January 6, 2014, 200,000 warrants were exercised at a price of $0.10 per Common Share;
- March 5, 2012, 312,500 warrants were exercise at a price of $0.12 per Common Share; and
- April 10, 2012, 75,000 warrants were exercised at a price of $0.12 per Common Share.

In addition, on February 24, 2012 Limited Market Dealers Inc. exercised their broker's option for 350,000 Common Shares at $0.08.

In addition to the above, the following stock options were exercised which also contributed to the capital needs of the Corporation:
- January 27, 2014, 100,000 stock options were exercised at $0.10 per Common Share.

Subsequent financing

Subsequent to this reporting period, on March 13, 2014, the Company was successful in completing public offering (the "Public Offering") in connection with the short form prospectus of the Company dated March 6, 2014 (the "Prospectus").

Under the Public Offering, 26,584,180 units of the Company (the "Units") were sold at a price of $ 0.11 per Unit and 4,627,000 units of the Company (the "Flow-Through Units") were sold at a price of $0.13 per Flow-Through Unit.

Each Unit consists of one common share of the Company (each, a "Common Share") and one-half of one common share purchase warrant (each whole warrant being a "Unit Warrant"). Each Flow-Through Unit consists of one Common Share to be issued on a "flow-through" basis within the meaning of the *Income Tax Act* (Canada) (each a "Flow-Through Share") and one-half of one common share purchase warrant (each whole warrant being a "Flow-Through Unit Warrant").

Each Unit Warrant entitles the holder thereof to purchase one common share of the Company (the "Unit Warrant Shares") at a price of $0.15 per Unit Warrant Share at at any time before the date that is 18 months following the closing date of the Public Offering. Each Flow-Through Unit Warrant entitles the holder thereof to purchase one common share of the Company (the "Flow-Through Unit Warrant Shares") at a price of $0.20 per Flow-Through Unit Warrant Share at at any time before the date that is 18 months following the closing date of the Public Offering.

In consideration for services rendered in connection with the Public Offering, the Company has paid a cash commission equal to 8% of the gross proceeds received from the sale of the Units and the Flow-Through Units and the Company granted 1,872,671 compensation options, with each compensation option being exercisable to purchase one common share of the Company for a period of 18 months following the closing date of the Public Offering, at a price of $0.11 per common share. Total commission and fees related to the Units and the Flow through Units under the Prospectus were $ 381,780.83.

An over allotment provision granted under the Prospectus was not utilized and has been extinguished.

The Company announced the closing of its previously announced concurrent non-brokered offering by issuing 15,346,231 flow-through units (the "Private Placement Units") for additional gross proceeds of $1,995,010.03 (the "Private Placement"). The securities underlying the Private Placement Units were issued on the same terms as the securities underlying the Flow-Through Units that were issued under the Public Offering. In connection with the Private Placement, the Company paid a finder's fee of 8% in cash and issued 920,774 compensation options, with each compensation option being exercisable to purchase one common share of the Company for a period of 18 months following the closing date of the Private Placement, at a price of $0.13 per common share. Total commission and fees related to Private Placement Units were $ 194,600.80

The net proceeds from the Public Offering of $ 3,143,988.97 and the Private Placement of $ 1,800,409.23 will be used by Lomiko primarily in connection with the exploration program on the Quatre-Milles East and West mineral properties (Quebec), for business development and for working capital and general corporate purposes. In particular, the proceeds of the flow-through shares under the Public Offering and the Private Placement will be used by the Company to incur eligible Canadian Exploration Expenses as defined by the *Income Tax Act* (Canada).

Share Purchase Warrants

A summary of the Company's outstanding share purchase warrants at July 31, 2013 and January 31, 2014 is presented below:

Date Issued	Number Issued	Weighted Average
Bal. July 31, 2013	**6,352,142**	**$0.13**
Warrants issued	446,052	$0.10
Exercised	(400,000)	$0.10
Bal. January 31, 2014	**10,378,194**	**$0.12**

Number of Warrants	Grant date Fair Value	Exercisable Price	Expiry Date
2,095,000	**63,597**	**.10**	**June 12, 2014**
3,857,142	**97,951**	**.14**	**June 27, 2014**
2,759,052	**109,665**	**.10**	**Oct. 10, 2015**
1,667,000	**45,478**	**.10**	**Dec. 31, 2014**

The weighed average remaining contractual life of the warrants as at January 31, 2014 was .67 years.

Subsequent to this reporting period, 15,605,590 share purchase warrants were issued priced at $0.15 each in relation to the prospectus financing of March 13, 2013.

Subsequent to this reporting period, 7,673,116 share purchase warrants were issued priced at $0.15 each in relation to the flow-through private placement financing of March 13, 2013.

Stock Options

The Company has established a stock option plan for directors, senior officers, employees, management, company employees and consultants (collectively "Eligible Persons") The purpose of the plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals Options to buy shares of the Company at a price not less than the market price prevailing on the grant date less applicable discount, if any, permitted by TSX Policies and approved by the Board.

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

Fair value of Options Issued

The following table summarizes information relating to stock options outstanding and exercisable at July 31, 2013 and January 31, 2014.

Number of Options	Exercise Price	Expiry Date
1,300,000	0.12	September 3, 2014
700,000	0.10	November 30, 2014
50,000	0.12	February 17, 2015
825,000	0.10	February 8, 2016
350,000	0.10	August 8, 2016
625,000	0.10	February 13, 2014
100,000	0.10	June 1, 2017
825,000	0.10	February 1, 2018
400,000	0.10	April 30, 2018
1,825,000	0.10	January 31, 2019
7,000,000	0.104	Balance, Jan. 31, 2014

The weighted average remaining contractual life of options outstanding at January 31, 2014 is 2.63 years.

During the six month period ended January 31, 2014, the Company recorded stock based compensation expense totaling $139,835 in the consolidated statement of operations. The warrants were valued using the Black-Scholes pricing model using the following assumptions: risk free interest rate – 1.31%; a volatility factor of 196.9% and an expected life of 5 years.

Schedule of Options granted

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

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

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

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

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

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

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

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

On April 30th, 2013, the Company granted 400,000 incentive stock options priced at $0.10 each to consultants exercisable until April 30th, 2018.

On January 31, 2014 the Company granted 1,825,000 incentive stock options priced at $0.10 each to directors and consultants exercisable until January 31, 2019.

Share option transactions for the period ended January 31, 2014 were as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding,		
Balance as of July 31, 2013	5,325,000	$ 0.11
Options exercised	(150,000)	
Options granted – Jan. 31, 2014	1,825,000	$ 0.10
Balance – Jan. 31, 2014	7,000,000	$10.5

Subsequent to this reporting period, 625,000 options priced at $0.10 each were expired on February 13, 2014.

Subsequent to this reporting period, 1,872,671 agents' options priced at $0.13 each were granted in relation to the prospectus financing of March 13, 2013.

Subsequent to this reporting period, 920,774 agents' options priced at $0.13 each were granted in relation to the flow-through private placement of March 13, 2013.

Other MD&A Requirements

As at January 31, 2014, the Company had a total of 101,603,950 shares on a fully diluted basis. If the Company were to issue 17,378,194 shares upon the conversion of all of its outstanding warrants and options, it would raise a total of $ 1,919,105.

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

Off Balance Sheet Arrangements

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

Related Party Transactions

During the six-month period ended January 31, 2014, the Company paid management fees of $30,000 (2013 - $30,000) to AJS Management Corp., a company controlled by A. Paul Gill, a director of the Company. All services were incurred in the normal course of operations on terms equivalent to those that prevail with arm's length transactions.

During the six-month period ended January 31, 2014, the Company paid management fees of $30,000 (2013 - $30,000) to M&M Corporate Services., a company controlled by J. Michael, a director of the Company. All services were incurred in the normal course of operations on terms equivalent to those that prevail with arm's length transactions.

In addition, on January 31, 2014, directors were awarded 1,150,000 stock options exercisable at $0.10 per share for a period of 5 years. The value of the share based compensation attributed to directors was $88,147.

Contractual obligations

On June 27, 2013, the Company entered into flow through share subscription agreements whereby it is committed to incur on or before January 31, 2015, a total of $500,000 of qualifying Canadian Exploration Expenses as described in the Income Tax Act. As at January 31, 2014, the Company has incurred $77,934 in qualifying expenditures. The Company is able to continue to incur exploration expenses beyond February 2015. However, it will be subject to a penalty of 4-5% per annum on the balance required to be spent on its exploration work. The Company intends to fulfill its flow-through commitments within the given time constraints.

On February 2013, the Company entered into consulting agreements with two directors of Graphene Laboratories Inc. The terms are for one Year. Either party can terminate the contract upon 30 days notice. Each contract pays $4,000 per month. On December 18, 2013, it was agreed by all parties, to cancel the contracts, effective August 1, 2013.

On December 28, 2011, the Company signed a property acquisition agreement with Zimtu Capital Corp. and one of their prospecting partners (the "Vendors") to acquire 100% interest in the Quatre-Milles Property in Quebec for a total cash sum of $50,000 and issuance of 4,000,000 Common Shares priced at $0.035 each. As of this reporting period, the Company has paid the Vendors $50,000 in cash and issued the Vendors a total of $2,500,000 Common Shares. There is a further 1,500,000 Common Shares owed to the Vendors by March 26th, 2014 that will complete 100% of the terms of this property acquisition.

As at January 31, 2014, the Company has spent a total of $436,290.33 in exploration work on the Quatre-Mille property. The Company has applied for Quebec Mining Tax Credits in the amount of $130,550 for exploration expenses incurred in 2012.

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

On June 27, 2013, the Company entered into flow-through share subscription agreements whereby it is committed to incur on or before January 31, 2015, a total of $500,000 of qualifying Canadian Exploration Expenses as described in the Income Tax Act. As at January 31, 2014, the Company has incurred $77,934.01 in qualifying expenditures. The Company is able to continue to incur exploration expenses beyond February 2015. However it will be subject to a penalty of 4-5% per annum on the balance required to be spent on its exploration work. The Company intends to fulfill its flow-through commitments within the given time constraints.

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

On October 12, 2013, the Corporation entered into an agreement to acquire 250,000 preferred shares of Graphene 3D Labs Inc. for a total subscription price of $50,000 (paid) for a 15% interest. The preferred shares are entitled to dividends. Further terms of the agreement between Graphene 3D Labs and the Corporation require the Corporation to complete a minimum of $300,000 financing by May 1, 2014 and further financings to participate in a series of graphene-related ventures in addition to work on a graphite resource at the Corporation's Quatre-Milles Projects. The Corporation will provide graphite to Graphene 3D Labs as the exclusive supplier to Graphene 3D Labs. Graphene 3D Labs Inc. focus on the development of high performance grapheme enhanced materials for 3D Printing. The agreement provides no termination clause or buyback clause. If Graphene 3D Labs is purchased or conducts a public offering, the Corporation will convert their share position to the new entity.

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 unaudited condensed interim 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 unaudited condensed interim financial statements, and

(ii) the unaudited condensed interim 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 ("DD&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

Risk Factors

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

Liquidity Risk
Liquidity risk is that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. On January 31, 2014, the Company has cash and cash equivalents of $285,065 to settle accounts payable and accrued liabilities of $14,936.

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

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

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

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

Capital risk management
The Company monitors its cash, common shares and warrants as capital. The Company's objectives when maintaining capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investors' confidence. In the Company's ability required to sustain future development and operation of the business.

The Company is not exposed to any externally imposed capital requirements.

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

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

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

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

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

On behalf of the Board,

"Paul Gill"
Paul Gill, President & CEO