LOMIKO METALS INC.
Form 51-102
Management Discussion and analysis
Interim Fourth Quarter ended July 31, 2014

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The following management's discussion and analysis ("MD&A') of the financial position and results of the operations of Lomiko Metals Inc. (the "*Issuer*" or the *"Company*"), constitutes management's review of the factors that affect the Company's financial and operation performance for the year ended July 31, 2014 compared to the year ended July 31, 2013.

This MD&A should be read in conjunction with the Company's financial statements for the year ended July 31, 2013 and the related notes (the "Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting standards ("IFRS").

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

All amounts are stated in Canadian dollars unless otherwise indicated.

Forward Looking Statements

Certain sections of this Management Discussion and Analysis may contain forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from actual future results. The risks, uncertainties and other factors that could influence actual results are described in the "Risk and Uncertainties" section of this report. The forward-looking statements contained herein are based on information available as of November 26, 2014. Readers are cautioned not to put undue reliance on forward-looking statements.

Cautionary statement regarding Forward-Looking Statements

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

Overview

Lomiko Metals Inc. (the "Company") was incorporated under the laws of the Province of British Columbia and is engaged in the acquisition, exploration and development of resource properties. It is located at Unit 439 - 7184 120th Street, Surrey, BC.

The Company is considered to be in the exploration stage as it has not placed any of its mineral properties into production. As such, the Company has not generated revenue from its operations. The Company had an operating loss of $ 816,627 for the twelve months ended July 31st, 2014, a history of prior year losses and, as of that date the Company's accumulated deficit was $17,780,477. These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of asset and liquidation of liabilities in the normal course of business. While these consolidated financial statements have been prepared on the assumption that the Company is a going concern and will be able to realize its assets and meet its obligations in the normal course of operations, there are conditions and events that cast significant doubt on the validity of that assumption. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise debt or equity financings and the attainment of profitable operations. 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.

Nature of Operations

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

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

The Company is currently focused on exploring Graphite from its Quatre-Mille property and the results of its 2012, 2013 and 2014 exploration program on the property indicate near surface high grade graphite. Further exploration is required to define the resource. Graphite samples from drill core were tested for Carbon content and indicated Carbon purity of some samples were greater than the 94% carbon purity and two tests indicated 100.00 % carbon content.

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

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

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

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

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

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

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

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

On October 12, 2013, the Corporation entered into an agreement to acquire 250,000 preferred shares of Graphene 3D Labs Inc. for a subscription of $50,000 for a 15% interest in the Company. The preferred shares are entitled to dividends. Further terms of the agreement between Graphene 3D Labs and the Corporation called for Lomiko to complete a minimum of $300,000 financing by May 1, 2014 and participate in further graphene-related ventures in addition to working on a graphite resource and becoming the exclusive supplier of graphite to Graphene 3D Labs.

On May 16, 2014, the Company announced that it has received conditional approval from the TSX Venture Exchange to invest, $300,000 through a private placement financing at a price of $0.25 for 1,200,000 Common shares of Matnic Resources Inc. ("Matnic"), a public company that trades on the TSX Venture Exchange (TSX-V: MIK). Exchange approval for the transaction, was dependant on a reverse takeover ("RTO") of Matnic by Graphene 3D Labs ("Graphene 3D"). The financing is further to the Company's October 12, 2013 investment in Graphene 3D which was approved by the Exchange on December 3, 2013.

For the purpose of proceeding with the above mentioned investment, Lomiko created the new 100% owned subsidiary, Lomiko Technologies Inc. ("Lomiko Tech").

On March 25th, 2014, the Company announced that it had elected to convert its 250,000 Preferred Shares of Graphene 3D to Common Shares.

Subsequent to this reporting period, on August 15th, 2014, the Company received TSX regulatory approval for the RTO acquisition of 1,200,000 shares in the Graphene 3D Labs (V.GGG) for a private placement investment of $300,000 at a price of $0.25 per share. The investment transaction is now complete and the Company holds a total of 4,396,970 Common shares (11.23%) in Graphene 3D - 3,196,970 of the Shares being subject to the terms of a Surplus Security Escrow Agreement, in accordance with the Policies of the TSX Venture Exchange. Pursuant to the terms of the Tier 2 Surplus Escrow Agreement, 5% of the Shares were released from escrow upon the issuance of the TSX Venture Exchange bulletin (August 8th, 2014) announcing final approval of the listing of the Shares on the TSX Venture Exchange and respectively 5%, 10%, 10%, 15%, 15% and 40% will be released on each of the dates that is 6 months, 12 months, 18 months, 24 months, 30 months and 36 months from the date of the TSX Venture Exchange bulletin.

Lomiko acquired the above shares for investment purposes and does not intend to acquire additional shares in the future. The acquisition of shares was exempt under National Instrument 45-106 Prospectus and Registration Exemptions.

Subsequent to this reporting period, on October September 27, 2014, the Company entered into an option agreement with Canada Strategic Metals (V:CJC) whereby Lomiko can earn 40% interest in the La Loutre Crystalline Flake Graphite Property located in Quebec. Of particular interest to the Company was an area of the property which reported grab samples up to 22.04% carbon flake graphite and 100% Carbon purity test results in the large and extra large flake graphite.

Lomiko will acquire 40% interest in the La Loutre Property by issuing an aggregate of 1,250,000 of its Common shares at a deemed price of $0.07 per share (issued), paying $12,500 in cash (paid) and by incurring $500,000 in exploration expenditures by September 2015.

On October 29, 2014, the Company announced that it had begun its drilling exploration program on the La Loutre, Quebec Property.

Subsequent to this reporting period, the Company 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.

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.

MINERAL PROPERTIES

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

Vines Lake, British Columbia

On April, 10th, 2006, the Company purchased 100% interest in the Vines Lake property, consisting of three contiguous claim units totaling 1,196.4 Ha in the Cassiar region of B.C. The property is located approximately 10 kilometers southeast of the town of Cassiar, B.C. The claims cover rocks of the Sylvester group which are known to contain productive zones of gold mineralization in the area. The claim group is located approximately 2 kilometers north-east of the former Erickson Gold Mine. Highway 37 intersects the property and there are excellent service facilities nearby. The area is on the Arctic slope with elevations ranging from 1,000 to 2,150 meters. There are no extraordinary environmental problems known as of this date.

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

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

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

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

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

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

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

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

The 2012 Vines Lake Exploration program comprised a two phase program of a soil geochemical survey and secondly a geological mapping, prospecting and litho-geochemical sampling program. The program was conducted between July 4th and September 16th, 2012 by Lomiko Metals Inc. The program was designed to infill soil sample the zinc in soil anomaly discovered in 2011 and to investigate the potential source of the anomalous zinc in soil values.

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

The Company completed an updated NI 43-101 technical report compiled by Kirkham Geosystems Ltd. – Garth Kirkham, P.Geo, P. Geoph. The Technical Report was filed on February 24th, 2014 under the Corporation's profile on the SEDAR website at www.sedar.com. As of the date of this report, the Corporation is of the opinion that there has been no material change in the information concerning the QMEW Property since the date of the Technical Report. The Technical Report was prepared in compliance with Form 43-101F1 and is subject to certain assumptions, qualifications and procedures described therein.

Recommendations

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

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

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

To date, the Company has spent a total of $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.

<u>Quatre Milles East (Graphite), Quebec</u>

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

The Company has fully satisfied all the terms of the agreement as listed below and now owns 100% interest in this property:

- paid $25,000 cash upon signing (paid);
- issued 1,000,000 common shares at a deemed value $0.035 per share (issued);
- paid $25,000 cash and issued 500,000 common shares at deemed value of $0.035 per share (paid/shares issued);
- issued 1,000,000 common shares at deemed value of $0.035 per share (paid/shares issued);

- Issued 1,500,000 common shares at a deemed value of $0.035 due March 26, 2014 (shares issued; and
- complete a minimum of $200,000 of exploration on the property (completed).

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

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

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

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

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

The highlight of testing was the nine (9) sieve samples which captured flakes of varying sizes which tested 100% carbon. In addition, two (2) tests of -200 fine material also tested 100% carbon content. This characterization testing provides a clear indication of the size distribution of the graphite flakes present in the samples. Complete metallurgical studies are warranted upon completion of a resource on the property. The company had submitted 7 composites for testing to Global Mineral Resources (GMR) Laboratories of Vancouver for this evaluation. The composites provide a non-representative yet wide-ranging sample of the property's graphite distribution by mesh size, industry classification and carbon purity. As of this report, the Company has spent a total of $441,239.21 on exploration expenses, property claim renewals and technical reports and $190,000 in acquisition costs (cash payments and shares issuance) on this property.

The summer 2014 exploration program on this property brought further positive results. On July 14, 2014, the Company announced that Consul-Tech Exploration of Val d'Or and consulting firm Dube & Desaulniers conducted a combined Magnetic and Very Low Freuency Electo-Magnetic (VLF-EM) survey on the West block of the Quatre Milles property for a total of 200.6 linear kilometers. Previously, Phase 1 of the exploration project indicated extensive mineralization in the region. In total, 88 VLF-EM conductors axis ere identified. Of those, 23 new conductors are prioritized for further review. Conductors that are associated to magnetic anomalies are likely caused by pyrrhotite rich sulphide occurrences. However most of the conductors do not show correlation with the magnetic signal and the strongest VLF-EM anomalies are thus possibly caused by graphite mineralization. The Company will initially investigate the outlined anomalies by basic prospecting methods and follow up with drilling at identified graphite zones. Sources identified as promising for mineralization discoveries could be the object of resistivity/IP surveys that can be efficiently used to penetrate the ground at further depth and better image the geometry of conductive and chargeable sources.

The Company has been successful in recovering $130,550 of the non flow-through exploration costs through Quebec Mineral Exploration Tax Credits (METC).

Quatre-Milles (Graphite) West Quebec Property

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

The acquisition was approved by the TSX Venture Exchange on March 25, 2014. The Company has satisfied all aspects of the acquisition terms and now owns 100% interest in this property.

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

As of this report, the Company spent a total of $183,000 in acquisition costs (cash payment and share issuance) and paid $11,080 in deferred expenses for a technical report on the property.

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, 2014 a total of $1,432,446.28 was recorded for acquisition and exploration expenses on its mineral properties.

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			
	2008-2012	**2013**	**2014**
Mineral Rights	10,647.41		
Airborne Mag-Em Survey	50,000.00		
Geological Sampling & Mapping	113,309.50	10,788.59	
Assays		14,170.82	
Camp	93,712.93	8,460.48	
Geological Consulting & Reports	97,829.04	11,964.00	18,460.00
Drilling		4,650.00	
Sub Total	**458,859.86**	**50,033.89**	**18,460.00**
Mineral Exploration Tax Credits		(8,037.00)	
Total Vines Lake Exploration Expenditures			**450,822.86**

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	**50,000.00**		**190,000.00**

Quatre-Mille (East) Graphite Property, Quebec - Exploration Expenditures			
	2012	**2013**	**2014**
Mineral Rights			
Airborne Mag-Em Survey			123,435.94
Geological Sampling & Mapping	45,639.38		40,673.81
Assays		32,785.50	37,260.20
Camp			

Geological Consulting & Reports	27,497.59	12,676.40	21,665.09
Drilling		236,167.87	
Transportation		3,589.58	
Sub Total	**73,136.97**	**285,219.35**	**223,035.04**
Mineral Exploration Tax Credits			(130,550.00)
Total Quatre-Mille (East) Exploration Expenditures			**450,841.36**

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**	**1,1800.00**		**183,000.00**

Quatre-Mille (West) Graphite Property, Quebec - Exploration Expenditures			
	2012	**2013**	**2014**
Geological Consulting & Reports	11,079.99		
Sub Total	**11,079.99**	**0.00**	**0.00**
Total Quatre-Mille (West) Exploration Expenditures			**11,079.99**

Corporate Developments - subsequent events

On August 7, 2014 the Board of Directors approved the adoption of a Shareholders Rights Plan ("The Plan"). The Plan still must be ratified by the shareholders and be approved by the TSX Ventures Exchange. On October 30, 2014 The Plan was ratified by the shareholders at the Company's 2014 Annual General Meeting and was approved for filing by the TSX Venture Exchange on November 12th, 2014.

On August 8, 2014, the Company was issued in escrow, 3,196,970 common shares of Graphene 3D Lab Inc ("Graphene 3D"). The shares will be released from escrow 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% 24 months thereafter
40% 36 months thereafter

On August 8, 2014, the subscription for 1,200,000 common shares of Matnic for a total of $300,000 was approved by the TSX Venture Exchange. Matnic's reverse-take-over by Graphene 3D was completed on the same day. The Company holds 4,396,970 common shares in the capital of Graphene 3D, representing approximately 11.23% of the outstanding shares of Graphene 3D.

In addition, Lomiko created a new 100% owned subsidiary, Lomiko Technologies Inc. ("Lomiko Tech"). The above investment was processed through Lomiko Tech upon resolution by the Board on March 28, 2014. The Company had previously made a $50,000 investment for a 15% interest and was issued 250,000 Series "A" Preferred stock of Graphene 3D. Lomiko has exchanged its 250,000 shares of Graphene 3D to shares Graphene 3D, a newly formed graphene entity created through the Matnic RTO.

On September 1, 2014 the Company signed consulting agreements with two directors, to provide management, financial and advisory services to the Company. At the time of signing, the fee per director amounted to $7,500 per month. The term of the agreements are twenty-four months and are automatically renewed for consecutive 24 months periods, unless terminated earlier by either party. The Company may terminate the agreements by giving the consultants written notice and is required to pay each consultant 14 times the monthly fee within 15 days of the notice of termination, unless certain events occur relating to the Company and/or the consultant.

On September 5th, 2014, 2,000,000 options were granted to directors and consultants. Each option is exercisable at $0.10 for up to sixty months from the date of the grant. The options are subject to a four-month hold period.

On September 23, 2014, the Company entered into a property option agreement with Canada Strategic Metals (V:CJC) whereby Lomiko can earn 40% interest in the La Loutre Crystalline Flake Graphite Property located in Quebec. Of particular interest to the Company was an area of the property which reported grab samples up to 22.04% carbon flake graphite and 100% Carbon purity test results in the large and extra large flake graphite.

Lomiko will acquire 40% interest in the La Loutre Property by issuing an aggregate of 1,250,000 of its Common shares at a deemed price of $0.07 per share (issued), paying $12,500 in cash (paid) and by incurring $500,000 in exploration expenditures by September 2015. On October 29, 2014, the Company announced that it had begun its drilling exploration program on the La Loutre, Quebec Property.

On October 15, 2014 the Company retained Integral Capital Markets to provide market-making services. The agreement is for an open-ended term of at least six months at $5,500 per month. The agreement can be terminated with 30 day's notice.

On October 27, 2014, the Company announced that 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.

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.

On October 30, 2014, the Company held its Annual General and Special Meeting of the Shareholders (the "Meeting') at Computershare Investor Services Inc., 510 Burrard Street, Vancouver BC, V6C 3B9. At the Meeting, the shareholders re-elected to the Board of Directors, A. Paul Gill, Jacqueline Michael, Julius Galik and Brian Gusko. In addition, the shareholders approved and ratified the other matters put before the Meeting, including the re-appointment of Galloway, Botteselle & Company, CGA, as the Company's auditor; the re-approval of the Company's Stock Option Plan and the approval of the Shareholders Rights Plan ("Rights Plan"). A copy of the Rights Plan is filed on Sedar at www.sedar.com under the Company's profile.

At the first meeting of the newly constituted Board of Directors held immediately after the Meeting, A. Paul Gill was elected to serve as President and Chief Executive Officer and Jacqueline Michael as Chief Financial Officer until the next annual general meeting of the Company. The Board also elected Julius Galik, Brian Gusko and Jacqueline Michael to serve as the Company's Audit Committee until the next annual general meeting of the Company.

On November 14, 2014 the Company announced its intention to raise up to $1,125,000 through the sale of up to 15,000,000 units of the Company at a price of $0.075 per unit. Each unit will consist of one common share and one share purchase warrant, exercisable for up to one year at the exercise price of $0.125. The Company has agreed to pay a cash finder's fee of up to 10%. The net proceeds of the financing will be used for business development purposes and general working capital. This financing is subject to regulatory approval

Basis of preparation

Statement of Compliance

These consolidated financial statements of the Company for the year ending July 31, 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated statements were approved by the Board on October 26, 2014.

Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements comprise the accounts of the parent and its wholly owned subsidiaries (the "Group") for the year ended July 31, 2014.

The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency, and all values are rounded to the nearest dollar, unless otherwise indicated.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The accounting policies have been applied consistently to all years presented in the financial statements.

Going Concern of Operations

These consolidated financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Realization values may be substantially different from the carrying values shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At July 31, 2014, the Company has not yet achieved profitable operations, has accumulated losses of $17,780,477 since inception, has working capital of $4,666,046 and is expected to incur further operating losses in the development of its business, all of which raises doubt about its ability to continue as a going concern. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

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

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, The Conac Group Inc., and Conac Software (USA) Inc., Lomiko Metals LLC and the newly formed wholly owned subsidiary Lomiko Technologies Inc. which was was incorporated on May 1, 2014 under the Business Corporation Act of British Columbia (the "Group"). The subsidiaries have been fully consolidated and will continue to do so until control ceases. All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

b) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments 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.

c) Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation ("E&E") is recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

When a project is deemed no longer to have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair market value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

d) Financial Instruments

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing n the short term. Cash and cash equivalents and marketable securities are included in this category. Financial instruments in this category are recognized initially and subsequently at fair value.

Transaction costs are expensed in the statement of operations. Gains and losses arising form changes in fair value are presented in the statement of operations in the period in which they arise.

Available-for-sale

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company's investment in equity securities is included in this category. Available-for-sale investments are recognized initially at fair value plus transactions costs and are subsequently carried at fair value except for equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which shall be measured at cost. Gains or losses arising form changes in fair value are recognized in other comprehensive income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of operations and are included in other gains and losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise amounts receivable due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and are comprise of trade payables and accrued liabilities. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

e) 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, 2014 and 2013, the Company had no site restoration obligations.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

f) Income Taxes

Income 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 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 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.

g) 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 portion of the proceeds received but not yet expended at the end of the Company's reporting year is disclosed separately as flow-through share proceeds in Note 10.

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.

h) Earnings/Loss per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

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

i) Share-based Payments

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. Options or 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.

j) Standards, Amendments and Interpretations Not Yet Effective

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Company‘s future financial statements:

(i)IFRS 9 Financial Instruments
IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

(ii)IFRS 10, Consolidated Financial Statements Financial Instruments
IFRS 10, *Consolidated Financial Statements* (“IFRS 10”) was amended by the IASB in October 2012. The amendments introduce an exception for investment entities to the principle that all subsidiaries are consolidated. The amendments define an investment entity and require an investment entity to measure subsidiaries at fair value through profit or loss in accordance with IFRS 9, *Financial Instruments* or IAS 39,*Financial Instruments: Recognition and Measurement*. The amendments to IFRS 10 are effective for annual periods beginning on or after January 1, 2014.

(iii) IFRS 12, *Disclosure of Interests in Other Entities*
IFRS 12, *Disclosure of interests in other entities* (“IFRS 12”) was amended by the IASB in October 2012.The amendments add disclosure requirements for investment entities as defined in IFRS 10, *Consolidated Financial Statements*. The amendments to IFRS 12 are effective for annual periods beginning on or after January 1, 2014.

(iv) IAS 27, *Separate Financial Statements*

IAS 27, *Separate Financial Statements* ("IAS 27") was amended by the IASB in October 2012. The amendments require an investment entity to measure its investments in subsidiaries at fair value through profit or loss when it presents separate financial statements. The amendments to IAS 27 are effective for annual periods beginning on or after January 1, 2014.

(v) IAS 32, *Financial Instruments: Presentation*
IAS 32, *Financial Instruments: Presentation* ("IAS 32") was amended by the IASB in December 2011. The amendment clarifies that an entity has a legally enforceable right to offset financial assets and financial liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.

(vi) IAS 36, *Impairment of Assets*
IAS 36, *Impairment of Assets* ("IAS 36") was amended by the IASB in May 2013. The amendments require the disclosure of the recoverable amount of impaired assets when an impairment loss has been recognised or reversed during the period and additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014.

Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

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

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

<u>Exploration and Evaluation Expenditure</u>
The application of the Company's accounting policy for exploration and Evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

If, after exploration and evaluation expenditure is capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation expenditure asset may exceed its recoverable amount, the Company carries out an impairment test at the cash generating unit or group of cash generating units level in the year the new information becomes available. The Company has determined that there are currently no indicators of impairment.

<u>Income taxes</u>
The company does not recognize a deferred tax asset as management believes that it is not probable that taxable income will be available against which a deductible temporary difference can be utilized.

<u>Share based payments</u>
The fair value of share-based payments is determined using the Black-Scholes valuation model. Such valuation models require the input of subjective assumptions including expected price volatility, option life, dividend yield, risk-free rate and forfeitures at the initial grant.

Cash and cash equivalents

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

a) Cash at banks and on hand earn interest at floating rates based on daily bank deposit rates.

b) Restricted cash consists of security deposits held by the Ministry of Mining. For the year ended July 31, 2014, the security deposits balance was $3,000 (2013: $3,000).

	July 31, 2014	July 31, 2013
Cash and bank balances	$ 1,330,483	$ 391,022
Cash equivalents	2,903,000	3,000
Cash held in trust	300,000	-
	$ 4,533,483	$ 394,022

As at July 31, 2014, the Company had $2,900,000 cash held in Guaranteed Investment Certificates.

In May 2014 the Company entered into a conditional subscription agreement for 1,200,000 common shares for a total of $300,000 investment in Matnic Resources Inc. ("Matnic"), subject to the approval of the TSX Venture Exchange and the completion of Matnic's reverse-take-over by Graphene 3D Lab Inc. The Company had $300,000 cash held at a lawyer's trust account as at July 31, 2014.

Accounts Receivable

	July 31, 2014	July 31, 2013
Goods and services tax receivable	$ 30,166	$ 10,816
Accrued interest receivable	12,965	-
Other receivable	10,826	-
BC METC receivable	-	8,037
Quebec METC receivable	14,750	-
	$ 68,706	$ 18,853

Prepaid expenses

	July 31, 2014	July 31, 2013
Advances on exploration costs	$ 100,000	$ -
Promotions	23,137	37,232
Total prepaid expenses	**$ 123,137**	**$ 37,232**

Investments In Equity Securities

During the 2014 fiscal year, the Company paid $50,000 and acquired 250,000 common shares of Graphene 3D Lab Inc. ("Graphene 3D"). Graphene 3D was a private company at July 31, 2014. The equity securities are classified as available-for-sale and were carried at cost at July 31, 2014.

On August 8, 2014, a forward split converted the number of shares to 3,196,970.

On June 5, 2014, the Company paid $300,000 for a subscription to acquire an additional 1,200,000 common shares of Graphene 3D Lab Inc.

	July 31, 2014	July 31, 2013
Deposit made to trust account for Matnic Resources Inc. investment	$ 300,000	-
Investment made in Graphene D Labs For 250,000 common shares	50,000	-
	$ 350,000	-

Liabilities

	July 31, 2014	July 31, 2013
Current accounts payable accruals	$ 48,456	$ 293,516

The Company's working capital as of July 31, 2014 is $ 4,666,046.

Other liabilities include 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 on June 23, 2013	Issued on March 13, 2014	Total
Balance at July31, 2012	$ -	$ -	$ -
Liability incurred on flow-through shares issued	71,429	-	71,429
Settlement of flow-through share liability on incurring expenditures	-	-	-
Balance at July 31, 2013	$ 71,429	$ -	$ 71,429
Liability incurred on flow-through shares issued	-	399,465	399,465
Settlement of flow-through share liability on incurring expenditures	(71,429)	-	-
Balance at July 31, 2014	$ -	$ 399,465	**$ 399,465**

SHARE CAPITAL AND RESERVES

(a) Share Capital

Authorized

The company's authorized share capital consists of unlimited common shares without par value**.**

Issued

The following is a summary of changes in common share capital from July 31, 2012 to July 31, 2013 and July 31, 2013 to July 31, 2014

	Number of Shares	Issue Price	Amount
Balance at July 31, 2012	**66,439,145**		**$ 17,352,740**
Shares issued via private placement	2,495,000	$.06	73,555
Flow-through share issuance	7,142,856	$.07	274,970
Shares issued on resource property acquisition	1,500,000	$.035	52,500
Balance as at July 31, 2013	**77,577,001**		**$ 17,753,765**
Balance at July 31, 2013	**77,577,001**		**$ 17,753,765**
Shares issued, on settlement of debt	4,431,750	$.06	159,913
Shares issued, on private placements	1,667,000	$.06	54,542
Shares issued, on public offering	26,584,180	$.11	2,121,882
Shares issued on resource property acquisition	3,300,000	$.035	232,500
Flow through shares issued	19,973,231	$.13	1,646,052
Issuance of shares on exercise of warrants	2,020,000	$.10	263,319
Issuance of shares on exercise of options	1,000,000	$.10	167,172
Share issue costs			(683,145)
Broker warrants	-		(180,967)
Balance at July 31, 2014	**136,553,162**		**$ 21,535,033**

Financing Activities

Year ended July 31, 2013

During the year ended July 31, 2013, the Company issued the following common shares:

On September 1, 2012 the Company issued 500,000 common shares, at $.035 per share, in accordance with a purchase agreement, to acquire the Quarte-Milles exploration asset.

On March 1, 2013, the Company issued 1,000,000 common shares, at $035 per share, in accordance with a purchase agreement, to acquire the Quarte-Milles exploration asset.

On June 12, 2013 the Company completed a non-brokered private placement of 2,495,000 units of the Company at $.06 per unit for gross proceeds of $149,700. Each unit is comprised of one common share and one transferable share purchase warrant. Each warrant is exercisable into one common share for a period of 12 months from the date of issuance at an exercise price of $0.10 per share. A Company director and a company related to the director, participated in the private placement by purchasing 1,020,000 units. Legal fees of $406 were paid. The warrants had a fair value of $75,739, measured using the Black-Scholes valuation model. The liability was reversed in the current year and recognized in income during the year as the Company incurred.

One June 27, 2013 the Company completed a brokered private placement of 7,142,856 flow through units at a price of $.07 per unit. Each flow through unit consisted of one flow through common share and one-half of one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional 10 common share of the company at a price of $.14 per share for a period of 12 months from the date of issuance. A finder's fee of $45,000 was paid as well as $10,650 in legal fees. The Company recorded a liability on the flow-through premium of $71,429 for the difference between the fair market value of its common shares and the issuance price issuance price of its flow through shares. This has been recorded as a flow-through common share issuance liability. The warrants had a fair value of $97,951 measured using the Black-Scholes valuation model.

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 of 4,431,750 units common shares and 2,759,052 warrants of the Company (the "units") at $.06 per unit to settle debt of $265,905. Each unit is comprised of one common share and a .62 non-transferable share purchase warrant. Each warrant is exercisable into one common share for a period of 24 months from the date of issuance at an exercise price of $0.10 per share. Share issue costs of $1,850 were paid. The warrants had a fair value of $75,739, measured using the Black-Scholes valuation model. A Company director and a company related to the director, participated in the private placement by purchasing 1,057,000 units.

On December 18, 2013 the Company completed a non-brokered private placement of 1,667,000 units of the Company (the" units") at $.06 per unit. Each unit is comprised of one common share and one share purchase warrant for a period of one year from the date of issuance at an exercise price of $010 per share. Share issue costs of $3,000 were paid. The warrants had a fair value of $45,478, measured using the Black-Scholes valuation model.

On March 13, 2014 the Company completed a public offering of 26,584,180 units of the Company at a price of $ 0.11 per unit for gross proceeds of $2,924,260 and 4,627,000 units of flow-through common shares at $.13 per share for gross proceeds of $601,510. Each unit is comprised of one common share and one-half of one common share purchase warrant exercisable for 18 months. Each warrant is exercisable into one common share at an exercise price of $0.15 per share and $.20 per flow-through share for a period of 18 months. The warrants had a fair value of $930,023, 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 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 unit is comprised of one common share, issued on a flow-through basis, and one-half of one flow-through common share warrant. Each warrant is exercisable into one flow-through common share at an exercise price of $0.20 per share for a period of 18 months. The warrants had a fair value of $423,358, measured using the Black-Scholes valuation model. Additionally, 1,872,671 broker warrants were issued with a fair value of $123,075 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.

In respect to the above March 13, 2014 issues, commission and settlement fees of $541,662 were paid. Legal fees of $136,633 were also incurred.

On March 17, 2014 the Company issued 52,500 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 180,000 common shares at $0.035 in accordance with a purchase agreement, to acquire the Quarte-Milles exploration asset.

b) Share purchase warrants

A summary of the Company's outstanding share purchase warrants at July 31, 2013 and July 31, 2014

	Number of Warrants	Weighted Average Exercise Price
Balance as at July 31, 2012	**10,833,200**	**$ 0.17**
Issued for financing	6,352,142	0.13
Expired	(9,033,200)	0.15
Balance, July 31, 2013	**6,352,142**	**$ 0.13**
Balance at July 31, 2013	**6,352,142**	**$ 0.13**
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 at July 31, 2014	**30,498,202**	**$ 0.16**

The following table summarizes information relating to share purchase warrants outstanding and exercisable at July 31, 2014.

Number of Warrants	Grant Date Fair Value	Exercise Price	Expiry Date
2,759,052	$105,992	.10	October 10, 2015
1,667,000	$45,478	.10	December 31, 2014
13,292,090	$802,378	.15	September 13, 2015
2,313,500	$127,582	.20	September 13, 2015
1,872,671	$123,075	.11	September 13, 2015
920,774	$57,892	.13	September 13, 2015
7,673,115	$423,148	.20	September 13, 2015
30,498,202			

The weighted average remaining contractual life of the warrants as at July 31, 2014 was 1.09 years (2013 - 0.89 years)

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

	July 31, 2014	July 31, 2013
Risk free interest rate	1.05%	1.10%
Expected life of warrants	1.53 years	.98 years
Annualized stock price volatility	156.79%	156.20%
Expected dividend yield	0%	0%
Forfeiture rate	50%	0%

During the year ended July 31, 2014, the company granted 30,498,202 (2013 – 6,352,142) warrants with a total fair value of $842,909 (2013- $173,690) or $0.04 (2013- $0.03) per warrant.

(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 option price under each option shall not be less than the discounted market price on the grant date. The expiry date for each option shall be set by the board at the time of issuance and shall not be more than ten years after grant date. Options shall not be assignable (or transferable) by the optionee. The maximum number of shares reserved for issuance under the share option plan in aggregate shall not exceed 10% of the total number of the Company's issued and outstanding common shares on a non-diluted basis prior to the issuance. The number of shares which may be issuable under the plan within a twelve month period to one optionee shall not exceed five percent of the total number of issued and outstanding 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
Outstanding at July 31, 2012	**4,625,000**	**$ 0.11**
Issued for services	1,225,000	0.10
Expired	(525,000)	0.11
Balance, July 31, 2013	**5,325,000**	**$ 0.11**
Outstanding at July 31, 2013	**5,325,000**	**$ 0.11**
Issued for services	1,825,000	0.10
Exercised	(1,000,000)	0.10
Expired	(625,000)	0.10
Balance at July 31, 2014	**5,525,000**	**$ 0.11**

The following table summarizes the stock options outstanding and exercisable as at July 31, 2014.

Number of options outstanding	Exercise price	Expiry date
1,300,000	.12	September 3, 2014
400,000	.10	November 30, 2014
50,000	.12	February 17, 2015
425,000	.10	February 8, 2016
350,000	.10	August 8,2016
100,000	.10	June 1, 2017
675,000	.10	February 1, 2018
400,000	.10	April 30, 2018
1,825,000	.10	January 31, 2019
5,525,000		

The weighted average remaining contractual life of options outstanding at July 31, 2014 is 2.54 years (2013 - 2.79 years).

During the year ended July 31, 2014 the Company granted 1,825,000 (2013 – 1,225,000) stock options to directors and consultants with a total fair value of $139,885 (2013 – $61,254) or $0.07 (2013 - $0.05) per option. There is a 4 month hold period on these options.

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

	July 31, 2014	July 31, 2013
Risk free interest rate	1.60%	1.10%
Expected life of warrants	5 years	.1.69 years
Annualized stock price volatility	196.9%	210.8%
Expected dividend yield	0%	0%
Forfeiture rate	30%	0%

Schedule of Options granted

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

The Company granted 700,000 incentive stock options priced at $0.10 each to directors on November 30th, 2009, exercisable until November 30th, 2014, 300,000 of which were exercised of March 17, 2014 leaving a balance of 400,000 options.
The Company granted 400,000 incentive stock options priced at $0.12 each to consultants and a director on February 17th, 2010 of which 150,000 options were exercised on April 3rd, 2012 and 200,000 were cancelled on November 17th, 2012. The remaining 50,000 options are exercisable until February 17th, 2015.

The Company granted 950,000 incentive stock options priced at $0.10 each to directors and a consultant on February 8th, 2011 of which 125,000 were cancelled on November 17th, 2012; 400,000 were exercised on March 17th, 2014 leaving a balance of 425,000 options exercisable until February 8th, 2016.

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

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

On February 1st, 2013, the Company granted 825,000 incentive stock options priced at $0.10 each to Directors and consultants of which 150,000 options were exercised on March 17th, 2014 leaving a balance of 675,000 options exercisable until February 1st, 2018.

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

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

On February 13, 2014, 625,000 options priced at $0.10 each were expired.

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, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note

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.

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 July 31, 2014 relating to cash of $4,233,483 and other receivables of $56,478. All cash, cash equivalents and short term deposits are held at the Bank of Montreal.

c) Liquidity Risk

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

The following table summarizes the Company's significant remaining contractual maturities for financial liabilities at July 31, 2014 and 2013.

	Less than 3 months	**3 – 12 months**	Total
July 31, 2013			
Trade payables and other payables	$ 293,516	$ -	$ 293,516
Liability incurred on flow-through shares issued	$ -	$ 71,429	$ 71,429
July 31, 2014			
Trade payables and other liabilities	$ 48,456	$ -	$ 48,456
Liability incurred on flow-through shares issued	$ -	$ 399,465	$ 399,465

CAPITAL MANAGEMENT

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

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

Selected Annual Information

Stated in thousands of Canadian dollars except for shares:

The following selected financial data is derived from the audited condensed annual financial statements prepared in accordance with IFRS:		
	Year ended July 31, 2014	**Year ended July 31, 2013**
Statement of Operations and Comprehensive Loss Data		
Total Revenue	Nil	Nil
Total Expenses	901,101	601,737
Net Income/(Loss)	(816,627)	(601,737)
Flow-through share premium	71,429	-
Total loss and comprehensive loss for the year	(816,627)	(601,737)
Statement of Financial Position Data	**Year ended**	**Year ended July**

	July 31, 2014	31, 2013
Total Assets	6,296,947	1,536,109
Total Long-Term Debt	Nil	Nil
Total Liabilities	447,920	364,945
Shareholders' Equity: Share Capital Equity	22,377,941	17,753,765

Results of Operation –twelve-months ended July 31, 2014 and 2013

General administrative expenses	2014 $	2013 $
Office & sundry	**22,659**	16,712
Telephone/Fax	**7,005**	3,658
Travel	**27,785**	30,204
Advertising & Promotions	**293,214**	219,243
Management / Subcontract	**120,000**	120,000
Professional fees	**58,915**	21,680
Audit & Accounting	**48,784**	28,520
Consulting fees	**37,815**	3,077
Exchange & Transfer Agent fees	**98,647**	31,915
Shareholders' Communications	**17,215**	17,519
Research & Development	**13,167**	47,955
Share-based Compensation	**155,895**	61,254
Total	**901,101**	601,737
Loss from operations	**(901,101)**	(601,737)
Interest Income	**13,045**	-
Flow-through premium	**71,429**	-
Loss & comprehensive loss for the period	**(816,627)**	(601,737)
Loss per share for the period	**(0.01)**	(0.01)
Basis & Diluted Weighted Average Common Shares	**102,438,559**	68,209,315

During the twelve month period, legal, consulting, transfer agent and Exchange fees were significantly higher because of the Company's March 2014 prospectus offering, private placement financings; for AIF filing fees, Stock Option Plan fees, Shareholders' Rights Plan fees and for mineral property acquisitions fees. In addition, audit and regulatory fees also increased significantly and related mostly to the above mentioned financings of March 2013.

Advertising and promotional expenses were higher because the Company participated in several marketing campaigns and conferences during the year.

Research and development costs related to funding the STONY Brook University (NY) graphene super capacitor project.

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

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

The Company incurred a total net loss of ($816,627) for the twelve-month period. The loss per share, basic and diluted was (0.01). The Company had assets of $6,296,947 of which $4,533,483 came from cash; $68,706 from receivables ($30,166 from Goods and Service Tax; $12,965 from GIC investments accrued interest receivable; $10,825 from other receivable and $14,750 from Quebec Mining exploration and mining tax credit receivable); $123,137 in advance payments ($100,000 to a contractor for exploration work and $ 12,312 for other prepaid expenses).
The Company had $4,666,046 in working capital as at July 31, 2014.

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 and $373,000 in cash payments and shares issuance for 100% equity interest in the Quatre Milles, QC (Graphite) east/west properties.

The Company has spent a total of $1,125,149 in deferred exploration expenses and has recovered a total of $138,587 in Mineral Exploration Tax Credits (METC) for net deferred exploration expenses of $986,562.

Results of Operations - Use of Proceeds from previous Private Placements

Proceeds of Private Placements	**Jun. 13, 2013 (hard dollars) $149,700**	**Dec. 18, 2013 (hard dollars) $100,020**	**Mar.13, 2014 (hard dollars) $2,924,589**	**Jun. 27, 2013 (Flow-Through) $499,999.92**	**March 13, 2014 (Flow-Through) $2,596,520**
Balance forward		**(10,335)**	**(28,816)**		
Cost of financing	(1,800)	(3,000)	(576,382)		
Advance Payments			(105,675)		
Exploration & Technical reports				(218,086)	
Investments			(353,000)		
Legal/Consulting/Professional	(22,514)	(20,240)	(125,100)		
TSX & Filing fees	(12,982)	(18,195)	(81,460)		
Transfer Agent	(4,587)	(2,265)	(21,570)		
Office & sundries	(8,862)	(8,227)	(35,943)		
Promotions & travel	(38,477)	(18,872)	(428,279)		
Audit/Accounting	(6,026)	(12,279)	(4,419)		
Shareholders' communications	(10,751)	(1,465)	(21,029)		
Management	(50,000)	(30,000)	(90,000)		
Research & Development	(4,036)	(3,963)	-		
Balance of proceeds remaining	**(10,335)**	**(28,821)**	**1,052,916**	**291,914**	**$2,596,520**

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 14	**Apr 14**	**Jan 14**	**Oct 13**	**Jul 13**	**Apr 13**	**Jan 13**	**Oct 12**
Revenue	0	0	0	0	0	0	0	0
Net Loss	(817)	(579)	(342)	(103)	(602)	(451)	(259)	(135)
Loss per Share	(0.01)	(0.01)	(.000)	(.002)	(0.001)	(0.01)	(0.00)	(.002)

Loss per share

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

		July 31, 2014		**July 31, 2013**
Loss attributed to ordinary shareholders	$	(816,627)		(601,737)
Weighted average number of common shares		102,438,559		68,209,315
Basic and diluted loss per share	$	(0.01)	$	(0.01)

Other MD&A Requirements

As at July 31, 2014, the Company had a total of 172,576,365 shares on a fully diluted basis. If the Company were to issue 36,023,203 shares upon the conversion of all of its outstanding warrants and options, it would raise a total of $ 5,338,936.23.

As at July 31, 2014, the Company has sufficient funds for 1.5 years to pay for its on-going operational expenses and to meet its commitments.

Off Balance Sheet Arrangements

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

Related Party Transactions

During the twelve-month period ended July 31, 2014, management fees paid a total of $120,000 to two companies related to directors.

During the year, directors were awarded 1,150,000 stock options (2013 - 550,000) exercisable at $0.10 per share for a period of 5 years. The value of the share based compensation attributed to directors was $98,235 (2013 - $28,270).

During the year, 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.

Contractual obligations

On June 27, 2013, the Company entered into flow through share subscription agreements whereby it is committed to incur on or before January 31, 2015, a total of $500,000 of qualifying Canadian Exploration Expenses as described in the Income Tax Act. As at July 31, 2014, the Company incurred $218,086, in qualifying expenditures, leaving a balance of $281,914 to be incurred by January 31, 2015.

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

On 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, 2014, the Company has not incurred any qualifying expenditures on this commitment.

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.

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 damages or alternatively the issuance of 3,333,333 common shares and a reduction in the warrant exercise price for a further 5,000,000 common shares to $.06 per share as well as other ancillary relief. The Company disputes the claims and has not made any provisions in the accounts.

Disclosure of Internal Controls

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

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

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

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

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

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

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

On behalf of the Board,

"Paul Gill"
Paul Gill, President & CEO