

## Lomiko Metals Inc.

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

We initiate coverage on Lomiko Metals Inc. ("Lomiko") with a price target of C\$0.19 per share. Lomiko is a Canada-based, exploration-stage company that is engaged in the acquisition, exploration and development of resource properties that contain minerals for the new green economy, specifically graphite. Its mineral properties include the Quatre Milles Graphite Property and the Vines Lake property which both have had recent major discoveries. With exposure to the fast growing lithium-ion battery and 3D printing markets, Lomiko is well positioned for future growth opportunities. Additionally, there is tremendous excitement around potential applications of graphene, a graphite derivative. Lomiko is looking to partner with R&D companies to form vertically integrated businesses in this exciting space.

## INVESTMENT HIGHLIGHTS

### Graphite is a critical component of lithium-ion batteries

Graphite has numerous commercial applications, but its utility in lithium-ion batteries is very attractive given the growing electric vehicle market. This opportunity became more attractive when Tesla Motors, Inc. announced plans to construct a "Gigafactory" in Nevada. Graphite is a critical component of lithium-ion batteries and cannot be economically substituted. The current battery of a Tesla Model S sedan contains 110kg of graphite, compared with 58kg and 28kg used in the Nissan Leaf and Chevy Volt, respectively. In relation to the approximate 375,000 tons of flake graphite produced globally in 2013, the Gigafactory would increase battery-grade graphite demand by 126,000 tons, a 34% increase over total graphite demand and a 154% increase over battery-grade graphite demand.

### Growing 3D printing market is ideal for graphene

3D printing is one application where the utilization of graphene offers tremendous potential. Although the technology has been around for decades, it has proliferated in recent years as the reduced cost has made usage more feasible. Rapid prototyping, rapid manufacturing and personal 3D printing have become more cost effective, and research from Wohlers Associates, Inc., valued the global 3D printing market at \$3.07bn in 2013. The compound annual growth rate (CAGR) of 34.9% is the highest in 17 years. The growth of worldwide revenues over the past 26 years has averaged 27%. The CAGR for the past three years (2011–2013) was 32.3%. Wohlers Associates believes the industry will continue strong growth over the next several years and investment bank Credit Suisse predicts that the global 3D printing market will reach nearly \$12bn by 2020E. Embedded in these estimates are over \$2bn in materials sales in 2020E.

### Promising La Loutre property currently being developed

On September 23, 2014, Lomiko announced that it had optioned a 40% interest in the La Loutre Crystalline Flake Graphite Property located in Quebec. Of particular interest to Lomiko was an area of the property which reported grab samples up to 22.04% carbon flake graphite ("CFG") and Carbon Purity Test results reporting up to 100.00% Carbon Purity in the large and extra-large flake graphite. On October 6, 2014, Lomiko announced that a drilling permit for the La Loutre Crystalline Flake Graphite Property had been issued which allows for up to 29 drill holes. The goal of the exploration program is to identify high-grade, near-surface graphite mineralization suitable for conversion to battery-grade graphite.

### Initiate coverage with a price target of \$0.19

Our analysis indicates a fair value estimate of C\$0.19 per share (detailed on page 12), implying an upside of 150% from the recent price of C\$0.08. We view Lomiko as a speculative investment in the mining & minerals space with exposure to very attractive end markets for its graphite products.

### Stock Details (10/27/2014)

TSXV:	LMR.V
Sector / Industry	Basic Materials / Metals & Minerals
<b>Price target</b>	<b>C\$0.19</b>
Recent share price	\$0.08
Shares o/s (mn)	137.8
Market cap (in C\$mn)	\$10.2
52-week high/low	\$0.19 / 0.05

Source: Bloomberg, SeeThruEquity Research

### Key Financials (C\$mn unless specified)

	FY13A	FY14E	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)

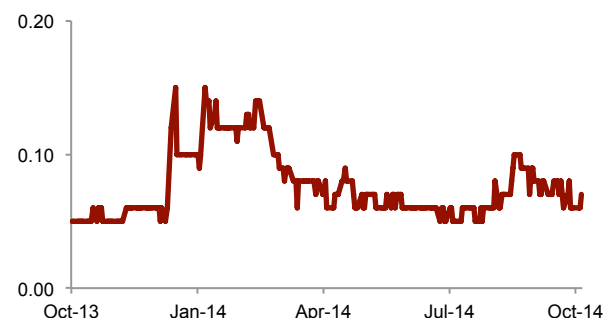
Source: SeeThruEquity Research

### Key Ratios

	FY13A	FY14E	FY15E
Gross margin (%)	N/A	N/A	30.0
Operating margin (%)	N/A	N/A	(85.7)
EBITDA margin (%)	N/A	N/A	(83.0)
Net margin (%)	N/A	N/A	(85.7)
P/Revenue (x)	N/A	N/A	8.0
EV/EBITDA (x)	(13.9)	(10.1)	(7.8)
EV/Revenue (x)	N/A	N/A	6.5

Source: SeeThruEquity Research

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



Source: Bloomberg

## SUMMARY TABLE

Figure 1. Summary Table (As of October 27, 2014)

Share data		B/S data (As of F3Q14)		Key personnel:	
Recent price:	C\$0.08	Total assets:	6.6mn	Chairman & CEO:	A Paul Gill
Price target:	C\$0.16	Total debt:	0.0mn	CFO:	Jacqueline Michael
52-week range:	0.19 / 0.05	Equity:	6.6mn	Director:	Julius Galik
Average volume:*	878,817	W/C:	5.2mn	Director:	Brian Gusko
Market cap:	C\$10.2mn	ROE '13:	-48%		
Book value/share:	C\$0.06	ROA '13:	-39%		
Cash/share	C\$0.02	Current ratio:	1288.5		
Dividend yield:	0.00%	Asset turnover:	0.0		
Risk profile:	High / Speculative	Debt/Cap:	0.0		

\* three month average volume (number of shares)

Estimates					Valuation	
FY July	Rev (C\$m)	EBITDA (C\$m)	EPS (C\$)	P/Rev (x)	EV/Rev (x)	P/E (x)
2012A	0.0	(0.6)	(0.01)	N/A	N/A	N/A
2013A	0.0	(0.8)	(0.01)	N/A	N/A	N/A
1Q14E	0.0	(0.1)	(0.00)	N/A	N/A	N/A
2Q14E	0.0	(0.2)	(0.00)	N/A	N/A	N/A
3Q14E	0.0	(0.2)	(0.00)	N/A	N/A	N/A
4Q14E	0.0	(0.3)	(0.00)	N/A	N/A	N/A
2014E	0.0	(0.8)	(0.01)	N/A	N/A	N/A
2015E	1.3	(1.1)	(0.01)	8.0x	6.5x	N/A

Source: SeeThruEquity Research

## INVESTMENT THESIS

Lomiko Metals Inc. ("Lomiko") is a Canada-based, exploration-stage company. The company is engaged in the acquisition, exploration and development of resource properties that contain minerals, specifically graphite, for the new green economy. Its mineral properties include the Quatre Milles Graphite Property and the Vines Lake property, which both have had recent major discoveries.

Lomiko is working to develop its Quatre Milles property, which based on site testing should be capable of producing high quality flake graphite, a critical component of lithium-ion batteries, among other end market applications. When sliced into atom sized sheets, graphite is called graphene, which is being dubbed by many as a "supermaterial." Lomiko is not only looking to supply firms with high quality graphene, but is also looking to make investments in unique, emerging graphene-based technologies.

On February 12, 2013 Lomiko and Graphene Laboratories Inc. signed a Strategic Alliance to develop new businesses in the nanotechnology field. Graphene 3D Lab, Inc., a spin-out of the arrangement between Lomiko and Graphene Laboratories Inc., is focused on the development of high-performance, graphene-enhanced materials for 3D Printing. 3D printing represents another rapidly growing market with very attractive potential for Lomiko's graphite production. On October 27, 2014, Lomiko announced an agreement with Megahertz Power Systems Ltd. ("Megahertz") rights to manufacture and sell three power converter system designs, acquire a pending supply contract with a Canadian LED system integrator and support the research and development of new products.

These transactions highlight Lomiko's unique vertically integrated strategy of not only mining high quality graphite, but also aggressively looking to create shareholder value enhancing transactions to find attractive market opportunities to deploy the mined product.

Source: Company filings and investor materials, SeeThruEquity Research

## Graphite

Graphite is a soft, crystalline form of carbon. It is the 15th most abundant mineral in the Earth's crust and has three forms: diamonds, coal, and graphite. Graphite is gray to black, opaque, and has a metallic luster. It is flexible but not elastic, is the most stable form of carbon under standard conditions and it exhibits the properties of a metal and a nonmetal, which make it suitable for many industrial applications (high-temperature lubricants, brushes for electrical motors, friction materials, and battery and fuel cells, etc.). Graphite is an excellent conductor of heat and electricity. It also possesses the highest natural strength and stiffness of any material known today. Graphite can maintain its strength and stability to temperatures in excess of 3,600°. Simultaneously, it is one of the lightest of all reinforcing agents and has high natural lubricity. There are three principal types of natural graphite, each occurring in different types of ore deposit:



- Crystalline flake graphite occurs as isolated, flat, plate-like particles with hexagonal edges if unbroken and when broken the edges can be irregular or angular;
- Amorphous graphite: very fine flake graphite is sometimes called amorphous in the trade;
- Lump graphite (also called vein graphite) occurs in fissure veins or fractures and appears as massive platy intergrowths of fibrous or acicular crystalline aggregates, and is probably hydrothermal in origin.

Deposits may be up to 35 m thick and several kilometers or more long. Mined flake graphite deposits commonly have grades of 10% to 12% graphite but grades of up to 60% have been reported in Madagascar. Madagascar has what are probably the largest resources of high-grade flake graphite in the world. Mexico and South Korea are important sources of amorphous graphite. The largest known deposits of crystalline vein graphite occur in Sri Lanka. Contact metasomatic or hydrothermal deposits are mined in Canada and the USA. According to the U.S. Geological Survey ("USGS"), China produced approximately 70% of the world's graphite in 2013, with India and Brazil a distant 2<sup>nd</sup> and 3<sup>rd</sup> at 13% and 9%, respectively. China, Canada, and Madagascar were the major suppliers of crystalline flake and flake dust graphite to the US in 2013.

Graphite (flake and crystalline) is graded according to carbon content and particle size, whereas amorphous graphite is classified mainly on the basis of its carbon content. High-purity graphite (up to 99.9% carbon) is also produced synthetically in electric furnaces from calcined petroleum coke. Approximately 40% of graphite supply is flake graphite, which has the highest demand due to its high carbon purity and large flake size. Only flake graphite can be used for lithium-ion batteries, fuel cells and other green tech. According to the USGS, natural graphite was not produced in the US in 2013, but approximately 90 US firms, primarily in the Northeastern and Great Lakes regions, used it for a wide variety of applications. The major uses of natural graphite in the US in 2013 were, in decreasing order by tonnage, refractory applications, steelmaking, brake linings, foundry operations, batteries, and lubricants. These uses consumed 70% of the total natural graphite used during 2013.

Industry estimates pegged the global graphite market at approximately \$12bn in 2011, or roughly 1.1mn tons, with a 5% growth rate led by growing demand from emerging economies and auto markets.

*Source: Company filings and investor materials, [www.usgs.gov](http://www.usgs.gov), SeeThruEquity Research*

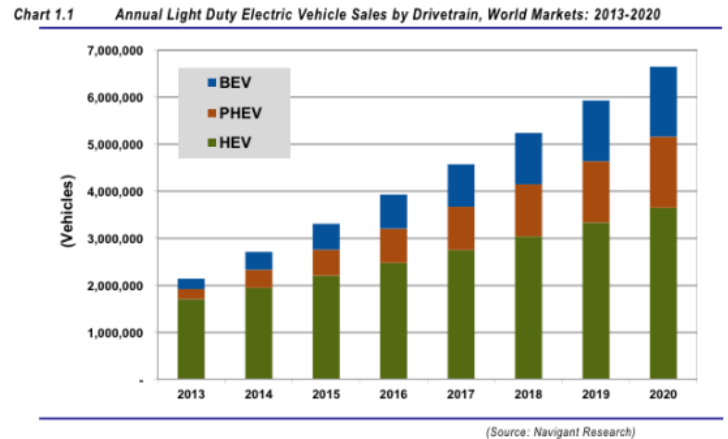
## Tesla's Gigafactory will spark significant increase in demand for flake graphite

The future prospects of the graphite market look very appealing, as significant growth the electric vehicle market should spur increased demand. Graphite is a critical component of lithium-ion batteries and cannot be economically substituted. Virtually all commercial lithium-ion batteries use graphite, and depending on the cathode material used in the battery, the ratio of graphite to lithium can be as high as 15:1.

Between 2007 and 2010, only 11,768 plug-in electric vehicles ("PEVs") had been sold worldwide. After the introduction of the Nissan Leaf and the Chevrolet Volt in December 2010, the first mass-production plug-in cars by major carmakers, PEV sales jumped in 2011 to around 40,000 units. In 2Q13, Navigant Research released a comprehensive EV market report predicting that global sales of electric vehicles (battery, plug-in

hybrid and hybrid) would grow by 86% in 2014E and reach 6.6mn units by 2020E. EVs are available to consumers in an ever-increasing variety of styles and a range of price points. Of the automobile manufacturers that release monthly sales data, the Nissan Leaf is still the dominant player in the category, with 2,881 cars sold in the US in September and 19,743 sold year to date through September 30<sup>th</sup>, compared to the #2 ranked Chevy Volt, with 1,394 and 12,992 cars sold in September and year to date through September 30<sup>th</sup>, respectively. However, the company that is synonymous with the electric vehicle "revolution" is clearly Tesla Motors, Inc. (NASDAQ: TSLA).

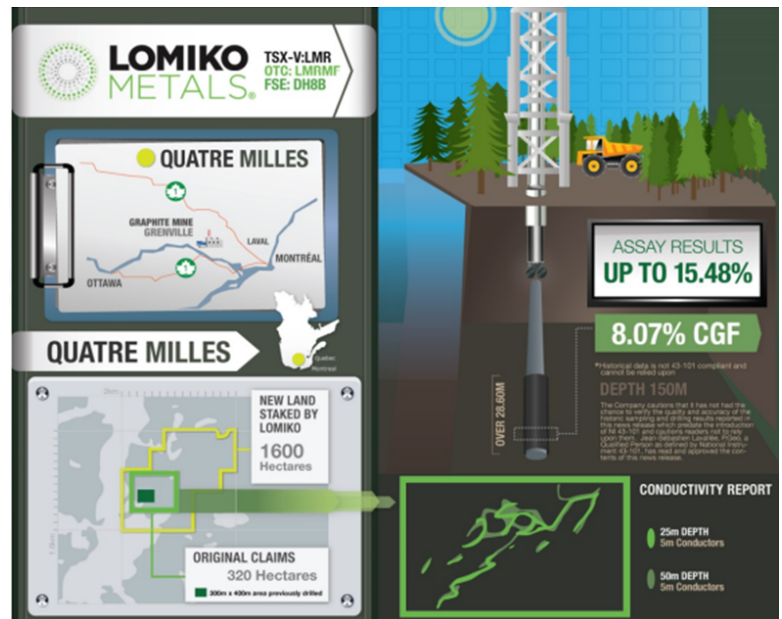
Tesla does not release monthly sales figures, but sales of the company's Model S have been quite impressive. Tesla delivered 6,900 Model S sedans in 4Q13, and sold over 18,000 in the US and 22,450 globally in 2013. In its 2Q14 letter to shareholders released on July 31, 2014, Tesla announced record production and delivery of 8,763 and 7,579 vehicles, respectively, and maintained guidance for 35,000+ deliveries in 2014E. In 1Q14, Tesla announced the planned construction of the "Gigafactory," the world's largest lithium-ion battery factory, capable of producing more battery power in one year than was produced globally during all of 2013. The Gigafactory is slated to be operational before 2020, at which point it is projected to have a production capacity of 35 GWh/year of cells and 50 GWh/year of battery packs, enabling production of over 500,000 Tesla cars per year. It is important to note that the current battery of a Tesla Model S sedan contains 110kg of graphite, compared with 58kg and 28kg used in the Nissan Leaf and Chevy Volt, respectively. In relation to the approximate 375,000 tons of flake graphite produced globally in 2013, the Gigafactory would increase battery-grade graphite demand by 126,000 tons, a 34% increase over total graphite demand and a 154% increase over battery-grade graphite demand.



Source: Company filings, [www.evobsession.com](http://www.evobsession.com), [www.navigantresearch.com](http://www.navigantresearch.com), [www.teslamotors.com](http://www.teslamotors.com), SeeThruEquity Research

### Quatre Milles Graphite Property

Lomiko is currently working to develop two properties, Quatre Milles and Vines Lake, both located in Canada. The Quatre Milles Property is road accessible and is located approximately 175 km northwest of Montreal and 17 km due north of the village of Sainte-Veronique, Quebec. Quatre Milles, staked in 2012, comprises of two claims blocks, one the East Claim Block consisting of 28 contiguous mineral claims covering 1,641 hectares for 16.41 km<sup>2</sup> and the West Claim Block consisting of 37 contiguous mineral claims covering 2,183 hectares for 21.83 km<sup>2</sup>, all in good standing and 100% owned by Lomiko. On July 10, 2014, a survey was conducted to characterize the sub-surface rocks with respect to their signature to the magnetic and Very Low Frequency Electromagnetics ("VLF-EM") methods, and to identify response possibly associated to graphite





mineralized occurrences. In total, 88 VLF-EM conductors axis were identified. 23 new conductors are prioritized for further review. Conductors that are associated to magnetic anomalies are likely caused by pyrrhotite rich sulphide occurrences. However, most of the conductors do not show correlation with the magnetic signal and the strongest VLF-EM anomalies are thus possibly caused by graphite mineralization.

Quatre Milles is within a geological setting very similar to the TIMCAL Graphite and Carbon's ("TIMCAL") Lac-des- lles graphite deposit, which is located 50 kilometers southwest of the property. TIMCAL's deposit, which is in the Grenville Province, has been in production for over 20 years, producing graphite products of various flake-size and purity. The TIMCAL deposit contains close to 25 metric tons, including 5.2MT to be mined by open pit at a grade of around 7.42% continuous gradient purification ("Cgp"). Previous Quatre Milles property developer Graphicor Resources, Inc. completed reconnaissance mapping and prospecting, as well as ground geophysics and a 26 hole diamond drill program totaling 1,625 metres. Samples at Quatre Milles returned results of 14.16% Cgp, 18.06% Cgp and 20.35% Cgp. Bedrock grab samples combined with the historical results from the ground geophysics and drilling by Graphicor confirmed not only the presence of flake graphite, but also the significant extent of the graphite mineralization, adding to potential the East Claim Block. Purity and flake size reports conducted at the Quatre Milles property also produced promising results, with average flake distribution >50 mesh of 19.92% (based on US mesh sieve size, a method used in determining the particle-size distribution of a granular material) across samples of seven different composites. **(Please refer to page 17 of this report for a complete table of the Quatre Milles purity report)**

On September 5, 2014, Lomiko announced that Consul-Teck of Val-d'Or had completed prospecting and cartography work on the Quatre Milles West property to investigate the positive VLF survey results reported on July 14, 2014. Samples were taken from several areas indicating significant presence of surface graphite, and channel sampling was performed where mineralized outcrops were well exposed. Forty-three grab samples and 39 channel samples were taken during the prospecting campaign along the mineralized zone with visible crystalline flake graphite. Channel samples targeted a mineralized zone along a thick marble unit (2-10 metres) that can be traced for at least 1 km. The major concentration of significant graphite was observed in carbonate-rich units, such as marble, calcsilicate rocks and some paragneiss. The facies show graphite observed in the zone with alternation of thin decimetric biotite-rich paragneiss and mid-grained marble. The past sedimentology conditions for such basins would suggest significant basin depth that would generate partial-extinction plankton (microorganisms). The presence of pyrrhotite in that lithology is consistent with this hypothesis.

In FY2015, Lomiko plans to start Phase II of the Exploration Program which will require up to 50 drill holes to establish a resource.

*Source: Company filings and investor materials, SeeThruEquity Research*

### La Loutre Property

On September 23, 2014, Lomiko announced that it had optioned a 40% interest in the La Loutre Crystalline Flake Graphite Property located in Quebec. Of particular interest to Lomiko was an area of the property which reported grab samples up to 22.04% carbon flake graphite ("CFG") and Carbon Purity Test results reporting up to 100.00% Carbon Purity in the large and extra-large flake graphite. Lomiko will acquire a 40% interest in the La Loutre Property by issuing an aggregate of 1,250,000 common shares, at a price of C\$0.07 per share, by paying C\$12,500 cash and by incurring C\$500,000 in exploration expenditures. The La Loutre Property was originally explored for base and precious metals by Soquem in 1989. Based on the results of a helicopter-borne electromagnetic ("EM") survey, prospecting and reconnaissance geological mapping, their work identified several zones of parallel conductors each measuring as much as 2 kilometers long. Ground exploration followed in 1990, and according to historical reports by Levesque and Marchand, graphite is present in different lithologies on the property. The geology is consistent with the Central Metasedimentary Belt of the Grenville Province and includes quartzofeldspathic rocks, quartzite, biotite gneiss, marble and locally pegmatitic quartzofeldspathic rocks. Graphite is locally present in quartzite and biotite gneiss and in shear zones where the graphite content usually ranges from 1-10% graphite on surface, including visible flakes, with the showings indicating an apparent strike length of approximately 5 kilometers, giving a large prospective area to explore for a graphite resource. Graphite grab sample assay results derived from the Company's recent sampling and mapping program on the La Loutre property. The sampling program has confirmed a graphite bearing structure covering an area approximately 7 kilometers by 1 kilometer with results of up to 22.04% graphite in multiple parallel zones of 30-50 meters wide. Another area has also been identified covering approximately 2 kilometers by 1 kilometer in multiple parallel zones of 20-50 meters wide which includes results up to 18% graphite.

On October 6, 2014, Lomiko announced that a drilling permit for the La Loutre Crystalline Flake Graphite Property had been issued which allows for up to 29 drill holes. The goal of the exploration program is to identify high-grade, near-surface graphite mineralization suitable for conversion to battery-grade graphite.

*Source: Company filings and investor materials, SeeThruEquity Research*

### Vines Lake Property

Lomiko holds the rights to 5,403 hectares located in the south western corner of the Cassiar Gold District or 'Cassiar Gold Camp' as it is often referred in the Liard Mining District, NTS 104P. The Vines Lake property's northern boundary crosses Highway 37N seven kilometers south of the unincorporated settlement of Jade City. Highway 37N bisects the property north to south. The claims cover rocks of the Sylvester Allocthon, the Cassiar Platform and the Cassiar Batholith. The Cassiar Gold Camp hosts both the Table Mountain Gold Property and the Taurus Property both owned by Hawthorne Gold Corp. On these properties are located a number of past-producing high grade gold mines, the majority of which are underground and a few small open pits. Total documented lode and placer gold production to date from the Cassiar Gold District is about 425,100 oz. (13,222 kg) of gold.

In 2011, an exploration program conducted by Lomiko 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. Soil analyses results have outlined numerous anomalous gold values up to 0.279 g/t mostly on the eastern side of the property adjacent to China Minerals Mining's Table Mountain Gold property. Silver anomalies, also seen on the eastern portion of the property and not always coincident with gold anomalies included results up to 19.50 g/t. Numerous Barium and Bismuth anomalies are outlined, with results returning values up to 1413 ppm and 3.48 ppm respectively. Zinc values in soil, on the western side of Vines Lake were by far the most anomalous on the property with values reported up to 2,429 ppm. One anomalous zone on the west side of the property measures 108 Ha with an average Zn value of 430 ppm. The company focused efforts on a large data collection program that would identify new high-grade gold vein systems and other intrusion related mineralization in proximity to the Cassiar Batholith and its associated boundary contacts, over which Lomiko's Vines Lake property claims are located.

*Source: Company filings and investor materials, SeeThruEquity Research*

### Graphene, the next generation "supermaterial"

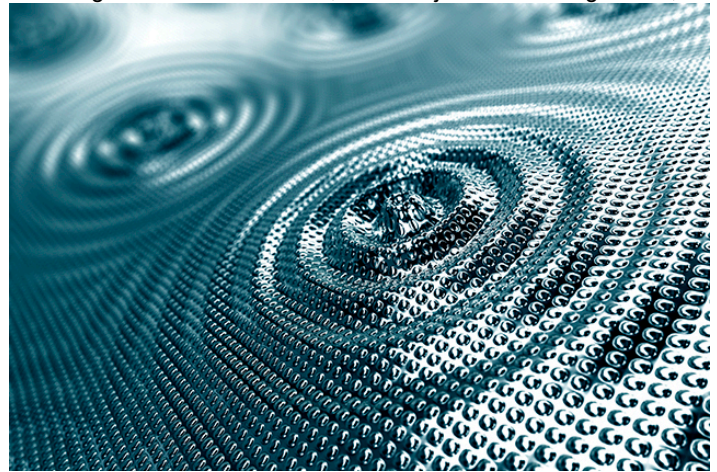
Graphene is essentially a single-atom-thick sheet of graphite, which can be pulled from a crystal of graphite with something as simple as adhesive tape. Graphene possesses numerous unique and valuable properties. It has very high electrical and thermal conductivity, as it carries 1000x the electrical current of copper and conducts heat 10x better than copper. Graphene is 200x stronger than structural steel. It has tremendous flexibility, as it can flex approximately 20% without incurring damage. It is almost totally transparent and due to being one atom thick, graphene is a two dimensional material. Graphene, dubbed by some as the "supermaterial," is being tested extensively around the world by companies, universities and research organizations, and is becoming available in a wide variety of applications. One company already produces and offers conductive ink, which is made by effectively mixing tiny graphene flakes with ink, enabling the printing of electrodes directly onto paper. Graphene is highly inert and can therefore act as a corrosion barrier between oxygen and water diffusion, making it an ideal coating or paint. Given its strength, graphene is currently being developed as a potential substitute for Kevlar in protective clothing, and eventually will be utilized in vehicle manufacture and possibly even used as a building material. Graphene is also being developed for next generation consumer electronics products, including foldable televisions and telephones and next generation touch screens, as it has proven to be superior at conducting electrons than silicon, and is also able to transfer electrons at much faster speeds. The Samsung Advanced Institute of Technology, Samsung's research hub, said in early April that it has developed a method to incorporate graphene into

chips, in collaboration with Sungkyunkwan University. Korean researchers have also used the material to make an experimental cell phone battery that can be recharged in just 15 minutes and retains the charge for a week.

*Source: Company filings and investor materials, [www.graphenetracker.com](http://www.graphenetracker.com), [www.graphenea.com](http://www.graphenea.com), [www.galleries.com](http://www.galleries.com), SeeThruEquity Research*

### **3D printing is a disruptive technology, graphene could be at forefront of industry development**

3D printing is one application where the utilization of graphene offers tremendous potential. 3D printing, or additive manufacturing, is the process of creating a three-dimensional, solid object from a digital file, of virtually any shape. 3D printing is achieved using an additive process, whereas successive layers of material are laid down to create different shapes. Each of these layers can be seen as a thinly sliced horizontal cross-section of the eventual object. These objects can be of almost any shape or geometry, and are produced from a 3D model or other electronic data source. Applications include design visualization, prototyping/CAD, metal casting, architecture, education, geospatial, healthcare (organ printing, bio-printing, and computer-aided tissue engineering) and entertainment/retail. Although the technology has been around for decades, it has proliferated



in recent years as the reduced cost has made usage more feasible. Manufacturers used to spend thousands of dollars on a prototype and wait weeks for it. Now, it only costs hundreds of dollars to create a 3D rapid prototype. Changes to the product can be made instantaneously on the computer, and the prototype can be reprinted on the same day. Besides rapid prototyping, 3D printing can also be used in the rapid manufacturing process. Rapid manufacturing is a new method of manufacturing where companies are using 3D printers for short run custom manufacturing. Through this process, manufacturing printed objects are not prototypes but actual end user products. In this environment, one could reasonably expect to see more availability of personally customized products. Personal 3D printing is mainly used by hobbyists and enthusiasts, and this market segment began growing rapidly in 2011. Because of pace of development within this market, 3D printers have become more cost effective, with prices typically in the range of \$250 – \$2,500.

According to research from Wohlers Associates, Inc., the preeminent consulting and research provider in the additive manufacturing space, the market for 3D printing, consisting of all products and services worldwide, grew to \$3.07bn in 2013. The compound annual growth rate (CAGR) of 34.9% is the highest in 17 years. The growth of worldwide revenues over the past 26 years has averaged 27%. The CAGR for the past three years (2011–2013) was 32.3%. Wohlers Associates believes the industry will continue strong growth over the next several years. It will be fueled by sales of under \$5,000 "personal" 3D printers, as well as the expanded use of the technology for the production of parts, especially metal, that go into final products. Investment bank Credit Suisse predicts that the global 3D printing market will reach nearly \$12bn by 2020E. Embedded in these estimates are over \$2bn in materials sales in 2020E.

3D printing is not done with ink, but with plastics, glass, metal, human tissue, wax, food, sand/glue mixtures and polymers. Plastics are the most versatile printing material, but they are not mechanically strong and lack thermal and electrical conductivity, which is a requisite for many applications in the electronic and aerospace industries. Adding graphene to such plastics significantly improves the mechanical characteristics of the printed piece, improves the surface characteristics (durability, water repellency, anti-marking) and makes the final product both electrically and thermally conductive. With the rapid growth of 3D printing and its expansion into new applications, combined with the growing excitement and research of the utility of graphene, we see the material becoming a major input in the 3D printing market in upcoming years.

*Source: Company filings and investor materials, [www.3dprinting.com](http://www.3dprinting.com), [www.wohlersassociates.com](http://www.wohlersassociates.com), SeeThruEquity Research*



### Lomiko looks to partner with high tech companies developing unique graphene products

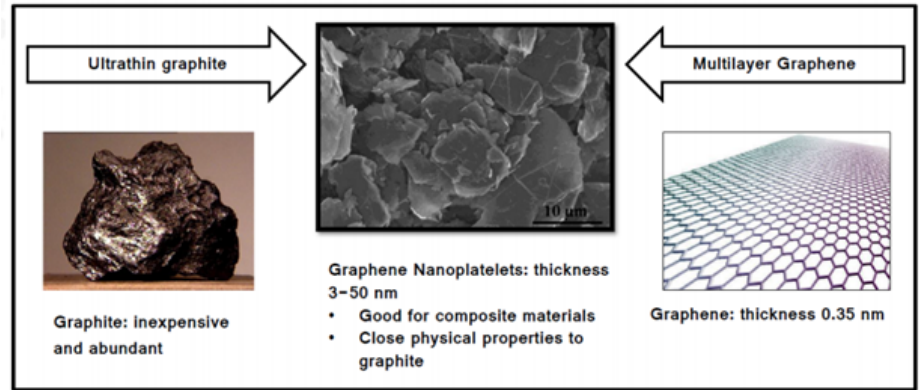
There is tremendous interest in developing graphene-based products, and companies of all sizes are in a race to patent and commercialize these emerging technologies. A recent article from Bloomberg's Businessweek

highlighted the efforts of major companies to secure patents in the graphene space. Samsung Electronics Co. (OTC: SSNLF) is the current leader in the graphene patent space, with 210 groups of patent applications worldwide linked to individual inventions incorporating

graphene. In the US, Samsung has 38 patents and at least 17 applications using the word graphene in its filings with the U.S. Patent & Trademark Office. International Business Machines Corporation (NYSE: IBM) is a distant 2<sup>nd</sup> with 64 patent groups, and other names in the top 10 include Foxconn Electronics Inc., Fujitsu Ltd. (OTC: FJTSY) and Xerox Corporation (NYSE: XRX).

Lomiko is actively looking for technology companies with patents or unique markets vetted by government and universities to partner with and supply to supply high carbon content flake graphite. Lomiko hopes to become a type of "technology incubator" by investing in these emerging companies. On February 11<sup>th</sup>, 2013, Lomiko entered into a strategic alliance agreement with Graphene Laboratories Inc., NY ("Graphene Labs"). Graphene Labs, recognized as experts in graphene materials by the scientific and industrial community, specializes in the manufacture and sale of research materials to R&D markets, with the world's largest selection of advanced 2D materials. The company also specializes in custom projects involving materials. This alliance created an opportunity for Lomiko to participate in the research and development of new products which would represent a high value end use for Quatre Milles graphite. Lomiko and Graphene Labs have collaborated with the Research Foundation of Stony Brook University, NY, ("Stony Brook") to investigate novel, energy-focused applications for graphene. Under this collaboration, Graphene Labs will process graphite samples from Lomiko's Quatre Mille property into graphene and Stony Brook will then examine the most efficient methods of using this graphene for energy storage applications. On December 4, 2013, Lomiko and Graphene Labs announced a significant milestone in their work with Stony Brook with the successful completion of a prototype graphene supercapacitor. The prototype of the supercapacitor was made using graphene composite material prepared using a proprietary technology developed at Graphene Labs. The measured specific capacitance of the prototype was found to be around 500 Farad per gram of this type. This value is comparable with the best values reported in the literature for a supercapacitor of this type. The device has shown this significant performance due to the high specific surface area as well as high electrical conductivity of the graphene produced from graphite material from the Quatre Milles Graphite Project in Quebec. The achievement paves the way for future commercialization efforts by the two companies under the goals of their strategic alliance.

### Making Graphene: Graphene Nanoplatelets



### 3D Graphene Labs spinoff (TSX: GGG.V) creates value for Lomiko shareholders

Graphene Labs has grown exponentially and globally in the past eight months and now has over 5000 clients and is a profitable enterprise. Because of its spectacular growth, Graphene Labs has spun-off the Graphene Inks department into a brand new business entity, 3D Graphene Labs ("3D Labs"), incorporated in Delaware with operations in NY. The patent process has been initiated for the use of graphene oxide in 3D printing. 3D Labs will focus on the development, manufacturing and marketing of 3D Inks for 3D printing. On October 12, 2013, Lomiko entered into an agreement to acquire 250,000 preferred shares of Graphene 3D Lab Inc. for a total subscription price of \$50,000 for a 15% interest. The preferred shares are entitled to dividends. Lomiko will provide graphite as the exclusive supplier to Graphene 3D Lab. On September 28, 2014, Lomiko acquired 1,200,000 common shares at \$0.25 per share of MatNic Resources Inc. The



transaction was subject to MatNic Resources Inc. receiving regulatory approval to a reverse takeover by 3D Labs (TSXV: GGG). Lomiko holds 4,396,970 common shares in the capital of 3D Labs, representing approximately 11.23% of the outstanding shares of 3D Labs.

3D Labs will focus on the development of high performance graphene enhanced materials for 3D Printing. On January 20, 2014, 3D Labs announced it reached a significant milestone by filing a provisional patent application for the use of graphene-enhanced material, along with other materials, in 3D Printing. The method described in the provisional patent application allows consumers to use the polymer, infused with graphene, together with conventional polymers in the same printing process, thereby fabricating functional electronic devices using 3D printing.

Graphene can be made as sheets or as what are called nano-platelets. While a great deal of attention has been focused on the production of graphene sheets the nano-platelets may hold more immediate promise. There are proprietary techniques involved which are required to actually coax the graphene to share its attributes with the host material. These are the techniques which form the intellectual property of the Lomiko/Graphene Labs spin off 3D Labs.

*Source: Company filings and investor materials, [www.graphenetracker.com](http://www.graphenetracker.com), [www.businessweek.com](http://www.businessweek.com), SeeThruEquity Research*

### **Megahertz agreement provides Lomiko entry into another multi-billion market**

On October 27, 2014, Lomiko announced an agreement to license from Megahertz Power Systems Ltd. ("Megahertz") rights to manufacture and sell three power converter system designs, acquire a pending supply contract with a Canadian LED system integrator and support the research and development of new products. Lomiko plans to establish cash-flow under the current contract within six months. These estimates are based on proven and in-demand devices designed by MegaHertz. The creation of an e-commerce site in three to four months should materially increase the customer base for the licensed products over the estimated five year product cycle. Over the long term, Lomiko and MegaHertz will work on innovative new designs that power products using graphite and graphene based devices to dramatically raise operating efficiencies and help reduce the energy waste for the Electronic equipment, Energy Storage and Automotive Industries worldwide.

A power converter is an electrical or electro-mechanical device for converting electrical energy. This could be as simple as a transformer to change the voltage of AC power, but also includes far more complex systems. Research from IBIS World estimates that the total market for power conversion equipment is approximately \$18bn. Lomiko will operate in a subset of this market which also possesses multi-billion dollar potential.

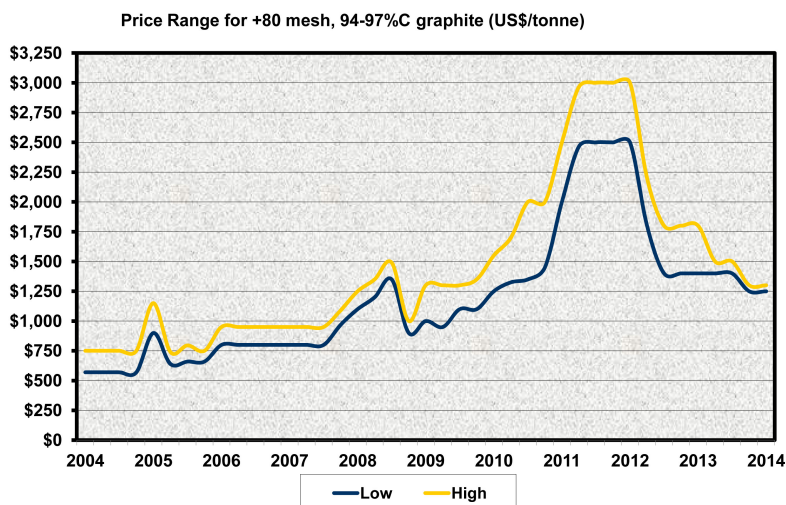
The agreement calls for Megahertz grant non-exclusive licenses to Lomiko to manufacture and sell the following three power converter system designs: A) A custom OEM 60W 120V OEM Led driver solely for the existing LED Customer, B) a type AB in-wall AC receptacle with USB ports for recharging laptops, smartphones and tablets for e-commerce sales and C) a 60W LED driver product for online e-commerce sales. Lomiko will advance C\$250,000 in start-up funds to organize and set up contract manufacturing of the licensed products, develop an e-commerce web-site for sales of certain licensed products, establish a local office in support of Lomiko's sales of the licensed products, manage initial contract manufacturing, sales, customer relations, general business administration and technical support for customers and contract manufacturers for the initial year of operations. Lomiko will pay Megahertz a 15% royalty on Lomiko's net sales of the licensed products.

*Source: Company filings and investor materials, [www.ibisworld.com](http://www.ibisworld.com), SeeThruEquity Research*

## COMPETITIVE LANDSCAPE

Graphite competition is primarily based on category (flake or amorphous), purity and flake size. The global graphite market is dominated by Chinese production, which accounts for approximately 70% of the total global supply. Approximately 70% of Chinese production is fine or amorphous graphite, while 30% is flake. China does produce some large flake graphite but the majority of its flake graphite production is very small in the +200 mesh range. China is pursuing an aggressive policy of modernizing and consolidating its mining industry and providing for more professional management of resources with better labor and environmental practices. China is very serious about these reforms as evidenced by the fact that in 2012 it invested \$150mn to create Southern Graphite Ltd., a state owned amorphous graphite monopoly. Furthermore, in late 2013 the Chinese government closed 20% of its flake graphite production capacity for environmental reasons. After China, which produced roughly 810 million tons (mt) of graphite in 2013, the largest international producers were India (160 mt), Brazil (105 mt) and Canada (25 mt). Madagascar, which produced 10 mt in 2013, is thought to have the largest resources of high-grade flake graphite in the world.

Given the small production base in the west is aging and the fact that no new mines have been built in over 20 years, both the EU and the US have declared graphite a supply critical mineral. Prices peaked in 2012 around \$3000/ton, as the price increase from 2009-2012 was tied to increased application usage of graphite, particularly in the electric vehicle space. There is a posted price for graphite which provides a guideline with respect to longer term trends but transactions are largely based on direct negotiations between the buyer and seller. Graphite prices are also a function of flake size and purity with large flake (+80 mesh), 94% carbon varieties commanding premium pricing.



Lomiko competes in the flake graphite market, and its more relevant Canadian competitors include Energizer Resources, Inc. (Toronto: EGZ), Flinders Resources LTD, (TSX: FDR), Focus Graphite Inc. (TSX: FMS), Graphite One Resources (TSX: GPH), Mason Graphite Inc. (TSX: LLG), Northern Graphite Corp. (TSX: NGC) and Zenyatta Ventured Ltd. (TSX: ZEN). As transportation can accounting for up to 30% of the price of graphite, these firms stand to benefit the most from their proximity to the US market and Tesla's Gigafactory.

Lomiko is currently focused on developing its Quatre Milles property near Montreal, Canada, and hopes to partner with developers of emerging graphene technologies. In this space, Lomiko hopes to pick and choose "best in breed" technologies to invest in, becoming a technology "incubator." In this space, Lomiko will also be competing with Canadian and other international suppliers of graphite based on the purity and flake size of its products.

Compared to its Canadian peer group, Lomiko is much smaller in market capitalization range. However, none of the companies in the group have demonstrated profitability. We feel that Lomiko will be EBITDA positive in FY2017E and beyond and has the potential to achieve EBITDA margins in the 25-30% range.

Source: Company filings and investor materials, [www.usgs.gov](http://www.usgs.gov), [www.northerngraphite.com](http://www.northerngraphite.com), SeeThruEquity Research

## FINANCIALS AND FUTURE OUTLOOK

### Revenue/Drivers

Lomiko plans on developing its Quatre Milles property in FY2015 and has already received a drilling permit for its newly optioned La Loutre property. We are anticipating production coming online in FY2015 and modeling in 1,000 tons of graphite produced and sold at C\$1,296 per ton, for total mining revenues of C\$1.3mn. We are modeling in 3% annual price increases from FY2015-FY2020. We also feel that as Tesla's Gigafactory is operational and achieving scale in FY2018E, there should be materially increased demand for battery-grade graphite. We are modeling in FY2020 revenues of C\$36.1mn, based off of 24,000 tons sold at C\$1,502 per ton. As a point of reference, Canada produced 25 million tons of graphite in 2013.

Lomiko has stated that the newly announced deal with Megahertz should begin generating revenues in F2H15, as it will take about six months to ramp up and complete the projects which require agency approval and incorporate electronic components that have up to 16 weeks order lead times. This agreement should generate approximately C\$1.1mn in the first year of production and C\$10.5mn over the first three years of the deal.

The average price per ton of flake graphite depends on purity and flake size. The average reported prices are a function of industry research best estimates, as most transactions occur between buyers and sellers directly. Depending on the quality of the graphite that Lomiko mines, our price per ton estimates could be very conservative or very aggressive, as we believe there is wide range across graphite prices.

### Margins/Expenses

Lomiko has had average operating expenses of C\$169,306 over its last seven quarters, but we expect this number to begin to rise substantially as the company commences mining operations. Lomiko has also guided to roughly C\$600,000 of expenses allocated to the Megahertz agreement, which will fall across FY2015/16. We are modeling in C\$1.5mn in operating expenses for FY2015, up 80% compared with our FY2014E of C\$833,402, to account for this increased spending.

As part of the recently announced La Loutre property deal, Lomiko is required to spend C\$500,000 on CAPEX at the property. We are modeling in C\$1.0mn for FY2015 and FY2016, as we believe the company will need to ramp up CAPEX spending as it commences operations.

Lomiko reported a net loss of (C\$237,568), or (C\$0.00) per share, in F3Q14, and we are modeling a net loss of (C\$833,402), or (C\$0.01) per share, for FY2014E. We have modeled in net income of C\$1.1, or C\$0.01 per share, in FY2017E, and are assuming profitability from that point forward.

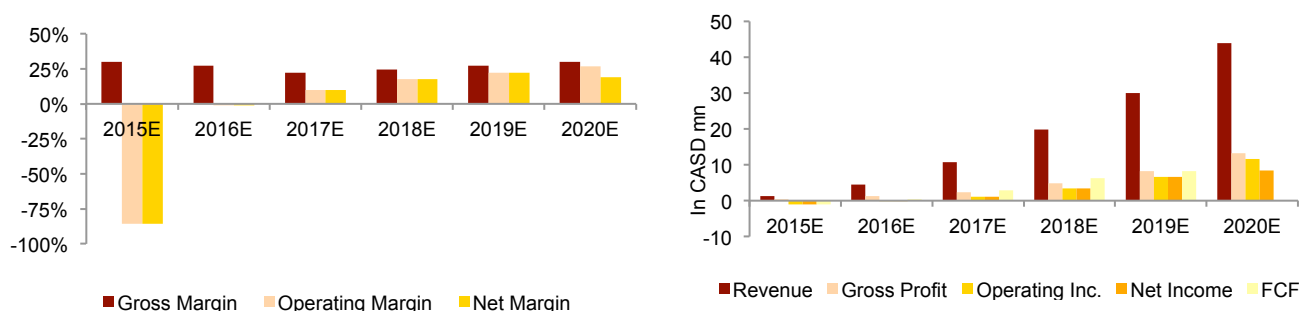
We have not modeled in any additional investments in graphene-related technologies in our model, but we would certainly not be surprised to see Lomiko conduct transactions in the space.

### Balance Sheet & Financial Liquidity

Lomiko had a very successful capital raise in F2Q14 and had C\$1.9mn in cash on its balance sheet as of April 30, 2014. Lomiko also had C\$2.9mn in guaranteed investment certificates and C\$1.3mn in interest in mineral properties among its C\$6.6mn in assets as of April 30, 2014. Lomiko was carrying its investment in 3D Labs at C\$50,000. Based on the recent closing price of C\$1.76 of GGG stock as of October 16, 2014, Lomiko's 4.4mn shares are worth C\$7.4mn. Lomiko had virtually no liabilities and no debt outstanding as of April 30, 2014.

Lomiko had 137.8mn shares outstanding and 172.5mn fully diluted shares as of October 16, 2014. Lomiko raised C\$875,000 during F4Q14 in connection with the La Loutre transaction. Depending on the pace of developing the La Loutre and Quatre Milles properties and the ramp in product sales from the Megahertz agreement, Lomiko will likely have to raise capital again in FY2015.

Figure 2. Key Performance Indicators of Lomiko, FY15E–20E



## VALUATION

We have valued Lomiko using a discounted cash flow (“DCF”) valuation. Our DCF valuation yields a fair value of C\$0.19 per share, representing an upside of 150% from the recent price of \$0.08 as of October 27, 2014.

### DCF

We expect meaningful top line growth to occur for Lomiko in the FY2017/2018 timeframe as it commences mining graphite and global demand accelerates due to electric vehicle and 3D printing demand. We project free cash flow to move from (C\$2.0mn) in FY2015E to C\$8.3mn in FY2020E. We discounted cash flows at a weighted average cost of capital of 20.5% and assumed a terminal growth rate of 5% at the end of 2020E to arrive at an enterprise value of C\$23.9mn. Adjusting for the cash balance of C\$1.9mn and no debt as of April 30, 2014, we arrived at a fair value of \$0.19 per share.

Figure 3. Discounted Cash Flow Analysis

C\$' 000	FY15E	FY16E	FY17E	FY18E	FY19E	FY20E
EBIT	(1,111)	(40)	1,051	3,467	6,714	11,706
Less: Tax	0	0	0	0	0	3,278
<b>NOPLAT</b>	<b>(1,111)</b>	<b>(40)</b>	<b>1,051</b>	<b>3,467</b>	<b>6,714</b>	<b>8,428</b>
Changes in working capital	41	20	70	145	295	594
Depreciation & Amortization	35	37	39	42	47	51
Capex	(1,000)	(1,000)	(750)	(750)	(750)	(750)
<b>FCFF</b>	<b>(2,035)</b>	<b>(983)</b>	<b>410</b>	<b>2,905</b>	<b>6,305</b>	<b>8,324</b>
Discount factor	0.87	0.72	0.60	0.50	0.41	0.34
PV of FCFE	(1,767)	(709)	245	1,442	2,597	2,845
Sum of PV of FCFE						4,653
Terminal cash flow						56,388
PV of terminal cash flow						19,276
<b>Enterprise value</b>						<b>23,929</b>
Less: Debt						0
Add: Cash						1,959
<b>Equity value</b>						<b>25,888</b>
Outstanding shares (mn)						137.8
<b>Fair value per share (C\$)</b>						<b>0.19</b>
<b>Summary conclusions</b>		<b>Key assumptions</b>				
DCF FV (C\$ per share)	0.19		Beta	2.0		
Recent price (C\$ per share)	0.08		Cost of equity	20.2%		
Upside (downside)	150.5%		Cost of debt (post tax)	6.0%		
WACC	20.5%		Terminal Growth Rate	5.0%		

Source: SeeThruEquity Research



Figure 4. Sensitivity of Valuation – WACC vs. Terminal Growth Rate

		WACC (%)				
Terminal growth rate (%)		19.5%	20.0%	20.5%	21.0%	21.5%
	4.00%	0.20	0.19	0.18	0.17	0.16
	4.50%	0.20	0.19	0.18	0.18	0.17
	5.00%	0.21	0.20	0.19	0.18	0.17
	5.50%	0.21	0.20	0.19	0.19	0.18
	6.00%	0.22	0.21	0.20	0.19	0.18
	6.50%	0.23	0.22	0.21	0.20	0.19

Source: SeeThruEquity Research

### Peer Group Valuation

We have included a table of Lomiko's Canadian graphite mining peer group for the sake of comparison. Unfortunately, only Northern Graphite Corp. has 2015 earnings estimates, so we cannot make a meaningful market multiple comparison to the group. We also believe that FY2015 revenues will not be representative of Lomiko's operational potential. We would like to note that Lomiko trades at half the market capitalization of its closest peer, Graphite One Resources, providing investors with a very attractive growth opportunity.

Figure 5. Comparable Valuation (Data as of 10/27/14)

Company	Mkt cap (C\$ mn)	EV/Revenue(x)		P/Revenue(x)	
		FY14E	FY15E	FY14E	FY15E
Energizer Resources Inc.	50	N/A	N/A	N/A	N/A
Flinders Resources Ltd.	29	N/A	N/A	N/A	N/A
Focus Graphite Inc.	48	N/A	N/A	N/A	N/A
Graphite One Resources	19	N/A	N/A	N/A	N/A
Mason Graphite Inc.	41	N/A	N/A	N/A	N/A
Northern Graphite Corp.	37	N/A	1.2x	N/A	1.1x
Zenyatta Ventures Inc.	115	N/A	N/A	N/A	N/A
<b>Average</b>		<b>N/A</b>	<b>1.2x</b>	<b>N/A</b>	<b>1.1x</b>
Lomiko Metals Inc.	10	N/A	6.5x	N/A	8.0x
Premium (discount)		N/A	449.7%	N/A	604.1%

Source: Bloomberg, SeeThruEquity Research

## RISK CONSIDERATIONS

### Exploration stage company

Lomiko has not yet generated any revenues and has not begun the production of from any of its properties. There is no guarantee that Lomiko will be successful in producing graphite, or commercial quality graphite, from its existing properties. The company has incurred losses since inception and expects to do so for the near term future.

### Competition

Lomiko operates in the graphite market and faces numerous local, Canadian competitors, as well as large graphite providers from China, India and Brazil. Competition is largely a function of purity and size of the graphite flakes, and there is no guarantee that Lomiko can produce high quality flake graphite from its Quatre Milles property or that it can establish relationships with large buyers of graphite.

### Operating risks

Lomiko is subject to a number of risks which are also common to other organizations involved in mining industry. Such risks include finding and developing graphite at economic costs, estimating amounts of recoverable graphite, production of graphite in commercial quantities, marketability of the graphite produced, financial and liquidity risks and environmental and safety risks.

### Commodity prices

The price of graphite has been quite volatile in recent years, and the increased investment in the space over the past few years should lead to greater levels of supply coming on in the near future. Lomiko also faces the risk of graphite “dumping” by large international producing countries, such as China and India, which could have a material impact on the price of the material.

### Concentration risk

Although Lomiko's production will not be dependent on any one firm, the success of Tesla's Gigafactory, and the outsized demand for graphite that it is expected to create, present risk for Lomiko and the entire graphite industry. Tesla uses significantly more graphite in its batteries than Nissan or Chevy does, and if Tesla were to fail in its efforts to expand, it would be reasonable to assume the entire graphite industry would suffer.

### Financing and dilution

Lomiko will need to raise additional capital in the next 12-18 months to fund its exploration project at Quatre Milles. If the company cannot raise capital at attractive terms, current shareholders of Lomiko may face material dilution of their holdings.

### Share liquidity and penny stock

Lomiko currently trades on the TSX Venture Exchange and is also quoted on the OTCQX. The stock has averaged 878,817 shares traded per day. At the recent price of C\$0.08, this comes to C\$70,305 in daily volume. Getting into or out of a position in Lomiko may be difficult depending on the market environment. Lomiko stock is also subject to penny stock trading rules, which may further lessen liquidity in the shares.

## **Management Team**

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

Mr. Gill is the President of AJS Management Inc., a company providing management consulting to private and public companies. From November 2003 to October 2006, Mr. Gill was heavily involved in the dynamic growth stage of Norsemont Mining (TSX: NOM) as an Officer, and Director, V.P. Business Development, while the company grew from a market capitalization of \$1 million to \$50 million. Mr. Gill also is the CEO of Epic Mining Corp. which has assets in Peru.

### **Jacqueline Michael – Chief Financial Officer**

Ms. Michael has over 20 years of financial and administration experience. In 1988, Ms. Michael co-founded The Conac Group, a software development company for construction management, where she acted as President and CEO. In 1997, Ms. Michael was successful in taking the company public on the CDNX Exchange and helped raise over \$5 million in private placement financings for the company. Ms. Michael has acted as the President and Chief Executive Officer for public companies for over 10 years.

### **Julius Galik – Director**

During the past 12 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 financial advisor with 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 strong leadership, mediation and negotiation skills to the Board, as well as many years of financial experience. Mr. Galik has a diploma with SFU, Vancouver, for Finance Governance and Compliance.

### **Brian Gusko – Director**

Brian has significant international business experience at the highest level. He was the CFO of UC Resources Ltd., an emerging producer of silver and gold in Mexico. 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 Carleton University, and an MBA from the University of Calgary (2003). He currently serves on the Board of Directors of Emergent Waste Solutions, and is an Advisor to the Board of Solegear Bioplastics(a bio-plastic company). Brian is a Partner at Vancouver-based, Sustainable Capital Corporation, a capital markets advisory firm.

## FINANCIAL SUMMARY

Figure 6. Income Statement

Figures in C\$m unless specified	FY12A	FY13A	FY14E	FY15E	FY16E	FY17E
<b>Revenue</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.3</b>	<b>4.4</b>	<b>10.7</b>
YoY growth		N/A	N/A	N/A	241.1%	141.1%
Cost of sales	0.0	0.0	0.0	0.9	3.2	8.3
<b>Gross Profit</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>1.2</b>	<b>2.4</b>
Margin	N/A	N/A	N/A	30.0%	27.4%	22.2%
Operating expenses	0.7	0.6	0.8	1.5	1.3	1.3
EBIT	(0.7)	(0.6)	(0.8)	(1.1)	(0.0)	1.1
Margin	N/A	N/A	N/A	(85.7%)	(0.9%)	9.9%
<b>EBITDA</b>	<b>(0.7)</b>	<b>(0.6)</b>	<b>(0.8)</b>	<b>(1.1)</b>	<b>(0.0)</b>	<b>1.1</b>
Margin	N/A	N/A	N/A	(83.0%)	(0.1%)	10.2%
Other income/ (expense)	(0.2)	0.0	0.0	0.0	0.0	0.0
Profit before tax	(0.9)	(0.6)	(0.8)	(1.1)	(0.0)	1.1
Tax	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>(0.9)</b>	<b>(0.6)</b>	<b>(0.8)</b>	<b>(1.1)</b>	<b>(0.0)</b>	<b>1.1</b>
Margin	N/A	N/A	N/A	(85.7%)	(0.9%)	9.9%
<b>EPS (per share)</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.00)</b>	<b>0.01</b>

Source: SeeThruEquity Research

Figure 7. Balance Sheet

Figures in C\$m, unless specified	FY12A	FY13A	FY14E	FY15E	FY16E	FY17E
Current assets	0.5	0.5	5.8	4.2	3.3	3.9
Intangibles	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	0.7	1.1	1.3	2.3	3.3	4.0
<b>Total assets</b>	<b>1.2</b>	<b>1.5</b>	<b>7.2</b>	<b>6.5</b>	<b>6.6</b>	<b>7.9</b>
Current liabilities	0.1	0.3	0.0	0.1	0.1	0.2
Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	1.1	1.2	7.2	6.4	6.5	7.7
<b>Total liab and shareholder equity</b>	<b>1.2</b>	<b>1.5</b>	<b>7.2</b>	<b>6.5</b>	<b>6.6</b>	<b>7.9</b>

Source: SeeThruEquity Research

Figure 8. Cash Flow Statement

Figures in C\$m, unless specified	FY12A	FY13A	FY14E	FY15E	FY16E	FY17E
Cash from operating activities	(0.7)	(0.2)	(1.3)	(0.9)	0.1	1.3
Cash from investing activities	(0.3)	(0.4)	(0.3)	(1.0)	(1.0)	(0.8)
Cash from financing activities	0.9	0.6	6.6	0.3	0.0	0.0
<b>Net inc/(dec) in cash</b>	<b>(0.1)</b>	<b>(0.0)</b>	<b>5.1</b>	<b>(1.7)</b>	<b>(0.9)</b>	<b>0.5</b>
Cash at beginning of the year	0.5	0.4	0.4	2.6	0.9	0.1
<b>Cash at the end of the year</b>	<b>0.4</b>	<b>0.4</b>	<b>2.6</b>	<b>0.9</b>	<b>0.1</b>	<b>0.6</b>

Source: SeeThruEquity Research



Figure 9. Lomiko Purity Report

Composite #	US Mesh Sieve Size	Flake Distribution %	Purity
1	>50 Mesh	12.28	92.16
	80-50 Mesh	17.42	92.86
	100-80 Mesh	5.88	84.85
	200-100 Mesh	36.27	87.39
2	>50 Mesh	15.54	95.19
	80-50 Mesh	17.14	100
	100-80 Mesh	5.68	100
	200-100 Mesh	31.22	100
3	>50 Mesh	24.21	93.63
	80-50 Mesh	21.99	98.35
	100-80 Mesh	6.91	100
	200-100 Mesh	29.08	97.55
4	>50 Mesh	19.03	97.3
	80-50 Mesh	18.3	100
	100-80 Mesh	7.18	98.75
	200-100 Mesh	28.25	98.7
5	>50 Mesh	32.02	98.28
	80-50 Mesh	17.73	100
	100-80 Mesh	10.69	97.14
	200-100 Mesh	25.64	98.36
6	>50 Mesh	14.47	98.4
	80-50 Mesh	16.81	100
	100-80 Mesh	5.11	96.3
	200-100 Mesh	30.23	99.3
7	>50 Mesh	20.05	98.94
	80-50 Mesh	21.55	98.88
	100-80 Mesh	5.18	100
	200-100 Mesh	31.3	100

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

Lomiko Metals Inc., an exploration stage company, is engaged in the acquisition, exploration, and development of mineral resource properties in Canada. The company primarily explores for graphite deposits. Its principal properties include the Vines Lake property located in British Columbia; the Quatre Milles West property situated in Quebec; and the Quatre Milles East property located in Quebec.

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



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