



**LOMIKO METALS INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(unaudited)**

October 31, 2016

**LOMIKO METALS INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION  
(unaudited)

	October 31, 2016	July 31, 2016
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (Note 4)	\$ 274,408	\$ 326,031
Other receivables	12,229	9,824
Prepaid expenses	69,483	37,990
	356,120	373,845
<b>Non-current</b>		
Investment in associate (Note 5)	189,883	189,893
Investment in equity securities (Note 6)	1,012,117	1,175,962
License (Note 7)	460,895	458,878
Website	13,738	8,170
Exploration and evaluation assets (Note 8)	4,910,163	4,910,163
	6,586,796	6,743,066
	\$ 6,942,916	\$ 7,116,911
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 170,806	\$ 162,479
Income taxes payable	40,029	26,029
Demand loan (Note 9)	144,998	144,998
	355,833	333,506
<b>Other</b>		
Flow through premium liabilities (Note 10)	52,634	50,000
Deferred tax liability	76,729	76,729
	129,363	126,729
<b>EQUITY</b>		
Share capital (Note 11)	24,157,152	23,965,723
Share subscriptions received	-	64,920
Warrants (Note 11)	175,957	442,019
Share based payment reserve (Note 11)	362,207	378,713
Accumulated other comprehensive income	192,711	318,384
Deficit	(18,430,307)	(18,513,083)
	6,457,720	6,656,676
	\$ 6,942,916	\$ 7,116,911

Nature of Operations (Note 1)  
Commitments and contingencies (Note 17 & 18)  
Events after reporting period (Note 19)  
Approved on behalf of the Board:

"Paul Gill"  
Paul Gill - President and Chief Executive Officer

"Jacqueline Michael"  
Jacqueline Michael - Chief Financial Officer

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

# LOMIKO METALS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS  
 For the three month period ending October 31,  
 (unaudited)

	2016	2015
<b>Expenses</b>		
Advertising and promotion	\$ 117,928	\$ 96,290
Consulting fees	900	14,400
Management fees (Note 14)	45,000	45,000
Office and miscellaneous	7,044	4,336
Professional fees	58,670	63,214
Regulatory and filing fees	5,647	5,961
Research and development	-	39,799
Shareholder communications	8,283	-
Travel	8,996	8,214
Loss from operations	(252,468)	(277,214)
<b>Other income/(loss) from continuing operations</b>		
Interest income	4	4,688
Financing costs	(366)	-
Share of associate loss	(10)	(461)
Gain on sale of marketable securities	60,004	-
	59,632	4,227
Loss from continuing operations, before income tax	(192,836)	(272,987)
Income tax expense	(14,000)	-
Net loss from continuing operations	(206,836)	(272,987)
<b>Other</b>		
Unrealized gain/(loss) on re-measurement of equity investments	(125,673)	43,970
<b>Comprehensive (loss) for the period</b>	<b>\$ (332,509)</b>	<b>\$ (229,017)</b>
Basic and Diluted Loss Per Share	\$ (0.00)	\$ (0.00)
Basic and Diluted Weighted Average Common Shares	186,673,910	155,463,267

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

# LOMIKO METALS INC.

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(unaudited)

	Common Shares Without Par Value		Share subscriptions received	Warrants Reserve	Share based Payment Reserve	Accumulated Other Comprehensive Income	Deficit	Total Equity
	Shares	Amount						
<b>Balance, July 31, 2015</b>	<b>155,463,267</b>	<b>\$ 23,040,559</b>	-	<b>\$ 1,242,413</b>	<b>\$ 410,430</b>	<b>\$ 2,301,531</b>	<b>\$ (18,731,313)</b>	<b>\$ 8,263,620</b>
Warrants expired	-	-	-	(767,175)	-	-	767,175	-
Unrealized gain on re-measurement of equity securities	-	-	-	-	-	43,970	-	43,970
Net loss for the period	-	-	-	-	-	-	(272,987)	(272,987)
<b>Balance, October 31, 2015</b>	<b>155,463,267</b>	<b>\$ 23,040,559</b>	-	<b>\$ 475,238</b>	<b>\$ 410,430</b>	<b>\$ 2,345,501</b>	<b>\$ (18,237,125)</b>	<b>\$ 8,034,603</b>
Issuance of shares for equity investment	16,129,743	564,541	-	-	-	-	-	564,541
Issuance of shares for resource property	2,500,000	125,000	-	-	-	-	-	125,000
Issuance of flow through shares for cash	5,000,000	200,000	-	-	-	-	-	200,000
Issuance of shares for cash	2,500,000	100,000	-	-	-	-	-	100,000
Share subscriptions received	-	-	64,920	-	-	-	-	64,920
Share issue costs	-	(44,600)	-	-	-	-	-	(44,600)
Warrants issued	-	(19,777)	-	19,777	-	-	-	-
Warrants expired	-	-	-	(52,996)	-	-	52,996	-
Options expired	-	-	-	-	(31,717)	-	31,717	-
Unrealized (loss) on re-measurement of equity securities	-	-	-	-	-	(2,027,117)	-	(2,027,117)
Net loss for the period	-	-	-	-	-	-	(360,671)	(360,671)
<b>Balance, July 31, 2016</b>	<b>181,593,010</b>	<b>\$ 23,965,723</b>	<b>\$ 64,920</b>	<b>\$ 442,019</b>	<b>\$ 378,713</b>	<b>\$ 318,384</b>	<b>\$ (18,513,083)</b>	<b>\$ 6,656,676</b>
Issuance of shares for cash	4,817,500	192,700	-	-	-	-	-	192,700
Issuance of flow through shares for cash	263,400	10,536	-	-	-	-	-	10,536
Share subscriptions	-	-	(64,920)	-	-	-	-	(64,920)
Share issue costs	-	(4,763)	-	-	-	-	-	(4,763)
Warrants issued	-	(7,044)	-	7,044	-	-	-	-
Warrants expired	-	-	-	-	(16,506)	-	16,506	-
Options expired	-	-	-	(273,106)	-	-	273,106	-
Unrealized (loss) on re-measurement of equity securities	-	-	-	-	-	(125,673)	-	(125,673)
Net loss for the period	-	-	-	-	-	-	(206,836)	(206,836)
<b>Balance, October 31, 2016</b>	<b>186,673,910</b>	<b>\$ 24,157,152</b>	-	<b>\$ 175,957</b>	<b>\$ 362,207</b>	<b>\$ 192,711</b>	<b>\$ (18,430,307)</b>	<b>\$ 6,457,720</b>

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

**LOMIKO METALS INC.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**For the three month period ended October 31,  
(unaudited)

	2016	2015
<b>Cash flows from (used in) operating activities</b>		
Comprehensive (loss)	\$ (206,836)	\$ (272,987)
Items not involving cash and cash equivalents:		
Equity investment share of loss	10	461
Gain on sale of equity securities	(60,004)	-
	(266,830)	(272,526)
Changes in non-cash working capital items:		
Other receivables	(2,405)	(7,861)
Prepaid expenses	(31,493)	22,672
Accounts payable and accrued liabilities	8,327	217,960
Income tax payable	14,000	-
	(278,401)	(39,755)
<b>Cash flows from (used in) financing activities</b>		
Issuance of flow through shares for cash	13,170	-
Issuance of shares for cash	127,780	-
Share issue cost	(4,763)	-
	136,187	-
<b>Cash flows from (used in) investing activities</b>		
Proceeds from sale of marketable securities	98,176	-
Exploration and evaluation advances	-	(100,000)
License	(2,017)	(104,009)
Website	(5,568)	-
Investment in mineral properties	-	(715,849)
	90,591	(919,858)
<b>(Decrease) in cash</b>	<b>(51,623)</b>	<b>(959,613)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>326,031</b>	<b>1,360,931</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 274,408</b>	<b>\$ 401,318</b>
<b>Supplemental information:</b>		
Flow through premium liability	\$ 2,634	\$ -

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

# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

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### 1 NATURE OF OPERATIONS AND GOING CONCERN

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#### Nature of operations

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

The Company's registered office is unit 439-7184 120<sup>th</sup> Street, Surrey, British Columbia, Canada.

#### Going Concern

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Company has incurred cumulative losses of \$18,430,307 and has reported a net loss from operations of \$206,836 before other comprehensive loss items totaling \$125,673 for a net comprehensive loss of \$322,509 for the three month period ended October 31, 2016. The ability of the Company to continue as a going concern is dependent upon successfully obtaining additional financing entering into a joint venture, a merger or other business combination transaction involving a third party, sale of all or a portion of the Company's assets, the outright sale of the Company, the successful development of the Company's mineral property interests, or a combination thereof. There can be no assurance that funding from this will be sufficient in the future to continue and develop its mineral properties, and provide additional funding for the development of the power supply products. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company be unable to continue as a going concern. Such adjustments could be material.

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### 2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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#### Statement of Compliance

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"). The Company's significant estimates and judgments are consistent with those disclosed in the annual audited consolidated financial statements for the year ended July 31, 2016. These unaudited condensed interim consolidated financial statements do not contain all disclosures required by IFRS and, accordingly, should be read in conjunction with the 2016 annual consolidated financial statements and the notes thereto.

# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

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### 2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE - continue

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#### Basis of Measurement

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, consistent with the Company's significant accounting policies

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### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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These unaudited condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Company as at and for the year ended July 31, 2016, with the exception of certain amendments to accounting standards issued by the IASB, which are applicable from January 1, 2016 as disclosed in the annual consolidated financial statements of the Company as at and for the year ended July 31, 2016. The adoption of these amendments did not have a material impact on the accounting policies, methods of computation or presentation applied by the Company.

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### 4 CASH AND CASH EQUIVALENTS

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Cash and cash equivalents on the statement of financial position comprise cash at bank, held in trust, on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

	October 31, 2016	July 31, 2016
Cash and bank balances	\$ 271,408	\$ 323,031
Cash equivalents	<u>3,000</u>	<u>3,000</u>
	<u>\$ 274,408</u>	<u>\$ 326,031</u>

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### 5 INVESTMENT IN ASSOCIATE

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#### GRAPHENE ESD CORP.

On December 3, 2014, the Company signed a preferred stock subscription agreement with Graphene ESD Corp. ("Graphene"). Under the agreement the Company subscribed to purchase 1,800 shares of Graphene's Series A Preferred Stock, representing 100% of the authorized preferred shares of Graphene, at a purchase price of \$101.27 US per share ("Original Issue Price") for total consideration of \$182,281 US. Dividends, at the rate per annum of \$4.05 per share, will accrue on each preferred share and shall be cumulative. Payment of dividends is at the discretion of the board. Each share of Series A Preferred Stock held by the Company shall be convertible, at the option of the

# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

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### 5 INVESTMENT IN ASSOCIATE - continued

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Company, at any time and from time to time after May 6, 2015, and without the payment of additional consideration by the Company, by dividing the Series A Original Issue Price by the Series A Conversion Price in effect at the time of the conversion. The Series A Conversion Price shall initially be equal to \$101.27 US. The Series A Conversion Price and the rate at which shares of Series A Preferred Stock may be converted into shares of Graphene Common Stock, will be subject to adjustment in the event of a subdivision of Graphene's outstanding Common Stock or if Graphene makes or issues a dividend or other distribution payable on the Common Stock in additional shares of Common Stock.

Graphene ESD Corp. a Delaware company incorporated November 5, 2014 is a private US company that was formed to commercialize Graphene Supercapacitors. Payment for the subscription was made on December 12, 2014. On matters presented to the stockholders of Graphene, the Company's holdings of Series A Preferred Stock will entitle the Company to cast the number of votes equal to the number of whole shares of Common Stock of Graphene resulting from a conversion. As a holder of Series A Preferred Stock, the Company will vote together with the holders of Common Stock of Graphene as a single class. On February 23, 2015, Paul Gill, President of Lomiko was appointed as a board member of Graphene.

The Company exercises significant influence over EDS Graphene Corp. as it owns 40% of the voting shares and through a common director. It accounts for its investment on the equity basis.

	<u>Number of shares held</u>	
Acquisition of preferred shares	1,800	\$ 213,251
Costs related to acquisition		10,824
Share of equity loss		<u>(32,397)</u>
July 31, 2015	1,800	\$ 191,678
Share of equity loss		<u>(1,785)</u>
July 31, 2016	1,800	\$ 189,893
Share of equity loss		<u>(10)</u>
October 31, 2016	1,800	<u>\$ 189,883</u>



# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

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### 6 INVESTMENT IN EQUITY SECURITIES

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#### GRAPHENE 3D LAB INC.

On November 22, 2013 the Company paid \$50,000 to acquire 250,000 common shares of Graphene 3D Lab Inc. On August 8, 2014, Graphene 3D Lab Inc. completed a reverse takeover of Matnic Resources Inc. (a publicly listed Company) and a forward split converted the number of shares to 3,196,970. The shares are held in escrow and are being released on the following terms:

5%	August 8, 2014
5%	February 8, 2015
10%	August 8, 2015
10%	February 8, 2016
15%	August 8, 2016
15%	February 8, 2017
40%	August 8, 2017

On May 8, 2014 the Company entered into a subscription agreement to purchase 1,200,000 common shares of Matnic Resources Inc., (Matnic) for \$300,000. On August 8, 2014, Matnic was taken over by Graphene 3D Lab Inc.

The following is a summary of the shares available for sale and held in escrow:

	<u>Available for sale</u>	<u>Held in escrow</u>	<u>Total</u>
July 31, 2016	479,545	2,237,880	2,717,425
October 31, 2016	479,545	1,758,335	2,717,425

The following table summarizes the Company's holdings in 3D Labs Inc.:

	<u>Percentage of voting shares owned</u>	<u>Cost</u>	<u>Fair Value</u>
<i>July 31, 2016</i>			
Graphene 3D Labs Inc.	<u>5.5%</u>	<u>\$ 216,308</u>	<u>\$ 611,421</u>
<i>October 31, 2016</i>			
Graphene 3D Labs Inc.	<u>3.96%</u>	<u>\$ 178,135</u>	<u>\$ 447,576</u>

During the period, the Company sold 479,545 shares for net proceeds of \$98,175 and a gain of \$60,004.

The common shares are classified as Level 1 in the fair value hierarchy (see note 12 and as available for sale financial assets. The fair value of available for sale investments is determined based on a market approach reflecting the closing price of the security at the reporting date. The closing price is a quoted price obtained from the exchange that is the principal active market for the security.

# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

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### 6 INVESTMENT IN EQUITY SECURITIES - continued

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On March 15, 2016 the Company issued 16,129,743 common shares, at \$0.035 per share for a deemed value of \$564,541, in exchange for 778,890 common shares of SHD Smart Home Devices Ltd.(SDH), a private company incorporated in British Columbia on March 15, 2016. The Company's owns 11.478% of the total equity of Smart Home. (See Note 7).

The common shares are classified as Level 3 in the fair value hierarchy (see note 12) inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Summary of investment in securities:

	<b>October 31, 2016</b>	<b>July 31, 2016</b>
Graphene 3D Labs Inc.	\$ 447,576	\$ 611,421
SHD Smart Home Devices Ltd.	<u>564,541</u>	<u>564,541</u>
	<u>\$ 1,012,117</u>	<u>\$ 1,175,962</u>

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### 7 LICENSE

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#### MEGAHERTZ POWER SYSTEMS INC.

On October 20, 2014, the Company, signed a letter agreement with Megahertz Power Systems (Megahertz) to:

- license from Megahertz, non-exclusive rights to manufacture and sell three power supply products for the Canadian and United States markets;
- acquire a pending supply contract for the Allanson LED Driver, with a Canadian LED system integrator;
- finance to the amount of \$250,000, the business set-up costs of the Company's manufacture and sales of the licensed power products;

Under the terms of the letter agreement, Megahertz agreed to assign and transfer a pending revenue-generating customer contract to the Company upon the Company advancing the sum of \$250,000 as Start-up funds as follows:

- A non-refundable deposit of \$25,000 upon signing of the letter agreement (paid November 1, 2014)
- \$125,000 within 30 days of signing the letter agreement (paid December 1, 2014)
- \$100,000 within 60 days of signing the letter agreement (paid February 18, 2015)

The letter agreement called for the Company to further finance the manufacturing and distribution of the licensed power supply products and pay Megahertz a project management fee to manage the manufacturing, distribution, marketing and sales of the licensed power supply products.

# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

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### 7 LICENSE - continued

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The Company is required to pay Megahertz a 7.5 - 15% royalty on the Company's net sales of licensed power products.

On February 10, 2015 the Company executed a non-exclusive license agreement with Megahertz for the production and sale of three licensed power supply products (Spider Charger, Allanson LED Driver and 60 and 90 LED Driver for sale in Canada and the United States. On February 18, 2015 the Company also executed three separate statements of work agreements ("SOW") for the licensed products, outlining the terms and conditions for each product. Each SOW specifies the roles and responsibilities of each party with respect to development, sales, marketing and distribution of each product to the targeted customers. Megahertz will provide project management services to the Company for each SOW. Such services will include supporting the Company's manufacturing, distribution, sales and marketing of the licensed products. For each SOW, the initial monthly advance payment for project management services has been estimated at \$7,000. Prior to a January 29, 2016 amendment, the first payment of \$21,000 was due December 2015. On January 29, 2016 the payment terms associated with project management fees for each "SOW" were changed to coincide with the rendering of invoices by Megahertz. As well, project management fees for the period January 31, 2016 to December 31, 2016 were eliminated. Management fees incurred from August 31, 2015 to January 31, 2016 are due within 30 days receipt of the invoice.

The term of the license agreement is based on the later of the expiration of the patents associated with the licensed products, any patents which may arise on related patent applications or any patents which may issue on any patent applications filed in respect of the design of the licensed products, unless otherwise terminated by law or the acts of the parties.

On February 26, 2016, Megahertz amalgamated a number of its concept designs, technology licenses, patent applications and intellectual property into a company named Smart Home Devices Ltd. ("SHD"). SHD is a private Company incorporated under the laws of British Columbia, formed to penetrate the smart home market for Internet of Things (IOT). As part of this amalgamation, the property rights to one licensed product the Spider Charger, was transferred to SHD by Megahertz for an ownership stake. The Company continues to own the trademark for the Spider Charger. The royalty fees tied to the sale of the Spider Charger by the Company will remain in effect for the product and will be payable to SHD.

On March 15, 2016 the Company acquired 778,890 shares of SHD. The acquisition represents an 11.478% ownership of SHD. In consideration for the shares, the Company issued 16,129,743 common shares from treasury at \$0.035 per share for a deemed value of \$564,541. (See Notes 6 and 12).

Management fees for the USB6 charger will remain with Megahertz.

Further efforts to develop the Allanson LED Driver have been suspended.

# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

### 7 LICENSE - continued

The costs expended for the license and SOW's relating to the Spider Charger and 60 and 90 LED Driver are as follows:

License	\$ 250,000
Legal fees	<u>9,893</u>
July 31, 2015	\$ 259,893
Project Management fees	126,000
Parts, supplies and tooling	112,866
Trademark	5,417
Write off of costs relating to Allanson	<u>(45,298)</u>
July 31, 2016	\$ 458,878
Parts, supplies and testing	328
Trademark	<u>1,689</u>
October 31, 2016	<u>\$ 460,895</u>

### 8 EXPLORATION AND EVALUATION ASSETS

The following table shows the exploration and evaluation assets:

	Vines Lake	Quatre-Mille	Quatre-Mille West	La Loutre Crystalline	Lac des Isles	Bourier	Total
Balance, July 31, 2014	\$ 597,525	\$ 640,841	\$ 194,080	\$ -	\$ -	-	\$ 1,432,446
Exploration costs	-	79,020	30,881	979,967	162,140	-	1,252,008
Acquisition of property	-	-	-	411,701	623,401	-	1,035,102
Balance, July 31, 2015	\$ 597,525	\$ 719,861	\$ 224,961	\$ 1,391,668	\$ 785,541	-	\$ 3,719,556
Exploration costs		1,216		683,346	31,286		715,848
Acquisition of property							
Balance, October 31, 2015	\$ 597,525	\$ 721,077	\$ 224,961	\$ 2,075,014	\$ 816,827	-	\$ 4,435,404
Exploration costs	600	-	3,579	333,303	2,277		339,759
Acquisition of property	-	-	-	-	-	135,000	135,000
Balance, July 31, 2016 and October 31, 2016	\$ 598,125	\$ 721,077	\$ 228,540	\$ 2,408,317	\$ 819,104	\$ 135,000	\$ 4,910,163

#### Vines Lake Property - Liard Mining District, BC

In March 2006, the Company acquired 100% interest in 3 claims comprising approximately 1,169 hectares ("Ha") in Liard Mining District of British Columbia, subject to a 2% net smelter return ("NSR") in favor of Mr. Amrit P.S. Gill, a director of the Company.

# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

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### 8 EXPLORATION AND EVALUATION ASSETS - continued

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#### **Quatre-Mille – Quebec**

The Company owns a 100% interest in the Quatre-Milles property located north of Sainte-

Veronique, Quebec. The property is subject to a 2% net smelter royalty (“NSR”) of which one half or (1% “NSR”) can be repurchased by the Company for \$1,000,000.

#### **Quatre-Mille West – Quebec**

On May 25, 2014, the Company acquired a 100% interest in the Quatre-Milles West located in southern Quebec. The property is subject to a 2% net smelter royalty (“NSR”) of which one half or (1% “NSR”) can be repurchased by the Company for \$1,000,000.

The terms of the purchase were as follows:

- Pay \$3,000 in cash (paid)
- Issue 1,800,000 shares at \$0.10 per share (issued)

#### **La Loutre Crystalline and Lac de Isles – Quebec**

On September 23, 2014 the Company obtained an option to purchase a 40% interest in the La Loutre Crystalline Flake Graphite Property located in Quebec.

The terms of the option to purchase agreement are as follows:

- Pay to the Optionor \$12,500 in cash (paid)
- Issue 1,250,000 shares at a deemed price of \$0.07 per share (issued)
- Incur or fund Exploration Expenditures aggregating not less than \$500,000 on and exploration program not later than the first anniversary of the effective date of the agreement (completed).

Included in the Exploration Expenditures, will be a management fee payable to Canada Strategic Metals Inc. (the “Operator”) equal to 10% of expenditures incurred. For contracts having a value greater than \$50,000, the management fee will be reduced to 5% of exploration costs incurred. In a management fees of 1% of construction costs and 2 % of mining operating costs.

On February 23, 2015 the Company signed an agreement with Canada Strategic Metals Inc. to acquire an additional 40% interest in the La Loutre property and an 80% interest in the Lac Des Iles property. Both properties are located in Southern Quebec. The terms of the acquisition, are as follows:

- Payment of \$10,000 cash on signing (paid)
- Issuance of 3,000,000 common shares at a deemed price of \$.07 per share, within five days of regulatory approval. The shares will have a hold period of 4 months and 1 day from the date of issue. However Canada Strategic Metals Inc. has agreed to a voluntary 10 month hold period on 1,500,000 common shares (issued)
- Fund \$2,750,000 of exploration expenditures under the following terms:
  - \$950,000 no later than December 31, 2015, on the La Loutre property (\$918,482 paid)
  - \$700,000 no later than December 31, 2015, on other mining rights of Canada Strategic Metals Inc. (paid in full)
  - \$150,000 no later than December 31, 2015, on the Lac Des Iles property (\$139,465 paid)

# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

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### 8 EXPLORATION AND EVALUATION ASSETS - continued

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- \$550,000 no later than December 31, 2016, on the La Loutre property
- \$300,000 no later than December 31, 2016, on other mining rights of Canada Strategic Metals Inc.
- \$100,000 no later than December 31, 2016, on the Lac Des Iles property
- Canada Strategic remains the operator at both properties until the terms are fully met.

Included in the Exploration Expenditures, will be a management fee payable to Canada Strategic Metals Inc. (the "Operator") equal to 5% of expenditures incurred.

The La Loutre property is subject to a 1.5% net smelter royalty ("NSR") of which (.5% "NSR") can be repurchased by the Company for \$500,000

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

- Payment of \$10,000
- Issuance of 7,500,000 common shares
- Funding exploration expenditures for an additional \$1,125,000 commencing December 31, 2018

This agreement is not yet effective as the TSX Venture Exchange has not approved it as of July, 31, 2016.

#### **Bourier – Quebec**

On April 28, 2016, the Company and Critical Elements Corporation entered into an option agreement ("Agreement") that gives the Company the right to acquire up to a 70% interest in the Bourier project.

The Bourier project consists of 228 claims for a total ground position of 11,579.28 hectares (116 km<sup>2</sup>) in a region of Quebec that boasts lithium deposits and known lithium mineralization. The property is the subject of a 1.4% NSR in favour of Mr. Alain Champagne.

Under the Agreement, the Company will earn its interest in Bourier by way of a farm-in arrangement. The key terms of the Agreement are detailed as follows:

#### GRANT OF FIRST OPTION

Critical Elements grants to the Company the exclusive right and option to acquire, on or before December 31, 2017, an initial 49% Earned Interest in the Property Bourier by issuing to Critical Elements an aggregate of 5,000,000 common shares of the Company, by paying to Critical Elements \$10,000 cash and by incurring or funding Exploration Expenditures for a total amount of \$750,000 on the Property, as follows:

- paying to Critical Elements \$10,000 cash (paid)
- issuing to Critical Elements 2,500,000 common shares immediately following the receipt of the required approvals from the Exchange (issued) and issuing and additional 2,500,000 common shares on or before December 31, 2016; and

# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

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### 8 EXPLORATION AND EVALUATION ASSETS - continued

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- incurring or funding Exploration Expenditures aggregating not less than \$750,000 on the Property, of which an amount of \$350,000 must be incurred or funded.

#### GRANT OF SECOND OPTION

Subject to the Company having exercised the First Option, Critical Elements will also grant to the Company the exclusive right and option to increase its undivided interest in and to the Bourier Property from 49% to 70% by paying to Critical Elements an additional amount of \$250,000, by incurring or funding additional Exploration Expenditures for an amount of \$1,250,000 and by delivering a resource prepared in compliance with NI 43-101 standards on the Property prepared by a Qualified Person independent of the Company and Critical Elements, for a period commencing on the delivery of the First Option Exercise Notice and ending December 31, 2018, as follows:

- paying to Critical Elements an amount of \$250,000, in cash or in common shares of the Company at the sole discretion of the Company, on or before the date of delivery of the First Option Exercise Notice;
- incurring or funding additional Exploration Expenditures for an amount of \$1,250,000 on or before December 31, 2018 and;
- delivering the Resource Estimate to Critical Elements on or before December 31, 2018.

#### MILESTONE PAYMENTS

Subject to the Company's right to withdraw from and terminate the First Option, the

Company agrees to pay the following milestones payments to Critical Elements, payable at any time following the exercise of the First Option upon the occurrence of the following:

- on the estimation of a drilled defined resource (NI 43-101 compliant) of 5,000,000 tonnes at a cut-off grade of 0.6% Li<sub>2</sub>O (all categories) a payment of Cad \$500,000, payable in cash or in common shares of the Company at the sole discretion of the Company;
- on the estimation of a drilled defined resource (NI 43-101 compliant) of 10,000,000 tonnes at a cut-off grade of 0.6% Li<sub>2</sub>O (all categories) a payment of Cad \$750,000, payable in cash or in common shares of the Company at the sole discretion of the Company;
- on the estimation of a drilled defined resource (Ni 43-101 compliant) of 15,000,000 tonnes at a cut-of grade of 0.6% Li<sub>2</sub>O (all categories) a payment of Cad \$1,000,000, payable in cash or in common shares of the Company at the sole discretion of the Company; and
- on the estimation of a drilled defined resource (NI 43-101 compliant) of 20,000,000 tonnes at a cut-off grade of 0.6% Li<sub>2</sub>O (all categories) a payment of Cad \$1,500,000, payable in cash or in common shares of the Company at the sole discretion of the Company.

#### ROYALTY

Following the exercise of the First Option by the Company, and in addition to the amounts paid, common shares issued and Exploration Expenditures incurred or funded by the Company under the First Option and thereafter under the Second Option, as applicable, Critical Elements shall receive a royalty equal to 2% net smelter returns resulting from the

# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

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### 8 EXPLORATION AND EVALUATION ASSETS - continued

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extraction and production of any Minerals on the Property. The Royalty including the right of the Company to purchase a portion thereof (1%).

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### 9 DEMAND LOAN

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On November 5, 2015, the Company received a US \$110,000 loan from Graphene ESD Corporation, a company in which Lomiko has a 40% ownership interest. The loan bears interest at a rate of 1% per annum and is payable on demand.

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### 10 FLOW THROUGH PREMIUM LIABILITIES

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Other liabilities consist of the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through shares issuances:

	Issued September 7, 2016	Issued June 21, 2016	Total
Balance, July 31, 2015	-	-	-
Liability incurred on flow-through shares issued	-	\$ 50,000	\$ 50,000
Balance July 31, 2016	-	\$ 50,000	\$ 50,000
Liability incurred on flow-through shares issued	\$ 2,634	-	-
Balance October 31, 2016	\$ 2,634	\$50,000	\$ 52,634

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### 11 SHARE CAPITAL AND RESERVES

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#### (a) Share Capital

##### Authorized

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

##### Issued

*Period ended October 31, 2016*

On September 7, 2016 the Company completed a non-brokered private placement, by issuing 263,400 flow through units of the Company at \$0.05 per unit for total gross proceeds of \$13,170. Each flow-through unit is comprised of one common share and one



# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

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### 11 SHARE CAPITAL AND RESERVES - continued

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common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.075 per share for a period of 36 months after closing. In addition, the Company issued 4,817,500 units of the Company at \$0.04 per unit. Each unit comprises of one common share and one common share purchase warrant. Each warrant is exercisable into common share at an exercise price of \$0.05 per share for a period of 18 months after closing. Legal fees of \$4,763 were incurred. There is a hold period expiring January 8, 2017.

#### *Year ended July 31, 2016*

On February 16, 2016 the Company issued 16,129,743 common shares at \$.035 per share, for a deemed value of \$564,541, to acquire 778,890 common shares of Smart Home Devices Ltd. In addition, \$1,200 of share issue costs were incurred.

On May 3, 2016 the Company issued 2,500,000 shares at \$.05 per share, for a deemed value of \$125,000, pursuant to a property option agreement to acquire a 49% interest in the Bourier Property exploration

On June 21, 2016 the Company completed a brokered private placement, by issuing of 5,000,000 flow through units of the Company at \$0.05 per unit for total gross proceeds of \$250,000. Each flow-through unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into common share at an exercise price of \$0.075 per share for a period of 36 months after closing. The warrants had a fair value of \$13,483, measured using the Black-Scholes valuation model. Additionally 400,000 broker warrants were issued with a fair value of \$1,079, measured using the Black-Scholes valuation model. The company recorded a liability on the flow through premium of \$50,000, for the difference between the fair value of its common shares and the issuance price of its flow-through shares. This has been recorded as a flow-through common share issuance liability. In addition, the Company paid commission of \$20,000 and legal expenses of \$13,900. There is a hold period expiring October 23, 2016.

On July 19, 2016 the Company completed a non-brokered private placement, by issuing of 2,500,000 units of the Company at \$0.04 per unit for gross proceeds of \$100,000. Each unit comprises of one common share and one common share purchase warrants. Each warrant is exercisable into common share at an exercise price of \$0.075 per share for a period of 18 months after closing. The warrants had a fair value of \$5,215 measured using the Black-Scholes valuation model. In addition the company paid commissions of \$5,750 and legal expenses of \$3,750. There is a hold period expiring November 20, 2016.

# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

### 11 SHARE CAPITAL AND RESERVES - continued

#### b) Share purchase warrants

A summary of the Company's outstanding share purchase warrants as at October 31, 2016 is as follows:

	Number of Warrants	Weighted Average Exercise Price
<b>Balance, July 31, 2015</b>	<b>43,721,768</b>	<b>\$ 0.15</b>
Issued for financing	7,900,000	0.07
Expired	<u>(28,831,202)</u>	<u>0.15</u>
<b>Balance, July 31, 2016</b>	<b>22,790,566</b>	<b>\$0.10</b>
Issued for financing	5,080,900	0.05
Expired	<u>(9,799,000)</u>	<u>(0.125)</u>
<b>Balance, October 31, 2016</b>	<b><u>18,072,466</u></b>	<b><u>0.07</u></b>

The following table summarizes information relating to share purchase warrants outstanding and exercisable at October 31, 2016.

Number of Warrants	Exercise Price	Expiry Date
4,861,100	\$0.08	April 13, 2017
230,466	\$0.08	April 13, 2017
5,000,000	\$0.075	June 21, 2019
400,000	\$0.075	June 21, 2019
2,500,000	\$0.05	January 19, 2018
4,817,500	\$0.05	March 7, 2018
<u>263,400</u>	<u>\$0.05</u>	<u>September 7, 2019</u>
<u>18,072,466</u>		

The weighted average remaining contractual life of the warrants as at October 31, 2016 was 1.48 years.

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

	<u>September 7, 2016</u>
Risk free interest rate	0.56%
Expected life of options	2.50 years
Annualized stock price volatility	135%
Expected dividend yield	0%
Expected forfeiture rate	95%

# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

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### 11 SHARE CAPITAL AND RESERVES - continued

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#### (c) Share-based payments

##### Plan Details

The Company has established a stock option plan for directors, senior officers, employees, management, company employees and consultants (collectively "Eligible Persons") for the Company and its subsidiaries. The purpose of the plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals Options to buy shares of the Company at a price not less than the market price prevailing on the grant date less applicable discount, if any, permitted by TSX Policies and approved by the Board.

The expiry date for each option shall be set by the board at the time of issuance and shall not be more than ten years after grant date. Options shall not be assignable (or transferable) by the optionee. The maximum number of shares reserved for issuance under the share option plan in aggregate shall not exceed 10% of the total number of the Company's issued and outstanding common shares on a non-diluted basis prior to the issuance. The number of shares which may be issuable under the plan within a twelve month period to one optionee shall not exceed five percent of the total number of issued and outstanding shares on a non-diluted basis. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position. Pursuant to the stock option plan, options granted in respect of investor relations activities are subject to vesting in stages over a twelve month period with 20% vesting on the date of grant and 20% each three months thereafter. Vesting restrictions may also be applied to other options grants, at the discretion of the Board of Directors.

Stock options are summarized as follows:

	Number of Options	Weighted Average Exercise Price
<b>Balance, July 31, 2015</b>	<b>5,675,000</b>	<b>\$0.10</b>
Expired	<u>(425,000)</u>	<u>0.10</u>
<b>Balance, July 31, 2016</b>	<b>5,250,000</b>	<b>\$0.10</b>
Expired	<u>(350,000)</u>	<u>0.10</u>
<b>Balance, October 31, 2016</b>	<b><u>4,900,000</u></b>	<b><u>\$0.10</u></b>

The following table summarizes the stock options outstanding and exercisable as at October 31, 2016:

Number of options outstanding	Exercise price	Expiry date
675,000	\$0.10	February 1, 2018
400,000	\$0.10	April 30, 2018
1,825,000	\$0.10	January 31, 2019
<u>2,000,000</u>	<u>\$0.10</u>	<u>September 5, 2019</u>
<b><u>4,900,000</u></b>		

# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

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### 11 SHARE CAPITAL AND RESERVES - continued

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During the period ended October 31, 2016 the Company issued \$nil stock options to directors and consultants.

The weighted average remaining contractual life of options outstanding at October 31, 2016 was 2.29 years.

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### 12 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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The company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial --- statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, except as noted under equity risk. Its objectives, policies and processes for managing those risks or the methods used to measure them from previous year have not changed.

#### **General Objectives, Policies and Processes:**

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive quarterly reports from the Company's Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

#### **a) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

##### Foreign Currency Risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The company does not have significant exposure to foreign exchange rate fluctuation.

##### Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents

# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

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### 12 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

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held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

#### Equity Price Risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The investment in Graphene 3D Lab Inc. equity is measured at fair value and is subject to re-measurement. Although the current unrealized gain is substantial at the date of the report, fluctuations in price may materially change the fair value, resulting in changes in the unrealized gain/loss.

#### b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. The majority of cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand. The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at October 31, 2016 relating to cash of \$ 274,408 (July 31, 2016 - \$326,031) and other receivables of \$12,229 (July 31, 2016 - \$9,824). All cash, cash equivalents and short term deposits are held at the Bank of Montreal.

#### c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company ensures that it has sufficient cash on demand to meet short-term business requirements, after taking into account the Company's holdings of cash.

The Company's cash is invested in business accounts and is available on demand. Funding risk is the risk that the Company may not be able to raise equity financing in a timely manner and on terms acceptable to management. There are no assurances that equity financing will be available when, and if, the Company requires additional financing.

The following table summarizes the Company's significant remaining contractual maturities for financial liabilities as at October 31, 2016 and July 31, 2016.

	Less than 3months	3 – 12 months	Total
<u>July 31, 2016</u>			
Trade payables and other payables	\$ 333,506	\$ -	\$ 333,506
<u>October 31, 2016</u>			
Trade payables and other liabilities	\$ 355,833	\$ -	\$ 355,833

# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

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### 12 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

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#### d) Fair value of financial instruments

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

	Level 1	Level 2	Level 3	Total
<u>July 31, 2016</u>				
Investment in equity	\$ 611,421	\$ -	\$ -	\$ 611,421
Cash and Cash equivalents	\$ 326,031	\$ -	\$ -	\$ 326,031
<u>October 31, 2016</u>				
Investment in equity	\$ 447,576	\$ -	\$ 564,541	\$ 1,012,117
Cash and Cash equivalents	\$ 274,408	\$ -	\$ -	\$ 274,408

Level 1 - quoted prices (unadjusted) in active markets

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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### 13 CAPITAL RISK MANAGEMENT

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

- continue the exploration and development of its mineral properties;
- support any expansion plans; and
- maintain a capital structure which optimizes the cost of capital at acceptable risk.

The Company manages its equity (which includes common shares, share-based payment reserve and accumulated deficit) as capital. The Company intends to expend existing working capital by carrying out its planned acquisition, exploration and development activities on mineral properties and continuing to pay administrative costs.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure the Company may issue new shares. In order to facilitate analysis and management of its capital requirements, the Company prepares and updates annual budgets (as needed) to ensure that its acquisition and exploration operations can continue to progress. Budgets, once finalized, are approved by the Board of Directors.

# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

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### 13 CAPITAL RISK MANAGEMENT-continued

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There have not been any changes to the Company's capital management objective, policies and processes compared to the prior year. The Company is not subject to any externally imposed capital requirements.

The Company capital consists of cash, common shares, and warrants. The Company's objectives when maintaining capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investors' confidence in the Company's ability required to sustain future development and operation of the business.

The company is not exposed to any externally imposed capital requirements.

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### 14 RELATED PARTY TRANSACTIONS

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Key management personnel include the Board of Directors, CEO and Chief Financial Officer ("CFO") of the Company. The remuneration of key management personnel was as follows:

	October 31, 2016		October 31, 2015
Fees paid to companies related to directors or directors	\$ 45,000	\$	45,000
Share-based compensation	<u>-</u>		<u>-</u>
	\$ <u>45,000</u>	\$	<u>45,000</u>

- (a) During the period a director was reimbursed \$50,000 relating to the settlement of operating expenses. As part of this transaction, personal shares of the director were used to extinguish this debt. The market value of the shares of the Company on the day of transfer was \$43,750.
- (b) Included in accounts payable is \$4,819 (July 31, 2016 -\$1,015) owing to directors.

# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

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### 15 SEGMENTED REPORTING

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During the periods ended October 31, 2016 and July 31, 2016, the Company operated in two industry segments: acquisition, exploration and development of resource properties and the manufacture and sale of power supply products. The Company's non-current assets by industry segments for the periods ended October 31, 2016 and July 31, 2016:

<b>October 31, 2016</b>	Exploration and Evaluation	Power Supply Products
Non-current assets		
Exploration and evaluation assets	\$ 4,910,163	\$ -
Investment in associate	189,893	-
Investment in equity securities	447,576	564,541
License	-	460,894
Website	-	13,738
	<u>\$ 5,547,632</u>	<u>\$ 1,039,173</u>

<b>July 31, 2016</b>	Exploration and Evaluation	Power Supply Products
Non-current assets		
Exploration and evaluation assets	\$ 4,910,163	\$ -
Investment in associate	189,893	-
Investment in equity securities	611,421	564,541
License	-	458,878
Website	-	8,170
	<u>\$ 5,711,477</u>	<u>\$ 1,031,589</u>

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### 16 LOSS PER SHARE

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Three month period ended October 31,	2016	2015
Loss attributed to ordinary shareholders	\$ (206,836)	\$ (272,987)
Weighted average number of common shares	186,673,910	155,463,267
Basic and diluted loss per share	\$ <u>(0.00)</u>	\$ <u>(0.00)</u>

Basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options, in the weighted average number of common shares outstanding during the period, if dilutive.



# LOMIKO METALS INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

October 31, 2016

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### 17 COMMITMENTS

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#### Shareholders Rights Plan

On October 30, 2014 the Board of Directors adopted a Shareholder Rights Plan (the "Plan") to ensure, that all shareholders of the Company are treated fairly in connection with any take-over bid for the Company. In order to implement the adoption of the Shareholder Rights Plan, the Board of Directors has authorized and declared a distribution of one Right effective the close of business on October 30, 2014 in respect of each Common Share outstanding at the Record Time and has further authorized the issuance of one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time as defined in the Plan.

Each Right entitles the holder thereof, to purchase securities of the Company pursuant to the terms and subject to the conditions set forth pursuant to the Plan. The Company appointed the rights agent, Computer Share Trust Company of Canada to act on behalf of the Company and the holders of Rights, and the Rights Agent is willing to so act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates (as hereinafter defined), the exercise of Rights and other matters referred to in the Plan.

#### Effective Date and Confirmation

This Plan is effective and in full force and effect in accordance with its terms. The plan was confirmed at the annual general meeting of holders of Voting Shares held on October 30, 2014.

#### Reconfirmation

This Plan must be reconfirmed by a resolution passed by a majority of the voting shareholders at the annual meeting of the Company to be held in 2017 and at every third annual meeting of the Company thereafter. If this Plan is not reconfirmed or is not presented for reconfirmation at any such annual meeting, this Plan and all outstanding Rights shall terminate and be void.

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### 18 CONTINGENCIES

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On August 6, 2014 the Company received legal notice that a plaintiff is seeking damages in relation to a contract dispute arising out of a subscription agreement and alleged ratchet agreement between the company and the plaintiff. The plaintiff is seeking unspecified damages or alternatively the issuance of 3,333,333 common shares as well as other ancillary relief. The Company disputes the claims, has not made any provisions in the accounts and is active in negotiations.

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### 19 EVENTS AFTER REPORTING PERIOD

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On December 19, 2016 the Company consolidated its common shares on the basis of one post-consolidation common share for every ten pre-consolidated common shares.