

LOMIKO METALS INC.  
Form 51-102  
Management Discussion and analysis  
Interim Third Quarter ended April 30, 2015



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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 third financial quarter, ended April 30, 2015 compared to the same period last year ended April 30, 2014.

This MD&A should be read in conjunction with the Company's financial statements for the year ended July 31, 2014 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 June 29, 2015. 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.

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**Overview**

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

The Company is considered to be in the exploration stage as it has not placed any of its mineral properties into production. As such, the Company has not generated revenue from its operations. The Company had an operating loss of (\$ 1,168,696) for the nine months ended April 30, 2015. Lomiko has no source of operating cash flow, has not yet achieved profitable operations, has accumulated losses to April 30, 2015 of \$15,523,295 since its inception and expects to incur further losses in the development of its business.

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. 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 he Company be unable to continue as a going concern. Such adjustments could be material.

**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.

**Nature of Operations**

**Exploration**

The Company currently has 100% interest in two viable mineral properties – The Vines Lake property is located in the Cassiar region of British Columbia and the Quatre-Milles property is located North-West of Montreal near Sainte Veronique, Quebec.

The Company completed its exploration programs on both the above mentioned properties with good results.

The Company is currently focused on exploring Graphite from its Quatre-Mille property and the results of its 2012, 2013 and 2014 exploration program on the property indicate near surface high grade graphite. Further exploration is required to define the resource. Graphite samples from drill core were tested for Carbon content and indicated Carbon purity of some samples were greater than the 94% carbon purity and two tests indicated 100.00 % carbon content.

The encouraging results from the Quebec exploration program have opened up significant opportunities for Lomiko. The Company is focused on finding and developing markets for its graphite.

On October September 27, 2014, the Company entered into an option agreement with Canada Strategic Metals (V:CJC) to earn a 40% interest in the La Loutre Crystalline Flake Graphite Property located in Quebec. Of particular interest to the Company was an area of the property which reported grab samples up to 22.04% carbon flake graphite and 100% Carbon purity test results in the large and extra large flake graphite.

The terms of the above property option agreement are as follows:

- Issue an aggregate of 1,250,000 of its Common shares at a deemed price of \$0.07 per share (issued)
- Pay \$12,500 in cash (paid)
- Incur \$500,000 in exploration expenditures by September 2015 (completed).

The Company has fulfilled all the terms of the above option agreement and has a 40% interest in the La Loutre, Quebec property.

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On October 29th, 2014, the Company announced that it had begun its drilling exploration program on the La Loutre, Quebec Property. 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 30-50 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. The results of the first 15 drill holes indicated up to 8.88% near surface graphite deposits.

On February 6th, 2015, the Company signed a second option agreement with Canada Strategic Metals (V:CJC) 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 \$10,000 in cash (paid)
- Issue an aggregate of \$3,000,000 of its Common shares at a deemed price of \$0.07 per share (issued)
- Incurring Exploration Expenditure 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
- Incurring Exploration Expenditure aggregating not less than \$250,000 on the Lac des Iles West Crystalline Flake Graphite Properties located in Quebec, 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 and
- Funding Exploration Expenditure aggregating not less than \$1,000,000 on the Sakami Property of which an amount of \$700,000 must be funded by no later than December 31, 2015 and an amount of \$300,000 by no later than December 31, 2016.

The above option agreement was approved by the TSX Venture Exchange on April 14th, 2015.

### **Technology**

#### **Graphene 3D Labs (TSX.V:GGG)**

On February 11th 2013, the Company entered into a Strategic Alliance Agreement ("SAA") with Graphene Laboratories Inc., NY ("Graphene Labs"). Graphene Labs specializes in the manufacture and sale of research materials to R&D markets, with the world's largest selection of advanced 2D materials. This opened up an opportunity to participate in the research and development of new products which would represent a high value end use for Quatre Milles graphite.

The principals of Graphene Labs are recognized as experts in graphene materials by the scientific and industrial community and also specialize in custom projects involving materials. The SAA between Lomiko and Graphene Labs focuses on:

- 1) Developing a vertical integrated supply chain for graphene products.
- 2) A secure supply of high-quality graphite from the Quatre-Milles property for cost-effective and scalable processing and high quality control.
- 3) Developing an understanding of key market opportunities for graphene products

Graphene Labs has grown exponentially and globally, has over 7000 clients and is a profitable enterprise. Because of its spectacular growth, Graphene Labs spun-off the Graphene Inks department into a brand new business entity, 3D Graphene Labs ("3D Labs"), incorporated in Delaware with operations in NY. The patent process has been initiated for the use of graphene oxide in 3D printing and its focus is on the development of high performance graphene enhanced materials for 3D Printing. On April 28, 2015, 3D Labs announced details of a newly developed water-soluble 3D filament at the Canadian Manufacturers & Exporters' (CME) Canada Makes: Additive Manufacturing Forum at Mohawk College in Hamilton, Ontario on April 30, 2015. The water-soluble filament is the latest in a line of specialty-functional filaments that Graphene 3D is introducing to the 3D

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printing industry. Water-soluble filaments are primarily used to occupy negative space during a 3D print. These filaments are essentially used to fill gaps designed in objects and allow the print to be suspended over air. Following the completion of the printing process, the object can be placed in water, and the water-soluble material will completely dissolve, leaving empty space.

On October 12, 2013, the Corporation entered into an agreement to acquire 250,000 preferred shares of Graphene 3D Labs Inc. for a subscription of \$50,000 for a 15% interest in the Company. The preferred shares are entitled to dividends. Further terms of the agreement between Graphene 3D Labs and the Corporation called for Lomiko to complete a minimum of \$300,000 financing by May 1, 2014 and participate in further graphene-related ventures in addition to working on a graphite resource and becoming the exclusive supplier of graphite to Graphene 3D Labs.

On May 16, 2014, the Company announced that it has received conditional approval from the TSX Venture Exchange to invest, \$300,000 through a private placement financing at a price of \$0.25 for 1,200,000 Common shares of Matnic Resources Inc. ("Matnic"), a public company that trades on the TSX Venture Exchange (TSX-V: MIK). Exchange approval for the transaction, was dependant on a reverse takeover ("RTO") of Matnic by Graphene 3D Labs ("Graphene 3D"). The financing is further to the Company's October 12, 2013 investment in Graphene 3D which was approved by the Exchange on December 3, 2013.

For the purpose of proceeding with the above mentioned investment and well as other technical business opportunities, on May 1st, 2014, the Company created Lomiko Technologies Inc. ("Lomiko Tech"), a wholly owned subsidiary of Lomiko Metals Inc.

On March 25th, 2014, the Company announced that it had elected to convert its 250,000 Preferred Shares of Graphene 3D to Common Shares.

On August 15th, 2014, the Company received TSX regulatory approval for the RTO acquisition of 1,200,000 shares in the Graphene 3D Labs (V.GGG) for a private placement investment of \$300,000 at a price of \$0.25 per share. The investment transaction is now complete and the Company holds a total of 4,396,970 Common shares (11.23%) in Graphene 3D - 3,196,970 of the Shares being subject to the terms of a Surplus Security Escrow Agreement, in accordance with the Policies of the TSX Venture Exchange. Pursuant to the terms of the Tier 2 Surplus Escrow Agreement, 5% of the Shares were released from escrow upon the issuance of the TSX Venture Exchange bulletin (August 8th, 2014) announcing final approval of the listing of the Shares on the TSX Venture Exchange and respectively 5%, 10%, 10%, 15%, 15% and 40% will be released on each of the dates that is 6 months, 12 months, 18 months, 24 months, 30 months and 36 months from the date of the TSX Venture Exchange bulletin.

Lomiko acquired the above shares for investment purposes and does not intend to acquire additional shares in the future. The acquisition of shares was exempt under National Instrument 45-106 Prospectus and Registration Exemptions.

**Megahertz Power Systems Ltd.**

On December 3, 2014, Lomiko Metals Inc. and its 100% owned subsidiary, Lomiko Technologies Inc. ("Lomiko Tech") signed a license agreement with Megahertz Power Systems Ltd. ("MegaHertz") for the rights to manufacture and sell three (3) power converter system designs ("Licensed Power Systems"), acquire a pending supply contract ("Customer Contract") with a Canadian LED system integrator and support the research and development of new products.

It is estimated that Lomiko will be able to establish cash-flow under the Customer Contract within six months which is based on proven and in-demand devices designed by MegaHertz. The creation of an e-commerce site in three to four months will increase the customer base for the Licensed Power Systems over the estimated five year product cycle.

In addition, Lomiko Tech plans to initiate an e-commerce business through its website with the sale of the following products manufactured by MegaHertz:

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**Lomiko in wall USB Charger receptacle**

The Lomiko USB charger receptacle combines a standard electrical wall outlet with a high powered USB charger in a contemporary and aesthetically appealing design. The receptacle exhibits 6 USB ports for simultaneously charging multiple USB powered devices. Strategically placed USB Ports allow up to 6 USB power devices to be charged while leaving the standard outlets free from obstruction to power any other electrical equipment. This new product eliminates unsightly clutter and allows users to maximize receptacle usage at common locations such as hotels, airports, coffee shops, kitchen counter tops, desktops or wherever you choose to charge your device. The outlet charger is compatible with any USB powered electronic equipment such as tablets, smartphones, gaming devices, e-readers, digital cameras and many others.

**90+ Efficiency 60 Watt LED Driver**

The high efficiency 60 watt LED driver is a "green" industrial power supply for LED lights used in various industrial signage applications and is suitable for indoor or outdoor usage where there is exposure to dry, damp and wet conditions. The product is designed to be extremely efficient with the ability to operate in an ultra wide range of temperature from as low as -40 C to upwards of 50C. The 90+ LED power supply exhibits high efficiency, high reliability and good quality at a low price.

**Graphene ESD Corp**

Lomiko and Graphene Labs have collaborated with the Research Foundation of Stony Brook University, NY, ("Stony Brook") to investigate novel, energy-focused applications for graphene through Graphene ESD Corp. Under this collaboration, Lomiko invested \$200,000 and has a 40% interest in this venture.

Graphene ESD is applying its extensive expertise in carbon materials in development of advanced energy storage. Improvement of a supercapacitor performance comes from greater surface area of the electrode and reduced resistance to flow of electrical charges. One can say that graphene material is all surface, therefore it can potentially store very large electrical charge.

In order to realize this advantage of graphene, Graphene ESD is developing proprietary electrode compositions that deliver ultra-high surface area at low cost. Low electric resistivity of the device is essential to attain a high charge and discharge currents without a danger of overheating. Our team of materials scientist is designing electrode-electrolyte pairs that minimize parasitic barriers to the electric charge flow.

**MINERAL PROPERTIES**

The Company is engaged in the acquisition, exploration and development of the following mineral properties:

**Vines Lake, British Columbia**

On April, 10<sup>th</sup>, 2006, the Company purchased 100% interest in the Vines Lake property, consisting of three contiguous claim units totaling 1,196.4 Ha in the Cassiar region of B.C. The property is located approximately 10 kilometers southeast of the town of Cassiar, B.C. 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 director in the Company, \$10,000 in cash and issued 480,000 common shares (post 1:4 share split basis, Oct. 7, 2008) at a deemed value of \$60,000 for a total acquisition cost of \$70,000 and a 2% NSR.

The nearby Table Mountain Gold Property operated by Hawthorne Gold (HGC) comprises a number of past-producing, high-grade underground gold mines and placer workings in the Cassiar District of British Columbia. Total gold production to date from the Cassiar District is about 423,500 oz (13,172 kg) of gold.

The Company retained Canadian Mining Geophysics ("CMG") to complete an airborne survey of its Vines Lake Property located near Cassiar, B.C. which was mobilized on June 30<sup>th</sup>, 2008. The aerial survey was conducted

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with a magnetic gradiometer with VLF-EM 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 June and July 2011, an exploration program conducted by Lomiko which comprised a soil geochemical survey, reconnaissance geological mapping and litho-geochemical sampling programs.

On June 27<sup>th</sup>, 2011, the Company announced that it has staked an additional 414 Ha directly west of its Vines Lake claims in the Cassiar District of British Columbia and on August 3<sup>rd</sup>, 2011, the Company added another 3,684 Ha claims directly south of the Vines Lake, BC property.

On August 3<sup>rd</sup>, 2011, the Company staked a further 3,684 Ha directly south of the Vines Lake, BC claims. Lomiko now holds the rights to mineral tenures totaling 5407 Ha located in the southwestern corner of the Cassiar District of BC.

On July 21<sup>st</sup> 2011, the Company reported that it has completed Phase 1 of the 2011 exploration program at Vines Lake, BC. The exploration team completed soil geochemistry survey at 50m spaced sample sites on 200m spaced lines. The soil grid covers a total of 74.7 line kilometers including the claim lines. A total of 1,358 soil samples were taken, bagged and sent to Stewart Group – Eco Tech Division, in Kamloops, BC for analysis and further assaying. The exploration program was designed to target both potentially high-grade gold vein systems, as seen at the adjacent Table Mountain Mine, in addition to the prospect of intrusion related mineralization. Phase 2 of the 2011 exploration program includes geological mapping and diamond drilling.

The results of the 2011 exploration program show that Zinc values in soil on the Western side of Vines Lake were by far the most anomalous on the property with values reported up to 2,429 ppm. One anomalous zone on the west side of the property measures roughly 122 hectares with an average Zinc value of 425 ppm.

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 conducted between July 4<sup>th</sup> and September 16<sup>th</sup>, 2012 by Lomiko Metals Inc. The program was designed to infill soil sample the zinc in soil anomaly discovered in 2011 and to investigate the potential source of the anomalous zinc in soil values.

The 2012 mapping and rock geochemistry surveys were successful in locating the bedrock sources of the prominent zinc-in-soil anomaly that was outlined on the west side of Vines Lake.

The rocks containing the highest amounts of pyrite and/or pyrrhotite returned the highest content of metals of interest from 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.

Risks are related to the likelihood of finding economic mineralization. As with any and every project, there is no guarantee on finding a deposit. However with logical, science based exploration programs, properties can be either determined to be viable, warranting further study and expenditure (or not). In the case of the Vines Lake Property, there appears to be less likelihood of discovery based on the work programs to date.

The Company completed an updated NI 43-101 technical report compiled by Kirkham Geosystems Ltd. – Garth Kirkham, P.Geo, P. Geoph. The Technical Report was filed on February 24<sup>th</sup>, 2014 under the Corporation's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). As of the date of this report, the Corporation is of the opinion that there has been no material change in the information concerning the QMEW Property since the date of the Technical Report. The Technical Report was prepared in compliance with Form 43-101F1 and is subject to certain assumptions, qualifications and procedures described therein.

### **Recommendations**

Should the forecasted market price for zinc increase substantially, further geochemical research is 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.

The property immediately to the south of the zinc in soil anomaly is owned by China Minerals Mining Corp. and the author has research into past exploration by Cusac Gold Mines, Duke Minerals, Gulf Titanium and others. There appears to be enough recorded data although historical in nature to warrant acquiring some ground to explore for base metals.

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If this property package could be put together, a possible exploration strategy could be to locate contact of Sylvester Allochthon lower thrust sheet with Earn Group clastics and investigate lower Sylvester for possible massive sulfide potential. Testing for barite and base metals under Earn Group clastics should also be considered. The total cost for the evaluation and exploration program is \$75,000.

To date, the Company has spent a total of \$524,640.51 on exploration, technical reports and claim renewals and \$72,884.42 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.

**Quatre Milles East (Graphite) Property, Quebec**

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

The Company has fully satisfied all the terms of the agreement as listed below and now owns 100% interest in this property:

- paid \$25,000 cash upon signing (paid);
- issued 1,000,000 common shares at a deemed value \$0.035 per share (issued);
- paid \$25,000 cash and issued 500,000 common shares at deemed value of \$0.035 per share (paid/shares issued);
- issued 1,000,000 common shares at deemed value of \$0.035 per share (paid/shares issued);
- Issued 1,500,000 common shares at a deemed value of \$0.035 due March 26, 2014 (shares issued; and
- complete a minimum of \$200,000 of exploration on the property (completed).

The Quatre Milles Property is road accessible and is located approximately 175 km northwest of Montreal and 17 km due north of the village of Sainte-Veronique, Quebec. The property consists of 28 contiguous claims totaling approximately 1,641 hectares.

The property was originally staked and explored by Graphicor Resources Inc. ("Graphicor") in the summer of 1989 based on the results of a regional helicopter-borne EM survey. The underlying geology consists of intercalated biotite gneiss, biotite feldspar gneiss, marble, quartzite and calcsilicate lithologies of the Central Metasedimentary Belt of the Grenville Province.

The Company completed a 43-101 technical report on the Quatre-Milles property in March 2012 which was conducted by Consul-Teck Exploration Services.

From April 2012 – September 2012, the Company completed Phase 1 of its exploration program on the property with mapping/sampling and drilled a total of 23 holes over 1600 metres. The analysis results of this project done by Acme Metallurgical Limited of BC had encouraging results indicating moderate to high grade graphite content. The 2012 drilling program intercepted wider zones of graphite than were found historically with some holes containing visible large flake graphite.

The graphite characterization testing based on composites of seven (7) graphite drill samples from the Quatre Milles East property has reported 75.3% of material tested was >200 mesh and classified as graphite flake with 38.36% in the >80 mesh, large flake category. 85.3% of test results higher than the 94% carbon purity considered high carbon content, with the median test result being 98.35%.

The highlight of testing was the nine (9) sieve samples which captured flakes of varying sizes which tested 100% carbon. In addition, two (2) tests of -200 fine material also tested 100% carbon content. This characterization testing provides a clear indication of the size distribution of the graphite flakes present in the samples. Complete metallurgical studies are warranted upon completion of a resource on the property. The company had submitted 7 composites for testing to Global Mineral Resources (GMR) Laboratories of Vancouver for this evaluation. The composites provide a non-representative yet wide-ranging sample of the property's graphite distribution by mesh

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size, industry classification and carbon purity. As of this report, the Company has spent a total of \$441,239.21 on exploration expenses, property claim renewals and technical reports and \$190,000 in acquisition costs (cash payments and shares issuance) on this property.

The summer 2014 exploration program on this property brought further positive results. On July 14, 2014, the Company announced that Consul-Tech Exploration of Val d'Or and consulting firm Dube & Desaulniers conducted a combined Magnetic and Very Low Frequency Electro-Magnetic (VLF-EM) survey on the West block of the Quatre Milles property for a total of 200.6 linear kilometers. Previously, Phase 1 of the exploration project indicated extensive mineralization in the region. In total, 88 VLF-EM conductors axis ere identified. Of those, 23 new conductors are prioritized for further review. Conductors that are associated to magnetic anomalies are likely caused by pyrrhotite rich sulphide occurrences. However most of the conductors do not show correlation with the magnetic signal and the strongest VLF-EM anomalies are thus possibly caused by graphite mineralization. The Company will initially investigate the outlined anomalies by basic prospecting methods and follow up with drilling at identified graphite zones. Sources identified as promising for mineralization discoveries could be the object of resistivity/IP surveys that can be efficiently used to penetrate the ground at further depth and better image the geometry of conductive and chargeable sources.

The Company has been successful in recovering \$130,550 of the non flow-through exploration costs through Quebec Mineral Exploration Tax Credits (METC).

**Quatre-Milles (Graphite) Property, W Quebec**

By letter agreement dated May 7, 2012 and Mineral Property Purchase Agreement dated May 25, 2012 the Corporation 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 Corporation may acquire, at any time, one half (1%) of the NSR for a total purchase price of \$1,000,000. The agreement provides that the Corporation acquire the property by paying \$3,000 and issue an aggregate of 1,800,000 common shares. The acquisition was approved by the TSX Venture Exchange on March 25, 2014. The Company has satisfied all aspects of the acquisition terms and now owns 100% interest in this property.

Lomiko retained Jean Lafleur, M. Sc., P. Geo. of PJLEXPL Inc. from St-Jérôme (Quebec) to prepare a technical report (the "Technical Report") on the Corporation's Quatre Milles East and West Properties (the "QMEW Property"). The Technical Report entitled National Instrument 43-101, includes the Quatre Milles East-West Property, Grenville Province. The Technical Report was filed on February 28, 2014 under the Corporation's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). As of the date of this report, the Corporation is of the opinion that there has been no material change in the information concerning the QMEW Property since the date of the Technical Report. The Technical Report was prepared in compliance with Form 43-101F1 and is subject to certain assumptions, qualifications and procedures described therein.

As of this report, the Company spent a total of \$183,000 in acquisition costs (cash payment and share issuance) and paid \$1,080 in deferred expenses for a technical report on the property.

**La Loutre (Graphite) Property, Quebec**

On September 23<sup>rd</sup>, 2014, the Company signed an option agreement with Canada Strategic Metals Inc. ("Canada Strategic") for a 40% interest in the La Loutre Crystalline Flake Graphite Property located in Quebec. Of particular interest to Lomiko was an area of the property which reported grab samples up to 22.04% Carbon Flake Graphite (CFG) and Carbon Purity Test results reporting up to 100.00% Carbon Purity in the Large and Extra Large Flake Graphite.

Lomiko acquired a 40% interest in the La Loutre Property by issuing an aggregate of 1,250,000 common shares, at a deemed price of \$0.07 Cdn. per share, by paying \$12,500 cash and by incurring \$500,000 in Exploration Expenditures by December 2014. The option agreement was approved by the TSX Venture Exchange on September 25<sup>th</sup>, 2014. The Company had completed and the terms of the agreement and holds a 40% interest in this property.

On February 6<sup>th</sup>, 2015, the Company signed a second option agreement with Canada Strategic Metals (V:CJC) to earn a further undivided 40% interest in the La Loutre, Quebec property (for a accumulated total of 80%



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interest in the property) and an undivided 80% interest in the Lac des Isles, Quebec, property by completing the following terms:

- Pay \$10,000 in cash (paid)
- Issue an aggregate of \$3,000,000 of its Common shares at a deemed price of \$0.07 per share (issued)
- Incurring Exploration Expenditure 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.
- Incurring Exploration Expenditure aggregating not less than \$250,000 on the Lac des Iles West Crystalline Flake Graphite Properties located in Quebec, 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 and
- Funding Exploration Expenditure aggregating not less than \$1,000,000 on the Sakami Property of which an amount of \$700,000 must be funded by no later than December 31, 2015 and an amount of \$300,000 by no later than December 31, 2016.

The above option agreement was approved by the TSX Venture Exchange on April 14th, 2015.

The La Loutre property consists of contiguous claim blocks totalling approximately 2,500 hectares (25 km<sup>2</sup>) 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 km<sup>2</sup>) 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 30-50 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.

Between December 3, 2014 and January 14, 2015, the Company announced that Canada Strategic had successfully completed 25 drill holes on the La Loutre property with well above average results.

1<sup>st</sup> 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 over 26.40 metres

2<sup>nd</sup> 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.

3<sup>rd</sup> 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.

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4<sup>th</sup> 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 over 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.

5<sup>th</sup> 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.

**MINERAL PROPERTIES ACQUISITIONS AND DEFERRED 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. As at April 30, 2015 a total of \$765,884.42 was recorded for acquisitions and \$2,024,187.68 for exploration expenses.

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

Vines Lake – Cassiar District, BC Acquisition Cost				
Date	Cash	Shares	Price	Amount \$
05-15-2006	10,000.00			10,000.00
05-15-2006		120,000	\$0.50	60,000.00
08-09-2011	2,884.42			2,884.42
<b>Total Acquisition</b>		<b>120,000</b>		<b>\$72,884.42</b>

Vines Lake – Cassiar District, BC Exploration Expenditures			
	2008-2012	2013	2014
Mineral Rights	15,971.17		
Airborne Mag-Em Survey	50,000.00		
Geological Sampling & Mapping	122,184.50	1,913.59	
Assays	54,437.49		
Camp	102,173.41		
Geological Consulting & Reports	101,065.65	13,264.00	18,460.00
Drilling	53,207.70		
<b>Sub Total</b>	<b>499,039.92</b>	<b>15,177.59</b>	<b>18,460.00</b>
<i>Mineral Exploration Tax Credits</i>		(8,037.00)	
<b>Total Vines Lake Exploration Expenditures</b>			<b>\$ 524,640.51</b>

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		1,000,000	\$0.035	35,000.00
09-27-2012	25,000.00	500,000	\$0.035	42,500.00
03-26-2013		1,000,000	\$0.035	35,000.00
03-17-2014		1,500,000	\$0.035	52,500.00
<b>Total Acquisition</b>		<b>4,000,000</b>		<b>\$190,000.00</b>

Quatre-Mille (East) Graphite Property, Quebec - Exploration Expenditures			
	2012	2013	2014
Mineral Rights			
Airborne Mag-Em Survey			130,364.37
Geological Sampling & Mapping	45,639.38	40,673.81	68,371.06
Assays	27,535.50	5,250.00	
Camp			
Geological Consulting & Reports	27,497.59	49,936.60	23,758.62
Drilling	212,455.08	23,712.79	

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Transportation	3,589.58		
<b>Sub Total</b>	<b>316,717.13</b>	<b>119,573.20</b>	<b>222,494.05</b>
<i>Mineral Exploration Tax Credits</i>			(130,550.00)
<b>Total Quatre-Mille (East) Exploration Expenditures</b>			<b>528,234.38</b>

<b>Quatre-Mille (West) Graphite Property, Quebec - Acquisition Costs</b>				
<b>Date</b>	<b>Cash</b>	<b>Shares</b>	<b>Price</b>	<b>Amount \$</b>
03-25-2014	3,000.00	1,800,000	\$0.10	183,000.00
<b>Total Acquisition</b>	<b>3,000.00</b>	<b>1,800,000</b>		<b>183,000.00</b>

<b>Quatre-Mille (West) Graphite Property, Quebec - Exploration Expenditures</b>			
	<b>2012</b>	<b>2013</b>	<b>2014</b>
Geological Consulting & Reports	11,079.99		
Airborne Survey			30,880.98
<b>Sub Total</b>	<b>11,079.99</b>		<b>30,880.98</b>
<b>Total Quatre-Mille (West) Exploration Expenditures</b>			<b>41,960.97</b>

<b>La Loutre Graphite Property, Quebec - Acquisition Costs</b>				
<b>Date</b>	<b>Cash</b>	<b>Shares</b>	<b>Price</b>	<b>Amount \$</b>
09-25-2014	12,500.00			12,500.00
09-25-2014		1,250,000	\$0.07	87,500.00
04-15-2015		1,000,000	\$0.07	70,000.00
0415-2015	3,333.33			3,333.33
<b>Total Acquisition</b>	<b>15,833.33</b>	<b>1,750,000</b>		<b>173,333.33</b>

<b>La Loutre Graphite Property, Quebec - Exploration Expenditures</b>			
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Drilling		514,576.49	
Drilling on Sakami property – allocated towards earning additional 40% interest in La Loutre property			126,382.91
Project supervision		25,728.83	
Mineral Property assessment			4,948.88
<b>Sub Total</b>		<b>540,305.32</b>	<b>131,331.79</b>
<b>Total Quatre-Mille (West) Exploration Expenditures</b>			<b>671,637.11</b>

<b>Lac des Isles Crystalline Flake Property, Quebec – Acquisition Cost</b>				
<b>Date</b>	<b>Cash</b>	<b>Shares</b>	<b>Price</b>	<b>Amount \$</b>
02/06/2015	6,666.67			6,666.67
04/15/2015		2,000,000	\$0.07	140,000.00
<b>Total Acquisition</b>	<b>6,666.67</b>	<b>2,000,000</b>		<b>146,666.67</b>

<b>Lac des Isles Crystalline Flake Property, Quebec – Exploration Expenditures</b>			
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Mineral Property assessment			4,948.88
Drilling on Sakami property - allocated towards earning 80% interest in Lac des Isles property			252,765.83

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<b>Total Lac des Isles Exploration Expenditures</b>			<b>257,714.71</b>
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**Basis of preparation**

**Statement of Compliance**

These condensed consolidated financial statements of the Company, for the period ending April 30, 2015, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), Interim Financial Reporting Standard ("IAS") 34 as issued by the International Accounting Standards Board ("IASB").

**Basis of Measurement**

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* ("IAS 34"), and follow the same accounting policies and methods of application as the annual consolidated financial statements of the Company for the year ended July 31, 2014. The Company's most significant estimates and judgments are consistent with those disclosed in the annual consolidated financial statements for the year ended July 31, 2014. These condensed consolidated financial statements do not contain all disclosures required by IFRS, and accordingly, should be read in conjunction with the 2014 annual consolidated financial statements and the notes thereto.

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency, and all values are rounded to the nearest dollar, unless otherwise indicated

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, consistent with the Company's significant accounting policies. These condensed interim 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 incurred a net loss of \$1,168,696 before other comprehensive income items totaling \$3,259,253 during the nine months ended April 30, 2015 and has a cash balance of \$1,929,009 as at April 30, 2015. The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent on the continued support of the creditors and the shareholders. In the past the Company has relied on sales of equity securities to meet its cash requirements. There can be no assurance that funding from this or other sources will be sufficient in the future to continue and develop its mineral properties and provide funding for the Megahertz Power Systems Inc. licensing agreement dated February 10, 2015 and the Canada Strategic Metals Inc. agreement signed February 23, 2015

These condensed consolidated financial statements were approved and authorized for issue by the Board of Directors on **June , 2015**.

**Summary of Significant Policies**

These condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of Lomiko as at and for the year ended July 31, 2014. Certain amendments to accounting standards or new interpretations issued by the IASB, which were applicable from January 1, 2014 have not been adopted as they would not have a material impact on these condensed consolidated financial statements.

**IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments is part of the IASB's wider project to replace 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 depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment

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**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.

	<b>April 30, 2015</b>	<b>July 31, 2014</b>
Cash and bank balances	\$ 426,009	\$ 1,330,483
Cash equivalents	1,503,000	2,903,000
Cash held in trust	-	300,000
	<u>\$ 1,929,009</u>	<u>\$ 4,533,483</u>

As at April 30, 2015, the Company had \$1,503,000 cash held in Guaranteed Investment Certificates.

**Other Receivables**

	<b>April 30, 2015</b>	<b>July 31, 2014</b>
Goods and services tax recoverable	\$ 56,754	\$ 30,166
Accrued interest receivable	1,627	12,965
Other receivable	40	10,825
Advance	7,875	-
Quebec Mining Exploration	14,750	14,750
Tax Credit	<u>\$ 81,046</u>	<u>\$ 68,706</u>

**Other Liabilities**

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

	<b>Issued June 23, 2013</b>	<b>Issued on March 13, 2014</b>	<b>Total</b>
Balance at July 31, 2013	\$ 71,429	\$ -	\$ 71,429
Settlement of flow-through share liability on incurring expenditures	(71,429)	-	(71,429)
Liability incurred on flow-through shares issued	-	<u>399,465</u>	<u>399,465</u>
Balance at July 31, 2014	-	399,465	399,465
Settlement of flow-through share liability on incurring expenditures	-	<u>(399,465)</u>	<u>(399,465)</u>
Balance, April 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Investment in Equities Securities**

**GRAPHENE 3D LABS**

On November 22, 2013 the Company paid \$50,000 to acquire 250,000 common shares of Graphene 3D Lab Inc. (Graphene).

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On May 8, 2014 the Company entered into a subscription agreement to purchase 1,200,000 common shares of Matnic Resources Inc. ("Matnic"), for \$300,000. On August 8, 2014, Matnic was subject to a reverse-take-over by Graphene 3D Lab Inc. and a forward split converted the number of shares to 3,196,970. The shares are held in escrow and are being released on the following terms:

5% August 8, 2014  
5% 6 months thereafter  
10% 12 months thereafter  
10% 18 months thereafter  
15% 24 months thereafter  
15% 30 months thereafter  
40% 36 months thereafter

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

The following table summarizes the total shares owned:

	April 30, 2015	July 31, 2014
Common shares	1,519,697	250,000
Common shares held in escrow	<u>2,877,273</u>	<u>-</u>
Total common shares	<u><b>4,396,970</b></u>	<u><b>250,000</b></u>

The following table summarizes the cost and fair value of the shares held:

	April 30, 2015	July 31, 2014
Common shares - at cost	\$ 350,000	\$ 50,000
Unrealized gain on re-measurement	<u>2,859,788</u>	<u>-</u>
	<u><b>\$ 3,209,788</b></u>	<u><b>\$ 50,000</b></u>

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

The Company controls 11.23% of the voting shares of Graphene 3D Lab Inc.

**GRAPHENE ESD CORP.**

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

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makes or issues a dividend or other distribution payable on the Common Stock in additional shares of Common Stock.

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

The investment in preferred shares of Graphene ESD Corp. is classified as available for sale and is measured at cost, as fair value cannot be reliability measured as they have do not have a quoted market price in an active market.

The following table summarizes the Company's equity holdings:

	April 30, 2015	July 31, 2014
Graphene 3D Lab Inc., at fair value	\$ 3,209,788	\$ -
Graphene 3D Lab Inc., at cost	-	50,000
Graphene ESD Corp., at cost	<u>224,075</u>	<u>-</u>
Total	<u>\$ 3,433,863</u>	<u>\$ 50,000</u>

MEGAHERTZ POWER SYSTEMS INC.

On October 20, 2014, the Company, through its wholly owned subsidiary Lomiko Technologies, Inc., signed a letter agreement with Megahertz Power Systems (Megahertz) to:

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

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

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

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

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

On February 10, 2015, the Company executed a non-exclusive license agreement with Megahertz Power Systems ("Megahertz") for the production and sale of three licensed power supply products for sale in Canada and the United States. On February 18, 2015, the Company also executed three separate statements of work agreements ("SOW") for the licensed products, outlining the terms and conditions for each product. Each SOW specifies the roles and responsibilities of each party with respect to development, sales, marketing and distribution of each product to the targeted customers. Megahertz will provide project management services

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to the Company for each SOW. Such services will include supporting the Company's manufacturing, distribution, sales and marketing of the licensed products. For each SOW, the initial monthly advance payment for project management services has been estimated at \$7,000. The first payment of \$21,000 is due December 2015. Further project management fees will be based on estimated costs for each quarter for each licensed product and will be payable in advance.

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

Megahertz shall not itself nor permit any other party to grant to others the right to, make use, offer to sell, sell or import any licensed products within Canada or the United States, until December 31, 2015, so long as the Company is not in breach of the license and SOW agreements.

**a) Basis of Consolidation**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, The Conac Group Inc., and Conac Software (USA) Inc., Lomiko Metals LLC and the newly formed wholly owned subsidiary Lomiko Technologies Inc. which was incorporated on May 1, 2014 under the Business Corporation Act of British Columbia (the "Group"). The subsidiaries have been fully consolidated and will continue to do so until control ceases. All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

**b) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

**c) Exploration and Evaluation Expenditures**

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation ("E&E") is recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

When a project is deemed no longer to have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair market value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

**d) Financial Instruments**

***Financial Assets***

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. Cash and cash equivalents and marketable securities are included in this category. Financial instruments in this category are recognized initially and subsequently at fair value.



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Transaction costs are expensed in the statement of operations. Gains and losses arising from changes in fair value are presented in the statement of operations in the period in which they arise.

***Available-for-sale***

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Company's investment in equity securities is included in this category. Available-for-sale investments are recognized initially at fair value plus transactions costs and are subsequently carried at fair value except for equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which shall be measured at cost. Gains or losses arising from changes in fair value are recognized in other comprehensive income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of operations and are included in other gains and losses.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise amounts receivable due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

***Impairment on Financial Assets***

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

***Financial Liabilities***

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and are comprised of trade payables and accrued liabilities. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

**e) Provisions**

***Rehabilitation Provision***

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and revegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

As at April 30, 2015, the Company had no site restoration obligations.

***Other Provisions***

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Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

**f) Income Taxes**

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

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

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**g) Flow-through Shares**

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

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's reporting year is disclosed separately as flow-through share proceeds.

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

**h) Earnings/Loss per Share**

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

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

**i) Share-based Payments**

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each

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reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

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

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

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

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

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

**j) Standards, Amendments and Interpretations Not Yet Effective**

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Company's future financial statements:

*(i) IFRS 9 Financial Instruments*

IFRS 9 Financial Instruments is part of the IASB's wider project to replace 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 depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2015. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

*(ii) IFRS 10, Consolidated Financial Statements Financial Instruments*

IFRS 10, *Consolidated Financial Statements* ("IFRS 10") was amended by the IASB in October 2012. The amendments introduce an exception for investment entities to the principle that all subsidiaries are consolidated. The amendments define an investment entity and require an investment entity to measure subsidiaries at fair value through profit or loss in accordance with IFRS 9, *Financial Instruments* or IAS 39, *Financial Instruments: Recognition and Measurement*. The amendments to IFRS 10 are effective for annual periods beginning on or after January 1, 2014.

*(iii) IFRS 12, Disclosure of Interests in Other Entities*

IFRS 12, *Disclosure of interests in other entities* ("IFRS 12") was amended by the IASB in October 2012. The amendments add disclosure requirements for investment entities as defined in IFRS 10, *Consolidated Financial Statements*. The amendments to IFRS 12 are effective for annual periods beginning on or after January 1, 2014.

*(iv) IAS 27, Separate Financial Statements*

IAS 27, *Separate Financial Statements* ("IAS 27") was amended by the IASB in October 2012. The amendments require an investment entity to measure its investments in subsidiaries at fair value through profit or loss when it presents separate financial statements. The amendments to IAS 27 are effective for annual periods beginning on or after January 1, 2014.

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(v) *IAS 32, Financial Instruments: Presentation*

*IAS 32, Financial Instruments: Presentation* ("IAS 32") was amended by the IASB in December 2011. The amendment clarifies that an entity has a legally enforceable right to offset financial assets and financial liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.

(vi) *IAS 36, Impairment of Assets*

*IAS 36, Impairment of Assets* ("IAS 36") was amended by the IASB in May 2013. The amendments require the disclosure of the recoverable amount of impaired assets when an impairment loss has been recognized or reversed during the period and additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014.

**Critical Accounting Estimates and Judgments**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

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 expenditure asset may exceed its recoverable amount, the Company carries out an impairment test at the cash generating unit or group of cash generating units level in the year the new information becomes available. The Company has determined that there are currently no indicators of impairment.

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 share-based payments is determined using the Black-Scholes valuation model. Such valuation models require the input of subjective assumptions including expected price volatility, option life, dividend yield, risk-free rate and forfeitures at the initial grant.

**SHARE CAPITAL AND RESERVES**

**(a) Share Capital**

**Authorized**

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

**Issued**

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*As of the financial period ended April 30, 2015*

The Company issued the following common shares:

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

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

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

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

**b) Share purchase warrants**

A summary of the Company's outstanding share purchase warrants at April 30, 2015 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2014	30,498,202	\$ 0.16
Issued, February 23, 2015	14,890,566	\$ 0.11
Expired	<u>(1,667,000)</u>	<u>\$ 0.10</u>
<b>Balance, April 30, 2015</b>	<b><u>43,721,768</u></b>	<b><u>\$ 0.15</u></b>

The following table summarizes information relating to share purchase warrants outstanding and exercisable at April 30, 2015.

	Number of Warrants	Exercise Price	Expiry Date
	2,759,052	\$0.10	October 10, 2015
	13,292,090	\$0.15	September 13, 2015
	2,313,500	\$0.20	September 13, 2015
	1,872,671	\$0.11	September 13, 2015
	920,774	\$0.13	September 13, 2015
	7,673,115	\$0.20	September 13, 2015
	9,799,000	\$0.125	September 24, 2016
	<u>5,091,566</u>	\$0.08	April 15, 2017
	<b><u>43,721,768</u></b>		

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The weighted average remaining contractual life of the warrants as at April 30, 2015 was .79 years (2014 – 1.19 years).

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

	April 30, 2015	April 30, 2014
Risk free interest rate	0.51%	1.06%
Expected life of options	1.7 years	5 years
Annualized stock price volatility	139.43%	157.50%
Expected dividend yield	0%	0%

**(c) Share-based payments**

Stock options are summarized as follows:

	Number of options Outstanding	Weighted Average Exercise price
Balance, July 31, 2014	5,525,000	\$ 0.11
Issued for services	2,000,000	0.10
Cancelled	(100,000)	0.10
Expired	<u>(1,850,000)</u>	<u>0.11</u>
<b>Balance, April 30, 2015</b>	<b><u>5,675,000</u></b>	<b><u>\$ 0.10</u></b>

The following table summarizes the stock options outstanding and exercisable as at April 30, 2015.

Number of options outstanding	Exercise price	Expiry date
425,000	\$0.10	February 8, 2016
350,000	\$0.10	August 8, 2016
675,000	\$0.10	February 1, 2018
400,000	\$0.10	April 30, 2018
1,825,000	\$0.10	January 31, 2019
<u>2,000,000</u>	\$0.10	September 5, 2019
<b><u>5,675,000</u></b>		

On September 5, 2014 the Company granted 2,000,000 (2014 – 1,825,000) stock options to directors and consultants with a total fair value of \$152,766 or \$0.08 per option (2014 – \$155,894 or \$0.08 per option). Directors were granted 1,400,000 options with a value of \$106,934.

The weighted average remaining contractual life of options outstanding at April 30, 2015 is 3.42 years (2014 - 2.79 years).

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

	April 30, 2015	April 30, 2014
Risk free interest rate	1.58%	1.31%
Expected life of options	5 years	5 years

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Annualized stock price volatility	148.3%	196.9%
Expected dividend yield	0%	0%

**Other Requirements**

Additional disclosure relating to the Company's material change reports, news releases and other information is available on SEDAR at [www.sedar.com](http://www.sedar.com). The Company's website can be found on: [www.lomiko.com](http://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, policies and processes for managing those risks or the methods used to measure them from previous year have not changed.

**General Objectives, Policies and Processes:**

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

**Equity Price Risk:**

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

**b) Credit Risk**

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Credit risk is the risk of financial loss to the Company if a customer or a 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. 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 April 30, 2015 relating to cash of \$1,929,009 and other receivables of \$81,046. All cash, cash equivalents and short term deposits are held at the Bank of Montreal.

**c) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that it has sufficient cash on demand to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in business accounts and is available on demand. Funding risk is the risk that the Company may not be able to raise equity financing in a timely manner and on terms acceptable to management. There are no assurances that equity financing will be available when, and if, the Company requires additional financing.

The following table summarizes the Company's significant remaining contractual maturities for financial liabilities at January 31, 2015 and July 31, 2014.

	<b>Less than 3 months</b>	<b>3 – 12 months</b>	<b>Total</b>
<b><u>July 31, 2014</u></b>			
Trade payables and other payables	\$ 48,455	\$ -	\$ 48,455
Liability incurred on flow-through shares issued	\$ -	\$ 399,465	\$ 399,465
<b><u>April 30, 2015</u></b>			
Trade payables and other liabilities	\$ 24,726	\$ -	\$ 24,726
Liability incurred on flow-through shares issued	\$ -	\$ -	\$ -

**d) Fair value of financial instruments**

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

<b><u>July 31, 2014</u></b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investment in equity	\$ -	\$ -	\$ 50,000	\$ 50,000
Cash and Cash equivalents	\$ 4,533,483	\$ -	\$ -	\$ 4,533,483
<b><u>April 30, 2015</u></b>				
Investment in equity	\$ 3,209,788	\$ -	\$ 224,075	\$ 3,434,863
Cash and Cash equivalents	\$ 1,939,009	\$ -	\$ -	\$ 1,929,009

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 (ie as prices) or indirectly (ie., derived from prices); and

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

**Capital Management**



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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.

### Management Remuneration

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation comprised:

		April 30, 2015		April 30, 2014
Management fees paid to companies related to directors	\$	130,000	\$	90,000
Share-based compensation		<u>76,383</u>		<u>139,885</u>
	\$	<u>206,382</u>	\$	<u>148,147</u>

### Related Party Transactions

During the nine-month period, the Company paid \$ 65,000 each in management fees to companies owned by two directors.

Included in consulting fees are a total of \$32,000 paid to two directors for board advisory services.

Included in accounts payable are \$3,736.87 (2014 - \$0) owing to a director.

Included in accounts receivable is \$7,875 (2014 - \$5,250) for an advance to a director for management services.

On September 1, 2014 the Company signed consulting agreements with two directors, to provide management, financial and advisory services to the Company. At the time of signing the fee per director amounted to \$7,500 per month. The term of the agreements are twenty four months and are automatically renewed for consecutive 24 months periods, unless terminated earlier by either party. The Company may terminate the agreements by giving the consultants written notice and is required to pay each consultant 14 times the monthly fee within 15 days of the notice of termination, unless certain events occur relating to the Company and/or the consultant.

### 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.

		April 30 2015		April 30, 2014
Income (loss) attributed to ordinary shareholders	\$	(1,168,696)		(579,157)
Weighted average number of common shares		139,177,532		90,942,058
Basic and diluted loss per share	\$	<u>(0.02)</u>	\$	<u>(0.01)</u>

There was a loss for the period ended April 30, 2015, therefore the effect on diluted loss per share is anti-dilutive and the diluted loss per share remains \$0.02 (2014 – \$0.01).

### Selected Annual Information

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Revenue, net loss, diluted loss per common share, total assets and total long-term liabilities for the year ended July 31, 2014, with the year ended July 31, 2013 and with the year ended July 31, 2012 were as follows (in thousands of Canadian dollars except for shares):

	IFRS 2014 \$	IFRS 2013 \$	IFRS 2012 \$
Total Revenue	0	0	0
Total Assets	6,300	1,536	1,201
Total Long Term Liabilities	0	0	0
Net Income and comprehensive (loss)	(817)	(602)	(878)
Net Income (loss) per share basis	(0.01)	(0.01)	(0.015)
Net Income (loss) per share diluted	(0.01)	(0.01)	(0.015)

Stated in thousands of Canadian dollars except for shares:

Results of Operation – Nine months ended April 30, 2015 and 2014

	Three months ended April		Nine months ended April	
	2015 \$	2014 \$	2015 \$	2014 \$
<b>General and administrative expense</b>				
Office & sundry	10,172	11,979	27,408	22,065
Advertising & Promotions	162,258	1,108	416,840	135,538
Management	45,000	94,756	130,000	90,000
Professional fees	78,621	30,000	171,019	48,168
Consulting	29,996	11,174	77,046	17,258
Regulatory & Transfer Agent fees	31,544	17,259	79,881	87,980
Shareholders' communications	62,536	58,615	100,319	16,462
Travel	20,076	5,711	33,784	12,881
Research & development	-	7,139	-	13,167
Share-based compensation	-	5,168	152,766	139,885
		-		
<b>Total</b>	<b>440,203</b>	241,801	<b>1,189,063</b>	583,404
<b>Loss from operations</b>	<b>(440,203)</b>	(241,801)	<b>(1,189,063)</b>	(583,404)
Interest income	4,373	4,233	20,367	4,247
<b>Income before taxes</b>	<b>(435,830)</b>	(237,568)	<b>(1,168,696)</b>	(579,157)
Tax expense				
<b>Loss &amp; comprehensive loss for the period</b>	<b>(435,830)</b>	(237,568)	<b>(1,168,396)</b>	(579,157)
<b>Flow-Through Premium</b>	<b>119,945</b>	-	<b>399,465</b>	-
<b>Unrealized (loss) gain on re-measurement of equity investments</b>	<b>(1,538,939)</b>	-	<b>2,859,788</b>	-
<b>Comprehensive (loss)/Income for the period</b>	<b>(1,854,834)</b>	(237,568)	<b>2,090,556</b>	(579,157)

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<b>Basic and Diluted Loss Per Share</b>	<b>(0.01)</b>	(0.00)	<b>0.02</b>	(0.01)
<b>Basic &amp; Diluted Weighted Average Common Shares</b>	<b>142,805,433</b>	109,889,040	<b>139,177,532</b>	90,942,058

<b>Statement of Operations and Comprehensive Loss Data</b>	<b>April 30, 2015</b>	July 31, 2014
Total Revenue	Nil	Nil
Total Expenses	1,189,063	901,101
Net Income/(Loss)	(1,168,698)	(816,627)
Comprehensive (loss)/income for the period	2,090,556	(816,627)

The following selected financial data is derived from the audited condensed annual financial statements prepared in accordance with IFRS:

<b>Statement of Financial Position Data</b>	<b>April 30, 2015</b>	<b>July 31, 2014</b>
Total Assets	9,201,937	6,296,947
Total Long-Term Debt	Nil	Nil
Total Liabilities	24,726	447,920
Shareholders' Equity: Share Capital Equity	23,040,559	22,377,941

During the nine month period, ended April 30, 2015, operational expenses increased significantly from the same period last year as the Company was engaged in several new projects, namely an investment in Graphene ESD, NY (supercapacitor project), Megahertz Power Systems joint venture, which have the potential to generate future revenue for Lomiko. Therefore, travel and promotional expenses were significantly higher because the Company was involved with several conferences and television interviews to garner attention for the Company's plans for 2015 and beyond.

Advertising, promotions and travel related to several promotional conferences, video presentations, news dissemination.

Legal fees related to setting up new business ventures and for costs relating to a current lawsuit whereby a plaintiff is seeking damages in relation to a contract dispute arising out of a subscription agreement and alleged ratchet agreement between the Company and the plaintiff. The Company intends to rigorously defend itself with regards to this dispute.

Consultation expenses related to advisory fees and market support fees.

Professional fees include fees relating to two financings and legal matters concerning the lawsuit between Lomiko and Alpha Capital Anstalt. The Company was served with a Notice of Civil Claim by Alpha Capital Anstalt ("Alpha Capital") filed in the Supreme Court of British Columbia on August 6, 2014. The action is in connection with a contractual dispute arising out of a subscription agreement and ratchet agreement between the Company and Alpha Capital. In the action, Alpha Capital seeks damages or, in the alternative, issuance of 3,333,333 common shares and a reduction in the warrant excise price for a further 5,000,000 common shares to \$0.06 per share, as well as other ancillary relief. The Company intends to vigorously defend itself against this action.

Shareholder communications expenses related to quarterly mail-outs.

Filing fees related to two private placement financings and the Company's investment in Graphene ESD, 2014 Annual Financial and AIF filing fees and OTCQX annual maintenance filing fees

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

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

The Company's 4,396,970 common shares in Graphene 3D Corp. (V.GGG) ("Graphene 3D") decreased by approximately 27% to \$3,209,788 compared to \$4,398,728 in the last quarter reporting period. Of these shares, 1,359,848 are free-trading and the remainder is held in escrowed on a time-release basis. The value of the above shares are subject to changes in market conditions and prices.

The Company had a total net loss of (\$1,168,696) for the nine-month period compared to a loss of (\$579,157) for the same period last year. The loss per share, basic and diluted was 0.02 as compared to (0.01) for the same as last year.

The Company had assets of \$9,201,937 of which \$3,433,863 came from investments, \$250,000 from its license agreement with Megahertz Power Systems Inc., 1,929,009 came from cash, \$581,046 from receivables and advance payments, \$217,947 from prepaid expenses and \$2,790,072 from its mineral property investments and deferred exploration costs.

The Company had \$2,203,276 in working capital as of April 30, 2015.

The Company's mineral property acquisition assets comprise of \$72,884 for the 100% acquisition of the Vines Lake Mineral Property in the Cassiar district of British Columbia; \$373,000 in cash payments and shares issuance for 100% equity interest in the Quatre Milles, QC (Graphite) east/west properties; \$100,000 in cash and share payments to Canada Strategic Metals Inc. ("Canada Strategic") for a 40% interest in the La Loutre (Graphite) Quebec property and a further \$105,000 in share payments for a second option with Canada Strategic to acquire a further 40% in the La Loutre property after scheduled exploration expenditure on their properties are completed; \$10,000 cash payment and \$115,000 in share payment for an option agreement with Canada Strategic for the opportunity to acquire 80% interest in the Lac des Isles, QC property after scheduled exploration expenditures are completed on La Loutre and a third property, Sakami located in Quebec.

La Loutre, Lac des Isles and the Sakami QC properties are all owned by Canada Strategic.

The Company has spent a total of \$1,638,034.17 in deferred exploration expenses and has recovered a total of \$138,587 in Mineral Exploration Tax Credits (METC) for net deferred exploration expenses of \$1,499,447.17.

**Results of Operations - Use of Proceeds from previous Private Placements as at April 30, 2015**

Proceeds of Private Placements	Financing Mar.13, 2014 \$2,924,589	Financing Feb 20, 2015 \$587,940	Financing April 13, 2015 \$230,466	Jun. 27, 2013 (Flow-Through) \$499,999.92	March 13, 2014 (Flow-Through) \$2,596,520
<b>Balance forward</b>	<b>(310,797)</b>	<b>353,282</b>	<b>494,636</b>		
Cost of financing	(678,295)	(31,340)	(15,684)		
Advance Payments	(92,091)	(117,989)	(51,619)		
Exploration & Technical reports	-	-	-	(499,999.92)	(675,495)
Investments	(353,000)	-	(12,500)		
Legal/Consulting/Professional	(173,883)	(67,003)	(29,289)		
TSX & Filing fees	(116,917)	(14,369)	(4,290)		
Transfer Agent	(28,232)	(7,137)	(654)		
Office & sundries	(31,642)	(11,920)	(2,099)		
Promotions & travel	(544,617)	(117,768)	(29,357)		
Audit/Accounting	(58,882)	(8,760)	-		
Shareholders' communications	(20,783)	-	(3,709)		
Management	(135,000)	(30,000)	(15,000)		
Research & Development	(5,168)	-	-		
Investor Relations	(22,000)	(40,300)	(16,262)		
<b>Balance of proceeds remaining</b>	<b>353,282</b>	<b>494,636</b>	<b>544,639</b>	<b>0.00</b>	<b>\$1,921,025</b>

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

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

	Apr 15	Jan 15	Oct 14	Jul 14	Apr 14	Jan 14
Revenue	0	0	0	0	0	0
Net Loss	(1,169)	(733)	(410)	(817)	(579)	(342)
Loss per Share	0.02	(0.01)	(0.00)	(0.01)	(0.01)	(.000)

**Other MD&A Requirements**

As at April 30, 2015, the Company had a total of 204,860,036 shares on a fully diluted basis. If the Company were to issue 49,396,769 shares upon the conversion of all of its outstanding warrants and options, it would raise a total of \$ 6,792,437.

As at April 30, 2015, the Company has sufficient funds to pay for approximately 4 months of on-going operational expenses and to meet its commitments.

**Off Balance Sheet Arrangements**

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

**Contractual obligations**

On March 13, 2014, the Company entered into flow-through share subscription agreements whereby it is committed to incur on or before January 30, 2016, a total of \$2,596,520.03 of qualifying Canadian Exploration Expenses as described in the Canadian Income Tax Act. As at April 30, 2015, the Company has incurred \$ in qualifying expenditures for this commitment.

The Company is able to continue to incur exploration expenses beyond the deadlines. 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.

**Megahertz Power Systems Inc.**

On October 20, 2014, the Company, through its wholly owned subsidiary Lomiko Technologies, Inc., signed a letter agreement with Megahertz Power Systems (Megahertz) to:

- license from Megahertz, non-exclusive rights to manufacture and sell three power converter system designs;
- acquire a pending supply contract with a Canadian LED system integrator;
- finance the Company's future manufacture and sales of the licensed power supplies; and
- finance to the amount of \$250,000, the business set-up costs of the Company's manufacture and sales of the licensed power supplies.

It is anticipated that within 45 days of the signing of the letter agreement, both parties will negotiate and execute for each licensed power supply a written license agreement.

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

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

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- \$100,000 within 60 days of signing the letter agreement

The funds will be used by Megahertz to organize and setup the manufacturing of licensed power converter systems, develop an e-commerce website for sales of the products, open and maintain an office to support the sales and manage the initial manufacturing, technical, and administrative support of the product for the initial year of operations.

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

The non-exclusive license expires on December 31, 2015, as long as the Company continues to finance the production and sale of the products.

### **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 from and after October 31, 2014. The plan was confirmed at the annual general meeting of holders of Voting Shares held on October 30, 2015.

#### **Reconfirmation**

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

### **Contingencies**

On August 6, 2014 the Company received legal notice that a plaintiff is seeking damages in relation to a contract dispute arising out of a subscription agreement and alleged ratchet agreement between the company and the plaintiff. The plaintiff is seeking damages or alternatively the issuance of 3,333,333 common shares and a reduction in the warrant exercise price for a further 5,000,000 common shares to \$.06 per share as well as other ancillary relief. The Company disputes the claims and has not made any provisions in the accounts and is actively in negotiations.

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

### **Subsequent Events**

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On June 15, 2015, the Company announced that exploration at the La Loutre and Lac Des Iles West Crystalline Flake Graphite Properties located in Quebec have begun. After completion of commitments outlined in a February 9, 2015 news release, Lomiko would own 80% interest in each property and Canada Strategic would own 20%. The Company is fully funded to complete its 2015 work program.

The La Loutre Property consists of 1 large contiguous block of 42 mineral claims totalling 2,508.97 hectares (25.09 km<sup>2</sup>) located approximately 53 km Southeast of Imerys Carbon and Graphite Lac des Iles graphite mine, 117 km northwest of Montréal in southern Québec.

Phase 1 of the 2015 exploration work would consist of a 5,000 meter delineation and definition diamond drilling program with NQ size core to outline potential compliant mineral resources in all categories in follow-up to the initial 2014 drill campaign which outlined graphite mineralization over a 800 meter strike length. Also, part of the program will be dedicated to test others parallel zones as a part of the exploration program. Drilling should reach a vertical depth of 150 meters, the “rule-of-thumb” physical depth limit of a standard open pit.

**Disclosure of Internal Controls**

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