



LOMIKO METALS INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

January 31, 2017

LOMIKO METALS INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

	January 31, 2017	July 31, 2016
ASSETS		
Current		
Cash and cash equivalents (Note 4)	\$ 47,623	\$ 326,031
Other receivables	25,377	9,824
Prepaid expenses	49,849	37,990
	<u>122,849</u>	<u>373,845</u>
Non-current		
Investment in associate (Note 5)	189,883	189,893
Investment in equity securities (Note 6)	863,459	1,175,962
License (Note 7)	462,237	458,878
Website	13,738	8,170
Exploration and evaluation assets (Note 8)	5,017,844	4,910,163
	<u>6,547,161</u>	<u>6,743,066</u>
	\$ 6,670,010	\$ 7,116,911
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 302,356	\$ 162,479
Income taxes payable	54,029	26,029
Demand loan (Note 9)	144,998	144,998
	<u>501,383</u>	<u>333,506</u>
Other		
Flow through premium liabilities (Note 10)	-	50,000
Deferred tax liability (Note 12)	76,729	76,729
	<u>578,112</u>	<u>460,235</u>
EQUITY		
Share capital (Note 11)	24,157,152	23,965,723
Share subscriptions received	-	64,920
Warrants (Note 11)	175,957	442,019
Share based payment reserve (Note 11)	362,207	378,713
Accumulated other comprehensive income	82,224	318,384
Deficit	<u>(18,685,642)</u>	<u>(18,513,083)</u>
	<u>6,091,898</u>	<u>6,656,676</u>
	\$ 6,670,010	\$ 7,116,911

Nature of Operations (Note 1)
Commitments and contingencies (Note 18 & 19)
Events after reporting period (Note 20)
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 condensed consolidated interim financial statements

LOMIKO METALS INC.

(An exploration stage company)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(unaudited)

	Three Months Ended January 31		Six Months Ended January 31	
	2017	2016	2017	2016
Advertising and promotion	\$ 39,830	\$ 32,808	\$ 157,758	\$ 129,098
Consulting	900	(2,400)	1,800	12,000
Management fees (Note 14)	45,000	45,000	90,000	90,000
Office and miscellaneous	4,713	5,323	11,758	9,659
Professional fees	68,221	8,246	126,892	71,461
Regulatory and filing fees	40,552	49,244	46,199	55,206
Shareholder communications	69	(10,000)	8,352	29,799
Travel	5,679	5,007	14,674	13,221
	204,964	133,228	457,433	410,444
Other income(loss) from continuing operations				
Interest expense(income)	362	3,201	723	(1,486)
Abandonment of property	135,000	-	135,000	-
Gain on sale of securities	(46,358)	(8,162)	(106,361)	(8,162)
Flow-through share premium(Note X)	(52,634)	-	(52,634)	-
Share of associate loss	-	564	10	1,024
	36,370	(4,397)	(23,262)	(8,624)
(Loss) from operations for the period	\$ (241,334)	\$ (128,831)	\$ (434,171)	\$ (401,820)
Income tax expense	(14,000)	-	(28,000)	-
Net loss from continuing operations	(255,334)	(128,831)	(462,171)	(401,820)
Other				
Unrealized (loss) gain on re-measurement of equity investments (Note 7)	(110,487)	(1,733,158)	(236,160)	(1,689,188)
Comprehensive (loss)/income for the period	(365,821)	(1,861,989)	(698,331)	(2,091,008)
Basic And Diluted Loss Per Share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Basic And Diluted Weighted Average Common Shares	18,667,391	15,546,326	18,562,459	15,546,326

LOMIKO METALS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Common Shares Without Par Value		Share subscriptions received	Warrants Reserve	Share based Payment Reserve	Accumulated Other Comprehensive Income	Deficit	Total Equity
	Shares (Note 1)	Amount						
Balance, July 31, 2015	15,546,327	\$ 23,040,559	-	\$ 1,242,413	\$ 410,430	\$ 2,301,531	\$ (18,731,313)	\$ 8,263,620
Warrants expired				(767,175)		-	767,175	
Unrealized gain on re-measurement of equity securities						(1,755,308)		(1,755,308)
Net loss for the period	-	-	-	-	-	-	(401,820)	(401,820)
Balance, January 31, 2016	15,546,327	\$ 23,040,559		\$ 475,238	\$ 410,430	\$ 546,223	\$ (18,365,958)	\$ 6,106,492
Issuance of shares for equity investment	1,612,974	564,541	-	-	-	-	-	564,541
Issuance of shares for resource property	250,000	125,000	-	-	-	-	-	125,000
Issuance of flow through shares for cash	500,000	200,000	-	-	-	-	-	200,000
Issuance of shares for cash	250,000	100,000	-	-	-	-	-	100,000
Share subscriptions received	-	-	64,920	-	-	-	-	64,920
Share issue costs	-	(44,600)	-	-	-	-	-	(44,600)
Warrants issued	-	(19,777)	-	19,777	-	-	-	-
Warrants expired	-	-	-	(52,996)	-	-	52,996	-
Options expired	-	-	-	-	(31,717)	-	31,717	-
Unrealized (loss) on re-measurement of equity securities	-	-	-	-	-	(227,839)	-	(227,839)
Net loss for the period	-	-	-	-	-	-	(231,838)	(231,838)
Balance, July 31, 2016	18,159,301	\$ 23,965,723	\$ 64,920	\$ 442,019	\$ 378,713	\$ 318,384	\$ (18,513,083)	\$ 6,656,676
Issuance of shares for cash	481,750	192,700						192,700
Issuance of flow through shares for cash	26,340	10,536						10,536
Share subscriptions			(64,920)					(64,920)
Share issue costs		(4,763)						(4,763)
Warrants issued		(7,044)		7,044				-
Warrants expired				(273,106)			273,106	-
Options expired					(16,506)		16,506	-
Unrealized (loss) on re-measurement of equity securities						(236,160)		(236,160)
Net loss for the period							(462,171)	(462,171)
Balance, January 31, 2017	18,667,391	\$ 24,157,152	-	\$ 175,957	\$ 362,207	\$ 82,224	\$ (18,685,642)	\$ 6,091,898

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

LOMIKO METALS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

For the three month period ended January 31, 2017

	THREE MONTHS ENDED January 31		SIX MONTHS ENDED January 31	
	2017	2016	2017	2016
Cash flows (used in) operating activities				
Net (loss) from continuing operations	\$ (255,334)	\$ (128,831)	\$ (462,171)	\$ (401,820)
Adjustments				
Associate share of loss	-	563	10	1,024
Abandonment of mineral property	135,000		135,000	
Gain on sale of equity investment	(46,358)	(8,162)	(106,361)	(8,162)
Flow through share premium	(52,634)		(52,634)	
	(219,326)	(136,430)	(486,156)	(408,958)
Changes in non-cash working capital items:				
Other receivables	(13,148)	15,071	(15,553)	7,210
Advances		100,000	-	-
Prepaid expenses	19,634	17,321	(11,859)	39,993
Income taxes payable	14,000		28,000	
Accounts payable	131,550	(146,191)	139,877	71,771
	(67,290)	(150,229)	(345,691)	(289,984)
Cash flows from (used in) financing activities				
Flow through shares			13,170	-
Issuance of shares for cash			127,780	
Demand loan	-	144,998	-	144,998
Share issue costs			(4,763)	
		144,998	136,187	144,998
Cash flows from (used in) investing activities				
Investment in mineral properties	(242,682)	(290,684)	(242,682)	(1,006,532)
Investment in equity		-		-
Proceeds from sale of investment	84,529	51,662	182,705	51,662
Website	-		(5,568)	
License	(1,342)	(110,647)	(3,359)	(214,657)
	(159,495)	(349,669)	(68,904)	(1,169,527)
(Decrease) in cash and cash equivalents	(226,785)	(354,900)	(278,408)	(1,314,513)
Cash, beginning of period	274,408	401,318	326,031	1,360,931
Cash and cash equivalents, end of period	\$ 47,623	\$ 46,418	47,623	\$ 46,418
Supplemental information:				
Shares issued for resource property	\$ -		\$ -	

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

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

January 31, 2017

1 NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

Lomiko Metals Inc., (along with its subsidiaries collectively referred to as the "Company"), is engaged in the acquisition, exploration and development of resource properties and the manufacturing and selling of power supply products. The company was incorporated on July 3, 1987, under the British Columbia Company Act. The company is listed on the TSX-Venture Exchange having the symbol LMR.V as a Tier 2 mining issuer and on the Over the Counter Exchange in the United States having the symbol LMRMF.

The Company's registered office is unit 439-7184 120th Street, Surrey, British Columbia, Canada.

On December 19, 2017, the company completed a ten for one common share consolidation; the share consolidation has been retroactively applied.

Going Concern

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company has incurred cumulative losses of \$18,685,642 and has reported a net loss from operations of \$462,171 before other comprehensive loss items totaling \$236,160 for a net comprehensive loss of \$698,331 for the six month period ended January 31, 2017. The ability of the Company to continue as a going concern is dependent upon successfully obtaining additional financing entering into a joint venture, a merger or other business combination transaction involving a third party, sale of all or a portion of the Company's assets, the outright sale of the Company, the successful development of the Company's mineral property interests, or a combination thereof. There can be no assurance that funding from this will be sufficient in the future to continue and develop its mineral properties, and provide additional funding for the development of the power supply products. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These condensed consolidated interim 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 company be unable to continue as a going concern. Such adjustments could be material.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Statement of Compliance

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). The Company's significant estimates and judgments are consistent with those disclosed in the annual audited consolidated financial statements for the year ended July 31, 2016. These unaudited condensed interim consolidated financial statements do not contain all disclosures required by IFRS and, accordingly, should be read in conjunction with the 2016 annual consolidated financial statements and the notes thereto.

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

January 31, 2017

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE - continued

Basis of Measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, consistent with the Company's significant accounting policies

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of Lomiko as at and for the year ended July 31, 2016, with the exception of certain amendments to accounting standards issued by the IASB, which are applicable from January 1, 2017 and January 1, 2018 as disclosed in the annual consolidated financial statements of the Company as at and for the year ended July 31, 2016. The adoption of these amendments did not have a material impact on the accounting policies, methods of computation or presentation applied by the Company.

4 CASH AND CASH EQUIVALENTS

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

	January 31, 2017	July 31, 2016
Cash and bank balances	\$ 44,623	\$ 323,031
Cash equivalents	<u>3,000</u>	<u>3,000</u>
	<u>\$ 47,623</u>	<u>\$ 326,031</u>

5 INVESTMENT IN ASSOCIATE

GRAPHENE ESD CORP.

On December 3, 2014, the Company signed a preferred stock subscription agreement with Graphene ESD Corp. ("Graphene"). Under the agreement the Company subscribed to purchase 1,800 shares of Graphene's Series A Preferred Stock, representing 100% of the authorized preferred shares of Graphene, at a purchase price of \$101.27 US per share ("Original Issue Price") for total consideration of \$182,281 US. Dividends, at the rate per annum of \$4.05 per share, will accrue on each preferred share and shall be cumulative. Payment of dividends is at the discretion of the board. Each share of Series A Preferred Stock held by the Company shall be convertible, at the option of the Company, at any time and from time to time after May 6, 2015, and without the payment

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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5 INVESTMENT IN ASSOCIATE - continued

of additional consideration by the Company, by dividing the Series A Original Issue Price by the Series A Conversion Price in effect at the time of the conversion. The Series A Conversion Price shall initially be equal to \$101.27 US. The Series A Conversion Price and the rate at which shares of Series A Preferred Stock may be converted into shares of Graphene Common Stock, will be subject to adjustment in the event of a subdivision of Graphene's outstanding Common Stock or if Graphene makes or issues a dividend or other distribution payable on the Common Stock in additional shares of Common Stock.

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

The Company exercises significant influence over EDS Graphene Corp. as it owns 40% of the voting shares and through a common director. It accounts for its investment on the equity basis.

	<u>Number of shares held</u>	
Acquisition of preferred shares	1,800	\$ 213,251
Costs related to acquisition		10,824
Share of equity loss		<u>(32,397)</u>
July 31, 2015	1,800	\$ 191,678
Share of equity loss		<u>(1,785)</u>
July 31, 2016	1,800	\$ 189,893
Share of equity loss		<u>(10)</u>
January 31, 2017	1,800	<u>\$ 189,883</u>

6 INVESTMENT IN EQUITY SECURITIES

GRAPHENE 3D LAB INC.

On November 22, 2013 the Company paid \$50,000 to acquire 250,000 common shares of Graphene 3D Lab Inc. On August 8, 2014, Graphene 3D Lab Inc. completed a reverse takeover of Matric Resources Inc. (a publicly listed Company) and a forward split converted the number of shares to 3,196,970. The shares are held in escrow and are being released on the following terms:

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

January 31, 2017

6 INVESTMENT IN EQUITY SECURITIES - continued

5%	August 8, 2014
5%	February 8, 2015
10%	August 8, 2015
10%	February 8, 2016
15%	August 8, 2016
15%	February 8, 2017
40%	August 8, 2017

On May 8, 2014 the Company entered into a subscription agreement to purchase 1,200,000 common shares of Matnic Resources Inc., (Matnic) for \$300,000. On August 8, 2014, Matnic was taken over by Graphene 3D Lab Inc.

The following is a summary of the shares available for sale and held in escrow:

	<u>Available for sale</u>	<u>Held in escrow</u>	<u>Total</u>
July 31, 2016	479,545	2,237,880	2,717,425
January 31, 2017	-	1,758,335	1,758,335

The following table summarizes the Company's holdings in 3D Labs Inc.:

	<u>Percentage of voting shares owned</u>	<u>Cost</u>	<u>Fair Value</u>
<i>July 31, 2016</i>			
Graphene 3D Labs Inc.	<u>5.5%</u>	<u>\$ 216,308</u>	<u>\$ 611,421</u>
<i>January 31, 2017</i>			
Graphene 3D Labs Inc.	<u>3.11%</u>	<u>\$ 139,964</u>	<u>\$ 298,917</u>

During the period, the Company sold 959,090 shares for net proceeds of \$182,705 and a gain of \$106,361.

The common shares are classified as Level 1 in the fair value hierarchy (see note 13 and as available for sale financial assets. The fair value of available for sale investments is determined based on a market approach reflecting the closing price of the security at the reporting date. The closing price is a quoted price obtained from the exchange that is the principal active market for the security.

On March 15, 2016 the Company issued 1,612,974 common shares, at \$0.35 per share for a deemed value of \$564,541, in exchange for 778,890 common shares of SHD Smart Home Devices Ltd,(SDH), a private company incorporated in British Columbia on March 15, 2016. The Company's owns 11.478% of the total equity of Smart Home. (See Note 7).

The common shares are classified as Level 3 in the fair value hierarchy (see note 12) inputs for the asset or liability that are not based on observable market data (unobservable inputs)

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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6 INVESTMENT IN EQUITY SECURITIES - continued

Summary of investment in securities:

	January 31, 2017	July 31, 2016
Graphene 3D Labs Inc.	\$ 298,917	\$ 611,421
SHD Smart Home Devices Ltd.	<u>564,541</u>	<u>564,541</u>
	<u>\$ 863,458</u>	<u>\$ 1,175,962</u>

7 LICENSE

MEGAHERTZ POWER SYSTEMS INC.

On October 20, 2014, the Company, signed a letter agreement with Megahertz Power Systems (Megahertz) to:

- license from Megahertz, non-exclusive rights to manufacture and sell three power supply products for the Canadian and United States markets;
- acquire a pending supply contract for the Allanson LED Driver, with a Canadian LED system integrator;
- finance to the amount of \$250,000, the business set-up costs of the Company's manufacture and sales of the licensed power products;

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

- A non-refundable deposit of \$25,000 upon signing of the letter agreement (paid November 1, 2014)
- \$125,000 within 30 days of signing the letter agreement (paid December 1, 2014)
- \$100,000 within 60 days of signing the letter agreement (paid February 18, 2015)

The letter agreement called for the Company to further finance the manufacturing and distribution of the licensed power supply products and pay Megahertz a project management fee to manage the manufacturing, distribution, marketing and sales of the licensed power supply products.

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

On February 10, 2015 the Company executed a non-exclusive license agreement with Megahertz for the production and sale of three licensed power supply products (Spider Charger, Allanson LED Driver and 60 and 90 LED Driver for sale in Canada and the United States. On February 18, 2015 the Company also executed three separate statements of work agreements ("SOW") for the licensed products, outlining the terms and conditions for each product. Each SOW specifies the roles and responsibilities of

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

January 31, 2017

7 LICENSE- continued

each party with respect to development, sales, marketing and distribution of each product to the targeted customers. Megahertz will provide project management services to the Company for each SOW. Such services will include supporting the Company's manufacturing, distribution, sales and marketing of the licensed products. For each SOW, the initial monthly advance payment for project management services has been estimated at \$7,000. Prior to a January 29, 2016 amendment, the first payment of \$21,000 was due December 2015. On January 29, 2016 the payment terms associated with project management fees for each "SOW" were changed to coincide with the rendering of invoices by Megahertz. As well, project management fees for the period January 31, 2016 to December 31, 2016 were eliminated. Management fees incurred from August 31, 2015 to January 31, 2016 are due within 30 days receipt of the invoice.

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

On February 26, 2016, Megahertz amalgamated a number of its concept designs, technology licenses, patent applications and intellectual property into a company named Smart Home Devices Ltd. ("SHD"). SHD is a private Company incorporated under the laws of British Columbia, formed to penetrate the smart home market for Internet of Things (IOT). As part of this amalgamation, the property rights to one licensed product the Spider Charger, was transferred to SHD by Megahertz for an ownership stake. The Company continues to own the trademark for the Spider Charger. The royalty fees tied to the sale of the Spider Charger by the Company will remain in effect for the product and will be payable to SHD.

On March 15, 2016 the Company acquired 778,890 shares of SHD. The acquisition represents an 11.478% ownership of SHD. In consideration for the shares, the Company issued 1,612,974 common shares from treasury at \$0.035 per share for a deemed value of \$564,541. (See Notes 6 and 12) The shares issued were subject to a hold period which expired July 4, 2016.

Management fees for the USB6 charger will remain with Megahertz.

Further efforts to develop the Allanson LED Driver have been suspended.

The costs expended for the license and SOW's relating to the Spider Charger and 60 and 90 LED Driver are as follows:

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

January 31, 2017

7 LICENSE- continued

License	\$ 250,000
Legal fees	<u>9,893</u>
July 31, 2015	\$ 259,893
Project Management fees	126,000
Parts, supplies and tooling	113,193
Trademark	5,737
Write off of costs relating to Allanson	<u>(45,928)</u>
July 31, 2016	\$ <u>458,878</u>
Trademark costs	3,359
January 31, 2017	\$ <u>462,237</u>

8 EXPLORATION AND EVALUATION ASSETS

The following table shows the exploration and evaluation assets:

	Vines Lake	Quatre-Mille	Quatre-Mille West	La Loutre Crystalline	Lac des Isles	Bourier	Total
Balance, July 31, 2014	\$ 597,525	\$ 640,841	\$ 194,080	\$ -	\$ -	-	\$ 1,432,446
Exploration costs	-	79,020	30,881	979,967	162,140	-	1,252,008
Acquisition of property	-	-	-	411,701	623,401	-	1,035,102
Balance, July 31, 2015	\$ 597,525	\$ 719,861	\$ 224,961	\$ 1,391,668	\$ 785,541	-	\$ 3,719,556
Exploration costs		1,216		683,346	31,286		715,848
Acquisition of property							
Balance, October 31, 2015	\$ 597,525	\$ 721,077	\$ 224,961	\$ 2,075,014	\$ 816,827	-	\$ 4,435,404
Exploration costs	600	-	3,579	333,303	2,277		339,759
Acquisition of property	-	-	-	-	-	135,000	135,000
Balance, July 31, 2016	\$ 598,125	\$ 721,077	\$ 228,540	\$ 2,408,317	\$ 819,104	\$ 135,000	\$ 4,910,163
Exploration costs				242,682			242,682
Abandonment of property						(135,000)	(135,000)
Balance, January 31, 2017	\$ 598,125	\$ 721,077	\$ 228,540	\$ 2,650,999	\$ 819,104	\$ -	\$ 5,017,845

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 favor of Mr. Amrit P.S. Gill, a director of the Company.

Quatre-Mille – Quebec

The Company owns a 100% interest in the Quatre-Milles property located north of Sainte-Veronique, Quebec. The property is subject to a 2% net smelter royalty ("NSR") of which one half or (1% "NSR") can be repurchased by the Company for \$1,000,000.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

January 31, 2017

8 EXPLORATION AND EVALUATION ASSETS - continued

Quatre-Mille West – Quebec

On May 25, 2014, the Company acquired a 100% interest in the Quatre-Milles West located in southern Quebec. The property is subject to a 2% net smelter royalty (“NSR”) of which one half or (1% “NSR”) can be repurchased by the Company for \$1,000,000.

The terms of the purchase were as follows:

- Pay \$3,000 in cash (paid)
- Issue 180,000 shares at \$1.00 per share (issued)

La Loutre Crystalline and Lac de Isles – Quebec

On September 23, 2014 the Company obtained an option to purchase a 40% interest in the La Loutre Crystalline Flake Graphite Property located in Quebec.

The terms of the option to purchase agreement are as follows:

- Pay to the Option or \$12,500 in cash (paid)
- Issue 125,000 shares at a deemed price of \$0.70 per share (issued)
- Incur or fund Exploration Expenditures aggregating not less than \$500,000 on and exploration program not later than the first anniversary of the effective date of the agreement (completed).

Included in the Exploration Expenditures, will be a management fee payable to Canada Strategic Metals Inc. (the “Operator”) equal to 10% of expenditures incurred. For contracts having a value greater than \$50,000, the management fee will be reduced to 5% of exploration costs incurred. In a management fees of 1% of construction costs and 2 % of mining operating costs.

On February 23, 2015 the Company signed an agreement with Canada Strategic Metals Inc. to acquire an additional 40% interest in the La Loutre property and an 80% interest in the Lac Des Iles property. Both properties are located in Southern Quebec. The terms of the acquisition, are as follows:

- Payment of \$10,000 cash on signing (paid)
- Issuance of 300,000 common shares at a deemed price of \$.70 per share, within five days of regulatory approval. The shares will have a hold period of 4 months and 1 day from the date of issue. However Canada Strategic Metals Inc. has agreed to a voluntary 10 month hold period on 15,000 common shares (issued)
- Fund \$2,750,000 of exploration expenditures under the following terms:
 - \$950,000 no later than December 31, 2015 and \$550,000 no later than December 31, 2016 on the La Loutre property (\$1,538,420.17 paid)
 - \$700,000 no later than December 31, 2015 and \$300,000 no later than December 31, 2016 on other mining rights of Canada Strategic Metals Inc. (\$709,693.45 paid)
 - \$150,000 no later than December 31, 2015 and \$100,000 no later than December 31, 2016 on the Lac Des Iles property (\$143,448.25 paid)

LOMIKO METALS INC.

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8 EXPLORATION AND EVALUATION ASSETS - continued

- Canada Strategic remains the operator at both properties until the terms are fully met.

Included in the Exploration Expenditures, will be a management fee payable to Canada Strategic Metals Inc. (the "Operator") equal to 5% of expenditures incurred.

The La Loutre property is subject to a 1.5% net smelter royalty ("NSR") of which (.5% "NSR") can be repurchased by the Company for \$500,000

On May 13, 2016 the Company signed an additional option on the La Loutre and Lac des Iles properties allowing the Company to increase its interest in the property from 80% to 100%. The terms of the acquisition are as follows:

- Payment of \$10,000 (subsequently eliminated)
- Issuance of 750,000 common shares
- Funding exploration expenditures for an additional \$1,125,000 commencing December 31, 2018

This agreement is not yet effective as the TSX Venture Exchange has not approved it as of July, 31, 2016.

Bourier – Quebec

On April 28, 2016, the Company and Critical Elements Corporation entered into an option agreement ("Agreement") that gives the Company the right to acquire up to a 70% interest in the Bourier project.

The Bourier project consists of 228 claims for a total ground position of 11,579.28 hectares (116 km²) in a region of Quebec that boasts lithium deposits and known lithium mineralization. The property is the subject of a 1.4% NSR in favour of Mr. Alain Champagne.

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

GRANT OF FIRST OPTION

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

- paying to Critical Elements \$10,000 cash (paid)
- issuing to Critical Elements 250,000 common shares immediately following the receipt of the required approvals from the Exchange (issued) and issuing and additional 250,000 (not issued) common shares on or before December 31, 2016;
- Incurring or funding Exploration Expenditures aggregating not less than \$750,000 on the Property, of which an amount of \$350,000 must be incurred or funded.

On January 31, 2017, the company abandoned its investment in this property.

LOMIKO METALS INC.

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9 DEMAND LOAN

On November 5, 2015, the Company received a US \$110,000 loan from Graphene ESD Corporation, a company in which Lomiko has a 40% ownership interest. The loan bears interest at a rate of 1% per annum and is payable on demand.

10 FLOW THROUGH PREMIUM LIABILITIES

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

	Issued September 7, 2016	Issued June 21, 2016	Total
Balance, July 31, 2015		-	-
Liability incurred on flow-through shares issued		\$ 50,000	\$ 50,000
		<hr/>	<hr/>
Balance July 31, 2016		\$ 50,000	\$ 50,000
		<hr/>	<hr/>
Liability incurred on flow-through shares issued	\$ 2,634	-	-
Settlement of flow-through share liability on incurring expenditures	(2,634)	(50,000)	-
		<hr/>	<hr/>
Balance January 31, 2017	\$ -	\$ -	\$ -

11 SHARE CAPITAL AND RESERVES

(a) Share Capital

Authorized

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

Issued

Period ended January 31, 2017

On September 7, 2016 the Company completed a non-brokered private placement, by issuing 26,340 flow through units of the Company at \$0.50 per unit for total gross proceeds of \$13,170. Each flow-through unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.75 per share for a period of 36 months after closing. In addition, the Company issued 481,750 units of the Company at \$0.40 per unit. Each unit comprises of one common share and one common share purchase warrant. Each warrant

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is exercisable into common share at an exercise price of \$0.50 per share for a period of 18 months after closing. Legal fees of \$4,763 were incurred.

11 SHARE CAPITAL AND RESERVES - continued

Year ended July 31, 2016

On February 16, 2016 the Company issued 1,612,974 common shares at \$.35 per share, for a deemed value of \$564,541, to acquire 778,890 common shares of Smart Home Devices Ltd. In addition, \$1,200 of share issue costs were incurred.

On May 3, 2016 the Company issued 250,000 shares at \$.50 per share, for a deemed value of \$125,000, pursuant to a property option agreement to acquire a 49% interest in the Bourier Property exploration

On June 21, 2016 the Company completed a brokered private placement, by issuing of 500,000 flow through units of the Company at \$0.50 per unit for total gross proceeds of \$250,000. Each flow-through unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into common share at an exercise price of \$0.75 per share for a period of 36 months after closing. The warrants had a fair value of \$13,483, measured using the Black-Scholes valuation model. Additionally 40,000 broker warrants were issued with a fair value of \$1,079, measured using the Black-Scholes valuation model. The company recorded a liability on the flow through premium of \$50,000, for the difference between the fair 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 addition, the Company paid commission of \$20,000 and legal expenses of \$13,900.

On July 19, 2016 the Company completed a non-brokered private placement by issuing 250,000 units of the Company at \$0.40 per unit for gross proceeds of \$100,000. Each unit comprises of one common share and one common share purchase warrant. Each warrant is exercisable into common share at an exercise price of \$0.075 per share for a period of 18 months after closing. The warrants had a fair value of \$5,215 measured using the Black-Scholes valuation model. In addition, the Company paid commissions of \$5,750 and legal expenses of \$3,750.

b) Share purchase warrants

A summary of the Company's outstanding share purchase warrants as at January 31, 2017 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2015	4,372,176	\$ 1.50
Issued for financing	790,000	0.70
Expired	<u>(2,883,120)</u>	1.50
Balance, July 31, 2016	2,279,056	\$1.00
Issued for financing	508,090	0.11
Expired	<u>(979,900)</u>	(1.25)
Balance, January 31, 2017	<u>1,807,246</u>	<u>\$ 0.72</u>

LOMIKO METALS INC.

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11 SHARE CAPITAL AND RESERVES - continued

The following table summarizes information relating to share purchase warrants outstanding and exercisable at January 31, 2017.

Number of Warrants	Exercise Price	Expiry Date
486,110	\$0.80	April 13, 2017
23,047	\$0.80	April 13, 2017
500,000	\$0.75	June 21, 2019
40,000	\$0.75	June 21, 2019
250,000	\$0.50	January 19, 2018
481,750	\$0.50	March 7, 2018
<u>26,340</u>	\$0.50	September 7, 2019
<u>1,807,247</u>		

The weighted average remaining contractual life of the warrants as at January 31, 2017 was .86 years.

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

	<u>September 7, 2016</u>
Risk free interest rate	0.56%
Expected life of options	2.50 years
Annualized stock price volatility	135%
Expected dividend yield	0%
Expected forfeiture rate	95%

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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11 SHARE CAPITAL AND RESERVES - continued

(c) Share-based payments

Plan Details

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

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

Stock options are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2015	567,500	\$1.00
Expired	<u>(42,500)</u>	1.00
Balance, July 31, 2016	525,000	\$0.99
Expired	<u>(35,000)</u>	1.00
Balance, January 31, 2017	<u>490,000</u>	<u>\$0.72</u>

The following table summarizes the stock options outstanding and exercisable as at January 31, 2017:

Number of options outstanding	Exercise price	Expiry date
67,500	\$1.00	February 1, 2018
40,000	\$1.00	April 30, 2018
182,500	\$1.00	January 31, 2019
<u>200,000</u>	\$1.00	September 5, 2019
<u>490,000</u>		

LOMIKO METALS INC.

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11 SHARE CAPITAL AND RESERVES - continued

During the period ended January 31, 2017 the Company issued \$nil stock options to directors and consultants.

The weighted average remaining contractual life of options outstanding at January 31, 2017 was 2.38 years.

On December 19, 2016 the Company consolidated its common shares on the basis of one post-consolidation common share for every ten pre-consolidated common share.

12 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Market Risk
- Credit Risk
- Liquidity Risk

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

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

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive quarterly reports from the Company's Chief Financial Officer 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.

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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12 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

Interest Rate Risk:

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

Equity Price Risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The investment in Graphene 3D Lab Inc. equity is measured at fair value and is subject to re-measurement. Although the current unrealized gain is substantial at the date of the report, fluctuations in price may materially change the fair value, resulting in changes in the unrealized gain/loss.

b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. The majority of cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand. The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at January 31, 2017 relating to cash of \$ 47,623 and other receivables of \$25,377. 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 as at January 31, 2017 and July 31, 2016.

	Less than 3months	3 – 12 months	Total
<u>July 31, 2016</u>			
Trade payables and other payables	\$ 333,506	\$ -	\$ 333,506
<u>January 31, 2017</u>			
Trade payables and other liabilities	\$ 501,383	\$ -	\$ 501,383

LOMIKO METALS INC.

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12 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

d) Fair value of financial instruments

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

Level 1 - quoted prices (unadjusted) in active markets

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

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

	Level 1	Level 2	Level 3	Total
<u>July 31, 2016</u>				
Investment in equity	\$ 611,421	\$ -	\$ 564,541	\$ 1,175,962
Cash and Cash equivalents	\$ 326,031	\$ -	\$ -	\$ 326,031
<u>January 31, 2017</u>				
Investment in equity	\$ 298,917	\$ -	\$ 564,541	\$ 863,458
Cash and Cash equivalents	\$ 47,623	\$ -	\$ -	\$ 47,623

13 CAPITAL RISK MANAGEMENT

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

- continue the exploration and development of its mineral properties;
- support any expansion plans; and
- maintain a capital structure which optimizes the cost of capital at acceptable risk.

The Company manages its equity (which includes common shares, share-based payment reserve and accumulated deficit) as capital. The Company intends to expend existing working capital by carrying out its planned acquisition, exploration and development activities on mineral properties and continuing to pay administrative costs.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure the Company may issue new shares. In order to facilitate analysis and management of its capital requirements, the Company prepares and updates annual budgets (as needed) to ensure that its acquisition and exploration operations can continue to progress. Budgets, once finalized, are approved by the Board of Directors.

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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13 CAPITAL RISK MANAGEMENT-continued

There have not been any changes to the Company's capital management objective, policies and processes compared to the prior year. The Company is not subject to any externally imposed capital requirements.

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

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

14 RELATED PARTY TRANSACTIONS

Key management personnel include the Board of Directors, CEO and Chief Financial Officer ("CFO") of the Company. The remuneration of key management personnel was as follows:

	January 31, 2017	January 31, 2016
Fees paid to companies related to directors or directors	\$ 90,000	\$ 90,000
Share-based compensation	<u>-</u>	<u>-</u>
	\$ <u>90,000</u>	\$ <u>90,000</u>

(a) Included in accounts payable is \$47,250 (July 31, 2016 -\$1,015) owing to directors.

(b) Included in accounts receivable is \$1,360 (July 31, 2016 \$0) owing from a director.

15 SEGMENTED REPORTING

During the periods ended January 31, 2017 and July 31, 2016, the Company operated in two industry segments: acquisition, exploration and development of resource properties and the manufacture and sale of power supply products. The Company's non-current assets by industry segments for the periods ended January 31, 2017 and July 31, 2016:

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15 SEGMENTED REPORTING – continued

January 31, 2017	Exploration and Evaluation	Power Supply Products
Non-current assets		
Exploration and evaluation assets	\$ 5,017,844	\$ -
Investment in associate	189,883	-
Investment in equity securities	298,917	564,541
License	-	462,237
Website	-	13,738
	<u>\$ 5,506,644</u>	<u>\$ 1,040,516</u>

July 31, 2016	Exploration and Evaluation	Power Supply Products
Non-current assets		
Exploration and evaluation assets	\$ 4,910,163	\$ -
Investment in associate	189,893	-
Investment in equity securities	611,421	564,541
License	-	458,878
Website	-	8,170
	<u>\$ 5,711,477</u>	<u>\$ 1,031,589</u>

16 LOSS PER SHARE

Three month period ended January 31,	2017	2016
Loss attributed to ordinary shareholders	\$ (462,171)	\$ (401,820)
Weighted average number of common shares	18,562,459	15,546,326
Basic and diluted loss per share	\$ <u>(0.02)</u>	\$ <u>(0.03)</u>

Basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options, in the weighted average number of common shares outstanding during the period, if dilutive.

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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17 COMMITMENTS

Shareholders Rights Plan

On October 30, 2014 the Board of Directors adopted a Shareholder Rights Plan (the "Plan") to ensure, that all shareholders of the Company are treated fairly in connection with any take-over bid for the Company. In order to implement the adoption of the Shareholder Rights Plan, the Board of Directors has authorized and declared a distribution of one Right effective the close of business on October 30, 2014 in respect of each Common Share outstanding at the Record Time and has further authorized the issuance of one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time as defined in the Plan.

Each Right entitles the holder thereof, to purchase securities of the Company pursuant to the terms and subject to the conditions set forth pursuant to the Plan. The Company appointed the rights agent, Computer Share Trust Company of Canada to act on behalf of the Company and the holders of Rights, and the Rights Agent is willing to so act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates (as hereinafter defined), the exercise of Rights and other matters referred to in the Plan.

Effective Date and Confirmation

This Plan is effective and in full force and effect in accordance with its terms. The plan was confirmed at the annual general meeting of holders of Voting Shares held on October 30, 2014.

Reconfirmation

This Plan must be reconfirmed by a resolution passed by a majority of the voting shareholders at the annual meeting of the Company to be held in 2017 and at every third annual meeting of the Company thereafter. If this Plan is not reconfirmed or is not presented for reconfirmation at any such annual meeting, this Plan and all outstanding Rights shall terminate and be void.

18 CONTINGENCIES

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

19 EVENTS AFTER REPORTING PERIOD

On February 24, 2017 the Company expanded its land package in its Vines Lake property by 2,112 hectares to 3,281 hectares.