



**Interim Management's Discussion and Analysis**

**LiCo Energy Metals Inc.**

**For the three months ended 31 March 2019**

*The following management discussion and analysis ("MD&A") should be read in conjunction with the interim financial statements and accompanying notes ("Financial Statements") of LiCo Energy Metals Inc. (the "Company") for the three months ended 31 March 2019. Results have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All monetary amounts are reported in Canadian dollars unless otherwise indicated. This MD&A is dated 22 May, 2019.*

*This MD&A contains forward-looking information. See "Forward-Looking Information" and "Risks and Uncertainties" for a discussion of the risks, uncertainties and assumptions relating to such information.*

*For further information on the Company reference should be made to the Company's public filings which are available on SEDAR website ([www.sedar.com](http://www.sedar.com)).*

## **DESCRIPTION OF BUSINESS**

LiCo Energy Metals Inc. (formerly Wildcat Exploration Ltd.) (the "Company"), was incorporated in Manitoba on 11 February 1998 and continued into British Columbia on 31 May 2016. The Company currently holds interests in resource properties in the province of Ontario and state of Nevada, USA. The Company is in an exploration stage company which is engaged in the acquisition, exploration and development of energy metals projects. The Company is listed on the TSX Venture Exchange ("TSXV") under the symbol LIC, as a Tier 2 mining issuer.

The head office and principal address is located at Suite 1220, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

Unless the context suggests otherwise, references to "LiCo" or the "Company" or "we", "us", "our" or similar terms refer to LiCo Energy Metals Inc.

On 19 September 2018, the Company consolidated its share capital on one (1) new common share without par value for every ten (10) existing common shares without par value basis. All common shares and per share amounts have been restated to give retroactive effect to the share consolidation.

## **FORWARD-LOOKING STATEMENTS**

This MD&A may contain forward-looking statements that involve a number of known and unknown risks and uncertainties including statements regarding the outlook of LiCo's business and results of operations. By their nature, these risks and uncertainties could cause actual results, performance and achievements to differ materially from those indicated. Such factors include, without limitation, risks inherent in mineral exploration, the Company's history of operating losses and uncertainty of future profitability, uncertainty of access to additional capital, and environmental risks. Readers should not place undue reliance on these forward-looking statements which speak only as of the date the statements were made, and are also advised to consider such forward looking statements while considering the risks set forth below.

LiCo disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as is required by applicable securities regulations.

## **PROJECT OVERVIEW**

### **Ontario Properties:**

LiCo currently is exploring two mineral properties in the Timiskaming District of Ontario known as the Glencore Bucke and Teledyne Cobalt Properties. The Properties are located in Bucke and Lorrain Townships, 6 km east-northeast of Cobalt, Ontario. The Properties are situated in the historical Cobalt mining camp, that dates back to 1903 when silver was first discovered there. This was one of the world's largest silver camps, having produced an estimated 464,853,101 oz Ag (13,178,364 kg), 25,329,992 lb Co (11,489,491 kg) from 1904 to 1988 (Pressaco, Webster, and Zalnieriunas, 2008).

On 7 May 2018, the Company entered into an option agreement (the "Surge Option Agreement") with Surge Exploration Inc. ("Surge") whereby Surge can earn an undivided 60% interest in the Glencore Bucke and the Teledyne Cobalt Properties subject to cash payments of \$240,000 (received), share issuance of 1,000,000 shares of Surge (issued) and exploration expenditures of \$1,536,000 on or before two years from the date of the Surge Option Agreement. Upon Surge having exercised the Option, Surge will have earned an undivided 60% interest in the Cobalt Properties, and the parties will enter into a Commercially Reasonable and Definitive Joint Venture Agreement. The option agreement is "non-arms length" and is a related party transaction due to an officer in common between LiCo and the Company.

The Company received an independent third-party fairness opinion from Bruce Laird, P.Geo. concluding that the terms of the Surge Option Agreement between the Company and Surge is fair to the shareholders of the Company.

## **Glencore Bucke Project**

LiCo Energy Metals entered into a property purchase agreement dated 31 August 2017 with Glencore Canada Corporation (subsidiary of Glencore plc) ("Glencore") of Baar Switzerland, LSE: GLEN to acquire a 100% interest in the Glencore Bucke Property situated in Bucke Township, 6 km east-northeast of Cobalt, Ontario. On 28 February, 2018, the Company completed its obligations under the purchase agreement.

The Glencore Bucke property consists of two patented mining claims totaling approximately 16.2 ha in area, and sits along the west boundary of LiCo's Teledyne Cobalt Project. In 1981, Teledyne leased mining claim 585 ("Glencore Bucke Property") from Falconbridge Nickel Mines Ltd., as the company recognized the significant exploration potential that the Property had due to the possible southern extensions of the Cobalt Contact veins on mining claim T43819 that projected southward onto the Property. In the same year, Teledyne completed 36 diamond drill holes totaling 10,903 ft (3323.3 m) on the Property. The drilling program outlined two separate vein systems hosting significant cobalt and silver values. The two zones are known as the Main Zone, measuring 152.4 m in length, and the Northwest Zone, measuring 70.0 m in length. The Main Zone had a north-south strike, which is hypothesized as the southern extension of the #3 vein from the Cobalt Contact Mine located immediately to the north of the Property. Additional work was recommended but never completed due to a downturn in cobalt prices at the time. Based on the surface drill program completed by Teledyne, historical reserves of 60,000 tons in the geologically inferred category, and 15,000 tons in the probable category, at an average grade of 0.45% Co, 3.0 oz/t Ag was estimated (Linn, 1983). The historical reserve estimate contains categories that are not consistent with current CIM definitions. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves. No attempt was made to reconcile the historical reserve calculations as reported by Teledyne Tungsten. The Company is not treating the historical reserve estimate as a current mineral resource or mineral reserve.

In the fall of 2017, LiCo completed 21 diamond drill holes totalling 1,913.50 m on the Glencore Bucke Property. LiCo's Phase 1 diamond drill program was designed to confirm and extend the existing known mineralized zones on the Property. The program tested the Main Zone for a strike length of approximately 55 m and the Northwest Zone for a strike length of approximately 45 m. Due to the nature of the mineralization, drill holes were closely spaced apart, generally at 10 m along sections, and 12.5 m between sections on average. The most significant results include:

- GB17-04 that intersected 1.62% Co, 7 ppm Ag over 0.50 m from 16.25 to 16.75 m.
- GB17-06 that intersected 0.25% Co, 12 ppm Ag over 1.75 m from 22.50 to 24.25 m.
- GB17-06 that intersected 4.45% Co, 34.2 ppm Ag over 0.30 m from 44.40 to 44.70 m.
- GB17-07 that intersected 1.11% Co, 17.6 ppm Ag over 2.00 m from 98.5 to 100.50 m.
- GB17-10 that intersected 0.55% Co, 0.8 ppm Ag over 5.00 m from 28.00 to 33.00 m.
- GB17-13 that intersected 0.46% Co, 132.5 ppm Ag over 0.90 m from 77.60 to 78.00 m.
- GB17-13 that intersected 0.55% Co, 16.9 ppm Ag over 0.60 m from 100.80 to 101.40 m.
- GB17-15 that intersected 0.55% Co, 2.1 ppm Ag over 0.90 m from 27.50 to 28.40 m.
- GB17-15 that intersected 8.42% Co, 136 ppm Ag over 0.30 m from 62.40 to 62.70 m.
- GB17-18 that intersected 0.43% Co, 86.8 ppm Ag over 0.90 m from 80.10 to 81.00 m.
- GB17-19 that intersected 0.75% Co, 111.1 ppm Ag over 0.60 m from 46.00 to 46.60 m.
- GB17-20 that intersected 0.44% Co, 19.4 ppm Ag over 4.05 m from 60.25 to 64.30 m.
- GB17-21 that intersected 0.73% Co, 50.0 ppm Ag over 0.60 m from 69.70 to 70.30 m.

The aforementioned intervals represent core lengths, and not true widths.

During the fall of 2018, LiCo completed 24 diamond drill holes totaling 2,559 m on the Glencore Bucke Property. The Phase 2 program was planned with the intent of intersecting mineralized zones along strike and vertically above and below previous intersections reported by LiCo in 2017 on the Main and Northwest Zones. In addition, the Phase 2 program tested several outlying targets, drill hole GB18-41 was completed to test for mineralization at depth beneath a historical trench and intersected anomalous cobalt mineralization. To the south, drill holes GB18-42 to GB18-45 were completed in a fence 200 m south of recent drilling on the Main and North West Zones (2017 and 2018 LiCo) in an area where no known historical drilling has been completed. Drill hole GB18-44 intersected 0.11% Co, 1.04% Cu over 8.4

m, including 0.57% Co, 0.27% Cu over 0.65 m. The most significant results for drill holes GB18-22 to GB18-30, and GB18-41 through to GB18-45 include:

- GB18-26 that intersected 0.29 % Co over 0.25 m from 79.25 to 79.50 m.
- GB18-27 that intersected 0.47 % Co, 33.1 ppm Ag, 0.82% Cu over 2.33 m from 94.42 to 96.75 m, including 1.3% Co, 65.8 ppm Ag, 0.97% Cu over 0.83 m from 94.42 to 95.25 m.
- GB18-29 that intersected 1.28% Cu over 3.75 m from 61.75 to 65.50 m, including 0.24% Co, 0.43% Cu from 63.00 to 63.40 m.
- GB18-30 that intersected 0.70 % Co over 0.50 m from 40.00 to 40.50 m.
- GB18-44 0.26 % Co, 1.16% Cu over 3.15 m from 110.60 to 113.75 m, including 0.57% Co, 0.27% Cu over 0.65 m from 110.60 to 111.25 m.
- GB18-44 0.17% Co, 4.21% Cu over 1.65 m from 113.00 to 114.65 m
- GB18-45 0.43% Cu, 1.04% Zn over 7.90 m from 104.00 to 111.90 m, including 2.01% Cu, 0.55% Zn over 0.70 m from 109.00 to 109.70 m.

The aforementioned intervals represent core lengths, and not true widths.

At the time of the preparation of the MD&A, results for drill holes GB18-31 through to GB18-40 were not yet released.

### **Teledyne Cobalt Project**

In 2016, LiCo entered into an option agreement to acquire up to a 100% interest, subject to a 2% net smelter royalty ("NSR"), on the Teledyne Cobalt Property ("Property"). In the spring of 2018, LiCo announced that it had amended and accelerated the option agreement, and that it earned a 100% interest in the Property with the vendors retaining the 2% NSR.

The Property, located in Bucke and Lorrain Townships, consists of 5 patented mining claims totaling 79.1 ha, and 46 unpatented mining claim cells totaling approximately 705.99 ha. The Property is easily accessible by highway 567 and a well-maintained secondary road.

The Property adjoins the south and west boundaries of claims that hosted the Agaunico Mine. From 1905 through to 1961, the Agaunico Mine produced a total of 4,350,000 lbs. of cobalt ("Co"), and 980,000 oz. of silver ("Ag") (Cunningham-Dunlop, 1979). A significant portion of the cobalt that was produced at the Agaunico Mine was located along structures that extended southward towards the northern boundary of patented claim 372, part of the Teledyne Cobalt Property. Cobalt mineralization consisted of cobaltite and smaltite hosted within steeply dipping veins and extensive disseminations within Huronian sedimentary rocks. From 1951 through to 1957, the average Co content of the ores mined at the Agaunico Mine was approximately 0.5%. In 1955, 526,000 lbs. of Co, 146,000 oz. of Ag, 117,000 lbs. of nickel ("Ni"), and 81,000 lbs. of copper ("Cu") were extracted from 62,000 tons of ore (Cunningham-Dunlop, 1979).

In 1953, Big Agaunico Mines Ltd. carried out a drilling program on a portion of LiCo's Teledyne Cobalt Property to locate the extension of the south-striking Agaunico cobalt-rich Vein 15. Drill holes No. 8 and No. 12 intersected 0.58% Co over 5 ft (1.5 m), and 0.46% Co over 3 ft (0.9 m) respectively. The aforementioned intervals represent core lengths, and not true widths. These intersections, located 350 ft (106.7 m) and 600 ft (182.9 m) south of the northern claim boundary of claim 372, confirmed the likely extension of the Agaunico cobalt zone (Vein #15) onto the Property (Cunningham-Dunlop, 1979).

In 1979, Teledyne Canada Ltd. ("Teledyne") completed six surface diamond drill holes and encountered a zone of cobalt mineralization that extended 640 ft (195 m) south from the claim boundary. In 1980, Teledyne completed a 10 ft (3.0 m) by 13 ft (4.0 m) access decline at a decline of -15 degrees for length of approximately 2,300 ft (701.0 m) to facilitate underground exploration of the mineralization zone encountered in their surface diamond drilling program. A total of 6,167 ft (1,879.7 m) of underground diamond drilling was completed in 22 drill holes (Bresee, 1981). The drill program confirmed the extension of the Agaunico cobalt zone onto claim 372 for a strike length of 500 ft (152.4 m). The drill program also encountered a second zone with a strike length of 450 ft (137.2 m). The most significant results included 0.64% Co over 55.3 ft (16.9 m), 0.74% Co over 28.6 ft (8.7m), and 2.59% Co over 8 ft (2.4 m). The

aforementioned widths represent drill intersected widths, not true widths. . Based on the surface and underground diamond drill programs, historical reserves of 60,000 tons in the geologically inferred category, and 40,000 tons in the probable category, at an average grade of 0.45% Co, 0.6 oz/t Ag was estimated (Linn, 1983). The historical reserve contains categories that are not consistent with current CIM definitions. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves. No attempt was made to reconcile the historical reserve calculations as reported by Teledyne Tungsten. The Company is not treating the historical reserve estimate as a current mineral resource or mineral reserve.

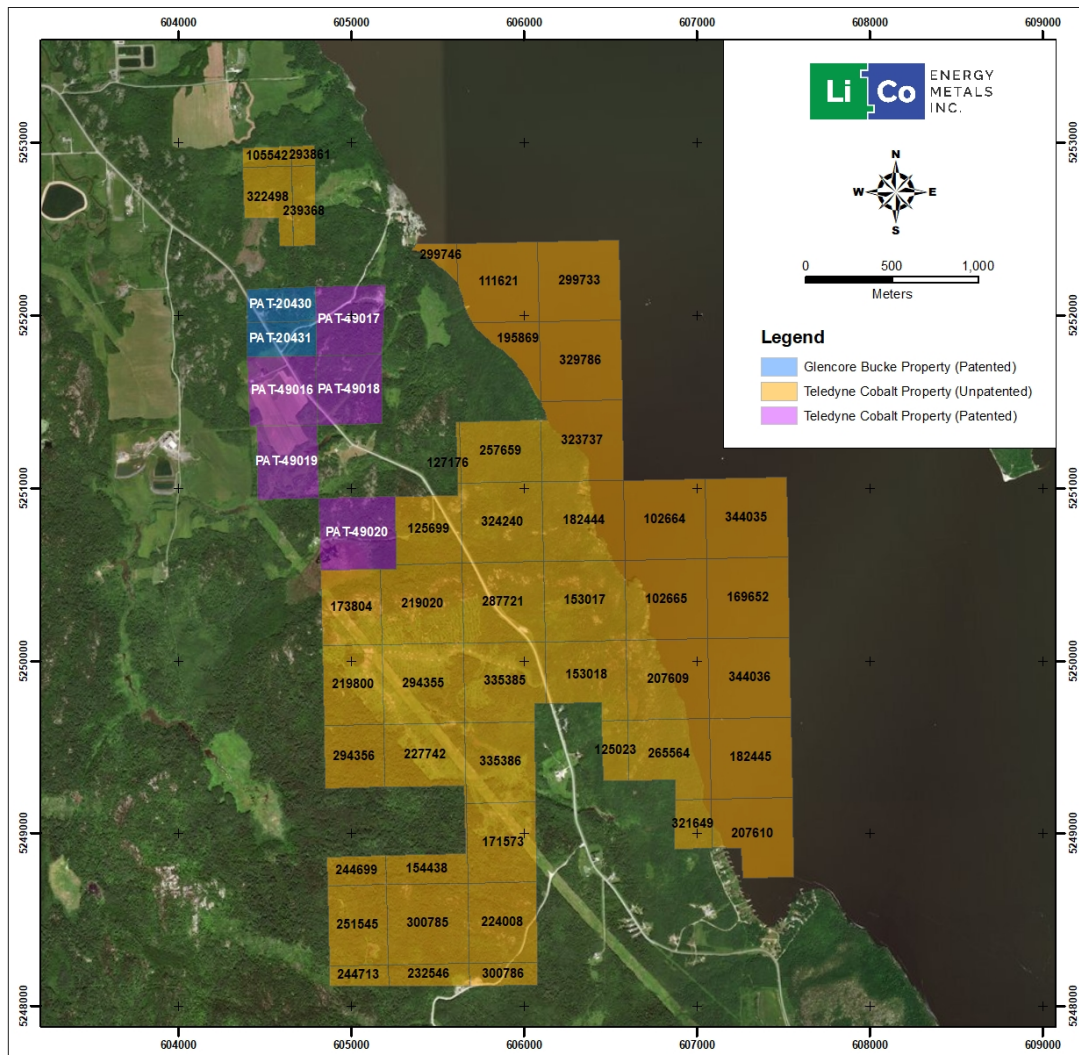
Over \$25 million (inflation-adjusted) of past work has been already been completed on the Teledyne Property. This work has resulted in valuable infrastructure, which includes a development ramp and a modern decline going down 500 ft parallel to the vein.

During the fall of 2017, LiCo completed 11 diamond drill holes totaling 2,204 m on the Teledyne Cobalt Property. LiCo's Phase 1 diamond drill program was designed to confirm and extend the existing known mineralization along strike, and up and down dip. The program tested the Teledyne Main Zone for a strike length of approximately 220 m. The most significant results include:

- TE17-01 0.62% Co over 6.00 m from 136.00 to 142.00 m including 3.92% Co over 0.75 m from 140.25 to 141.00 m.
- TE17-02 0.95% Co over 1.9 m from 143.0 to 144.9 m, incl. 2.58% Co over 0.60 m from 144.30 to 144.90 m.
- TE17-02 0.59% Co over 3.9 m from 156.0 to 159.9 m, incl. 2.22% Co over 0.60 m from 156.6 to 157.2 m.
- TE17-04 1.82% Co over 6.00 m from 138.00 to 144.00 m, including 5.06% Co over 1.75 m from 141.25 to 143.00 m.
- TE17-05 2.32% Co over 4.00 m from 126.5 to 130.50 m.
- TE17-05 1.70% Co over 6.00 m from 136.00 to 142.00 m.
- TE17-07 0.50% Co over 2.10 m from 127.60 to 129.70 m.
- TE17-08 0.77% Co over 3.40 m from 169.50 to 172.90 m, including 1.17% Co over 2.00 m from 169.50 to 171.50 m.
- TE17-08 0.59% Co over 1.20 m from 174.00 to 175.20 m.
- TE17-08 0.62% Co over 0.60 m from 178.60 to 179.20 m.
- TE17-11 0.54% Co over 2.00 m from 130.00 to 132.00 m.

The aforementioned intervals represent core lengths, and not true widths.

During the fall of 2018, LiCo completed 9 diamond drill holes totaling 1,713 m on the Teledyne Cobalt Property. As at Glencore Bucke, the Phase 2 program was planned with the intent of intersecting mineralized zones along strike and vertically above and below previous intersections reported by LiCo in 2017. In addition, the Phase 2 program tested several outlying targets, both beneath a historical trench with veining present at surface, and to intersect the East Zone. Results from the Phase 2 program have not been released at the time of the preparation of this MD&A.



**Nevada, USA Properties:**

**Dixie Valley Exploration Project**

LiCo Energy Metals entered into an option to acquire 100% interest, subject to a 2% net smelter royalty, to acquire 348 placer claims totaling 2,784 ha. The Property is located in the Dixie Valley, Churchill County, Nevada.

Dixie Valley is home to a large and long-lived 30 km long geothermal system that is still active on the west side of the Dixie Valley. The Caithness Dixie Valley geothermal plant, about 18 km northeast of the center of the playa, is currently producing about 66 megawatts of power. The active geothermal system extends about 30 km roughly north – south along the range front fault. The heat source appears to be simple very deep circulation into the crust; it is not related to igneous activity.

Of seven characteristics of Lithium Brine deposits outlined in the USGS deposit model, all seven are found in Dixie Valley; however very little exploration work has been directed at lithium in this area. The lithium target model for Dixie Valley is a Clayton Valley style playa brine type deposit. How closely this project fits the model for a lithium brine deposit is not necessarily a warranty that an economic deposit will be found here but it is useful as a screening tool to guide exploration efforts.

The target model is a lithium brine model based on the Clayton Valley basin, Nevada, and several basins in South America. At this point, the lithium target in this basin is highly conceptual. Although several workers have studied the geology of Dixie Valley in some detail, the lithium potential has not been specifically addressed.

The Dixie Valley lithium project is a speculative, conceptual exploration play based on geological information and comparisons to other productive playas in Nevada and South America. Essentially no exploration work for lithium has been done in this valley. A substantial body of geophysical work has been done related to the active geothermal systems that will serve as a base to build more detailed work on. Gravity surveys have proven to be the most useful method in defining subsurface topography and sufficient drilling data exists to calibrate three dimensional modeling of the data. The majority of the drilling has been directed at the basin bounding faults which host the geothermal fluids. The target for lithium exploration will be more towards the center of the basin where evaporative concentration of geothermal and meteoric water into brines and subsequent sinking of the denser brines into gravity traps may produce economic concentrations. Understanding (largely through geo-physical surveys) of the subsurface topography and stratigraphy will be critical to identifying trapping features and drill targets. Initial work will also include auger or push rod type mud sampling to prove lithium has concentrated in evaporite minerals and interstitial fluids within the playa sediments.

On 31 August 2018, the Company did not pay the annual property sustaining fees and dropped all the claims. During the year ended 31 December 2018, the Company recorded an impairment write-down of \$1,021,641 with respect to the Dixie Valley property.

### **Black Rock Desert Exploration Project**

LiCo Energy Metals entered into an option agreement with Nevada Energy Metals Inc. whereby the Company may earn an undivided 100% interest, subject to a 3% Net Smelter Return Royalty, on the Black Rock Desert Lithium Project that consists of 130 placer claims (1,610 ha) in southwest Black Rock Desert, Washoe County, Nevada. The Agreement is "non-arms' length" and so constituted a related party transaction, as the Company's President and CEO is also the President and CEO of Nevada.

The western arm of the Black Rock Desert covers an area of about 2,000 square kilometers and contains 5 of the 30 currently listed known geothermal resource areas in Nevada. The Property covers an area of playa underlain by a moderately deep basin interpreted from gravity and seismic surveys indicating a maximum thickness of valley-fill deposits of about 1,200 m/3,600 ft. A high salt content prevents any significant vegetation from growing on the playa surface. Locally, the basin is being fed in part by boiling springs and siliceous sinter containing strongly anomalous Lithium values (5mg/l) that flank the property on the west side. (U.S. GEOLOGICAL SURVEY Open-File Report 81-918.) While these lithium values are well below those of producing lithium brines, they do represent a significant source of metal available for evaporative concentration within the playa basin.

The geologic setting combined with the presence of lithium in both active geothermal fluids and surface salts within the Black Rock Desert property match characteristics of lithium brine deposits at Clayton Valley, Nevada and in South America. Geothermal fluids adjoining the claims are known to contain anomalous lithium values and a recently completed surface silt sampling program confirmed values containing up to 520 ppm lithium. Although geological work has been undertaken for geothermal energy production in the area, the lithium in brine potential of the playa has not been specifically studied. Initially, the lithium target in this basin was highly conceptual, however, recent exploration results are highly encouraging and warrant a detailed exploration drilling for a Clayton Valley type brine deposit.



## Chile Properties:

### Purickuta Lithium Project

The Purickuta Project is located within Salar de Atacama, a salt flat encompassing 3,000 km<sup>2</sup>, being about 100 km long, 80 km wide and home to approximately 37% of the world's Lithium production and Chile itself holds 53% of the world's known lithium reserves (**Source: Bloomberg Markets – 23 June 2017, “Lithium Squeeze Looms as Top Miner Front-Loads, Chile Says”**). The Property is 160 ha in area, and is enveloped by a concession owned by Sociedad Quimica y Minera (“SQM”), and is also located within a few kilometers of a Property owned by CORFO (the Chilean Economic Development Agency) where it has leased the land to both SQM and Albermarle's Rockwood Lithium Corp. (“Albermarle”) for lithium extraction. Together these two companies, SQM and Albermarle, have a combined annual production of over 62,000 tonnes of LCE (Lithium Carbonate Equivalent) making up 100% of Chile's current lithium output. As reported in **The Economist (15 June 2017 – A battle for supremacy in the lithium triangle)**, the Salar de Atacama has the largest and highest quality proven reserves of lithium. The combination of the desert's hot sun, scarce rainfall, and the mineral-rich brines make Chile's production costs the world's lowest. This together with a favourable investment climate, low levels of corruption, and the quality of its bureaucracy and courts makes Chile a favourable place to conduct business.

On 22 August 2017, LiCo Energy Metals due to the unforeseen delays in contracting the drilling and to be more in line with the upcoming drilling program, the parties have entered into an Extension Agreement to amend the next payment date of US\$2,000,000 which was to be paid on 4 October 2017, and will now be paid in two payments, US\$200,000 (paid) upon signing the Extension Agreement and US\$1,800,000 on 15 December 2017, along with certain other work and development commitments. All other terms of the Mining Option Agreement remain the same.

During the previous year ended 31 December 2017, the Company ceased to have access to its interest in the Purickuta Project due to actions by the Atacameña Community of Toconoa. As a result and consistent with the Formal Agreement, on 1 September 2017, the Company served Notice of Force Majeure on Durus and deferred the payment of US\$1,800,000 due on 15 December 2017 and US\$2,000,000 due on 4 April 2018 until the Force Majeure has been resolved (Note 15).

During the year ended 31 December 2018, the Company recorded an impairment write-down of \$31,424 with respect to the Purickuta Property.

Given the multiple delays associated with its exploration plans on the property over the past 18 months, the Company has arrived at the conclusion that the property is completely unworkable for a junior exploration company. Although LiCo has consulted with the local indigenous community since announcing the original option acquisition with Durus Copper Chile SpA in 16 January 2017, the project opposition from the local indigenous community is both immense and widespread and the Company does not see any way in which this project or property can be realistically explored or developed in the future by any corporate entity. The Company dropped the Purickuta property in northern Chile from its portfolio of properties.

### Qualified Person Statement

“Project Overview” and “Subsequent Event” sections of this MD&A have been reviewed and approved for technical content by Joerg Kleinboeck, P.Geol., an independent consulting geologist and a Qualified Person under the provisions of NI 43-101.

## SELECTED QUARTERLY FINANCIAL INFORMATION

The following table sets out LiCo's summarized quarterly results for each of the eight most recently completed quarters. This financial data has been prepared in accordance with IFRS. All amounts are shown in Canadian dollars.

	31 Mar 2019	31 Dec 2018	30 Sep 2018	30 Jun 2018	31 Mar 2018	31 Dec 2017	30 Sep 2017	30 Jun 2017
Loss from operations	\$(161,049)	\$(477,244)	\$(249,218)	\$(279,172)	\$(601,868)	\$(1,332,817)	\$(626,028)	\$(711,469)
Comprehensive Loss for the quarter	\$(161,049)	\$(1,527,750)	\$(249,218)	\$(279,172)	\$(601,868)	\$(4,754,531)	\$(625,410)	\$(712,589)
Diluted Income (Loss) per share	\$(0.007)	\$(0.091)	\$(0.012)	\$(0.001)	\$(0.034)	\$(0.041)	\$(0.005)	\$(0.010)

## RESULTS OF OPERATIONS

### For the three month period ended 31 March 2019 compared to the period ended 31 March 2018.

Comprehensive loss for the period ended 31 March 2019 was \$161,049 as compared to \$601,868 for the same period in 2018. The decrease in comprehensive loss of \$440,819 was mainly attributable to the net effect of:

- Decrease of \$34,338 in Consulting fees, from \$98,785 in 2018 to \$64,447 in 2019.
- Increase of \$45,000 in Corporate development, from \$Nil in 2018 to \$45,000 in 2019.
- Decrease of \$378,280 in Marketing and Communications, from \$385,780 in 2018 to \$7,500 in 2019.
- Decrease of \$20,698 in Office expenses, from \$31,089 in 2018 to \$10,391 in 2019.
- Decrease of \$4,864 in Rent, from \$9,364 in 2018 to \$4,500 in 2019.
- Increase of \$5,806 in Salaries and wages, from \$10,255 in 2018 to \$16,061 in 2019.
- Increase of \$2,740 in Transfer agent and regulatory fees, from \$10,197 in 2018 to \$12,937 in 2019.
- Decrease of \$56,184 in Travel, lodging and food, from \$56,184 in 2018 to \$Nil in 2019.

## LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2019 the Company had \$201,090 in cash (31 December 2018: \$47,072). Working capital as at 31 March 2019 was \$136,779 (31 December 2018: Deficit \$183,928).

During the period ended 31 March 2019, the Company had a net increase in cash of \$154,019 compared to \$1,243,165 net decrease in cash in year ended 31 December 2018. The increase cash in was mainly due to the net effect of proceeds from private placement and payment of general and administrative expenses during the period.

From time to time the Company works to raise additional capital through private placements and other forms of equity financing. Its ability to fund exploration projects is dependent upon its ability to obtain sufficient funding for operations and is ultimately dependent on the recoverability of the amounts capitalized to mineral exploration properties. The Company has not yet determined whether its mineral properties contain mineral reserves that are economically recoverable, and accordingly, the success of any further exploration or development prospects cannot be assured. Because the Company is not yet a producer, the primary source of future funds is through the sale of additional equity capital and optioning of resource properties. There is no assurance that the Company will be successful in raising sufficient capital to meet its obligations. If it is not successful in raising sufficient capital, it may have to curtail or otherwise limit operations. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

## RELATED PARTY TRANSACTIONS

Except as set forth below and elsewhere within this MD&A, the Company has not entered into any related party transactions for the period ended 31 March 2019.

The remuneration of directors and other members of key management for the period ended 31 March 2019 and 2018 are as follows:

	31 March 2019	31 March 2018
	\$	\$
Short-term benefits – consulting and marketing fees	163,500	40,500
Share-based payments	-	-
<b>Total key management personnel compensation</b>	<b>163,500</b>	<b>40,500</b>

### Related party remuneration is summarized as follows:

Related party expenses are summarized as follows:

	31 March 2019	31 March 2018
	\$	\$
Consulting fees to Chief Executive Officer (“CEO”)	72,000	12,000
Consulting fees to President	9,000	-
Consulting fees to Chief Financial Officer (“CFO”)	10,500	10,500
Consulting fees to the Corporate Secretary	72,000	12,000
<b>Total related party expenses</b>	<b>163,500</b>	<b>34,500</b>

### Due from/to related parties

The assets and liabilities of the Company include the following amounts due to related parties:

	31 March 2019	31 December 2018
	\$	\$
Director and former CEO	-	4,200
Nevada Energy Metals Inc.	-	-
<b>Total amount due to related parties (Note 7)</b>	<b>-</b>	<b>4,200</b>

## **OUTSTANDING SHARE DATA**

The number of common shares outstanding was 27,516,813 shares (31 December 2018: 18,565,147) and 27,516,813 as at the date of this MD&A.

## **CONTROLS AND PROCEDURES**

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this MD&A.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), LiCo utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing a Venture Issuer Basic Certificate do not make any representations relating to establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP ("IFRS").

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of LiCo's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided securities legislation.

## **RISK FACTORS**

The mineral industry involves significant risks. In addition to the risk factors described elsewhere in this MD&A, the risk factors that should be taken into account in considering LiCo's business include, but are not limited to, those set out below. Any one or more of these risks could have a material adverse effect on the future prospects of the Company and the value of its securities.

### **Current Global Financial Condition**

Current global financial conditions have been subject to increased volatility and turmoil. These factors may affect LiCo's ability to obtain equity financing in the future or, if obtained, to do so on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations as well as the trading price of its common shares could be adversely affected.

### **Industry and Mineral Exploration Risk**

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that the Company's exploration efforts will be successful. At present, LiCo's projects do not contain any proven or probable reserves. Success in establishing reserves is a result of a number of factors, including the quality of the project itself. Substantial expenditures are required to establish reserves or resources through drilling, to develop metallurgical processes, and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Because of these uncertainties, no assurance can be given that planned exploration programs will result in the establishment of mineral resources or reserves.

The Company may be subject to risks that could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks. LiCo attempts to balance these risks through insurance programs where required and ongoing risk assessments conducted by its technical team.

### **Commodity Prices**

LiCo is in the business of exploring for base and precious metals, the market prices of which can fluctuate widely. Metal prices ultimately depend on demand in the end markets for which metals are used. Demand is affected by numerous factors beyond the Company's control, including the overall state of the economy, general level of industrial production, interest rates, the rate of inflation, and the stability of exchange rates, any of which can cause significant fluctuations in metals prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of metals has fluctuated widely in recent years and there are no assurances as to what will be the future prices of base and precious metals. In the course of its current operations, the Company does not enter into price hedging programs.

### **Environmental**

Exploration projects and operations are subject to the environmental laws and applicable regulations of the jurisdiction in which LiCo operates. Environmental standards continue to evolve and the trend is to a longer, more complete and rigid process. The Company reviews environmental matters on an ongoing basis. If and when appropriate, the Company will make appropriate provisions in its financial statements for any potential environmental liability.

### **Reliance upon Key Personnel**

The Company is dependent upon a number of key management and operational personnel, including the services of certain key employees. Its ability to manage activities, and hence its success, will depend in large part on the efforts of these individuals. During times when metals prices are strong, the Company faces intense competition for qualified personnel, and there can be no assurance that LiCo will be able to attract and retain such personnel at any time. LiCo does not maintain "key person" life insurance. Accordingly, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Company.

## **Insurance**

LiCo's insurance will not cover all the potential risks associated with its operations. In addition, although certain risks are insurable, it might be unable to maintain insurance to cover these risks at economically feasible premiums. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration is not generally available to LiCo or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards that may not be insured against or that it may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

## **Requirements to Obtain Government Permits**

Government approvals and permits are currently required in connection with LiCo's exploration activities, and further approvals and permits may be required in the future. The duration and success of the Company's efforts to obtain permits are contingent upon many variables outside of its control. Obtaining government permits may increase costs and cause delays depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. There can be no assurance that all necessary permits will be obtained and if obtained, that the costs involved will not exceed LiCo's estimates or that it will be able to maintain such permits. To the extent such approvals are required and not obtained or maintained, the Company may be prohibited from proceeding with planned exploration or development of mineral properties.

## **Joint Ventures**

From time to time LiCo may enter into one or more joint ventures. Any failure of a joint venture partner to meet its obligations could have a material adverse effect on such joint ventures. In addition, the Company might be unable to exert influence over strategic decisions made in connection with properties that are involved in such joint ventures.

## **Exploration Risks**

The exploration for and development of mineral deposits involves significant risks. Few properties that are explored are ultimately developed into producing mines. Whether a mineral deposit will be commercially viable depends on a number of factors, including: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; and government regulation, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. Even if the Company identifies and acquires an economically viable ore body, several years may elapse from the initial stages of development until production. As a result, it cannot be assured that LiCo's exploration or development efforts will yield new mineral reserves or will result in any new commercial mining operations.

## **Mineral Property Title Risk**

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of the properties will not be challenged or impaired. Third parties may have valid claims underlying portions of LiCo's interests, including prior unregistered liens, agreements, transfers or claims, including aboriginal land claims, and title may be affected by, among other things, undetected defects or unforeseen changes to the boundaries of LiCo's properties by governmental authorities. As a result, the Company may be constrained in its ability to operate its properties or unable to enforce its rights with respect to its properties. An impairment to or defect in the title to the Company's properties could have a material adverse effect on its business, financial condition or results of operations. In addition, such claims, whether or not valid, would involve additional cost and expense to defend or settle.

### **Potential for Conflicts of Interest**

Certain of the Company's directors and officers may also serve as directors or officers of other companies involved in natural resource exploration and development or other businesses and consequently there exists the possibility for such directors and officers to be in a position of conflict. LiCo expects that any decision made by any of such directors and officers involving LiCo will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of LiCo and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matters in which such director may have a conflict of interest or which are governed by the procedures set forth in applicable law.