



LOMIKO METALS INC.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited – Expressed in Canadian Dollars)**

For the six month period ended January 31, 2020 and 2019

TO THE SHAREHOLDERS OF LOMIKO METALS INC.

Under National Instrument 51-102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company as at and for the periods ended January 31, 2020 and January 31, 2019 have been prepared by management and have been reviewed and approved by the Company's Audit Committee and Board of Directors.

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements for the three month periods ended January 31, 2020 and January 31, 2019.

LOMIKO METALS INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION***Unaudited-expressed in Canadian dollars*

	As at January 31, 2020	As at July 31, 2019
ASSETS		
Current		
Cash and cash equivalents (Note 4)	\$ 26,551	\$ 10,554
Other receivables	22,443	21,774
Due from associate (Note 6)	193,614	193,614
Prepaid expenses (Note 5)	40,379	9,256
	<u>282,987</u>	<u>235,198</u>
Non-current		
Investment in associates (Note 6)	4	4
Exploration and evaluation assets (Note 7)	3,500,489	3,499,992
	<u>3,500,493</u>	<u>3,499,996</u>
	\$ 3,783,480	\$ 3,735,194
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9, 11 and 13)	\$ 600,947	\$ 329,042
	<u>600,947</u>	<u>329,042</u>
EQUITY		
Share capital (Note 8)	28,416,080	27,934,969
Reserves (Note 8)	1,128,217	1,481,723
Deficit	(26,361,764)	(26,010,540)
	<u>3,182,533</u>	<u>3,406,152</u>
	\$ 3,783,480	\$ 3,735,194

Nature of Operations (Note 1)

Commitments and contingencies (Note 16 and 17)

Approved on behalf of the Board:

"Paul Gill"

Paul Gill - President and Chief Executive Officer

"Jacqueline Michael"

Jacqueline Michael - Chief Financial Officer

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

LOMIKO METALS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Unaudited - Expressed in Canadian dollars

	Three Months Ended January 31		Six Months Ended January 31	
	2020	2019	2020	2019
EXPENSES				
Advertising and promotion	\$ 21,495	\$ 180,490	\$ 31,772	\$ 265,799
Consulting	-	3,150	-	10,150
Management fees (Note 11)	45,000	45,000	90,000	90,000
Office and miscellaneous	5,749	8,474	10,815	12,422
Professional fees	98,919	28,276	152,149	42,826
Regulatory and filing fees	27,207	33,847	38,452	42,232
Shareholder communications	11,900	6,843	11,899	34,787
Share based payments (Note 8)	448,869	197,500	448,869	337,000
Travel	3,295	5,863	10,650	15,104
Loss from operations	(662,434)	(509,443)	(794,606)	(850,320)
Other income/(loss)				
Interest income	11	6	18	10
Share of associates loss (Note 6)	-	(1,265)	-	(1,265)
	11	(1,259)	18	(1,255)
Loss before income tax	(662,423)	(510,702)	(794,588)	(851,575)
Income tax expense	-	(4,768)	-	(4,768)
Comprehensive loss for the period	\$ (662,423)	\$ (515,490)	\$ (794,588)	\$ (856,343)
Basic And Diluted Loss Per Share	\$ (.01)	\$ (0.01)	(0.01)	\$ (0.02)
Basic And Diluted Weighted Average Common Shares	82,222,582	68,769,755	78,613,887	54,119,849

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

LOMIKO METALS INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS***Unaudited – Expressed in Canadian dollars*

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	January 31		January 31	
	2020	2019	2020	2019
Cash flows (used in) operating activities				
Net (loss) from continuing operations	\$ (660,423)	\$ (519,320)	\$ (794,588)	\$ (856,343)
Adjustments				
Share based payments	448,869	197,500	448,869	337,000
Equity investment share of loss	-	1,265	-	1,265
	(213,554)	(320,555)	(345,719)	(518,078)
Changes in non-cash working capital items:				
Other receivables	(12,177)	30,859	(669)	(3,550)
Advances	-	-	-	(86,011)
Prepaid expenses	(298)	(26,958)	(31,123)	(26,410)
Loan payable	(30,000)	-	-	-
Accounts payable	155,238	(17,497)	271,906	(169,631)
	(100,791)	(334,151)	(105,6058)	(803,680)
Cash flows from financing activities				
Flow through shares	-	560,000	-	560,000
Issuance of shares for cash	55,000	435,000	55,000	843,052
Issuance of shares in debt settlement (Note 8)	81,500	-	81,500	-
Proceeds from issuance of options	-	6,000	-	6,000
Share issue costs	(14,400)	(58,999)	(14,400)	(92,508)
Share subscriptions utilized	-	(115,000)	-	-
	122,100	827,001	122,100	1,316,544
Cash flows used in investing activities				
Exploration and evaluation expenditures	(497)	-	(497)	(3,331)
Exploration and evaluation advance	-	(250,000)	-	(246,169)
	(497)	(250,000)	(497)	(249,500)
Increase in cash	20,812	242,850	15,998	263,364
Cash and cash equivalents, beginning of period	5,739	61,291	10,553	40,777
Cash and cash equivalents, end of period	\$ 26,550	304,141	\$ 26,550	\$ 304,141

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

LOMIKO METALS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

Unaudited – Expressed in Canadian dollars

	Common Shares Without Par Value		Reserves	Deficit	Total Equity
	Shares	Amount			
Balance, July 31, 2018	40,084,152	\$ 26,727,655	\$ 1,070,639	\$ (24,539,753)	\$ 3,258,541
Issuance of shares for cash	15,661,039	783,527	-	-	783,527
Issuance of flow through shares for cash	11,200,000	504,000	-	-	504,000
Share issue costs	-	(128,733)	26,945	-	(101,788)
Options exercised	370,000	18,500	-	-	18,500
Fair value assigned to warrants	-	(465,946)	465,946	-	-
Stock based compensation	-	-	325,055	-	325,055
Share based payments to consultants	7,690,000	384,025	-	-	384,025
Transfer of reserves on exercise of options	-	111,941	(111,941)	-	-
Options expired	-	-	(104,642)	104,642	-
Warrants expired	-	-	(190,279)	190,279	-
Net loss for the period	-	-	-	(1,765,708)	(1,765,708)
Balance, July 31, 2019	75,051,191	\$ 27,934,969	1,481,723	\$ (26,010,540)	\$ 3,406,152
Issuance of shares for cash	1,100,000	55,000	-	-	55,000
Share issue costs	-	(14,400)	-	-	(14,400)
Fair value assigned to warrants	-	(79,489)	79,489	-	-
Share based payments to consultants	8,770,000	438,500	-	-	438,500
Shares issued on settlement of debt	1,630,000	81,500	-	-	81,500
Share based compensation	-	-	10,369	-	10,369
Options expired	-	-	(109,907)	109,907	-
Options cancelled	-	-	(12,517)	12,517	-
Warrants expired	-	-	(320,940)	320,940	-
Net loss for the period	-	-	-	(794,588)	(794,588)
Balance, July 31, 2020	86,551,191	\$ 28,416,080	\$ 1,128,217	\$ (26,361,764)	\$ 3,182,533

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

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended January 31, 2020

Unaudited – Expressed in Canadian dollars

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of operations

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

The Company’s registered office is unit 439-7184 120th Street, Surrey, British Columbia, Canada.

Going Concern

These condensed consolidated interim 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 \$26,451,706 and has reported a loss of \$784,219 for the period ended January 31, 2020. 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. 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 condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

Certain information, in particular the accompanying notes, normally included in the audited annual financial statements prepared in accordance with IFRS has been omitted or condensed. Accordingly, these unaudited condensed consolidated interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual financial statements of the Company and the notes thereto for the year ended July 31, 2019.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on March 27, 2020.

Basis of measurement:

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for where IFRS requires recognition at fair value.

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended January 31, 2020

Unaudited – Expressed in Canadian dollars

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE - continued

Functional and presentation currency:

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

Use of estimates and judgements:

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgments in applying the accounting policies of the Company in the preparation of these consolidated condensed interim financial statements and key assumptions related to these estimation uncertainties are the same as the ones listed and described in Note 3(m) of the annual audited financial statements of the Company as at July 31, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared following the same accounting policies used in Note 3 of the annual audited financial statements for the year ended July 31, 2019.

Changes in Accounting Policies—New and Amended Standards and Interpretations

IASB or the IFRIC have issued certain pronouncements that are mandatory for accounting periods 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.

	January 31, 2020	July 31, 2019
Cash and bank balances	\$ 26,551	\$ 7,554
Cash equivalents	<u>-</u>	<u>3,000</u>
	<u>\$ 26,551</u>	<u>\$ 10,554</u>

LOMIKO METALS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Six months ended January 31, 2020

*Unaudited – Expressed in Canadian dollars***5. PREPAID EXPENSES**

	January 31, 2020	July 31, 2019
Prepaid expenses	\$ 18,174	\$ 9,256
Advances	<u>22,205</u>	<u>-</u>
	<u>\$ 40,379</u>	<u>\$ 9,256</u>

6. INVESTMENT IN ASSOCIATES**Graphene ESD Corp.**

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

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

The Company exercises significant influence over Graphene as it owns 40% of the voting shares and through a common director. 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.

	<u>Number of shares held</u>	
July 31, 2018		\$ 57,838
Share of equity loss	1,800	(3,050)
Write-down of investment		<u>(54,787)</u>
July 31, 2019 and January 31, 2020		<u>\$ 1</u>

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.

LOMIKO METALS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Six months ended January 31, 2020

*Unaudited – Expressed in Canadian dollars***6. INVESTMENT IN ASSOCIATES – continued**

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.

At January 31, 2020, the Company owns 18.25% (July 31, 2019 – 18.25%) of the issued and outstanding shares of SHD.

	<u>Number of shares held</u>	
July 31, 2019 and January 31, 2020	<u>1,792,269</u>	<u>\$ 1</u>

Promethieus Cryptocurrency Mining Corporation

On May 23, 2018, the Company purchased 200 common shares of Prometheus 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>	
Acquisition of common shares	<u>200</u>	<u>2</u>
July 31, 2019 and January 31, 2020	<u>200</u>	<u>\$ 2</u>

Summary of investment in associates:

	<u>January 31, 2020</u>	<u>July 31, 2019</u>
Graphene ESD Corp	\$ 1	\$ 1
Smart Home Devices Ltd.	1	1
Promethieus Cryptocurrency Mining Corporation	<u>2</u>	<u>2</u>
	<u>\$ 4</u>	<u>\$ 4</u>

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended January 31, 2020

Unaudited – Expressed in Canadian dollars

6. INVESTMENT IN ASSOCIATES – continued

On July 31, 2019 the Company signed an agreement with Prometheus Technologies Inc. (PTI) to sell its subsidiary, Lomiko Technologies Inc. for \$1,236,625 plus expenses incurred by the Company of \$193,614. The sale will be subject to PTI successfully completing an equity financing in the amount of \$3,670,750. Once the equity financing is secured, the Company will transfer to Lomiko Technologies Inc, all of its interests in Smart Home Devices Ltd., Prometheus Cryptocurrency Mining Corporation, and Graphene ESD Corp. As at the date of this report, equity financing for PTI has not been secured.

7. EXPLORATION AND EVALUATION ASSETS

	Vines Lake	La Loutre Crystalline	Total
Balance, July 31, 2018	\$ 249,106	\$ 2,897,805	\$ 3,146,911
Exploration costs	-	598,277	598,277
Claim renew	-	3,910	3,910
Write off of exploration	(249,106)	-	(249,106)
Balance, July 31, 2019	-	\$ 3,499,992	\$ 3,499,992
Claim renew	-	497	497
Balance, January 31, 2020	\$ -	\$ 3,500,489	\$ 3,500,489

Vines Lake Property - Liard Mining District, BC

In March 2006, the Company acquired 100% interest in 3 claims comprising approximately 1,209 hectares ("Ha") in Liard Mining District of British Columbia. On February 24, 2017 the Company expanded its claim to 3,281 Ha.

On February 26, 2018, the Company decided not to renew a portion of the claims on this property and has reduced its area to 1,342 Ha and as such, recorded an impairment charge of \$357,611 during the year ended July 31, 2018

On February 20, 2019, management assessed that the property was impaired as it no longer intends to further pursue the property and as such an impairment charge of \$249,106 was recorded.

La Loutre Crystalline and Lac-des-Iles – Quebec

On September 22, 2014 the Company obtained an option with Quebec Precious Metals Corporation (formally Canada Strategic Metals Inc.) ("QPM"), to purchase a 40% interest in the La Loutre Crystalline Flake Graphite Property located in Southern Quebec by paying \$12,500, funding \$500,000 in exploration expenditures and issuing 125,000 shares at a price of \$0.70 per share.

On February 6, 2015 (amended December 30, 2016), the Company signed an agreement with QPM to acquire an additional 40% interest in the La Loutre property, located in Southern Quebec. for an 80% interest in the Lac-Des-Iles property. The Company paid \$10,000 upon signing, issued 300,000 shares at \$0.70 per share, and agreed to fund \$2,750,000 \$2,500,000 as follows:

- \$1,500,000 on the La Loutre property (paid)
- \$1,000,000 no later than December 31, 2018, on other mining rights of QPM (paid)
- \$250,000 on the Lac Des Iles property (paid)

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended January 31, 2020

Unaudited – Expressed in Canadian dollars

7. EXPLORATION AND EVALUATION ASSETS - continued

QPM remains the operator of the properties until the terms are fully met.

Included in the Exploration Expenditures, will be a management fee payable to QPM (the “Operator”) equal to 5% of expenditures incurred.

The La Loutre property is subject to a 1.5% net smelter royalty (“NSR”) of which 0.5% “NSR” can be purchased by the Company for \$500,000.

On May 13, 2016 (amended December 30, 2016) the Company signed an additional option agreement on the La Loutre and Lac des Iles properties, allowing the Company to increase its interest in the property from 80% to 100%. The terms of the acquisition are as follows:

- Issuance of 950,000 common shares - 450,000 have been issued as of January 31, 2020
- Funding exploration expenditures for an additional \$1,125,000 due December 31, 2019

During the year ended July 31, 2018, the Company assessed that the Lac-des-Iles property was impaired as it no longer intends to further pursue the property and as such, an impairment charge of \$1,131,992 was recorded.

On December 22, 2018, the deadline for funding exploration expenditures, for the La Loutre Crystalline property, was extended from December 31, 2018 to December 31, 2019. The Company was unable to meet this deadline.

8. SHARE CAPITAL AND RESERVES

a) Share Capital

Authorized

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

Issued

Period ended January 31, 2020

On November 12, 2019 the Company completed a non-brokered private placement by issuing 6,000,000 units of the Company at \$0.05 per unit for gross proceeds of \$300,000. Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.07 for a period of 24 months. The warrants had a fair value of \$47,129 measured using the Black Scholes valuation model, of which \$40,730 was allocated to reserves on a relative fair value basis. Legal fees amounted to \$5,250.

A director participated in the placement by purchasing 1,030,000 units in the amount of \$51,500. Funds were immediately used to reimburse the director for debt.

On December 30, 2019 the Company completed a non-brokered private placement by issuing 5,500,000 units of the Company at \$0.05 per unit for gross proceeds of \$275,000. Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.07 for a period of 24 months. The warrants had a

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended January 31, 2020

Unaudited – Expressed in Canadian dollars

8. SHARE CAPITAL AND RESERVES

fair value of \$45,115 measured using the Black Scholes valuation model, of which \$38,757 was allocated to reserves on a relative fair value basis. Legal fees amounted to \$9,150.

A director participated in the placement by purchasing 600,000 units in the amount of \$30,000. Funds were immediately used to reimburse the director for debt.

Included in the private placements, that completed during period, were 877,000 shares with an aggregate value of \$438,500 that were issued to consultants and recorded to share based payments (Note 16).

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 \$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.

LOMIKO METALS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Six months ended January 31, 2020

*Unaudited – Expressed in Canadian dollars***8. SHARE CAPITAL AND RESERVES – continued**

Included in the private placement financings that completed during year were 7,690,000 shares with an aggregate value of \$384,024 that were issued to consultants and recorded to share based payments (Note 16).

b) Share purchase warrants

A summary of the Company's outstanding share purchase warrants as at January 31, 2020 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2018	17,797,214	\$ 0.25
Issued for financing	24,191,110	\$0.05
Expired	(5,644,290)	\$0.05
Balance, July 31, 2019	36,344,034	\$ 0.18
Issued for financing	5,750,000	\$0.07
Expired	(7,870,983)	\$0.20
Balance, January 31, 2020	34,223,051	\$ 0.16

The following table summarizes information relating to share purchase warrants outstanding and exercisable at January 31, 2020.

Number of Warrants	Exercise Price	Expiry Date
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
569,800	\$0.05	December 11, 2020
3,000,000	\$0.07	November 12, 2021
<u>2,750,000</u>	\$0.07	December 30, 2021
<u>34,223,051</u>		

The weighted average remaining contractual life of the warrants as at January 31, 2020 was .89 years (July 31, 2019 – 1.05 years).

LOMIKO METALS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Six months ended January 31, 2020

*Unaudited – Expressed in Canadian dollars***8. SHARE CAPITAL AND RESERVES – continued**

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

	January 31, 2020	July 31, 2019
Risk free interest rate	1.64%	2.30%
Expected life of warrants	2.0 years	2.0 years
Annualized stock price volatility	139.60%	123.51%
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.

Stock options are summarized as follows:

	Number of Options	Weighted Average Exercise Price
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	7,190,000	\$0.05
Granted	400,000	\$0.05
Expired	(190,000)	\$0.05
Cancelled	<u>(250,000)</u>	\$0.05
Balance, January 31, 2020	<u>7,150,000</u>	\$0.05

LOMIKO METALS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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*Unaudited – Expressed in Canadian dollars***8. SHARE CAPITAL AND RESERVES – continued**

The following summarizes the stock options outstanding and exercisable as at January 31, 2020:

Number of options	Exercise price	Expiry date
Outstanding		
4,250,000	\$0.05	February 28, 2022
2,500,000	\$0.05	April 16, 2022
<u>400,000</u>	\$0.05	Aug 26, 2024
<u>7,150,000</u>		

During the period ended January 31, 2020, the Company granted an aggregate of 400,000 (July 31, 2019 – 7,000,000) stock options to management and consultants of the Company. The Company recorded \$10,369 (July 31, 2019 – \$325,055) in share based payments based on the vesting provisions of the granted options.

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

	January 31, 2020	July 31, 2019
Risk free interest rate	1.26%	1.72%
Expected life of options	5 years	3 years
Annualized stock price volatility	143.2%	124.9%
Expected dividend yield	0%	0%

The weighted average remaining contractual life of options outstanding at January 31, 2020 was 2.26 years (July 31, 2019 – 2.56 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.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	January 31, 2020	July 31, 2019
Accounts payables	\$ 596,947	\$ 289,042
Accrued liabilities	<u>4,000</u>	<u>40,000</u>
	<u>\$ 600,947</u>	<u>\$ 329,042</u>

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended January 31, 2020

Unaudited – Expressed in Canadian dollars

10. 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 quarterly reports from the Company's Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

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.

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 January 31, 2020 relating to cash of \$26,551 other receivables of \$22,444 and due from associate of \$193,614. All cash, cash equivalents and short term deposits are held at the Royal Bank of Canada

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended January 31, 2020

Unaudited – Expressed in Canadian dollars

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

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 January 31, 2020 and July 31, 2019.

	Less than 3months	3 – 12 months	Total
January 31, 2020			
Trade payables and other payables	\$ 600,947	\$ -	\$ 600,947
July 31, 2019			
Trade payables and other liabilities	\$ 329,042	\$ -	\$ 329,042

d) Fair value of financial instruments

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

	Level 1	Level 2	Level 3	Total
January 31, 2020				
Cash and Cash equivalents	\$ 26,551	\$ -	\$ -	\$ 26,551
July 31, 2019				
Cash and Cash equivalents	\$ 10,554	\$ -	\$ -	\$ 10,554

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)

12. CAPITAL RISK MANAGEMENT

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

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended January 31, 2020

Unaudited – Expressed in Canadian dollars

12. CAPITAL RISK MANAGEMENT - continued

- 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.

13. RELATED PARTY TRANSACTIONS

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

	January 31, 2020	January 31, 2019
Management Fees paid to companies related to directors or to directors	\$ 90,000	\$ 90,000

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

Included in accounts payable is \$286,180 (July 31, 2019 - \$172,308) owing to directors or companies controlled by director.

LOMIKO METALS INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Six months ended January 31, 2020

*Unaudited – Expressed in Canadian dollars***14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

	<u>January 20, 2020</u>	<u>July 31, 2019</u>
Flow through premium liability	\$ -	\$ 56,000
Issuance of common shares for services	\$ 438,500	\$ 384,025

15. SEGMENTED REPORTING

During the period ended January 31, 2020, 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 periods ended January 31, 2020 and July 31, 2019 as follows:

January 31, 2020	Exploration and Evaluation	Power Supply Products
Non-current assets		
Exploration and evaluation assets	\$ 3,500,489	\$ -
Investment in associates	<u>-</u>	<u>4</u>
	<u>\$ 3,500,489</u>	<u>\$ 4</u>

July 31, 2019	Exploration and Evaluation	Power Supply Products
Non-current assets		
Exploration and evaluation assets	\$ 3,499,992	\$ -
Investment in associates	<u>-</u>	<u>4</u>
	<u>\$ 3,499,992</u>	<u>\$ 4</u>

16. 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,

LOMIKO METALS INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Six months ended January 31, 2020

Unaudited – Expressed in Canadian dollars

16. COMMITMENTS - continued

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

Effective Date and Confirmation

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

Reconfirmation

This Plan must be reconfirmed by a resolution passed by a majority of the voting shareholders at the annual meeting of the Company to be 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.