

Lomiko Metals, Inc.

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

Lomiko Metals, Inc. ("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, and the La Loutre Property, which has recently been drilled and produced several near surface intercepts of over 5% flake graphite. On January 5, 2015, Lomiko provided investors with a comprehensive company update.

Investment Highlights

Technology partnerships should create revenues in 2015

Through its wholly owned subsidiary, Lomiko Technologies Inc., Lomiko licensed the rights to manufacture and sell three power converter system designs and also acquired a pending supply contract for an existing customer from Megahertz Power Systems Ltd. Lomiko plans to create revenue from its licensing deals and e-commerce site and launch Lomiko Technologies as a new public company in 2015.

Graphene 3D Labs, Inc. (TSX.V: GGG.V) remains focused on commercialization opportunities in the 3D printing space. Lomiko is the graphite supplier for the company, and holds four million shares of GGG.V. As of October 31, 2014, Lomiko had C\$7.7mn in unrealized equity in GGG.V shares.

Lomiko has also transferred its graphene super capacitor investment into 40% ownership of a US corporation, Graphene Energy Storage Devices (Graphene ESD), in anticipation of a similar transaction to Graphene 3D Labs in 2015.

Lomiko has also stated plans to launch an extensive advertising and brand awareness campaign designed to focus attention on our new products and e-commerce website.

What makes Lomiko so unique is that it not only owns attractive mining properties and is involved in the extraction of graphite, a very exciting new generation material, but that it actively looks to partner with emerging companies developing graphite-based technologies.

Property updates

In 2015, Lomiko plans to create a resource estimate and preliminary economic assessment ("PEA") for its La Loutre Graphite Property located near the Imerys Graphite and Carbon Mine in Quebec. Lomiko acquired 40% of this property in September 2014. Initial drilling has been conducted at the site and Lomiko is "particularly encouraged" by the high grades and near surface locations of the graphite discovery. The company also plans to drill deep gold targets at the 100%-owned Vines Lakes Project in Cassiar, B.C. which is adjacent to the historic Table Mountain Mine. In addition, Lomiko continues to explore its wholly owned Quatre Mils graphite property in the Province of Quebec. In July 2014, the company announced the discovery of 23 new high priority magnetic anomalies on this property.

Maintaining price target of C\$0.19

We maintain our price target of C\$0.19 for Lomiko. This represents 127.6% upside potential from the recent market price of C\$0.08. Lomiko has laid out an ambitious plan for 2015, and we expect to hear significant news flow from the company in the upcoming quarters.

Stock Details (01/23/15)

TSXV:	LMR.V
Sector / Industry	Basic Materials / Metals & Minerals
Price target	C\$0.19
Recent share price	C\$0.08
Shares o/s (mn)	137.8
Market cap (in \$mn)	11.0
52-week high/low	C\$0.17 / \$0.05

Source: Thomson Reuters, SeeThruEquity Research

Key Financial (C\$mn, unless specified)

	FY13	FY14	FY15E
Revenues	0.0	0.0	1.3
EBITDA	(0.6)	(0.9)	(1.1)
EBIT	(0.6)	(0.9)	(1.1)
Net Income	(0.6)	(0.8)	(1.1)
EPS (\$)	(0.01)	(0.01)	(0.01)

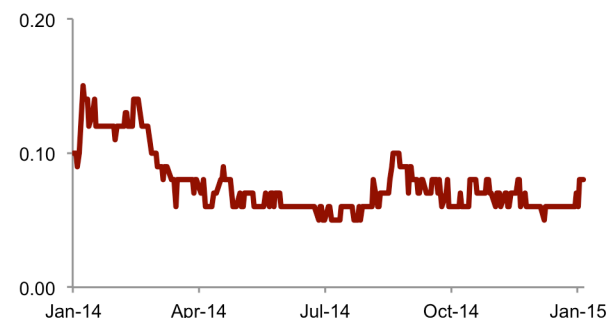
Source: SeeThruEquity Research

Key Ratios

	FY13	FY14	FY15E
Gross margin (%)	N/A	N/A	30.0
Operating Margin (%)	N/A	N/A	(85.7)
EBITDA margin (%)	N/A	N/A	(85.7)
Net margin (%)	N/A	N/A	(85.7)
P/Revenue (x)	N/A	N/A	8.5
EV/EBITDA (x)	(11.9)	(8.0)	(6.5)
EV/Revenue (x)	N/A	N/A	5.5

Source: SeeThruEquity Research

Share price performance (C\$, LTM)



Source: Thomson Reuters

QUARTERLY FINANCIAL SUMMARY

Figure 1. Income Statement Summary

Figures in C\$, unless specified	F1Q15	F1Q14
Operating expenses	418,626	102,508
YoY growth	308.4%	
Interest and other	8,744	7
YoY growth	NM	
Net income	(409,882)	(102,501)
YoY growth	300%	
EPS	(\$0.00)	(\$0.00)
YoY growth	NM	

Source: Company Earnings Release, SeeThruEquity Research

Commercialization and product developments, property updates highlight recent results:

- Lomiko reported a net loss of (C\$409,882), or (C\$0.00) per share, for fiscal 1Q15 (ended October 31, 2014). This is compared to a net loss of (C\$102,501), or (C\$0.00) per share in F1Q14. Average shares for F1Q15 were 136.6mn, compared to 78.6mn for F1Q14.
- Lomiko reported cash of C\$3.8mn on its balance sheet, C\$1.7mn in exploration assets and a C\$7.7mn unrealized equity investment in Graphene 3D Labs, Inc. (GGG.V) as of October 31, 2014.
- On December 3, 2014, announced that it had signed an agreement to invest in a new graphene-related venture, Graphene ESD Corp., a U.S. Corporation. Graphene ESD Corp. was formed to commercialize the supercapacitor technology developed at Stony Brook University, and to bring the graphene-based energy storage devices to market. Lomiko owns 40% of Graphene ESD Corp., and plans to take this company public in 2015 similar to the Graphene 3D Labs transaction in 2014.
- On October 27, 2014, through its wholly owned subsidiary, Lomiko Technologies Inc., Lomiko licensed the rights to manufacture and sell three power converter system designs and also acquired a pending supply contract for an existing customer from Megahertz Power Systems Ltd. Lomiko plans to create revenue from its licensing deals and e-commerce site and launch Lomiko Technologies as a new public company in 2015. This transaction placed Lomiko into the very attractive, multi-billion dollar power converter market. Lomiko plans to launch an extensive advertising and brand awareness campaign designed to focus attention on these new products and its e-commerce website.
- In September, Lomiko announced the acquisition of a 40% interest in Canada Strategic Minerals' La Loutre Crystalline Flake Graphite Property in Quebec. The La Loutre property has been drilled since this announcement and has produced very encouraging results. Lomiko plans to focus on creating a resource estimate and PEA for the property in 2015.
- During FY2014, Lomiko raised C\$5.5mn in gross financings, was approved for trading on the OTCQX Exchange (LMRMF) in the US and recently announced that it has arranged for a Market-maker to provide liquidity to the market and a better trading experience for investors. The company is taking steps to increase visibility with US investors and this should lead to increased trading volume and liquidity in the shares in 2015.

Maintaining price target of C\$0.19

- We are maintaining our price target from of C\$0.19, this represents 127.6% upside potential from the recent price of C\$0.08.
- Lomiko owns attractive properties in Canada and graphite is a very exciting metal for next generation markets, including electric vehicle batteries, 3D printing and power converters. Lomiko is not just a materials producer, but it also looks to actively invest in companies developing graphite-based technologies. Lomiko is a particularly compelling investment opportunity in the basic materials space in light of the recent volatility in commodity prices.

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