

## Lomiko Metals, Inc.

(TSXV: LMR.V, OTCQX: LMRMF), Target Price: C\$0.19

Based in Vancouver, BC, Lomiko Metals, Inc. (TSXV: LMR.V, OTCQX: LMRMF, "Lomiko") is an exploration-stage company engaged in the acquisition, exploration and development of resource properties that contain minerals for the new green economy, specifically graphite. In addition to developing high quality graphite plays, including the La Loutre Crystalline Flake Graphite Property and the Quatre Milles Graphite Properties in Quebec, Lomiko is pursuing synergistic growth opportunities in the technology and new energy markets, which leverage its position in the manufacturing graphene, a graphite derivative up to 200x stronger than structural steel that also possesses very high thermal and electrical conductivity properties. These opportunities include the 3D printing, lithium ion battery, LED drivers and power conversion products.

### Investment Highlights

#### Promising results from infill drilling at La Loutre

On December 10, 2015, Lomiko and partner Canada Strategic Metals (TSX.V: CJC) announced that they had intersected 21.55 meters of 11.56%, 57.95 meters of 3.36% including 6.10 meters of 13.66%, and 28.75 meters at 4.44% of flake graphite at their 2,867.29 hectare La Loutre Crystalline Flake Graphite Property. The announcement is the latest of several encouraging results announced in the play by Lomiko, including on December 4, 2015, when Lomiko announced that it had intersected 37.40 meters of 4.41% including 10.25 meters of 5.62%, and 48.05 meters of 3.12% including 8.90 meters of 6.13%. Lomiko management indicated that the results showed "excellent" data including near-surface, high grade flake graphite, helping further define the play's potential. Lomiko acquired a 40% interest in this promising crystalline flake graphite play in September 2014, and has acquired another 40% interest since we initiated coverage on the company. As we indicated in our initiation of Lomiko, there are several long-term demand catalysts for high grade graphite, including from the lithium ion battery industry, automotive demand from projects similar to the Tesla Gigafactory -- which promises to have 35GWh/year of production, as well as potential new applications of graphite derivative graphene, among others.

#### Launch of Spider Charger™ moving towards collaboration

Lomiko's wholly owned subsidiary, Lomiko Technologies, appears to be nearing commercialization for its innovative new Spider Charger™, which has been developed by the company as a result of technology acquired through Lomiko's December 2014 licensing agreement with Megahertz Power Systems Ltd. The Spider Charge™ is an in-wall USB charging device that employs a sleek design while improving energy efficiency for customers and allowing up to eight electronic devices (two standard, 6 via USB ports) to charge safely at one time. Lomiko completed a prototype for the Spider ChArger™ in November and has manufactured 250 units for use for demonstration with new potential commercial customers. There is clearly a large market potential for the Spider Charger™, which has applications for residential and commercial builders, airlines, schools, and businesses with clientele seeking charging stations for their portable electronic devices -- such as

## Equity | Basic Materials / Minerals

coffee houses. Lomiko recently initiated a Kickstarter campaign to fund safety and green certifications for commercial use.

#### Maintain price target of C\$0.19

We are maintaining our price target of C\$0.19 for Lomiko Metals at this time. We see the company as an intriguing, speculative investment in the graphite and graphene markets.

#### Stock Details (12/10/15)

|                      |                                       |
|----------------------|---------------------------------------|
| TSXV, OTCQX:         | LMR.V, LMRMF                          |
| Sector / Industry    | Basic Materials / Metals and Minerals |
| <b>Price target</b>  | <b>C\$0.19</b>                        |
| Recent share price   | C\$0.04                               |
| Shares o/s (mn)      | 152.4                                 |
| Market cap (in C\$m) | 6.1                                   |
| 52-week high/low     | \$0.09 / \$0.03                       |

Source: Thomson Reuters, SeeThruEquity Research

#### Key Financial (C\$m, unless specified)

|            | FY13   | FY14   | FY15E  |
|------------|--------|--------|--------|
| Revenues   | 0.0    | 0.0    | 1.3    |
| EBITDA     | -0.6   | -0.8   | -1.1   |
| EBIT       | -0.6   | -0.8   | -1.1   |
| Net Income | -0.6   | -0.8   | -1.1   |
| EPS (\$)   | (0.01) | (0.01) | (0.01) |

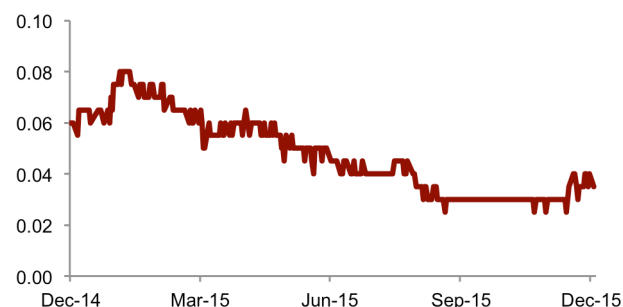
Source: SeeThruEquity Research

#### Key Ratios

|                      | FY14 | FY15E | FY16E |
|----------------------|------|-------|-------|
| Gross margin (%)     | NM   | NM    | 30.0  |
| Operating Margin (%) | NM   | NM    | -85.7 |
| EBITDA margin (%)    | NM   | NM    | -83.0 |
| Net margin (%)       | NM   | NM    | -85.7 |
| P/Revenue (x)        | NM   | NM    | 4.7   |
| EV/Revenue (x)       | NM   | NM    | 3.2   |

Source: SeeThruEquity Research

#### Share Price Performance (C\$, LTM)



## QUARTERLY FINANCIAL SUMMARY

Figure 1. Income Statement Summary

| Figures in C\$, unless specified        | FY3Q15      | FY3Q14      | 9mos 2015   | 9mos 2014  |
|-----------------------------------------|-------------|-------------|-------------|------------|
| Revenue                                 | 0           | 0           | 0           | 0          |
| YoY growth                              | NM          | NM          | NM          | NM         |
| Operating Expenses                      | 440,203     | 241,801     | 1,189,063   | 583,404    |
| YoY growth                              | 25.68%      |             | 15.02%      |            |
| Operating Income                        | (440,203)   | (241,801)   | (1,189,063) | (583,404)  |
| Operating Margin %                      | NM          | NM          | NM          | NM         |
| Other items, net                        | 4,373       | 4,233       | 20,367      | 4,247      |
| YoY growth                              | NM          |             | NM          |            |
| Net income                              | (435,830)   | (237,568)   | (1,168,696) | (579,157)  |
| Unrealized change in equity investments | (1,538,939) | 0           | 2,859,788   | 0          |
| Flow-through of share premium           | 119,945     | 0           | 399,465     | 0          |
| Comprehensive income                    | (1,854,824) | (237,568)   | (2,090,557) | (579,157)  |
| EPS, Basic                              | (0.01)      | (0.00)      | 0.02        | (0.01)     |
| Avg Basic & Diluted Shares in period    | 142,805,433 | 109,899,040 | 139,177,532 | 90,942,058 |

Source: Company filings, SeeThruEquity Research

### ADDITIONAL NOTES

- Lomiko did not report revenues during the period as the company remained in exploration phase and has not yet finished commercializing products resulting from its license agreement with Megahertz.
- The company reported EPS of (0.01) and 0.02 for the quarter and first nine months of its fiscal year.
- Lomiko ended the quarter with cash on hand of C\$1.9mn and shareholder's equity of \$9.2mn.

### "Excellent" Infill drill results released for a Loutre

- Lomiko and partner Canada Strategic Metals (TSX.V: CJC) announced what Lomiko CEO A. Paul Gill called "excellent" infill drilling results for the La Loutre property north of Montreal. We note that the identification of high purity graphite crystalline flake can serve as the base material for testing graphite for the ultrapure carbon market and for conversion into graphene for use in 3D printers and supercapacitors.
- On December 10, 2015, Lomiko and Canada Strategic Metals announced that they had intersected 21.55 meters of 11.56%, 57.95 meters of 3.36% including 6.10 meters of 13.66%, and 28.75 meters at 4.44% of flake graphite at La Loutre Crystalline Flake Graphite Property. The announcement follows encouraging results released on December 4, 2015, when Lomiko announced that it had intersected 37.40 meters of 4.41% including 10.25 meters of 5.62%, and 48.05 meters of 3.12% including 8.90 meters of 6.13% of flake graphite.
- La Loutre consists of 2,867.29 hectares in contiguous claim blocks and is located 53km east of Imerys Carbon and Graphite, North America's only operating graphite mine. The results are the latest of several positive announcements of drilling data at the play, including an October disclosure that the companies drilled 15.30 meters of 10.54% and 117.75 meters of 4.05% flake high purity graphite from seven fill-in holes, in addition to the impressive findings announced by the company in September and July 2015.
- The December 10, 2015 and December 4, 2015 results, which are reported in detail in tables in Figure 2 at the end of this report, continued to show near surface, high grade flake graphite results, providing more information about the properties potential. Viable near surface mineralization reduces the amount of waste rock that needs to be moved, reducing overall cost of the project and reducing environmental impact.
- Despite the recent price weakness in graphite due to oversupply from Chinese producers, we see several long term drivers of demand for the material. As we indicated in our initiation of Lomiko, Lomiko has the potential to benefit from catalysts including from the lithium ion battery industry, automotive demand from projects similar to the Tesla Gigafactory, as well as potential new applications of graphite derivative graphene, among others.

### **Innovative Spider Charger™ moving towards commercialization**

- Lomiko's wholly owned subsidiary, Lomiko Technologies, announced has made several announcements recently suggesting that its new Spider Charger™ is approaching commercialization. The Spider Charger was developed as a result of technology acquired through Lomiko's December 2014 licensing agreement with Megahertz Power Systems Ltd. It is an in-wall USB charging device that employs a sleek design while improving energy efficiency for customers.
- Lomiko notes that the Spider Charger™ – pictured herein – is able to charge up to eight devices safely, including six USB-charged devices and two standard plugs.
- Lomiko has already begun a 250-unit production run for the Spider Charger™, which Lomiko management stated was based on initial interest to showcase the device to distributors and potential commercial users.
- Lomiko is planning to target North America initially, and sees large potential targeting residential and commercial builders, schools, airports, green office buildings, and businesses such as coffee houses, which have customers who are often looking to recharge electronic devices.
- The company commenced a Kickstarter fundraising campaign to fund the safety certification of the Spider Charger on December 2, 2015, which is intended to cover the cost of obtaining safety and green standard certifications for commercial use.



### **New products at Graphene 3D Labs**

- On the graphene front, Lomiko's investment in Graphene 3D Labs (TSXV:GGG.V) continues to make news. The company, which had a market capitalization of C\$14.8mn as of December 7, 2015, recently announced a license agreement with an undisclosed Fortune 500 customer to fund research and development of a new product line.
- Additionally, on December 1, 2015, Graphene 3D Labs announced that it had filed a patent relating to the process of 3D printing an organic LED light source with their innovative multi-functional 3D Printer, a noteworthy milestone for the company.
- Graphene 3D Labs also recently released a new product – Graphene Flex Foam – which is a combination of highly conductive three-dimensional Chemical Vapor Deposition ("CVD") ultra-light graphene foam and conductive elastomer composite. The company sees many potential applications for the flex foam, which preserves the electrical properties of graphene foam, including wearable electronics, and as a substrate candidate in the manufacture of electrodes for lithium ion batteries.
- Lomiko owns 4.4mn shares of Graphene 3D Labs, which would be valued at C\$1.58mn at the recent closing price of C\$0.36 on December 7, 2015.

### **Maintaining price target for Lomiko**

- We are maintaining our price target of C\$0.19 for Lomiko. We will review our estimates following the release of full year results.
- We see the company as positioned to benefit from attractive long-term demand drivers for graphene including smart energy applications such as lithium ion batteries and industrial applications in the automotive industry, among others.
- If achieved, the price target of C\$0.19 suggests potential upside of 375% from the recent price of C\$0.04.

Figure 2. Detailed table of drill results at La Loutre property

| Hole #          | From (m) | To (m) | Length* (m) | Gp %  |
|-----------------|----------|--------|-------------|-------|
| <b>LL-15-34</b> | 19.10    | 56.50  | 37.40       | 4.41  |
| Including       | 19.10    | 24.20  | 5.10        | 7.52  |
| Including       | 27.75    | 38.00  | 10.25       | 5.62  |
| <b>LL-15-35</b> | 2.50     | 22.90  | 20.40       | 2.05  |
|                 | 32.60    | 58.65  | 26.05       | 4.28  |
| Including       | 54.00    | 57.75  | 3.75        | 12.10 |
| <b>LL-15-36</b> | 63.35    | 100.90 | 37.55       | 2.70  |
| <b>LL-15-37</b> | 2.50     | 71.00  | 68.50       | 2.81  |
| Including       | 2.50     | 10.55  | 8.05        | 2.45  |
| Including       | 12.65    | 21.90  | 9.25        | 4.50  |
| Including       | 25.40    | 40.00  | 14.60       | 2.53  |
| Including       | 41.60    | 50.95  | 9.35        | 2.36  |
| Including       | 60.25    | 71.00  | 10.75       | 4.38  |
| <b>LL-15-38</b> | 10.85    | 58.90  | 48.05       | 3.12  |
| Including       | 50.00    | 58.90  | 8.90        | 6.13  |
| <b>LL-15-39</b> | 2.30     | 38.60  | 36.30       | 3.35  |
| Including       | 31.50    | 35.70  | 4.20        | 9.90  |
| <b>LL-15-40</b> | 40.00    | 77.65  | 37.65       | 2.99  |

\* Length along the core. The true width of the drill hole represents between 80% and 95% along the core.

| Hole #          | From (m) | To (m) | Length* (m) | Gp %   |
|-----------------|----------|--------|-------------|--------|
| <b>LL-15-41</b> | 45.65    | 103.60 | 57.95       | 3.36   |
| including       | 97.25    | 103.35 | 6.10        | 13.66  |
| <b>LL-15-42</b> | 29.60    | 60.20  | 30.60       | 3.86   |
| including       | 56.00    | 60.20  | 4.20        | 11.83  |
| <b>LL-15-43</b> | 2.30     | 6.90   | 4.60        | 7.68   |
|                 | 41.55    | 70.30  | 28.75       | 4.44   |
| <b>LL-15-44</b> | 27.80    | 31.50  | 3.70        | 10.39  |
|                 | 80.20    | 90.60  | 10.40       | 2.15   |
|                 | 94.00    | 114.15 | 20.15       | 1.55   |
|                 | 122.50   | 128.00 | 5.50        | 1.60   |
|                 | 159.00   | 161.00 | 2.00        | 3.07   |
| <b>LL-15-45</b> | 59.00    | 73.60  | 14.60       | 5.36   |
| <b>LL-15-46</b> | 38.00    | 50.40  | 12.40       | 4.92   |
|                 | 78.85    | 100.40 | 21.55       | 11.56  |
| <b>LL-15-47</b> | 62.30    | 64.55  | 2.25        | 9.46   |
|                 | 105.60   | 113.00 | 7.40        | 3.92   |
|                 | 125.15   | 130.95 | 5.80        | 1.04   |
|                 | 136.50   | 150.55 | 14.05       | 1.64   |
|                 | 155.60   | 161.50 | 5.90        | 2.29   |
|                 | 171.00   | 178.10 | 7.10        | 1.53   |
| <b>LL-15-48</b> | 2.50     | 35.70  | 33.20       | 2.49** |
|                 | 55.50    | 60.00  | 4.50        | 1.51   |

\* Length along the core. According to the Society, the true width of the drillhole represents between 80 % and 95 % along the core.

\*\* No sample from 8.65 to 9.00m

Source: Company, SeeThruEquity Research

## **Management Team**

### **A. Paul Gill — Chief Executive Officer**

A. Paul Gill serves as Chief executive Office for Lomiko. Mr. Gill is involved in the strategy, planning and implementation phases of restructuring organizations. Until October 2006, Gill was heavily involved in the dynamic growth stage of Norsemont Mining, during which the company grew from a market capitalisation of \$1mn to a buyout of \$512mn. During his tenure with Norsemont Mining, Gill was the vice-president of business development, as well as the director, president and CEO, Chief Financial Officer, and Corporate Secretary.

### **Jacqueline Michael — Chief Financial Officer**

Jacqueline Michael serves as Chief Financial Officer for Lomiko, bringing over 20 years of financial and administrative experience to the company. In 1988, Michael co-founded the Conac Group, a software development company for construction management, where she acted as president and CEO. In 1997, Michael was successful in taking the company public on the TSX Venture Exchange (formerly the CDNX) and helped raise over \$5m in private placement financings. Michael has acted as the President and Chief Executive Officer of public companies for over ten years.

### **Julius Galik — Director**

During the past 13 years, Mr. Galik has been instrumental in the development and financing of various small capitalized companies, both private and public. A business man and a former financial advisor with PFSL Investments and WFG, Mr. Galik has been Mutual Fund Licensed since 2001. He served as a director of Dorex Minerals Inc.(DOX) between 2006 - 2007, and as the company's president and CEO from 2009 to present. Since 2009, Mr. Galik has also sat on the Board of Directors for Lomiko Metals Inc. (LMR). He has been involved in start-up situations within the mining exploration industry in Western Canada since 2002, and brings to the Board solid mediation and negotiation skills, an entrepreneurial mindset, leadership, and many years of financial experience.

### **Brian Gusko - Director**

Mr. Gusko has significant public company and international business experience. He is the CFO of Vodis Pharmaceuticals. Years ago he was a research associate with the U.S. Department of Commerce at an embassy posting. His international experience includes working in Corporate Planning with a Mitsubishi Group company in Tokyo, Product Management at a Vodafone spin-off in the Netherlands, and being Managing Director of Palm South Africa's wireless subsidiary. Mr. Gusko received a Bachelor of Arts in Biology (1990) from CarletonUniversity, and an MBA from the University of Calgary (2003). He currently serves on the Board of Directors of Emergent Waste Solutions and Newnote Financial Corp. Shimon Citron, Chief Executive Officer, Director

## **About Lomiko Metals, Inc.**

Lomiko Metals Inc. is a Canada-based, exploration-stage company. The Company is engaged in the acquisition, exploration and development of resource properties that contain minerals for the new green economy. Its mineral properties include the La Loutre, Lac Des Iles, Quatre Milles Graphite Properties and the Vines Lake property which all have had major mineral discoveries.

Lomiko also has a 100% interest in its wholly owned subsidiary Lomiko Technologies Inc., an investor in graphene technology and manufacturer of electronic products.

For more information, visit [www.lomiko.com](http://www.lomiko.com).

## **About Lomiko Technologies Inc.**

Lomiko Technologies was established in April, 2014 and currently holds 4.4 million shares of Graphene 3D Lab ([www.Graphene3DLab.com](http://www.Graphene3DLab.com)), 40% Of Graphene Energy Storage Devices ([www.Graphene-ESD.com](http://www.Graphene-ESD.com)), and a license for the manufacture and sale of three products from Megahertz.

Lomiko Technology owns 4.4 million shares of Graphene 3D Lab (TSXV: GGG, OTCQB: GPHBF ), 40% of Graphene ESD Corp and has licenses to produce three electronic products.

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