



**LOMIKO METALS INC.**

**(An exploration stage company)**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(Unaudited - Expressed in Canadian Dollars)**

For the three month period ended October 31, 2021 and 2020

## **TO THE SHAREHOLDERS OF LOMIKO METALS INC.**

Under National Instrument 51-102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of the unaudited condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by management and have been reviewed and approved by the Company's Audit Committee and Board of Directors.

The Company's independent auditor has not performed an audit or a review of these unaudited condensed consolidated interim financial statements for the three month periods ended October 31, 2021 and October 31, 2020.

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

(Unaudited - Expressed in Canadian Dollars)

|                                                             | As at<br>October 31,<br>2021 | As at<br>July 31, 2021 |
|-------------------------------------------------------------|------------------------------|------------------------|
| <b>ASSETS</b>                                               |                              |                        |
| <b>Current</b>                                              |                              |                        |
| Cash and cash equivalents (Note 3)                          | \$ 3,836,993                 | \$ 5,039,834           |
| Other receivables (Note 11)                                 | 99,669                       | 99,399                 |
| Prepaid expenses                                            | 70,183                       | 107,428                |
|                                                             | 4,006,845                    | 5,246,661              |
| <b>Non-current</b>                                          |                              |                        |
| Due from associate (Note 4)                                 | 152,857                      | 152,857                |
| Investments in associates (Note 4)                          | 4                            | 4                      |
| Exploration and evaluation advances                         | 112,890                      | 105,000                |
| Exploration and evaluation assets (Note 5)                  | 6,455,358                    | 6,023,063              |
|                                                             | 6,721,109                    | 6,280,924              |
|                                                             | \$ 10,727,954                | \$ 11,527,585          |
| <b>LIABILITIES</b>                                          |                              |                        |
| <b>Current</b>                                              |                              |                        |
| Accounts payable and accrued liabilities (Note 7, 9 and 11) | \$ 87,170                    | \$ 172,680             |
| Flow-through premium liability (Note 8)                     | 316,230                      | 328,075                |
|                                                             | 403,400                      | 500,755                |
| <b>EQUITY</b>                                               |                              |                        |
| Share capital (Note 6)                                      | 35,852,507                   | 35,839,156             |
| Reserves (Note 6)                                           | 3,672,410                    | 2,947,824              |
| Deficit                                                     | (29,200,363)                 | (27,760,150)           |
|                                                             | 10,324,554                   | 11,026,830             |
|                                                             | \$ 10,727,954                | \$ 11,527,585          |

Nature of Operations and Going Concern (Note 1)

Approved on behalf of the Board:

"Belinda Labette"

Belinda Labette – Chief Executive Officer

"Vincent Osborne"

Vincent Osborne - 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**

(Unaudited - Expressed in Canadian Dollars)

|                                                       | Three months<br>ended<br>October 31, 2021 | Three months<br>ended<br>October 31, 2020 |
|-------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| <b>Expenses</b>                                       | <b>\$</b>                                 | <b>\$</b>                                 |
| Advertising and promotion                             | 149,763                                   | 83,113                                    |
| Consulting fees                                       | 216,753                                   | -                                         |
| Insurance                                             | 3,781                                     | -                                         |
| Management fees (Note 11)                             | 235,758                                   | 45,000                                    |
| Office and miscellaneous                              | 17,539                                    | 12,319                                    |
| Professional fees                                     | 75,773                                    | 4,000                                     |
| Regulatory and filing fees                            | 9,498                                     | 7,551                                     |
| Shareholder communications                            | 728                                       | 2,347                                     |
| Share based payments (Note 6)                         | 730,437                                   | 252,500                                   |
| Travel                                                | 12,029                                    | 1,519                                     |
|                                                       | <b>1,452,059</b>                          | <b>408,349</b>                            |
| Loss from operations                                  | (1,452,059)                               | (408,349)                                 |
| <b>Other income/(loss)</b>                            |                                           |                                           |
| Interest income                                       | 1                                         | -                                         |
| Amortization of flow-through premium liability        | 11,845                                    | -                                         |
| Income tax recovery                                   | -                                         | 79                                        |
| <b>Net Loss and comprehensive loss for the period</b> | <b>\$ (1,440,213)</b>                     | <b>\$ (408,270)</b>                       |
| Basic and Diluted Loss Per Share                      | \$ (0.00)                                 | \$ (0.00)                                 |
| Basic and Diluted Weighted Average Common Shares      | 238,075,459                               | 115,063,082                               |

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

**LOMIKO METALS INC.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(Unaudited - Expressed in Canadian Dollars)

|                                                       | Three months<br>ended<br>October 31,<br>2021 | Three months<br>ended<br>October 31,<br>2020 |
|-------------------------------------------------------|----------------------------------------------|----------------------------------------------|
| <b>Cash flows from (used in) operating activities</b> |                                              |                                              |
| Comprehensive (loss)                                  | \$ (1,440,213)                               | \$ (408,270)                                 |
| Items not involving cash and cash equivalents:        | -                                            | -                                            |
| Share based payments                                  | 730,437                                      | 252,500                                      |
| Amortization of flow-through premium                  | (11,845)                                     | -                                            |
|                                                       | (721,621)                                    | (155,770)                                    |
| Changes in non-cash working capital items:            |                                              |                                              |
| Other receivables                                     | (270)                                        | (990)                                        |
| Share subscriptions receivable                        | -                                            | (232,500)                                    |
| Prepaid expenses                                      | 37,245                                       | (2,889)                                      |
| Accounts payable and accrued liabilities              | (85,510)                                     | 285,429                                      |
|                                                       | (770,156)                                    | (106,720)                                    |
| <b>Cash flows from (used in) financing activities</b> |                                              |                                              |
| Issuance of shares for cash                           | -                                            | 497,500                                      |
| Issuance of shares to broker                          | -                                            | 11,900                                       |
| Share issue cost                                      | -                                            | (57,006)                                     |
| Options exercised                                     | 7,500                                        | -                                            |
|                                                       | 7,500                                        | 452,394                                      |
| <b>Cash flows used in investing activities</b>        |                                              |                                              |
| Exploration and evaluation expenditures, net          | (432,295)                                    | -                                            |
| Exploration and evaluation advances                   | (7,890)                                      | -                                            |
|                                                       | (440,185)                                    | -                                            |
| <b>(Decrease)/increase in cash</b>                    | <b>(1,202,841)</b>                           | <b>345,674</b>                               |
| <b>Cash and cash equivalents, beginning of period</b> | <b>5,039,834</b>                             | <b>18,962</b>                                |
| <b>Cash and cash equivalents, end of period</b>       | <b>\$ 3,836,993</b>                          | <b>\$ 364,636</b>                            |

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

**LOMIKO METALS INC.**
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Unaudited - Expressed in Canadian Dollars)

|                                              | Common Shares<br>Without Par Value |                      | Reserves            | Deficit                | Total Equity         |
|----------------------------------------------|------------------------------------|----------------------|---------------------|------------------------|----------------------|
|                                              | Shares                             | Amount               |                     |                        |                      |
| <b>Balance, July 31, 2020</b>                | <b>114,566,191</b>                 | <b>\$ 28,771,232</b> | <b>\$ 1,320,194</b> | <b>\$ (26,732,827)</b> | <b>\$ 3,358,599</b>  |
| Issuance of shares for cash                  | 9,950,000                          | 497,500              | -                   | -                      | 497,500              |
| Issuance of broker shares                    | 238,000                            | 11,900               | -                   | -                      | 11,900               |
| Share issue costs                            | -                                  | (57,006)             | -                   | -                      | (57,006)             |
| Fair value assigned to warrants              | -                                  | (255,976)            | 255,976             | -                      | -                    |
| Share based payments to consultants          | 5,050,000                          | 252,500              | -                   | -                      | 252,500              |
| Warrants expired                             | -                                  | -                    | (450,806)           | 450,806                | -                    |
| Net loss for the period                      | -                                  | -                    | -                   | (408,270)              | (408,270)            |
| <b>Balance, October 31, 2020</b>             | <b>129,804,191</b>                 | <b>\$ 29,220,150</b> | <b>\$ 1,125,364</b> | <b>\$ (26,690,291)</b> | <b>\$ 3,655,223</b>  |
| Issuance of shares for cash                  | 35,594,944                         | 3,939,092            | -                   | -                      | 3,939,092            |
| Issuance of flow through shares              | 29,654,411                         | 2,677,250            | -                   | -                      | 2,677,250            |
| Flow through share premium                   | -                                  | (493,647)            | -                   | -                      | (493,647)            |
| Issuance of broker shares                    | 694,000                            | 34,700               | -                   | -                      | 34,700               |
| Shares issued to acquire resource property   | 5,000,000                          | 700,000              | -                   | -                      | 700,000              |
| Share issue costs                            | -                                  | (430,364)            | -                   | -                      | (430,364)            |
| Fair value assigned to warrants              | -                                  | (2,406,482)          | 2,406,482           | -                      | -                    |
| Share based payments to consultants          | 1,284,000                          | 92,500               | -                   | -                      | 92,500               |
| Share based compensation                     | -                                  | -                    | 156,662             | -                      | 156,662              |
| Warrants exercised                           | 32,570,000                         | 1,855,350            | -                   | -                      | 1,855,350            |
| Transfer of reserves on exercise of warrants | -                                  | 339,435              | (339,435)           | -                      | -                    |
| Options exercised                            | 3,350,000                          | 167,500              | -                   | -                      | 167,500              |
| Transfer of reserves on exercise of options  | -                                  | 143,672              | (143,672)           | -                      | -                    |
| Warrants expired                             | -                                  | -                    | (257,577)           | 257,577                | -                    |
| Net loss for the period                      | -                                  | -                    | -                   | (1,327,436)            | (1,327,436)          |
| <b>Balance, July 31, 2021</b>                | <b>237,951,546</b>                 | <b>\$ 35,839,156</b> | <b>\$ 2,947,824</b> | <b>\$ (27,760,150)</b> | <b>11,026,830</b>    |
| Options exercised                            | 150,000                            | 7,500                | -                   | -                      | 7,500                |
| Transfer of reserves on exercise of options  | -                                  | 5,851                | (5,851)             | -                      | -                    |
| Share based compensation                     | -                                  | -                    | 730,437             | -                      | 730,437              |
| Net loss for the period                      | -                                  | -                    | -                   | (1,440,213)            | (1,440,213)          |
| <b>Balance, October 31, 2021</b>             | <b>238,101,546</b>                 | <b>\$ 35,852,507</b> | <b>\$ 3,672,410</b> | <b>\$ (29,200,363)</b> | <b>\$ 10,324,554</b> |

*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**

For the three months ended October 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN****Nature of operations**

Lomiko Metals Inc., (along with its subsidiaries collectively referred to as the “Company” or “Lomiko”), is engaged in the acquisition, exploration and development of resource properties. The Company was incorporated on July 3, 1987, under the British Columbia Company Act. The Company is listed on the TSX-Venture Exchange (“TSX-V”) having the symbol LMR.V as a Tier 2 mining issuer, on the Over the Counter Exchange in the United States having the symbol LMRMF and on the Frankfurt Stock Exchange having the symbol DH8C.

The Company's registered office is unit 439-7184 120<sup>th</sup> Street, Surrey, British Columbia, Canada V3W 0M6.

**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 \$29,200,363 and has reported a loss of \$1,440,213 for the period ended October 31, 2021. The ability of the Company to continue as a going concern is dependent upon the successful development of the Company's mineral property interests, successfully obtaining additional financing, entering into a joint venture, a merger or other business combination transaction involving a third party, the sale of all or a portion of the Company's assets, the outright sale of the Company, or a combination thereof. There can be no assurance that funding from any of this will be sufficient in the future to continue and develop its mineral properties. 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 consolidated 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.

**Covid-19**

Given the ongoing and dynamic nature of the circumstances surrounding the COVID-19 pandemic, it is difficult to predict how significant the impact of COVID-19, including any responses to it, will be on the global economy and the business of the Company or for how long any disruptions are likely to continue. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and difficult to predict, including new information which may emerge about COVID-19 and additional actions which may be taken to contain it. Such developments could have a material adverse effect on the Company's business, financial condition, results of operations and cash flow, and exposure to credit risk.

The Company is constantly evaluating the situation and monitoring any impacts or potential impacts to its business.

**2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE****(a) Statement of Compliance**

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRC”).

**LOMIKO METALS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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(Unaudited - Expressed in Canadian Dollars)

**2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE – continued**

These condensed consolidated interim financial statements for the three months ended October 31, 2021 have been prepared in accordance with IAS 34 “Interim financial Reporting” as issued by the International Accounting Standard Board (IASB). They do not include all the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the audited consolidated financial statements for the year ended July 31, 2021.

These unaudited condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on December 27, 2021.

**(b) Basis of Presentation and Consolidation**

The condensed consolidated interim financial statements of the Company incorporate the financial statements of the Company and its wholly-owned subsidiaries, The Conac Company Inc., Conac Software (USA) Inc., Lomiko Metals LLC and Lomiko Technologies Inc. from the day the Company gains control over the subsidiaries and ceases when the Company loses control of the subsidiaries. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect the investee’s returns.

The Company reassesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three above mentioned elements. All significant intercompany transactions, balances, income and expenses are eliminated on consolidation.

**3. CASH AND CASH EQUIVALENTS**

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, 2021    | July 31, 2021       |
|------------------------|---------------------|---------------------|
| Cash and bank balances | <u>\$ 3,836,993</u> | <u>\$ 5,039,834</u> |

**4. INVESTMENT IN ASSOCIATES****Graphene ESD Corp.**

On December 12, 2014 the Company purchased 1,800 shares of Graphene ESD Corp.’s (“Graphene”) 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 to common stock, at the option of the Company and without the payment of additional consideration by the Company.

**LOMIKO METALS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three month period ended October 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

**4. INVESTMENT IN ASSOCIATES – continued**

Graphene, a Delaware company incorporated November 5, 2014 is a private US company that was formed to commercialize Graphene Supercapacitors. On matters presented to the stockholders of Graphene, the Company will vote together with the holders of Common Stock of Graphene as a single class.

The Company exercises significant influence over Graphene as it owns 40% of the voting shares and through a common director. It accounts for its investment on the equity basis. In fiscal 2019, management assessed that the investment in Graphene was impaired and recorded a write-down of \$54,787.

|                                           | <u>Number of<br/>shares held</u> |             |
|-------------------------------------------|----------------------------------|-------------|
| <b>July 31, 2021 and October 31, 2021</b> | 1,800                            | \$ <u>1</u> |

**Smart Home Devices Ltd. (SHD)**

On February 16, 2016 the Company issued (before 10:1 share consolidation) 16,129,743 common shares, at \$0.35 per share for a value of \$564,541, in exchange for 778,890 common shares of SHD. SHD is developing a series of energy saving, connected building automation and security products.

On March 15, 2017 the Company acquired an additional 867,546 common shares, for \$624,633 in exchange for the rights, patents, and website pertaining to the license owned by the Company that was acquired from Megahertz Power Systems Ltd., a company associated with SHD.

On November 21, 2017 the Company acquired an additional 111,111 common share for \$80,000.

On January 19, 2018 the Company acquired 34,722 common shares for \$25,000.

The Company accounted for its investment in SHD using the equity method until July 20, 2018, when the Company's shareholding in SHD was diluted to 18.25%, leading to the Company losing significant influence over SHD, at which time the Company discontinued accounting for SHD using the equity method. In fiscal 2018, the Company assessed that the investment in SHD was impaired and recorded a write-down of \$1,136,574 to the investment.

At October 31, 2021, the Company owns 18.25% (July 31, 2021 – 18.25%) of the issued and outstanding shares of SHD.

|                                           | <u>Number of<br/>shares held</u> |             |
|-------------------------------------------|----------------------------------|-------------|
| <b>July 31, 2021 and October 31, 2021</b> | <u>1,792,269</u>                 | \$ <u>1</u> |

**Promethieus Technologies Inc.**

On May 23, 2018, the Company purchased 200 common shares of Promethieus Cryptocurrency Mining Corporation, a private company, incorporated in British Columbia on January 24, 2018. On October 28, 2018, Promethieus Cryptocurrency Mining Corporation changed its name to Promethieus Technologies Inc (PTI). The Company currently holds 20% of the outstanding shares of PCM. On July 31, 2019 the Company signed an agreement with Promethieus Technologies Inc. (PTI) to sell its Subsidiary, Lomiko

**LOMIKO METALS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three month period ended October 31, 2021 and 2020

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**4. INVESTMENT IN ASSOCIATES – continued**

Technologies Inc. for \$1,236,625 plus expenses incurred by the Company of \$152,857 (July 31, 2021 - \$152,857). The sale will be subject to PTI successfully completing an equity financing in the amount of \$3,670,750. Once the equity financing is secured, the Company will transfer to Lomiko Technologies Inc, all of its interests in Smart Home Devices Ltd., Prometheus Cryptocurrency Mining Corporation, and Graphene ESD Corp. As of October 31, 2021, the sale had not been completed.

The amount due from associate of \$152,857 (July 31, 2021 – \$152,857) is due from PTI for payment of expenses on behalf of PTI. The amount is unsecured and there are no specified terms of repayment.

The Company exercises significant influence over PTI as it owns, along with a common director, 62% of the voting shares. It accounts for its investment on the equity basis.

|                                           | <u>Number of<br/>shares held</u> |             |
|-------------------------------------------|----------------------------------|-------------|
| <b>July 31, 2021 and October 31, 2021</b> | <u>200</u>                       | <u>\$ 2</u> |

Summary of investment in associates:

|                              | <u>October 31, 2021</u> | <u>July 31, 2021</u> |
|------------------------------|-------------------------|----------------------|
| Graphene ESD Corp            | \$ 1                    | \$ 1                 |
| Smart Home Devices Ltd.      | 1                       | 1                    |
| Prometheus Technologies Inc. | <u>2</u>                | <u>2</u>             |
|                              | <u>\$ 4</u>             | <u>\$ 4</u>          |

**5. EXPLORATION AND EVALUATION ASSETS**

La Loutre Graphite Property and Lac-des-Iles – Quebec

On September 22, 2014 the Company obtained an option with Quebec Precious Metals Corporation (formally Canada Strategic Metals Inc.) ("QPM"), to purchase a 40% interest in the La Loutre Graphite Property located in Southern Quebec by paying \$12,500, funding \$500,000 in exploration expenditures and issuing 125,000 shares at a price of \$0.70 per share.

On February 6, 2015 (amended December 30, 2016), the Company signed an agreement with QPM to acquire an additional 40% interest in the La Loutre property, located in Southern Quebec, for an 80% interest in the Lac-Des-Iles property. The Company paid \$10,000 upon signing, issued 300,000 shares valued at \$0.70 per share, and agreed to fund \$2,750,000 as follows:

- \$1,500,000 on the La Loutre property (paid)
- \$1,000,000 no later than December 31, 2018, on other mining rights of QPM (paid)
- \$250,000 on the Lac Des Iles property (paid)

Included in the Exploration Expenditures will be a management fee payable to QPM (the "Operator") equal to 5% of expenditures incurred.

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**5. EXPLORATION AND EVALUATION ASSETS - continued**

The La Loutre property is subject to a 1.5% net smelter royalty ("NSR") of which 0.5% "NSR" can be purchased by the Company for \$500,000.

On May 13, 2016 (amended December 30, 2016 and April 16, 2020) the Company signed an additional option agreement 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:

- Issuance of 950,000 common shares - 450,000 have been issued as of July 31, 2021, issuance of the remaining 500,000 shares has been replaced with the 1,000,000 share issuance below
- Issuance of 1,000,000 common shares (issued June 23, 2020)
- Funding exploration expenditures for an additional \$1,125,000 due December 31, 2021 (paid)

During the year ended July 31, 2018, the Company assessed that the Lac-des-Iles property was impaired as it no longer intended to further pursue the property and as such, an impairment charge of \$1,131,992 was recorded.

**Bourier – Quebec**

On April 27, 2021 the Company entered into an option agreement with Critical Elements Lithium Corporation ("Critical") to acquire up to a 70% undivided interest in the Bourier property located in Quebec.

The Bourier Property is composed of one block totaling 203 claims located along the east side of the new Rupert hydroelectric complex. It is subject to a 1.4% NSR on 87 claims.

Under the terms of the agreement the Company will earn its interest in the Bourier property by way of a joint venture arrangement. The keys terms of the agreement are as follows:

**FIRST OPTION**

The Company may earn, on or before December 31, 2022, a 49% earned interest in the Bourier Property by

- making a cash payment to Critical of \$25,000 within a delay of five (5) days following the execution of the Agreement (paid);
- making a cash payment to Critical of \$25,000 within a delay of five (5) days following the receipt of the required approvals from the TSX-V (paid);
- issuing to Critical 5,000,000 common shares immediately following the receipt of the required approvals from the TSX-V (issued with a fair value of \$700,000); and
- incurring or funding exploration expenditures aggregating not less than \$1,300,000 on the Bourier Property, of which an amount of \$550,000 (\$330,939 incurred at October, 2021, \$79,863 - July 31, 2021) must be incurred or funded before December 31, 2021 and an amount of \$750,000 before December 31, 2022.

**LOMIKO METALS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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(Unaudited - Expressed in Canadian Dollars)

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**5. EXPLORATION AND EVALUATION ASSETS - continued****SECOND OPTION**

Subject to the Company having exercised the First Option, the Company has an option to increase its undivided interest in the Bourier Property from 49% to 70% by:

- making a cash payment to Critical of \$250,000 and issuing 2,500,000 common shares, on or before the date of delivery of the First Option Exercise Notice;
- incurring or funding additional exploration expenditures for an amount of \$2,000,000 on or before December 31, 2023; and
- delivering the Resource Estimate to Critical on or before December 31, 2023.

**MILESTONE PAYMENTS**

Subject to the Company's right to withdraw from and terminate the First Option, the Company agrees to pay the following milestone payments, 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 \$750,000, payable in cash or in common shares of the Company at the sole discretion the Company;
- 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 \$750,000, payable in cash or in common shares of the Company at the sole discretion the Company;
- On the estimation of a drilled defined resource (NI 43-101 compliant) of 15,000,000 tonnes at a cut-off grade of 0.6% Li<sub>2</sub>O (all categories) a payment of \$1,500,000, payable in cash or in common shares of the Company at the sole discretion the Company;
- 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 \$2,000,000, payable in cash or in common shares Company at the sole discretion the Company.

**ROYALTY**

Following the exercise of the First Option, and in addition to the amounts paid, common shares issued and exploration expenditures incurred or funded by under the First Option and thereafter under the Second Option, as applicable, the Company shall pay a royalty equal to 2% net smelter returns resulting from the extraction and production of any minerals.

The Company has the right to purchase a portion thereof (1%) by paying \$2,000,000.

**LOMIKO METALS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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(Unaudited - Expressed in Canadian Dollars)

**5. EXPLORATION AND EVALUATION ASSETS - continued**Summary of Exploration and Evaluation Assets

|                                  | <b>La Loutre<br/>Crystalline</b> | <b>Bourier</b> | <b>Total</b> |
|----------------------------------|----------------------------------|----------------|--------------|
| <b>Balance, July 31, 2020</b>    | \$ 3,562,506                     |                | \$ 3,562,506 |
| Assays, staking and mapping      | \$ 24,445                        |                | \$ 24,445    |
| Claim renew                      | -                                | 79,863         | 79,863       |
| Contractors / consultants        | 471,064                          | -              | 471,064      |
| Field storage                    | 10,185                           | -              | 10,185       |
| Acquisition of property          | 1,125,000                        | 750,000        | 1,875,000    |
| <b>Balance, July 31, 2021</b>    | \$ 5,193,200                     | \$ 829,863     | \$ 6,023,063 |
| Assays, staking and mapping      | 4,365                            | 251,076        | 255,441      |
| Contractors / consultants        | 176,854                          | -              | 176,854      |
| <b>Balance, October 31, 2021</b> | \$ 5,374,419                     | \$1,080,939    | \$6,455,358  |

**6. SHARE CAPITAL AND RESERVES**

Issued

*Period ended October 31, 2021*

During the period ended October 31, 2021, a total of 150,000 stock options from one stock option grant were exercised at a price of \$0.05 per share for gross proceeds of \$7,500 and 150,000 common shares of the Company were issued. In addition, the Company transferred a total of \$5,851 from equity reserve to share capital for the exercise of these options, which represents the estimated fair value of the options at the grant date.

Issued

*Year ended July 31, 2021*

On October 28, 2020, the Company completed a private placement, by issuing 15,000,000 units of the Company at \$0.05 per unit for total gross proceeds of \$750,000. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at an exercise price of \$0.10 per share for a period of 24 months. The warrants had a fair value of \$379,469 measured using the Black Scholes Option Pricing Model, of which \$251,978 was allocated to reserves on a relative fair value basis. Finders' fees and brokers commission of \$29,750, legal fees of \$9,550 and filing fees of \$5,805 were paid. In addition, 238,000 shares with an aggregate value of \$11,900 and 238,000 warrants with a fair value of \$6,012 measured using the Black Scholes Option Pricing Model was recorded to share issue cost, were issued to brokers.

A director participated in the placement by purchasing 3,000,000 units in the amount of \$150,000.

On December 23, 2020 the Company completed a private placement, by issuing of 19,700,000 flow-through units of the Company at \$0.05 per unit for total gross proceeds of \$985,000. Each unit consists

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For the three month period ended October 31, 2021 and 2020

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**6. SHARE CAPITAL AND RESERVES – continued**

of one flow-through common share and one-half common share purchase warrant. Each full warrant is exercisable into one common share at an exercise price of \$0.10 per share for a period of 24 months. The warrants had a fair value of \$288,479 measured using the Black Scholes Option Pricing Model, of which \$223,130 was allocated to reserves on a relative fair value basis. The Company recognized a flow-through premium liability of \$98,500 in connection with the flow-through private placement based on an estimated premium of approximately \$0.005 per flow-through common share issued (Note 9). Finders' fees and brokers commission of \$39,150, legal fees of \$6,250 and filing fees of \$10,231 were paid. In addition, 694,000 shares with an aggregate value of \$34,700 and 1,477,000 warrants with a fair value of \$43,257 measured using the Black Scholes Option Pricing Model was recorded to share issue cost, were issued to brokers.

On January 19, 2021, the Company completed a private placement by issuing 5,000,000 units of the Company at \$0.05 per unit for gross proceeds of \$250,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.10 for a period of 24 months. The warrants had a fair value of \$425,396 measured using the Black Scholes Option Pricing Model, of which \$157,462 was allocated to reserves on a relative fair value basis. Finders' fees and commissions of \$4,000, legal fees of \$6,000 and filing fees of \$500 were paid. In addition, 80,000 share purchase warrants exercisable for 24 months at an exercise price of \$0.10, with a fair value of \$6,806 measured using the Black Scholes Option Pricing Model was recorded to share issue cost, were issued to brokers.

On February 1, 2021, the Company completed a private placement by issuing 13,336,666 units of the Company at \$0.075 per unit for gross proceeds of \$1,000,250. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.10 for a period of 24 months. The warrants had a fair value of \$1,137,172 measured using the Black Scholes Option Pricing Model, of which \$532,163 was allocated to reserves on a relative fair value basis. Finders' fees and commissions of \$20,130, legal fees of \$18,550 and filing fees of \$10,396 were paid. In addition, 268,400 share purchase warrants exercisable for 24 months at an exercise price of \$0.10, with a fair value of \$22,886 measured using the Black Scholes Option Pricing Model was recorded to share issue cost, were issued to brokers.

On March 15, 2021, the Company completed a private placement by issuing 14,523,278 units of the Company at \$0.15 per unit for gross proceeds of \$2,178,492. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.25 for a period of 24 months. The warrants had a fair value of \$1,951,167 measured using the Black Scholes Option Pricing Model, of which \$1,029,286 was allocated to reserves on a relative fair value basis. Finders' fees and commissions of \$22,848, legal fees of \$21,850 and filing fees of \$13,342 were paid. In addition, 152,320 share purchase warrants exercisable for 24 months at an exercise price of \$0.25, with a fair value of \$20,464 measured using the Black Scholes Option Pricing Model was recorded to share issue cost, were issued to brokers.

A director participated in the placement by purchasing 1,000,000 units in the amount of \$150,000.

On March 22, 2021, the Company completed a private placement by issuing 4,019,000 units of the Company at \$0.15 per unit for gross proceeds of \$602,850. Each unit is comprised of one common share and one common share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.25 for a period of 24 months. The warrants had a fair value of \$571,007 measured using the Black Scholes Option Pricing Model, of which \$293,248 was allocated to reserves on a relative fair value basis. Finders' fees and commissions of \$38,400, legal fees of \$14,000 and filing fees of \$4,528 were paid. In addition, 256,000 share purchase warrants exercisable for 24 months at an exercise price of \$0.25, with a fair value of \$36,372 measured using the Black Scholes Option Pricing Model was

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**6. SHARE CAPITAL AND RESERVES – continued**

recorded to share issue cost, were issued to brokers.

Included in the above private placements, were 6,334,000 units with an aggregate value of \$345,000 that were issued to consultants and recorded to share based payments.

On May 5, 2021 the Company issued 5,000,000 shares, valued at \$0.14 per share for a fair value of \$700,000 to Critical Elements Lithium Corporation pursuant to an agreement dated April 27<sup>th</sup>, 2021 (Note 6). Filing fees of \$8,400 were incurred in connection to this issuance.

On May 20, 2021 the Company completed a private placement, by issuing 6,838,235 flow-through shares for gross proceeds of \$1,162,500. The Company recognized a flow-through premium liability of \$239,338 in connection with the flow-through private placement based on an estimated premium of approximately \$0.035 per flow-through common share issued (Note 9). Finders' fees and commissions of \$90,000, legal fees of \$2,000 and filing fees of \$8,781 were paid. In addition, 76,471 purchase warrants exercisable for 24 months at an exercise price of \$0.17, with a fair value of \$11,615 measured using the Black Scholes Option Pricing Model was recorded to share issue cost, were issued to brokers.

On June 3, 2021 the Company completed a private placement, by issuing 3,116,176 flow-through shares for gross proceeds of \$529,750. The Company recognized a flow-through premium liability of \$155,809 in connection with the flow-through private placement based on an estimated premium of approximately \$0.05 per flow-through common share issued (Note 9). Finders' fees and commissions of \$31,250, legal fees of \$6,250 and filing fees of \$4,817 were paid in addition, 183,824 purchase warrants exercisable for 24 months at an exercise price of \$0.17, with a fair value of \$27,784 measured using the Black Scholes Option Pricing Model was recorded to share issue cost, were issued to brokers.

25,135,000 share purchase warrants issued under the May 29, 2020 private placement were exercised at a price of \$0.05 per share for gross proceeds of \$1,256,750, and 25,135,000 common shares of the Company were issued during the year. In addition, the Company transferred \$209,401 from equity reserve to share capital for the exercise of these warrants, which represents the estimated fair value of the warrants at the grant date.

3,000,000 share purchase warrants issued under the November 12, 2020 private placement were exercised at a price of \$0.07 per share for gross proceeds of \$210,000, and 3,000,000 common shares of the Company were issued during the year. In addition, the Company transferred \$40,730 from equity reserve to share capital for the exercise of these warrants, which represents the estimated fair value of the warrants at the grant date.

1,830,000 share purchase warrants issued under the December 30, 2020 private placement were exercised at a price of \$0.07 per share for gross proceeds of \$128,100, and 1,830,000 common shares of the Company were issued during the year. In addition, the Company transferred \$38,757 from equity reserve to share capital for the exercise of these warrants, which represents the estimated fair value of the warrants at the grant date.

1,200,000 share purchase warrants issued under the October 28, 2020 private placement were exercised at a price of \$0.10 per share for gross proceeds of \$120,000, and 1,200,000 common shares of the Company were issued during the year. In addition, the Company transferred \$20,158 from equity reserve to share capital for the exercise of these warrants, which represents the estimated fair value of the warrants at the grant date.

405,000 share purchase warrants issued to brokers under the December 23, 2020 private placement were exercised at a price of \$0.10 per share for gross proceeds of \$40,500, and 405,000 common shares of the

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Company were issued during the year.

**6. SHARE CAPITAL AND RESERVES – continued**

1,000,000 share purchase warrants issued under the January 19, 2021 private placement were exercised at a price of \$0.10 per share for gross proceeds of \$100,000, and 1,000,000 common shares of the Company were issued during the year. In addition, the Company transferred \$30,389 from equity reserve to share capital for the exercise of these warrants, which represents the estimated fair value of the warrants at the grant date.

The Company incurred \$13,992 in legal fees in connection with warrant exercises in the year.

During the year ended July 31, 2021, a total of 3,350,000 stock options from various stock option grants were exercised at a price of \$0.05 per share for gross proceeds of \$167,500 and 3,350,000 common shares of the Company were issued. In addition, the Company transferred a total of \$143,673 from equity reserve to share capital for the exercise of these options, which represents the estimated fair value of the options at the grant date.

**b) Share purchase warrants**

A continuity of the Company's share purchase warrant transactions for the period ended October 31, 2021 as follows:

|                                                    | Number of Warrants | Weighted Average<br>Exercise Price |
|----------------------------------------------------|--------------------|------------------------------------|
| <b>Balance, July 31, 2019</b>                      | <b>36,344,034</b>  | <b>\$0.18</b>                      |
| Issued for financing                               | 31,235,000         | 0.05                               |
| Expired                                            | (9,482,924)        | 0.26                               |
| <b>Balance, July 31, 2020</b>                      | <b>58,096,110</b>  | <b>\$0.11</b>                      |
| Issued for financing                               | 64,460,959         | 0.17                               |
| Exercised                                          | (32,570,000)       | 0.05                               |
| Expired                                            | (27,211,110)       | 0.15                               |
| <b>Balance, July 31, 2021 and October 31, 2021</b> | <b>62,775,959</b>  | <b>\$0.18</b>                      |

The following table summarizes information relating to share purchase warrants outstanding and exercisable at October 31, 2021 and July 31, 2021.

| Number of<br>Warrants | Exercise<br>Price | Expiry<br>Date    |
|-----------------------|-------------------|-------------------|
| 920,000               | \$0.07            | December 30, 2021 |
| 14,038,000            | \$0.10            | October 28, 2022  |
| 10,922,000            | \$0.10            | December 23, 2022 |
| 4,080,000             | \$0.10            | January 19, 2023  |
| 13,605,066            | \$0.10            | February 1, 2023  |
| 14,675,598            | \$0.25            | March 15, 2023    |
| 4,275,000             | \$0.25            | March 22, 2023    |
| 76,471                | \$0.17            | May 20, 2023      |
| 183,824               | \$0.17            | June 2, 2023      |
| <u>62,775,959</u>     |                   |                   |

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**6. SHARE CAPITAL AND RESERVES – continued**

The weighted average remaining contractual life of the warrants as at October 31, 2021 was 1.20 years (July 31, 2021 – 1.44 years).

The following weighted average assumptions were used for the Black-Scholes Option Pricing Model for warrants granted:

|                                   | October 31, 2021 | July 31, 2021 |
|-----------------------------------|------------------|---------------|
| Risk free interest rate           | -                | 0.23%         |
| Expected life of warrants         | -                | 2.00 years    |
| Annualized stock price volatility | -                | 164.20%       |
| Expected dividend yield           | -                | 0%            |

**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-V 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<br>Average Exercise Price |
|----------------------------------|--------------------------|------------------------------------|
| <b>Balance, July 31, 2020</b>    | <b>7,150,000</b>         | <b>\$0.05</b>                      |
| Granted                          | 4,000,000                | \$0.05                             |
| Exercised                        | (3,350,000)              | \$0.05                             |
| <b>Balance, July 31, 2021</b>    | <b>7,800,000</b>         | <b>\$0.05</b>                      |
| Granted                          | 8,850,000                | \$0.12                             |
| Exercised                        | (150,000)                | \$0.05                             |
| <b>Balance, October 31, 2021</b> | <b><u>16,500,000</u></b> | <b><u>\$0.09</u></b>               |

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**6. SHARE CAPITAL AND RESERVES – continued**

The following summarizes the stock options outstanding and exercisable as at October 31, 2021:

| Number of options<br>Outstanding | Exercise<br>price | Expiry<br>date    |
|----------------------------------|-------------------|-------------------|
| 3,400,000                        | \$0.05            | February 28, 2022 |
| 300,000                          | \$0.05            | April 16, 2022    |
| 400,000                          | \$0.05            | August 24, 2024   |
| 3,550,000                        | \$0.05            | December 18, 2025 |
| 5,000,000                        | \$0.12            | August 4, 2026    |
| <u>3,850,000</u>                 | \$0.12            | October 25, 2026  |
| <b><u>16,500,000</u></b>         |                   |                   |

During the period ended October 31, 2021, the Company granted an aggregate of 8,850,000 (July 31, 2021 – 4,000,000) stock options to management and consultants of the Company. The Company recorded \$730,437 (2020-\$0) in share-based payments based on the vesting provisions of the granted options.

The following weighted-average assumptions were used for the Black-Scholes Option Pricing Model of stock options granted:

|                                   | October 31, 2021 | July 31, 2021 |
|-----------------------------------|------------------|---------------|
| Risk free interest rate           | 1.03%            | .45%          |
| Expected life of options          | 5 years          | 5 years       |
| Annualized stock price volatility | 128.07%          | 137.40%       |
| Expected dividend yield           | 0%               | 0%            |

The weighted average remaining contractual life of options outstanding at October 31, 2021 was 3.78 years (July 31, 2021 - 2.51 years).

**Reserves**

Equity reserve records items recognized as share-based payments and allocation of the value of warrants until such time that the stock options and warrants are exercised, at which time the corresponding amount will be transferred to share capital.

The values recorded to reserves for stock options and warrants are transferred to deficit on expiration of such stock options and warrants.

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**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                     | October 31, 2021 | July 31, 2021     |
|---------------------|------------------|-------------------|
| Accounts payables   | \$ 41,282        | \$ 134,680        |
| Accrued liabilities | <u>45,888</u>    | <u>38,000</u>     |
|                     | <u>\$ 87,170</u> | <u>\$ 172,680</u> |

**8. FLOW THROUGH PREMIUM LIABILITY**

|                                                | October 31, 2021  | July 31, 2021     |
|------------------------------------------------|-------------------|-------------------|
| Balance, beginning of year                     | \$ 328,075        | \$ -              |
| Add:                                           |                   |                   |
| December 23, 2020 private placement (Note 6)   | -                 | 98,500            |
| May 20, 2021 private placement (Note 6)        | -                 | 239,338           |
| June 3, 2021 private placement (Note 6)        | -                 | 155,809           |
| Amortization of flow through premium liability | (11,845)          | (165,572)         |
|                                                | <u>\$ 316,230</u> | <u>\$ 328,075</u> |

As at October 31, 2021, the Company is required to incur further Canadian exploration expenditures of \$934,175 no later than December 31, 2022 pursuant to the terms of the subscription agreements.

The flow-through premium liability is to be amortized to the statement of loss and comprehensive loss pro-rata with the amount of qualifying flow-through expenditures incurred.

**Flow through expenditures**

The Company is able to continue to incur exploration expenses beyond the deadlines. However, it could be subject to a penalty of 4-5% per annum on the balance required to be spent on its exploration work. The Company intends to fulfill its flow-through commitments within the given time constraints.

**9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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.

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**9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT- continued****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 held with chartered Canadian financial institutions. The Company considers this risk to be low.

**Equity Price Risk:**

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets.

**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 and due from associate. 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, 2021 relating to cash of \$3,836,993, other receivables of \$99,669 and due from associate of \$152,857. All cash, cash equivalents and short term deposits are held at the Bank of Montreal. The recoverability of the amount due from associate is reliant on the associate completing its listing and raising sufficient financing to repay the amount owing.

**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 Company considers liquidity risk to be high.

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**9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT- continued**

The following table summarizes the Company's significant remaining contractual maturities for financial liabilities as at October 31, 2021 and July 31, 2021.

|                         | Less than 3<br>months | 3 – 12<br>months | Total      |
|-------------------------|-----------------------|------------------|------------|
| <b>October 31, 2021</b> |                       |                  |            |
| Trade payables          | \$ 43,700             | \$ -             | \$ 43,700  |
| <b>July 31, 2021</b>    |                       |                  |            |
| Trade payables          | \$ 134,680            | \$ -             | \$ 134,680 |

**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        |
|---------------------------|--------------|---------|---------|--------------|
| <b>October 31, 2021</b>   |              |         |         |              |
| Cash and Cash equivalents | \$ 3,836,993 | \$ -    | \$ -    | \$ 3,836,993 |
| <b>July 31, 2021</b>      |              |         |         |              |
| Cash and Cash equivalents | \$ 5,039,384 | \$ -    | \$ -    | \$ 5,039,834 |

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)

The carrying value of the Company's financial instruments approximates fair value.

**10. CAPITAL RISK MANAGEMENT**

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 investment in power supply products companies and continue its operations for the benefit of its shareholders.

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.

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**10. CAPITAL RISK MANAGEMENT - continued**

The Company's capital consists of cash, and share capital. 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.

**11. RELATED PARTY TRANSACTIONS**

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel. The following are related party transactions not disclosed elsewhere in the financial statements.

|                                                                        | October<br>31, 2021 | October 31,<br>2020 |
|------------------------------------------------------------------------|---------------------|---------------------|
| Management Fees paid to companies related to directors or to directors | \$ 235,758          | \$ 45,000           |

Management fees were paid to M & M Corporation, a company controlled by Jacqueline Michael, the Company's CFO (resigned October 25, 2021), AJS Management Corporation, a company controlled by A. Paul Gill, the Company's President and as of October 25, 2021, Belinda Labatte the Company's CEO, Vincent Osborne, the Company's CFO, and Gordana Slepcev, the Company's COO.

Consulting fees of \$147,750 (October 31, 2020 - \$Nil) were paid to three consultants who also act as directors.

Included in accounts payable is \$15,823 (October 31, 2020 - \$195,653) owing to directors, officers or companies controlled by directors.

Included in other receivables is \$50,757 (October 31, 2021 - \$50,757) owing to the Company from a director in the Company. The balance is due to an expense billing correction.

**12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

|                                                              | October 31,<br>2021 | July 31, 2021 |
|--------------------------------------------------------------|---------------------|---------------|
| Shares issued to acquire resource property                   | \$ -                | \$ 700,000    |
| Transfer from reserves on exercise of stock options          | \$ 5,851            | \$ 143,672    |
| Transfer from reserves on exercise of warrants               | \$ -                | \$ 339,435    |
| Flow through premium liability                               | \$ 11,845           | \$ 493,647    |
| Issuance of common shares for services                       | \$ -                | \$ 345,000    |
| Exploration and evaluation assets in accounts payable        | \$ 20,798           | \$ 43,365     |
| Reclassification of due from associate to amounts receivable | \$ -                | \$ 40,757     |

**LOMIKO METALS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three month period ended October 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

**13. SEGMENTED REPORTING**

During the period ended October 31, 2021, the Company operated in one industry segment: acquisition, exploration and development of resource properties. The Company's non-current assets by industry segments for the periods ended October 31, 2021 and July 31, 2021 as follows:

| <b>October 31, 2021</b>              | Exploration<br>and<br>Evaluation           |
|--------------------------------------|--------------------------------------------|
| Non-current assets                   |                                            |
| Exploration and<br>evaluation assets | <u>\$ 6,455,358</u><br><u>\$ 6,455,358</u> |
| <br><b>July 31, 2021</b>             | <br>Exploration<br>and<br>Evaluation       |
| Non-current assets                   |                                            |
| Exploration and<br>evaluation assets | <u>\$ 6,023,063</u><br><u>\$ 6,023,063</u> |

**14. SUBSEQUENT EVENTS**

On December 22, 2021, the Company announced that, subject to the approval of the TSX Venture Exchange (the "Exchange"), it has closed its non-brokered private placement (the "Private Placement") issuing 18,440,870 flow-through units (the "FT Units") at a price of \$0.115 per FT Unit for aggregate gross proceeds of \$2,120,700.05.

Each FT Unit consists of one flow-through common share (a "Share") and one-half (1/2) common share purchase warrant (a "Warrant") with each whole Warrant exercisable at a price of \$0.18 per Share for a period of two years.

Subject to regulatory approval, the Company will pay cash finder's fees of \$99,785.00 and issue 867,695 finder warrants (the "Finder's Warrants") to two parties. The Finder's Warrants are non-transferable and exercisable at a price of \$0.18 per share for a period of two years.

Pursuant to applicable Canadian securities laws, all securities issued pursuant to this private placement are subject to a hold period of four months and one day expiring on April 23, 2022. The private placement remains subject to the final approval of the TSX Venture Exchange.

An insider of the Company subscribed for 434,783 FT Units. As such, his participation constitutes a "related party transaction" as defined under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). Such participation is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of the FT Units acquired by the insiders nor the consideration for the FT Units paid by such insiders, exceed 25% of the Company's market capitalization.

**LOMIKO METALS INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three month period ended October 31, 2021 and 2020

(Unaudited - Expressed in Canadian Dollars)

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The Company intends to use the gross proceeds of the Private Placement to incur Canadian Exploration Expenses and “flow-through mining expenditures” as defined in the Tax Act on the Company’s La Loutre and Bourier Properties which will be incurred on or before December 31, 2022.

The parties are currently amending the agreement of April 27, 2021 pursuant to which Lomiko was granted an option to acquire a 70% undivided interest in the Bourier Property; under the First Option, Lomiko must notably incur or fund Exploration Expenditures in the amount of \$1,300,000, of which \$550,000 must be incurred or funded by no later than December 31, 2021.

Siri Genik, a consultant to the Company, announced the termination of her contract on December 13, 2021 and in accordance with her contract is due a payment of \$90,000 within 30 days.