



LOMIKO METALS INC.

CONSOLIDATED FINANCIAL STATEMENTS

Year ended July 31, 2022

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Lomiko Metals Inc.

Opinion

We have audited the consolidated financial statements of Lomiko Metals Inc. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Rakesh Patel.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

November 28, 2022



An independent firm
associated with Moore
Global Network Limited

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

(Expressed in Canadian Dollars)

	As at July 31, 2022	As at July 31, 2021
ASSETS		
Current		
Cash and cash equivalents (Note 4 & 11)	\$ 3,768,063	\$ 5,039,834
Other receivables (Note 13)	44,722	99,399
Prepaid expenses	64,649	107,428
	<u>3,877,434</u>	<u>5,246,661</u>
Non-current		
Due from associate (Note 5)	-	152,857
Investments in associates (Note 5)	2	4
Exploration and evaluation advances	457,306	105,000
Exploration and evaluation assets (Note 6)	9,349,726	6,023,063
	<u>9,807,034</u>	<u>6,280,924</u>
	<u>\$ 13,684,468</u>	<u>\$ 11,527,585</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8, 11 and 13)	\$ 812,060	\$ 172,680
Flow-through premium liability (Note 9)	366,780	328,075
	<u>1,178,840</u>	<u>500,755</u>
EQUITY		
Share capital (Note 7)	38,188,177	35,839,156
Reserves (Note 7)	5,189,837	2,947,824
Deficit	(30,872,386)	(27,760,150)
	<u>12,505,628</u>	<u>11,026,830</u>
	<u>\$ 13,684,468</u>	<u>\$ 11,527,585</u>

Nature of Operations and Going Concern (Note 1)

Approved on behalf of the Board:

"Belinda Labatte"

Belinda Labatte - Chief Executive Officer

"Vincent Osbourne"Vincent Osbourne - Chief Financial Officer &
Corporate Secretary*The accompanying notes form an integral part of these consolidated financial statements*

LOMIKO METALS INC.**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

	Year ended July 31, 2022	Year ended July 31, 2021
Expenses		
Advertising and promotion	\$ 425,146	\$ 484,788
Insurance	15,144	1,233
Management and consulting fees (Note 13)	946,203	510,129
Office and miscellaneous	75,885	42,579
Professional fees	386,029	113,991
Regulatory and filing fees	80,143	74,650
Salaries and benefits (Note 13)	424,769	-
Shareholder communications	90,644	163,653
Share based payments (Note 7 & 13)	1,356,780	501,662
Travel	64,703	10,212
Loss from operations	(3,865,446)	(1,902,897)
Other income/(loss)		
Part XII.6 interest (Note 9)	-	(3,830)
Amortization of flow-through premium liability (Note 9)	617,624	165,572
Other	1	5,449
Write off of advance (Note 5)	(152,857)	-
Write off of investments (Note 5)	(2)	-
	464,766	167,191
Net loss and comprehensive loss for the year	\$ (3,400,680)	\$ (1,735,706)
Basic and Diluted Loss Per Share	\$ (0.01)	\$ (0.01)
Basic and Diluted Weighted Average Common Shares	260,692,480	169,762,145

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

LOMIKO METALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended July 31, 2022	Year ended July 31, 2021
Cash flows used in operating activities		
Net loss	\$ (3,400,680)	\$ (1,735,706)
Items not involving cash and cash equivalents:		
Share based payments	1,356,780	501,662
Amortization of flow-through premium	(617,624)	(165,572)
Write off of advance	152,857	-
Write off of investments	2	-
	<u>(2,508,665)</u>	<u>(1,399,616)</u>
Changes in non-cash working capital items:		
Other receivables	54,677	(34,907)
Prepaid expenses	42,779	(93,845)
Accounts payable and accrued liabilities	34,261	(324,490)
	<u>(2,376,948)</u>	<u>(1,852,858)</u>
Cash flows from financing activities		
Issuance of flow through shares for cash	2,755,450	2,677,250
Issuance of shares for cash	1,516,000	4,436,492
Options exercised	70,000	167,500
Warrants exercised	64,400	1,855,350
Share issue cost	(226,822)	(440,670)
	<u>4,179,028</u>	<u>8,695,922</u>
Cash flows used in investing activities		
Exploration and evaluation expenditures, net	(2,721,545)	(1,717,192)
Exploration and evaluation advances	(352,306)	(105,000)
	<u>(3,073,851)</u>	<u>(1,822,192)</u>
(Decrease)/Increase in cash	(1,271,771)	5,020,872
Cash and cash equivalents, beginning of year	5,039,834	18,962
Cash and cash equivalents, end of year	\$ 3,768,063	\$ 5,039,834

Supplemental Disclosure with respect to Cash Flows (Note 14)

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

LOMIKO METALS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Common Shares Without Par Value		Reserves	Deficit	Total Equity
	Shares	Amount			
Balance, July 31, 2020	114,566,191	\$ 28,771,232	\$ 1,320,194	\$ (26,732,827)	\$ 3,358,599
Issuance of shares for cash	45,544,944	4,436,592	-	-	4,436,592
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	932,000	46,600	-	-	46,600
Shares issued to acquire resource property	5,000,000	700,000	-	-	700,000
Share issue costs	-	(487,370)	-	-	(487,370)
Fair value assigned to warrants	-	(2,662,458)	2,662,458	-	-
Share based payments to consultants	6,334,000	345,000	-	-	345,000
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	-	-	(708,383)	708,383	-
Net loss for the year	-	-	-	(1,735,706)	(1,735,706)
Balance, July 31, 2021	237,951,546	\$ 35,839,156	\$ 2,947,824	\$ (27,760,150)	\$ 11,026,830
Issuance of shares for cash	18,950,000	1,516,000	-	-	1,516,000
Issuance of flow through shares	28,206,270	2,755,450	-	-	2,755,450
Flow through share premium	-	(656,330)	-	-	(656,330)
Share issue costs	-	(226,822)	-	-	(226,822)
Fair value assigned to warrants	-	(1,255,081)	1,255,081	-	-
Warrants exercised	920,000	64,400	-	-	64,400
Transfer of reserves on exercise of warrants	-	12,966	(12,966)	-	-
Options exercised	1,400,000	70,000	-	-	70,000
Transfer of reserves on exercise of options	-	68,438	(68,438)	-	-
Options expired	-	-	(118,619)	118,619	-
Options cancelled	-	-	(169,825)	169,825	-
Share based compensation	-	-	1,356,780	-	1,356,780
Net loss for the year	-	-	-	(3,400,680)	(3,400,680)
Balance, July 31, 2022	287,427,816	\$ 38,188,177	\$ 5,189,837	\$ (30,872,386)	\$ 12,505,628

See Note 7

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

LOMIKO METALS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended July 31, 2022 and 2021

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

(a) 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 and on the Over the Counter Exchange in the United States having the symbol LMRMF.

The Company’s registered office is unit 439-7184 120th Street, Surrey, British Columbia, Canada V3W 0M6.

(b) Going Concern

These consolidated 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 \$30,872,386 and has reported a loss of \$3,400,680 for the year ended July 31, 2022. 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. 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.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

(a) Statement of Compliance

These consolidated financial statements of the Company, have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 28, 2022.

(b) Basis of Presentation and Consolidation

These consolidated 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.

LOMIKO METALS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended July 31, 2022 and 2021

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE - continued

All significant intercompany transactions, balances, income and expenses are eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below. These accounting policies have been used throughout all periods presented in the consolidated financial statements.

a) Investment in Associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not control or have joint control over those policies.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. Under the equity method, investments in associates are carried in the statement of financial position at cost adjusted for post-acquisition changes in the Company's share of net assets of the associates, less any impairment losses.

The requirements of IFRS 9 *Financial Instruments* are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 *Impairment of Assets (IAS 36)* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment.

Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Losses in an associate in excess of the Company's interest in that associate are recognized only to the extent that the Company has incurred a legal or constructive obligation to make payments on behalf of the associate.

b) Presentation currency and foreign currency translation

The consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and of each subsidiary.

Foreign currency transactions are translated into functional currency of each entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from re-measurement of foreign currency denominated monetary items at reporting period and exchange rates are recognized in profit or loss.

Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rates in effect at the time of the initial transaction and are not subsequently re-measured at reporting period ends.

c) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

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

Years ended July 31, 2022 and 2021

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**d) Exploration and Evaluation Expenditures**

Exploration and evaluation assets include the costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are charged to profit or loss. Exploration and evaluation assets are assessed for impairment annually – see Note 3(g).

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within equipment. Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

e) Decommissioning liabilities

The Company recognizes a provision for statutory, contractual, constructive or legal obligations, including those associated with the decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or evaluation of exploration and evaluation assets. Provisions for site closure and decommissioning are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money.

As at July 31, 2022 and 2021, the Company did not have any decommissioning liabilities.

f) Financial Instruments***Financial instruments – recognition and measurement***

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. Financial liabilities are measured at amortized cost unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

LOMIKO METALS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended July 31, 2022 and 2021

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Company classifies its cash and cash equivalents as FVTPL and its receivables, due from associate, and accounts payable at amortized cost.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income ("OCI"). On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) De-recognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on de-recognition are generally recognized in profit or loss.

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

Years ended July 31, 2022 and 2021

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**g) Impairment of Assets**

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

- The right to explore the areas has expired or will expire in the near future with no expectation of renewal;
- No further exploration or evaluation expenditures in the area are planned or budgeted;
- No commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
- Sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment loss is reversed when the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

The impairment of investment in associates occurs when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the investment (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment. If any evidence of impairment exists, the loss is recognized. The current loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized as an expense. An impairment loss is reversed in a subsequent period to the extent that the recoverable amount of the investment increases.

h) Income Taxes

Income tax expense comprises of current and deferred tax expense. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

LOMIKO METALS INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended July 31, 2022 and 2021

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Current taxes

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred taxes

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not recognized on the initial recognition of goodwill, on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction, and on temporary differences relating to investments in subsidiaries and jointly controlled entities where the reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured, without discounting, at the tax rates that are expected to apply when the assets are recovered and the liabilities settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities and assets are expected to be settled or recovered.

Sales tax

Expenses and assets are recognized net of the amount of sales tax except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; or
- When receivables and payables are stated with an amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the statement of financial position.

i) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Share capital issued for non-monetary consideration is recorded at fair value, being the quoted share price at the time of issuance.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net

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

Years ended July 31, 2022 and 2021

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

of tax, from the proceeds.

j) Earnings/Loss per Share

Basic earnings (loss) per common share is computed by dividing the net income (loss) available to common shareholders of the Company by the weighted average number of shares outstanding or committed to issue for the relevant year.

Diluted earnings (loss) per common share is computed by dividing the net income (loss) applicable to common shareholders by the sum of the weighted average number of common shares issued and outstanding or committed and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

k) Share-based Payments

The Company has adopted an Omnibus Equity Incentive Plan which grants share-based compensation to employees, consultants, persons performing investor relations activities and directors.

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

The value of the options and warrants granted, related to the issuance of shares, are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black-Scholes Option Pricing Model valuation model.

Share based compensation arrangements in which the Company receives other goods or services from non-employees as consideration for its own equity instruments are accounted for as equity settled share based payment transactions and measured at the fair market value of the goods or services received. If the fair value of the goods or services received cannot be estimated reliably, the share based payment transaction is measured at the fair market value of the equity instruments granted at the date the Company receives the goods or the services.

All equity-settled share-based payments consisting of options and warrants are reflected in share based payment reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share based payment reserve is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an

LOMIKO METALS INC.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

l) Flow-through Shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid (Note 9).

m) Significant Accounting Judgments and Estimates

The preparation of the Company's financial statements in accordance with IFRS requires Company's management to make certain judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. Actual results are likely to differ from these estimates. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses in these financial statements are discussed below.

Going concern: The assessment of the Company's ability to continue as a going concern requires significant judgment. The Company considers the factors outlined in Note 1 when making its going concern assessment.

Exploration and evaluation assets: The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether there are indicators of impairment that require management to determine whether the recoverable amount is not less than the carrying amount (see Note 3(g)). The carrying value of these assets is detailed at Note 6.

Title to Mineral Property Interests: Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Estimates and assumptions

Share-based payments: The Company utilizes the Black-Scholes Option Pricing Model ("Black-Scholes") to estimate the fair value of stock options granted to directors, officers and employees. The use of Black-

LOMIKO METALS INC.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Scholes requires management to make various estimates and assumptions that impact the value assigned to the stock options including the forecast future volatility of the stock price, the risk-free interest rate, dividend yield and the expected life of the stock options. Any changes in these assumptions could have a material impact on the share-based payment calculation value.

Deferred tax assets: The assessment of the probability of future taxable income against which deferred tax assets can be utilized is based on the Company's future planned activities, supported by budgets that have been approved by the Board of Directors. Management also considers the tax rules of the various jurisdictions in which the Company operates. Should there not be a forecast of taxable income that indicates the probable utilization of a deferred tax asset or any portion thereof, the Company does not recognize the deferred tax asset.

Valuation of investment in associates: At the end of each financial reporting period, the Company's management evaluates whether there is impairment of its investments in associates based on the criteria below and records such valuations in the financial statements directly in net loss:

- There has been a significant new equity financing with arms-length investors at a valuation above or below the current fair value of the investee company, in which case the fair value of the investment is adjusted to the value at which the financing took place; or
- Based on financial information received from the investee company it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern, in which case the fair value of the investment is adjusted downward; or
- There have been significant corporate, operating, technological or economic events affecting the investee company that, in the Company's opinion, have a positive or negative impact on the investee company's prospects and, therefore, its fair value; or
- The investee company is placed into receivership or bankruptcy.

In addition to the circumstances described above, the Company will take into account general market conditions when determining if an adjustment to the recoverable amount of an investment is warranted at the end of each reporting period. In the absence of the occurrence of any of these events, or any significant change in general market conditions, the carrying value of the investment is left unchanged.

Application of the valuation techniques described above may involve uncertainties and determinations based on the Company's judgment, and any value estimated from these techniques may not be realized.

n) New and revised standards and interpretations

There are no IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. CASH AND CASH EQUIVALENTS

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

	July 31, 2022	July 31, 2021
Cash	\$ 3,743,063	\$ 5,039,834
Guaranteed investment certificate	25,000	-
	<u>\$ 3,768,063</u>	<u>\$ 5,039,834</u>

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5. 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.

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. Graphene ESD Corporation has been dissolved and therefore the Company recorded a further write-down of \$1 in fiscal 2022.

	Number of shares held		
July 31, 2022	1,800	\$	-
July 31, 2021	1,800	\$	1

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. The Company recorded a further write down of \$1 in fiscal 2022.

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

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5. INVESTMENT IN ASSOCIATES - continued

At July 31, 2022, the Company own 18.25% (2021 – 18.25%) of the issued and outstanding shares of SHD.

	Number of shares held	
July 31, 2022	1,792,269	\$ -
July 31, 2021	1,792,269	\$ 1

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% (2021-20%) 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 Technologies Inc. for \$1,236,625 plus expenses incurred by the Company of \$152,857 (2021-\$193,614). 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., Promethieus Technologies Inc., and Graphene ESD Corp. As at July 31, 2022, the sale had not completed.

The amount due from associate of \$152,857 (2021 – \$152,857) was due from PTI for payment of expenses on behalf of PTI. The amount was unsecured and there are no specified terms of repayment. On July 31, 2022, the Company determined the advance to be uncollectible and recorded a loss of \$152,857.

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.

	Number of shares held	
July 31, 2021, and 2022	200	\$ 2

Summary of investment in associates:

	July 31, 2022	July 31, 2021
Graphene ESD Corp	\$ -	\$ 1
Smart Home Devices Ltd.	-	1
Promethieus Technologies Inc.	2	2
	\$ 2	\$ 4

LOMIKO METALS INC.

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6. EXPLORATION AND EVALUATION ASSETS

La Loutre 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 Flake 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.

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, 2022, 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, 2022 (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 24, 2021 (amended December 31, 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:

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6. EXPLORATION AND EVALUATION ASSETS - continued

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 (\$373,012 incurred as at July 31, 2022) must be incurred or funded before December 31, 2021 (amended to December 31, 2023) and an amount of \$750,000 before December 31, 2022 (amended to December 31, 2023).

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% Li₂O (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% Li₂O (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% Li₂O (all categories) a payment of \$1,500,000, payable in cash or in common shares of the Company at the sole discretion the Company;

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6. EXPLORATION AND EVALUATION ASSETS - continued

- 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% Li₂O (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.

Laurentide Region – Quebec

In March 2022 the Company staked approximately 14,255 hectares of mineral claims, 236 claims in total, on six projects in the Laurentide region of Quebec and within First Nations territory. These new claims lie within a 100 km radius of the Company's flagship La Loutre graphite project and 28 claims are directly contiguous to La Loutre, with the Company claim package now covering 4,528 hectares.

Summary of Exploration and Evaluation Assets

	La Loutre	Bourier	Laurentide Region	Total
Balance, July 31, 2020	\$ 3,562,506	\$ -	\$ -	\$ 3,562,506
Assays, staking and mapping	24,445	-	-	24,445
Claim renewal	-	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
Balance, July 31, 2021	\$ 5,193,200	\$ 829,863	\$ -	\$ 6,023,063
Assays, staking and mapping	-	-	21,054	21,054
Contractors/consultants	2,815,408	293,149	231,123	3,339,680
Field storage	17,460	-	-	17,460
Quebec mining tax credit	(51,531)	-	-	(51,531)
Balance, July 31, 2022	\$ 7,974,537	\$ 1,123,012	\$ 252,177	\$ 9,349,726

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7. SHARE CAPITAL AND RESERVES

a) Share Capital

Authorized

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

Issued

Year ended July 31, 2022

On December 22, 2021, the Company completed a private placement, by issuing 18,440,870 flow-through units of the Company at \$0.115 per unit for total gross proceeds of \$2,120,700. Each unit consists 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 \$0.18 per share for a period of 24 months. The warrants had a fair value of \$461,267 calculated using the Black Scholes Option Pricing Model, of which \$378,862 was allocated to reserves on a relative fair value basis. The Company recognized a flow-through premium liability of \$461,022 in connection with the flow-through private placement based on an estimated premium of approximately \$0.025 per flow-through common share issued (Note 9). Finders' fees and brokers commission of \$99,775, legal fees of \$6,475, and filing fees of \$14,789 were paid. In addition, 867,695 share purchase warrants exercisable for 24 months at an exercise price of \$0.18, with a fair value of \$43,408 calculated using the Black Scholes Option Pricing Model was recorded to share issue costs, were issued to brokers.

A director participated in the flow-through placement by purchasing 434,783 units in the amount of \$50,000.

On January 19, 2022, the Company completed a private placement by issuing 18,950,000 units of the Company at \$0.08 per unit for gross proceeds of \$1,516,000. 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 \$0.11 for a period of 60 months. The warrants had a fair value of \$1,352,899 calculated using the Black Scholes Option Pricing Model, of which \$714,907 was allocated to reserves on a relative fair value basis. Finders' fees and commissions of \$33,100, legal fees of \$20,381 and filing fees of \$10,918 were paid. In addition, 413,750 share purchase warrants exercisable for 24 months at an exercise price of \$0.11, with a fair value of \$22,316 measured using the Black Scholes Option Pricing Model was recorded to share issue cost, were issued to brokers.

Two officers and one director participated in the placement by purchasing 1,375,000 units in the amount of \$110,000.

On July 25, 2022, the Company completed a private placement, by issuing of 9,765,400 flow-through units of the Company at \$0.065 per unit for total gross proceeds of \$634,751. Each unit consists 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 \$96,909 measured using the Black Scholes Option Pricing Model, of which \$84,073 was allocated to reserves on a relative fair value basis. The Company recognized a flow-through premium liability of \$195,308 in connection with the flow-through private placement based on an estimated premium of approximately \$0.02 per flow-through common share issued (Note 9). Finders' fees and brokers commission of \$31,737 legal fees of \$4,470 and filing fees of \$5,177 were paid. In addition, 580,182 share purchase warrants exercisable for 24 months at an exercise price of \$0.10, with a fair value of \$11,515 measured using the Black Scholes Option Pricing Model was recorded to share issue cost, were issued to brokers.

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7. SHARE CAPITAL AND RESERVES – continued

During the year ended July 31, 2022, a total of 1,400,000 stock options from various option offerings, were exercised at a price of \$0.05 per share for gross proceeds of \$70,000 and 1,400,000 common shares of the Company were issued. In addition, the Company transferred a total of \$68,438 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.

920,000 share purchase warrants issued under the December 30, 2019, private placement were exercised at a price of \$0.07 per share for gross proceeds of \$64,400 and 920,000 common shares of the Company were issued. In addition, the Company transferred a total of \$12,966 from equity reserve to share capital for the exercise of these warrants, which represent the estimated fair value of the warrants at the grant date.

Year ended July 31, 2021

On October 28, 2020, the Company completed a private placement, by issuing of 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 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

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7. SHARE CAPITAL AND RESERVES – continued

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 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 27th, 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 of 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 of 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.

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

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7. SHARE CAPITAL AND RESERVES – continued

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 Company were issued during the year.

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.

LOMIKO METALS INC.
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7. SHARE CAPITAL AND RESERVES – continued

b) Share purchase warrants

A continuity of the Company's share purchase warrant transactions for the years ended July 31, 2022 and 2021 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, July 31, 2020	58,096,110	\$0.11
Issued for financing	64,460,959	0.13
Exercised	(32,570,000)	0.05
Expired	(27,211,110)	0.15
Balance, July 31, 2021	62,775,959	\$0.18
Issued for financing	34,914,762	0.14
Exercised	(920,000)	0.07
Balance, July 31, 2022	96,770,721	\$0.17

The following table summarizes information relating to share purchase warrants outstanding and exercisable at July 31, 2022.

Number of Warrants	Exercise Price	Expiry Date
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
10,088,130	\$0.18	December 22, 2023
413,750	\$0.11	January 19, 2024
5,462,882	\$0.10	July 25, 2024
18,950,000	\$0.11	January 19, 2027
96,770,721		

The weighted average remaining contractual life of the warrants as at July 31, 2022 was 1.43 years (2021 – 1.44 years).

Subsequent to year end, options expiring On October 28, 2022 expired unexercised.

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

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7. SHARE CAPITAL AND RESERVES – continued

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

	July 31, 2022	July 31, 2021
Risk free interest rate	1.69%	0.23%
Expected life of warrants	3.63 years	2.00 years
Annualized stock price volatility	130.53%	164.20%
Expected dividend yield	0%	0%

c) Share-based payments

On December 6, 2021, the Company adopted an Omnibus Equity Incentive Plan (“Omnibus Plan”) to amend and restate the Company’s stock option plan (“Predecessor Plan”). Under the terms of the plan the Company may grant share-based compensation to Employees, Consultants, Persons performing Investor Relations Activities and Directors.

The maximum aggregate number of Shares issuable under this plan in respect of Options shall not exceed ten (10%) percent of the Company’s issued and outstanding Shares at any point in time. The number of common shares reserved for issuance to consultant or persons performing Investor Relations activities will not exceed two (2%) of the issued and common shares in any twelve-month period. All outstanding stock options granted under the predecessor plan shall continue to be outstanding as stock options granted under and subject to the terms of this Omnibus Plan.

The maximum aggregate number of Shares issuable under this plan in respect of Deferred Share Units (DSU’s), Restricted Share Units (RSUs) and Performance Share Units (PSUs) shall not exceed 23,810,154 at any point in time, representing 10% of the issued and outstanding shares of the Company as at the date of adoption of the Omnibus Plan. The total number of DSU’s, RSUs, and PSUs issuable to any participant under this plan shall not exceed (1%) of the issued and outstanding shares at the time of the award.

The outstanding share purchase options as of July 31, 2022 are summarized as follows:

Date of Grant	Expiry Date	Exercise Price	Number of Options Outstanding	Number of Options Exercisable
August 26, 2019	August 26, 2024	\$ 0.05	400,000	400,000
December 18, 2020	December 18, 2025	\$ 0.05	2,550,000	2,550,000
August 4, 2019	August 4, 2026	\$ 0.12	3,900,000	3,900,000
October 25, 2021	October 25, 2026	\$ 0.12	3,850,000	3,850,000
February 7, 2022	February 7, 2027	\$ 0.07	2,000,001	666,667
February 21, 2022	February 22, 2027	\$ 0.07	350,000	116,667
April 5, 2022	April 5, 2027	\$ 0.085	350,000	116,667
			13,400,001	11,600,001

The weighted average share price of the Company on exercise of options was \$0.07.

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

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(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES – continued

The following table reflects the share purchase options that could be exercisable for an equal number of common shares:

	July 31, 2022		July 31, 2021	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
Balance, beginning of year	7,800,000	\$ 0.05	7,150,000	\$ 0.05
Granted	11,550,001	\$ 0.11	4,000,000	\$ 0.05
Exercised	(1,400,000)	\$ 0.05	(3,350,000)	\$ 0.05
Expired	(2,450,000)	\$ 0.05	-	-
Cancelled	(2,100,000)	\$ 0.09	-	-
Balance, end of year	13,400,001	\$ 0.09	7,800,000	\$ 0.05
Exercisable	11,600,001	\$ 0.10	7,800,000	\$ 0.05

On August 4, 2021, 5,000,000 stock options, with an exercise price of \$0.12, were granted to management and consultants of the Company. The stock options vest immediately and expire on August 4, 2026.

On October 25, 2021, granted 3,850,000 stock options, with an exercise price of \$0.12, to management, consultants, and directors of the Company. The stock options vest immediately and expire October 25, 2026.

On February 4, 2022, the Company granted 2,000,001 stock options, with an exercise price of \$0.07, to management and consultants of the Company. The stock options vest 1/3 on grant date, 1/3 on the first anniversary date of the grant, and 1/3 on the second anniversary date of the grant. The options expire on February 4, 2027.

On February 21, 2022, the Company granted 350,000 stock options, with an exercise price of \$0.07, to a consultant of the Company. The stock options vest 1/3 on grant date, 1/3 on the first anniversary date of the grant, and 1/3 on the second anniversary date of the grant. The options expire on February 21, 2027.

On April 5, 2022, the Company granted 350,000 stock options, with an exercise price of \$0.085, to a consultant of the Company. The stock options vest 1/3 on grant date, 1/3 on the first anniversary date of the grant, and 1/3 on the second anniversary date of the grant. The options expire April 5, 2027.

During the year ended July 31, 2022, the Company recorded \$1,038,745 (July 31, 2021 - \$156,662) in share-based compensation 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:

	July 31, 2022	July 31, 2021
Risk free interest rate	1.20%	0.45%
Expected life of options	5 years	5 years
Annualized stock price volatility	133.37%	137.40%
Expected dividend yield	0%	0%

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

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7. SHARE CAPITAL AND RESERVES – continued

The weighted average remaining contractual life of options outstanding at July 31, 2022 was 4.00 years (July 31, 2021 - 2.51 years).

During the year ended July 31, 2021, the Company granted an aggregate of 4,000,000 stock options with an exercise price of \$0.05 to management and consultants of the Company. The Company recorded \$156,662 in share-based payments based on the vesting provisions of the granted options.

d) Long-term incentive Plan*i. RSU's*

On February 7, 2022, the Company granted 4,666,667 RSU's to certain directors and executive employees. Under the RSU plan, the directors will receive the Company's common shares at no cost at the end of the vesting period, which is one year. The RSU's issued to executive employees, vest based on achieving annual performance milestones. At July 31, 2022, no RSU's had vested. The RSU value is determined based on the fair value of the Company's common shares at the grant date and amortized over the vesting period. The Company recognizes the share based compensation expense over the vesting terms and recognized \$166,849 for the year ended July 31, 2022.

ii. PSU's

On February 7, 2022 the Company granted 800,000 PSU's to employees. Under the PSU plan executive employees will receive the Company's common shares at no cost at the end of the vesting period which is based on achieving annual performance milestones during the specified vesting period. At July 31, 2022 no PSU's had vested. The PSU value is determined based on the fair value of the Company's common shares at the grant date and amortized over the vesting period. The Company recognizes the share based compensation expense over the vesting terms and recognized \$28,603 for the year ended July 31, 2022.

iii. DSU's

On February 7, 2022, the Company granted 3,428,574 DSU's to non-executive directors as part of their compensation. Under the DSU plan those directors granted DSU's will receive common shares at no cost following their departure from the board. The DSU value is determined on the fair value of the Company's common shares at the grant date and is amortized over a period of one year. The Company recognizes the share based compensation expense over the vesting terms and recognized \$122,583 for the year ended July 31, 2022.

e) Reserves

Equity reserve records items recognized as share based compensation and allocation of the value of stock options and 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 or cancellation of such stock options and warrants.

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

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8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	July 31, 2022	July 31, 2021
Accounts payables	\$ 734,996	\$ 134,680
Accrued liabilities	77,064	38,000
	\$ 812,060	\$ 172,680

9. FLOW THROUGH PREMIUM LIABILITY

	July 31, 2022	July 31, 2021
Balance, beginning of year	\$ 328,075	\$ -
Added:		
December 22, 2021 private placement (Note 7)	461,021	
July 25, 2022, private placement (Note 7)	195,308	-
December 23, 2020 private placement (Note 7)	-	98,500
May 20, 2021 private placement (Note 7)	-	239,338
June 3, 2021 private placement (Note 7)	-	155,809
Amortization of flow through premium liability	(617,624)	(165,572)
Balance, end of year	\$ 366,780	\$ 328,075

As at July 31, 2022 Company is required to incur further Canadian exploration expenditures of \$788,773 no later than December 31, 2022 and \$634,751 no later then December 31, 2023, 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. During the year the Company recorded an expense of \$Nil (2021 - \$3,830) in Part XII.6 interest.

10. INCOME TAXES

Reconciliation of income tax computed at statutory rates to the reported income tax provision is as follows:

	July 31, 2022	July 31, 2021
Loss before income taxes	\$ (3,400,680)	\$ (1,735,706)
Canadian statutory rate	27%	27%
Income tax benefit computed at Canadian statutory rate	(918,184)	(468,641)
Permanent differences	242,479	(43,070)
Share issue cost	(61,242)	(131,590)
Tax benefits not recognized	736,947	643,301
Income taxes payable	\$ -	\$ -

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

Years ended July 31, 2022 and 2021

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10. INCOME TAXES - continued

The Company has non-capital losses carried forward of approximately \$17,538,285 (2021: 15,117,071) expiring in various years to 2042, that may be available to offset future taxable income, which commence expiring in 2027.

Tax losses, expire as follows:

Years	
2027	\$ 110,806
2028	130,858
2029	462,824
2030	679,076
2031	719,946
2032	653,482
2033	602,303
2034	945,550
2035	1,541,466
2036	1,049,588
2037	960,221
2038	2,090,774
2039	1,279,697
2040	1,210,046
2041	2,372,214
2042	2,729,434
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	\$ 17,538,285

11. 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.

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.

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

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11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued**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 July 31, 2022 relating to cash of \$3,768,063 and other receivables of \$44,722. All cash, cash equivalents and short-term deposits are held at the Royal Bank of Canada.

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.

The following table summarizes the Company's significant remaining contractual maturities for financial liabilities as at July 31, 2022 and July 31, 2021.

	Less than 3 months	3 – 12 months	Total
July 31, 2022			
Trade payables	\$ 734,996	\$ -	\$ 734,996
July 31, 2021			
Trade payables	\$ 134,680	\$ -	\$ 134,680

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

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11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued**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
July 31, 2022				
Cash and Cash equivalents	\$ 3,768,063	\$ -	\$ -	\$ 3,768,063
July 31, 2021				
Cash and Cash equivalents	\$ 5,039,384	\$ -	\$ -	\$ 5,039,384

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.

12. 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.

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.

13. 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 executive employees, directors and officers of the Company to be key management personnel. The following are related party transactions not disclosed elsewhere in the financial statements.

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13. RELATED PARTY TRANSACTIONS - continued

	July 31, 2022	July 31, 2021
Management Fees paid to directors or companies related to directors and key management	\$ 480,245	\$ 180,000
Compensation to key management personnel	424,768	-
Share based compensation	1,204,614	129,246
	\$ 2,109,627	\$ 309,246

Management fees were paid to M & M Corporation, a company controlled by Jacqueline Michaels, the Company's Controller, AJS Management Corporation, a company controlled by Paul Gill, the Company's President, The Capital Lab Inc., a company controlled by Belinda Labatte the Company's CEO, Boaz Infrastructure Analyst Inc., a Company controlled by Gordana Siepcev the Company's COO, Kingsway Analytics Inc. a Company controlled by the Vince Osbourne, the Company's CFO and Corporate Secretary.

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Consulting fees of \$Nil (2021 - \$70,640) were paid to consultants who also act as directors.

Included in accounts payable is \$11,993 (2021 - \$5,674) owing to executive employees, directors or companies controlled by directors or key management.

Included in other receivables is \$Nil (2021 - \$50,757) owing to the Company from a director of the Company.

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	July 31, 2022	July 31, 2021
Shares issued to acquire resource property	\$ -	\$ 700,000
Transfer from reserves on exercise of stock options	\$ 68,438	\$ 143,672
Transfer from reserves on exercise of warrants	\$ 12,966	\$ 339,435
Flow through premium liability	\$ 656,329	\$ 493,647
Issuance of common shares for services	\$ -	\$ 345,000
Exploration and evaluation assets in accounts payable	\$ 648,483	\$ 43,365
Reclassification of due from associate to amounts receivable	\$ -	\$ 40,757

15. SEGMENTED REPORTING

During the year ended July 31, 2022, the Company operated in one industry segments: acquisition, exploration and development of resource properties. All of the Company's resources properties are located in Canada.