LOMIKO METALS INC.

(An exploration stage company)

CONSOLIDATED FINANCIAL STATEMENTS

July 31, 2016

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Lomiko Metals Inc.

We have audited the accompanying consolidated financial statements of Lomiko Metals Inc., which comprise the consolidated statements of financial position as at July 31, 2016 and July 31, 2015, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years ended July 31, 2016 and 2015, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements which indicates that the Company is still in exploration stage and, as such, no revenue has been yet generated from its operating activities. Accordingly, the Company depends on its ability to raise financing in order to discharge its commitments and liabilities in the normal course of business. These conditions, along with other matters as set forth in note 1, indicate the existence of an uncertainty that may cast doubt about the Company's ability to continue as a going concern.

Galloway Botteselle & Company

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
November 28, 2016

LOMIKO METALS INC.

(An exploration stage company)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	July 31, 2016	July 31, 2015
ASSETS		
Current		
Cash and cash equivalents (Note 4)	$ 326,031	$ 1,360,931
Other receivables	9,824	58,849
Prepaid expenses	37,990	202,968
	373,845	1,622,748
Non-current		
Investment in associate (Note 5)	189,893	191,678
Investment in equity securities (Note 6)	1,175,962	2,770,091
License (Note 7)	458,878	259,893
Website	8,170	8,170
Exploration and evaluation assets (Note 8)	4,910,163	3,719,555
	6,743,066	6,949,387
	$ 7,116,911	$ 8,572,135
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 162,479	$ 189,955
Income taxes payable	26,029	-
Demand loan (Note 9)	144,998	-
	333,506	189,955
Other		
Flow through premium liabilities (Note 10)	50,000	-
Deferred tax liability (Note 12)	76,729	118,560
	460,235	308,515
EQUITY		
Share capital (Note 11)	23,965,723	23,040,559
Share subscriptions received	64,920	-
Warrants (Note 11)	442,091	1,242,413
Share based payment reserve (Note 11)	378,713	410,430
Accumulated other comprehensive income	318,384	2,301,531
Deficit	(18,513,083)	(18,731,313)
	6,656,676	8,263,620
	$ 7,116,911	$ 8,572,135

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"	"Jacqueline Michael"
Paul Gill - President and Chief Executive Officer	Jacqueline Michael - Chief Financial Officer

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

LOMIKO METALS INC.
(An exploration stage company)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ending July 31,

		2016		2015
Expenses				
Advertising and promotion	$	291,084	$	542,226
Consulting fees		41,500		100,446
Management fees (Note 15)		180,000		175,000
Office and miscellaneous		17,803		31,988
Professional fees		138,614		241,374
Regulatory and filing fees		100,081		91,669
Research and development		45,298		
Shareholder communications		31,725		130.863
Share-based compensation		-		152,765
Travel		23,585		46,369
Loss from operations		(869,690)		(1,512,700)
Other income/(loss) from continuing operations				
Interest income		1,500		23,834
Part XII.6 interest		(8,841)		(2,766)
Flow-through share premium (Note 10)		-		399,465
Loss from abandonment of advance		(61,430)		-
Financing costs		(1,065)		-
Share of associate loss		(1,785)		(32,397)
Gain on sale of marketable securities		333,682		-
		262,061		388,136
Loss from continuing operations, before income tax		(607,629)		(1,124,564)
Income tax expense		(26,029)		-
Net loss from continuing operations		(633,658)		(1,124,564)
Other				
Unrealized gain/(loss) on re-measurement of equity investments		(2,024,978)		2,420,091
Deferred tax recovery/(expense) (Note 12)		41,831		(118,560)
		(1,983,147)		2,301,531
Comprehensive (loss)/ income for the year	$	(2,616,805)	$	1,176,967
Basic and Diluted Loss Per Share	$	(0.00)	$	(0.01)
Basic and Diluted Weighted Average Common Shares		172,829,329		143,486,539

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

LOMIKO METALS INC.

(An exploration stage company)

CONSOLIDATED 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	Amount						
Balance, July 31, 2014	**136,553,167**	**$ 22,377,941**	-	**$ 842,909**	**$ 408,654**	-	**$ (17,780,477)**	**$ 5,849,027**
Issuance of shares for resource property	4,250,000	297,500	-	-	-	-	-	297,500
Issuance of shares for cash	14,660,100	830,995	-	-	-	-	-	830,995
Share issue costs	-	(43,634)	-	-	-	-	-	(43,634)
Warrants issued	-	(422,243)	-	422,243	-	-	-	-
Share based compensation	-	-	-	-	152,765	-	-	152,765
Options expired	-	-	-	-	(143,885)	-	143,885	-
Options cancelled	-	-	-	-	(7,104)	-	7,104	-
Warrants expired	-	-	-	(22,739)	-	-	22,739	-
Unrealized gain on re-measurement of equity securities	-	-	-	-	-	2,301,531	-	2,301,531
Net loss for the year	-	-	-	-	-	-	(1,124,564)	(1,124,564)
Balance, July 31, 2015	**155,463,267**	**$ 23,040,559**		**$ 1,242,413**	**$ 410,430**	**$ 2,301,531**	**$ (18,731,313)**	**$ 8,263,620**
Issuance of shares for equity investment	16,129,743	564,541	-	-	-	-	-	564,541
Issuance of shares for resource property	2,500,000	125,000	-	-	-	-	-	125,000
Issuance of flow through shares for cash	5,000,000	200,000	-	-	-	-	-	200,000
Issuance of shares for cash	2,500,000	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	-	-	-	(820,171)	-	-	820,171	-
Options expired	-	-	-	-	(31,717)	-	31,717	-
Unrealized (loss) on re-measurement of equity securities	-	-	-	-	-	(1,983,147)	-	(1,983,147)
Net loss for the year	-	-	-	-	-	-	(633,658)	(633,658)
Balance, July 31, 2016	**181,593,010**	**$ 23,965,723**	**$ 64,920**	**$ 442,019**	**$ 378,713**	**$ 318,384**	**$ (18,513,083)**	**$ 6,656,676**

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

LOMIKO METALS INC.
(An exploration stage company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended July 31,

		2016		2015
Cash flows (used in) operating activities				
Comprehensive (loss)/income	$	(633,658)	$	(1,124,564)
Items not involving cash and cash equivalents:				
Equity investment share of loss		1,785		32,397
Share-based compensation		-		152,765
Flow-through premium		-		(399,465)
Gain on sale of equity securities		(333,682)		-
		(965,555)		(1,338,867)
Changes in non-cash working capital items:				
Other receivables		49,025		(968)
Prepaid expenses		164,978		(79,831)
Accounts payable and accrued liabilities		(27,476)		141,500
Income tax payable		26,029		-
		(752,999)		(1,278,166)
Cash flows from financing activities				
Issuance of flow through shares for cash		250,000		-
Issuance of shares for cash		100,000		830,995
Share issue cost		(44,600)		(43,634)
Demand loan		144,998		-
Share subscriptions received		64,920		-
		515,318		787,361
Cash flows (used in) investing activities				
Proceeds from sale of marketable securities		467,374		-
Exploration and evaluation advances		-		100,000
License		(198,985)		(259,893)
Website		-		(8,170)
Investment in mineral properties		(1,065,608)		(1,989,609)
Investment in associate		-		(224,075)
Investment in equity securities		-		(300,000)
		(797,219)		(2,681,747)
(Decrease) in cash		(1,034,900)		(3,172,552)
Cash and cash equivalents, beginning of year		1,360,931		4,533,483
Cash and cash equivalents, end of year	$	326,031	$	1,360,931

Supplemental information:

Resource property acquired by issuance of shares	$	125,000	$	297,500
Equity investment acquired by issuance of shares	$	564,541	$	-
Flow through premium liability	$	50,000	$	-

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

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.

Going Concern

These consolidated 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 $18,513,083 and has reported a net loss from operations of $633,658 before other comprehensive loss items totaling $1,983,147, for a net comprehensive loss of $2,616,805 for the year ended July 31, 2016. 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 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 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

These consolidated financial statements of the Company, for the year ended July 31, 2016, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 28, 2016.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Measurement

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

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below. These accounting policies have been used throughout all periods presented in the consolidated financial statements.

a) Basis of Consolidation

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

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

b) Investment in Associates

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

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

The requirements of IAS 39 *Financial Instruments: Recognition and Measurement (IAS 39)* are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 *Impairment of Assets (IAS 36)* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

c) Presentation currency and foreign currency translation

The consolidated financial statements are presented in Canadian dollars which is the functional currency of each company in the Company.

Foreign currency transactions are translated into functionary currency of each entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from re-measurement of foreign currency denominated monetary items at reporting period and exchange rates are recognized in profit or loss.

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

d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less and which are subject to an insignificant risk of changes in values insignificant risk of change in values.

e) Licenses

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

f) Website

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

g) Exploration and Evaluation Expenditures

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are charged to profit or loss. Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

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

h) Interest Income

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

i) Decommissioning, restoration and similar liabilities (“asset retirement obligation” or “ARO”)

The Company recognizes provisions for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral interests and decommissioning of equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a provision for an ARO is recognized at its present value in the period in which it arises. Upon initial recognition of the liability, the corresponding ARO is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset. Following the initial recognition of the ARO, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation.

As at July 31, 2016 and 2015, the Company did not have any asset retirement obligations.

j) Financial Instruments

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Assets

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

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

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

Loans and receivables

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

Financial assets at fair value through profit or loss

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

Held-to-maturity investments

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Available-for-sale financial assets

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

Financial Liabilities

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

k) Impairment of Assets

Financial Assets

A financial asset that is not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The amount of the impairment loss is recognized in profit or loss. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the profit or loss, except for equity instruments classified as available-for-sale where the reversal is recorded in other comprehensive income.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Non-financial assets

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

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

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

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

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

l) Taxes

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Current taxes

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

Deferred taxes

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

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

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

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

Sales tax

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- When receivables and payables are stated with an amount of sales tax included.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

m) Share Capital

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

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

n) Earnings/Loss per Share

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

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

o) Share-based Payments

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

p) Flow-through Shares

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

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

The proceeds received and the corresponding obligation to incur qualified expenditures at the end of the Company's reporting year is disclosed in Note 19.

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

q) Significant Accounting Judgments and Estimates

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Going concern: The assessment of the Company's ability to continue as a going concern requires significant judgment. The Company considers the factors outlined in Note 1 when making its going concern assessment.

Exploration and evaluation assets: The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that such acquisition costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable resources exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period when the new information becomes available. The carrying value of these assets is detailed at Note 8.

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

Estimates and assumptions

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

Amendments to IAS 1 Presentation of Financial Statements: The amendments are designed to encourage companies to apply professional judgment to determine what information to disclose in the financial statements. In addition, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. The amendment is effective for annual periods beginning on or after January 1, 2016.

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.

	July 31, 2016	July 31, 2015
Cash and bank balances	$ 323,031	$ 157,931
Cash equivalents	3,000	1,203,000
	$ 326,031	$ 1,360,931

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 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.

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

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 Matnic 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:

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:

	Available for sale	Held in escrow	Total
July 31, 2015	1,519,697	2,877,273	4,396,970
July 31, 2016	479,545	2,237,880	2,717,425

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

	Percentage of voting shares owned	Cost	Fair Value
July 31, 2015			
Graphene 3D Labs Inc.	10.13%	$ 350,000	$ 2,814,061
July 31, 2016			
Graphene 3D Labs Inc.	5.5%	$ 216,308	$ 611,421

During the year, the Company sold 1,679,545 shares for net proceeds of $467,375 and a gain of $333,682.

The common shares are classified as Level 1 in the fair value hierarchy (see note 14 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.

6 INVESTMENT IN EQUITY SECURITIES- continued

On March 15, 2016 the Company issued 16,129,743 common shares, at $0.035 per share for a deemed value of $564,541, in exchange for 778,890 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 9) and Smart Homes owns 9.4% of the share capital of Lomiko Metals Inc.

The common shares are classified as Level 3 in the fair value hierarchy (see note 13) inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Summary of investment in securities:

	July 31, 2016	July 31, 2015
Graphene 3D Labs Inc.	$ 611,421	$ 2,770,091
SHD Smart Home Devices Ltd.	564,541	-
	$ 1,175,962	$ 2,770,091

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)

7 LICENSE- continued

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 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 16,129,743 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.

7 LICENSE- continued

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:

License	$ 250,000
Legal fees	9,893
July 31, 2015	$ 259,893
Project Management fees	126,000
Parts, supplies and tooling	112,866
Trademark	5,417
Write off of costs relating to Allanson	(45,928)
July 31, 2016	$ 458,878

8 EXPLORATION AND EVALUATION ASSETS

The following table shows the exploration and evaluation assets:

	Vines Lake	Quatre-Mille	Quatre-Mille West	La Loutre Crystaline	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	623,400	-	1,035,102
Balance, July 31, 2015	$ 597,525	$ 719,861	$ 224,961	$ 1,391,668	$ 785,540	-	$ 3,719,556
Exploration costs	600	1,216	3,579	1,016,649	33,563		1,055,607
Acquisition of property	-	-	-	-	-	135,000	135,000
Balance, July 31, 2016	$ 598,125	$ 721,077	$ 228,540	$ 2,408,317	$ 819,103	$ 135,000	$ 4,910,163

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.

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 1,800,000 shares at $0.10 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 Optionor $12,500 in cash (paid)
- Issue 1,250,000 shares at a deemed price of $0.07 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 3,000,000 common shares at a deemed price of $.07 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 1,500,000 common shares (issued)
- Fund $2,750,000 of exploration expenditures under the following terms:
    - $950,000 no later than December 31, 2015, on the La Loutre property ($918,482 paid)
    - $700,000 no later than December 31, 2015, on other mining rights of Canada Strategic Metals Inc. (paid in full)
    - $150,000 no later than December 31, 2015, on the Lac Des Iles property ($139,465 paid)
    - $550,000 no later than December 31, 2016, on the La Loutre property
    - $300,000 no later than December 31, 2016, on other mining

8 EXPLORATION AND EVALUATION ASSETS - continued

- rights of Canada Strategic Metals Inc.
- $100,000 no later than December 31, 2016, on the Lac Des Iles property

- 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 IIes 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
- Issuance of 7,500,000 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 2,500,000 common shares immediately following the receipt of the required approvals from the Exchange (issued) and issuing and additional 2,500,000 common shares on or before December 31, 2016; and
- incurring or funding Exploration Expenditures aggregating not less than $750,000 on the Property, of which an amount of $350,000 must be incurred or funded.

8 EXPLORATION AND EVALUATION ASSETS - continued

GRANT OF SECOND OPTION

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

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

MILESTONE PAYMENTS

Subject to the Company's right to withdraw from and terminate the First Option, the

Company agrees to pay the following milestones payments to Critical Elements, payable at any time following the exercise of the First Option upon the occurrence of the following:

- on the estimation of a drilled defined resource (NI 43-101 compliant) of 5,000,000 tonnes at a cut-off grade of 0.6% Li2O (all categories) a payment of Cad $500,000, payable in cash or in common shares of the
  Company at the sole discretion of the Company;
- on the estimation of a drilled defined resource (NI 43-101 compliant) of 10,000,000 tonnes at a cut-off grade of 0.6% Li2O (all categories) a payment of Cad $750,000, payable in cash or in common shares of the Company at the sole discretion of the Company;
- on the estimation of a drilled defined resource (Ni 43-101 compliant) of 15,000,000 tonnes at a cut-of grade of 0.6% Li2O (all categories) a payment of Cad $1,000,000, payable in cash or in common shares of the Company at the sole discretion of the Company; and
- on the estimation of a drilled defined resource (NI 43-101 compliant) of 20,000,000 tonnes at a cut-off grade of 0.6% Li2O (all categories) a payment of Cad $1,500,000, payable in cash or in common shares of the Company at the sole discretion of the Company.

ROYALTY

Following the exercise of the First Option by the Company, and in addition to the amounts paid, common shares issued and Exploration Expenditures incurred or funded by the Company under the First Option and thereafter under the Second Option, as applicable, Critical Elements shall receive a royalty equal to 2% net smelter returns resulting from the extraction and production of any Minerals on the Property. The Royalty including the right of the Company to purchase a portion thereof (1%).

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 June 21, 2016	Issued on March 13, 2014	Total
Liability incurred on flow-through shares issued	$ -	$ 399,465	$ 399,465
Balance at July 31, 2014		399,465	399,465
Settlement of flow-through share liability on incurring expenditures	-	(399,465)	(399,465)
Balance, July 31, 2015	-	-	-
Liability incurred on flow-through shares issued	50,000	-	50,000
Balance July 31, 2016	$ 50,000	-	$ 50,000

During the year the company was required to pay Part XII.6 interest and penalties in the amount of $8,841 (2015 $2,766) for making insufficient flow through expenditure payments.

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

Year ended July 31, 2016

On February 16, 2016 the Company issued 16,129,743 common shares at $.035 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 2,500,000 shares at $.05 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

11 SHARE CAPITAL AND RESERVES - continued

On June 21, 2016 the Company completed a brokered private placement, by issuing of 5,000,000 flow through units of the Company at $0.05 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 $0.075 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 400,000 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. There is a hold period expiring October 23, 2016.

On July 19, 2016 the Company completed a non-brokered private placement, by issuing of 2,500,000 units of the Company at $0.04 per unit for gross proceeds of $100,000. Each unit comprises of one common share and one common share purchase warrants. 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. There is a hold period expiring November 20, 2016.

Year ended July 31, 2015

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

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

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

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

11 SHARE CAPITAL AND RESERVES - continued

b) Share purchase warrants

A summary of the Company's outstanding share purchase warrants as at July 31, 2016 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2014	**30,498,202**	**$ 0.16**
Issued for financing	9,799,000	0.11
Issued for financing	5,091,566	0.08
Expired	(1,667,000)	0.10
Balance, July 31, 2015	**43,721,768**	**$ 0.15**
Issued for financing	7,900,000	0.07
Expired	(28,831,202)	0.15
Balance, July 31, 2016	**22,790,566**	**$0.10**

The following table summarizes information relating to share purchase warrants outstanding and exercisable at July 31, 2016.

Number of Warrants	Exercise Price	Expiry Date
9,799,000	$0.125	September 24, 2016
4,861,100	$0.08	April 13, 2017
230,466	$0.08	April 13, 2017
5,000,000	$0.075	June 21, 2019
400,000	$0.075	June 21, 2019
2,500,000	$0.05	January 19, 2018
22,790,566		

The weighted average remaining contractual life of the warrants as at July 31, 2016 was .86 years (2015 – .54 years).

11 SHARE CAPITAL AND RESERVES - continued

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

	July 31, 2016	July 31, 2015
Risk free interest rate	0.56%	1.18%
Expected life of options	2.68 years	.68 years
Annualized stock price volatility	132.4%	144.43%
Expected dividend yield	0%	0%
Expected forfeiture rate	90%	0%

(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, 2014	**5,525,000**	**$0.11**
Issued for services	2,000,000	0.10
Cancelled	(100,000)	0.10
Expired	(1,750,000)	0.10
Balance, July 31, 2015	**5,675,000**	**$0.10**
Expired	(425,000)	0.10
Balance, July 31, 2016	**5,250,000**	**$0.10**

11 SHARE CAPITAL AND RESERVES - continued

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

	July 31, 2016	July 31, 2015
Risk free interest rate	-	1.55%
Expected life of options	-	5 years
Annualized stock price volatility	-	331.7%
Expected dividend yield	-	0%
Forfeiture rate	-	0%

The following table summarizes the stock options outstanding and exercisable as at July 31, 2016:

Number of options outstanding	Exercise price	Expiry date
350,000	$0.10	August 8, 2016
675,000	$0.10	February 1, 2018
400,000	$0.10	April 30, 2018
1,825,000	$0.10	January 31, 2019
2,000,000	$0.10	September 5, 2019
5,250,000		

During the year ended July 31, 2016 the Company issued $nil (2015 – 2,000,000) stock options to directors and consultants with a total fair value of $nil (2015 –$152,766 or $0.08 per option).

The weighted average remaining contractual life of options outstanding at July 31, 2016 was 2.38 years (2015 – 3.17 years).

12 INCOME TAXES

Deferred tax assets and liabilities are recognized for temporary differences between the carrying amount of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized. Deferred tax assets have not been recognized for the temporary differences noted below as the Company does not presently have sufficient evidence to establish that it is probable that the respective entities to which they relate will generate future taxable income against which to utilize the temporary differences.

	July 31, 2016	July 31, 2015
Deferred income tax	$ 76,729	$ 629,224
Benefit from previously unrecognized tax losses	-	(510,664)
Deferred income tax liabilities	$ 76,729	$ 118,560

Reconciliation of income tax computed at statutory rates to the reported income tax provision is as follows:

	July 31, 2016	July 31, 2015
Loss before income taxes	$ (607,629)	$ (1,124,564)
Canadian statutory rate	26%	26%
Income tax benefit computed at Canadian statutory rate	(157,984)	292,387
Permanent differences	(41,403)	36,226
Share issue cost	(47,189)	(47,875)
Tax benefits not recognized	272,605	405,321
Other	-	(101,284)
Income taxes payable	$ 26,029	$ -

As at July 31, 2016, the Company has non-capital losses carried forward of approximately $6,944,351 expiring in various years to 2036, that may be available to offset future taxable income.

12 INCOME TAXES - continued

Tax losses, expire as follows:

2027	$ 110,806
2028	130,858
2029	462,824
2030	679,076
2031	719,746
2032	653,482
2033	602,303
2034	945,550
2035	1,590,118
2036	1,049,588
	$ 6,944,351

13 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Market Risk
- Credit Risk
- Liquidity Risk

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

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

General Objectives, Policies and Processes:
The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive 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.

13 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

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

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

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

Equity Price Risk:
Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The investment in 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 July 31, 2016 relating to cash of $ 326,031 and other receivables of $9,824. 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.

13 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

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

	Less than 3months	3 – 12 months	Total
July 31, 2015			
Trade payables and other payables	$ 189,955	$ -	$ 189,955
July 31, 2016			
Trade payables and other liabilities	$ 333,506	$	$ 333,506

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	Level 2	Level 3	Total
July 31, 2015				
Investment in equity	$ 2,770,091	$ -	$	$ 2,770,091
Cash and Cash equivalents	$ 1,360,931	$ -	$ -	$ 1,360,931
July 31, 2016				
Investment in equity	$ 611,421	$ -	$ 564,541	$ 1,175,962
Cash and Cash equivalents	$ 326,031	$ -	$ -	$ 326,031

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)

14 CAPITAL RISK MANAGEMENT

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

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

14 CAPITAL RISK MANAGEMENT - continued

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.

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.

15 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:

		July 31, 2016		July 31, 2015
Fees paid to companies related to directors or directors	$	188,000	$	219,000
Share-based compensation		-		76,383
	$	188,000	$	295,383

During the year, directors were awarded nil options (2015 - 1,400,000) stock options exercisable at (2015- $0.10) per share for a period of (2015 - 5 years). The value of the share based compensation attributed to directors was $0 (2015 – $106,936).

Included in accounts payable is $1,105 (2015 - $4,715) owing to directors.

During the year ended July 31, 2015, a director and a company controlled by a director paid for consulting fees in the amount of $10,324. These transactions were entered into to settle debt obligations with unrelated parties. These amounts were later reimbursed to the director.

16 SEGMENTED REPORTING

During the years ended July 31, 2016 and 2015, 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 years ended July 31, 2016 and 2015 are as follows:

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
	$ 5,711,477	$ 1,031,589

July 31, 2015	Exploration and Evaluation	Power Supply Products
Non-current assets		
Exploration and evaluation assets	$ 3,719,555	$ -
Investment in associate	191,678	-
Investment in equity securities	2,770,091	-
License	-	259,893
Website	-	8,170
	$ 6,681,324	$ 268,063

17 EARNINGS PER SHARE

		July 31 2016		July 31, 2015
Loss attributed to ordinary shareholders	$	(633,658)	$	(1,124,564)
Weighted average number of common shares		172,829,349		143,486,539
Basic and diluted loss per share	$	(0.00)	$	(0.01)

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

17 EARNINGS PER SHARE - continued

potential dilution of common share equivalents, such as stock options, in the weighted average number of common shares outstanding during the period, if dilutive.

18 COMMITMENTS

Shareholders Rights Plan

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

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

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

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

Flow through expenditures

The Company would be able to continue to incur exploration expenses beyond the deadlines. However it could be subject to a penalty of 4-5% per annum on the balance required to be spent on its exploration work. The Company intends to fulfill its flow-through commitments within the given time constraints. During the year the company paid $8,841 (2015-$2,766) in Part XII.6 interest.

18 COMMITMENTS - continued

Right to acquire shares

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

19 CONTINGENCIES

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

20 EVENTS AFTER REPORTING PERIOD

On September 7, 2016 the Company completed a non-brokered private placement, by issuing 263,400 flow through units of the Company at $0.05 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 $0.075 per share for a period of 36 months after closing. In addition, the Company issued 4,817,500 units of the Company at $0.04 per unit. 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 $0.05 per share for a period of 18 months after closing. Legal fees of $4,763 were incurred. There is a hold period expiring January 8, 2017.

21 COMPARATIVES

Certain comparative information has been reclassified to conform to the presentation adopted in the current reporting period.