

### Lomiko Metals Inc. (TSXV: LMR) – New Lithium Property Acquired Through Staking

Sector/Industry: Junior Exploration/Mining

[www.lomiko.com](http://www.lomiko.com)

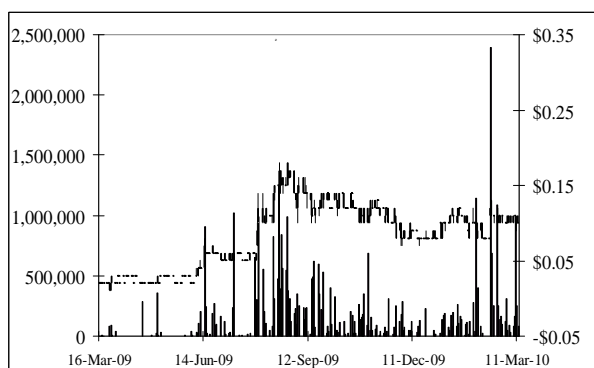
#### Market Data (as of March 16, 2010)

Current Price	C\$0.095
Fair Value	N/A
Rating*	N/A
Risk*	5 (Highly Spec)
52 Week Range	C\$0.01 - C\$0.19
Shares O/S	41.07 mm
Market Cap	C\$3.90 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	3.83
YoY Return	375.0%
YoY TSXV	86.3%

\*see back of report for rating and risk definitions

#### Investment Highlights

- Alkali Lake lithium property in Nevada acquired through staking. The property is located 15 kilometers from North America's only currently producing lithium project.
- Memorandum of Agreement signed for US\$2.5 million joint venture with Japan Oil, Gas and Metals National Corporation for Alkali Lake.
- Garth Kirkam, P. Geo, and natural resources attorney Mark Nesbitt, appointed to board of directors.
- At the end of Q2 - 2010 (quarter ended January 2010), the company had \$0.60 million in cash. Working capital was \$0.61 million, or \$0.01 per share.
- Although we are pleased with the company's progress since our initiating report (in August 2009), we have continued to assign no rating/valuation because of the early stage nature of its projects.



#### Key Financial Data (FYE - July 31)

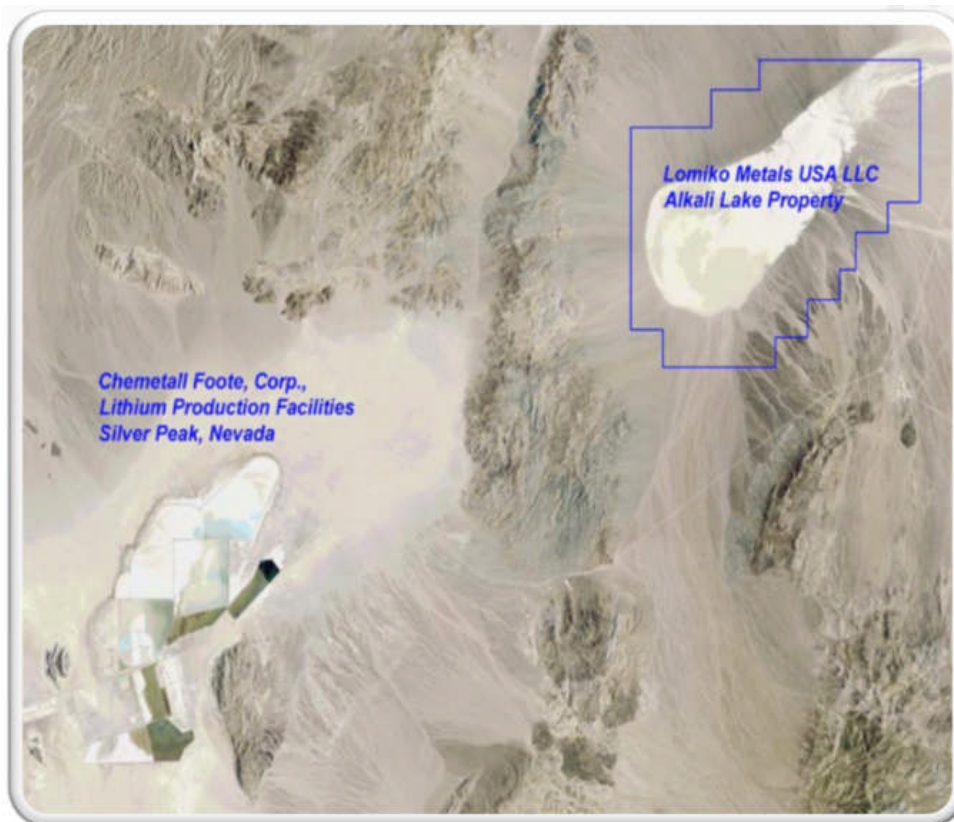
(C \$)	2009	2010 (6mo)
Cash	72,119	601,655
Working Capital	73,156	614,791
Mineral Assets	175,971	468,294
Total Assets	260,316	1,089,229
Net Income (Loss)	(1,203,159)	(384,916)

*Lomiko Metals is a Delta, B.C. based junior mining company. With its recent acquisition, we anticipate the company's focus will turn to the Alkali Lake lithium property.*

***Alkali Lake - Nevada***

The company has acquired, via staking, 552 lode claims comprising approximately 4,615 hectares in Esmerelda County, Nevada. The region is called the Montezuma Valley and is also known as an alkali flat due to the presence of Alkali metals (Li, Na, K, etc) and evaporite formations.

The project is located approximately 15 kilometers east of Chemetall Lithium’s production facility (Chemetall is a part of Rockwood Holdings, Inc. – NYSE: ROC) located in the adjacent Clayton Valley, another alkali flat. Chemetall is the only current lithium producer in North America.



*Source: Lomiko Metals*

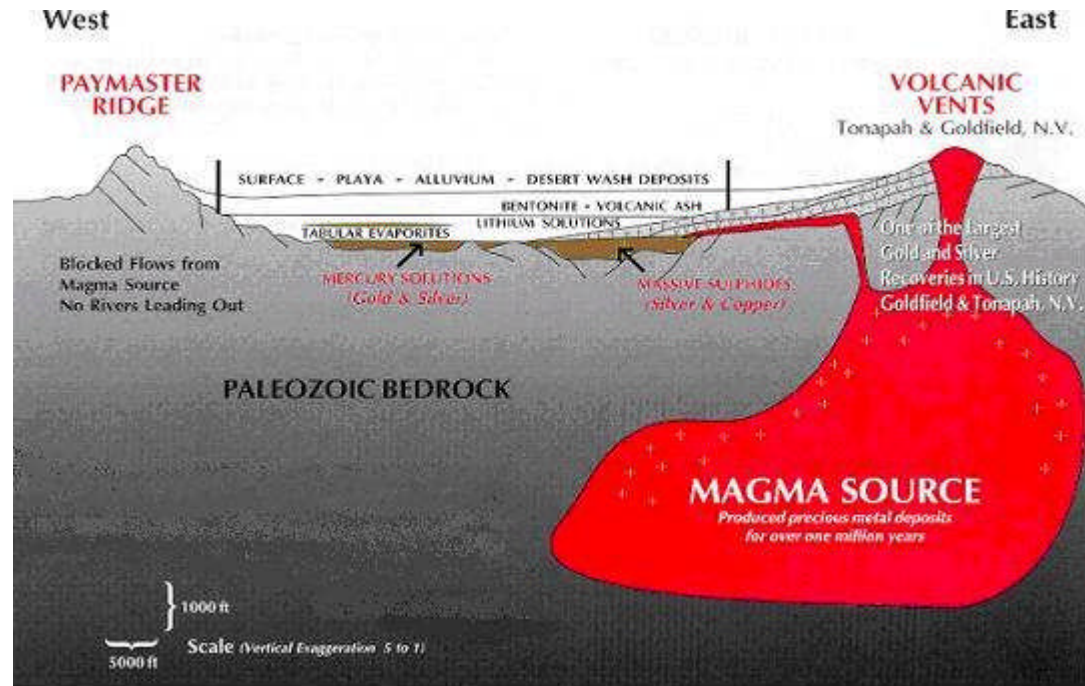
Several other companies hold exploration level properties in Montezuma and Clayton valleys including Rodinia Minerals Inc. (TSXV: RM) and American Lithium Minerals Inc. (OTCBB: AMLM).

The Montezuma Valley is a structural basin formed by the down-faulting and rotation of a crustal block from tensional spreading during the formation of the *Basin and Range* province of Nevada and surrounding states. The result was a closed basin – i.e. a basin with inflow of precipitation or ground water percolation, but no drainage to an external system.

At Clayton Valley, younger (Tertiary aged) volcanic rocks, high in lithium content, form the highlands surrounding the basin and are the proposed source of lithium. Through both

mechanical and chemical weathering processes, lithium and other elements are transported into the valley where the arid climate allows evaporation resulting in increased concentration of these elements in the lake beds and underlying rocks. The Montezuma Valley has similar geological characteristics and the company believes it also holds lithium deposits with similar chemical characteristics.

A conceptual geological and depositional model is shown below:



Source: Lomiko Metals

#### MOA Signed With Japan Oil, Gas and Metals National Corporation

On February 16, 2010, the company signed a Memorandum of Agreement with Japan Oil, Gas and Metals National Corporation (“JOGMEC”). As per the terms of the MOA, JOGMEC may acquire 51% of the Alkali Lake Project by completing US\$2.5 million in work expenditures no later than March 31, 2013. The agreement is subject to a 30 day due diligence period that may be extended to a maximum of 90 days at JOGMEC’s discretion.

**We believe that a primary advantage of this joint venture, which is subject to a 30 day due diligence period, is that the company will have its property explored without having to spend its own money. We feel this is important because while the property is in a prospective location with prospective geology, ample lithium mineralization has yet to be proven on the claims. The company’s risk is greatly reduced and \$2.5 million is sufficient funding to determine the property’s baseline characteristics and potential.**

#### Current Status/Development Timeline

Initial exploration work will involve surface water sampling as well as sub-surface sampling of water and potentially trenching of underlying strata. This initial work will ultimately

determine locations for drill testing.

**Chile** At the time of our initiating report, the company held a 50% interest in lithium properties in Chile. The remaining 50% has now been acquired from an unidentified entity for \$0.05 million in cash and an aggregate of 1 million shares at a deemed price of \$0.065 per share.

**Management** The company has appointed two individuals to the board of directors; Garth Kirkham and Mark Nesbitt. We believe these appointments are positive and important to the company. The geological experience brought by Garth Kirkham, in particular, will benefit the company. In addition, Mark Nesbitt brings extensive experience in mining law, an increasingly important aspect in mineral exploration and development.

**Garth Kirkham, P.Geo – Director**

With 26 years of experience, Mr. Kirkham is the principal of Kirkham Geosystems that specializes in 3D computer modeling and resource/reserve estimations at the preliminary assessment, pre-feasibility and feasibility study stages of mining projects.

Mr. Kirkham obtained a Bachelor's degree in Science from the University of Alberta in 1983. Mr. Kirkham is a member of the board of directors for Romios Gold Corp., Kivalliq Energy Corp. and Duncastle Gold Corp., and a member of the advisory board for North American Tungsten Corp. In addition, Mr. Kirkham is audit committee chair and national council member for the GAC, is In-coming VP for the Geological Society, CIM and is Publication Chair and Past President for Mineral Deposits Division of the GAC. He was also awarded the Barlow Memorial Metal by the Canadian Institute of Mining and the Award of Merit by the Northwest Territories and Nunavut Association of Engineers Geologists and Geophysicists.

**Mark Nesbitt – Director**

Mr. Nesbitt is a natural resources attorney in Denver, Colorado specializing in domestic and international mining transactions, agreements, negotiations, title, due diligence, corporate and general business counsel. He received a B.S. degree in Geology from Washington State University and was a member of Sigma Gamma Epsilon. He received his J.D. from Gonzaga University following service in the U.S. Army and working as a field exploration geologist for Cominco and Kennecott. Before entering private practice in 1988, Mr. Nesbitt worked for Homestake Mining Company, Amoco Minerals Company, Cyprus Minerals Company and Minatome Corporation, a subsidiary of Total Petroleum.

**Financials** At the end of January 2010, the company had \$0.60 million in cash. Working capital was \$0.61 million. The company posted a net loss of \$0.38 million in Q2-2010 (ended January 2010). We estimate the company had a burn rate (spending on operations and investing activities) of \$0.11 million per month in Q2-2010, up from \$0.06 million per month in FY2009 (12 month period ended July 2009). The following table shows a summary of the company's cash and liquidity position.

<b>(in C\$)</b>	<b>2009</b>	<b>2010 (6mo)</b>
Working Capital	73,156	614,791
Current Ratio	7.54	101.06
LT Debts/ Assets	-	-
Burn Rate Per Month	(62,790)	(114,890)
Cash from financing activities	463,200	1,218,875

Our discussions with management indicated an estimated CAPEX of \$0.35 million in 2010. We believe, current cash will easily last for the next 6 months.

**Stock options and warrants:** At the end of January 2010, the company had 3.67 million stock options (weighted average exercise price - \$0.12) and 4.58 million warrants (weighted average exercise price - \$0.20) outstanding. 0.9 million of the stock options are currently in the money.

### ***Valuation & Rating***

Although we are pleased with the company's progress since our initiating report, we have continued to assign no rating/valuation on LMR because of the early stage nature of its projects. We believe we will be able to assign a valuation when at least \$1 million is spent on any of its properties.

### ***Risks***

The following risks, though not exhaustive, may cause our estimates to differ from actual results:

- The value of the company is dependent on commodity prices.
- The company has not defined any NI 43-101 compliant resource estimates and does not currently have any operating mines.
- The success of drilling, project development and resource expansion are important long-term success factors for these early projects.
- Access to capital and share dilution.

**We rate the company's shares a RISK of 5 (Highly Speculative).**

**Fundamental Research Corp. Equity Rating Scale:**

**Buy** – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

**Hold** – Annual expected rate of return is between 5% and 12%

**Sell** – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

**Suspended or Rating N/A**— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

**Fundamental Research Corp. Risk Rating Scale:**

**1 (Low Risk)** - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

**2 (Below Average Risk)** - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

**3 (Average Risk)** - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

**4 (Speculative)** - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

**5 (Highly Speculative)** - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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