

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



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

This MD&A should be read in conjunction with the Company's financial statements for the period ended July 31, 2019 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 November 27, 2019. Readers are cautioned not to put undue reliance on forward-looking statements.

Cautionary statement regarding Forward-Looking Statements

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

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to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance of forward-looking statements.

Nature of Operations

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

The Company's registered mailing address is #439, 7184 120th Street, Surrey, BC V3W 0M6 Canada.

Going Concern

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company has incurred cumulative losses of \$26,010,540 and has reported a net loss from operations of \$1,765,708 for the twelve month period ended July 31, 2019. The ability of the Company to continue as a going concern is dependent upon successfully obtaining additional financing entering into a joint venture, a merger or other business combination transaction involving a third party, sale of all or a portion of the Company's assets, the outright sale of the Company, the successful development of the Company's mineral property interests, or a combination thereof. There can be no assurance that funding from this will be sufficient in the future to continue and develop its mineral properties, and provide additional funding for the development of the power supply products. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company be unable to continue as a going concern. Such adjustments could be material.

Intercorporate Relationships

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

Board of Directors

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

General

Lomiko Metals Inc. is a Vancouver, Canada based mining and exploration Company focused on advancing its principal asset, La Loutre Quebec (Flake Graphite). In addition, the Company has a business relationship and invested with Graphene Energy Storage Devices (Graphene ESD Corp.), Smart Home Devices (SHD), a company that is developing a series of energy-saving, connected building automation and security products and Promethieus Cryptocurrency Mining Corporation.

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

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Exploration

Vines Lake Property

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

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

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

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

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

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

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

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

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

Should the forecasted market price for zinc increase substantially, further geochemical research has been recommended to establish the significance of the zinc-in-soil anomaly. This research should be focused on the

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comparison to SEDEX deposit models from Selwyn Basin and mineral occurrences from Cassiar Platform including the Silvertip deposit situated 85 km to the north.

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

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

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

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

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

On February 17, 2019, the Company chose to abandon its Vines Lake property by not renewing the property claims and subsequently wrote off a further \$249,105 in acquisition and exploration expenses.

Quatre-Milles (East)

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

- the Company paid \$25,000 cash upon signing;
the Company issued 100,000 common shares at a deemed value \$0.35 per share; the Company paid \$25,000 cash and issued 50,000 common shares at deemed value of \$0.35 per share ;
- the Company issued 100,000 common shares at deemed value of \$0.35 per share; - the Company issued 150,000 common shares at a deemed value of \$0.35; and - the Company completed a minimum of \$200,000 of exploration on the property.

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

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

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

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Quatre-Milles (West) (QMW)

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

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

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

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

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

La Loutre Crystalline Flake Graphite Property - Quebec

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

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

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

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

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Previous to this option, Lomiko owned 40% of the La Loutre Property and Lac des Iles Property and had an option to increase ownership to 80% based on completing work and issuing shares.

The La Loutre property consists of 42 continuous mineral claims totalling approximately 2,867.29 hectares (28.67 km²) situated approximately 53 km east of Imerys Carbon and Graphite, formerly known as the Timcal Graphite Mine, North America's only operating graphite mine, and 117 km northwest of Montreal. The property consists of 1 large contiguous block of 42 mineral claims totaling 2,508.97 hectares (25.09 km²) located approximately 53 km east of Timcal's Lac des Iles graphite mine, 117 km northwest of Montréal in southern Québec.

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

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

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

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

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

- 1st 5 drill holes - discovery of a wide near surface rich graphite-bearing zone with an intercept of 4.72% graphite over 128.35 metres, including 8.42 % graphite ("Gp") over 26.40 metres;
- 2nd 5 drill holes - near surface wide Graphite-bearing zones with an intercept of 2.74% Gp over 98.10 metres, including 6.34% Gp over 6.50 metres and 8.88% Gp over 2.95 metres;
- 3rd 5 drill holes – near surface wide graphite-bearing zones with an intercept of 4.98% Gp over 44.80 metres including 9.02% Gp over 14.70 metres and 4.40% Gp over 53.25 metres including 7.46% Gp over 15.35 metres;
- 4th 5 drill holes - near surface wide graphite intersections with 3.06% Gp over 21.00 metres from hole LL-14-16; 6.52% Gp over 14.20 metres and 2.24% Gp over 35.00 metres from hole LL-14-17; 3.79% Gp over 20.90 metres from hole LL-14-18; 5.36% Gp over 12.40 metres including 15.65% Gp 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;
- 5th 5 drill holes – near surface wide graphite intersection with 8.01% Gp over 20.3 metres and 5.91% Gp over 15.5 metres from hole LL-14-21; 2.78% Gp over 66 metres from hole LL-14-22; 3.48% Gp over 136.5 metres including 6.43% Gp over 4.65 metres, 11.23% Gp over 10.7 metres and 10.30% Gp over 7 metres from hole LL 14-23; 7.73% Gp over 18.15 metres including 13.15% Gp over 5.3 metres and 2.74% Gp over 99.75 metres including 8.68% Gp over 3.1 metres and 11.99% Gp over 4.5 metres from hole LL-14-24 and 3.13% Gp over 83.25 metres including 10.94% Gp over 3.75 metres from hole LL-14-25.

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

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

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

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

On December 9, 2016, the Company announced that a 1550 M drill program of 10 holes was completed in the new Refractory Zone at the La Loutre Flake graphite property which intercepted multiple zones of graphite mineralization. As a result of the 2016 drilling program on La Loutre, the Company announced on January 17, 2017, that high grade graphite results from the near surface Refractory zone was 7.74% graphite over 135.60 metres including 16.81% graphite over 44.10 metres from hole LL-16=01, two different intersection in hole LL-1602 reporting 17.08% graphite over 22.30 metres, 14.80% graphite over 15.10 metres and 110.80 metres of 14.56% graphite in hole LL-16-04 to LL-16-03.

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

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

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

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

The drilling program for this period was conducted by Consul-Teck Explorations Inc. and cost a total of \$488,329.51.

As of this reporting period, the Company has spent a total of \$2,879,156.46 in exploration expenses and \$620,833.93 in acquisition costs and currently owns 80% of the La Loutre, QC property.

La des Isles, Quebec

The Lac-des-Iles Property consists of one large contiguous block of 104 mineral claims totaling 5,601.30 hectares (56 km²) in the Laurentian Region of Quebec, bordering the western limit of the Imerys Carbon and Graphite Mine and Processing Facility (the "Timcal Graphite Mine"). The Property is located 20 km south of Mont-Laurier, 150 km

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northwest of Montreal. The center of the Lac-des-Iles Property (LDI) is located at Universal Transverse Mercator ("UTM") coordinates 453539 East, 5138502 North, in the North American Datum (NAD) 83 Zone 18 coordinate system.

All claims comprising LDI are in good standing and 100% owned by Canada Strategic Metals Inc.

The Company spent a total of 174,404.17 in exploration expenses and \$957,589.62 in acquisition costs on the LDI Property and has a 80% interest in this property.

During the year ended July 31, 2018, the Company assessed that the LDI should be considered impaired due to the mediocre results from exploration work done on this property. The Company consequently wrote-off a total of \$1,131,992 on the LDI property.

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.

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

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

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

Quatre-Mille (East) Graphite Property, Quebec - Acquisition Costs				
Date	Cash	Shares	Price	Amount \$
11-12-2011	25,000.00			25,000.00

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03-27-2012		100,000	\$0.35	35,000.00
09-27-2012	25,000.00	50,000	\$0.35	42,500.00
03-26-2013		100,000	\$0.35	35,000.00
03-17-2014		150,000	\$0.35	52,500.00
07-31-2018				(190,000.00)
Total Acquisition		400,000		\$0.00

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

Quatre-Mille (West) Graphite Property, Quebec - Acquisition Costs				
Date	Cash	Shares	Price	Amount \$
03-25-2014	3,000.00	180,000	\$1.00	183,000.00
05-01-2018				(183,000.00)
Total Acquisition	3,000.00	180,000		\$ 0.00

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

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

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La Loutre Graphite Property, Quebec - Exploration Expenditures				
	October 31, 2018	January 31, 2019	April 30, 2019	July 31, 2019
Balance Forward	2,276,970.24	2,280,301.37	2,280,301.37	2,768,630.88
Drilling	-		488,329.51	100,574.35
Project supervision and management	-		128,879.34	752.77
Geological sampling & mapping, environmental-	3,172.50		-	5,287.50
Consulting, site visits & reports	-		-	
Miscellaneous charges	-		-	
Mineral Resource Estimate	-		-	
Technical Reports	-		-	
Claims renewal	-		-	3,910.96
Other exploration & evaluation	158.63	128,879.34	-	
YTD Total Exploration Expenditures	2,280,301.37	2,280,301.37	2,768,630.88	2,879,156.46

Lac des Isles Crystalline Flake Property, QC – Acquisition Cost and exploration assigned to acquisition				
Date	Cash	Shares	Price	Amount \$
02-06-2015	6,666.67			6,667.00
04-15-2015		200,000	\$0.70	140,000.00
07-31-2015				476,735.00
05-03-2017		125,000	\$0.50	62,500.00
05-03-2017		100,000	\$0.205	20,500.00
07-31-2017				21,298.00
01-31-2018				229,889.00
07-31-2018				(957,589.00)
Total Acquisition	6,666.67	200,000		\$ 0.00

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

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2. Basis of Preparation and Statement of Compliance

(a) Statement of Compliance

These condensed consolidated interim financial statements of the Company, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Board (“IASB”) and interpretation of the International Financial Reporting Interpretations Committee (“IFRIC”). These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 27, 2019.

b) Basis of Presentation and Consolidation

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

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

3. Summary of Significant Accounting Policies

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

(a) Investment in Associates

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

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

The requirements of IFRS 9 Financial Instruments are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company’s investment in an associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 *Impairment of Assets* (IAS 36) as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment.

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

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

(b) Presentation currency and foreign currency translation

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

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

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

(c) Cash and Cash Equivalents

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

(d) Exploration and Evaluation Expenditures

Exploration and evaluation assets includes the costs associated with exploration and evaluation activity and the fair value (at acquisition date) of exploration and evaluation assets acquired. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are charged to profit or loss. Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

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

e) Decommissioning liabilities

The Company recognizes a provision for statutory, contractual, constructive or legal obligations, including those associated with the decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or evaluation of exploration and evaluation assets. Provisions for site closure and decommissioning are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money.

As at July 31, 2019, the Company did not have any decommissioning liabilities.

f) Financial Instruments

Financial Instruments – recognition and measurement

The Company classifies its financial instruments in the following categories at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt

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instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL.

For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost. Unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at August 1, 2018. The following table shows the original classification under IAS 39 and the new classification) under IFRS 9.

Financial assets / liabilities	Original classification IAS 39	New classification IFRS 9
Cash	FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Due from associate	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on August 1, 2018.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) De-recognition

Financial assets

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The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on de-recognition are generally recognized in profit or loss.

g) Impairment of Assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- The right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- No further exploration or evaluation expenditures in the area are planned or budgeted;
- No commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- Sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment loss is reversed when the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

The impairment of investment in associates occurs when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the investment (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment. If any evidence of impairment exists, the loss is recognized. The current loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized as an expense. An impairment loss is reversed in a subsequent period to the extent that the recoverable amount of the investment increases.

Non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that the assets are impaired. For exploration and evaluation

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

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

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

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

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

h) Income Taxes

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

Current taxes

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

Deferred taxes

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

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

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

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

Sales tax

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

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the statement of financial position.

i) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Share capital issued for non-monetary consideration is recorded at fair value, being the quoted share price at the time of issuance.

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

j) Earnings/Loss per Share

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

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

k) Share-based Payments

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

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

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

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

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

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

Share based compensation arrangements in which the Company receives other goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions and measured at the fair market value of the goods or services received. If the fair value of the goods or services received cannot be estimated reliably, the share based payment transaction is measured at the fair market value of the equity instruments granted at the date the Company receives the goods or the services.

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.

l) 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 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 (Note 15).

m) Significant Accounting Judgments and Estimates

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

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the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses in these financial statements are discussed below.

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

Exploration and evaluation assets: The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that such acquisition costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable resources exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off to profit or loss in the period when the new information becomes available. The carrying value of these assets is detailed at Note 6.

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

Estimates and assumptions

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

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

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

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

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

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

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

IASB or the IFRIC have issued certain pronouncements that are mandatory for accounting years beginning on or after January 1, 2019. None of these are expected to be relevant to the Company's financial statements, except for the following:

IFRS 16, Leases, provides a single lessee accounting model for recognition, measurement, presentation and disclosure, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, substantially unchanged from IAS 17, the predecessor to IFRS 16. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has no leases and as such, this standard would have no impact on the Company's financial statements. There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. Cash and cash equivalents

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

	July 31, 2019	July 31, 2018
Cash and bank balances	\$ 7,554	\$ 37,777
Cash equivalents	<u>3,000</u>	<u>3,000</u>
	<u>\$ 10,554</u>	<u>\$ 40,777</u>

<u>Other Receivables</u>	July 31, 2019	July 31, 2018
Goods and Service Tax	\$ 21,774	\$ 13,403
Receivable - Other	-	7
Due from associate	<u>193,614</u>	<u>-</u>
	<u>\$ 215,388</u>	<u>\$ 13,410</u>

<u>Prepaid Expenses</u>	April 30, 2019	July 31, 2018
Prepaid promotional & consulting expenses	<u>\$ 9,256</u>	<u>\$ 149,259</u>

5. Investment in Associates

Technology

Graphene ESD Corp.

On December 12, 2014 the Company purchased 1,800 shares of Graphene ESD Corp.'s ("Graphene") Series A Preferred Stock, representing 100% of the authorized preferred shares of Graphene, at a purchase price of \$101.27 US per share ("Original Issue Price") for total consideration of \$182,281 US. Dividends, at the rate per annum of \$4.05 per share, will accrue on each preferred share and shall be cumulative. Payment of dividends is at the discretion of the board. Each share of Series A Preferred Stock held by the Company shall be convertible to common stock at the option of the Company and without the payment of additional consideration by the Company.

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

On November 5, 2015, the Company received a US\$110,000 loan from Graphene. The loan bears interest at a rate of 1% per annum and is payable on demand. On September 18, 2017, the Company transferred its remaining 1,278,790 Graphene 3D Lab Inc. common shares released from escrow to Graphene to settle the demand loan, resulting in a gain of \$36,030 on settlement of debt.

The Company exercises significant influence over Graphene ESD Corp. as it owns 40% of the voting shares. It accounts for its investment on the equity basis. As at July 31, 2019, management assessed that the investment in Graphene was impaired and recorded a write-down of \$54,787.

Number of shares held

July 31, 2017	1,800	\$ 58,503
Share of equity loss		(665)
July 31, 2018		\$ 57,838
Share of equity loss	1,800	(3,050)
Write-down of investment		(54,787)
July 31, 2019		\$ 1

Smart Home Devices Ltd. (SHD)

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

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

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

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

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

As at July 31, 2019, the Company owns 18.25% (July 31, 2018 – 18.25%) of the issued and outstanding shares of SHD.

	<u>Number of</u> <u>shares held</u>	
July 31, 2016	778,890	\$ 564,541
Sale of license for shares	867,546	624,633
Share of equity loss	-	<u>(153,201)</u>

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July 31, 2017	1,646,436	\$ 1,035,973
Acquisition of common shares	145,833	105,000
Share of equity loss	-	(4,398)
Write-down of investment	-	(1,136,574)
July 31, 2018 and July 31, 2019	<u>1,792,269</u>	<u>\$ 1</u>

Promethieus Cryptocurrency Mining Corporation

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

The amount due from associate is due from PCM for payment of expenses on behalf of PCM. The amount is unsecured and there are no specified terms of repayment.

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

	<u>Number of shares held</u>	
July 31, 2017	-	\$ -
Acquisition of common shares	<u>200</u>	<u>2</u>
July 31, 2018 and July 31, 2019	<u>200</u>	<u>\$ 2</u>

Summary of investment in associates:

	July 31, 2019	July 31, 2018
Graphene ESD Corp	\$ 1	\$ 57,838
Smart Home Devices Ltd.	1	1
Promethieus Cryptocurrency Mining Corporation.	<u>2</u>	<u>2</u>
	<u>\$ 4</u>	<u>\$ 57,841</u>

5. 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.

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

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

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

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

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

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

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

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

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

La Loutre Graphite Property, Quebec - Exploration Expenditures				
	October 31, 2018	January 31, 2019	April 30, 2019	July 31, 2019
Balance Forward	2,276,970.24	2,280,301.37	2,280,301.37	2,768,630.88
Drilling	-		488,329.51	100,574.35
Project supervision and management	-		128,879.34	752.77
Geological sampling & mapping, environmental-	3,172.50		-	5,287.50
Consulting, site visits & reports	-		-	
Miscellaneous charges	-		-	
Mineral Resource Estimate	-		-	
Technical Reports	-		-	
Claims renewal	-		-	3,910.96
Other exploration & evaluation	158.63	128,879.34	-	

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YTD Total Exploration Expenditures	2,280,301.37	2,280,301.37	2,768,630.88	2,879,156.46
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Lac des Isles Crystalline Flake Property, QC – Acquisition Cost and exploration assigned to acquisition				
2Date	Cash	Shares	Price	Amount \$
02-06-2015	6,666.67			6,667.00
04-15-2015		200,000	\$0.70	140,000.00
07-31-2015				476,735.00
05-03-2017		125,000	\$0.50	62,500.00
05-03-2017		100,000	\$0.205	20,500.00
07-31-2017				21,298.00
01-31-2018				229,889.00
07-31-2018				(957,589.00)
Total Acquisition	6,666.67	200,000		\$ 0.00

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

7. Share Capital and Reserves

a) Share Capital

Authorized

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

Issued

Year ended July 31, 2019

On October 3, 2018 the Company completed the first tranche of a private placement, by issuing of 5,061,038 units of the Company at \$0.05 per unit for total gross proceeds of \$253,052. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.10 for a period of 24 months. A finder's fee of \$11,914 was paid and 228,272 share purchase warrants exercisable for 24 months at an exercise price of \$0.06, were issued to brokers, with a fair value of \$9,437 recognized to share issue cost. The warrants had a fair value of \$176,008 measured using the Black Scholes valuation model, of which \$103,807 was allocated to reserves on a relative fair value basis. Legal and filing costs amounted to \$5,250.

On October 4, 2018 the Company closed the 2nd tranche of a private placement by issuing 5,890,000 units of the Company at \$0.05 per unit for total gross proceeds of \$294,500. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of

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\$0.10 for a period of 24 months. Broker commissions of \$2,100 were paid and 42,000 share purchase warrants exercisable for 24 months at an exercise price of \$0.06, were issued to brokers, with a fair value of \$1,942 recorded to share issue cost. The warrants had a fair value of \$211,349 measured using the Black Scholes valuation model, of which \$123,045 was allocated to reserves on a relative fair value basis. Legal and filing costs amounted to \$14,245.

On November 7, 2018 the Company closed the 3rd and final tranche of a private placement by issuing 12,400,000 units of the Company at \$0.05 per unit for gross proceeds of \$620,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.10 for a period of 24 months. A finder's fee of \$3,000 was paid. The warrants had a fair value of \$389,174 measured using the Black Scholes valuation model, of which \$239,094 was allocated to reserves on a relative fair value basis. Legal fees amounted to \$13,175.

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

On December 11, 2018 the Company completed a private placement by issuing 11,200,000 flow-through shares of the Company at \$0.05 per share for gross proceeds of \$560,000. Broker commissions of \$38,500 were paid and 569,800 share purchase warrants exercisable for 24 months at an exercise price of \$0.05, were issued to brokers with a fair value of \$15,566 recorded to share issue cost. Legal costs amounted to \$13,604. A premium on flow-through shares issued of \$56,000 was recorded as a flow-through liability and amortized into income once spent and renounced.

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

Included in the private placement financings that completed during year were 6,150,000 shares with an aggregate value of \$307,024 that were issued to consultants and recorded to share based payments.

Year ended July 31, 2018

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

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

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

On November 10, 2017, the Company completed a private placement by issuing of 2,000,000 common shares units for gross proceeds of \$280,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.20 for a period of 24 months. The warrants had a fair value of \$127,896 measured using the Black Scholes valuation model, of which \$87,794 was allocated to reserves on a relative fair value basis. A finder's fee of \$19,600 was paid as well as legal costs of \$3,711.

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

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

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

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

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

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

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

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

b) Share purchase warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2017	3,910,031	\$ 0.47
Issued for financing	14,618,933	0.22
Expired	(731,750)	0.69
Balance, July 31, 2018	17,797,214	\$ 0.25
Issued for financing	24,191,110	0.10
Expired	(5,644,290)	0.06
Balance, July 31, 2019	36,344,034	\$ 0.18

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

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Number of Warrants	Exercise Price	Expiry Date
192,000	\$0.29	August 23, 2019
26,340	\$0.75	September 7, 2019
2,000,000	\$0.20	November 10, 2019
5,330,143	\$0.20	November 19, 2019
322,500	\$0.26	November 19, 2019
1,492,538	\$0.29	July 4, 2020
119,403	\$0.29	July 4, 2020
2,670,000	\$0.29	August 23, 2020
5,061,038	\$0.10	October 3, 2020
228,272	\$0.06	October 3, 2020
5,890,000	\$0.10	October 4, 2020
42,000	\$0.06	October 4, 2020
12,400,000	\$0.06	November 7, 2020
<u>569,800</u>	\$0.05	December 11, 2020
<u>36,344,034</u>		

Subsequent to year end, warrants expiring on August 23, 2019 and September 7, 2019 expired unexercised.

The weighted average remaining contractual life of the warrants as at July 31, 2019 was 1.05 years (2018 – 1.37 years).

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

	July 31, 2019	July 31, 2018
Risk free interest rate	2.30%	1.53%
Expected life of options	2 years	1.90 years
Annualized stock price volatility	123.51%	117.42%
Expected dividend yield	0%	0%

(c) Share-based payments

Plan Details

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

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

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Stock options are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, July 31, 2017	490,000	\$0.20
Granted	2,300,000	\$0.14
Exercised	(2,000,000)	\$0.14
Expired	<u>(107,500)</u>	\$0.20
Balance, July 31, 2018	682,500	\$0.17
Granted	7,000,000	\$0.05
Exercised	(370,000)	\$0.05
Expired	<u>(122,500)</u>	\$0.05
Balance, July 31, 2019	<u>7,190,000</u>	\$0.05

The following summarizes the stock options outstanding and exercisable as at July 31, 2019:

Number of options Outstanding	Exercise price	Expiry date
140,000	\$0.05	September 5, 2019
50,000	\$0.05	December 4, 2019
4,500,000	\$0.05	February 28, 2022
<u>2,500,000</u>	\$0.05	April 16, 2022
<u>7,190,000</u>		

During the year ended July 31, 2019, the Company granted an aggregate of 7,000,000 (2018 – 2,300,000) stock options to management and consultants of the Company. The Company recorded \$325,055 (2018 – \$24,099) in share based payments based on the vesting provisions of the granted options.

Subsequent to year end, options expiring on September 5, 2019 expired unexercised. The following weighted average assumptions were used for the Black-Scholes option valuation of stock options granted:

	July 31, 2019	July 31, 2018
Risk free interest rate	1.72%	1.52%
Expected life of options	3 years	0.26 years
Annualized stock price volatility	124.92%	112.72%
Expected dividend yield	0%	0%

The weighted average remaining contractual life of options outstanding at July 31, 2019 was 2.56 years (2018 – 1.05 years).

Reserves

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

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

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8. Accounts Payable and Accrued Liabilities

	July 31, 2019	July 31, 2018
Accounts payables	\$ 289,042	\$ 175,368
Accrued liabilities	<u>40,000</u>	<u>40,000</u>
	<u>\$ 329,042</u>	<u>\$ 215,368</u>

9. Income Taxes

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

	July 31, 2019	July 31, 2018
Loss before income taxes	\$ (1,765,706)	\$ (5,525,606)
Canadian statutory rate	27%	27%
Income tax benefit computed at Canadian statutory rate	(476,741)	(1,491,914)
Permanent differences	(12,792)	(28,008)
Share issue cost	(26,465)	(16,926)
Tax benefits not recognized	<u>(520,698)</u>	<u>1,536,848</u>
Income tax expense	<u>\$ 4,700</u>	<u>\$ -</u>

Tax losses, expire as follows:

Years	
2027	\$ 110,806
2028	130,858
2029	462,824
2030	679,076
2031	719,946
2032	653,482
2033	602,303
2034	945,550
2035	1,541,466
2036	1,049,588
2037	960,221
2038	2,090,774
2039	1,279,697
	<u>\$ 11,534,811</u>

Other Requirements

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

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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 low.

Equity Price Risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The investment in Graphene 3D Lab Inc. equity was measured at fair value and is subject to re-measurement.

b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents and due from associate. The majority of cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand. The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at July 31, 2019 relating to cash of \$ 10,554, other receivables of \$21,774, and due from associate of \$193,614. All cash, cash equivalents and short term deposits are held at the Bank of Montreal.

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c) Liquidity Risk

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

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

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

	Less than 3months	3 – 12 months	Total
<u>July 31, 2019</u>			
Trade payable and other liabilities	\$ 329,042	\$ -	\$ 329,042
<u>July 31, 2018</u>			
Trade payables and other liabilities	\$ 215,368	\$ -	\$ 215,368

d) Fair value of financial instruments

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

	Level 1	Level 2	Level 3	Total
<u>July 31, 2019</u>				
Cash and Cash equivalents	\$ 10,554	\$ -	\$ -	\$ 10,554
<u>July 31, 2018</u>				
Cash and Cash equivalents	\$ 40,777	\$ -	\$ -	\$ 40,777

Level 1 – quoted prices (unadjusted) in active markets

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

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

CAPITAL MANAGEMENT RISK

It is the Company's objective when managing capital to safeguard its ability to continue as a going concern in order that it may continue to explore and develop its mineral properties and investment in power supply products

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companies and continue its operations for the benefit of its shareholders. The Company's objectives when managing capital are to:

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

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

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

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

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

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

RELATED PARTY TRANSACTIONS

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

	<u>July 31, 2019</u>	<u>July 31, 2018</u>
Management Fees paid to companies related to directors or to directors	\$ 180,000	\$ 180,000
Share-based compensation	-	-
	\$ 180,000	\$ 180,000

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

On October 10, 2018, AJS Management Corporation (AJS) was paid \$61,011 as a reimbursement for expenses paid by AJS, for marketing and legal services for Promethieus Cryptocurrency Mining Corporation (PCMC) (Canada and UK), associated companies.

Included in accounts payable is \$172,308 (2018 - \$107,164) owing to directors or companies controlled by directors.

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SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	July 31, 2019	July 31, 2018
Demand loan paid by transfer of equity securities	\$ -	\$ 137,335
Flow through premium liability	\$ 56,000	\$ 24,420
Issuance of common shares for services	\$ 307,024	\$ 833,000

SEGMENTED REPORTING

During the period ended July 31, 2019, the Company operated in two industry segments: acquisition, exploration and development of resource properties and the manufacture and sale of power supply products. The Company's non-current assets by industry segments for the period ended July 31, 2019 and July 31, 2018 as follows:

July 31, 2019	Exploration and Evaluation	Power Supply Products
Non-current assets		
Exploration and evaluation assets	\$ 3,499,992	\$ -
Due from associate	-	193,614
Investment in associate	-	4
	<u>\$ 3,499,992</u>	<u>\$ 193,618</u>
July 31, 2018	Exploration and Evaluation	Power Supply Products
Non-current assets		
Exploration and evaluation assets	\$ 3,146,911	\$ -
Investment in associate	-	57,841
	<u>\$ 3,146,911</u>	<u>\$ 57,841</u>

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

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to so act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates (as hereinafter defined), the exercise of Rights and other matters referred to in the Plan.

Effective Date and Confirmation

This Plan is effective and in full force and effect in accordance with its terms. The plan was confirmed at the annual general meeting of holders of Voting Shares held on October 27, 2017.

Reconfirmation

This Plan must be reconfirmed by a resolution passed by a majority of the voting shareholders at the annual meeting of the Company held in 2020 and at every third annual meeting of the Company thereafter. If this Plan is not reconfirmed or is not presented for reconfirmation at any such annual meeting, this Plan and all outstanding Rights shall terminate and be void.

Flow-through expenditures

The Company is able to continue to incur exploration expenses beyond the deadlines. However it could be subject to a penalty of 4-5% per annum on the balance required to be spent on its exploration work. The Company intends to fulfill its flow-through commitments within the given time constraints. During the year the Company recorded a recovery of \$848 (2018- expense of \$1,309) in Part XII.6 interest.

SELECTED ANNUAL INFORMATION

Revenue, net loss, diluted loss per common share, total assets and total long-term liabilities for the year ended July 31, 2019, with the year ended July 31, 2018 and with the year ended July 31, 2017 were as follows (in thousands of Canadian dollars except for shares):

	IFRS 2019 \$	IFRS 2018 \$	IFRS 2017 \$
Total Revenue	0	0	0
Total Assets	3,735	3,474	6,847
Total Long Term Liabilities	0	0	0
Total Operating Loss	(1,511)	(1,940)	(774)
Net Income and comprehensive (loss)	(1,766)	(5,554)	(1,249)
Net Income (loss) per share basis	(0.03)	(0.16)	(0.05)
Net Income (loss) per share diluted	(0.03)	(0.16)	(0.05)

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Results of Operation – twelve-month period ended July 31, 2018 and 2019

	Twelve months ended July 31,	
	2019 \$	2018 \$
General administrative expense		
Office & sundry	32,175	26,187
Advertising & Promotions	295,535	422,139
Management	180,000	180,000
Professional fees	108,978	182,572
Consulting	83,907	151,500
Regulatory & Transfer Agent fees	53,920	68,954
Shareholders' communications	40,575	30,803
Share based payments	709,080	857,099
Travel	6,692	20,747
Total	(1,510,862)	(1,940,001)
Loss from operation	(1,510,862)	(1,940,001)
Interest income	19	21
Write down of exploration and evaluation assets	(249,106)	(2,443,044)
Foreign exchange gain	-	2,222
Loss on legal settlement	-	(120,000)
Flow-through share premium	56,000	82,112
Part XII.6 interest	848	(1,309)
Share of associate loss	(3,050)	(5,063)
Write down of investment in associates	(54,787)	(1,136,574)
Gain on settlement of demand loan	-	36,030
	(250,076)	(3,585,605)
Loss before Income Tax	(1,760,938)	(5,525,606)
Income tax expense	(4,770)	-
Net loss from continuing operations	(1,765,708)	(5,525,606)
Unrealized (loss) gain on re-measurement of equity investments net of deferred tax		(28,767)
	(1,765,708)	
Comprehensive (loss)/income for the period		(5,554,373)
Basic and Diluted Loss Per Share	(0.03)	(0.16)
Basic & Diluted Weighted Average Common Shares	65,455,447	33,765,516

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

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Statement of Financial Position Data	July 31, 2019	July 31, 2018
Total Assets	3,735,194	3,473,909
Total Long-Term Debt	NIL	NIL
Total Liabilities	329,042	215,368
Shareholders' Equity: Share Capital Equity	27,934,969	26,727,655

During the twelve-month period, ended July 31, 2019, overall operational expenses decreased by 22% from the same period last year.

Advertising and promotions decreased by 30% from the same period last year, as the Company decreased its participation in various conferences, promotions and advertising.

Consulting fees decreased significantly by 44% compared to the same period for last year as the Company cut back on engaging consulting services for promotions.

Professional fees decreased by 40% compared to the same period for last year as the Company had resolved all its legal issues in the previous year.

Other cost cuts included regulatory fees decreased by 21%; share based payments decreased by 17% and travel expense decreased by 68%

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

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

The Company had a total net loss of (1,765,708) for the twelve-month period (2018 – (5,525,606) for the same period last year. The loss per share, basic and diluted was (\$0.03) for the period (2018 - (\$0.16).

As of this reporting period, the Company has assets of \$3,735,194 (2018 – 3,473,909) of which \$215,388 comes from receivables; \$9,256 from pre-paid expenses; \$3,499,992 from mineral exploration and acquisition costs; and \$10,554 in cash. The Company has (\$287,458) in working capital as at July 31, 2019.

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

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

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Business meetings	(1,035)	
Paralegal (areas)	(16,642)	
Audit/Accounting	(40,945)	
Shareholders' communications	(5,448)	
Management (7mths arrears)	(94,950)	
Travel	(385)	
Investor Relations (7mths arrears)	(39,550)	
Drilling and Geological	0	(594,192)
Property Claims renewal		3,911
Balance of proceeds remaining	(972)	0.00

Summary of Quarterly Results

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

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

	Jul. 19	Apr. 19	Jan. 19	Oct. 18	Jul. 18	Apr. 18	Jan. 18	Oct. 17
Revenue	0	0	0	0	0	0	0	0
Net Income (Loss)	(261)	(653)	(515)	(337)	(3,967)	(1,043)	(363)	(153)
Loss per Share	(0.00)	(0.01)	(0.01)	(0.01)	(0.12)	(0.03)	(0.01)	(0.01)

Other MD&A Requirements

As at July 31, 2019, on a 10:1 post consolidated basis, the Company had a total of 75,005,191 issued and outstanding shares, 7,190,000 outstanding options and 36,344,034 outstanding warrants. If the Company were to issue 43,534,034 shares upon the conversion of all of its outstanding warrants and options, it would raise a total of \$5,606,386.61

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

Off Balance Sheet Arrangements

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

Company activities for the Q4, 2019 reporting period

On May 6, 2019, the Company announced the results of 4 new exploration diamond drill holes from its 2019 drilling program. Accordingly, the report shows new intercepts of 116.9 m of 4.80%, including 15.2 m of 18.04% and 47.3 m of 7.56% inking 11.3 m of 17.54% flake graphite at the La Loutre property.

On May 14, 2018, the Company announced that it has appointed Mr. Sandio Pereira to its Board Of Advisors. Mr. Sandio is the former Processing Manager for the world's biggest graphite mine, the Balama Project owned by Syrah Resources of Australia.

July 9, 2019 – Lomiko Metals Inc and Quebec Precious Metals Corporation announced the results from the remaining 16 exploration diamond drill holes received from the 2019 program (see Table 1 below, and Figure 1) at the Refractory Zone of

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the La Loutre graphite project (the "Project"). A total of 21 holes were completed on the Refractory Zone for a total of 2,985 metres. The Project is owned by Lomiko (80%) and QPM (20%). Although the current focus is on the Refractory Zone, the Project was also subject of an independent technical report in accordance with NI 43-101 – *Standards of Disclosure for Mineral Projects*, prepared by B. Turcotte and G. Servelle of InnovExplo Inc. from Val-d'Or, Québec, and O. Peters, of AGP Mining Inc., dated March 24, 2016, filed for the Project's Graphene-Battery Zone. The report presented a mineral resource estimate of 18.4 M Tonnes at a grade of 3.19% carbon flake graphite ("Cg") in the Indicated category and 16.7 M Tonnes at 3.75% Cg in the Inferred category using a cut-off of 1.5% Cg.

June 28th, 2019, the Company that Mr. Gabriel Erdelyi has joined the Lomiko Board of Directors.

July 19, 2019, the Company reported that Mr. Jason Gregg has joined the Lomiko Board of Advisors. Jason Gregg was most recently Executive Vice President, Human Resources for Alio Gold. Mr. Gregg has more than 20 years of experience as a Human Resources professional. He holds a BBA (1995) and an MBA (2000) from Simon Fraser University. Before Alio Gold, he was Vice President of HR, Safety and Environment for Newmarket Gold. Before joining Newmarket, he provided HR consulting services to various mining organizations as well as other industries including forestry and technology. Prior to developing his consulting practice, he worked as a Human Resources executive in the mining industry with Farallon Mining and Nyrstar. Mr. Gregg has also held senior level human resource roles with HDI, International Forest Products, Canadian Forest Products, and Teck.

July 31, 2019, the Company announced that it has entered into an agreement to sell its 100% interest in Lomiko Technologies Inc. to Promethieus Technologies Ltd. (Canada) for \$ 1,236,625. Lomiko Metals Inc. currently owns and will retain 20% of Promethieus Technologies Ltd. (Canada). Further, Lomiko Metals Inc. will be reimbursed \$ 193,614.32 in expenses paid by Lomiko Metals in behalf of Promethieus Technologies Inc. (Canada). Lomiko Technologies is the owner of 18.15% of SHD Smart Home Devices Ltd. and 40% of Graphene Energy Storage Devices. Lomiko Metals Inc. will transfer 1,852,389 shares of Lomiko Technologies representing 100% of the shares of the company. The transaction is subject to a combination arrangement between Promethieus Technologies Ltd. (Canada) and Promethieus Technologies PLC (U.K.), a minimum Promethieus Technologies PLC (UK) financing of \$ 3,670,750, the approval of non-interested shareholders during a special Annual General Meeting (AGM) of shareholders Lomiko Metals Inc. and the approval of the Toronto Stock Exchange. The transaction is considered a non-arms length transaction as Mr. A. Paul Gill is a Director of all the entities involved.

Subsequent events

Aug. 20, 2019, the Company announced that it has engaged Leede Jones Gable Inc. (the "Agent") as lead agent on a commercially reasonable agency basis, for a brokered private placement ("Offering") of a combination of units and flow through shares for gross proceeds of up to \$2,750,000. Up to 20,000,000 common share units ("units") of the Company will be offered at a price of C\$0.05 per unit to raise gross proceeds of up to \$1,000,000. Each unit will consist of one (1) common share and one half of one (1/2) common share purchase warrant ("Warrant"). Each full warrant shall entitle the holder to acquire one (1) common share of the issuer at a price of \$0.07 per share for a period of 24 months following the closing of the Offering. Up to 35,000,000 flow through shares (FT Shares") will be offered at a price of \$0.05 per FT Share for gross proceeds of up to \$1,750,000. The gross proceeds from the issuance of the FT Shares will be used for Canadian exploration expenses and will qualify as flow-through mining expenditures, as defined in Subsection 127(9) of the Income Tax Act (Canada), which will be renounced to the subscribers with an effective date no later than Dec. 31, 2019, to the initial purchasers of the offered securities in an aggregate amount not less than the gross proceeds raised from the issue of the flow-through shares, as applicable, and, if the qualifying expenditures are reduced by the Canada Revenue Agency, the company will indemnify each FT subscriber for any additional taxes payable by such subscriber as a result of the company's failure to renounce the qualifying expenditures as agreed. The net proceeds from the Offering of units and the gross proceeds from the Offering of FT shares shall be primarily used for a new Resource Estimate prepared in accordance NI 43-101 regulations which will include recent drill results from the Refractory Zone and completion of work required for a Preliminary Economic Assessment (PEA), including but not limited to, metallurgical/engineering testing and drilling, testing for conversion to spherical graphite for use in graphite anodes, environmental assessment and extraction and processing cost studies. A portion of proceeds will be allocated to community relations, pursuing potential off-take partners and for general working capital.

August 26, 2010, the Company announced it has engaged NextCap Investor Relations LLC ("NextCap") to lead a comprehensive, strategic investor relations and communications program in the United States and in other key regions. The terms of a signed agreement between the parties include: At the conclusion of a sixty (60) day trial period and if both parties are satisfied with the services provided by NextCap, the Company and NextCap will enter into a one-year contract and the

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Company will compensate NextCap USD\$4000 on a monthly basis for the time period 10/22/19- 10/22/20. The Company shall grant NextCap 200,000 stock options in Lomiko Metals, in accordance with the policies and will have vesting provisions attached and four month hold period, to purchase shares of the Company at \$0.05 per share for a period of five (5) years from the date of the signing of the agreement.

September 30, 2019, the Company announced that, further to the Company's press release dated July 31, 2019, the Company wishes to update shareholders on the agreement to sell its 100% interest in Lomiko Technologies Inc. to Prometheus Technologies Inc. for \$1,236,625. The transaction is non arm's-length as A. Paul Gill is a director of the Company, a director of Lomiko Technologies Inc. and a director of Prometheus Technologies Inc. The transaction is subject to: (1) the Company obtaining disinterested shareholder; and (2) a financing to be completed by Prometheus Technologies Inc. of \$3,670,750. The Company has rescheduled the annual/special meeting to November 29, 2019 wherein shareholders will be presented with the resolution.

October 25, the Company announced that it will be making an application to the TSX Venture Exchange for the issuance of 220,000 common shares at a deemed value of \$0.05 to pay an outstanding debt \$11,000.

October 29th, 2019, the Company announced that it has Retained Hybrid Financial for Marketing Services Vancouver BC, to provide marketing services in accordance with TSX Venture Exchange policies. The services to be provided by Hybrid to the Company shall include assisting in all aspects of a marketing campaign. Hybrid will work to heighten market and brand awareness for the Company and to broaden the Company's reach within the investment community. Hybrid is to issue an invoice for \$30,000.00 CAD, plus applicable tax, with payment of the invoice to be due within ten (10) days of completion of the campaign.

November 8, 2019, the Company announced it will raise \$300,000 through the sale of 6,000,000 units at \$0.05 per unit. Each unit will be comprised of one share and one-half share purchase warrant, with each whole warrant exercisable into one share at a price of \$0.07 for a period of two years from closing date. Proceeds will be used for working capital. All securities will be subject to a four-month plus one day hold period from the closing. The issuance of the securities is subject to the final approval of the TSX Venture Exchange. The Company advises shareholders that this financing is in addition to the Brokered Private Placement in progress.

The above mentioned private placement was closed on November 12, 2020.

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) 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 to support the representations they are making in this 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 NI 52-109 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