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

#439 -7184 120th Street, Surrey BC, V3W 0M6
Tel: 778-228-1170 Fax: 604-583-1932
Website: www.lomiko.com Email: lomiko@dccnet.com

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 fourth financial quarter, ended July 31, 2015 compared to the same period last year ended July 31, 2014.

This MD&A should be read in conjunction with the Company's financial statements for the year ended July 31, 2014 and the related notes (the "Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting standards ("IFRS").

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

All amounts are stated in Canadian dollars unless otherwise indicated.

Forward Looking Statements

Certain sections of this Management Discussion and Analysis may contain forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from actual future results. The risks, uncertainties and other factors that could influence actual results are described in the "Risk and Uncertainties" section of this report. The forward-looking statements contained herein are based on information available as of November 23, 2015. Readers are cautioned not to put undue reliance on forward-looking statements.

Cautionary statement regarding Forward-Looking Statements

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

Nature of Operations

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

The Company is considered to be in the exploration stage as it has not placed any of its mineral properties into production. The As such, the Company has not generated revenue from its operations. The Company had an operating loss of ($ 1,124,564) before other comprehensive income items totaling $2,304,531 for the twelve months ended July 31, 2015 and has a cash balance of $1,360,931 as at July 31, 2015. Lomiko has no source of operating cash flow, has not yet achieved profitable operations, has accumulated losses to July 31, 2015 of ($18,731,313) since its inception and expects to incur further losses in the development of its business.

Intercorporate Relationships

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

The Company previously had a subsidiary, namely Lomiko Metals, USA LLC. Lomiko Metals USA LLC was formed and registered on October 1, 2009 under the laws of Colorado and ceased to exist on October 1, 2012.
The consolidated financial statements have been prepared on a going concern basis, which assumes the realization of asset and liquidation of liabilities in the normal course of business. While these consolidated financial statements have been prepared on the assumption that the Company is a going concern and will be able to realize its assets and meet its obligations in the normal course of operations, there are conditions and events that cast significant doubt on the validity of that assumption. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise debt or equity financings and the attainment of profitable operations. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the he Company be unable to continue as a going concern. Such adjustments could be material.

Board of Directors

Lomiko Metals Inc. depends on the business and technical expertise of its management. The current Board of Directors is comprised of A. Paul Gill – President and CEO, Jacqueline Michael -CFO, Julius Galik - Director and Brian Gusko - Director. The directors that compose the audit committee are Jacqueline Michael, Julius Galik and Brian Gusko.

General

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

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

Exploration

Vines Lake Property

On April 10, 2006, the Company acquired a 100% interest, subject to a 2% NSR, in the Vines Lake property, consisting of three contiguous claim units totaling 1,209.84 in the Cassiar region of BC. The property is located approximately 10 kilometers southeast of the town of Cassiar, BC. The claims cover rocks of the Sylvester group which are known to contain productive zones of gold mineralization in the area. The claim group is located approximately 2 kilometers north-east of the former Erickson Gold Mine. Highway 37 intersects the property and there are excellent service facilities nearby. The area is on the Arctic slope with elevations ranging from 1,000 to 2,150 meters. There are no extraordinary environmental problems known as of this date.

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

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

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

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

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

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

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

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

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

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

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

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

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

Quatre-Milles (East)

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

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

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

Quatre-Milles (West)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Investment in Equity Securities

Technology

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

By letter agreement dated November 12, 2013 the Company invested $50,000 in the start-up of Graphene 3D and received 250,000 preferred shares. Graphene 3D was a private Delaware corporation which was organized on September 3, 2013. Graphene 3D is the business of developing, manufacturing and marketing proprietary polymer nanocomposite graphene-based materials for various types of 3-D printing, including fused filament fabrication, as well as the design, manufacture and marketing of three-dimensional printers and products for worldwide customers, including in the aerospace and automotive industries, manufacturers of medical prosthetics, and the military. Graphene 3D currently hold two U.S. patent applications pending for its technology.

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

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

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

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

Megahertz Power Systems Ltd.

By agreement dated October 20, 2014 the Company, through its subsidiary Lomiko Technologies Inc., entered into a letter agreement with Megahertz Power Systems Ltd. ("Megahertz") wherein the Company will (i) license from Megahertz non-exclusive rights to manufacture and sell three power converter system designs (the "Licensed Power Supplies"); (ii) acquire a pending supply contract (the "Customer Contract") with a Canadian LED system integrator (the "LED Customer"); (iii) finance the Company's future manufacture and sales of the Licensed Power Supplies; and (iv) finance to the amount of $250,000 the business set-up costs of the Company's manufacture and sales of the Licensed Power Supplies. In addition, Megahertz agreed to assign and transfer the pending revenue-generating Customer Contract for an existing OEM 120VAC 60 Watt LED Driver design (the "Custom LED Driver") with the LED Customer and the Company advanced the sum of $250,000 (the "Start-up Funds") as follows:

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

Megahertz shall utilize the Start-up Funds to:

- organize and set up contract manufacturing of Licensed Power Supplies;
- develop an e-commerce web-site for sales of certain Licensed Power Supplies;
- establish a local office in support of the Company's sales of Licensed Power Supplies; and
- manage initial contract manufacturing, sales, customer relations, general business administration and

technical support for customers and contract manufacturers (the "Project Management Services") for the initial year of operations.

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

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

On February 10, 2015 the Company executed a non-exclusive license agreement with Megahertz Power Systems Ltd. ("Megahertz") for the production and sale of three licensed power supply products for sale in Canada and the United States. On February 18, 2015 the Company also executed three separate statements of work agreements ("SOW") for the licensed products, outlining the terms and conditions for each product. Each SOW specifies the roles and responsibilities of each party with respect to development, sales, marketing and distribution of each product to the targeted customers. Megahertz will provide project management services to the Company for each SOW. Such services will include supporting the Company's manufacturing, distribution, sales and marketing of the licensed products. For each SOW, the initial monthly advance payment for project management services has been estimated at $7,000. The first payment of $21,000 is due December 2015. Further project management fees will be based on estimated costs for each quarter for each licensed product and will be payable in advance.

The term of the license agreement is based on the later of the expiration of the patents associated with the licensed products, any patents which may arise on related patent applications or any patents which may issue on any patent applications filed in respect of the design of the licensed products, unless otherwise terminated by law or the acts of the parties.

Megahertz shall not itself nor permit any other party to grant to others the right to, make use, offer to sell, sell or import any licensed product within Canada or the United States, until December 31, 2015, so long as the Company is not in breach of the license and SOW agreements.

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

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

Lomiko in wall USB Charger receptacle

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

90+ Efficiency 60 Watt LED Driver

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

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 investment in preferred shares of Graphene ESD Corp. is classified as available for sale and is measured at cost, as fair value cannot be reliability measured as they do not have a quoted market price in an active market.

The following table summarizes the Company’s equity holdings:

.	Percentage of ownership	Number of Shares held	$ Cost	Fair Value
July 31, 2014				
Graphene 3D Labs Inc.	15%	250,000	$ 50,000	$50,000
July 31, 2015				
Graphene 3D Labs Inc.	10.13%	4,396,970	350,000	$2,770,091
Graphene ESD Corp.	40.0%	1,800	224,075	
			$574,075	

The common shares are classified as Level 1 in the fair value hierarchy and as available for sale financial assets.

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 July 31, 2015 a total of $1,480,986.33 was recorded for acquisitions and $2,154,410.11 for exploration expenditures.

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

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

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

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

Quatre-Mille (East) Graphite Property, Quebec - Exploration Expenditures			
		YTD July 31, 2014	**July 31,2015**
Mineral Rights		-	534.70
Airborne Mag-Em Survey		123,435.94	6,928.43
Geological Sampling & Mapping		86,313.19	69,463.06
Geochemical Analysis		32,785.50	-
Consulting, Site Visits & Reports		99,099.28	2,093.53
Drilling		236,167.87	-
Transportation		3,589.58	-
Sub Total		**581,391.36**	**79,019.72**
Mineral Exploration Tax Credits		(130,550.00)	-
Total YTD Quatre-Mille (East) Expenditures			**$529,861.08**

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

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

La Loutre Graphite Property, Quebec - Acquisition Costs & Exploration assigned to acquisition				
Date	**Cash**	**Shares**	**Price**	**Amount $**
09-25-2014	12,500.00			12,500.00
09-25-2014		1,250,000	$0.07	87,500.00
04-15-2015		1,000,000	$0.07	70,000.00
04-15-2015	3,333.33			3,333.00
07-31-2015				238,367.30
Total Acquisition	**15,833.33**	**2,250,000**		**411,701.00**

La Loutre Graphite Property, Quebec - Exploration Expenditures			
		YTD July 31, 2014	**July 31, 2015**
Drilling on Sakami property – allocated towards earning additional 40% interest in La Loutre property		-	754,492.28
Project supervision and management		-	38,535.00
Geological sampling & mapping, environmental		-	120,506.25
Consulting, site visits & reports		-	4,948.88
Miscellaneous charges		-	37,229.51
Total Quatre-Mille (West) Expenditures		**-**	**955,719.92**
Exploration expenditures allocated to acquisition			**(61,484.44)**

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

Lac des Isles Crystalline Flake Property, Quebec – Exploration Expenditures			
		YTD July 31, 2014	**July 31, 2015**
Mineral Property site visits & assessment			4,948.88
Drilling on Sakami property - allocated towards earning 80% interest in Lac des Isles property			-
Project supervision			6,291.26
Geological sampling & mapping			128,225.00
Miscellaneous expenses			22,674.40
Total Lac des Isles Expenditures			**162,339.54**

Basis of preparation

Statement of Compliance
These condensed consolidated financial statements of the Company, for the period ending July 31, 2015, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), Interim Financial Reporting Standard ("IAS") 34 as issued by the International Accounting Standards Board ("IASB").

The Management Discussion and Analysis was approved by the Board of Directors on November 27, 2015.

Basis of Measurement

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

These consolidated 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.

Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements unless otherwise indicated.

a) Basis of Consolidation

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

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

b) Investment in Associates

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

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

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

Profits or losses on transactions between the Company and an associate are eliminated to the extent of the Company's interest therein.

c) Presentation currency and foreign currency translation

The consolidated financial statements are presented in Canadian dollars which is the functional and
Foreign currency transactions are translated into functionary currency of each entity using the exchange rates prevailing at the dates of the transactions. Foreign exchanges gains and losses resulting from the settlement of such transactions and from re-measurement of foreign currency denominated monetary items at reporting period and exchange rates are recognized in profit or loss.

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

d) Cash and Cash Equivalents

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

e) Licenses

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

f) Website

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

g) Exploration and Evaluation Expenditures

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

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

h) Interest Income

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

i) Provisions

Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.
The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

As at July 31, 2015 and 2014, the Company had no site restoration obligations.

j) Financial Instruments

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

Financial Assets

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

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

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

Loans and receivables

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

Financial assets at fair value through profit or loss

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

Financial Liabilities

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

k) Impairment of Assets

Financial Assets

A financial asset that is not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the ifference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The amount of the impairment loss is recognized in profit or loss. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the profit or loss, except for equity instruments classified as available-for-sale where the reversal is recorded in other comprehensive income.

Non-financial assets

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

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

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

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

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

l) Taxes

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

Current taxes

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

Deferred taxes

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

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

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

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

Deferred tax assets and liabilities are recognized where the carrying amount of an **asset or** liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Sales tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or

• When receivables and payables are stated with an amount of sales tax included.

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

m) Share Capital

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

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

n) Earnings/Loss per Share

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

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

o) Share-based Payments

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

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

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

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

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

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

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

p) Flow-through Shares

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

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

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

q) Significant Accounting Judgments and Estimates

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

<u>Exploration and evaluation assets</u>: 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 Note10.

<u>Title to Mineral Property Interests</u>: 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

<u>Share-based payments</u>**:** 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.

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

r) Changes in Accounting Policies–New and Amended Standards and Interpretations

There were a number of new standards and interpretations effective from January 1, 2014, that the Company applied for the first time in the current year. The nature and impact of each new standard and/or amendment is described below. Other than the changes described below, the accounting policies adopted are consistent with

those of the previous financial year. Certain other new standards and interpretations applied for the first time in 2015 but are not discussed as they were not relevant to the Company.
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Annual Improvements

In December 2013, the IASB issued "Annual Improvements to IFRSs 2010-2012 Cycle" which included certain amendments to IAS 24 Related Party Disclosures, including an amendment to the definition of a "related party" in order to include "management entities" that provide key management personnel services to the reporting entity. This amendment is effective for annual periods beginning on or after July 1, 2014, with earlier adoption permitted. The Company adopted the amendment with effect January 1, 2014. The Company's related party disclosure note (Note 19) complies with the disclosure requirements.

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 Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers: The IASB issued IFRS 15 in May 2014. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 is effective for annual periods beginning on or after January 1, 2017 and is to be applied retrospectively with early adoption permitted. Management is currently evaluating the impact the final standard is expected to have on the Company's consolidated financial statements; however, as the Company currently has no operating revenues, this is not anticipated to be significant.

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 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.

	July 31, 2015	**July 31, 2014**
Cash and bank balances	$ 157,931	$ 1,330,483
Cash equivalents	1,203,000	2,903,000
Cash held in trust	-	300,000
	$ 1,360,931	$ 4,533,483

Other Receivables

	July 31, 2015	July 31, 2014
Goods and services tax recoverable	$ 54,538	$ 30,166
Accrued interest receivable	4,311	12,965
Mining Tax Credit **Receivable**	-	14,750
	$ 58,849	**$ 57,881**

Other Liabilities

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

	Issued June 23, 2013	Issued on March 13, 2014	Total
Balance at July 31, 2013	$ 71,429	$ -	$ 71,429
Settlement of flow-through share liability on incurring expenditures	(71,429)	-	(71,429)
Liability incurred on flow-through shares issued	-	399,465	399,465
Balance at July 31, 2014	-	399,465	399,465
Settlement of flow-through share liability on incurring expenditures	-	(399,465)	(399,465)
Balance, July 31, 2015	$ -	$ -	$ -

Prepaid Expenses

Included in prepaid expenses are legal fees paid to organize Lomiko Technologies SpA Chile in the amount of $29,109 (2015) and Graphene ESD Corporation in the amount of $10,825 (2014).

Lomiko Technologies SpA Chile was incorporated on June 30, 2015. The Company has no ownership in this company. The Company plans on acquiring a 40% interest in this company. Lomiko Technologies SpA Chile was formed to conduct research and development activities with The University of Chile and to work in conjunction with incentive programs for research and development offered by the Government of Chile.

Graphene ESD Corporation was incorporated on November 5, 2014. The company has a 40% interest in the company.

Investment in Associate

Graphene ESD Corp.

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

Graphene ESD Corp. a Delaware company incorporated November 5, 2014 is a private US company that was formed to commercialize Graphene Supercapacitors. Payment for the subscription was made on December 12, 2014. 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 exercises significant influence over ESD Graphene Corp. as it owns 40%of the voting shares and through a common director. It accounts for its investment on the equity basis.

	Number of shares held	$
July 31, 2014	-	-
Acquisition of preferred shares	1,800	$ 213,251
Costs related to acquisition		10,824
Share of equity loss		(32,397)
July 31, 2015	1,800	$ 191,678

Investment in Equities Securities

GRAPHENE 3D LABS

On November 22, 2013 the Company paid $50,000 to acquire 250,000 common shares of Graphene 3D Lab Inc. (Graphene).

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, Mantic was subject to a reverse-take-over by Graphene 3D Lab Inc. 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% 6 months thereafter
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 total shares owned in Graphene 3D Labs:

	Number of shares held	Cost	Fair value
July 31, 2014	250,000	$ 50,000	$ 50,000
July 31, 2015	4,396,970	$ 350,000	$ 2,770,091

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.

MEGAHERTZ POWER SYSTEMS INC.

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

•license from Megahertz, non-exclusive rights to manufacture and sell three power supply products for the Canadian and United States markets;

•acquire a pending supply contract with a Canadian LED system integrator;

•finance to the amount of $250,000, the business set-up costs of the Company's manufacture and sales of the licensed power products;

•finance the future manufacture and sales of the licensed power products;

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

- A non-refundable deposit of $25,000 upon signing of the letter agreement (paid November 1, 2014)
- $125,000 within 30 days of signing the letter agreement (paid December 1, 2014)
- $100,000 within 60 days of signing the letter 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 ('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, outfling the terms and conditions for each product. Each SOW specifies the roles and responsibilities of each party with respect to development, sales, marketing and distribution of each product to the targeted customers. Megahertz will provide project management services to the Company for each SOW. Such services will include supporting the Company's manufacturing, distribution, sales and marketing of the licensed products. For each SOW, the initial monthly advance payment for project management services has been estimated at $7,000. The first payment of $21,000 is due December 2015. Further project management fees will be based on estimated costs for each quarter for each licensed product and will be payable in advance.

The term of the license agreement is based on the later of the expiration of the patents associated with the licensed products, and patents which may arise on related patent applications or any patents which may issue on any patent application filed in respect of the design of the licensed products, unless otherwise terminated b law or the acts of the parties.

Megahertz shall not itself nor permit any other party to grant to others the right to, make use, offer to sell, sell or import any licensed products within Canada or the United States, until December 31, 2015, so long as the Company is not in breach of the license and SOW agreements.

SHARE CAPITAL AND RESERVES

(a) Share Capital

Authorized

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

Issued

Year ended July 31, 2014

During the year ended July 31, 2014, the Company issued the following common shares:

On October 10, 2013, the Company completed a non-brokered private placement, consisting of the issue of 4,431,755 common share units at a price of $.06 per unit, to settle debt of $265,905. Each common share unit consisted of one common share and .62 of one common share non-transferable purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the company at a price of $0.10 for a period of 24 months after closing of the offering. The warrants had a fair value of $52,996, measured using the Black-Scholes valuation model.

On December 18, 2013, the Company completed a non-brokered private placement, consisting of the issue and sale of 1,667,000 common share units of the Company at a price of $.06 per common share unit for gross proceeds of $100,020. 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 $0.10 per share for a period of 12 months after the closing of the offering. Share issuance costs relating to the placement totaled $3,000. The warrants had a fair value of $22,739, measured using the Black-Scholes valuation model. A Company director and a company related to a director, participated in the private placement by purchasing 1,057,000 units.

On March 13, 2014, the Company completed a public offering, consisting of the issue and sale of 26,584,180 common share units of the Company at a price of $ 0.11 per unit and 4,627,000 units of flow-through units at $0.13 per unit for aggregate gross proceeds of $3,525,770. Each common share unit is comprised of one common share and one-half of one common share purchase warrant; each whole common share purchase warrant entitles the holder to purchase one additional common share of the Company at a price of $0.15 per share for a period of 18 months after the closing of the offering. Each flow-through unit is comprised of one flow-through common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share for a period of 18 months at an exercise price of $0.20 per common share after the closing of the offering. The warrants had a fair value of $465,012, measured using the Black-Scholes valuation model. The Company recorded a liability on the flow-through premium of $92,540, for the difference between the fair market value of its common shares and the issuance price of its flow-through shares. This has been recorded as a flow-through common share issuance liability.

On March 13, 2014, the Company, completed a non-brokered private placement, consisting of the issue and sale of 15,346,231 flow-though units of the Company at a price of $0.13 per unit for gross proceeds of $1,995,010. Each flow-through unit is comprised of one flow-through common share, and one-half of one common share warrant. Each whole common share warrant is exercisable into one common share at an exercise price of $0.20 per share for a period of 18 months after closing of the offer. The warrants had a fair value of $211,679, measured using the Black-Scholes valuation model. Additionally, 1,872,671 broker warrants were issued with a fair value of $61,538, measured using the Black-Scholes valuation model. The Company recorded a liability on the flow-through premium of $306,925 for the difference between the fair market value of its common shares and the issuance price of its flow through shares. This has been recorded as a flow-through common share issuance liability. The company paid commission and settlement fees of $541,662 and legal fees of $83,238 in relation to the March 13, 2014 placements.

On March 17, 2014 the Company issued 1,500,000 common shares at $0.035 in accordance with a purchase agreement, to acquire the Quarte-Milles exploration asset.

On March 25, 2014, the Company issued 1,800,000 common shares at $0.10 in accordance with a purchase agreement, to acquire the Quarte-Milles West exploration asset.

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.

b) Share purchase warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance 31 July 2013	**6,352,142**	**$0.16**
Issued for financing	30,498,202	$ 0.15
Issued to settle debt	2,759,052	$ 0.10
Exercised	(2,020,000)	$ 0.10
Expired	(4,332,142)	$ 0.14
Balance, July 31, 2014	**30,498,202**	**$ 0.16**
Issued, March 24, 2015 for financing	9,799,000	$ 0.11
Issued, April 13, 2015 for financing	5,091,566	$ 0.08
Expired	(1,667,000)	$ 0.10
Balance, July 31, 2015	**43,721,768**	**$ 0.15**

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

	July 31, 2015	July 31, 2014
Risk free interest rate	1.18%	1.05%

Expected life of options	.68 years	1.53 years
Annualized stock price volatility	144.43%	156.79%
Expected dividend yield	0%	0%

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

Number of Warrants	Exercise Price	Expiry Date
2,759,052	$0.10	October 10, 2015
13,292,090	$0.15	September 13, 2015
2,313,500	$0.20	September 13, 2015
1,872,671	$0.11	September 13, 2015
920,774	$0.13	September 13, 2015
7,673,115	$0.20	September 13, 2015
9,799,000	$0.125	September 24, 2016
5,091,566	$0.08	April 15, 2017
43,721,768		

The weighted average remaining contractual life of the warrants as at July 31, 2015 was .54 years (2014 – 1.09 years).

(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:

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2013	**4,625,000**	**$ 0.11**
Issued for services	1,825,000	0.10
Exercised	(1,000,000)	0.10
Expired	(625,000)	0.10
Balance, July 31, 2014	**5,525,000**	**0.11**
Issued for services	2,000,000	0.10
Cancelled	100,000	0.10
Expired	(1,750,000)	0.11
Balance, July 31, 2015	**5,675,000**	**$ 0.10**

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

	July 31, 2015	July 31, 2014
Risk free interest rate	1.55%	1.60%
Expected life of options	5 years	5 years
Annualized stock price volatility	331.7%	196.9%
Expected dividend yield	0%	0%
Forfeiture rate	0%	30%

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

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

On September 5, 2014 the Company granted 2,000,000 (2014 – 1,825,000) stock options to directors and consultants with a total fair value of $152,766 or $0.08 per option (2014 –$155,894 or $0.08 per option).

The weighted average remaining contractual life of options outstanding at July 31, 2015 is 3.17 years (2014 - 2.54 years).

Other Requirements

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

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, except as noted under equity risk. Its objectives, polices and processes for managing those risks or the methods used to measure them from previous year have not changed.

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

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

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

Interest Rate Risk:
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial

Equity Price Risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The investment in 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 a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand.

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

c) Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that it has sufficient cash on demand to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and is available on demand. Funding risk is the risk that the Company may not be able to raise equity financing in a

timely manner and on terms acceptable to management. There are no assurances that equity financing will be available when, and if, the Company requires additional financing.

The following table summarizes the Company's significant remaining contractual maturities for financial liabilities at January 31, 2015 and July 31, 2014.

	Less than 3 months	**3 – 12 months**	**Total**
July 31, 2014			
Trade payables and other payables	$ 48,455	$ -	$ 48,455
Liability incurred on flow-through shares issued	$ -	$ 399,465	$ 399,465
July 31, 2015			
Trade payables and other liabilities	$ 189,957	$ -	$ 189,957
Liability incurred on flow-through shares issued	$ -	$ -	$ -

d) Fair value of financial instruments

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

July 31, 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Investment in equity	$ -	$ -	$ 50,000	$ 50,000
Cash and Cash equivalents	$ 4,533,483	$ -	$ -	$ 4,533,483
July 3, 2015				
Investment in equity	$ 2,770,091	$ -	$ -	$ 2,770,091
Cash and Cash equivalents	$ 1,360,931	$ -	$ -	$ 1,360,931

Level 1 - quoted prices (unadjusted) in active markets

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (1.e., as prices or indirectly (i.e., derived from prices); and

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

Capital Risk Management

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

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:

		July 31, 2015		July 31, 2014
Management fees paid to companies related to directors	$	**175,000**	$	90,000
Share-based compensation		**76,383**		139,885
Excess expenses re-imbursement (a)		**-**		12,063
	$	**251,383**	$	148,147

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

Related Party Transactions

During the year, directors were awarded 1,400,000 options (2014 – 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 $106,936 (2014 - $98,235).

Included in consulting fees are $44,000 (2014 - $0) paid to two directors for board advisory services.

Included in accounts payable are $4,715 (2014 - $2,962) owing to directors.

Earnings (Loss) per share

Basic losses per share amounts are calculated by dividing the net (income) loss for the period by the weighted average number of ordinary shares outstanding during the year.

		July 31, 2015		July 31, 2014
Loss attributed to ordinary shareholders	$	(1,124,564)		(816,627)
Weighted average number of common shares		143,486,539		102,438,559
Basic and diluted loss per share	$	(0.01)	$	(0.01)

There was a loss for the period ended July 31, 2015. Therefore the effect on diluted loss per share is anti-dilutive and the diluted loss per share remains $0.01. (Diluted loss per share for the year ended July 31, 2014 – $0.01).

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.

Flow through expenditures

In March 2014 the Company entered into flow-through share subscription agreements whereby it is committed to incur on or before January 31, 2016, a total of $2,596,520 of qualifying Canadian Exploration Expenses as described in the Income Tax Act. As at July 31, 2015, 1,987,221 has been incurred, leaving a balance of $609,299.

The Company will be able to continue to incur exploration expenses beyond the deadlines. However it could be subject to a penalty of 4-5% per annum on the balance required to be spent on its exploration work. The Company intends to fulfill its flow-through commitments within the given time constraints.

Right to acquire shares

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

Contingencies

On August 6, 2014 the Company received legal notice that a plaintiff is seeking damages in relation to a contract dispute arising out of a subscription agreement and alleged ratchet agreement between the company and the plaintiff. The plaintiff is seeking unspecified damages or alternatively the issuance of 3,333,333 common shares as well as other ancillary relief. The Company disputes the claims and has not made any provisions in the accounts and is actively in negotiations.

Selected Annual Information

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

	IFRS 2015 $	**IFRS 2014 $**	**IFRS 2013 $**
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 – Twelve-month period ended July 31, 2014 and 2015

	2015 $	2014 $
General administrative expense		
Office & sundry	**34,754**	29,664
Advertising & Promotions	**542,226**	293,214
Management	**175,000**	120,000
Professional fees	**241,374**	107,699
Consulting	**100,446**	37,815
Regulatory & Transfer Agent fees	**91,669**	98,647
Shareholders' communications	**130,863**	17,519
Travel	**46,369**	27,785
Research & development	**-**	13,167
Share-based compensation	**152,765**	155,895
Total	**1,515,466**	901,101
Other Income		
Interest income	**23,834**	13,045
Flow-through share premium	**399,465**	71,429
Associate share of loss	**(32,397)**	-
Total Other Income	**390,902**	84,474
Income before taxes Tax expense	**(1,124,564)**	(816,627)
Loss & comprehensive loss for the period	**(1,124,564)**	(816,627)
Unrealized gain on re-measurement of equity investments	**2,420,091**	-
Deferred tax expense	**(118,560)**	-
Comprehensive (loss)/Income for the period	**1,176,967**	(816,627)
Basic and Diluted Loss Per Share	**(0.01)**	(0.01)
Basic & Diluted Weighted Average Common Shares	**143,486,539**	102,438,559

Statement of Operations and Comprehensive Loss Data	July 31, 2014	July 31, 2015
Total Revenue	NIL	NIL
Total Expenses	1,515,466	901,101
Net Income/(Loss) from operations	(1,124,564)	(816,627)
Unrealized gain on re-measurement of equity investment Deferred tax expense	2,420,527 (118,560)	- -
Comprehensive (Loss)/Income for the period	1,176,967	(816,627)

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

Statement of Financial Position Data	**July 31, 2015**	**July 31, 2014**
Total Assets	8,572,135	6,296,947
Total Long-Term Debt	NIL	NIL
Total Liabilities	308,515	447,920
Shareholders' Equity: Share Capital Equity	23,040,559	22,377,941

During the twelve month period, ended July 31, 2015, operational expenses increased significantly from the same period last year as the Company was engaged in several new projects, namely an investment in Graphene ESD, NY (supercapacitor project), Megahertz Power Systems (MHPS) joint venture (Licensing Agreement) and Lomiko Technologies Chile. Each of these projects are associated with the Company's wholly owned subsidiary, Lomiko Technologies Inc (Lomiko Tech). Lomiko Tech's agreement with MHPS has the potential to generate future revenue for Lomiko. Travel and promotional expenses were higher because the Company was involved with several conferences Trade shows, television interview, news presses and advertising on several targeted websites. All this for the purpose of bringing market attention to the Company's plans for 2015 and beyond.

Professional fees related to setting up new business ventures and for costs relating to a current lawsuit whereby a plaintiff is seeking damages in relation to a contract dispute arising out of a subscription agreement and alleged ratchet agreement between the Company and the plaintiff. The Company intends to rigorously defend itself with regards to this dispute. These fees also include services provided for two financings.

Consultation expenses related to advisory fees and market support fees.

Shareholder communications expenses related to the Company's Annual General Meeting held on October 30, 2014 and Annual and Quarterly shareholders' mail-outs.
Filing fees related to two private placement financings and the Company's investment in Graphene ESD, 2014 Annual Financial and AIF filing fees and OTCQX annual maintenance filing fees

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

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

The Company's 4,396,970 common shares in Graphene 3D Corp. (V.GGG) ("Graphene 3D") decreased to $2,770,091 compared to $3,209,788 in the last quarter reporting period. Of these shares, 1,519,696 are free-trading and 2,877,274 are held in escrowed on a time-release schedule. The value of the above shares are subject to changes in market conditions and prices.

The Company had a total net loss from operations of ($1,124,564) for the twelve-month period (2014 – 816,627). The loss per share, basic and diluted was (0.01) for this period (2014 -(0.01)).

The Company had assets of $8,572,135 of which $2,770,091 came from investments; $259,893 from the license agreement with Megahertz Power Systems Inc. and website development; 1,360,931 from cash; $58,848 from receivables; $202,968 from prepaid expenses and $3,719,555 from its mineral property investments and deferred exploration costs. The Company had $1,432,793 in working capital as at July 31, 2015.

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

The Company has spent a total of $2,292,997 in deferred exploration expenses and has recovered a total of $138,587 in Mineral Exploration Tax Credits (METC) for net deferred exploration expenses of $2,154,410.

<u>Results of Operations - Use of Proceeds from previous Private Placements as at July 31, 2015</u>

Proceeds of Private Placements	**Financing Feb 20, 2015 $587,940**	**Financing April 13, 2015 $230,466**	**Jun. 27, 2013 (Flow-Through) $500,000**	**March 13, 2014 (Flow-Through) $2,596,520**
Balance forward	**353,282**	**494,636**		**(279,520)**
Cost of financing	(31,340)	(15,684)		
Advance Payments	(117,989)	(58,501)		
Exploration & Technical reports	-	-	(779,520)	(1,323,831)
Investments & intercompany transactions	-	(51,158)		
Legal/Consulting/Professional	(67,003)	(92,032)		
TSX & Filing fees	(14,369)	(18,765)		
Transfer Agent	(7,137)	(3,061)		
Office & sundries	(11,920)	(11,013)		
Promotions & travel	(117,768)	(202,537)		
Audit/Accounting	(8,760)	(36,750)		
Shareholders' communications	-	(10,018)		
Management	(30,000)	(60,000)		
Research & Development	-	-		
Investor Relations	(40,300)	(42,762)		
Balance of proceeds remaining	**494,636**	**112,821**	**(279,520)**	**$993,169**

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

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

Other MD&A Requirements

As at July 31, 2015, the Company had a total of 204,860,036 shares on a fully diluted basis. If the Company were to issue 49,396,769 shares upon the conversion of all of its outstanding warrants and options, it would raise a total of $ 6,792,437.

As at July 31, 2015, the Company has sufficient funds to pay for approximately 3 months of on-going operational expenses and will need to secure new financing in order to continue its operations and meet its commitments.

Off Balance Sheet Arrangements

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

Contractual obligations

On March 13, 2014, the Company entered into flow-through share subscription agreements whereby it is committed to incur on or before January 30, 2016, a total of $2,596,520.03 of qualifying Canadian Exploration Expenses as described in the Canadian Income Tax Act. As at July 31, 2015, the Company has incurred $1,987,221 in qualifying expenditures for this commitment and has a balance of $609,299 remaining to be completed.

The Company is able to continue to incur exploration expenses beyond the deadlines. 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.

Megahertz Power Systems Inc.

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

- license from Megahertz, non-exclusive rights to manufacture and sell three power converter system designs;
- acquire a pending supply contract with a Canadian LED system integrator;
- finance the Company's future manufacture and sales of the licensed power supplies; and
- finance to the amount of $250,000, the business set-up costs of the Company's manufacture and sales of the licensed power supplies.

It is anticipated that within 45 days of the signing of the letter agreement, both parties will negotiate and execute for each licensed power supply a written license agreement.

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 deposit of $25,000 upon signing of the letter agreement (paid November 1, 2014)
- $125,000 within 30 days of signing the letter agreement (paid December 1, 2014)
- $100,000 within 60 days of signing the letter agreement

The funds will be used by Megahertz to organize and setup the manufacturing of licensed power converter systems, develop an e-commerce website for sales of the products, open and maintain an office to support the sales and manage the initial manufacturing, technical, and administrative support of the product for the initial year of operations.

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

The non-exclusive license expires on December 31, 2015, as long as the Company continues to finance the production and sale of the products.

Subsequent Events

On August 10, 2015, the Company announced that it's wholly owned subsidiary, Lomiko Technologies Inc., has registered on Kickstarter.com and plans to raise funds through Kickstarter to complete safety testing of the Spider USB Charger device so it is fully approved for sale and distribution in North America.

On August 24, 2015, the Company announced the appointment of Michael Pesner, President of Hermitage Canada Finance Inc., to its Board of Directors in an Advisory capacity.

On September 24, 2015, the Company announced the results for eleven (11) exploratory holes in the area of where high grade samples were discovered and previously reported. The recent drilling campaign on the La Loutre Graphite project have highlighted drill holes along 500 metre strike length that is open in all directions.

On October 1, 2015, Lomiko Metals Inc. and Canada Strategic Metals Inc. announced the results for seven (7) in-fill holes on the La Loutre property in the newly-named Graphene-Battery zones where high grade samples were discovered and reported (July 29, 2015). Three zones known as Graphene, Battery and Refractory have been identified to date and so far, a total of 19 holes have been reported for the drilling campaign, holes 1-11 in the Refractory zone were reported on September 24, 2015.

On October 30th, 2015, the Company held its 2015 Annual General Meeting (AGM) of the Shareholders whereby A. Paul Gill, Jacqueline Michael, Julius Gallik and Brian Gusko were elected to serve as Directors on the Board until the Company's next AGM. In addition, Galloway, Botteselle & Company, CA, were appointed as auditors of the Company to hold office until the next AGM and the Company's Stock Option Plan was ratified and approved. At the first Meeting of the newly elected Board following the AGM, A. Paul Gill was appointed to serve as President and Chief Executive Officer and Jacqueline Michael to serve as Chief Financial Officer to hold office for the ensuing year. Julius Galik, Brian Gusko and Jacqueline Michael were appointed to serve on the Company's Audit Committee to hold office for the ensuing year.

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

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

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

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) 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 to support the representations they are making in this 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 NI 52-109 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