



**LOMIKO METALS INC.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2012

## **LOMIKO METALS INC.**

(An exploration stage company)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED APRIL 30, 2012  
(unaudited)

### **Responsibility for financial statements**

The accompanying condensed interim consolidated financial statements for Lomiko Metals Inc. have been prepared by management in accordance with International Financial Reporting Standards consistently applied. These interim statements have been presented on the accrual basis of accounting. Therefore estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the interim financial statements, management is satisfied that these condensed interim consolidated financial statements have been fairly presented.

### **Auditor involvement**

The Company's auditors have not performed a review of the unaudited condensed interim consolidated financial statements for the nine month period ended April 30, 2012.

## LOMIKO METALS INC.

(An exploration stage company)

### CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

	April 30, 2012 (unaudited)	July 31, 2011 (audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (Note 5)	\$ 566,646	\$ 476,531
Accounts receivable	37,916	21,349
Prepaid expenses	143,320	26,809
	<b>747,882</b>	<b>524,689</b>
<b>Interests in Mineral Properties</b> (Note 6)	<b>761,376</b>	<b>511,029</b>
	<b>\$ 1,509,258</b>	<b>\$ 1,035,718</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 5,454	\$ 48,078
	<b>5,454</b>	<b>48,078</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7a)	17,336,442	16,786,673
Warrants (Note 7b)	521,195	295,753
Share-based payment reserve (Note 7c)	330,927	254,936
Deficit	(16,684,760)	(16,349,722)
	<b>1,503,804</b>	<b>987,640</b>
	<b>\$ 1,509,258</b>	<b>\$ 1,035,718</b>

**Nature of Operations and Ability to Continue as a Going concern** (Note 1)

**Subsequent Events** (Note 11)

Approved on behalf of the Board:

"Paul Gill"

Paul Gill - President and Chief Executive  
Officer

"Jacqueline Michael"

Jacqueline Michael - Chief Financial  
Officer

*The accompanying notes form an integral part of these consolidated financial statements*

**LOMIKO METALS INC.**

(An exploration stage company)

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS**

(unaudited)

	Three Months Ended April 30		Nine Months Ended April 30	
	2012	2011	2012	2011
<b>Expenses</b>				
Accounting and audit	\$ 2,684	\$ 1,698	\$ 7,793	\$ 3,198
Advertising and promotion	132,407	39,270	173,933	76,472
Investor relations	15,000	-	45,000	-
Legal and consulting fees	9,995	23,307	21,054	55,632
Legal settlement	-	-	-	52,876
Management fees (Note 8)	30,000	30,000	90,000	90,000
Office and miscellaneous	9,250	6,034	17,846	13,863
Regulatory and filing fees	13,916	17,236	28,254	36,651
Shareholder communications	2,989	-	11,608	1,232
Share-based compensation	55,854	75,537	75,991	75,537
Telephone	596	149	2,033	2,095
Travel	5,602	6,069	13,143	10,388
Write down of mineral property acquisition exploration expenses (Note 6)	-	-	24,000	187,323
	<b>278,293</b>	<b>199,300</b>	<b>510,655</b>	<b>605,267</b>
<b>Operating Loss</b>	<b>(278,293)</b>	<b>(199,300)</b>	<b>(510,655)</b>	<b>(605,267)</b>
<b>Other</b>				
Interest income	15	-	48	455
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (278,278)</b>	<b>\$ (199,300)</b>	<b>\$ (510,607)</b>	<b>\$ (604,812)</b>
<b>Basic And Diluted Loss Per Share</b>				
	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Basic And Diluted Weighted Average Common Shares</b>				
	<b>62,497,801</b>	<b>49,970,692</b>	<b>57,633,401</b>	<b>45,779,474</b>

*The accompanying notes form an integral part of these consolidated financial statements*

## LOMIKO METALS INC.

(An exploration stage company)

### CONDENSED INTERIM CONSOLIDATED STATEMENT OF EQUITY

For the nine months ended April 30  
(unaudited)

	Number of Shares	Share capital	Warrants Reserve	Share-based Payment Reserve	Accumulated Deficit	TOTAL
Balance, July 31, 2010	41,268,445	\$ 16,140,217	\$ 142,375	\$ 201,367	\$ (15,769,107)	\$ 714,852
Private placement, net of issue costs	10,000,000	474,218	-	-	-	474,218
Warrants issued	-	-	188,232	-	-	188,232
Share-based compensation	-	-	-	75,537	-	75,537
Warrants expired	-	-	(142,375)	-	142,375	-
Comprehensive loss for the period	-	-	-	-	(604,810)	(604,810)
Balance, April 30, 2011	51,268,445	\$ 16,614,435	\$ 188,232	\$ 276,904	\$ (16,231,542)	\$ 848,029

	Number of Shares	Share capital	Warrants Reserve	Share-based Payment Reserve	Accumulated Deficit	TOTAL
Balance, July 31, 2011	55,518,445	\$ 16,786,673	\$ 295,753	\$ 254,936	\$ (16,349,722)	\$ 987,640
Private placement, net of issue cost	9,383,200	432,744	-	-	-	432,744
Resource property acquisition	1,000,000	35,000	-	-	-	35,000
Warrants issued	-	-	418,536	-	-	418,536
Warrants expired	-	-	(175,569)	-	175,569	-
Warrants exercised	387,500	64,025	(17,525)	-	-	46,500
Stock options issued	-	-	-	75,991	-	75,991
Stock options exercised	150,000	18,000	-	-	-	18,000
Comprehensive loss for the period	-	-	-	-	(510,607)	(510,607)
Balance, April 30, 2012	66,439,145	\$ 17,336,442	\$ 521,195	\$ 330,927	\$ (16,684,760)	\$ 1,503,804

The accompanying notes form an integral part of these consolidated financial statements

**LOMIKO METALS INC.**

(An exploration stage company)

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOW**

(unaudited)

	THREE MONTHS ENDED April 30		NINE MONTHS ENDED APRIL 30	
	2012	2011	2012	2011
<b>Cash flows from (used in) operating activities</b>				
Net loss for the period	\$ (278,278)	(199,300)	(510,607)	(604,810)
Items not involving cash:				
Share-based compensation	55,854	75,537	75,991	75,537
Mineral property costs written off	-	-	24,000	187,323
	(222,424)	(123,763)	(410,616)	(341,950)
Changes in non-cash working capital items:				
Accounts receivable	(23,303)	(5,083)	(16,567)	(3,816)
Prepaid expenses	(114,901)	2,504	(116,511)	1,580
Accounts payable	(24,701)	(5,060)	(42,624)	(38,494)
	(385,329)	(131,402)	(586,318)	(382,680)
<b>Cash flows from (used in) financing activities</b>				
Common shares and warrants	1,030,820	400,000	1,030,820	700,000
Share issue costs	(80,040)	(33,341)	(80,040)	(38,892)
	950,780	366,659	950,780	661,108
<b>Cash flows from (used in) investing activities</b>				
Investment in mineral properties	(74,661)	(3,000)	(274,347)	(3,000)
	(74,661)	(3,000)	(274,347)	(3,000)
<b>Increase (decrease) in cash</b>	<b>490,790</b>	<b>232,257</b>	<b>90,115</b>	<b>275,428</b>
<b>Cash, beginning of period</b>	<b>75,856</b>	<b>237,367</b>	<b>476,531</b>	<b>194,196</b>
<b>Cash, end of period</b>	<b>\$ 566,646</b>	<b>469,624</b>	<b>566,646</b>	<b>469,624</b>
<b>Supplemental information</b>				
Resource property acquired by the issuance of shares	35,000	-	35,000	-
Non-cash portion of warrants exercised	17,535	-	17,535	-

*The accompanying notes form an integral part of these consolidated financial statements.*

# **LOMIKO METALS INC.**

(An exploration stage company)

## **NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2012

(unaudited)

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### **1 Nature of business and going concern**

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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 in the exploration stage and has not yet determined whether its properties contain enough mineral reserves such that their recovery would be economically viable. Its exploration and development operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order to carry out exploration and mining activities, the Company is required to hold certain permits. There is no assurance that the Company's existing permits will be renewed or that new permits that have been applied for will be granted.

The recoverability of valuations assigned to resource properties is dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development and future profitable production or proceeds from disposition. Management reviews the carrying value of the Company's interest in each property and where necessary, properties are written down to their estimated recoverable amount. Although management has made its best estimate of these factors, it is reasonably possible that certain events could adversely affect management's estimates of recoverable amounts and the amount of provision for impairment in the carrying value of its resource property interests and related assets. Although the Company has taken steps to verify title to properties in which it has an interest in accordance with industry standards for the current stage of development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and regulatory and environmental claims.

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

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### **2 Basis of preparation and adoption of IFRS**

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#### **Statement of compliance**

These condensed interim consolidated financial statements are unaudited and have been prepared in accordance with Canadian generally accepted accounting principles applicable to publicly accountable enterprises and with International Accounting Reporting Standard 34 - Interim Financial Reporting.

#### **Basis of measurement**

The consolidated financial statements have been prepared on a historical cost basis as set out in the accounting policies below. Certain items, including derivative financial instruments, are stated at fair value.

# LOMIKO METALS INC.

(An exploration stage company)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2012

(unaudited)

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## 2 Basis of preparation and adoption of IFRS - continued

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### Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements is included in the notes to the financial statements where applicable.

### Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, the Conac Group Inc., incorporated in British Columbia, Conac Software (USA) Inc., incorporated in Washington, USA., and Lomiko Metals LLC, which was incorporated in Colorado, USA. All inter-company accounts and transactions have been eliminated.

### 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.

### Functional and presentation currencies

The functional and presentation currency of the Company is the Canadian dollar.

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## 3 New standards and interpretations not yet adopted

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### IFRS 9, Financial Instruments ("IFRS 9")

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is effective for annual periods beginning on or after January 1, 2013. The Company is in the process of evaluating the impact of the new standard.

### IFRS 10, Consolidated Financial Statements ("IFRS 10")

IFRS 10 builds on existing principles and standards and identifies the concept of control as the determining factor in which an entity should be included within the consolidated financial statements of the parent company. In addition, the consolidated procedures are carried forward substantially unmodified from IAS 27 Consolidated and Separate Financial Statements. This standard is effective for annual periods beginning on or after January 1, 2013. The Company is in the process of evaluating the impact of the new standard.



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## 3 New standards and interpretations not yet adopted - continued

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### IFRS 11, Joint Ventures ("IFRS 11")

IFRS 11 establishes principles for financial reporting by parties to a joint arrangement. The IFRS supersedes IAS 31 Interest in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Ventures and is effective for annual periods beginning on or after January 1, 2013.

### IFRS 12, Disclosure of Interest in Other Entities ("IFRS 12")

IFRS 12 applies to entities that have an interest in a subsidiary, a joint arrangement, an association or an unconsolidated structured entity. This standard is effective for annual periods beginning on or after January 1, 2013. Early adoption is permitted. The Company is currently evaluating the impacts of this standard on its financial statements.

### IFRS 13, Fair Value Measurements ("IFRS 13")

IFRS 13 defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. This IFRS applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements, except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Early adoption is permitted. The Company is currently assessing the impact of the standard on its financial statements.

IAS 27, Separate Financial Statements has been amended for the issuance of IFRS 10 but retains the current guidance for separate financial statements; and

IAS 28, Investments in Associates and Joint Ventures has been amended for conforming changes based on the issuance of IFRS 10 and IFRS 11.

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## 4 Critical accounting estimates and judgments

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

The effect of a change in an accounting estimate is recognized prospectively by including it in total comprehensive loss/income in the period of change, if the change affects that period only, or in the period of the change and future periods, if the change affect both.

Information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements is described below:

### Title to mineral property interests

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

# LOMIKO METALS INC.

(An exploration stage company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2012

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### 4 Critical accounting estimates and judgments - continued

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#### Asset retirement obligations

The Company recognizes the liability for an asset retirement obligation. The relevant costs associated with the asset retirement obligations are estimated based on the Company's interpretation of current regulatory requirements. Based on the assessment, the Company did not have any significant asset retirement obligations at the reporting dates.

#### Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

#### Share-based compensation

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

#### Warrants

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

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### 5 Cash and cash equivalents

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	April 30, 2012	July 31, 2011
Cash	\$ 563,620	\$ 473,527
Cash equivalents	<u>3,026</u>	<u>3,004</u>
	<u>\$ 566,646</u>	<u>\$ 476,531</u>
Restricted cash	<u>\$ 55,529</u>	<u>\$ 224,589</u>

As at April 30, 2012, the Company held a total of \$566,646 in cash and cash equivalents, including \$55,529 in restricted cash committed to qualifying exploration expenditures under flow through share agreements.

# LOMIKO METALS INC.

(An exploration stage company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2012

(unaudited)

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### 6 Interests in mineral properties

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The following table shows the exploration and evaluation assets

	<u>Vines Lake</u>	<u>Alkali Lake</u>	<u>Karolina</u>	<u>Rose Lake</u>	<u>Quatre Milles</u>	<u>Total</u>
Balance July 31, 2010	\$ 135,971	\$ 187,323	\$172,647	\$ 24,000	-	\$519,941
Additions	-	-	3,000	-	-	3,000
Write down	-	(187,323)	-	-	-	(187,323)
Balance, April 30, 2011	<u>\$ 135,971</u>	<u>\$ -</u>	<u>\$ 175,647</u>	<u>\$ 24,000</u>	<u>\$ -</u>	<u>\$ 335,618</u>
Balance July 31, 2011	\$ 311,382	\$ -	\$ 175,647	\$ 24,000	-	\$ 511,029
Additions	186,849	-	-	-	87,498	274,347
Write down	-	-	-	(24,000)	-	(24,000)
Balance, April 30, 2012	<u>\$ 498,231</u>	<u>\$ -</u>	<u>\$ 175,647</u>	<u>\$ -</u>	<u>\$ 87,498</u>	<u>\$ 761,376</u>

#### **Vines Lake Property - Liard Mining District, BC**

In March 2006, the Company acquired 100% interest in 3 claims comprising approximately 1,169 hectares ("Ha") in Liard Mining District of British Columbia, subject to a 2% net smelter return ("NSR") in favour of Mr. Amrit P.S. Gill, a director of the Company.

#### **Karolina Property - Chile**

The Company has acquired exclusive rights to develop 100% of 1,900 hectares of Chilean mineral claims located in the Aguas Calientes Salar, II Region, Chile.

#### **Alkali Lake Nevada Property - US**

The company, in conjunction with its subsidiary Lomiko USA LLC, located and staked 552 lode claims in the Alkali Valley of Nevada in October 2009. The property was abandoned in August 2010.

#### **Rose Lake 70 Mile House, BC - Canada**

The Company acquired 100% interest in EVA and PLAYA claims making up 222 Ha and 222 Ha respectively of semi-evaporitic lakes know as Rose Lake and Cunningham Lake near 70 Mile House, B.C. As the company did not renew the titles to these claims in November 2011, the value of the property has been written off.

#### **Quatre Milles Graphite Property, QB – Canada**

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 1,600 hectares.

On November 12<sup>th</sup>, 2011, the Company signed an Option Agreement (the "Agreement") with Zimtu Capital Corp. and one of their prospecting partners (the "Vendors") to acquire 100% interest in the Quatre-Milles (Graphite) Property in Quebec (the "Property") according to the following terms:

- Pay \$25,000 in cash upon signing the Agreement (paid)
- Issue 1 million common shares on receipt of the TSX Venture Exchange (TSX-V) acceptance of the Agreement (issued).
- Pay \$25,000 in cash and issue 500,000 common shares six months from TSX-V acceptance (September 26, 2012)
- Issue 1 million common shares twelve months from TSX-V acceptance (March 26, 2013)

# LOMIKO METALS INC.

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2012

(unaudited)

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### 6 Interests in mineral properties - continued

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- Issue 1.5 million common shares twenty-four months from TSX-V acceptance (March 26, 2014)
- The Company will complete a minimum of CAD \$200,000 in exploration work on the Property
- The Vendors will retain a 2% net smelter royalty on the Property, of which the Company can purchase 1% for CAD\$1 million.

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### 7 Share capital and reserves

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#### (a) Share capital

##### Authorized

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

##### Issued and fully paid

	<u>Number of Shares</u>	<u>Issue price</u>	<u>Amount</u>
Balance at July 31, 2011	55,518,445		\$ 16,786,673
Issued	9,033,200	0.100	903,320
Issued	350,000	0.080	28,000
Share issue costs			(80,040)
Value assigned to warrants			(418,536)
Issuance of shares on resource property acquisition	1,000,000	0.035	35,000
Issuance of shares on exercise of warrants	387,500	0.120	46,500
Fair value of warrants issued			17,525
Issuance of shares on exercise of options	<u>150,000</u>	0.120	<u>18,000</u>
Balance at April 30, 2012	<u>66,439,145</u>		<u>\$ 17,336,442</u>

On March 1, 2012, the company completed a private placement of \$823,280 (net of share issue costs of \$80,040) by issuing 9,033,200 common shares and warrants in the capital of the Company. The common shares were issued at \$.10 per share. Each warrant is exercisable at a price of \$.15 for a period of one year.

#### (b) Share purchase warrants

A summary of the Company's outstanding share purchase warrants at July 31, 2011 and April 30, 2012 is presented below

# LOMIKO METALS INC.

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2012

(unaudited)

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### 7 Share capital and reserves - continued

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	Number of warrants	Weighted Average Exercise price
Balance, July 31, 2011	7,475,000	\$0.110
Warrants issued, expiring March 1, 2013	9,033,200	\$0.150
Warrants expired	(5,287,500)	\$0.110
Warrants exercised	(387,500)	\$0.120
	<hr/>	<hr/>
Balance, April 30, 2012	10,833,200	\$0.146

The following table summarizes information relating to share purchase warrants outstanding and exercisable at April 30, 2012

Number of Warrants	Grant Date Fair Value	Exercise Price	Expiry Date
1,375,000	89,127	.12	May 11, 2013
425,000	13,533	.12	June 28, 2013
9,033,200	418,535	.15	March 1, 2013

The weighted average remaining contractual life of the warrants as at April 30, 2012 is .87 years.

### (c) Share-based payments

#### Plan Details

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

The 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.

# LOMIKO METALS INC.

(An exploration stage company)

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2012

(unaudited)

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### 7 Share capital and reserves - continued

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#### Fair value of Options Issued

The following table summarizes information relating to stock options outstanding and exercisable at April 30, 2012:

	Number of options	Exercise price
Balance, July 31, 2011	4,590,000	\$0.09
Options issued, expiring, August 7, 2016	350,000	\$0.10
Options issued, expiring, February 13, 2014	775,000	\$0.10
Options exercised	(150,000)	\$0.12
Options expired	(640,000)	\$0.125
	<u>4,925,000</u>	
Balance, April 30, 2012	<u>4,925,000</u>	

The following table summarizes the stock options outstanding and exercisable as at April 30, 2012:

Number of options outstanding	Exercise price	Expiry date
400,000	.10	May 1, 2012
200,000	.10	July 2, 2013
775,000	.10	February 13, 2014
1,300,000	.12	September 3, 2014
700,000	.10	November 30, 2014
250,000	.12	February 17, 2015
950,000	.10	February 8, 2016
350,000	.10	August 8, 2016

The weighted average remaining contractual life of options outstanding at April 30, 2012 is 2.14 years.

#### Share-based payment transactions

During the nine month period ended April 30, 2012, share-based compensation expense of \$75,991 (2011 - \$75,537) was recorded.

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

On February 13, 2012, 775,000 incentive stock options were granted to consultants at an exercise price of \$0.10. They are fully vested and expire on February 13, 2014.

# LOMIKO METALS INC.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Expressed in Canadian Dollars

April 30, 2012

(unaudited)

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## 8 Related party transactions

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During the period, in the normal course of operations, the company paid \$90,000 (2011 - \$90,000) in management fees and \$2,800 (2011 - \$8,000) in consulting fees to a company controlled by a former director who resigned on November 7, 2011.

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## 9 Commitments and contingencies

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The Company entered into flow-through share subscription agreements in March 2011 whereby it is committed to incur on or before January 31, 2013, a total of \$400,000 of qualifying Canadian Exploration Expenses as described in the Income Tax Act. As at April 30, 2012, \$344,471 of the expenditures had been incurred, leaving a balance of \$55,529 to be incurred on or before January 31, 2013. The Company is able to continue to incur exploration expenses beyond February 2013. 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'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.

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## 10 Financial instruments

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### Fair Value

The carrying value of cash and cash equivalents, accounts receivable and accounts payable and accruals approximates their fair value because of the short-term nature of these instruments.

### Risk

The Company is not subject to significant credit, interest rate or foreign currency exchange risk from its financial instruments. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At April 30, 2012, the Company had cash and cash equivalents of \$566,646 to settle accounts payable and accrued liabilities of \$5,454 and the \$55,529 remaining qualifying Canadian Exploration Expenses to be incurred from the flow-through share subscription agreement.

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## 11 Subsequent events

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On May 10, 2012, the Company appointed Mr. Kumara Rachamalla, M.B.A,M.Eng., P.Eng.– Advisory Board member. Mr. Rachamalla is highly experienced in government and financial matters. He has developed and implemented innovative incentive policies for the Government of Ontario, advised public and private sector clients on technical, environmental, natural resource, financial and taxation issues. Furthermore, Mr. Rachamalla designed economic, financial and taxation models to develop and assess a broad range of fiscal options and their impact on private sector investments and made recommendations for incorporation into tax statutes.

Mr. Rchamalla has also advised institutional investors in Canada, U.S., Europe and the Far East on attractive investment opportunities in the natural resource sector by providing in-depth commodity analysis, combining financial, technical and industry expertise and provided expert opinion in Canadian and U.S. tax courts.

Mr. Rachamalla has raised both equity and debt capital for corporations and advised corporate clients on financing, joint ventures, acquisitions and mergers. He has also developed strategic plans and reviewed project evaluation of the multi-billion dollar Syncrude oil-sands project, has evaluated and conducted feasibility studies and ore reserve estimates in Quebec and Yukon Territories as Assistant Chief Mine Engineer and has conducted cost-benefit analyses, environmental studies and health and safety surveys for the National Coal Board in the United Kingdom.

On May 14, 2012, the Company announced that it has signed a letter agreement with three vendors to acquire a 100%-interest in the 2,180 hectare Quatre Milles West Property, located in southern Quebec.

The Quatre Milles West Property covers the western extension of the geology that hosts the drilled graphite bearing structures at the Company's Quatre Milles Property. The combined property now covers two separate claim blocks, one 8 km by 7 km, and the other 7 km by 5 km, which brings the expanded Quatre Milles Property from approximately 1,600 hectares to 3,780 hectares.

To earn its 100%-interest, Lomiko must pay C\$3,000 and issue 1,800,000 shares, subject to TSX Venture Exchange acceptance and grant the vendors a 2% NSR of which the first 1% may be purchased for \$1 million.

The underlying geology of the Quatre Milles West Property consists of intercalated aluminous biotite paragneiss with graphite, biotite feldspar paragneiss, marble with graphite at contact with other units, quartzite and calc-silicate lithologies of the Central Metasedimentary Belt of the Grenville Province.