LOMIKO METALS INC.
Form 51-102
Management Discussion and Analysis
Interim Second Quarter ended January 31, 2019

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The following management's discussion and analysis ("MD&A') of the financial position and results of the operations of Lomiko Metals Inc. (the "*Issuer*" or the *"Company*"), constitutes management's review of the factors that affect the Company's financial and operation performance for the first financial quarter, ended January 31, 2019 compared to the same period last year ended January 31, 2018.

This MD&A should be read in conjunction with the Company's financial statements for the period ended October 31, 2018 and the related notes (the "Financial Statements"). The Financial Statements have been prepared in accordance with International Financial Reporting standards ("IFRS").

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

All amounts are stated in Canadian dollars unless otherwise indicated.

Forward Looking Statements

Certain sections of this Management Discussion and Analysis may contain forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from actual future results. The risks, uncertainties and other factors that could influence actual results are described in the "Risk and Uncertainties" section of this report. The forward-looking statements contained herein are based on information available as of March 26, 2019. Readers are cautioned not to put undue reliance on forward-looking statements.

Cautionary statement regarding Forward-Looking Statements

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

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 investment in power supply products companies. The Company is considered to be in the exploration and evaluation stage. The Company was incorporated on July 3, 1987, under the British Columbia Company Act. The Company is listed on the TSX Venture Exchange (TSX-V) 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 #439, 7184 120th Street, Surrey, BC V3W 0M6 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 ($25,129,519) and has reported a net loss from operations of ($856,343) for the six month period ended January 31, 2019. 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.

Intercorporate Relationships

On May 1, 2014, the Company incorporated a wholly owned subsidiary, Lomiko Technologies Inc., pursuant to laws of British Columbia.

Board of Directors

Lomiko Metals Inc. depends on the business and technical expertise of its management. The current Board of Directors is comprised of A. Paul Gill – President and CEO, Jacqueline Michael -CFO, Julius Galik - Director and Brian Gusko - Director. The directors that compose the audit committee are Jacqueline Michael, Julius Galik and Brian Gusko.

General

Lomiko Metals Inc. is a Vancouver, Canada based mining and exploration Company focused on advancing its principal assets: Vines Lake property in the Cassiar region of British Columbia, and the La Loutre Quebec (Graphite).. In addition, the Company has a business relationship and invested with Graphene Energy Storage Devices (Graphene ESD Corp.) and Smart Home Devices (SHD), a company that is developing a series of energy-saving, connected building automation and security products.

Below is an overview of the Company's mining and exploration properties.

Exploration

Vines Lake Property

On April 10, 2006, the Company acquired a 100% interest, subject to a 2% NSR, in the Vines Lake property, consisting of three contiguous claim units totaling 1,209.84 in the Cassiar region of BC. The property is located approximately 10 kilometers southeast of the town of Cassiar, BC. The claims cover rocks of the Sylvester group which are known to contain productive zones of gold mineralization in the area. The claim group is located approximately 2 kilometers north-east of the former Erickson Gold Mine. Highway 37 intersects the property and there are excellent service facilities nearby. The area is on the Arctic slope with elevations ranging from 1,000 to 2,150 meters. There are no extraordinary environmental problems known as of this date.

The Company paid the vendor, A. Paul Gill, an insider, $10,000 in cash and issued 600,000 common shares (480,000 post 1:4 share split basis, Oct. 7, 2008. 10:1 share consolidation, December 19, 2016) 12,000 shares at a deemed value of $60,000.

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

In 2011, an exploration program conducted by the Company which comprised a soil geochemical survey, reconnaissance geological mapping and litho-geochemical sampling programs. A total of 1,366 soil samples were collected from a total of 1,447 sample sites. An anomalous zone of zinc in soil presented an interesting target and required further investigation. A total of 74 rock samples were taken either for ICP analysis or for future lithological referencing.

One lithogeochemical sample of quartz vein in slatey argillite located proximal to the Road River/Rosella Formation contact and within the anomalous Zinc in soil zone returned 1,170 ppm Zinc. In this quartz vein sample, 0.5% very fine grained metallic mineral disseminated throughout and within hairline fractures. The mineral was most likely sphalerite. The granodiorite rocks of the batholith were locally weakly to moderately magnetic which would explain the geophysical magnetic anomalies seen in the 2008 survey.

The 2012 Vines Lake exploration program comprised a two phase program of a soil geochemical survey and secondly a geological mapping, prospecting and litho-geochemical sampling program. The program was designed to infill sample the zinc in soil anomaly discovered in 2011 and to investigate the potential source of the anomalous zinc in soil values.

A total of seven hundred and fifty-two B horizon soil samples were taken and analyzed. No geochemical results were of economic interest. A total of fifty one rock samples were collected on the west side of Vines Lakes during the 2012 work program. No mineralization of economic significance was encountered during 2012 mapping and prospecting traverses. Minor sphalerite and trace of copper sulphides were found in pyritic zones near the contact between Road River Argillites and Tapioca Sandstone formation. The disseminated and semimassive pyrite is exhibiting mixed syngenetic and epigenetic character. Of interest is the fact, that graphitic argillites are present at the above contact.

The rocks containing the highest amounts of pyrite and/or pyrrhotite returned the highest contents of metals of interest during laboratory analyses. However, the overall content of zinc, copper and precious metals in western part of Vines Lake property is too low to be of economic interest at present time.

In 2011, one (1) NQ diamond drill hole totaling 294.5 m was drilled on the Vines Lake property. The purpose of this drill hole was to test a geophysical anomaly, discovered during the 2008 Helicopter Magnetic Gradiometer & VLF-EM Survey and to explore for any mineralization along the McDame Group limestones contact with the metasediments (argillaceous limestones and graptolitic shales) of the Road River Group. No significant mineralization was noted in the drill hole.

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

To date, the Company has spent a total of $525,746.94 on exploration, technical reports and claim renewals and $77,426.94 on acquisition costs (cash payment and shares issuance) on this property. The Company has recovered approximately 20% of the non-flow-through exploration costs through BC Mineral Exploration Tax Credits (METC), which equates to $8,037 in tax credits.

The Vines Lake property currently has six active tenures comprising 3,299.55 Ha.

The Company has filed an Updated Technical Report dated February 24, 2014 in accordance with NI 43-101 compiled by Kirkham Geosystems Ltd.

On February 24, 2017, the Company announced that it had re-claimed most of its mineral claims and expanded its stake in this property in some areas. Lomiko Metals Inc. previously held the rights to 3 claims acquired in 2006 totaling 1,209 Ha (2,987 Acres) and has now expanded the claims to 3,281 Ha. The Vines Lake Property is located in the Cassiar Gold Camp in the Liard Mining District of northwestern British Columbia. The Vines Lake property has year-round paved road access as the property's northern boundary crosses Hwy 37N, seven kilometers south of the unincorporated settlement of Jade City.

On February 26, 2018, the Company reduced its land package in the Cassiar, B.C.area from 3,281 Ha to 1,342 Ha and wrote-off a total of $357,611 in acquisition and exploration expenses.

Quatre-Milles (East)

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

-the Company paid $25,000 cash upon signing;
the Company issued 100,000 common shares at a deemed value $0.35 per share; the Company paid $25,000 cash and issued 50,000 common shares at deemed value of $0.35 per share ;

-the Company issued 100,000 common shares at deemed value of $0.35 per share; - the Company issued 150,000 common shares at a deemed value of $0.35; and - the Company completed a minimum of $200,000 of exploration on the property.

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 regulation.

The Company spent a total of $534,900 on exploration expenditures and $190,000 paid in cash and shares for this property.

During the year ended July 31, 2018, the Company assessed that the property was impaired because of government restrictions on further exploration, and consequently, wrote-off $724,901 on this property.

Quatre-Milles (West) (QMW)

By letter agreement dated May 7, 2012 and Mineral Property Purchase Agreement dated May 25, 2012 the Company acquired a 100% interest in 2,180 hectare Quatre-Milles West Property located in southern Quebec from Zimtu Capital Corp., Michel Robert and Jean-Sebastien Lavallee, subject to a 2% NSR. The Company acquired the property by paying $3,000 and issue an aggregate of 1,800,000 common shares. The terms of the agreement have all been met.

The QMW property is located in the Laurentians Region of Quebec, approximately 30 kilometers northeast of Mont-Laurier. The property is comprised of 37 claims over an area of 2,183.97 Ha.

Lomiko Metals has filed a NI 43-101 technical report for the Quatre Mille properties (East and West) prepared by Jean Lafleur, M.Sc., P.Geo of PJLEXPL Mineral Exploration Consultancy dated February 14, 2014.

The Company spent a total of $45,539.54 in exploration and technical reports and $183,000 was paid with cash and shares for this property.

During the year ended July 31, 2018, the Company assessed that the property was impaired because of government restrictions on further exploration, and consequently, wrote-off $228,540 on this property.

La Loutre Crystalline Flake Graphite Property - Quebec

On September 22, 2014, the Company entered into a property option agreement with Canada Strategic Metals Inc. for the right to acquire a 40% interest in the La Loutre crystalline flake graphite property located in Quebec. The Company acquired a 40% interest in the property by issuing an aggregate of 125,000 common shares (post 10:1 consolidated basis) deemed price of $0.70 per share (issued), paid $12,500 cash; and incurred $500,000 in exploration expenditures.

On February 6, 2015, the Company signed a second option agreement with Canada Strategic Metals Inc. to earn a further undivided 40% interest in the La Loutre, Quebec property (for a accumulated total of 80% interest in the property) and an undivided 80% interest in the Lac des Isles, Quebec, property by completing the following terms:

- pay $1,010,000 in cash ($10,000 paid and of which $1,000,000 will be applied toward exploration expenditures on “Other Properties” that include Sakami, Apple and New Gold properties owned by Canada Strategic Metals Inc. With regards to the “Other Properties”, $700,000 must be funded by no later than December 31, 2015 and $300,000 by no later than December 31, 2016) and the Company will retain no interest;
- issue an aggregate of 300,000 common shares at a deemed price of $0.70 per share (post 10:1 share consolidation) (issued)
- incur exploration expenditures aggregating not less than $1,500,000 on the La Loutre Property, of which an amount of $950,000 must be incurred or funded before December 31, 2015 and an amount of $550,000 before December 31, 2016 (completed); and
- incur exploration expenditures aggregating not less than $250,000 on the Lac des Iles West Crystalline Flake Graphite Properties ($143,448 completed), of which an amount of $150,000 must be spent no later than December 31, 2015 and an amount of $100,000 before December 31, 2016.

On May 13, 2016, the Company signed a third amending agreement with Canada Strategic Metals Inc. to increase its undivided interest in and to the La Loutre, Quebec property and the Lac des Iles Property from 80% to 100% by paying to Canada Strategic and additional amount of $10,000, issuing an additional 750,000 (post 10:1 consolidation) common shares and by funding exploration expenditures for an additional amount of $1,125,000. Previous to this option, Lomiko owned 40% of the La Loutre Property and Lac des Iles Property and had an option to increase ownership to 80% based on completing work and issuing shares.

The La Loutre property consists of 42 continuous mineral claims totalling approximately 2,867.29 hectares (28.67 km2) situated approximately 53 km east of Imerys Carbon and Graphite, formerly known as the Timcal Graphite Mine, North America’s only operating graphite mine, and 117 km northwest of Montreal. The property consists of

1 large contiguous block of 42 mineral claims totaling 2,508.97 hectares (25.09 km2) located approximately 53 km east of Timcal's Lac des Iles graphite mine, 117 km northwest of Montréal in southern Québec.

The La Loutre Property was originally explored for base and precious metals by Soquem in 1989. Based on the results of a helicopter-borne electromagnetic (EM) survey, prospecting and reconnaissance geological mapping, their work identified several zones of parallel conductors each measuring as much as 2 kilometers long. Ground exploration followed in 1990, and according to historical reports by Levesque and Marchand, graphite is present in different lithologies on the property. The geology is consistent with the Central Metasedimentary Belt of the Grenville Province and includes quartzofeldspathic rocks, quartzite, biotite gneiss, marble and locally pegmatitic quartzofeldspathic rocks. Graphite is locally present in quartzite and biotite gneiss and in shear zones where the graphite content usually ranges from 1-10% graphite on surface, including visible flakes, with the showings indicating an apparent strike length of approximately 5 kilometers, giving a large prospective area to explore for a graphite resource.

Graphite grab sample assay results derived from the Company's recent sampling and mapping program on the La Loutre property. The sampling program has confirmed a graphite bearing structure covering an area approximately 7 kilometers by 1 kilometer with results of up to 22.04% graphite in multiple parallel zones of 3050 meters wide. Another area has also been identified covering approximately 2 kilometers by 1 kilometer in multiple parallel zones of 20-50 meters wide which includes results up to 18% graphite.

On October 6, 2014, the Company announced that a drilling permit for the La Loutre Crystalline Flake Graphite Property was issued which allows for up to 29 drill holes. The goal of the exploration program is to identify highgrade, near-surface graphite mineralization suitable for conversion to battery-grade graphite. The graphite industry could see exponential growth based on new demand for lithium-ion batteries, which use 10 to 15 times as much graphite as lithium.

On October 29, 2014 the Company announced that drilling was underway at the property.

Between December 2, 2014 and January 14, 2015, the Company announced that Canada Strategic Metals Inc. had successfully completed 26 drill holes with results as follows:

- 1st 5 drill holes - discovery of a wide near surface rich graphite-bearing zone with an intercept of 4.72% graphite over 128.35 metres, including 8.42 % graphite ("Gp") over 26.40 metres;

- 2nd 5 drill holes - near surface wide Graphite-bearing zones with an intercept of 2.74% Gp over 98.10 metres, including 6.34% Gp over 6.50 metres and 8.88% Gp over 2.95 metres;

- 3rd 5 drill holes – near surface wide graphite-bearing zones with an intercept of 4.98% Gp over 44.80 metres including 9.02% Gp over 14.70 metres and 4.40% Gp over 53.25 metres including 7.46% Gp over 15.35 metres;

- 4th 5 drill holes - near surface wide graphite intersections with 3.06% Gp over 21.00 metres from hole LL-14-16; 6.52% Gp over 14.20 metres and 2.24% Gp over 35.00 metres from hole LL-14-17; 3.79% Gp over 20.90 metres from hole LL-14-18; 5.36% Gp over 12.40 metres including 15.65% Gp ove 2.40 metres, 6.64% Gp over 22.70 metres including 11.18% Gp over 10.65 metres and 4.55% Gp over 9.65 metres from hole LL-14-19 and 5.14% Gp over 3.70 metres and 6.04% Gp over 35.15 metres from hole LL-14-20;

- 5th 5 drill holes – near surface wide graphite intersection with 8.01% Gp over 20.3 metres and 5.91% Gp over 15.5 metres from hole LL-14-21; 2.78% Gp over 66 metres from hole LL-14-22; 3.48% Gp over 136.5 metres including 6.43% Gp over 4.65 metres, 11.23% Gp over 10.7 metres and 10.30% Gp over 7 metres from hole LL 14-23; 7.73% Gp over 18.15 metres including 13.15% Gp over 5.3 metres and 2.74% Gp over 99.75 metres including 8.68% Gp over 3.1 metres and 11.99% Gp over 4.5 metres from hole LL-14-24 and 3.13% Gp over 83.25 metres including 10.94% Gp over 3.75 metres from hole LL-14-25.

Refer to the Company's press releases dated December 2, 2014, December 10, 2014, December 17, 2014, January 7, 2015 and January 14, 2015 filed on SEDAR at www.sedar.com under the Company's profile for more detailed information on the above results.

The Company has filed a NI 43-101 technical report and a further revised technical report, both prepared by Jean Lafleur, M.Sc., P.Geo of PJLEXPL Mineral Exploration Consultancy dated February 12, 2015 and March 22, 2015, respectively. The fulltext of the report is filed on SEDAR at www.sedar.cm.

In the second half of 2015, a 259 meter, 7 hole drill program was completed. The focus of the program was on vertical depth of less than 150 meters to target resources conducive to an open pit operation.

On February 9, 2016, the Company announced resource estimates on the property of 18.4 Mt at 3.19% indicated and 16.7 Mt at 3.75% inferred with an official cut-off grade of 1.5%. The resource was estimated by InnovExplo. For sensitivity purpose, the resource was 4.1 Mt at 6.5% indicated and 6.2Mt at 6.1% inferred with a cut-off grade of 3%. The resource estimate, which is constrained in a pit shell of 1,100m x 350m x 100m accounts for the Graphene-Battery Zone. Three zones have been identified to date on the property, namely the Graphene, Battery and Refractory zones.

On March 24, 2016, The Company, together with Canada Strategic Metals, announced that further to the above resource estimate report on the property, they have filed their NI 43-101 technical report titled “Technical Report and Mineral Resouce Estimate for the La Loutre Property” with is available on SEDAR at www.sedar.com.

On December 9, 2016, the Company announced that a 1550 M drill program of 10 holes was completed in the new Refractory Zone at the La Loutre Flake graphite property which intercepted multiple zones of graphite mineralization. As a result of the 2016 drilling program on La Loutre, the Company announced on January 17, 2017, that high grade graphite results from the near surface Refractory zone was 7.74% graphite over 135.60 metres including 16.81% graphite over 44.10 metres from hole LL-16=01, two different intersection in hole LL-1602 reporting 17.08% graphite over 22,30 metres, 14.80% graphite over 15.10 metres and 110.80 metres of 14.56% graphite in hole LL-16-04 to LL-16-03.

On February 15, 2017, the Company announced additional high grade graphite results from the Refractory zone of 7.67% flake graphite over 85 metres including 13.09% graphite over 31.50 metres from hole LL-16-06. The area of mineralization appears to be 200 metres wide, has a current strike length of over 400 metres in a north-west to south-east direction and is open in both directions.

The La Loutre Refractory drilling zone can be found on the Company’s website www.lomiko.com, under the “Quicklinks” section.

Further to this reporting period, on March 19, 2019, the Company and Quebec Precious Metals (formerly Canada Strategic Metals) announced completion of a 21-hole diamond drilling program on the Refractory Zone of the La Loutre graphite property (the “Property”). The focus of the program was to expand a discovery containing high grade intercepts of **7.74%** Cg over **135.60** metres including **16.81%** Cgr over **44.10** metres from hole LL-16-001, two different intersections in hole LL-16-002 reporting **17.08%** Cg over **22.30** metres and **14.80%** Cg over **15.10** metres, and **110.80** metres of **14.56%** Cg in hole LL-16-003, and the **28.5** metres of **16.53%** Cg and **21.5** metres of **11.53%** Cg reported on January 6, 2016 and 9,0% over 90.75 metres reported on September 24th 2015 from the Refractory Zone.

The area of mineralization appears to be 200 metres wide and now has a current strike length of approximately 900 metres in the west-southwest to east-northeast direction and is open in both directions.

As of this reporting period, the Company has spent a total of $2,280,301 in exploration expenses and $620,833.93 in acquisition costs and owns 80% of this property.

La des Isles, Quebec

The Lac-des-Iles Property consists of one large contiguous block of 104 mineral claims totaling 5,601.30 hectares (56 km^2) in the Laurentian Region of Quebec, bordering the western limit of the Imerys Carbon and Graphite Mine and Processing Facility (the “Timcal Graphite Mine”). The Property is located 20 km south of Mont-Laurier, 150 km northwest of Montreal. The center of the Lac-des-Iles Property is located at Universal Transverse Mercator (“UTM”) coordinates 453539 East, 5138502 North, in the North American Datum (NAD) 83 Zone 18 coordinate system.

All claims comprising the Lac-des-Iles Property are in good standing and 100% owned by Canada Strategic Metals Inc.

The Company spent a total of 174,404.17 in exploration expenses and $957,589.62 in acquisition costs on the Lac des Iles Property and owns 80% of this property.

During the year ended July 31, 2018, the Company assessed that the property was impaired because of mediocre results from its explorations, and consequently wrote-off $1,131,992 on this property.

Investment in Associates

Technology

Graphene ESD Corp.

On December 12, 2014 the Company purchased 1,800 shares of Graphene ESD Corp.'s ("Graphene") 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 to common stock at the option of the Company and without the payment of additional consideration by the Company.

Graphene ESD Corp. a Delaware company incorporated November 5, 2014 is a private US company that was formed to commercialize Graphene Supercapacitors. On matters presented to the stockholders of Graphene, the Company will vote together with the holders of Common Stock of Graphene as a single class.

The Company exercises significant influence over Graphene ESD Corp. as it owns 40% of the voting shares. It accounts for its investment on the equity basis.

	Number of shares held	
July 31,2017		
Share equity loss	1,800	$ 58,503
		(682)
July 31, 2018	1,800	$ 57,841
Share equity loss		(1,266)
January 31, 2019	1,800	$ 56,575

Smart Home Devices Ltd. (SHD)

On February 16, 2016 the Company issued (before 10:1 share consolidation) 16,129,743 common shares, at $0.35 per share for a value of $564,541, in exchange for 778,890 common shares of SHD. SHD is developing a series of energy saving, connected building automation and security products.

On March 15, 2017 the Company acquired an additional 867,546 common shares, for $624,633 in exchange for the rights, patents, and website pertaining to the license owned by the Company that was acquired from Megahertz Power Systems Ltd., a company associated with SHD.

On November 21, 2017 the Company acquired an additional 111,111 common share for $80,000.

On January 19, 2018 the Company acquired 34,722 common shares for $25,000.

The Company accounted for its investment in SHD using the equity method until July 20, 2018, when the Company's shareholding in SHD was diluted to 18.25%, leading to the Company losing significant influence over SHD, at which time the Company discontinued accounting for SHD using the equity method. As at July 31, 2018, the Company assessed that the investment in SHD was impaired and recorded a write-down of $1,136,574 to the investment.

	Number of shares held	
July 31, 2016	778,890	$ 564,541
Sale of license for shares	867,546	624,633
Share of equity loss	-	(153,201)
July 31, 2017	1,646,436	$ 1,035,973
Acquisition of common shares	145,833	105,000
Share of equity loss	-	(4,398)
Write-down of investment	-	(1,136,574)
July 31, 2018 and October 31, 2018	1,792,269	$ 1

Promethieus Cryptocurrency Mining Corporation

On May 23, 2018, the Company purchased 200 common shares of Promethieus Cryptocurrency Mining Corporation (PCM), a private company, incorporated in British Columbia on January 24, 2018. The Company currently holds 20% of the outstanding shares.

The Company exercises significant influence over PCM as it owns, along with a common director, 62% of the voting shares. It accounts for its investment on the equity basis.

	Number of shares held	
July 31, 2017	-	$ -
Acquisition of common shares	200	2
July 31, 2018 and January 31, 2019	200	$ 2

Summary of investment in associates:

	January 31, 2019	**July 31, 2018**
Graphene ESD Corp	$ 56,572	$ 57,838
Smart Home Devices Ltd.	1	1
Promethieus Crypocurrency Mining Corp.	2	2
	$ 56,575	$ 57,941

MINERAL PROPERTIES ACQUISITIONS AND DEFFERED EXPENDITURES

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value.

A summary of capitalized acquisition and exploration expenditures on the Company's properties is reported below:

Vines Lake – Cassiar District, BC Acquisition Cost				
Date	Cash	Shares	Price	Amount $
05-15-2006	10,000.00			10,000.00
05-15-2006		12,000	$5.00	60,000.00
08-09-2011	2,884.42			2,884.42
02-18-2017	5,742.52			**5,742.52**
02-17-2017				(1,200.00)
02-28-2018				2,348.88
04-30-2018				(45,751.58)
Total Acquisition		**12,000**		**$34,024.24**

Vines Lake – Cassiar District, BC Exploration Expenditures			
	YTD July 31, 2017	**YTD July 31, 2018**	**October 31, 2018**
Balance Forward	**525,240.51**	**525,740.51**	**215,080**
Mineral Rights	500.00	-	-
Airborne Mag-Em Survey	-	-	-
Geological Sampling & Mapping	-	-	-
Assays	-	-	-
Camp	-	-	-
Geological Consulting & Reports	-	-	-
Drilling	-	-	-
Credits	-	-	-
Exploration write-off		(310,660)	-
Total YTD Vines Lake Exploration Expenditures	**$525,740.51**	**215,080**	**$ 215,080**

Quatre-Mille (East) Graphite Property, Quebec - Acquisition Costs				
Date	Cash	Shares	Price	Amount $
11-12-2011	25,000.00			25,000.00
03-27-2012		100,000	$0.35	35,000.00
09-27-2012	25,000.00	50,000	$0.35	42,500.00
03-26-2013		100,000	$0.35	35,000.00
03-17-2014		150,000	$0.35	52,500.00
07-31-2018				(190,000.00)
Total Acquisition		**400,000**		**$0.00**

Quatre-Mille (East) Graphite Property, Quebec - Exploration Expenditures			
	YTD July 31,2017	**YTD July 31, 2018**	**October 31, 2018**
Balance Forward	**531,076**	**534,899.97**	**0.00**
Mineral Rights	3,823.97	-	-
-	-	**(534,900.55)**	**-**
(534,900.55)	**$534,899.97**	**$0.00**	**$0.00**

Quatre-Mille (West) Graphite Property, Quebec - Acquisition Costs				
Date	Cash	Shares	Price	Amount $

03-25-2014	3,000.00	180,000	$1.00	183,000.00
05-01-2018				(183,000.00)
Total Acquisition	**3,000.00**	**180,000**		**$ 0.00**

Quatre-Mille (West) Graphite Property, Quebec - Exploration Expenditures			
	YTD July 31, 2016	**YTD July 31, 2018**	**October 31, 2018**
Balance Forward	**45,529.54**	**45.539.54**	**0.00**
Property impaired		**(45,539.54)**	
Total YTD Quatre-Mille (West) Expenditures	**45,539.54**	**0.00**	**$0.00**

La Loutre Graphite Property, Quebec - Acquisition Costs & Exploration assigned to acquisition				
Date	**Cash**	**Shares**	**Price**	**Amount $**
09-25-2014	12,500.00			12,500.00
09-25-2014		125,000	$0.70	87,500.00
04-15-2015		100,000	$0.70	70,000.00
04-15-2015	3,333.33			3,333.00
07-31-2015				238,367.30
10-31-2015				-
05-03-2017		125,000	$0.50	62,500.00
05-03-2017		100,000	$0.205	20,500.00
07-31-2017				11,098.00
01-31-2018				115,036.00
Total Acquisition	**15,833.33**	**225,000**		**$620,834.00**

La Loutre Graphite Property, Quebec - Exploration Expenditures			
	YTD July 31, 2017	**YTD July 31, 2018**	**October 31, 2018**
Balance Forward	**1,993,284.90**	**2,263,314.61**	**2,276,970.24**
Drilling	248,125.49	-	-
Project supervision and management	12,090.47	-	-
Geological sampling & mapping, environmental-	-	15,862.50	3,172.50
Consulting, site visits & reports	-	-	-
Miscellaneous charges	(7,883.03)	-	-
Mineral Resource Estimate	-	-	-
Technical Reports	-	-	-
Claims renewal	-	-	-
Other exploration & evaluation	14,696.78	793.13	158.63
	2,263,314.61	**2,276,970.24**	**2,280,301.37**
YTD Total exploration expenditure			**$2,280,301.37**

Lac des Isles Crystalline Flake Property, QC – Acquisition Cost and exploration assigned to acquisition				
Date	**Cash**	**Shares**	**Price**	**Amount $**
02-06-2015	6,666.67			6,667.00

04-15-2015		200,000	$0.70	140,000.00
07-31-2015				476,735.00
05-03-2017		125,000	$0.50	62,500.00
05-03-2017		100,000	$0.205	20,500.00
07-31-2017				21,298.00
01-31-2018				229,889.00
07-31-2018				(957,589.00)
Total Acquisition	**6,666.67**	**200,000**		**$ 0.00**

Lac des Isles Crystalline Flake Property, Quebec – Exploration Expenditures			
	YTD July 31, 2017	**YTD July 31, 2018**	**October 31, 2018**
Balance Forward	**195,702.58**	**174,404.17**	
Miscellaneous expenses	(21,298.41)	-	-
Property impaired		(174,404.00)	
YTD Total exploration expenditures	**174,404.17**	**0.00**	**$0.00**

Basis of Preparation and Statement of Compliance

(a) Statement of Compliance

These condensed consolidated interim financial statements of the Company, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the audited financial statements for the fiscal year ended July 31, 2018. These consolidated financial statements were approved and authorized for issue by the Board of Directors on March 27, 2019.

b) Basis of Presentation and Consolidation

The consolidated financial statements of the Company incorporate the financial statements of the Company and its wholly owned subsidiaries, The Conac Company Inc., Conac Software (USA) Inc., Lomiko Metals LLC and Lomiko Technologies Inc. from the day the Company gains control over the subsidiaries and ceases when the Company loses control of the subsidiary. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect the investee's returns.

The Company reassesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three above mentioned elements.

All significant intercompany transactions, balances, income and expenses are eliminated on consolidation.

These condensed consolidated interim financial statements have been prepared on the historical cost basis. In addition these condensed interim financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. The comparative figures presented in these condensed interim consolidated financial statements are in accordance with IFRS and have not been audited.

These condensed interim consolidated financial statements do not include all of the notes required for full annual financial statements.

The significant accounting policies for the periods are consistent with those disclosed in the audited annual financial statements of the Company for the year ended July 31, 2018. The accompanying financial statements should be read in conjunction with the Company audited annual financial statements.

(a) 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 an 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.

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.

(b) Presentation currency and foreign currency translation

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

Foreign currency transactions are translated into functional 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.

The Company reassesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three above mentioned elements.

(c) 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.

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.

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.

Valuation of investment in associates: At the end of each financial reporting period, the Company's management estimates the fair value of its investments based on the criteria below and records such valuations in the financial statements directly in net loss:

- There has been a significant new equity financing with arms-length investors at a valuation above or below the current fair value of the investee company, in which case the fair value of the investment is adjusted to the value at which the financing took place; or
- Based on financial information received from the investee company it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern, in which case the fair value of the investment is adjusted downward; or
- There have been significant corporate, operating, technological or economic events affecting the investee company that, in the Company's opinion, have a positive or negative impact on
- The investee company's prospects and, therefore, its fair value; or
- The investee company is placed into receivership or bankruptcy.

In addition to the circumstances described above, the Company will take into account general market conditions when determining if an adjustment to the fair value of an investment is warranted at the end of each reporting period. In the absence of the occurrence of any of these events, or any significant change in general market conditions, the fair value of the investment is left unchanged.

Application of the valuation techniques described above may involve uncertainties and determinations based on the Company's judgment, and any value estimated from these techniques may not be realized.

Changes in Accounting Policies–New and Amended Standards and Interpretations

IASB or the IFRIC have issued certain pronouncements that are mandatory for accounting years beginning on or after January 1, 2018. None of these are expected to be relevant to the Company's financial statements, except for the following:

IFRS 9 amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting. IFRS introduces an expected loss model of impairment and retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. IFRS

9 will be effective for the fiscal year beginning January 1, 2018. The Company does not expect that the new standard will have a material effect on the Company's financial statements.

Cash and cash equivalents

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

	January 31, 2019	July 31, 2018
Cash and bank balances	$ 301,141	$ 37,777
Cash equivalents	3,000	3,000
	$ 304,141	**$ 40,777**

Other Receivables	January 31, 2019	July 31, 2018
Goods and Service Tax	$14,318	$ 13,403
Related party receivable	2,625	-
Other	17	7
	$16,9609	**$13,410**

Prepaid Expenses	January 31, 201	July 31, 2018
Prepaid promotional & consulting expenses	**$175,669**	**$ 149,259**

Due From Associate

On January 17, 2018, the Company paid a director's company for services rendered in respect to marketing for Smart Home Devices. The amount is collectable with no interest or terms of repayment.

Share Capital and Reserves

a) Share Capital

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

Issued
Period ended January 31, 2019

On October 3, 2018 the Company completed the first tranche of a private placement, by issuing of 5,061,038 units of the Company at $0.05 per unit for total gross proceeds of $253,052. Each 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 $0.10 for a period of 24 months. A finder's fee of $11,914 was paid and 228,272 share purchase warrants exercisable for 24 months at an exercise price of $0.06, were issued to brokers. The warrants had a fair value of

$205,268 measured using the Black Scholes valuation model, of which $120,480 was allocated to reserves on a relative fair value basis. Legal and filing costs amounted to $8,250.

On October 4, 2018 the Company closed the 2nd tranche of a private placement by issuing 5,890,000 units of the Company at $0.05 per unit for total gross proceeds of $294,500. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of $0.10 for a period of 24 months. Broker commissions of $2,100 were paid and 42,000 share purchase warrants exercisable for 24 months at an exercise price of $0.06, were issued to brokers. The warrants had a fair value of $235.560 measured using the Black Scholes valuation model, of which $132,217 was allocated to reserves on a relative fair value basis. Legal and filing costs amounted to $11,245.

On November 7, 2018 the Company closed the 3rd and final tranche of a private placement by issuing 12,400,000 units of the Company at $0.05 per unit for gross proceeds of $620,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of $0.10 for a period of 24 months A finder's fee of $3,000 was paid. The warrants had a fair value of $389,174 measured using the Black Scholes valuation model, of which $2359,094 was allocated to reserves on a relative fair value basis. Legal fees amounted to $9,250.

A company related to a director, participated in the private placement by purchasing 2,000,000 units for $100,000.

On December 11, 2018 the Company completed a private placement by issuing 11,200,000 units of the Company at $0.05 per unit for gross proceeds of $650,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of $0.10 for a period of 24 months. Broker commissions of $38,500 were paid and 569,800 share purchase warrants exercisable for 24 months at an exercise price of $0.05, were issued to brokers.. The warrants had a fair value of $292,236 measured using the Black Scholes valuation model, of which $202,014 was allocated to reserves on a relative fair value basis. Legal costs amounted to $8,250.

A director participated in the placement by purchasing 200,000 units for $10,000.

Included in the private placement financings that completed during the six month period ended January 31, 2019, were 6,740,000 shares with an aggregate value of $337,000 that were issued to consultants and recorded to share based payments.

Year ended July 31, 2018

On August 23, 2017 the Company completed a private placement, by issuing of 192,000 flow-through units for gross proceeds of $49,920. Each unit consists of one flow-through common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.29 per share for a period of 24 months. The warrants had a fair value of $21,313 measured using the Black Scholes valuation model, of which $14,936 was allocated to reserves on a relative fair value basis. The Company recognized a premium of $11,520 for the difference between the fair value of its common shares and the issuance price of its flow through common shares.

In addition, on August 23, 2017, the Company completed a private placement, by issuing of 2,670,000 common share units for gross proceeds of $534,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.29 per share for a period of 36 months. The warrants had a fair value of $353,165 measured using the Black-Scholes valuation model, of which $212,576 was allocated to reserves on a relative fair value basis.

Legal costs of $8,550 were incurred for the private placements.

On November 10, 2017, the Company completed a private placement by issuing of 2,000,000 common shares units for gross proceeds of $280,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.20 for a period of 24 months. The warrants had a fair value of $127,896 measured using the Black Scholes valuation model, of which

$87,794 was allocated to reserves on a relative fair value basis. A finder's fee of $19,600 was paid as well as legal costs of $3,711.

On November 17, 2017 the Company completed a private placement, by issuing of 645,000 flow-through units for gross proceeds of $103,200. Each unit consists of one flow-through common share and one half common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of $0.26 per share for a period of 24 months. The warrants had a fair value of $15,245 measured using the Black Scholes valuation model, of which $13,283 was allocated to reserves on a relative fair value basis. The Company recognized a flow-through premium of $12,900, for the difference between the fair value of its common shares and the issuance price of its flow through common shares.

In addition, on November 17, 2017, the Company completed a private placement, by issuing 5,330,143 common share units for gross proceeds of $746,220. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.20 per share for a period of 24 months. The warrants had a fair value of $281,573 measured using the Black-Scholes valuation model, of which $204,434 was allocated to reserves on a relative fair value basis.

Legal costs of $7,250 were incurred for the private placements.

Also, on November 17, 2017, the Company granted 1,000,000 stock options to consultants, which were exercised immediately for $140,000 in cash.

On January 10, 2018, the Company completed a private placement by issuing of 3,171,500 common share units for gross proceeds of $444,010. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of $0.20 for a period of 12 months. The warrants had a fair value of $254,899 measured using the Black Scholes valuation model, of which $161,935 was allocated to reserves on a relative fair value basis. A director of the Company and a company related to the director participated for 840,000 units. A finder's fee of $2,928 was paid as well as legal costs of $7,860.

In addition, on January 18, 2018, 1,000,000 stock options were granted to consultants. They were immediately exercised for $140,000 in cash.

On May 29, 2018, the Company completed a private placement by issuing of 1,865,850 common shares units for gross proceeds of $186,558. Each unit consists of one common share and one half common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of $0.20 for a period of 12 months. The warrants had a fair value of $3,271 measured using the Black Scholes valuation model, of which $3,215 was allocated to warrants on a relative fair value basis. Legal costs of $15,200 were incurred for the private placement.

Included in the private placement financings that completed during the year ended July 31, 2018 were 5,950,000 shares with an aggregate value of $833,000 that were issued to consultants and recorded to share based payments.

b) Share purchase warrants

A summary of the Company's outstanding share purchase warrants as at January 31, 2019 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2017	**3,910,031**	**$ 0.47**
Issued for financing	14,618,933	0.22
Expired	(731,750)	0.69
Balance, July 31, 2018	**17,797,214**	**$ 0.25**
Issued for financing	35,391,110	0.10

Expired	(3,171,500)	**0.20**
Balance, January 31, 2019	**50,016,824**	**$ 0.20**

The following table summarizes information relating to share purchase warrants outstanding and exercisable at January 31, 2019.

Number of Warrants	Exercise Price	Expiry Date
11,200,000	$0.10	December 11, 2020
569,880	$0.05	December 11, 2020
12,400,000	$0.10	November 7, 2020
5,061,038	$0.10	October 3, 2020
228,272	$0.06	October 3, 2020
5,890,000	$0.10	October 4, 2020
42,000	$0.06	October 4, 2020
2,670,000	$0.29	August 23, 2020
1,611,941	$0.29	July 4, 2020
5,330,143	$0.20	November 19, 2019
322,500	$0.26	November 19, 2019
2,000,000	$0.20	November 10, 2019
192,000	$0.29	August 23, 2019
1,000,000	$0.29	July 4, 2019
540,000	$0.75	June 21, 2019
932,790	$0.20	May 29, 2019
26,340	$0.75	September 7, 2019
50,016,824		

The weighted average remaining contractual life of the warrants as at January 31, 2019 was 1.52 years (2018 – 1.53 years).

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

	January 31, 2019	**July 31, 2018**
Risk free interest rate	2.29%	1.53%
Expected life of warrants	2.00 years	1.90 years
Annualized stock price volatility	124.20%	117.42%
Expected dividend yield	0%	0%

c) Share-based payments

Plan Details

The Company has established a stock option plan for directors, senior officer, 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 expired 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 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 many 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 to investor relation 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 the stock options outstanding and exercisable as at January 31, 2019.

	Number of Options	**Weighted Average Exercise Price**
Balance, July 31, 2016	**525,000**	$0.05
Expired	(35,000)	$0.05
Balance, July 31, 2017	**490,000**	**$0.05**
Granted	2,300,000	$0.14
Exercised	(2,000,000)	$0.14
Expired	(107,500)	$0.05
Balance, July 31, 2018	**682,500**	**$0.02**
Exercised	(370,000)	$0.05
Expired	(122,500)	$0.20
Balance January 31, 2019	**190,000**	**$0.16**

The following summarized the stock options outstanding and exercisable as at January 31, 2019:

Number of options Outstanding	**Exercise price**	**Expiry date**
140,000	$0.14	December 4, 2019
50,000	$0.20	September 5, 2019
190,000		

During the period ended January 31, 2019, the Company granted $Nil (2017 – Nil) stock options.

At the October 31, 2018 AGM, the shareholder agreed to re-price the stock options outstanding as at July 31, 2018 from $0.20 to $0.05.

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

	January 31, 2019	July 31, 2018
Risk free interest rate	-	1.52%
Expected life of warrants	-	0.26 years

Annualized stock price volatility	-	112.72%
Expected dividend yield	-	0%

The weighted average remaining contractual life of options outstanding at January 31, 2019 was 1.04 years (2018 – 1.04 years).

Reserves

Equity reserve records items recognized as share-based payments and allocation of the value of warrants until such time that the stock options and warrants are exercised, at which time the corresponding amount will be transferred to share capital.

The values recorded to reserves for stock options and warrants are transferred to deficit on expiration of such stock options and warrants.

Other Requirements

Additional disclosure relating to the Company's material change reports, news releases and other information are available on SEDAR at www.sedar.com. The Company's website can be found on: www.lomiko.com.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Market Risk
- Credit Risk
- Liquidity Risk

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

There have been no substantive changes in the Company's exposure to financial instrument risks, 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 monthly reports from the Company's Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

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

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

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

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 was measured at fair value and is subject to re-measurement.

b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. The majority of cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand. The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at January 31, 2019 relating to cash of $ 304,141 and other receivables of $16,960 and due from associates of $116,009. All cash, cash equivalents and short term deposits are held at the Bank of Montreal.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that it has sufficient cash on demand to meet short-term business requirements, after taking into account the Company's holdings of cash.

The Company's cash is invested in business accounts and is available on demand. Funding risk is the risk that the Company may not be able to raise equity financing in a timely manner and on terms acceptable to management. There are no assurances that equity financing will be available when, and if, the Company requires additional financing. The Company considers liquidity risk to be high.

The following table summarizes the Company's significant remaining contractual maturities for financial liabilities at January 31, 2019 and July 31, 2018.

	Less than 3months	3 – 12 months	Total
January 31, 2019			
Trade payable and other liabilities	$ 45,737	$ -	$ 45,737
July 31, 2018			
Trade payables and other liabilities	$ 215,368	$ -	$ 215,368

d) Fair value of financial instruments

	Less than 3months	3 – 12 months	Total
January 31, 2019			
Cash and Cash equivalents	$ 304,141	$ -	$ 304,141
July 31, 2018			
Cash and Cash equivalents	$ 40,777	$ -	$ 40,777

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)

Capital Management Risk

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 investment in power supply products companies 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 maintain a capital structure which optimizes the cost of capital at an acceptable risk.

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

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

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, and share 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.

Related Party Transactions

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel. The following are related party transactions not disclosed elsewhere in the financial statements.

	January 31, 2019	January 31, 2018
Management Fees paid to companies related to directors or to directors	$ **90,000**	$ 90,000
Share-based compensation	**-**	-
	$ **90,000**	$ 90,000

Management fees were paid to M & M Corporation, a company controlled by Jacqueline Michaels, the Company's CFO, and AJS Management Corporation, a company controlled by Paul Gill, the Company's President.

During the year AJS management was paid $111,011 for services related to marketing services for Promethieus Cryptocurrency Mining Corporation (Canada and UK), an associated company. During the year ended July 31, 2018, AJS Management Corp agreed to repay the Company for this amount and bill Promethieus directly for the service.

During this period, a director was reimbursed for a company expense in the amount of $14,000. The director paid for the expenditure by transferring his personal shares valued at $12,500 a the date of the transfer to the vendor.

Included in accounts payable is $ 28,572 (July 31, 2018 - $107,164) owing to directors or companies controlled by directors.

Included in accounts receivable is $2,625 (July 31, 2018 - $Nil) owing from a company controlled by a director.

Segmented Reporting

During the period ended January 31, 2019, 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 period ended January 31, 2019 and July 31, 2018 as follows:

January 31, 2019	Exploration and Evaluation	Power Supply Products
Non-current assets		
Exploration and evaluation assets	$ 3,150,242	$ -
Investment in associate	-	56,575
	$ 3,150,242	$ 56,675

July 31, 2018	Exploration and Evaluation	Power Supply Products
Non-current assets		
Exploration and evaluation assets	$ 3,146,911	$ -
Investment in associate	-	57,841
	$ 3,146,911	$ 57,841

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 27, 2017.

Reconfirmation
This Plan must be reconfirmed by a resolution passed by a majority of the voting shareholders at the annual meeting of the Company held in 2020 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.

Promissory note
On July 31, 2018, Prometheus Cryptocurrency Mining Ltd.(UK), a public company, was incorporated. On August 1, 2018, the Company purchased 20% of the issued shares with a deemed value of £20,000 (C$34,142). A promissory note was signed on August 1, 2018 by the Company to enable it to purchase the shares. The note is non-interest bearing and is payable on demand. As the Company and a common director own 62% of the outstanding shares, the investment will be accounted for on the equity basis. As of January 31, 2019, no shares, relating to this transaction have been issued to the Company

Flow-through expenditures
The Company is 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 recorded $1,309 (2017 - $NIL) in Part XII.6 interest.

Selected Annual Information p

Revenue, net loss, diluted loss per common share, total assets and total long-term liabilities for the year ended July 31, 2018, with the year ended July 31, 2017 and with the year ended July 31, 2016 were as follows (**in thousands of Canadian dollars except for shares**):

	IFRS 2018 $	**IFRS 2017 $**	**IFRS 2016 $**
Total Revenue	0	0	0
Total Assets	3,474	6,847	7,117
Total Long Term Liabilities	0	0	0
Total Operating Loss	(1,940)	(774)	(870)
Net Income and comprehensive (loss)	(5,554)	(1,249)	(2,617)
Net Income (loss) per share basis	(0.16).	(0.05)	(0.00)
Net Income (loss) per share diluted	(0.16)	(0.05)	(0.00)

Results of Operation – six-month period ended January 31, 2018 and 2019

	Three months ended January 31,		Six months ended January 31,	
	2019 **$**	2018 $	**2019** **$**	2018 $
General administrative expense				
Office & sundry	8,474	6,808	12,422	12,404
Advertising & Promotions	180,490	64,952	265,799	130,455
Management	45,000	45,000	90,000	90,000
Professional fees	28,276	51,551	42,826	99,805
Consulting	3,150	225,845	10,150	225,845
Regulatory & Transfer Agent fees	33,847	37,471	42,232	46,330
Shareholders' communications	6,843	2,690	34,787	5,222
Share based payments	197,500	-	337,000	-
Travel	5,863	5,922	15,104	10,530
Total	(509,443)	(440,239)	(850,320)	(620,591)
Loss from operation	(509,443)	(440,239)	(850,320)	(620,591)
Interest income	6	(141)	10	145
Abandonment of property	-	-	-	(1,200)
Gain on sale of securities	-	-	-	35,897
Foreign exchange gain	-	-	-	2,222
Flow-through share premium	-	82,112	-	82,112
Part XII.6 interest	-	-	-	(1,300)
Share of associate loss	(1,265)	(5,356)	(1,265)	(5,356)
	(1,259)	76,897	(1,255)	112,520
Loss before Income Tax	(510,702)	(363,342)	(851,575)	(508.071)
Income tax expense	(4,768)	-	(4,768)	(8,500)
Net loss from continuing operations	(515,470)	(363,342)	(856,343)	(516,571)
Comprehensive (loss)/income for the period	(515,470)	(363,342)	(856,343)	(516,571)
Basic and Diluted Loss Per Share	(0.01)	(0.01)	**(0.02)**	(0.02)
Basic & Diluted Weighted Average Common Shares	68,769,755	33,732,116	**54,119,849**	29,044,073

The following selected financial data is derived from the condensed three-month interim financial statements prepared in accordance with IFRS:

Statement of Financial Position Data	January 31, 2019	July 31, 2018
Total Assets	**4,101,478**	3,473,909
Total Long-Term Debt	**NIL**	NIL
Total Liabilities	**45,737**	215,368
Shareholders' Equity: Share Capital Equity	**27,799,333**	26,727,655

During the six-month period, ended January 31, 2019, overall operational expenses increased by 37% from the same period last year. This was mainly due to prepaid consulting fees being expensed in its entirety in accordance with "consultant's exemption" contained in section 2.24 of National Instrument 45-106 (Share based payments).

Advertising and promotions also increased by 104% from the same period last year, as the Company increased its participation in various conferences, promotions and advertising.

Professional fees decreased by (57%) compared to the same period last year as the Company.

Share based payments related to the following: The Company paid advertising and promotional fees to certain consultants who participated in the Company's private placements of October and November 2018. The Company chose to expense these fees in one lump sum instead of amortizing them for the term of the consulting contract.

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

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

The Company had a total net loss of (856,343) for the six-month period (2017 – (516,571) for the same period last year. The loss per share, basic and diluted was ($0.02) for the period (2017 - ($0.02).

The Company has assets of $4,101,478 (2017 – 3,473,909) of which $56,575 comes from investments in associates; $175,669 from pre-paid expenses; $3,150,424 from mineral exploration and acquisition costs; $281,882 from advances: $132,969 from receivables and $304,141 in cash. The Company has $567,042 in working capital as at January 31, 2019.

Results of Operations - Use of Proceeds from financings as at January 31, 2019

Proceeds of Private Placements	**Financings October 3rd & 4th 2018 $544,552**	**Flow-Through December 7, 2018 $560,000**
Balance forward		
Cost of financing	(14,014)	(46,750)
Advance Payments for promotions and consultants	(216,850)	
Legal/Consulting/Professional (arrears payment)	66,271)	
TSX & Filing fees	(5,995)	
Transfer Agent	(27,759)	
Office & sundries	(15,680)	
Business meetings	(1,035)	

Paralegal (areas)	(16,642)	
Audit/Accounting	(40,945)	
Shareholders' communications	(5,448)	
Management (7mths arrears)	(94,950)	
Travel	(385)	
Investor Relations (7mths arrears)	(39,550)	
Geology	0	
Balance of proceeds remaining	(972)	513,250

Summary of Quarterly Results
(expressed in thousands of Canadian dollars, except per share amounts)

The summary of quarterly results has been prepared in accordance with IFRS

	Jan. 19	Oct. 18	Jul. 18	Apr. 18	Jan. 18	Oct. 17	Jul. 17	Apr. 17
Revenue	0	0	0	0	0	0	0	0
Net Income (Loss)	(856)	(337)	(5,554)	(1,560)	(517)	(153)	(1,249)	(943)
Loss per Share	(0.02)	(0.01)	(0.16)	(0.05)	(0.02)	(0.01	(0.05)	(0.05)

<u>Other MD&A Requirements</u>

As at January 31, 2019, on a 10:1 post consolidated basis, the Company had a total of 75,005,191 issued and outstanding shares, 190,000 outstanding options and 38,816,824 outstanding warrants. If the Company were to issue 39,006,824 shares upon the conversion of all of its outstanding warrants and options, it would raise a total of $6,128,445

As of this reporting period, the Company will have to raise funds through new financings in order to support its operations and meet its commitments.

<u>Off Balance Sheet Arrangements</u>

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

<u>Company activities for the Q2, 2019 reporting period</u>

On November 1, 2018, the Company announced the results of its Annual Genre Meeting of Shareholders on October 31, 2018 (the 'Meeting'). A total of 12,623,760 common shares (31.49% of the outstanding common shares) were represented at the Meeting in person or proxy.

1. Election of Directors - Each of the following individuals were elected as directors of the Company as approved by a vote by ballot, for a term expiring at the conclusion of the next annual meeting of shareholders of the Company or until their successors are elected or appointed, as follows: A. Paul Gill, Jacqueline Michael, Julius Galik and Brian Gusko.

2. Appointment of Auditor - The appointment of Dale Matheson Carr-Hilton Labonte LLP, CGA as the auditor of the Company, to hold office until the next annual meeting of shareholders of the Company and the authorization of the directors of the Company to fix the auditor's remuneration, was approved by a resolution and passed by a vote by ballot.

3. Ratification of Stock Option Plan - The Stock Option Incentive Plan was approved by a resolution and passed by a vote by ballot.

4. Re-Pricing of Options - The Re-Pricing of eligible outstanding options from $1.00 to $0.05 was approved by a resolution passed by a vote by ballot.

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

On November 7, 2018, the Company closed the 3rd and final tranche of its private placement and will issue 12,400,000 units at $0.05 per unit for proceeds of $620,000. Each unit is comprised of one share and one share purchase warrant, with each warrant exercisable into one common share at a price of $0.10 for a period of 24 months. Broker commissions of $1,000 were paid.

On December 31, 2018, the company announced that it had come to an agreement with Quebec Precious Metals (QPM) to extend its option to acquire the final 20% (for a total of 100%) ownership in the La Loutre flake Graphite property in Quebec. According to the terms of the extension agreement, Lomiko will need to fund exploration expenditure of an aggregate of $1,125,000 by December 31, 2019 and shall forthwith, upon regulatory approval, issue to QPM, and 500,000 of its common shares.

<u>Subsequent events</u>

On February 11, 2019, the Company announced that a drill permit has been received and drilling will proceed with a 2,000 metre, 15 drill hole program at the Refractory Zone of the La Loutre graphite property in Quebec.

On February 20, 2019, the Company announced that it was dropping its Vines Lake Property in British Columbia to focus on the La Loutre Flake Graphite property development in Quebec.

On February 31, 2019, the Company announced that Mr. David Luck has been appointed to the Lomiko Board of Directors. Mr. Luck will also fill a role as an Audit Committee Member, replacing Mr. Brian Gusko, who resigned as a Director but will remain on the Lomiko Board of advisors.

On February 25, 2019, the Company announced that Mr. Mike Petrina has been appointed to the Lomiko Board of Advisors.

On February 28, 2019, the Company announced that it has granted stock options to its directors, officer and consultants for an aggregate of 4,500,000 common shares, exercisable at five cents per share for a three year period.

On March 3, 2019, the Company announced that it had completed 15 drill holes and added six new drill hole location to expand its graphite zone for the upgrade of the La Loutre Resource before Pre-Economic Assessment.

On March 18, 2019, the Company announced that it has entered into advertising agreements with two separate parties who will provide advertising services for the Company in consideration for (1) $67,800 (taxes included); and (2) $11,000 (taxes included). The parties have agreed to be issued common shares in lieu of cash. The shares to be issued are subject to regulatory approval and will have the required 4-month plus on day hold period from issuance. The Company anticipate that the aggregate number of shares to be issued will be 1,576,000 at a deemed value of $0.05, however, the definitive amount will be determined at the time of issuance.

On March 19, 2019, the Company announced that Quebec Precious Metals has completed a 21-hole diamond drilling program on the Refractory Zone of the La Loutre graphite property in Quebec.

<u>Disclosure of Internal Controls</u>

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

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

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

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

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

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

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

On behalf of the Board,
"Paul Gill"
Paul Gill, President & CEO