LOMIKO METALS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2014

LOMIKO METALS INC.
(An exploration stage company)
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JANUARY 31, 2014
(unaudited)

Responsibility for financial statements

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

Auditor involvement

The Company's auditors have not performed a review of the condensed interim consolidated financial statements for the six month period ended January 31, 2014.

LOMIKO METALS INC.

(An exploration stage company)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited)

		January 31, 2014 (unaudited)		July 31, 2013 (audited)
ASSETS				
Current				
Cash and cash equivalents (Note 5)	**$**	**288,065**	$	394,022
Other receivables (Note 6)		**149,047**		18,853
Advance (Note 7)		**185,000**		-
Prepaid expenses		**13,404**		37,232
		685,516		450,107
Non-current assets				
Investment (Note XX)		**50,000**		-
Interests in Mineral Properties (Note 11)		**1,033,385**		1,086,002
	$	**1,718,901**	$	1,536,109
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	**14,936**	$	293,515
Deposit for share issue		**247,000**		-
		261,936		293,515
SHAREHOLDERS' EQUITY				
Share capital (Note 9)		**18,108,111**		17,825,194
Warrants (Note 9)		**316,690**		173,690
Share based payment reserve (Note 9)		**491,012**		360,970
Deficit		**(17,458,848)**		(17,117,260)
		1,451,965		1,242,594
	$	**1,718,901**	$	1,536,109

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

Subsequent Events (Note 11)

Approved on behalf of the Board:

"Paul Gill"	"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)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

(unaudited)

	Three Months Ended January 31		Six Months Ended January 31	
	2014	2013	**2014**	2013
Expenses				
Accounting and audit	**$ 12,279**	$ 4,829	$ **14,479**	**$** 6,829
Advertising and promotion	**15,977**	59,391	**40,782**	124,450
Legal and consulting fees	**9,205**	3,600	**22,514**	16,047
Management fees (Note 10)	**30,000**	30,000	**60,000**	60,000
Office and miscellaneous	**3,953**	5,460	**7,157**	9,701
Regulatory and filing fees	**18,840**	6,382	**29,365**	14,556
Research	**3,963**	-	**7,999**	-
Shareholder communications	**8**	7,917	**10,751**	13,705
Share-based compensation	**139,884**	-	**139,884**	-
Telephone	**1,142**	861	**2,929**	1,444
Travel	**3,842**	5,226	**5,741**	12,202
Total expenses	**239,093**	123,666	**341,601**	258,934
Other				
Interest income	**6**	8	**13**	14
Net operating loss and comprehensive loss for the period	**$ (239,087)**	$ (123,658)	$ **(341,588)**	$ (258,920)
Basic And Diluted Loss Per Share	$ **(0.00)**	$ (0.00)	**$ (0.00)**	**$** (0.00)
Basic And Diluted Weighted Average Common Shares	**82,890,254**	66,939,145	**80,739,425**	66,786,140

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

LOMIKO METALS INC.

(An exploration stage company)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)

For the six month period January 31, 2014 and 2013

(unaudited)

	Common Shares Without Par Value		Warrants Reserve	Share-based Payment Reserve	Accumulated Deficit	Total Equity (Deficiency)
	Shares	Amount				
Balance, July 31, 2012	66,439,145	$ 17,352,740	$ 515,536	$ 322,002	$ (17,053,346)	$ 1,136,932
Shares issued for resource property	500,000	17,500	--	-	-	17,500
Stock options cancelled	-	-	-	(17,286)	17,286	-
Comprehensive loss for the period	-	-	-	-	(258,920)	(258,920)
Balance, January31, 2013	66,939,145	$ 17,370,240	$ 515,536	$ 304,716	$ (17,294,980)	$ 895,512

	Common Shares Without Par Value		Warrants Reserve	Share-based Payment Reserve	Accumulated Deficit	Total Equity (Deficiency)
	Shares	Amount				
Balance, July 31, 2013	77,577,001	$ 17,825,194	$ 173,690	$ 360,970	$ (17,117.260)	$ 1,242,594
Shares issued in settlement of debt, net of issue costs	4,431,750	264,055	-	-	-	264,055
Warrants issued	-	(109,665)	109,665	-	-	
Private placement, net of issue costs	1,667,000	97,020	-	-	-	97,020
Warrants issued	-	(45,478)	45,478	-	-	-
Warrants exercised	400,000	40,000	-	-	-	40,000
Valuation allocation on exercise of warrants	-	12,143	(12,143)	-	-	-
Options exercised	150,000	15,000	-	-	-	10,000
Valuation allocation on exercise of options	-	9,842	-	(9,842)	-	
Options issued	-	-	-	139,884	-	139,884
Comprehensive loss for the period		-	-	-	(341,588)	(341,588)
Balance, January 31, 2014	**84,225,751**	**$ 18,108,111**	**$ 316,690**	**$ 491,012**	**$ (17,458,848)**	**$ 1,451,965**

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

LOMIKO METALS INC.

(An exploration stage company)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOW
(unaudited)

	THREE MONTHS ENDED January 31		SIX MONTHS ENDED January 31	
	2014	2013	**2014**	2013
Cash flows from (used in) operating activities				
Net loss for the period	**$ (239,087)**	$(123,658)	**$ (341,588)**	$ (258,920)
Items not involving cash:				
Share-based compensation	**139,884**	-	**139,884**	-
	(99,203)	(123,658)	**(201,704)**	(258,920)
Changes in non-cash working capital items:				
Other receivables	**(137,031)**	18,538	**(130,194)**	5,304
Advances	**-**	-	**(185,000)**	-
Prepaid expenses	**8,682**	35,705	**23,828**	82,610
Accounts payable	**(7,103)**	(56,785)	**(278,579)**	151,151
Deposit for share issue	**210,400**	-	**247,000**	-
	(24,255)	(126,200)	**(524,649)**	(19,855)
Cash flows from (used in) financing activities				
Common shares and warrants	**155,020**	-	**420,925**	17,500
Share issue costs	**(3,000)**	-	**(4,850)**	-
	152,026	-	**416,075**	17,500
Cash flows from (used in) investing activities				
Investment in mineral properties	**52,617**	(6,360)	**52,617**	(332,641)
Investment	**(50,000)**	-	**(50,000)**	-
	2,617	(6,360)	**2,617**	(332,641)
Increase (decrease) in cash	**130,382**	(132,650)	**(105,957)**	(334,996)
Cash, beginning of period	**157,683**	211,360	**394,022**	413,796
Cash, end of period	$ **288,065**	$ 78,800	**288,065**	$ 78,800
Cash and cash equivalents consists of:				
Cash	**285,049**	75,781	**285,049**	75,781
Guaranteed investment certificates	**3,016**	3,019	**3,016**	3,019
	288,065	$ 78,800	**288,065**	$ 78,800
Supplemental information:				

Resource property acquired by issuance of shares	-	$ 17,500	-	$ 17,500

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

1 Nature of business and going concern

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

The Company has not generated revenue from operations. The Company had an operating loss of $341,601 for the six months ended January 31, 2014, a history of prior year losses and, as of that date the Company's accumulated deficit was $17,458,848. The Company is considered to be in the exploration stage as it has not placed any of its mineral properties into production. These consolidated financial statements have been prepared on a going concern basis, which assumes the realization of asset and liquidation of liabilities in the normal course of business. While these consolidated financial statements have been prepared on the assumption that the Company is a going concern and will be able to realize its assets and meet its obligations in the normal course of operations, there are conditions and events that cast significant doubt on the validity of that assumption. The Company's ability to continue as a going concern is dependent on the ability of the Company to raise debt or equity financings and the attainment of profitable operations. Management has taken steps to reduce cash expenditures to a level that will enable operations to continue and meeting its minimum mineral property commitments for a minimum of twelve months from the March 13, 2014, closing date of the private and public placement noted in Note 17. There can be no assurance that management's plans will be successful. 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.

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

2 Basis of preparation

Statement of compliance
These condensed interim consolidated financial statements of the Company for the six months ending January 31, 2014 have been prepared in accordance with International Financial Reporting Standard 34 interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended July 31, 2013

The condensed interim consolidated financial statements of the Company as at January 31, 2014 were approved and authorized for issue by the Board of Directors on March 24, 2014.

Basis of measurement
These condensed interim consolidated financial statements have been prepared on a historical cost basis.

2 Basis of preparation - continued

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statement are disclosed in Note 4.

3 Summary of accounting policies

The condensed interim consolidated financial statements have been prepared using accounting policies specified by those IFRSs that are in effect at the end of the annual reporting period, July 31, 2013. The standards that will be effective in the financial statements for the year ending July 31, 2014 are subject to change and may be affected by additional interpretations.

These interim condensed consolidated financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual consolidated financial statements of the Company as at and for the year ended July 31, 2013.

Newly Adopted Standards

International Financial Reporting Standard 11 - Joint Arrangements ("IFRS 11")
IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers. The Company adopted the standard, effective August 1, 2013, and determined adoption required no changes to the existing Company practices.

International Financial Reporting Standard 12 - Disclosure of Interests in Other Entities ("IFRS 12")
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. The Company adopted the standard, effective August 1, 2013, and determined adoption required no changes to the existing Company practices.

International Financial Reporting Standard 13 - Fair Value Measurement ("IFRS 13")
IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The Company adopted the standard, effective August 1, 2013, and determined adoption required no changes to the existing Company practices.

3 Summary of accounting policies - continued

Standards, Amendments and Interpretations Not Yet Effective

IFRS 9 Financial Instruments(“IFRS 9”)
On November 12, 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace International Accounting Standard (“IAS”) 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures including additional disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and de-recognition of financial 16 instruments. Although early adoption is permitted, in December 2011, the IASB issued an amendment that adjusted the mandatory effective date of IFRS 9 from January 1, 2013 to January 1, 2015. The Company is currently determining the impact of adopting IFRS 9.

4 Critical accounting estimates and judgments

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

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

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

Exploration and evaluation expenditure
The application of the Company’s accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

If, after exploration and evaluation expenditure is capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation assets may exceed its recoverable amount the Company carries out an impairment test . The company has determined there are currently no indicators of impairment.

4 Critical accounting estimates and judgments - continued

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

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

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

5 Cash and cash equivalents

	January 31, 2014	July 31, 2013
Cash	$ 285,049	$ 391,018
Guaranteed Investment Certificate	3,016	3,004
	$ 288,065	$ 394,022

As of January 31, 2014 the company had pledged $3,000 of cash held in a Guaranteed Investment Certificate as a bond to the Ministry of Mining for the Vines Lake exploration site.

6 Other receivables

	January 31, 2014	July 31, 2013
Goods and services tax recoverable	$ 10,460	$ 10,816
BC Mining exploration tax credit receivable	8,037	8,037
Quebec Mining exploration mining tax credit receivable	130,550	-
	$ 149,047	$ 18,853

7 Advance

On August 1, 2013, the Company made a total of $185,000 in advance payments to contractors for exploration work on the Quatre-Milles property.

8 Exploration and evaluation assets

The following table shows the exploration and evaluation assets

	Vines Lake	Quatre-Miles	Quatre-Miles West	Total
Balance, July 31, 2012	**$ 536,444**	**$ 133,137**	**$ -**	**$ 669,581**
Exploration costs	50,658	285,220	11,080	346,958
Acquisition of property	-	77,500	-	77,500
Less: Mining tax credits	(8,037)	-	-	(8,037)
Balance, July 31, 2013	**$ 579,065**	**$ 495,857**	**11,080**	**$ 1,086,002**
Exploration costs	-	77,934	-	77,934
Acquisition of property	-	-	-	-
Less: Mining tax credits	-	(130,550)	-	(130,550)
Balance, January 31, 2014	**$ 579,065**	**$ 443,241**	**$ 11,080**	**$ 1,033,385**

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-Milles – Quebec
On December 28, 2011, the Company signed a property acquisition agreement with Zimtu Capital Corp. and one of their prospecting partners (the "Vendors") to acquire 100% interest in the Quatre- Milles Property in Quebec. The Vendors will retain a 2% net smelter royalty on the property, of which the Company can purchase 1% for CAD$1 million. The terms of the agreement are outlined below:

- Pay $25,000 in cash upon signing the Agreement (paid)
- Issue 1 million common shares at $0.035 per share (issued). Pay $25,000 in cash and issue 500,000 common shares at $0.035 per share (paid and issued)
- Issue 1,000,000 common shares at $0.35 to the Vendors, due March 26, 2013 (issued)
- Issue 1,500,000 common shares at $0.035 to the Vendors, due March 26, 2014.
- Retain Consul-Teck Mineral Exploration Consultants, of Val d'Or, Quebec as consultants with respect to exploration on the property due, March 26, 2013.(completed)
- Complete a minimum of $200,000 of exploration on the Property (paid)

In the event the Company does not fulfill any of above conditions, at the option of the Vendors, the

8 Exploration and evaluation assets – continued

Company will forfeit its right to acquire the Property.

Quatre-Milles West – Quebec
On May 25, 2012, the Company signed a letter agreement with three vendors to acquire a 100% interest in the 2,180 hectares Quatre-Milles West Property in Quebec. The acquisition is pending on a final approval from the TSX-V.

9 Share capital and reserves

(a) Share capital

Authorized

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

Issued and fully paid

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

	Number of Shares	Issue price	Amount
Balance at July 31, 2012	**66,439,145**		**$ 17,352,740**
Issuance of shares on resource property acquisition	500,000	$.035	17,500
Balance as at January 31, 2013	**66,939,145**		**$17,370,240**
Balance at July 31, 2013	**77,577,001**		**$ 17,825,194**
Shares issued, on settlement of debt	4,431,750	$.06	156,240
Shares issued	1,667,000	$.10	54,542
Issuance of shares on exercise of warrants	400,000	$.10	52,143
Issuance of shares on exercise of options	150,000	$,10	24,842
Less: share issue costs	-		(4,850)
Balance at January 31, 2014	**84,225,751**		**$ 18,108,110**

On October 10, 2013 the company completed a non-brokered private placement of 4,431,750 units of the Company (the "units") at $.06 per unit to settle debt of $265,905. Each unit is comprised of one common share and one-half non-transferable share purchase warrant. Each warrant is exercisable into one common share for a period of 24 months from the date of issuance at an exercise price of $0.10 per share. Share issue costs of $1,850 were paid.

9 Share capital and reserves - continued

On December 18, 2013 the company completed a non-brokered private placement of 1,667,00 units of the Company (the" units") at $.06 per unit. Each unit is comprised of one common share and one share purchase warrant for a period of one year from the date of issuance at an exercise price of $010 per share. Share issue costs of $3,000 were paid.

(b) Share purchase warrants

A summary of the Company's outstanding share purchase warrants at July 31, 2013 and October 31, 2013 is presented below:

	Number of Warrants	Weighted Average Exercise Price
Balance as at July 31, 2012 and January 31, 2013	**10,833,200**	**$ 0.17**
Balance at July 31, 2013	**6,352,142**	**$ 0.13**
Issued	446,052	$ 0.10
Exercised	(400,000)	$ 0.10
Balance at January 31, 2014	**10,378,194**	**$ 0.12**

On October 10, 2013, 2,759,052 warrants were issued. The warrants were valued using the Black-Scholes pricing model using the following assumptions: risk free interest rate – 1.10%; a volatility factor of 151.0% and an expected life of 2 years. The value allocated to the warrants was $105,992 or $.04 per share.

On December 18, 2013 1,667,000 were issued. The warrants were valued using the Black-Scholes pricing model using the following assumptions: risk free interest rate – .98%; a volatility factor of 141.6% and an expected life of 1 year. The value allocated to the warrants was $45,478 or $.03 per share.

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

Number of Warrants	Grant Date Fair Value	Exercise Price	Expiry Date
2,095,000	63,597	.10	June 12.2014
3,857,142	97,951	.14	June 27, 2014
2,759,052	109,665	.10	October 10, 2015
1,667,000	45,478	.10	December 31, 2014

The weighted average remaining contractual life of the warrants as at January 31, 2014 was.67 years.

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

Fair value of Options Issued

During the six month period ended January 31, 2014 the Company recorded stock based compensation expense totaling $139,885 in the consolidated statement of operations. The options were valued using the Black-Scholes pricing model using the following assumptions: risk free interest rate – 1.31%; a volatility factor of 196.9% and an expected life of 5 years. There is a 4 month hold period on these options.

9 Share capital and reserves - continued

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

Number of options outstanding	Exercise price	Expiry date
625,000	.10	February 13, 2014
1,300,000	.12	September 3, 2014
700,000	.10	November 30, 2014
50,000	.12	February 17, 2015
825,000	.10	February 8, 2016
350,000	.10	August 8,2016
100,000	.10	June 1, 2017
825,000	.10	February 1, 2018
400,000	.10	April 30, 2018
1,825,000	.10	January 31, 2019

The weighted average remaining contractual life of options outstanding at January 31, 2014 is 2.63 years.

10 Related party transactions

During the period, the Company paid management fees of $30,000 (2013 - $30,000) in management fees to M&M Corporate Services, a company controlled by Jacqueline Michael, a director of the Company. All services were incurred in the normal course of operations on terms equivalent to those that prevail with arm's length transactions.

During the period, the Company paid management fees of $30,000 (2013 - $30,000) in management fees to M&M Corporate Services, a company controlled by Paul Gill, a director of the Company. All services were incurred in the normal course of operations on terms equivalent to those that prevail with arm's length transactions.

In addition, on January 31, 2014, directors were awarded 1,150,000 stock options exercisable at $0.10 per share for a period of 5 years. The value of the share based compensation attributed to directors was $88,147.

11 Contractual obligations

On June 27, 2013, the Company entered into flow-through share subscription agreements whereby it is committed to incur on or before January 31, 2015, a total of $500,000 of qualifying Canadian Exploration Expenses as described in the Income Tax Act. As at January 31, 2014, the Company incurred $77,934 in qualifying expenditures. The Company is able to continue to incur exploration

11 Contractual obligations - continued

expenses beyond February 2015. However it will be subject to a penalty of 4-5% per annum on the balance required to be spent on its exploration work. The Company intends to fulfill its flow-through commitments within the given time constraints

On February 13, 2013 the company entered into consulting agreements with two directors of Graphene Laboratories Inc. The terms are for one year. Either party can terminate the contract upon 30 days notice. Each contract pays $4,000 per month. On December 18, 2013, it was agreed by all parties, to cancel the contract effective August 1, 2013.

12 Contingencies

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

13 Financial instruments

As at January 31, 2014, the Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. The carrying value of these financial instruments approximates their fair values.

Fair Value
The Company classifies its fair value measurements in accordance with an established hierarchy that priorities the inputs in valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 - Inputs other than quoted prices that are observable for the assets or liabilities either directly or indirectly, and
Level 3 - Inputs that are not based on observable market date

The following table sets for the Company's financial assets measured at fair value by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 285,065	-	$ -	$ 285,065
Accounts Receivable		$149,047		$149,047

13 Financial instruments - continued

Credit Risk
Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. Cash deposits and term deposits are maintained with a financial institution of reputable credit and are redeemable on demand. Amounts receivable consists primarily of Good and Services Taxes, BC Mining Tax Credits, and Quebec Mining Exploration Mining tax credits. Accordingly, the Company's opinion is that credit risk is minimal.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At January 31, 2014, the Company had cash and cash equivalents of $285,065 to settle accounts payable and accrued liabilities of $14,936.

Market Risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk).

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash and cash equivalents bear interest at market rates. Other current financial assets and liabilities are not exposed to interest rate risk because of their short-term nature or being non-interest bearing.

Foreign currency risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company conducted property examinations in other countries outside of Canada in prior years, and is now focused on explorations in Canada. Management believes that the foreign exchange risk derived from currency conversions for property examinations incurred in other countries outside of Canada is not significant and therefore does not hedge its foreign exchange risk.

Price risk
The Company is exposed to price risk with respect to commodity prices. Commodity price risk is the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as it relates to minerals to determine the appropriate course of action to be taken by the Company.

14 Capital Management

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

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

15 Segmental reporting

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of mineral property acquisition and exploration and evaluation activities.

16 Loss per share

Loss per share

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

		January 31, 2014		January 31, 2013
Loss attributed to ordinary shareholders	$	(341,588)		(258,920)
Weighted average number of common shares		80,739,425		66,786,140
Basic and diluted loss per share	$	(0.004)	$	(0.004)
Fully diluted number of common shares		101,603,945		82,072,345
Fully diluted income (loss) per share		(0.003)		(0.004)
Weighted average number of common shares				
Issued common shares , beginning of period		77,577,001		66,439,145
Outstanding vested stock options		7,000,000		4,300,000
Outstanding share purchase warrants		10,378,194		10,833,200
Effect of shares issued		6,648,750		500,000
		101,603,945		82,072,345

17 Subsequent events

Public Offering

On March 14, 2014, the Company announced that it had successfully completed its previously announced public offering (the "Public Offering") in connection with the short form prospectus of the Company dated March 6, 2014 (the "Prospectus").

17 Subsequent events - continued

Under the Public Offering, 26,584,180 units of the Company (the "Units") were sold at a price of $ 0.11 per Unit and 4,627,000 units of the Company (the "Flow-Through Units") were sold at a price of $0.13 per Flow-Through Unit.

Each Unit consists of one common share of the Company (each, a "Common Share") and one-half of one common share purchase warrant (each whole warrant being a "Unit Warrant"). Each Flow-Through Unit consists of one Common Share to be issued on a "flow-through" basis within the meaning of the *Income Tax Act* (Canada) (each a "Flow-Through Share") and one-half of one common share purchase warrant (each whole warrant being a "Flow-Through Unit Warrant").

Each Unit Warrant entitles the holder thereof to purchase one common share of the Company (the "Unit Warrant Shares") at a price of $0.15 per Unit Warrant Share at at any time before the date that is 18 months following the closing date of the Public Offering. Each Flow-Through Unit Warrant entitles the holder thereof to purchase one common share of the Company (the "Flow-Through Unit Warrant Shares") at a price of $0.20 per Flow-Through Unit Warrant Share at at any time before the date that is 18 months following the closing date of the Public Offering.

In consideration for services rendered in connection with the Public Offering, the Company has paid a cash commission equal to 8% of the gross proceeds received from the sale of the Units and the Flow-Through Units and the Company granted 1,872,671 compensation options, with each compensation option being exercisable to purchase one common share of the Company for a period of 18 months following the closing date of the Public Offering, at a price of $0.11 per common share. Total commission and fees related to the Units and the Flow through Units under the Prospectus were $ 381,781.

An overallotment provision granted under the Prospectus was not utilized and is now extinguished.

Non-Brokered Private Placement

On March 14, 2014, the Company also announced the closing of its previously announced concurrent non-brokered offering by issuing 15,346,231 flow-through units (the "Private Placement Units") for additional gross proceeds of $1,995,010 (the "Private Placement"). The securities underlying the Private Placement Units were issued on the same terms as the securities underlying the Flow-Through Units that were issued under the Public Offering. In connection with the Private Placement, the Company paid a finder's fee of 8% in cash and issued 920,774 compensation options, with each compensation option being exercisable to purchase one common share of the Company for a period of 18 months following the closing date of the Private Placement, at a price of $0.13 per common share. Total commission and fees related to Private Placement Units were $ 194,601.

The net proceeds from the Public Offering of $3,143,989 and the Private Placement of $1,800,409 will be used by the Company primarily in connection with the exploration program on the Quatre-Milles East and West mineral properties (Quebec), for business development and for working capital and general corporate purposes. In particular, the proceeds of the flow-through shares under the Public Offering and the Private Placement will be used by the Company to incur eligible Canadian Exploration Expenses as defined by the *Income Tax Act* (Canada).

17 Subsequent events - continued

The Units, the Flow-Through Units and the Private Placement Units have not been, nor will they be, registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and may

not be offered, sold or delivered, directly or indirectly, within the United States, or to or for the account or benefit of U.S. persons unless the Units, the Flow-Through Units and the Private Placement Units are registered under the 1933 Act or pursuant to an applicable exemption from the registration requirements of the 1933 Act.