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Analyst Ideas of the Week – Lomiko Announces High Grade Graphite Results

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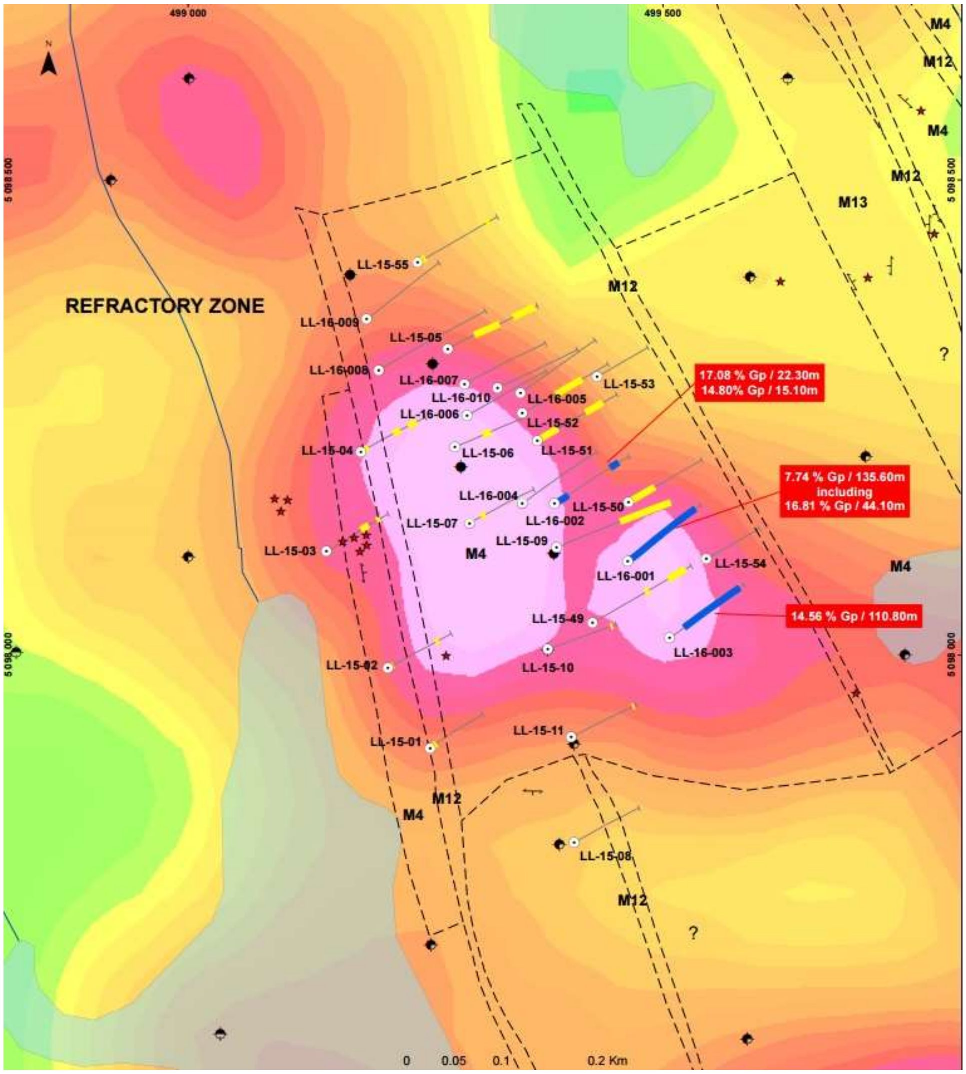
Lomiko Metals Announces High Grade Graphite Results

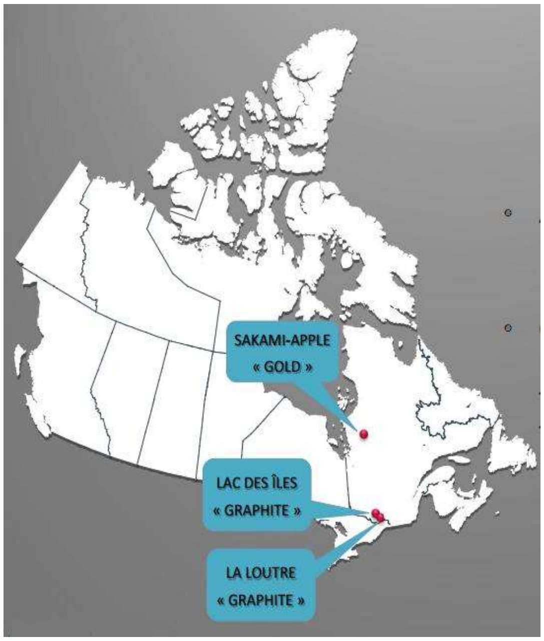
On January 17, 2017, Lomiko Metals Inc. (TSXV: LMR / OTCQB: LMRMF / FSE: DH8C) announced results of the first three holes of a 10-hole drill (1,550 m) program completed in the Refractory Zone on the La Loutre property in December 2016. **We were very pleased to see the results as all three holes provided high grade results, including 16.81% over 44.10 m and 14.56% over 110.80 m.** The table below shows a summary of the results, followed by a map showing the drill locations.

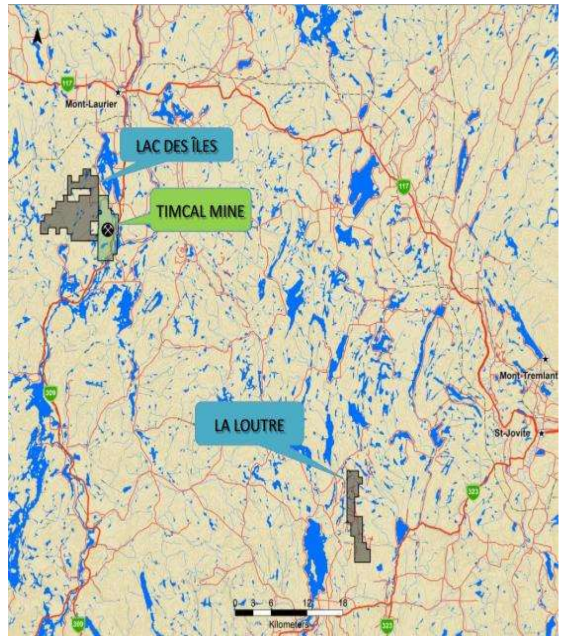
Hole #	From (m)	To (m)	Length* (m)	Gp %
LL-16-001	3.90	139.50	135.60	7.74
including	3.90	48.00	44.10	16.81
LL-16-002	3.90	26.20	22.30	17.08
	113.90	129.00	15.10	14.80
LL-16-003	30.20	141.00	110.80	14.56



Source: Company

The La Loutre property is located 53 km east of Imerys Graphite and Carbon's (formerly Timcal) graphite mine, and 117 km northwest of Montreal. The property consists of one large contiguous block of 42 mineral claims covering 2,867 hectares. The site is easily accessible year-round through paved roads.





Source: CJC

Lomiko believes that they will be able to move the project to preliminary economic assessment through additional resource definition in the Refractory Zone. The initial resource estimate, announced in February 2016, is conservative as it only accounts for the Graphene-Battery Zone. Three zones have been identified to date on the property, namely the Graphene, Battery and Refractory zones.

The current NI 43-101 compliant resource estimate on the property is 18.4 Mt at 3.19% indicated, and 16.7 Mt at 3.75% inferred, with a cut-off grade of 1.5%. The resource was calculated by InnovExplo. The resource is 4.1 Mt at 6.5% indicated, and 6.2 Mt at 6.1% inferred, with a cut-off grade of 3%. The following table shows the resource estimate at various cut-offs.

Indicated Resource				
Zone	Cut-off Cg (%)	Tonnage (metric tonne)	Grade Cg (%)	Graphite (metric tonne)
All Zones	> 3.0	4,137,300	6.50	268,800
	> 2.5	6,927,500	4.95	342,900
	> 2.0	15,181,200	3.49	529,200
	> 1.5	**18,438,700**	**3.19**	**588,400**
	> 1.0	19,005,400	3.13	595,700
	> 0.8	19,137,500	3.12	596,900
	> 0.6	19,279,600	3.09	595,300
	> 0.5	19,381,900	3.09	598,400

Inferred Resource				
Zone	Cut-off Cg (%)	Tonnage (metric tonne)	Grade Cg (%)	Graphite (metric tonne)
All Zones	> 3.0	6,181,000	6.11	377,600
	> 2.5	9,699,200	4.86	471,800
	> 2.0	15,332,000	3.92	600,300
	> 1.5	**16,675,100**	**3.75**	**624,900**
	> 1.0	16,927,300	3.71	628,000
	> 0.8	17,120,500	3.68	629,700
	> 0.6	17,306,700	3.63	628,100
	> 0.5	17,400,900	3.63	631,600

Whittle parameters used (all amounts in Canadian dollars): Reference Mining cost=$3.75, milling cost=$9.40/t, G&A=$2.11/t, graphite price=$1,910/t, milling recovery=95%, wall slopes of 45 degrees in rock and 18 degrees in overburden

On January 3, 2017, Lomiko and partner, Canada Strategic Metals (TSXV: CJC), announced their decision to extend their option agreement on the La Loutre and Lac des Iles graphite properties. Lomiko has an option to acquire a 100% interest in both properties. The parties have extended the first option deadline date from December 31, 2016, to June 30, 2017.

In addition to the graphite projects, LMR's wholly owned subsidiary, Lomiko Technologies, holds technology investments made outside of the mineral exploration business. The technology division clearly separates LMR from comparable junior resource companies focused on graphite, and gives the company a competitive advantage due to the near-term cash flow potential of its investments. The technology investments include the following:

- Investment in Graphene 3D Lab Inc. (TSXV: GGG) - GGG is pursuing multiple initiatives focused on developing and manufacturing graphene based materials for 3D printing. GGG offers over 100 graphene and related products to over 11,000 customers worldwide, generating over approximately $1.2 million in annual revenues.
- Investment in SHD Smart Home Devices Ltd. ("SHD"), a Burnaby, BC based company - LMR also has a non-exclusive licence to market and sell a suite of MHPS's products in North America.
- Investment in Graphene Energy Storage Devices ("GESD") – this entity has partnered with the Research Foundation of Stony Brook University ("SBU") to develop new supercapacitor designs for energy storage.

In December 2016, LMR completed a 10:1 share consolidation, which resulted in a decrease in the number of shares outstanding from 186.67 million to 18.67 million. Our revised fair value estimate on LMR's shares is $0.94 per share. See our previous update report, dated March 11, 2016, for details.

Valuation	$, Millions	Value per Share
La Loutre (based on $23.3/t)	$15.79	$0.846
Investment in Graphene 3D	$0.49	$0.026
Investment in SHD + License (book value)	$1.02	$0.055
Investment in Graphene ESD (book value)	$0.19	$0.010
Working Capital	$0.00	$0.000
Fair Value	**$17.49**	**$0.937**

Due to the speculative nature of the company's other investments, we have continued to take a very conservative approach and valued them based on their current book values. **Results of the remaining 7 holes of the recently completed drill program are expected shortly. If positive, we believe these results will be a significant catalyst for LMR's share price.**

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