

LOMIKO METALS INC.
Form 51-102
Management Discussion and Analysis
Interim Third Quarter ended April 30, 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 third financial quarter, ended April 30, 2016 compared to the same period last year ended April 30, 2015.

This MD&A should be read in conjunction with the Company's financial statements for the period ended April 30, 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 June 27, 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.

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Nature of Operations

Lomiko Metals Inc. (the "Company") was incorporated under the laws of the Province of British Columbia and is engaged in the acquisition, exploration and development of resource properties. It is located at Unit 439 - 7184 120th Street, Surrey, BC. The Company was incorporated on July 3, 1987, under the British Columbia Company Act. The Company is listed on the TSX-Venture Exchange having the symbol LMR.V as a Tier 2 mining issuer and on the Over the Counter Exchange in the United States having the symbol LMRMF.

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

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 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.

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

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

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

One litho-geochemical sample of quartz vein in slaty 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.

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

Quatre-Milles (East)

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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 agreement provides that the Company may acquire 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.

To date, the Company has spent a total of \$45,519.54 in exploration and technical reports and \$183,000 paid with cash and shares for this property.

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

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;

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- 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. As at February 2016, the Company has spent a total of \$1,272,472 on the La Loutre Property; \$143,488 on Lac des Isles and a total of \$710,246 on the "Other Properties", leaving a balance of \$643,794 remaining to be spent by December 31, 2016

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

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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.

Subsequently, 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, a NI 43-101 compliant resource estimate on the property was announced, which stated 18.4 Mt at 3.19% indicated and 16.7 Mt at 3.75% inferred with a cut-off grade of 1.5%. The resource was calculated by InnovExplo. 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 is conservative as it only 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 Resource Estimate for the La Loutre Property" with is available on Sedar (www.sedar.com).

To date, the Company has spent a total of 1,992,253.28 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 km²) 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 CJC.

To date, the Company has spent a total of 195,702.78 in exploration expenses and \$823,401.61 in acquisition costs.

Bourier Lithium Property, Quebec

Subsequent to this reporting period, the Company entered into a property option agreement with Critical Elements Corporation (TSX.V:CRV) which was approved by the Exchange on May 3, 2016.

Under the Agreement, Lomiko will earn its interest in Bourier by way of a farm-in arrangement. The key terms of the Agreement are detailed in the below:

GRANT OF FIRST OPTION

Critical Elements grants to Lomiko the exclusive right and option to acquire, on or before December 31, 2017, an initial 49% Earned Interest in the Property Bourier by issuing to Critical Elements an aggregate of 5,000,000 common shares of Lomiko, by paying to Critical Elements \$10,000 cash and by incurring or funding Exploration Expenditures for a total amount of \$750,000 on the Property, as follows:

- paying to Critical Elements \$10,000 cash within a delay of ten (10) days following the execution of this Agreement (non-refundable);

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- issuing to Critical Elements 2,500,000 common shares immediately following the receipt of the required approvals from the Exchange, and issuing an additional 2,500,000 common shares on or before December 31, 2016; and
- incurring or funding Exploration Expenditures aggregating not less than \$750,000 on the 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.

GRANT OF SECOND OPTION

Subject to Lomiko having exercised the First Option, Critical Elements will also grant to Lomiko the exclusive right and option to increase its undivided interest in and to the Bourier Property from 49% to 70% by paying to Critical Elements an additional amount of \$250,000, by incurring or funding additional Exploration Expenditures for an amount of \$1,250,000 and by delivering a NI 43-101 compliant resource estimate on the Property prepared by a Qualified Person independent of Lomiko and Critical Elements, for a period commencing on the delivery of the First Option Exercise Notice and ending December 31, 2018, as follows:

- paying to Critical Elements an amount of \$250,000, in cash or in common shares of Lomiko at the sole discretion of Lomiko, on the date of delivery of the First Option Exercise Notice;
- incurring or funding additional Exploration Expenditures for an amount of \$1,250,000 on or before December 31, 2018; and
- delivering the Resource Estimate to Critical Elements on or before December 31,

2018 MILESTONE PAYMENTS

Subject to Lomiko's right to withdraw from and terminate the First Option, Lomiko agrees to pay the following milestone 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 Lomiko at the sole discretion of Lomiko;
- 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 Lomiko at the sole discretion of Lomiko;
- 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 Lomiko at the sole discretion of Lomiko; 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 Lomiko at the sole discretion of Lomiko.

ROYALTY

Following the exercise of the First Option by Lomiko, and in addition to the amounts paid, common shares issued and Exploration Expenditures incurred or funded by Lomiko 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 Lomiko 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 program approved by the Parties regarding the Property.

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The Bourier project consists of 228 claims for a total ground position of 11,579.28 hectares (116 km²) 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 table summarizes the Company's holdings in 3D Labs Inc.

| | <u>Percentage of voting shares owned</u> | <u>Cost</u> | <u>Fair Value</u> |
|-----------------------|--|------------------|--------------------|
| <i>July 31, 2015</i> | | | |
| Graphene 3D Labs Inc. | 10.13% | <u>\$350,000</u> | <u>\$2,770,091</u> |
| <i>April 30, 2015</i> | 6.82% | <u>\$267,912</u> | <u>\$1,110,935</u> |

On April 2016, the Company sold a total of 1,030,500 shares for net proceeds of \$315,913.

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.

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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.

Megahertz Power Systems Ltd.

On October 20, 2014 the Company, through its wholly owned subsidiary, Lomiko Technologies Inc., entered into a letter agreement with Megahertz Power Systems Ltd. ("Megahertz") to:

- (i) license from Megahertz non-exclusive rights to manufacture and sell three power converter system products for the Canadian and US markets;
- (ii) acquire a pending supply contract with a Canadian LED system integrator;
- (iii) finance the Company's future manufacture and sales of the Licensed Power Supplies; and (iv) finance to the amount of \$250,000 the business set-up costs of the Company's manufacture and sales of the Licensed Power Products;
- (iv) 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 the agreement (paid November 1, 2014);
- \$125,000 within thirty (30) days after signing the agreement (paid December 1, 2014) and
- \$100,000 within sixty (60) days after signing the agreement (paid February 18, 2015).

The Company will further finance the manufacturing and distribution of the licensed power supply products. The Company will also 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 Power Systems Ltd. ("Megahertz") for the production and sale of three licensed power supply products for sale in Canada and the United States. On February 18, 2015 the Company also executed three separate statements of work agreements ("SOW") for the licensed products, outlining the terms and conditions for each product. Each SOW specifies the roles and responsibilities of each party with respect to development, sales, marketing and distribution of each product to the targeted customers. Megahertz will provide project management services to the Company for each SOW. Such services will include supporting the Company's manufacturing, distribution, sales and marketing of the licensed products. For each SOW, the initial monthly advance payment for project management services has been estimated at \$7,000. Project management fees will be based on estimated costs for each quarter for each licensed product and will be payable in advance.

On January 29, 2016 the terms of each "SOW" were amended to eliminate project management fees for the period January 31, 2016 to December 31, 2016.

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.

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The Company will contribute the trademark and jointly developed Spider Charger. The Company will no longer be the exclusive licensee in North America but will retain its North America license for the Spider Charger, the OEM 120VAC 60W LED Driver and the 90+ 60W LED Driver. Further, the Company will have the opportunity to license new products from Smart Home Devices Ltd. that are developed.

The costs associated with the license are as follows:

| | |
|-----------------------------|-------------------|
| Initial payments | \$ 250,000 |
| Legal fees | <u>9,893</u> |
| July 31, 2015 | \$ 259,893 |
| Project Management fees | 126,000 |
| Parts, supplies and tooling | 98,260 |
| Trademark | 3,393 |
| Kick starter Campaign | <u>121</u> |
| April 30, 2016 | \$ <u>487,667</u> |

Graphene Energy Storage Devices (Graphene ESD Corp.)

On December 3, 2014, the Company signed a preferred stock subscription agreement with Graphene ESD Corp. ("Graphene"). Under the agreement the Company subscribed to purchase 1,800 shares of Graphene's Series 'A' Preferred Stock, representing 100% of the authorized preferred shares of Graphene, at a purchase price of \$101.27 US per share (the "Original Issue Price") for total consideration of \$182,281 US. Dividends, at the rate per annum of \$4.05 per share, will accrue on each preferred share and shall be cumulative. Each share of Series A Preferred Stock held by the Company shall be convertible, at the option of the Company, at any time and from time to time after May 6, 2015, and without the payment of additional consideration by the Company, by dividing the Series A Original Issue Price by the Series A Conversion Price in effect at the time of the conversion. The Series 'A' Conversion Price shall initially be equal to \$101.27US. The Series A Conversion Price and the rate at which shares of Series A Preferred Stock may be converted into shares of Graphene Common Stock, will be subject to adjustment in the event of a subdivision of Graphene's outstanding Common Stock or if Graphene makes or issues a dividend or other distribution payable on the Common Stock in additional shares of Common Stock.

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

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

The following table summarizes the Company's equity holdings:

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

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| | | | | |
|---|-------|---------|-----------|--|
| Shares of Equity loss from August 1, 2015 | | | | |
| April 30, 2016 | | (1,727) | | |
| April 30, 2016 | 40.0% | 1,800 | \$189,952 | |

MINERAL PROPERTIES ACQUISITIONS AND DEFERRED EXPENDITURES

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value.

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 | Jan. 31, 2016 | April 30, 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 | 132,778.65 | - | 600.00 |
| Drilling | 53,207.70 | - | - |
| Sub Total | 32,677.51 | - | - |
| <i>Mineral Exploration Tax Credits</i> | (8,037.00) | - | - |
| Total YTD Vines Lake Exploration Expenditures | | - | \$ 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, 2015 | Jan. 31, 2016 | April 30, 2016 |
| Mineral Rights | 534.70 | 1,215.50 | |
| Airborne Mag-Em Survey | 130,364.37 | | - |
| Geological Sampling & Mapping | 154,684.25 | | - |
| Geochemical Analysis | 32,785.50 | | - |
| Consulting, Site Visits & Reports | 21,144.48 | | - |
| Drilling | 236,167.87 | | - |
| Transportation | 3,589.58 | | - |
| 43-101 report | 40,694.60 | | - |
| Data processing | 39,353.73 | | - |
| Sub Total | 659,319.08 | 1,215.50 | - |
| <i>Mineral Exploration Tax Credits</i> | (129,458.00) | - | - |

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| | | | |
|---|---------------------|-----------------|---------------------|
| Total YTD Quatre-Mille (East) Expenditures | \$529,861.08 | 1,215.20 | \$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 | Jan 31,,2016 | April. 30, 2016 |
| Geological Consulting & Reports | 11,079.99 | - | - |
| Airborne Survey | 30,880.98 | - | - |
| Claims Renewal | | | 3,578.57 |
| Sub Total | 41,960.97 | - | - |
| Total YTD Quatre-Mille (West) Expenditures | | - | 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, 2015 | Jan. 31, 2016 | April 30, 2016 |
| Drilling | 754,492.28 | 763,346.53 | - |
| Project supervision and management | 38,534.80 | 42,839.00 | |
| Geological sampling & mapping, environmental | 120,506.25 | 31,199.00 | |
| Consulting, site visits & reports | 4,948.88 | - | 2,115.00 |
| Miscellaneous charges | 61,484.79 | 72,126.73 | |
| Mineral Resource Estimate | | 59,588.83 | 33,996.14 |
| Technical Reports | | | 6,641.67 |
| Claims renewal | | 2,552.55 | |
| Management fees | | 13,705.15 | 2,137.91 |
| Sub Total | 979,966.85 | 971,753.13 | 44,890.71 |
| YTD Total exploration expenditure | | | 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 |

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| Lac des Isles Crystalline Flake Property, Quebec – Exploration Expenditures | | | |
|--|--|--------------------------|---------------------------|
| | Balance Forward July 31, 2015 | Jan. 31, 2016 | April 30, 2016 |
| Mineral Property site visits & assessment | 4,948.88 | 1,408.25 | - |
| Drilling | - | - | - |
| Project supervision | 6,291.26 | 445.42 | - |
| Geological sampling & mapping | 128,225.00 | 7,500.00 | - |
| Miscellaneous expenses | 22,674.20 | 22,231.49 | - |
| Claims renewal | | 1,884.03 | - |
| Management fees | | 94.20 | - |
| Sub Total | 162,139.34 | 33,563.24 | - |
| YTD Total exploration expenditures | | | 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, but not on or before May 6, 2016. The Company will use the proceeds for general working capital and to fund the manufacturing and marketing of the and marketing of the Spider USB Charger and LED Driver electronic products, both of which are licensed from Megahertz Power Systems

Basis of preparation

These condensed consolidated financial statements of the Company, for the nine-month period ending April 30, 2016, have been prepared in accordance with AIS 34 International Financial Reporting. They do not include all the information and disclosures required in full annual financial statements and should be read in conjunction with the Company's annual financial statements as at July 31, 2015 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The condensed consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars which is the Company's functional currency.

The Management Discussion and Analysis was approved by the Board of Directors on June 29, 2016.

Going Concern

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company incurred a net loss of \$444,664 before other comprehensive loss items totaling \$1,689,188 during the period ended April 30, 2016 and has a cash balance of \$1,577,129 as at April 30, 2016. The Company has no source of operating cash flows, has not yet achieved profitable operations, has accumulated losses to April 30, 2016 of \$18,377,082 since its inception and expects to incur further losses in the development of its business.

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

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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.

Significant accounting policies

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

Significant accounting judgments and estimates

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

Judgments

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

Title to Mineral Property Interests: Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Estimates and assumptions

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

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

Standards issued but not yet effective

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

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new standards and interpretations have been issued but are not expected to have a material impact on the Group's consolidated interim financial statements.

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

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

Cash and cash equivalents

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

| | April 30, 2016 | July 31, 2015 |
|------------------------|-------------------|---------------------|
| Cash and bank balances | \$ 28,686 | \$ 157,931 |
| Cash equivalents | <u>3,000</u> | <u>1,203,000</u> |
| | <u>\$ 31,686</u> | <u>\$ 1,360,931</u> |

Other Receivables

| | April 30, 2016 | July 31, 2014 |
|------------------------------------|-------------------|------------------|
| Goods and services tax recoverable | \$ 14,298 | \$ 54,538 |
| Accrued interest receivable | <u>18</u> | <u>4,311</u> |
| | <u>\$ 14,316</u> | <u>\$ 58,881</u> |

Prepaid Expenses

Included in prepaid expenses are expenditures paid to organize Lomiko Technologies SpA Chile in the amount of \$61,430. Lomiko Technologies SpA Chile was incorporated on June 30, 2015. The Company has no ownership in this company. The Company plans on acquiring a 40% interest.

SHARE CAPITAL AND RESERVES

(a) Share Capital

Authorized

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The Company's authorized share capital consists of an unlimited number of common shares.

Issued

Year ended July 31, 2015

On September 25, 2014 the Company issued 1,250,000 common shares at \$0.07 in accordance with an agreement to acquire a 40% interest in the La Loutre Crystalline property.

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

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

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

Nine-month period ended April 30, 2016

On February 16, 2016 the Company issued 16,129,743 Common Shares at \$0.035 per share at a deemed value of \$564,541, to acquire 778,890 Common Shares of Smart Home Devices Ltd. In addition, \$1,200 of the share issue costs were incurred.

b) Share purchase warrants

A summary of the Company's outstanding share purchase warrants at April 30, 2016 is as follows:

| | | <u>Number of Warrants</u> | <u>Weighted Average Exercise Price</u> |
|--------------------------------|--------------------------|-------------------------------|--|
| <i>Balance, July 31, 2014</i> | 30,498,202 | | \$ 0.16 |
| Issued for financing | 9,799,000 | | \$ 0.11 |
| Issued for financing | 5,091,566 | | \$ 0.08 |
| Expired | <u>(1,667,000)</u> | | <u>\$ 0.10</u> |
| Balance, July 31, 2015 | 43,721,768 | | \$ 0.15 |
| Expired | <u>(28,831,202)</u> | | <u>(0.13)</u> |
| Balance, April 30, 2016 | <u>14,890,566</u> | | <u>\$ 0.11</u> |

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The following table summarizes information relating to share purchase warrants outstanding and exercisable at April 30, 2016.

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

The weighted average remaining contractual life of the warrants as at April 30, 2016 was .59 years (2015 – .79 years).

During the nine-month period ended April 30, 2016, no additional warrants were issued.

(c) Share-based payments

Plan Details

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

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

Stock options are summarized as follows:

| | <u>Number of Options</u> | <u>Weighted Average Exercise Price</u> |
|--------------------------------|------------------------------|--|
| Balance, July 31, 2014 | <u>5,525,000</u> | <u>0.11</u> |
| Issued for services | 2,000,000 | 0.10 |
| Cancelled | 100,000 | 0.10 |
| Expired | <u>(1,750,000)</u> | <u>0.11</u> |
| Balance, July 31, 2015 | 5,675,000 | 0.10 |
| Expired | <u>(425,000)</u> | <u>0.10</u> |
| Balance, April 30, 2016 | <u>5,250,000</u> | <u>0.10</u> |

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

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| | <u>April 30, 2016</u> | <u>April 30, 2015</u> |
|-----------------------------------|-----------------------|-----------------------|
| Risk free interest rate | - | 1.58% |
| Expected life of options | - | 5 years |
| Annualized stock price volatility | - | 148.3% |
| Expected dividend yield | - | 0% |

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

No options were granted during the nine month period ended April 30, 2016.

The weighted average remaining contractual life of options outstanding at April 30, 2016 is 2.63 years (2015 - 3.42).

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, policies and processes for managing those risks or the methods used to measure them from previous year have not changed.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive monthly reports from the Company's Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

a) Market Risk

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

Foreign Currency Risk:

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

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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 April 30, 2016 relating to cash of \$31,686 and other receivables of \$14,616. All cash, cash equivalents and short term deposits are held at the Bank of Montreal.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that it has sufficient cash on demand to meet short-term business requirements, after taking into account the Company's holdings of cash.

The Company's cash is invested in business accounts and is available on demand.

Funding risk is the risk that the Company may not be able to raise equity financing in a timely manner and on terms acceptable to management. There are no assurances that equity financing will be available when, and if, the Company requires additional financing.

The following table summarizes the Company's significant remaining contractual maturities for financial liabilities at July 31, 2015 and April 30, 2016.

| | Less than 3months | 3 – 12 months | Total |
|--------------------------------------|----------------------|------------------|------------|
| <u>July 31, 2015</u> | | | |
| Trade payables and other liabilities | \$ 189,955 | \$ - | \$ 189,955 |
| <u>April 30, 2016</u> | | | |
| Trade payable and other liabilities | \$ 185,331 | | \$ 185,331 |
| Demand Loan | | \$ 144,998 | \$ 144,998 |
| Income tax payable | | \$ 16,500 | \$ 16,500 |

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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 |
|---------------------------|--------------|---------|------------|--------------|
| <u>July 31, 2015</u> | | | | |
| Investment in equity | \$ 2,770,091 | \$ - | \$ - | \$ 2,770,091 |
| Cash and Cash Equivalents | \$ 1,360,931 | \$ - | \$ - | \$ 1,360,931 |
| <u>April 30, 2016</u> | | | | |
| Investment in equity | \$ 1,110,936 | | \$ 564,541 | \$ 1,675,477 |
| Cash and cash equivalents | \$ 31,686 | | | \$ 31,686 |

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.

Management Remuneration

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

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| | | <u>April 30,</u> <u>2016</u> | | <u>April 30,</u> <u>2015</u> |
|--|----|---------------------------------|----|---------------------------------|
| Management fees paid to companies related to directors | \$ | 135,000 | \$ | 130,000 |
| Share-based compensation | | - | | 76,383 |
| | \$ | <u>135,000</u> | \$ | <u>206,383</u> |

Related Party Transactions

Included in consulting fees are \$8,000 (2015 - \$36,000) paid to two directors, for board advisory services.

Included in accounts payable is \$35,842 (2015 - \$3,737) owing to directors.

Included in accounts receivable is \$0 (2015 - \$7,875) for an advance to a director for consulting services.

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.

Right to acquire shares

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

Contingencies

On August 6, 2014 the Company received legal notice that a plaintiff is seeking damages in relation to a contract dispute arising out of a subscription agreement and alleged ratchet agreement between the company

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and the plaintiff. The plaintiff is seeking unspecified damages or alternatively the issuance of 3,333,333 common shares as well as other ancillary relief. The Company disputes the claims and has not made any provisions in the accounts and is actively in negotiations.

Selected Annual Information

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

| | IFRS 2015 \$ | IFRS 2014 \$ | IFRS 2013 \$ |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Total Revenue | 0 | 0 | 0 |
| Total Assets | 8,605 | 6,300 | 1,536 |
| Total Long Term Liabilities | 0 | 0 | 0 |
| Total Operating Loss | (1,125) | (817) | (602) |
| Net Income and comprehensive (loss) | 1,177 | (817) | (602) |
| Net Income (loss) per share basis | (0.01) | (0.01) | (0.01) |
| Net Income (loss) per share diluted | (0.01) | (0.01) | (0.01) |

Stated in thousands of Canadian dollars except for shares:

Results of Operation – nine-month period ended April 30 2015 and 2016

| | Three months ended April 30, | | Nine months ended April 30, | |
|---|-------------------------------------|--------------------|------------------------------------|--------------------|
| | 2016 \$ | 2015 \$ | 2016 \$ | 2015 \$ |
| General administrative expense | | | | |
| Office & sundry | 13,912 | 10,172 | 23,572 | 27,408 |
| Advertising & Promotions | 104,573 | 162,259 | 233,671 | 416,840 |
| Management | 45,000 | 45,000 | 135,000 | 130,000 |
| Professional fees | 19,685 | 78,621 | 91,146 | 171,019 |
| Consulting | 27,100 | 29,996 | 39,100 | 77,046 |
| Regulatory & Transfer Agent fees | 33,876 | 31,544 | 89,082 | 79,881 |
| Shareholders' communications | - | 62,536 | 29,799 | 100,319 |
| Travel | 7,228 | 20,076 | 20,449 | 33,784 |
| Share-based compensation | - | - | - | 152,766 |
| Total | 251,374 | 440,203 | 661,819 | 1,189,063 |
| Loss from operation | (133,228) | (440,203) | (661,819) | (1,189,063) |
| Interest income | 9 | | 1,496 | 20,367 |
| Gain on sale of securities | 225,724 | 4,373 | 233,886 | - |
| Share of associate loss | (702) | - | (1,727) | 399,465 |
| Flow-Through share premium | - | 119,945 | | |
| | 255,031 | 124,318 | 233,655 | 419,832 |
| (Loss) from operations, before income taxes | (26,343) | (315,885) | (428,164) | (769,231) |
| Income taxes | (16,500) | - | (16,500) | - |

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| | | | | |
|---|--------------------|------------------|--------------------|------------------|
| Loss & comprehensive loss for the period | (42,843) | (315,885) | (444,664) | (769,231) |
| Unrealized (loss) gain on re-measurement of equity investments | 112,056 | (1,538,939) | (1,577,129) | 2,859,788 |
| Comprehensive (loss)/Income for the period | 69,216 | (1,854,834) | (2,021,793) | 2,090,557 |
| Basic and Diluted Loss Per Share | (0.00) | (0.00) | (0.00) | (0.01) |
| Basic & Diluted Weighted Average Common Shares | 161,986,518 | 142,805,433 | 138,858,455 | 139,177,532 |

| Statement of Operations and Comprehensive Loss Data | April 30, 2016 | April 30, 2015 |
|---|-----------------------|----------------|
| Total Revenue | NIL | NIL |
| Total Expenses | 661,819 | 1,189,063 |
| Net Income/(Loss) from operations | (444,664) | (769,231) |
| Comprehensive (Loss)/Income for the period | (2,021,793) | 2,090,556 |

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

| Statement of Financial Position Data | April 30, 2016 | April 30, 2015 |
|--|-----------------------|----------------|
| Total Assets | 7,270,559 | 9,201,937 |
| Total Long-Term Debt | NIL | NIL |
| Total Liabilities | 465,389 | 24,726 |
| Shareholders' Equity: Share Capital Equity | 23,603,900 | 23,040,559 |

During the nine month period, ended April 30, 2016, operational expenses decreased significantly by 44.34% from the same period last year as the Company spent cut back on promotions and travel. Regulatory and Transfer Agent fees increased for this period because of the Company's 2015 Annual Year-End Financials and AIF reports as well as the annual maintenance fee for the OTC Markets in the USA

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.

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During the period ended April 30, 2016, the Company sold 1,030,500 shares in its investment in Graphene 3D Labs (TSX-V.GGG) for net proceeds of \$315,913. The shares were sold to pay for operational expenses. The Company currently owns a total of 3,366,470 shares in Graphene 3D Labs of which 2,237,880 are held in escrow on a time release basis and 1,128,590 are free trading shares. The value of the shares are subject to changes in market conditions and prices.

The Company had a total net loss from operations of (\$444,664) for the nine-month period as compared (769,231) 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 \$7,270,559 of which \$1,865,428 came from investments; \$495,837 from the license agreement with Megahertz Power Systems Inc. and website development; 31,686 from cash; \$14,316 from receivables; \$88,130 from prepaid expenses and \$4,775,162 from its mineral property investments and deferred exploration costs.

As at April 30, 2016, the Company has (\$212,697) in working capital.

Results of Operations - Use of Proceeds from previous financings as at April 30, 2016

| Proceeds of Private Placements | Jun. 27, 2013 (Flow-Through) \$500,000 | March 13, 2014 (Flow-Through) \$2,596,520 |
|-----------------------------------|--|---|
| Balance forward | | (279,520) |
| Exploration & Technical reports | (779,520) | (2,319,577) |
| Balance | (279,520) | \$2,577 |

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

| | Apr 16 | Jan.16 | Oct. 15 | Jul 15 | Apr 15 | Jan 15 | Oct 14 | Jul 14 |
|--------------------------|---------|---------|---------|--------|--------|--------|--------|--------|
| Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Income (Loss) | (2,022) | (2,091) | (229) | 1,180 | 2,091 | 2,091 | (103) | (817) |
| Loss per Share | (0.00) | (0.00) | (0.00) | (0.01) | (0.01) | (0.01) | (0.00) | (0.01) |

Other MD&A Requirements

As at April 30, 2016, the Company had a total of 171,593,010 issued and outstanding shares, 5,250,000 outstanding options and 14,890,566 outstanding warrants. If the Company were to issue 20,140,566 shares upon the conversion of all of its outstanding warrants and options, it would raise a total of \$2,157,200.

As at April 30, 2016, the Company does not have sufficient funds to support its operations and is relying on the money earned from the sale of its Graphene 3D shares to meet its commitments. The Company has sold a total of 1,030,500 of its Graphene 3D shares for a net settlement amount of \$315,913. It will need to continue to fund its operations through sale of these shares until it is able to secure new financing to meet its commitments.

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, but not on or before May 6, 2016.

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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 February 16, 2016, the Company announced that it had signed a Letter of Intent with engineering partner MegaHertz Power Systems Ltd. ("MHPS"), a private company, to launch a new company Smart Home Devices Ltd. (SHD) focused on "internet of Things (IOT) devices. SHM will develop, contract manufacture, distribute and sell Spider Chargers and related devices.

Previously, the Company was the exclusive licensee of three devices designed by MHPS based on the February 18, 2015 Agreement. MHPS has now amalgamated a number of new concept designs, technology licenses, patent applications and intellectual property into SMD in order to penetrate the smart home market for IOT and seek out revenue streams. Lomiko will contribute the trademark and jointly developed Spider Charger and become a shareholder of SMD. In addition, SMD plans to enter into negotiations to sell the Spider Charger and other related devices in North American markets with IOT distributors and builders. Lomiko will no longer be the exclusive licensee on North America but will retain its North America license for the Spicer Charger, the OEM 120VAC and the 90+ 60W LED Driver. Further, it will have the opportunity to license new products from SMD.

On March 3, 2016, the Exchange approved the above transaction whereby the Company shall acquire 778,890 shares of SMD for the price of \$0.0001 per share, which represents 11.478% of its equities. The Company will in exchange, issue to SMD, 16,129,743 of its Common Shares from treasury at \$0.035 per share for a deemed value of \$564,541, representing 9.4% of the equity of Lomiko Metals Inc.

On March 24, 2016, the Company announced that it had, together with Canadian Strategic Metals (TSX.V:CJC) filed their NI 43-101 report titled "Technical Report and Mineral Resource Estimate for the La Loutre Property" which is available on www.sedar.com Lomiko Metals owns 40% of this graphite mineral property in Quebec and is working towards earning a further 40% for a total of 80% ownership in the said property

On April 25, 2016, The Company announced that the Spider Charger has been submitted for safety certification testing through the Canadian Standards Assn. and Underwriters Laboratories. The Company has also filed the American Trademark application for Spider Charger and has received 50 devices for Distributor testing and product review submissions. Lomiko Metals has become a partial owner of this technology with a 11.48% interest position in SMD Smart Home Devices Ltd.

Subsequent events

On May 3, 2016, the Exchange approved the Company's Option Agreement with Critical Elements Corporation (TSX.V:CRE) that gives Lomiko the right to acquire up to a 70% interest in the Bourier property (announced April 28, 2016). The Bourier project consists of 228 claims for a total group position of 11,579.28 Hectares in a region of Quebec that boasts other lithium deposits and known lithium mineralization. The Bourier project is potentially a new lithium field in an established lithium district.

On May 16, 2016, the Company announced the signature of an additional option agreement on the La Loutre and Lac des Iles Properties allowing Lomiko to acquire up to 100% interest in the project. This would be subject to Lomiko having exercised the conditions to acquire 80% of the said properties signed on February 6, 2015. Canadian Strategic will also grant to Lomiko the exclusive right and option (the "Third Option") to increase its undivided interest in and to the La Loutre Property from 80% to 100% by paying to Canada Strategic an additional amount of \$10,000, by issuing to Canada Strategic an additional 7,500,000 Common Shares of Lomiko and by funding exploration expenditures for an additional amount to \$1,125,000 for a period commencing on the deemed exercise of the additional Option and ending on December 31, 2018. Previous to this option, Lomiko owned 40% of the La Loutre and Lac des Iles Properties and had an option to increase its ownership to 80%, based on completing work and issuing shares. This transaction is still under review by the Exchange.

On June 20, 2016, the Company announced a private placement to offer up to 10,000,000 flow-through units of the Company (the "FT Units") at a price of \$0.05 per FT Unit. Each FT Unit shall consist of one flow-through common share

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and one share purchase warrant exercisable for 36 months at \$0.075. In addition, the Company will offer 6,250,000 units of the Company (the "Units") at a price of \$0.04 per Unit. Each Unit shall consist of one common share of the Company and one share purchase warrant exercisable for a period of 18 months from closing at an exercise price of \$0.05. The Company will be making an application to the TSX Venture Exchange for a waiver to the Unit portion of the private placement price as the proposed subscription price is below the minimum allowed pursuant to the rules.

The funds raised from the issuance of the FT Units shall be used for general exploration and/or development expenditures which will qualify as expenses under paragraph 66 (12.66) (b) of the Income Tax Act (Canada) on the Company's property located in Quebec. The proceeds of the Unit financing will primarily be used to repay outstanding loans and working capital.

Closing of the financings is subject to receipt of applicable regulatory approvals including approval of the TSX Venture Exchange. The securities issued will be subject to a standard four month plus one day hold period. A finder's fee will be payable by the Company in accordance with the rules of the TSX Venture Exchange.

On June 27, 2016 the company completed the 1st tranche of the private placement by issuing 5,000,000 flow through units of the Company, at \$0.05 per unit. Each unit consists of one flow through common share and one share purchase warrant exercisable at \$0.075 for 36 months. The common shares have a hold period expiring on October 23, 2016. A finder's fee of \$20,000 plus 400,000 warrants were issued to brokers.

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